



Exclusively  
**inclusive**



Annual Report 2015





## Exclusively **inclusive**

**At Biocon**, we are driven by a vision to develop specialty biopharmaceuticals that address the global need for effective, safe and affordable biologics.

We have made consistent and significant investments in research to strengthen our exclusive positioning.

Our commitment to be inclusive in our reach is reflected in our patient-centric approach towards providing affordable medicines for chronic diseases to billions across the world.

This 'exclusive and inclusive' combination has reinforced our relevance as a sensitive corporate citizen engaged in a humanitarian business with a focus on creating value for diverse stakeholders.

EXCLUSIVELY INCLUSIVE

Our 'Exclusively inclusive' approach is aimed at making a difference to global health.

Biocon is developing novel biologics and biosimilars for addressing chronic diseases like cancer, diabetes and autoimmune conditions for patients across the globe.

EXCLUSIVELY **INCLUSIVE**

**We believe our  
biotechnology  
business is a  
humanitarian  
engagement.**

Our BIOMAb EGFR<sup>®</sup>, a novel biologic, has benefited thousands of patients as an affordable therapy for head and neck cancer.

CANMAb<sup>™</sup>, introduced in 2014 as the world's first affordable follow-on Trastuzumab for HER2-positive metastatic breast cancer, is making a significant impact.

EXCLUSIVELY **INCLUSIVE**

**We are driven by our passion to develop pharmaceuticals which can potentially benefit a billion patients.**

As Asia's largest insulins producer, we are making a difference to diabetic patients the world over with our most affordable rh-Insulin and Insulin Glargine. Biocon's Insugen® is the largest generic insulin brand in India. For decades, our global scale in statins has benefited millions of patients. Our commercial footprint extends to over 100 countries.

EXCLUSIVELY **INCLUSIVE**

# Biocon: Reconciling an exclusive business model with an inclusive social commitment.

Our efforts are targeted at affordable innovation that enables us to develop complex biopharmaceuticals at lower costs, thereby benefiting larger patient pools.

Our Oral Insulin under development has the potential to transform diabetes management the world over.

Our Itolizumab is a 'first-in-class' novel biologic that aims to change the treatment paradigm for autoimmune diseases.

# Our Value Proposition

**ETHICAL**  
**GLOBAL**  
**CONVENIENT**  
**AFFORDABLE**  
**EXCLUSIVE**  
**AVAILABLE**  
**PIONEER**  
**DIFFERENTIATED**  
**BEST-IN-CLASS**  
**ACCESS**  
**INNOVATIVE**

BIOLOGICS  
BIO SIMILARS  
EFFECTIVE  
ANTIBODIES  
INSULINS  
IMMUNOSUPPRESSANTS  
RECOMBINANT  
PROTEINS  
QUALITY  
SAFE  
DEVICES  
STATINS

# Exclusively inclusive: **Biocon**

WE ARE DRIVEN BY THE QUEST TO DEVELOP AFFORDABLE BIOPHARMACEUTICALS FOR PATIENTS ACROSS THE WORLD, ENHANCING ACCESS TO OTHERWISE EXPENSIVE THERAPIES. WHEN WE STARTED OUR PHARMACEUTICAL JOURNEY, WE HAD A CHOICE TO DEVELOP LOW-COST GENERIC PHARMACEUTICALS OR COMPLEX CAPITAL-INTENSIVE PREMIUM PRODUCTS. WE CHOSE THE LATTER AND OPTED FOR BIOPHARMACEUTICALS THROUGH DISRUPTIVELY INNOVATIVE PROCESS ENGINEERING THAT COULD DELIVER AFFORDABLE PRICING AND MAKE A DIFFERENCE TO GLOBAL HEALTHCARE. A STRATEGY OF BEING PROFITABLY SMART AND SOCIALLY GOOD.





Biocon has since focused relentlessly on chronic disease spaces like diabetes, cancer and autoimmune conditions, marked by unmet needs. We have consistently invested nearly 10% of our biopharma revenues in research and development. We have made long-term investments in creating 'best-in-class' complex biologics manufacturing capabilities. We have commissioned operations in locations where we can leverage the advantages of cost, scale and knowledge. Over time, we have emerged as a highly innovative biopharmaceuticals enterprise that operates across the value chain comprising small and large molecules.

Our steadfast commitment to innovation has enabled us to develop novel biologics and complex, yet affordable, biosimilars for chronic diseases. The success of our core brands Insugen®, BASALOG®, BIOMAb EGFR®, Abraxane®, CANMAb™ and ALZUMAb™ is an outcome of our 'patients-first' strategy and a differentiated portfolio.

We are making a huge difference globally through affordable insulins, statins and monoclonal antibodies. We seek to extend our presence in niche areas where we see the potential to moderate costs and widen patient access. We aim to transform the approach to killer diseases by developing affordable blockbuster drugs with the potential to benefit a billion patients.

**Through this 'Exclusively inclusive' business model, we strive to rationalize healthcare spends, enhance access to affordable bio-therapeutics and make a significant impact to global health.**

## Key Highlights

REVENUE

31,429  
₹ Million

PAT

4,974  
₹ Million

EBITDA MARGIN

24%

R&D SPEND (GROSS)

3,287  
₹ Million

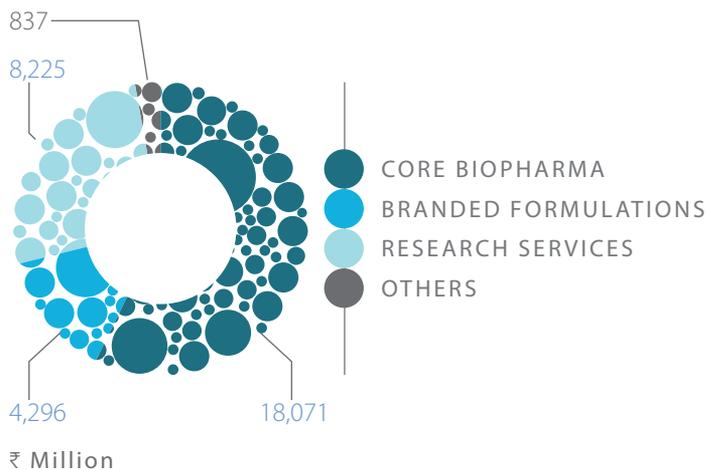
EPS

24.8  
₹

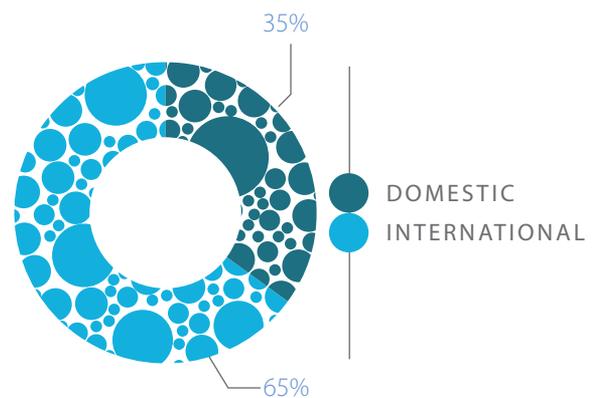
EMPLOYEES

7,500+

### BUSINESS REVENUE MIX



### GEOGRAPHIC DISTRIBUTION



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# Chairperson's Review



Ms. Kiran Mazumdar-Shaw,  
*Chairperson*



Dear Shareholders,

### Global Biopharma Trends

The global pharmaceutical industry is under immense pressure to sustain growth and profitability. Sub-optimal drug innovation, imminent loss of patent protection of mega drug brands and pricing pressure from governments, insurers and payers are key challenges. These difficult dynamics are driving inorganic growth through a spate of mergers and acquisitions at unrealistic valuations.

Whether it will deliver synergistic growth and value added profitability remains to be seen. However, one thing is clear: Big Pharma is beginning to realize that global priorities are shifting from providing exclusive and expensive drugs to more affordable drugs which can help enhance access. There is also a realization that the opportunities are in the fast-growing emerging markets, where the old business model of expensive medicines targeted at niche populations of affluent patients will not work.

### Biocon: Exclusively Inclusive

Biocon has been driven by its strategy to provide affordable access to advanced biopharmaceuticals for global patient populations. Through our 'Exclusively inclusive' approach, we are developing a speciality portfolio of products that can benefit millions of patients the world over. Towards this end, we have set out to build global reach and economies of scale. We are steadfastly investing in developing a range of affordable therapies for diabetes, cancer and autoimmune diseases, most of which, were previously unaffordable and hence inaccessible to many.

### Biosimilars: The Next Bolus of Growth

Growing pressure on healthcare expenditure is compelling governments,



Today, Biocon probably has one of the largest generic insulin analogs and biosimilars portfolio in advanced stages of development.

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the world over, to adopt generics and now biosimilars. As global consensus builds around modified regulatory guidelines, the biotech industry is fast approaching its own patent cliff. Some recent biosimilars approvals are beginning to make a difference by increasing accessibility for a larger patient population.

Globally, 57 biosimilars programs are in an advanced clinical development phase. With 10 approvals in the EU, one in the US and 37 programs in pivotal trials, the biosimilars opportunity has started unfolding (*Source: Bernstein report*).

Biocon, with its rich pipeline of biosimilars under development, is at the right place at the right time. As the number of biosimilars increase and the confidence in their safety and efficacy gains broader acceptance, we are seeing our biosimilars strategy playing out with greater credibility and traction.

The global market opportunity for biosimilars is estimated to reach ~US\$24 billion in 2019 (*Source: Frost & Sullivan Global Biosimilars Report*).

Today, Biocon probably has one of the largest portfolios of generic insulins and biosimilar protein therapeutics in advanced stages of development with six molecules in Phase III clinical trials, viz. rh-Insulin, Glargine, Pegfilgrastim, Adalimumab, Bevacizumab and Trastuzumab.

Biocon is confident that, together with our partners around the world, we can build a strong global presence in biosimilars to address the huge need for affordable access to these life-saving and life-enhancing biologics.



**Biocon has, over the years, built global-scale and cost-competitive complex manufacturing capabilities to address the needs of patients worldwide.**

The unfolding biosimilars opportunity in emerging markets in the near term and developed markets subsequently, will provide Biocon with the next big bolus of growth.

### Building Global Scale

Biocon has, over the years, built global-scale and cost-competitive complex manufacturing capabilities to address the needs of patients worldwide. Today, we already have leadership in microbial fermentation-based products like statins, immunosuppressants and insulins. We are confident that we can build similar leadership in mammalian cell culture.

### Insulins: Strong Leadership

We are the largest producers of insulins in Asia. Over the past decade, more than a million patients have benefited from Biocon's inclusive diabetes management portfolio.

The on-time commissioning of the Malaysia plant, designed as Asia's largest integrated insulins manufacturing facility, has put us on track to become one of the world's largest insulin producers.

**Our aim over the next 10 years is to provide Biocon's Insulin products to one in five diabetic patients in need of insulin-based therapy, anywhere in the world.**

### Oncology: Making Cancer Care Affordable

Biocon's contribution to bringing affordable oncology therapeutics like BIOMAb EGFR®, NUFIL™ and CANMAb™ to the Indian market has already made a significant impact in the realm of cancer care. Our expanding portfolio has gained us recognition as a leading Oncology Company. In less than a decade since the launch of our Oncotherapeutics division in India, we have made a



Biocon's contribution to bringing affordable oncology therapies like BIOMAb EGFR®, CANMAb™ and Abraxane® to the Indian market has already made a significant impact in cancer care.

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difference to the lives of over 20,000 cancer patients and have built significant brand equity across our customer base.

CANMAb™, our Trastuzumab for treating HER2-positive metastatic breast cancer, has been one of the most successful launches of an oncology product in India.

Currently, patient recruitment is in progress across more than 100 sites in several countries for global Phase III trials of our Trastuzumab.

**Our goal is to make Biocon's Trastuzumab available to at least one in 10 HER2-positive breast cancer patients globally.**

By capturing a sizeable and profitable share of the biosimilars market, Biocon aims to unleash accelerated growth in a sustainable manner over the foreseeable future.

### Transformational R&D

We have been consistently scaling up our investments in research and development. On an average 10% of our biopharma revenues are invested in R&D every year. As an innovation-led company, high R&D spends are inherent to our business. Our growing investment in developing cutting-edge novel molecules is now generating encouraging and exciting data. The ultimate success of these programs will bring transformational growth to our business.

### Oral Insulin

I am happy to share with you that we have completed the first set of clinical trials with our Oral Insulin candidate IN-105 in the US. The data from these studies are compelling and we intend to rapidly progress to the next phase of clinical development of this game-changing molecule with the hope of delivering commercial success in the near future.



On an average, 10% of our biopharma revenues are invested in R&D each year. We spent over ₹3.29 billion in R&D in FY15.

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As a prandial insulin IN-105 can prove to be a powerful weapon in the battle against diabetes, especially considering that the number of patients is expected to increase from almost 387 million in 2013 to 592 million by 2035 (Source: World Health Organisation).

#### **Itolizumab**

We continue to explore partnerships for Itolizumab, a path-breaking novel monoclonal antibody, as we concurrently develop this asset further. We are extremely confident of the unique benefits of this anti-CD6 targeting molecule and have begun exploratory development work for rare neurological indications which have a significant unmet medical need.

Itolizumab's mechanism of action is a powerful differentiator as it provides an enhanced safety and remission profile that gives it a distinct and superior edge over competing drugs. This has been validated through the use of ALZUMAb™ for the treatment of psoriasis, benefiting nearly 500 patients till date. Our understanding is that our Itolizumab has a unique immune modulation effect that delivers slower but long lasting and safer efficacy, which subscribes to the growing hypothesis that rapid response is not necessarily safe.

#### **Unlocking Value: Research Services**

Over the years we have built a robust Research Services business through Syngene. I believe it is the right time for us to unlock the value of this business and generate funds that can accelerate Biocon's pursuit of innovation.

Syngene has championed the 'Exclusively inclusive' philosophy of Biocon by offering niche services to a large and diverse clientele. It has also established exclusively dedicated R&D centers for some of its anchor clients like Bristol



**Biocon's 'Offer for Sale' of an 11% stake in Syngene through an IPO is an important event, which sets the stage for significant value creation for the Research Services business.**

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Myers Squibb (BMS), Abbott and Baxter.

The Company has a proven track record of providing high quality discovery, development and manufacturing services for both small and large New Molecular Entities (NMEs). The strength of its business model has been well-recognized through equity participation from reputed investors earlier this year.

Biocon's 'Offer for Sale' of an 11% stake in Syngene through an IPO is an important and much-awaited event and sets the stage for significant value creation for the Research Services business.

Syngene has built a strong reputation of being the 'innovation partner' for many of its clients and is well-positioned to tap the US\$67 billion global Contract Research Organization (CRO) opportunity for discovery and development services (*Source: Frost & Sullivan Report*).

### **Strengthening the Board**

As a Company committed to innovation and excellence, Biocon has strengthened the composition of its Board through the induction of two eminent life sciences experts as Independent Directors.

Prof. (Dr.) Vijay K. Kuchroo, who is the Samuel L. Wasserstrom Professor of Neurology and Director of Evergrande Center for Immunologic Diseases at Harvard Medical School, joined us as Additional Independent Director in January 2015. Dr. Kuchroo has been a part of our Scientific Advisory Board and has been providing us valuable inputs for our novel programs in autoimmunity. His presence on the Board will help us immensely in charting the future direction of our novel programs.

Dr. Jeremy M. Levin, former CEO of Teva Pharmaceuticals and Chairman



**Biocon delivered a commendable consolidated performance in FY15 despite geopolitical challenges and capacity constraints.**

of Ovid Therapeutics Inc., a New York-based private company developing novel medicines for orphan diseases, also joined Biocon as an Additional Independent Director this January. His experience of having worked with leading companies like BMS and Novartis, driving business development and company strategy to bring effective treatments to patients worldwide, augurs well for Biocon. At BMS, he successfully led the 'String of Pearls' strategy that helped transform the company's R&D pipeline.

### Financial Highlights

Biocon delivered a commendable consolidated performance in FY15 despite geopolitical challenges and capacity constraints. The topline grew 7% to reach ₹31.43 billion, driven by strong growth in research services revenues (15% Y-O-Y). Our bottomline increased 20% to reach ₹4.97 billion. Adjusting for an exceptional income from the sale of Syngene shares by Biocon to a strategic private equity investor, the Profit After Tax stood at ₹4.02 billion. Our EBITDA for the year rose marginally to reach ₹7.49 billion, with a healthy margin of 24%. We managed to hold on to our margins despite the huge increase in R&D spends in the year. Biocon's R&D spends at a gross level doubled to ₹3.29 billion during the fiscal.

### Beyond Business: CSR

Our underlying ethos of access and affordability goes beyond our business. It represents the focus of the initiatives by Biocon Foundation, our Corporate Social Responsibility (CSR) wing, in the areas of health, education and infrastructure.

The Foundation is addressing the 'Right to Health,' the 'Right to Education' and the 'Right to Sanitation' through its numerous outreach programs for the benefit of the economically weaker sections of Indian society, especially in



WHO India recently recognized Biocon Foundation as a 'Public Health Champion' for providing sustainable solutions in the area of public health.

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impoverished rural areas of Karnataka.

I am proud to say that the Foundation's CSR initiatives are receiving considerable recognition. WHO India has recently recognized Biocon Foundation as a 'Public Health Champion' for providing sustainable solutions in the area of public health with a focus on cancer, diabetes and hypertension. Biocon Foundation's mobile-based program for early detection and prevention of oral cancer was awarded a 'Certificate of Appreciation' at the NASSCOM Social Innovation Forum 2015.

