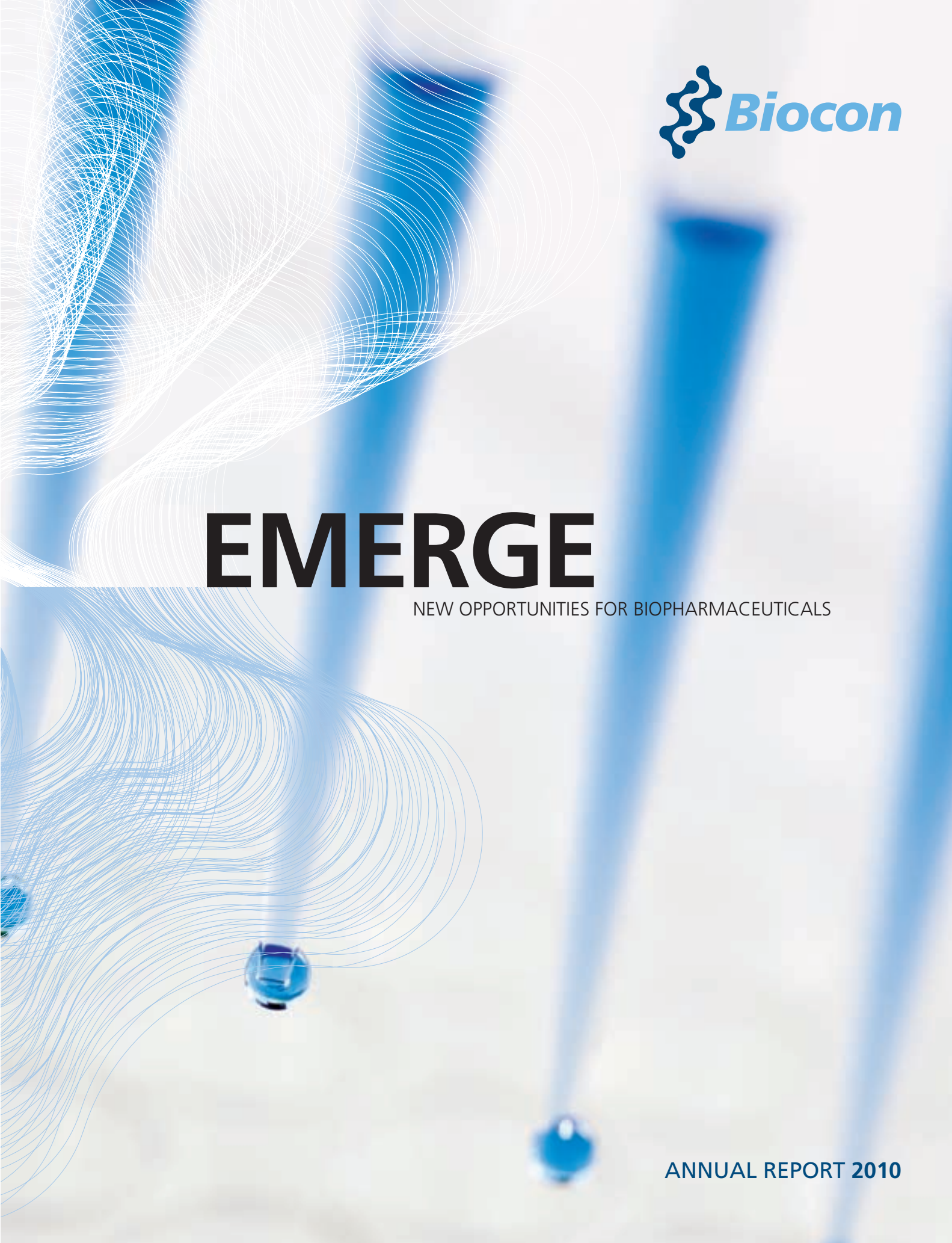
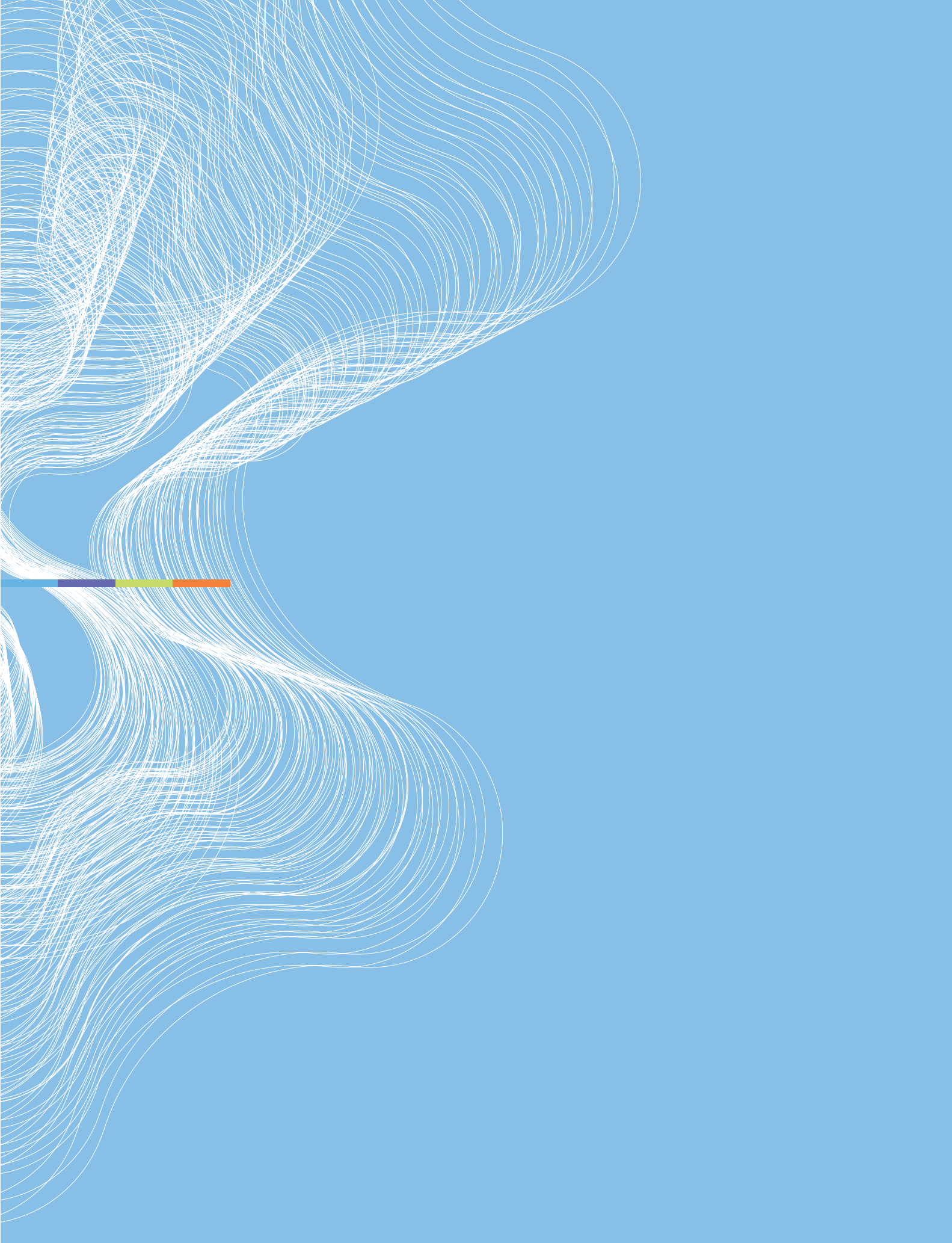
Biocon

EMERGE

NEW OPPORTUNITIES FOR BIOPHARMACEUTICALS



ANNUAL REPORT **2010**



The global biopharmaceutical landscape has undergone tectonic change. Complex challenges of drug development and evolving market dynamics have caused the industry to make paradigm shifts through reduction, acquisition, diversification and expansion. By reformulating business strategies and cost matrices, the industry is recalibrating. Emerging from this global reboot are new opportunities and exciting directions for sustained growth.

EMERGE
New Opportunities for Biopharmaceuticals

When markets experience churn, new opportunities often emerge. To leverage the unfolding possibilities, biopharmaceutical companies need to have in place business strategies that are open to change.

Biocon has astutely developed a business model that is both flexible and risk balanced. We have identified critical growth drivers based on evolving strategic directions. Addressing the challenges of our times, we have judiciously recalibrated to continue delivering medically vital, better medicine.

Biopharmaceuticals are the promise of future therapeutics. The demand for new and existing biologics has never been greater than now. Within the biopharmaceuticals offering, the journey to market for novel biologics continues to be expensive and slow. However, cost competitive biogenerics or biosimilars are rapidly emerging as a powerful, alternate growth driver, especially in the wake of EU opening its doors to biosimilars in 2004 and the US formulating key legislation to clear a biosimilar regulatory pathway. Add to that the impending patent cliff where many big-selling biologics will lose patent protection between 2014-16 and the stage is set for an unrelenting decade of biosimilar competition.

Growth potential for the research services business, especially in India, continues to be promising. Global pharmaceutical and biotechnology majors are increasingly outsourcing a number of core functions, from discovery to clinical trials and manufacturing as an effective cost-cutting strategy. In view of the fact that outsourcing can accelerate the drug development process and effectively lower the cost of innovation, value added research services are forecast to be strong business accelerators for Indian research service providers.

Another significant growth driver for the industry is forecast to be the emerging market peer set. Countries like India, China, Brazil, Mexico, South Korea, Turkey and Russia are home to a burgeoning middle class with rising disposable income. They carry the dual burden of disease (infectious and chronic), and are increasingly investing in healthcare/insurance. Together, these nations represent the ascendancy of 'pharmerging' markets and their exponentially growing influence on biopharmaceutical sales in the coming years.

Whether to revive the research base, bolster the product pipeline or make inroads into new markets, biopharmaceutical companies are increasingly recognizing the strength of partnerships. Through licensing of advanced discovery programs, marketing alliances and strategic research collaborations, companies share the risks and costs associated with drug development by leveraging complementary skills and combining capabilities along the drug value chain. Collaboration is proving to be the most prudent and effective way to boost productivity, cut time to market and sustain growth.

Biocon is among those farsighted biopharmaceutical companies that have been mindful of change, agile to adapt and intuitive about opportunities for growth. Our strategic location in the heart of a pharmerging market has enabled us to fully leverage the India advantage and evolve a resilient business strategy that is powered by strong and differentiated growth drivers. Affordable innovation was our mantra long before markets fully recognized its significance. We built world class research outsourcing capabilities, US FDA compliant biomanufacturing facilities and a self-financed R&D pipeline when the global industry was still grappling with strategies to mitigate escalating drug development costs. Our forward looking biosimilar strategy was in place prior to the industry realizing its potential to sustain expensive discovery and become a powerful revenue driver. By the time synergistic collaborations became inevitable, we had already entered into strategic co-development alliances and symbiotic marketing partnerships. So today, as the industry restructures to seize opportunities, Biocon could perhaps lead the way as a model, risk balanced company well positioned to harness the biopharmaceutical emerge.

Biocon's Growth Drivers

01 Biosimilar Insulin & MAbs Portfolio

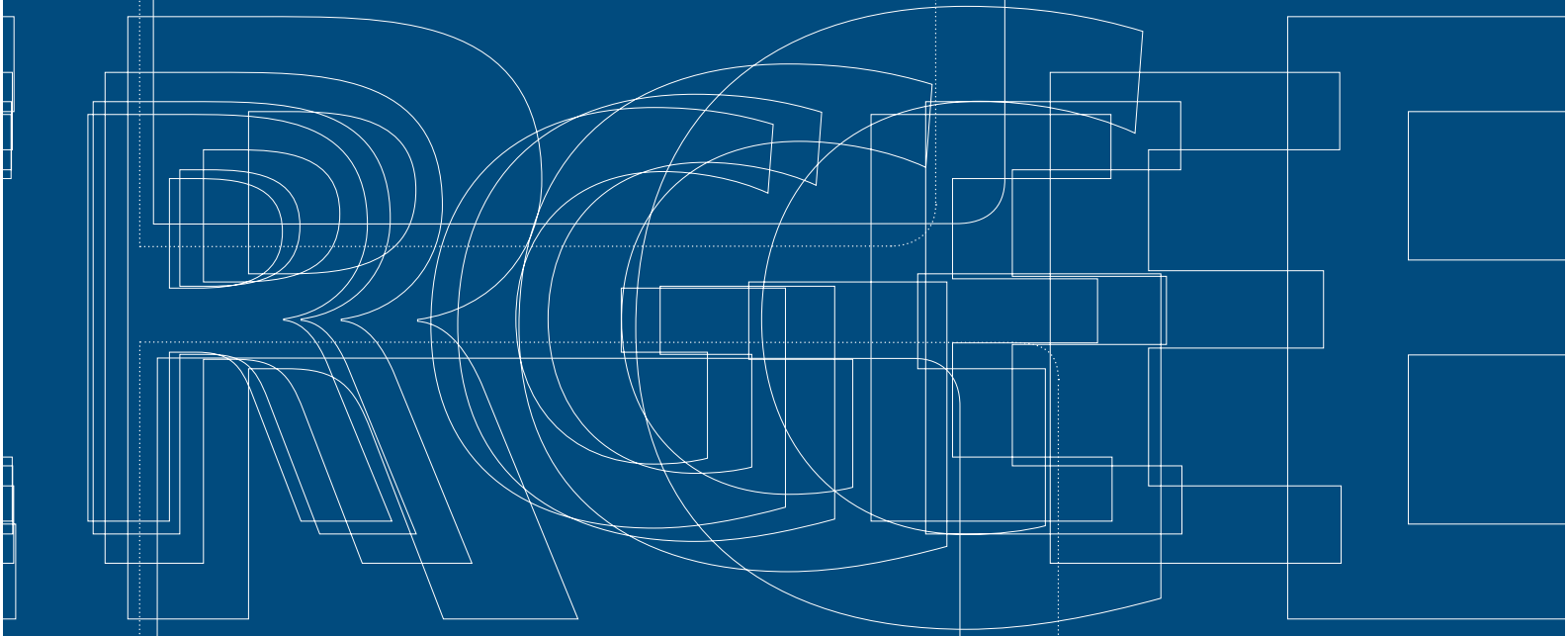
- Diabetes
- Oncology
- Immune-mediated Diseases

02 Research Services

- Syngene: Discovery Research Services
- Clinigene: Clinical Research Services

03 High Value R&D Assets

- Oral Insulin
- Anti-CD6
- Peptide Hybrid
- Bio-better MAbs
- Immuno-conjugated MAbs



04 India & Emerging Markets

- Latin America
- Asia
- Middle East & North Africa
- The Commonwealth of Independent States

01

BIOCON'S
GROWTH DRIVERS

Biosimilar Insulin + MAbs Portfolio

The global biosimilars market is expected to be worth $19 billion by 2014.*

$19 billion

BIOCON HAS THE REQUISITE TECHNICAL AND OPERATIONAL EXPERTISE TO DEVELOP AND TAKE TO MARKET AN INNOVATIVE, AFFORDABLE INSULIN AND MAb PORTFOLIO, AS PROVEN BY THE SUCCESS OF INSUGEN®, BASALOG™ AND BIOMAb EGFR®.

As patents of first-generation biological products start to expire, and governments/insurers/ patient groups mount the pressure on global pharma to reduce drug costs, generic versions of biologics or biosimilars are emerging as powerful new growth drivers.

Biocon has a clearly defi ned biosimilar strategy that includes development and manufacturing. In India and SAARC, we have established our own marketing and distribution network for our biosimilar products. For emerging markets, we operate via alliances with regional partners. In terms of geographical reach, Biocon has adopted a common go-to-market pathway for all its products. This comprises launching in India fi rst, then moving into emerging markets and eventually, entering developed markets.

For the highly demanding insulin market, Biocon has already begun to deliver affordable insulin therapies. Our recombinant human insulin, INSUGEN®, has revolutionized the Indian diabetes market and several emerging markets. The competitively priced BASALOG™ (insulin glargine) has garnered signi- fi cant market share within its fi rst year of launch. Superior manufacturing technology, cost-optimized develop- ment and regulatory expertise continue to enable Biocon to realize a scientifi cally signifi cant, cost effective insulin portfolio for global markets.

Biocon's MAb pipeline is also progressing rapidly. We have the requisite technical and operational expertise in developing MAbs as seen in our success with BIOMAb EGFR®. Additionally, we have signifi cant advantages in process/formulation development, characterization and clinical development. Our state-of- the-art MAb manufacturing facilities are US FDA compliant and Asia's largest. Biocon has also strategically entered into research alliances with synergistic biopharma companies and forged licensing deals with key marketing leaders in established and emerging markets.

We believe our well developed insulin portfolio and promising MAb programs will drive future growth for Biocon enabling us to strongly leverage emerging biosimilar opportunities.

*Pricewaterhouse Coopers

02

BIOCON'S
GROWTH DRIVERS

Research Services

For the year 2009, global outsourced R&D was worth $30 billion.*

$30 billion

BIOCON LEVERAGES ITS CUSTOM/CLINICAL RESEARCH EXPERTISE AND THE INDIA ADVANTAGE TO CONTRIBUTE SIGNIFICANTLY TO INDIA'S RISE AS A RESEARCH SERVICES DESTINATION.

Increasing genericization and declining R&D productivity have resulted in pharmaceutical companies focusing on restructuring and implementing sustained cost containment initiatives. Among them, outsourcing research and development is a key focus. Today, global pharma is transitioning from outsourcing select studies and services to entering into strategic alliances with research organizations to take their molecules from discovery to registration.

India's ability to create a differentiating cost-value proposition powered by lower costs, skilled manpower and strong technical capabilities ideally positions it to benefit from global pharma's out-sourcing strategy. The Indian custom research industry continues to enjoy a reputation for research quality and thoroughness, speed to project completion and strong client relationships. In terms of number of trials, India is one of the fastest growing clinical research destinations with a growth rate 2.5 times that of the overall market. Several industry surveys have rated India amongst the most sought after geographies for outsourcing research activities.

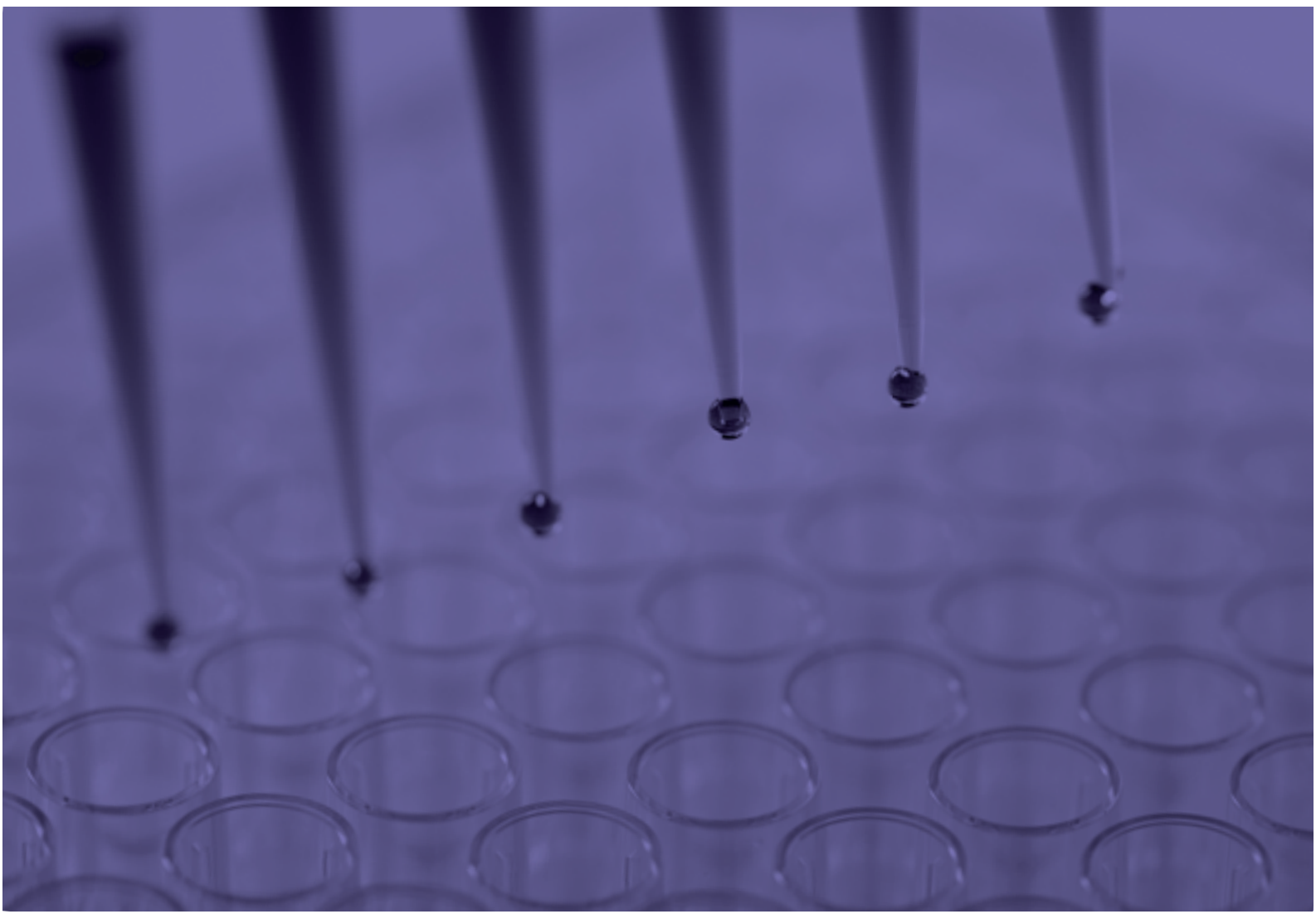
Given the extremely favorable macro environment and our unique positioning as a full service contract research partner with an enviable track record, Biocon's research services are expected to be strong growth drivers for the future. Syngene, our custom research organi-zation and Clinigene, our clinical research organization together offer a full range of high quality, cost competitive services to partners across the globe. Syngene's "integrated discovery platform" has signifi cantly enhanced the width and depth of its engagements while Clinigene has established itself as an experienced provider of world class clinical research services. From discovery to late stage clinical trials and registration, both companies address the increasing need of pharmaceutical companies to collaborate with one partner for all their research requirements. Biocon's ability to incrementally invest in cutting edge research facilities, expand its service offering and maintain an impeccable reputation for confi dentiality will continue to drive company growth and create opportunities for innovative drug development programs and partnerships.

*Estimate
Reuters, Frost & Sullivan

03

BIOCON'S
GROWTH DRIVERS

High Value R&D Assets



Between 2005 -10, there were more than 2,200 high value R&D licensing and other deals within the biopharmaceutical and pharmaceutical space.*

2,200 Deals

BIOCON PLANS TO TAKE TWO OF ITS HIGHLY PROMISING, NOVEL PROGRAMS TO PROOF-OF-CONCEPT STAGE BEFORE CONSIDERING OUT-LICENSING OPPORTUNITIES. THIS STRATEGY HAS A TWOFOLD ADVANTAGE: REDUCTION OF RISK AND COSTS INVOLVED IN TAKING THE MOLECULES TO MARKET, AND UNLOCKING SUBSTANTIAL VALUE UPON LICENSING.

Pursuing the innovation pathway is a high risk endeavor with a cost burden many biopharmaceutical companies can no longer afford. Alliances, buy outs and licensing have today emerged as prudent, risk-mitigated strategies to collaboratively hasten access to high value R&D in key therapeutic areas.

Biocon's growth is driven by a robust R&D engine which is making path breaking progress in discovery led research that spans the entire drug development chain. We see ourselves as an innovator from the developing world that will provide easier access and affordable treatment to patients by passing on the benefi ts of process effi ciencies and low cost production to them. Our novel programs are based on this philosophy.

IN-105: This is a new chemical entity (NCE) and an oral insulin formulation with blockbuster potential. This conjugated oral insulin formulation promises to ensure better patient compliance, is weight-neutral and, being rapid acting, cuts down the risk of hypoglycemia. As on date, Biocon's IN-105 is the only oral insulin in the world to be in long duration clinical trials. With a positive safety and clearance profi le, this exciting orally delivered insulin has an interesting product profi le in terms of its positioning as a monotherapy or as a combination therapy (pre-meal insulin with basal insulins).

T1h: This novel humanized MAb with a distinctive ALCAM binding profi le, has use in many autoimmune conditions. Currently in clinical trials in the autoimmune segment, it is the only first-in-class novel MAb being tested in India for RA and psoriasis. Good remission rates observed in a recent clinical trial has enabled Biocon to design a very important second clinical trial. An additional trial in RA is also being initiated.

* BioPharma Insight

04 BIOCON'S GROWTH DRIVERS

India & Emerging Markets

Pharmerging countries accounted for $123 billion of the total world market in 2009.*

$123 billion

BIOCON HAS BEEN AN EARLY MOVER INTO THE HIGH GROWTH PHARMERGING MARKETS. WE HAVE EXPANDED OUR PRESENCE IN SEVERAL COUNTRIES THROUGH STRATEGIC ALLIANCES.

The global pharmaceutical industry is shifting course for growth and profitability. India, China, Brazil, Mexico, South Korea, Turkey and Russia – the original emerging markets, are newly joined by so-called 'tier 3' countries including Venezuela, Poland, Argentina, Vietnam, South Africa, Thailand, Indonesia, Egypt, Pakistan, and Ukraine. Collectively, these pharmerging markets offer strong growth prospects fuelled by rising GDPs, expanding access to healthcare, and in many cases, an improving regulatory environment.

Biocon's 'India and emerging markets' strategy is supported by an affordable, well balanced product portfolio of generics, biosimilars and novel biologics. Early investments in research, development and manufacturing have given us an edge in delivering cost competitive treatment options within key therapeutic segments.

Our India strategy is to develop market presence on our own for all our products. We are currently present in four main therapeutic areas – Diabetology, Cardiology, Nephrology and Oncology. In order to grow our domestic branded formulations business, we intend to launch two new divisions this year – Comprehensive Care and Immuno-therapy. We will also be focusing on building large brands by increasing the number of new introductions annually, tapping the hospital segment and introducing extra-urban initiatives to further support our brands. Additionally, acquisitions, partnerships and in-licensing are value-creating strategies that we will continue to explore.

Biocon's emerging market thrust is already under implementation. We have launched our biosimilar insulins in numerous emerging markets within South America, North Africa and East Asia. The medium term strategy is to focus on increasing our commercial footprint in all emerging markets through strategic alliances while furthering clinical development of our insulins for Europe and USA. In the long term, Biocon aims to position itself as a comprehensive healthcare company offering a portfolio of biosimilar insulins, accompanying delivery devices, other biosimilar proteins and MAbs for all markets.

* IMS ORG

2010 Chairman's Review

Biocon has intuitively focused on building a biopharma business that is risk balanced and competitive by leveraging India's cost and talent base. This strategy has enabled us to forge research and marketing partnerships that are well positioned to dovetail with emerging opportunities in biopharmaceuticals.

Dear Shareholders,

2010 has been an extremely challenging year for the global pharmaceutical industry. Declining sales, poor research productivity and spiraling drug development costs, compounded by pricing pressure from national healthcare systems, have severely hampered growth and changed the dynamics of the industry. Today, there is a clear realization that dependence on blockbuster drugs in niche developed markets is sub-optimal, expensive and economically unsustainable. I believe, the industry's new growth story will be told in emerging markets, through synergistic alliances and a diversified portfolio that reflects a strong orientation towards generics and biosimilars. I also believe that there are new and exciting opportunities in innovation. Risk sharing models based on co-development of novel drugs are the new paradigm. Research services spanning discovery, preclinical and clinical development are also witnessing unprecedented growth, emanating from an inherent need to reduce R&D costs.

Biocon is uniquely positioned to leverage its superior technology base, proven research talent and well established capabilities along the drug value chain to play a value-added role in this emerging economic scenario.

We have identified four strong and differentiated growth drivers as follows:
- Our portfolio of Biosimilar Insulin and Insulin Analogs and our basket of Biosimilar Monoclonal Antibodies.
- Our Research Services powered by Syngene (Custom Research) and Clinigene (Clinical Research).
- Our high value R&D Assets.
- A strong market development focus on India and Emerging Markets.

We are confident that these strategies will enable us to garner a significant stake in these emerging opportunities and realize growth as well as build enhanced shareholder value.

Brandfolio: Marketing

Biocon's brandfolio consists of 36 key brands across four therapeutic divisions.

Diabetology

The oldest of the 4 divisions, Biocon Diabetology has steadily garnered a 10% market share in the Indian insulin segment through its flagship product INSUGEN®. This brand has since been introduced to several overseas markets including Latin America, Asia and Middle East, North Africa (MENA). In 2009, Biocon Diabetology successfully launched its first insulin analog, BASALOG™ in the Indian market. Additionally, a pathbreaking "Winning with Diabetes" campaign has enabled Biocon to raise its profile in the Indian diabetes segment. Both INSUGEN® and BASALOG™ are being developed for registration in Europe & USA between 2012-2016. Diabetes continues to rise at alarming rates globally with insulin as a life saving component in this disease segment. We therefore see insulins as a strategi-

01 Net income increased 44% to Rs. 24,048 million crossing the $ half billion mark

02 Profits grew 215% to Rs. 2,933 million

cally important aspect of our future growth.

Nephrology

Since its launch in March 2007, this division has posted outstanding performance with a CAGR in excess of 50%. Today, Biocon's Nephrology products have earned a strong reputation with many attaining high rankings in a competitive and crowded market.

ERYPRO *safe*™ (erythropoietin) has risen to the top 5 rank in the highly competitive EPO market which has over 30 brands. RENODAPT®, Biocon's premium immunosuppressant, mycophenolate mofetil ranks No. 4 among 25 brands whilst our most recently introduced immunosuppressant, tacrolimus branded TACROGRAF™ has already overtaken 20 brands to the No. 3 position.

The past year has also seen the launch of a renal nutrition segment where Biocon has introduced a specially formulated protein supplement, NARITA+™ for dialysis patients suffering from malnutrition. Biocon Nephrology is confident of sustaining an impressive growth trajectory and aims to be a market leader in the immunosuppressants segment.

Oncology

This division has also had its share of center stage with the ongoing success of BIOMAb EGFR®, now approved in 22 countries for various indications including head and neck cancers, glioma (adult and pediatric) and nasopharyngeal carcinoma. I am pleased to inform you that this revolutionary product is available to Indian patients at less than 50% of the cost of other anti-cancer therapies in the same class and indication. The scientific and marketing strategies, coupled with an increased confidence of physicians based on their in-clinic experience with this molecule, have substantially helped in accessing more patients across India.

In the hyper-competitive taxane market, our flagship product, Abraxane®, launched in July 2008, is performing exceedingly well. It has established itself in the metastatic breast cancer setting and is being increasingly used to treat other tumor types such as pancreatic cancer, non small cell lung cancer and ovarian cancer.

In the area of neutropenia, NUFIL *safe*™ is now among the top 10 brands in the filgrastim segment. This brand has grown over 200% in volume over the past year and received remarkable response from clinicians for its quality, efficacy and presentation.

Cardiology

Launched in 2008, Biocon Cardiology completed two years of field operations in March 2010. With major brands like STATIX® (anti-cholesterol) and TELMISAT® (anti-hypertensive) as the foundation, this division has established formidable equity with cardiologists in a short span. Our Cardiology division now ranked

03 Our Pharmaceutical Business exceeded Rs. 20,871 million in revenue

04 Net R&D expenditure increased to Rs. 917 million, up 42% over 2008 and up 282% over 2005

No. 22 in our represented market has posted growth of 44% (ORG MAT: Dec 2009) outperforming the industry benchmark.

Research Services

Syngene

Our custom research organization, Syngene continues to demonstrate proficiency in advancing compounds through R&D processes efficiently, quickly and cost effectively. This has helped to expand its business and maintain a growth rate at 30% in FY 2010.

Syngene already has the distinction of having set up India's largest R&D partnership with Bristol Myers-Squibb and is working with its other pharmaceutical clients to expand its relationship to provide high quality integrated discovery and pre-clinical development services at competitive prices.

The changing dynamics of the global pharmaceutical industry makes a compelling case for risk and cost mitigation strategies that rely on outsourced R&D services. Data already indicates that 21% of global R&D spends in 2009 were outsourced which was less than 1% a decade ago. This trend augers well for Syngene which sees itself as a key player in this space, with the potential of building niche capabilities for global leadership.

Clinigene

Over the years, Clinigene has transformed into a full service CRO with significant scientific and operational expertise across multiple therapeutic areas. India continues to be an attractive destination for clinical trials especially with mid to large sized global pharmaceutical companies who are grappling with high R&D costs. New areas of focus for Clinigene include biomarker development, data management and pharmacovigilance. These new capabilities will see Clinigene differentiate itself from other CROs in India by offering cutting edge solutions to drug development challenges.

Research & Development

Our balanced portfolio of generics, biosimilars and novel programs is proving to be a strong value differentiator for Biocon. Leveraging the cost advantage we have in India, we plan to take two novel programs, IN-105 (oral insulin) and T1h (anti-CD6 monoclonal antibody), through proof-of-concept, Phase III clinical trials before licensing. IN-105 is the most advanced program in the oral insulin space globally with a US IND filed in December 2009. For T1h, we are now at the point of entering a pivotal Phase III trial for psoriasis. Biocon's strategy for both programs is to develop them to "proof of safety and efficacy" in India and only then pursue more expensive global development through licensed partnering. I believe this approach will unlock maximum value for Biocon and our shareholders, whilst reducing the development risk for the licensee.

05 Human Resource saw a head count increase to ~4,500 employees

06 The Bulk Pharmaceutical Plant of IDL Specialty Chemicals Ltd. was acquired this fiscal

Strategic Research Partnership

Biocon has made excellent progress in becoming the partner of choice to potential collaborators because of our well recognized research and biotech capabilities.

Our multiple collaborations with Mylan, Optimer, Amylin and Vaccinex are making steady progress. Our investment in a biotech start-up, IATRICa continues to look promising as we develop immuno-therapeutics for oncology that actually evoke T cell response, a therapeutic vaccine approach to cancer.

In addition to Biocon's research alliances, Syngene too has entered into synergistic research partnerships. Through its collaboration with Endo Pharmaceuticals, Syngene is working towards jointly discovering and developing novel biological drug molecules to fight cancer. Endo will retain all rights to the molecules developed, while Syngene will receive research fees, milestone payments and success fees from them as per the agreement.

Acquisitions

CIMAB

An important development this fiscal was the conclusion of the agreement for acquisition of 49% equity stake of our Cuban partner CIMAB S.A. in Biocon Biopharmaceuticals Pvt. Ltd. (BBPL), a seven year old bio-manufacturing joint venture. This acquisition will enable us to efficiently utilize capacities to manufacture Biocon's biosimilar products. BBPL, will however, continue to support the manufacturing needs of BIOMAb EGFR® and other products that are partnered with CIMAB.

IDL

Another key acquisition made this fiscal was IDL Specialty Chemicals Ltd. near Hyderabad. This facility is a bulk pharmaceutical plant that will cater to Biocon's expansion needs. This is our first remote manufacturing operation which I am pleased to report has been successfully commissioned.

Beyond Borders

AxiCorp

2009 was a very successful year for our German subsidiary AxiCorp. In January 2010, AxiCorp was ranked No. 30 in Germany by IMS and recognized as one of the three fastest growing German pharmaceutical companies. With over 250 employees, the Company achieved a total revenue of € 133 million in 2009. Growth was primarily driven by efficient sourcing of products for its business, a restructuring of its sales force and winning AOK, BKK & DAK tenders for several generics. AxiCorp is now the most successful Indian owned German pharmaceutical company.

NeoBiocon

NeoBiocon, our Dubai based JV with Abu Dhabi pharmaceutical manufacturer Neopharma, has successfully registered our breast cancer treatment drug Abraxane® in the formulary of all major

07 **Our Research Services business crossed Rs. 2,807 million**

08 **AxiCorp was ranked No. 30 in Germany by IMS and recognized as one of the 3 fastest growing German pharmaceutical companies**

cancer institutes in the UAE.

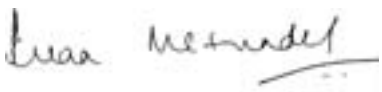
Corporate Social Responsibility

Through the past year, Biocon has continued to demonstrate its serious commitment to corporate social responsibility through improved services at our primary healthcare clinics, supported by our ever expanding micro health insurance scheme, Arogya Raksha Yojana (ARY) for underserved villages around Karnataka.

An important initiative undertaken in 2009 was developing a mobile phone based solution for efficient and speedier enrollment into ARY. To date, this scheme has facilitated more than 1,000 surgeries across Karnataka and I am happy to announce that 2009 saw almost 100% renewal in areas where our teams have directly worked with local communities. When devastating floods swept North Karnataka in Sept/Oct 2009, Biocon Foundation moved swiftly into action by immediately dispatching teams of doctors and nurses for medical relief and care. More than 5,000 patients were treated by our doctors and medicines in excess of Rs.10 lakhs were distributed. We are currently rebuilding 1,000 homes in three affected villages in the severely damaged Bagalkot district of Karnataka.

Looking Ahead

The ability of a company to move forward with confidence is primarily determined by its judicious investments in the past and a current ability to navigate through change and challenge. I believe Biocon has always developed and invested in a uniquely differentiated business model that continues to drive growth, even in difficult times. Biocon's performance, at every level in the year gone by, has been commendable. Thanks to the unflinching support of Team Biocon, we now feature in the prestigious Forbes 'Best Under A Billion' list of companies for "seizing opportunities arising from economic uncertainty". Without a doubt, it is our people that enable us to serve patients and our shareholders better and better each year. At Biocon, it is not about being the biggest – it is about being the best. On behalf of the Board of Directors, I once again thank all my colleagues at Biocon and dedicate this Annual Report to them.



Kiran Mazumdar-Shaw
May 2010

+ Board of Directors Clinical Advisory Board

01 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

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

03 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

04 Mr. Suresh Talwar
Partner, Talwar Thakore & Associates • Director, Cadbury India Ltd., Blue Star Ltd., L&T Ltd. and other leading companies • Area of professional specialization includes corporate law and related fields • Legal counsel to numerous Indian companies, multinational corporations and Indian/ foreign banks

05 Ms. Kiran Mazumdar-Shaw
Chairman & Managing Director, Biocon • First generation entrepreneur with more than 32 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

06 Mr. John Shaw
Vice Chairman, Biocon • Served in senior corporate positions at various locations around the world • Former Chairman, Madura Coats Ltd.

