Biocon

UNLOCK VALUE

Growth Through Integrated Research

ANNUAL REPORT 2012

It is time to shift the debate – from high priced, advanced therapeutics to affordable innovation for better patient outcomes, from market strategies to medical solutions, from mitigating cost to unlocking value

The traditional R&D based pharmaceutical business model is experiencing unprecedented challenges, leading to an overall slowdown in productivity and growth. Faced with stalling R&D outcomes, rising development costs, depleting pipelines and diminished earnings, the industry needs to fundamentally reinvent and charter new strategies to unlock value.

What we witness today is the emergence of biopharma as a promising scientific platform for future therapeutics that are more sustainable. In order to unleash the potential of biopharma and to seek new growth avenues through innovation, global pharma and biotech companies are actively pursuing internal realignments and external convergences.

In this emerging landscape, patient needs and their perceived value of new medicine have begun to take centre stage, driving biopharma to harness cutting edge science and new operating models that provide affordable and value added solutions for chronic diseases, through a focused portfolio approach. Biopharma's ability to deliver will, however, hinge on complementary bio-value networks, led by multiple global partnerships. These strategic alliances will enable the sector to optimize and recombine capabilities in order to restore competitive advantage and bring value based medicines to market.

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VALUE

Biocon has evolved its business model to unlock value in this unfolding bioeconomy. We have built **five powerful growth accelerators** based on our differentiated competencies in discovery, development and commercialization. These future strong drivers represent Biocon's risk balanced strategy, underpinned by agile network connections, a robust pipeline and a timely 'emerging markets' orientation.

For this Annual Report, we highlight one high value growth accelerator: **Integrated Research Services.**

Syngene and Clinigene, India's longest standing contract discovery and development platforms have over time, evolved from being 'fee for service' providers, to becoming integrated, collaborative and strategic partners with global biopharma enterprises. Together, they have successfully supported the industry's quest for innovation and enhanced R&D productivity. Today, they profile India's emergence as a high quality integrated research and development destination, for both small molecules as well as biologics.

As outstanding science led, client centric performers, both companies are poised to unlock substantial value for Biocon, its partners and patients, the world over.

Our Growth Accelerators

Biocon has shaped its business into five key growth verticals with the aim to deliver sustainable long term value for patients, partners, healthcare systems across the globe and its esteemed shareholders.

01 Small Molecules
02 Biosimilars
03 Branded Formulations
04 Novel Molecules
05 Integrated Research Services

01

Small Molecules

Biocon's Small Molecules strategy, driven by its Active Pharmaceutical Ingredients (APIs) business, has reached an inflection point. Investments in technology platforms to create a differentiated API portfolio are yielding rich rewards.

We now seek to enter the next phase of growth by front ending this business through dossiers, ANDAs and 505 (b)(2) filings.

02

Biosimilars

As the Biosimilars opportunity unfolds, Biocon is at the right place, at the right time. We are rapidly growing our development, regulatory and clinical expertise, along with world class manufacturing capabilities, to break existing oligopolies and make therapies affordable to patients, on a global scale. We are well positioned to contribute towards lowering costs and increasing access to this highly innovative class of drugs.

Building on our India experience, we have begun unlocking value in other emerging markets with Recombinant Human Insulin (rh-Insulin), Insulin Analogs and Monoclonal Antibodies (MAbs), key products of our Biosimilars portfolio.

Branded Formulations

Branded Formulations has been a strong growth driver and a considerable value builder for Brand Biocon. We are committed to achieving market leadership in our chosen therapeutic areas through a carefully orchestrated strategy of product diff-erentiation and personalized medical support.

Biocon's presence in the chronic disease segment in India, is represented by over 70 brands spread across six therapeutic segments: Diabetology, Oncotherapeutics, Nephrology, Cardiology, Immunotherapy and Comprehensive Care.

03

UNLOCK VALUE

Novel Molecules

To realize the full potential of our key advanced R&D assets, we plan to unlock value by taking our most promising novel molecules to proof-of-concept, before exploring global partnerships.

We are also pursuing several other assets in diabetes, oncology and autoimmune diseases with enormous potential through development, licensing and commercialization.

05

Integrated Research Services

Biocon, through Syngene and Clinigene, has built remarkable integrated contract research capabilities to support discovery and development, for both small and large molecules.

Leveraging India's high quality scientific talent pool and sophisticated world class infrastructure at Biocon Park (the country's largest biotech campus), Syngene and Clinigene have been consistently engaged in creating value for its clients through innovative research and development.

Syngene, Biocon's contract research organization, has delivered healthy growth driven by expansion of existing client relationships, addition of new customers, a shift towards integrated and higher value added services, and an accelerating contribution from biology and biologics platforms.

Clinigene, Biocon's clinical development company, has also established itself as an experienced provider of world class, end-to-end clinical and laboratory services. Capitalizing on India's cost advantage in operations, its scientific knowledge base and its diverse disease and patient population, Clinigene's compound-to-clinic competencies continue to attract large multinationals and mid-sized pharma / biotech companies for successful collaborations in the area of clinical development.

Chairman's Review

Dear Shareholders,

Affordability is at the epicenter of the global healthcare debate and it is clear that drug innovation and therapy cost must interact effectively in a new financial matrix. Biocon's business strategy of delivering affordable innovation is well aligned with this emerging paradigm.

Over the past decade, Biocon's biopharmaceutical business has evolved to a size and scale that is poised to address global opportunities.

During the year, Biocon continued to tread the path towards its mission of leveraging India's cost effective innovation base to deliver affordable drugs for chronic diseases in global markets, through strategic research and marketing partnerships.

Over the past decade, Biocon's biopharmaceutical business has evolved to a size and scale that is poised to address global opportunities. We have also shaped our business into five clear growth verticals with specialized and dedicated resources that can help us attain focus and deliver value. These business segments have been derived from our core technology platforms that have differentiated us in the marketplace.

They are:
1. Small Molecules
2. Biosimilars
3. Branded Formulations
4. Novel Molecules
5. Integrated Research Services

Moving ahead, we are investing in augmenting our manufacturing, research and marketing base in order to pursue strong and sustained growth. This includes our first overseas manufacturing facility in Malaysia, our new state-of-the-art research center in Bangalore and a number of marketing alliances in several emerging markets.

The year under review also saw the dissolution of our global partnership for Biosimilar Insulin and Insulin Analogs with pharma major, Pfizer. A change in priority within Pfizer's biosimilars division led to a preference for in house biosimilar programs that were perceived to deliver higher returns. This led the two companies to reach an agreement for amicable parting of ways which was believed to be in best mutual interest. In terms of business continuity, there will be minimal impact as Biocon will continue to develop its programs for global registrations as per plan, utilizing the retained payments received from Pfizer. We remain committed to our commercialization endeavor, albeit on a different path that will shift from a single global partner to multiple regional alliances.

01 Small Molecules to front-end into ANDAs and 505 (b)(2) applications

02 Biosimilars focus on Insulins and MAbs enables us to address emerging opportunities

Biosimilar Insulin and Insulin Analogs occupy a large segment of biosimilars, globally. Our Biosimilar Recombinant Human Insulin is already well accepted in several emerging markets, where we have strong alliances that pre-date our partnership with Pfizer. We are confident that we can carve out a sizeable and profitable share of the US$ 17 billion global insulins market in the years ahead. We expect to extend our relationships with existing regional partners and forge new alliances in other markets.

The Five Growth Verticals

Small Molecules

Biocon has been reaping rich rewards from its Small Molecules business which comprises a robust portfolio of Active Pharmaceutical Ingredients (APIs), including generics like Statins, Immunosuppressants and Proprietary Products like Fidaxomicin. Recognizing the vulnerability of APIs to commoditization, we are entering the next phase of growth by developing and marketing finished formulations. We aim to move up the value chain, through 505 (b)(2) and ANDA filings.

Biosimilars

The Biosimilars opportunity is set to expand as patents expire on leading biologics and patients demand lower priced drugs. A number of top selling biologic brands, including Herceptin®, Enbrel®, MabThera®, Remicade® as well as Insulin Analogs like Lantus®, Humalog® and NovoLog® are due to lose product patent protection over the next 5-7 years, opening up a wealth of new possibilities for biosimilars players. Key therapy areas such as cancer, diabetes and rheumatoid arthritis will spearhead this new wave of biosimilars.

Biocon is well placed to leverage many of these opportunities. Our Insulins portfolio will enable us to strike a sizeable share of the biosimilar insulins market, which is expected to reach US$ 20 billion by 2020. Our Biosimilar Monoclonal Antibodies programs focusing on oncology, rheumatoid arthritis and other areas, will give us additional foothold in these chronic segments.

We have already begun unlocking value in emerging markets with our Biosimilar Recombinant Human Insulin where we are represented in over 30 countries through various regional marketing alliances. With the growing incidence of

Brand Owners:
Herceptin®, MabThera®–Roche, Enbrel®–Pfizer+Amgen, Remicade®–Johnson & Johnson, Lantus®–Aventis, Humalog® –Eli Lilly, NovoLog®–Novo Nordisk

03 Branded Formulations at ₹ 2,594 million grew by 39%

04 Fastest growing Insulins Company in India

diabetes the world over, this will potentially expand the global market even further. Biocon is well positioned to address this large opportunity with the advantage of being 'affordable'.

Branded Formulations

Branded Formulations have helped energize the Company not only in terms of earnings but also in creating brand equity. This is an India centric business and several Biocon brands are amongst the top five in the domestic market. The Indian pharmaceuticals space is set for exciting times with the market expected to attain a size of over US$ 50 billion by 2015.

In less than a decade, Biocon has made a strong entry into the Indian market with over 70 brands across six disease segments: Diabetology, Oncotherapeutics, Nephrology, Cardiology, Immunotherapy, and Comprehensive Care. We are committed to building market and brand leadership through product differentiation and personalized medical support.

I am pleased to state that Biocon is now India's premier Insulins Company, registering the fastest pace of growth in the insulins sector. Whilst we have seen robust growth in the vials segment thus far, the recent introduction of an innovative device INSUPen® has now spurred growth in cartridges as well. INSUPen® has been positioned to augment patient compliance and convenience. Our six months sales numbers reflect good acceptance of this new product offering.

In Oncology, our proprietary anchor product BIOMAb EGFR® which has the distinction of being the first novel biologic to be developed in India, has revolutionized the treatment of head and neck cancer. Recently concluded clinical trials will now enable label extensions to new indications such as glioblastoma and non small cell lung cancer. Over 5,000 Indian patients have benefited from this life saving drug. FY 12 saw the completion of one year of market introduction of the first and only global generic version of everolimus from Biocon. Branded Evertor™, this life saving cancer drug used in the treatment of neuro-endocrine tumors of pancreatic origin, has benefited over 400 patients. Biocon has also provided affordable access to this drug which was previously beyond the reach of most Indian patients.

05 Most promising molecules to be taken to proof-of-concept

06 Over 5,000 patients have benefitted from Biocon's novel biologic, BIOMAb EGFR®

Biocon's Nephrology division continues to forge ahead with its well balanced portfolio of products for dialysis and transplant patients, with most brands featuring amongst the top three. The dialysis market is experiencing unprecedented growth through the establishment of branded chains of dialysis centers across the country. This is expected to expand the market for our leading erythropoietin brand, ERYPRO™.

Novel Molecules

Bringing path breaking proprietary products to global markets is Biocon's long cherished objective. As drug development becomes an expensive, high risk endeavor, we are leveraging our robust R&D engine to deliver affordable innovation. Biocon's global competitive edge rests on its high quality talent, process innovation, and high value licensable research assets. We will take our most promising novel molecules to proof-of-concept before exploring partnerships. Biocon's two late stage candidates include an Oral Insulin molecule (IN-105) and Itolizumab (T1h) – an anti-CD6 MAb for autoimmune conditions which has completed a phase III psoriasis trial with compelling data that profiles it as an attractive licensable asset. Closely following these programs into the clinic are BVX-20, an anti-CD 20 "bio-better" monoclonal antibody that has shown encouraging results so far; and our partnered program with Amylin Pharmaceuticals for AC165198, a Phybrid which has dual pharmacology addressing diabetes and obesity, currently in phase I clinical trials under a US FDA IND.

Integrated Research Services

FY 12 has been one of the strongest years in Syngene's history. The strategy to invest in strengthening our scientific team and capability platforms in discovery and development has allowed us to build stronger, more integrated and value creating collaborations to support our customers. The solid progress we have seen this year by employing this strategy is also reflected by the encouragingly high levels of customer retention and expansion, in terms of both scale and scope of activity.

Additionally, this has also provided us the ability to attract new customers. Supporting this growth, our team of scientists has grown from 1,300 to over 1,600 and is now the largest team of scientists in life sciences in India. Along

07 Research Services Business at ₹ 4,101 million grew by 29%

08 Innovation strategy based on collaborative Research & Development

with expansion in our customer base, we are also seeing an accelerating evolution in the nature of our customer collaborations through high value addition. It has been an encouraging year of consolidation and investment in our underlying service capabilities which enables Syngene to continue its growth trajectory, going forward.

A recent highlight is the establishment of The Abbott Nutrition R&D Center at Syngene, a clear endorsement of the success of our Integrated Services model. We expect to enroll other dedicated research hubs in the future.

Preparing ourselves for the Syngene IPO, we have taken the first step of making Clinigene a subsidiary of Syngene. We plan to move further based on appropriate market conditions as advised by our consultants.

Focus on Innovation

Our innovation strategy is based on collaborative R&D aimed at maximizing outcomes through shared risk and reward, whilst delivering affordable innovation. Biocon's R&D effort has created a robust pipeline of Small Molecules, Biosimilars and Novel Biologics which promise sustained high value growth.

Taking this forward, we recently inaugurated Biocon Research Center, a state-of-the-art integrated Biotechnology R&D Center which has a mandate to be the 'center of excellence' with a multi-disciplinary ecosystem for conducting research. Spread over 2,00,000 sq. ft., this research facility encompasses labs for molecular biology, biologics process science, formulations development, molecular characterization, functional bioassays, and preclinical and clinical development.

Corporate Social Responsibility

Through Biocon Foundation, we aim to make a difference to the life of the communities we serve. Our integrated healthcare initiative spans preventive, primary, secondary and tertiary healthcare programs. In the area of education, our focus is on the quality of primary education delivery.

During the year, our nine Arogya Raksha Primary Care Clinics, meted out medical consultations to over 60,000 patients. We plan to open six more clinics this year

09 Revenues increase 16% to ₹ 21,483 million

10 EBITDA margin 27% at ₹ 5,792 million

and start several new healthcare initiatives. Our key activities last year included an oral cancer screening program and a series of training programs for health workers in chronic disease management.

Under our Micro Health Insurance Scheme, Arogya Raksha Yojana, we enrolled nearly 1,00,000 people in Karnataka. In the area of education, our Math Work Books "Chinnara Ganitha" have greatly enhanced the mathematical skills of students in rural schools. We now print 80,000 books which are distributed in primary schools in eight districts of Karnataka.

I am also pleased to inform you that our rehabilitation efforts extended to flood victims of Bagalkot district in Karnataka, has seen us build over 400 houses which will be supported by a health-cum-community center and a primary school in the village. Going forward, we plan to provide solar lighting to every household as a part of our endeavor to offer a sustainable solution for electrification.

Financial Performance

FY 12 has been an eventful year with good progress across our businesses. At Group level, we have delivered 16% Revenue growth driven primarily by Research Services and Branded Formulations. Our Research Services business showed a robust 29% revenue growth from ₹ 3,177 million to ₹ 4,101 million this year, and our Branded Formulations business grew by 39% from ₹ 1,863 million to ₹ 2,594 million in FY 12. Overall, our EBITDA and PAT margins have been delivered at 27% and 16% respectively. Our Net Cash position further improved to ₹ 7,327 million, against ₹ 4,908 million at the end of last fiscal.

The benefit of licensing income to our PAT was sharply down to ₹ 390 million this fiscal from the exceptional levels recorded last fiscal of ₹ 990 million. However, improvements elsewhere maintained total PAT at near last year's level. Going forward, our development expenses for Insulins program will be set off against the retained payments we have received from Pfizer.

We have seen exceptional growth in our Research Services business, an outcome of the strategic investments we have made over the last two years in enhancing our integrated service offerings.

Moving ahead, we are investing in augmenting our manufacturing, research and marketing base, in order to pursue strong and sustained growth.

Obituary

It is with great sadness that I share with you the news of the demise of Dr. Neville Bain, Non-Executive Director and Chairman of the Audit Committee, on May 22, 2012. Dr. Neville Bain joined the Board of Biocon in 1999 and played a key role in building high standards of Corporate Governance and Financial Reporting for Your Company. His contribution and commitment to Biocon will be cherished for years to come. On behalf of my Board and all my colleagues at Biocon, we express our deepest condolences to his wife and family.

Looking Ahead

Over the past year, Biocon has built on its core strengths and leveraged its growth drivers to ensure a profitable future for Your Company. As we move forward, we will out license our assets to unlock value. We will leverage our Research Services with differentiated offerings. Our focus on emerging markets through regional partnerships, we believe, will help us further stimulate this growth momentum. We will continue to enhance our brand equity in domestic markets and in select emerging markets.

Finally, I would like to thank Team Biocon for its dedication, support and tireless efforts in building Biocon. I also thank all our esteemed shareholders for their continued support and for partnering us in our mission to make a positive impact on global health.

Thank you.
Yours sincerely,

Kiran Mazumdar-Shaw
Chairman & Managing Director
June 5, 2012

Molecular Biology Lab at Syngene

Our Growth Accelerator

Integrated Research Services

Biocon's Research Services business, comprising Syngene and Clinigene platforms, provides state-of-the-art, discovery-to-decision support services to biopharmaceutical, life science and material science companies, worldwide.

Biology Lab

Syngene, considered to be India's foremost Contract Research Organisation (CRO), offers a wide spectrum of discovery and preclinical development services. We are the only CRO platform in India that extends this range of services for both small molecule chemicals, and large molecule biologics, including monoclonal antibodies and proteins. Clinigene complements Syngene's offering by providing clinical development services that have earned an enviable track record in the conduct of phase I and BE studies, phase II-III trials in patients, as well as central and bioanalytical laboratory support for submissions in regulated markets.

Together, Biocon's Research Services operations present a comprehensive, almost end-to-end array of discovery and development services, enabling the potential for high value strategic service propositions that can truly 'integrate' with and complement our customers' internal capabilities and strategic focus.

Our Research Services business has posted an impressive operational performance, with combined sales for the year ending March 31, 2012 totalling ₹ 4,101 million. This represents year-on-year growth of over 29%, and delivers profitability at an EBITDA margin of 31%.

The strong growth of our Research Services reflects in part, the continuing global shift in balance towards higher levels of strategic outsourcing and externalization in R&D based enterprises, across all life science sectors. This shift points towards extraordinary changes in the way research based organizations are re-engineering their discovery and development platforms to build new models that enhance productivity, drive innovation, add value and create competitive advantage.

Significantly, the impressive growth posted by our Research Services business also signals the dynamic investment in and evolution of the Syngene-Clinigene service platforms and propositions, as we seek to broaden and deepen our service capabilities and evolve a wider range of operating models that can better serve our customers' discovery and development goals and objectives.

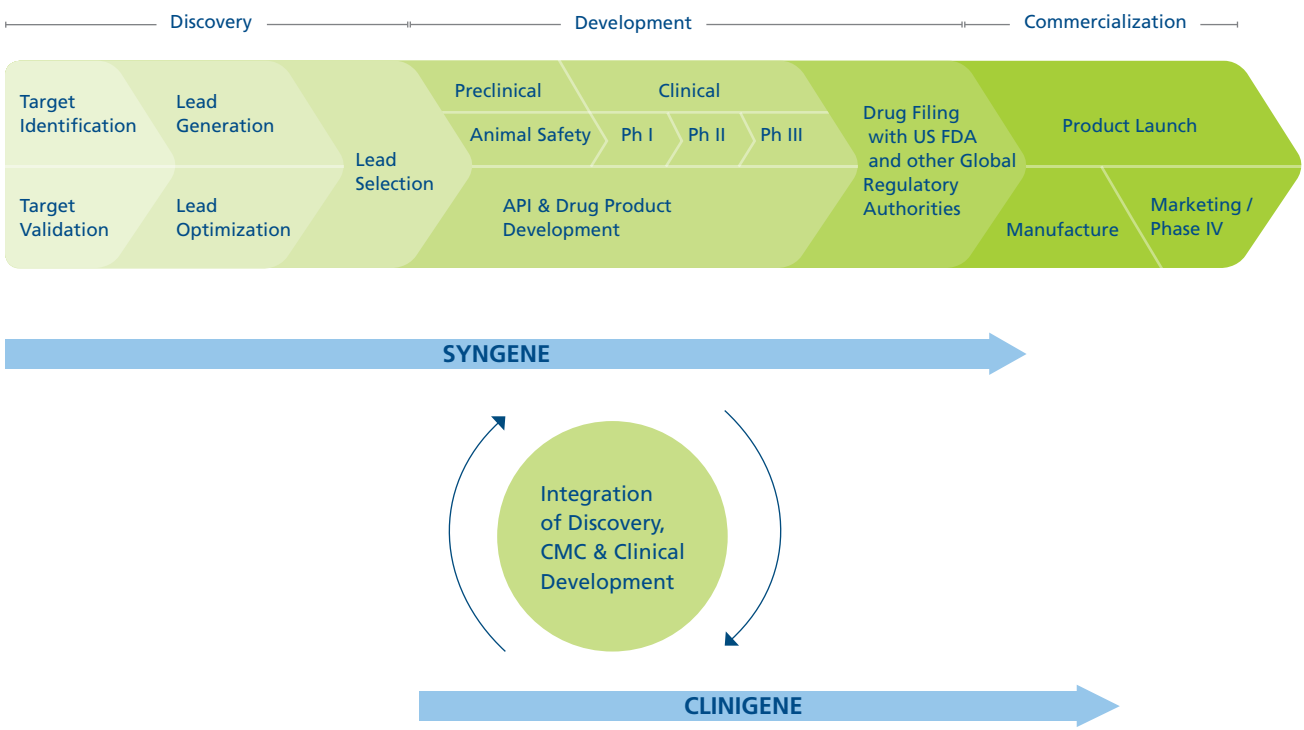
The greatest challenge at the heart of all companies engaged in discovery and development is the dual quest to drive innovation and improve R&D productivity. Achieving this complex balance is a daunting task, even for the most advanced

and sophisticated R&D organizations in the world. Pressure for change has been steadily building as R&D costs have relentlessly increased while output has fallen from historic peaks. The search for new operating models that address the innovation and productivity crunch has revealed two clear trends:

1. Increasing externalization of the discovery and development process by customers in pursuit of improving productivity, driving innovation and compressing timelines to achieve their R&D goals. Externalizing R&D, enables companies to look at alternative and complementary models that can reduce fixed costs, access high quality scientific talent, engage greater operating flexibilities, work in customized and adaptive ways, reduce cycle times and deliver improved costs and productivity.

2. A dramatic shift in the nature of externalization models from traditional short term and tactical vendor based relationships, looking primarily at cost arbitrage for low value activities; to much higher value and strategic collaborations where the service proposition engages, addresses and contributes towards much higher value productivity and innovation challenges, and where the working model reflects true operational partnership.

Integrated Discovery & Development Platforms – Syngene & Clinigene



Based on multiple analyses of the global biopharma sector alone, CRO outsourcing in discovery and development is valued at about US$ 20 billion, globally. Citi's Feb 2012 CRO update estimates that chemistry-based drug discovery accounts for about 25%, with biology-related services (including both preclinical, clinical development and laboratory activities) making up for the remaining 75%. The extent to which these different activities have been outsourced to CRO's varies quite considerably with discovery services penetration of around 15-20%, compared to clinical services penetration of 35-45%. Consensus forecasts of growth rates over the coming 3-5 year period suggest that discovery services will grow at a robust 10-12% p.a., with development services growing around the 10% p.a. mark, consolidating to overall market growth of 12-15% annually by 2016.

Together, Syngene and Clinigene are now well positioned to harness the global outsourcing opportunity. We are committed to building, developing and delivering powerful and differentiated integrated discovery and development service solutions. We have the capabilities to offer flexible and adaptable operational models that can enhance productivity and drive innovation in support of our customers' R&D goals and objectives.

Cell Culture Lab

We are India's largest team of life science scientists

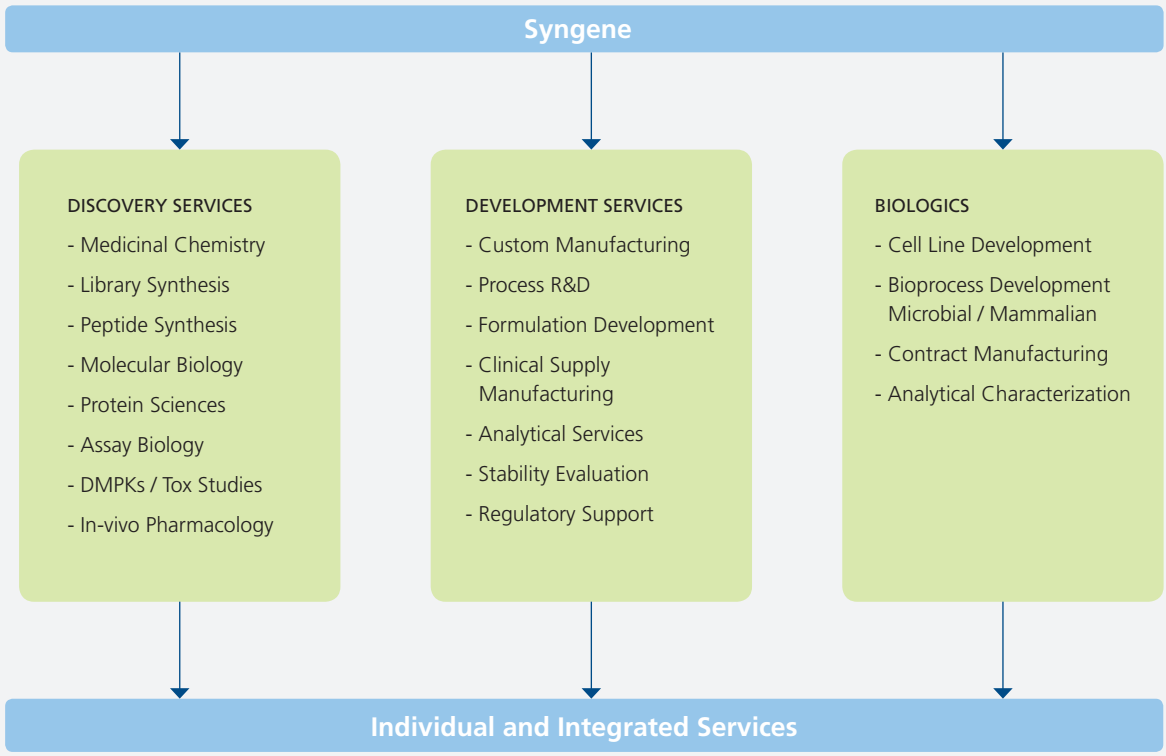
Syngene and Clinigene's integrated discovery and development value proposition starts with the quality and expertise of its scientists who support the breadth and depth of its service offering. As India's leading CRO, we are able to attract and retain the brightest talent from the country's enviable and expanding life science academic output. To complement this core talent pool, and bring contemporary operational experience and insight to strengthen our teams, we are able to attract many senior scientists who have experience working with MNCs. Today, Syngene and Clinigene represent a team of about 1,600 scientists, the largest life sciences team in India comprising over 200 PhDs and nearly 1,200 MScs, with multi-sectorial, multi-therapeutic and multi-disciplinary experience.

Peter Bains, Director, with his core team
from Syngene & Clinigene

We support our scientists with world class infrastructure and internationally benchmarked facilities to advance research opportunities

Located in a Special Economic Zone in Bangalore India, Biocon houses Asia's largest integrated biopharmaceutical research hub. Spread across 90 acres, the scientists at Syngene and Clinigene work in state-of-the-art facilities that empower them to optimally support client discovery and development goals. Over the recent past, we have invested substantially in both capacity and capability and now have more than 1 million sq. ft. of built-up and equipped laboratories that provide global standard capabilities, instrumentation and systems, at every stage of the discovery-to-delivery value chain. All facilities are audited successfully by major life sciences partners and have an impeccable track record in data confidentiality and intellectual property protection.

Service Platform – Syngene



We begin by understanding the challenges and goals of our customers

While access to an outstanding scientific talent pool and world class facilities undoubtedly underpin our service offering, our client goals and value proposition are only really delivered through customized operational and executional excellence.

In this regard, we are very proud that the Syngene-Clinigene service platforms have attracted a notable and diversified customer base of almost 100 global enterprises. Within the biopharma sector which is our largest customer base, this includes not just most of the world's leading multinational pharmaceutical and biotechnology firms, but also prominent mid-sized biotech and pharmaceutical companies, as well as start-ups and virtual biotech organizations. In addition, and because our underlying discovery and development capabilities and services have applications across the full spectrum of life science R&D, our customers also include many of the world's leading chemical, agrichemical, nutritional, consumer and electronics enterprises. We believe, our formidable client base reveals a great deal about our customized service approach.

Syngene Campus at Biocon Park

We customize our business models to optimize the outcomes of our partnerships.

The flexibility and adaptability of Syngene-Clinigene services become evident in its wide range of partnerships and working models. These extend from relatively narrowly focused and functionally specific small scale efforts (utilising perhaps a team of about ten scientists); through more complex mid-sized projects that might span several associated functional activities in a discovery or development project; all the way to large scale and integrated programs best illustrated in Syngene's landmark discovery and development partnership with Bristol-Myers Squibb (see inset). The significant range in scale and scope of our partnerships necessitates a complementary array of operating models that provide the optimal 'fit for purpose' supporting framework. To this end, both Syngene and Clinigene are experienced in the full range of Fee for Service (FFS), Full Time Equivalent (FTE), milestone based and risk sharing models.

"Our mindset and approach to our work is extraordinarily focused on client needs. Every customer has a specific and unique set of discovery or development challenges that we address individually, with services that are exquisitely tailored to their exacting requirements. We begin by really understanding the nature of our client's challenges and of course, their expectations for delivery, relative to their goals and targets. We then customize the construct and deployment of our teams and infrastructure, in a highly flexible and adaptable manner, to offer effective, affordable and focused solutions."
- Peter Bains, Director Syngene & Clinigene

Biocon Bristol-Myers Squibb Research Center (BBRC)

Biocon BMS Research Center

The largest and most sophisticated integrated discovery and development collaboration between a global biopharma major and a CRO in India.

The Biocon Bristol-Myers Squibb Research Center (BBRC) is a unique, first-of-its-kind discovery research partnership between Syngene and Bristol-Myers Squibb (BMS). Located in Asia's largest Biotech Park, BBRC is a 200,000 sq ft dedicated, integrated R&D hub customized for BMS to pursue its pipeline development. It has a team of over 450 highly talented scientists that works seamlessly with BMS labs in the US to develop NCEs, APIs and technology platforms (translational medicine, pro-drugs etc). BBRC's highly entrepreneurial and innovative culture, together with its unique collaborative operating model, has seen the association evolve from simple chemistry out-sourcing with Syngene, to a self sustainable BMS R&D Center in emerging markets. Enhanced capacity and speed of discovery and development programs enables BBRC to build expertise and advance programs from target to lead to early clinical trials for new molecules.

While BBRC heralds the success of BMS's emerging market strategy, it spotlights the strength of Syngene's collaborative research capabilities and multi-disciplinary skills in synthetic chemistry, process chemistry and molecular biology. In BBRC, Syngene offers a powerful value added capability base for BMS, simultaneously reshaping the R&D ecosystem in India through strategic partnerships.

In the area of clinical development, Clinigene, like Syngene, has substantially extended and developed its capabilities and service offerings over the past few years. With a dedicated 65,000 sq. ft. facility audited by international regulatory agencies including EMA, US FDA and ANVISA, Clinigene now offers a 100 bed Human Pharmacology Unit (HPU). This HPU is equipped to conduct volunteer studies, full service early (phase I-IIa) and late (phase IIb-IV) clinical trials, with both platforms supported by state-of-the-art in house central, bioanalytical and immunoanalytical laboratory services. These capabilities enable Clinigene to successfully support its global customers to gain regulatory approvals, limit costs, get access to patient samples and accelerate the development outcomes.

As more and more trials require the inclusion of global trial sites, with an increasing proportion of patients from emerging countries, Clinigene is well placed to support customers, both in India and globally, setting itself up for a promising future.

Service Platform – Clinigene

Looking to the Future

Syngene and Clingiene promise to be high value growth accelerators for Biocon as they look to build and strengthen their position in the expanding outsourcing market in life sciences. We have built tremendous scientific capabilities and competencies, world class facilities, agile operating models and an impressive clientele and are rapidly evolving our outsourcing relationships from simple vendor transactions into truly strategic alliances and partnerships. We support shorter timelines, provide flexible capacities and capabilities, drive productivity and are increasingly contributing to fundamental innovation which lies at the core of biopharmaceutical and life science discovery and development. Testament to the quality and value of our services is not just the addition of new customers but also the fact that more than 90% of our existing clients have extended a prior relationship.

Looking to the future, we believe that the global R&D ecosystem of our customers will continue to adapt and evolve to meet the ever present and constant challenge of driving innovation and productivity to new levels. To this end, and against these challenges, our strategy at Syngene and Clinigene will also be to continually adapt, evolve and grow our scientific platforms, capabilities and service propositions, as well as our operating models, so that we can continue to offer more differentiated value service platforms that can make higher value contributions towards supporting and achieving our customers R&D goals and objectives.

Human Pharmacology Unit at Clinigene

Board of Directors

From Left to Right: Mr. Suresh Talwar, Mr. Russel Walls, Prof. Ravi Mazumdar, Mr. Peter Bains (Syngene), Mr. John Shaw, Ms. Kiran Mazumdar-Shaw, Late Dr. Neville Bain, Prof. Charles L. Cooney, Dr. Bala S Manian, Prof. Catherine Rosenberg

Mr. Suresh Talwar
Partner, Talwar Thakore & Associates + Director L&T Ltd., Birla Sun Life Insurance Co. Ltd., Blue Star Ltd., and other leading companies + Area of professional specialization includes corporate law and related fields + Legal Counsel to numerous Indian companies, multinational corporations and banks

Mr. Russel Walls
Fellow Member, Association of Chartered Certified Accountants, UK + Extensive experience in the field of finance + Director across a range of industries, pharmaceuticals, textiles, transport, leisure + Non-Executive Director of Signet Jewelers Ltd. + Treasurer and Trustee of The British Red Cross + Member, Finance Commission of The International Federation of The Red Cross + Served BAA plc, Wellcome plc, Coats Viyella plc, Stagecoach Group plc, Hilton Group plc., etc.

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

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

Ms. Kiran Mazumdar-Shaw
Chairman & Managing Director, Biocon + First generation entrepreneur with more than 33 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

Prof. Charles L. Cooney
Professor, Chemical & Biochemical Engineering, MIT, USA + Director, Microbia Inc., Poly Pore International Inc., and LS9 Inc. + Recipient of prestigious awards, including Gold Medal of the Institute of Biotechnology Studies and Distinguished Service Award from the American Chemical Society

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

Prof. Catherine Rosenberg
Alternate Director to Prof. Ravi Mazumdar, Biocon + University Research Chair Professor & Chairman, Department of Electrical & Computer Engineering, University of Waterloo, Canada

Mr. Peter Bains
Director, Syngene International Limited + Director, Peter Bains Consulting Limited + Director, Sosei, a Tokyo listed Japanese biotechnology company + Extensive track record of achievement as a senior pharma and life science executive

Ms. Mary Harney
Inducted as Additional Director on the Board in April 2012 + Served as Tánaiste (Deputy Prime Minister) of the Irish Republic from 1997-2006 + Held the position of Minister for Health & Children from 2004-2011 in the Irish Government + Initiated far reaching healthcare reforms during her illustrious political career

Obituary

Dr. Neville Bain
Non-Executive Director & Chairman of the Audit Committee, passed away on May 22, 2012 at his home in London.

Dr. Bain joined the Board of Biocon Limited in 1999 and has contributed substantially towards building high standards of Governance in Biocon's Financial Reporting and Risk Management Systems.

Dr. Neville Bain had an illustrious Corporate career as Deputy Group Chief Executive & Finance Director of Cadbury Schweppes and later, as Group CEO of Coats Viyella. He has authored five management books on Corporate Governance, Strategy and People Management.

Biocon pays homage to a Director who carried out his fiduciary duties in an impeccable manner.

We offer our heartfelt condolences to his wife and family.

May his soul rest in peace.

Clinical Advisory Board

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

Dr. G. Alexander Fleming
MD, President and CEO of Kinexum LLC + Member of numerous Scientific Advisory Boards and Expert Committees

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

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

Prof. Andrew Morris
FMedSci, Professor of Medicine & Director, Biomedical Research Institute, University of Dundee

Core Committee

Ms. Kiran Mazumdar-Shaw
Chairman & Managing Director,
Founder — Biocon Limited

Mr. John Shaw
Vice Chairman
with Biocon since 1998

Dr. Arun Chandavarkar
Chief Operating Officer
with Biocon since 1990

Mr. Murali Krishnan
President, Group Finance
with Biocon since 1981

Dr. Abhijit Barve
President, Research & Development
with Biocon since 2010

Mr. Rakesh Bamzai
President, Marketing
with Biocon since 1995

Mr. Ravi Dasgupta
Group Head, Human Resources
with Biocon since 2007

Operations Review

Milestones

Foundation stone laid for Biocon's upcoming Biopharmaceutical Manufacturing and R&D Facility in Malaysia

Biocon introduces INSUPen®, its first reusable Insulin Delivery Device using proprietary German technology, in Oct 2011, in India

Clinigene and Pacific Biomarkers collaborate to address the specialty biomarker and high end clinical trial laboratory needs of the global pharmaceutical and biotechnology industry

Biocon announces positive results of phase III clinical study with its novel molecule, Itolizumab (T1h) for chronic plaque psoriasis, in Jan 2012

Biocon Research Center (BRC) – Asia's largest integrated Biopharmaceutical Research and Development Center is inaugurated in April 2012, by Nobel Laureate Prof. Kurt Wüthrich

Biocon receives the Greentech Environment Excellence Gold Award and CII Award for outstanding effort in the area of Environment, Health & Safety, in 2011

A new Manufacturing Facility for oncology and immunology APIs is underway

Syngene collaborates with Abbott Nutrition and sets up a dedicated Nutrition R&D Center at Biocon Park, in June 2012

Business Verticals

Small Molecules

Our Small Molecules business registered steady growth, building on the momentum of its robust performance in India, APAC and LatAm countries during FY 12. This business vertical is a major revenue driver for Biocon, present in over 80 countries, with a wide ranging portfolio of Statins and Immunosuppressants. In FY 12, we moved further up the value chain with differentiated APIs like Orlistat, Everolimus and Fidaxomicin. Simultaneously, we continue to strengthen our presence in the anti-cholesterol, anti-diabetes, immunosuppressants, opthalmics and anti-obesity segments.

Supported by world class manufacturing and research capabilities, Biocon has consistently maintained its leadership position as one of the largest Statin manufacturers in the world. Our key differentiator has been our competence in fermentation technology based manufacturing. We continue to demonstrate the ability to straddle a complex matrix of manufacturing requirements for high value, niche APIs such as immunosuppressants and volume intensive APIs such as Statins.

Going forward, we aim to extend our well validated capabilities, and strengths in characterization and bioanalytics, to efficiently develop differentiated, complex small molecules. We are also looking to move up the drug value chain by leveraging our API expertise to develop finished dosage forms for international markets.

Research & Development

Our Small Molecules R&D team remains focused on three primary areas:

- Improving process efficiencies and cost reductions for existing products
- Working on differentiated APIs based on our core strengths in fermentation technology and peptide synthesis
- Developing core formulation capabilities

In line with Biocon's overall business strategy to unlock R&D value, we plan to file our own dossiers and develop novel formulations.