Biocon Academy, our flagship CSR initiative aimed at developing high-end talent for the Indian biotech industry, is already delivering on its intended objectives. Over 90 young biotech professionals have benefited from an intensive 16-week 'Biocon-KGI Certificate Program in Biosciences' and have readily found employment in various biotech companies. The feedback from employers is extremely positive.

### Looking Ahead

In FY16, we are likely to see a rebound in sales that were muted last fiscal largely because of capacity constraints and geopolitical challenges emanating from the Middle East and North Africa (MENA) region. We are lowering our dependence on the MENA region by shifting focus to other emerging markets. Moreover, contract manufacturing arrangements and investments in capacity enhancement will help Biocon realize greater revenues this fiscal.

A stellar performance by Syngene last fiscal also positions the Research Services business for robust growth. A stable business, differentiated services as well as contract manufacturing opportunities that are coming on stream,



Our technology platforms built on the core values of quality, affordability, reliability and innovation have differentiated us in the marketplace.

will help the business outperform in FY16 and onwards.

Finally, I am proud to say that our technology platforms built on the core values of quality, affordability, reliability and innovation have differentiated us in the marketplace. Our philosophy of affordable innovation, which goes to the core of ensuring a global right to healthcare, has helped us reap rich rewards thus far. It is also opening up a wealth of new possibilities for the future.

We believe we are well aligned with the emerging paradigm where drug innovation and therapy costs interact effectively in a new financial matrix. This will enable us to drive long-term value creation for our shareholders.

Before I conclude, I would like to place on record my deepest appreciation to our retiring directors: Prof. Charles Cooney, Mr. Suresh Talwar and Dr. Bala Manian. Their insights and advice have greatly contributed to the advancement of the Company.

In closing, I would like to thank all our stakeholders for believing in our innovation story and extending their unstinted support to us which has truly enabled Biocon to pursue the path of differentiation, in its quest to be 'Exclusively inclusive.'

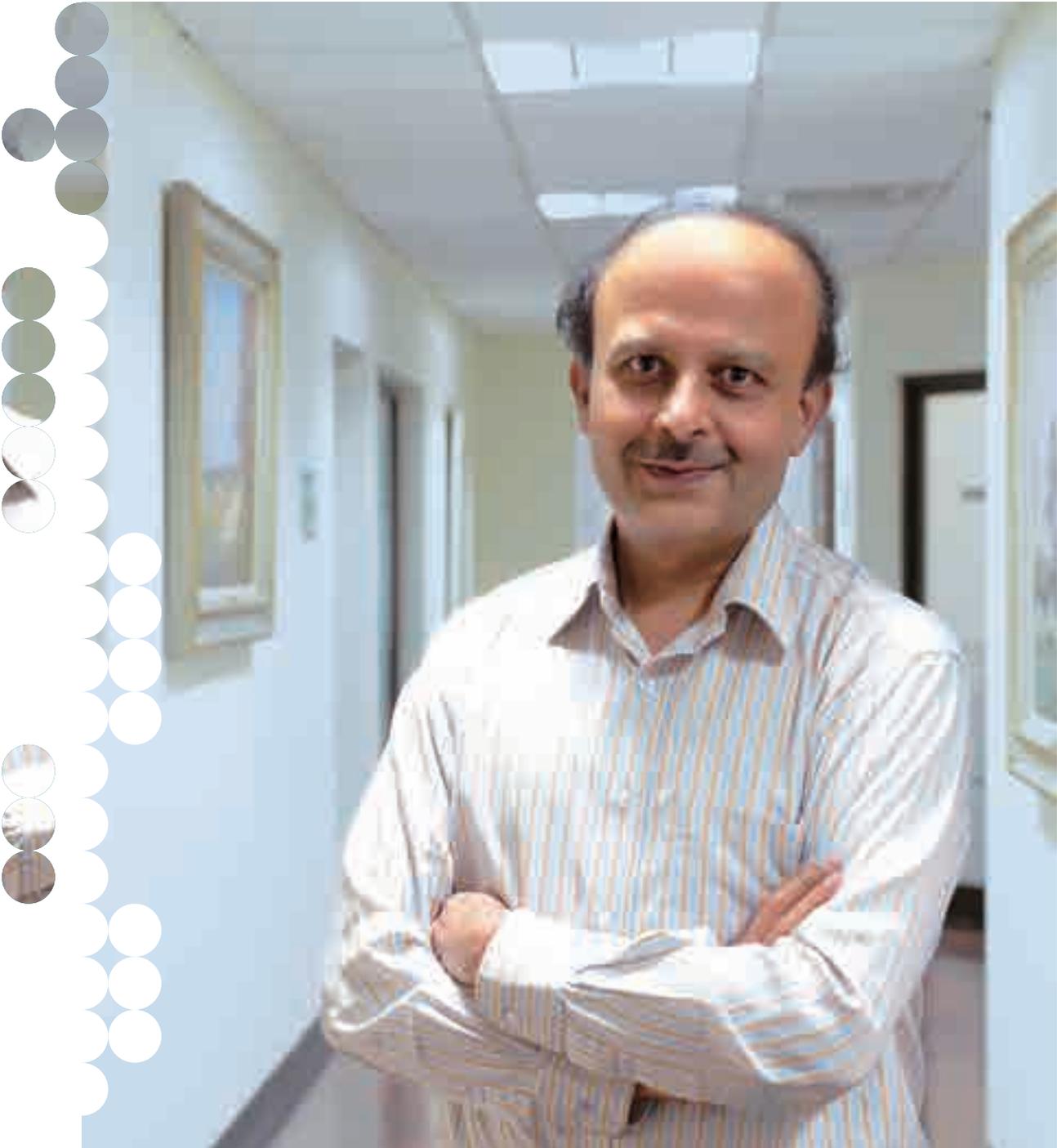
Best Wishes,

Kiran Mazumdar-Shaw

Chairperson

May 20, 2015

# Operational Review



## Q&A with the CEO

Q

Can you delineate key elements of Biocon's performance in FY15?

A

At ₹31.43 billion, our overall revenues grew by 7%, while Profit After Tax (PAT) at ₹4.97 billion reported a 20% jump. Excluding the exceptional gain on sale of Syngene shares, our PAT was at ₹4.02 billion. Earnings Before Interest Taxes Depreciation Amortization (EBITDA) margins were steady at 24% despite a 29% increase in R&D expenses to reach ₹1.69 billion. In fact, gross R&D spends almost doubled over the previous fiscal to ₹3.29 billion reflecting the progress made in our various R&D programs. We closed the year with a stronger performance in the fourth quarter wherein revenues grew by 15% despite several challenges.

From a segmental perspective, the Biopharmaceuticals segment showed muted annual growth of 5% to ₹22.37 billion impacted by the reasons cited above. Our Research Services subsidiary, Syngene, continued to make good progress with an annualized growth of 15% to ₹8.23 billion driven by the growth in the second half of the fiscal accelerating to 23%. Within the Biopharmaceuticals segment, our Branded Formulations business grew by 10% for the year to ₹4.30 billion. This was lower than our historical growth rate on account of a conscious effort at pruning the product portfolio to focus on profitable specialty products.

Q

How have you progressed on the key priorities identified by you last year?

A

I had outlined four key priorities for our Biopharmaceuticals business in the FY14 Annual Report:

### 1. Moving up the value chain in Small Molecules by filing our own dossiers.

This nascent business made a good beginning in FY15 with Biocon filing the initial set of Abbreviated New Drug Applications (ANDAs) in the US and Marketing Authorization Applications (MAAs) in the EU. We will continue to build momentum in this area with a focus on specialty molecules in chronic therapy segments. We also initiated the design of our first oral solid dosage facility to be located in Bangalore to support our future ANDA filings.

Dr. Arun Chandavarkar,  
Chief Executive Officer and  
Joint Managing Director

Our innovation-led strategy is aligned with the trends in global healthcare wherein biologics are playing an increasing role in addressing unmet medical needs.

**2. Growing our insulins franchise through timely commissioning of our Malaysia facility.**

We successfully commissioned our greenfield generic insulins facility in Malaysia, one of Asia's largest, to cater to our global ambitions in this space. We have now commenced technology transfer and process qualification activities that are necessary to seek facility and site approvals from local and international regulatory authorities. We expect this effort to span the course of FY16.

**3. Progressing our biosimilar antibody and generic insulins programs through the clinic.**

We have progressed our generic insulin analogs and biosimilar antibody programs that are partnered with Mylan. Two molecules, Pegfilgrastim and Adalimumab, entered global Phase III clinical trials. The global Phase III trial for Trastuzumab initiated previously is progressing in more than 100 sites around the world. An initial emerging market focused Phase III trial for Bevacizumab is also underway. Two global Phase III clinical trials for generic Insulin Glargine have also progressed well with patient recruitment in Type 1 diabetes already completed and in Type 2 diabetes expected to be completed soon.

**4. Focus on operating margins.**

We have managed a healthy operating margin despite lower offtake of a key specialty API and temporary setbacks in the MENA region. Our EBITDA margin was steady at 24% despite a sharp 29% increase in R&D expenses. This is a result of a conscious effort at product portfolio rationalization especially in Branded Formulations, a continued focus on operational excellence, debottlenecking capacities and cost optimization. We hope to continue to benefit from an improved product mix comprising fermentation-based APIs and our biologics portfolio. We will continue these efforts in FY16 including evaluating alternate energy sources as a part of our sustainability efforts.



**What were some of the challenges faced by the Company during the year under review?**

During the year, we were constantly challenged with capacity constraints for meeting the growing demand of insulins on one hand while on the other we had to deal with the reduced demand for one of our specialty API. Geopolitical uncertainties in some of the markets further impacted our business in that region. We have put in place measures to overcome these temporary setbacks which we hope will yield desired results over the course of FY16.

Our conscious decision to rationalize our product portfolio in Branded Formulations impacted topline growth in this business. However, this rationalization is in line with our focus on specialty molecules in chronic therapy areas and has resulted in a substantial improvement in profitability.

Q

### What provides you optimism about Biocon's strategy and operating model?

A

We believe that our differentiated product portfolio with a focus on access and affordability is in tune with the 'Exclusively inclusive' approach of our business. Our innovation-led strategy is aligned with the trends in global healthcare wherein biologics are playing an increasing role in addressing unmet medical needs. This has resulted in increasing demands for affordable biosimilars and other generic protein drugs to mitigate the pressures on healthcare budgets.

Although R&D costs are significant and gestation periods for biologics development are longer than small molecules, we have managed the risks prudently through a judicious mix of partnering and phasing of capital investments. We have also focused on revenue generating opportunities in emerging markets whilst working towards approvals in the developed markets. Our declared intent of unlocking value in Syngene through an 'Offer for Sale' by Biocon is largely geared towards resourcing our maturing R&D programs.

Each of our biosimilars R&D programs that have advanced into the clinic address potentially large commercial opportunities as reflected by the cumulative current market size of about US\$60 billion for the reference products. Our small molecule portfolio comprises of specialty, largely fermentation-derived or complex generics wherein we believe the competitive intensity may be lower.

We have laid a strong emphasis on quality as reflected in our successful completion of regulatory inspections from the US, the EU and other jurisdictions. Our facilities, including those of Syngene, met all cGMP expectations of the regulators.





# Vision

To enhance global healthcare through innovative and affordable biopharmaceuticals for patients, partners and healthcare systems across the globe.



# Mission

To be an integrated Biotech enterprise of global distinction.

Essential to this mission is Excellence in:

- Intellectual asset creation through discovery, research and development
- State-of-art manufacturing capabilities
- Internationally benchmarked quality and regulatory systems
- New medical insight through disease specific clinical research
- Customer relationship through outstanding products and services
- Human resource development through training, mentoring and empowering
- Management of research and business partnerships



# Values

- Integrity and ethical behavior
- Performance driven work culture
- Value creation through innovation and differentiation
- Quality through compliance and best practices
- Collaboration, team work and mutual respect

## Awards & Accolades

Biocon's strong brand equity, commitment to address unmet patient needs, steadfast pursuit of affordable innovation and a keen sense of responsibility towards the society and the environment are reflected in the awards and accolades conferred upon the Company. Our efforts have been recognized in areas ranging from business management to talent engagement to technology implementation as well as CSR. We are humbly proud of our achievements that continue to motivate team Biocon to pursue new challenges every day.

1. Biocon won the **Thomson Reuters India Innovation Award 2014** for focus on innovation in drug affordability.

2. Biocon was conferred the **Excellence & Leadership Award** presented by the World CSR Congress for 'Best Corporate & Financial Reporting' for Annual Report 2014, centered around the theme of 'Trust and Trust.' The award, endorsed by the Asian Confederation of Businesses and World CSR Day, recognized the report for comprehensive presentation of financial, corporate, sustainability and governance related information.

3. Biocon was recognized as the '**Most Caring Company**' by the World CSR Day for its commitment towards enhancing access to

### Brand Biocon



affordable healthcare.

4. **Sir J. C. Bose Memorial Award** (Institutional category) was conferred on Biocon by Indian Science Monitor

(ISM) for the Company's contribution to the field of biotechnology with special reference to the launch of **ALZUMAb™** (Itolizumab), the world's first novel anti-CD6 antibody.

5. Our Environment Management Best Practices reflecting in our exemplary operations and systems were recognized with the **Greentech Environment Gold Award** conferred by Greentech Foundation, Kolkata.

6. Biocon's API facility at Hyderabad won two prestigious Awards for EHS Practices from **Confederation of Indian Industry (CII)– Southern Region**. We were the only pharma company in the region to receive this award in the last eight years. We also secured a '**4 Star Rating**' from among over 130 players across sectors.

7. Biocon received several awards for information technology initiatives: **EDGE (Enterprises Driving Growth and Excellence Using IT)** from **Information Week**. Two Business Technology Awards from **Dataquest** for **'Unified Communications'** and **'Mobility'**. The **'Pioneer Investor in Cloud Services & Solutions'** Award from Microsoft. Syngene received the **SAP ACE Award 2014** for **'Complex SAP Implementation'**.

8. Biocon was conferred with the **A.P. Chowdappa Memorial Award** for

**Excellence in Communication** in the Corporate PR category at the 9th Global Communication Association (GCA) Conference, recognizing the strong reputation of Brand Biocon and its achievements in the corporate sector.

9. Biocon was conferred with the **Most Engaging Talent Brand in India** award recognizing the brand's ability to engage and attract talent on LinkedIn, at the ConnectIn Awards, Singapore.

10. Biocon received Pharmexcil's **Bulk Drugs – Gold Patent Award** for two consecutive years in recognition of the commendable contribution to developing pharmaceutical patents.

11. The **SCALE (Supply Chain And Logistics Excellence) Award 2015** for exemplary performance in pharmaceuticals category by CII in recognition of our specialized Supply Chain capabilities and logistics practices.



## Corporate Social Responsibility

Biocon Foundation has been recognized for the integrated healthcare initiatives through which it is constantly engaged in improving the quality of life of several thousand communities in India.

1. **Golden Peacock Award - 2014** for **'Corporate Social Responsibility'** awarded by the Institute of Directors, India, for the relentless efforts to drive social change and empowerment of rural communities through public health, civic infrastructure and education programs.

2. The prestigious **WHO India Public Health Champion Award 2015** for our various initiatives in the area of public health.

3. **Asia's Best CSR Practices Award 2014 by CMO Asia at World CSR Congress** for our 'Community Cervical Cancer Screening Program.'

4. **Certificate of Appreciation from NASSCOM Foundation** at the NASSCOM Social Innovation Forum 2015 for introducing 'Mobile Early

Detection and Prevention of Oral Cancer Program' under the category ICT led Social Innovations by a Corporate (CSR).

1. She was ranked **Second** among the **100 Most Influential People** across the globe in the **field of Medicine** in the **Global Medicine Maker Power List 2015** published by a top UK-based medical publication, The Medicine Maker.

2. She was awarded the most coveted **2014 Global Economy Prize for Business** by the Kiel Institute for World Economy, Germany.

3. She was also conferred the **Othmer Gold Medal 2014** by the Chemical Heritage Foundation, Philadelphia, PA, for her outstanding contribution to the Indian biotech sector.

**Kiran Mazumdar-Shaw** Chairperson, Biocon, was conferred with several prestigious global awards and recognitions during FY15. Key among them were:

4. The Huffington Post positioned her at No. 14 in the global list of '**Top 30 Social Influencers in Biotech and Biopharma**'.

5. She also featured in Fortune magazine's list of '**Top 25 Most Powerful Women in Asia-Pacific 2014**' and Forbes magazine's '**100 Most Powerful Women in the World**'.

6. **Foreign Policy** magazine, a US publication, has named her among the '**100 Leading Global Thinkers of 2014**'.



# Research & Development



At Biocon, our Research & Development (R&D) programs are anchored around the overarching vision of being 'Exclusively inclusive.' With a focus on universal access to healthcare, we have taken the lead to address unmet patient needs through affordable innovation. Over decades, we have expanded our investments in building a robust scientific talent pool, cutting-edge infrastructure, deep regulatory knowledge and creation of intellectual assets.

As spending on pharmaceutical and R&D continues to increase in step with our vision of enhancing patient reach to affordable bio-therapeutics, there is a growing priority to enhance returns from research investments.