07 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

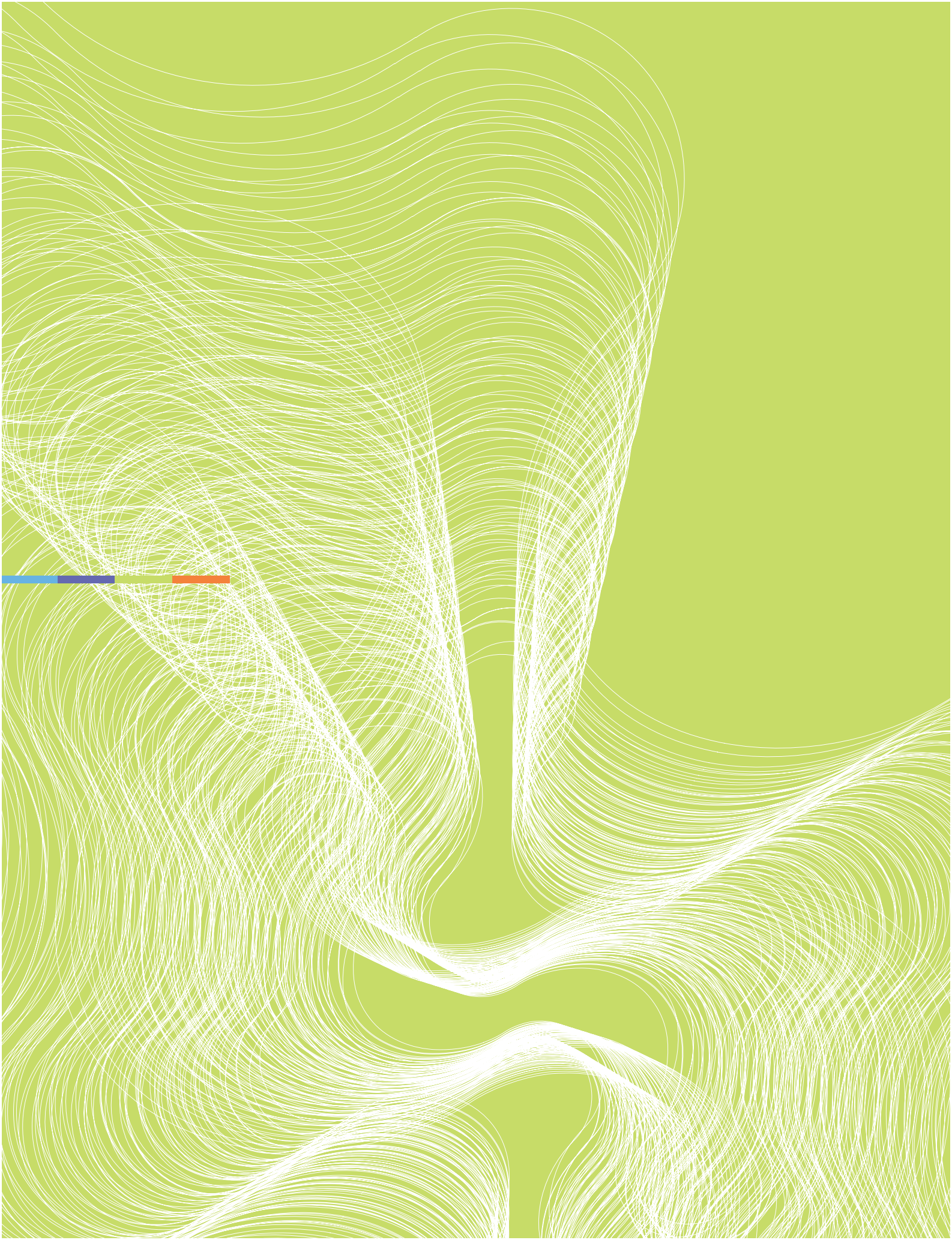
08 Prof. Catherine Rosenberg
Alternate Director, Biocon • University Research Chair Professor and Chairman, Department of Electrical and Computer Engineering, University of Waterloo, Canada

01 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

02 Dr. G. Alexander Fleming
MD, President and CEO of Kinexum LLC • Member of numerous Scientific Advisory Boards and Expert Committee

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

04 Dr. Kapil Dhingra
Managing Member, KAPital Consulting LLC • Former Head, Roche Oncology Leadership Team



2010 Highlights

Milestones

01 Kiran Mazumdar-Shaw awarded the prestigious 'Nikkei Asia Prize' 2009 for regional growth.

02 Biocon launches BASALOG™ - long lasting basal insulin for type 1 and type 2 diabetes.

03 Biocon inks partnership with Indian School of Business, Hyderabad to establish the Biocon Cell for Innovation Management.

04 Biocon announces strategic collaboration with Mylan to enter the global generic biologics market.

05 Syngene's Vivarium receives official accreditation by AAALAC.

06 Kiran Mazumdar-Shaw features on the Forbes list of 'The World's 100 Most Powerful Women'.

07 Biocon and Amylin Pharmaceuticals enter a global development and commercialization agreement for a Novel Peptide Hybrid.

08 Biocon among Top 20 Indian companies in Forbes 'Best Under A Billion' list.

Highlights

Marketing

Biocon continues to grow its product presence in India while broadening its footprint to emerging and developed markets through value creating strategies like acquisitions, partnerships and in-licensing.

Our developed market foray is lead by our highly successful German subsidiary AxiCorp. Leveraging AxiCorp's well established marketing and distribution network, we are making good progress in preparing a range of pharmaceuticals including generics, biosimilars (insulin and insulin analogs) and other innovative biologics for Germany and eventually other EU markets.

NeoBiocon, our JV based in Dubai, represents Biocon's emerging market thrust. Through NeoBiocon's marketing expertise, we have already made inroads into the highly promising UAE market with our oncotherapeutics and cardiovascular range of products. Having identifi ed emerging markets as key growth drivers for the future, we have strengthened our presence in markets like Brazil, Mexico, Chile, and many countries in the Middle East and Africa this year.

Biocon's India strategy is reaping rich reward as we continue to focus on leadership in key therapies within the domestic branded formulations segment. By building large brands, entering more therapeutic areas and increasing the number of new introductions each year, Biocon's healthcare divisions are delivering affordable innovation to millions of patients across the country.

Developed Market Focus

AxiCorp GmbH

2009 was a very successful year for AxiCorp. In January 2010, AxiCorp was ranked No. 30 in Germany by IMS and rated one of the three fastest growing German companies focussed on EU-pharmaceuticals, generics and biosimilars. AxiCorp achieved total revenue of € 133 million in 2009, as compared to € 91 million in 2008.

EU-Pharmaceuticals In the € 2.8 billion EU-pharmaceuticals German market, AxiCorp is positioned among the top 6 companies. While market growth was 25.7% in the last year, AxiCorp grew by an impressive 53.3%. In 2009, AxiCorp's total revenue from EU-pharmaceuticals was € 127 million, achieved with a basket of 430 products. For the year 2010, a further enlargement of the product range is planned, with around 100 additions.

Generics In January 2010, AxiCorp's generics company axcount was ranked 42 in the € 5.1 billion generics market. While market growth for 2009 was 5.2%, axcount grew a staggering 215%, making it the fastest growing generics company among the top 75 in Germany. As reported last year, axcount won Germany's biggest tender contract with a leading health insurance fund for the key generic substance metformin. Within the first six months of the contract, axcount's market share rose to 25%. We expect to negotiate other important tender contracts for products including metformin, amoxicillin, simvastatin and metoprolol by April 2010.

Biosimilars In 2009, AxiCorp and Biocon completed Phase I trials for human insulin with Phase III studies soon to begin. The market size in Germany for human insulin was € 460 million in 2009 (source: IMS).

Emerging Market Focus

NeoBiocon

NeoBiocon has successfully registered Abraxane® in the UAE. Now an integral part of the hospital formulary of all major cancer institutes in the region, Abraxane® is being administered to a growing number of breast cancer patients. In view of successful trials on new indications for lung cancer patients, we hope to broaden Abraxane®'s usage to a totally new segment in the same region.

The GCC registration process for Abraxane® has moved to an advanced stage and should be completed before next year. NeoBiocon has already initiated expansion in the region by starting operations in the Kingdom of Saudi Arabia and other GCC countries.

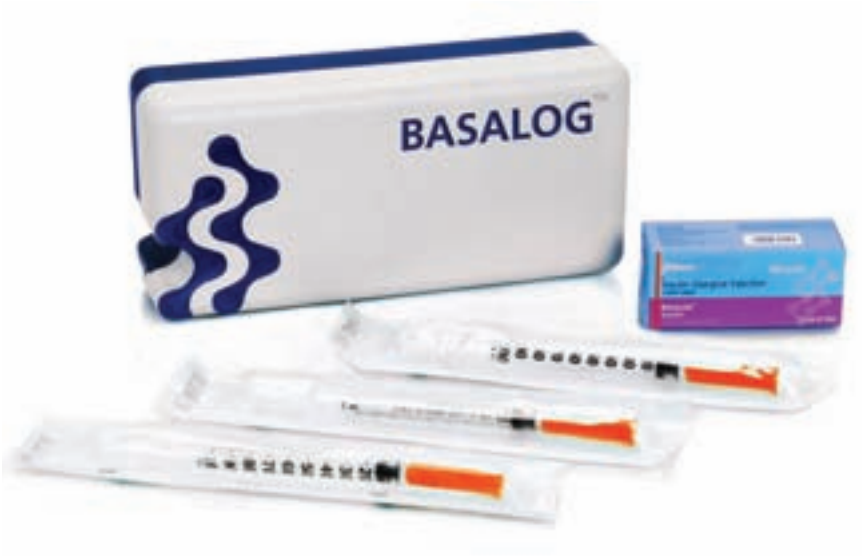
Stepping up its efforts to provide innovative, affordable, high quality products to the UAE, NeoBiocon has filed dossiers of small molecules catering to the cardiovascular and diabetes segments. Going forward, the Company plans to file additional dossiers to expand its product presence in the GCC.

India Focus: Branded Formulation Business

Biocon has successfully established four healthcare divisions focused on the key therapeutic segments of nephrology, diabetology, cardiology and oncotherapeutics. Performance of all four divisions has been extremely promising. In the next fiscal, we look forward to expanding our brandfolio through the launch of two new divisions – Comprehensive Care and Immunotherapy.

Nephrology

Biocon Nephrology continues to provide therapeutic advantage to chronic kidney disease and transplant patients through a most scientifically configured and comprehensive portfolio of renal therapy. Since its launch in March 2007, this division has posted outstanding performance with a CAGR of more than 50%. A portfolio of established brands like ERYPRO *safe*™, TACROGRAF™ and RENODAPT® has made Biocon Nephrology a preferred therapeutic partner in the management of end stage renal disease. ERYPRO *safe*™ has retained its position as the fastest growing erythropoietin brand in a competitive market of approximately 29 brands. Its current market share is 8% which we anticipate will grow to 11% in the coming fiscal. In an EPO market that is growing at 16%, ERYPRO™ has performed remarkably well posting 50% growth this year. Our immunosuppressant range has also increased its penetration in the transplant market. TACROGRAF™ and RENODAPT® are achieving CAGR of 68% and 52% respectively. We have newly launched dosage forms like TACROGRAF™ 3 mg, RENODAPT® 750 mg, RENODAPT®-S 540 mg and RAPACAN™ 2 mg to suit Indian patient needs through ideal dosage, enhanced compliance and reduced pill burden. Furthering our commitment to affordable innovation, even after three years of being in the market, all our products are priced 10-20% lower than innovator brands.



Narita™ + The launch of Narita™ + in December 2009 was a milestone in the renal nutrition space. CKD patients undergoing dialysis usually suffer from malnutrition due to drop in appetite and frequent blood loss leading to significant protein deficiency and a poor quality of life. Narita™ + is best suited to address the unmet nutritional needs in dialysis patients. It is sucrose free, has a low lipid profile and consists of 32 vital ingredients including high quality whey protein, low electrolytes and essential amino acids. Within a month of launch, more than 400 patients have benefited from this unique renal nutritional product.

Post Transplant Patient Monitoring Software In association with our in-house IT team, Biocon Nephrology has developed an innovative patient management software for organ transplant recipients. The software captures critical information on patient history, transplantation details and post transplant follow up. This complete data management initiative with user friendly features like graphical representations, single click analysis and advanced search option has been applauded by nephrologists and transplant surgeons. In fact, several physicians have suggested further development to include pre-transplant patient management.

Diabetology

Biocon is poised to emerge as a key global player in diabetes therapy. In this fiscal, Biocon Diabetology grew 24% supported by strong sales from brand INSUGEN®. As per ORG estimates, we are ranked 15th in the covered market and 18th in the overall diabetic market. While our insulins (INSUGEN® and BASALOG™) continue to garner larger market share in India and several emerging markets, we are implementing programs to improve diabetes care across India through an awareness campaign on monitoring and control of

blood glucose as well as early detection of the disease. To further enhance patient comfort, compliance and convenience, we plan to introduce pen-based insulin delivery devices in the latter half of 2010. In the near term, Biocon expects to have a complete and comprehensive portfolio of insulin and insulin analogs that can enter global markets post patent expiries. By 2015, we aspire to be among the top 10 companies worldwide in the field of diabetes management.

BASALOG™ Launch This fiscal, Biocon launched a new and highly affordable anti-diabetes drug BASALOG™ into the Indian market. Targeting patients with type I and II diabetes, BASALOG™ can be used just once a day and is effective for 24 hours thereby diminishing the discomfort of multiple insulin shots and decreasing the possibility of developing hypoglycemia (low blood sugar). In the overall analysis, BASALOG™ offers better glucose control with the compliance of a single shot at a price almost 40% lower than comparable injectables. Following the launch, Biocon Diabetology initiated aggressive Continuing Medical Education (CME) programs conducted across the country on recent advances in diabetes management and the role of basal insulin in effective HbA1c control. The keynote address for all programs was delivered by Dr. Harold Lebovitz, an internationally recognized authority in the field of diabetes. The CMEs provided momentum to the BASALOG™ launch and were an integral part of our go-to-market strategy.

Winning with Diabetes (WWD)
To further support BASALOG™, Biocon Diabetology's WWD initiative is aimed at helping patients lead a better life with diabetes. By partnering with the medical fraternity, WWD focuses on educating diabetics in self help methods including monitoring of blood glucose, exercise and dietary routines as well as providing helpful tips to control diabetes. To bring home the importance of self monitoring of blood glucose on a regular basis, the WWD initiative facilitated a tie-up with Bayer Healthcare, (a leading German company in the blood glucose monitoring space) to offer the hi-tech, blood glucose monitoring device – Breeze2, free of cost to BASALOG™ users.

Other value added services under the WWD initiative include:
- Patient support toll free helpline "Biocon Winning with Diabetes" (1800-425-7667)
- Patient education programs
- Nurse education programs
- Neuropathy detection service
- Body mass index camps
- INSUGEN® initiation kit
- Juvenile diabetes service

On a larger platform, Biocon Diabetology is an active participant in conventions such as RSSDI (Research Society for the Study of Diabetes in India), a prestigious annual convention of important healthcare professionals and researchers in Asia. In addition, awareness generation activities on occasions like World Diabetes Day (14th November) continue to enhance Biocon's equity in the field of diabetes. This is reflected in a considerable increase in Brandfolio realization that grew by 27% over 2008-09.

INSUGEN® Our flagship brand INSUGEN® has maintained its third rank in the vial market (ORG MAT February 2010). As per the ORG December 2009 hospital audit, INSUGEN® has increased its market share in hospitals too. Despite a revision in prices of our insulins, INSUGEN® continues to be priced almost 40% lower than the competition. This has been made possible by Biocon's unrelenting efforts to provide affordable therapy.

Other Oral Anti-Diabetic Formulations Amongst our oral anti-diabetic formulations, both BLISTO-MF™ and METADOZE-IPR® are continuing to gain wider acceptance across specialties. In the anti-obesity segment, OLISAT™ has consistently registered positive growth.

Cardiology

2009-10 was a good year for Biocon Cardiology. We are now ranked 22nd in our represented market with 44% growth that is outperforming all industry benchmarks (ORG MAT December 2009). Focus on quality and affordable innovation has been one of the main reasons behind the significant market share we have cornered for CLOTIDE™, in the very competitive market of eptifibatide. Today CLOTIDE™ is the leading eptifibatide brand in India. Our other life saving injectable MYOKINASE™ (met-free streptokinase) has also occupied the No. 2 position in its category with the fastest growth (ORG

MAT February 2010). Add to that DYNALIX®, our biggest new introduction, which became a Rs. 25 million brand within a mere 15 months of launch.

With the right mix of brands like STATIX® (atorvastatin), TELMISAT® (telmisartan), ACTIBLOK™-IPR (metoprolol), a host of injectables, and the newly launched BESTOR® (rosuvastatin) and BRADIA™ (ivabradine), Biocon Cardiology is ready to take a giant leap in 2010-11.

The year gone by has also seen us enter into a technology transfer agreement with Bangladesh for met-free streptokinase. This will bring us a step closer to commercialization of MYOKINASE™ and several of our other brands in more countries.

Oncotherapeutics

Biocon Oncotherapeutics, our innovation led division focused on affordable cancer therapy, posted 59% growth this year with brand Abraxane® and brand BIOMAb EGFR® as key drivers. Our head and neck cancer drug BIOMAb EGFR® continues to show a better safety profile compared with current products in the market and our in-licensed breast cancer therapy Abraxane® is now an established player in the hypercompetitive taxane market.

BIOMAb EGFR® Since its launch in 2006, over 2,500 patients have been treated with BIOMAb EGFR® in India with excellent efficacy and safety results. As on date, BIOMAb EGFR® has been approved in 22 countries across the world for various indications like head and neck cancers, glioma (adult and pediatric) and nasopharyngeal carcinoma.

The BIOMAb EGFR® Efficacy & Safety Trial (BEST) conducted in India to evaluate the efficacy and safety of this drug in locally advanced inoperable head and neck cancers has now crossed 48 months of follow-up with favorable outcomes. Highlights presented at ASTRO (American Society for Radiation Oncology) this year, were its unique safety profile and encouraging overall survival results.

A robust clinical development program is underway to further analyze and explore the possible benefits of this molecule to treat various cancer types. A global Phase III trial of BIOMAb EGFR® in combination with CTRT vs. CTRT alone in head and neck cancers (post operative), with India as one of the trial centers, is set to recruit over 700 patients. BIOMAb EGFR® is also being evaluated in combination with CTRT vs. CTRT alone in cervical cancer patients in a Phase II, investigator-initiated study, jointly undertaken by Biocon and HCG Group of Hospitals. The interim results of a glioma study, spanning over seven centers in India, is set to be released by the end of this year. Other trials to evaluate this molecule in the treatment of glioma, NSCLC, pancreatic cancer, etc. in various settings are ongoing across the world. In line with Biocon's focus on affordable innovation, BIOMAb EGFR® is available to Indian patients at a cost 50% lower than other anti-cancer therapies in the same class and indication.

ABRAXANE® Abraxane® is a first-in-class, innovative treatment regimen designed to address unmet needs associated with solvent-based paclitaxel such as hypersensitivity reactions, increased myelosuppression and axonal degeneration. The world's first and only protein-based nano-particle chemotherapeutic compound based on a proprietary tumor targeting system known as the nab™ technology platform, Abraxane® is indicated for the treatment of patients with metastatic breast cancer:

- After failure of combination chemotherapy for metastatic disease
- Relapse within six months of adjuvant chemotherapy, with prior therapy including an anthracycline unless clinically contraindicated.

Abraxane® was launched in July 2008 and is now firmly established in the FDA approved metastatic breast cancer setting while being increasingly used in other tumor types such as pancreatic cancer, NSCLC, ovarian cancer, etc.

A robust clinical development program is in place for Abraxane® with the aim of maximizing its commercial potential and clinical knowledge. This program includes:

- More than 60 investigator initiated clinical studies
- Three Phase III studies, 12 Phase II studies and 11 Phase I/II studies
- Studies in a variety of tumor types as a single agent or in combination

On 7th February 2010, Biocon organized an international symposium "Abraxane® and nab™ (nano-particle albumin bound) Technology – Changing Paradigms in Cancer Chemotherapy", in Bangalore. The purpose of this event was to explore the potential of novel taxane formulations such as Abraxane® for optimal patient outcomes.

A major highlight of the symposium was a talk by Dr. William J. Gradishar, (MD, FACP, Professor of Medicine in Hematology and Medical Oncology at the Department of Medicine in Northwestern University's Feinberg School of Medicine, Chicago, USA). Dr. Gradishar, who was the Principal Investigator for the Phase II and III clinical trials on Abraxane®, delivered a presentation on different aspects of Abraxane®, its Phase II and Phase III trials on metastatic breast cancer, non small cell lung cancer, and pancreatic cancer. This session provided medical and radiation oncologists with a comprehensive overview and understanding of Abraxane®, its unique mechanism of action, its positioning and place in overall therapy, and its superior safety and effi cacy profi le vs. other taxanes. Abraxane® is on a promising growth trajectory as a result of Biocon's innovative brand management, greater sales force effort, expanded indications and accelerated uptake by oncologists. This will be potentiated by smart investments in providing better and frequent technical inputs, and regional and international events which will serve to differentiate Abraxane® in the marketplace.

NUFIL *safe*™ Biocon's NUFIL *safe*™ for the treatment of cancer chemotherapy induced neutropenia is now among the top 10 brands in the Indian fi lgrastim market space. Over the previous fi scal, this brand achieved more than 200% growth in volume and received remarkable response from clinicians for its quality, effi cacy and presentation. In addition to pre-filled syringes, NUFIL *safe*™ is also available in vials.

Research & Development

Biocon's debt-free, positive cash flow business model has enabled us to strongly sustain investments in research and innovation. This strategy has created very exciting opportunities within the R&D pipeline that are now being driven forward through risk sharing, strategic research alliances.

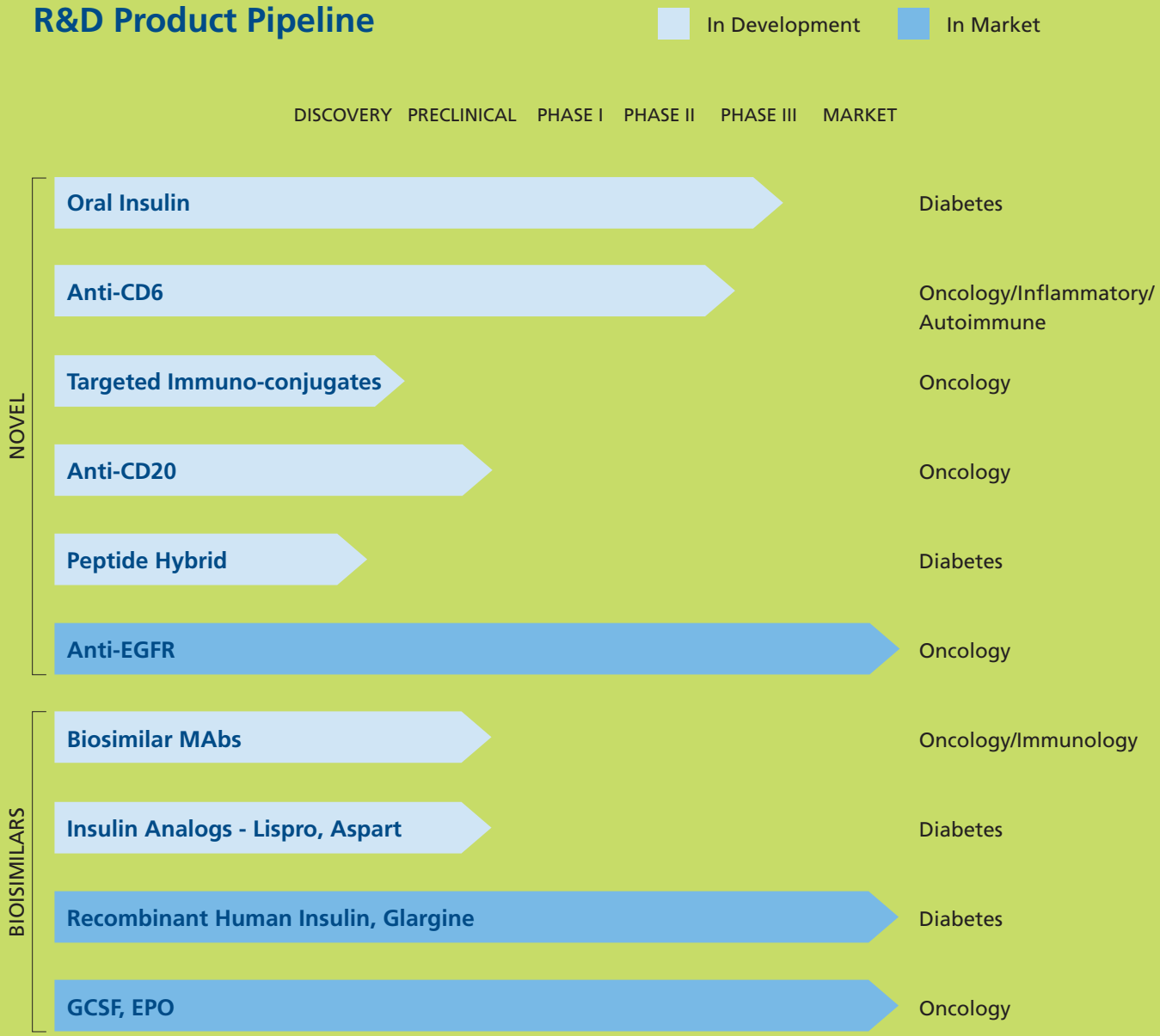
R&D Expenditure

Biocon's R&D programs have always been fi nanced entirely from internal ae cruals. Total R&D spend, as a proportion of Biocon's stand alone revenue, now stands at 10%. This is reflective of our increased investment in pipeline expansion and advancing our novel programs to Phase II/III human clinical trials. R&D expenditure in FY 2010 amounted to Rs. 1255 million (11% of sales), a rise of 69% compared to Rs. 743 million (8% of sales) in FY 2009. As at end of FY 2010, around 13% of the workforce was employed in R&D activities.

Pharmaceuticals

This has been a successful year for small molecule R&D at Biocon. During 2009, signifi cant progress was made in terms of process improvements for our existing line of products and develop-

R&D Product Pipeline



2 NOVEL DRUGS IN LATE STAGE CLINICAL TRIALS

Oral Insulin: Potentially addressing 300 million diabetes patients worldwide
Anti-CD6: Entering Phase III human clinical trials for psoriasis which affects 1/3rd of the global population

ing processes for several new products which we intend to commercialize soon. Biocon's new product range includes synthetic prostaglandins, injectable APIs and peptides, several of which are niche molecules where the technology involved is complex and challenging. With the commercialization of synthetic prostaglandins used in the treatment of glaucoma, Biocon will make its foray into the field of opthalmics. All our APIs are being developed for global markets, covering all regions. We believe our ability to reduce the manufacturing costs of our products by way of improved processes, will enable us to stay ahead in highly competitive markets.

Internal Novel Programs

By maximizing development in India to take advantage of lower R&D costs and faster clinical development, Biocon has successfully taken two of its novel programs to a Phase III proof-of-concept clinical trial in India. Both these programs have potential blockbuster profiles. The strategy is to develop novel programs up to proof-of-concept stage leveraging the India cost base and creating a high value licensing asset. This approach will unlock maximum value for Biocon and its shareholders whilst reducing the development risk for the licensee.

IN-105 (Oral Insulin) IN-105 is an oral insulin program that potentially addresses 300 million diabetes patients worldwide. Biocon has initiated a 24 weeks, placebo controlled, Phase III clinical study in India in 2009 which is expected to be completed towards the end of 2010. This study is being undertaken to understand the efficacy and safety of IN-105 in patients with type II diabetes mellitus who have inadequate glucose control with metformin. It involves a titration phase to find out optimum dose and a maintenance phase to understand the effect of oral insulin on lowering of HbA1c. The doses being tried out are 10 mg, 15 mg, 20 mg and 30 mg along with their matching placebo.

Biocon has also filed a US IND for conducting a Phase I study in patients with type I diabetes mellitus to test the pharmacokinetics and pharmacodynamics of IN-105. Trials are expected to begin shortly.

T1h T1h is an anti-CD6 monoclonal antibody entering Phase III clinical trials for psoriasis, an autoimmune disease that 3% of the global population suffers from. A randomized, open label, four arms parallel Phase II clinical study to evaluate the safety and efficacy of anti-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 patients in multiple weekly dose arms was completed and the clinical study report is being finalized. A second Phase II/III study of T1h in combination with methotrexate in MTX-inadequate responders/non-responders with active rheumatoid arthritis is expected to begin in 2010. A Phase II clinical trial to evaluate the safety, efficacy and pharmacokinetics of T1h in patients with active psoriasis has been completed. This study was 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 patients was completed and the final study report submitted to DCGI in November 2009. The pivotal Phase III efficacy clinical trial in psoriasis is expected to start in 2010.

Global Alliances

Given that it takes around 10 years and approximately $1.2 billion to bring a drug to market, profiting together or collaborative co-development models are the only way forward. Alliances enable partners to leverage each other's capabilities, share risks, R&D costs and scale up quickly. Biocon has entered into four strategic alliances to realize its biosimilar portfolio, develop a novel peptide for the treatment of diabetes, and discover/develop novel therapeutic antibodies.

Biocon & Amylin
Delivering a Novel Peptide Hybrid for Diabetes Biocon and Amylin Pharmaceuticals Inc. (Nasdaq: AMLN) have entered into an exclusive agreement to jointly develop, commercialize and manufacture a novel peptide therapeutic for the potential treatment of diabetes. Both companies will collaborate to develop the therapeutic potential of the compound and share development costs. Research will center around Amylin's 'phybrid technology'. Under the terms of agreement, Amylin will provide expertise in peptide hormone

Global Alliances: Research, Co-development

AMYLIN	**Novel Peptide**	Diabetes
IATRICa	**Immuno-conjugated MAbs**	Oncology
MYLAN	**Biosimilars**	Oncology/Autoimmune Diseases
OPTIMER	**Novel API**	Anti-Infective
VACCINEX	**Bio-better MAbs**	Oncology

development, particularly in the area of phybrid technology, as well as metabolic disease therapeutics. Biocon will utilize its expertise in recombinant microbial expression to manufacture the compound and also leverage its experience in pre-clinical and clinical development of diabetes products.

Biocon & IATRICa
Co-developing Immuno-conjugates for Cancer Biocon and IATRICa are working towards development of targeted immuno-conjugates for oncology indications. Presently in discovery stage, the goal of this collaboration is to develop a therapeutic vaccine where the T cell mediated immunity is enhanced and maintained against a tumor which otherwise evades immune responses. Methods of developing, characterizing and scaling up of conjugated monoclonal antibody production are being currently studied.

Biocon & Mylan
Entering Global Biosimilar Markets
The generics segment in the pharmaceutical industry, which is currently based almost entirely on chemically synthesized drugs, is undergoing a paradigm shift. The pressure to lower health care costs is galvanizing governmental efforts globally to facilitate the entry of biosimilars. An estimated $25 billion worth of biologics will have lost patent protection by 2016, creating a significant market opportunity for biosimilars like insulin and its analogs, erythropoietin, human growth hormone, monoclonal antibodies and many others. The complexity and costs involved in developing these generic biologics are expected to see only a few players being able to gain entry into the highly regulated markets of Europe and USA.

Biocon executed a definitive agreement with Mylan Inc. (Nasdaq: MYL) for an exclusive collaboration to develop, manufacture, supply and commercialize multiple, high value biosimilars for the global marketplace. Through this partnership, Mylan and Biocon bring together highly complementary capabilities that will significantly advance their combined efforts to secure a leading position in the emerging biosimilar industry. As part of this collaboration, Mylan and Biocon will share development, capital and other costs to bring products to market. Mylan will have exclusive commercialization rights in USA, Canada, Japan, Australia, New Zealand, EU and European Free Trade Association countries through a profit sharing arrangement with Biocon. Additionally, Mylan will have co-exclusive commercialization rights with Biocon in all other markets around the world.

Biocon & Optimer
Foray into the Anti-infective Market
Biocon and Optimer Pharmaceuticals, Inc. – a biopharmaceutical company focused on the treatment of serious infections such as Clostridium Difficile Infection (CDI) – have entered into a long-term supply agreement for the commercial manufacturing of the active pharmaceutical ingredient, fidaxomicin, Optimer's lead product candidate for the treatment of CDI. Biocon's expertise in fermentation technology and our prior analytical development work with fidaxomicin makes us the most suited manufacturer for Optimer's product requirements.

Biocon & Vaccinex
Partnering for Therapeutic Anti bodies to treat Cancer, Inflammation & Autoimmune Diseases Biocon and Vaccinex Inc. have embarked on a broad, strategic partnership to discover and co-develop fully humanized antibodies focused on cancer, inflammation and autoimmune diseases. This collaboration combines Vaccinex's unique capabilities to discover fully human monoclonal antibodies using its proprietary antibody discovery technology and Biocon's proven expertise in clinical research and biologics manufacturing. Currently, one monoclonal antibody BVX-20 (intended for use in the treatment of patients with relapsed or chemotherapy resistant follicular B-cell NHL and CD20 positive diffuse large B-cell NHL in combination with chemotherapy) has completed GLP toxicology studies for safety in relevant animal species. Single and repeat dose pharmacokinetics, immuno-genicity testing were being monitored in these studies. Phase I studies in human subjects are expected to begin in 2010.

Intellectual Property
Biocon was granted 32 patents in FY 2009-10. Our total IP asset stands at 951 patent applications, of which 142 are PCT applications and 205 are granted patents. We have also filed applications for our trademark BASALOG™ in Russia and Brazil, INSURAP™ and INSUGEN® in 21 countries during the last fiscal. In recognition of our impressive IP assets, Biocon received the prestigious "Pharmexcil/Government of India Patents Award 2008-09" in September 2009 and "IDMA Indian Patent Appreciation Award 2008-2009" in January 2010.

Discovery Research Services: Syngene
Syngene remains among India's largest preclinical service companies with a portfolio that covers a wide range of discovery services, including scaffold and library synthesis, medicinal chemistry, DMPK profiling, crystallography, cGMP manufacturing of APIs, tox studies, efficacy studies in animals and oral dosage formulation for first in human studies. Over the years, Syngene's incremental investments in industry relevant, world class infrastructure has positioned it as an ideal partner in the integrated drug discovery process.

Syngene Laboratory Animal Research Facility
Syngene Laboratory Animal Research Facility (SLAR) is AAALAC (Association for the Assessment and Accreditation of Laboratory Animal Care International) accredited and capable of housing small laboratory animals such as rats, mice, hamsters, rabbits and guinea pigs. It is also registered with the CPCSEA (Committee for the Purpose of Control and Supervision on Experimentation on Animals) which is a regulatory body under the Ministry of Environment and Forests (Government of India). In recognition of achieving the expected standards for excellence in the areas of toxicology and mutagenicity testing, SLAR has been GLP (Good Laboratory Practice) certified by the German Federal Bureau in December 2009.

In vivo Pharmacology SLAR conducts pharmacological evaluation of small and large molecules in various therapeutic areas of immediate relevance to human health such as oncology, metabolic disorders, inflammation and autoimmune diseases.

Oncology Both small molecule inhibitors and monoclonal antibodies are evaluated to test their efficacy in subcutaneous xenografts in nude/SCID mice, syngeneic mouse models, metastasis and angiogenesis models. Based on the study requirement, in vivo target modulation studies and histopathology can also be carried out.

Metabolic Disorders SLAR offers efficacy services in the area of metabolic disorders with special reference to type I, type II diabetes mellitus and DIO (diet

induced obesity). Genetic models such as db/db mice model, ob/ob mice model and ZDF (Zucker diabetic fatty) rats are also used to screen test agents that are effective in type II diabetes mellitus. Biochemical parameters such as blood glucose level OGTT, plasma insulin, triglycerides, adiponectin, HDL, FFA and total cholesterol are monitored depending upon the study requirement. Obesity models using high fat diet in both C57Bl6 mice and Sprague Dawley rats are also used to screen the anti-obesity molecules.

Infl ammation and Autoimmune Diseases TPA induced persistent skin hyperplasia and inflammation, LPS induced endotoxaemia, LPS induced pulmonary inflammation, carrageenan induced paw edema, DSS/TNBS induced colitis and air pouch models are routinely used to screen test molecules that exhibit anti-inflammatory activity. Adjuvant induced and collagen induced arthritis are two standard chronic models that are run to perform effi cacy studies for proof-of-concept as well as assays for early screening and profi ling of drug candidates for anti-arthritic activity.

Toxicology SLAR is also capable of conducting a wide range of toxicity studies, both short term and long term, to evaluate systemic and local toxicity of compounds. These studies include acute toxicity, sub acute toxicity (28 day, 90 day), acute eye/dermal irritation, skin sensitization, systemic toxicity, genotoxicity (Ames test) and local toxicity (dermal, vaginal, rectal). All these studies are carried out as per regulatory guidelines required by the sponsor.

Pathology The pathology function at SLAR gives full support to in vivo animal models, regulatory toxicology and animal health monitoring through clinical pathology, gross pathology, histopathology, histochemistry and immuno-histochemistry in consonance with established international guidelines.

Polymer Chemistry In addition to the range of services being provided to the global pharmaceutical industry, Syngene has also developed strong bonding with agro and cosmetics R&D houses. In just three years Syngene has built India's fi rst polymer chemistry service, both at the R&D level and in large scale manufacturing. Syngene's polymer group has a qualifi ed team of scientists dedicated to delivery of an identifi ed process development and optimization, from lab to pilot to manufacturing scale. Additional services include hands-on experience in slurry, solution and bulk polymerization to produce specialty and biopolymers. Syngene also routinely supplies intermediates for developing crop protection agents in large quantities from another facility exclusively used for this purpose.

Formulation Development Center
Syngene's Formulation Development Center has been successfully audited by three major pharmaceutical companies and is now well positioned to offer its services for both small and large scale molecules. Together with the other research facilities, this Center will help Syngene to maintain its service edge and drive targeted growth in the years to come.

Partnerships

Syngene & Creative Antibiotics Development of Type III Virulence Blockers The integrated discovery

collaboration between Syngene and Creative Antibiotics (formerly called Innate Pharmaceuticals) to identify novel compounds to treat diarrheal diseases has now reached a critical phase. By targeting type III secretion in gram negative human pathogens, lead compounds have been identified from screening assays and are now being evaluated for efficacy in animal models. Capitalizing on Syngene's in-house expertise in in vivo pharmacology, a mouse citrobacter rodentium model for colitis is under development and validation. This partnership is also developing another rabbit-shigella model for diarrhea. The ability to develop suitable in vivo models for testing candidate molecules/NCEs, reinforces Syngene's credibility as a preferred partner in integrated drug discovery projects.

Syngene & Endo Pharmaceuticals Development of Novel Therapeutic Molecules against Cancer Syngene has entered into a collaboration with Endo Pharmaceuticals, USA to develop novel biological therapeutic molecules against cancer.

This unique alliance aims to establish a robust and innovation led biotherapeutic pipeline leveraging a solid synergy of capabilities possessed by both partners. The program, already in initial phases of execution, will bring together myriad biological disciplines including molecular biology, protein production, analytics, immunology and in vivo pharmacology. The Syngene-Endo partnership will not only showcase Syngene as an emerging destination for integrated biotherapeutic development but also pave the way for future partnerships in this challenging area of research and development.

Clinical Research Services: Clinigene

Clinigene, our Clinical Research Organization, has successfully completed a decade of commitment to quality clinical research services offered to global pharmaceutical and biotechnology companies. Harnessing India's outstanding scientific talent, Clinigene has leveraged state-of-the-art technology to successfully undertake early through late phase clinical development programs. Presently, over 30 clinical research programs for well reputed pharmaceutical and biotechnology companies are being carried out at Clinigene. Research projects range from bioequivalence/bioavailability, early phase proof-of-concept studies, late phase programs, and facilitation of product registrations in various countries. Clinigene has immense management expertise in conducting complex clinical projects ranging from biologics, biotechnology products, small molecules to vaccines and devices. In collaboration with about 200 investigators across India, Clinigene manages clinical studies involving nearly 5,000 patients.

Achievements

- As Biocon's clinical research subsidiary, Clinigene has led the successful completion of numerous clinical studies which have resulted in marketing authorization for nearly 10 products in India.
- Clinigene has been an integral part of Biocon's oral insulin (IN-105) clinical development program which has now advanced from Phase II to Phase III clinical trials in type II diabetes patients.
- Clinigene has conducted challenging clinical trials in niche areas of endocrinology, metabolic disorders and oncology.