Quality & Regulatory

Biocon's Small Molecules manufacturing and testing facilities adhere to stringent quality guidelines and requirements for GMP. Our facilities have been inspected by leading international regulatory agencies, including US FDA, European authorities (Germany, France) and authorities from Asia, Africa and South America. We have also been audited by more than 70 domestic and overseas customers and verified for GMP compliance. This year, over 150 submissions have been made with regulatory agencies like US FDA, EDQM and European authorities, Health Canada and TGA-Australia. Regulatory submissions and approvals for key therapeutic segments viz., oncology, endocrinology, cardiology, immunology and ophthalmology, in emerging

markets such as South Korea, GCCs and BRIC-MIST will enable us to realize future growth potential for the Small Molecules business. During the year, Biocon has actively contributed to the pharmacopeial monograph elaboration/ revision process with bodies such as US Pharmacopeia and European Pharmacopeia for various small molecules.

Our strong regulatory, quality and manufacturing infrastructure ensures continued global acceptance of our APIs.

Outlook

Leveraging our long experience and leadership position in APIs, we believe formulations to be the next big step forward. Our access to APIs will give us clear competitive advantage in developing formulations for important therapy areas like immunotherapy and the treatment of diseases such as cardiovascular, multiple sclerosis, etc. Our current portfolio of APIs has been augmented by our strategic alliance with Optimer Pharma for supplies of

Fidaxomicin API for its DIFICID® brand. Continued development of high value, niche APIs and foray into new therapy segments like oncology will further strengthen this business.

Going forward, enhancement of market share for the immunosuppressants portfolio in existing markets and entry into new geographies through strong regional partnerships will accelerate the future success of this vertical. LatAm will continue to offer greater traction, led by significant success in Brazil. The near future will see us making inroads into Africa, Russia, GCCs and Japan through well established, local network collaborations.

Highlights

> Commencement of commercial supplies of Fidaxomicin to Optimer Pharma, post approval from US FDA for the launch of DIFICID®

> Strategic marketing partnerships established in LatAm, Russia, Turkey, APAC and Africa

> New manufacturing facility for oncology and immunology APIs is underway

Biosimilars

Our Biosimilars business, a high potential growth driver for Biocon, offers a promising portfolio of Recombinant Human Insulin (rh-Insulin), Insulin Analogs and several Monoclonal Antibodies (MAbs). These molecules present a huge opportunity as innovator products go off patent over the next 5-7 years.

The development of biosimilars is extremely challenging, involving complex processes, rigorous clinical trials, the need for sophisticated devices, stringent regulatory compliance and a prudent commercialization strategy to capitalize on market opportunities.

With its robust development pipeline, Biocon is well placed to charter success in the global biosimilars market. Building on our India experience, we have begun unlocking value in other emerging markets for rh-Insulin and Insulin Analogs, key products of our Biosimilars portfolio. Existing regional alliances for our pharma business will enable early market entry for our biosimilars.

Insulins

The global insulins market estimated at US$ 17 billion in 2011 and growing at 12.4%, presents an exciting growth opportunity for Biocon.

Our global marketing strategy will be driven by rh-Insulin and Insulin Glargine, which together will address over 50% of the existing global insulins market. Building on the experience gained, we will gradually introduce other Insulin Analogs.

Since the first launch of our Insulin in India in 2004, Biocon has received approvals for its Insulin portfolio in over 30 countries. In line with our commitment to take Insulin to global markets with an 'emerging markets first' strategy, we are establishing a state-of-the-art biopharmaceutical manufacturing and R&D facility in Bio-XCell, a custom built biotechnology park and ecosystem in Malaysia. The new facility, likely to become operational by 2015, will augment Biocon's biopharma manufacturing capabilities.

Additionally, our ability to expand our product offering through innovative delivery devices gives us greater traction in this segment. In India, we launched INSUPen®, a world class, reusable Insulin pen, based on proprietary German technology, in Oct 2011. INSUPen® is a first-in-class delivery device designed for efficiency, accuracy and safety, and can deliver both BASALOG® and Insugen®, thus maximizing patient convenience. We plan to take this differentiated device to other emerging markets in the coming financial year.

In an era of global networks, the biopharma sector is also collaborating at every stage of the drug value chain to unlock greater value, faster. Recognizing the advantages of strategic partnerships very early in its evolution, Biocon has historically pursued global alliances to strengthen its footprint, worldwide.

Although Biocon's partnership with Pfizer for insulin commercialization was recently concluded, Biocon has regained all licensing rights to its Insulins. We will continue to pursue our global Insulins development program and expand our existing local partnerships to access these markets.

Highlights

> rh-Insulin: Phase III trial in EU currently underway

> Insulin Glargine: IND filed in Dec 2011. Global phase I trial ongoing.

Research & Development

Our R&D team is committed to advancing developmental activities for Biocon's Insulin business in line with its global Insulins strategy. A dedicated Insulins R&D team works along with its cross-functional counterparts in regulatory, quality control, quality assurance and manufacturing to accelerate the development pathway.

During the year, phase III trials for rh-Insulin in EU continued with results expected in 2012. We are also actively pursuing a phase IV clinical trial in India

for rh-Insulin. In order to realize our focus on emerging markets, we have submitted applications and received approvals from some of key countries in Africa, LatAm and ASEAN regions.

Alongside rh-Insulin, Biocon is developing Insulin Analogs. We have submitted applications in few regulated countries to initiate the pre-registration process.

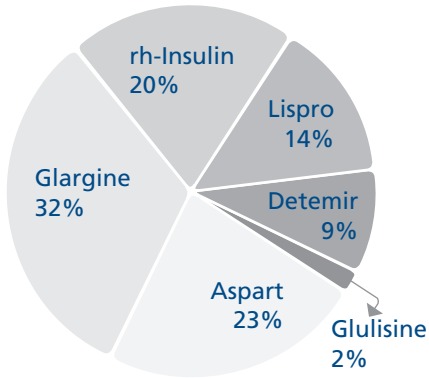
MAbs

In addition to its Insulins portfolio, Biocon is developing more complex biosimilar biologics, including Monoclonal Antibodies (MAbs) for the global market.

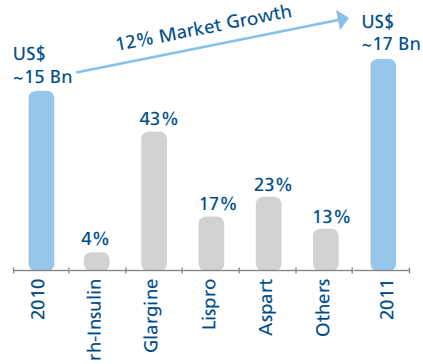
In 2009, we entered into a collaboration with US-based Mylan Inc, the third largest generics company worldwide, to develop, manufacture, and commercialize high value biosimilars. Through this collaboration, Biocon has been successfully developing a portfolio of oncology and immunology products for the global market, valued at over US$ 33 billion.

While Mylan reserves commercialization rights for USA, Canada, Europe, Japan, Australia and New Zealand through a profit sharing arrangement with Biocon, both partners have co-exclusive commercialization rights in all other markets around the world. The Biocon-Mylan collaboration has demonstrated its maturity in FY 12, with initiation of its first clinical trials for the shared portfolio. FY 12 has also seen significant expansion of our fermentation capacity and multiple successful international audits of our production facilities. While MAb development work in partnership with Mylan is ongoing, Biocon has, in the past, successfully commercialized another biosimilar product, NUFIL™ (filgrastim) in India.

The Global Insulins Opportunity: US$ 17 billion



Market Breakup by Molecule



Growth Contribution by Molecule

Research & Development

Our Biosimilar portfolio with Mylan has advanced considerably in the past year, reaching various stages of maturity, ranging from cell line and process development, process scale-up to commercial scale, preclinical testing, and clinical trials. Development has been driven by Biocon's historic expertise in fermentation technologies, together with its well validated, world class analytical and process development capabilities. While leveraging the efficiencies of clinical and preclinical development in India, we continue to advance trials in developed markets. Biocon's overriding R&D strategy has, from the very outset, been to develop products that meet the stringent biosimilarity and quality requirements of the US and EU. As on date, our biosimilar Trastuzumab aimed at India and emerging markets, has entered multi-centric phase III clinical trials in India.

Quality & Regulatory

The quality and regulatory requirements for development of biosimilars are more extensive than those for small molecules generics. Demonstration of biosimilarity requires extensive evaluation, of both biosimilar and innovator product, employing advanced analytical techniques at the quality level and comparative preclinical and clinical studies. It is critical to have consistent quality which is either on par or above the reference product, with high CMC comparability, which is a huge and complex challenge.

Biocon-Mylan: Targeted Opportunity – MAbs & Complex Biologics

Originator Molecule*	Originator Indications	Global Sales 2011
Trastuzumab (Herceptin®)	Oncology (Breast, Gastric)	US$ 6.3 billion
Pegfilgrastim (Neulasta®)	Oncology (Neutropenia)	US$ 5.2 billion
Bevacizumab (Avastin®)	Oncology (various)	US$ 6.7 billion
Adalimumab (Humira®)	Rheumatoid Arthritis, Psoriasis, Crohn's Disease, Ankylosing Spondylitis, Ulcerative Colitis	US$ 7.9 billion
Etanercept (Enbrel®)	Rheumatoid Arthritis, Psoriasis, Ankylosing Spondylitis	US$ 7.4 billion

* Brand Owners: Herceptin®, Avastin®-Roche, Neulasta®-Amgen, Humira®-Abbott, Enbrel®-Pfizer+Amgen

Hence, the development of biosimilars becomes an extremely expensive proposition that requires extensive R&D resources, robust preclinical testing and clinical trial abilities, encompassing a wealth of regulatory, manufacturing and marketing complexities. Furthermore, the global regulatory landscape for biosimilars continues to evolve. In the US, the 505 pathway is established for insulins and the recent FDA draft guidance has provided clarity for the 351(k) pathway that applies to MAbs and related products. Similarly in the EU, the process of updating guidelines for MAbs is underway. In emerging markets, a number of countries are adopting WHO-based biosimilar development guidelines, thus raising the bar for biosimilar players. Biocon is well placed to capture these emerging markets on the back of its high quality development approach that is already aligned with the regulatory needs of advanced markets. All our facilities continue to be successfully audited by international regulatory agencies.

Outlook

Biocon remains committed to delivering affordable, quality Insulins for global markets. Our Insulins portfolio holds great promise as we take it to emerging markets through regional partnerships. We believe our differentiated, patient friendly insulin delivery device, INSUPen® will greatly enhance patient comfort and compliance, positioning us among leading players in Insulin therapy. Our biopharma R&D and manufacturing facility in Malaysia will also give fillip to our global biosimilar strategy.

Our Biosimilars MAbs program aims to seek approvals in key regulated markets of the US and EU, in line with their latest guidelines. We will also continue to leverage the accelerated pathways available in many emerging markets to bring more affordable therapies to a greater number of patients in need.

Branded Formulations

Our Branded Formulations business has grown rapidly, offering a large basket of products for chronic diseases to a sizeable patient population in India. This business continues to make a significant contribution to the building of Brand Biocon.

Increasing patient needs are driving us to develop value added yet affordable treatment options. In order to meet these rising demands, our Branded Formulations India business has adopted a focused portfolio approach that caters to the key therapeutic segments of Diabetology, Nephrology, Cardiology, Oncology, Critical Care and Immunotherapy.

During FY 12, the Branded Formulations business achieved sales of ₹ 2,594 million, recording strong growth of 39%. The Critical Care and Immunotherapy divisions, launched in mid-FY 11, have grown manifold within a short span of time and a significant number of products have been introduced by many other therapeutic divisions.

India Focus

Diabetology

During FY 12, the Diabetology division registered robust growth of 38%, moving Biocon to the no. 4 position in the Insulins segment. Biocon's INSUGEN® ranked no. 3 in the 40 IU Insulin space, with a growth of 31%, is outpacing market growth (ORG IMS March 2012 MAT). Our Insugen® 100 IU, launched in FY 11, also captured significant market share. In the Insulin Glargine market, Biocon's BASALOG® vials continue to provide affordable insulin therapy options to diabetes patients.

INSUPen®, Biocon's first reusable insulin delivery device launched in the presence of eminent endocrinologists in mid-FY 12 was very well received. A breakthrough in insulins delivery devices, INSUPen® offers patients in India:

- Reusable, best-in-class, proprietary German technology based pen with user friendly features
- First pen with a choice of 3 colors for clear insulin differentiation

INSUPen® has been a substantial value add to our basket of Insulin therapies in the market and enables us to compete in the cartridge segment.

To enhance patient experience with INSUPen®, Biocon has introduced a patient support system for diabetics. A proactive team of Diabetes Care Advisors (DCAs) leads the on-field service arm, supported by a '7 days a week' helpline that offers counseling to diabetics. Biocon's 'one call does all' provides complementary, wide ranging support for INSUPen®, including at home product demos, counseling on lifestyle changes and answers to product related queries.

Oncotherapeutics

Biocon's Oncotherapeutics division remains committed to unlocking the value of its oncology portfolio by providing access to affordable and differentiated anti-cancer therapies. Evertor™, the first and only global generic of everolimus for the treatment of progressive neuro-endocrine tumors of pancreatic origin, completed one year of launch in FY 12. Indigenously developed using our proprietary platform technology, Evertor™ is available to patients at a competitive price.

Abraxane®, our best-in-class taxane used in the treatment of metastatic breast cancer, is amongst the top three brands in its segment in India and has consistently been the fastest growing brand in its category. Biocon has exclusive marketing rights for this product in India through a tie-up with Celgene Corporation. Nearly 3,000 Indian patients in the last three and a half years have greatly benefitted from this affordable treatment.

Biocon's BIOMAb EGFR®, our first humanized monoclonal antibody for head and neck cancer, also grew significantly in FY 12. In line with our promise of affordable innovation, its cost of therapy remains competitive compared to other anti-EGFR MAbs.

Nephrology

Biocon's Nephrology division addresses the therapeutic needs of chronic kidney disease (CKD) and transplant recipients with the most comprehensive, economical and innovative methods. The division posted strong growth in FY 12, with many brands featuring among the top three in their respective therapy segments. The ERYPRO™ group remains a flagship brand of the dialysis portfolio, catering to patients of various

economic strata through its wide offering of vials, PFS and an innovative safety solution in the form of ERYPRO *safe*™. The division's immunosuppressant portfolio continues to expand, driven by double digit growth of RENODAPT® and TACROGRAF™. In FY 12, we also launched the smallest dose of tacrolimus as TACROGRAF™- 0.25mg, for titrating dosage to optimize immunosuppression in transplant recipients.

Cardiology

Biocon's Cardiology division continues to post strong growth in the cardiology segment driven by its key brands STATIX®, BESTOR®, ACTIBLOK™ IPR, TELMISAT® and MYOKINASE®, all of which gained considerable market share during the year. Additionally, our injectables portfolio grew by 58%

and our statins portfolio was further augmented with the launch of BESTOR-FN™ which offers nanonized fenofibrate and rosuvastatin as a 'fixed dose' combination therapy for high risk diabetic dyslipidemics.

Immunotherapy

Biocon's Immunotherapy division, launched in 2010, has been successfully addressing the therapy needs of patients with immune-related dermatological disorders. The division has created significant impact due to its focused approach in terms of strategic marketing and differentiation. Posting robust growth this year, market performance was driven by three flagship brands: TBIS®, PICON® and PSORID™ ranked among the top two brands in their respective therapy segments.

The division also launched CALPSOR™ and CALPSOR™ C in FY 12. Both products have been well received by dermatologists.

Comprehensive Care

Biocon's Comprehensive Care division offers an affordable and quality anti-infective portfolio, as well as novel therapies for the treatment of surgical trauma and medical emergencies. In the fiscal year gone by, the Comprehensive Care division grew aggressively with wide acceptance of its brands in various hospitals and nursing homes across India.

Its strong performance was driven by PENMER® and BIOPIPER TZ™. The launch of three new drugs, SUPRAVA™, CEGAVA® and ALBUBET® SAFE has considerably strengthened the existing portfolio. Within a year of their launch, these brands feature among the top 10 in their respective categories.

Emerging Markets

Following the successful performance of Abraxane® in the UAE and GCC regions, NeoBiocon, our UAE-based JV, added six new products to its portfolio, in FY 12. These are: Statix (atorvastatin), Nervz (gabapentin), Hiace (lisinopril), Clamox (co-amoxiclav), Zargo (losartan) and Act 5 (amlodipine). The launch of these products was ably supported by a dedicated marketing team in the UAE. Among the new entrants, Statix, Nervz and Clamox made their presence felt within the first year of launch. Going forward, NeoBiocon is committed to addressing patient needs in diabetology, oncology, cardiology and infection management therapy with several products in the pipeline.

Quality & Regulatory

In line with our formulations strategy for world markets, we have advanced our efforts to deliver affordable therapy options to pharmerging markets. During the year, we achieved successful registrations in South America and Asia.

Our associate manufacturing facilities for our immunosuppressant range of formulations have been inspected by health authorities from Asian and African countries. Biocon's strong and dedicated quality and regulatory teams will remain focused on registering an additional basket of niche, generic products for international markets.

Carving a Niche in Branded Formulations

Therapeutic Segment	Affordability Index*	India Product Rankings**	
Diabetology	BASALOG® **~40%** Insugen® **~15%**	INSUGEN® 40 IU BASALOG® Vials	3 1
Cardiology	BESTOR® **~30%** STATIX® **~25%**	MYOKINASE® CLOTIDE®	2 2
Immunotherapy	PICON® **~40%** PSORID™ **~25%**	PSORID™ PICON®	1 2
Oncotherapeutics	Evertor™ **~60%** BIOMAb EGFR® **~50%**	BIOMAb EGFR® Abraxane®	2 3
Nephrology	Advacan™ **~45%** TACROGRAF™ **~30%**	TACROGRAF™ RENODAPT® & RENODAPT®-S	2 3

*Compared to the top selling competitor brand
** ORG IMS Jan MAT 2012 (volume share)

Outlook

The Indian pharmaceutical market has posted 16% growth in FY 12, valued at US$ 13 billion. This encouraging growth is expected to continue over the next few years, leading to a size of over US$ 50 billion by 2015. The chronic therapy segment, comprising more than 25% of the overall market, is outpacing growth in the acute therapy segment.

Biocon, with its focus on the chronic therapy segment, is well placed to capitalize on this unfolding opportunity. We are committed to achieving market leadership in our chosen therapy segments through a carefully orchestrated strategy of product differentiation and personalized patient support. Biocon's nationwide market presence will enable the business to unlock value in each of its therapeutic divisions, going forward.

Novel Molecules

Biocon continues to traverse the path of establishing itself as an emerging global biopharmaceutical company. This progress is fuelled by our Novel Molecules business that capitalizes on in house expertise along the drug value chain to develop innovative therapies that address unmet medical needs in oncology, immunotherapy and diabetes. Biocon's Novel Programs leverage core competence in process development, preclinical and clinical development, as well as manufacturing with strong, quality control, quality assurance, regulatory and commercial inputs to support the Company's vision of affordable innovation. Our promising pipeline has proprietary and partnered programs which are an outcome of cutting edge research that constantly pushes the boundaries of science.

High Potential Research Pipeline

• US IND filed by partner for AC165198

Our first-in-class programs are aimed at creating licensable research assets focusing on:

Autoimmune Diseases

Target Areas: Psoriasis, Rheumatoid Arthritis, Multiple Sclerosis
Current Combined Global Market Value: Approx. US$ 38 billion*

Itolizumab (T1h) is a first-in-class, humanized, anti-CD6 monoclonal antibody. The lead indication for this molecule is psoriasis, for which we have successfully completed a phase III clinical trial in Indian patients. We intend to file for regulatory approval and marketing authorization in India for its use in the treatment of psoriasis. We believe this innovative drug will provide a safer and affordable alternative to the biologics currently available in the Indian market. Itolizumab has also shown promising preliminary results in the treatment of rheumatoid arthritis and multiple sclerosis. We aim at initiating discussions with global pharmaceutical companies to partner and develop this asset across multiple indications.

Metabolic Diseases

Target Areas: Diabetes, Obesity
Current Combined Global Market Value: Approx. US$ 36 billion*

AC165198 is a product with dual pharmacology, co-developed by Biocon and Amylin. An IND for this molecule was filed by our partner, Amylin with the US FDA in December 2011. The product is currently undergoing phase I, clinical studies in the US.

Oncology

Target Areas: Non-Hodgkins Lymphoma, Gastric Cancer, Breast Cancer, Colorectal Cancer, Head & Neck Cancer
Current Combined Global Market Value: Approx. US$ 27 billion*

BVX-20 is a novel anti-CD20 mono-clonal antibody being developed in collaboration with our partner, Vaccinex, for the treatment of non-Hodgkins lymphoma. We intend to initiate phase I clinical trials for this molecule soon.

A portfolio of bi-specific targeted immune-stimulatory antibody-based fusion proteins designed to target a wide array of cancers is also under development. Initial studies in animal models have shown encouraging results.

Highlights

> Itolizumab: Successful completion of phase III clinical trial for psoriasis in Indian patients

> AC165198: Successful filing of IND and initiation of First in-Man studies (phase I) in the US

Biocon Research Center

The recently inaugurated Biocon Research Center (BRC) will greatly enhance the capabilities of Biocon's in house innovation programs. BRC is equipped with world class laboratories for molecular biology, biological process development, formulations development and other R&D functions.

Quality & Regulatory

Our Regulatory Affairs team continues to work with the Drugs Controller General of India and other regulators across the globe, to ensure that the development of our novel programs is conducted with the highest quality standards and in compliance with regulatory guidelines in major markets.

Outlook

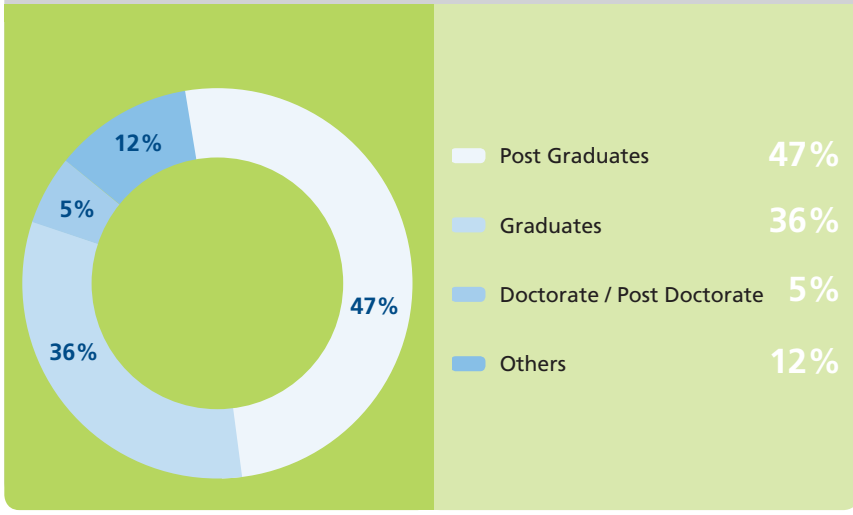
Moving forward, we hope to rapidly progress the promising candidates in our pipeline to proof-of-concept before unlocking value through out-licensing. We believe, we already have several high value licensable assets that will accelerate and sustain growth for Biocon. This will reaffirm our position among emerging biopharma innovators and more significantly, deliver novel therapies to treat life threatening conditions at an affordable cost to patients.

*Global Market Value Data: EvaluatePharma©

Human Resources

Biocon, including its subsidiaries, comprises a synergistic family of over 6,200 members, across several locations. The Biocon HR team constantly strives to provide strategic support to the Company's expanding business by unlocking the superior potential of its diverse workforce. In FY 12, a significant number of people initiatives enabled the Company to build, energize and retain its most prized asset – People.

Intellectual Profile



Recruiting the Best & the Brightest

During the year, we established recruitment alliances with leading business schools and recruited talent from Tier I B-schools like IIMs (Bangalore, Chennai, Kozhikode, and Shillong), ISB, MDI and NITIE, as well as technical graduates from IITs (Delhi and Chennai) and NIPER, to fuel our talent pipeline for various functions. We continued to harness social media effectively to hire talent for several senior and strategic positions, and engage with potential talent. Additionally, we leveraged technology by investing in a Recruitment Management Software to enhance the efficiency of the recruitment lifecycle. A dedicated team was also formed to exclusively focus on hiring senior talent in niche areas. We empanelled search partners, including global partners across the spectrum of our competencies, to help us scout for the best talent.

Unlocking Talent & Developing Competencies

We continue to focus on unlocking latent skills and developing competencies of our people through a variety of learning initiatives such as classroom training workshops, webinars, external conferences and lectures on technical subjects by globally renowned experts. During the year, these interventions focused on both technical and behavioral skills. Biocon also supported St. Aloysius College, Mangalore for the Biotech Finishing School program in the form of guest lectures and provided industrial training opportunities to its students. During this period, we embarked on an eLearning initiative for people development which will be implemented during the next financial year.

Preparing Leaders for a Promising Tomorrow

The Leadership Development Initiative was launched in 2010 to build and develop leadership competencies for Biocon's top 150 leaders in support of organizational strategy for the future. After successful completion of the first phase, the intervention moved on to the second phase where Development Centers (DCs) were conducted for 144 leaders. Detailed reports and Individual Development Plans, based on psychometric evaluation and DC assessments, were shared with these leaders. This year, as part of the third phase, development workshops were conducted and a 360° tool introduced for the senior leadership team.

Enhancing the Performance Management System

It has been our continuous effort to strengthen the goal setting process for our organization by cascading vertical goals to individual objectives. Process changes were introduced after a review of the Performance Management System (PMS), with the aim of bringing about parity in performance evaluation, within and across departments, and to create a more effective performance related pay differentiation.

Online PMS for Field Force

An internally designed, end-to-end, online Performance Management System was launched for the pharma field sales force. This system enables transparency in documentation, work-flow tracking and has the ability to cater to individual development plans, thus ensuring alignment of individual efforts to organizational goals.

Building Inspired Teams

In an endeavor to build and sustain an engaging work environment that inspires people to devote the time, skill and effort necessary for higher productivity and maintain their engagement levels, employees were provided with a platform to showcase their excellence; employee policies and benefits were revised to make them more employee friendly. A customized induction process was implemented for the field sales force to reinforce the challenges and tactics of field level activities, thus ensuring a better connect with the target audience.

Listening to Our People

We have initiated Bio-Opinions, a dipstick survey for the field sales force that was instrumental in unlocking employee voices viz. their interests, ideas, workplace health, career prospects, etc. This exercise enabled introspection and showcased that the culture and pulse at Biocon is vibrantly positive.

Employee Strength

Company	as on **31.03.2011**	as on **31.03.2012**
Biocon	3,467	4,144
Syngene	1,496	1,730
Clinigene	167	158
BBPL	129	144
BRL	41	77
Grand Total	5,300	6,253

Priorities for FY 13

- Utilize the Employee Referral Scheme to mobilize talent supply through internal referrals
- Implement strategies and policies to aid in attracting quality talent to the organization
- Establish and implement a channel to continuously recognize and reward talent through a 'Rewards and Recognition' program
- Complete the third and final phase of the Leadership Development Initiative
- Implement 'MyLearningSpace', our eLearning tool to provide employees with another avenue for self learning and development
- Implement a more robust and feature rich Learning Management System
- Equip talent with cutting edge knowledge and skills in the bio-pharmaceutical domain through focused development initiatives
- Implement CLIP, an employee referral program targeted at continuous service linked plan for the field sales force integrated with a retention program where high performers are identified as mentors for new joinees
- Harness Bio-Opinions further to design and implement vibrant employee engagement programs for the field sales force

Environment, Health & Safety

At Biocon, we recognize the importance of Environment, Health and Safety (EHS) in running an efficient and successful business. Our EHS management system is governed by a comprehensive and progressive EHS policy that goes beyond statutory compliance. We aim to provide a safe and inviting workplace for our employees, involve them in the maintenance of EHS standards, while demonstrating our collective commitment to minimize the Company's environmental footprint through continual improvement of processes and systems.

As a part of our EHS management system, we are constantly engaged in implementing good EHS practices across all facilities. During the year, we have implemented environmental and OHS management systems certified by TÜV Nord at all our manufacturing sites. All plants meet international standards of ISO 14001: 2004 and OHSAS 18001: 2007. These systems provide us with a framework for managing compliance and achieving continuous improvement.

Additionally, various committees like Safety Committee, Water Committee, etc. regularly monitor compliance to the EHS policy.

Regulatory Overview

Biocon complies with all applicable laws and regulations at the local, national and international level. All governmental agencies oversee the safety and environmental performance of Biocon facilities, on a regular basis. These agencies include the local factories department, the fire department, and several other regional and national environmental agencies.

Water Conservation & Recycling

Rain Water Harvesting

Reflecting the importance we assign to water conservation, Biocon has adopted various measures to collect the most plentiful and natural source of water we have – rain water. During the year, rain water harvesting was introduced at all locations with the installation of roof top rain water and storm water collection systems. In order to create awareness about the importance of effective water management, cross-functional teams were constituted at all units to engage with employees and conduct training sessions.

Wastewater Recycling

With the objective of reducing fresh water consumption and ensuring no effluent discharge, we have proactively implemented a Zero Liquid Discharge system at all manufacturing units, as a part of our wastewater treatment initiative. Water recovered through this system is recycled for horticulture and other utilities.

Energy Conservation

Energy conservation is an essential component of EHS practice at Biocon. We undertake energy conservation audits by experts, across all locations, with a view to optimize our energy consumption. These audits have helped us identify the potential areas where overall GHG emissions can be reduced. Accordingly, we have taken the initiative to adopt EN 16001, Energy Management System at all our units. We have also started using Biogas generated from the anaerobic waste treatment plant as co-fuel for the boiler, which has helped us save 30 KL of furnace oil per month per unit.

Green Belt & Ecology

As a part of our commitment to maintain the green belt area around our sites, we have added 5,000 trees this year, in neighboring hospitals, schools and residential colonies. The four kilometers highway median adopted by Biocon now has 2,000 varieties of flowering species. We have taken care to introduce bird houses in the green belt areas to attract nesting and maintain the ecological diversity.

Safety & Health Performance

Employee safety at the workplace is of prime importance at Biocon. During the year, overall Health & Safety awareness and performance in all manufacturing facilities improved immensely. There were no reportable incidents in FY 12. This was made possible by high levels of leadership commitment, line management ownership, risk analysis, incident investigation, emergency preparedness, employee awareness and engagement. Such elements combined with safely designed and well maintained physical facilities, ensure a safe and healthy work environment at Biocon.

Safety Training

Biocon is committed to high quality training for all its employees, including workmen and supplier's personnel. In FY 12, we implemented an integrated, module-based, training program for our workmen. This program consists of 12 modules which include chemical safety, laboratory safety, safety in pro- cess operations, operation of emergency safety equipment, EHS systems, EHS legislations, emergency response procedure, safety in maintenance activities, contractor safety and other specialized trainings.

Safety Awareness & Emergency Preparedness

To maintain safety alertness and awareness at the desired level, monthly safety campaigns were initiated across all manufacturing sites, on various topics like emergency management, static electricity, work permit system, construction safety and laboratory safety. As part of this program, every plant was asked to choose one safety related topic each month and conduct an awareness campaign around it using various means, such as banners, posters, quiz programs, screening films, etc.

Safety Month was observed in facilities to promote a culture of safety at the workplace. 680 internal training programs (equivalent to 28,479 man hours of training) on safety were conducted by internal faculty. Some specialized external training programs like dust explosion hazard, tank farm and warehouse management, safe handling of chemicals, were also organized.

During the year, 28 mock drills, 49 fire drills and 12 first-aid training programs were conducted for employees.

As on date, 428 trained first-aiders and 994 trained fire fighters are available at various locations.

Material Safety Datasheet Compliance

During the year, we started subscription to the Chemwatch database which lists updated Material Safety Data Sheets (MSDS) for over 3 million chemicals. This enables us to obtain credible MSDSs of many chemicals as well as finished products which further improve our compliance levels and the safe handling of chemicals.

Process Safety Management

Our focus during the year was on embedding EHS aspects into our existing and new product development processes. Accordingly, we have implemented an integrated process safety management system for the existing processes as well as for new developments, with integration of all 14 elements of process safety management. The objective of this exercise is to make our manufacturing processes safer through a comprehensive method for identifying and analyzing process hazards. An EHS guideline for conducting risk analysis of API manufacturing processes has also been put in place. This captures aspects of process hazard identification, risk analysis and measures to be taken for risk reduction.

Integrated Industrial Hygiene Management

Special focus on industrial hygiene has been incorporated into our existing and new product development process. The objective of this initiative is to make our manufacturing processes safer, especially pertaining to health of workmen, industrial hygiene and

qualitative risk. Assessment was carried out at all manufacturing facilities using in house tools, based on the hazard and control banding concept. An EHS guideline for conducting occupational health risk analysis of API manufacturing processes was also put in place. During the year, annual medical examinations were conducted for all employees and contract workmen across Biocon.

Awards & Recognitions

During FY12, Biocon received several recognitions, at the State and National level, for its progressive EHS practices and initiatives. Major highlights:

> CII (Confederation of Indian Industry) Award, 2011 for the Best EHS Company in South India in pharma/refinery/chemical sector

> Winner of the Safe Industry Award, 2011 in the mega-scale category, presented by Institute of Safety, Director of Factories and Boilers, Karnataka State

> Greentech Environment Excellence Gold Award, 2011 for the pharmaceutical sector

> Special Commendation for the Golden Peacock Award, 2011 for Occupational Health & Safety

> 'Unnatha Suraksha Puruskaar', 2011 Award for outstanding safety performance and management systems, by the National Safety Council-Karnataka Chapter

Corporate Social Responsibility

Biocon's commitment towards Corporate Social Responsibility is fulfilled through Biocon Foundation which focuses on community initiatives in the areas of healthcare, education and infrastructure development. During the year, significant resources were dedicated towards developing programs which are aligned to the growing health issues of the communities we serve. The underlying objective of the Foundation is to improve the quality of life of the underprivileged and rural communities in several districts of Karnataka.

Integrated Healthcare

Our Integrated Healthcare initiative focuses on creating a sustainable health ecosystem that can be replicated across the State and the country.
We believe that:
a) Preventive health is the key to strengthen this ecosystem and
b) Delivery of services must be extended to the remotest villages

Level 1: Preventive Healthcare

Biocon Foundation's health interventions are based on baseline data collected from various districts of Karnataka by its health workers. This data includes demographic and symptomatic details: family statistics such as births, deaths, migration and other socio-economic parameters. Based on the information generated, we are able to accurately identify the prevalence of various diseases in a particular community

which guides our preventive health strategy for that region.

Our basic preventive health modules cover essential education on:

- Menstrual hygiene
- Anaemia
- Sanitation
- Infectious diseases
- Management of diabetes

Last year, in addition to continuing with the basic health and hygiene awareness program, we focused on critical health areas which often get neglected due to low awareness levels.

Anaemia – A Public Health Problem

Anaemia, a condition of low haemoglobin is highly prevalent in the communities we serve, especially among women and children. As per WHO estimates, over 2 billion people

worldwide suffer from anaemia and almost 50% of these cases are due to severe iron deficiency.

Though Anaemia is a major public health challenge, interventions to prevent and control this condition are sporadic and short term. Usually a three month course of iron tablets is prescribed, however in most cases, it is noticed that the haemoglobin level falls below normal within a month of stopping the treatment.

In light of this, we have initiated a research study in Kaladgi, Bagalkot to determine whether an integrated approach to anaemia management will help women to maintain higher levels of haemoglobin, consistently.

Integrated Approach to Anaemia Management

Goals	Measures
Detect anaemic women between ages 14 and 49, excluding pregnant and nursing women	Do a census of targeted population and offer a test to measure Hb level
Encourage women to acknowledge symptoms and rapidly increase haemoglobin levels of anaemic women	Phase 1: Use Iron Supplements as a short term booster
Permanently increase haemoglobin levels of anaemic women	Phase 2: Sell fortified food at a discounted price
Empower women to: • Detect anaemia • Understand nutritional advice	Phase 1 & 2: Group meetings / door-to-door interactions with women on the program, to educate them about anaemia and good nutrition

Tobacco Cessation Education

In 2011, we started an oral cancer screening program in Chikkballapur. We found that nearly 20% of the people screened had precancerous lesions. Most of these men and women were habitual Gutka users, and nearly all of them did not know that chewing of Gutka could cause cancer. In order to address this major concern, we have developed a Tobacco Cessation Education module which uses visual graphics to show the devastating effects of smoking and chewing tobacco. We plan to start Tobacco Cessation Centers in all our Clinics over the next few months.

Diabetes & Hypertension

Based on data from the baseline survey, our health workers have been trained to help diabetic and hypertensive patients manage their chronic illnesses better. Through this program we aim to:

- Highlight the importance of managing these illnesses
- Encourage patients to visit the ARY Clinic regularly for proper monitoring and advice from the clinic doctor
- Identify the triggers for good or poor management in order to help people to better manage their own health

Our health workers provide each patient with a health card in which blood pressure, glucose levels, and other health parameters are recorded. The card is used to encourage regular visits to the Clinic while SMS reminders are sent to ensure better compliance.

Level 2: Primary Health Care through Arogya Raksha Yojana Clinics

Our nine Arogya Raksha Clinics continue to provide clinical services to the communities that surround it, treating 63,000 patients last year.

- We have succeeded in developing a customized electronic health records system aimed at improving patient management and compliance. Each ARY Clinic enters all patient information and treatment details into our electronic Clinic Management System. The data is stored on a central server at the Foundation's office.
- We work closely with local Primary Health Centers (PHCs) and health officers to optimize delivery to resource poor communities. The Government

provides ASHA workers who help us in educating and tracking of sick people.
• A community cardiologist visits the Clinic once every fortnight to follow up with cardiac and hypertensive patients.
• Clinics continue to promote health insurance to all patients to ensure that critical illnesses can be treated in time, and in good hospitals.

We currently run 9 Clinics:
2 in Bangalore City
2 in Anekal
1 in Chikkballapur
1 in Bagalkot
1 in Mandya
1 in Pollali
1 in Kalkunte

We plan to open six more Clinics this year in Mangalgudda, Tumkur, Kolar, Raichur, Chitradurga and Belgaum.

Level 3: Tertiary & Secondary Healthcare through Arogya Raksha Yojana Health Micro Insurance Scheme

The Arogya Raksha Yojana (ARY) Health Micro Insurance Scheme continues to enroll more than 1,00,000 people in Karnataka. It is interesting to note that almost 70% of our members have been enrolling with the scheme for more than seven years and 90% of them pay for their own insurance. These are encouraging numbers – In addition to being a significant endorsement from the communities we serve, they also indicate that people are beginning to understand the necessity to protect themselves against chronic illnesses through health insurance. This year, our scheme facilitated almost 600 surgeries, including 100 cardiac procedures and 150 OB/GYN procedures like deliveries and hysterectomies.

We continue to reach more than 200,000 people every year through our integrated approach to healthcare delivery. We are focused on reaching the last house in the last village and we believe we can do this by strengthening health and hygiene practices, as well as counseling people on the importance of prevention, as opposed to curing the disease, once manifested.

Infrastructure

Community Rehabilitation & Development

Location: Mangalgudda, Badami Taluk, Bagalkot District

To protect the village homes of Mangalgudda from flooding when the Malaprabha River swells during the monsoon, we have helped the village relocate to higher and safer ground. Towards this rehabilitation effort, Biocon has built 411 houses in the newly identified location. In line with our objective to provide complete rehabilitation to this community, we are providing the following additional facilities:

Solar Lighting

Mangalgudda is quite a distance away from the main electricity grid, making power very scarce in this remote region. To help the villagers with basic lighting after dark, Biocon has provided each house with two stationary and one mobile solar light.