With five of the world's 10 largest R&D budgets coming from pharma companies, the industry takes the lead in research (Source: *EU R&D Scoreboard*). Between 2004 and 2013, the total industry expenditure on

R&D has risen from US\$88 billion to US\$135 billion and is expected to reach US\$149 billion by 2018 (Source: *EvaluatePharma*).

As an extension of this reality, the estimated cost of bringing a new chemical or biological product to market has more than trebled from US\$451 million in 2004 to US\$1.5 billion in 2013 (Source: *J. Mestre-Ferrandiz, J. Sussex and A. Towse, 'The R&D Cost of a New Medicine'*). While the R&D expenditure has been on the upswing,

the average number of annual US Food and Drug Administration (FDA) approvals for New Molecular Entities (NMEs) has declined from 31.5 in 1990 to an average 22.9 from 2001-2010 (Source: *FDA*).

At Biocon, research and development is the foundation of our business model. In line with our commitment to innovation, we doubled our gross research investment to ₹3.29 billion in FY15 as compared to the previous year.

**Our Four-Pronged R&D Focus:**

- Operate across the oncology, diabetes and autoimmune spaces.
- Leverage our expertise in fermentation to drive novel and biosimilar programs.
- Create a differentiated pipeline that stretches across the biopharma value chain.
- Leverage strategic alliances and partnerships for better outcomes.

Biocon's discovery-led R&D practice focuses on the full drug development pathway - from process development to non-clinical and clinical research. Our highly qualified scientific team drawn from various parts of the world is a part of the best-in-class innovation ecosystem offered by Biocon. The depth and breadth of our technological and scientific pool empowers us to engage in cutting-edge research to develop innovative yet affordable bio-therapeutics for the world's most debilitating diseases.

Under the remit of our R&D, our 'Exclusivity' is anchored around the therapeutic focus on select chronic diseases and quest for novel and follow-on biologics,

leveraging the India advantage. The 'Inclusive' element is reflected in our commitment to drive affordable access to expensive biopharmaceuticals for patients, partners and healthcare systems across the world.

Our proprietary fermentation technology for manufacturing affordable rh-Insulin, helping millions of patients across the globe in diabetes management, reflects our pursuit of inclusivity. This 'Exclusively inclusive' approach has enabled us to improve patient compliance, widen the patient pool and expand the market, thus enhancing access and making a difference to global health.

**Strengths**

Our R&D principally focuses on novel molecules, biosimilars and complex small molecules. We leverage our world-class infrastructure, India's cost competitiveness and our access to world-class talent. While bolstering our ability to address our R&D objectives, these advantages also enable us to maximize the productivity of R&D investments. The fact that we operate one of South East Asia's largest biologics facilities adds to our strengths. Our inspiring work environment built on the foundations of a world-class R&D ecosystem attracts the best global talent.

Over the decades, we distinguished our offerings through our deep fermentation capabilities complemented by world-scale capacities and analytical skills. Our high-end talent, equipped with the best international experience in the areas of research, development, regulatory and manufacturing, helps ensure seamless movement of the targeted product from lab to market.

**Developing Novel Biologics for Cancer, Diabetes and Autoimmune Conditions:**

- Seven novel molecules under clinical development: Two in Phase III/ IV; three in Phase II and two in Phase I/ early discovery.
- Once approved, our Oral Insulin is likely to usher in a paradigm change in treating diabetes.

**Key Developments**

The year FY15 marked the initiation of global Phase III trials for Insulin Glargine, which has global sales of over US\$8 billion. Over the next few years, we expect to commercialize Glargine in partnership with Mylan. This will address the currently underserved and growing diabetic population. The market for biosimilar insulins, which stands at

**Developing Biosimilars to Introduce Critically-Required Drugs at Affordable Prices:**

- Six molecules across generic insulins, MAbs and recombinant proteins undergoing Phase III clinical development.
- Three under preclinical development

~US\$20 billion, is growing annually in double-digits.

We also made significant headway in the development program of our portfolio of monoclonal antibodies (MAbs) and recombinant proteins.

- Two molecules, Pegfilgrastim and Adalimumab, entered global

Phase III clinical trials.

- Phase III global clinical trial for Trastuzumab is progressing in over 100 sites around the world.
- An initial RoW focused Phase III trial for Bevacizumab is also underway.

**Intellectual Wealth**

In our pursuit of innovation, we have consistently created intellectual wealth through our incisive IP strategy. This strategy has provided us a distinct competitive edge in biopharmaceuticals. Today, Biocon has filed over 1,150 patent applications and holds over 530 patents.

During the year, over 35 new patent applications were filed while we received over 20 patent approvals.

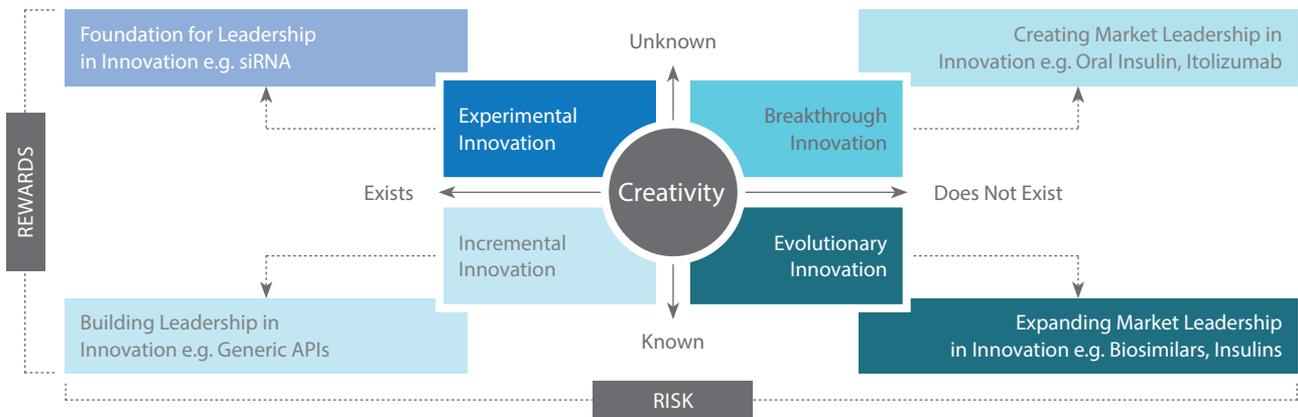
**Quality & Regulatory**

Biocon is committed to bring high-quality drugs to patients globally.

Our operations are guided by stringent quality controls in compliance with global standards, thus enabling us to achieve the highest quality standards for all our products. A consistent and spotless track record on quality is essential for validation of processes, data review by regulators and final qualification and approval of facilities. During the past year, we successfully underwent 10 audits by some of the leading global health regulators without any adverse observations.

Our deep commitment to innovation and cutting-edge research is reflected in our achievement of becoming 'Exclusively inclusive'.

**Our Innovation Matrix**





#### Developed and Commercialized Differentiated Products in Challenging Therapeutic Spaces:

- Making a difference to thousands of cancer patients through our 'best-in-class' anti-EGFR MAb, Nimotuzumab, which has significantly better efficacy and superior safety profile.
- Brought to market 'first-in-class' anti-CD6 MAb, Itolizumab, which is a pipeline within a product for various autoimmune diseases.
- Introduced the world's most affordable Trastuzumab in India, currently under Phase III trials for global markets.
- Addressing the large need for affordable insulin therapy through India's first indigenously-produced rh-Insulin and Insulin Glargine.

# Board of Directors



Standing from left:

Mr. Daniel M. Bradbury, Dr. Jeremy Levin, Mr. Russel Walls, Dr. Bala S. Manian, Prof. Charles L. Cooney, Ms. Kiran Mazumdar-Shaw, Mr. John Shaw, Dr. Vijay Kuchroo, Ms. Mary Harney, Mr. Peter Bains, Prof. Ravi Mazumdar, Mr. Suresh N. Talwar, Dr. Arun Chandavarkar and Prof. Catherine Rosenberg.

**Ms. Kiran Mazumdar-Shaw***Chairperson & Managing Director*

First generation entrepreneur with nearly 40 years' experience in biotechnology + Well recognized global business leader + Independent Member of the Board of Infosys + Chairperson of the Board of Governors of the Indian Institute of Management, Bangalore + Recipient of 'Othmer Gold Medal 2014' by the U.S. based Chemical Heritage Foundation + '2014 Global Economy Prize for Business' by Germany's Kiel Institute + Featured in '100 Most Powerful Women' and 'Asia-Pacific's 48 'Heroes of Philanthropy' by Forbes magazine + Recognized as the '100 Leading Global Thinkers of 2014' by US-based Foreign Policy magazine + Fortune magazine's 'Top 25 Most Powerful Women in Asia-Pacific 2014' + Recipient of two most prestigious national awards, the Padma Shri and the Padma Bhushan.

**Mr. John Shaw***Vice Chairman*

Foreign promoter and a whole-time director + Master's degree in Arts (Economic hons.) in History and

Political Economy from Glasgow University, United Kingdom + Served in senior corporate positions at various locations around the world + Former Chairman, Madura Coats Ltd.

**Dr. Arun Chandavarkar***Chief Executive Officer & Joint Managing Director*

Core member of Biocon's leadership team + Played a pivotal role in the evolution of Biocon over the last 25 years + Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology (MIT), Cambridge, USA + B.Tech. in Chemical Engineering from the Indian Institute of Technology, Mumbai.

**Dr. Bala S. Manian***Non-Executive, Independent Director*

Chairman and Founder, Reamatrix Inc. + Expert in the design of electro-optical systems + Authored several peer-reviewed scientific publications + Holds more than 40 patents, many of which have resulted in successful commercial products + Recognized through numerous awards for contributions as educator, inventor and entrepreneur, including Technical Academy Award in Digital

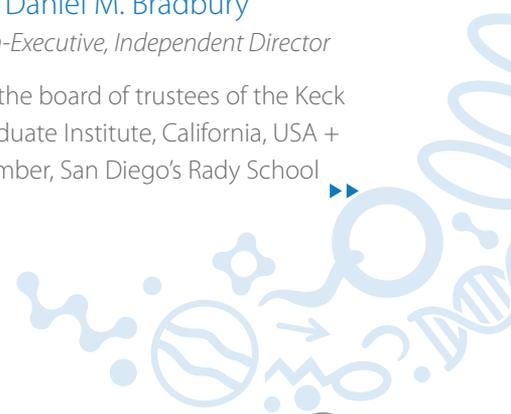
Cinematography by Academy of Motion Pictures, Arts and Sciences.

**Prof. Charles L. Cooney***Non-Executive, Independent Director*

Director, Mitra Life Sciences, Pronutria Inc. and LS9 Inc. + Professor, Chemical & Biochemical Engineering, MIT, USA + Research interests include biochemical engineering and pharmaceutical manufacturing + Recipient of prestigious awards, including Gold Medal of the Institute of Biotechnology Studies + The James Van Lanen Distinguished Service Award from the American Chemical Society + Food, Pharmaceutical and Bioengineering Award from the American Institute of Chemical Engineers + US FDA's Advisory Committee Service Award + Bachelor's degree in Chemical Engineering from the University of Pennsylvania, Master's degree and a Ph.D. in Biochemical Engineering from MIT.

**Mr. Daniel M. Bradbury***Non-Executive, Independent Director*

On the board of trustees of the Keck Graduate Institute, California, USA + Member, San Diego's Rady School





of Management's Advisory Council + Member, Miami's Innovation Corporate Advisory Council + Life sciences executive with over 30 years of experience in creating and implementing strategies transforming businesses + Honored with the Corporate Directors Forum Director of the Year Award for Enhancing Economic Value (2012) + The Ernst & Young's Entrepreneur of the Year Finalist (2012) + Holds a postgraduate diploma in Management Studies + Diploma of the Chartered Institute of Marketing from Harrow and Ealing Colleges of Higher Education, UK + Bachelor's degree in Pharmacy (Hons.) from Nottingham University, UK.

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### Ms. Mary Harney

*Non-Executive, Independent Director*

Tánaiste (Deputy Prime Minister) of the Irish Republic from 1997 – 2006 + Longest serving woman ever in the Irish Parliament, for over 30 years + Member of the Board of CRANN, Trinity College Dublin's largest research institute + Chair of AMBER, the Advanced Materials and Bio-Engineering Research Centre at

Trinity, a joint research enterprise with University College Cork, the Royal College of Surgeons in Ireland and industry + Honorary member of the International Women's Forum + Economics graduate of Trinity College Dublin.

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### Prof. Ravi Mazumdar

*Non-Executive, Independent Director*

University Research Chair Professor, Department of Electrical and Computer Engineering, University of Waterloo, Canada + J. D. Gandhi Distinguished Visiting Professor at IIT, Mumbai + Member of several advisory committees and working groups, including the US Congress Sub-Committee on Science and Technology + Fellow of the Royal Statistical Society + Over 150 referred publications + Ph.D. from the University of California, Los Angeles (UCLA) + M.Sc., DIC from Imperial College, London + B.Tech in Electrical Engineering from IIT, Mumbai.

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### Mr. Russel Walls

*Non-Executive, Independent Director*

Chairman, Aviva Life Holdings Ltd.

Experience of more than 45 years in the field of Finance + Fellow member of the Association of Chartered Certified Accountants, UK + Board of Mytrah Energy Ltd, Aviva Italia Holdings SpA and Signet Jewelers Ltd.

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### Mr. Suresh N. Talwar

*Non-Executive, Independent Director*

Board of several leading companies such as Merck Ltd., Blue Star Infotech Ltd., Larson & Toubro Ltd., Johnson & Johnson Ltd. + Founder Partner of Talwar Thakore & Associates + Specialization in corporate law and related fields + Legal counsel to numerous Indian companies, multinational corporations and Indian / foreign banks + B.Com from the University of Mumbai, LL.B. from the Government Law College, Mumbai and is a solicitor of the Incorporated Law Society, Mumbai.

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### Dr. Vijay Kuchroo

*Additional Independent Director*

Samuel L. Wasserstrom Professor of Neurology & Director of Evergrande Center for Immunologic Diseases at Harvard Medical School, USA +

Co-Director, Center for Infection and Immunity, Brigham Research Institutes, Boston + Named 'Distinguished Eberly Lecturer' in 2014 + Obtained Nobel Laureate Peter Doherty Lecture / Prize in 2014 + Holds 25 patents + Has founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals + Published over 325 original research papers in the field of immunology, co-stimulation and the role of Th17 cells + Received the Fred Z. Eager Research prize and medal for his Ph.D. research work at the University of Queensland, Brisbane, where he specialized in pathology.

### Dr. Jeremy Levin

*Additional Independent Director*

Chairman of Ovid Therapeutics + Former President and CEO of Teva Pharmaceuticals + Former executive committee member of Bristol-Myers Squibb + Was responsible for global strategy, alliances and operational transactions; led 'String of Pearls' strategy at BMS which helped transform the company pipeline +

Served as Global Head of Strategic Alliances at Novartis + Recognized among the 'Top 25 Most Influential People in the Biopharmaceutical Industry' + Recipient of Kermode Prize for work on novel hypertension drugs + Albert Einstein Award for Leadership in Life Sciences awarded by Mr. Shimon Peres + Officer's Cross of the Order of Merit of the Republic of Hungary + Bachelor's Degree in Zoology, Masters of Arts and a Doctorate (D. Phil) from the University of Oxford + Degrees of Bachelor of Medicine, Bachelor of Surgery (MB, B. Chir ) from the University of Cambridge.

### Mr. Peter Bains

*CEO & Director, Syngene*

Director of Sosei, a Tokyo-listed Japanese biotechnology company + Extensive track record of achievement as a senior pharma and life sciences executive + Non-Executive Chairman, Fermenta Biotech Ltd. and Director and Member of Audit Committee, Kromek Group Plc.

### Prof. Catherine Rosenberg

*Director, Syngene*

University Research Chair Professor and Chairman, Department of Electrical and Computer Engineering, University of Waterloo, Canada.