Some of these trials have enlisted a large number of patients (approx. 1,000) and multiple clinical study centers (approx. 20) across India.

• Clinigene has successfully completed complex clinical studies for its multinational pharmaceutical and biotechnology clients in the area of diabetes and neuropsychiatry. These studies have led to pivotal global clinical development and marketing authorization of products.

• Clinigene's Central Laboratory (affi liated to Esoterix Clinical Trial Services, Belgium, a division of Labcorp, USA) has established an international standard testing platform using Bio-Rad D-10 for a test in diabetes enabling it to achieve NGSP Level II laboratory certifi cation.

• Clinigene has implemented project management tools like Enterprise Project Management (EPM) and other clinical trial management tools to effectively track project progress and proactively handle potential issues.

• Clinigene's clinical data management team has successfully deployed Electronic Data Capture (EDC) services for multicentric global studies.

• The Human Pharmacology Unit and the Central Laboratory have established capabilities to conduct employee health check-ups with great proficiency and the highest effi ciency.

Going Forward

Clinigene aims at augmenting its capabilities to further differentiate itself as an innovative provider of a full range of clinical research services. Our future plans include:

• Establishing pharmacovigilance services.

• Initiating early phase studies (PK and Phase I) in the areas of oncology, asthma and rheumatoid arthritis as part of human pharmacology services.

Human Resource

In 2009-10, a number of employee centric interventions were implemented across Biocon to create a more engaged and competitive talent pool. Some key initiatives include:

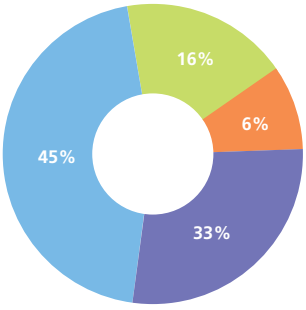
• An updated online performance appraisal process developed in house through the Microsoft Enterprise Portal. This newly refi ned process will reinforce differentiated performance measurement parameters across levels and includes competency-based assessment.

• Expressions 2010 – An employee satisfaction and engagement survey for Biocon and its subsidiary companies launched in March 2010. The questionnaire, developed through primary data collected from focus group discussions across employee levels and functions, is being conducted in both web-based and paper-pencil format. Findings will help identify focus areas and provide the basis for designing interventions.

• A week-long program on strategic R&D management for senior managers organized in collaboration with IIMB to enhance leadership development practices. Additionally, training programs on innovation and situational leadership targeted to middle and senior management were held. We also launched 'Return on Leadership Development Assessment' to identify focus areas for leadership development.

• Collaborations with educational institutes to make courses more industry oriented and thereby, augment our talent pipeline. We have partnered with Acharya College, Bangalore to customize its syllabus to fi t our requirements (for production). Our managers visit the college as external faculty. We have also partnered with Deakin University, Australia for its PhD Program.

Our Intellectual Profile



Post Graduate	45%
Graduate	33%
Doctorate/Post Doctorate	6%
Others	16%

Employee Strength

Company	As on: 31.03.2009	As on: 31.03.2010
Biocon	1,978	2,575
Syngene	1,240	1,401
AxiCorp	190	258
Clinigene	137	139
BBPL	99	105
Grand Total	**3,644**	**4,478**

Going forward, the following priorities have been identified for 2010:

- Implementing manpower planning and resource allocation/utilization with a renewed focus on hiring talent to take on leadership positions for the future.
- Recruiting and retaining high quality/ critical staff by entering into recruitment alliances with tier-1 business schools and sourcing key talent from international locations.
- Strengthening the performance management system by developing well defined job descriptions which capture both technical and behavioral aspects of unique positions. We will also identify strong and weak performers through an appraisal process and focus on performance improvement plans.
- Developing high quality human capital through job profiling and competency mapping in a phased manner, across departments. We will identify critical skill requirements and channelize our efforts to address those gaps thereby, growing our talent pool.
- Strengthening the variable pay plan by transitioning into an annual variable bonus plan which will be linked to both, company and employee performance.
- Enhancing employee engagement and organization development by designing and launching interventions based on the results of Expressions 2010.

Quality & Regulatory

During the last year, Biocon's quality systems have been audited and inspected by over 40 health authorities and customers worldwide. Our registration dossiers have been successfully accepted and approved by various health authorities.

Achievements

- BASALOG™ (insulin glargine) launched in the Indian market.
- DCGI approval received to conduct Phase III clinical trial for T1h in psoriasis patients.
- US FDA IND approval received to conduct Phase I clinical trial for IN-105 (oral insulin).
- INSUGEN® (human insulin) 30/70™ clinical trial completed in Germany to support EU approval.
- BfArM (German health authority) approval received to conduct clinical trials for INSUGEN®-N and INSUGEN®-R.
- US FDA inspection and approval for Biocon's Statin facilities (Biocon Campus and Biocon Park), Immunosuppressant facility and Injectables facility.
- Both Statin facilities inspected and approved by German inspectors.
- Biocon's BIOMAb EGFR® manufacturing facility inspected and approved by Nepal health authority.
- Biocon Campus and Biocon Park audited by Korean health authority (KFDA) and Indonesian health authority (BPOM).
- Re-certification of ISO 9001: 2008 for Quality Management System at Biocon (Biocon Campus and Biocon Park).

Environment, Health & Safety

Biocon's EHS commitment is to become a "zero incidents site" in all activities and operations.

We endeavor to meet this target by:
• Reinforcing the belief that all incidents are 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 process hazard analysis technique before a process is started.
• Committing to process safety in all operations.
• Strictly adhering to the work permit system/defined procedures set for the organization.

Over the last fiscal, Biocon has upgraded and maintained its occupational health systems OHSAS: 2007. We have in place proven EHS compliance assurance and risk management processes 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 Biocon is experiencing.

EHS Responsibilities of Employees

• Participation and Accountability: Employee participation is key to successful EHS implementation. To that end, Biocon employees participate in process hazard analysis, EHS core committee meetings and EHS audits/inspections. The responsibility to protect themselves, their co-workers, the environment and our facilities lies with our employees.
• 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. Active participation involves collaborating across organizational lines to integrate EHS risk management practices into routine business processes.

EHS Management Systems

Biocon has been certified ISO 14001: 2004 and OHSAS 18001: 2007. We are in the process of formalizing 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 and commit to safe work environment practices. This initiative will involve regular audits, eventually resulting 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 2011.

EHS Risk Assessment

Our EHS Risk Assessment program covers all activities, systematically identifies all EHS hazards and assesses their related risks. The assessment considers safety risks, industrial hygiene exposures, process safety, fire risks, environmental impacts and losses or business interruptions. The risk assessment methodology consists of identification of hazards, assessment of risk and risk control measures.

Regulatory Overview

All governmental agencies oversee the safety and environmental performance of Biocon's facilities. These agencies range from local factories department, fire departments to local, regional and national environmental agencies. Biocon complies with all applicable local, national and international legislations.

Water Use

Last year, water consumption/unit of product was 185.47 ltrs/kg while this year, usage was reduced to 180.50 ltrs/kg. The saving: approx 2.7%. Our target for the next financial year is to reduce water consumption/kg of product by 10%.

Commitment to Greenery

As part of our corporate responsibility, we planted 1,100 tree saplings in and around Biocon on June 5, 2009 on World Environment Day.

Training

Biocon is committed to high quality training for all personnel working for/on behalf of the organization to ensure our EHS Policy is clearly understood. Last year, total man hours spent on training were 7,687. Our focus will continue to be on better training, improved participation and additional training programs appropriate for routine and non-routine activities. By next

fiscal, we aim to increase participation by 20% over the previous year.

Achievements

- Utilization of solar energy for pre-heating of canteen water
- Utilization of biogas as co-fuel for boiler

Corporate Social Responsibility

Arogya Raksha Yojana (ARY) Healthcare Initiatives

Although India accounts for 16.5% of the global population, we have an alarming 1/5th of the world's share of diseases. These include diarrheal diseases, TB, respiratory infection, maternal conditions, nutritional deficiencies, diabetes, cardio-vascular diseases and HIV/AIDS. This disproportionate disease burden requires grassroots intervention from both, public and private sectors.

In an ongoing effort to exercise Biocon's corporate social responsibility, Biocon Foundation focuses on helping the underprivileged communities of India deal with the multiple health challenges they face everyday. To remain relevant and improve our efficacy, we continuously fine tune our healthcare services to provide an integrated and holistic system that is accessible and affordable to as many people as we can reach. The ARY Healthcare System operates on two levels:

Primary Healthcare

- We offer competent clinical care, generic medicines, and basic diagnostic tests at each of our seven ARY Clinics. By providing all three services in one place, we help our customers manage their health more efficiently.
- Our Clinics constantly work towards improving clinical competencies, through shared standards and protocols.
- We are in the process of developing and introducing patient based clinical record systems and health information including tracking, monitoring and analysis of symptoms, diagnosis, treatment, compliance, and disease profiles of communities.
- We provide antenatal/postnatal tracking. Mothers are counseled about institutional deliveries which they can access using the ARY Health Insurance scheme.
- ARY Clinics serve as referrals for scaling up to hospitals. We actively promote linkage with the ARY Health Insurance scheme to ensure that critical illnesses are treated in time, by competent medical personnel. Biocon Foundation currently runs seven Clinics in both urban and rural areas. They include:
  - Bangalore City: Austin Town and Krishnarajpuram
  - Anekal Taluk: Huskur and Hennagara
  - Districts of Mandya, Chickballapur and Bagalkote

Each Clinic serves a population of 50,000 people living within a radius of 10 kms. All our Clinics organize regular general health checks in remote villages by bringing in their physicians and doctors from Narayana Hrudalaya and other network hospitals. Additionally, a mobile diabetic foot van from the Jain Institute of Vascular Sciences, Bangalore, visits each Clinic once a month. On the pre-appointed day, patients with diabetes get free foot screening and advice on management of their illness and its treatment. These visits are extremely popular with over 100 patients using the service wherever it goes.

The ARY Clinic in Kaladgi (Bagalkote District of North Karnataka) was an

anchor point during Biocon Foundation's flood relief effort in October 2009. Our teams held numerous health camps in the flood affected villages of these areas while also collaborating with Government doctors and Primary Health Centers to ensure maximum reach and effectiveness of relief services. Through these health camps, we were able to reach and help more than 5,000 people.

Primary Health Education & Implementation Recognizing that prevention is the key to reducing the burden of disease, we have developed an extensive preventive health education program. In addition, we continue to help communities get access to clean water and sanitation.

- We employ a network of community health workers (CHW's) who make door-to-door visits to impart information on health, disease prevention and early detection by referrals to our Clinics and consistent follow up visits.
- CHW's are equipped with mobile phones to facilitate flow of health information to the physician at our Clinics.
- Each worker carries customized health education messages which help in promoting best practices in hygiene and in recognizing early symptoms of illnesses.
- CHW's also ensure that patients comply with prescribed treatments.
- The Foundation has built more than 800 toilets in Phase 1 of the sanitation program.

Tertiary & Secondary Care ARY Health Insurance has enrolled 1,00,000 members who can avail of the services of highly qualified surgeons and doctors. In five years of its operation, our scheme has facilitated more that 1,000 surgeries, 225 of which have been cardiac procedures and surgeries, and 250 OB/GYN related.

In Huksur, where we launched the scheme in 2005, we have achieved 100% renewal rate, and in Chikkballapur more than 50% of the 10,000 members have enrolled for the fourth year in succession. This is a significant endorsement of our services from the community. To facilitate automation and scaling up of the enrollment process, we have advanced from a paper-based, manual member enrollment system to a mobile phone-based enrollment solution. This shift has considerably reduced errors during transmission and related loss of data. Data captured on the mobile phone is transmitted directly to a centralized server.

Outcomes & The Way Forward
Each year, we touch more than 3,00,000 lives through our holistic approach to healthcare. We believe that we can enhance the impact of our services by expanding our network of Clinics, improving our preventive health and disease prevention activities and bettering the quality of care at our Clinics and in the ARY network hospitals. Most importantly, by enhancing our services, we hope to scale up into a nationwide, effective and sustainable healthcare operation.

Education

In 2009-10, our self learning math module reached over 70,000 children in 800 schools in three districts of Karnataka. Through the Chinnara Ganitha camps, Biocon Foundation's team was able to evaluate the extent of penetration and effectiveness of the project. The idea behind these camps was to provide a forum through which

the team could interact with children and teachers in different schools and get a better understanding of issues faced by them in order to provide solutions for the same. The camps also enabled employees from Biocon to volunteer their time to teach and assist less privileged children.

In the last year, Biocon Foundation's effort to increase access and exposure to learning opportunities for children resulted in the Aata Pata Wadi Project launched in 2009. The first Aata Pata Wadi (after-school resource center), set up in Thithimati, Kodagu district of Karnataka, in partnership with the Skanda Foundation, aims to provide an open and fun learning environment for children, many of whom come from marginalized communities, thus enabling them to nurture their interests, learn new skills and awaken their spirit of inquiry. Objectives of the Project include:

- Providing access to computer aided learning
- Emphasizing experiential learning and extracurricular activities
- Boosting English language skills
- Providing life skills education

The Center is equipped with computers, a children's library, science equipment and games/sports material. The Center coordinator and teacher manage all activities. Daily nutrition of the children is supplemented by nutritious refreshments and a health drink that is provided every evening, when the children arrive after school. Designed to be bright, airy and comfortable, the Center has separate toilets for boys and girls thus reinforcing awareness of basic hygiene and related habits. It caters to the needs of children from 5th to 7th grade in government schools across Karnataka and follows the principles of child rights and child participation.

Infrastructure

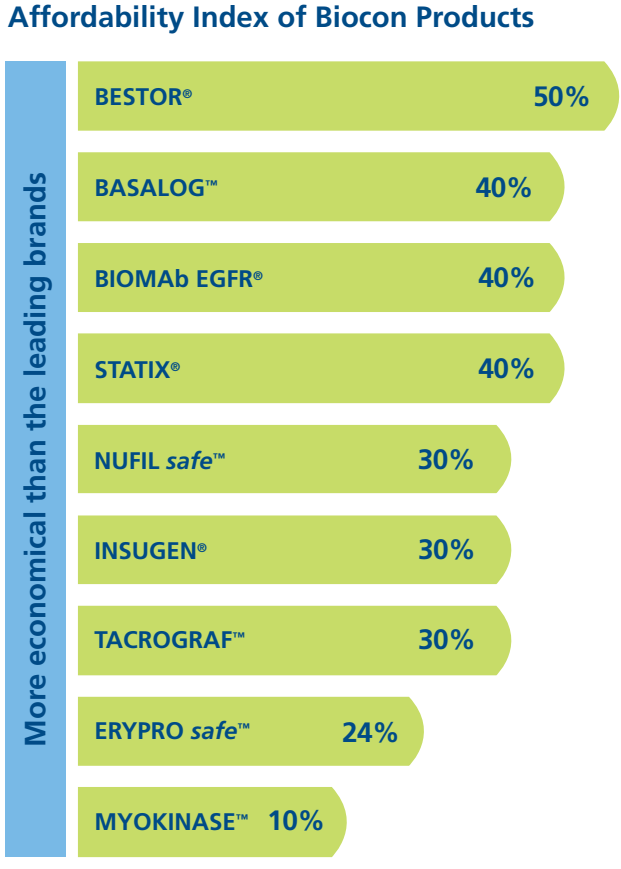
Over the years, Biocon Foundation has provided infrastructure support to several communities by constructing school buildings (including a performance stage, flooring, classrooms), creches, sanitary facilities and water supply connections. In Hebbagodi village, Biocon built a primary school and toilet blocks. We also facilitated daily supply of water through the BWSSB to people living around Biocon Campus. Further, in Hennagara Gram Panchayat, Biocon sponsored the construction of two primary schools, a compound wall, school stage and toilet block. At Srirampura and Hebbagodi village, we sponsored and facilitated a water scheme comprising of a borewell and pipelines. In the near future, we propose to build two schools in Yarandanahalli and Ennaki villages.

Karnataka Flood Relief: A Public-Private Partnership with the Government of Karnataka, India

On September 29, 2009, 4,292 villages in 15 districts of North Karnataka were inundated with more than 377 mm of rainfall in 24 hours, the highest in 100 years. 18 million people were affected by this natural disaster; villages were submerged; crops were destroyed; top soil was washed away; livestock was lost; houses collapsed; and tragically, 229 lives were lost. The Government's response was swift, people were moved to higher areas, temporary shelters were built, and medical relief was sent to all affected areas. In the aftermath, the Government launched Aasare – a public private partnership, through which the private sector could rebuild 277 villages on higher ground to protect them from future calamities.

Biocon has made its contribution by committing to building 1,000 homes in three villages within Bagalkote district. Each house constructed by us will be a hybrid home consisting of concrete external walls and prefabricated composite internal walls. A 340 sq.ft covered area will include shelter for each family to secure livestock, their most valuable asset. Biocon Foundation has used a participatory approach while developing the design and technology for these homes. We hope to complete 1,000 homes by the end of October 2010.

Product Glossary



Cardiology

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

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

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

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

TELMISAT™-H
Active Ingredient: Telmisartan 40/80 mg + Hydrochlorothiazide 12.5 mg
Indication: In uncontrolled hypertension

TELMISAT® AM
Active Ingredient: Telmisartan 40 mg + Amlodipine 5 mg tablets
Indication: In Diabetic Hypertensives

ACTIBLOK™ - IPR
Active Ingredient: Metoprolol Immediate & Patterned Release 25/50/100 mg tablets
Indication: In patients of Hypertension, Angina, IHD and Heart Failure

ACTIBLOK™ AM
Active Ingredient: Metoprolol Succinate IPR 25/50 mg + Amlodipine 5 mg tablets
Indication: In Uncontrolled Hypertension

BESTOR®
Active Ingredient: Rosuvastatin Calcium 5/10 mg 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

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

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

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

ZARGO® - H
Active Ingredient: Losartan Potassium 50 mg + Hydrochlorothiazide 12.5 mg
Indication: Reduces high blood pressure

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

MYOKINASE™
Active Ingredient: Recombinant Streptokinase for injection 1,500,000 IU
Indication: In patients of Acute Myocardial Infarction

DYNALIX®
Active Ingredient: Enoxaparin 40 mg, 60 mg Pre Filled Syringe
Indication: In patients of Acute Coronary Syndrome and Prophylaxis of Deep Vein Thrombosis

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

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

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

BLISTO™
Active Ingredient: Glimepiride 1/2/4 mg
Indication: Increases Insulin secretion in Type 2 Diabetes by stimulating pancreas

BLISTO™ -1MF/2MF/4MF
Active Ingredient: Glimepiride 1 mg + Metformin 500 mg SR & Glimepiride 2/4 mg + Metformin 1000 mg SR
Indication: In Type 2 Diabetes, when blood glucose is not controlled with a single medication

METADOZE®-IPR
Active Ingredient: Metformin 500/850 mg SR
Indication: Improves action of Insulin in Type 2 Diabetes

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

PIODART®
Active Ingredient: Pioglitazone 15/30 mg
Indication: Helps Insulin work better in Type 2 Diabetes

PIODART®-MF
Active Ingredient: Pioglitazone 15 mg + Metformin ER 500 mg
Indication: Improves blood sugar control when not controlled by monotherapy

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

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

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

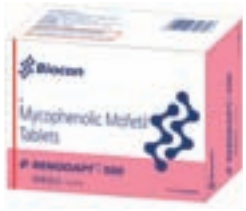
Nephrology

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

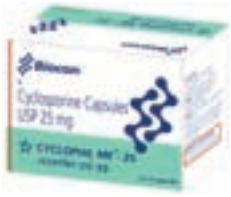
ERYPRO™
Active Ingredient: Recombinant Human Erythropoietin Alpha 2000 IU/4000 IU/10000 IU
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or non-dialysis

TACROGRAF™
Active Ingredient: Tacrolimus 0.5/1/2/3/5 mg capsules
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

RENODAPT®-S
Active Ingredient: Mycophenolic Acid 180/360/540 mg tablets
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/ 750 mg tablets
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes



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

Narita™+
Active Ingredient: Whey protein supplement fortifi ed with vitamins and minerals, 200 gm tin
Indication: For patients who need high protein supplementation

RAPACAN™
Active Ingredient: Sirolimus 1/2 mg tablets
Indication: Prevention of rejection and rescue therapy for rejection in renal transplantation

biOSEV™
Active Ingredient: Sevelamer HCl 400/800 mg tablets
Indication: For the management of hyperphosphatemia in CKD patients

CeRACaL™
Active Ingredient: Cinacalcet hydrochloride equivalent to Cinacalcet 30/60 mg
Indication: For the treatment of secondary hyperparathyroidism in dialysis patients

Oncology

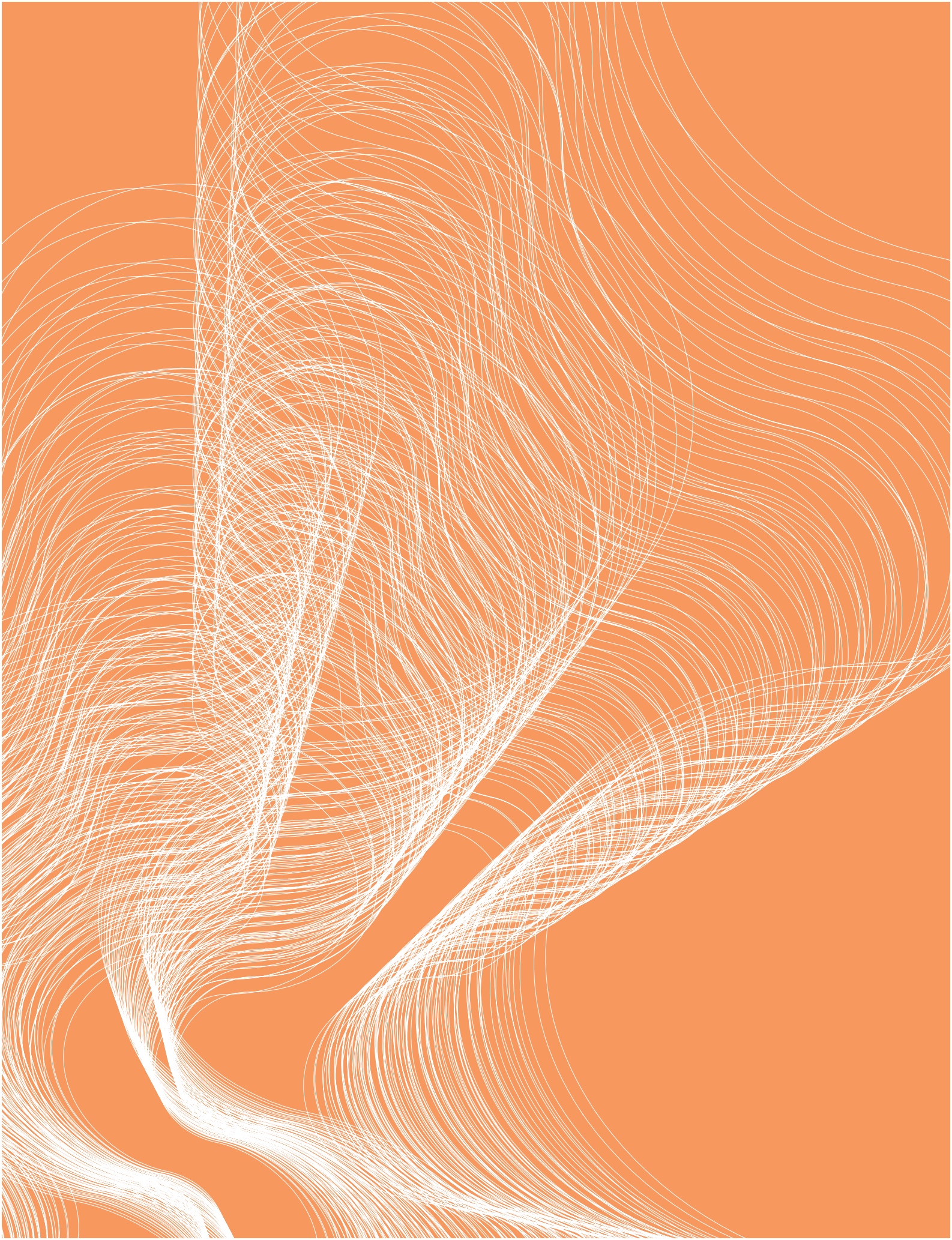
BIOMAb EGFR®
Active Ingredient: Nimotu-zumab 200 mg
Indication: Humanized monoclonal antibody targeting epidermal growth factor receptor indicated for its use in head and neck cancer

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: Recombinant Human Erythropoietin Alpha 10000 IU/40000 IU
Indication: For the treatment of chemotherapy induced anemia

NUFIL *safe*™
Active Ingredient: Filgrastim (Recombinant Human Granulocyte Colony Stimulating Factor) 300 µg
Indication: For the treatment of chemotherapy induced neutropenia

NUFIL™
Active Ingredient: Filgrastim (Recombinant Human Granulocyte Colony Stimulating Factor) 300 µg
Indication: For the treatment of chemotherapy induced neutropenia

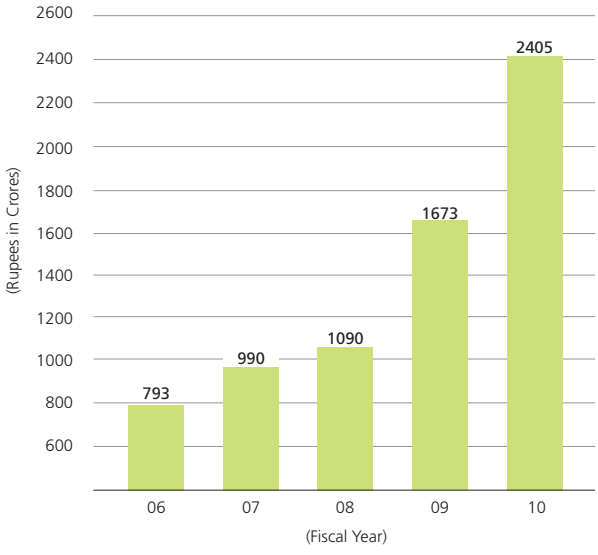


2010 Financial Report

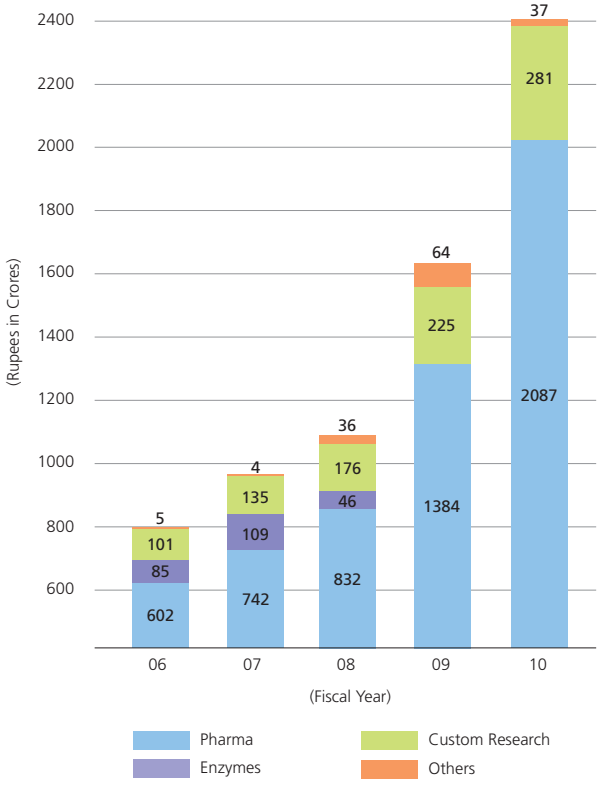
Financial Highlights

*Based on GAAP Consolidated Financial Statements

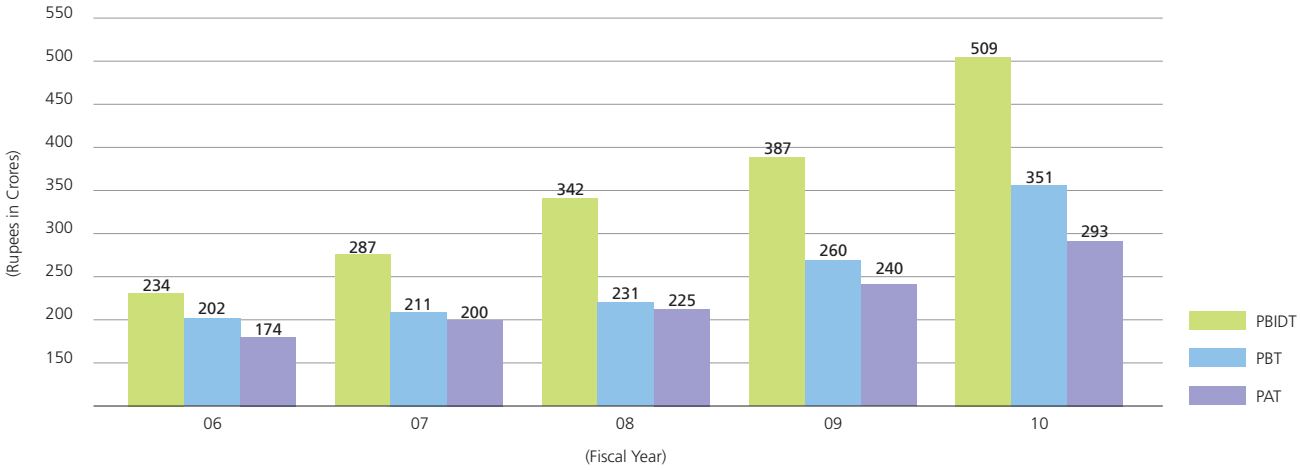
Revenue



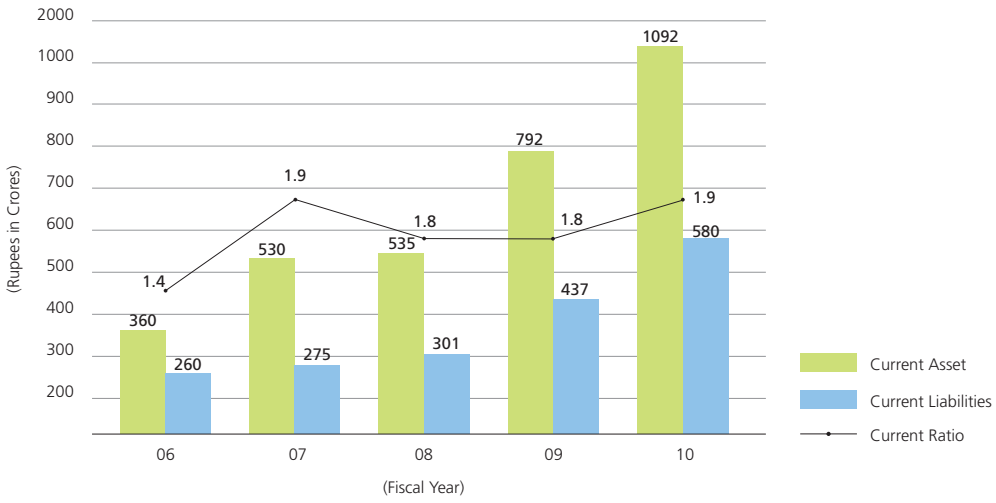
Revenues By Segment



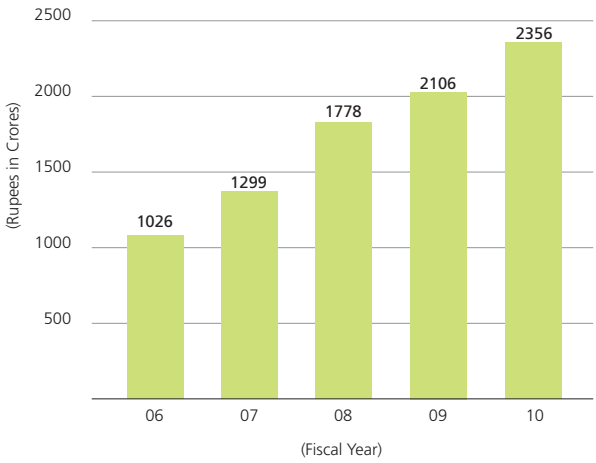
Profits (From Operations)



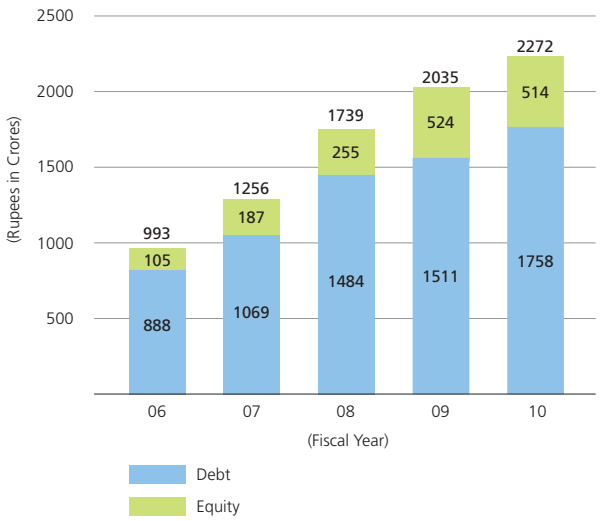
Current Ratio



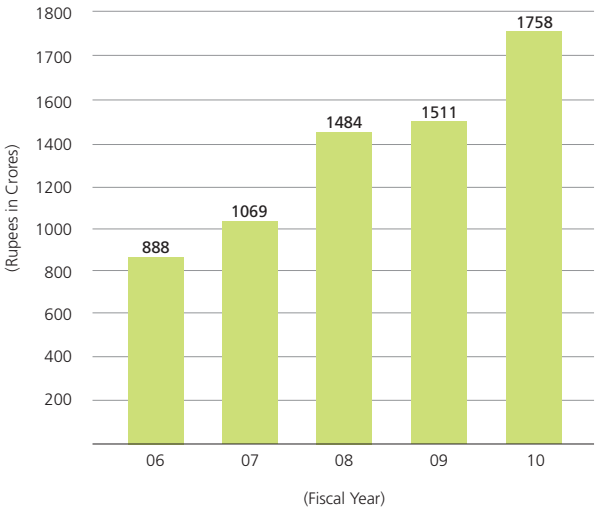
Net Assets



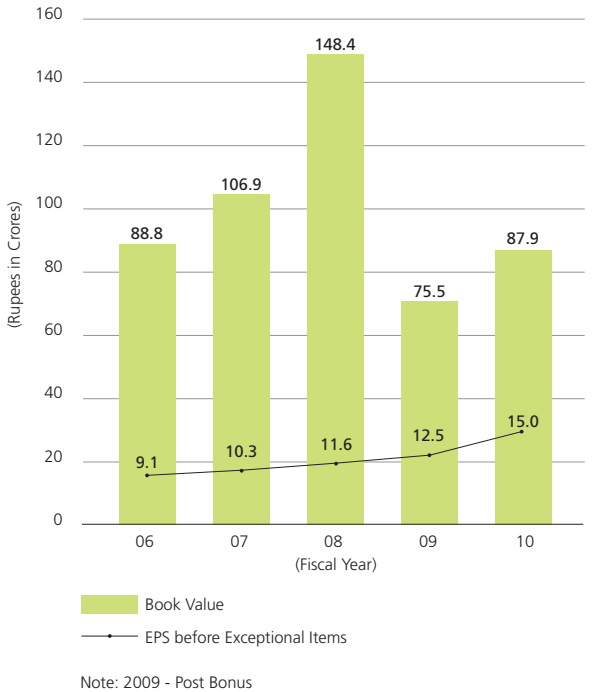
Debt : Equity



Networth

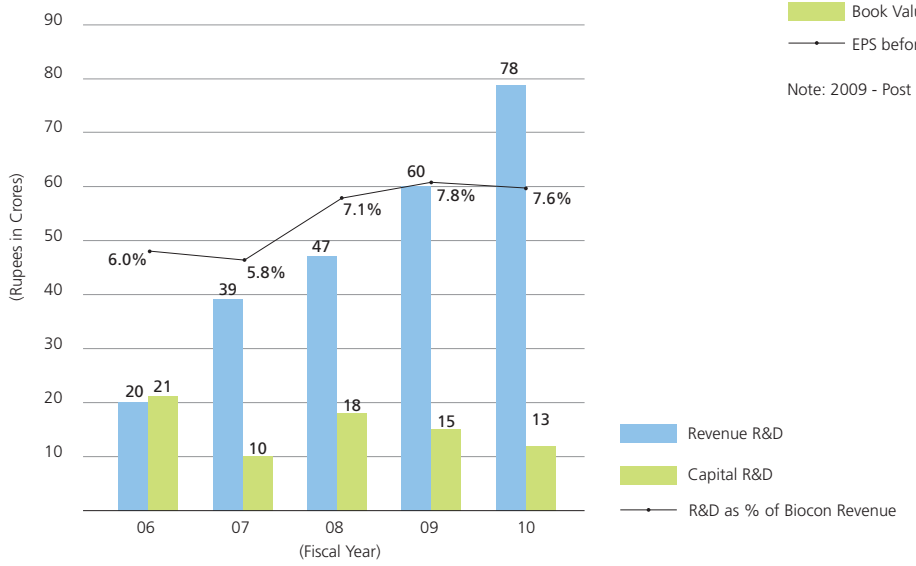


EPS Before Exceptional Items & Book Value Per Share

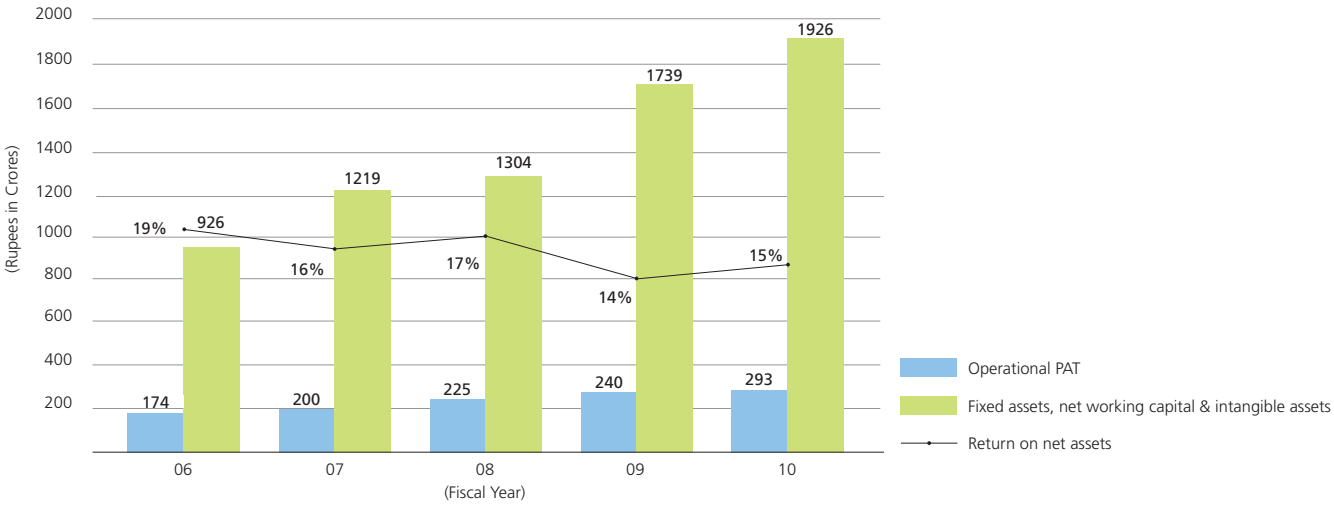


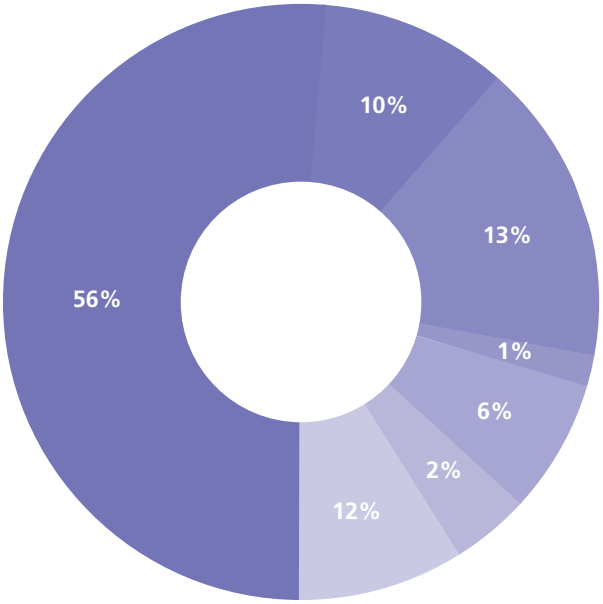
Note: 2009 - Post Bonus

R&D Spend (Net)



Return On Net Assets





Distribution of Revenues

Material Costs	56%
Employee Costs	10%
Other Expenses	13%
Interest	1%
Depreciation	6%
Tax	2%
Operational PAT	12%

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Directors' Report

Dear Shareholders,

We are pleased to present Thirty-Second 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 March 31, 2010.