Health-cum-Community Center

We have established a combined health and community center that consists of:
a) An ARY Clinic – with a doctor, a pharmacy and a diagnostic center
b) An Aata Paata Waadi (Learning Center)
c) A Community Meeting Place for get-togethers and recreational activities, for both women and men
d) A space to start income generating activities for women
e) A library for children

Higher Primary School

This school is being built in partnership with the Government of Karnataka. It will have eight classrooms, an assembly hall, staff rooms, toilets for girls and boys and a computer lab.

Water

In 2009, Mangalgudda was severely affected by intense and continuous

rainfall in the last week of September and the first week of October. Almost 60% of cultivable land was destroyed, 70% of the village houses were damaged or destroyed, a number of animals died, and health and sanitation were severely affected.

To make matters worse, after the destructive 2009 rains and floods, the region has hardly received any rainfall. So much so, the Government was forced to declare Mangalgudda and the rest of Badami Taluk as drought affected areas in North Karnataka.

Clearly, there is a need for proper water resource management for irrigation and household use, and a need to provide clean drinking water for the community. Biocon Foundation is committed to assisting and partnering the Government of Karnataka to develop sustainable water resources for this community.

Education

Chinnara Ganitha

Starting with one district and 11,000 books in 2006, we now print 80,000 books which are distributed in eight districts across Karnataka. In order to ensure that our books are being effectively used, a dedicated Biocon Foundation team visits schools regularly. Continual interaction with teachers and children is necessary to make optimum use of this innovative program.

During these yearly visits, books are evaluated through group and individual discussions with teachers and students. If necessary, they are modified to enhance their effectiveness and relevance. Both teachers and students feel that our books have helped strengthen the children's mental math abilities. We have worked out examples at the beginning of each new concept so that the books now comprise concept specific exercises as well as activity pages.

Aata Paata Wadi-Success Stories

***Ravi** was in 6th Grade at Ashrama School, Thithimathi, when he first came to the Center. He was aggressive and anti-social, constantly abusing and hitting the other children.*

The first time we played our ice breaking game, 'Dumb Charades', Ravi refused to participate. After a few weeks, he made an attempt. Standing up before the group and acting out a word made him extremely nervous. He broke down.

Our Staff calmed him and persisted with helping Ravi to work and play with his peers. Luckily, the lure of computers, the friendly faces, Complan and biscuits ensured that Ravi returned to the Center, each day.

Finally, he began to show signs of thawing. The aggressive behavior reduced drastically and one day, he acted out an easy word.

The applause Ravi received surprised him so much that he cried again. But these were tears of happiness. After that, there was no stopping him. He is now an eager participant and a great actor, enjoying his unique ability to make others laugh.

Aata Paata Wadi

Our After-school Resource Center continues to be enthusiastically attended by children of the Thithimathi community in Coorg. Our partner, Skanda Foundation provides invaluable help in maintaining the Center. The Spoken English program developed by Dr. Lalitha Appachu has been particularly well received by the children. We continue to bring in external resources to conduct workshops in drama, pottery, music and yoga.

KELSA +

An on-campus initiative that endeavors to inexpensively reach out to low income staff, including house keeping, maintenance, security and transport workers, KELSA+ provides free access to internet. Three internet enabled computers have been installed on the 20th KM campus. Two trainers teach our staff to use the computer, access search engines, read newspapers, create email addresses, post online ads, and watch videos on YouTube. Staff members are given a timetable according to their work schedules to enable convenient

access to PCs. A group of 28 women and 35 men use the KELSA+ computers on a regular basis. Interestingly, all of them use this facility to develop skills in basic computer applications in order to improve their employability. They also enjoy browsing the internet for news, games and entertainment.

vandana age 10

Vandana was in 6th Grade at the Ashrama School, Thithimathi, when she started coming to our Center. One look at her feet and you could tell she had no concept of cleanliness and personal hygiene. Her feet were a mass of bleeding cuts and cracks. She was accustomed to walking around barefoot, even using the school toilet without footwear, thus exacerbating infection.

Our team took her to the Primary Health Center in Thithimathi. They were told that all she needed to do was soak her feet in warm salt water for 15 minutes twice a day, wash gently with soap, wipe dry and then apply an antiseptic ointment. And most importantly, wear slippers.

Vandana was initially very uncooperative. But our Center Head, Sajini wisely put three of Vandana's friends in charge of her new routine. In one month, Vandana's feet were in the pink of health.

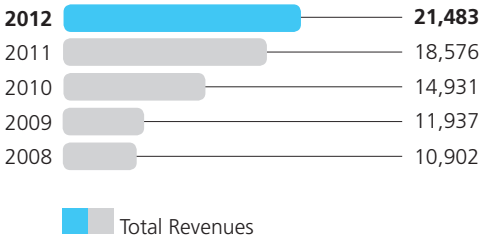
The greater impact of this incident was on her peers. Without realizing it, they too had learnt and imbibed the importance of basic cleanliness and personal hygiene.

2012

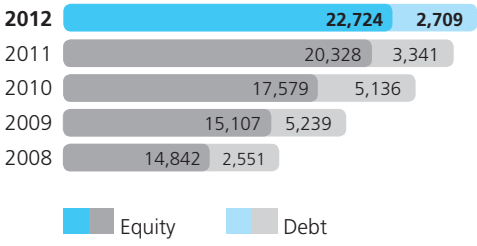
Financial Highlights

*Based on GAAP Consolidated Financial Statements

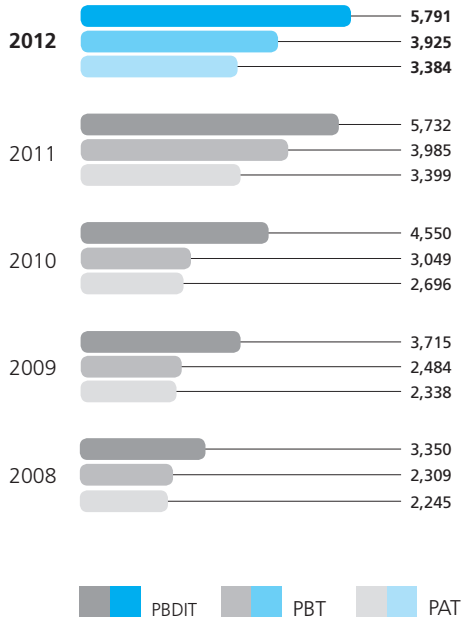
Total Revenues



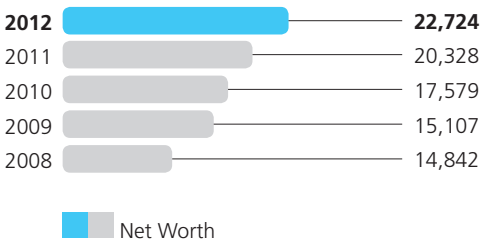
Debt: Equity



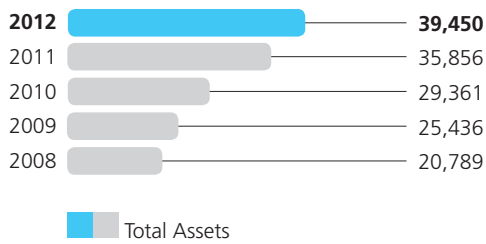
Profits (from Operations)



Net Worth

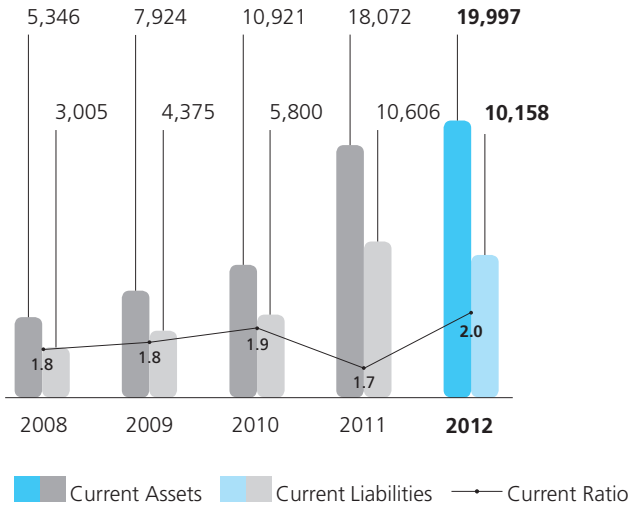


Total Assets

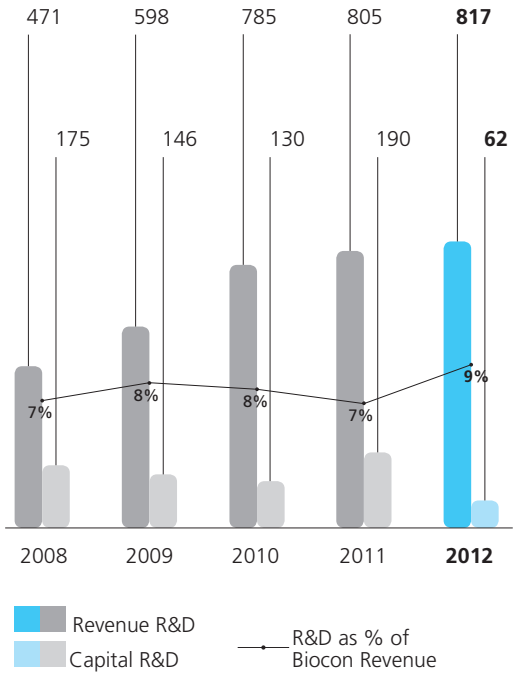


Axicorp numbers have been excluded from operational performance data

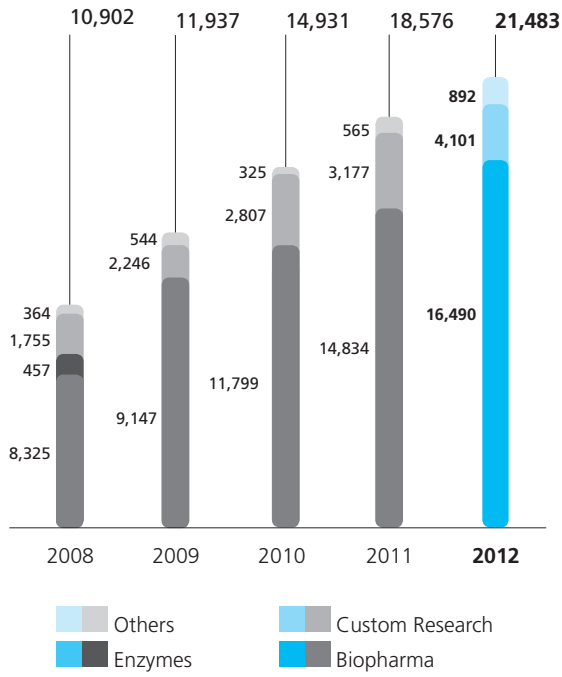
Current Assets, Liabilities & Current Ratio



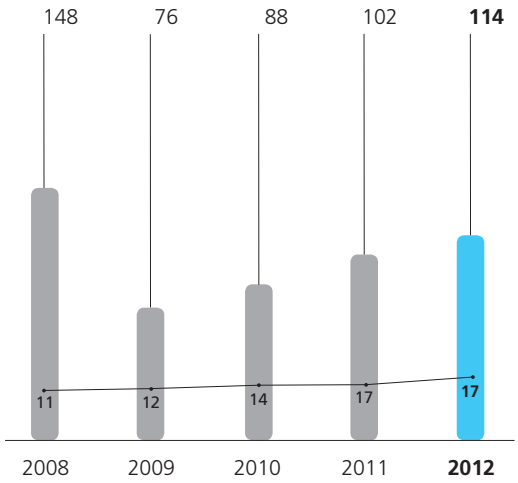
R&D Spends Trend & Category Breakup



Revenues By Business Verticals



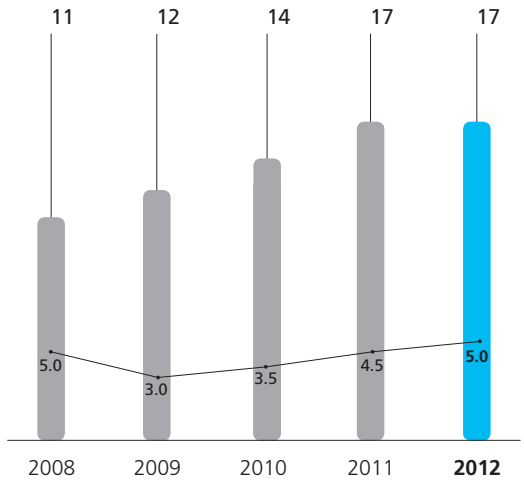
EPS Before Exceptional Items & Book Value Per Share



Book Value — EPS Before Exceptional Items

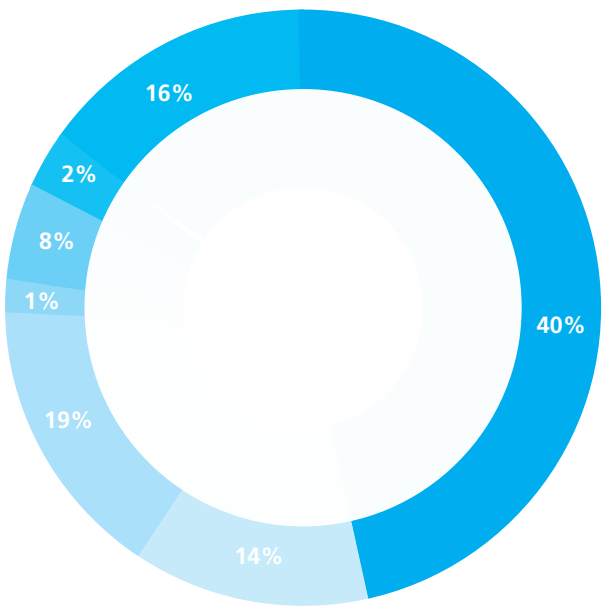
2009 onwards post 1:1 Bonus

Operational EPS & Dividend Per Share



EPS Before Exceptional Items — Dividend Per Share

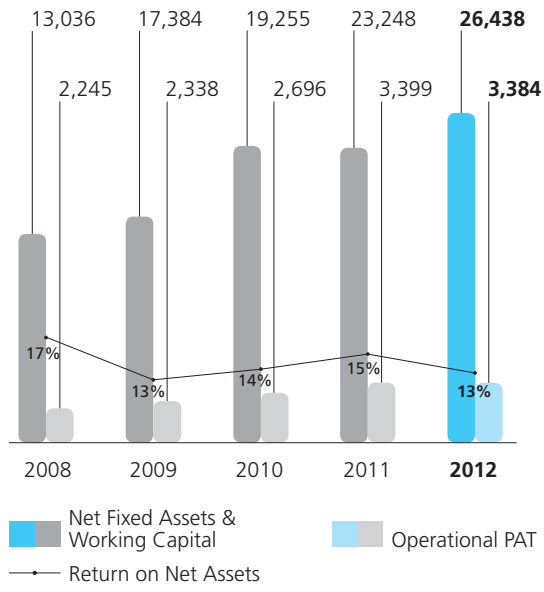
Distribution of Revenues - FY12



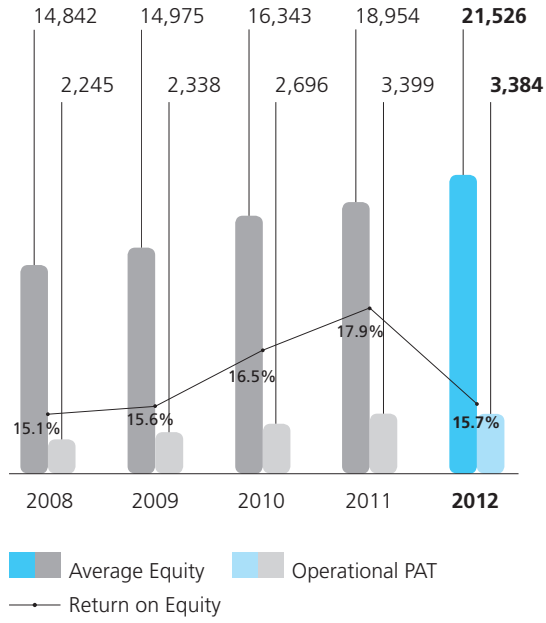
Material Costs	40%
Employee Costs	14%
Other Expenses	19%
Interest	1%
Depreciation	8%
Tax	2%
Operational PAT	16%

Axicorp numbers have been excluded from operational performance data

Return on Net Assets



Return on Equity



Financial Report

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Biocon Limited

Directors' Report

Dear Shareholders,

We are delighted to present before you the Thirty-Fourth Annual Report on business and operations along with the audited financial statements and the Auditors' Report of your company for the financial year ended March 31, 2012.

Financial Highlights

Standalone Results

₹ Million

Particulars	FY 2012	FY 2011
Total Revenues	16,224	16,183
Total Expenditure	12,223	10,099
Earnings before Interest, Depreciation and Tax	4,001	6,084
Interest	17	10
Depreciation and amortization	940	902
Profit before tax	3,044	5,172
Income Tax	489	579
Profit after tax	2,555	4,593
Surplus brought forward from previous year	12,613	9,470
Profit available for Appropriation	15,168	14,063
Proposed Dividend	1,000	900
Tax on dividend Proposed	162	91
Transfer to General Reserve	256	459
Balance in Profit and Loss Account	13,750	12,613

Consolidated Results (for continuing operations)

₹ Million

Particulars	FY 2012	FY 2011
Total Revenues	21,483	18,576
Total Expenditure	15,692	12,844
Earnings before Interest, Depreciation and Tax	5,791	5,732
Interest	122	231
Depreciation and amortisation	1,744	1,516
Profit before tax	3,925	3,985
Income Tax	541	586
Profit after tax	3,384	3,399

During the fiscal ended March 31, 2012, Biocon Group revenues grew by 16% driven by strong impetus from branded formulations and research services. There was marginal growth in EBITDA, while the PAT remained at almost the same level as last year. This was largely due to the decrease in earnings contribution by licensing income.

The year was marked by significant events which included the India launch of INSUPen ease®, ground breaking of our first overseas manufacturing facility in Malaysia and substantial progress in our R&D programs. The end of the fiscal was punctuated by the conclusion of our biosimilar insulins partnership with Pfizer over change in priorities at Pfizer's biosimilar division.

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

Appropriations

Dividend

Your directors are pleased to recommend a 100% dividend of ₹ 5.00 per equity share for the year ended March 31, 2012.

Transfer to Reserves

We propose to transfer ₹ 256 million to the General Reserves and the balance of ₹ 13,750 million is proposed to be retained in the profit and loss account.

Business Operations Overview and Outlook

The year marked the beginning of a crucial action phase for Biocon with the looming biologics patent expiries which commence from 2015. During this fiscal, your company delivered a 16% top line growth with revenues reaching ₹ 2,148 Crores vis-à-vis ₹ 1,858 Crores in FY11. This growth has been driven by strong performances in research services and branded formulations which grew at 29% and 39%, respectively. Biopharmaceutical sales excluding branded formulations grew about 10% YoY with sustained momentum from Immuno suppressants, speciality molecules like Fidaxomicin, Orlistat and resilient sales from Statins.

This fiscal witnessed large strides that we took in our key growth verticals as we crystallised our strategy to take your company to the next growth platform. Our five growth verticals namely Small Molecules, Branded Formulations, Biosimilars, Research Services and Novel Molecules are built with a firm focus on emerging markets. Emerging markets are currently growing at 13-18% compared to the almost flat growth in most developed markets.

We initiated supplies of Fidaxomicin API to Optimer Pharma this year. Optimer has launched the molecule in US markets to a very warm reception, thanks to its superior profile. They have also received commercialization approval for the molecule in the European markets. We are their sole suppliers for this molecule for both of these markets, an extension of our long association with Optimer over the development phase of this molecule.

The Indian healthcare market is being driven by chronic therapies, especially diabetes and dermatology. The two new divisions that we launched last year, Comprehensive Care and Immunotherapy, have done very well on the strength of their niche positioning and differentiated offerings.

We launched INSUPen ease®, a world-class, reusable delivery device for insulin and analogs based on proprietary German technology, in India. The best-in-class delivery device has been very well received and appreciated by doctors and patients alike. Capitalising on this launch, our domestic Insulin business (part of our Diabetology portfolio in branded formulations) grew rapidly over the last year. According to IMS February 2012 MAT, Biocon was the fastest growing Insulin Company in India and the only indigenous company that has been able to catapult itself to the top league.

The ground breaking for our new insulin facility in Malaysia during September 2011, reiterating our commitment to take our Biosimilar insulin and analogs to the global markets. We are looking at optimising our regional partnership approach to carve out a large slice of the global Insulin market. We have regional partners in 32 geographies including Brazil, Mexico, China and Japan. We aim to forge new partnerships as well as leverage existing alliances to augment the access and penetration of our biosimilar molecules.

In our Novels portfolio, we received positive news flow from Phase III trial in Psoriasis for Itolizumab, the anti-CD6 molecule targeted at auto-immune disorders like plaque psoriasis and rheumatoid arthritis. Itolizumab successfully met all primary and secondary endpoints in the 52-week, double blind, and placebo controlled trial. Our partner, Amylin had filed a US IND for phybrid: a novel biological entity targeted at diabetes and obesity. The molecule has entered into phase I clinical trials in US.

Our biosimilar Trastuzumab has commenced multi centric, phase III trials in India; aimed at accessing the pie in emerging markets. The other molecules from our Mylan partnership are also due to enter clinics over the course of the next couple of years. The current innovator market size for this portfolio was approximately US$ 33 Billion in 2011. We expect to carry forward the momentum of our research programs and substantiate our efforts of moving up the value chain over the coming years.

Subsidiaries and Joint Ventures

Syngene International Limited

Syngene is a leading contract and custom research enterprise in India with veritable expertise in chemistry and biologics. Syngene offers integrated research services in the drug discovery and development space with customisable service models to effectively tap into the evolving needs to the global biopharma and biotech players. Syngene's clientele includes businesses across the biopharma and speciality pharma continuum including Bristol Myers Squibb, Pfizer and Merck.

During the year, Syngene acquired 100% of the shareholding of Clinigene International Limited from the parent company to ensure seamless operational integration of the combined research service offerings.

In this fiscal, our research services arm recorded a growth of 27% in top line with revenues touching ₹ 4,182 million against ₹ 3,229 million in FY11. Syngene's operational margin (EBIDTA)for the year increased from ₹ 1,404 million compared to ₹ 1,005 million representing a growth of 40%.

Biocon Biopharmaceuticals Private Limited

Biocon Biopharmaceuticals Private Limited (BBPL) is a wholly owned subsidiary engaged in the production of monoclonal antibodies and other biologics. During the year, BBPL earned revenues worth of ₹ 398 and generated a net profit of ₹ 56 million.

Biocon Research Limited

Biocon Research Limited (BRL), a wholly owned subsidiary, undertakes discovery and development research work in biologics, antibody molecules and proteins. The biosimilar monoclonal antibodies commercialization alliance with Mylan is progressing well. Biosimilar Trastuzumab has commenced phase I trial in Europe. Some of the other biosimilar molecules from this portfolio are expected to enter the clinics over the next few years. For the current year BRL registered revenues of ₹ 161 million and has reported a net loss of ₹ 404 million for the year ended March 31, 2012, largely due to the development spents on its research initiatives.

Biocon SA

Biocon SA our wholly owned subsidiary is engaged in development and commercialization of biopharmaceuticals for the global markets. Biocon SA is currently undertaking clinical development of the biosimilar insulins product in EU and post termination of the commercialisation agreement with Pfizer due to change in biosimilar priorities, the commitment of the company to the biosimilars program stays in place as demonstrated by the progress of our molecules in the clinics. Biosimilar rh-Insulin is approaching completion of its phase III trial in EU. Biosimilar glargine has commenced multi-centric, phase I trial for the developed markets.

During this fiscal, Biocon SA earned revenues of ₹ 1,551 million and reported a net profit of ₹ 314 million.

Biocon SDN. BHD

Biocon SDN. BHD. our Malaysian subsidiary is aimed at aiding our foray into the Malaysian market. The company will set up the group's first overseas manufacturing facility in BioXcell, a biotechnology park being promoted by the Malaysian government. The manufacturing plant will be developed in two phases, with the first phase commanding an outlay of around US$ 160 Million. This facility is expected to be operational with regulatory approvals in the calendar year 2015. Biocon SDN BHD is in the process of setting up the manufacturing facility and is yet to commence commercial operations.

NeoBiocon FZ LLC

NeoBiocon FZ LLC., a research and marketing pharmaceutical company based in Abu Dhabi was incorporated in January 2008 as a '50:50' joint venture with Dr B. R. Shetty of Neo Pharma. Neo Biocon aims to increase the access and penetration of our portfolio offerings in the GCC markets. During the current year Neo Biocon registered sales of ₹ 114 million.

Standalone and Consolidated Financial Statements

The standalone and consolidated financial statements have been prepared by the Company in line with the Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006. The revised schedule VI of the Companies Act, 1956 has been adopted while preparing these statements, in accordance with the notification from the Ministry of Corporate Affairs. The audited, consolidated financial statements for the year ended March 31, 2012 together with the annexed Auditor's report form a part of this Annual report.

Accounts of Subsidiary companies

The Ministry of Company Affairs has granted a general exemption to companies from attaching the financial accounts of the subsidiary company to this report, as part of Section 212 of the Companies Act of 1956. However a declaration illustrating relevant details of the subsidiaries is enclosed in this annual report. The members can write to the company for obtaining copies of the annual accounts of the subsidiary companies. The same will also be available for inspection at our registered office.

Employee Stock Option Plan (ESOP)

Pursuant of the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock option Scheme and Employee Stock Purchase Scheme Guidelines, as amended), the details of stock options as on March 31, 2012 are provided in the annexure to this report.

Corporate Governance

We strive to maintain high standards of corporate governance in all our interactions with our stakeholders. The Company has conformed to 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 attached and forms a part of this report.

Evaluation of Board Effectiveness

The evaluation of the Board's performance is effected periodically by the chairman of the Audit Committee to quantify the effectiveness of the Board. Dr Neville Bain has considerable experience in Board reviews and has carried out similar exercises in the United Kingdom and elsewhere.

The review conducted earlier, expressed overall confidence in the company and the Board's supervision in corporate strategies. Action plans for improvements in key areas are continuously monitored and reviewed for implementation.

Directors

Mr. John Shaw and Mr Suresh N Talwar shall retire by rotation at the ensuing Annual General meeting and being eligible are proposed for re-appointment.

Mrs Mary Harney has been inducted as an additional director of the company effective April 26, 2012. It is proposed to appoint Mrs Mary Harney has director of the company, liable to retire by rotation at the ensuing Annual General Meeting.

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.

Cost Audit

In compliance with section 233B of the Companies Act of 1956, the Central Government has prescribed cost audit for the Company's Bulk Drug and Formulation division. The cost auditors, M/s. Rao, Murthy & Associates, Cost Accountants, Bangalore have confirmed their willingness to be re-appointed.

Management Discussion and Analysis Report

The report as required under the Listing agreements with the Stock Exchange is annexed and forms an integral part of the Director's Report.

Fixed Deposits

The company has not accepted any fixed deposits from the public.

Director's Responsibility Statement

In compliance with the section 217 (2AA) of the Companies Act, 1956; the board of directors hereby confirm the following:

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

(ii) We have selected such accounting policies and applied them consistently. We have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs and of the profit of the company at the end of the fiscal.

(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 and Foreign Exchange earnings and outgo

Details requited as per section 217(I)(e) of the Companies Act,1956 read with Rule 2of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules of 1988, are provided in the annexure to this report.

Particulars of Employees

Details required as per section 217(2A) of the Companies Act, 1956 read with Rule 2 of the Companies (Particulars of Employees) Rules of 1975, as amended; are provided in the annexure to this report.

However in line with the provisions of Section 219(1)(b)(iv) of the aforementioned Act, post the exclusion of the information as required above, the annual report is being sent to all the members of the company and the others entitled thereto. Any member interested in obtaining these details may write to the Company Secretary at the registered office in Bengaluru, India.

Acknowledgements

The board greatly appreciates the commitment and dedication of its employees across all levels who have contributed to the growth and sustained success of the Company. We would like to 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, Department of Scientific and Industrial Research, Customs and Excise Departments, Income Tax Department, CSEZ, LTU Bangalore and all other government agencies for their support during the year and look forward to the same in the future.

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairman and Managing Director

John Shaw
Vice Chairman

April 27, 2012

Annexure to the Directors' Report

I. Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2012.

A. Conservation of Energy

During the year, the Company has taken measures to optimise consumption of energy by installing energy efficient machines, proper maintenance of existing equipment and efficient planning of equipment use.

FORM A

		Year ended March 31, 2012	Year ended March 31, 2011
Power and Fuel Consumption			
1.	**Electricity**		
a)	Electricity Purchase Unit (000)	106,146	99,478
	Total Amount (₹ in Million)	565	506
	Rate per Unit	5.33	5.09
b)	Own Generation from		
	Diesel Generator Unit (000)	12,978	12,247
	Total Amount (₹ in Million)	135	114
	Rate per Unit	10.40	9.30
2.	**Furnace Oil ***		
	Unit (K.Ltrs)	6,332	8,356
	Total Cost (₹ in Million)	244	228
	Average/K. Ltrs	38,482	27,311

* Including used for production

B. Consumption per unit of Production

The disclosure of consumption figures per unit of production is not meaningful since the Company manufactures multiple products which have varying power requirements.

FORM B

1. Specific areas in which R&D work has been carried out by the Company
- Process and Clinical Development of Novel Biotherapeutics in Oncology, Diabetes, Rheumatology and Cardiovascular segments.
- Process and Clinical Development of Biosimilars in Oncology, Metabolic disorders, Diabetes, Rheumatology and Cardiovascular segments.
- Development of Synthetic and Fermentation based Generic Small Molecules for Anti-infective, Cardio-vascular, Nephrology and Transplantation segments.
- Generation of Intellectual Property Development – Process Patents for manufacture of key Generic Small Molecules and Biotherapeutics and unraveling the mechanism of action of novel biotherapeutics
- Development of globally competitive manufacturing processes
- Clinical Development of new drug combinations and drug formulations

2. Benefits derived as a result of R&D activities
- Scale-up of key Biosimilars with improved productivity and process efficiencies
- Strategic collaborations for development of new Biotherapeutics
- Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets
- Rich pipeline of Generic Small Molecules catering to varied therapeutic areas
- Internationally competitive prices and product quality
- Established intellectual property with 1,154 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

4. Expenditure on scientific Research & Development:

₹ in Million

		March 31, 2012	March 31, 2011
a)	Capital	54	183
b)	Recurring	1,017	1,062
	Total	1,071	1,245
	Less: Recharge	(694)	(725)
	Net R & D Expenses	377	520
	Total R& D expenditure as percentage of sales	6.6%	8.1%

5. Technology Absorption, Adoption and Innovation:
No technology was imported by the Company during the year.

6. Foreign Exchange earnings and outgo:

₹ in Million

	March 31, 2012	March 31, 2011
Gross Earnings	6,773	6,935
Outflow*	5,449	4,881
Net foreign exchange earnings	1,324	2,054

*For details please refer to information given in the notes to financial statements [Refer Note 33].

II. Cumulative disclosure under the stock option scheme as on March 31, 2012:

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

Particulars			Third Grant	Fourth Grant	Fifth Grant
a.	i)	Options Granted (Post equity split and bonus, net of options cancelled)	444,600	5,701,628	775,000
b.		Exercise price			
	i)	Pre-bonus of 2008	₹ 315 each	20% discount to Market Price on date of Grant	Market Price on date of Grant
	ii)	Post-bonus of 2008	₹ 157.5 each		
c.		Options vested	426,450	4,411,433	17,125
d.		Options exercised	340,275	4,532,008	3,500
e.		Total number of Equity Shares to be transferred from the ESOP Trust as a result of exercise of options	340,275	4,535,008	3,500
f.		Options lapsed	104,950	1,721,946	-
g.		Variation in the terms of options	None	None	None
h.		Money realized by exercise of options (₹ lacs)	909	5,117	13,625
i.		Option pending exercise	Nil	897,437	771,500
j.		Total number of options in force	Nil	1,151,077	235,428
k.		Person-wise details of options granted to:			
	i.	Directors and key managerial employees	Nil	Please see Table (1) below for details regarding options granted to key managerial employees	Nil
l.		Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares		
m.		Vesting schedule	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)
n.		Lock-in	No lock-in, subject to a minimum vesting period of 1 year.		

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

There are no employees who 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 Sept 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 key managerial employees are provided below:

Sl. No.	Name of Director or key managerial personnel	Fourth Grant (No. of Options Granted)*
Key managerial employees at the time of grant		
1.	Mr. Chinappa M B	75,000*
2.	Mr. Sandeep Rao	60,000*
3.	Mr. Harish Iyer	60,000*

*Adjusted for 2008 Bonus issue.

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

₹ in Million

	Syngene International Limited	Clinigene International Limited	Biocon Biopharmaceuticals Private Limited	Biocon Research Limited	Biocon SA	Biocon SDN BHD	AxiCorp GmbH
Financial year of the subsidiary ended on	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2012	March 31, 2011*
1. (a) Number of shares held by Biocon Limited at the end of the above date	47,497,191 equity shares of ₹ 5/- each	50,000 equity shares of ₹ 10/- each	17,600,000 equity shares of ₹ 10/- each	500,000 equity shares of ₹ 1/- each	100,000 equity shares of CHF 1/- each	4,500,000 equity shares of MYR 1/- each	177,100 equity shares of € 1/- each
(b) Extent of interest on above dated	98.7%	98.7%	100%	100%	100%	100%	78%
2. Net aggregate amount of the Subsidiary Company's Profit/(Loss) so far it concerns members of the Holding Company and							
(a) is not dealt in the Company's account							
(i) for the financial year ended March 31, 2012	718	(45)	56	(404)	395	(4)	32
(ii) for the previous financial years, since it became a subsidiary	2,082	2	14	(373)	43	-	646
(b) is dealt in the Company's account							
(i) for the financial year ended March 31, 2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) for the previous financial years, since it became a subsidiary	Nil	Nil	Nil	Nil	Nil	-	Nil

* Considered till the date of divestment.

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Management Discussion & 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.

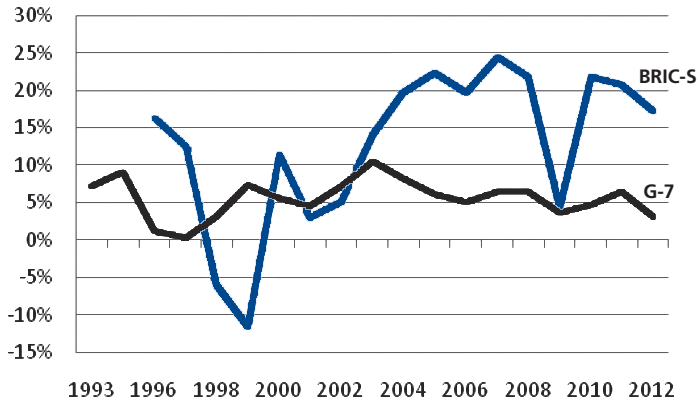
(All amounts in Indian Rupees Millions, except share data including share price, holding details in a subsidiary company and amounts expressed in foreign currency.)

Industry Landscape, Opportunity and Outlook

Global Pharmaceutical Market

The global pharmaceutical industry clocked nearly $900 Billion in 2011[1], growing at about 5% YoY from $856 Billion in 2010[1]. The pharma landscape underwent rapid transformation with the maturing patent cliff, rationalization of healthcare spends across developed markets[2] (refer figure 1) and the growing clout of Pharmerging nations[3].

Figure 1: Total Health Spending Growth in Developed & Emerging Nations



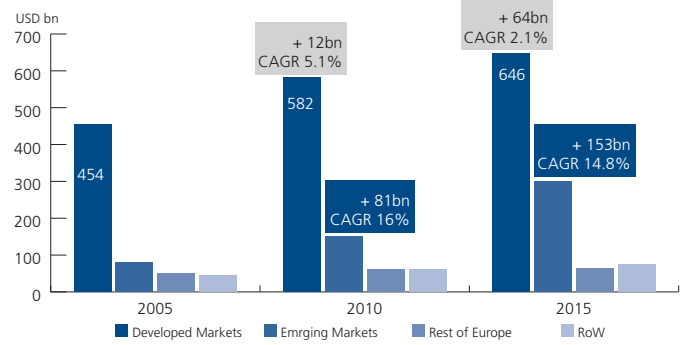
Source: IHS, Healthcare Forecasts amidst global economic turmoil, November 2011

The year was marked by several high profile M&A deals, as the big pharma sought opportunities in emerging markets as well as synergies to augment its drug pipeline. Out of the 15 largest deals last year (contributing ~70% of the sum of disclosed transaction values), six were R&D-driven, with the target owning promising research assets[4]. The biosimilars space heated up as several alliances and joint ventures materialised to capitalise on the impending biologics patent cliff.

With these tectonic shifts, the global pharmaceutical market is expected to exceed $1 trillion in 2014[4]. The growth for 2012, however, is expected to be muted in anticipation of further healthcare reforms in the developed markets and imminent patent expiries.

The spotlight thus, firmly shifts to BRIC-TM-K[5] where an annual growth of 13-16% is anticipated[6]. The seven Pharmerging markets that constitute BRIC-TM-K[5] are expected to contribute more than half of the global market growth in 2012 and sustain an average 40% contribution through 2013[6]. The Pharmerging countries are expected to increase their pharma spending by nearly twofold of their current spend in the next 3 years[7] (refer Figure 2).

Figure 2: Growing Clout and Contribution of Emerging Markets to the Global Pharmaceutical Industry



Source: IMS Institute of Healthcare Informatics, The global use of Medicine: Outlook through 2015

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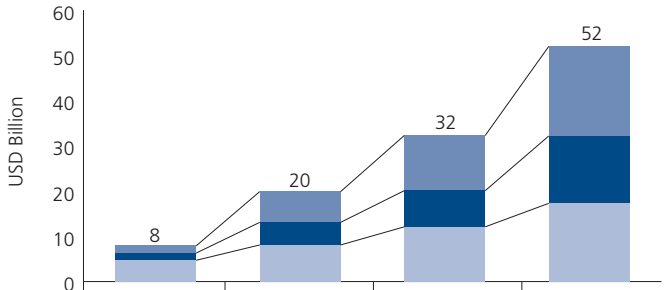
[1] *IMS Health, Market Prognosis September 2011*
[2] *Developed markets: US, EU, Japan and Canada*
[3] *Pharmerging nations: China, Brazil, India, Russia, Mexico, Turkey, Venezuela, Poland, Argentina, Thailand, Romania, Indonesia, South Africa, Egypt, Ukraine, Pakistan and Vietnam.*
[4] *Company Releases & media publications*
[5] *BRIC-TM-K: Brazil, Russia, India, China, Turkey, Mexico and Korea*
[6] *IMS Health, Market Prognosis April 2011*
[7] *IMS Institute of Healthcare Informatics, The global use of Medicine: Outlook through 2015.*

Indian Pharma Market

The Indian Pharmaceutical Market (IPM) grew by ~16% in FY12 to exceed ₹ 600 Billion[8] (US $ 13 Billion). The strong double-digit growth is expected to sustain over the next 3 years as the industry reaches a size of $50 Billion plus by 2015 (illustrated in figure 3), with IPM becoming the 8th largest pharma market in the world[7].