# Scientific Advisory Board



## Prof. Alan D. Cherrington

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

## Dr. David M. Essayan

M.D., Key Research Interests – Clinical and regulatory development for small molecules and biologics + Clinical immunologist; Former FDA Supervisory Medical Officer; Former Executive Director at Amgen

## Dr. G. Alexander Fleming

M.D., President and CEO of Kinexum LLC + Member of numerous Scientific Advisory Boards and Expert Committees

## Dr. Harold E. Lebovitz

M.D., FACE, Professor of Medicine, Endocrinology & Diabetes Division, State University of New York, Health Science Center, Brooklyn

## Dr. Lawrence Steinman

M.D., Key Research interests – Remission & relapse in MS, Vaccine against MS, brain inflammation + Co-Inventor of leading MS drug Natalizumab and several new therapies for autoimmune diseases

## Dr. Vijay Kuchroo

D.V.M., Ph.D. Key Research Interests – Multiple Sclerosis, co-stimulation, Th17 + Currently on scientific review board of the National Multiple Sclerosis Society, New York



# Core Committee



**Ms. Kiran Mazumdar-Shaw**  
*Chairperson & Managing Director,  
Founder - Biocon Limited*

**Mr. John Shaw**  
*Vice Chairman,  
with Biocon since 1998*

**Dr. Arun Chandavarkar**  
*Chief Executive Officer  
& Joint Managing Director,  
with Biocon since 1990*

**Mr. Ravi Limaye**  
*President, Marketing,  
with Biocon since 2014*

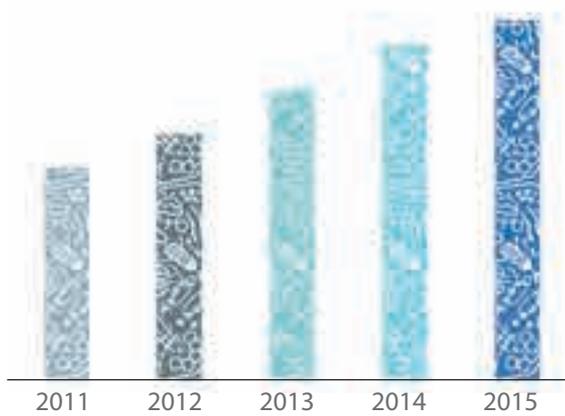
**Mr. Siddharth Mittal**  
*Chief Financial Officer,  
with Biocon since 2013*

**Mr. Amitava Saha**  
*Sr. Vice President, Human Resources,  
with Biocon since 2013*

# Financial Highlights

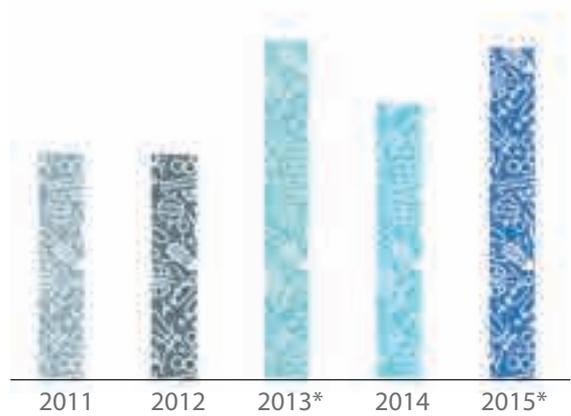
Total Revenue (₹ mn)

18,576   21,483   25,380   29,332   31,429



Profit (₹ mn)

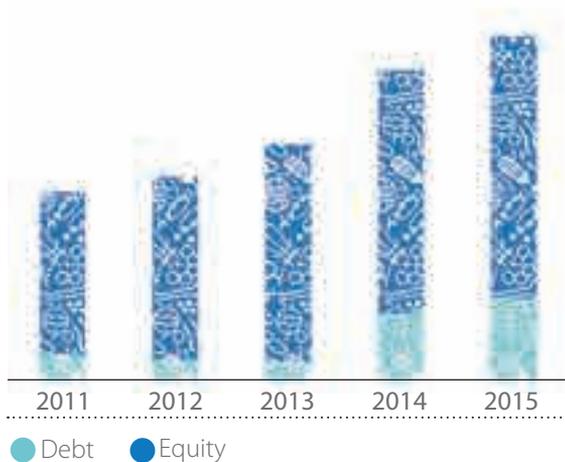
3,399   3,384   5,089   4,138   4,974



\* PAT includes exceptional income

Debt : Equity

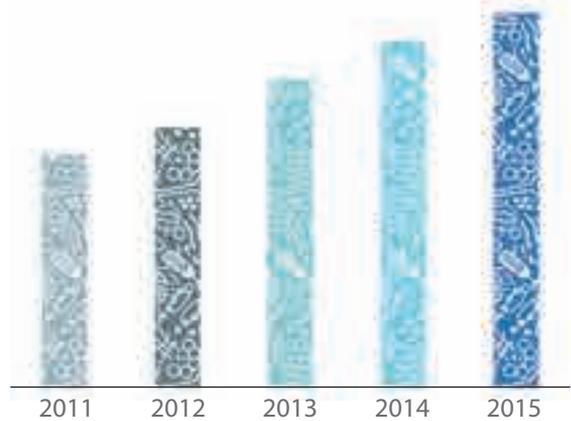
● 20,328   22,724   26,946   30,267   32,706  
● 3,341   2,709   2,488   8,497   10,306



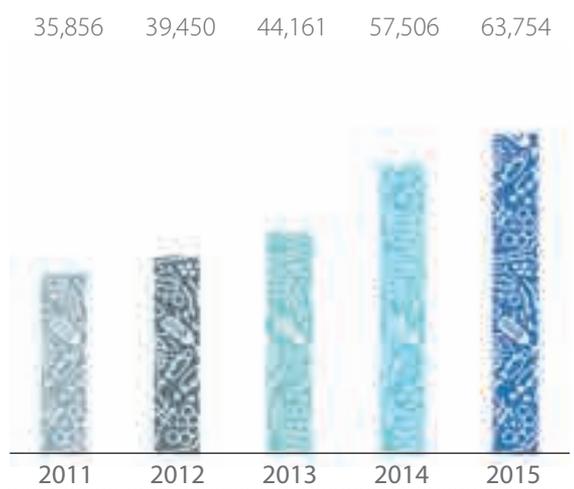
● Debt   ● Equity

Net Worth (₹ mn)

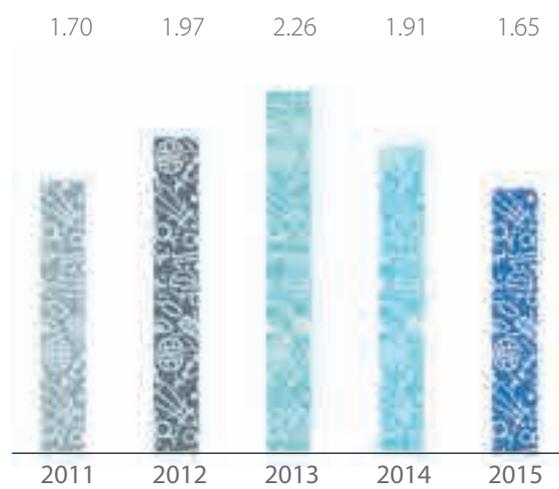
20,328   22,724   26,946   30,267   32,706



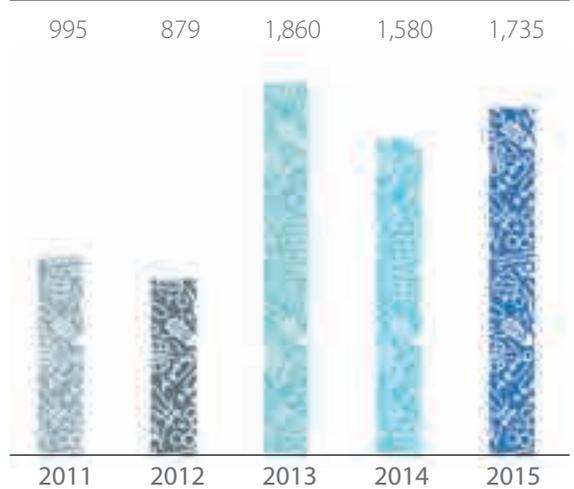
**Total Assets** (₹ mn)



**Current Ratio**

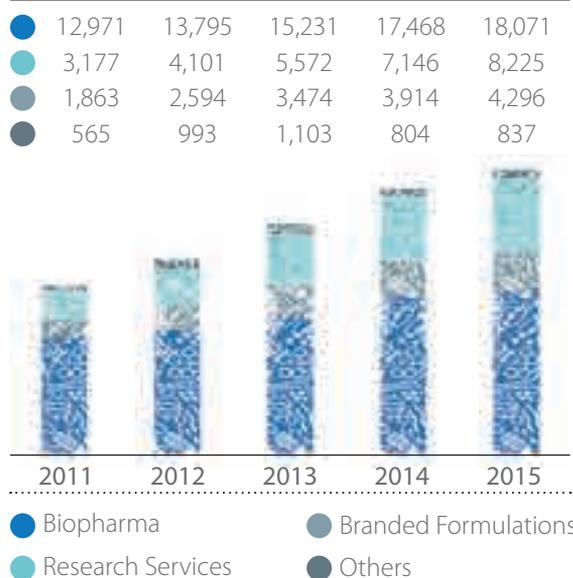


**R&D Spend\*** (₹ mn)



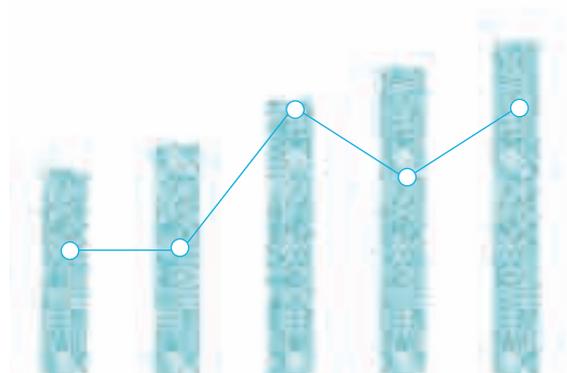
\* Includes revenue & capital R&D

**Revenue Break-Up** (₹ mn)



### EPS and Book Value per Share

●	102	114	135	151	164
○	17	17	26	21	25

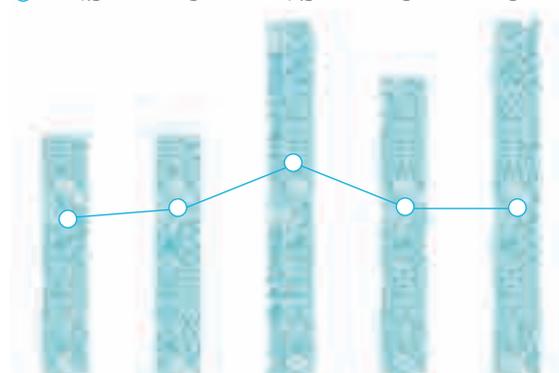


2011 2012 2013\* 2014 2015\*

● Book value ○ EPS

### EPS and Dividend per Share

●	17	17	26	21	25
○	4.5	5	7.5	5	5

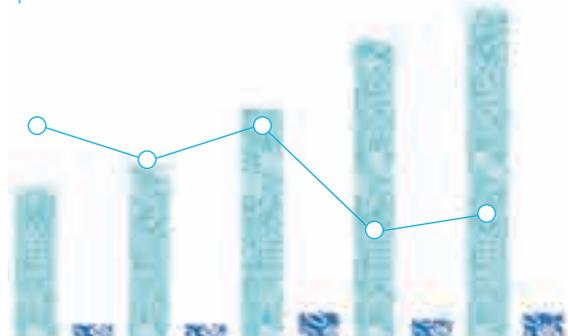


2011 2012 2013\* 2014 2015\*

● EPS ○ Dividend per share

### Return on Net Assets

●	3,399	3,384	5,089	4,138	4,974
●	23,248	26,438	34,262	43,710	48,207
○	15%	13%	15%	9%	10%



2011 2012 2013\* 2014 2015\*

● PAT ● Net Assets ○ Return on Net Assets

### Return on Equity

●	3,399	3,384	5,089	4,138	4,974
●	18,954	21,526	24,835	28,607	31,487
○	18%	16%	20%	14%	16%



2011 2012 2013\* 2014 2015\*

● PAT ● Average Equity ○ Return on Equity

\* PAT includes exceptional income



### Performance-Business Units

Novel Molecules

Biosimilars

Branded Formulations

Small Molecules

Global Marketing

Research Services

# Business Units



## Novel Molecules

The 'Exclusively inclusive' approach is the bedrock of Biocon's innovation strategy. By translating breakthrough innovation into affordable therapy, we are addressing the challenge of unmet medical needs in cancer, diabetes and autoimmune diseases. Biocon, which identifies itself as an 'innovator from the developing world,' has leveraged India's value advantage and scientific excellence to accelerate new and differentiated therapies to market.

Our quest for exploring newer treatments for addressing debilitating diseases has led to the development of two novel monoclonal antibodies (MAbs). India's first indigenously produced

monoclonal antibody for head and neck cancer, Nimotuzumab, introduced as BIOMAb EGFR®, is helping meet the cancer treatment challenge. The world's first anti-CD6 monoclonal antibody, Itolizumab, brand named ALZUMAb™, has made psoriasis management easier for thousands of patients in India. We are currently developing the world's first orally delivered insulin which is expected to revolutionize diabetes treatment and management.

### Market Trends

Over the next few years, several new drugs are expected to be launched, benefiting patients the world over. According to IMS, over 40 New Molecular Entities (NMEs) are likely to

be approved annually, going forward. Drugs for cancer and neurological disorders, anti-infectives and anti-virals comprise nearly half the pipeline of NMEs in late-stage clinical studies. In parallel, risk-sharing models based on co-development of novel drugs have emerged as the new paradigm. Our state-of-the-art infrastructure combined with the best global minds and our R&D competence position us as ideal collaborators for both large pharma innovators and small biotech firms. Our efficient and cost-competitive asset development capabilities also make us attractive strategic global drug development partners.

So far, over 400 people including Type 1 diabetics, Type 2 diabetics and healthy volunteers have participated in IN-105 clinical studies.

### Core Strengths

- In-house expertise along the drug value chain
- Pipeline includes proprietary and partnered programs
- R&D strategy covers early, mid and late-stage assets
- Exploring early-stage assets that leverage our expertise
- Demonstrated expertise in taking novel biologics from lab to market
- Translated breakthrough innovation into affordable therapy

### Key Developments

Given the basket of seven novel assets under clinical development, Biocon's pipeline is an interesting combination of early and advanced stage assets. With the completion of the first set of clinical trials in the US in April, the Oral Insulin program, IN-105, made substantial progress. These trials pave the way for the next phase of development, which is key to unlocking the enormous potential this asset offers. The US studies, conducted on about 100 subjects under a US IND, can be classified as Phase-Ib/IIa trials. These were aimed at answering questions around pharmaco-dynamic impact on drug absorption, intra-subject variability and effects of food. So far, over 400 people including

Type 1 diabetics, Type 2 diabetics and healthy volunteers have participated in IN-105 clinical studies.

Biocon continues to be in discussion with potential partners for the joint development of its novel asset Itolizumab, a 'first-in-class' novel anti-CD6 biologic, for regulated markets. The Cuban origin of this product requires the potential licensee to obtain additional regulatory clearances from the US government, leading to delays in the process. While we hope that the thaw in US-Cuba relations will help overcome regulatory barriers, we continue with the development of the asset. Our priority currently is getting proof-of-concept data in rare neurological indications which have significant unmet medical need.

We had expanded our novel pipeline through collaborations with Quark Pharma and Advaxis in FY14. During the year, we made progress on the two high potential novel assets we are developing on the small interfering RNA (siRNA) platform with Quark Pharma for rare indications of ophthalmology and organ transplant. These molecules could change the treatment paradigm for such orphan indications.

The innovative immunotherapy technology we licensed from Advaxis has been truly exciting. Biocon was among the first companies to

identify the potential of this unique technology in the area of cancer immunology. Our strong belief in the science associated with this technology has been validated by multiple collaborative partnerships signed by Advaxis with major global players over the past 12 months. This asset has tremendous potential in treating HPV-associated cervical cancer, a devastating disease seen primarily in developing countries. In targeting a huge unmet medical need, this asset epitomizes our 'Exclusively inclusive' R&D philosophy.

### Outlook

Bringing path-breaking proprietary products to global markets is Biocon's long cherished objective. As drug development becomes an expensive and high-risk endeavor, we are leveraging our robust R&D engine to deliver affordable innovation. Our global competitive edge rests on our high-quality talent, process innovation and high-value licensable research assets. Going forward, we expect R&D spends to continue to be between 8%-10% of biopharmaceutical sales, reflecting our investments in pipeline expansion as well as advances in novel and biosimilars programs.

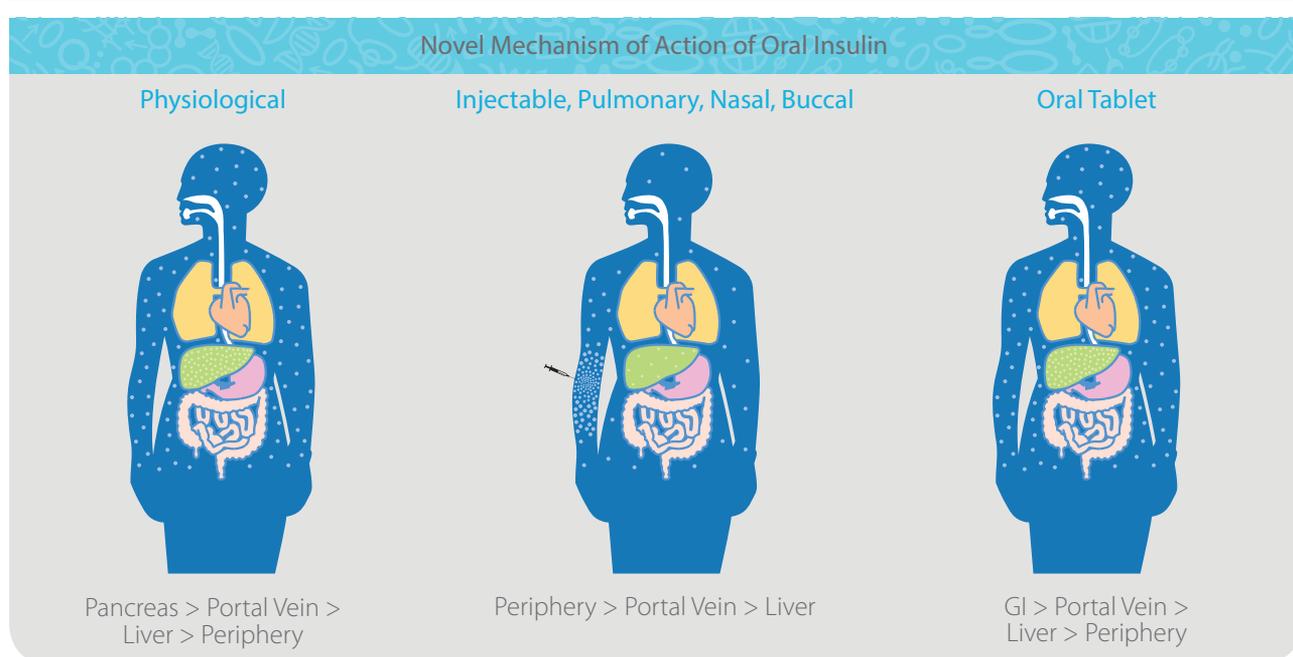
### Oral Insulin: Novel MOA

Biocon's Oral Insulin has a novel mechanism of action (MOA). IN-105, absorbed from the gastro-

intestinal tract, directly reaches the liver and re-establishes normal physiological, portal to peripheral gradient of insulin. By targeting the liver, an organ central to glucose

metabolism, IN-105 mimics the natural physiology of the body. This results in lowering the risk of hypoglycaemia when blood sugar levels fall to abnormally low levels

and also prevents weight gain. No other non-invasive insulin delivery mechanism has the ability to achieve such results.