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

Corporate Results:

Rs in Millions

Particulars for the year ended March 31,	2010	2009
Total Revenues	12,289	9,871
Total Expenditure	8,710	6,937
Profit before Interest, Depreciation and Tax	3,579	2,934
Interest	19	49
Depreciation	797	743
Profit before Tax and Exceptional Items	2,762	2,142
Income Tax	278	104
Profit after Tax, before Exceptional Items	2,484	2,038
Exceptional items (net of tax)	-	(920)
Profit after Tax, after Exceptional Items	2,484	1,118
Surplus b/f from previous year	8,009	7,705
Profit available for appropriation	10,493	8,823
Proposed dividend on equity shares	700	600
Tax on proposed divided	74	102
Transfer to General Reserve	248	112
Balance in Profit and Loss account	9,470	8,009

Consolidated Results (Under Indian GAAP):

Rs in Millions

Particulars for the year ended March 31,	2010	2009
Total Revenues	24,048	16,732
Total Expenditure	18,963	12,854
Profit before Interest, Depreciation and Tax	5,085	3,878
Interest	169	176
Depreciation	1,401	1,102
Profit before Tax and Exceptional Items	3,515	2,600
Income Tax	487	119
Profit after Tax, before Exceptional Items	3,028	2,481
Minority Interest	(96)	(71)
Share of losses in associate company	-	(7)
Profit after Tax and Minority Interest, before Exceptional Items	2,932	2,403
Exceptional items (net of tax)	-	(1,472)
Profit after Tax, after Exceptional Items	2,932	931

Results of Operations:

For the year ended March 31, 2010 consolidated revenues grew by 44%, EBITDA grew by 31% and Profit after tax (PAT) before exceptional items, grew by 22%. The company has posted a strong 27% growth in its biopharmaceutical business despite the challenging environment that prevailed in the last year. The landscape was characterized by pricing pressures, reduced spending from consumers and companies and intense competition between companies for the end markets. This year we entered new markets, strategically moving up the value chain with formulations in addition to APIs and improved operational efficiencies in our manufacturing processes.

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 70%, which translates to Rs 3.5 per equity share.

Transfer to Reserves

We propose to transfer Rs. 248 millions to the General Reserves. An amount of Rs. 9,470 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 amounted to Rs 2,932 Million as compared to Rs. 2,403 million in the previous financial year. For the year under review, profit (after exceptional items) amounted to Rs. 2,932 Million, resulting in basic earnings per share Rs.15 per share.

Business Operations overview and Outlook:

During the year, total revenues increased by 44% from Rs. 16,732 million to Rs 24,048 million. In the year under review, Statins segment grew 26%, Immunosuppressants by 27% and Insulins by 11%. Our domestic branded formulations business grew 35% with successful market share wins for our key brands. The Indian pharmaceutical market is estimated to grow at over 17% per annum and presents a good market opportunity for your company. As India's epidemiological profile alters, drugs for cardio-vascular problems, disorders of the central nervous system and other chronic diseases will account for 64% of total pharmaceutical sales in 2012, up from 50% in 2009. The remaining 36% will come from anti-infective, gastrointestinal drugs and vitamins. With leading brands in Diabetology, Nephrology, Oncology and Cardiology, we are best positioned to capitalize on this opportunity and expect our domestic branded formulations segment to contribute about a quarter of our revenues by 2015. With a view to attaining leadership in key therapies, we will focus on building large brands and increasing the number of successful new introductions. Acquisitions, partnerships and in-licensing are also value creating strategies that will likely be adopted towards reaching this goal.

The research services landscape has been in a state of flux for the last decade. In what started as a labour arbitrage opportunity in the early nineties for "low probability candidates", is now converting into a good business model with the integrated drug discovery process. Big pharma companies are facing the pressures of reduced R&D budgets, shrinking revenues, higher costs of drug development and declining R&D productivity. The financial meltdown has further added to their woes.

On the research front, we have made significant progress in our partnership with Mylan for developing biosimilars for global markets. We expect to commence clinical trials in India with two biosimilar monoclonal antibodies at a fast pace. We will shortly commence clinical trials for our Recombinant Human Insulin for European registration. Our novel pipeline has achieved significant milestone spearheaded by the IND filing with USFDA for our Oral Insulin program IN105. We expect to initiate a clinical study for Type I Diabetics under this US IND later this year. Our coveted T1h program for a novel Anti-CD6 targeting monoclonal antibody is also entering Phase III clinical trials for Psoriasis. Additionally, our novel anti-CD20 molecule has completed preclinical studies and is expected to get into the clinic in India this year. Our novel programs are expected to unlock substantial value upon licensing.

Subsidiaries and Joint Ventures:

Syngene International Limited

Syngene has consolidated its position as India's premier Custom Research Organization and registered a 30% growth in revenues. During the year, Syngene has demonstrated its ability to successfully manage large relationships and has also forayed into Integrated Drug Discovery services. The commencement of operations from our recently commissioned biologics pilot plant and the AAALAC accredited Vivarium, coupled with Formulation Development capabilities positions Syngene as the ideal partner for providing high quality discovery services at competitive prices in both large & small molecules.

In March 2010, Syngene partnered with Endo Pharmaceuticals to develop a novel biological therapeutic molecule against cancer. Under the terms of the agreement, Endo will retain all rights to the molecule developed and in return Syngene will receive research fees, milestone payments and success fees from Endo. This is a first in India involving the discovery of a biological therapeutic entity and Syngene is proud to be a part of this.

For the current financial year, Syngene registered a 30% growth in revenues from Rs. 2,065 million in the previous year to Rs. 2,676 million.

Operational margins increased from Rs. 607 million to Rs. 878 million representing a 45% increase, primarily driven by revenues generated by the BMS facility which was fully operational during the year. Depreciation charge increased from Rs. 231 million to Rs. 451 million.

Syngene earned a net profit of Rs 308 million for the year as against loss of Rs 225 million for the previous year. The increase is primarily attributed to an exceptional forex loss in the previous year.

Clinigene International Limited

For the year under review, Clinigene, a wholly own subsidiary registered revenue of Rs. 403 million as against Rs. 330 million in the previous year and earned a profit of Rs. 22 million as against a profit Rs. 45 million in the previous year.

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

Biocon Biopharmaceuticals Private Limited

Biocon Biopharmaceuticals Private Limited (BBPL) began as a 51:49 JV with CIMAB SA, to manufacture monoclonal antibodies and other Recombinant Therapeutics.

For the year under review, BBPL earned revenues of Rs. 381 million as against Rs. 186 million in the previous year. BBPL earned a profit of Rs. 26 million from loss of Rs. 52 million in the previous year. Due to a limited product portfolio, sales have been under pressure and expect to improve performance in the coming year.

In March 2010, Biocon, through its 100% subsidiary Biocon SA entered into a agreement with CIMAB SA, to acquire its 49% stake in BBPL.

Biocon Research Limited

Biocon Research Limited (BRL) is a wholly owned subsidiary set up to undertake discovery and development research work in biologics, antibody molecules and proteins. BRL has during the year entered into a collaborative agreement with Mylan to jointly develop and commercialize certain monoclonal antibodies.

For the current year BRL registered revenues of Rs. 393 million and has commenced development activity on the monoclonal antibody program. BRL has reported a net loss of Rs. 51 million for the year ended March 31, 2010.

Biocon SA

Biocon SA, a wholly owned subsidiary in Switzerland is primarily engaged in development and marketing of biopharmaceuticals in the European region. Clinical Development of Insulin is currently ongoing. During the current year Biocon SA has entered into an agreement to buy 49% stake of CIMAB SA, in group company Biocon Biopharmaceuticals Private Limited

AxiCorp GmbH

AxiCorp is a specialized Pharma marketing and distribution company based in Germany. In January 2010, AxiCorp was ranked no. 30 in Germany by IMS and recognised as one of the three fastest growing German pharmaceutical companies.

For the current financial year AxiCorp earned revenues of Rs. 9,117 million and a profit of Rs. 299 million, contributing 38 % to the group revenues and 10% 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.

For the year under review, NeoBiocon registered revenues of Rs 48 million and a net profit of Rs 5 million.

In addition to launching oncology products, NeoBiocon is the process of obtaining regulatory approvals for an entire range of formulations in the GCC Market.

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.

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 2010 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 is periodically 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 review showed overall confidence in the company and the Board's oversight of corporate strategies. Action plans for certain improvements in key areas were reviewed and evaluated for implementation.

Directors:

Prof. Charles Clooney and Mr. Ravi Mazumdar shall 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 (Firm registration no. 101049W), 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 part of the Directors' Report.

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Cumulative disclosure under the stock option scheme as on March 31, 2010:

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

Particulars	First Grant	Second Grant	Third Grant	Fourth Grant	Fifth Grant
a) i. Options Granted (Post equity split and bonus, net of options cancelled)	3,337,580	136,955	444,600	5,701,628	88,195
b) Exercise price					
ii. Pre-bonus of 2008	Rs 0.2	Rs 5 each	Rs 315 each	20% discount to Market Price on date of grant	Market Price on date of grant
iii. Post-bonus of 2008	N.A.	Rs 2.5 each	Rs 157.5 each		
c) Options vested	3,337,580	136,955	426,450	3,020,325	-
d) Options exercised	3,337,580	131,565	334,025	1,631,780	-
e) Total number of Equity Shares to be transferred from the ESOP Trust as a result of exercise of options	3,337,580	120,785	334,025	1,631,780	-
f) Options lapsed	Nil	16,170	93,500	1,718,880	-
g) Variation in the terms of options	None	None	None	None	None
h) Money realized by exercise of options (Rs)	678,016	599,025	89,940,375	246,177,250	-
h) Option pending exercise	Nil	Nil	17,700	1,388,545	-
i) Total number of options in force	Nil	Nil	17,700	3,030,129	88,195
j) 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	Nil
k) 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				
l) 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)	Year 1-25% Year 2-35% Year 3-40% (Year 1 being 3 years from Date of joining)
m) Lock-in	No lock-in, subject to a minimum vesting period of 1 year.				

Note:

There are no employees who have received grant in any one year amounting to 5% or more of the options granted during that year

There are no employees have been granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

Consequent to the bonus shares in the ratio 1:1 on September 15, 2008, employees who had not exercised their options were credited with bonus entitlements based on ESOP Plan (Eligibility for corporate action)

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

Sl. No.	Name of Director or key managerial personnel	First Grant	Fourth Grant
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. Murali Krishnan K. N.	195,902	Nil
5	Dr. Goutam Das	195,902	Nil
6	Mr. Rakesh Bamzai	122,430	Nil
7	Mr. Chinappa M. B.	122,439	75,000*
8	Mr. Sandeep Rao	Nil	60,000*
9	Mr. Harish Iyer	Nil	60,000*

*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:

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

ii) 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;

iii) 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;

iv) 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

In terms of the provisions of 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.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

Acknowledgements

The Board greatly appreciates the commitment and dedication of employees at all levels who have 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.

We also thank the Government of India, Government of Karnataka, Ministry of Information Technology and Biotechnology, Ministry of Commerce and Industry, Ministry of Finance, 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 of Directors

Kiran Mazumdar-Shaw
Chairman and Managing Director

John Shaw
Vice Chairman

April 29, 2010

Annexure to the Directors' Report

Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2010.

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, 2010	For the year ended March 31, 2009
A. Power and Fuel Consumption		
1. Electricity		
a) Electricity Purchase Unit (000)	94,726	77,280
Total Amount (Rs in Lakhs)	4,649	3,620
Rate per Unit	4.91	4.68
b) Own Generation from		
Diesel Generator Unit (000)	11,119	16,493
Total Amount (Rs in Lakhs)	869	1,490
Rate per Unit	7.81	9.04
2. Furnace Oil		
Unit (K.Ltrs)	8,343	7,150
Total Cost (Rs in Lakhs)	1,841	1,766
Average/K.Ltrs	22,063	24,695

During the year the Company has shifted to an increase utilisation of power from the Central/State grid and has reduced the dependency on own generated power.

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. Specifi c 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. Benefi ts 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 951 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 of our R&D programs in respect of Monoclonal antibodies against CD6, EGFR and CD20.

4. Expenditure on scientific Research & Development:

Rs in Millions

		March 31, 2010	March 31, 2009
a)	Capital	129	146
b)	Recurring	1,126	598
	Total	1,255	744
	Less: Recharge	502	-
	Net R & D Expenses	754	744
	Net R& D expenditure as percentage of sales	6.3%	7.5%

5. Technology Absorption, Adoption and Innovation:

No imported technology during the year

6. Foreign Exchange earnings and outgo:

Foreign exchange earned and used for the year ended March 31, 2010,

Rs in Millions

	March 31, 2010	March 31, 2009
Gross Earnings	5,057	4,718
Outflow*	4,595	3,362
Net foreign exchange earnings	462	1,356

*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

All 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:
Financial year of the subsidiary ended on	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	March 31, 2010	December 31, 2009
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	5,00,000 equity shares of RS. 1/- each	150 equity shares of 1,000/- AED each	100,000 equity shares of 1/- CHF each	193,360 equity shares of 1/- Euro each
(b) Extent of interest on above dated	99.99%	100%	51%	100%	50%	100%	78%
3. 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, 2010	308,113	22,011	13,292	(50,595)	2,713	(59,175)	299,322
(ii) for the previous financial years, since it became a subsidiary	1,491,471	17,960	(191,616)	(25)	(4,335)	29,479	71,143
(b) is dealt in the Company's account							
(i) for the financial year ended March 31, 2010	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 Discussion and Analysis

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

This discussion may contain forward-looking statements that involve risks and uncertainties.

1. INDUSTRY OVERVIEW, OPPORTUNITY AND OUTLOOK

The global market for Pharmaceuticals in 2009 was USD 837 billion, a growth of 7% over previous year on a constant USD scale (Source: IMS). The global pharmaceutical market is expected to grow between 4-6% in 2010, a decline over the 7% growth in 2009, according to market research firm ORG IMS data. The decline will come from US patent expiries and price cuts in the world's second largest market, Japan, and the effect of publicly funded healthcare budgets being cut in Europe. By 2013, pharmaceutical sales are expected to touch $975 billion.

The global pharmaceutical industry has been in a state of flux for the last few years. The industry's major markets are reeling under pressure with stagnating sales, thinning late-stage R&D pipelines, lower new drug approvals and increasing genericization.

One of the challenges for the industry in this decade has been declining R&D productivity. While R&D spending has more than doubled in the last decade, the number of new molecules entering the market has plummeted. Research ROI, therefore, is fast reaching a plateau and is projected to grow at a 1.7% CAGR over 2009-14 as opposed to 11% in 2000-08. Realization that R&D output is not a function of R&D spend has companies looking at other ways to increase their late-stage R&D pipelines. Further adding to the industry's woes is stagnating sales. While sales of the key large cap US and EU Pharma majors grew at a CAGR of 8.4% over 2000-08, it is expected that this will plateau and marginally de-grow by 0.1% over the next 5 years (Source: Evaluate Pharma, Wall Street Research and Company filings).

The global recession of 2008-09 further added to these challenges. For the first time in this decade, R&D spend in the year 2009 fell 0.9% to $124 billion on the back of slower prescription sales and reimbursement pressures. Market research group Evaluate Pharma estimates that R&D spend grew an average 10% per year for the period 2002-08. Consensus estimates indicate that R&D spend will grow at the more realistic levels of 2-3% over 2010-16. The last phenomenon that added to these challenges is the expected trend in patent cliff. The average patent expires which stood at $2.8 billion in the period 1990-2000 rose to $10.6 billion in 2001-09 and is expected to be a whopping $24.6 billion in 2010-14. Growth of generics is expected to further erode the bottom lines of pharmaceutical companies. According to IMS, over the next five years, products with sales of more than $142 billion are expected to face generic competition in big markets, reducing prescription drug spending by $80 billion to $100 billion through 2014. Patent expirations in the United States will peak in 2011 and 2012 when 6 of the 10 current largest-selling products are expected to face generic competition.

Consolidation is the norm - Companies are now looking at newer avenues to increase their R&D pipelines, reduce costs and improve time-to-market. Consolidation is one such route. Companies took this route to scale up, access niche therapeutic segments and enter new geographies. Total deal values from pharmaceutical Mergers and Acquisitions (M&As) tripled in 2009 versus 2008 on an equivalent number of deals (Source: Evaluate Pharma). The year saw the completion of three mega mergers – Pfizer-Wyeth, Merck & Co-Schering-Plough and Roche-Genentech. Total deal value in 2009 touched $188 billion, the largest since 2000. A spate of smaller mergers also took place in 2009. In India, there were 57 M&As in 2008, a 128% increase over the previous year (Source: PwC report, 2010).

Strategic Alliances and Licensing will gain traction - In an effort to spread risks and reduce time-to-market, companies are acquiring late stage R&D assets, forging co-development and marketing alliances. Licensing is also becoming a quick way of getting to the market and improving the bottom lines.

Biologics are the way to go - Many companies are increasing the number of biologics in their overall product portfolios. This stems from the fact that biologics enjoy a greater probability of launch success, and when successful, are also larger contributors to growth. In 2009, the biological drug market generated over $125 billion in revenues worldwide (Source: Visiongain).

Biosimilars will rule - Obama's Healthcare Reform Act has provided some clarity to the biosimilar pathway in the US and is expected to unlock the large value in biosimilars. Industry experts predict that price erosions in innovator products post biosimilar entry will not be as steep as in small molecules as biologics are characterized by high barriers to entry. Although biosimilar opportunities have largely been in the recombinant proteins so far, attention is now shifting to monoclonal antibodies which are expected to be the next near-term opportunity. The patents of a number of blockbuster antibodies will expire over the next 10 years. According to market research firm Visiongain, the global market for monoclonal antibodies will be worth $41 billion in 2010. It remains one of the most exciting and promising areas within the world pharmaceutical market today. There are currently more than 25 products in clinical use worldwide, including eight blockbusters.

Pharmerging countries are tomorrow's pharmaceutical landscape - Finally, changing demographics is causing a seismic shift in focus to what are called "Pharmerging" countries. Rising GDP and per capita income, better access to healthcare and globalization have made countries like China, India, Brazil, Russia, Mexico, Venezuela and a few others very attractive to big pharmaceutical companies. Drug sales in emerging markets, led by China and Brazil, are expected to grow at 14-17 % through 2014 compared with a 3-6% seen for the developed markets. (IMS ORG report).

Many companies are re-assessing their "Pharmerging" market strategies and re-assessing their geographic portfolios. Companies are attempting to build or buy market share in these 17 countries. The "Pharmerging" countries accounted for 16% of the total world market or $123 billion in 2009. Despite this, these markets continue to be underserved. According to IMS, in 2009, the top 15 pharmaceutical companies got only 0.9% of their combined sales from China, 2.9% from Brazil, India and Russia and 5.6% from the Tier 3 markets comprising 13 countries.

2. BIOCON'S BUSINESS STRATEGY AND OPERATIONAL PERFORMANCE

1. Focus Areas and Strategy

Biocon is an emerging global biopharmaceutical enterprise with products and research services that span the entire drug value chain, from pre-clinical to clinical development through to commercialization.

Within biopharmaceuticals, we manufacture generic APIs like Statins and Immunosuppressants that are sold in the developed markets of US and Europe. We also manufacture biosimilar Insulins that are sold in India as branded formulations and in both bulk and formulation forms in the emerging markets.

In research services, Syngene is engaged in the business of custom research in drug discovery while the other fully-owned subsidiary Clinigene is in the clinical development space. Both subsidiaries cater to a diverse client base that include global pharmaceutical majors, mid-size pharmaceutical and biotech companies as well as start-ups.

Biocon's strategic focus in the medium and long-term is very clearly on Biosimilars and Novel products.

BIOSIMILARS - We have a clearly defined biosimilar strategy that includes development and manufacturing. Marketing and distribution of these products are done by Biocon in India and via alliances with regional partners in the emerging markets. In terms of geographical reach, Biocon has adopted a common go-to-market pathway for all its products. This comprises of launching the product in India first, then in the emerging markets and subsequently in the developed markets.

Biocon is one of the early entrants into the biosimilar space in India. A beginning with generic APIs that had shorter regulatory timelines was an effective short-term strategy that gave us significant market share in these products for both the US and Europe. This was followed by a medium-term biosimilar strategy of recombinant proteins like Insulin and Insulin Analogues and subsequently the more complex Monoclonal Antibodies. Within Insulins, Biocon has already launched its recombinant human insulin and insulin analogue Glargine in India. Other analogues Lispro and Aspart are in pre-clinical development.

In the medium-term (3-6 years), our strategic intent is to take our biosimilar insulins into the developed markets and our monoclonal antibodies into India and the emerging markets. In the long-term (> 6 years), we intend to take our monoclonal antibodies into the developed markets and our novel drugs in the global market. Our monoclonal antibodies (MAbs), which is a co-development partnership program with Mylan Inc., are in pre-clinical development.

Our biosimilar MAbs will follow a similar commercialization path of an "India and emerging market first" strategy and eventually to the developed markets through strategic partnerships with companies like Mylan and others.

NOVELS – Biocon has two programs in late-stage clinical development in India – IN-105 and T1h.

IN - 105

IN - 105 is Biocon's oral insulin program which we believe is the most advanced program in the oral insulin space globally. It is a conjugated peptide and a new molecular entity which is metabolically active and shows lower immunogenicity and mitogenicity when compared to insulin. It has a very good safety and clearance profile. We have a stable tablet formulation and have established its oral delivery through a number of Phase 1 and Phase 2 studies and have now started a Phase 3 trial in India. This is an ongoing trial which involves a 6-month double-blinded, placebo-controlled trial in Type 2 Diabetes patients who are poorly controlled on Metformin, where the primary end point is HbA1c control. IN 105 can be a monotherapy, in combination with various oral antidiabetic tablets like Metformin, Sulfonylurea, PPAR agonists, DDP-IV inhibitors, etc., or a pre-meal insulin in combination with basal insulin. Our US IND was approved in January 2010 and we will shortly begin clinical trials for the US market.

T1h

T1h is an anti-CD6 monoclonal antibody. The target is a Type 1 cell membrane glycoprotein which is predominantly expressed by T cells and a B cell subset. It has a very unique ALCAM binding profile where it binds to activated T cells, B cells, and monocytes and can potentially benefit many autoimmune conditions. We have pursued trials in both Psoriasis and Rheumatoid Arthritis. Good remission rates observed in a recent clinical trial has enabled Biocon to design a very important second clinical trial. An additional trial in Rheumatoid Arthritis is also being initiated.

2. India and Emerging Markets

India with its rapidly growing population and economy has become an attractive opportunity for global pharmaceutical companies. India's growing middle class, from a mere 3% in 1995 to 13% in 2008, has resulted in more purchasing power and better access to medical facilities. Also, as India's epidemiological profile changes, drugs for cardio-vascular problems, disorders of the central nervous system and other chronic diseases will account for 64% of total pharmaceutical sales in 2012, up from 50% in 2001 (PwC report). India's pharmaceutical industry is fast becoming a competitor in certain critical areas and potential partner in others. Market researchers estimate that the Indian pharmaceutical industry which is pegged at $10 billion as of March 2010 as per IMS ORG and growing at 17.7% YoY, will likely rise to $50 billion by 2020.

Biocon intends to develop its India market presence on its own for all its products in all therapeutic areas. We are currently present in four main therapeutic areas – Diabetology, Cardiology, Nephrology and Oncology. In order to grow our domestic branded formulations business, we are launching two new divisions this year – Comprehensive Care and Immunotherapy. With a view to attaining leadership in key therapies, we will focus on building large brands and aim to increase the number of new introductions each year. Biocon is also increasingly tapping the hospital segment and introducing extra-urban initiatives in order to build its brands. Acquisitions, partnerships and in-licensing are also value creating strategies that will be explored towards reaching this goal.

We have made significant inroads into several emerging markets with our Insulins and Immunosuppressants. We have strengthened our presence in emerging markets like Brazil, Mexico, Chile, and many countries in the Middle East and Africa this year. We see emerging markets as a strategic focus area and plan to push ahead with expanding business opportunities there.

3. Operations - Manufacturing, Process Design, Engineering, Quality and IPR

The process of producing Biotech products is inherently complex and requires highly specialized knowledge. Extensive process and product characterization are required to transform laboratory scale processes into reproducible commercial manufacturing processes. We have been able to build two global scale bio-manufacturing facilities, including an aseptic fill and finish facility, which meet USFDA and EU GMP norms. Our manufacturing capabilities are in Fermentation (small molecules & proteins), Synthetic Chemistry, MAbs and Fill/Finish (vials, cartridges, lyophillised and PFS). We are one of the largest producers of statins and immunosuppressants globally. We are Asia's largest insulin producer and we also have global scale monoclonal antibody production capabilities. In 2009, we acquired a synthetic chemistry facility in Hyderabad in order to boost our capabilities in this segment.

Process design and engineering for all the facilities (manufacturing and research) is developed by in-house engineers. Our Company has experienced internal teams for design, execution and commercials. We have instituted a web-based solution for monitoring and tracking all major projects.

Our Company has one of the largest IP portfolios among Indian pharmaceutical and biotech companies. We have a strong IPR team that drafts patent applications in-house.

4. Marketing and Distribution

We sell APIs to pharmaceutical companies across the globe from our USFDA approved manufacturing facilities. We have also licensed out our products in certain geographies and as a part of that agreement we manufacture and supply bulk formulations to our partners.

Marketing and distribution of all our products in India is done by Biocon. We have a field force of over 750 people who market our branded formulations to healthcare providers, including physicians or their clinics, dialysis centers, hospitals and pharmacies.

In addition, for products in the diabetes segment, we create and host programs to increase public awareness about diabetes and its associated risks.

Axicorp GmbH, our subsidiary in Germany, is a leading distributor of branded pharmaceutical products. We intend to take our biosimilars into the German market via this subsidiary.

5. Research and Development

Research and Development is the backbone of our Company. Our R&D initiatives are primarily focused on developing affordable therapeutics. Currently, we are focused on developing therapeutics for the treatment of chronic illness in the areas of oncology, diabetology and immune-mediated diseases. We typically carry out early drug discovery and clinical trials in India up to the proof-of concept stage and then seek partners for expanding clinical trial activities and marketing in the developed markets. This strategy helps us take advantage of lower R&D costs and faster clinical development timelines in India. Developing products in India until the proof-of-concept stage has allowed us to fund these programs entirely from internal accruals.

6. People

People are our key assets. Our goal is to create a culture of excellence. Our human resource department strives to hire the best talent available, keep them engaged and competitive and create a harmonious, satisfactory work culture.

Some key initiatives taken this year -

- An online performance appraisal process was developed in house.
- Expressions 2010 Employee Satisfaction Survey was launched in March 2010.
- Enhancing leadership development programs on strategic R&D management for senior managers organized in collaboration with IIM (Bangalore).
- Training programs on innovation and situational leadership targeted at middle and senior managements.
- Collaborations with educational institutes to make courses more industry oriented and thereby augment our talent pipeline.

Biocon Group

Education	2008-2009	2009-10
PhD	182	259
Post Grad	1380	1918
Graduate Engineers	82	102
CA/MBA/ICWA/CS/LLB	175	172
Graduate/diploma non technical	1076	1111
Undergraduates	559	658
Total	3454*	4220**

* excluding 190 employees in AxiCorp

**excluding 258 employees in AxiCorp

The following priorities have been identified for 2010:

- Manpower planning and resource allocation/utilization to be integrated with business planning and the budgeting process.
- Renewed focus on hiring talent with potential to take on leadership positions for the future.
- Partnering with tier-1 business schools for sourcing talent from international locations.
- Improve internal processes for managing and developing employees.
- Strengthen the performance management system.
- Strengthening the variable pay plan.
- Employee engagement and organization development programs.

3. FINANCIAL 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.

(All amounts in Indian Rupees thousands)

	March 31, 2010	March 31, 2009 (Note 14 of Schedule 17)	Change %
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1 ,000,000	1,000,000	0%
Reserves and surplus	14,662,867	12,748,753	15%
	15,662,867	13,748,753	14%
LOAN FUNDS			
Secured loans	896,834	1,014,565	-12%
Unsecured loans	1 ,021,228	624,862	63%
	1,918,062	1,639,427	17%
Deferred Tax Liability (Net)	410,408	410,408	0%
	17,991,337	**15,798,588**	**14%**
APPLICATION OF FUNDS			
Fixed assets			
Cost	10,018,002	9,486,156	6%
Less: Accumulated depreciation	3,418,093	2,733,315	25%
Net book value	6,599,909	6,752,841	-2%
Capital work-in-progress	583,344	376,872	55%
	7,183,253	7,129,713	1%
Intangible Assets	184,062	388,850	-53%
Investments	4,186,382	3,466,855	21%
Current Assets, Loans and Advances			
Inventories	2 ,447,986	1,945,224	26%
Sundry debtors	3 ,836,444	2,961,729	30%
Cash and bank balances	771,218	60,427	1176%
Loans and advances	4,030,711	2,802,732	44%
	11,086,359	7,770,112	43%
Less: Current Liabilities and Provisions			
Current Liabilities	3,816,243	2,196,970	74%
Provisions	832,476	759,972	10%
	4,648,719	2,956,942	57%
NET CURRENT ASSETS	6 ,437,640	4,813,170	34%
	17,991,337	**15,798,588**	**14%**

Share Capital (Issued, Subscribed & Paid up)

Year ended March	2010		2009	
	Nos.	Amount	Nos.	Amount
Balance at the beginning of the year	200,000,000	1,000,000	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	200,000,000	1,000,000

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, in 2003-04, 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, issued 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 existing as 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 increased from Rs 12,748,753 in March 31, 2009 to Rs 14,662,867 in March 31, 2010. The increase is primarily on account of profits made during the year of Rs 2,483,570 and adjusted for the proposed dividend of Rs 774,136 inclusive of Dividend distribution tax.

In March 31, 2009, the reserves were capitalized to the extent of Rs 500,000 for issue of bonus shares.

Loan funds

There has been an increase in the loans outstanding from Rs 1,639,427 in March 2009 to Rs 1,918,062 in March 2010.

Unsecured loans increased by Rs 396,366 primarily on account of short-term borrowings of Rs 359,600.

The Company utilized deferred sales tax payment facility of Rs 37,428 in respect of sales made during the year. As at March 31, 2010, the Company has utilized Rs 648,978 under such facility. The sales tax liability is repayable in ten half yearly installments.

Secured loans decreased by Rs 117,731 due to decrease in bank borrowings.

Fixed Assets

	2010	2009	%
Gross Block	10,018,002	9,486,156	6%
Less : Accumulated depreciation	3,418,093	2,733,315	25%
Net Block	6,599,909	6,752,841	-2%
Add : capital work in progress	583,344	376,872	55%
Net fi xed assets	7,183,253	7,129,713	1%
Net Asset turnover ratio	1.76	1.35	30%

During the year 2010, the Company has capitalized fixed assets to the extent of Rs 666,724. The primarily additions are in plant and machinery of Rs 397,669 and research and development equipments of Rs 113,764.

On December 1, 2009, the Company completed the acquisition of Active Pharma Ingredient business of M/s. IDL Speciality Chemicals Limited. The assets acquired have been capitalised in the books of the Company at fair value. The fixed assets are depreciated over their remaining useful life as assessed by an independent valuer. The depreciation charge, for the year, on acquired assets is Rs 8,768.

The capital work-in-progress as at March 31, 2010, represents advances paid towards purchase of fixed assets and the acquisition costs relating to assets not ready for use.

The Company has a capital commitment of Rs 947,617 as at March 31, 2010 as compared to Rs 106, 501 as of March 31, 2009.

Investments

The Company as at March 31, 2010 held current investments in mutual funds of Rs 3,526,918 as compared to Rs 2,888,579 as of March 31, 2009. During the year, the funds generated from operating activities were invested in current investments as reflected in Liquidity section below.

The long-term investments have increased from Rs 578,276 to Rs 659,464 over the previous year. Additional investments during the year include investment of Rs 32,356 in Vaccinex Inc, USA and Rs 48,100 in IATRICa Inc, USA. The joint research collaboration program with Vaccinex Inc and joint development program with IATRICa Inc are on stream. As at March 31, 2010, the Company has 30% voting rights in IATRICa Inc.

The Company continues to hold its investments in its subsidiaries Syngene, Clinigene, Biocon SA and Biocon Research Limited and joint ventures viz., Biocon Biopharmaceuticals Private Limited and Neo Biocon.

Intangible Assets

During the year ended March 31, 2010, the Company transferred the right to develop and commercialise Oral Insulin to Biocon Research Limited, for a consideration of Rs 673,260 (US$ 14 million). As there are certain obligations of the parties to conclude the arrangements, the consideration has been treated as deferred revenue by the Company as at March 31, 2010.

During the year ended March 31, 2009, the Company acquired marketing rights of hR3 and EPO 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.

As at year end, net value of intangibles assets are Rs 184,062.

Current assets, loans and advances

The current assets, loans and advances have increased from Rs 7,770,112 to Rs 11,086,359 an increase of 43% over the previous year. This was mainly due to

- Increase in inventories from Rs 1,945,224 to Rs 2,447,986 largely on account of 25% growth in sales.
- Sundry debtors stood at Rs 3,836,444 (net of provision for doubtful debts of Rs 71,537) as at March 31, 2010 as compared to Rs 2,961,729 (net of provision for doubtful debts of Rs 56,231) as at March 31, 2009. These debtors are considered good and realisable. Debtors represent an outstanding of 110 days and 109 days of revenue as at March 31, 2010 and March 31, 2009 respectively on a moving average of 3 month's sales. Provision for doubtful debts represents 0.13% and 0.17% of gross sales for the year ended March 31, 2010 and March 31, 2009 respectively.
- Loans and advances have increased from Rs 2,802,732 to Rs 4,030,711 as on March 31, 2010. This increase is mainly on account of increase in other receivables, which has increased from Rs 187,033 to Rs 1,412,648 mainly due to increase in receivables of Rs 976,199 from Biocon Research Limited due to transfer of intangibles assets and research and development expenses cross-charged during the year.

Current liabilities and provisions

The current liabilities and provisions have increased by 57 % from Rs 2,956,942 as at March 31, 2009 to Rs 4,648,719, as at March 31, 2010. This increase is primarily due to

- Increase in deferred revenues from Rs 484,424 to Rs 1,201,250 largely on account of transfer of Oral Insulin and certain monoclonal antibodies to Biocon Research Limited during the year.
- Increase in sundry creditors from Rs 1,064,437 to Rs 1,596,959 primarily on account of increase in sundry creditors for raw materials and packing materials.

Proposed dividend is Rs 700,000 for the year ended March 31, 2010 as against Rs 600,000 in the previous year.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	March 31, 2010	March 31, 2009	%
INCOME			
Gross sales	11,580,976	9,291,494	25%
Less : Excise duty	300,281	257,134	17%
Net sales	11,280,695	9,034,360	25%
Licensing and Development fees	350,130	89,005	293%
Other income	658,327	747,738	-12%
	12,289,152	**9,871,103**	**24%**
EXPENDITURE			
Material costs	5,473,629	4,041,146	35%
Employee costs	997,275	820,641	22%
Operating and other expenses	2,238,765	2,075,027	8%
Interest and finance charges	19,910	49,371	-60%
	8,729,579	**6,986,185**	**25%**
PROFIT BEFORE DEPRECIATION , EXCEPTIONAL ITEMS AND TAXES	3,559,573	2,884,918	23%
Depreciation and Amortisation	797,290	742,830	7%
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS	2,762,283	2,142,088	29%
Provision for Income Tax			
Current Tax	278,713	164,394	70%
Less: MAT Credit Entitlement	-	(87,068)	-100%
Deferred taxes	-	12,171	-100%
Fringe benefit tax	-	14,470	-100%
PROFIT AFTER TAXES AND EXCEPTIONAL ITEMS	2,483,570	2,038,121	22%
EXCEPTIONAL ITEMS NET OF TAX	-	(920,124)	-100%
NET PROFIT FOR THE YEAR	2,483,570	1,117,997	122%
Balance brought forward from the previous year	8,009,190	7,704,962	4%
PROFIT AVAILABLE FOR APPROPRIATION	**10,492,760**	**8,822,959**	**19%**
Proposed dividend on equity shares	700,000	600,000	17%
Tax on proposed dividend	74,136	101,970	-27%
Transfer to general reserve	248,357	111,799	122%
BALANCE, END OF THE YEAR	**9,470,267**	**8,009,190**	**18%**

Biocon's total income for the year ended March 31, 2010 comprises of 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, 2010 and March 31, 2009:

Sales

	2010	2009
Sale of Products		
Biopharmaceuticals	91.79%	91.5%
Technical Licensing Fees	2.85%	0.9%
Other Income	5.36%	7.6%
Total Income	**100.0%**	**100.0%**

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

Share of revenues

	2010	%	2009	%
Domestic	6,404,589	56.8%	4,405,521	48.8%
Exports	4,876,106	43.2%	4,628,839	51.2%
Total	11,280,695	100.0%	9,034,360	100.0%

Biocon's net sales grew by 25% to Rs 11,280,695 in 2009-10 while the total income grew by 24% to Rs 12,289,152. Company's export revenues from product sales have increased by 5%, and domestic sales have increased by 45%.

4. SEGMENT-WISE PERFORMANCE

BIOPHARMACEUTICALS

Our business focus is on the manufacturing and marketing of biopharmaceuticals that require fermentation and synthetic chemistry skills.

Statins:

Statins are cholesterol-lowering agents used to treat and prevent coronary diseases and are amongst the largest selling drugs worldwide. Our statins portfolio presently comprises Simvastatin, Pravastatin, Atorvastatin, Fluvastatin, Lovastatin and Rosuvastatin. Biocon is primarily selling Statins in Indian, USA and European markets.

Our Statins segment grew 26% YoY despite pricing pressures owing to enhanced capacity enabled by improved productivity. Simvastatin remained Biocon's largest product by sales in this segment.

Insulins:

Insulin is a hormone that regulates the energy and glucose metabolism in the body. 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 pharmaceutical 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.

Our insulins business grew 11% YoY with growing momentum in emerging market sales. There has been an increase in formulation sales in the emerging market, signifying a movement up the value chain in this business. During the year, we have entered several new markets like Brazil and Chile among others and as of the end of the year we have vial and cartridge registrations in approximately 40 countries.