Figure 3: Indian Pharmaceutical Industry (IPM+ Exports) over time

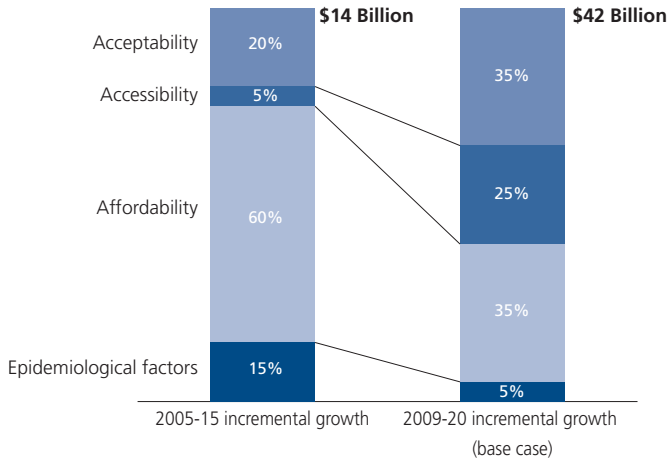


Market Breakup	2003-04	2008-09	2011-12	2014-15
Bulk Drug Exports	1.6	6.8	12.2	19.8
Formation Exports	1.6	5	8	14.9
Domestic Formulations	4.7	8.1	12.1	17.3

Source: CII - Yes Bank, India Life Sciences: Vision 2015

The catalysts for this growth, as exemplified in figure 4, include rising household income levels, increasing prevalence of lifestyle related diseases, improving healthcare infrastructure as well as delivery systems and the increasing penetration in smaller towns and rural areas. With rising discretionary income at the household level, the share of wallet spent on healthcare is projected to reach 13% in 2020, up from 7% in 2005[9], considerably higher than its peers in BRIC-TM-K.

Figure 4: Contribution of Growth Drivers to Incremental growth in Indian Pharmaceutical Market



Source: Mckinsey Global Institute, India Pharma 2020, Propelling access & acceptance, realising true potential.

BUSINESS STRATEGY AND OPERATIONAL PERFORMANCE

The year gone by

With major small molecule and biologic patent expiries' on the anvil, FY12 marked the dawn of a crucial phase for Biocon. Over the year, we delivered a 16% top line growth with revenues reaching ₹ 21,483 up from ₹ 18,576 in FY11. This growth reflected the coming of age of our investments in research services and branded formulations which grew YoY at 29% and 39%, respectively. The biopharma segment grew about 10% YoY with sustained impetus from Immuno suppressants, speciality molecules like Fidaxomicin, Orlistat and buoyant sales from Statins.

There were significant achievements in FY12 which fortified our Insulin focus. The highlight of the year was the India launch of INSUPen ease®: a world-class, reusable delivery device for insulin and analogs based on proprietary German technology. The ground breaking for our new insulin facility in Malaysia was done in September 2011. The new facility is expected to be operational in FY15 with regulatory

[8] *AIOCD MAT March 2012*
[9] *CII - Mckinsey & Company, Gearing up for Healthcare 3.0; Mckinsey Global Institute, The 'Bird of Gold': The Rise of India's consumer market*

approvals. The end of the fiscal witnessed the amicable dissolution of our commercialisation partnership with Pfizer over divergent biosimilar priorities. As a company, Biocon stays committed to taking its biosimilar insulin and analogs to the global markets.

A number of molecules from our R&D pipeline, both biosimilars and novels, moved into the clinics with positive news flow from Phase III trial in Psoriasis for Itolizumab, the anti-CD6 molecule targeted at auto-immune disorders like plaque psoriasis and rheumatoid arthritis.

Managing the future

The rapidly mutating economic and regulatory paradigm has significantly altered the pharma landscape over the last year. The austerity drive sweeping through the developed markets, along with the changing priorities of various stakeholders, has led to a renewed focus on consolidation as well as collaboration to create operational efficiencies and pipeline synergies. The emerging equation has created several challenges and regulatory risks which we are addressing through our growth verticals aimed at enabling us to deftly navigate through this turbulent environment.

Growth Verticals: Moving up the value chain

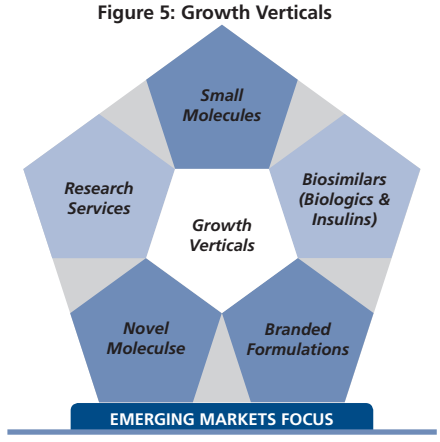
The key to sustainable growth is the leap to a further discerned space in the value chain at critical junctures. **Anticipating a growth in commoditisation of our historical API business, we have created five growth verticals to catapult us to the next platform. These growth verticals are accentuated by our emerging market focus to create value based, viable differentiators.**

The natural evolution of our technical competencies lies in forward integration. We are leveraging our expertise to move forward with 505(b)(2) and ANDAs in the **Small Molecules** arena with an emphasis on differentiated APIs like Fidaxomicin.

Our rapidly growing **Branded Formulations** business has created a niche for itself with discriminated, thoughtful offerings tailored for the Indian customer. The focus is on enhancing access and affordability of therapies for chronic diseases.

Our R&D continues to make large strides in the **Biosimilar Monoclonal Antibodies** and **Novel Molecules** space. Biosimilar Trastuzumab, from our Mylan-partnered biosimilar MAbs program, has entered Phase III trial in India and Phase I trial in EU. The phybrid molecule being developed as a part of our Amylin alliance has commenced Phase I trial in the developed markets. One of our lead programs, Itolizumab successfully met all endpoints in a 52-week Phase III trial in Psoriasis conducted in India. This landmark has added to our repertoire of ready-to-out-license assets which will unlock substantial value as they get commercialised.

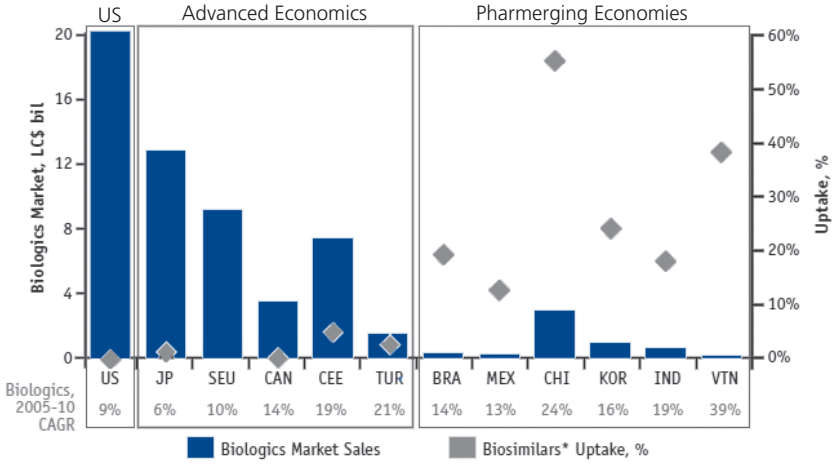
Figure 5: Growth Verticals



The **Biosimilars** space came into the spotlight last year with several high profile deals vying for attention along with the solid growth of innovator biologics, which will experience patent expiries in the near future. The attractiveness of the pie has been augmented by the encouraging uptake of existing biosimilars, increase in regulatory clarity and cost compulsions in developed markets.

Most of the immediate opportunity in this space, however, will come from the pharmerging markets, propelled by the increase in access and affordability. In the long run the US will be a key contributor to the global biosimilars market, representing a 4% (pessimistic) to 10% (optimistic) share of the total biologics market. The overall penetration of biosimilars within the off-patent biological market is forecasted to reach up to 50% by 2020, assuming a price discount range of 20-30%[10] (illustrated in figure 6).

Figure 6: Geographical Clusters[11] representing 2/3rd of the Biosimilar Market Potential



Source: IMS, Shaping the biosimilar opportunity: A global perspective on the evolving biosimilar landscape, Jan 2012

[10] *IMS, Shaping the biosimilar opportunity: A global perspective on the evolving biosimilar landscape, Jan 2012*

[11] *Country Guide- US: United States of America, JP: Japan, SEU: Spain, CAN: Canada, CEE: Central & Eastern Europe, TUR: Turkey, BRA: Brazil, MEX: Mexico, CHI: China, KOR: Korea, IND: India, VTN: Vietnam*

The Insulin market grew 12.4% to reach about $17 Billion in 2011 vis-à-vis approximately $15 Billion in 2010. The growth was a result of an overall expansion of the pie driven by the increasing incidence of diabetes and the growing clout of long acting analogs. The diabetic population is expected to reach about 552 Million in 2030 from its current level of 366 Million[12]. About 83% of the diabetics in 2030 would be present in the emerging markets[12]. This patient pool growth accompanied by rising insulinization rates (illustrated in figures 7 and 8 respectively), is expected to help the Insulin market reach upwards of $20 Billion by 2020. Leveraging our emerging markets focus, we are now present in 32 countries with partners in Japan and China. Our **Biosimilar rh-Insulin** is expected to complete its Phase III trial in EU this year. The Phase I trial for **Biosimilar Glargine** under a US-IND is also approaching completion.

Figure 7: Diabetic Population by Region

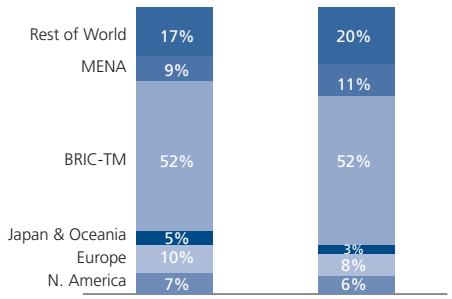
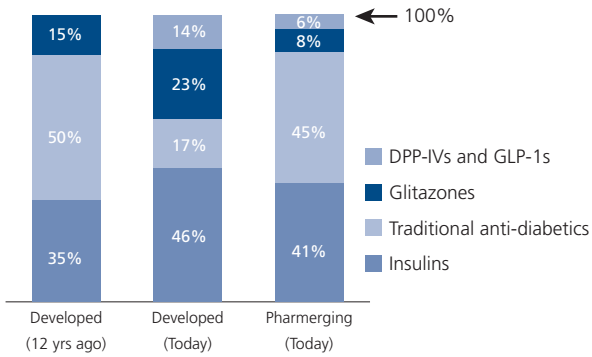


Figure 8: Diabetes Market by Therapy



Source: IDF Diabetes Atlas Fifth Edition detailed estimates; IMS Launch Evolution across Pharmerging Markets Study

Our **Research Services** arm grew handsomely at 29% in FY12 by leveraging its chemistry and biologics expertise as the global Contract Research Organization (CRO) market resumed its upward growth trajectory after the brief hiatus in the recent economic downturn. The CRO market grew to $21.42 Billion in 2010 and expects to touch $43.09 Billion in 2017[13], growing at a CAGR of 10.5%. A report by Global Business Intelligence estimates that the global R&D outsourcing market in 2010 was 25.3% of the total pharmaceutical R&D expenditure. The expenditure is projected to increase by 5% per annum and is expected to reach 35.6% of the total R&D expenditure by 2017.

There is an increasing trend of risk-sharing, resource partaking and emergence of strategic partnership models along with the shift from chemistry to biologics. Our investments to capitalise on these trends during the recession have helped us forge several new partnerships including our alliance with Abbott Nutrition in maternal and child nutrition.

People

The Biocon group is a synergetic family of 6,200+ co-workers with our HR team striving to provide strategic support in business expansion by unlocking the superior potential of a diverse workforce. This fiscal saw a number of initiatives which enabled us to create an engaging, stimulating and symphonic culture. Some of these are highlighted below:

- Effective harnessing of social media to hire talent at several senior & strategic positions as well as to constantly engage potential talent
- Embarked on an initiative to leverage e-Learning as an additional medium for skill sharpening and capability enhancement
- Introduced the third phase of the Leadership Development Initiative with the launch of a 360° tool for the senior leadership team and development workshops for the entire leadership team
- Initiated Bio-Opinions, a dipstick survey for field sales force that was instrumental in unlocking employees' voices on their interests, ideas, workplace-health, career prospects and other facets.

Table 1: Biocon Group: Intellectual capability break-up

Education	2011-12	2010-11*
Ph. D.	344	245
Post Graduates	3,160	2,199
Graduate Engineers	291	210
CA/ MBA/ ICWA/ CS/ LLB	367	214
Graduate/ Undergraduate	2,091	2,432
Total	**6,253**	**5,300**

Priorities for 2012-13

- Utilize the Employee Referral Scheme to mobilise talent supply
- Implement a Rewards and Recognition program to continuously recognise and reward talent
- Operationalize 'My Learning Space' to open up a new vista for employee self-learning and development; implement a more robust and feature-rich Learning Management System
- Equip talent with cutting-edge knowledge and skills in the biopharma domain through focused development initiatives

[12] *International Diabetes Federation's Diabetes Atlas Fifth Edition detailed estimates*
[13] *Frost & Sullivan: Global CRO Market: Quantitative Assessment*
** 2010-11 Intellectual Capability Break-up excludes AxiCorp as this subsidiary was divested at the end of FY 11*

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. The revised Schedule VI of the Companies Act, 1956 has been adopted while preparing these statements, in accordance with the notification from the Ministry of Corporate Affairs.

All amounts in Indian Rupees Million

Balance Sheet

Table 2: Particulars As on	March 31, 2012	March 31, 2011	Change
Equity and Liabilities			
Shareholder's Funds			
Share Capital	1,000	1,000	-
Reserves and Surplus	19,964	18,468	8%
	20,964	**19,468**	**8%**
Non-Current Liabilities			
Long-term Borrowings	605	658	-8%
Deferred tax Liability (net)	349	396	-12%
Other Long-term Liabilities	649	695	-7%
	1,603	**1,749**	**-8%**
Current Liabilities			
Short-Term Borrowings	868	963	-10%
Trade Payables	2,511	1,997	26%
Other Current Liabilities	769	571	35%
Short-Term Provisions	1,488	1,287	16%
	5,636	**4,818**	**17%**
Total	**28,203**	**26,035**	**8%**
Assets			
Non-Current Assets			
Tangible and Intangible Assets	7,675	7,823	-2%
Non-Current Investments	1,664	920	81%
Long-term Loans and Advances	5,343	4,162	28%
	14,682	**12,905**	**14%**
Current Assets			
Current Investments	4,906	3,939	25%
Inventories	3,404	2,747	24%
Trade Receivables	4,450	4,181	6%
Cash and Cash Equivalents	400	2,103	-81%
Short term loans and advances	361	160	125%
	13,521	**13,130**	**3%**
Total	**28,203**	**26,035**	**8%**

Share Capital

Your Company has equity share capital comprising of 200,000,000 equity shares with a face value of ₹ 5 each. There has been no change in the equity capital of the company during the year.

Reserves and Surplus

The total reserves and surplus of your company increased by 8% to reach ₹ 19,964 as on March 31, 2012 vis-à-vis ₹18,468 on March 31, 2011. This increase is on account of accumulation of profits made during the year net of dividend distribution.

Non-Current Liabilities

The total non-current liabilities decreased by 8% this year on account of repayment of deferred sales tax loan, and reversal of deferred tax liabilities during the period.

Current Liabilities

Current Liabilities rose by 17% during the comparative period primarily on account of

- An increase in trade creditors by ₹ 514 because of higher purchase volumes.
- Surge in actuarial provisions for gratuity and leave expenses.
- Instalments of deferred sales tax loan which are repayable during the ensuing fiscal, which are classified under current maturities of long-term liabilities.

Non-Current Assets

Non-current assets grew by ₹ 1,777 due to investment in Biocon Sdn Bhd, Malaysia during the year. Non-current investments increased by ₹ 744. There were no significant changes to net Fixed Assets during the year.

Current Assets

Current Assets as on March 31, 2012 reached ₹ 13,521 against ₹ 13,130 on March 31, 2011. A rise in inventories and trade receivables resulted in a combined increase of ₹ 926 during the period, which was offset by a reduction in bank balances.

Statement of Profit and Loss

The following table details out the statement of profit and loss for Biocon Limited for the fiscals ended March 31, 2012 and March 31, 2011.

All amounts in Indian Rupees Million

Table 3: Particulars	FY 2012	FY 2011	Change
Revenues from Operations			
Sale of Finished Products	13,656	12,132	13%
Sale of Traded Goods	1,847	1,399	32%
Other Operating Revenues	523	409	28%
Less: Excise Duty on Operating Revenues	495	394	26%
	15,531	**13,546**	**15%**
Licensing and development fees	27	2,065	-99%
	15,558	**15,611**	**0%**
Other Income	666	572	16%
Total Revenues	**16,224**	**16,183**	**0%**
Expenses			
Cost of Materials Consumed	7,414	6,398	16%
Employee Benefit Expenses	1,916	1,456	32%
Other Expenses	2,893	2,245	29%
Total Expenses	**12,223**	**10,099**	**21%**
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**4,001**	**6,084**	**-34%**
Depreciation and Amortization	940	902	4%
Finance Costs	17	10	68%
Profit Before Tax	**3,044**	**5,172**	**-41%**
Total Tax Expense	489	579	-16%
Profit For the Year	**2,555**	**4,593**	**-44%**

Revenue Breakup

Your Company's total income for the fiscal ended March 31, 2012 comprised of four key elements:

- Sales of Biopharmaceutical Products
- Other Operating Income
- Licensing and Development Fees and
- Other Income

The table below illustrates the contribution of each of these components to the company's total Income for FY 2012 and FY 2011 (refer table 4) and the break-up of net biopharma sales between domestic and exports (refer table 5).

All amounts in Indian Rupees Million

Table 4: Particulars	FY 2012	FY 2011
Operating Revenues		
Bulk API and formulations	92.6%	81.2%
Other Operating Revenues	3.2%	2.5%
Licensing and Development Fees	0.2%	12.8%
Total Operating Revenues	**96%**	**96.5%**
Other Income	4%	3.5%
Total Revenues (in ₹ Million; 100%)	**16,224**	**16,183**

All amounts in Indian Rupees Million

Table 5: Particulars	FY 2012	%	FY 2011	%
Domestic	8,791	57	8,676	55
Exports	6,767	43	6,935	45
Total Income	**15,558**	**100**	**15,661**	**100**

Portfolio Performance

Your company's operating revenues can be broadly categorised as biopharmaceuticals and licensing & development fees. The biopharmaceutical sales come from an eclectic mix of API and finished dosages in small molecules and biologics. Our product portfolio strategy has abetted us to develop expertise in fermentation and synthetic chemistry based products. The key product portfolios are detailed below:

Statins

These are cholesterol reducing drugs used to treat coronary diseases and are amongst the largest selling medications in the world. Our portfolio comprises of a range of statins including Atorvastatin, Simvastatin, Rosuvastatin and Pravastatin. Major markets for these molecules are India, Europe and the United States.

Our statins portfolio has remained buoyant this year despite pricing pressures accompanied by generic atorvastatin making its debut in several key markets. The product mix in the portfolio has evolved with the changing market dynamics enabling us to optimally leverage our fermentation capabilities and prepare for the next leap in the value chain. We expect this segment to progressively decrease its contribution to our revenues, as the other growth platforms steer us forward.

Insulins and Immunosuppressants

Insulin is a naturally occurring hormone, which regulates carbohydrate and fat metabolism in the body. Diabetes occurs when the body does not have or is unable to produce enough Insulin that is required in conjugation with the dietary intake. Your company manufactures rh-Insulin and Glargine (a long-acting insulin analog) and has regional partnerships to enable market access in over 30 geographies. We are looking at gaining further traction with our current partners as well as reaching out to newer markets to ensure a larger foothold in the world market.

Immunosuppressants are molecules that suppress the immune system to ensure that organ and tissue rejection does not take place during transplants. These molecules require sophisticated technology based manufacturing competencies. Our portfolio currently boasts of 3 molecules which have gone off patent - Tacrolimus, Mycophenolic Acid and Mycophenolate Mofetil. This portfolio has seen sustained double digit growth over the last two years notwithstanding capacity constraints and pricing pressure. We anticipate this growth to continue with added momentum from new molecules.

Other Biopharma

This segment consists of niche molecules like Prosts, Fidaxomicin, Orlistat et al that complement our strengths in fermentation and synthetic chemistry. This portfolio spreads across various therapeutic landscapes including diabetes, anti-infective and ophthalmology, helping us to test the waters in various arenas and strategize on future portfolio expansions.

This segment has been growing well on the back of the aforementioned molecules. Orlistat, an anti-obesity molecule has seen rising penetration in emerging markets aided by its safety profile. Fidaxomicin, a *Clostridium difficile* anti-infective, has been launched to encouraging reception in USA by our commercialisation partner - Optimer Pharma. This molecule is expected to charter into Europe in FY13.

Branded Formulations

Our branded formulations arm encompasses our finished dosages business spread across India and other emerging markets. This segment has grown at 39% YoY building on the strength of our differentiated offerings in Diabetology, Cardiology, Nephrology, Oncology, Immunotherapy and Comprehensive Care. Immunotherapy and Comprehensive Care were launched last year and have been able to create their niche with customer-centric approach. We currently have over 1,500 people driving the transformation in this segment.

The segment highlight for the fiscal was the launch of INSUPen ease®: a world-class, reusable delivery device for insulin and analogs based on proprietary German technology. The best-in-class delivery device has been very well received and appreciated by doctors and patients alike. Capitalising on this launch, our India Insulin business (part of our Diabetology portfolio in branded formulations) grew rapidly over the last year. According to IMS February 2012 MAT, Biocon was the fastest growing Insulin Company in India and the only indigenous company that has been able to catapult itself to the top league.

Other Financial Data

Licensing and Development Fees

Licensing and Development fees comprises of income received towards:

- Transfer of proprietary technology of certain bio-generics under long-term contracts
- Out-licensing of proprietary products.

In FY 11, your Company had recorded an exceptionally high licensing income on account of technology transfer to its subsidiary, Biocon SA. During FY 12, we recorded an amount of ₹ 27 on account of transfer of development and marketing rights of certain products in some emerging markets.

Other income

The increase of 16% YoY was primarily contributed by dividend income from investments in debt mutual funds. Increase of cash surplus, and a higher yield on investments primarily led to the surge in the earnings amounting to ₹ 276 this fiscal as compared to ₹ 167 in the last fiscal.

Cost of Materials Consumed

Material costs include our consumption of raw materials, traded goods and change in stock. Materials costs have increased by 16% from ₹ 6,398 to ₹ 7,414 over the previous year. As a percentage of product sales, the material cost has remained at 48% YoY.

Employee benefit expenses

Staff cost comprises of:

- Salaries, wages, allowances and bonuses;
- Contributions to provident fund;
- Contributions towards gratuity provisions;
- Amortisation of Employees stock compensation expenses; and
- Welfare expenses (including employee insurance schemes).

Staff costs have increased by 32% from ₹ 1,456 in FY11 to ₹ 1,916 in FY12. We are putting in place key personnel to propel our developmental programs through the developed markets as well as to create the foundation for a leap in the value chain via small molecules and biosimilars. There was an increase of 18% in our total employee strength.

Operating and other expenses

This section encompasses traveling and conveyance charges, communication expenses, professional costs, 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 and other general overheads. Over this fiscal, operating and other expenses have increased by 29% due to:

- 20% increase in power and fuel expenses as well as in travelling and conveyance charges
- 48% increase in logistics, selling and distribution expenses on account of increase in freight costs and promotional expenses in the branded formulations business.

Depreciation and Amortisation

During this fiscal, depreciation and amortisation increased marginally to ₹ 940 from ₹ 902 last year. The increase is mainly on account of new investments to augment our manufacturing facilities.

Finance Costs

Finance Costs have increased from ₹ 10 in FY11 to ₹ 17 in FY12 in commensuration with the increase in effective interest rate on borrowings to finance temporary working capital requirements.

Tax Expenses

Tax expenses for the fiscal stood at ₹ 489 in FY12 in comparison to ₹ 579 million in FY11.

Net Profit

Net profit for FY12 decreased by 44% on account of reduction in licensing income vis-à-vis the previous fiscal. Basic EPS for the year stood at ₹ 13.04, as against previous year ₹ 23.49.

Liquidity

Our primary liquidity requirements are for financing working capital requirements and funding capital expenditure. The financing needs are met through internal accruals and short term borrowings.

All amounts in Indian Rupees Million

Table 6 : Cash Flow	FY 2012	FY 2011
Net Cash generated from Operating activities	1,605	3,547
Net Cash used for:		
Capital Expenditure	(1,084)	(1,212)
Dividend including dividend tax	(997)	(768)
Investments in associate/subsidiary companies	(712)	(122)
Loans to subsidiaries/joint venture companies	74	122
Borrowings from bank	(125)	(286)
Others	503	463
Cash and cash equivalents	(736)	1,745
Net (purchase)/redemption of current investments	(719)	(663)
Cash at beginning of year	1,853	771
Cash at the end of the year	398	1,853

Performance of Subsidiaries, Joint Ventures and Associates

Syngene International Limited

Syngene International Limited (Syngene) is the leading contract and custom research enterprise in India with veritable expertise in chemistry and biologics. A 98.7% subsidiary of Biocon Limited, Syngene offers integrated research services in the drug discovery and development space. The establishment offers differentiated services with customisable service models to effectively tap into the evolving needs of the global biopharma and biotech players. Syngene's clientele includes businesses across the biopharma and speciality pharma continuum including Bristol Myers Squibb, Pfizer, Merck and Abbott Nutrition.

In this fiscal, Syngene recorded a growth of 29% in top line with revenues touching ₹ 4,182 against ₹ 3,229 in FY11. Syngene's EBIDTA margin for the year was 34%, with the operational margin at ₹ 1,404 compared to ₹ 1,006 last year, a growth of 40%.

Clinigene International Limited

Clinigene undertakes complex bioavailability, bioequivalence and clinical trials in all hues required for validation of drugs and pharmaceuticals in India. It also conducts research in the vista of medical sciences for the development and enhancement of medical diagnostic, surgical and therapeutic techniques. During the year, Syngene acquired 100% of the shareholding of Clinigene International Limited from its parent company to ensure seamless operational integration of the combined research service offerings.

For the fiscal ended March 31, 2012; Clinigene earned revenues worth ₹ 291 and a net loss of ₹ 45.

Biocon Biopharmaceuticals Private Limited

Biocon Biopharmaceuticals Private Limited (BBPL) is a wholly owned subsidiary engaged in the production of monoclonal antibodies and other biologics. This subsidiary was incorporated on June 17, 2002 and currently has a paid-up share capital of ₹ 176. During the year, BBPL earned revenues worth ₹ 398 and generated a net profit of ₹ 56.

Biocon Research Limited

Biocon Research Limited (BRL), a wholly owned subsidiary, undertakes discovery and development research work in biologics, antibody molecules and proteins. The biosimilar monoclonal antibodies commercialization alliance with Mylan is progressing well. Biosimilar Trastuzumab has commenced Phase I trial in Europe. Some of the other biosimilar molecules from this portfolio are expected to enter the clinics shortly.

For the current year BRL registered revenues of ₹ 161 and has reported a net loss of ₹ 404 for the year ended March 31, 2012.

NeoBiocon

NeoBiocon FZ LLC., a research and marketing pharmaceutical company based in Abu Dhabi was incorporated in January 2008 as a *'50:50'* joint venture with Dr B. R. Shetty of Neo Pharma. NeoBiocon aims to increase the access and penetration of our portfolio offerings in the Middle East and GCC market. During the current year NeoBiocon contributed ₹ 114 to the group revenues.

IATRICa Inc.

Your company has made a strategic investment of ₹ 138 in the US based research company, IATRICa Inc. The aim of this collaboration is to jointly develop bi-specific Immuno-Conjugates for the treatment of cancer and other infectious disorders. The research work has already been initiated with very encouraging results from one of the molecules, BISB, in preclinical studies. As of March 31, 2012 Biocon has a 30% stake in IATRICa.

Biocon SA

Biocon SA is our wholly owned subsidiary in Switzerland, engaged in development and commercialization of biopharmaceuticals for the global markets. This fiscal was marked by the amicable dissolution of its biosimilar insulin and analogs commercialiazation partnership with Pfizer over change in biosimilar priorities at the partner's end.

The commitment of the company to the biosimilar program stays in place as demonstrated by the progress of our molecules in the clinics. Biosimilar rh-insulin is approaching completion of it Phase III trial in EU. Biosimilar glargine has commenced multi-centric, Phase I trial for the developed markets. For the current year, Biocon SA registered a turnover of ₹ 1,551 and reported a net profit of ₹ 314.

Consolidated Financial Statements

We have prepared consolidated financial statements in accordance with Indian GAAP by consolidating our subsidiaries – Syngene, Clinigene, BBPL, BRL, Biocon SA; Joint Venture Neo Biocon and associate Company IATRICa Inc. The abbreviated consolidated Indian GAAP profit and loss account of the continuing operations is as under:

All amounts in Indian Rupees Million

Table 7: Particulars of continuing operations	FY 2012	FY 2011
Total Income	**21,483**	**18,576**
EBITDA	5,791	5,730
EBITDA Margin	**27%**	**31%**
Profit Before Tax (PBT)	3,925	3,984
PBT Margin	**18%**	**21%**
Profit After Tax (Net Profit)	3,384	3,398
Net Profit Margin	**16%**	**18%**

The divestment of AxiCorp was completed by Biocon SA in April 2011. This fiscal therefore includes the financial results of AxiCorp for the period January'11 to March'11 in accordance with the practice of consolidating its numbers with a time-lag of 3 months into the full year financial. The financial performance of AxiCorp is being disclosed in the table underneath as 'discontinued operations'. Further details on discontinued operations are provided in note 39 of the financial statement.

All amounts in Indian Rupees Million

Table 8: Particulars of discontinued operations	FY 2012	FY 2011
Total Income	2,456	9,774
EBITDA	**75**	**549**
Profit Before Tax (PBT)	59	486
Profit After Tax (Net of minority)	**32**	**276**
Loss on divestment	(32)	-
Net Profit	-	276

Risks and Concerns

In addition to the risks faced by the global pharmaceuticals industry, the global generic companies face perils in terms of patent litigations, regulatory issues and product liability. With the patent cliff beginning to threaten the existing equations, the innovator pharma companies are continuously working towards enhancing the lifecycle of their patented drugs to delay the entry of generics. With a focus on offsetting the expected losses from genericisation of their molecules, the innovator companies have also started playing in this arena with risk mitigation strategies like authorised generics and partnerships with multiple generic players to fragment the pie. The consolidation in the industry has also picked up force, with the innovators looking to bet on the growth of emerging markets to offset the slowing down of the developed pharma markets.

Biopharma and biologics manufacturing is strictly regulated by authorities across the world with the laws becoming increasingly severe in the event of non-compliance. In the scenario that Biocon or its suppliers fail to fully comply with such regulations, there could be a regulator-enforced shutdown of concerned production facilities, withdrawal of drug approvals previously granted, failure or delay in obtaining approvals for new products, prohibition on the sale or import of non-complying products.

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 major currencies (US dollar and Euro). There is an inherent risk in managing research partnerships and commercialisation of novel molecules, regulatory delays and lack of clarity on regulatory pathways.

Your company carries out a detailed risk management exercise focussed on identification and adequate mitigation of these risks. The audit committee reviews the company's risk management framework and approves risk management action plans.

Internal Controls

We believe that comprehensive internal control systems are a prerequisite for an ethical and efficient concern to function in commensuration with its size, complexity and abilities. We have established proficient internal control systems for your company and its subsidiaries to provide assurance on the company's operations and the security of its assets. The finance department is well staffed with experienced and qualified personnel who play an important role in developing, employing and monitoring the internal control environment and compliances with statutory requirements. The internal audit is conducted by an independent firm. The Audit Committee addresses significant issues raised by the internal and statutory auditor.

Cautionary Statement

Statements in the "Management Discussion & Analysis" describing the company's objectives, estimates, expectations or projections may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations; include Government regulations, patent laws, tax regimes, economic developments within India and the countries in which your company conducts business, litigation and other allied factors.

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Corporate Governance Report

The detailed report on Corporate Governance for the financial year from April 1, 2011 to March 31, 2012, as per the format prescribed by Securities and 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. Corporate governance practice goes beyond compliance and involves a company-wide commitment. This perspective has to become an integral part of business to ensure fairness, transparency and integrity of the management.

Good governance responsibilities encompasses the activities of the Board of Directors, who execute their corporate governance responsibilities by ensuring that the Company's strategic and operational undertakings are in the best interests of all stakeholders of the Company, especially shareholders, employees and our customers. This guidance from the Board of Directors warrants that the organisation grows in a balanced fashion with long-term benefits to all.

Good corporate governance provides an appropriate framework for the Board, its committees and the executive management to carry out the purposes that are in the interest of the Company and the Stakeholders.

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 eight members including two executive directors, six non-executive directors, of which five are independent directors. Dr. Kiran Mazumdar-Shaw is the Chairman and Managing Director ('CMD') of the Company and John Shaw is the Vice-Chairman. Dr. Kiran Mazumdar-Shaw and Mr. 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 professionals, scientists, and technocrats who are senior, competent and highly respected persons from their respective fields. The brief profile of the Company's Board of Directors is as under:

Dr. Kiran Mazumdar-Shaw, 59 years, CMD, is a first generation entrepreneur with more than 36 years' experience in the field of biotechnology. After graduating in B.Sc. (Zoology Honours) 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 also a member of the Prime Minister's Council on Trade and Industry and is a Member, Governing Body and General Body of the Indian Pharmacopoeia Commission, an Autonomous Body of the Government of India.

Mr. John Shaw, 63 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 Honours) in History and Political Economy from Glasgow University, U.K. in 1970. He has 27 years of experience with Coats Viyella plc. in various capacities including finance and general administration and also 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, 72 years, had 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 was awarded the degree of Doctor of Law, was a Fellow Chartered Accountant, a Fellow Cost and Management Accountant, a Fellow Chartered Secretary and a Fellow of the Institute of Directors. He spent 28 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 was the Chairman of the Institute of Directors, UK and also the Chairman and board member of Scottish Newcastle Pension Trustees Limited, UK. He has also published books on Corporate Governance, Strategy and the effective utilisation of people in organisations.

Prof. Charles L. Cooney, 68 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, 73 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.

Mr Russell Walls, 68 years, is a Fellow Member of the Association of Chartered Certified Accountants, U.K and brings to the Board his extensive experience in the field of finance. He possesses experience as director across a range of industries such as pharmaceuticals, textiles, transport and leisure. He is presently acting as non-executive director of Signet Jewelers Ltd, Treasurer and Trustee of The British Red Cross and Member of the Finance Commission of The International Federation of The Red Cross. He has formerly held positions as finance director, chairman of audit committee and non-executive director in companies such as BAA plc, Wellcome plc, Coats Viyella plc, Stagecoach Group plc, Hilton Group plc and others.

Prof. Ravi Mazumdar, 57 years, completed his Ph.D from the University of California, Los Angeles, USA in 1983. Prior to this, he obtained his B.Tech from the Indian Institute of Technology, Bombay in 1977 and his Masters in Science from the Imperial College of Science, London in 1978. He is a professor in University of Waterloo, Canada and has been professor in several prestigious universities including Purdue University, U.S.A, Columbia University, U.S.A., University of Essex, U.K., Mc Gill University, Canada and the Indian Institute of Science, Bangalore. He has over 100 referred publications in international journals in the area of applied probability and stochastic processes, non-linear dynamical systems, statistical signal processing, queuing theory and in the control and design of high-speed networks. He has been a member of several advisory committees and working groups, including the US Congress Sub-Committee on Science and Technology. He is a Fellow of the Royal Statistical Society and Fellow of the Institute of Electrical and Electronics Engineers, Inc. He is the younger brother of Dr. Kiran Mazumdar-Shaw.

Dr. Bala S. Manian, 66 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 illustrated below:

	Name of the Director	Office/Designation	Executive / Non executive	Independent/ Non independent
1	Dr. Kiran Mazumdar-Shaw	CMD	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	Mr. Russell Walls	Director	Non-Executive	Independent
8	Dr. Bala S. Manian	Director	Non-Executive	Independent
9	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.

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2.ii. Meetings and attendance record of Directors and other Directorships:

During the financial year ended 31st March, 2012, Board of Directors met 4 times on 28th April, 2011, 21st July, 2011, 19th October, 2011 and 24th January 2012. 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	13
Mr. John Shaw	4	Yes	8
Prof. Ravi Mazumdar	3	Yes	3
Dr. Neville Bain	4	Yes	4
Prof. Charles L. Cooney	4	Yes	5
Mr. Suresh Talwar	4	Yes	44
Dr. Bala S. Manian	4	Yes	5
Mr. Russell Walls	3	Yes	4
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, Operating and Capital budgets and any updates thereto.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of Audit Committee, Remuneration Committee, Investors' Grievance Committee and Share Transfer Committee.
- The information on recruitment and remuneration of senior officers just below the board level, including the Company Secretary.
- General notice of interest.
- Dividend data and bonus, if applicable.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature.
- Details of any joint venture, acquisition, technology or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme, etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

2.iii. Details of Directorships in other Companies:

The details of directorships of the Company's Directors in other companies as on March 31, 2012 are given below:

Name of Company/ Firm	Nature of Interest
Dr. Kiran Mazumdar Shaw	
Syngene International Limited	Managing Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Biocon Research Limited	Director
Biocon SA **	Director
Biocon Sdn Bhd **	Director
Glentec International **	Director
Iatrica Inc**	Director
Narayana Institute for Advanced Research Private Limited	Director
Narayana Hrudayalaya Private Limited	Director
United Breweries Limited	Director
Indian School of Business Private 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 **	Director
Biocon Sdn Bhd**	Director
Glenloch Properties Private Limited	Director
Prof. Ravi Mazumdar	
Glentec International **	Director
Clinigene International Limited	Director
Syngene International Limited	Alternate Director
Dr. Neville C. Bain	
Scottish & Newcastle Pension Trustees Limited **	Director
Syngene International Limited	Director
Neville Bain Developments Limited **	Director
Provexis Limited **	Director
Prof. Charles L. Cooney	
Syngene International Limited	Director
LS9, Inc. **	Director
PolyPore International, Inc. **	Director
Mitra Life Sciences,	Director
Microbia, Inc. **	Director
Mr. Suresh N. Talwar	
PZ Cussons India Private Limited	Chairman & Alternate Director
FCI OEN Connectors Limited	Chairman & Alternate Director
Transwarranty Finance Limited	Chairman & Alternate Director
Armstrong World Industries (India) Private Limited	Chairman
Merck Limited	Chairman
Sidham Finance & Investments Private Limited	Chairman
Samson Maritime Limited	Chairman
Birla Sun Life Insurance Co. Limited	Director
Birla Sun Life Trustee Co. Private Limited	Director
Blue Star Limited	Director
Blue Star Infotech Limited	Director
Chowgule and Company Private Limited	Director
Chowgule Ports and Infrastructure Private Limited	Director
Decagon Investments Private Limited	Director
ELANTAS Beck India Limited	Director
Epitome Global Services Private Limited	Director
Esab India Limited	Director
Greaves Cotton Limited	Director
India Value Fund Trustee Co. Private Limited	Director
IVF Trustee Company Private Limited	Director
IVF (Mauritius) PCC**	Director
IVF(Mauritius) Limited**	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) Private Limited	Director
Larsen & Toubro Limited	Director
L&T Metro Rail (Hyderabad) Limited	Director
MF Global (India) Private Limited	Director
Morgan Stanley India Capital Private Limited	Director
Rediffusion – Dentsu, Young & Rubicam Private Limited	Director
S Kumar's Nationwide Limited	Director
Sandvik Asia Private Limited	Director
Shrenuj & Co. Limited	Director
Sonata Software Limited	Director
Snowchem Paints Private Limited	Director
Swiss Re Shared Services (India) Private Limited	Director
TTK Healthcare TPA Private Limited	Director
Warner Bros Pictures (India) Private Limited	Director
Rhodia Specialty Chemicals India Limited	Alternate Director
Garware-Wall Ropes Limited	Alternate Director
Johnson & Johnson Limited	Alternate Director
Uhde India Private Limited	Alternate Director

Dr. Bala S. Manian	
ReaMetrix Inc., **	Director
ReaMetrix India Private Limited	Director
ICICI Knowledge Park	Director
Vaccinex Inc. **	Director
IKP Investment Management Company **	Director
Mr. Russell Walls	
Aviva Plc **	Director
Mytrah Energy Limited	Director
Signet Jewellers **	Director
Syngene International Limited	Director
Prof. Catherine Rosenberg	
Syngene International Limited	Director

** - indicates Companies incorporated outside India

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 the directors hold positions on the board:-

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 Limited	Investors' Grievance	Member
2	Mr. John Shaw	Biocon Limited	Investors' Grievance	Member
3	Dr. Neville Bain	Biocon Limited	Audit Committee	Chairman
		Biocon Limited	Investors' Grievance	Chairman
		Syngene International Limited	Audit Committee	Member
4	Prof. Charles L. Cooney	Biocon Limited	Audit Committee	Member
		Syngene International Limited	Audit Committee	Member
5	Mr. Suresh Talwar	Biocon Limited	Audit Committee	Member
		Blue Star Limited	Audit Committee	Chairman
		Blue Star Infotech Limited	Audit Committee	Member
		ELANTAS Beck India Limited	Audit Committee	Member
		FCI OEN Connectors Limited	Audit Committee	Chairman
		Greaves Cotton Limited	Audit Committee	Member
		Merck Limited	Audit Committee	Chairman
		Sandvik Asia Limited	Audit Committee	Chairman
		Solvay Pharma India Limited	Audit Committee	Member
6	Mr. Russells Walls	Biocon Limited	Audit Committee	Member
		Syngene International Limited	Audit Committee	Chairman
		Mytrah Energy Limited	Audit Committee	Chairman

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 (www.biocon.com). The certificate from Chairman and Managing Director with regard to compliance of code of conduct by Board members and senior management is enclosed and forms part of this report.