#### Novel Assets Under Clinical Development

		Therapeutic area	Molecule
Phase III/IV	▶ Two Molecules	▶ Oncology Autoimmune	▶ BIOMAb EGFR® (Nimotuzumab) ALZUMAb™ (Itolizumab)
Phase II	▶ Three Molecules	▶ Diabetology Ophthalmology Oncology	▶ IN-105 QPI-1007 ADXS-HPV
Phase I	▶ One Molecule	▶ Oncology	▶ Anti-CD20
Early Discovery	▶ One Molecule	▶ Oncology	▶ Fusion Proteins

With Itolizumab, Biocon has taken the lead in demonstrating the critical role that Th17 cells play in autoimmunity.

### Itolizumab: Novel MOA

Itolizumab has a unique MOA that inhibits CD6-mediated co-stimulation of T-cells and down-regulates production of multiple pro-inflammatory cytokines. Significantly, since T-cells in circulation are not depleted, the general immunity is not compromised and the body continues to fight infection.

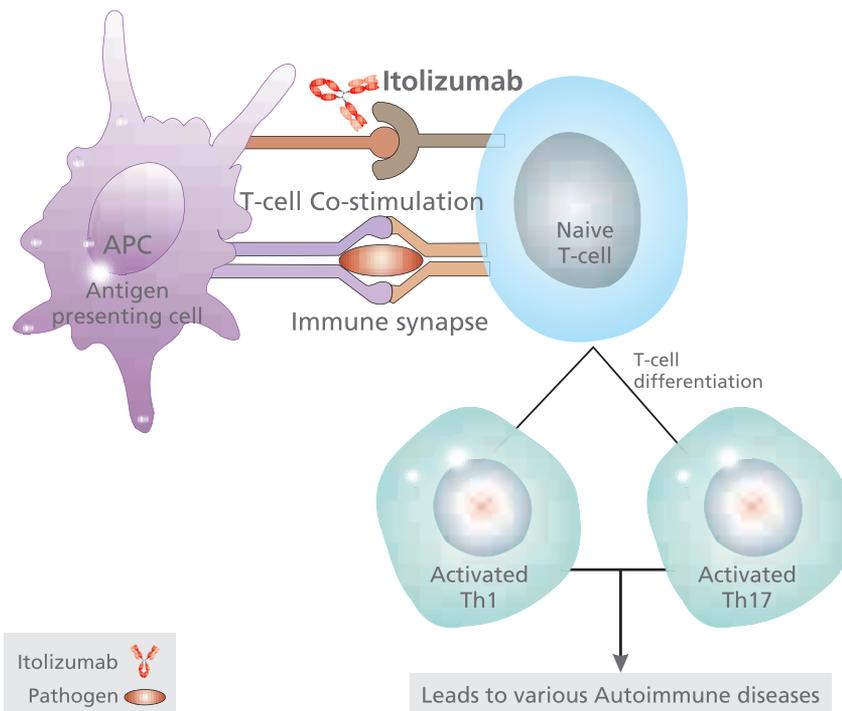
Traditionally, pathogen activated

naive T-cells were recognized for differentiating into different subsets with distinct effector functions: Th1 and Th2. Recently, this paradigm evolved to incorporate the highly exciting discovery of a third subset of T-cells - Th17. With emerging data demonstrating the critical role that Th17 cells play in autoimmunity, there is increased focus to design ongoing research around Th17.

Itolizumab has taken the lead in this

area. It targets CD6, a cell surface receptor expressed T-cell, shown to reduce proliferation of Th1 and Th17 cells. Biocon is among the few companies with a validated MOA and clinical data involving the Th17 pathway and is probably the first company to take such a product from lab to market. We launched this product as ALZUMAb™ for chronic plaque psoriasis in India in 2013.

### Evolving Science Validates Novel Mechanism of Action of Itolizumab (ALZUMAb™)



Itolizumab prevents T-cell co-stimulation and further differentiation of activated T-cells which acts as a potential therapeutic in autoimmune diseases like Psoriasis, Rheumatoid Arthritis and Multiple Sclerosis



*State-of-the-art integrated insulins manufacturing facility in Malaysia commissioned*

## Biosimilars

In keeping with our 'Exclusively inclusive' philosophy, we have leveraged our core strength of fermentation technology to develop a wide portfolio of generic Insulins and Analogs, biosimilar Monoclonal Antibodies (MAbs) and recombinant proteins. We have emerged as a significant global player by reinforcing our scale, competence and pioneering technology capabilities. With a view to enhance drug affordability for patients, partners and healthcare systems,

we focus on affordable innovation and deliver high-quality, world-class products across the globe.

### Market Trends

The articulation and implementation of biosimilar guidelines in developed and emerging markets are picking up pace. The month of March 2015 witnessed a milestone announcement when the US FDA approved the sale of a Filgrastim follow-on product, the first-ever approval for a biosimilar granted by them. Earlier in 2013, European

Medicines Agency's nod for biosimilar Infliximab marked the introduction of the first biosimilar monoclonal antibody in Europe. Going forward, a shift is expected towards targeted therapies for life-threatening conditions such as cancer and autoimmune diseases. This will be catalysed by a growing preference for such therapies as well as their progressive genericization with the first set of biologics losing their patents. From US\$1.3 billion in 2013, the biosimilars market is

**B**iocon's rh-Insulin today has marketing approvals in 60 countries. Our Insulin Glargine is approved in 20 countries.

expected to reach ~US\$24 billion in 2019 (Source: Frost & Sullivan *Global Biosimilars Report*) as a higher number of products penetrate North America, Europe and Asia.

#### Core strengths

- Global-scale, complex biologics manufacturing capabilities
- Facilities accredited by international regulatory agencies
- Extensive physico-chemical and biological characterization capabilities
- Decade-long experience and demonstrated expertise in developing MAbs and other biologics
- Global strategy led by initial commercialization in emerging markets
- Strong portfolio of generic insulin analogs and biologics in advanced stages of development
- Strategic global and regional partnerships

#### Key Developments

##### Generic Insulins & Analogs

At Biocon, we are developing a range of affordable basal, rapid and intermediate acting generic insulins for patients worldwide. The portfolio comprises Recombinant Human Insulin (rh-Insulin), Insulin Glargine, Insulin Aspart and Insulin Lispro. Our

generic insulins portfolio targets a US\$20 billion market opportunity as per 2014 sales of innovator reference products.

Biocon has been recognized for its proprietary fermentation technology that enabled it to produce rh-Insulin efficiently and cost-effectively. Over the years, we have leveraged this advantage to provide affordable access to rh-Insulin to patients and partners across the world. In 2004, we introduced the first indigenously developed and produced rh-Insulin, Insugen<sup>®</sup>, in India. Since then, millions of diabetics have benefited from this product and have lived a better life. Today, our Insugen<sup>®</sup> is the largest generic insulin brand in India.

Biocon is probably the largest insulins producer in Asia and our rh-Insulin today has marketing approvals in 60 countries. In FY15, it became the first generic insulin to be introduced in Malaysia, a country with a very high incidence of diabetes. We hope to make a significant difference in Malaysia by providing diabetics access to an affordable generic insulin.

In line with our global ambitions, we have been pursuing a harmonized clinical development strategy for the launch of rh-Insulin in developed markets including the EU and the US. Our Malaysian facility, once

commercially operational, will enable us to meet the growing demand for insulins and analogs in these markets.

#### Clinical Development

Our strategic collaboration with Mylan is focused on the global development and commercialization of generic versions of three insulin analog products: Glargine, Lispro and Aspart.

Glargine, an important basal insulin, is a global opportunity pegged at ~US\$8 billion in 2014, as per innovator sales. Two global Phase III clinical trials for generic Insulin Glargine, initiated in 2014, have made significant progress. Patient recruitment for the Type 1 diabetes study has been completed while the recruitment for the Type 2 diabetes study is expected to be completed later in 2015. Phase III clinical trials on both Type 1 and Type 2 diabetes are quite significant in the development process of this important therapy for diabetics. This is a non-inferiority study to compare the efficacy and safety of Biocon and Mylan's Insulin Glargine with the innovator product.

Currently, our Insulin Glargine is approved in 20 countries. We are gearing to capitalize on this opportunity in the emerging markets. Our Glargine brand, BASALOG<sup>®</sup>, has benefited thousands of patients in India since its launch in 2009.



During FY15, our product became the first Insulin Glargine to be approved in Mexico under the new Biocomparable Approvals Pathway defined in 2012. This will provide access to a generic basal insulin, thus expanding the diabetes management therapy portfolio in Mexico, a country with over 9 million diabetes cases.

Insulin Lispro and Insulin Aspart are in different stages of pre-clinical development. From a strategic standpoint, a rapid-acting insulin analog will add significant value to our overall insulins portfolio.

## Insulin Devices

Our generic insulins business is complemented by a comprehensive device basket. During FY15, we introduced a second-generation affordable device by developing a cost-effective reusable pen. We are also developing a next generation disposable product in keeping with the growing need for such devices in India.

## Malaysia Plant Commissioned

Our most sophisticated insulins manufacturing facility was commissioned in Malaysia as scheduled. This is probably the largest integrated insulins manufacturing facility in Asia. It is well-equipped to manufacture drug substances and drug products and has full-fledged R&D capabilities. As we move ahead in FY16, we are preparing for the regulatory filings that will trigger qualification and approval by various international regulatory agencies. These approvals will pave the way for commercialization and will enable us to meet the growing need for affordable insulins in the developed markets of the US and Europe. Meanwhile, the facility will augment our existing capacities to meet the demand for insulins and analogs in emerging markets where our

products are already registered.

## Outlook

Over the next 10 years, our aim is to provide Biocon's insulin products, either rh-Insulin or insulin analog, to every one in five diabetic patients in need of insulin, anywhere in the world.

## Monoclonal Antibodies & Other Biologics

One of the fastest growing segments, MABs are revolutionizing the treatment landscape by offering a targeted therapy for life-threatening conditions like cancer and autoimmune diseases. Biocon has gained global recognition for being one of the key players in developing MABs and recombinant proteins. We have made significant investments in clinical development and manufacturing and strategic partnerships over the years.

Biocon and Mylan have one of the longest-standing partnerships in the global biosimilars space with a strong position in a promising industry. Since 2009, we have been developing a high-value portfolio of three MABs (Trastuzumab, Bevacizumab, Adalimumab) and two recombinant proteins (Pegfilgrastim, Etanercept). The innovator product sales of this portfolio stood at ~ US\$40 billion in

Our global Phase III clinical trial for Trastuzumab is progressing well in over 100 sites around the world.

2014 (Source: Company reports).

**Clinical Development**

In FY15, we made considerable clinical progress in our portfolio of biosimilars that include MAbs and recombinant proteins.

Clinical trials are in progress for four different Mylan-partnered programs, of which three are cancer therapies. Our global Phase III clinical trial for Trastuzumab is progressing well in over 100 sites around the world. A global Phase III trial for Pegfilgrastim is also underway. We are also conducting a Rest of World (RoW) focused clinical trial for Bevacizumab in metastatic colorectal cancer as part of our overall global development strategy for this

molecule. In the autoimmune space, a Phase III trial for Adalimumab has also been initiated.

The advancement of these programs in the clinic represents significant progress towards providing high-quality follow-on biologics to patients across the world.

Trastuzumab, introduced as CANMAB™ in India in FY14, is an important milestone in the collaborative biosimilars development program. It is the first non-innovator Trastuzumab approved anywhere in the world and we believe it is also the most affordable\* globally. Overall, CANMAB™ has helped increase patient access to Trastuzumab by

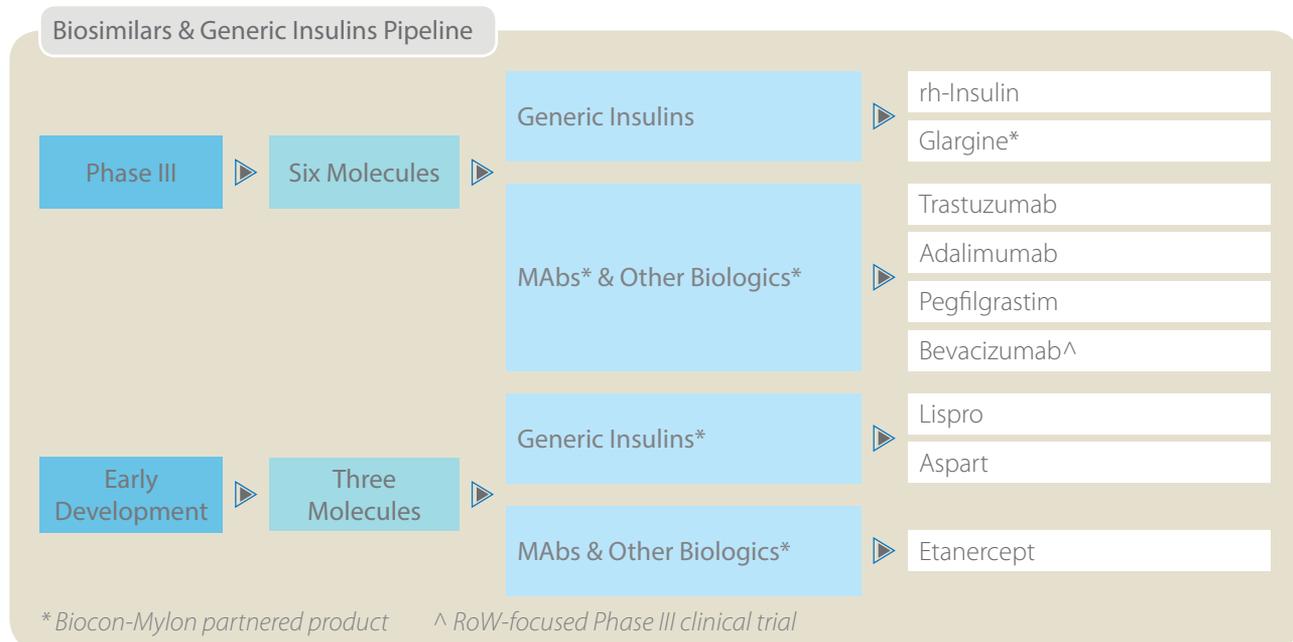
nearly 30% in India.

Biocon has licensed Trastuzumab in a few emerging countries and we are in the process of securing marketing authorizations.

**Outlook**

We aim to deliver affordable biosimilars by building global manufacturing scale. Being ahead of the curve, we are among the few early players in this space, focusing both on developed as well as regional markets. Our goal is to make Biocon's oncology biosimilars available to at least one in 10 breast cancer patients globally.

(\* As per May 2015 MRPs)





*Our Key Brands*

## Branded Formulations - India

In our Branded Formulations business in India our 'Exclusivity' is reflected in our differentiated approach to create a premium perception for ourselves as India's largest biologics-led, branded pharmaceutical company. Our specialty portfolio targets diabetes, cancer, end-stage renal disease,

immune disorders, sepsis and other life-threatening conditions. What makes us 'Inclusive' is our ability to develop these world-class biopharmaceuticals cost-effectively and offer them to millions of patients in India at a price they can afford. Beyond enhancing access to these differentiated therapies, we

have been 'Inclusive' in introducing patient-centric initiatives for disease awareness, prevention and management. We also engage with physicians through targeted educational programs related to best treatment practices for complex medical conditions. This combination of products, patient and physician

 CANMAB™ has enhanced patient access to this affordable critical therapy by nearly 30%.

support programs is enabling us to enhance the pool of patients we reach out to, thus making a difference to millions of lives.

### Market Trends

Ranked as the third largest globally in terms of volume and 13th in terms of value, the Indian pharmaceuticals market is expected to emerge as one of the Top 10 global markets by 2020 (Source: PWC). This robust growth will be fuelled by increased purchasing power, improved diagnosis, growing investment in healthcare infrastructure, deeper health insurance penetration and access to better healthcare. Changing lifestyles are leading to a rise in non-communicable diseases and subsequent demand for therapies to treat conditions such as cardiovascular diseases, diabetes, cancer, depression, among others.

The Indian pharma market, which is dominated by branded generics, has recovered after a general economic slowdown and trade issues related to the government's new drug pricing policy stymied sales growth in 2013. We believe much of the market turbulence has subsided and the future augurs well. The domestic pharmaceutical market reached

~₹864 billion (US\$13.8 billion) in FY15 (Source: AIOCD MAT).