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 the domestic market, the Company has also commenced exports to the US Market and certain countries in the EU region.

This segment posted a 28% YoY growth despite pricing pressures. Tacrolimus API sales to customers awaiting ANDA approvals have also added to this momentum.

Branded Formulations:

Branded formulations are finished dosages currently sold in India and emerging market geographies. Our Company is present in four therapeutic areas – Diabetology, Oncology, Cardiology and Nephrology. The Branded formulations segment grew 36% YoY on the back of strong sales in diabetology and oncology.

Our Company is positioning itself as a key player in diabetes therapy on a global scale. Our insulins are gaining market share in India and several emerging markets. Biocon has focused its efforts to improving diabetes care in India through an awareness campaign on monitoring and control of blood glucose and early detection of the disease.

Biocon has a dedicated marketing team of over 750 people for the finished dosage business.

5. OTHER FINANCIAL DATA

Technical Licensing Fees

These fees represent income received by Biocon towards transfer of proprietary technology with respect to certain bio-generics under long-term contracts. They also include fees received by Biocon towards out-licensing its proprietary products. During the year, the Company has a registered licensing income of Rs 350,130, an increase of Rs 261,125 as compared to previous year primarily due to licensing income from sale of development rights of certain products candidates.

Other Income

The Other income has registered a decrease of 12% compared to the previous year. Other income consists primarily of dividend income from investments amounting to Rs 98,604 as compared to Rs 215,945 in fiscal 2009. It also includes cross charge by Biocon SEZ Developer on account of utility and other common costs to other SEZ units which has increased from Rs 303,355 in the fiscal 2009 to Rs 336,046 in the fiscal 2010.

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 35% from Rs 4,041,146 to Rs 5,472,390 over the previous year. As a percentage of sales, the material cost has increased by 3.7% mainly on account of change in mix of products sold.

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 820,641 for the fiscal year 2009 to Rs 997,275 for the fiscal year 2010. The increase in employee costs is due to

a) Staff salary increment

b) Addition of employees [Closing headcount as of March 2010 and March 2009 is 2,577 and 1,978 respectively].

Operating and other expenses

Operating and other expenses comprises traveling and conveyance; communication; professional charges; power and fuel; lab consumables; repairs and maintenance; selling expenses like freight outwards; sales promotion and commissions; research and development costs, provision for doubtful debts; exchange fluctuations and other general expenses.

Operating and other expenses have increased by 8% from Rs 2,075,027 for the year 2009 to Rs 2,240,004 for the year 2010 mainly on account of

a) 98% increase in lab consumables from Rs 112,205 to Rs 222,018 due to increase in research activity.

b) 68% increase in professional charges from Rs 104,743 to Rs 175,928.

c) 110% increase in research and development expenses from Rs 283,002 to Rs 594,520 on account of increase in our ongoing research initiatives across projects. Research and development expenses of Rs 501,502 are recoverable from Biocon Research Limited as recharge of expenses for co-development activities of certain products.

d) 31% increase in repair and maintenance charges from Rs 214,899 to Rs 280,911.

e) 16% increase in selling expenses from Rs 346,660 to Rs 401,733 on account of volume increase.

f) the increase is offset by 6% decrease in Power and fuel charges from Rs 712,231 to Rs 672,485.

Interest and Finance Charges

Interest and finance charges have decreased from Rs 49,371 in fiscal 2009 to Rs 19,910 in fiscal 2010 due to decrease in average quantum borrowings to finance the working capital.

Depreciation

During the year depreciation has increased by Rs 54,460 an increase of 7% over fiscal 2009 on account capitalization of assets. Depreciation as a percentage of sales has decreased from 7.9% in fiscal 2009 to 6.8% in fiscal 2010.

Provision for Taxes

Provision for current tax in the year ended March 31, 2010 was Rs 278,713 as against Rs 103,967, net of provision for current, fringe benefit and deferred tax in fiscal 2009.

Net Profit

Net profit for fiscal year 2010 before exceptional items has increased by 22% to Rs 2,483,570 resulting in basic EPS of Rs 12.77. In previous year, the Company had an exceptional loss, net of tax effect, of Rs 920,124 on account of Mark-to-Market losses on foreign exchange forward contracts.

Liquidity

Our primary liquidity are financing working capital requirements and funding capital expenditure. The financing needs are met primarily through cash flows from operations and short term borrowings.

Following is the summary of operational cash fl ow:

	2010	2009
Net cash generated from operating activities	2,284,808	1,159,899
Net cash used for :		
Capital expenditure	(806,524)	(967,982)
Dividend including dividend tax	(701,970)	(584,975)
Investments in associate/subsidiary companies	(48,100)	(55,179)
Loans to subsidiaries/joint ventures companies	(39,580)	(1,349,879)
Borrowings from banks	301,491	100,456
Others	359,003	284,323
Net cash equivalents	1,349,130	(1,413,337)
Net (purchase)/redemption of current investments	(638,339)	1,392,520
Cash at beginning of year	60,427	81,244
Cash at end of year	771,218	60,427

6. PERFORMANCE OF SUBSIDIARIES

Syngene International Limited

Syngene is a 99.99% owned subsidiary of the 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. During the year, Syngene has confidently moved into Integrated Drug Discovery services.

Syngene's total income primarily consists of net sales from Contract research and manufacturing services income. Substantially all of Syngene's contracts are based on time and material management. Revenue from these contracts is recognized when services are rendered, in accordance with the terms of the contract. Syngene's total revenue has increased from Rs 2,064,815 to Rs 2,675,660 representing a growth of 29%. The growth in operations is supported by increase in revenues from existing and new customers.

Syngene's expenses mainly comprise of raw-material costs and staff costs. Raw material cost consists of lab consumables used for research. The raw material costs increased by 31% from Rs 524,175 to Rs 688,117 in fiscal 2010 and the staff costs increased by 29% Rs 527,074 to Rs 666,393. Increase in material cost and increase in staff costs are due to 29% growth in sales. Other costs increased by 9% from Rs 406,831 to Rs 443,585.

Net profit before exceptional items for the year has decreased by Rs 18,654 from Rs 326,798 to Rs 308,144 mainly due to increase in depreciation by Rs 220,180 from Rs 230,692 in the year ended March 31, 2009 to Rs 450,872 in the year ended March 31, 2010. In previous year, Syngene had an exceptional loss of Rs 551,761 on account of Mark-to-Market losses on foreign exchange forward contracts.

Clinigene International Limited

Clinigene is a 100% owned subsidiary of Biocon Limited. 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 recognized based on the percentage completion method. Total revenue of Clinigene increased from Rs 330,520 in fiscal 2009 to Rs 403,304 in the fiscal 2010, 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 current tax. Consultancy fees have increased by 8% from Rs 11,316 to Rs 12,168 as compared to 2009. Clinigene's staff cost has increased by 19% from Rs 58,339 to Rs 69,150 as compared to previous year. Interest expenses have decreased from Rs 7,594 to 5,763 on account of repayment of term loan.

Profit for the year ended March 31, 2010 of Rs 22,011 as against Rs 45,302 in the previous year.

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.381,302 as against Rs 185,590 in the previous year. BBPL commenced full fledged operations only recently and for the year under review has a net profit of Rs 26,062 as against a loss of Rs 51,736 in the previous year.

As at March 31, 2010, BBPL has accumulated losses of Rs 351,285.

On March 31, 2010, CIMAB SA, BBPL and Biocon SA have entered into an agreement to acquire the 49% equity stake held by CIMAB SA in BBPL. The transaction has been consummated in April 2010.

Biocon Research Limited

Biocon Research Limited ("the Company") was incorporated in India on May 28, 2008, as a wholly owned subsidiary of Biocon Limited. The Company is engaged in carrying out research and development of new drugs, drug delivery systems and contractual research. During the year ended March 31, 2010, the Company has received an approval for a SEZ unit to be located within Biocon SEZ at the Biocon Park facility. During the year, the Company has commenced commercial operations and acquired development and marketing rights of Oral Insulin and certain monoclonal antibodies from Biocon.

The Company earned revenue of Rs 392,944 and has a loss of Rs 50,595 as at March 31, 2010.

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.

NeoBiocon registered a turnover of Rs 47,854 and net profit of Rs 5,426 for the year ended March 31, 2010. In accordance with Accounting Standard 27 – Financial Reporting of Interests in Joint Venture issued by ICAI, only 50% of the operations have been considered in the consolidated financial statements.

Iatrica Inc

Biocon has made a strategic investment of Rs 138,470 in a US based research Company IATRICa Inc to jointly develop novel immunoconjugates for the treatment of cancer and infectious disorders. As at March 31, 2010, Biocon has a 30% stake in IATRICa.

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

Biocon SA

Biocon SA a wholly owned subsidiary was incorporated in year 2009 in Switzerland with a capital of 100,000 CHF. Biocon SA undertakes development and marketing of biopharmaceuticals and pursue investment opportunities in Biopharmaceutical sector in EU region.

As at March 31, 2010, Biocon SA holds 78% equity interest in AxiCorp GmbH, Germany and has commenced clinical the development of insulin for the European markets.

Axicorp GmbH

During the year 2009, 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 operations are consolidated with Biocon with a 3 month lag. The Company registered revenue of Rs 9,117,360 and PAT of Rs 299,322 for twelve months ended December 31, 2009 as against revenue of Rs 4,797,341 and PAT of Rs.99,641 for nine months period ended December 31, 2008.

On a consolidated basis, AxiCorp has contributed 38% to the group revenues and 10% to the group net profit for the year ended March 31, 2010.

Consolidated financial statements

Biocon has prepared consolidated financial statements in accordance with Indian GAAP by consolidating its subsidiaries – Syngene, Clinigene, Biocon Research Limited, 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

	2010	2009
Total Income	24,048,363	16,732,254
Profit before tax (PBT)	3,514,741	2,599,991
PBT margin	14.6%	15.5%
Profit after tax, after minority interest and share of losses in associates, before exceptional items	2,932,442	2,403,102
Net margin	12.2%	14.3%
Exceptional Items	-	(1,471,885)
Profit after tax	2,932,442	931,217

7. 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.

8. 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.

Annexure to Directors' Report
Corporate Governance Report

The detailed report on Corporate Governance for the financial year from April 1, 2009 to March 31, 2010, as per the format prescribed by Securities Exchange Board of India (SEBI) and incorporated in the revised Clause 49 of the Listing Agreement is set out below:

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 seven 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:

Ms. Kiran Mazumdar-Shaw, 57 years, Chairman and Managing Director, is a first generation entrepreneur with more than 32 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 a founder promoter and has led the Company since its inception in 1978. 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 a member of the Prime Minister's Council on Trade and Industry and also serves as a Member, Governing Body and General Body of the Indian Pharmacopoeia Commission, an Autonomous Body of the Government of India.

Mr. John Shaw, 61 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. (Economic Hons.) in History and Political Economy from Glasgow University, U.K. in 1970. He had 27 years experience with Coats Viyella plc. in various capacities including finance and general administration. He had served as Finance Director and Managing Director of Coats Viyella group companies in various locations around the world, before he came on the Board of Biocon Limited in 1999.

Dr. Neville Bain, 70 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 degrees 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.

Prof. Charles L. Cooney, 65 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.

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.

Prof. Ravi Mazumdar, 55 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., McGill 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, 65 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.S. 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. At present, he serves as a member of the Board of Trustees of University of Rochester.

In accordance with our Articles of Association, the Board can appoint an alternate Director pursuant to the provisions of the Companies Act, 1956. Prof. Catherine Rosenberg is presently 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 of the Director	Office/Designation	Executive / Non-executive	Independent/ Non independent
1	Kiran Mazumdar-Shaw	Chairman & Managing Director	Executive	Non-independent
2	Mr. John Shaw	Vice Chairman	Executive	Non-independent
3	Prof. Ravi Mazumdar	Director	Non-Executive	Non-independent
4	Dr. Neville Bain	Director	Non-Executive	Independent
5	Prof. Charles L Cooney	Director	Non-Executive	Independent
6	Mr. Suresh N Talwar	Director	Non-Executive	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, 2010, Board of Directors met 4 times on April 28, 2009, July 23, 2009, October 22, 2009 and January 21, 2010. The composition of 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 of the Director	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorships (*)
Dr. Kiran Mazumdar-Shaw	4	Yes	10
Mr. John Shaw	4	Yes	6
Prof. Ravi Mazumdar	3	Yes	3
Dr. Neville Bain	3	No	4
Prof. Charles Cooney	4	Yes	8
Mr. Suresh Talwar	4	Yes	49
Dr. Bala S Manian	4	Yes	5
Prof. Catherine Rosenberg (Alternate Director to Prof. Ravi Mazumdar)	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 thereon.
- Quarterly 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.
- 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, 2010 are given below:

Name of Company/ Firm	Nature of Interest
Ms. Kiran Mazumdar-Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Biocon Research Limited	Director
IATRICa	Director
Biocon SA	Director
Glentec International, Mauritius	Director
Narayana Institute for Advanced Research Private Limited	Director
Narayana Hrudayalaya Private Limited	Director
United Breweries Limited	Director
Glenloch Properties Private Limited	Director
Mr. John Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Biocon Research Limited	Director
Biocon SA	Director
Glentec international, Mauritius	Director
Glenloch Properties Private Limited	Director
Prof. Ravi Mazumdar	
Glentec International, Mauritius	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
Mitra Life Sciences,	Director
Microbia, Inc.	Director

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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
Sidham Finance & Investments Pvt. Ltd.	Chairman
AON Global Insurance Brokers 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
Epitome Global Services Pvt. Ltd.	Director
ESAB India Limited	Director
Greaves Cotton 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 III (Mauritius) Holding Limited	Director
Indium III (Mauritius) Limited	Director
Indium IV (Mauritius) Holding Limited	Director
Indium IV(Mauritius) Limited	Director
John Fowler (India) Pvt. Ltd.	Director
Larsen & Tourbro 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
Samson Maritime Ltd.	Director
Solvay Pharma India Limited	Director
Snowchem Paints Pvt. Ltd.	Director
Sonata Software Limited	Director
Swiss Re Shared Sevices (India) Pvt. Ltd.	Director
TTK Healthcare TPA Private Limited	Director
Warner Bros Pictures (India) Pvt. Ltd.	Director
Wave Suspension Systems India Private Ltd.	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

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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 of the Director	Name of the Indian Public Limited 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 Investors' Grievance	Chairman Chairman
5	Prof. Charles Cooney	Biocon Ltd.	Audit Committee	Member
6	Mr. Suresh Talwar	Biocon Ltd. Blue Star Ltd. Blue Star Infotech Ltd. Cadbury India Ltd. Elantas Beck India Ltd. FCI OEN Connectors Ltd. Greaves Cotton Ltd. Merck Ltd. Sandvik Asia Ltd. Solvay Pharma India Ltd.	Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee	Member Chairman Member Member Member Chairman Member Chairman Chairman Member
7	Dr. Bala S. Manian	Biocon Ltd.	None	None

None of the Directors of the Company hold memberships of more than ten Committees nor is any Director the Chairman of more than five Committees of the Board of all companies where he holds Directorships.

*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 it 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.

Certifi cate 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 Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all directors, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2009-10.

For Biocon Limited

Bangalore

(Sd/-)

March 31, 2010

Dr. Kiran Mazumdar-Shaw

Chairman and Managing Director

2. vi. Shareholding of Directors

Name of the Director	Nature of Directorship	No. of shares held as on 31.03.2010
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	8,00,000
Prof. Charles Cooney	Non-Executive	2,14,522
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, Prof. Charles Cooney and Prof. Ravi Mazumdar 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	3
Prof. Charles L Cooney	4	4
Mr. Suresh Talwar	4	4

During the year 2009-10, the Committee met 4 times on April 27, 2009, July 22, 2009, October 21, 2009 and January 20, 2010. The Senior Management and Auditors were invited to attend the meeting of the Audit Committee and attended all meetings. 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 (Firm registration no. 101049W), as Statutory Auditors of the Company from conclusion of 2010 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 M/s. Grant Thornton were appointed to review the control processes in place and report quarterly to the Audit Committee.

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, as explained in the Directors Report. None of the 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 reviews the financial statements of all the subsidiary companies. The minutes of the Board meetings of Subsidiary companies are placed 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 revised 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 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 April 16, 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:

Name	No. of meetings held	No. of meetings attended
Dr. Neville Bain	4	3
Prof. Charles L. Cooney	4	4

During the year 2009-10, the Committee met 4 times on April 27, 2009, July 22, 2009, October 21, 2009 and January 20, 2010.

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 provided to each of the Directors during the year ended March 31, 2010 are given below:

Name of the Director	Salary and perquisites Rs.				Sitting Fees Rs.
	Fixed pay	Perquisites	Variable pay (performance Bonus)	Retiral benefi ts	
Dr. Kiran Mazumdar-Shaw	8,076,964	3,779,963	1,756,160	526,848	-
Mr. John Shaw	7,254,060	818,240	-	-	-
Prof. Ravi Mazumdar	-	-	-	-	60,000
Dr. Neville Bain	-	-	-	-	135,000
Prof. Charles Cooney	-	-	-	-	180,000
Mr. Suresh Talwar	-	-	-	-	160,000
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 be 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.

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

Sl. No.	Name of the person	Designation	Nature of transaction	Amount (Rs.)
1	Mr.Suresh Talwar*	Non-executive Independent Director	Professional Consultancy Fees	55,575

*Paid to Talwar Thakore & Associates, a law firm, where Mr. Suresh Talwar is a partner

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 2009-10, the Committee met 4 times on April 27, 2009, July 22, 2009, October 21, 2009 and January 20, 2010 and oversaw the investor grievance redressal.

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 offi cer:

Mr. Kiran Kumar G, Company Secretary was designated as the compliance officer under SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for overseeing/ addressing the investor complaints.

5.iii. Details of Shareholders Complaints

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

Opening	Complaints Received	Complaints solved	Pending
1	247	247	1

There have been no material grievances raised and all items referred have been dealt with.

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
2006-07	July 18, 2007, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2007-08	July 17, 2008, 3.30 p.m	Taj Residency, 41/3, Mahatma Gandhi Road, Bangalore – 560 001	2
2008-09	July 23, 2009, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil

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.

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 that may have potential conflict with the interests of the Company at large. Details are provided in Note 6 of Schedule 17 Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18, recommended under the Section 211 (3C) of the Companies Act, 1956.

The Company has entered into transactions of sale of product to a private company amounting to Rs 1,812,000 during the year ended March 31, 2010, that require prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices have been approved by the Board of Directors of the Company. The Company is in the process of filing an application with the Central Government for such approval and for condonation of delay in making such application.

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

The 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 be 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. 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 posted on our website.

Management Discussion and Analysis has been done by the Directors and forms part of Directors' Report.

9. General Shareholder' Information:

i) Annual General Meeting:

Date and Time	:	July 23, 2010 at 3.30 p.m.
Venue	:	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029

ii) Financial Calendar for 2010-11	:	The following are tentative dates:
First Quarterly results	:	July 23, 2010
Half-yearly Results	:	October 22, 2010
Third Quarterly Results	:	January 20, 2011
Annual results 2010-11	:	April 28, 2011
AGM for the year 2010-11	:	July 21, 2011

iii) Dates of Book Closure : Wednesday, July 10, 2010 to Friday, July 23, 2010 (Both days inclusive)

iv) Dividend payment date : On or after July 24, 2010

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 Limited P J Towers, Dalal Street, Mumbai - 400 001

Listing is effective from April 7, 2004

vi) Stock Code/Symbol : NSE - BIOCON
BSE – 532523

vii) International Securities Identifi cation Number INE 376G01013

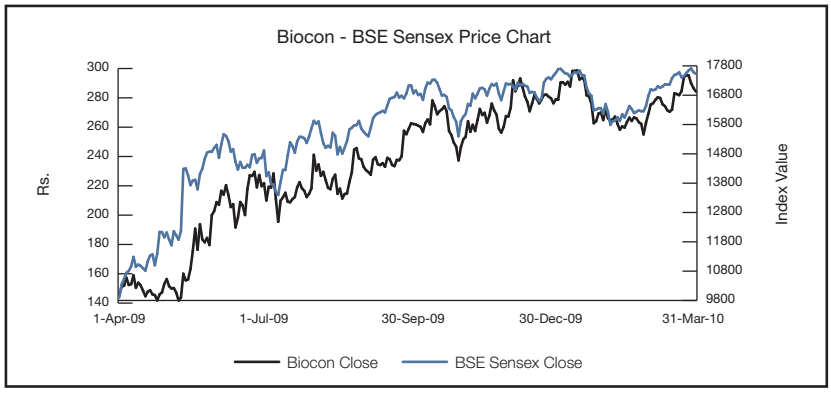
viii) Market Price data during 2009-10 :

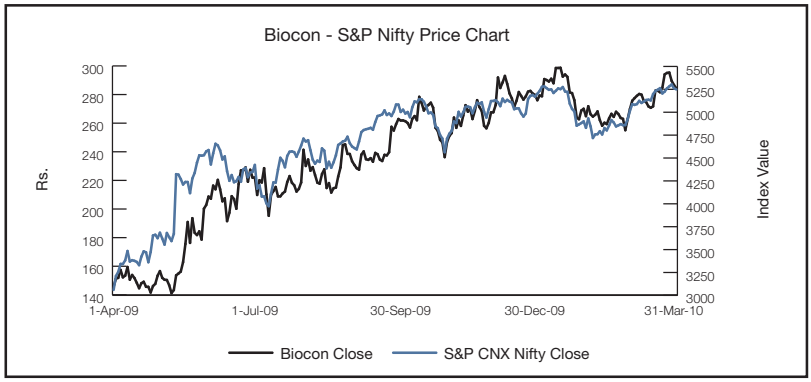
The monthly high/low prices of shares of the Company from April 1, 2009 to March 31, 2010 are given below:

Sl. No .		BSE			NSE		
	Month	High (Rs.)	Low (Rs.)	Volume of Shares	High (Rs.)	Low (Rs.)	Volume of Shares
1	April-09	165.00	136.00	2,182,147	165.90	130.35	4,890,417
2	May-09	196.00	140.50	5,908,224	196.40	140.15	13,120,463
3	June-09	235.80	177.15	13,271,252	237.00	175.00	34,817,888
4	July-09	235.00	194.30	5,532,718	234.95	194.00	16,830,007
5	August-09	254.80	202.80	6,282,826	254.40	200.00	19,284,486
6	September-09	263.40	226.15	5,800,617	263.80	226.00	18,738,325
7	October-09	284.40	239.40	4,976,838	288.20	243.15	17,760,382
8	November-09	281.00	230.10	2,768,905	281.40	230.50	13,668,745
9	December-09	298.40	261.05	5,396,507	298.50	260.00	22,124,408
10	January-10	304.50	255.20	5,503,490	304.40	255.30	20,393,555
11	February-10	275.90	253.15	2,362,382	275.95	252.40	11,854,139
12	March-10	298.80	265.10	2,951,625	298.70	264.00	12,556,841

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, 2009 to March 31, 2010. 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 as per the time limits specified in the Listing Agreement.

xii) Distribution of the Shareholding:

The distribution of shareholding as on March 31, 2010, pursuant to Clause 35 of the listing agreement is as under:

A. Shareholders - by Category:

					Total shareholding as a percentage of total no of shares		Shares pledged or otherwise encumbered	
Ct. Code	Category of shareholders	No.of shareholders	Total number shares	No. of shares held in dematerialized form	As a % of (a+b)	As a % of (a+b+c)	No. of shares	As a % (ix)=(viii)/(iv)*100
(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	
(A)	**Promoter and promoter group**							
(1)	Indian							
(a)	Individuals /Hindu Undivided Family	5	80,892,224	80,876,394	40.45	40.45	0	0.00
(b)	Central Government/State Government(s)	-	-	-	0.00	0.00	0	0.00
(c)	Bodies Corporate	-	-	-	0.00	0.00	0	0.00
(d)	Financial Institutions/Banks	-	-	-	0.00	0.00	0	0.00
(e)	Any Others	-	-	-	0.00	0.00	0	0.00
	Sub-Total (A) (1):	**5**	**80,892,224**	**80,876,394**	**40.45**	**40.45**	**0**	**0.00**
(2)	**FOREIGN**							
(a)	Individuals (NRIs/Foreign Individuals)	1	1,407,558	1,407,558	0.70	0.70	0	0.00
(b)	Bodies Corporate	1	39,535,194	39,535,194	19.77	19.77	0	0.00
(c)	Institutions	-	-	-	0.00	0.00	0	0.00
(d)	Any Others	-	-	-	0.00	0.00	0	0.00
	Sub-Total (A)(2):	**2**	**40,942,752**	**40,942,752**	**20.47**	**20.47**	**0**	**0.00**
	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	0.00
(B)	**Public shareholding**						**NA**	**NA**
(1)	Institutions						NA	NA
(a)	Mutual Funds /UTI	65	18,795,209	18,795,209	9.40	9.40		
(b)	Financial Institutions /Banks	18	7,587,976	7,587,976	3.79	3.79		
(c)	Central Government / State Government(s)	-	-	-	0.00	0.00		
(d)	Venture Capital Funds	-	-	-	0.00	0.00		
(e)	Insurance Companies	-	-	-	0.00	0.00		
(f)	Foreign Institutional Investors	61	7,786,782	7,786,782	3.89	3.89		
(g)	Foreign Venture Capital Investors	-	-	-	0.00	0.00		
(h)	Any Others	-	-	-	0.00	0.00		
	Sub-Total (B)(1) :	**144**	**34,169,967**	**34,169,967**	**17.08**	**17.08**		
(2)	**Non-Institutions**						**NA**	**NA**
(a)	Bodies Corporate	1,403	5,455,627	5,455,627	2.73	2.73		
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to Rs.1 lakh	92,939	15,255,219	15,206,110	7.63	7.63		
	(ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	58	12,153,618	12,055,666	6.08	6.08		
(c)	Any Others							
	Clearing Members	135	65,517	65,517	0.03	0.03		
	Foreign Bodies	1	105,374	105,374	0.05	0.05		
	Foreign Nationals	9	713,390	439,318	0.36	0.36		
	Non-Resident Indians	1,820	956,178	783,784	0.48	0.48		
	Trusts	11	9,290,134	9,290,134	4.65	4.65		
	Sub-Total (B)(2) :	**96,376**	**43,995,057**	**43,401,530**	**22.00**	**22.00**		
	Total Public Share Holding (B)=(B)(1)+(B)(2) :	96,520	78,165,024	77,571,497	39.08	39.08	NA	NA
	Total (A)+(B):	**96,527**	**200,000,000**	**199,390,643**	**100.00**	**100.00**		
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	0.00	0.00	NA	NA
	GRAND TOTAL (A)+(B)+(C) :	**96,527**	**200,000,000**	**199,390,643**	**100.00**	**100.00**	**0**	**0.00**

B. Distribution of shareholding by no. of shares:

Distribution Schedule as on March 31, 2010

Sl. No.	Category From To	Number of Cases	% of Cases	Amount (Rs)	% of Amount
1	upto 1 - 5000	94,215	97.60	54,500,180	5.45
2	5001 - 10000	1,151	1.19	8,859,135	0.89
3	10001 - 20000	520	0.54	7,600,530	0.76
4	20001 - 30000	192	0.20	4,794,120	0.48
5	30001 - 40000	71	0.07	2,540,955	0.25
6	40001 - 50000	64	0.07	3,006,625	0.30
7	50001 - 100000	104	0.11	7,633,695	0.76
8	100001 & ABOVE	210	0.22	911,064,760	91.11
	TOTAL	96,527	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) and National Securities Depository Ltd. (NSDL), 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, 2010, 609,357 shares (0.30%) of the shares of Company were in physical form.

Consequent to the IPO of 10% of the Company's paid-up capital, in March 2004, 20,000,000 shares held by the Promoters of Biocon, representing 20% of the total paid-up share capital, was locked in for 3 years from the date of allotment under the IPO, i.e. till March 31, 2007, as per the SEBI (DIP) Guidelines, 2000.

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 09

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

iv) Plot 213-215
IDA Phase-II, Pashamylaram
Medak District-502307
Andhra Pradesh, India

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
T 91 80 2808 3037 (Direct) / 2808 (Board)
Mail id: co.secretary@biocon.com or investor.relations@biocon.com

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

Auditors' Certificate

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, 2010, 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
Firm registration number: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. 208382

Bangalore
April 29, 2010

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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, 2010 and also the Profi t and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These fi nancial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these fi nancial 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 fi nancial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fi nancial statements. An audit also includes assessing the accounting principles used and signifi cant estimates made by management, as well as evaluating the overall fi nancial 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, profi t and loss account and cash fl ow statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the balance sheet, profi t and loss account and cash fl ow 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualifi ed as on March 31, 2010 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, 2010;

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

(c) in the case of cash fl ow statement, of the cash fl ows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

Re: **BIOCON LIMITED ('the Company')**

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

(b) 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. Based on the information and implementaiton provided to us, no material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

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

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

(c) The Company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification.

(iii) (a) 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 2,880,922 thousands and the balance outstanding as at March 31, 2010 is Rs 1,914,754 thousands.

(b) 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.

(c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest, wherever applicable, has been regular.

(d) 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 Act.

(e) The Company has not taken/ any loans from 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) (a) 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.

(b) 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) (a) 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.

Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) 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.

(c) 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 Central Excise Act, 144	Excise Duty	88,209	April 2005 till March 2008	Customs, Excise and Service Tax Appellate Tribunal, Chennai.
The Customs Act, 1962	Customs Duty	3,005 (1,514*)	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai.
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	17,619 (14,844*)	2002-2003	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	12,713*	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)
Income-tax Act, 1961	Income Tax	24,625 (17,838*)	2006-2007	Commissioner of Income Tax (Appeals)

* These amounts are paid in protest

(x) The Company has no accumulated losses at the end of the fi nancial year and it has not incurred cash losses in the current and immediately preceding fi nancial 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 fi nancial institution and banks. The Company does not have any borrowing by way of debenture.

(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) In our opinion, 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) In our opinion, 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.

(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 fi nancial 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
Firm registraion number: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

Balance Sheet as at March 31, 2010

(All amounts in Indian Rupees thousands)

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	1,000,000	1,000,000
Reserves and surplus	2	14,662,867	12,748,753
		15,662,867	**13,748,753**
Loan Funds			
Secured loans	3	896,834	1,014,565
Unsecured loans	4	1,021,228	624,862
		1,918,062	**1,639,427**
Deferred Tax Liability (Net)	5	410,408	410,408
		17,991,337	**15,798,588**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6(i)	10,018,002	9,486,156
Less: Accumulated depreciation		3,418,093	2,733,315
Net Block		**6,599,909**	**6,752,841**
Capital work-in-progress [including capital advances of Rs 60,269 (March 31, 2009 - Rs 4,454)]		583,344	376,872
		7,183,253	**7,129,713**
Intangible Assets	6 (ii)	184,062	388,850
Investments	7	4,186,382	3,466,855
Current Assets, Loans and Advances			
Inventories	8	2,447,986	1,945,224
Sundry debtors	9	3,836,444	2,961,729
Cash and bank balances	10	771,218	60,427
Loans and advances	11	4,030,711	2,802,732
		11,086,359	**7,770,112**
Less: Current Liabilities and Provisions	12		
Current Liabilities		3,816,243	2,196,970
Provisions		832,476	759,972
		4,648,719	**2,956,942**
Net Current Assets		**6,437,640**	**4,813,170**
		17,991,337	**15,798,588**
Notes to Accounts	17		

The Schedules referred to above and Notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

Profi t and Loss Account for the year ended March 31, 2010

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

	Schedule	March 31, 2010	March 31, 2009
INCOME			
Gross sales		11,580,976	9,291,494
Less: Excise duty		300,281	257,134
Net sales		**11,280,695**	**9,034,360**
Licensing and development fees		350,130	89,005
Other income	13	658,327	747,738
		12,289,152	**9,871,103**
EXPENDITURE			
Manufacturing, contract research and other expenses	14	8,709,669	6,936,814
Interest and fi nance charges	16	19,910	49,371
		8,729,579	**6,986,185**
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES		**3,559,573**	**2,884,918**
Depreciation/Amortisation	6 (i) & 6 (ii)	797,290	742,830
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		**2,762,283**	**2,142,088**
Provision for income-tax			
Current tax		278,713	164,394
Less - MAT credit entitlement		-	(87,068)
Deferred taxes		-	12,171
Fringe benefi ts		-	14,470
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		**2,483,570**	**2,038,121**
Exceptional items, net	17(5)	-	(997,450)
Add/(Less): Tax effect on exceptional items		-	77,326
PROFIT FOR THE YEAR		**2,483,570**	**1,117,997**
Balance brought forward from previous year		8,009,190	7,704,962
PROFIT AVAILABLE FOR APPROPRIATION		**10,492,760**	**8,822,959**
Proposed dividend on equity shares		700,000	600,000
Tax on proposed dividend		74,136	101,970
Transfer to general reserve		248,357	111,799
BALANCE TRANSFERRED TO BALANCE SHEET		**9,470,267**	**8,009,190**
Earnings per share (equity shares, par value of Rs 5 each)			
Basic (in Rs)		12.77	5.79
Diluted (in Rs)		12.57	5.64
Weighted average number of shares used in computing earnings per share			
Basic	17(4)	194,490,677	192,944,832
Diluted	17(4)	197,626,701	198,359,510
Notes to Accounts	17		

The schedules referred to above and the notes to accounts form an integral part of the Profi t and Loss Account

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

Statement of Cash Flows for the year ended March 31, 2010

(All amounts in Indian Rupees thousands)

	March 31, 2010	March 31, 2009
I CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit including exceptional items, before tax	**2,762,283**	**1,144,638**
Adjustments for		
Depreciation and Amortisation	797,290	742,830
Unrealised exchange (gain)/loss	18,095	(90,328)
Employee Stock Compensation Expense	(1,800)	15,754
Exceptional items, net		
(a) Provision for contingencies write back	-	(20,000)
(b) Unrealised mark to market loss on foreign exchange forward contracts	-	221,000
Provision for bad and doubtful debts	15,306	15,777
Bad debts Written off	1,656	7
Interest expense	11,755	39,529
Interest income	(88,315)	(25,174)
Dividend earned	(98,604)	(215,945)
Gain on sale of investment in mutual funds	-	(734)
Loss on fixed assets sold	28,282	-
Operating profit before working capital changes	**3,445,948**	**1,827,354**
Movements in working capital		
Inventories	(502,762)	(267,874)
Sundry debtors	(979,878)	(694,824)
Loans and advances	(1,243,260)	(84,998)
Current liabilities and provisions	1,750,671	431,689
Cash generated from operations	**2,470,719**	**1,211,347**
Tax paid (net of refunds)	(185,911)	(51,448)
Net cash from operating activities	**2,284,808**	**1,159,899**
II CASH FLOWS FROM INVESTING ACTIVITIES :		
Purchase of Fixed assets	(767,509)	(839,132)
Acquisition of Intangible assets	(39,015)	(128,850)
Proceeds from sales of Fixed assets	17,887	-
Interest received	44,111	25,174
Dividend received	98,604	215,945
Loan to Subsidiaries/Joint Venture Companies, net	(39,580)	(1,349,879)
Investment in Subsidiary/ Joint Venture / Associate Companies	(48,100)	(55,179)
Sale of investments	18,751,040	20,098,723
Movement in reserves of ESOP trust	202,469	23,929
Issue of shares under ESOP scheme	317	-
Purchase of shares by ESOP Trust	(1,000)	(30,860)
Purchase of investments		
- Long term	(32,406)	-
- Current	(19,389,379)	(18,706,203)
Net cash used for investing activities	**(1,202,560)**	**(746,332)**
III CASH FLOWS FROM FINANCING ACTIVITIES :		
Short term borrowings from banks, net	(58,109)	100,456
Unsecured Loans	396,366	78,643
Dividend paid	(600,000)	(500,000)
Dividend tax paid	(101,970)	(84,975)
Interest paid	(11,755)	(39,588)
Recovery of ESOP Compensation Expense from subsidiaries	4,011	11,080
Net cash generated from / (used for) financing activities	**(371,457)**	**(434,384)**
IV NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	710,791	(20,817)
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	60,427	81,244
VI CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)	771,218	60,427
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
Cash on Hand	2,104	2,515
Balances with Banks - in current accounts (excluding Unclaimed Dividend)	764,367	46,478
Balances with Banks - in deposit accounts	103	7,568
Balances with Banks - in unpaid dividend accounts*	4,644	3,866
	771,218	**60,427**

*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**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

	March 31, 2010	March 31, 2009
1. Share capital		
Authorised:		
220,000,000 (March 31, 2009 - 220,000,000) equity shares of Rs 5 each (March 31, 2009 - Rs 5 each)	1,100,000	1,100,000
Issued, subscribed and paid-up:		
200,000,000 (March 31, 2009 - 200,000,000) equity shares of Rs 5 each (March 31, 2009 - Rs 5 each), fully paid	**1,000,000**	**1,000,000**

(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 International Limited ('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 3 in Schedule 17 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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2. Reserves and surplus	March 31, 2010	March 31, 2009
Revaluation Reserve		
Balance	9,489	9,489
Securities Premium		
Balance	2,788,478	3,288,478
Less: Utilised during the year for issuance of bonus shares	-	(500,000)
	2,788,478	**2,788,478**
ESOP Trust		
Balance	169,785	145,856
Add: Dividend, interest income and profit on sale of shares, net	202,469	23,929
	372,254	**169,785**
General Reserve		
Balance	1,527,351	1,415,552
Add: Transfer from Profit and Loss Account	248,357	111,799
	1,775,708	**1,527,351**
Stock compensation adjustment (Also see Note 3 in Schedule 17)		
Stock options outstanding	293,805	313,950
Additions during the year	-	3,836
Deletions during the year	30,073	23,981
	263,732	**293,805**
Less: Deferred employee stock compensation expense	17,061	49,345
	246,671	**244,460**
Balance in profit and loss account	9,470,267	8,009,190
	14,662,867	**12,748,753**

(i) Deferred employee stock compensation expense (Also see Note 3 in Schedule 17):		
Stock compensation expense outstanding at the beginning of the year	49,345	96,324
Stock options granted during the year	-	3,836
Stock options cancelled/forfeited during the year	(30,073)	(23,981)
Stock compensation expense (amortised)/reversed during the year	1,800	(15,754)
Stock compensation expense charged to Subsidiaries during the year	(4,011)	(11,080)
Closing balance of deferred employee stock compensation expense	**17,061**	**49,345**

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3. Secured loans	March 31, 2010	March 31, 2009
From banks		
Cash credit, packing credit, etc.	896,834	1,014,565
	896,834	**1,014,565**

(i) The Company 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. The Company has utilised Rs Nil [March 31, 2009 - Rs 291 inclusive of foreign currency loans of Rs Nil (US$ Nil) (March 31, 2009 - Nil (US$ Nil))].

(ii) The Company has working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by *pari-passu* fi rst charge on current assets. As on March 31, 2010, the Company has utilised fund based limits of Rs 694,435 (March 31,2009 - Rs 784,274), inclusive of foreign currency denominated loans of Rs 427,025 (US$ 9.5 Million) [March 31, 2009 - Rs 763,050 (US$ 15 million)].

(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, 2010, the Company has utilised Rs 124 (March 31, 2009 - Rs Nil) inclusive of foreign currency denominated loans of Rs Nil (US$ Nil) [March 31, 2009 - Rs Nil (US$ Nil)].

(iv) The Company has working capital facilities 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, 2010, the Company has utilised Rs 202,275 (March 31, 2009 - Rs 230,000) inclusive of foreign currency denominated loans of Rs 202,275 (US$ 4.5 million) [March 31, 2009-Rs Nil (US$ Nil)].