Certificate of Code of Conduct:

Biocon Group is committed to conducting its business in accordance with the pertinent 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 2011-12.

For Biocon Limited

(Sd/-)
Dr. Kiran Mazumdar-Shaw
Chairman and Managing Director

Bangalore
March 31, 2012

2. vi. Shareholding of Directors

Name of the Director	Nature of Directorship	No of shares held as on 31.3.2012
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	500,000
Prof. Charles L. Cooney	Non-Executive	159,522
Mr. Suresh N. Talwar	Non-Executive	32,000
Dr. Bala S. Manian	Non-Executive	2,500
Mr. Russell Walls	Non-Executive	Nil
Prof. Catherine Rosenberg (Alternate Director)	Non-Executive	*

* Joint Holding

2.vii. Re-appointment of Directors:

The Directors, Mr. John Shaw and Mr. Suresh N. Talwar shall retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. 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, if any.

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 16th April 2001. The following directors are the current members of the Committee:

a) Dr. Neville Bain

b) Prof. Charles L. Cooney

c) Mr. Suresh Talwar

d) Mr. Russell Walls

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. Meetings and attendance during the year:

Name	No. of meetings held	No. of meetings attended
Dr. Neville Bain	4	4
Prof. Charles L. Cooney	4	4
Mr. Suresh Talwar	4	4
Mr. Russell Walls**	2	2

** - Appointed during the year

Mr. Russell Wall was appointed as director of the Company on April 28, 2011 and also as member of the audit committee with effect from October 19, 2011.

During the year 2011-12, the Committee met 4 times on April 27, 2011, July 20, 2011, October 19, 2011 and January 24, 2012. 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 forthcoming Annual General Meeting & subsequent 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. KPMG (Regd.) who are appointed to review the internal control processes in place and report quarterly to the Audit Committee.

3.iv. Subsidiary Companies:

The Company has five subsidiary companies, Syngene International Limited, Biocon Biopharmaceuticals Private Limited, Biocon Research Limited, Biocon SA, Biocon Sdn Bhd and one joint venture, NeoBiocon, as explained in the Directors Report. During the year, the company sold its shares in Clinigene International Limited to Syngene International Limited. Accordingly, Clinigene International Limited became a wholly owned subsidiary of Syngene International Limited. None of the Indian unlisted subsidiary companies represent more than 20% of the consolidated turnover or net worth of the Company in the immediately preceding financial year. However, three independent Directors of the Company are on the Board of Syngene International Limited. During the year, Biocon SA divested its stake in Axicorp GmbH, Germany.

The Audit Committee of the Company reviews the financial statements of all the subsidiary companies. The minutes of Board Meetings of the subsidiary companies are placed for review at the Board Meeting of the Company

3.v. CEO/CFO Certification:

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

a) Prof. Charles L. Cooney

b) Dr. Neville Bain

c) Mr. Russell Walls

The members of the committee are Non-Executive and Independent Directors. Prof. Charles L. 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	4
Prof. Charles L Cooney	4	4
Mr Russel Walls **	2	2

** - Appointed effective October 19, 2011

During the year 2011-12, the Committee met 4 times on April 27, 2011, July 20, 2011, October 19, 2011 and January 24, 2012.

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

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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, 2012 are given below:

Name of the Director	Salary and Perquisites				Board Related		Total
	Fixed pay	Perquisites	Variable pay (performance Bonus)	Retiral benefits	Commission	Sitting Fees	
Dr. Kiran Mazumdar-Shaw	12,530,837	1,205,114	658,645	655,763	-	-	15,050,359
Mr. John Shaw	7,621,655	1,901,600	-	-	-	-	9,523,255
Prof. Ravi Mazumdar	-	-	-	-	-	60,000	60,000
Dr. Neville Bain	-	-	-	-	1,000,000	180,000	1,180,000
Prof. Charles L. Cooney	-	-	-	-	1,000,000	180,000	1,180,000
Mr. Suresh Talwar	-	-	-	-	1,000,000	160,000	1,160,000
Dr. Bala S. Manian	-	-	-	-	1,000,000	80,000	1,080,000
Prof. Catherine Rosenberg (Alternate Director)	-	-	-	-	-	20,000	20,000
Mr. Russell Walls					1,000,000	110,000	1,110,000

*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 plan were granted to the Non-Executive 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 23, 2010.

Pecuniary relations or transactions of the Non-Executive Directors:

There were no pecuniary relationship or transactions of Non-Executive Directors vis- a-vis the Company which has potential conflict with the interests of the Company at large.

Compensation/Fees paid to Non-Executive Directors:

The Non-executive directors were paid sitting fees for attending the Board and Committee Meetings. The Non-Executive Independent Directors of the Company are paid remuneration by way of commission at a sum not exceeding 1% per annum of our net profits subject to the limit of ₹ 10,00,000 per annum per director as approved by the special resolution passed by the Members of the Company at the Annual General Meeting held on July 23, 2010.

5. Shareholders:

5.i. Investor Grievances Committee:

The Board constituted the Investors Grievances Committee on January 17, 2004 with the following members of the committee:

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 2011-12, the Committee met 4 times on April 27, 2011, July 20, 2011, October 19, 2011 and January 24, 2012 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 Officer:

Mr. Kiran Kumar, 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
Nil	157	157	Nil

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
2008-09	23rd July, 2009, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2009-10	23rd July, 2010, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	1
2010-11	21st July, 2011, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	1

6.ii Special Resolutions:

At the Annual General Meeting of the Company held on July 23, 2010 Special Resolution was passed approving the payment of remuneration/ commission to Non-Executive Independent Directors of the Company.

The Annual General Meeting of the Company held on July 21, 2011 Special Resolution was passed approving the appointment of Mr. Russell Walls as a director 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 32 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 products to a private company amounting to Rs. 17, during the year ended March 31, 2012, that requires prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions have been entered into at prevailing market prices and are duly approved by the Board of Directors of the Company. The Company had filed an application with the Central Government for approval of such transactions and for condonation of delay in making such application for similar transactions during the year 2010-11. In respect of transactions entered during the year ended March 31, 2012, the Company is in the process of filing an application with the Central Government for approval of such transactions 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, half-yearly and yearly financial results will be sent to the Stock Exchanges immediately after the Board approves the same. These results will also be published in English newspaper, usually in Business Line 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 organises 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 & Analysis has been done by the Directors and forms part of Directors' Report.

9. General Shareholders' Information:

i. Annual General Meeting:

Date and Time	:	July 26, 2012 at 3.30 p.m.
Venue	:	Auditorium, Biocon Research Centre, Plot No. 3, Biocon Special Economic Zone, Bommasandra Jigani Link Road, Bangalore - 560 099

ii. Financial Calendar for 2012-13	:	The following are tentative dates:
First Quarterly results	:	July 25, 2012
Half-yearly Results	:	October 30, 2012
Third Quarterly Results	:	January 24, 2013
Annual Results 2012-13	:	April 25, 2013
AGM for the year 2012-13	:	July 26, 2013
iii. Dates of Book Closure	:	Friday, July 7, 2012 to Friday, July 21, 2012 (Both days inclusive)
iv. Dividend payment date	:	Upon declaration post July 26, 2012
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. ISIN	:	INE 376G01013

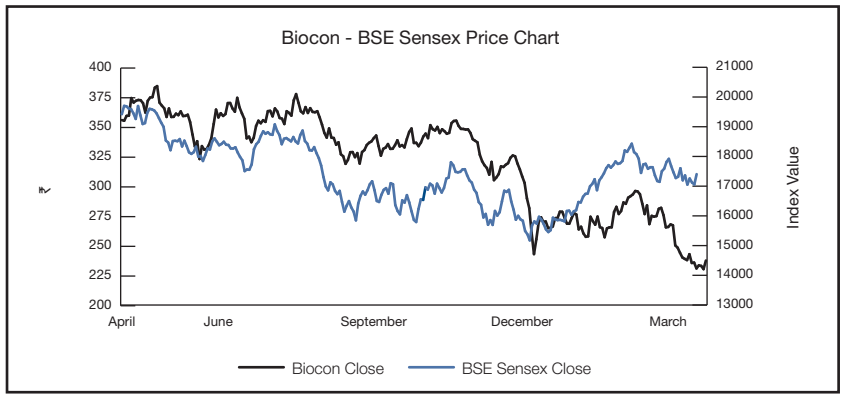
viii. Market Price data during 2011-12:

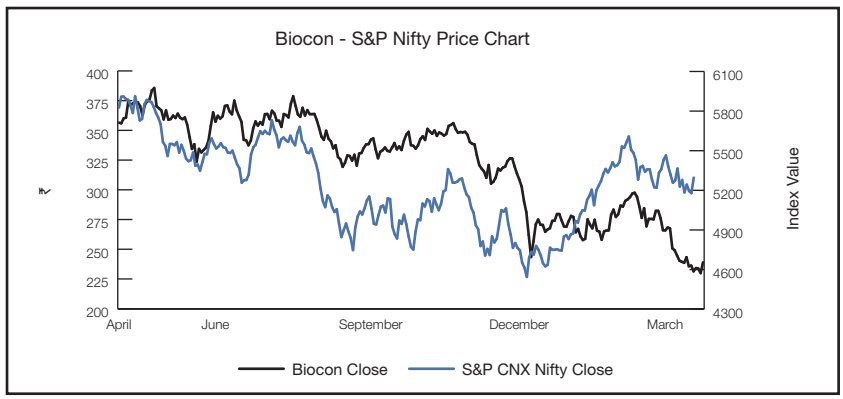
The monthly high/low closing prices (rounded) of shares of the Company from April 1, 2011 to March 31, 2012 are given below:

		BSE			NSE		
Sl. No.	Month	High (₹)	Low (₹)	Volume of Shares	High (₹)	Low (₹)	Volume of Shares
1	Apr/11	385	356	1,549,827	386	356	8,572,926
2	May/11	366	323	965,776	367	324	6,619,527
3	Jun/11	375	338	1,366,627	375	337	8,591,284
4	Jul/11	378	353	1,815,290	379	353	9,631,550
5	Aug/11	364	319	957,044	364	319	7,268,277
6	Sep/11	349	326	740,909	349	327	5,197,448
7	Oct/11	356	334	548,803	356	335	3,098,870
8	Nov/11	349	306	478,633	349	305	3,932,068
9	Dec/11	326	243	1,418,425	326	243	9,131,949
10	Jan/12	279	258	3,343,220	280	258	13,391,536
11	Feb/12	297	266	2,988,041	298	266	15,998,350
12	Mar/12	282	231	3,977,422	282	230	18,387,685

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 1, 2011 to March 31, 2012. 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 31st March, 2012, pursuant to Clause 35 of the Listing Agreement is as under:

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

Shareholders - by Category:

CT. Code	Category of Shareholders	No.of Shareholders	Total Number Shares	No. of Shares held in Dematerialised form	Total Shareholding as a Percentage of Total No. of Shares		Shares Pledged or otherwise Encumbered	
					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 Undividend Family	4	80,881,394	80,881,394	40.44	40.44	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):	**4**	**80,881,394**	**80,881,394**	**40.44**	**40.44**	**0**	**0.00**
(2)	**FOREIGN**							
(a)	Individuals (NRIs/Foreign Individuals)	1	1,407,558	14,07,558	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)	**6**	**121,824,146**	**121,824,146**	**60.91**	**60.91**	**0**	**0.00**
(B)	**PUBLIC SHAREHOLDING**						**NA**	**NA**
(1)	**INSTITUTIONS**						**NA**	**NA**
(a)	Mutual Funds/UTI	32	8,118,028	8,118,028	4.06	4.06		
(b)	Financial Institutions /Banks	30	10,816,130	10,816,130	5.41	5.41		
(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	76	5,430,212	5,430,212	2.72	2.72		
(g)	Foreign Venture Capital Investors	-	-	-	0.00	0.00		
(h)	Any Others	-	-	-	0.00	0.00		
	Sub-Total (B)(1) :	**138**	**24,364,370**	**24,364,370**	**12.18**	**12.18**		
(2)	**NON-INSTITUTIONS**						**NA**	**NA**
(a)	Bodies Corporate	1,577	14,322,738	14,322,738	7	7		
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to ₹1 lakh	120,600	17,658,954	17,599,171	8.83	8.83		
	(ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	70	11,677,918	11,409,846	5.84	5.84		
(c)	Any Others							
	Clearing Members	219	646,748	646,748	0.32	0.32		
	Foreign Bodies	1	105,374	105,374	0.05	0.05		
	Non Resident Indians	2,792	1,291,434	1,119,040	0.65	0.65		
	Trusts	16	8,108,318	8,108,318	4.05	4.05		
	Sub-Total (B)(2):	**125,275**	**53,811,484**	**53,311,235**	**26.91**	**26.91**		
	Total Public Share Holding (B)=(B)(1)+(B)(2):	**125,413**	**78,175,854**	**77,675,605**	**39.09**	**39.09**	**NA**	**NA**
	Total (A)+(B):	**125,419**	**200,000,000**	**199,499,751**	**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) :	**125,419**	**200,000,000**	**199,499,751**	**100.00**	**100.00**	**0**	**0.00**

Distribution of shareholding by no. of shares:

DISTRIBUTION SCHEDULE AS ON 31/03/2012

Sl. No.	Category	Cases	% of Cases	Amount	% Amount
1	upto 1 - 5000	122,647	97.79	64,579,415.00	6.46
2	5001 - 10000	1,394	1.11	10,558,955.00	1.06
3	10001 - 20000	655	0.52	9,480,835.00	0.95
4	20001 - 30000	232	0.18	5,783,450.00	0.58
5	30001 - 40000	98	0.08	3,491,475.00	0.35
6	40001 - 50000	70	0.06	3,221,570.00	0.32
7	50001 - 100000	126	0.10	9,260,575.00	0.93
8	100001 & ABOVE	197	0.16	893,623,725.00	89.36
	Total:	**125,419**	**100.00**	**1,000,000,000.00**	**100.00**

De-materialisation of shares and liquidity:

Procedure for dematerialisation/ rematerialisation 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) and Central Depository Services (India) Limited (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 31st March, 2012, 500,249 shares (0.25%) of the shares of Company were in physical form.

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

Plant locations:

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

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

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

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 Limited),
Plot No. 17 – 24,
Vittal Rao Nagar, Madhapur,
Hyderabad - 500 081
Mail id: vlakshmi@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, 2012, 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
May 25, 2012

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, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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, 2012;

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

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

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

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

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

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. Inventories lying with outside parties have been confirmed by them as at year end.

(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. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.

(iii) (a) Company has granted unsecured loans to four companies covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act'). The maximum amount involved during the year was ₹ 2,123 million and the balance outstanding at March 31, 2012 from such parties was ₹ 1,729 million.

(b) In our opinion and according to the information and explanations given to us, and having regard to management's representation that interest free loans given to certain wholly-owned subsidiaries of the Company are in the interest of the Company's business, the rate of interest, wherever applicable, and other terms and conditions for such loans 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) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.

(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) ('the Order') are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, 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, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company 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 and exceeding the value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were 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, related to the manufacture of biotechnology products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is generally regular in depositing with appropriate authorities 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.

(b) According to the information and explanations given to us, no undisputed amounts payable 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 material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

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

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	1*	1994-1995	Assistant Collector of Central Excise.
The Central Excise Act, 1944	Excise Duty	89	2005-2008	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Central Excise Act, 1944	Excise Duty	10	2010-2011	Commissioner Appeals, Chennai
The Customs Act, 1962	Customs Duty	4 (3*)	2004-2005 and 2007-2008	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Customs Act, 1962	Customs Duty	23*	2008-2009, 2010-2011 and 2011-2012	Commissioner Appeals, Bangalore
Karnataka VAT Act, 2003	Value added tax	6 (1*)	2005-2006	Joint Commissioner Appeals, Bangalore
Income-tax Act, 1961	Income Tax	4*	1996-1997	Supreme Court
Income-tax Act, 1961	Income Tax	4*	1997-1998	High Court of Karnataka
Income-tax Act, 1961	Income Tax	90 (82*)	2002-2008	Commissioner of Income Tax (Appeals)

* These amounts are paid in protest.

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

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial 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 before 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 Order 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 Order 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) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(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 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 financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

Balance Sheet as at March 31, 2012

(All amounts are in Indian Rupees Million)

	Notes	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,000	1,000
Reserves and surplus	4	19,964	18,468
		20,964	**19,468**
Non-current liabilities			
Long-term borrowings	5	605	658
Deferred tax liability (net)	6	349	396
Other long-term liabilities	7	649	695
		1,603	**1,749**
Current liabilities			
Short-term borrowings	8	868	963
Trade payables	9	2,511	1,997
Other current liabilities	10	769	571
Short-term provisions	11	1,488	1,287
		5,636	**4,818**
TOTAL		**28,203**	**26,035**
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	6,757	6,662
Intangible assets	13	93	134
Capital work-in-progress		825	1,027
Non-current investments	14	1,664	920
Long-term loans and advances	15	5,343	4,162
		14,682	**12,905**
Current assets			
Current investments	16	4,906	3,939
Inventories	17	3,404	2,747
Trade receivables	18	4,450	4,181
Cash and bank balances	19	400	2,103
Short-term loans and advances	20	361	160
		13,521	**13,130**
TOTAL		**28,203**	**26,035**
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

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 Profit and Loss for the year ended March 31, 2012

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

	Notes	March 31, 2012	March 31, 2011
INCOME			
Revenue from operations (gross)		16,053	16,005
Less: Excise duty		495	394
Revenue from operations (net)	21	**15,558**	**15,611**
Other income	22	666	572
Total (I)		**16,224**	**16,183**
Expenses			
Cost of raw materials and packing materials consumed	23	6,971	6,173
Purchases of traded goods	24 (a)	857	503
(Increase)/ decrease in inventories of finished goods, traded goods and work-in-progress	24 (b)	(414)	(278)
Employee benefit expenses	25	1,916	1,456
Other expenses	26	2,893	2,245
Total (II)		**12,223**	**10,099**
Earnings before interest, tax, depreciation and amortisation (EBITDA (I - II))		**4,001**	**6,084**
Depreciation and amortisation	27	940	902
Finance costs	28	17	10
Profit before tax		**3,044**	**5,172**
Tax expenses			
Current tax		559	594
Less - MAT credit entitlement		(23)	-
Deferred tax		(47)	(15)
Total tax expense		**489**	**579**
PROFIT FOR THE YEAR		**2,555**	**4,593**
Earnings per share [equity shares, par value of ₹ 5 each (March 31, 2011- ₹ 5 each)]			
Basic (in ₹)		13.04	23.49
Diluted (in ₹)		12.92	23.27
Weighted average number of shares used in computing earnings per share	31		
Basic		195,908,279	195,542,464
Diluted		197,830,856	197,368,418
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

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

Cash Flow Statement for the year ended March 31, 2012

(All amounts are in Indian Rupees Million)

		March 31, 2012	March 31, 2011
I	**Cash flows from operating activities**		
	Profit before tax	3,044	5,172
	Non-cash adjustment to reconcile profit before tax to net cash flows		
	Depreciation and amortisation	940	902
	Unrealised exchange (gain)/loss	20	(76)
	Employee stock compensation expense	1	1
	Provision / (reversal of provision) for bad and doubtful debts	(4)	(2)
	Bad debts written off	7	10
	Interest expense	17	10
	Interest income	(17)	(40)
	Dividend income	(276)	(167)
	Loss/(profit) on sale of fixed assets	-	3
	Other non-operating income	(120)	(103)
	Operating profit before working capital changes	**3,612**	**5,710**
	Movements in working capital		
	Decrease/(increase) in inventories	(657)	(299)
	Decrease/(increase) in trade receivables	(272)	(334)
	Decrease/(increase) in loans and advances	(1,063)	(224)
	Increase/(decrease) in trade payable, other liabilities and provisions	566	(797)
	Cash generated from operations	**2,186**	**4,056**
	Direct taxes paid (net of refunds)	(581)	(509)
	Net cash flow from/(used in) operating activities	**1,605**	**3,547**
II	**CASH FLOWS FROM INVESTING ACTIVITIES**		
	Purchase of tangible fixed assets, capital work in progress and capital advances (net of reimbursements under co-development arrangements)	(1,084)	(1,231)
	Proceeds from sales of fixed assets	-	19
	Recovery of loans from subsidiaries, net	74	122
	Investment in subsidiary (non-current), net	(712)	(122)
	Proceeds from sale of subsidiary (non current)	1	-
	Proceeds from sale of current investments	15,113	17,632
	Movement in reserves of ESOP trust	98	199
	Purchase of shares by ESOP Trust	(33)	(138)
	Purchase of current investments	(15,832)	(18,295)
	Other non-operating income	120	103
	Interest received	17	40
	Dividend received	276	167
	Net cash flow from/(used in) investing activities	**(1,962)**	**(1,504)**
III	**Cash flows from financing activities**		
	Proceeds from long term borrowings	84	62
	Repayment of long term borrowings	(65)	(1)
	Proceeds/(repayment) of short term borrowings, net	(125)	(286)
	Dividend paid on equity shares	(900)	(700)
	Tax on equity dividend paid	(97)	(68)
	Interest paid	(14)	(9)
	Recovery of ESOP compensation expense from subsidiaries	4	4
	Net cash flow from / (used for) financing activities	**(1,113)**	**(998)**
IV	**Net increase/(decrease) in cash and cash equivalents (I + II + III)**	**(1,470)**	**1,045**
V	**Effect of exchange differences on cash and cash equivalents held in foreign currency**	**15**	**37**
VI	**Cash and cash equivalents at the beginning of the year**	**1,853**	**771**
VII	**Cash and cash equivalents at the end of the year (IV + V + VI)**	**398**	**1,853**
	Components of cash and cash equivalents		
	Cash on hand	2	1
	Cheques on hand	-	130
	Balances with Banks - on current accounts (excluding Unclaimed Dividend)	370	1,717
	- on deposit accounts	20	-
	- on unpaid dividend accounts*	6	5
	Total cash and cash equivalent (note 19)	**398**	**1,853**
	*The Company can utilize these balances only towards settlement of the respective 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 27, 2012

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Notes to the Financial Statements for the year ended March 31, 2012

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

1. Corporate information

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. In February 2012, Biocon has sold its shareholding in Clinigene to Syngene.

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 ('BRL'), 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. Switzerland. In February 2009, Biocon SA acquired an additional 7.4% equity interest in AxiCorp. During the year ended March 31, 2012, Biocon SA sold its shareholding in AxiCorp to third parties.

Biocon Biopharmaceuticals Private Limited ('BBPL') was incorporated on June 17, 2002 as a Joint Venture between Biocon and CIMAB SA ('CIMAB') with Biocon holding 51 per cent of the share capital. During the financial year ended March 31, 2011, Biocon acquired the interest of the joint venture partner, CIMAB. Consequently all the equity shares of BBPL are held by Biocon.

During the year ended March 31, 2011, Biocon set up a wholly owned subsidiary company in Malaysia, Biocon Sdn. Bhd. ('Biocon Malaysia') for development and manufacture of bio-pharmaceuticals.

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 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. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.

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.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy as explained in 2.1(a) (i) below.

2.1 Summary of significant accounting policies

a. (i) Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on the presentation and disclosures made in the financial statements. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year.

(ii) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible fixed assets

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, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

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

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

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

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

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Company has used the following rates to provide depreciation on its fixed assets.

Nature of Asset	Per cent
Buildings	4.00
Plant and machinery (including Computers)	9.09 - 33.33
Research and development equipment	11.11
Furniture and fixtures	16.67
Vehicles	16.67

Leasehold improvements are being depreciated over the lease term or estimated 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.

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 statement of profit and loss.

d. Intangible assets

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

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed its remaining patent life or ten years, whichever is higher. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Company amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

Amortisation of intangible assets:

a. Intellectual Property rights /marketing rights are amortized on a straight line basis over the estimated useful economic life of five years.

b. Computer Software is 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. Development costs which relate to the design and testing of new or improved materials, products or processes or for existing products in new territories 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.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. The carrying value of the development cost is tested for impairment annually.

e.Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f. Impairment of tangible and intangible assets

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

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

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

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

g. Inventories

Inventories are valued as follows:

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

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

h. Revenue recognition

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

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Sale of services:

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. Proportionate performance is measured based upon the efforts/ costs incurred to date in relation to the total estimated efforts / costs to complete the contract. The Company monitors estimates of the total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs in reflected in the period in which the changes become known. In the event that the loss is anticipated on a particular contract, provision is made for the estimated loss.

In respect of services, the Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

(iii) Interest Income:

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

(iv) Dividend income:

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

i. Investments

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

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

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

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

j. Retirement benefits

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

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

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

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

k. Foreign currency translation

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 retranslated using the exchange rate prevailing at the reporting date. 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. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates at the date when such values were determined.

Exchange Differences

From accounting period commencing on or after 7 December 2006, the Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

(i) Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the 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.

(ii) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

(iii) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

(iv) All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

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

l. Income tax

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

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

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

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

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 taxes relate to the same taxable entity and the same taxation authority.

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

m. Employee stock compensation costs

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

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

n. 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 are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

o. 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

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases 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 in the statement of profit and loss.

p. Segment reporting

Identification of segments

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

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.

q. Provisions

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

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

r. Contingent liability

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

s. 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 statement of profit and loss. 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.

t. Cash and cash equivalents

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

u. Derivative instruments

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

v. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present Earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortisation expense, finance costs and tax expense.

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	March 31, 2012	March 31, 2011
3. Share capital		
Authorised		
220,000,000 (March 31, 2011 - 220,000,000) equity shares of ₹ 5 each (March 31, 2011 - ₹ 5 each)	1,100	1,100
Issued, subscribed and fully paid-up		
200,000,000 (March 31, 2011 - 200,000,000) equity shares of ₹ 5 each (March 31, 2011 - ₹ 5 each)	1,000	1,000

(a) Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2012		March 31, 2011	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	200,000,000	1,000	200,000,000	1,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of interim dividend per share recognised as distributions to equity shareholders was ₹ Nil (March 31, 2011 - ₹ 1.50) and final dividends proposed for distribution to equity shareholders was ₹ 5 (March 31, 2011 - ₹ 3).

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

(c) Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

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

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

	March 31, 2012		March 31, 2011	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar Shaw	79,287,564	39.64%	79,287,564	39.64%
Glentec International	39,535,194	19.77%	39,535,194	19.77%

As per records of the Company, including its register of shareholders/members. The above shareholding represents both legal and beneficial ownerships of shares.

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer to note 30.

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	March 31, 2012	March 31, 2011
4. Reserves and surplus		
Securities Premium	2,788	2,788
Revaluation Reserve	9	9
ESOP Trust		
Opening Balance	571	372
Add: Dividend, interest income and profit on sale of shares, net	98	199
Income from exercise of ESOPs, for the year	-	-
Closing Balance	**669**	**571**
General Reserve		
Opening Balance	2,235	1,776
Add: Amount transferred from surplus balance in the statement of profit and loss	256	459
Closing Balance	**2,491**	**2,235**
Surplus in the statement of profit and loss		
Balance as per last financial statements	12,613	9,470
Profit for the year	2,555	4,593
Less: Appropriations		
Interim dividend on equity shares [amount per share ₹ Nil (March 31, 2011 - ₹ 1.50)]	-	(300)
Proposed final dividend on equity shares [amount per share ₹ 5 (March 31, 2011 - ₹ 3)]	(1,000)	(600)
Tax on proposed final dividend, net of reversal of earlier year ₹ Nil (March 31, 2011 - ₹ 7)	(162)	(91)
Transfer to general reserve	(256)	(459)
Total appropriations	**(1,418)**	**(1,450)**
Net Surplus in the statement of profit and loss	**13,750**	**12,613**
Employee Stock Options Outstanding		
Gross employee stock compensation for options granted in earlier years	256	264
Add: gross compensation for options granted during the year	1	-
Less: compensation on ESOP cancelled during the year	**-**	**8**
	257	**256**
Less: Deferred employee stock compensation expense (Refer note (a) below)	-	4
Closing Balance	257	252
Total Reserves and Surplus	**19,964**	**18,468**
(a) Deferred employee stock compensation expense (Also see note 30):		
Stock compensation expense outstanding at the beginning of the year	4	17
Stock options granted during the year	1	-
Stock options cancelled/forfeited during the year	-	(8)
Stock compensation expense (amortised)/reversed during the year	(1)	(1)
Stock compensation expense charged to Subsidiaries during the year	(4)	(4)
Closing balance of deferred employee stock compensation expense	**-**	**4**

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	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
5. Long-term borrowings				
Deferred Sales Tax Liability	454	584	130	65
Other loans and advances				
NMITLI - CSIR Loan	2	2	-	-
Financial assistance from DSIR	21	21	-	-
Financial assistance from DBT	65	37	-	-
Financial assistance from DST	63	14	7	-
	605	**658**	**137**	**65**
The above amount includes				
Secured borrowings	-	-	-	-
Unsecured borrowings	605	658	137	65
Amount disclosed under the head "other current liabilities" [refer note 10]	-	-	(137)	(65)
Net amount	**605**	**658**	**-**	**-**

(a) On February 9, 2000, the Company 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 ₹ 649. This is an interest free liability The amount is repayable in 10 equal half yearly installments of ₹.65 each starting from February 2012.

(b) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹ 3 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual installments of ₹ 0.3 starting from April 2009 and carry an interest rate of 3 percent per annum.

(c) (i) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual installments of ₹ 4 each. The said projects have been completed during the year ended March 31, 2010 and the repayments would commence from April 1, 2013.

(ii) In addition, during the FY 2010-11, the Company has further received ₹ 4 towards a development project out of sanctioned amount of ₹ 12. The assistance is repayable in the form of royalty payments for a period of five years post commercialisation of the project in five equal annual installments of ₹ 3 each. The said product has not yet been commercialised as at March 31, 2012.

(d) On November 3, 2009, the Department of Biotechnology ('DBT') under the Biotechnology Industrial Partnership Programme ('BIPP') has sanctioned financial assistance for a sum of ₹ 53 to the Company for financing one of its research projects. Of the said sanctioned amount, the Company had received a sum of ₹ 37 during year ended March 31, 2011 and the remaining amount of ₹ 16 during the year. The loan is repayable over 10 half yearly installments of ₹ 5 after two years from date of completion of the project and carries an interest rate of 2 percent per annum.

In addition, on May 23, 2011, the DBT under the BIPP has sanctioned financial assistance of ₹ 40 to the Company for financing another research project. Of the sanctioned amount, the Company has received a sum of ₹ 12 during the year. The loan is repayable over 10 half yearly installments of ₹ 4 after one year from date of completion of the project and carries an interest rate of 2 percent per annum.

(e) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. Of the said sanctioned amount, the Company has received the first installment of ₹ 14 during the year ended March 31, 2011 and the remaining amount during the year ended March 31, 2012. The loan is repayable over 10 annual installments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3 percent per annum.

(f) In respect of the financial assistance received under the aforesaid programmes (refer note (b) to (e) above), the Company is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets / Intellectual property rights acquired / developed under the above programmes.

	March 31, 2012	March 31, 2011
6. Deferred tax liability (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	389	433
Gross deferred tax liability	**389**	**433**
Deferred tax asset		
Employee retirement benefit expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	16	12
Provision for doubtful debts	21	22
Others	3	3
Gross deferred tax asset	**40**	**37**
Net deferred tax liability	**349**	**396**

(a)The Company has units / operations in a Special Economic Zone (SEZ) which claims 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.

	March 31, 2012	March 31, 2011
7. Other long-term liabilities		
Others		
Deferred revenues	626	693
Interest accrued but not due	5	2
Advance from customers	18	-
	649	**695**

	March 31, 2012	March 31, 2011
8. Short term borrowings		
From banks / financial institutions		
Packing credit foreign currency loan (unsecured)	812	223
Packing credit foreign currency loan (secured)	-	668
Cash credit (secured)	56	72
	868	**963**
The above amount includes		
Secured borrowings	56	740
Unsecured borrowings	812	223

(i) The Company has obtained foreign currency denominated loans of ₹ 812 (US$ 15.95) [March 31, 2011 - ₹ 223 (US$ 5)], carrying an interest rate of LIBOR plus 0.5% to 1.50% p.a., from Bank / Financial institutions as at March 31, 2012.
(ii) The Company has working capital facilities with Banks carrying interest rate ranging from 11% - 13% per annum. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables. As on March 31, 2012, the Company has utilised fund based limits of ₹ 56 (March 31, 2011 - ₹ 740), inclusive of foreign currency denominated loans of ₹ Nil (US$ Nil) [March 31, 2011 - ₹ 668 (US$ 15)]. These facilities are available for a period of 6 months from the date of grant.

	March 31, 2012	March 31, 2011
9. Trade payables		
Trade payables	2,511	1,997
(Refer note below for details of dues to micro and small enterprise)		
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006 (''MSMED Act'')		
(i) Principal amount due remaining unpaid as at the end of the year	36	52
Interest due thereon remaining unpaid as at the end of the year	2	1
(ii) Interest, if any paid in terms of Section 16 of the MSMED Act	-	-
Amount of delayed payment actually made to the suppliers during the year	110	433
(iii) Interest due and payable for the period of delay in making payment during the year	2	10
(iv) Interest accrued and remaining unpaid at the end of the year	7	5
(v)Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act	7	5
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors / suppliers.		

	March 31, 2012	March 31, 2011
10. Other current liabilities		
Current maturities of long-term borrowings (refer note 5)	137	65
Deferred revenues	82	59
Investor Education and Protection Fund shall be credited by		
Unclaimed dividend	6	5
Payables for capital goods	387	332
Advances from customers	66	38
Balance in current account with bank representing book overdraft	3	2
Other payables:		
Statutory dues	88	70
	769	**571**

(a) Statutory dues includes provident fund, employees state insurance, professional tax, withholding taxes and other indirect taxes payable.

	March 31, 2012	March 31, 2011
11. Short-term provisions		
Provision for employee benefits		
Leave encashment	63	49
Gratuity	50	22
Others		
Interim dividend on equity shares	-	300
Proposed final dividend on equity shares	1,000	600
Tax on proposed final dividend	162	97
Provision for income tax, net of advance tax	213	219
	1,488	**1,287**

(a) Included under provision for income tax is ₹ 22 (March 31, 2011 - ₹ 16) of the ESOP Trust.

12. Tangible assets

	Land	Buildings	Leasehold Improvements	Plant and Equipment	Research & Development Equipments	Furniture and Fixtures	Vehicles	Total
Cost or Valuation								
At April 01, 2010	338	1,929	3	6,620	1,014	95	19	10,018
Additions	-	135	-	533	250	17	6	941
Disposals	-	-	-	(7)	(27)	-	(1)	(35)
At March 31, 2011	**338**	**2,064**	**3**	**7,146**	**1,237**	**112**	**24**	**10,924**
Additions	49	96	-	781	104	19	-	1,049
Disposals	-	-	-	(6)	(88)	-	(1)	(95)
At March 31, 2012	**387**	**2,160**	**3**	**7,921**	**1,253**	**131**	**23**	**11,878**
Depreciation								
At April 01, 2010	-	358	1	2,562	428	59	10	3,418
Charge for the year	-	80	-	640	121	13	3	857
Disposals	-	-	-	(2)	(11)	-	-	(13)
At March 31, 2011	**-**	**438**	**1**	**3,200**	**538**	**72**	**13**	**4,262**
Charge for the year	-	84	-	671	134	17	3	909
Disposals	-	-	-	(2)	(47)	-	(1)	(50)
At March 31, 2012	**-**	**522**	**1**	**3,869**	**625**	**89**	**15**	**5,121**
Net Block								
At March 31, 2011	**338**	**1,626**	**2**	**3,946**	**699**	**40**	**11**	**6,662**
At March 31, 2012	**387**	**1,638**	**2**	**4,052**	**628**	**42**	**8**	**6,757**

(a) Land includes land held on leasehold basis: Gross Block ₹ 226 (March 31, 2011 - ₹ 226) ; Net Block ₹ 226 (March 31, 2011- ₹ 226)

(b) On December 5, 2002, Karnataka Industrial Areas Development Board ('KIADB') allotted land aggregating to 26.75 acres to the Company for ₹ 64 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 ₹ 99 from KIADB. During the quarter ended June 30, 2005, the Company paid an advance of ₹ 56 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) Additions to fixed assets during the year ended March 31, 2012, include assets of ₹ 214 (March 31, 2011 - ₹ 173) of which, ₹ 52 (March 31, 2011 - ₹ 86) has been funded by the co-development partner. The Company has capitalised and depreciated the gross cost of these assets. The funding received from the co-development partner is reflected as a part of Deferred revenues in note 7 & 10 and the depreciation charge for the year has been adjusted for the proportionate amount recovered from the co-development partner. Also refer note 27.

(d) Also refer note 35 (ii)(b) for assets given on lease.

(e) Plant and equipment include Computer and Office equipments.

13. Intangible assets

	Intellectual Property Rights	Computer Software	Marketing Rights	Total
Gross Block				
At April 01, 2010	81	39	129	249
Additions	-	-	-	-
At March 31, 2011	**81**	**39**	**129**	**249**
Additions	-	-	-	-
At March 31, 2012	**81**	**39**	**129**	**249**
Amortisation				
At April 01, 2010	57	8	-	65
Charge for the year	16	8	26	50
At March 31, 2011	**73**	**16**	**26**	**115**
Charge for the year	8	7	26	41
At March 31, 2012	**81**	**23**	**52**	**156**
Net Block				
At March 31, 2011	**8**	**23**	**103**	**134**
At March 31, 2012	**-**	**16**	**77**	**93**

(a) The Company acquired patents relating to certain technologies (collectively IPs) from M/s Nobex Inc. During the year ended March 31, 2007, the Company licensed out the IP-Apaza for further development and commercialisation. Effective October 2006, the Company commenced amortisation of Apaza over a period of 5 years, being the estimated useful life of the IPs.
During the year ended March 31, 2010, the Company transferred the right to develop and commercialise Oral Insulin to Biocon Research Ltd ('BRL'), a wholly owned subsidiary for a consideration of ₹ 673. 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.
(b) 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 ₹ 129. These rights give the Company an exclusive right of marketing the products in certain territories. Effective April 2010, the Company commenced amortisation of these rights over a period of 5 years, being the estimated useful life of these rights.