### Core Strengths

- Portfolio approach focused on chronic disease segments
- Nearly 50% of revenues accrue from biologics
- Key products feature among Top 10 brands in diabetes, cancer, cardiovascular, nephrology segments
- Emerging as a specialty franchise
- Targeting in-licensing opportunities to drive specialty portfolio growth
- Enjoy trust of doctors, patients owing to proven scientific expertise
- Product range that is 'Made in India' and 'Made for India'

### Key Developments

Leveraging a portfolio of 60 differentiated brands across multiple therapy areas, the Branded Formulations-India business reported revenues of ₹4.30 billion growing at 10% Y-o-Y. It accounted for about 14% of Biocon's total revenues for FY15.

In keeping with our aspiration of

emerging as a specialty franchise, we continued to optimize portfolios with an intent to focus on select anchor brands and streamlined the sales force to support these brands. This strategic shift has resulted in a modest topline growth compared to previous years, but operating profit for the business has more than doubled from a year ago. Our Top 10 brands have grown over 30% in FY15, while the Indian pharma market reported an overall growth of 12% (Source: IMS).

Given our commitment to introduce innovative therapies at an affordable price to patients across India, Biocon entered into an agreement with Gilead Sciences to license its chronic hepatitis-C blockbuster product, introduced as Cimivir™ (Sofosbuvir) by Biocon. New brands such as CANMAB™ (Trastuzumab) in Oncology, BIONESP™ (Darbepoetin) in Nephrology and CytoSorb® in Critical Care have also delivered on Biocon's promise of increasing accessibility to critical therapies in India.

The launch of CANMAB™, the world's most affordable Trastuzumab, has enhanced patient access to this critical therapy by nearly 30% in India.



## Branded Formulations - Divisional Review

### Metabolics

The Metabolics division, which is a combination of brands in diabetes and cardiovascular therapies, has created a complementary portfolio resulting in a holistic treatment for co-morbid diabetes, hypertension and dyslipidemia.

During FY15, we introduced a second-generation, low-cost, reusable insulin pen, INSUPen® EZ, which provided diabetic people in India a user-friendly and affordable

device for effective management of diabetes.

Also during the year, our flagship brands Insugen® and BASALOG® reported remarkable growth, becoming the fastest growing brands in their respective categories. Insugen® continues to be the biggest Indian brand of insulin.

### Patient-Centric Programs

During the year, the Metabolics division implemented several patient

outreach initiatives around screening, compliance and adherence. The 'Decade of Excellence of Insugen®' was celebrated to mark 10 years of the introduction of an affordable insulin in India. As a part of this program, a unique multi-stakeholder event 'Winning Together' was also organized to promote patient-doctor engagement and help raise awareness about managing diabetes through diet, exercise, foot care, among others.

**O**ncotherapeutics division crossed a significant revenue milestone of ₹1 billion in FY15.

Our Insulin Therapy Assistance Program (iTAP), a structured visit plan that involves counselling by Diabetes Care Advisors (DCAs) to improve patient compliance to insulin therapy, has led to significant positive outcomes. More than 450 patient education programs were conducted during the year that translated into 99% patient satisfaction and improved retention on therapy, up to 88%.

"I have controlled my diabetes with the help of insulins and medical support. Now I am fit and extremely happy with Biocon's patient services."  
 – A patient who participated in 'Winning Together' initiative

**Physician Education Programs**

ABIDE, our novel diabetes education initiative for medical practitioners, has been doing extremely well. It has the unique distinction of being the first and only academic program to be recognized and accredited by the Endocrine Society of India, a premium academic society comprising top endocrinologists of international repute. ABIDE is now gearing up to launch an online portal that will

enable physicians to share patient management experiences with their mentors and peers, thus enabling cross learning.

"The academic content of ABIDE was very precise and the speakers were highly competent. It was one of the best academic programs I have attended so far."  
 – A participant in one of the ABIDE programs

**Outlook**

The division will continue to focus on diabetes therapies while offering affordable treatment options for associated cardiovascular diseases.

"Biocon needs to be congratulated for introducing this innovative program, ABIDE, which is transformational and path-breaking."  
 – A faculty member at the ABIDE program

**Metabolics: Our Inclusive Approach**

<b>Top Brands</b>	Insugen®, BASALOG®
<b>Patients</b>	<ul style="list-style-type: none"> <li>○ Nearly 120,000 patients registered on INSUPen®</li> <li>○ Over 40,000 patients have undergone iTAP program</li> <li>○ Over 1,600 patient-centric activities conducted so far</li> <li>○ Nearly 174,000 patient visits made by Diabetes Care Advisors</li> </ul>
<b>Doctors</b>	Conducted over 50 courses involving more than 2,000 physicians across 150 cities under the ABIDE initiative

**Oncotherapeutics**

Launched in 2006, the Oncotherapeutics division is making a meaningful impact in cancer care in India with its niche portfolio of drugs, thus contributing significantly to our objective of bringing affordable and innovative medicines to the market. Biocon

has emerged as a leading oncology company and our Oncotherapeutics division crossed a significant revenue milestone of ₹1 billion in the year. Our top oncology brands performed exceptionally well, with BIOMAb EGFR®, CANMAb™ and Abraxane® catalysing the division to report exemplary growth in FY15.



CANMab™, a convenient, affordable and new life-saving therapy option for HER2-positive metastatic breast cancer patients launched in FY14, has made a tremendous impact with thousands of patients undergoing treatment in the first year. It has been by far the best launch in the history of the Branded Formulations-India business, based on the number of lives it has touched.

#### Patient-Centric Programs

The division organized a 'Free Oral Cancer Screening Week' in collaboration with Indian Cooperative Oncology Network (ICON) and Indian Dental Association (IDA) during which over 8,700 people

were screened. It also offered free HER2 testing for metastatic breast cancer patients. It also joined hands with the Indian Cancer Society to raise breast cancer awareness in rural areas under the 'REACH HER2SAVE HER' program.

#### Physician Education Programs

Continuing medical education programs aimed at helping oncologists keep abreast with the latest developments in the field of oncology were held during the year. 'CONVERGE 2014,' an exclusive summit, was held during the year to deliberate on breast cancer. It was well-attended by key oncologists from all over the country. A special book on breast cancer, authored by 125 oncologists, was also released during the event.

#### Outlook

As an extension of its mission to help cancer patients, the division is exploring other therapy options that will address unmet needs in cervical cancer, metastatic head & neck cancer and oesophageal cancer in India.

#### Oncotherapeutics: Our Inclusive Approach

Top brands	CANMab™, BIOMab EGFR®, Abraxane®
Patients	Over 20,000 patients treated since launch
Doctors	Coverage of over 1,400 oncologists

Hundreds of psoriasis patients, including a few from overseas, who underwent treatment with ALZUMAb™ in India have benefited immensely.

## Immunotherapy

The Immunotherapy division, established in 2010, has a niche portfolio of oral and topical immunosuppressants and our flagship novel biologic ALZUMAb™ (Itolizumab), the world's first anti-CD6 monoclonal antibody launched in India for acute psoriasis in FY14. The team has been engaged in bringing to the market its portfolio of safe, efficacious and affordable drugs for a wide range of immune-related disorders.

ALZUMAb™ is a new line of treatment for psoriasis, hence the team is focusing on market shaping through seminars aimed at educating the medical community on the benefits of using biologics for autoimmune diseases. The product has expanded the market. Hundreds of psoriasis patients, including a few from overseas, who underwent treatment with this innovative product in India have benefited immensely.

### Patient-Centric Programs

Besides regular patient outreach programs, special awareness campaigns on psoriasis were run on radio and print media for the benefit of patients and caregivers. A compassionate care program,

'Kiran: A Ray of Hope', has also been introduced for underprivileged patients who are unable to afford treatment with ALZUMAb™.

### Physician Education Programs

A high-impact, in-clinic communication program related to brand ALZUMAb™ was launched to get medical practitioners to understand the role of biologics in treating psoriasis.

An exclusive scientific session was held for key specialists with Dr. Vijay Kuchroo, a globally-renowned immunologist and an Independent Director on the Board of Biocon. Dr. Kuchroo provided deep insights into the evolving science of immunology and the role of Th17 in autoimmune diseases in the backdrop of ALZUMAb™ launched by Biocon for patients in India.

Biocon stepped up its outreach program through scientific presentations at international, national and zonal dermatology events like EULAR, the Annual Meeting of British Association of Dermatologists,

DERMACON and CUTICONS, as a part of its overall strategy to educate medical practitioners.

Several other programs targeted at dermatologists were also organized to increase awareness on the benefits of treatment with brands like TBIS® and PSORID™. The underlying objective was to improve the knowhow of the doctors and thereby enable them to upgrade the line of psoriasis treatment from topicals to methotrexate to cyclosporine to biologics.

Immunodermatology workshops covering the entire spectrum of available treatment options were conducted across India. These provided us the opportunity to strengthen our relationship with over 500 doctors who participated in these workshops.

### Outlook

The division seeks to be a leader in the immunodermatology segment with a comprehensive portfolio of topical, systemic and biologic therapies.

### Immunotherapy: Our Inclusive Approach

Top brands	ALZUMAb™, PSORID™ and TBIS®
Patients	Over 20,000 patients treated since launch
Doctors	Coverage of nearly 5,000 dermatologists



## Nephrology

The Nephrology division has been focusing on providing a comprehensive and innovative range of therapies for chronic kidney disease patients. TACROGRAF™, which is now the No. 2 Tacrolimus brand in India, emerged as a power brand in our transplant portfolio in FY15. In the anemia management space, ERYPRO safe™ (Erythropoietin) has differentiated itself by offering

an innovative safety solution. We successfully launched BIONESP™ (Darbepoetin) in FY15 to provide better compliance with anemia management in early-stage patients.

### Patient-Centric Programs

The Nephrology division played an active role in educating people across the nation about kidney disease through a special campaign on All India Radio on World Kidney Day. The importance of organ donation was conveyed through the 'Pledge Your Organ' initiative aimed at the general public to commemorate World Organ Donation Day. We also partnered with healthcare trusts and hospitals across India to organize chronic kidney disease screening camps and distributed patient starter kits for better anemia management.

### Outlook

This division with its Top 3 brands – TACROGRAF™, ERYPRO™ and RENODAPT® - has been able to consistently cater to various patient needs. With a de novo patient penetration of 30% through our immunosuppressants portfolio, we are progressing towards our vision of touching the lives of every transplant patient in India.

## Comprehensive Care

Launched in 2010, the Comprehensive Care division of Biocon is playing a crucial role in the critical illness segment with an existing anti-infective portfolio and the introduction of novel therapies in surgical trauma and sepsis management.

Biocon expanded its strategic partnership with CytoSorbents in FY15 for CytoSorb® to treat Systemic Inflammatory Response Syndrome (SIRS), which can be caused by a wide range of life-threatening conditions inside an intensive care unit (ICU) as well as post-surgical complications.

### Patient Education Programs

Besides regular patient assistance programs, a special information booklet Cytosorb® Dialysis Technician Guide was published to aid the usage of Cytosorb®.

### Physician Education Programs

During the year, a Cytosorb® Advisory Board was constituted and under its guidance the team organized several information and knowledge sharing events, including a CytoSorb® International Speaker Program, Cytosorb® Poster Presentation events at international symposia, Cytosorb® Knowledge Sharing Program and Cytosorb® Users and Non-users Meet.

An IMICELUM™ In-Hospital Experience (IHE) Study was also

### Nephrology: Our Inclusive Approach

Top Brands	ERYPRO safe™, TACROGRAF™, RENODAPT®
Patients	Nearly 15,000 patients treated since launch
Physicians	Coverage of nearly 1,500 doctors

As a leading biologics company we constantly challenge ourselves to make branded biopharmaceuticals affordable and accessible.

conducted during the year. The brand is one of the most widely used therapies in sepsis management. Most of the doctors covered by the study said a majority of patients treated with IMICELUM™ showed early response i.e. within five days of therapy. Moreover, it reduced hospital/ICU stay without compromising patient safety. IMICELUM™ therapy was unanimously recommended by clinicians for managing infections in critically ill patients.

The In-Hospital Experience with PENMER™ (INHEP) Study underlined the effectiveness of PENMER™ in the management of serious bacterial infections. It has shown the best results within 72 hours of therapy initiation. PENMER™ provides

comprehensive improvement in clinical symptoms and can be used effectively with other anti-bacterials safely, as per the study.

Several other monthly campaigns like 'Beat the Bug,' 'Scale Down Medication Error,' 'Surviving Sepsis Campaign,' 'Paint Pancreas Pain-Free Happy' and paramedic engagements like 'Healthcare Training Program for Cytosorb®' and 'Nightingale Activity for Nurses' were also conducted during the year.

**Outlook**

A high prevalence of certain viral and bacterial infections among the Indian population coupled with a dramatic increase in resistance of certain microorganisms towards conventional antibiotics have warranted the need for the introduction of new anti-infectives in the market. We are gearing up to capitalize on this opportunity and position Biocon as a reliable partner for critical care.

**Comprehensive Care: Our Inclusive Approach**

<b>Top brands</b>	Cytosorb®, IVNEX™, BiopiperTZ™, PENMER™
<b>Patients</b>	<ul style="list-style-type: none"> <li>o Access to over 1,000 key hospitals across the country</li> <li>o CytoSorb® has helped treat over 400 patients since its launch</li> </ul>
<b>Doctors</b>	Around 10,000, including specialists such as intensivists, nephrologists, gastroenterologists, surgeons and neurologists among others

*"CytoSorb® has given a new kidney and a new life to my mother."  
- A patient's son*

**Doctors on CytoSorb®**

<p><i>"A New Paradigm : Blood Purification in Sepsis." - A Critical care specialist from Mumbai</i></p>	<p><i>"Successfully treated critically ill sepsis patients." - Intensive care specialist from Delhi</i></p>	<p><i>"A novel therapy to address sepsis." - A Critical care specialist from Pune</i></p>	<p><i>"A predominant therapy for Sepsis." - An Intensivist from Chennai</i></p>
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**Branded Formulations India - Outlook**

Overall, Biocon's Branded Formulations business in India has been progressing well and with a strategic focus on niche therapies and anchor brands it is poised to do even better. Going forward, we will

strengthen the specialty segments of metabolics, oncology, immunology and nephrology, with the objective of establishing Biocon as a market leader in each of these areas.

We will also step up our investments in new verticals such as virology and

will increasingly target in-licensing opportunities to drive the growth of our specialty products portfolio.

As a leading biologics company we constantly challenge ourselves to make branded biopharmaceuticals affordable and accessible.



## Small Molecules

Biocon's 'Exclusively inclusive' journey began with our Small Molecules business, which is built on the back of our unique strength in fermentation technology and entrenched presence in the chronic therapies space. Our differentiated portfolio spans complex molecules ranging from cardiovascular and anti-obesity agents to immunosuppressants and narrow-spectrum antibiotics. Our varied portfolio has enabled us to build a commercial footprint across the globe, providing affordable access to patients and partners. Our state-

of-the-art manufacturing facilities and strict quality compliance to rigorous regulatory requirements have made us a preferred partner for Active Pharmaceutical Ingredients (APIs). Building on our core expertise in APIs we are developing value-added generic formulations for both emerging and developed markets.

### Market Trends

Global spending on medicines is forecast to grow to nearly US\$1.3 trillion in 2018 (*Source: IMS*), with generic drugs making up 50-60% of this pie. About half the sales of generic drugs will be in

highly regulated markets such as the US, the EU and Japan, with the US projected to grow at a CAGR of 5%-8% through 2018 (*Source: IMS*). While emerging markets like Asia, Africa, East Europe and Latin America are expected to account for a smaller share of the generics opportunity, sales are expected to grow faster at a CAGR of 8%-11%. A large percentage of growth in drug spending is expected to be driven by the oncology, autoimmune, respiratory, anti-virals and immunosuppressant therapy areas, which also augurs well for Biocon.

**W**e continue to be one of the largest statins and immunosuppressants manufacturers in the world.

### Core Strengths

- Expertise in fermentation technology
- Leadership in statins
- Growing leadership in immunosuppressants
- State-of-the-art manufacturing capabilities for complex molecules
- Facilities conforming to highest quality and regulatory standards
- Forward integration of fermentation-based APIs into finished dosages
- Robust product pipeline of 'difficult to make,' technology intensive molecules for emerging and developed markets

### Key Developments

#### Small Molecule – APIs

The Small Molecules business across regulated and emerging markets was stable, reporting a flat growth resulting from the geopolitical turbulence in the Middle East and North Africa (MENA) region and slow offtake of the novel API, Fidaxomicin.

We continue to be one of the largest statins and immunosuppressants manufacturers in the world, and the business benefited from a good performance in both these products portfolios.

With a strong focus on R&D in the Small Molecules business, we

built a robust pipeline of complex generic products. We maintained the momentum of regulatory filings with over 20 new Drug Master Files (DMFs) being filed in various countries.

In FY15, our manufacturing sites successfully underwent 10 audits by health regulators, including those from US, EU and Mexico. Our uncompromising compliance with stringent quality and regulatory requirements formed the foundation of our success in these audits. The API facility in Hyderabad was qualified by the US FDA, Mexico's COFEPRIS and the Danish Health and Medicines Authority.

Our Hyderabad facility was also awarded by CII-Southern Region for its Environmental, Health and Safety (EHS) practices. It is the only pharma facility from Hyderabad to have received this award in the last eight years.

#### Generic Formulations

The Generic Formulations business, established in 2012, filed its first set of Abbreviated New Drug Applications (ANDAs) in the US and Marketing Authorisation Applications (MAAs) in the EU during FY15. These filings are in line with our strategy of reducing the threat arising from the commoditization of APIs, by moving up the value chain to develop generic finished dosages for global markets.