4. Unsecured loans	March 31, 2010	March 31, 2009
Deferred payment liability	648,978	611,550
NMITLI - CSIR Loan	2,650	3,312
Financial assistance from DSIR	10,000	10,000
Short term loan from a bank	359,600	-
	1,021,228	**624,862**

(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, 2010, the Company has utilised Rs 354 (March 31, 2009 - 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, 2010, the Company has utilised Rs 648,624 (March 31, 2009 - Rs 611,196).

(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 equal annual 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 Nil (March 31, 2009- Rs 331). The amount due during 2010 -11 being Rs 331, has been paid off as at March 31, 2010.

(iv) On 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 2008-09. The Research project has been completed during the year ended March 31, 2010. The assistance is repayable in the form of royalty payments post commercialisation of the project in five equal annual installments.

(v) The Company has obtained foreign currency packing credit loan of Rs 359,600 (US$ 8 million) from HDFC Bank as at March 31, 2010. The loan is repayable on May 22, 2010.

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5. Deferred tax liability (net)	Deferred tax (asset) / liability as at March 31, 2009	Current year charge / (credit)	Deferred tax (asset) / liability as at March 31, 2010
Depreciation/Amortisation	450,912	2,065	452,977
Employee retirement benefits	(18,243)	3,138	(15,105)
Provision for doubtful debts	(18,962)	(5,203)	(24,165)
Others	(3,299)	-	(3,299)
	410,408	**-**	**410,408**
Year ended March 31, 2009	398,237	12,171	410,408

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

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6. (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
Gross Block				
Land				
Freehold (revalued)	8,967	-	-	8,967
Freehold (others)	52,088	50,625	-	102,713
Leasehold	226,420	-	-	226,420
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	1,818,290	93,402	-	1,911,692
Leasehold improvements	3,191	-	-	3,191
Plant and machinery	6,355,959	397,669	132,925	6,620,703
Research and development equipment	900,519	113,764	-	1,014,283
Furniture and fi xtures	86,697	7,850	-	94,547
Vehicles	17,464	3,414	1,953	18,925
	9,486,156	**666,724**	**134,878**	**10,018,002**
Year ended March 31, 2009	8,525,081	961,075	-	9,486,156
Accumulated depreciation				
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	267,779	73,405	-	341,184
Leasehold improvements	1,114	128	-	1,242
Plant and machinery	2,060,928	588,201	87,181	2,561,948
Research and development equipment	330,663	97,217	-	427,880
Furniture and fi xtures	47,462	11,792	-	59,254
Vehicles	8,808	2,744	1,528	10,024
	2,733,315	**773,487**	**88,709**	**3,418,093**
Year ended March 31, 2009	2,006,485	726,830	-	2,733,315
Net Block				
Land				
Freehold (revalued)	8,967			8,967
Freehold (others)	52,088			102,713
Leasehold	226,420			226,420
Buildings (revalued)	-			-
Buildings (others)	1,550,511			1,570,508
Leasehold improvements	2,077			1,949
Plant and machinery	4,295,031			4,058,755
Research and development	569,856			586,403
Furniture and fi xtures	39,235			35,293
Vehicles	8,656			8,901
	6,752,841			**6,599,909**
Year ended March 31, 2009	6,518,596			6,752,841

Notes:

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation up to 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, 2009 - Rs 25,040) has been transferred to the profit and loss account for depreciation on these assets till March 31, 2008 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 Vishakhapatnam, Andhra Pradesh, on a long term lease basis for a consideration of Rs 260,100. As at March 31, 2010, the Company has paid the entire consideration towards the lease and is in the process of completing the formalities for registering the said lease.

(d) On December 1, 2009 the Company completed the purchase of Active Pharma Ingredient business of M/s IDL Speciality Chemicals Limited. The assets acquired have been capitalised at their fair values in the books of the Company.

6. (ii) Intangible assets	Balance at the beginning of the year	Additions during the year	Sale during the year	Balance at the end of the year
Cost / Acquisition				
Intellectual Properties from Nobex				
- Under development and commercialisation	220,000	-	220,000	-
- Under commercialisation	81,138	-	-	81,138
Marketing rights for products	128,850	-	-	128,850
Computer software	-	39,015	-	39,015
	429,988	**39,015**	**220,000**	**249,003**
Year ended March 31, 2009	301,138	128,850	-	429,988
Accumulated Amortisation				
Intellectual Properties from Nobex				
- Under commercialisation	41,138	16,000	-	57,138
Computer software	-	7,803	-	7,803
	41,138	**23,803**	**-**	**64,941**
Year ended March 31, 2009	25,138	16,000	-	41,138
Net Value				
Intellectual Properties from Nobex				
- Under development and commercialisation	220,000			-
- Under commercialisation	40,000			24,000
Marketing rights for products	128,850			128,850
Computer software	-			31,212
	388,850			**184,062**
Year ended March 31, 2009	276,000			388,850

(a) The Company acquired patents relating to certain technologies (collectively IPs) including oral insulin and Apaza from M/s Nobex Inc. During the year ended March 31, 2007 , the Company licensed out it's IP Apaza for further development and commercialisation. Effective October 2006, the Company commenced amortisation of Apaza over a period of 5 years.

During the year ended March 31, 2010, the Company transferred the right to develop and commercialise Oral Insulin to Biocon Research Ltd , a wholly owned subsidiary (BRL) for a consideration of Rs 673,260 (US$ 14 Million). As the development and marketing rights of Oral Insulin have certain obligations of the parties to conclude the arrangements, the same has been treated as deferred revenues by the Company at March 31, 2010.

(b) During the year ended March 31, 2010, the Company transferred the rights relating to development and marketing of certain monoclonal antibodies ('MABs') to BRL for a consideration of Rs 480,500. As the Company has certain obligations for the development of the products, the income is being recognised over the period of the process development, estimated to be 18 months from the date of agreement.

(c) During the year ended March 31, 2009, the Company acquired marketing rights of hR3 and EPO from Biocon Biopharmaceuticals Private Limited (BBPL) for a sum of Rs. 128,850. These rights give the Company an exclusive right of marketing the products in certain territories. The Company is yet to receive regulatory approvals for marketing of the products from the authorities of such countries. Pending receipt of approval, no amortisation has been recorded by the Company.

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7. Investments	March 31, 2010	March 31, 2009
Long-term investments (At cost)		
A) Trade investments:		
Unquoted and fully paid up		
2,722,014 (March 31, 2009 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	185,795	185,795
217,972 (March 31, 2009 - Nil) Series B2 Preferred Convertible Stock at US$ 3.10 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	32,356	-
4,285,714 (March 31, 2009 - 2,857,142) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US $ 0.00001 each of IATRICa Inc., USA (Associate Company)	138,470	90,370
In Joint Venture Companies:		
Unquoted and fully paid up		
8,976,000 (March 31, 2009 - 8,976,000) equity shares of Rs 10 each of Biocon Biopharmaceuticals Private Limited ('BBPL')	89,760	-
150 (March 31, 2009 - 150) equity shares of United Arab Emirates Dirham (AED) 1,000 each of NeoBiocon FZ LLC	1,613	-
	447,994	**367,538**
B) Non trade:		
National Savings Certifi cates (Unquoted)	62	13
Shares of the Company held by ESOP Trust (Quoted)	122,121	121,438
	122,183	**121,451**
C) In subsidiary companies:		
Unquoted and fully paid up		
50,000 (March 31, 2009 - 50,000) equity shares of Rs 10 each of Clinigene International Limited	500	500
2,874,830 (March 31, 2009 - 2,874,830) equity shares of Rs 10 each of Syngene International Limited	84,328	84,328
499,400 (March 31, 2009 - 499,400) equity shares of Rs 1 each of Biocon Research Limited	499	499
100,000 (March 31, 2009 -100,000) equity shares of CHF 1 each of Biocon SA, Switzerland	3,960	3,960
	89,287	**89,287**
	659,464	**578,276**

(a) During the year ended March 31, 2009, Biocon Research Limited (BRL) was incorporated as a wholly owned subsidiary for undertaking research in novel and innovative drug initiatives. BRL has commenced commercial activities during the year ended March 31, 2010. As at March 31, 2010 BRL has a negative net worth of Rs 50,120 due to it's early stage of operations and research activities. BRL is a development stage company and of strategic importance to the Company. Accordingly, the management is of the view that there is no diminution in the value of the investment. Further, the Company has given a letter of fi nancial support to BRL to fund its operations.

(b) 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, 2010, Biocon SA holds 78% (March 31, 2009 - 78%) equity interest in AxiCorp GmbH, Germany and has commenced clinical development of insulin for the European markets.

(c) BBPL is a 51% joint venture between the Company and CIMAB SA, engaged in research, development, manufacturing and marketing of Biopharmaceuticals. At March 31, 2010, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of BBPL is Rs 437,332 (March 31,2009 - Rs 449,718), Rs 427,532 (March 31, 2009 - Rs 422,992), Rs 194,464 (March 31, 2009 - Rs 94,651) and Rs 181,172 (March 31, 2009 - Rs 121,036) respectively. Further, the Company has granted a long term loan of Rs 258,259 (March 31, 2009 - Rs 317,511) to fund the operations of BBPL repayable over a period of 5 years. Interest was charged at the rate of 10.5% p.a. till December 23, 2009 and 5.68% p.a with effect from December 24, 2009 as per the prevailing bank rates. The share of the Company in the accumulated losses of BBPL as at March 31, 2010 stood at Rs 179,155 (March 31, 2009 - Rs 192,447). Since BBPL has commenced full fl edged operations only recently, and considering the future business potential, management believes that there is no other than temporary diminution in the value of the investment.

On March 31, 2010, CIMAB, BBPL, Biocon SA and the Company entered into an agreement whereby Biocon SA would acquire the 49% equity stake held by CIMAB in BBPL. The sale is yet to be consummated as at March 31,2010.

(d) NeoBiocon was incorporated in Dubai as a 50% joint venture between the Company and Mr. B R Shetty and is engaged in development, marketing and distribution of biopharmaceuticals in the Gulf region. As at March 31, 2010, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon is Rs 17,033 (March 31, 2009 - Rs 5,059) and Rs 10,049 (March 31, 2009 - Rs 3,595), Rs 23,927 (March 31, 2009 - Rs 4,251) and Rs 21,214 (March 31, 2009 - Rs 8,225) respectively. The share of the Company in the accumulated losses of NeoBiocon as at March 31, 2010 stood at Rs 4,080 (March 31, 2009 - Rs 6,792). Since NeoBiocon has commenced marketing / distribution activities recently, management believes that there is no other than temporary diminution in the value of the investment.

(e) As on March 31, 2010, the ESOP Trust held 5,509,323 shares (March 31, 2009 - 7,055,168) of the Company towards grant / exercise of shares to/ by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer Note 3 in Schedule 17.

(f) Vaccinex Inc., USA ('Vaccinex') is engaged in research and development activities and has been incurring losses and has a negative net-worth. As Vaccinex is a development stage enterprise and of strategic importance to the Company, management believes that there is no other than temporary diminution in the value of this investment.

(g) The Company has 30% (March 31, 2009 - 22%) voting rights in IATRICa Inc., USA.

Other Investments	March 31, 2010	March 31, 2009
Current and unquoted (at lower of cost and fair market value)		
9,012,700 units (March 31, 2009 - 29,108,926) of Rs 10 each in Birla Sun Life Savings Fund - Institutional - Daily Dividend [Market value Rs 90,188 (March 31, 2009 - Rs 291,287)]	90,188	291,287
Nil units (March 31, 2009 - 7,231,070) of Rs 10 each in Birla Sun Life Short Term Fund [Market Value Rs Nil (March 31, 2009 - Rs 72,350)]	-	72,351
41,552,642 units (March 31, 2009 - 27,811,567) of Rs 10 each in Fortis Money Plus Fund Institutional Plan - Daily Dividend [Market value Rs 415,652 (March 31,2009 - Rs 278,202)]	415,652	278,202
Nil units (March 31, 2009 - 67,895,791) of Rs 10 each in HDFC Cash Management Fund [Market Value Rs Nil (March 31, 2009 - Rs 681,097)]	-	681,097
1,786,439 units (March 31, 2009 - 60,485,439) of Rs 106 each in ICICI Prudential Flexible Income Plan Premium - Daily Dividend [Market value Rs 188,889 (March 31,2009 - Rs 639,543)]	188,889	639,543
3,988,697 units (March 31, 2009 - 4,332,133) of Rs10 each in Kotak Flexi Debt Fund - Institutional - Daily Dividend [Market value Rs 40,076 (March 31,2009 - Rs 43,527)]	40,076	43,527
328,204 units (March 31, 2009 - 826,143) of Rs 1001 each in Reliance Money Manager Fund - Institutional - Daily Dividend [Market value Rs 328,577 (March 31,2009 - Rs 827,079)]	328,577	827,079
Nil units (March 31, 2009 - 2,274,143) of Rs 10 each in Tata Floater Fund [Market Value Rs Nil (March 31, 2009 - Rs 22,822)]	-	22,822
Nil units (March 31, 2009 - 19,81,816) of Rs 10 each in HSBC Cash Institutional Fund [Market Value Rs Nil (March 31, 2009 - Rs 20,690)]	-	20,690
Nil units (March 31, 2009 - 11,96,345) of Rs 10 each in HSBC Ultra Short Term Bond Fund [Market Value Rs Nil (March 31, 2009 - Rs 11,981)]	-	11,981
5,718,324 units (March 31, 2009 - Nil) of Rs 10 each in Birla Sun Life Interval Income Fund-Institutional-Quarterly - series 1 Dividend [Market value Rs 57,183 (March 31,2009 - Rs Nil)]	57,183	-
7,500,000 units (March 31, 2009 - Nil) of Rs 10 each in Birla Sun Life Interval Income Fund-Institutional-Quarterly - series 2 Dividend [Market value Rs 75,000 (March 31,2009 - Rs Nil)]	75,000	-
30,146,400 units (March 31, 2009 - Nil) of Rs 10 each in IDFC Fixed Maturity Plan - Half yearly Series - Plan A Dividend [Market value Rs 301,464 (March 31,2009 - Rs Nil)]	301,464	-
8,156,446 units (March 31, 2009 - Nil) of Rs 10 each in IDFC Money Manager Fund - TP - Super Institutional Plan C [Market value Rs 81,575 (March 31,2009 - Rs Nil)]	81,575	-
33,337,871 units (March 31, 2009 - Nil) of Rs 10 each in Kotak Floater Long Term - Daily Dividend [Market value Rs 336,038 (March 31,2009 - Rs Nil)]	336,038	-
15,000,000 units (March 31, 2009 - Nil) of Rs 10 each in Kotak Quarterly Interval Plan Series 6 - Dividend [Market value Rs 150,000 (March 31,2009 - Rs Nil)]	150,000	-
1,069 units (March 31, 2009 - Nil) of Rs 15 each in Reliance Liquid Fund - TP- Daily Dividend [Market value Rs 16 (March 31,2009 - Rs Nil)]	16	-
10,616,070 units (March 31, 2009 - Nil) of Rs 17 each in Reliance Medium Term Fund - Institutional - Daily Dividend [Market value Rs 181,487 (March 31,2009 - Rs Nil)]	181,487	-
5,023,859 units (March 31, 2009 - Nil) of Rs 10 each in Religare Active Income Fund Institutional - Monthly Dividend [Market value Rs 50,246 (March 31,2009 - Rs Nil)]	50,246	-
10,033,109 units (March 31, 2009 - Nil) of Rs 10 each in Religare Credit Opportunities Fund - Institutional Monthly Dividend [Market value Rs 100,682 (March 31,2009 - Rs Nil)]	100,682	-
20,000,000 units (March 31, 2009 - Nil) of Rs 10 each in Religare Fixed Maturity Plan-Series-II Plan A [Market value Rs 200,000 (March 31,2009 - Rs Nil)]	200,000	-
10,043,228 units (March 31, 2009 - Nil) of Rs 10 each in Religare Ultra Short Term Fund - Institutional Daily Dividend [Market value Rs 100,590 (March 31,2009 - Rs Nil)]	100,590	-
65,566,225 units (March 31, 2009 - Nil) of Rs 10 each in SBI SHF Ultra Short Term Fund - Institutional - Daily Dividend [Market value Rs 656,056 (March 31,2009 - Rs Nil)]	656,056	-
9,998,600 units (March 31, 2009 - Nil) of Rs 10 each in Tata Fixed Income Portfolio Fund Scheme B3 Institutional Quarterly [Market value Rs 100,000 (March 31,2009 - Rs Nil)]	100,000	-
6,514,416 Units (March 31,2009 - Nil) of Rs 11 each in HSBC Floating Rate - Long Term Plan - Institutional - Weekly Dividend [Market Value Rs 73,199 (March 31,2009 - Rs Nil)]	73,199	-
	3,526,918	**2,888,579**
	4,186,382	**3,466,855**
Aggregate value of unquoted investments	4,064,261	3,345,417
Aggregate value of quoted investments (cost)	122,121	121,438
Aggregate value of quoted investments (market value)	1,567,127	1,009,947
(a) Other Investments include current and unquoted investments of the ESOP Trust of Rs 73,198 (March 31, 2009 - Rs 32,671)		

The following investments were purchased and sold during the year:	Units March 31, 2010	Units March 31, 2009	Face Value (Rs)	Cost Price March 31, 2010	Cost Price March 31, 2009
Birla Sun Life Cash Plus - Institutional - Daily Dividend	123,757,882	4,990,940	10	1,239,992	49,909
Birla Sun Life Savings Fund - Institutional - Daily Dividend	154,030,601	24,479,518	10	1,541,353	244,795
Birla Sun Life Short Term Fund - Institutional - Daily Dividend	9,326,178	-	10	93,313	-
Fortis Money Plus Fund Institutional Plan - Daily Dividend	91,471,644	36,380,936	10	915,000	363,809
Fortis Overnight Fund - Institutional Daily Dividend	91,772,468	8,000,666	10	918,000	80,007
HDFC Cash Management Fund - Treasury Advantage Plan	60,513,900	37,431,798	19	607,045	707,461
HDFC Liquid Fund - Daily Dividend	38,980,147	102,757,805	11	432,000	1,027,578
HDFC Liquid Fund - Daily Dividend	8,334,804	13,732,221	10	85,000	140,069
HSBC Cash Fund - Institutional Plus - Daily Dividend	18,007,490	55,735,034	10	18,800	557,350
HSBC Floating Rate Fund - Long Term Plan - Institutional - Weekly Dividend	13,348,402	-	11	15,000	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	30,030,105	19,357,623	11	317,523	203,255
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	-	20,467,500	16	-	327,480
ICICI Prudential Liquid Plan - Daily Dividend	23,494,971	55,507,786	10	235,000	555,078
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	5,911,004	-	106	625,000	-
ICICI Prudential Liquid Plan - Daily Dividend	5,388,814	-	100	539,000	-
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	47,988,003	-	10	480,000	-
IDFC Money Manager Fund - Treasury Plus - Institutional Plan B- Daily dividend	3,475,872	-	10	35,003	-
IDFC Money Manager Fund - TP - Super Institutional Plan C- Daily dividend	9,998,500	-	10	100,000	-
Kotak Flexi Debt Fund - Institutional - Daily Dividend	8,351,695	4,226,120	10	83,914	42,261
Kotak Floater Long Term Plan- Daily Dividend	35,110,752	-	10	353,909	-
Kotak Liquid - Daily Dividend	37,411,934	3,464,165	12	457,477	42,263
Reliance Liquid Fund - TP- Daily Dividend	108,914,648	-	15	1,665,000	-
Reliance Liquidity Fund - Institutional - Daily Dividend	7,997,521	81,996,902	10	80,000	819,969
Reliance Medium Term Fund - Institutional - Daily Dividend	56,419,662	25,025,738	17	964,522	427,940
Reliance Money Manager Fund - Institutional - Daily Dividend	2,049,832	114,871	1,001	2,052,162	114,997
Religare Liquid Fund - Super Institutional Daily Dividend	33,478,574	-	10	335,000	-
Religare Ultra Short Term Fund - Institutional Daily Dividend	23,562,223	-	10	235,992	-
SBI Premier Liquid Fund -Institutional - Daily Dividend	64,789,434	20,935,560	10	650,000	209,356
Tata Floater Fund - Daily Dividend	57,602,068	35,872,295	10	578,071	358,723
Tata Liquid Super High Investment Fund - Daily Dividend	497,972	264,736	1,115	555,000	295,075
Tata Treasury Managership - Daily Dividend	22,781	99,740	1,003	23,016	100,039
Bharti AXA Liquid Fund	-	250,050	1,000	-	250,050
Bharti AXA Treasury Plus - Institutional - Daily Dividend	-	252,936	1,000	-	252,936
Birla Sun Life Interval Income Fund -Monthly Plan-SeriesII-Institutional- Dividend	-	7,056,224	10	-	70,562
Canara Robeco Fixed Maturity Plan - Series 4 - Quarterly Plan - II - IP - Dividend	-	10,255,095	10	-	102,551
Canara Robeco Monthly Interval Fund	-	29,973,324	10	-	299,733
DBS Chola Liquidity Fund	-	1,994,067	10	-	19,941
DWS Money Plus Fund	-	1,430,419	10	-	14,304
HDFC Liquid Fund Premium	-	28,553,280	12	-	351,205
HSBC Fixed Term Series 48 - Institutional - Dividend	-	20,754,520	10	-	207,545
HSBC Floating Rate Fund - Long Term Plan - Institutional - Daily Dividend	-	21,154,352	10	-	211,544
HSBC Interval Fund Plan	-	20,365,559	10	-	203,656
HSBC Ultra Short Term Bond Fund - Institutional Plus - Daily Dividend	-	71,381,134	10	-	713,811
ICICI Monthly Interval Plan	-	7,539,028	11	-	79,914
ING Liquid Fund Institutional - Daily Dividend	-	5,993,748	10	-	59,937
ING Liquid Plus Fund - Institutional - Daily Dividend	-	24,131,620	10	-	241,316
Kotak Monthly Interval Plan Series 2	-	4,198,700	10	-	43,247
Lotus India Fixed Maturity Plan - 3 Months - Series XXXII - Retail - Dividend	-	25,524,426	10	-	255,244
Lotus India Liquid Fund - Super Institutional - Daily Dividend	-	60,352,195	10	-	603,522
Lotus India Liquid Plus Fund - Institutional - Daily Dividend	-	138,391,858	10	-	1,383,919
Lotus India Liquid Plus Fund - Institutional - Growth	-	22,427,340	12	-	260,157
Lotus India Quarterly Interval Fund - Plan I - Institutional - Dividend	-	20,018,000	10	-	200,180
Lotus India Quarterly Interval Fund - Plan I - Institutional - Growth	-	20,217,183	10	-	202,172
Lotus India Quarterly Interval Fund - Plan J - Institutional- Dividend	-	5,118,028	10	-	51,180
Lotus Liquidity Fund	-	67,003,421	10	-	670,034
Mirae Asset Liquid Fund - Institutional - Daily Dividend	-	70,079	1,001	-	70,128
Mirae Asset Liquid Plus Fund - Super Institutional - Daily Dividend	-	308,387	959	-	308,819
SBI Short Term Horizon Fund	-	21,285,796	10	-	212,858
Standard Chartered Floating Rate Fund	-	7,585,400	10	-	75,854
Standard Chartered Liquidity Manager Fund	-	39,998	550	-	22,003
Sundaram BNP Liquid Fund	-	14,937,416	10	-	150,868
Sundaram BNP Liquid Plus Super Institutional	-	15,140,275	10	-	151,403
Tata Dynamic Bond Fund	-	9,795,486	10	-	100,894
Taurus Fixed Maturity Plan - 30 Days - Series 2 - Institutional - Growth	-	10,093,900	10	-	100,939
Taurus Fixed Maturity Plan - Series 1 - Institutional - Dividend	-	25,206,125	10	-	252,061
Templeton Ultra Short Bond Fund	-	5,003,172	10	-	50,032
UTI Liquid Fund - Cash Plan - Institutional - Daily Dividend	-	225,883	1,019	-	230,265
UTI Liquid Plus Fund - Institutional Plan -Daily Dividend	-	431,045	1,000	-	431,131
UTI Money Market - Daily Dividend	-	1,376,156	18	-	25,046

8. Inventories (at lower of cost and net realisable value)	March 31, 2010	March 31, 2009
Raw materials	740,140	627,420
Goods-in-bond / goods-in-transit (Raw materials)	81,572	73,220
Packing materials	42,665	51,733
Work-in-progress	1,385,135	1,044,012
Finished goods, including traded goods of Rs 75,124 (March 31, 2009 - Rs 96,200)	198,474	148,839
	2,447,986	**1,945,224**

9. Sundry debtors (unsecured)	March 31, 2010	March 31, 2009
Debts outstanding for a period exceeding six-months		
Considered good	158,340	229,036
Considered doubtful	71,537	56,231
Other debts		
Considered good	3,678,104	2,732,693
	3,907,981	**3,017,960**
Less: Provision for doubtful debts	71,537	56,231
	3,836,444	**2,961,729**
(a) Included in sundry debtors are dues from companies under the same management:		
i. Syngene	80,607	64,353
ii. BBPL	7,490	7,474
iii. AxiCorp	4,339	4,203
iv. NeoBiocon	17,165	5,200

10. Cash and bank balances		
Cash on hand	2,104	2,515
Balances with scheduled banks:		
In current accounts	206,294	37,779
Restricted - Unpaid Dividend Accounts	4,644	3,866
In exchange earners foreign currency account	558,073	8,699
In deposit accounts	103	7,568
	771,218	**60,427**

(a) Balances with scheduled banks in current accounts and deposit account include the balances of the ESOP Trust of Rs 186,826 (March 31, 2009 - Rs 4,800) and Rs Nil (March 31, 2009 - Rs 2,168), respectively.

11. Loans and advances (Unsecured and considered good, unless otherwise stated)	March 31, 2010	March 31, 2009
Advances recoverable in cash or in kind or for value to be received	300,193	123,749
Intercorporate loans to Subsidiaries / Joint Venture Company	1,914,754	2,024,938
Other Receivables	1,278,937	187,033
Duty drawback receivable, net of provision of Rs 3,797 (March 31, 2009 - Rs 238)	4,610	6,208
Deposits	121,237	70,961
Balances with Customs, Excise and Sales Tax Authorities	357,427	243,488
MAT Credit entitlement	-	87,068
Advance income-tax, net of provision	53,553	59,287
	4,030,711	**2,802,732**

(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 5,724 (March 31, 2009 - Rs 6,226)

(b) Included under advance tax is Rs Nil (March 31, 2009 - Rs 13,998) and provision for taxation of Rs 17,403 (March 31, 2009 - Rs 9,520) of the ESOP Trust.

(c) Included under Intercorporate loans are amounts due from companies under the same management :

(i) Subsidiary	March 31, 2010	March 31, 2009
Clinigene	288,720	290,735
Maximum amount outstanding at any time during the year	293,785	359,629
Biocon SA	1,367,775	1,416,692
Maximum amount outstanding at any time during the year	1,616,762	1,489,215
(ii) Joint Venture Company		
BBPL	258,259	317,511
Maximum amount outstanding at any time during the year	970,375	388,746
(d) Dues from companies under the same management		
(i) BBPL	727	1,073
Maximum amount outstanding at any time during the year	1,200	1,200
(ii) Syngene	68,574	-
Maximum amount outstanding at any time during the year	207,008	-
(iii) Biocon SA	220,105	185,960
Maximum amount outstanding at any time during the year	220,105	185,960
(iv) Biocon Research	976,199	-
Maximum amount outstanding at any time during the year	1,221,567	-

12. Current liabilities and provisions	March 31, 2010	March 31, 2009
Current Liabilities		
Sundry Creditors		
Capital	259,512	153,825
Others	1,596,959	1,064,437
Advances from customers	196,901	24,789
Deferred revenues	1,201,250	484,424
Balance in current account with bank representing book overdraft	20,035	-
Interest accrued but not due	490	279
Investor Education and Protection Fund shall be credited by		
- Unclaimed dividend	4,644	3,866
Other liabilities	536,452	465,350
	3,816,243	**2,196,970**
Provisions		
Proposed dividend	700,000	600,000
Tax on proposed dividend	74,136	101,970
Leave encashment	36,886	45,813
Gratuity	18,918	9,653
Superannuation	2,536	2,536
	832,476	759,972
	4,648,719	**2,956,942**

(a) Other liabilities include Rs 2,190 (March 31, 2009 - Rs 691) due to Ms Kiran Mazumdar Shaw, Managing Director and the maximum amount outstanding at any time during the year was Rs 3,700 (March 31, 2009 - Rs 1,162).

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

	March 31, 2010	March 31, 2009
(i) Principal amount due	38,948	9,144
Interest due thereon remaining unpaid as at the end of the year	3,728	70
(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	157,944	102,485
(iii) Interest due and payable for the period of delay in making payment during the year	3,288	1,484
(iv) Interest accrued and remaining unpaid at the end of the year	3,992	264
(v) Interest remaining due and payable in succeeding years	3,992	264

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.

(c) Dues to subsidiaries/joint venture Company	March 31, 2010	March 31, 2009
Clinigene	51,529	26,630
BBPL	83,237	27,547
Syngene	46,907	-
AxiCorp GmbH	287	-

13. Other income	March 31, 2010	March 31, 2009
Interest income from intercorporate loans and others [gross of tax deducted at source - Rs 9,655 (March 31, 2009 - Rs 5,434)]	88,315	25,174
Dividend earned		
On Current investments (non trade)	98,604	215,945
Gain on investments sold, net	-	734
Miscellaneous income (including cross charge to subsidiary/joint venture Companies)	471,408	505,885
	658,327	**747,738**

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14. Manufacturing, contract research and other expenses	March 31, 2010	March 31, 2009
Raw materials and packing materials consumed, net of duty	5,541,409	3,988,952
drawback of Rs 2,529 (March 31, 2009 - Rs 7,465)		
Purchase of goods for resale	321,739	320,103
Employee costs		
Salaries, wages and bonus	848,094	665,824
Group's contribution to provident fund	35,968	31,766
Gratuity and leave encashment	23,613	22,001
Employee stock compensation expense	(1,800)	15,754
Directors sitting fees	635	660
Welfare expenses	90,765	84,636
Operation and other expenses:		
Royalty and technical fees	13,312	11,304
Rent	16,039	15,075
Communication expenses	39,919	33,211
Travelling and conveyance	175,618	129,096
Professional charges	175,928	104,743
Power and fuel	672,485	712,231
Insurance	18,714	17,053
Rates, taxes and fees, net of refunds of taxes Rs Nil (March 31,2009 - Rs 4,354)	21,226	11,339
Lab consumables	222,018	112,205
Repairs and maintenance**		
Plant and machinery	109,924	125,367
Buildings	21,002	14,783
Others	149,985	74,749
Selling expenses		
Freight outwards and clearing charges	79,933	67,389
Sales promotion expenses	236,164	187,349
Commission and brokerage (other than sole selling agents)	85,636	91,922
Excise duty on closing stock*	(1,239)	(255)
Bad debts written off	1,656	7
Provision for bad and doubtful debts	15,306	15,777
Exchange fluctuation (net)	33,179	(4,810)
Printing and stationery	13,987	12,871
Loss on sale of assets, net	28,282	-
Research & development expenses	594,520	283,002
Miscellaneous expenses	70,440	60,364
	9,654,457	**7,204,468**
Recharge of product development expenses to other parties for Co Development of Product	(555,269)	-
	9,099,188	**7,204,468**
(Increase)/decrease in inventories of finished goods and work-in-progress:		
Opening inventories:		
Finished goods, net of excise duty	147,077	121,943
Work-in-progress	1,044,012	801,492
	1,191,089	923,435
Closing inventories:		
Finished goods, net of excise duty	(195,473)	(147,077)
Work-in-progress	(1,385,135)	(1,044,012)
	(1,580,608)	(1,191,089)
	(389,519)	(267,654)
	8,709,669	**6,936,814**

*Excise duty on sales amounting to Rs 300,281 (March 31, 2009 - Rs 257,134) has been reduced from sales in profit and loss account and excise duty on increase/decrease in stock amounting to Rs 1,239, (March 31, 2009 - Rs 255) has been considered as (income)/expense in Schedule 14 of financial statements.

**Repair and maintenance include spare parts of Rs 91,060 (March 31, 2009 - Rs 58,694) of which Rs 65,252 (March 31, 2009 - Rs 44,873) were purchased indigenously.

15. Research and development expenses	March 31, 2010	March 31, 2009
Research and development expenses aggregate to Rs 754,128 (March 31, 2009 - Rs 743,717) and include Rs 114,756 (March 31, 2009 - Rs 139,604) on research and development equipments and other assets and Rs 14,541 (March 31, 2009 - Rs 6,051) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.		
Research & Development Expenses (other than on equipments and buildings)		
Salaries, wages and bonus	161,363	131,625
Employee stock compensation expense	3,300	2,903
Lab consumables	222,018	112,205
Travel and Conveyance	14,031	8,192
Amortisation of IP Assets	16,000	16,000
Research & development expenses	594,520	283,002
Professional charges	110,151	39,827
Others	4,950	4,308
Recharge of Research expenses for Co Development Product	(501,502)	-
	624,831	**598,062**

16. Interest and fi nance charges	March 31, 2010	March 31, 2009
Interest paid on:		
Packing credit, cash credit from banks	11,755	39,529
Bank charges	8,155	9,842
	19,910	**49,371**

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Schedule 17: Notes to Financial Statements for the year ended March 31, 2010

(All amounts in Indian Rupees, US Dollars and Euro 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 with CIMAB SA ('CIMAB') to set up a joint venture company Biocon Biopharmaceuticals Private Limited ('BBPL') to manufacture and market products using technology and to carry out research activities. BBPL was incorporated on June 17, 2002. Biocon has 51 per cent shareholding in BBPL.

On January 10, 2008, Biocon entered into an agreement with Dr. B.R. Shetty to set up 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 and development in novel and innovative drug initiatives.

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

Biocon is an integrated healthcare company engaged in manufacture of biotechnology products for the pharmaceutical sector. The Company is also engaged in research and development in the biotechnology sector. 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 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 (as amended) 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'). In accordance with the guidelines framed by the Securities and Exchange Board of India ('SEBI'), financial statements of the Company have been prepared as if the Company itself is administering the ESOP Scheme.

(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.

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 life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets as estimated by an independent external valuer.

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 profi t 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 fl ows 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/marketing rights

Costs relating to intellectual property/marketing rights are capitalised and amortised on a straight-line basis over the period of expected future sales from the use of the said intangible asset, i.e., over their estimated useful lives not exceeding ten years.

Computer Software

Software which is not an integral part of the related hardware is classifi ed as an intangible asset and is being amortised over a period of three-five 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 or for existing products in new territories which are recognised as an intangible asset to the extent that it is expected that such assets will generate future economic benefi ts. Research and development expenditure of a capital nature is added to fi xed assets. Development costs carried forward is amortised on a straight-line basis, over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of intellectual property/marketing rights and 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 fi nished 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 fi nished 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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Revenue is recognised when the signifi cant 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 fi nancial statements, sales are refl ected gross and net of excise duty in the profi t and loss account.

(ii) The Company enters into certain dossier sales, licensing and supply agreements relating to various products. Revenue from such arrangements is recognised upon completion of performance obligations or on a proportional performance basis over the period the Company performs its obligations, under the terms of the agreements.

(iii) Interest Income is recognised on an accrual basis. Dividends are accounted for when the right to receive the payment is established.

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 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.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme.

(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 made at the end of each financial year. The actuarial valuation is done as per projected unit credit method made at the end of each financial year.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

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 amortized 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 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 on the date of such cancellation / renewal. 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 current, deferred and fringe benefi t tax. Current income tax and fringe benefi t tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the year net of reversals 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 suffi cient 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 suffi cient 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 suffi cient 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 suffi cient 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 the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profi t 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 specifi ed 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 Company 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 profi t or loss for the year attributable to equity shareholders 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 profi t 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 classifi ed 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 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.

p. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow 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.

q. 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 directly 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.

r. Cash and Cash Equivalents

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

s. Derivative Instruments

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.

3. 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 Employee Welfare Trust (ESOP Trust).

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

Grant I

In September 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

In January 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, 2010		March 31, 2009	
	No. of Options	Weighted Average Exercise Price (Rs)*	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	7,840	2.5	10,780	5
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Adjustment for issuance of Bonus shares during the year	-	-	4,900	-
Exercised during the year	1,960	2.5	7,840	4.4
Expired during the year	5,880	2.5	-	-
Outstanding at the end of the year	-	-	7,840	2.5*
Exercisable at the end of the year	-	-	7,840	2.5*
Weighted average remaining contractual life (in years)	-	-	1	-

*adjusted for the effect of bonus shares

Grant III

In January 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/ joint venture Company 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, 2010		March 31, 2009	
	No. of Options	Weighted Average Exercise Price (Rs)*	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	112,950	157.5	58,750	315
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Adjustment for issuance of Bonus shares during the year	-	-	57,350	-
Exercised during the year	95,250	157.5	3,150	228
Expired during the year	-	-	-	-
Outstanding at the end of the year	17,700	157.5	112,950	157.5*
Exercisable at the end of the year	17,700	157.5	112,950	157.5*
Weighted average remaining contractual life (in years)	1	-	2	-

*adjusted for the effect of bonus shares

Grant IV

In July 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 2006, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's' shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2010		March 31, 2009	
	No. of Options	Weighted Average Exercise Price (Rs)*	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	5,224,178	147	2,927,299	289
Granted during the year	-	-	-	-
Forfeited during the year	741,548	153	298,170	306
Adjustment for issuance of Bonus shares during the year	-	-	2,622,429	-
Exercised during the year	1,452,500	138	27,380	171*
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,030,129	150.0	5,224,178	147*
Exercisable at the end of the year	1,388,545	137.5	1,997,298	137.5*
Weighted average remaining contractual life (in years)	2.3	-	2.9	-

*adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant of 813,860 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 2010, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the market price of Company's' shares on the date of grant.

Details of Grant V

Particulars	March 31, 2010		March 31, 2009	
	No. of Options	Weighted Average Exercise Price (Rs)*	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	69,710	232	-	-
Granted during the year	63,460	152	34,855	463
Forfeited during the year	44,975	237	-	-
Adjustment for issuance of Bonus shares during the year	-	-	34,855	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	88,195	170.9	69,710	231.5*
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6.0	-	6.3	-
Weighted average fair value of options granted (Rs)	130.0*	-	110.0	-

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2010 is Rs 237 (March 31, 2009 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 are as follows:

Particulars	March 31, 2010	March 31, 2009
Weighted Average Remaining Contractual Life in options (Yrs)	6.0	2.9
Weighted Average Exercise Price*	170.9	147.0
Expected volatility	37.62%	37.62%
Historical volatility	34.29%	34.29%
Life of the options granted (vesting and exercise period) in years	6.3	6.2
Expected dividends	3.50	2.45
Average risk-free interest rate	7.80%	7.80%
Expected dividend rate	1.23%	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, 2010	March 31, 2009
Net Profit after taxes	2,483,570	1,117,997
Add: Employee stock compensation under intrinsic value	(1,800)	15,754
Less: Employee stock compensation under fair value	(3,903)	41,665
Proforma profit	2,485,673	1,092,086
Earnings per Share - Basic		
- As reported	12.77	5.79
- Proforma	12.78	5.66
Earnings per Share - Diluted		
- As reported	12.57	5.64
- Proforma	12.58	5.51

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

Particulars	March 31, 2010	March 31, 2009
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	7,055,168	3,403,759
Add: Shares purchased by the ESOP trust	3,865	300,000
Less: Shares exercised by employees	(1,549,710)	(38,370)
Add : Bonus shares (1:1)	-	3,389,779
Closing balance of shares not exercised by employees and available with the ESOP Trust	5,509,323	7,055,168
Options granted and eligible for exercise at end of the year	1,406,245	2,118,088
Options granted but not eligible for exercise at end of the year	1,729,779	3,296,590

4. Reconciliation of basic and diluted shares used in computing earnings per share	March 31, 2010	March 31, 2009
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust	5,509,323	7,055,168
	194,490,677	192,944,832
Add: Effect of dilutive options granted but not exercised / not eligible for exercise	3,136,024	5,414,678
Weighted average shares outstanding and potential options outstanding	197,626,701	198,359,510

5. 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. Write back 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)**

(a) 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.
(b) During the year ended March 31, 2009, the Company recorded a write back of unutilised proviosion for contingences relating to transfers of its enzyme business of Rs 20,000, created in earlier years.