14. Non current investments

	March 31, 2012	March 31, 2011
A) Trade investments (valued at cost unless stated otherwise):		
Unquoted equity instruments		
In subsidiary companies:		
47,497,191 (March 31, 2011 - 2,874,830) equity shares of ₹ 5 each (March 31, 2011 - ₹ 10 each) fully paid-up in Syngene International Limited	84	84
500,000 (March 31, 2011 - 500,000) equity shares of Re. 1 each fully paid-up in Biocon Research Limited	1	1
100,000 (March 31, 2011 -100,000) equity shares of CHF 1 each fully paid-up in Biocon SA, Switzerland	4	4
17,600,000 (March 31, 2011- 17,600,000) equity shares of ₹ 10 each fully paid-up in Biocon Biopharmaceuticals Private Limited	211	211
4,500,000 (March 31, 2011 - 3) equity shares of RM 10 each fully paid-up in Biocon Sdn.Bhd., Malaysia	712	-
Nil (March 31, 2011 - 50,000) equity shares of ₹ 10 each fully paid-up in Clinigene International Limited	-	1
In joint venture company:		
150 (March 31, 2011 - 150) equity shares of AED 1,000 each fully paid-up in NeoBiocon FZ LLC, UAE	2	2
	1,014	**303**
Unquoted preference shares		
In associate company:		
4,285,714 (March 31, 2011 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, fully paid-up, par value US $ 0.00001 each in IATRICa Inc., USA	139	139
Others:		
2,722,014 (March 31, 2011 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid-up, par value US $0.001 each in Vaccinex Inc., USA	186	186
217,972 (March 31, 2011 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, fully paid-up, par value US $0.001 each in Vaccinex Inc., USA	32	32
	357	**357**
B) Non-trade investments (valued at cost unless stated otherwise):		
Shares of the Company held by ESOP Trust (Quoted) [Par value ₹ 5, fully paid-up]	293	260
	293	**260**
	1,664	**920**
Aggregate value of unquoted investments	1,371	660
Aggregate value of quoted investments (cost)	293	260
Aggregate value of quoted investments (market value)	978	1,538

(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 products. BRL commenced commercial activities during the year ended March 31, 2010 and as at March 31, 2012 has a negative net worth of ₹ 776 (March 31, 2011- ₹ 373) due to its early stage of operations and research activities. BRL is a research & development 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. The Company has committed to support BRL to fund its operations. The Company has granted an interest-free unsecured long-term loan of ₹ 117 as at March 31, 2012. The Company also has receivables of ₹ 2,068 (March 31, 2011 - ₹ 1,441) towards the research and development support extended by the Company.

(b) During the year ended March 31, 2009, Biocon SA a wholly owned subsidiary was incorporated in Switzerland for development and marketing of biopharmaceutical products in various markets outside India. As at March 31, 2009, Biocon SA held 78% equity interest in AxiCorp GmbH, Germany and subsequently in April 2011, Biocon SA divested its entire shareholding, consequent to an offer made by minority shareholders of Axicorp.

(c) BBPL is a wholly owned subsidiary and is engaged in research, development, manufacturing and marketing of biopharmaceuticals. As at March 31, 2012, BBPL's networth is ₹ 73 (March 31, 2011 - ₹ 17).

Further, the Company has committed to support BBPL to fund its operations and granted an unsecured long-term loan of ₹ 1,377 (March 31, 2011 - ₹ 1,343) which is repayable by March 2014. BBPL is of strategic importance to the Company and accordingly, the management is of the view that there is no diminution in the value of the investment.

(d) NeoBiocon was incorporated in Abu Dhabi as a 50% joint venture between the Company and Mr. B R Shetty and is engaged in marketing and distribution of biopharmaceuticals in the Middle-East region. As at March 31, 2012, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon is ₹ 102 (March 31, 2011 - ₹ 47), ₹ 46 (March 31, 2011 - ₹ 23), ₹ 114 (March 31, 2011 - ₹ 60) and ₹ 81 (March 31, 2011 - ₹ 38) respectively. The share of the Company in the accumulated profit of NeoBiocon as at March 31, 2012 stood at ₹ 50 (March 31, 2011 - ₹ 17).

(e) As on March 31, 2012, the ESOP Trust held 4,091,721 shares (March 31, 2011 - 4,457,536) of the Company towards grant / exercise of shares to / by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer note 30.

(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, 2011 - 30%) voting rights in IATRICa Inc., USA.

(h) During the year ending March 31, 2011 Biocon Sdn.Bhd was incorporated as a wholly owned subsidiary in Malaysia for development and manufacture of biopharmaceuticals. Biocon Malaysia is setting up a biopharmaceutical manufacturing facility in Malaysia and is yet to commence commercial operations as at March 31, 2012.

(i) During the year ended March 31, 2012, the Company transferred its entire shareholding in Clinigene International Limited, a wholly owned subsidiary to Syngene International Limited, another subsidiary for a consideration of ₹ 1 based on a valuation performed by an independent valuer. As on the date of transfer, Clinigene had a negative networth of ₹ 46.

(j) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2012	March 31, 2011
15. Long-term loan and advances (Unsecured, considered good)		
Capital advances (refer note (a) below)	313	5
Loans to related parties (refer note (b) below)	1,729	1,803
Duty drawback receivable, net of provision of ₹ 4 (March 31, 2011 - ₹ 4)	36	8
Balances with statutory / government authorities	519	506
Other receivables from related parties (refer note 32 and note (d) below)	2,390	1,555
Deposits	132	100
MAT credit entitlement	23	-
Advance income tax (net of provision for taxation) [refer note (c) below]	201	185
	5,343	**4,162**
(a) During the year ended March 31, 2008, the Company was allotted land at the Jawaharlal Nehru Pharma City, ('JNPC') Vishakhapatnam, Andhra Pradesh, on a long term lease basis for a consideration of ₹ 260. The Company had paid the entire consideration towards the cost of the lease as at March 31, 2011 and pending completion of registration formalities, the amount was included under capital work in progress. During the year ending March 31, 2012, the Company has intimated JNPC of its intention to surrender the above land.		
(b) Loans to related parties comprise loans given to following subsidiaries:		
(i) Biocon Research Limited	117	-
Maximum amount outstanding during the year	117	-
(ii) Biocon Biopharmaceuticals Private Limited	1,377	1,343
Maximum amount outstanding during the year	1,538	1,343
(iii) Clinigene International Limited	235	232
Maximum amount outstanding during the year	240	289
(iv) Biocon SA	-	228
Maximum amount outstanding during the year	228	1,430
(c) Included under advance income tax is ₹ 10 (March 31, 2011 - ₹ 10) of the ESOP Trust.		
(d) Other receivables from related parties comprise receivables from following subsidiaries:		
Syngene International Limited	189	-
Biocon Research Limited	2,068	1,441
Biocon Biopharmaceuticals Private Limited	8	6
Clinigene International Limited	20	20
Biocon SA	102	88
Biocon Sdn Bhd.	3	-

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16. Current Investments (valued at lower of cost and fair value, unless stated otherwise)

Investments in Mutual Funds (unquoted, fully paid-up)

	Face Value	Units March 31, 2012	Cost March 31, 2012	Units March 31, 2011	Cost March 31, 2011
Axis Fixed Term Plan - Series 20(3 Months) - Dividend Payout	10	20,000,000	200	-	-
Birla Sun Life Floating Rate Fund - Long Term Plan - Daily Dividend	10	-	-	5,613,963	56
Birla Sun Life Savings Fund - Institutional - Daily Dividend		-	-	6,099,719	61
Birla Sunlife Fixed Term Plan Series CO Dividend Payout	10	-	-	20,000,000	200
Birla Sunlife Qtly Interval - Series 4 - Dividend Reinvestment	10	-	-	15,453,855	155
Birla Sunlife Short Term FMP - Series 6 Dividend payout	10	-	-	12,000,000	120
Birla Sunlife Short Term FMP - Series 9 Dividend payout		-	-	15,000,000	150
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend Reinvestment	100	330,091	33	-	-
Birla Sunlife Short Term FMP Series 23 - Dividend Payout	10	20,000,000	200	-	-
Birla Sunlife Short Term FMP Series 25 - Dividend Payout	10	20,000,000	200	-	-
Birla Sunlife Short Term FMP Series 29 - Dividend Payout	10	20,000,000	200	-	-
DWS Fixed Term fund - Series 73 - Dividend Plan - Payout		-	-	7,000,000	70
DWS Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	100	1,253,141	126	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend	10	34,910,222	350	2,451,915	25
HDFC Liquid Fund Premium Plan - Daily Dividend	12	12,242,895	150	-	-
HSBC Ultra Short Term Bond Fund - Institutional Plan - Daily Dividend		-	-	30,087,869	304
HSBC Floating Rate Long Term Plan Institutional Weekly Dividend	11	34,045,554	383	-	-
ICICI Prudential Blended Plan B Institutional Daily Dividend Option-II	106	-	-	35,024,594	351
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	106	1,513,217	160	1,661,746	176
ICICI Prudential Interval Fund Half Yearly Interval Plan - II Institutional Dividend Payout	10	10,000,000	100	-	-
ICICI Prudential Liquid Super Institutional Plan Daily Dividend	100	1,999,991	200	-	-
IDFC Fixed Maturity Monthly Series - 30 Dividend	10	-	-	10,000,000	100
IDFC Money Manager Fund - Treasury Plan - Institutional Plan C - Daily Dividend		-	-	13,729,884	137
IDFC Fixed Maturity Quarterly Series 68 Dividend	10	10,395,387	104	-	-
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	1,000	150,030	150	-	-
JM High Liquidity Fund Super Institutional Plan Daily Dividend	10	36,895,346	370	-	-
JP Morgan India Liquid Fund Super Institutional Daily Dividend Reinvestment	10	26,620,149	266	-	-
Kotak Floater Long Term - Daily dividend		-	-	15,179,781	153
Kotak Liquid Institutional Premium - Daily Dividend	12	17,932,488	219	-	-
L&T Freedom Income STP Institutional - Daily Dividend	10	-	-	29,868,082	303
Reliance Money Manager Fund - Institutional - Daily Dividend	1,001	-	-	284,038	284
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	10	-	-	19,990,005	200
Reliance Liquid Fund - Treasury Plan - Institutional Daily Dividend	15	24,577,514	376	-	-
Reliance Liquidity Fund Daily Dividend Reinvestment	10	20,109,620	201	-	-
Reliance Monthly Interval Fund Series I - Institutional Dividend Plan	10	4,996,053	50	-	-
Religare Fixed Maturity Plan-Series-II Plan A(13 Months)	10	-	-	20,000,000	200
Religare Ultra Short Term Fund - Institutional Daily Dividend	1,002	-	-	391,605	392
SBI SHF Ultra Short Term Fund - Institutional Daily Dividend	10	-	-	7,198,633	72
SBI Debt Fund Series - 90 Days - 58 - Dividend Payout	10	25,000,000	250	-	-
TATA Fixed Maturity Plan Series 28 Scheme a Dividend	10	-	-	15,000,000	150
TATA Floater Fund - Daily Dividend	10	-	-	17,587,104	176
TATA Fixed Income Portfolio Fund Scheme C3 Institutional	10	20,418,262	204	-	-
Templeton India Ultra Short Bond Fund - Super Institutional Plan - Daily Dividend	10	-	-	9,087,531	91
Templeton India Treasury Management Account Super Institutional Plan	1,001	280,967	281	-	-
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	1,000	-	-	12,728	13
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan IV - Institutional Dividend Plan	10	13,321,631	133	-	-
			4,906		**3,939**
Aggregate value of unquoted investments			**4,906**		**3,939**

(a) Above Current Investments include unquoted investments of the ESOP Trust of ₹ 383 (March 31, 2011 - ₹ 304)

	March 31, 2012	March 31, 2011
17. Inventories (at lower of cost and net realisable value)		
Raw materials, including goods-in-bond (refer note 23)	994	811
Packing materials (refer note 23)	127	70
Work-in-progress [refer note 24 (b)]	1,592	1,535
Finished goods [refer note 24 (b)]	296	146
Traded goods [refer note 24 (b)]	395	185
	3,404	**2,747**

	March 31, 2012	March 31, 2011
18. Trade Receivables (unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	49	23
Doubtful	65	69
	114	92
Provision for doubtful receivables	(65)	(69)
	49	23
Other trade receivables		
Considered good	4,401	4,158
	4,450	**4,181**
The above includes :		
Due from Narayana Hrudayalaya Private Limited ('NHPL') in which a director of the Company is a member of board of directors of NHPL.	6	1

	March 31, 2012	March 31, 2011
19. Cash and bank balances		
Cash and Cash Equivalents		
Balances with banks:		
On current accounts	45	8
On unpaid dividend account	6	5
In exchange earners foreign currency account	325	1,709
Deposits with original maturity of less than 3 months	20	-
Cheques/drafts on hand	-	130
Cash on hand	2	1
	398	**1,853**
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	-	250
Margin money deposit	2	-
	2	**250**
	400	**2,103**

(a) Balances with banks in current accounts include balances of the ESOP Trust of ₹ 2 (March 31, 2011 - ₹ 7).

(b) Margin money deposits with carrying amount of ₹ 2 as at March 31, 2012 are subject to first charge against bank guarantees obtained.

	March 31, 2012	March 31, 2011
20. Short-term loans and advances (Unsecured, considered good)		
Deposits	42	42
Other Receivables (refer note (a) below)	16	25
Advances recoverable in cash or in kind or for value to be received	244	69
Advance premium on foreign exchange options	59	24
	361	**160**

(a) Other Receivables include amounts due from employees to the ESOP Trust of ₹ 6 (March 31, 2011 - ₹ 6).

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	March 31, 2012	March 31, 2011
21.Revenue from operations		
Sale of products		
Finished goods	13,656	12,132
Traded goods	1,847	1,399
Sale of services		
Licensing and development fees	27	2,065
Other operating revenue		
Sale of process waste	101	113
Others (refer note (a) below)	422	296
Revenue from operations (gross)	**16,053**	**16,005**
Less: Excise duty (refer note (b) below)	495	394
Revenue from operations (net)	**15,558**	**15,611**
(a) Others include rentals and cross charge of power and other facilities by the SEZ Developer unit of the Company.		
(b) Excise duty on sales amounting to ₹ 495 (March 31, 2011- ₹ 394) has been reduced from revenue from operations in the statement of profit and loss and excise duty on increase / decrease in stock amounting to ₹ 5 [March 31, 2011- (₹ 4)] has been considered as (income)/ expense in note 26 of the financial statements.		
Details of products sold		
Finished goods sold		
Biopharmaceuticals	12,181	11,141
Formulations	1,475	991
	13,656	**12,132**
Traded goods		
Biopharmaceuticals	18	-
Formulations	1,829	1,399
	1,847	**1,399**
22. Other Income		
Interest income on:		
Others	1	35
Bank deposits	16	5
Dividend earned on current investments	276	167
Foreign exchange gain, net	253	262
Other non-operating income	120	103
	666	**572**
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	881	864
Add: Purchases	7,211	6,190
Less: Inventory at the end of the year	1,121	881
Cost of raw materials and packing materials consumed	**6,971**	**6,173**
Details of raw materials and packing materials consumed		
Formulation Chemicals & Excipients	2,450	2,220
Bulk Drug Intermediates	1,761	1,927
Solvents	1,440	1,197
Resins	198	113
Packing Materials	375	171
Others	747	545
	6,971	**6,173**
24.(a) Purchases of traded goods		
Details of purchase of traded goods:		
Biopharmaceuticals	87	54
Formulations	770	449
	857	**503**

	March 31, 2012	March 31, 2011
24.(b) (Increase)/ decrease in inventories of finished goods, traded goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	185	75
Finished goods, net of excise duty	138	120
Work-in-progress	1,535	1,385
	1,858	**1,580**
Inventory at the end of the year		
Traded goods	395	185
Finished goods, net of excise duty	285	138
Work-in-progress	1,592	1,535
	2,272	**1,858**
(Increase)/ decrease in inventories	**(414)**	**(278)**
Details of Inventories:		
Traded goods		
Formulations	395	185
	395	**185**
Finished goods, net of excise duty		
Biopharmaceuticals	101	71
Formulations	184	67
	285	**138**
Work-in-progress		
Biopharmaceuticals	1,456	1,417
Formulations	136	118
	1,592	**1,535**
25. Employee benefit expenses		
Salaries, wages and bonus	1,650	1,241
Contribution to provident fund	83	63
Gratuity (refer note 36)	28	22
Employee stock compensation expense	1	1
Welfare expenses	154	129
	1,916	**1,456**

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	March 31, 2012	March 31, 2011
26. Other expenses		
Royalty and technical fees [refer note (c) below]	17	(8)
Rent	26	23
Communication expenses	64	55
Travelling and conveyance	282	238
Professional charges	227	144
Payment to Auditor [refer note (a) below]	4	4
Directors' fees including commission	6	5
Power and fuel	977	816
Insurance	14	17
Rates, taxes and fees, net of refunds of taxes	41	37
Lab consumables	361	263
Repairs and maintenance		
Plant and machinery [refer note (b) below]	173	171
Buildings	30	14
Others	171	149
Selling expenses		
Freight outwards and clearing charges	171	126
Sales promotion expenses	509	344
Commission and brokerage (other than sole selling agents) [refer note (c) below]	149	94
(Increase)/ decrease of excise duty on inventory	5	(4)
Bad debts written off	7	10
Printing and stationery	26	27
Loss on sale of tangible fixed assets, net	-	3
Research & development expenses	292	449
Miscellaneous expenses	86	73
	3,638	3,050
Recharge of product development expenses to other parties for co-development of products	(745)	(805)
	2,893	**2,245**
(a) Payment to auditor :		
As auditor:		
Statutory audit fee	2	2
Tax audit fee	1	1
Limited review	1	1
In other capacity:		
Other services (certification fees) [refer note (d) below]	-	-
Reimbursement of out-of-pocket expenses [refer note (d) below]	-	-
	4	**4**

(b) Includes spare parts of ₹ 103 (March 31, 2011 - ₹ 126) of which ₹ 63 (March 31, 2011 - ₹ 96) were purchased indigenously.
(c) Royalty and technical fees and Commission and brokerage are net of write back of provision no longer required of ₹ Nil (March 31, 2011 ₹ 25) and ₹ 20 (March 31, 2011 ₹ 30), respectively.
(d) Amounts are not presented since the amounts are rounded off to Rupees million.

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		March 31, 2012	March 31, 2011
27. Depreciation and amortisation(net)			
Depreciation of tangible assets [Refer note 12]		909	857
Amortisation of intangible assets [Refer note 13]		41	50
Amount recovered from customer/co-development partner [Refer note 12 (c)]		(10)	(5)
		940	**902**
28. Finance costs			
Interest expense		17	10
		17	**10**
29. Research and development expenses			
Research & development expenses (comprising clinical trial expenses, patent fees etc)	(a)	292	449
Other Research & development expenses included in other heads of account:			
Salaries, wages and bonus		168	178
Contribution to provident fund		7	7
Employee stock compensation expense		-	1
Welfare expenses		12	14
Lab consumables		361	263
Travelling and conveyance		11	15
Amortisation of intangible assets		8	16
Professional charges		125	89
Others		33	31
	(b)	725	614
	(a + b)	1,017	1,063
Recharge of research expenses for co-development product		(694)	(725)
		323	**338**
Research & development expenses on Buildings and Equipments			
Buildings		28	33
Equipments (net of disposals)		26	150
		54	**183**

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30. 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 (face value of shares ₹ 5 each) under the ESOP Plan 2000 to be exercised at a grant price of ₹ 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 (face value of shares - ₹ 5 each) under ESOP Plan 2000 to be exercised at a price of ₹ 5 per share. The options vest with the employees equally over a four year period.

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 (face value of shares - ₹ 5 each) under the ESOP Plan 2004 to be exercised at a grant price of ₹ 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, 2012		March 31, 2011	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	-	-	17,700	157.5
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	6,250	157.5
Expired during the year	-	-	11,450	157.5
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

*adjusted for the effect of bonus shares

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of the grant, 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, 2012		March 31, 2011	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	1,590,526	160	3,030,129	150
Granted during the year	24,242	138	-	-
Forfeited during the year	-	-	3,066	139
Exercised during the year	463,691	142	1,436,537	139
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,151,077	167	1,590,526	160
Exercisable at the end of the year	897,437	161	1,343,115	158
Weighted average remaining contractual life (in years)	0.7	-	1.5	-

*adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant of 813,860 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance 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, 2012		March 31, 2011	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options *	Weighted Average Exercise Price (₹) *
Outstanding at the beginning of the year	235,428	265	88,195	171
Granted during the year	539,572	315	147,233	321
Forfeited during the year	-	-	-	-
Exercised during the year	3,500	210	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	771,500	300	235,428	265
Exercisable at the end of the year	13,625	194	-	-
Weighted average remaining contractual life (in years)	5.5		5.1	-
Weighted average fair value of options granted (₹)		141	-	129

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2012 is ₹ 322 (March 31, 2011 ₹ 347) 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, 2012	March 31, 2011
Weighted Average Remaining Contractual Life in options (Yrs)	5.5	5.1
Weighted Average Exercise Price*	300	265
Expected volatility	40.45%	39.05%
Historical volatility	36.87%	35.59%
Life of the options granted (vesting and exercise period) in years	7.2	7.2
Expected dividends per share	5.00	4.50
Average risk-free interest rate	8.50%	8.00%
Expected dividend rate	2.09%	1.30%

*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, 2012	March 31, 2011
Net Profit after taxes	2,555	4,593
Add: Employee stock compensation under intrinsic value	1	1
Less: Employee stock compensation under fair value	8	10
Proforma profit	**2,548**	**4,584**
Earnings per Share - Basic		
- As reported	13.04	23.49
- Proforma	13.01	23.44
Earnings per Share - Diluted		
- As reported	12.92	23.27
- Proforma	12.88	23.22

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

Particulars	March 31, 2012	March 31, 2011
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	4,457,536	5,509,323
Add: Shares purchased by the ESOP trust	101,376	391,000
Less: Shares exercised by employees	(467,191)	(1,442,787)
Closing balance of shares not exercised by employees and available with the ESOP Trust	**4,091,721**	**4,457,536**
Options granted and eligible for exercise at end of the year	911,062	1,343,115
Options granted but not eligible for exercise at end of the year	1,011,515	482,839

	March 31, 2012	March 31, 2011
31. Reconciliation of basic and diluted shares used in computing earnings per share		
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust	4,091,721	4,457,536
	195,908,279	195,542,464
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	1,922,577	1,825,954
Weighted average shares outstanding and potential options outstanding	197,830,856	197,368,418

32. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2011 to March 31, 2012 Income/(expenses)/ Other transactions	Balance as at March 31, 2012 (Payable)/receivable	April 1, 2010 to March 31, 2011 Income/(expenses) Other Transactions	Balance as at March 31, 2011 (Payable)/ receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(15)	-	(14)	-
			Salary payable	-	(3)	-	(1)
2	John Shaw	Director	Salary and perquisites	(10)	-	(7)	-
			Salary payable	-	(1)	-	-
3	Syngene	Subsidiary	Power and facility charges recovered [refer note (h) below]	267	-	243	-
			Rent income [refer note (h) below]	7	-	4	-
			Purchase of fixed asset	-	-	(21)	-
			Expenses incurred on behalf of the related party	22	-	21	-
			Sale of goods	3	-	-	-
			Sale of fixed asset	4	-	-	-
			Research services received	(147)	-	(162)	-
			Rent deposit received	-	(2)	-	(2)
			Advance given	-	42	-	42
			Other receivables	-	189	-	-
			Trade payables	-	(144)	-	(4)
			Sale of equity shares of Clinigene	1	-	-	-
			Guarantee given on behalf of related party to Customs & Excise Department ('CED')	-	218	-	218
			Guarantee given by related party to CED on behalf of the Company	-	(465)	-	(465)
4	Clinigene	Subsidiary	Research services received	(102)	-	(95)	-
			Sale of fixed assets	-	-	20	-
			Expenses incurred on behalf of the related party	1	-	1	-
			Welfare expenses - health checkup	(7)	-	(6)	-
			Other receivables	-	20	-	20
			Advances recoverable in cash or in kind or for value to be received	-	16	-	-
			Trade payables	-	(31)	-	(11)
			Unsecured loan given, net	-	235	-	232
			Guarantee given to bank on behalf of related party for loan facility	-	150	-	150
			Guarantee given on behalf of related party to CED	-	27	-	27
5	BBPL	Subsidiary (Also refer note (i) below)	Interest income on unsecured loan given	-	-	1	-
			Power and facility charges recovered [refer note (h) below]	64	-	44	-
			Rent income [refer note (h) below]	1	-	1	-
			Management charges received	1	-	1	-
			Vialling charges recovered	5	-	4	-
			Expenses incurred on behalf of the related party	27	-	2	-
			Research and development expenses	-	-	-	-
			Repairs and maintenance - facility charges	(39)	-	(39)	-
			Recharge of cost from related party	(9)	-	-	-
			Sale of consumables	-	-	32	-
			Professional charges - personnel deputation charges	(6)	-	(7)	-
			Purchase of raw materials	(139)	-	(140)	-
			Sale of fixed assets	-	-	105	-
			Unsecured loan given, net	-	1,377	-	1,343

Sl. No.	Name of the related party	Relationship	Description	April 1, 2011 to March 31, 2012 Income/(expenses)/ Other transactions	Balance as at March 31, 2012 (Payable)/receivable	April 1, 2010 to March 31, 2011 Income/(expenses) Other Transactions	Balance as at March 31, 2011 (Payable)/ receivable
			Trade receivables	-	-	-	15
			Other receivables	-	8	-	6
			Trade payables	-	(16)	-	(13)
			Rent deposit received	-	(1)	-	(1)
			Guarantee given on behalf of related party to CED	-	131	-	131
6	BRL	Subsidiary	Rent income [refer note (h) below]	1	-	1	-
			Sale of intangible asset	-	-	139	-
			Research and development cross charge	681	-	752	-
			Expenses incurred on behalf of the related party	17	-	23	-
			Other receivable	-	2,068	-	1,441
			Sale of tangible fixed assets	46	-	-	-
			Unsecured loan given, net	-	117	-	-
7	Biocon SA	Subsidiary	Interest income	1	-	33	-
			Licensing and development fees	-	-	1,358	-
			Other operating income	37	-	-	-
			Expenses incurred on behalf of the related party	75	-	7	-
			Unsecured loan	-	-	1,129	228
			Purchase of equity shares of BBPL	-	-	(122)	-
			Other receivable	-	102	-	88
8	Biocon Sdn.Bhd.	Subsidiary	Investment in equity shares	712	712	-	-
			Expenses incurred on behalf of the related party	3	3	-	-
			Guarantee given to bank on behalf of related party for loan facility	-	51	-	-
9	AxiCorp GmbH	Subsidiary	Purchase of lab consumables	-	-	(2)	-
			Expenses incurred on behalf of the related party	-	-	17	-
			Trade receivables	-	-	-	2
			Trade payables	-	-	-	-
10	NeoBiocon FZ LLC	50% Joint Venture	Sale of goods	20	-	28	-
			Trade receivables	-	21	-	23
11	IATRICa Inc.	Associate	Research and development expenses	(43)	-	(45)	-
			Investment in preferred stock	-	138	-	138
			Advances recoverable in cash or in kind or for value to be received	-	55	-	-
12	Glentec International	Enterprise owned by key management personnel	Rent expenses paid	(3)	-	(2)	(1)

(a) During the year ended March 31, 2009, the Company had transferred development and marketing rights to Biocon SA for certain products for the European region at a consideration of ₹ 351 (Euro 5.5 million) and during the year ended March 31, 2011, the Company transferred additional development and marketing rights for various other regions for ₹ 944 (USD 22 million). Further during the year ended March 31, 2009, the Company had transferred global development rights to Biocon SA for a product amounting to ₹ 64 (Euro 1 million).
(b) During the year ended March 31, 2011, the Company has transferred certain development and marketing rights to BRL for Peg GCSF at a consideration of ₹.139 (USD 3 Million).
(c) Expenses incurred on behalf of the related party include recharge of software license fees, canteen expenses, and employee stock compensation charges.
(d) The Company has granted an unsecured loan facility to BBPL to support BBPL's operational costs and capital expenditure. As at March 31, 2012, the loan does not carry any interest and is repayable by March 31, 2014.
(e) The Company has granted an interest free unsecured loan facility to Clinigene, to support its operations.
(f) The Company has granted an interest free unsecured loan facility to BRL, to support its operations. The said facility is repayable by October, 2018
(g) The Company had granted an unsecured loan denominated in Euros to Biocon SA to support its operational and development expenses. The said loan was repayable on demand and carried an interest rate of 3% per annum. The said loan has been repaid during the year ended March 31, 2012.
(h) The Company's SEZ Developer division has entered into agreements to lease land and provide certain facilities such as power and other utility services to SEZ units of BBPL, BRL and Syngene, in respect of which the Company recovers rent and facility usage charges.
(i) In March, 2011, the Company acquired the 49% stake in BBPL from Biocon SA for a consideration of ₹ 122 whereby BBPL became a 100% subsidiary of the Company.
(j) During the year, the Company transferred its entire shareholding in Clinigene to Syngene for a consideration ₹ 1 based on a valuation performed by an independent valuer.
(k) The Company has paid rent to P K Associates, a proprietary firm of relative of Director, which is not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2012	March 31, 2011
33. Supplementary profit and loss data		
(a) Value of imports calculated on C.I.F. basis (on accrual basis):		
Raw materials	3,833	3,822
Packing materials	193	45
Maintenance spares	44	30
Capital goods	411	502
	4,481	**4,399**
(b) Earnings in foreign currency (on accrual basis):		
Export of goods on FOB basis	6,661	5,244
Licensing and development fees	27	1,658
Other operating revenue	79	-
Other income	5	-
Interest on foreign currency loan given to subsidiary company	1	33
	6,773	**6,935**
(c) Expenditure in foreign currency (on accrual basis) :		
Commission and brokerage	88	49
Interest expense	12	7
Travelling and conveyance	20	19
Professional charges	109	52
Consumables	262	78
Research & development expenses	198	69
Others	87	63
	776	**337**
(d) Net dividend remitted in foreign exchange :		
Year to which it relates	**2010-11**	**2009-10**
Number of non-resident shareholders	17	16
Number of equity shares held on which dividend was due	42,624,792	41,517,234
Dividend remitted	192	145

(e) Details of consumption of raw materials and packing materials :

	March 31, 2012		March 31, 2011	
	Value	Percent	Value	Percent
Raw materials and packing materials				
Imported	4,264	61	4,201	68
Indigenous	2,707	39	1,972	32
	6,971	100	6,173	100

34. 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, 2012 and 2011, the Company had the following outstanding contracts:

	March 31, 2012	March 31, 2011
In respect of foreign currency loans taken:		
Foreign exchange forward contracts to buy	USD 6	Nil
In respect of highly probable forecasted sales/export collection:		
European style option contracts with periodical maturity dates	USD 30	USD 11
European style option contracts with periodical maturity dates	EUR 12	Nil
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		
Export trade receivables	1,581	1,374
Other receivables	114	98
Advance from Customers	79	-
Exchange earners foreign currency account	325	1,709
Loans to related parties	-	228
Import trade payable	1,004	775
Packing credit foreign currency loan	486	891

	March 31, 2012	March 31, 2011
35. Contingent liabilities and commitments		
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt		
Taxation matters under appeal (Direct and Indirect taxes)	287	236
(b) Guarantees		
(i) Corporate guarantees given in favour of the Central Excise Department in respect of certain performance obligations of the subsidiaries.		
Syngene	218	218
BBPL	131	131
Clinigene	27	27
Total	**376**	**376**
(ii) Corporate guarantee given by Syngene in favour of the CED in respect of certain performance obligations of Biocon.	465	465
(iii) Corporate guarantees given in favour of a bank towards loans obtained by Clinigene	77	67
(iv) Guarantee given for securing loan facilities granted to AxiCorp GmbH.	271	-
(v) Guarantees given by banks on behalf of the Company for financial and other contractual obligations of the Company. The necessary terms and conditions have been complied with and no liabilities have arisen. (refer note below)	505	161
Note: Guarantees given by banks include a bank guarantee of ₹ 377 (March 31, 2011 - ₹ Nil) issued in favour of Bio-Xcell Sdn. Bhd. towards the balance consideration payable on account of free hold land acquired by Biocon Malaysia in Johar, Malaysia.		
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	568	405
(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 May 2021. Some of these lease arrangements aggregate have price escalation clause. There are no restrictions imposed under the lease arrangements. Gross rental expenses for the year aggregate to ₹ 26 (March 31, 2011 - ₹ 23).		
The committed lease rentals in future are as follows:		
Not later than one year	26	22
Later than one year and not later than five years	45	34
Later than five years	24	9
(ii) Vehicles		
The Company has taken vehicles for employees under operating leases, which expire over a period upto November 2015. Gross rental expenses for the year aggregate to ₹ 10 (March 31, 2011 - ₹ 12). The committed lease rentals in future are as follows:		
Not later than one year	10	11
Later than one year and not later than five years	11	14
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 upto 2020. Gross rental income for the year aggregates to ₹ 29 (March 31, 2011 - ₹ 26). Further, minimum lease receipts under operating lease are as follows:		
Not later than one year	26	28
Later than one year and not later than five years	113	112
Later than five years	50	79
Considering that the leased assets comprise of portion of factory buildings located within the Company's factory premises, disclosure with regard to gross value of leased assets, accumulated depreciation and net book value of the same is not feasible.		
(c) Other Commitments:		
As at March 31, 2012, the Company has committed to provide financial support to certain subsidiaries with regard to the operations of such companies. Also refer note 14 (a), 14 (c) and 14 (i). These commitments also existed in the previous year.		

36. 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:

	March 31, 2012	March 31, 2011
Fund balance		
Defined benefit obligation	128	98
Fair value of plan assets	78	76
Plan Liability	**50**	**22**
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	98	76
Current service cost	13	7
Past service cost	-	-
Interest cost	8	6
Benefits paid	(4)	(4)
Actuarial (gain) / loss	13	13
Benefit obligation at the end of the year	**128**	**98**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	76	57
Expected return on plan assets	6	5
Actuarial gain / (loss)	-	(1)
Actual contribution	-	19
Benefits paid	(4)	(4)
Fair value of plan assets at end of the year	**78**	**76**
Net gratuity cost:		
Components of net benefit cost		
Current service cost	13	7
Past service cost	-	-
Interest cost	8	6
Expected return on plan assets	(6)	(5)
Net actuarial (gain) / loss recognised during the year	13	14
Net gratuity cost	**28**	**22**
Actual return on plan assets	6	4
Experience adjustment		

	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008
Defined benefit obligation	128	98	76	64	49
Plan assets	78	76	57	54	48
Surplus / (Deficit)	(50)	(22)	(19)	(10)	(1)
Experience adjustments on plan liabilities gain / (loss)	(21)	(13)	(3)	-	- *
Experience adjustments on plan assets gain / (loss)	-	(1)	-	3	- *

* Experience adjustment Information is available with the Company from March 31, 2009.

The assumptions used for gratuity valuation are as below:

	March 31, 2012	March 31, 2011
Interest rate	8.50%	8.00%
Discount rate	8.50%	8.00%
Expected return on plan assets	9.00%	8.50%
Salary increase	8.00%	9.00%
Attrition rate up to age 44	25.00%	25.00%
Attrition rate above age 44	7.00%	10.00%
Retirement age - Years	58	58

(a) 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, 2013, is approximately ₹ 52 (March 31, 2012 - ₹ 26).

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

37. 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 Pharmaceuticals. Accordingly no additional disclosures are required as per Accounting Standard 17 on Segment Reporting.

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

	Revenue from operations	
	April 1, 2011 to March 31, 2012	April 1, 2010 to March 31, 2011
India	8,791	8,676
Exports	6,767	6,935
Total	**15,558**	**15,611**

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

	Carrying amount of assets	
	March 31, 2012	March 31, 2011
India*	24,925	23,493
Outside India	3,278	2,542
	28,203	**26,035**

*All tangible fixed assets and intangibles are located in India.

38. Other Notes

(a) The Company has entered into transactions of sale of products to a private company amounting to ₹ 17, during the year ended March 31, 2012 (March 31, 2011 - ₹ 3), 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 had filed an application with the Central Government for approval of such transactions and for condonation of delay in making such application in the year 2010-11. In respect of transactions entered during the year ended March 31, 2012, the Company is in the process of filing an application with the Central Government for approval of such transactions and for condonation of delay in making such application.

(b) In terms of Section 115O (6) of the Income Tax Act, 1961, the Company has not provided for Dividend Distribution Tax on interim dividend declared for the year ended March 31, 2011 to the extent such distributable profits pertain to the profits of the Company's SEZ Developer's operations under section 10AA of Income tax Act, 1961.

39. Prior years' comparatives

The previous years' figures have been re-grouped, where necessary to conform to current years' classification. Also refer note 2.1.a (i).

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 27, 2012

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 are in Indian Rupees Million)

(a)	**Registration Details**	
	Registration No.	3417
	State Code	08
	Balance Sheet Date	March 31, 2012
(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	28,203
	Total Assets	28,203
	Sources of Funds	
	Paid up Capital	1,000
	Reserves	19,964
	Non-current liabilities	1,603
	Current liabilities	5,636
	Application of Funds	
	Fixed Assets	
	Tangible Assets	6,757
	Intangible Assets	93
	Capital Work-in-progress	825
	Other non-current assets	7,007
	Current assets	13,521
(d)	**Performance of the Company**	
	Turnover	16,224
	Total expenditure	12,223
	Profit before tax	3,044
	Profit after tax	2,555
	Earnings per share in Rupees	13.04
	Dividend rate %	100
(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

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Bangalore
April 27, 2012

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, 2012, and also the consolidated statement of profit and loss 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 two subsidiaries, whose financial statements reflect total assets (net) of ₹7,633 million as at March 31, 2012, total revenues of ₹1,533 million and net cash inflows amounting to ₹2,409 million for the year then ended.

The consolidated financial statements include total assets of ₹102 million as at March 31, 2012 and total revenue of ₹114 million and net cash inflow of ₹3 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 a 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.

Without qualifying our opinion,

a) we draw attention to note 39 in the consolidated financial statements. We did not audit the financial statements of an erstwhile subsidiary company which was sold by the Group during the year ended March 31, 2012. As more fully discussed in note 39 (ii), the attached consolidated financial statements for the year ended March 31, 2012 include revenues, profit after tax after minority interest and cash outflows, of ₹ 2,446 million, ₹ 32 million and ₹ 205 million, respectively, for the period January 1, 2011 to March 31, 2011 based on the unaudited financial statements of such erstwhile subsidiary company. These unaudited financial statements of the erstwhile subsidiary company were subjected to a limited review by the auditors of that company, which was furnished to us by the Management.

b) we draw attention to note 41 in the consolidated financial statements regarding management's decision to defer recognition of amounts in the consolidated statement of profit and loss, pertaining to payments received pursuant to the Termination & Transition Agreement entered into with a customer for reasons as more fully discussed in the aforesaid note.