Forward integration of complex fermentation-based APIs, expertise in producing large-scale sterile injectables and manufacturing capabilities for device-based products are our key differentiators in the competitive generic formulations space. To strengthen this business further we are also setting up a greenfield oral solid dosage facility.

#### Outlook

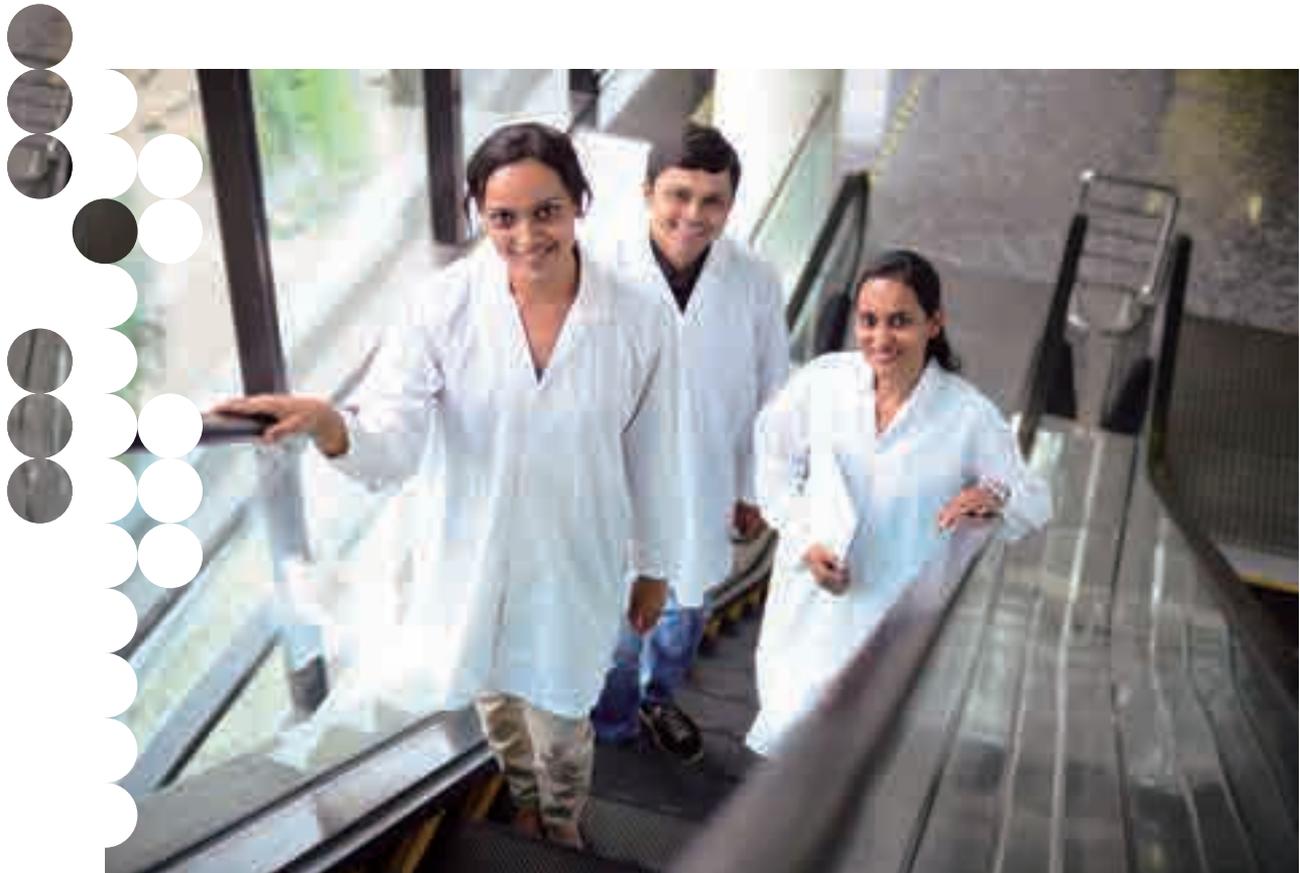
While immunosuppressants and statins continue to be the mainstay of the Small Molecules business, Biocon is building a pipeline of complex new generic products in segments such as oncology, neurology and ophthalmology.

We are also in the process of obtaining regulatory approvals in newer geographies to redeploy sales from the troubled MENA region and offsetting the pressure on the business.

In Generic Formulations, we continue to evaluate the attractiveness of new molecules to add to our nascent pipeline with the intention of manufacturing complex products that provide profitable vertical integration opportunities.

The Small Molecules vertical, a significant contributor to Biocon's revenue, is currently positioning itself to contribute effectively to our aspirational revenue target of US\$1 billion by 2018.

# Global Marketing



Biocon's Global Marketing team is taking safe, efficacious and affordable drugs to countries challenged with a rising incidence of non-communicable diseases (NCDs) like diabetes, cancer and autoimmune disorders. The treatment costs of NCDs are simply unaffordable in many developing economies where the 'standard of care' is equivalent to several months' wages for a majority of the population. In keeping with our 'Exclusively inclusive' ethos, Biocon's APIs and generic formulations are helping individuals

lower their out-of-pocket spend and governments bring down their per capita expenditure on healthcare. We leverage our marketing alliances to extend our reach into North America, South Asia, Latin America, the Middle East and Africa.

## UAE

NeoBiocon, our subsidiary based in the UAE, has a robust portfolio of differentiated formulations for cardiology, diabetology and oncology. It operates in a regulated and insurance-dominated pharmaceutical market. The

Company engages with a strong network of over 2,500 oncologists, cardiologists, internists, pediatricians, gastroenterologists and general physicians in the Middle East and the GCC countries. A majority of our brands are ranked among the top generic brands in their respective therapeutic segments.

The US\$1.6 billion branded generics market in the UAE, growing at 11% annually, is characterized by stiff competition from Big Pharma and local generics companies. NeoBiocon, ranked 22nd, has carved

**N**eoBiocon is the No. 1 generics company in cardiovasculars with a 4.7% share of the UAE market.

out a 1.3% market share within just three years despite a challenging environment. (Source: IMS)

NeoBiocon's Branded Generics division caters to the high incidence of lifestyle diseases in the UAE. The prevalence of cardiovascular disease and diabetes in the UAE, at over 15%, is higher than the global trends. Our targeted therapeutics are the first generic brands offering reliable levels of efficacy, safety and quality in a market dominated by innovator brands. NeoBiocon is the No. 1 generics company in cardiovasculars with a 4.7% share of the UAE market. Overall it is ranked No. 6 in a space dominated by Big Pharma. With several cardiovascular and diabetes management drugs in the pipeline, NeoBiocon is poised for long-term growth in this market. (Source: IMS)

Our Oncology division offers innovative, life-saving products to patients and partners in the region, where cancer care is a fast-growing therapy area. Biocon's Abraxane® is the second largest chemotherapy brand in UAE with a 31% share of the taxane market in the Gulf region. In a market with high entry barriers, NeoBiocon features on the list of the Top 15 oncology companies. (Source: IMS)

A few of our brands have also gained entry into hospitals, which typically use innovator brands.

NeoBiocon has reported a strong growth, doubling its turnover over a period of two years. Several partnering agreements were inked for a range of biologics, which will strengthen our portfolio and enhance patient access.

### LATAM, CIS and Africa

During the year, we concluded several partnering arrangements for a wide range of our products in the LATAM, CIS and African countries, which will widen our commercial footprint in the emerging markets.

In the LATAM region, we identified strategic partners for biosimilars in key markets and also expanded existing partnerships in Argentina, Chile and Colombia.

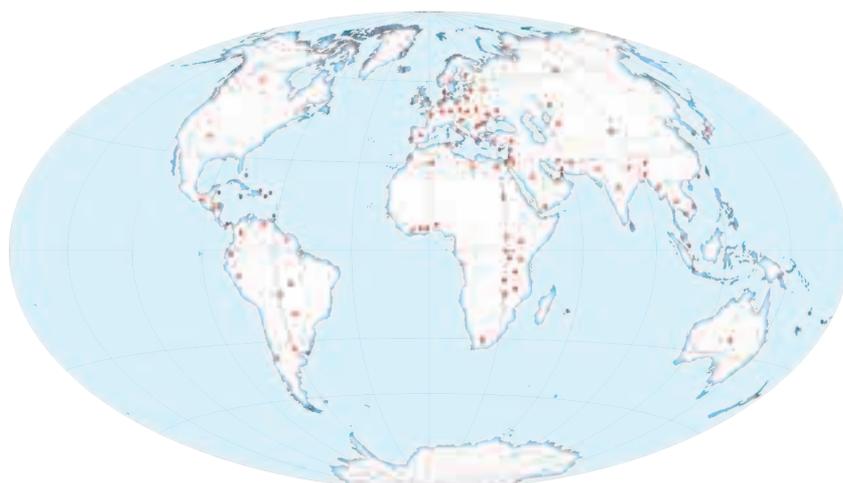
The partnership for our biosimilars and generic insulins with a prominent player in Russia will help strengthen our presence in the region. We expect good growth from our existing product range as well as a new statin which is in the process of being commercialized.

Biocon's successful registration of Glargine and another immuno-modulator in some of these markets will catalyze regional expansion. The registration of key generic formulations in Brazil and Argentina is expected to generate reportable outcomes in FY16.

### APAC

Biocon has made further progress with product filings in Japan in FY15 which will help in product introduction soon. We have stepped up our focus on China and are working on strengthening our

### Biocon's Commercial Footprint Across the World in Over 100 Countries



position as a preferred partner for complex small molecules and biologics. We are also exploring licensing opportunities for insulin analogs and biosimilars in key APAC markets.

### North America

The North American operations, comprising the US, Canada and Mexico, are significant contributors to our global sales. Successful alliances for a complex portfolio that includes immunosuppressants and peptides, high quality products and responsive client services have made us a sought-after partner in the region. Our clients for these products comprise Big Pharma companies, generic pharma players, biotech companies and startups.

The ongoing consolidation of North America's pharma sector in FY15 has led to the emergence of a vertically-integrated customer base in the region. The increasingly vigilant

approach of regulators related to GMP compliance has enhanced the importance of quality-conscious companies like Biocon. In order to enhance our value proposition we continued to invest in developing a strong ANDA portfolio.

During FY15 we advanced our business in the region by partnering for a range of biosimilars, insulins and generic formulations. In Mexico, Biocon along with its partner, PiSA Farmaceutica, has played a significant role in enabling access to generic rh-Insulin over the last eight years. Over 70% of Mexico's population is overweight and prone to developing diabetes. Last year, over 9 million cases of diabetes were reported. The approval of Insulin Glargine in Mexico through our partner, who will market the product as Galactus, will further enhance access to an affordable insulins portfolio in the country.

Our outlook for the North America region is positive and major value

creation is expected as the market opens up for our biosimilars and ANDAs.

### Europe

A number of generic companies focused on the developed markets have tied up with Biocon for API supplies. These customers are gearing up to introduce key generic formulations of Sirolimus, Rosuvastatin, Mycophenolate Sodium and Everolimus over the next two to four years. We are positioning ourselves to be their preferred source of APIs for these new products as well as working on a set of Drug Master Files (DMFs) for products expected to go off patent in Europe between 2020 and 2025. Good product development traction among leading Indian generic companies with our APIs is becoming increasingly visible, which bodes well for our growth in this region.

# Research Services



As a leading India-based Contract Research Organization (CRO), Syngene is extending its parent Biocon's 'Exclusively inclusive' promise to R&D focused organizations across the world. Syngene offers an array of integrated discovery and development services with a distinctive cost advantage to enable novel molecule R&D. We offer attractive variable cost alternatives to the traditionally fixed cost, in-house, resource intensive business models of pharma innovators. In FY15, our flexible and customized business model enabled us to support nearly 200 clients, ranging from start-ups to mid-sized enterprises as well as eight

of the Top 10 global pharmaceutical companies (*Source: IMS 2014 sales data*). We leverage India's large, high quality, low-cost scientific talent pool to contribute to our partners' R&D programs, helping them bring innovative products, biosimilars and generic molecules to patients across the world.

#### Market Trends

CROs are increasingly accounting for a larger share of the life sciences R&D dollars being spent today. The global R&D expenditure for the pharmaceutical industry in 2014 was estimated at ~US\$139 billion, of which US\$105 billion could

have potentially been outsourced (*Source: Frost & Sullivan Report*). IQ41 Research estimated the outsourcing penetration of CRO discovery services in 2013 to be 51.9% of the global pharmaceutical and biotech industry. This is now poised to grow to 65.7% by end-2015, reflecting a CAGR of 12.5%. The global CRO market for discovery services, Syngene's core focus area, was estimated at US\$15 billion in 2014 and is expected to reach US\$23 billion in 2018, reflecting a CAGR of 11.5%.

Increasingly, small virtual pharma and biotechs including PE-backed



firms with sizeable intellectual property are outsourcing R&D work to third party service providers. Externalization of R&D has emerged as the centre piece of the radical business model deployed by these pharma and biotech start-ups. The trend is reinforced by increasing R&D outsourcing in Asia, with clients looking beyond cost arbitrage, to R&D productivity and innovation. Moreover, large pharma and biotech clients now prefer to work with a select group of CROs with either

an integrated service platform or differentiated capability.

#### Core Strengths

- One-stop offering for discovery and development requirements of NMEs
- Integrated discovery (from hit to candidate selection), development (preclinical, clinical, analytical, bioanalytical, formulations, stability) and pilot manufacturing (scale up, preclinical, clinical) platforms for small and large molecules
- New differentiated service platforms including antibody drug conjugates and oligonucleotides
- Flexible and customized business models ranging from FTE to FFS
- High quality scientific talent with over 90% scientists holding a Masters or a Doctoral degree
- Strong focus on IP protection, data confidentiality and quality

#### Key Developments

With its integrated offerings and the India cost advantage, Syngene is well-positioned to benefit from the global CRO market growth. We closed FY15 with sales of

₹8.23 billion, reporting a growth of 15% on the back of a strong fourth quarter during which our sales grew by 27%.

Our performance was driven by good traction across services supported by capacity and capability expansions and a strong order book. We expanded our current small molecule manufacturing facilities in Bangalore and are expanding our large molecule manufacturing capabilities with a new unit in Bangalore. We also established new capabilities including a 75,000 square feet, GMP-certified, multi-product Stability Centre, which supports stability studies for early stage IND to commercial programs.

A key highlight of FY15 was the extension of our discovery and development partnership with BMS till 2020, reflecting the strength of the existing collaboration that has delivered many successful outcomes. The scope of our engagement has expanded over time to encompass a broad range of integrated service offerings across drug discovery and development.

Our manufacturing facility successfully underwent a pre-approval inspection by the FDA – the

**S** Syngene intends to evolve from a CRO into a full-fledged CRAMS company providing additional forward integration opportunities to its clients.

first such audit of our facilities by the US regulator – underpinning the high quality of our systems and processes.

We are expanding into Viral Testing Services and foraying into commercial scale manufacturing of New Molecular Entities (NMEs).

#### Outlook

Our strong revenue momentum is underpinned by growing revenues from existing customers and addition of new ones. We intend to evolve from a CRO into a full-fledged Contract Research and

Manufacturing Services (CRAMS) company providing additional forward integration opportunities to our clients. In line with this ambition, we recently entered into a long-term contract with an existing client for commercial manufacturing of a novel small molecule API, which is currently under late-stage development. This model can be replicated with many of our clients with programs in late-stage clinical development. We have commenced the establishment of a new large scale facility in Mangalore to

manufacture novel small molecules for innovator companies in pharmaceutical, agrochemical and other industrial sectors.

Syngene with a combination of high-end scientific talent, global accredited systems, R&D infrastructure and continued focus on IP protection is well-positioned to capture a robust share of the growing CRO market.

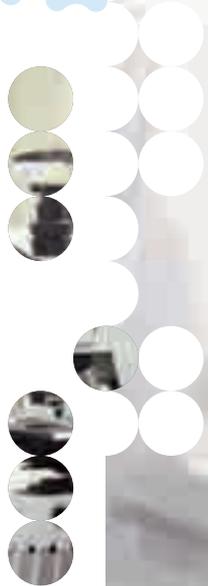
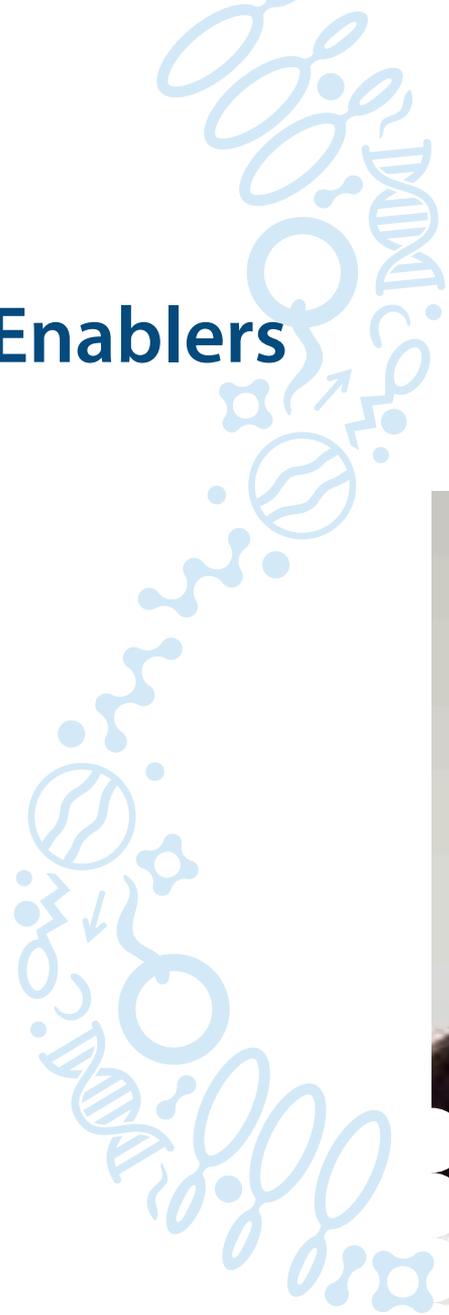
We are preparing to list Syngene on the Indian stock exchanges subject to regulatory approvals.