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6. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2009 to March 31, 2010 Income/(expenses)	Balance as at March 31, 2010 (Payable)/receivable	April 1, 2008 to March 31, 2009 Income/(expenses)	Balance as at March 31, 2009 (Payable)/receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(14,140)	-	(11,769)	-
			Other Liabilities	-	(2,190)	-	(691)
2	John Shaw	Director	Salary and perquisites	(8,072)	-	(7,369)	-
3	Syngene	Subsidiary	Power and facility charges recovered	233,256	-	156,131	-
			Rent income	3,309	-	3,090	-
			Management charges received	-	-	2,400	-
			Expenses incurred on behalf of the related party	20,032	-	11,996	-
			Sale of goods	1,919	-	14,935	-
			Sale of Fixed Asset	15,163	-	-	-
			Research Services received	(118,877)	-	-	-
			Rent deposit received	-	(2,135)	-	(2,135)
			Advance given	-	42,300	-	-
			Sundry Debtors	-	80,607	-	64,353
			Other receivable	-	68,574	-	-
			Sundry Creditors	-	(46,907)	-	-
			Guarantee given on behalf of related party to Custom & Excise Department ('CED')	-	217,500	-	217,500
			Guarantee given by related party to CED on behalf of the Company	-	(465,000)	-	(465,000)
4	Clinigene	Subsidiary	Management charges received	-	-	1,200	-
			Research Services received	(110,569)	-	(109,940)	-
			Expenses incurred on behalf of the related party	1,872	-	1,336	-
			Welfare Expenses - Health Checkup	(3,355)	-	(3,564)	-
			Sundry Creditors	-	(51,529)	-	(26,630)
			Unsecured Loan given	-	288,720	-	290,735
			Guarantee given on behalf of related party to Custom & Excise Department ('CED')	-	27,205	-	27,205
5	BBPL	51% Joint Venture (Also see note (j) below)	Interest income on unsecured loan given	42,609	-	23,987	-
			Power and facility charges recovered	40,986	-	37,175	-
			Rent income from related party	488	-	814	-
			Management charges received	1,200	-	1,200	-
			Vialling charges recovered	11,881	-	11,014	-
			Expenses incurred on behalf of the related party	1,670	-	420	-
			Purchase of Intangible assets	-	-	(128,850)	-
			Research and Development Expenses	(52,376)	-	-	-
			Rent paid	-	-	(308)	-
			Repairs and Maintenance - Facility charges	(223,940)	-	(52,370)	-
			Professional Charges - Personnel Deputation Charges	(7,598)	-	(8,739)	-
			Purchase of materials	(134,993)	-	(121,467)	-
			Unsecured Loan given	-	258,259	-	317,511
			Sundry Debtors	-	7,490	-	7,474
			Loans and Advances	-	727	-	1,073
			Sundry Creditors	-	(83,237)	-	(27,547)

Sl. No.	Name of the related party	Relationship	Description	April 1, 2009 to March 31, 2010 Income/(expenses)	Balance as at March 31, 2010 (Payable)/receivable	April 1, 2008 to March 31, 2009 Income/(expenses)	Balance as at March 31, 2009 (Payable)/receivable
			Rent deposit received	-	(590)	-	(590)
			Guarantee given on behalf of related party to Custom & Excise Department ('CED')	-	131,352	-	131,352
			Guarantee given to Bank on behalf of related party for term loan	-	650,000	-	650,000
6	Biocon Research Limited	Subsidiary	Rent received	801	-	-	-
			Sale of Intangible Asset	1,153,760	-	-	-
			Research and development cross charge	501,502	-	-	-
			Product development expenses cross charge	53,767			
			Expenses incurred on behalf of the related party	48,132	-	-	-
			Other receivable	-	976,199	-	-
			Equity Contribution	-	-	499	-
7	Biocon SA	Subsidiary	Interest Income	44,204	-	-	-
			Licensing fees	-	-	414,297	-
			Expenses incurred on behalf of the related party	-	-	45,976	-
			Unsecured Loan given	-	1,367,775	-	1,416,692
			Equity contribution	-	-	3,960	3,960
			Other receivable	-	220,105	-	185,960
8	AxiCorp GmbH	Fellow Subsidiary	Purchase of lab consumables	(8,045)	-	(1,763)	-
			Expenses incurred on behalf of the related party	2,266	-	4,203	-
			Sundry Debtors	-	4,339	-	4,203
			Sundry Creditors	-	(287)	-	-
9	NeoBiocon FZ LLC	50% Joint Venture	Sale of goods	15,247	-	2,886	-
			Expenses incurred on behalf of the related party	-	-	2,314	-
			Sundry Debtors	-	17,165	-	5,200
10	IATRICa Inc.	Associate	Research and Development fees	(30,058)	-	(27,844)	-
			Investment in preferred stock	-	138,470	-	90,370
11	Glentec International	Enterprise owned by key management personnel	Rent expenses paid	(2,369)	-	(2,628)	-
12	P K Associates	Proprietary fi rm of Relative of Director	Rent expenses paid	(380)	-	(206)	-

During the year ended March 31, 2009, 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 6.5 million). Pending receipt of regulatory approvals, the same has been treated as deferred revenues by the Company as at March 31, 2010.

(b) During the year, the Company has transferred certain development and marketing rights to Biocon Research Ltd. for Oral Insulin and MABs' (also refer note (a) and (b) in Schedule 6 (ii) above) for certain territories at a consideration of Rs 673,260 (US$ 14 million) and Rs 480,500 (US$ 10 million) respectively.

(c) Prof Charles L Cooney and Dr Bala S Manian, non executive directors of the company, are Chairman and member of Scientifi c Advisory Boad of the Company and are paid sitting fees of Rs Nil (March 31, 2009 - Rs 454) and Rs Nil (March 31, 2009 - Rs 202) respectively.

(d) Expenses incurred on behalf of the related party include Recharge of software license fees, canteen expenses, and Employee Stock Compensation Charges.

(e) The Company has granted an unsecured loan facility to BBPL upto Rs 300,000, carrying interest at bank rates, to support BBPL's operational costs and capital expenditure. The loan is repayable over a period of 5 years from the date of commencement of commercial operations of BBPL. Further, during the year the Company has also given an additional loan of Rs 650,000, carrying interest at 5.8% to BBPL for repayment of the Loan to State Bank of India. BBPL has fully repaid such additional loan during the year.

(f) The Company has granted an interest free unsecured loan facility to Clinigene, to support Clinigene's operational costs and capital expenditure and repayable by March 31, 2011.

(g) During the year ended March 31, 2009, the Company had granted an unsecured loan of Euro 21 million to Biocon SA, at the rate of 3% per annum and repayable on demand. During the year, the Company has granted additional loan of Euro 1.5 Million

(h) During the year ended March 31, 2010, the Company has invested Rs 48,100 in preferred stock of IATRICa Inc., USA.

(i) 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.

(j) On March 31, 2010, CIMAB SA, BBPL, Biocon SA and the Company, have entered into an agreement whereby Biocon SA would acquire the 49% equity stake held by CIMAB SA in BBPL. The transaction has not been consummated as at March 31, 2010.

7. Supplementary profit and loss data		March 31, 2010	March 31, 2009
(a) Payments to auditors (included in professional charges)			
(i) Statutory audit (including limited review of quarterly results)		2,475	1,275
(ii) Tax audit		125	125
(iii) Other matters (certification and other services)		275	275
(iv) Reimbursement of out-of-pocket expenses		339	310
		3,214	**1,985**
(b) Managerial remuneration			
(i) Remuneration to Managing Director			
Salary		9,833	8,493
Perquisites		2,661	2,791
Leave Encashment		1,119	-
Contribution to provident fund		527	485
		14,140	**11,769**
(ii) Remuneration to whole-time Director			
Salary		7,254	6,412
Perquisites		818	957
		8,072	**7,369**
(iii) 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)		2,762,283	2,142,088
Less:			
Exceptional items being mark to market loss in respect of foreign exchange forward contracts		-	(1,017,450)
	A	**2,762,283**	**1,124,638**
Add:			
Depreciation/amortisation provided in the accounts		797,290	742,830
Loss on sale of fixed asset		28,282	-
Managerial remuneration		22,212	19,138
Provision for bad and doubtful debts		15,306	15,777
	B	**863,090**	**777,745**
Less:			
Depreciation/amortisation under Section 350 of the Act		797,290	742,830
	C	**797,290**	**742,830**
Net Profit under Section 198 of the Act (A+B-C)		2,828,083	1,159,553
Maximum remuneration payable to whole-time directors		282,808	115,955
Remuneration paid to Managing Director		14,140	11,769
Remuneration paid to whole-time Director		8,072	7,369

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.

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

(i) Licensed capacity, installed capacity and actual production:

Class of goods	Licensed Capacity Kg.	Installed Capacity Kg.	Actual Production March 31, 2010 Kg.	Actual Production March 31, 2009 Kg.
Biochemicals:				
Pharmaceutical	*	**	11,779,973	8,590,399

* 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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(ii) 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, 2010						
Biochemicals						
Manufacturing:						
Pharmaceutical	36,700	52,639	11,314,663	10,514,162	502,010	123,350
Trading:						
Bio Pharmaceuticals	41,801,137 (Nos)	96,200	102,307,813 (Nos)	1,066,814	26,562,235 (Nos)	75,124
		148,839		**11,580,976**		**198,474**
March 31, 2009						
Biochemicals						
Manufacturing:						
Pharmaceutical	23,460	56,255	8,577,159	8,608,926	36,700	52,639
Trading:						
Bio Pharmaceuticals	25,784,953 (Nos)	67,705	60,166,740 (Nos)	682,568	41,801,137 (Nos)	96,200
		123,960		**9,291,494**		**148,839**

(iii) Purchase of traded goods:

	March 31, 2010 Quantity	March 31, 2010 Value (Rs)	March 31, 2009 Quantity	March 31, 2009 Value (Rs)
Bio Pharmaceuticals				
Units - Kgs	71,208	321,739	3,305	320,103
Units - Nos	87,068,911		76,182,924	

Note: Closing stock quantities are after adjusting write off of items due to obsolescence, differences at the time of physical count, etc.

(iv) Details of consumption of raw materials, packing materials and stores:

	March 31, 2010 Quantity (Kg)	March 31, 2010 Value (Rs)	March 31, 2009 Quantity (Kg)	March 31, 2009 Value (Rs)
Bio Chemicals	37,574,109	5,435,808	14,967,609	3,922,171
Packing materials	-	105,601	-	66,781
	37,574,109	**5,541,409**	**14,967,609**	**3,988,952**

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, 2010 Value (Rs)	March 31, 2010 Percent	March 31, 2009 Value (Rs)	March 31, 2009 Percent
Imported	3,499,678	63	2,566,684	64
Indigenous	2,041,731	37	1,422,268	36
	5,541,409	**100**	**3,988,952**	**100**

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	March 31, 2010	March 31, 2009
(iv) Value of imports calculated on C.I.F. basis: (on accrual basis)		
Raw materials	3,823,858	2,622,733
Packing materials	30,784	32,513
Maintenance Spares	25,808	13,821
Capital goods	208,571	239,037
	4,089,021	**2,908,104**
(v) Earnings in foreign currency: (on accrual basis)		
Export of goods on FOB basis	4,828,653	4,628,839
Technical licensing fees	136,093	89,005
Other income	48,090	-
Interest on foreign currency loan given to subsidiary company	44,204	-
	5,057,040	**4,717,844**
(vi) Dividend to non-resident shareholders: (remitted in foreign currency)		
Final Dividend		
Number of shareholders	16	16
Number of shares held	41,599,142	21,138,617
Dividend remitted (Rs in thousands)	125,932	105,693
Year to which it relates	2009	2008
(vii) Expenditure in foreign currency: (on accrual basis)		
Sales commission	50,135	79,556
Interest on Packing credit	9,050	35,241
Travel and Conveyance	14,229	11,919
Professional Charges	99,834	82,545
Consumables	66,811	45,315
Maintenance expenditure	27,182	21,218
Others	112,764	73,181
	380,005	**348,975**

8. Commitments

(a) Capital commitments	March 31, 2010	March 31, 2009
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances .	947,617	106,501
(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. Some of these lease arrangements have price escalation clause. There are no restrictions imposed under the lease arrangements. Gross rental expenses for the year aggregate to Rs 16,039 (March 31, 2009 - Rs 15,075). The committed lease rentals in future are as follows :		
Not later than one year	11,313	14,097
Later than one year and not later than five years	22,486	21,604
Later than five years	13,048	1,981
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire in March 2014. Gross rental expenses for the year aggregate to Rs 10,697 (March 31, 2009 - Rs 8,984). The committed lease rental in the future are:		
Not later than one year	13,010	9,024
Later than one year and not later than five years	22,699	13,246
Later than five years	-	-
Where the Company is a Lessor:		
(i) Rent		
The Company has leased out certain parts of its building (including fit outs), which expire over a period up to 2016. Gross rental income for the year aggregate to Rs 25,403 (March 31, 2009 - Rs 25,313). Further, minimum lease receipts under operating lease are as follows:		
Not later than one year	24,790	24,688
Later than one year and not later than five years	89,832	92,474
Later than five years	50,760	72,337

9. Contingent liabilities	March 31, 2010	March 31, 2009
(a) Taxation matters under appeal	157,664	141,268
(b) (i) Corporate guarantees 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
(f) Certain claims made against the Company which the management of the Company believes are not tenable and hence these claims have not been acknowledged as debts	21,026	-

10. 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, 2010 and 2009, the Company had the following outstanding contracts:

In respect of foreign currency loans taken and granted.	March 31, 2010	March 31, 2009
Foreign exchange forward contracts to buy	USD 16,000	Nil
Foreign exchange forward contracts to sell (Euro to USD)	EURO 20,000	EURO 20,000
Foreign exchange forward contracts to sell (USD to INR)	USD 30,000	USD 30,000
In respect of highly probable forecasted sales/export collection:		
European style option contracts with periodical maturity dates up to August 2011	USD 59,000	USD 24,000
Foreign exchange forward contract to sell (USD to INR)	-	USD 24,000
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		
Sundry debtors	755,201	291,280
Other receivables	220,105	185,960
Exchange earners foreign currency account	558,073	8,699
Loan to Subsidiary	152,000	67,460
Sundry Creditors	869,092	492,038
Packing Credit	-	763,050

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11. Employee Benefit Plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

A summary of the gratuity plan is as follows:

Fund balance

	March 31, 2010	March 31, 2009
Defined benefit obligation	75,957	64,109
Fair value of plan assets	57,039	54,456
Plan Liability	**18,918**	**9,653**
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	64,109	49,081
Current Service cost	10,090	7,402
Past Service cost	-	-
Interest cost	4,488	4,580
Benefits paid	(2,062)	(1,271)
Actuarial (gain)/loss	(668)	4,317
Benefit obligation at the end of the year	75,957	64,109
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	54,456	48,440
Expected return on plan assets	4,274	3,876
Actuarial gain / (loss)	371	2,770
Actual contribution	-	641
Benefits paid	(2,062)	(1,271)
Fair value of plan assets at end of the year	57,039	54,456
Net gratuity cost:		
Components of net benefit cost		
Current Service cost	10,090	7,402
Past Service cost	-	-
Interest cost	4,488	4,580
Expected return on plan assets	(4,274)	(3,876)
Net actuarial (gain) / loss recognised during the year	(1,039)	1,547
Net gratuity cost	9,265	9,653
Actual return on plan assets	4,644	6,646
Experience adjustment		
Defined benefit obligation	75,957	64,109
Plan assets	57,039	54,456
Surplus / (Deficit)	(18,918)	(9,653)
Experience adjustments on plan liabilities gain / (loss)	(3,195)	(256)
Experience adjustments on plan assets gain / (loss)	371	2,770
The assumptions used for gratuity valuation are as below:		
Interest rate	7.50%	7.00%
Discount rate	7.50%	7.00%
Expected Return on Plan Assets	8.50%	8.00%
Salary increase	8.00%	8.00%
Attrition rate up to age 44	25.00%	20.00%
Attrition rate above age 44	14.00%	15.00%
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, 2011, is approximately Rs 11,118 (March 31, 2010 - Rs 10,064).

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

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12. Segmental information

Business segments

The primary reporting of the Company has been performed on the basis of business segment. The Company operates in a single business segment of Bio-pharmaceuticals. Accordingly no additional disclosures are required as per Accounting Standard 17 on Segment Reporting for the year ended March 31, 2010.

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

Revenues, net	**April 1, 2009 to March 31, 2010**	**April 1, 2008 to March 31, 2009**
India	6,666,079	4,405,521
Exports	4,964,746	4,717,844
Total	**11,630,825**	**9,123,365**

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, 2010	**March 31, 2009**
India*	19,053,3410	15,365,799
Outside India	3,586,716	3,389,731
	22,640,056	**18,755,530**

*All fixed assets and intangibles are located in India.

13. Other Notes

(a) The Company has entered into transactions of sale of product to a private company amounting to Rs 1,812 , during the year ended March 31, 2010, that require prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices have been approved by the Board of Directors of the Company. The Company is in the process of fi ling an application with the Central Government for such approval and for condonation of delay in making such application.

(b) In terms of Section 115O (6) of the Income Tax Act, 1961 for the year ended March 31,2010, the Company has not provided for Dividend Distribution Tax to the extent the proposed distributable profits pertain to the profits of the Company's SEZ Developer's operations under section 10AA of Income tax Act,1961.

14. 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**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

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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, 2010
(b) **CAPITAL RAISED DURING THE YEAR**	
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil
(c) **POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**	
Total Liabilities and shareholders funds	22,640,056
Total Assets	22,640,056
Sources of Funds	
Paid up Capital	1,000,000
Reserves	14,662,867
Secured Loans	896,834
Unsecured Loans	1,021,228
Deferred tax liability	410,408
Application of Funds	
Net Fixed Assets	6,599,909
Capital work in progress	583,344
Intangible Assets	184,062
Investments	4,186,382
Net Current Assets	6,437,640
(d) **PERFORMANCE OF THE COMPANY**	
Turnover	12,289,152
Total expenditure	8,729,579
Profit before tax	2,762,283
Profit after tax	2,483,570
Earnings per share in Rupees	12.77
Dividend rate %	70
(e) **GENERIC NAME OF PRINCIPAL PRODUCTS OF THE COMPANY**	
Item Code No. (ITC Code)	280000 & 290000
Product Description	Organic & Inorganic Chemicals

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Kiran Kumar
Company Secretary

Bangalore
April 29, 2010

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 venture [together referred to as 'the Group'], as at March 31, 2010, 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 2,433 million as at March 31, 2010, total revenue of Rs 0.03 million and net cash outflows amounting to Rs 33 million for the year then ended.

We did not audit the financial statements of another subsidiary, whose financial statements reflect total assets of Rs 3,173 million as at December 31, 2009, total revenue of Rs 9,117 million and net cash inflows amounting to Rs 488 million for the year then ended.

The consolidated financial statements include total assets of Rs 17 million as at March 31, 2010 and total revenue of Rs 24 million and net cash outflow of Rs 1 million for the year then ended, being the proportionate share in the 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 Standard (AS) 21, Consolidated financial statements, Accounting Standard (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 (as amended)].

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:

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2010;

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

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

For S.R. BATLIBOI & ASSOCIATES
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

Consolidated Balance Sheet as at March 31, 2010

(All amounts in Indian Rupees thousands)

	Schedule	March 31, 2010	March 31, 2009
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,000,000	1,000,000
Reserves and surplus	2	16,578,535	14,107,439
		17,578,535	**15,107,439**
Minority Interest	3	337,900	247,686
Loan Funds			
Secured loans	4	3,314,989	3,957,338
Unsecured loans	5	1,821,089	1,281,820
		5,136,078	**5,239,158**
Deferred Tax Liability, (Net)	6	**508,306**	**466,247**
		23,560,819	**21,060,530**
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	7(i)	16,514,605	14,097,863
Less: Accumulated depreciation		4,861,525	3,612,885
Net block		**11,653,080**	**10,484,978**
Capital work-in-progress [including capital advances of Rs 84,634 (March 31, 2009 - Rs 94,555)]		755,175	1,720,220
		12,408,255	**12,205,198**
Intangible Assets	7(ii)	**1,726,186**	**1,630,656**
Investments	8	**4,305,778**	**3,676,225**
Current Assets, Loans and Advances			
Inventories	9	3,716,442	3,191,811
Sundry debtors	10	4,461,274	3,666,829
Cash and bank balances	11	1,399,252	118,051
Loans and advances	12	1,343,545	947,202
		10,920,513	**7,923,893**
Less: Current Liabilities and Provisions	13		
Current Liabilities		4,909,044	3,569,682
Provisions		890,869	805,760
		5,799,913	**4,375,442**
Net Current Assets		**5,120,600**	**3,548,451**
		23,560,819	**21,060,530**
Notes to Consolidated Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Balance Sheet
As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 10149W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

Consolidated Profit and Loss Account for the year ended March 31, 2010

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

	Schedule	March 31, 2010	March 31, 2009
INCOME			
Gross sales		21,009,564	14,119,750
Less : Excise Duty		645,944	401,265
Net sales		**20,363,620**	**13,718,485**
Contract research and manufacturing services		2,807,178	2,245,502
Licensing and development fees		507,357	122,735
Other income	14	370,208	645,532
		24,048,363	**16,732,254**
EXPENDITURE			
Manufacturing, contract research and other expenses	15	18,963,300	12,853,129
Interest and finance charges	17	168,920	176,615
		19,132,220	**13,029,744**
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES		**4,916,143**	**3,702,510**
Depreciation and Amortisation	7 (i) & 7 (ii)	1,401,401	1,102,519
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		**3,514,742**	**2,599,991**
Provision for income-tax			
Current tax		457,739	190,095
Less : MAT Credit Entitlement		(13,117)	(92,201)
Deferred taxes	6	42,059	1,263
Fringe Benefits tax		-	19,227
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		**3,028,061**	**2,481,607**
Shares of Losses in Associate Company		-	(7,199)
Minority interest		(95,619)	(71,306)
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		2,932,442	2,403,102
Exceptional items, net	18(5)	-	(1,549,211)
Add/ (Less) : Tax effect on exceptional items		-	77,326
PROFIT FOR THE YEAR		**2,932,442**	**931,217**
Balance brought forward from previous year		9,363,827	9,246,379
PROFIT AVAILABLE FOR APPROPRIATION		**12,296,269**	**10,177,596**
Proposed dividend on equity shares		700,000	600,000
Tax on proposed dividend		74,136	101,970
Transfer to general reserve		248,357	111,799
BALANCE, TRANSFERRED TO BALANCE SHEET		**11,273,776**	**9,363,827**
Earnings per share (equity shares, par value of Rs 5 each)			
Basic (in Rs)	18(4)	15.08	4.83
Diluted (in Rs)		14.84	4.69
Weighted average number of shares used in computing earnings per share	18(4)		
Basic		194,490,677	192,944,832
Diluted		197,626,701	198,359,510
Notes to Consolidated Accounts	18		

The schedules referred to above and notes to accounts form an integral part of the Consolidated Profit and Loss Account
As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 10149W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

Consolidated Statement of Cash Flows for the year ended March 31, 2010

(All amounts in Indian Rupees Thousands)

	March 31, 2010	March 31, 2009
I. CASH FLOWS FROM OPERATING ACTIVITIES :		
Net profit including exceptional items, before tax	3,514,742	1,043,581
Adjustments for:		
Depreciation and Amortisation	1,401,401	1,102,519
Miscellaneous expenses (Refer note (e) in Schedule 7 (ii))	82,576	-
Unrealised exchange (gain)/loss	(24,752)	(85,965)
Exceptional items, net		
(a) Provision for contingencies write back	-	(20,000)
(b) Unrealised mark to market loss on foreign exchange forward contracts	-	388,267
Loss of associate	-	7,199
Employee Stock Compensation Expense	2,211	26,834
Provision for bad and doubtful debts	16,852	15,777
Bad debts written off	1,656	7
Interest expense	157,434	163,972
Interest income	(2,064)	(1,425)
Dividend earned	(113,583)	(236,772)
Gain on sale of investment in mutual funds	-	(1,047)
(Gain)/loss on assets sold, (Net)	43,059	(506)
Operating profit before working capital changes	**5,079,532**	**2,402,441**
Movements in working capital		
Inventories	(626,210)	(827,184)
Sundry debtors	(797,294)	(768,358)
Loans and advances	(338,274)	81,475
Current liabilities and provisions	1,416,522	231,994
Cash generated from operations	**4,734,276**	**1,120,368**
Tax paid (net of refunds)	(327,936)	(169,414)
Net cash provided by operating activities	**4,406,340**	**950,954**
II. CASH FLOWS FROM INVESTING ACTIVITIES :		
Fixed assets		
Purchase	(1,670,343)	(2,815,256)
Acquisition/Development costs of Intangible assets	(193,827)	(140,140)
Acquisition of subsidiary, net of cash Rs Nil (March 31, 2009 - Rs 4,609)	-	(693,414)
Investment in associate	(48,100)	-
Acquisition of minority interest (Refer Note (e) in Schedule 7 (ii))	(102,515)	-
Interest received	2,064	1,425
Dividend received	113,583	236,772
Sale of investments	23,276,452	22,440,035
Proceeds from sale of fixed assets	17,987	-
Movement in reserves of ESOP trust	202,469	23,929
Issue of shares by ESOP trust	317	-
Purchase of shares by ESOP Trust	(1,000)	(30,860)
Purchase of investments		
Other Long term	(32,406)	(51,767)
Current	(23,825,377)	(21,292,579)
Net cash used for investing activities	**(2,260,696)**	**(2,321,855)**
III. CASH FLOWS FROM FINANCING ACTIVITIES :		
Long term borrowings	92,898	341,437
Repayment of long term borrowings	(697,738)	(70,000)
Short term borrowings (net)	215,633	1,758,376
Other unsecured loans	399,892	81,366
Interest paid	(160,782)	(156,941)
Dividend paid	(600,000)	(500,000)
Dividend tax paid	(101,970)	(84,975)
Net cash generated from/(used for) financing activities	**(852,067)**	**1,369,263**
IV. NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)	1,293,577	(1,638)
V. FOREIGN CURRENCY TRANSLATION RESERVE	(12,376)	23,524
VI. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	118,051	96,165
VII. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)	**1,399,252**	**118,051**
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
Cash on Hand	2,173	3,062
Balances with Banks - in current accounts (excluding Unclaimed Dividend)	1,392,332	103,555
- in deposit accounts	103	7,568
- in unpaid dividend accounts*	4,644	3,866
	1,399,252	**118,051**

* 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
Firm registration no.: 101049W

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

	March 31, 2010	March 31, 2009
1. Share capital		
Authorised:		
220,000,000 (March 31, 2009 - 220,000,000) equity shares of Rs 5 each (March 31, 2009 - Rs 5 each)	1,100,000	1,100,000
Issued, subscribed and paid-up:		
200,000,000 (March 31, 2009 - 200,000,000) equity shares of Rs 5 each (March 31, 2009 - Rs 5 each), fully paid	**1,000,000**	**1,000,000**

(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 3 in Schedule 18 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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2. Reserves and surplus

	March 31, 2010	March 31, 2009
Capital Reserve	17,094	17,094
	17,094	**17,094**
Revaluation Reserve		
	9,489	9,489
	9,489	**9,489**
Foreign Exchange Retranslation Reserve Account		
Balance as per last year	(14,048)	-
Add: Exchange differences during the year on net Investment in non-integral operations	108,110	(14,047)
	94,062	(14,048)
Securities Premium		
Balance	2,788,478	3,288,478
Utilised during the year for issuance of bonus shares	-	(500,000)
	2,788,478	**2,788,478**
General Reserve		
Balance	1,528,354	1,416,555
Add: Transfer from Profit and Loss Account	248,357	111,799
	1,776,711	**1,528,354**
ESOP Trust		
Balance	169,785	145,856
Add : Dividend, profit on sale of shares and interest income, net	202,469	23,929
	372,254	**169,785**
Stock compensation adjustment (Also see note 3 in Schedule 18)		
Stock options outstanding	293,805	313,950
Stock options granted during the year	-	3,836
Stock options cancelled/ forfeited during the year	30,073	23,981
	263,732	293,805
Less: Deferred employee stock compensation expense	17,061	49,345
	246,671	**244,460**
Balance in profit and loss account	11,273,776	9,363,827
	16,578,535	**14,107,439**

	March 31, 2010	March 31, 2009
(i) Deferred employee stock compensation expense (See note 3 in Schedule 18)**:**		
Stock compensation expense outstanding	49,345	96,324
Stock options granted during the year	-	3,836
Stock options cancelled/ forfeited during the year	(30,073)	(23,981)
Stock compensation expense amortised during the year	(2,211)	(26,834)
Closing balance of deferred employee stock compensation expense	**17,061**	**49,345**

3. 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), 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, 2010	March 31, 2009
The share of the net assets attributable to the minority shareholders is as follows:		
As per last balance sheet	247,686	(73,218)
Interest of minority Shareholders of AxiCorp GmbH	-	249,598
Foreign currency translation adjustment	(5,405)	-
Profit for the year attributable to minority shareholders *	95,619	71,306
	337,900	**247,686**

* Amount for the year ended March 31, 2010 includes Rs 31,894 (March 31, 2009 - Rs 41,414) pertaining to share of losses of the Joint Venture partner in BBPL absorbed by Biocon.

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	March 31, 2010	March 31, 2009
4. Secured loans		
From banks		
Short Term		
Cash credit, packing credit, buyers' credit etc.	2,982,661	3,574,151
Long Term		
Buyers' credit	332,328	383,187
	3,314,989	**3,957,338**

(a) Cash credit, packing credit, buyer's 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, 2010, Biocon has utilised Rs Nil (March 31, 2009 - Rs 291) inclusive of foreign currency loans of Rs Nil (US$ Nil) [(March 31, 2009 - Rs Nil) (US$ Nil)].

(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 on March 31, 2010, the Company has utilised fund based limits of Rs 694,435 (March 31,2009 - Rs 784,274), inclusive of foreign currency denominated loans of Rs 427,025 (US$ 9.5 Million) [March 31, 2009 - Rs 763,050 (US$ 15 million)]

(iii) Biocon has working capital facilities with Canara Bank ('CB'). These facilities are repayable on demand and are secured by a pari passu first charge on current assets of the Company . As on March 31, 2010, the Company has utilised Rs 124 (March 31, 2009 - Rs Nil) inclusive of foreign currency denominated loans of Rs Nil (US$ Nil) [March 31, 2009 - Rs Nil (US$ Nil)].

(iv) Biocon has working capital facility with ABN Amro Bank. These facilities are repayable on demand and are secured by a pari passu first charge on the current assets of the Company. As on March 31, 2010 the Company has utilised Rs 202,275 (March 31, 2009 - Rs 230,000) inclusive of foreign currency denominated loans of Rs 202,275 (US$ 4.5 million) [March 31, 2009 - Rs Nil (US$ Nil)]

(v) Syngene has obtained foreign currency denominated pre-shipment credit loan facility from SBI for Rs 700 Million (March 31, 2009 - Rs.800 Million), which is secured by a pari passu charge on the present and future current assets and fixed assets. As of March 31, 2010 Syngene has utilised Rs 681,085 (US$15.15 Million) [March 31,2009 - Rs.702,481 (US$ 13.75 Million)]

(vi) As of March 31, 2010 Syngene has obtained foreign currency denominated buyer's credit loans (short term and long term) of Rs 1,026,932 (US$ 22.85 Million) [March 31, 2009 - Rs 755,707 (US$ 14.85 Million)] and pre-shipment credit loans of Rs Nil [March 31, 2009 - Rs 686,745 (US$13.50 Million)] with HSBC, which are secured by a pari passu charge on the present and future movable plant & machinery and current assets.

(vii) As of March 31, 2010 Syngene has obtained foreign currency denominated buyer's credit loans (short and long term) of Rs 72,115 (US$ 1.60 Million) [March 31, 2009 - Rs 51,437 (US$ 1.01 Million)] and pre-shipment credit loans of Rs 224,750 (US$ 5.00 Million), [March 31, 2009 - Rs 225,000] from ABN Amro Bank, secured by a pari passu charge on the present and future current assets and fixed assets.

(viii) On September, 7, 2008, Clinigene entered into an agreement with SBI for Rs 100,000. This loan is repayable on demand and are secured by first charge on the current assets of Clinigene and corporate guarantee by Biocon. As of March 31, 2010, Clinigene has utilised Rs 14,270 (March 31, 2009 - Rs 71,314).

(ix) AxiCorp has obtained working capital facilities from its bankers. These facilities are secured by a pledge of Axicorp's inventories and investments. As at December 31, 2009, AxiCorp has utilised Rs 399, 003 (EUR 6,000) (December 31, 2008, Rs 450,089 (EUR 6,672))

	March 31, 2010	March 31, 2009
5. Unsecured loans		
Deferred payment liability	648,978	611,550
Loan from State Bank of India	650,000	650,000
Loan from HDFC Bank	359,600	-
Financial assistance from DSIR	10,000	10,000
NMITLI - CSIR Loan	2,650	3,312
Loan from Others	149,861	6,958
	1,821,089	**1,281,820**

(a) 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 up to 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding Rs 24,375.As at March 31, 2010, the Company has utilised Rs 354 (March 31, 2009 - Rs 354).

(b) 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 up to 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding Rs 648,938. As at March 31, 2010, the Company has utilised Rs 648,624 (March 31, 2009 - Rs 611,196).

(c) 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 Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual 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 Nil (March 31, 2009 - Rs.331). The amount due during 2010-11 being Rs 331, has been paid off as at March 31, 2010.

(d) On 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, the Company has received the first installment of Rs 10,000 during the year 2008-09. The Research project has been completed during the year ended March 31, 2010. The assistance is repayable in the form of royalty payments post commercialisation of the project in five equal annual installments.

(e) Biocon has obtained foreign currency packing credit loan of Rs 359,600 (US$ 8 million) from HDFC Bank as at March 31,2010. The loan is repayable on May 22, 2010.

(f) 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 5.6% and is repayable in June 2010.

(g) NeoBiocon and AxiCorp have obtained the unsecured loan from their other shareholders which are interest free and repayable on demand.

- Neobiocon Rs 9,343 (March 31, 2009 - Rs 6,958)

- AxiCorp Rs 140,518 (March 31, 2009 - Rs Nil)

6. Deferred tax liability, net

	Deferred tax (asset)/liability as at April 1, 2009	Current year charge / (credit)	Deferred tax (asset)/liability as at March 31, 2010
Depreciation	516,543	47,464	564,007
Employee retirement benefits	(28,022)	(202)	(28,224)
Provision for doubtful debts	(18,966)	(5,203)	(24,169)
Others	(3,308)	-	(3,308)
	466,247	**42,059**	**508,306**
Year ended March 31, 2009	464,984	1,263	466,247

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 respect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

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7. (i) Fixed assets

	Balance at the beginning of the year	Acquisition during the year	Foreign currency Translation Adjustment	Additions during the year	Deletions during the year	Balance at the end of the year
Gross block						
Land						
Freehold (revalued)	8,967	-	-	-	-	8,967
Freehold (others)	94,331	-	-	-	-	94,331
Leasehold	226,420	-	-	50,625	-	277,045
Buildings (revalued)	16,561	-	-	-	-	16,561
Buildings (others)	2,910,993	-	-	432,538	-	3,343,531
Leasehold improvements	3,191	-	-	-	-	3,191
Plant and machinery	9,715,744	-	(1,227)	1,948,035	148,202	11,514,350
Research and development equipment	900,520	-	-	113,763	-	1,014,283
Furniture and fixtures	200,519	-	(90)	17,820	102	218,147
Vehicles	20,617	-	-	5,535	1,953	24,199
	14,097,863	**-**	**(1,317)**	**2,568,316**	**150,257**	**16,514,605**
Year ended March 31, 2009	11,547,886	83,198	-	2,471,968	5,189	14,097,863
Accumulated depreciation						
Buildings (revalued)	16,561	-	-	-	-	16,561
Buildings (others)	352,972	-	-	128,448	-	481,420
Leasehold improvements	796	-	-	128	-	924
Plant and machinery	2,803,861	-	(530)	1,093,662	101,071	3,795,922
Research and development equipment	330,652	-	-	97,217	-	427,869
Furniture and fixtures	97,867	-	(56)	29,176	102	126,885
Vehicles	10,176	-	-	3,296	1,528	11,944
	3,612,885	**-**	**(586)**	**1,351,927**	**102,701**	**4,861,525**
Year ended March 31, 2009	2,511,059	32,432	-	1,069,494	100	3,612,885
Net block						
Land						
Freehold (revalued)	8,967					8,967
Freehold (others)	94,331					94,331
Leasehold	226,420					277,045
Buildings (revalued)	-					-
Buildings (others)	2,558,021					2,862,111
Leasehold improvements	2,395					2,267
Plant and machinery	6,911,883					7,718,428
Research and development equipment	569,868					586,414
Furniture and fixtures	102,652					91,262
Vehicles	10,441					12,255
	10,484,978					**11,653,080**
Year ended March 31, 2009	9,036,827					10,484,978

Notes :

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation up to 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, 2009 - Rs 25,040) has been transferred to the profit and loss account for depreciation on these assets till March 31, 2008 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, 2010 , 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.

(d) Foreign exchange (gain)/loss of Rs (43,768) (March 31,2009 - 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 assets.

(e) Additions to fixed assets and capital work in progress during the year ended March 31, 2010, include Rs 9,603 (March 31, 2009 - Rs 43,177) being interest and net of (gain)/loss Rs (13,403) (March 31,2009 - Rs 73,201) being foreign exchange loss/(gain), incurred on foreign currency denominated loans adjusted under AS-16 -Borrowing costs.

(f) Additions to fixed assets and capital work in progress during the year ended March 31, 2010 include direct expenses of power, utility expenses amounting to Rs 10,325 [March 31, 2009 - Rs 28,016] and Rs 8,076 [March 31, 2009 - Rs 2,537], respectively, attributable to the construction of the assets.

(g) Syngene has entered in to an agreement with a customer, which grants the latter an option to purchase fixed assets with gross block of Rs 1,544,027 (March 31, 2009 - Rs 1,314,320) as at March 31, 2010 relating to a particular project, upon satisfactory of certain terms and conditions.

(h) During the year ended March 31, 2009, 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.

(i) On December 1, 2009 the Company completed the purchase of Active Pharma Ingredient business of M/s IDL Speciality Chemicals Limited. The assets acquired have been capitalised at their fair values in the books of the Company.