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, 2012;

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

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

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

Consolidated Balance Sheet as at March 31, 2012

(All amounts are in Indian Rupees Million)

	Notes	March 31, 2012	March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	3	1,000	1,000
Reserves and surplus	4	21,724	19,328
		22,724	**20,328**
Minority Interest	5	38	377
Non-current liabilities			
Long-term borrowings	6	698	658
Deferred tax liability (net)	7	-	497
Other long-term liabilities	8	5,832	3,390
		6,530	**4,545**
Current liabilities			
Short-term borrowings	9	1,873	2,474
Trade payables	10	3,478	2,965
Other current liabilities	11	2,692	3,759
Short-term provisions	12	2,115	1,408
		10,158	**10,606**
TOTAL		**39,450**	**35,856**
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	13	12,502	11,770
Intangible assets	14	203	1,392
Capital work-in-progress		2,863	1,669
Intangible assets under development	14	1,032	952
Non-current investments	15	642	609
Deferred tax asset (net)	7	78	-
Long-term loans and advances	16 (a)	1,897	1,392
Other non-current assets	16 (b)	236	-
		19,453	**17,784**
Current assets			
Current investments	17	4,921	3,995
Inventories	18	3,783	4,137
Trade receivables	19	4,917	4,958
Cash and bank balances	20	5,233	4,415
Short term loans and advances	21 (a)	847	400
Other current assets	21 (b)	296	167
		19,997	**18,072**
TOTAL		**39,450**	**35,856**
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

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 Profit and Loss for the year ended March 31, 2012

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

	Notes	March 31, 2012	March 31, 2011
Continuing Operations:			
INCOME			
Revenue from operations (gross)		21,360	18,444
Less: Excise duty		495	384
Revenue from operations(net)	22	**20,865**	**18,060**
Other income	23	618	516
Total Income (I)		**21,483**	**18,576**
EXPENSES			
Cost of raw materials and packing materials consumed	24	8,190	7,122
Purchases of traded goods	25 (a)	770	382
(Increase)/ decrease in inventories of finished goods, traded goods and work-in-progress	25 (b)	(445)	(246)
Employee benefit expense	26	3,076	2,388
Other expenses	27	4,101	3,198
Total Expenses (II)		**15,692**	**12,844**
Earnings before Interest, Tax, Depreciation and Amortisation [EBITDA (I - II)]		**5,791**	**5,732**
Depreciation and amortisation	28	1,744	1,516
Finance costs	29	122	231
Profit before tax		**3,925**	**3,985**
Tax expenses			
Current tax		1,243	611
Less: MAT credit entitlement		(127)	(13)
Deferred tax		(575)	(12)
Total tax expense		**541**	**586**
Profit after tax		**3,384**	**3,399**
Minority interest		**-**	**-**
Profit for the year from continuing operations (A)		**3,384**	**3,399**
Discontinued operations	39		
Profit before tax from discontinued operations		59	486
Tax expense of discontinued operations		18	135
Minority interest		9	75
Profit after tax from discontinued operations		32	276
Less: Loss from divestment of discontinued operations		(32)	-
Profit after tax from discontinued operations (B)		-	276
PROFIT FOR THE YEAR (A+B)		**3,384**	**3,675**
Earnings per share computed on the basis of profits from continuing operations (equity shares, par value of ₹ 5 each)			
Basic (in ₹)		17.27	17.38
Diluted (in ₹)		17.11	17.22
Earnings per share computed on the basis of total profits for the year (equity shares, par value of ₹ 5 each)			
Basic (in ₹)		17.27	18.79
Diluted (in ₹)		17.11	18.62
Weighted average number of shares used in computing earnings per share			
Basic		195,908,279	195,542,464
Diluted		197,830,856	197,368,418
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 27, 2012

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, 2012

(All amounts are in Indian Rupees Million)

		March 31, 2012	March 31, 2011
I	**Cash flows from operating activities**		
	Net profit before tax from continuing operations	3,925	3,985
	Net profit before tax from discontinued operation [refer note (i) below]	27	486
		3,952	4,471
	Non-cash adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation on continuing operations	1,744	1,516
	Depreciation and amortisation on discontinued operation	14	51
	Clinical trial & development expenses [refer note 14 (v)]	-	155
	Unrealised exchange (gain)/loss	(11)	(56)
	Employee stock compensation expense	5	5
	Bad debts written off	7	10
	Interest expense	122	239
	Interest income	(52)	(10)
	Dividend income	(289)	(178)
	Other non-operating income	(124)	(105)
	Loss from divestment of discontinued operations	32	-
	Loss/(profit) on sale of fixed assets	-	8
	Operating profit before working capital changes	**5,400**	**6,106**
	Movements in working capital		
	Decrease/(increase) in inventories	(875)	(510)
	Decrease/(increase) in trade receivables	(230)	(703)
	Decrease/(increase) in loans and advances and other assets	(691)	(43)
	Increase/(decrease) in trade payable, other liabilities and provisions	2,776	3,948
	Cash generated from operations	**6,380**	**8,798**
	Direct taxes paid (net of refunds)	(739)	(813)
	Net cash flow from/(used in) operating activities	**5,641**	**7,985**
II	**Cash flows from investing activities**		
	Purchase of tangible fixed assets, capital work-in-progress and capital advances (net of reimbursements under co-development arrangements)	(2,745)	(1,890)
	Acquisition of Intangible assets	(237)	(508)
	Acquisition of minority interest [Refer note 14 (i)]	-	(122)
	Proceeds from sale of subsidiary	502	-
	Interest received	52	10
	Dividend received	289	179
	Proceeds from Sale of current investments	17,740	21,105
	Proceeds from sale of fixed assets	-	6
	Movement in reserves of ESOP trust	98	199
	Purchase of shares by ESOP Trust	(33)	(138)
	Purchase of current investments	(18,667)	(21,266)
	Investment in bank deposit (having original maturity more than three months)	(1,541)	(825)
	Redemption/maturity of bank deposit (having original maturity more than three months)	825	-
	Other non-operating income	124	105
	Net cash flow from/(used in) investing activities	**(3,593)**	**(3,145)**
III	**Cash flows from financing activities**		
	Proceeds from allotment of shares by subsidiary to third party	50	-
	Proceeds from long term borrowings	174	566
	Repayment of long term borrowings	(209)	(1,769)
	Proceeds/(repayment) of short term borrowings, net	(535)	(594)
	Other unsecured Loans	(6)	57
	Interest paid	(340)	(238)
	Dividend paid on equity shares	(900)	(700)
	Tax on equity dividend paid	(97)	(68)
	Net cash flow from/(used for) financing activities	**(1,863)**	**(2,746)**

Consolidated Statement of Cash Flows for the year ended March 31, 2012

(All amounts are in Indian Rupees Million)

		March 31, 2012	March 31, 2011
IV	**Net increase/(decrease) in cash and cash equivalents (I+II+III)**	**185**	**2,094**
V	**Effect of exchange differences on cash and cash equivalents held in foreign currency**	**42**	**40**
VI	**Foreign currency translation reserve**	**256**	**57**
VII	**Cash and cash equivalents at the beginning of the year**	**3,590**	**1,399**
	Less: Transferred pursuant to sale of subsidiary	(381)	-
		3,209	**1,399**
VIII	**Cash and cash equivalents at the end of the year (IV + V + VI + VII)**	**3,692**	**3,590**
	Components of cash and cash equivalents		
	Cash on Hand	2	2
	Balances with Banks - in current accounts (excluding Unclaimed Dividend)	1,795	713
	- in exchange earners foreign currency account	1,039	2,269
	- in deposit accounts	848	601
	- in unpaid dividend accounts [refer note (ii) below]	6	5
	- Margin money deposit	2	-
	Total cash and cash equivalents [note 20]	**3,692**	**3,590**

Notes

(i) Net profit before tax from discontinued operations is net of loss from divestment of discontinued operations ₹ 32 (March 31, 2011 - ₹ Nil)

(ii) The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.

(iii) In view of the sale of subsidiary, current year's figures are not strictly comparable with those of the previous year. Also refer note 39.

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 27, 2012

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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Notes to the Consolidated Financial Statement for the year ended March 31, 2012

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

1. Corporate information

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. In February 2012, Biocon sold its shareholding in Clinigene to Syngene.

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'). NeoBiocon is engaged in development, marketing and distribution of biopharmaceuticals in the Middle East region.

The Company has also established Biocon Research Limited ('BRL'), a wholly owned subsidiary of the Company at Bangalore 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. During the year ended March 31, 2012, Biocon SA sold its shareholding in AxiCorp to third parties.

Biocon Biopharmaceuticals Private Limited ('BBPL') was incorporated on June 17, 2002 as a Joint Venture between Biocon and CIMAB SA ('CIMAB') with Biocon holding 51 per cent of the share capital. During the financial year ended March 31, 2011, Biocon acquired the interest of the joint venture partner, CIMAB. Consequently all the equity shares of BBPL are held by Biocon.

During the year ended March 31, 2011, Biocon set up a wholly owned subsidiary company in Malaysia, Biocon Sdn. Bhd. ('Biocon Malaysia') for development and manufacture of bio-pharmaceuticals.

The Company has 30% voting rights in IATRICa Inc. incorporated in USA. IATRICa Inc. is involved in research and development activities.

Biocon and its subsidiaries ('the Group') and joint venture / associate companies 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. Basis of preparation and consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these consolidated financial statements 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 to reflect the financial position and the results of operations of Biocon together with its subsidiaries, joint venture company and associate company. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.

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 except for change in accounting policy as explained in 2.1(a) (i) below.

The consolidated financial statements of AxiCorp were drawn up to December 31, 2010 for the purpose of consolidation. Accordingly, the consolidated balance sheet as at March 31, 2011 and the financial results of the Group for the year then ended, include the consolidated balance sheet of AxiCorp as at December 31, 2010 and financial results for the period January 1, 2010 to December 31, 2010. As further discussed in note 39(ii), the Group sold its investment in AxiCorp during the year ended March 31, 2012. The financial statements of other subsidiaries, joint venture company and associate company have been drawn upto the same reporting date as that of the Company i.e. March 31, 2012.

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.

2.1 Summary of significant accounting policies

a. (i) Change in accounting policy

Presentation and disclosure of consolidated financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of the revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. Accordingly, the Group has prepared these consolidated financial statements, materially in the form prescribed under revised Schedule VI. The Group has also reclassified the previous year's figures as comparables.

(ii) Use of estimates

The preparation of consolidated financial statements in conformity with Indian GAAP requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Tangible fixed assets

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, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities.

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

From accounting periods commencing on or after 7 December 2006, the Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

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

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

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, or those prescribed under the Schedule XIV to the Companies Act, 1956, whichever is higher. The Group has used the following rates to provide depreciation on its fixed assets.

Nature of Asset	Per cent
Buildings	4.00
Plant and equipments (including Computers & Office equipments)	9.09 - 33.33
Research and development equipment	11.11
Furniture and fixtures	8.33 - 16.67
Vehicles	16.67

Leasehold improvements are being depreciated over the lease term or estimated 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.

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 statement of profit and loss.

d. Intangible assets

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

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Group uses a rebuttable presumption that the useful life of an intangible asset will not exceed its remaining patent life or ten years, whichever is higher. If the persuasive evidence exists to the affect that useful life of an intangible asset exceeds ten years, the Group amortizes the intangible asset over the best estimate of its useful life. Such intangible assets and intangible assets not yet available for use are tested for impairment annually. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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

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

Amortisation of intangible assets:

a. Costs relating to intellectual property rights, contract rights, manufacturing/marketing rights and product licenses are amortized 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.

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

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.

Research and Development Costs

Research and development costs, including technical know-how fees, incurred for development of products are expensed as incurred. Development costs which relate to the design and testing of new or improved materials, products or processes or for existing products in new territories 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.

Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. The carrying value of the development cost is tested for impairment annually.

e. Borrowing Costs

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

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

f. Impairment of tangible and intangible assets

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

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

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

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

g. Inventories

Inventories are valued as follows:

Raw materials and packing materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories. 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.

h. 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. The following specific recognition criteria must also be met before revenue is recognised.

(i) Sale of products:

Revenue from sale of products is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

(ii) Sale of services :

Licensing and development fees:

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. Proportionate performance is measured based upon the efforts/ costs incurred to date in relation to the total estimated efforts / costs to complete the contract. The Group monitors estimates of the total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs in reflected in the period in which the changes become known. In the event that the loss is anticipated on a particular contract, provision is made for the estimated loss.

Contract research and manufacturing services income:

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

In respect of contracts involving sale of compounds arising out of contract research services for which separate invoices are raised, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer, and comprise amounts invoiced for compounds sold.

In respect of services, the Group collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Group. Hence, it is excluded from revenue.

(iii) Interest Income:

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

(iv) Dividend income:

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

i. Investments

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

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

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

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

j. Retirement benefits

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

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

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

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

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.

k. Foreign currency translation

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 retranslated using the exchange rate prevailing at the reporting date. 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. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rates at the date when such values were determined.

Exchange Differences

From accounting period commencing on or after December 7, 2006, the Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

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

(ii) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

(iii) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.

(iv) All other exchange differences are recognized as income or as expenses in the period in which they arise.

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

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

Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either "integral foreign operations" or "non-integral foreign operations."

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.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss is translated at exchange rates prevailing at the dates of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the consolidated statement of profit and loss.

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.

l. Income tax

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

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax liability is recognised for all taxable timing differences. 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.

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

At each reporting date, the 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 reporting 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.

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 taxes relate to the same taxable entity and the same taxation authority.

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

m. Employee stock compensation costs

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

In accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the consolidated statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

n. 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 are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

o. Operating lease

Where the Group 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 Group is a Lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. 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 in the consolidated statement of profit and loss.

p. Segment reporting

Identification of segments

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

Inter-segment Transfers

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

q. Provisions

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

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

r. Contingent liability

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

s. 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 consolidated statement of profit and loss. 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.

t. Cash and cash equivalents

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

u. Derivative instruments

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

v. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group has elected to present Earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. The Group measures EBITDA on the basis of profit / (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortisation expense, finance costs and tax expense.

	March 31, 2012	March 31, 2011
3. Share capital		
Authorised:		
220,000,000 (March 31, 2011 - 220,000,000) equity shares of ₹ 5 each (March 31, 2011 - ₹ 5 each)	1,100	1,100
Issued, subscribed and paid-up shares:		
200,000,000 (March 31, 2011 - 200,000,000) equity shares of ₹ 5 each (March 31, 2011 - ₹ 5 each)	1,000	1,000

i. Reconciliation of the Shares Outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2012		March 31, 2011	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	200,000,000	1,000	200,000,000	1,000

ii. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2012, the amount of interim dividend per share recognised as distributions to equity shareholders was ₹ Nil (March 31, 2011 - ₹ 1.50) and final dividends proposed for distribution to equity shareholders was ₹ 5 (March 31, 2011 - ₹ 3).

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

iii. Aggregate number of bonus shares issued during the period of five years immediately preceding the reporting date

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

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

	March 31, 2012		March 31, 2011	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar Shaw	79,287,564	39.64%	79,287,564	39.64%
Glentec International	39,535,194	19.77%	39,535,194	19.77%

As per records of the Company, including its register of shareholders/members. The above shareholding represents both legal and beneficial ownerships of shares.

v. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer to note 31.

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	March 31, 2012	March 31, 2011
4. Reserves and surplus		
Revaluation Reserve	**9**	**9**
Capital Reserve		
Opening Balance	17	17
Add: Reserve arising from issue of shares by Syngene [refer note 5(ii)]	12	-
Closing Balance	**29**	**17**
Securities Premium Reserve	**2,788**	**2,788**
Foreign Currency Translation Reserve Account		
Opening Balance	(44)	94
Add: Exchange difference during the year on net investment in non-integral operations	59	(138)
Closing Balance	**15**	**(44)**
ESOP Trust		
Opening Balance	571	372
Add: Dividend, interest income and profit on sale of shares, net	98	199
Closing Balance	**669**	**571**
General Reserve		
Opening Balance	2,236	1,777
Add: Amount transferred from surplus balance in the statement of profit and loss	256	459
Closing Balance	**2,492**	**2,236**
Surplus in the statement of profit and loss account		
Balance as per last financial statements	13,499	11,274
Profit for the year	3,384	3,675
Less: Appropriations		
Interim dividend on equity shares [amount per share ₹ Nil (March 31, 2011 - ₹ 1.50)]	-	(300)
Proposed final dividend on equity shares [amount per share ₹ 5 (March 31, 2011 - ₹ 3)]	(1,000)	(600)
Tax on proposed final dividend, net of reversal of earlier year ₹ Nil (March 31, 2011 - ₹ 7)	(162)	(91)
Transfer to general reserve	(256)	(459)
Total appropriations	**(1,418)**	**(1,450)**
Net Surplus in the statement of profit and loss	**15,465**	**13,499**
Employee Stock Options Outstanding		
Gross employee stock compensation for options granted in earlier years	256	264
Add: gross compensation for options granted during the year	1	-
Less: compensation on ESOP cancelled during the year	-	8
	257	**256**
Less: Deferred employee stock compensation expense (refer note (i) below)	-	4
Closing Balance	257	252
Total Reserves and Surplus	**21,724**	**19,328**
(i) Deferred employee stock compensation expense (Also see note 31):		
Stock compensation expense outstanding at the beginning of the year	4	17
Stock options granted during the year	1	-
Stock options cancelled/forfeited during the year	-	(8)
Stock compensation expense (amortised)/reversed during the year	(5)	(5)
Closing balance of deferred employee stock compensation expense	**-**	**4**
5. Minority Interest		
The share of the net assets attributable to the minority shareholders are as follows:		
As per last balance sheet	377	338
Divestment of AxiCorp [refer note (i) below]	(401)	-
Foreign currency translation adjustment	24	(36)
Others [refer note (ii) below]	38	-
Profit/(loss) for the year attributable to minority shareholders	-	75
	38	**377**

(i) During the year ended March 31, 2012, the Group sold its investment in AxiCorp. Consequently, Minority Interest pertaining to AxiCorp has been adjusted.

(ii) Minority Interest as at March 31, 2012, represents that part of the net profit and net assets of Syngene to the extent of 625,170 shares (1.26%) [March 31, 2011 - 170 shares (0.01%) held by other parties. During the year ended March 31, 2012, Syngene issued 625,000 equity shares to a third party.

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
6. Long term borrowings				
Deferred Sales Tax Liability	454	584	130	65
Other loans and advances				
NMITLI - CSIR Loan	2	2	-	-
Financial assistance from DSIR	21	21	-	-
Financial assistance from DBT	65	37	-	-
Financial assistance from DST	63	14	7	-
Loan from banks (secured)				
Term loan	51	-	-	-
Buyer's credit	42	-	-	144
	698	**658**	**137**	**209**
The above amount includes				
Secured borrowings	93	-	-	144
Unsecured borrowings	605	658	137	65
Amount disclosed under the head "Other Current liabilities" (note 11)	-	-	(137)	(209)
Net amount	**698**	**658**	**-**	**-**

(i) On February 9, 2000, Biocon 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 ₹ 649. This is an interest free liability. The amount is repayable in 10 equal half yearly installments of ₹ 65 each starting from February 2012.

(ii) On March 31, 2005, Biocon entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹ 3 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual installments starting from April 2009 and carrying an interest rate of 3 percent per annum.

(iii) (a) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to Biocon for part financing one of its research projects. The assistance is repayable in the form of royalty payments three years post commercialisation of the project in five equal annual installments of ₹ 4 each. The said projects have been completed during the year ended March 31, 2010 and the repayments would commence from April 1, 2013.

(b) In addition, during the FY 2010-11, Biocon has further received ₹ 4 towards a development project out of sanctioned amount of ₹ 12. The assistance is repayable in the form of royalty payments for a period of five years post commercialisation of the project in five equal annual installments of ₹ 3 each . The said product has not yet been commercialised as at March 31, 2012.

(iv) On November 3, 2009, the Department of Biotechnology ('DBT') under the Biotechnology Industrial Partnership Programme ('BIPP') has sanctioned financial assistance for a sum of ₹ 53 to Biocon for financing one of its research projects. Of the said sanctioned amount, Biocon had received a sum of ₹ 37 during year ended March 31, 2011 and the remaining amount of ₹ 16 during the year. The loan is repayable over 10 half yearly installments after one year from date of completion of the project and carries an interest rate of 2 percent per annum.

In addition, on May 23, 2011, the DBT under the BIPP has sanctioned financial assistance of ₹ 40 to Biocon for financing another research project. Of the sanctioned amount, Biocon has received a sum of ₹ 12 during the year. The loan is repayable over 10 half yearly installments after one year from date of completion of the project and carries an interest rate of 2 percent per annum.

(v) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to Biocon for financing one of its research projects. Of the said sanctioned amount, Biocon has received the first installment of ₹ 14 during the year ended March 31, 2011 and the remaining amount during the year ended March 31, 2012. The loan is repayable over 10 annual installments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3 percent per annum.

(vi) In respect of the financial assistance received under the aforesaid programmes [refer note (ii) to (v) above], Biocon is required to utilise the funds for the specified projects and is required to obtain prior approvals from the said authorities for disposal of assets / Intellectual property rights acquired / developed under the above programmes.

(vii) Syngene has obtained a foreign currency denominated long term buyer's credit loan of ₹ 42 (US$ 0.8 million) as of March 31,2012 from a bank, which is secured by a pari passu charge on the present and future movable plant and machinery and current assets. This loan is repayable after the end of 18 months from the date of origination and carries Interest rate of Libor plus 0.90% per annum. Interest rate shall be re-set every six months.

(viii) Syngene had obtained foreign currency denominated long term buyer's credit loans of ₹ 144 (US$ 3.2 million) as of March 31,2011 at interest rates ranging from Libor plus 1.40% to Libor plus 4.74% per annum, comprising of various loans that originated between May 2008 to October 2008, from a bank, which were secured by a pari passu charge on the present and future movable plant and machinery and current assets. These loans were repayable after the end of 3 years from the date of their origination with an Interest rate reset every 6 month. These loans have been repaid during the financial year 2011-12.

(ix) Biocon Sdn. Bhd, Malaysia, has obtained a term loan facility of US$ 130 million from a consortium of banks. As of March 31, 2012, it has utilised ₹ 51 (US$ 1 million). The term loan facility is secured by pari passu charge on the freehold land and biopharma manufacturing facility being established in Malaysia. The long term loan is repayable over a period of 10 years commencing from 2014 and carries an interest rate pre determined on a Libor plus basis. Also refer note 36.

	March 31, 2012	March 31, 2011
7. Deferred tax asset/(liability) (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	(494)	(550)
Gross deferred tax liability	**(494)**	**(550)**
Deferred tax asset		
Employee retirement benefit expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	39	28
Provision for doubtful debts	21	22
Others (Including items relating to timing of income recognition)	512	3
Gross deferred tax asset	**572**	**53**
Net deferred tax asset/(liability) (net)	**78**	**(497)**

(i) Net deferred tax asset as at March 31, 2012 comprises of Net deferred tax asset of ₹ 509 (March 31, 2011 - ₹ Nil) relating to Biocon SA and Net deferred tax liability of ₹ 349 (March 31, 2011 - ₹ 396) and ₹ 82 (March 31, 2011 - ₹ 101) relating to Biocon and Syngene, respectively.

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

	March 31, 2012	March 31, 2011
8. Other Long-term liabilities		
Deferred revenues (refer note 41)	5,392	3,321
Interest accrued but not due	5	2
Payables for capital goods	366	21
Advance from customers	18	-
Others	51	46
	5,832	**3,390**

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	March 31, 2012	March 31, 2011
9. Short term borrowings		
From banks/ financial institutions		
Packing credit foreign currency loan (secured)	378	913
Packing credit foreign currency loan (unsecured)	1,062	455
Buyers credit loan (secured)	346	972
Cash credit (secured)	57	-
Short term loan from bank (secured)	30	10
Loan from others (unsecured)	-	124
	1,873	**2,474**
The above amount includes		
Secured borrowings	811	1,895
Unsecured borrowings	1,062	579

(i) Syngene has obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 331 (US$ 6.5 million) as of March 31,2012 [March 31,2011 ₹ 67 (US$ 1.5 million)] from a bank that carry interest rate in the range of Libor +1.25% to Libor +1.30% per annum, which are secured by a pari passu charge on the current assets and movable fixed assets of Syngene. These loans, repayable on demand, are available for a period of 6 months from the date of their origination.

(ii) On April 26, 2010, Clinigene entered into an agreement with a bank for ₹ 100 packing credit facility. This loan is repayable on demand, against corporate guarantee provided by Biocon. As at March 31, 2012, ₹ 47 (US$ 0.9 million) [March 31, 2011 - ₹ 57 (US$ 1.3 million)] is outstanding.

(iii) Syngene had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 82 (US$ 1.9 million) as of March 31,2011 from a bank that carry interest rate of Libor + 2% per annum, which were secured by a pari passu charge on the present and future current assets comprising inventory, receivables and other current assets and fixed assets. These loans, repayable on demand, are available for a period of 6 months from the date of their origination.

(iv) Syngene had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 96 (US$ 2.2 million) as of March 31,2011 from a bank that carry interest rate in the range of Libor +1% to Libor+1.25% per annum, which were secured by a pari passu charge on the present and future movable plant and machinery and current assets. These loans, repayable on demand, are available for a period of 6 months from the date of their origination.

(v) Biocon has working capital facilities with banks carrying interest rate ranging from 11% -13% per annum. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables. As on March 31, 2012, Biocon has utilised fund based limits of ₹ 57 (March 31, 2011- ₹ 740), inclusive of foreign currency denominated loans of ₹ Nil (US$ Nil) [March 31, 2011- ₹ 668 (US$ 15)]. These facilities are available for a period of 6 months from the date of grant.

(vi) Biocon has obtained foreign currency denominated loans of ₹ 812 (US$ 15.95) [March 31, 2011- ₹ 223 (US$ 5)], carrying an interest rate of Libor plus 0.5% to 1.50% per annum, from bank/ financial institutions as at March 31, 2012.

(vii) Syngene has obtained foreign currency denominated short term unsecured pre-shipment credit loans of ₹ 250 (US$ 4.9 million) as of March 31,2012 [March 31,2011 ₹ 232 (US$ 5.2 million)] from a bank that carry interest rate of Libor +1.30% per annum. These loans, repayable on demand, are available for a period of 6 months from the date of their origination.

(viii) Syngene has obtained foreign currency denominated short term secured buyer's credit loans of ₹ 346 (US$ 6.8 million) as of March 31,2012 [March 31, 2011 ₹ 946 (US$ 21.2 million)], from a bank that carry interest rate of Libor plus 0.90% to 1.25% per annum, which are secured by a pari passu charge on the present and future movable plant and machinery and current assets. These loans originally taken for a period of 6 months with an option to rollover at the end of every six months up to a maximum period of 3 years from the date of their origination; interest rate for the loan to be reset on such rollover.

(ix) Syngene had obtained foreign currency denominated short term secured buyer's credit loans of ₹ 26 (US$ 0.6 million) as of March 31,2011 at an interest rate of Libor plus1.19%, from a bank, which were secured by a pari passu charge on the present and future current assets including inventory, receivables and fixed assets. These loans were originally taken for a period of 6 months with an option to rollover at the end of every six months, up to a maximum period of 3 years from the date of their origination; interest rate for the loan to be reset on such rollover.

(x) On September 27, 2010, Clinigene entered into an agreement with a bank for ₹ 50 short term demand loan facility. This loan is repayable on demand, secured by first charge on the current assets of Clinigene & corporate guarantee by Biocon. As at March 31, 2012, ₹ 30 (March 31, 2011 - ₹ 10) is outstanding and carries an interest of 9.5% to 11% per annum.

(xi) NeoBiocon and AxiCorp GmbH had obtained unsecured loans from their other shareholders which were interest free and repayable on demand. The loan was repaid during the financial year 2011-12.

- NeoBiocon - ₹ Nil (March 31, 2011 - ₹ 5)

- AxiCorp GmbH ₹ Nil (March 31, 2011 - ₹ 119)

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	March 31, 2012	March 31, 2011
10.Trade payables		
Trade payables	3,478	2,965
	3,478	**2,965**
11. Other current liabilities		
Current maturities of long term borrowings (refer note 6)	137	209
Deferred revenues (refer note 41)	1,119	1,793
Investor Education and Protection Fund shall be credited by: (as and when due)		
Unclaimed dividend	6	5
Payables for capital goods	864	807
Advances from customers	319	138
Balance in current account with bank representing book overdraft	119	160
Other payables:		
Statutory dues (refer note (i) below)	122	356
Others	6	287
Interest accrued but not due	-	4
	2,692	**3,759**
(i) Statutory dues includes provident fund, employees state insurance, professional tax, withholding taxes and indirect tax payable.		
12. Short-term provisions		
Provision for employee benefits		
Leave encashment	98	93
Gratuity (refer note 38)	94	49
Others		
Interim dividend on equity shares	-	300
Proposed final dividend on equity shares	1,000	600
Tax on proposed final dividend	162	97
Provision for income tax, net of advance tax (refer note (i) below)	761	269
	2,115	**1,408**

(i) Included under provision for income tax is ₹ 22 (March 31, 2011 - ₹ 16) of the ESOP Trust.

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13. Tangible assets

	Land	Buildings	Leasehold Improvements	Plant and Equipments	Research & Development Equipments	Furniture and Fixtures	Vehicles	Total
Cost or Valuation								
At April 01, 2010	380	3,360	3	11,514	1,014	218	24	16,513
Additions	-	175	-	1,164	258	22	6	1,625
Disposals	-	-	-	32	-	6	2	40
Other Adjustments								
- Exchange differences	-	3	-	10	-	-	-	13
- Foreign currency translation adjustment	-	-	-	(13)	-	(1)	-	(14)
At March 31, 2011	**380**	**3,538**	**3**	**12,643**	**1,272**	**233**	**28**	**18,097**
Additions	742	111	-	1,321	112	25	-	2,311
Disposals	-	-	-	146	-	5	1	152
Other Adjustments								
- Foreign currency translation adjustment	88	-	-	10	-	-	-	98
At March 31, 2012	**1,210**	**3,649**	**3**	**13,828**	**1,384**	**253**	**27**	**20,354**
Depreciation								
At April 01, 2010	-	497	1	3,796	428	127	12	4,861
Charge for the year	-	138	-	1,213	122	28	3	1,504
Disposals	-	-	-	25	-	7	1	33
Other Adjustments								
- Foreign currency translation adjustment	-	-	-	(5)	-	-	-	(5)
At March 31, 2011	**-**	**635**	**1**	**4,979**	**550**	**148**	**14**	**6,327**
Charge for the year	-	146	-	1,276	136	33	3	1,594
Disposals	-	-	-	70	-	3	1	74
Other Adjustments								
- Foreign currency translation adjustment	-	-	-	5	-	-	-	5
At March 31, 2012	**-**	**781**	**1**	**6,190**	**686**	**178**	**16**	**7,852**
Net Block								
At March 31, 2011	**380**	**2,903**	**2**	**7,664**	**722**	**85**	**14**	**11,770**
At March 31, 2012	**1,210**	**2,868**	**2**	**7,638**	**698**	**75**	**11**	**12,502**

(i) Land includes land held on leasehold basis: Gross Block ₹ 226 (March 31, 2011 - ₹ 226) ; Net Block ₹ 226 (March 31, 2011- ₹ 226).

(ii) On December 5, 2002, Karnataka Industrial Areas Development Board ('KIADB') allotted land aggregating to 26.75 acres to Biocon for ₹ 64 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 ₹ 99 from KIADB. During the quarter ended June 30, 2005, the Company paid an advance of ₹ 56 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 apart of the land under this lease is pending settlement of certain disputes in respect of claims made against KIADB.

(iii) Additions to fixed assets during the year ended March 31, 2012, include assets of ₹ 494 (March 31, 2011 - ₹ 591) of which, ₹ 308 (March 31, 2011 - ₹ 359) has been funded by the co-development partner/ customers. The Group has capitalised and depreciated the gross cost of these assets. The funding received from the co-development partner/customers is reflected as Deferred revenues in note 8 & 11. The depreciation charge for the year has been adjusted for the proportionate amount recovered from the co-development partner/customers.

(iv) Syngene has entered into an agreement with a customer, which grants the latter an option to purchase fixed assets with gross block of ₹ 1,939 (March 31,2011- ₹ 1,726) as at March 31, 2012 relating to a particular project, upon satisfaction of certain terms and conditions.

(v) During the year ended March 31, 2012, Biocon Sdn Bhd acquired freehold land in Johor Malaysia at an aggregate consideration of approximately RM.45 million for the construction of biopharmaceutical manufacturing facility . The freehold land has been offered as a security to the lenders of the USD 130 million term loan facility. Also refer note 6(ix).

(vi) The above additions exclude certain equipments obtained by BRL on loan basis from co-development partner for use in the joint development program amounting to ₹ Nil (March 31, 2011 - ₹ 68). As at March 31, 2012, BRL holds equipments received on loan basis amounting to ₹ 68 (March 31, 2011 - ₹ 68).

(vii) Foreign exchange loss for the year ended March 31, 2012 - ₹ Nil (March 31,2011 - ₹ 13) 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.

(viii) Depreciation for the year ended March 31, 2012 has been adjusted by ₹ Nil (March 31, 2011 - ₹ 6) pertaining to excess charge of earlier years.

(ix) Plant and equipments includes office equipments and computer equipments.

(x) Also refer note 39 with regards to sale of investment in AxiCorp (Discontinued operations).

(xi) Also refer note 34(b) for assets given on lease.

14. Intangible assets

	Intangible assets						Intangible assets under development			
	Goodwill	Computer Software	Product Licenses	Manufacturing rights for product	IP - Under Commer-cialisation	Total	Product under development (IN 105)	Marketing rights of (T1H)	Product under development (Insulin)	Total
Gross Block										
At April 01, 2010	1,121	61	153	64	81	1,480	220	-	157	377
Additions	122	15	15	-	-	152	-	754	164	918
Sale/ adjustment during the year	-	-	11	-	-	11	-	-	320	320
Foreign currency translation adjustment	(42)	(2)	(16)	-	-	(60)	-	-	(1)	(1)
At March 31, 2011	**1,201**	**74**	**141**	**64**	**81**	**1,561**	**220**	**754**	**-**	**974**
Additions	-	-	-	-	-	-	-	-	1,175	1,175
Sale/ adjustment during the year	1,092	36	151	-	-	1,279	-	-	1,318	1,318
Foreign currency translation adjustment	13	3	10	-	-	26	-	102	143	245
At March 31, 2012	**122**	**41**	**-**	**64**	**81**	**308**	**220**	**856**	**-**	**1,076**
Amortisation										
At April 01, 2010	-	11	62	-	57	130	-	-	-	-
Charge for the year	-	14	22	-	16	52	22	-	-	22
Sale/ adjustment during the year	-	-	6	-	-	6	-	-	-	-
Foreign currency translation adjustment	-	-	(7)	-	-	(7)	-	-	-	-
At March 31, 2011	**-**	**25**	**71**	**-**	**73**	**169**	**22**	**-**	**-**	**22**
Charge for the year	-	8	-	-	8	16	22	-	155	177
Sale/ adjustment during the year	-	10	75	-	-	85	-	-	164	164
Foreign currency translation adjustment	-	1	4	-	-	5	-	-	9	9
At March 31, 2012	**-**	**24**	**-**	**-**	**81**	**105**	**44**	**-**	**-**	**44**
Net Block										
At March 31, 2011	**1,201**	**49**	**70**	**64**	**8**	**1,392**	**198**	**754**	**-**	**952**
At March 31, 2012	**122**	**17**	**-**	**64**	**-**	**203**	**176**	**856**	**-**	**1,032**

(i) During the year ended March 31, 2011, the Group acquired the interest of minority shareholders in BBPL . Accordingly, ₹ 122 being the excess consideration paid over the net assets of BBPL as on the date of acquisition has been recognised as goodwill. Also, refer note 1.

(ii) BBPL has entered into an agreement with M/s CIMAB, Cuba to acquire manufacturing rights for certain products in specified territories for a total cost of ₹ 64. M/s CIMAB, Cuba is in the process of obtaining regulatory approvals in the respective countries. Pending such regulatory approvals, the same has not been amortised as at March 31, 2012.

(iii) Biocon has acquired patents relating to certain technologies (collectively IPs) 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. During the year ended March 31, 2011, the Group completed the initial Phase III clinical trials for IN 105 and has accordingly, commenced the amortization of IN 105 over an estimated life of 10 years.

(iv) During the year ended March 31, 2011, Biocon SA has entered into an agreement with M/s CIMAB , Cuba for marketing rights of T1H product relating to certain territories. The product is currently under development and pending commercialisation of the product in the said territories, no amortisation has been recorded by the Company.

(v) During the year ended March 31, 2011, Biocon SA entered into an agreement with Pfizer Pharmaceuticals for the development and commercialisation of Insulin products for various markets. Pursuant to the said arrangement, cost of the development of the products of ₹ 320 have been considered as the contract expenses.

(vi) On April 28, 2011, Biocon SA, a subsidiary of the Company, entered into a definitive agreement with certain third parties to transfer its entire shareholding in the equity capital of its subsidiary, AxiCorp, which was consummated during the quarter ended June 30, 2011. The consideration was settled through a combination of cash and re-acquisition of the exclusive marketing rights of Insulin and Glargine for the German market aggregating to ₹ 1,610. Also refer note 39 as regards to discontinued operations.

(vii) Unamortised balance of marketing rights of Insulin and Glargine for the German region (initially procured by the Company to fulfill its contractual obligations to Pfizer) amounting to ₹ 1,154 has now been adjusted against deferred revenues pursuant to the termination of Pfizer arrangement. Also refer note 41.

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	March 31, 2012	March 31, 2011
15. Non current Investments		
A) Trade investments (valued at cost unless stated otherwise):		
Unquoted preference shares		
In associate company:		
4,285,714 (March 31, 2011 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, fully paid-up, par value US $ 0.00001 each in IATRICa Inc., USA	131	131
Others:		
2,722,014 (March 31, 2011 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each in Vaccinex Inc., USA	186	186
217,972 (March 31, 2011 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, fully paid, par value US $0.001 each in Vaccinex Inc., USA	32	32
	349	**349**
B) Non-trade investments (valued at cost unless stated otherwise):		
Shares of the Company held by ESOP Trust (Quoted) [Par value ₹ 5, fully paid up]	293	260
	293	**260**
	642	**609**
Aggregate value of unquoted investments	349	349
Aggregate value of quoted investments (cost)	293	260
Aggregate value of quoted investments (market value)	978	1,538

(i) As on March 31, 2012, the ESOP Trust held 4,091,721 shares (March 31, 2011 - 4,457,536) of the Company towards grant / exercise of shares to / by employees of the Group under the ESOP Scheme. Also refer note 31.

(ii) 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.

(iii) Biocon has 30% (March 31, 2011 - 30%) voting rights in IATRICa Inc., USA. The above is net of the Group's share of losses in IATRICa amounting to ₹ 7 as at March 31, 2012 (March 31, 2011 - ₹ 7).

(iv) Biocon has invested in National Savings Certificates (unquoted) which are not disclosed above since the amounts are rounded off to Rupees million.

	March 31, 2012	March 31, 2011
16 (a) Long-term loan and advances (Unsecured, considered good)		
Capital advances (refer note (i) below)	326	122
Duty drawback receivable, net of provision of ₹ 4 (March 31, 2011 - ₹ 4)	36	6
Balances with statutory / government authorities	629	579
Deposits	136	105
MAT Credit Entitlement	178	51
Advance income tax (net of provision for taxation) [refer note (ii) below]	541	529
Advance premium on foreign exchange option contracts	51	-
	1,897	**1,392**

(i) During the year ended March 31, 2008, Biocon was allotted land at the Jawaharlal Nehru Pharma City ('JNPC'), Vishakhapatnam, Andhra Pradesh, on a long term lease basis for a consideration of ₹ 260. Biocon had paid the entire consideration towards the cost of the lease as at March 31, 2011 and pending completion of registration formalities, the amount was included under capital work in progress. During the year ended March 31, 2012, Biocon has intimated JNPC of its intention to surrender the above land.

(ii) Included under advance tax is ₹ 10 (March 31, 2011 - ₹ 10) of the ESOP Trust.

	March 31, 2012	March 31, 2011
16 (b) Other non-current assets		
Unamortised borrowing cost	236	-
	236	**-**

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17. Current Investments (valued at lower of cost and fair value, unless stated otherwise)

Investments in Mutual Funds (unquoted, fully paid-up)

	Face Value	Units March 31, 2012	Cost March 31, 2012	Units March 31, 2011	Cost March 31, 2011
Axis Fixed Term Plan - Series 20(3 Months) - Dividend Payout	10	20,000,000	200	-	-
Birla Sun Life Floating Rate Fund - Long Term Plan - Daily Dividend	10	-	-	5,613,963	56
Birla Sun Life Savings Fund - Institutional - Daily Dividend	10	-	-	8,216,394	83
Birla Sunlife Fixed Term Plan Series CO Dividend Payout	10	-	-	20,000,000	200
Birla Sunlife Qtly Interval - Series 4 - Dividend Reinvestment	10	-	-	15,453,855	155
Birla Sunlife Short Term FMP - Series 6 Dividend payout	10	-	-	12,000,000	120
Birla Sunlife Short Term FMP - Series 9 Dividend payout	10	-	-	15,000,000	150
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend Reinvestment	100	330,091	33	-	-
Birla Sunlife Short Term FMP Series 23 - Dividend Payout	10	20,000,000	200	-	-
Birla Sunlife Short Term FMP Series 25 - Dividend Payout	10	20,000,000	200	-	-
Birla Sunlife Short Term FMP Series - 29 Dividend Payout	10	20,000,000	200	-	-
DWS Fixed Term fund - Series 73 - Dividend Plan - Payout	10	-	-	7,000,000	70
DWS Insta Cash Plus Fund - Super Institutional Plan Daily Dividend	100	1,253,141	126	-	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend	10	34,910,222	350	2,451,915	25
HDFC Liquid Fund Premium Plan - Daily Dividend	12	12,242,895	150	-	-
HSBC Ultra Short Term Bond Fund - Institutional Plan - Daily Dividend	10	-	-	30,087,869	304
HSBC Floating Rate Long Term Plan Institutional Weekly Dividend	11	34,045,554	383	-	-
ICICI Prudential Blended Plan B Institutional Daily Dividend Option-II	10	-	-	35,024,594	351
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	106	1,513,217	160	1,661,746	176
ICICI Prudential Interval Fund Half Yearly Interval Plan - II Institutional Dividend Payout	10	10,000,000	100	-	-
ICICI Prudential Liquid Super Institutional Plan Daily Dividend	100	1,999,991	200	260,000	26
IDFC Fixed Maturity Monthly Series - 30 Dividend	10	-	-	10,000,000	100
IDFC Money Manager Fund - Treasury Plan - Institutional Plan C - Daily Dividend	10	-	-	13,729,884	137
IDFC Fixed Maturity Quarterly Series 68 Dividend	10	10,395,387	104	-	-
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	1,000	150,030	150	-	-
JM High Liquidity Fund Super Institutional Plan Daily Dividend	10	36,895,346	370	-	-
JP Morgan India Liquid Fund Super Institutional Daily Dividend Reinvestment	10	26,620,149	266	-	-
Kotak Floater Long Term - Daily dividend	10	-	-	15,179,781	152
Kotak Liquid Institutional Premium - Daily Dividend	12	17,932,488	219	-	-
L&T Freedom Income STP Institutional - Daily Dividend	10	-	-	29,868,082	303
Reliance Money Manager Fund - Institutional - Daily Dividend	1,001	-	-	284,038	284
Reliance Money Manager Fund - Institutional - Daily Dividend	1,001	-	-	8,359	8
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	10	-	-	19,990,005	200
Reliance Liquid Fund - Treasury Plan - Institutional Daily Dividend	15	24,577,514	376	-	-
Reliance Liquidity Fund Daily Dividend Reinvestment	10	21,623,804	216	-	-
Reliance Monthly Interval Fund Series I - Institutional Dividend Plan	10	4,996,053	50	-	-
Religare Fixed Maturity Plan-Series-II Plan A(13 Months)	10	-	-	20,000,000	200
Religare Ultra Short Term Fund - Institutional Daily Dividend	1,002	-	-	391,605	392
SBI SHF Ultra Short Term Fund - Institutional Daily Dividend	10	-	-	7,198,633	72
SBI Debt Fund Series - 90 Days - 58 - Dividend Payout	10	25,000,000	250	-	-
TATA Fixed Maturity Plan Series 28 Scheme a Dividend	10	-	-	15,000,000	150
TATA Floater Fund - Daily Dividend	10	-	-	17,587,104	176
TATA Fixed Income Portfolio Fund Scheme C3 Institutional	10	20,418,262	204	-	-
Templeton India Ultra Short Bond Fund - Super Institutional Plan - Daily Dividend	10	-	-	9,087,531	91
Templeton India Treasury Management Account Super Institutional Plan	1,001	280,967	281	-	-
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	1,000	-	-	12,728	14
UTI Fixed Income Interval Fund - Series II - Quarterly Interval Plan IV - Institutional Dividend Plan	10	13,321,631	133	-	-
			4,921		**3,995**
Aggregate value of unquoted investments			**4,921**		**3,995**

(i) Above current investments include unquoted investments of the ESOP Trust of ₹ 383 (March 31, 2011 - ₹ 304).

	March 31, 2012	March 31, 2011
18. Inventories (at lower of cost and net realisable value)		
Raw materials, including goods-in-bond (refer note 24)	1,316	1,634
Packing materials (refer note 24)	153	105
Work-in-progress [refer note 25 (b)]	1,629	1,541
Traded Goods [refer note 25 (b)]	395	185
Finished goods [refer note 25 (b)]	290	672
	3,783	**4,137**
19. Trade Receivables (unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	61	28
Doubtful	69	73
	130	**101**
Provision for doubtful receivables	(69)	(73)
	61	28
Other trade receivables		
Considered good	4,856	4,930
	4,917	**4,958**
The above includes:		
Dues from Narayana Hrudayalaya Private Limited ('NHPL') in which a director of Biocon is a member of board of directors of NHPL.	6	1
20. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	1,795	713
On Unpaid dividend account	6	5
In exchange earners foreign currency account	1,039	2,269
Deposits with maturity of less than three months	848	601
Cash on hand	2	2
	3,690	**3,590**
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	1,541	825
Margin money deposit	2	-
	5,233	**4,415**

(i) Balances with banks in current accounts include balances of the ESOP Trust of ₹ 2 (March 31, 2011 - ₹ 7).

(ii) Margin money deposits with carrying amount of ₹ 2 (March 31, 2011- ₹ Nil) are subject to first charge against bank guarantees obtained.

	March 31, 2012	March 31, 2011
21(a) Short term loans and advances		
Prepaid expenses	45	28
Balances with statutory / government authorities	51	19
Duty drawback receivable	-	1
Deposits	-	8
Other Receivables	409	169
Advances recoverable in cash or in kind or for value to be received	269	151
Advance premium on foreign exchange option contracts	59	24
Interest accrued on bank deposits	14	-
	847	**400**

(i) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of ₹ 6 (March 31, 2011 - ₹ 6).

	March 31, 2012	March 31, 2011
21 (b). Other current assets		
Unbilled Revenues	296	167
	296	**167**

	March 31, 2012	March 31, 2011
22 . Revenue from operations:		
Sale of products		
Finished goods	13,666	12,201
Traded goods	1,952	1,379
Sale of services		
Licensing and development fees	1,266	1,525
Contract research and manufacturing services income	4,101	3,177
Other operating revenue		
Sale of process waste	101	113
Others	274	49
Revenue from operations (Gross)	**21,360**	**18,444**
Less: Excise Duty (refer note (a) below)	495	384
Revenue from operations- net	**20,865**	**18,060**
(a) Excise duty on sales amounting to ₹ 495 (March 31, 2011- ₹ 384) has been reduced from revenue from operations in the statement of profit and loss and excise duty on increase / decrease in stock amounting to ₹ 5 [March 31, 2011- ₹(4)] has been considered as expense/(income) in note 27.		
Details of products sold		
Finished goods sold		
Biopharmaceuticals	12,191	11,141
Formulations	1,475	1,060
	13,666	**12,201**
Traded goods		
Biopharmaceuticals	18	-
Formulations	1,934	1,379
	1,952	**1,379**
23.Other income:		
Interest income on bank deposits	52	9
Dividend earned on current investments	289	178
Foreign exchange gain, net	153	224
Other non-operating income	124	105
	618	**516**

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	March 31, 2012	March 31, 2011
24.Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,043	1,018
Add: Purchases	8,676	7,179
Less: Inventory at the end of the year	1,469	1,043
	8,250	**7,154**
Less: Cost of raw materials and packing materials consumed for Research and Development	60	32
Cost of raw materials and packing materials consumed (refer note (a))	**8,190**	**7,122**
(a) Cost of raw materials and packing materials consumed is computed after excluding inventory of AxiCorp. Also refer note 39.		
25. (a) Purchase of traded goods		
Details of purchase of traded goods:		
Biopharmaceuticals	87	54
Formulations	683	328
	770	**382**
25. (b) (Increase)/ decrease in inventories of finished goods, traded goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	185	75
Finished goods, net of excise duty	138	125
Work-in-progress	1,541	1,418
	1,864	**1,618**
Inventory at the end of the year		
Traded goods	395	185
Finished goods, net of excise duty	285	138
Work-in-progress	1,629	1,541
	2,309	**1,864**
(Increase)/ decrease in inventories (refer note (i))	**(445)**	**(246)**
(i) (Increase)/ decrease in inventories of finished goods is computed after excluding inventory of AxiCorp. Also refer note 39.		
Details of Inventory:		
Traded goods		
Formulations	395	185
	395	**185**
Finished goods, net of excise duty		
Biopharmaceuticals	101	71
Formulations	184	67
	285	**138**
Work-in-progress		
Biopharmaceuticals	1,481	1,419
Formulations	148	122
	1,629	**1,541**
26. Employee benefit expenses		
Salaries, wages and bonus	2,682	2,078
Contribution to provident fund	126	98
Gratuity (refer note 38)	44	34
Employee stock compensation expense	5	5
Welfare expenses	219	173
	3,076	**2,388**

	March 31, 2012	March 31, 2011
27.Other expenses		
Royalty and technical fees [refer note (i) below]	17	(8)
Rent	31	27
Communication expenses	108	92
Travelling and conveyance	335	301
Professional charges	337	291
Directors fees including commission	6	5
Power and fuel	972	820
Insurance	27	27
Rates, taxes and fees, net of refunds of taxes	48	42
Lab consumables	378	264
Repairs and maintenance		
Plant and machinery	207	236
Buildings	35	19
Others	221	154
Selling expenses		
Freight outwards and clearing charges	180	136
Sales promotion expenses	532	359
Commission and brokerage (other than sole selling agents) [refer note (i) below]	162	99
(Increase)/ decrease in excise duty on inventory [refer note (ii) below]	5	(4)
Bad debts written off	7	10
Printing and stationery	36	35
Loss on sale of tangible fixed assets, net	-	3
Research & development expenses	323	429
Clinical trial and development expenses [refer note (iii) below]	644	432
Miscellaneous expenses	183	164
	4,794	3,933
Recharge of product development expenses to other parties for co-development of products	(693)	(735)
	4,101	**3,198**

(i) Royalty & technical fees and Commission and brokerage are net of write back of provision no longer required of ₹ Nil (March 31, 2011 ₹ 25) and ₹ 20 (March 31, 2011 ₹ 30), respectively.

(ii) Excise Duty on sales amounting to ₹ 495 (March 31, 2011 - ₹ 384) has been reduced from sales in profit and loss account and excise duty on increase/decrease in stock amounting to ₹ 5 [March 31, 2011 - ₹(4)] has been considered as expense/(income).

(iii) Clinical trials and development expenses of ₹ 38 incurred towards the insulin program subsequent to the date of termination of the Pfizer arrangement have been adjusted against the amounts received from Pfizer. Refer note 41.

		March 31, 2012	March 31, 2011
28. Depreciation and amortisation (net)			
Depreciation of tangible assets [refer note 13]		1,594	1,504
Amortisation of intangible assets [refer note 14]		193	74
Amount recovered from customer/co-development partner [refer note 13 (iii)]		(43)	(62)
		1,744	**1,516**
29.Finance costs			
Interest expense		51	70
Exchange difference to the extent considered as an adjustment to borrowing cost		71	161
		122	**231**
30. Research and development expenses			
Research & development expenses	(a)	323	429
Other Research & development expenses included in other heads:			
Employee benefit expenses		198	200
Other expenses		989	911
	(b)	**1,187**	**1,111**
	(a + b)	1,510	1,540
Recharge of research expenses for co-development product		(693)	(735)
		817	**805**
Research & development expenses on Buildings and Equipments			
Buildings		28	33
Equipments (net of disposals)		34	157
		62	**190**

31. 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 (face value of shares ₹ 5 each) under the ESOP Plan 2000 to be exercised at a grant price of ₹ 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 (face value of shares - ₹ 5 each) under ESOP Plan 2000 to be exercised at a price of ₹ 5 per share. The options vest with the employees equally over a four year period.

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 (face value of shares - ₹ 5 each) under the ESOP Plan 2004 to be exercised at a grant price of ₹ 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, 2012		March 31, 2011	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	-	-	17,700	158
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	6,250	158
Expired during the year	-	-	11,450	158
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

*adjusted for the effect of bonus shares

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of the grant, 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, 2012		March 31, 2011	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	1,590,526	160	3,030,129	150
Granted during the year	24,242	138	-	-
Forfeited during the year	-	-	3,066	139
Exercised during the year	463,691	142	1,436,537	139
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,151,077	167	1,590,526	160
Exercisable at the end of the year	897,437	161	1,343,115	158
Weighted average remaining contractual life (in years)	0.7	-	1.5	-

*adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant of 813,860 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance 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, 2012		March 31, 2011	
	No of Options *	Weighted Average Exercise Price (₹) *	No of Options *	Weighted Average Exercise Price (₹) *
Outstanding at the beginning of the year	235,428	265	88,195	171
Granted during the year	539,572	315	147,233	321
Forfeited during the year	-	-	-	-
Exercised during the year	3,500	210	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	771,500	300	235,428	265
Exercisable at the end of the year	13,625	194	-	-
Weighted average remaining contractual life (in years)	5.5		5.1	-
Weighted average fair value of options granted (₹)		141		129

*adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2012 is ₹322 (March 31, 2011 ₹ 347) per share Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2012	March 31, 2011
Weighted Average Remaining Contractual Life in options (Yrs)	5.5	5.1
Weighted Average Exercise Price*	300	265
Expected volatility	40.45%	39.05%
Historical volatility	36.87%	35.59%
Life of the options granted (vesting and exercise period) in years	7.2	7.2
Expected dividends per share	5.00	4.50
Average risk-free interest rate	8.50%	8.00%
Expected dividend rate	2.09%	1.30%

*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, 2012	March 31, 2011
Net Profit after taxes	3,384	3,675
Add: Employee stock compensation under intrinsic value	5	5
Less: Employee stock compensation under fair value	19	30
Proforma profit	**3,370**	**3,650**
Earnings per Share - Basic		
- As reported	17.27	18.79
- Proforma	17.20	18.67
Earnings per Share - Diluted		
- As reported	17.11	18.62
- Proforma	17.04	18.49

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

Particulars	March 31, 2012	March 31, 2011
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	4,457,536	5,509,323
Add: Shares purchased by the ESOP trust	101,376	391,000
Less: Shares exercised by employees	(467,191)	(1,442,787)
Closing balance of shares not exercised by employees and available with the ESOP Trust	4,091,721	4,457,536
Options granted and eligible for exercise at end of the year	911,062	1,343,115
Options granted but not eligible for exercise at end of the year	1,011,515	482,839

32. Reconciliation of basic and diluted shares used in computing earnings per share

	March 31, 2012	March 31, 2011
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust	4,091,721	4,457,536
	195,908,279	195,542,464
Add: Effect of dilutive options granted but not exercised / not eligible for exercise	1,922,577	1,825,954
Weighted average shares outstanding and potential options outstanding	197,830,856	197,368,418

33. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2011 to March 31, 2012 Income/ (expenses) /other transactions	Balance as at March 31, 2012 (Payable)/ receivable	April 1, 2010 to March 31, 2011 Income/ (expenses) /other transactions	Balance as at March 31, 2011 (Payable)/ receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(15)	-	(14)	-
			Salary payable	-	(3)	-	(1)
2	John Shaw	Director	Salary and perquisites	(10)	-	(7)	-
			Salary payable	-	(1)	-	-
3	CIMAB	Joint Venture Partner	Purchase of Intangible Asset (refer note (i) below)	-	-	(754)	(88)
		Refer note (ii) below	Purchase of 49% equity stake in BBPL	-	-	(122)	-
4	Glentec International	Enterprise owned by Key Management Personnel	Rent expenses paid	(3)	-	(2)	(1)
5	NeoBiocon FZ LLC	Joint Venture	Sale of goods	10	-	14	-
			Trade receivables	-	10	-	11
6	IATRICa Inc.	Associate	Research and Development expenses	(43)	-	(45)	-
			Investment in preferred stock	-	138	-	138
			Advances recoverable in cash or in kind or for value to be received	-	55	-	-

(i) During the year ended March 31, 2011, Biocon SA acquired marketing and distribution rights of T1h for certain territories from CIMAB for a consideration of ₹ 754.

(ii) During the year ended March 31, 2011, Biocon Group acquired the 49% equity stake held by CIMAB SA in BBPL. Consequently, as at March 31, 2011 all the equity shares of BBPL are held by Biocon.

(iii) The Company has paid rent to P K Associates, a proprietary firm of relative of Director, which is not disclosed above since the amounts are rounded off to Rupees million.

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	March 31, 2012	March 31, 2011
34. Commitments		
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,923	1,327
(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 October 2019.		
Gross rental expenses for the year aggregates to ₹ 26 (March 31, 2011 - ₹ 36) The committed lease rentals in the future are:		
Not later than one year	26	32
Later than one year and not later than five years	45	41
Later than five years	24	9
(ii) Vehicles :		
The Group has taken vehicles for employees under operating leases, which expire in September 2014. Gross rental expenses for the year aggregate to ₹ 17 (March 31, 2011 - ₹ 20). The committed lease rental in the future are:		
Not later than one year	13	17
Later than one year and not later than five years	13	19
Later than five years	-	-
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 September 2017. Gross rental income for the year aggregate to ₹ 22 (March 31, 2011 - ₹ 20). Further, minimum lease rentals under operating lease are as follows:		
Not later than one year	20	20
Later than one year and not later than five years	81	81
Later than 5 Years	11	30
Considering that the leased assets comprise of portion of factory buildings located within the Company's factory premises, disclosure with regard to gross value of leased assets, accumulated depreciation and net book value of the same is not feasible.		
35. Contingent liabilities		
(i) Direct and indirect tax matters under disputes	1,028	901
(ii) Corporate guarantees given to the Central Excise Department	841	841
(iii) Guarantee given for securing facilities granted to Axicorp GmbH .	271	-
(iv) Guarantees given by banks on behalf of the Group for financial and other contractual obligations of the Group.	128	161

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36. 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.

	Currency	March 31, 2012	March 31, 2011
In respect of highly probable forecasted sales/export collection:			
Foreign exchange forward contracts with periodical maturity dates upto January 2017	USD	100	62
European style option contracts with periodical maturity dates	USD	129	106
European style option contracts with periodical maturity dates	EURO	12	3
In respect of foreign currency loans taken and granted:			
Foreign exchange forward contracts with periodical maturity dates	USD	16	-
European style option contracts with periodical maturity dates	USD	-	34

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

	March 31, 2012	March 31, 2011
Balances with banks		
Current account	-	86
Exchange earners foreign currency account	1,039	2,269
Fixed deposit accounts	319	986
Export trade receivables (Including unbilled revenue)	2,199	1,884
Other receivables -current	403	161
Advance from customers	151	-
Import payables	1,577	1,406
Long-term borrowings	51	-
Short-term borrowings	533	948

Interest rate swap

During the year ended March 31, 2012, Biocon Sdn. Bhd has entered into floating to fixed interest rate swap to hedge the interest rate exposure on proposed utilisation of US$ 130 million term loan facility. The aggregate amount of loans covered under the said interest rate swap as at March 31, 2012 is ₹ 3,562 (US$ 70 million). The periodic net payments related to interest rate swap is recorded as interest expenses.

37. Interest in Joint Venture

The Company has 50% interest in the assets, liabilities, expenses and income of NeoBiocon incorporated in Dubai. The share of the Company in the accumulated profit of NeoBiocon as at March 31, 2012 stood at ₹ 50 (March 31, 2011 - ₹ 17), refer note 1. The aggregate amount of Biocon's interest in NeoBiocon is as follows.

	March 31, 2012	March 31, 2011
Assets	102	47
Liabilities	46	23
Income	114	60
Expenses	81	38

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38. Employee Benefit Plans

The Group has a defined benefit gratuity plan. Every employee in India 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:

Balance Sheet

	March 31, 2012	March 31, 2011
Defined benefit obligation	188	144
Fair value of plan assets	94	95
Plan Liability	**94**	**49**
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	144	116
Current service cost	22	15
Past service cost	-	-
Interest cost	11	9
Benefits paid	(7)	(10)
Actuarial (gain) / loss	18	14
Benefit obligation at the end of the year	**188**	**144**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	95	81
Expected return on plan assets	7	7
Actuarial gain / (loss)	(1)	(3)
Actual contribution	-	20
Benefits paid	(7)	(10)
Fair value of plan assets at end of the year	**94**	**95**
Net gratuity cost:		
Components of net benefit cost		
Current service cost	22	15
Past service cost	-	-
Interest cost	12	9
Expected return on plan assets	(7)	(7)
Net actuarial (gain) / loss recognised during the year	17	17
Net gratuity cost	**44**	**34**
Actual return on plan assets	7	5

Experience adjustment	**March 31, 2012**	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Defined benefit obligation	188	144	116	92	69
Plan assets	94	95	81	77	66
Surplus / (Deficit)	(94)	(49)	(35)	(15)	(3)
Experience adjustments on plan liabilities gain / (loss)	(30)	(16)	(6)	1	- *
Experience adjustments on plan assets gain / (loss)	-	(2)	1	4	- *

* Experience adjustment Information is available with the Group from March 31, 2009.

The assumptions used for gratuity valuation are as below:

	March 31, 2012	March 31, 2011
Interest rate	8.50%	8.00%
Discount rate	8.50%	8.00%
Expected return on plan assets	9.00%	8.50%
Salary increase	8.00%	9.00%
Attrition rate up to age 44	18% to 25%	18% to 25%
Attrition rate above age 44	6% to 7%	7% to 10%
Retirement age - Years	58	58

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, 2013, is approximately ₹ 94 (March 31, 2012 - ₹ 49).

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

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39. Discontinued operations

On April 28, 2011, Biocon SA, a subsidiary of the Company, entered into a definitive agreement with certain third parties to transfer its entire shareholding in the equity capital of its subsidiary, AxiCorp, which was consummated during the quarter ended June 30, 2011. The consideration was settled through a combination of cash of ₹ 502 and re-acquisition of exclusive marketing rights of Insulin and Glargine for the German market, aggregating to ₹ 1,610, plus a contingent consideration of Euro 1 million which is contingent upon occurance of future events are determined in the sale agreement. Contingent consideration would be recorded upon receipt. The Company followed a consistent practice of consolidating the financial results of AxiCorp with a gap of 3 months and adjusting for significant subsequent transactions / other events, if any in accordance with Accounting Standard 21.

The following statement shows the revenue and expenses of the discontinued operations :

	March 31, 2012 (see note (i) and (ii) below)	March 31, 2011
Total Income	2,456	9,784
Expenses	2,381	9,235
Profit from operating activities	**75**	**549**
Finance costs	2	12
Depreciation/amortisation	14	51
Profit before tax	**59**	**486**
Income tax expense	18	135
Profit before minority interest	**41**	**351**
Minority interest	9	75
Net profit	**32**	**276**

The carrying amounts of the total assets, liabilities and minority interest for the discontinued operations are as follows:

	March 31, 2012	March 31, 2011
Total assets	-	3,168
Total liabilities	-	1,181
Minority interest	-	377
Net assets	**-**	**1,610**

The net cash flows attributable to the discontinued operations are as follows:

	March 31, 2012 (see note (i) and (ii) below)	March 31, 2011
Operating activities	(268)	351
Investing activities	(4)	(42)
Financing activities	60	(381)
Net cash outflows	**(212)**	**(72)**

(i) Pertains to the period January 1, 2011 to March 31, 2011.

(ii) The balances considered for consolidation in the year ended March 31, 2012 are based on the unaudited financial statements of AxiCorp. These unaudited financial statements of AxiCorp were subjected to a Limited Review by the auditors of AxiCorp.

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40. 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 and manufacturing services ('contract research'). 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, 2011 to March 31, 2012

	Continuing Operations					Discontinued Operations	
Particulars	**Pharma**	**Contract Research**	**Unallocated**	**Eliminations**	**Total**	**(Refer note 39)**	**Total operations**
Revenues							
External sales	16,682	4,183	-	-	20,865	2,446	23,311
Inter-segment transfers	-	274	-	(274)	-	-	-
Total revenues	16,682	4,457	-	(274)	20,865	2,446	23,311
Costs							
Segment costs	(10,293)	(2,960)	-	-	(13,253)	(2,076)	(15,329)
Inter-segment transfers	(274)	-	-	274	-	-	-
Result							
Segment result	6,115	1,497	-	-	7,612	370	7,982
Corporate expenses	-	-	(2,439)		(2,439)	(305)	(2,744)
Other income	-	-	618	-	618	10	628
Operating profit					5,791	75	5,866
Depreciation / amortisation	(1,157)	(587)	-	-	(1,744)	(14)	(1,758)
Finance costs	-	-	(122)	-	(122)	(2)	(124)
Income taxes - Current and deferred	-	-	(541)	-	(541)	(18)	(559)
Minority Interest	-	-	-	-	-	(9)	(9)
					3,384	32	3,416
Less: Loss from divestment of discontinued operations					-	(32)	(32)
Profit after taxes					3,384	-	3,384
Other information							
Segment assets	22,202	6,531	-	-	28,733	-	
Unallocated corporate assets	-	-	10,718	-	10,718	-	
Total assets					39,451	-	
Segment liabilities	12,836	3,100	-	-	15,936	-	
Unallocated corporate liabilities	-	-	752	-	752	-	
Minority Interest	-	-	38	-	38	-	
Total liabilities					16,726	-	
Capital expenditure	4,070	610	-	-	4,680	-	

April 1, 2010 to March 31, 2011

	Continuing Operations					Discontinued Operations	
Particulars	**Pharma**	**Contract Research**	**Unallocated**	**Eliminations**	**Total**	**(Refer note 39)**	**Total operations**
Revenues							
External sales	14,825	3,235	-	-	18,060	9,705	27,765
Inter-segment transfers	-	272	-	(272)	-	-	-
Total revenues	14,825	3,507	-	(272)	18,060	9,705	27,765
Costs							
Segment costs	(8,482)	(2,512)	-	-	(10,994)	(8,684)	(19,678)
Inter-segment transfers	(272)	-	-	272	-	-	-
Result							
Segment result	6,071	995	-	-	7,066	1,021	8,087
Corporate expenses	-	-	(1,850)	-	(1,850)	(551)	(2,401)
Other income	-	-	516	-	516	79	595
Operating profit					5,732	549	6,281
Depreciation / amortisation	(970)	(546)	-	-	(1,516)	(51)	(1,567)
Finance costs	-	-	(231)	-	(231)	(12)	(243)
Income taxes - Current and deferred	-	-	(586)	-	(586)	(135)	(721)
Minority Interest	-	-	-	-	-	(75)	(75)
Profit after taxes	-	-	-	-	3,399	276	3,675
Other information							
Segment assets	18,773	5,490	-	-	24,263	2,739	27,002
Unallocated corporate assets	-	-	8,425	-	8,425	429	8,854
Total assets					32,688	3,168	35,856
Segment liabilities	9,507	3,073	-	-	12,580	1,181	13,761
Unallocated corporate liabilities	-	-	1,390	-	1,390	-	1,390
Minority Interest	-	-	-	-	-	377	377
Total liabilities					13,970	1,558	15,528
Capital expenditure	3,349	346	-	-	3,695	52	3,747

Geographical segments

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

	Continuing operations		Discontinued operations		Total	
Revenues, net	**April 1, 2011 to March 31, 2012**	**April 1, 2010 to March 31, 2011**	**April 1, 2011 to March 31, 2012**	**April 1, 2010 to March 31, 2011**	**April 1, 2011 to March 31, 2012**	**April 1, 2010 to March 31, 2011**
India	8,727	8,198	-	-	8,727	8,198
Outside India	12,138	9,862	2,446	9,705	14,584	19,567
Total	**20,865**	**18,060**	**2,446**	**9,705**	**23,311**	**27,765**

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

	Carrying amount of assets		Capital expenditure	
	March 31, 2012	**March 31, 2011**	**March 31, 2012**	**March 31, 2011**
India	29,549	27,455	2,628	2,780
Outside India	9,901	8,401	2,052	967
	39,450	**35,856**	**4,680**	**3,747**

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.

41. In October 2010, Biocon and Pfizer entered into a global commercialization and supply agreement. Biocon was responsible for the clinical development, clinical trials and other activities to secure regulatory approval in various geographies. Pfizer had exclusive rights to commercialize Biocon's biosimilar insulin portfolio.

Pursuant to this agreement, Biocon received upfront payment and few milestone payments. Biocon had significant obligations relating to clinical development and regulatory activities. Consequently amounts received under the global commercialization and supply agreement were being recognized in the statement of profit and loss under percentage completion method.

In March 2012, Biocon and Pfizer terminated the global commercialization and supply agreement due to their individual priorities for their respective biosimilars businesses. Pursuant to the termination and transition agreement, the exclusive rights to commercialize reverted to Biocon and Pfizer has no further obligations to Biocon. Biocon is committed to the biosimilar insulins program and is continuing the development / clinical trial activities on a global scale.

Biocon has evaluated the prevalent regulatory framework, industry practices and ethics/governance requirements relating to clinical trials /regulatory submissions already initiated under the global commercialization agreement and has determined that it has continuing obligations to complete the aforesaid clinical development and regulatory activities for the global markets. Accordingly, Biocon will recognize the balance amount of ₹ 4,929 million (net of amounts incurred towards costs of fulfilling contractual obligations) [included in Deferred revenue] received from Pfizer, in the consolidated statement of profit and loss in future periods in line with costs to be incurred towards such clinical trial and development activities.

42. Other Notes

(i) The Company has entered into transactions of sale of products to a private company amounting to ₹ 17, during the year ended March 31, 2012 (March 31, 2011 - ₹ 3), 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 had filed an application with the Central Government for approval of such transactions and for condonation of delay in making such application in the year 2010-11. In respect of transactions entered during the year ended March 31, 2012, the Company is in the process of filing an application with the Central Government for approval of such transactions and for condonation of delay in making such application.

(ii) In terms of Section 115O (6) of the Income Tax Act, 1961, the Company has not provided for Dividend Distribution Tax on interim dividend declared for the year ended March 31, 2011 to the extent such distributable profits pertain to the profits of the Company's SEZ Developer's operations under section 10AA of Income tax Act, 1961.

43. Prior year comparatives

The previous year's figures have been re-grouped/ reclassified, where necessary to conform to current year's classification. Also refer note 2.1.a (i).

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 27, 2012

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 for year ended March 31, 2012

(All amounts are in Indian Rupees Million)

	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment (except in Subsidiaries)	Turnover	Profit/(Loss) before taxation	Provision for taxation	Operational Profit/(Loss) after taxation	Proposed Dividend	Country
Syngene International Limited	INR	241	2,781	5,915	2,893	-	4,182	754	27	727	-	India
Clinigene International Limited	INR	0.5	(46)	434	479	-	291	(45)	-	(45)	-	India
Biocon Biopharamaceuticals Private Limited	INR	176	(103)	2,395	2,322	-	398	56	-	56	-	India
Biocon Research Limited	INR	0.5	(777)	2,055	2,831	15	161	(404)	-	(404)	-	India
Biocon SA	USD	5	383	6,349	5,961	-	1,716	359	26	333	-	Switzerland
Biocon Sdn.Bhd	MYR	804	(5)	1,284	485	-	2	(5)	-	(5)	-	Malaysia
AxiCorp GmbH	EURO	-	-	-	-	-	2,456	59	18	41	-	Germany
Balance Sheet - Conversion rate												
As at March 31, 2012												
1 USD = ₹ 50.89												
1 EURO = ₹ 62.19												
1 MYR = ₹ 16.63												

Notes:

1) The Ministry of Corporate Affairs has granted general exemption to Companies from attaching the financial accounts of the subsidiary companies pursuant to Section 212 of the Companies Act, 1956. The members can, however, obtain the detailed annual accounts of the subsidiary companies and related information by making a request to that effect. The copies of the same will be available for inspection at the registered office in Bangalore, India.
2) The details mentioned above for overseas subsidiaries have been arrived at by using exchange rate of March 31, 2012.
3) Biacon SA divested its stake in AxiCorp GmbH. Refer note 39.

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Glossary

ABIH	American Board of Industrial Hygiene
AFSSAPS	Agence Francaise de Securite Sanitaire des Produits de Sante
ANDA	Abbreviated New Drug Application
ANVISA	Agência Nacional de Vigilância Sanitária - Brazil
APAC	Asia-Pacific
API	Active Pharmaceutical Ingredient
ASCO	American Society of Clinical Oncology
ASEAN	Association of Southeast Asian Nations
BBRC	Biocon - Bristol-Myers Squibb Research Center
BE Studies	Bio Equivalence Studies
BEST	BIOMAb EGFR Efficacy & Safety Trial
BIPP	Biotechnology Industrial Partnership Programme
BRIC	Brazil, Russia, India and China
BRIC-TM-K	Brazil, Russia, India, China, Turkey, Mexico and Korea
BSE	The Bombay Stock Exchange Limited
CADD	Computer Aided Drug Design
CAGR	Compound Annual Growth Rate
CAP	College of American Pathologists
CAPA	Corrective and Preventive Action
CDI	Clostridium Difficile Infection
CDSL	Central Depository Services (India) Limited
CED	Customs & Excise Department
cGMP	Current Good Manufacturing Practices
CHO	Chinese Hamster Ovary
CHW	Community Health Workers
CLIP	Continuity Linked Incentive Plan
CLL	Chronic Lymphocytic Leukaemia
CMC	Chemistry Manufacturing & Control
COFEPRIS	Comision Federal para la Proteccion contra Riesgos Sanitarios
COS	Certificate of Suitability
CRC	Custom Research Company
CRO	Contract Research Organisation
CSIR	Council of Scientific and Industrial Research
CTD	Common Technical Dossier
CTRT	Chemo Therapy and Radio Therapy
DBT	Department of Biotechnology
DCA	Diabetes Care Advisors
DMF	Drug Master File
DMPK	Drug Metabolism and Pharmacokinetics
DPCO	Drug Price Control Order
DPRP	Drugs and Pharmaceutical Research Programme
DSIR	Department of Scientific and Industrial Research
DST	Department of Science and Technology
EBITDA	Earnings Before Interest, Depreciation and Taxes
EDQM	European Directorate for Quality of Medicines
EGFR	Epidermal Growth Factor Receptor
EMA	European Medicine Agency
EPO	Erythropoietin
EPS	Earnings Per Share
ESOP	Employees Stock Options Plan
ESRD	End Stage Renal Disease
ETP	Effluent Treatment Plant
EU	European Union
FTE	Full Time Equivalent
G-7	France, Germany, Italy, Japan, United Kingdom, United States, Canada
GCC	Gulf Co-operation Council

GCP	Good Clinical Practice
GHG	Green House Gases
GMP	Good Manufacturing Practices
HCC	Hepato Cellular Carcinoma
ICAI	Institute of Chartered Accountants of India
ICH	International Conference on Harmonisation
IGAAP	Indian Generally Accepted Accounting Principles
IIM	Indian Institute of Management
IMPD	Investigational Medicinal Product Dossier
IND	Investigational New Drugs
IPM	Indian Pharmaceutical Market
IPO	Initial Public Offering
IPR	Property Rights
ISB	Indian School of Business
IVD	In-Vitro Diagnostics
JNPC	Jawaharlal Nehru Pharma City
KIADB	Karnataka Industrial Areas Development Board
LatAm	Latin America
LIMS	Laboratory Information Management system
LTU	Large Tax payers Unit
M&A	Mergers and Acquisitions
MAbs	Monoclonal Antibodies
MAT	Minimum Alternate Tax
MAT	Moving Average Turnover
MCAZ	Medicines Control Authority of Zimbabwe
MDI	Management Development Institute
MIST	Mexico, Indonesia, South Korea and Turkey
MIT	Massachusetts Institute of Technology
MMF	Mycophenolate Mofetil
MPA	Mycophenolic Acid
MRP	Mutual Recognition Procedure
MSMED Act	Micro, Small and Medium Enterprise Development Act, 2006
mTOR	Mammalian Target of Rapamycin
NCEs	New Chemical Entities
NET	Neuro Endocrine TumorsNHL Non-Hodgkin's lymphoma
NHPL	Narayana Hrudayalaya Private Limited
NITIE	National Institute of Industrial Engineering
NMITLI	New Millennium Indian Technology Leadership Initiative
NSCLC	Non-Small Cell Lung Carcinoma
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OHSAS	Occupational Health Safety Assessment Series
OOS	Out Of Specification
OPPI	Organisation of Pharmaceutical Producers of India
OTC	Over the Counter
PASI	Psoriasis Area and Severity Index
PAT	Profit After Tax
PBT	Profit Before Tax
PCT	Patent Co-operation Treaty
PDBIT	Profit Before Depreciation, Interest & Taxes
PFS	Pre-Filled Syringes
PK / PD	Pharmaco Kinetic / Pharmaco Dynamic
R&D	Research and Development
RCC	Renal Cell Carcinoma

r-met HuG-CSF	Recombinant methionyl human Granulocyte colony stimulating factor
ROW	Rest of the world
SEBI	Securities and Exchange Board of India
SEGA	Sub Ependymal Giant Cell Carcinoma
SEZ	Special Economic Zone
SKU	Stock Keeping Unit
SMBG	Self-Monitoring of Blood Glucose
TDM	Therapeutic Drug Monitoring Level
TGA	Therapeutics Good Administration - Australia
TPM	Total Productive Maintenance
TRIPS	Trade Related Aspects of Intellectual Property Rights
TS	Tuberous Sclerosis
USFDA	United States Food and Drug Administration
VAT	Value Added Tax
WHO	World Health Organisation
WTO	World Trade Organisation
WWD	Winning With Diabetes
YOY	Year On Year

Pharmerging Refers to China, Brazil, India, Russia, Mexico, Turkey, Venezuela, Poland, Argentina, Thailand, Romania, Indonesia, South Africa, Egypt, Ukraine, Pakistan and Vietnam.

Company Abbreviation/Reference	
Axicorp	AxiCorp GmbH
BBPL	Biocon Biopharmeceutical Limited
BRL	Biocon Research Limited
Biocon	Biocon Limited
Biocon Malaysia	Biocon Sdn. Bhd., Malaysia
CIMAB	CIMAB SA
Clinigene	Clinigene International Limited
NeoBiocon	NeoBiocon FZ-LLC
Syngene	Syngene International Limited
Vaccinex	Vaccinex Inc., USA

Currency Abbreviation	
AED	UAE Dirhams
CHF	Swiss Francs
EUR	Euros
USD / US$	United States Dollar
INR / ₹	Indian Rupee

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This Annual Report may contain"forward-looking" information, including statements concerning the company's outlook for the future, as well as other statements of beliefs, future plans and strategies or anticipated events and similar expressions concerning matters that are not historical facts. The forward-looking information and statements are subject to and uncertainties that could cause actual results differ materially from those expressed in, or implied by the statements. Biocon assumes no obligation to publicity update or revise these forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize.

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