7. (ii) Intangible assets	Balance at the beginning of the year	Acquisition during the year	Foreign Currency Translation Adjustment	Additions during the year	Sale 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	-	(4,365)	116,756	-	156,604
Computer software	21,535	-	(306)	41,085	1,391	60,923
Product licenses	156,390	-	(2,225)	16,837	17,871	153,131
Manufacturing Rights for hR3	63,760	-	-	-	-	63,760
Goodwill	1,132,128	-	(30,494)	19,490	-	1,121,124
	1,719,164	**-**	**(37,390)**	**194,168**	**19,262**	**1,856,680**
Year ended March 31, 2009	301,138	144,798	-	1,275,961	2,733	1,719,164
Accumulated Amortisation						
Intellectual Properties from Nobex						
- Under commercialisation	41,138	-	-	16,000	-	57,138
Computer software	6,525	-	(93)	11,723	6,815	11,340
Product licenses	40,845	-	(580)	21,751	-	62,016
	88,508	**-**	**(673)**	**49,474**	**6,815**	**130,494**
Year ended March 31, 2009	25,138	30,482	-	33,025	137	88,508
Net Value						
Intellectual Properties from Nobex						
- Under development	220,000					220,000
- Under commercialisation	40,000					24,000
Development costs for products (Insulin)	44,213					156,604
Computer software	15,010					49,583
Product licenses	115,545					91,115
Manufacturing Rights for hR3	63,760					63,760
Goodwill	1,132,128					1,121,124
	1,630,656					**1,726,186**
Year ended March 31, 2009	276,000					1,630,656

(a) The Company acquired patents relating to certain technologies (collectively IPs) including oral insulin and Apaza from M/s Nobex Inc. During the year ended March 31, 2007, the Company licensed out it's IP Apaza for further development and commercialisation. Effective October 2006, the Company commenced amortisation of certain IPs including Apaza over a period of 5 years.

(b) During the year ended March 31, 2009, BBPL has entered into an agreement with M/s CIMAB , Cuba 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.

(c) Development costs for products (Insulin) relate to the costs of the clinical development of the Group 's Insulin product in the European markets, which are in progress. Hence no amortisation has been recorded by the Group.

(d) 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 1,177million), 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.

(e) During the year ended December 31, 2009 Axicorp acquired shares held by minority shareholders in Axcount Generika AG for a consideration of Euro 1,507. Axicorp recorded a goodwill of Euro 293 (Rs 19,490) and has expensed Euro 1,214 (Rs 82,576) being the excess of the purchase consideration over the fair value of the underlying shares (included under Miscellaneous expenses).

(f) During the year ended March 31, 2009, consequent to the acquisition of majority equity holding in AxiCorp GmbH by Biocon SA, additions to intangible assets include gross block and accumulated amortisation of intangibles held by AxiCorp as on the acquisition date.

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8. Investment (At cost)

	March 31, 2010	March 31, 2009
Long term investments		
A) Non trade:		
National Savings Certificates (unquoted)	63	13
Shares of the Company held by ESOP Trust (Quoted)	122,121	121,438
Other investments	-	563
	122,184	**122,014**
B) Trade investments:		
Unquoted and fully paid up		
2,722,014 (March 31, 2009 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	185,795	185,795
217,972 (March 31, 2009 - Nil) Series B2 Preferred Convertible Stock at US$ 3.10 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	32,356	-
4,285,713 (March 31, 2009 - 2,857,142) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US $ 0.00001 each of IATRICa Inc., USA (Associate)	131,271	83,171
	349,422	**268,966**

(a) Biocon has 30% (March 31, 2009 - 22%) voting rights in IATRICa Inc., USA. The above is net of the Group's share of losses in IATRICa amounting to Rs 7,199 as at March 31, 2010 (March 31, 2009 - Rs 7,199).
(b) As on March 31, 2010, the ESOP Trust held 5,509,323 shares (March 31, 2009 - 7,055,168 shares) of the Company towards grant / exercise of shares to/ by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer Note 3 in Schedule 18.
(c) Vaccinex Inc., USA ('Vaccinex') is engaged in research and development activities and has been incurring losses and has a negative net-worth. As Vaccinex is a development stage enterprise and of strategic importance to the Company, management believes that there is no other than temporary diminution in the value of this investment.

	March 31, 2010	March 31, 2009
Current and unquoted (at lower of cost and fair market value)		
13,146,597 units (March 31, 2009 - 29,108,926) of Rs.10 each in Birla Sun Life Savings Fund - Institutional - Daily Dividend [Market value Rs.131,555 (March 31,2009 - Rs.291,287)]	131,555	291,287
Nil units (March 31, 2009 - 7,231,070) of Rs.10 each in Birla Sun Life Short Term Fund [Market Value Rs Nil (March 31, 2009 - Rs.72,350)]	-	72,350
41,552,642 units (March 31, 2009 - 27,811,567) of Rs.10 each in Fortis Money Plus Fund Institutional Plan - Daily Dividend [Market value Rs 415,652 (March 31,2009 - Rs.278,202)]	415,652	278,202
Nil units (March 31, 2009 - 84,935,060) of Rs 10 each in HDFC Cash Management Fund [Market Value Rs Nil (March 31, 2009 - Rs 852,026)]	-	852,026
1,786,439 units (March 31, 2009 - 76,626,096) of Rs.106 each in ICICI Prudential Flexible Income Plan Premium - Daily Dividend [Market value Rs.188,889 (March 31, 2009 - Rs 810,206)]	188,889	810,206
14,808,310 units (March 31, 2009 - 4,332,133) of Rs.10 each in Kotak Flexi Debt Fund - Institutional - Daily Dividend [Market value Rs.148,746 (March 31, 2009 - Rs 43,527)]	148,786	43,527
385,316 units (March 31, 2009 - 826,143) of Rs.1001 each in Reliance Money Manager Fund - Institutional - Daily Dividend [Market value Rs 385,753 (March 31,2009 - Rs.827,085)]	385,753	827,079
Nil units (March 31, 2009 - 7,762,070) of Rs.10 each in Tata Floater Fund [Market Value Rs Nil (March 31, 2009 - Rs 77,897)]	-	77,897
Nil units (March 31, 2009 - 19,81,816) of Rs 10 each in HSBC Cash Institutional Fund [Market Value Rs Nil (March 31, 2009 - Rs 20,690)]	-	20,690
Nil units (March 31, 2009 - 11,96,345) of Rs 10 each in HSBC Ultra Short Term Bond Fund [Market Value Rs Nil (March 31, 2009 - Rs 11,981)]	-	11,981
15,718,324 units (March 31, 2009 - Nil) of Rs.10 each in Birla Sun Life Interval Income Fund-Institutional -Quarterly - series 1 Dividend [Market value Rs.157,183 (March 31, 2009 - Rs Nil)]	157,183	-
7,500,000 units (March 31, 2009 - Nil) of Rs.10 each in Birla Sun Life Interval Income Fund-Institutional -Quarterly - series 2 Dividend [Market value Rs 75,000 (March 31, 2009 - Rs Nil)]	75,000	-
30,146,400 units (March 31, 2009 - Nil) of Rs.10 each in IDFC Fixed Maturity Plan - Half yearly Series - Plan A Dividend [Market value Rs.301,464 (March 31,2009 - Rs Nil)]	301,464	-
8,156,446 units (March 31, 2009 - Nil) of Rs.10 each in IDFC Money Manager Fund - TP - Super Institutional Plan C [Market value Rs.81,575 (March 31,2009 - Rs Nil)]	81,575	-
33,337,871 units (March 31, 2009 - Nil) of Rs.10 each in Kotak Floater Long Term - Daily Dividend [Market value Rs 336,038 (March 31, 2009 - Rs Nil)]	336,038	-
15,000,000 units (March 31, 2009 - Nil) of Rs.10 each in Kotak Quarterly Interval Plan Series 6 - Dividend [Market value Rs.150,000 (March 31, 2009 - Rs Nil)]	150,000	-
1,069 units (March 31, 2009 - Nil) of Rs.15 each in Reliance Liquid Fund - TP- Daily Dividend [Market value Rs.16 (March 31, 2009 - Rs Nil)]	16	-
10,616,070 units (March 31, 2009 - Nil) of Rs.17 each in Reliance Medium Term Fund - Institutional - Daily Dividend [Market value Rs.181,487 (March 31, 2009 - Rs Nil)]	181,487	-

	March 31, 2010	March 31, 2009
5,023,859 units (March 31, 2009 - Nil) of Rs.10 each in Religare Active Income Fund Institutional - Monthly Dividend [Market value Rs.50,246 (March 31, 2009 - Rs Nil)]	50,246	-
10,033,109 units (March 31, 2009 - Nil) of Rs.10 each in Religare Credit Opportunities Fund - Institutional - Monthly Dividend [Market value Rs.100,682 (March 31, 2009 - Rs Nil)]	100,682	-
20,000,000 units (March 31, 2009 - Nil) of Rs.10 each in Religare Fixed Maturity Plan-Series-II Plan A(13 Months) [Market value Rs.200,000 (March 31, 2009 - Rs Nil)]	200,000	-
10,043,228 units (March 31, 2009 - Nil) of Rs.10 each in Religare Ultra Short Term Fund - Institutional Daily Dividend [Market value Rs.100,590 (March 31, 2009 - Rs Nil)]	100,590	-
65,566,225 units (March 31, 2009 - Nil) of Rs.10 each in SBI SHF Ultra Short Term Fund - Institutional - Daily Dividend [Market value Rs.656,056 (March 31, 2009 - Rs Nil)]	656,056	-
9,998,600 units (March 31, 2009 - Nil) of Rs.10 each in Tata Fixed Income Portfolio Fund Scheme B3 institutional Quarterly [Market value Rs.100,000 (March 31, 2009 - Rs Nil)]	100,000	-
6,514,416 Units (March 31,2009 - Nil) of Rs 11 each in HSBC Floating Rate - Long Term Plan -Institutional - Weekly Dividend [Market Value Rs.73,200 (March 31, 2009 - Rs Nil)]	73,200	-
	3,834,172	**3,285,245**
	4,305,778	**3,676,225**

(a) Other Investments include current and unquoted investments of the ESOP Trust of Rs 73,200 (March 31, 2009 - Rs 32,671)

9. Inventories (at lower of cost or net realisable value)	March 31, 2010	March 31, 2009
Raw materials	1,431,927	1,302,990
Goods-in-bond / goods-in-transit (Raw materials)	81,572	73,220
Packing materials	83,711	68,266
Work-in-progress	1,416,558	1,126,704
Finished goods, including traded goods of Rs 75,124 (March 31, 2009 Rs 96,200)	702,674	620,631
	3,716,442	**3,191,811**

10. Sundry debtors (Unsecured)	March 31, 2010	March 31, 2009
Debts outstanding for a period exceeding six-months		
Considered good	169,249	244,702
Considered doubtful	73,049	56,231
Other debts		
Considered good	4,292,025	3,422,127
	4,534,323	3,723,060
Less: Provision for doubtful debts	73,049	56,231
	4,461,274	**3,666,829**

Other debts include unbilled revenues of Rs 45,659 (March 31, 2009 - Rs 35,394) with respect to services rendered to customers.

11. Cash and bank balances	March 31, 2010	March 31, 2009
Cash on hand	2,173	3,062
Balances with banks:		
In current accounts	777,684	98,722
In exchange earners foreign currency account	619,292	8,699
In deposit accounts	103	7,568
	1,399,252	**118,051**

(a) Balances with banks include balance in unclaimed dividend account of Rs 4,644 (March 31, 2009 - Rs 3,866).
(b) Balances with banks include the balances of the ESOP Trust of Rs 186,826 (March 31, 2009 - Rs 6,968)

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12. Loans and advances (Unsecured and considered good, unless otherwise stated)	March 31, 2010	March 31, 2009
Advances recoverable in cash or in kind or for value to be received	423,423	199,000
Duty drawback receivable, net of provision of Rs 3,797 (March 31, 2009 - Rs 238)	4,610	6,208
Other Receivables	153,580	-
Deposits	86,762	75,288
Balances with Customs, Excise and Sales tax Authorities	456,240	346,866
MAT Credit entitlement	37,404	111,355
Advance income-tax, net of provision	181,526	208,485
	1,343,545	**947,202**

(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 5,724 (March 31, 2009 - Rs 6,226).

(b) Included under advance tax is Rs Nil (March 31, 2009 - Rs 13,998) and provision for taxation of Rs 17,403 (March 31, 2009 - Rs 9,520) of the ESOP Trust.

13. Current liabilities and provisions	March 31, 2010	March 31, 2009
Current Liabilities		
Sundry creditors		
Capital	438,785	539,995
Others	1,869,785	1,545,505
Advances from customers	284,654	124,718
Deferred revenues	951,438	231,760
Balance in current account with bank represents book overdraft	67,562	100,483
Interest accrued but not due, on loans	4,233	7,370
Investor Education and Protection Fund to be credited by :-		
- Unclaimed dividend	4,644	3,866
Other liabilities	1,287,943	1,015,985
	4,909,044	**3,569,682**
Provisions		
Proposed dividend	700,000	600,000
Tax on proposed dividend	74,136	101,970
Leave encashment	79,262	86,279
Gratuity	34,826	14,866
Superannuation	2,645	2,645
	890,869	**805,760**
	5,799,913	**4,375,442**

14. Other income	March 31, 2010	March 31, 2009
Interest income	2,064	1,425
Dividend income, on current investment, non trade	113,583	236,772
Gain on investments sold, net	-	1,047
Gain on fixed assets sold, net	-	506
Miscellaneous income*	254,561	405,782
	370,208	**645,532**

[*include sale of raw materials Rs Nil (March 31, 2009 - Rs 101,237)]

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15. Manufacturing, contract research and other expenses	March 31, 2010	March 31, 2009
Raw materials consumed, net of duty drawback of Rs 2,529 (March 31, 2009 - Rs 7,465)	13,560,571	8,722,830
Sub-Contracting and Outsourcing Expenses	83,029	39,053
Purchase of goods for resale	186,748	208,588
Employee costs		
Salaries, wages and bonus	2,105,859	1,502,799
Group's contribution to provident and other fund	157,448	121,179
Gratuity and leave encashment	39,502	39,201
Employee stock compensation expense	2,211	26,834
Directors' sitting fees	805	780
Welfare expenses	144,805	120,967
Operation and other expenses:		
Royalty and technical fees	13,312	11,304
Rent	67,869	36,799
Communication expenses	89,906	65,193
Travelling and conveyance	248,231	178,363
Professional charges and Consultancy	267,651	179,421
Power and fuel	676,267	693,320
Insurance	77,670	42,676
Rates, taxes and fees, net of refunds of taxes Rs Nil (March 31, 2009- Rs 4,354)	26,145	15,428
Lab consumables	218,792	110,442
Repairs and maintenance		
Plant and machinery	176,462	127,311
Buildings	36,553	23,006
Others	129,535	95,103
Selling expenses		
Freight outwards and clearing charges	140,647	110,351
Sales promotion expenses	338,137	266,046
Commission and brokerage	86,160	100,342
Excise duty on closing stock, net*	(1,239)	(252)
Bad debts written off	1,656	7
Provision for bad and doubtful debts	16,852	15,777
Exchange fluctuation (net)	58,982	112,318
Printing and stationery	30,563	23,659
Loss on sale of assets (net)	43,059	-
Research & development expenses	330,338	253,879
Miscellaneous expenses	321,389	157,393
	19,675,914	**13,400,117**
Recharge of product development expenses to other party for Co-Development of Product	(341,956)	-
(Increase)/decrease in inventories of finished goods and work-in-progress		
Opening inventories:		
Finished goods	618,869	123,868
Work-in-progress	1,126,704	828,678
Add: Stocks acquired on acquisition of AxiCorp	-	246,039
	1,745,573	**1,198,585**
Closing inventories:		
Finished goods	(699,673)	(618,869)
Work-in-progress	(1,416,558)	(1,126,704)
	(2,116,231)	(1,745,573)
	(370,658)	(546,988)
	18,963,300	**12,853,129**

*Excise duty on sales amounting to Rs. 645,944 (March 31, 2009 - Rs 401,265) has been reduced from in profit and loss account and excise duty on increase decrease in stock amounting to Rs. 1,239 (March 31, 2009 - Rs. 252) has been considered as (income/expense in Schedule 15 of financial statements.

16. Research and development expenses

Research and development expenses aggregate to Rs 915,117 (March 31, 2009 - Rs 743,717) and include Rs 114,756 (March 31, 2009 - Rs 139,604) on research and development equipment and other assets and Rs 14,541 (March 31, 2009 - Rs.6,051) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

17. Interest and finance charges	March 31, 2010	March 31, 2009
Interest paid on:		
Packing credit, cash credit from banks	157,434	163,972
[net of amounts capitalised to fixed assets Rs 9,603 (March 31, 2009 - Rs 43,177)]		
Bank charges	11,486	12,643
	168,920	**176,615**

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Schedule 18: Notes to Accounts for the year ended March 31, 2010

(All amounts in Indian Rupees, US Dollars and Euro 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. Biocon has 51 per cent shareholding in BBPL.

On March 31, 2010, Biocon SA, a wholly owned subsidiary of Biocon entered into an agreement with CIMAB, the joint venture partner to buy the 49% equity stake held by CIMAB in BBPL. The purchase of the shares is not concluded on March 31, 2010, subject to completion of the conditions precedent stated in the agreement.

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'). Biocon has 50 per cent shareholding in NeoBiocon.

The Company has also established Biocon Research Limited, India ('BRL') at Bangalore, a wholly owned subsidiary of the Company, to undertake research and development in novel and innovative drug initiatives.

Effective April 30, 2008, Biocon acquired 71% equity interest in AxiCorp GmbH, Germany ('AxiCorp') 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.

The Company has 30% (March 31, 2009 - 22%) voting rights in IATRICa Inc., USA.

Biocon and its subsidiaries and joint venture / associate companies ("the Group") are engaged in manufacture of biotechnology products for the pharmaceutical sector. The Company is also engaged in research and development in the biotechnology sector. 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 had received an approval as the developer of 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, notified by the Companies Accounting Standards Rules, 2006 (as amended) to reflect the financial position and the results of operations of Biocon together with its subsidiaries, joint venture company 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 associate 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.

The consolidated financial statements of AxiCorp are drawn up to December 31, 2009 for the purpose of consolidation. Accordingly, the consolidated balance sheet as at March 31, 2010 and the financial results of the Group for the year then ended, include the consolidated balance sheet of AxiCorp as at December 31, 2009 and financial results for the period January 1, 2009 to December 31, 2009. The financial statements of other subsidiaries, joint ventures company and associate company have been drawn upto the same reporting date as that of the Company i.e. March 31, 2010.

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated. The excess of the purchase price over the proportionate share of the book value of the net assets of the acquired subsidiary company on the date of investment is recognised in the consolidated financial statements as goodwill and disclosed under Intangible Assets. In case the cost of investment in subsidiary companies is less than the proportionate share of the book value of the net assets of the acquired subsidiary company on the date of investment, the difference is treated as capital reserve and shown under Reserves and surplus.

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'). In accordance with the guidelines framed by the Securities and Exchange Board of India ('SEBI'), financial statements of the Company have been prepared as if the Company itself is administering the ESOP Scheme.

(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.

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, 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	8.33 -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. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets as estimated by an independent external valuer.

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 yearly basis.

Intellectual Property rights, contract rights, manufacturing rights and product licenses

Costs relating to intellectual property rights, contract rights, manufacturing rights and product licenses are capitalized and amortized on a straightline basis over the period of expected future sales from the use of the said intangible asset, i.e., over their estimated useful lives not exceeding ten years.

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 three-five 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 consumables 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. Consumables in the nature of Columns are amortised over a period of twelve months from the date of issue for consumption.
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

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

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 relating to various products. Revenue from such arrangements is recognised upon completion of performance obligations or on a proportional performance basis over the period the Group performs its obligations, under the terms of the agreements.

Contract research agreements

In respect of contracts involving research services, contract research fees are recognised as services are rendered, in accordance with the terms of the contracts in case of services performed on "time and material basis". Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts.

Interest and Dividend Income

Interest income is recognised on an accrual basis. Dividends are accounted for when the right to receive the payment is established.

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 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.

(ii) 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.

(iii) 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.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(v) 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 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

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 and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. 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 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.

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 include 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 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.

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. 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 joint venture company. A Compensation Committee has been constituted to administer the plan through a trust established specifically for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

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

Grant I

In September 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

In January 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, 2010		March 31, 2009	
	No of Options	Weighted Average Exercise Price (Rs)*	No of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	7,840	2.5	10,780	5.0
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Adjustment for issuance of Bonus shares during the year	-	-	4,900	-
Exercised during the year	1,960	2.5	7,840	4.4
Expired during the year	5,880	2.5	-	-
Outstanding at the end of the year	-	-	7,840	2.5*
Exercisable at the end of the year	-	-	7,840	2.5*
Weighted average remaining contractual life (in years)	-	-	1	-

* adjusted for the effect of bonus shares

Grant III

In January 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/joint venture company. 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 will vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2010		March 31, 2009	
	No. of Options	Weighted Average Exercise Price (Rs)*	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	112,950	157.5	58,750	315.0
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Adjustment for issuance of Bonus shares during the year	-	-	57,350	-
Exercised during the year	95,250	157.5	3,150	227.5
Expired during the year	-	-	-	-
Outstanding at the end of the year	17,700	157.5	112,950	157.5*
Exercisable at the end of the year	17,700	157.5	112,950	157.5*
Weighted average remaining contractual life (in years)	1	-	2	-

* 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 Company's shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2010		March 31, 2009	
	No of Options	Weighted Average Exercise Price (Rs)*	No of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	5,224,178	147	2,927,299	289
Granted during the year	-	-	-	-
Forfeited during the year	741,548	153	298,170	306
Adjustment for issuance of Bonus shares during the year	-	-	2,622,429	-
Exercised during the year	1,452,500	138	27,380	171*
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,030,129	150.0	5,224,178	147*
Exercisable at the end of the year	1,388,545	137.5	1,997,298	137.5*
Weighted average remaining contractual life (in years)	2.3	-	2.9	-

* adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant of 813,860 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 2010, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the market price of Company's' shares on the date of grant.

Details of Grant V

Particulars	March 31, 2010		March 31, 2009	
	No of Options	Weighted Average Exercise Price (Rs)*	No of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	69,710.	232	-	-
Granted during the year	63,460	152	34,855	463
Forfeited during the year	44,975	238	-	-
Adjustment for issuance of Bonus shares during the year	-	-	34,855	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	88,195	171	69,710	231.5*
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6	-	6.3	-
Weighted average fair value of options granted (Rs)	130*	-	110.0	-

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2010 is Rs 237 (March 31, 2009 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, 2010	March 31, 2009
Weighted Average Remaining Contractual Life in options (Yrs)	6.0	2.9
Weighted Average Exercise Price*	170.9	147.0
Expected volatility	37.62%	37.62%
Historical volatility	34.29%	34.29%
Life of the options granted (vesting and exercise period) in years	6.3	6.2
Expected dividends	3.50	2.45
Average risk-free interest rate	7.80%	7.80%
Expected dividend rate	1.23%	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, 2010	March 31, 2009
Net Profit after taxes	2,932,442	931,217
Add: Employee stock compensation under intrinsic value	2,211	26,834
Less : Employee stock compensation under fair value	(59)	65,021
Proforma profit	**2,934,712**	**893,030**
Earnings per Share - Basic		
- As reported	15.08	4.83
- Proforma	15.09	4.63
Earnings per Share - Diluted		
- As reported	14.84	4.69
- Proforma	14.85	4.50

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

Particulars	March 31, 2010	March 31, 2009
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	7,055,168	3,403,759
Add: Shares purchased by the ESOP trust	3,865	300,000
Less: Shares exercised by employees	(1,549,710)	(38,370)
Add : Bonus shares (1:1)	-	3,389,779
Closing balance of shares not exercised by employees and available with the ESOP Trust	5,509,323	7,055,168
Options granted and eligible for exercise at end of the year	1,406,245	2,118,088
Options granted but not eligible for exercise at end of the year	1,729,779	3,296,590

4. Reconciliation of basic and diluted shares used in computing EPS

	March 31, 2010	March 31, 2009
Basic weighted average shares outstanding	200,000,000	200,000,000
Less: Shares held by ESOP Trust	5,509,323	7,055,168
	194,490,677	**192,944,832**
Add: Effect of dilutive shares granted but not exercised/not eligible for exercise	3,136,024	5,414,678
Weighted average shares outstanding and potential shares outstanding	**197,626,701**	**198,359,510**

5. 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) Write back 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)**

a) 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.

b) During the year ended March 31, 2009, Biocon recorded a write back of unutilised provision for contingencies relating to transfers of its enzyme business of Rs 20,000, created in earlier years.

6. Related party transactions

Sl No	Name of the related party	Relationship	Description	April 1, 2009 to March 31, 2010 Income/ (expense)	Balance as at March 31, 2010 (Payable)/ receivable	April 1, 2008 to March 31, 2009 Income/ (expense)	Balance as at March 31, 2009 (Payable)/ receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(14,140)	-	(11,769)	-
			Other liability	-	(2,190)	-	(691)
2	John Shaw	Director	Salary and perquisites	(8,072)	-	(7,369)	-
3	CIMAB	Joint Venture Partner	Purchase of raw materials	(33,753)	-	(25,483)	-
			Sale of products	13,775	-	2,056	-
			Purchase of Intangible Rights	-	-	(63,760)	-
			Sundry Debtors	-	13,596	-	6,361
			Sundry Creditors	-	(24,160)	-	(13,900)
4	Glentec International	Enterprise owned by Key Management Personnel	Lease of Premises	(2,369)	-	(2,628)	-
5	P K Associates	Proprietary firm of Relative of Director	Lease Rentals	(380)	-	(206)	-
6	NeoBiocon FZ LLC	Joint Venture	Sale of Goods	7,623	-	1,443	-
			Recharge of expenses	-	-	1,157	-
			Sundry Debtors	-	8,583	-	2,600
7	IATRICa Inc.	Associate	Research and Development fees paid	(30,058)	-	(27,844)	-
			Investment in preferred stock	-	138,470	-	90,370

(a) Prof Charles L Cooney and Dr Bala S Manian, non executive directors of the Company, are Chairman and member of Scientific Advisory Board of the Company and are paid sitting fees of Rs Nil (March 31, 2009 - Rs 454) and Rs Nil (March 31, 2009 - Rs 202) respectively.

(b) During the year ended March 31, 2010, Biocon has invested Rs 48,100 in preferred stock of IATRICa Inc., USA.

(c) On March 31, 2010, CIMAB SA, BBPL, Biocon SA and the Company, have entered into an agreement whereby Biocon SA would acquire the 49% equity stake held by CIMAB SA in BBPL. The transaction has not been consummated as at March 31, 2010.

7. Commitments

	March 31, 2010	March 31, 2009
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,149,262	141,278

(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 up to September 2016. Gross rental expenses for the year aggregates to Rs 30,059 (March 31, 2009 - Rs 19,168) The committed lease rentals in the future are:

	March 31, 2010	March 31, 2009
Not later than one year	20,770	18,931
Later than one year and not later than five years	26,968	26,320
Later than five years	13,048	3,277

(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 18,323 (March 31, 2009 - Rs 14,365). The committed lease rental in the future are:

	March 31, 2010	March 31, 2009
Not later than one year	20,422	15,353
Later than one year and not later than five years	32,088	24,008

Where the Group is a Lessor:

(i) Rent

The Company has leased out certain parts of its building (including fit outs) and land on an operating lease, which expire over a period up to 2016. Gross rental income for the year aggregate to Rs 21,456 (March 31, 2009 - Rs 21,408). Further, minimum lease rentals under operating lease are as follows:

	March 31, 2010	March 31, 2009
Not later than one year	20,304	20,856
Later than one year and not later than five years	81,216	81,216
Later than 5 Years	50,760	71,064

8. Contingent liabilities

	March 31, 2010	March 31, 2009
(a) Direct and indirect tax matters under appeal	672,108	427,207
(b) Corporate guarantees given to the Central Excise Department	841,057	841,057
(c) Certain claims made against the Company which the management of the Company believes are not tenable and hence these claims have not been acknowledged as debts	21,026	43,436

9. Foreign exchange forward contracts and unhedged foreign currency exposure

The Group has entered into foreign exchange forward and option contracts to hedge highly probable forecasted transactions in foreign currency.

In respect of highly probable forecasted sales/export collection:	Currency	March 31, 2010	March 31, 2009
Foreign exchange forward contracts	USD	54,000	114,000
European style option contracts with periodical maturity dates up to September 2015	USD	197,000	88,000
In respect of foreign currency loans taken and granted:			
Foreign exchange forward contracts to buy	USD	16,000	24,000
Foreign exchange forward contracts to sell (Euro to USD)	EURO	20,000	20,000
Foreign exchange forward contracts to sell (USD to INR)	USD	30,000	30,000
European style option contracts with maturity up to April 2010	USD	45,000	-
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		**March 31, 2010**	**March 31, 2009**
Receivables		965,203	604,116
Exchange earners foreign currency account		619,292	8,699
Payables		1,037,456	701,468
Foreign currency denominated loans		-	1,735,521

10. Investments in Joint Venture Company

NeoBiocon FZ LLC (NeoBiocon), was incorporated in Dubai as a 50% joint venture between the Company and Mr. B. R Shetty, is engaged in development, marketing and distribution of biopharmaceuticals in the Gulf region. As at March 31, 2010, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon is Rs 17,033 (March 31, 2009 - Rs 5,059) and Rs 10,049 (March 31, 2009 - Rs 3,595), Rs 23,927 (March 31, 2009 - Rs 4,251) and Rs 21,214 (March 31, 2009 - Rs 8,225 respectively). The share of the Company in the accumulated losses of NeoBiocon as at March 31, 2010 stood at Rs 4,080 (March 31, 2009 - Rs 6,792).

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11. Employee Benefit Plans

The Group has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

A summary of the gratuity plan is as follows :

Fund balance	**March 31, 2010**	**March 31, 2009**
Defined benefit obligation	115,438	91,794
Fair value of plan assets	80,612	76,928
Plan Liability	**34,826**	**14,866**
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	91,794	69,328
Current service cost	17,794	12,291
Past service cost	-	-
Interest cost	6,425	6,587
Benefits paid	(2,890)	(2,597)
Actuarial (gain) / loss	2,315	6,185
Benefit obligation at the end of the year	**115,438**	**91,794**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	76,928	66,391
Expected return on plan assets	6,038	5,480
Actuarial gain / (loss)	536	4,252
Actual contribution	-	3,402
Benefits paid	(2,890)	(2,597)
Fair value of plan assets at end of year	**80,612**	**76,928**
Net gratuity cost :		
Components of net benefit cost		
Current service cost	17,794	12,291
Interest cost	6,425	6,587
Expected return on plan assets	(6,038)	(5,480)
Net actuarial (gain) / loss recognised during the year	1,780	1,934
Net gratuity cost	**19,961**	**15,332**
Actual return on plan assets	6,574	9,732
Experience adjustment		
Defined benefit obligation	115,438	91,794
Plan assets	80,612	76,928
Surplus / (Deficit)	(34,826)	(14,866)
Experience adjustments on plan liabilities gain / (loss)	(6,382)	1,287
Experience adjustments on plan assets gain / (loss)	535	4,253
The assumptions used for gratuity valuation are as below:		
Discount rate	7.50%	7.00%
Expected Return on Plan Assets	8.50%	8.00%
Salary increase	8.00%	8.00%
Attrition rate up to age 44	14 to 25%	20.00%
Attrition rate above age 44	10% to 14%	15.00%
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, 2011, is approximately Rs 23,954 (March 31, 2010 - Rs 15,000). The nature of the asset allocation of the fund is only in debt mutual funds of high credit ratings.

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12. Segmental information

Business segments

The primary reporting of the Group has been performed on the basis of business segment. 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.

April 1, 2009 to March 31, 2010

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues					
External sales	20,870,977	2,807,178	-	-	23,678,155
Inter-segment transfers	-	233,092	-	(233,092)	-
Total revenues	20,870,977	3,040,270	-	(233,092)	23,678,155
Costs					
Segment costs	(14,722,154)	(2,132,672)	-	-	(16,854,826)
Inter-segment transfers	(233,092)	-	-	233,092	-
Result					
Segment result	5,915,731	907,598	-	-	6,823,329
Corporate expenses	-	-	(2,108,474)	-	(2,108,474)
Other income	-	-	370,208	-	370,208
Operating profit					5,085,063
Depreciation	(911,829)	(489,572)	-	-	(1,401,401)
Interest expense	-	-	(168,920)	-	(168,920)
Income taxes - Current and deferred	-	-	(486,681)	-	(486,681)
Minority Interest	-	-	(95,619)	-	(95,619)
Profit after taxes					2,932,442
Other information					
Segment assets	18,775,929	5,493,778	-	-	24,269,707
Unallocated corporate assets	-	-	5,091,025	-	5,091,025
Total assets					29,360,732
Segment liabilities	7,103,284	3,156,469	-	-	10,259,753
Unallocated corporate liabilities	-	-	1,184,544	-	1,184,544
Minority Interest	-	-	337,900	-	337,900
Total liabilities	-	-	-	-	11,782,197
Capital expenditure	1,211,355	586,084	-	-	1,797,439

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/Amortisation	(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	-	-	3,136,869	-	3,136,869
Total assets					25,435,972
Segment liabilities	5,290,800	3,676,222	-	-	8,967,022
Unallocated corporate liabilities	-	-	1,113,825	-	1,113,825
Minority Interest	-	-	247,686	-	247,686
Total liabilities	-	-	-	-	10,328,533
Capital expenditure*	2,222,385	2,091,652	-	-	4,314,037

* includes additions through acquisitions

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:

Revenues, net	April 1, 2009 to March 31, 2010	April 1, 2008 to March 31, 2009
India	6,505,534	4,417,092
Outside India	17,172,622	11,669,630
Total	**23,678,155**	**16,086,722**

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

	Carrying amount of segment assets		Capital Expenditure*	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
India	23,488,185	18,948,245	1,593,009	2,852,223
Outside India	5,872,547	6,487,727	204,430	1,461,814
	29,360,732	**25,435,972**	**1,797,439**	**4,314,037**

* includes additions through acquisitions.

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.

13. Other note

(a) The Company has entered into transactions of sale of product to a private company amounting to Rs 1,812, during the year ended March 31,2010, that require prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices have been approved by the Board of Directors of the Company. The Company is in the process of filing an application with the Central Government for such approval and for condonation of delay in making such application.
(b) In terms of Section 115O (6) of the Income Tax Act, 1961 for the year ended March 31,2010, the Company has not provided for Dividend Distribution Tax to the extent the proposed distributable profits pertain to the profits of the Company's SEZ Developer's operations under section 10AA of Income tax Act,1961.

14. 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**
Firm Registration No. 10149W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 29, 2010

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

Summarised Statement for Subsidiary Companies

	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	15,634
Reserves	1,932,776	37,109	-	-	(7,575)	(27,433)	1,571,446
Total Assets	5,146,966	445,303	1,272,558	1,467,283	34,065	2,432,842	3,172,793
Total Liabilities	3,185,440	407,694	1,096,558	1,466,783	19,727	2,456,315	1,585,712
Investment (except in subsidiaries)	108,710	-	-	198,544	-	-	-
Turnover	2,675,660	403,304	381,302	392,944	47,853	32	9,117,360
Profit/(Loss) before taxation	350,203	22,011	26,062	(50,595)	5,425	(59,175)	465,231
Provision for taxation	42,059	-	-	-	-	-	165,909
Operational Profit/(Loss) after taxation	308,144	22,011	26,062	(50,595)	5,425	(59,175)	299,322

Conversion Rate as at March 31, 2010
1 EUR = INR 60.80
1 AED = INR 12.26
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
API	Active Pharmaceutical Ingredient
BSE	The Bombay Stock Exchange Limited
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
Mab	Monoclonal Antibodies
MMF	Mycophenolate Mofetil
MRP	Mutual Recognition Procedure
NCEs	New Chemical Entities
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
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

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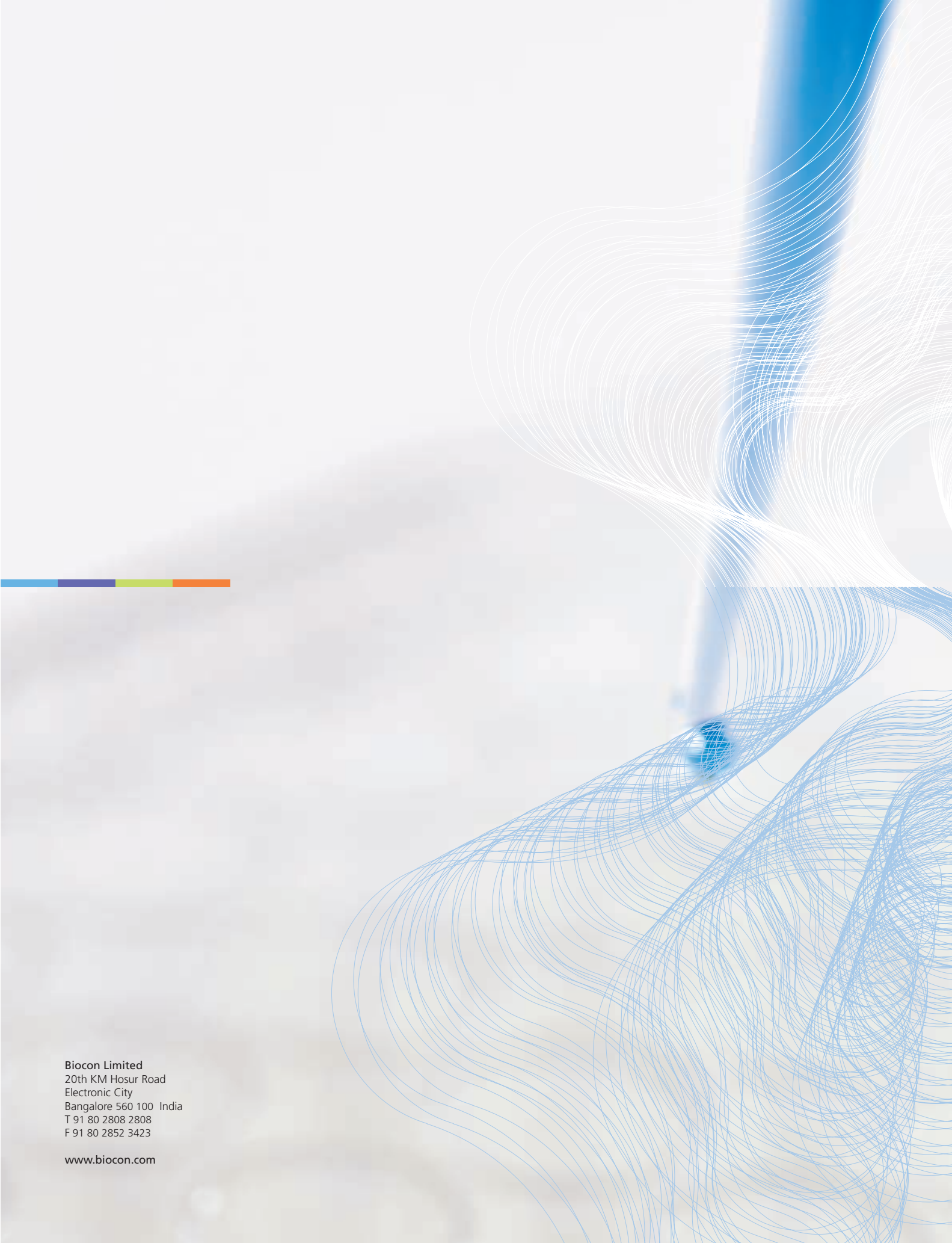

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