**In a post-Balance Sheet development, Syngene filed its Draft Red Herring Prospectus with regulators on April 22, 2015 seeking approval for an IPO.**

#### Key features of the scheme are:

- Listing is an Offer for Sale (OFS) by Biocon
- Sale of up to 22 million equity shares (including a reservation of 10% of the issue to retail investors of Biocon)
- OFS constitutes 11.0% of the post-offer paid-up equity share capital
- Issue type: 100% Book Built Issue
- Face value: ₹10 per equity share
- Listing on: BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
- Book Running Lead Managers: Axis Capital Limited, Credit Suisse Securities (India) Private Limited and Jefferies India Private Limited
- Legal Counsels: Amarchand & Mangaldas & Suresh A. Shroff & Co., AZB & Partners and Sidley Austin LLP
- Biocon (along with subsidiary BRL) holds 84.5% equity stake in Syngene

# Enablers





## Human Resources

Biocon is well-recognized as India's most preferred biotech employer and is highly regarded by the scientific community in the US and Europe. Our HR initiatives aimed at attracting the best talent, nurturing and building an engaged workforce and harnessing a performance-driven culture have been instrumental in building this image. We pride ourselves on creating an ecosystem that encourages a collegial atmosphere conducive to free flow of ideas and collaborative research. These efforts have helped build a 7,500-strong global team motivated and committed to delivering on our 'Exclusively inclusive' promise.

### Key Developments

During FY15, we focused on inculcating and strengthening best-in-class people processes and practices. The successful growth of the Biocon Academy, implementation of SAP, identification of critical talent and a suite of talent enhancement programs have been some key achievements.

### Attracting the Best & Brightest

During the year under review, we recruited 300 employees by deploying innovative talent acquisition strategies including hiring through social media platforms such

as LinkedIn and Facebook and the internal referral program. We won the 'Most Engaging Talent Brand' award among Indian companies at the LinkedIn Talent Excellence Awards held at Singapore.

With a view to bridge the gap between industry and academia, we invited several groups for industry visits and further refined our internship program.

We reached out to prominent academic groups, both international and Indian, by inviting them to our campus. Among the various institutions who visited our campus were the National University of Singapore, Sri Satya Sai Institute of Higher Education (Puttaparthi), Mepco Schlenk Engineering College (Sivakasi), MS Ramaiah Institute of Technology (Bangalore), BIT (Mesra) and SIES (Mumbai).

The internship program engaged over 450 students from international institutes including the Yong Loo Lin School of Medicine (Singapore), Kingston University (UK), University of Manchester (UK), University of Aberdeen (UK), University of Borås (Sweden), New York University (US) and Newcastle University (UK). We also attracted talent from premier Indian institutes like IIT, BIT, NIT, Delhi School of Economics, NIPER and

Tata Institute of Social Sciences. Our interns worked on projects across functions spanning Quality, R&D and Operations.

### Malaysia: Growing in Strength

Biocon Malaysia today has more than 300 employees. The year witnessed a keen emphasis being laid on attracting best-in-class talent from the industry, formulating learning and development exercises and fine-tuning HR operations. We recruited talent with both local and international experience most of whom were put through intensive training at our facilities in India.

### Effective Performance Management

Our leadership in innovative science is built on a philosophy of constant performance augmentation supported by a culture of competencies, values and collaboration. Our robust performance management program is designed to encourage and reward talent that harmonizes achievement of organizational goals with personal aspirations and milestones.

### Developing Competencies

Our Learning and Development team implemented various learning platforms, including 'Train the Trainer' networks, 'E-Learning,' 'Communities of Practice' and 'Leader Networks'

benefiting over 2,500 employees.

ISURGE, our leadership development platform, implemented several initiatives aimed at integrating multiple levels of leaders to build synergies. Being an integral part of our talent strategy, ISURGE includes coursework, assessments, action learning projects and talent reviews.

We built on our strong association with reputed institutions to continuously deliver technical programs to enhance the biopharma-related technical knowledge of our talent pool.

### Reinforcing a Gender Diverse Ecosystem

Gender diversity is a key focus area at Biocon, where women make up over 14% of the workforce. We endeavour to bridge the gender divide by giving women the opportunity to pursue successful careers in an environment of mutual respect. From middle management to the Board of Directors, women are well represented in the Company. To reinforce our longstanding commitment to advancing and empowering women at the workplace, Biocon signed up for the Women's Empowerment Principles (WEP), an initiative of the UN Women and the United Nations Global Compact.

### Harnessing the Power of Youth

Our employee age profile is testimony to Biocon being the preferred destination of young, aspiring biotech professionals. Over half our human capital is under 30 years of age making Biocon an incubator of exciting new ideas.

### Fun at Work

Employee engagement is critical to the motivation and effectiveness of an employee. With a view to building an engaged organization, we conducted several cultural and sports events, giving employees a platform to interact in an informal environment. Awareness on important topics like Workplace Health and Safety, Cancer Prevention etc. were highlighted through quizzes, poster-making competitions and other fun activities all aimed at increasing employee participation.

### Connecting with the Society

Biocon is a strong proponent of socially-conscious living. Our values were reflected across a number of CSR activities that encouraged employee participation.

- Wish cards from several NGOs were placed at various locations during this year's 'Joy of Giving Week,' encouraging employees to contribute and make a difference.
- A blood donation camp was

**G**ender diversity is a key focus area at Biocon where women make up over 14% of the workforce.

organized in association with Victoria Hospital and Bowring Institute.

- Biocon employees donated through the CUPA Shelter website during an animal care event organized along with CUPA.
- To mark Biocon's 36th Founder's Day on November 29, 2014, a fun-filled carnival was organized for children. The painting competition, nutritional camp and a heart-warming performance by the children of Adwaya Foundation were the highlights of the celebrations. To express gratitude for being a part of the Biocon journey, each family was honoured with a 'bountiful tree,' planted by 'Grow Trees' at Chintamani, Karnataka.
- While celebrating Women's Day we also tried to make a difference

to the lives of the less privileged by sourcing gifts for our women colleagues from NGO Sabuj Sangha.

### Biocon Academy: Addressing the Skill Deficit

The Biocon Academy, a Center of Excellence for Advanced Learning in Applied Biosciences, completed its first year with 90 students graduating successfully. In keeping with its goal of addressing the skill deficit in the country's biotech sector, the Biocon Academy is gearing up to launch a new course in Management of Bio Sciences in FY16.

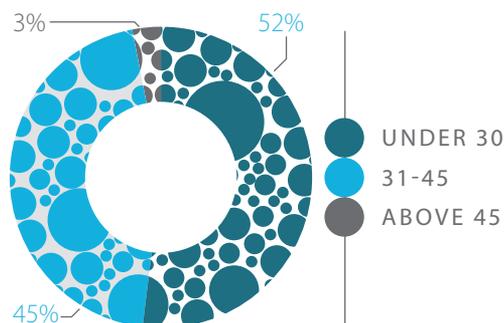
### Setting Priorities for FY16

- Strengthen our image by enhancing the employee value proposition to make Biocon the most preferred employer in the industry.

- Establish a robust competency framework making it the foundation for talent management and succession planning exercises and enable a transparent merit-based reward and recognition process.
- Initiate special programs for grooming critical and high-potential employees.
- Impart skill-based training in clusters and build a reward mechanism around the same.
- Enhance focus on competence-based hiring.
- Enhance the current curriculum and introduce new courses for technical as well as behavioral skills.
- At Biocon Malaysia, move all people-based processes to the online platform.

Company	No. of Employees as on March 2015	No. of Employees as on March 2014
<b>Biocon</b>		
India	4555	4775
Malaysia	307	251
Syngene	2666	2262
<b>Total</b>	<b>7528</b>	<b>7288</b>

### EMPLOYEES' AGE PROFILE





## Supply Chain Management

The Supply Chain Management (SCM) function has helped Biocon deliver on its 'Exclusively inclusive' promise by arming us with a competitive edge in a space characterized by complex manufacturing processes and stringent regulatory norms. An integrated SCM function enables the end-to-end management of products ranging from fermentation-derived small molecule APIs to recombinant proteins and monoclonal antibodies. Careful planning, smart sourcing and continuous monitoring have improved operational efficiency. Seamless supply chain processes

encompassing business verticals, manufacturing locations and a diverse product portfolio have helped ensure timely product delivery, cost optimization, better compliance and ultimately, increased customer satisfaction.

### Key Developments

#### Building a Competitive Supply Chain Function

Our process improvement programs and key partnerships with external stakeholders have supported the rapid growth of our business. Our consolidated supply chain structure resulting from investments in resources and a responsive team aligns various functions to our

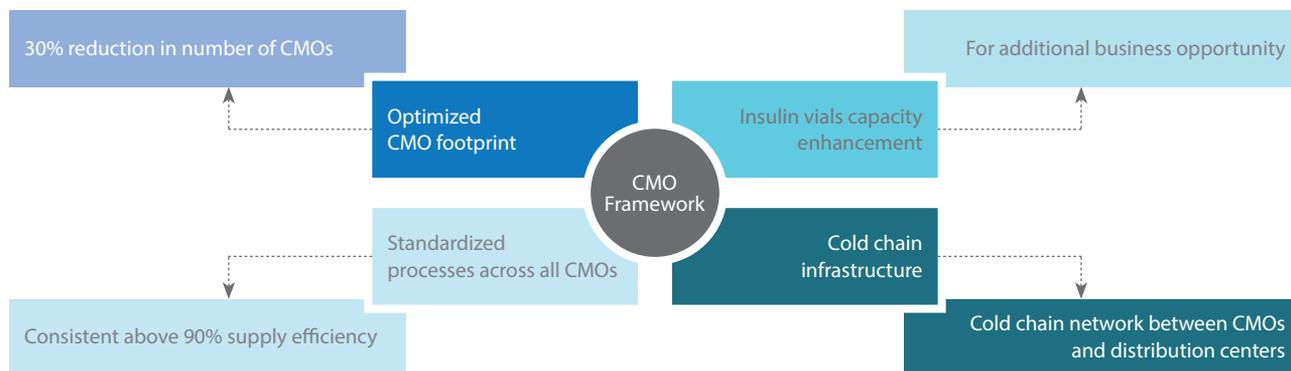
aspiration of achieving US\$1 billion in revenues by 2018.

#### Driving Operational Efficiencies

Our integrated demand and supply planning has led to inventory optimization across the supply chain. Customized supply chain solutions are supporting business growth in various products and regional markets. Process standardization and simplification have facilitated consistent reproducible productivity and error minimization. Real-time data is also being used to improve analytics and monitor Key Performance Indicators (KPIs).

An integrated SCM function enables the end-to-end management of products from small molecule APIs to monoclonal antibodies.

### Strategic CMO Framework Established



#### Implementing Scalable & Secure IT Strategy

Implementation of SAP is providing real-time data visibility across the extended supply chain. In addition, a barcode-based Warehouse Management System (WMS) functioning across warehouses has led to error-free tracking.

#### Building Trust & Transparency

We collaborated with strategic partners including suppliers, contract manufacturers, logistics providers and customers to build trust. Information centralization has helped

us continuously review progress in tracking, monitoring and aligning our Supply Chain operations. Risk profiling was also one of the many strategic initiatives undertaken with key vendors.

#### Improving on Our Strengths

In an effort to create a lean, responsive and customer-led value chain, we continuously improved our SCM. Our efforts helped us better handle operational complexity, make more accurate demand forecasts and enhance our cold chain capabilities.

#### Functioning with Responsibility

In pursuit of the highest standards of EHS, we integrated our efforts by training our people and adopting greener and sustainable logistics.

#### Performance Orientation

During the year under report, we also worked on developing a diverse talent pipeline and leadership that matches the organization's growth ambitions. We emphasized a performance culture that respects organizational values and leverages

### SCM: Capability Development

- |                             |  |
|-----------------------------|--|
| <b>Scalable IT Systems</b>  | <ul style="list-style-type: none"> <li>○ SAP implementation with the key focus on real-time data visibility</li> <li>○ Implementation of barcode-based WMS across all the raw material warehouses</li> <li>○ Established market intelligence platform for commodity purchases</li> </ul>                   |
| <b>People and Processes</b> | <ul style="list-style-type: none"> <li>○ 30+ team members certified by prominent Indian supply chain institutes</li> <li>○ Initiated Six Sigma Green Belt certification to enhance functional expertise</li> <li>○ Cross-functional teams in process improvement programs across business units</li> </ul> |

the operating framework to build and reinforce competitive advantage.

### Integrating SCM Teams at Malaysia and India

With the core value system firmly imbibed, the Malaysia team was able to rethink, reinvent and rewire themselves to establish a robust SCM system at Malaysia.

The SCM framework at Malaysia was

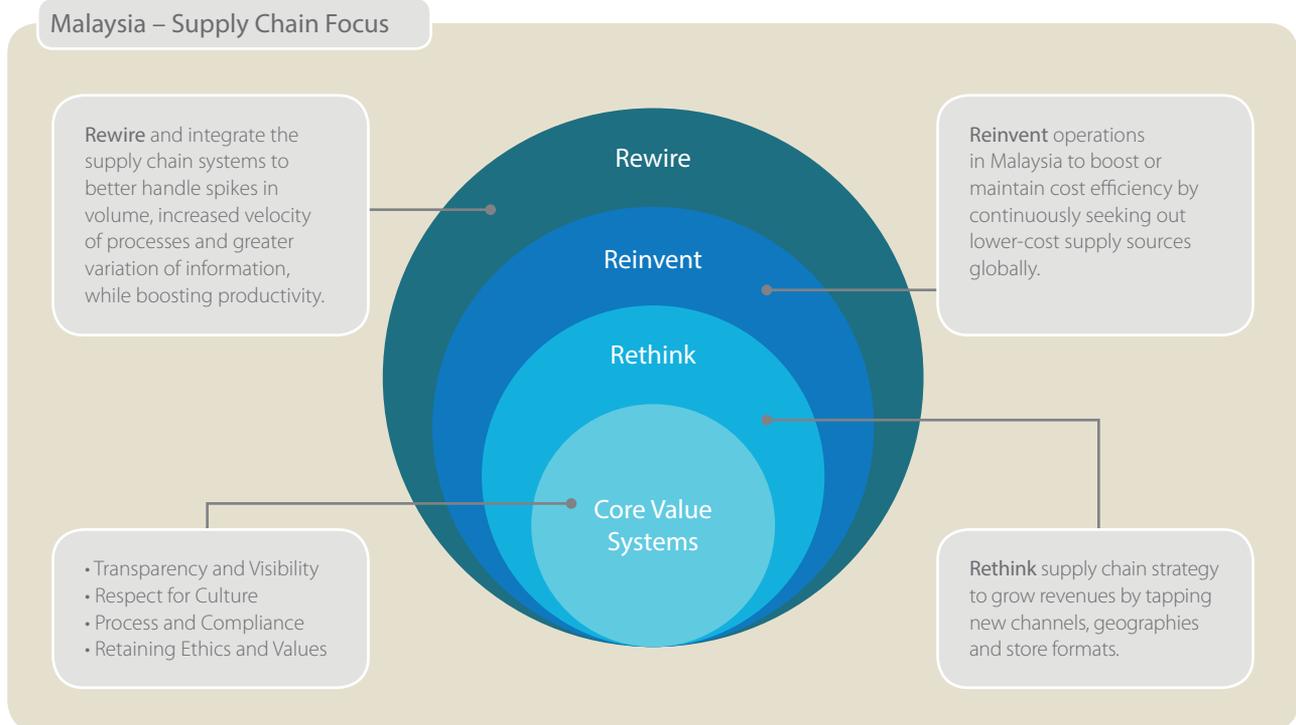
structured around the following key pillars:

- **Processes and Systems:** New SAP (ERP) system was implemented to align with India SCM operations.
- **Sourcing Strategy:** Pursuing novel cost reduction initiatives in key Insulin and Glargine materials.
- **Logistics:** Global logistics

partners were engaged to align and synchronize the supply lines, ensuring compliance.

- **Mitigating Supply Risk:** Capabilities of key supply and logistics partners were mapped with long-term growth plans.
- **Focus on Talent:** Leadership and mid-level teams were trained to handle the complex regulatory environment.

#### Malaysia – Supply Chain Focus





## Environment, Health and Safety

Biocon's 'Exclusively inclusive' business philosophy, emphasizing sustainable healthcare solutions, finds resonance in our constant endeavor to adopt the best practices in Environment, Health

and Safety (EHS). These are built on a compliance culture aligned with statutory local, national and international laws. These practices are governed by a Code of Conduct and internal legal and ethical

guidelines. Building on our successful EHS programs, we have incorporated environmentally sustainable practices across our businesses.



### Key Developments

In keeping with our commitment to achieve the highest global standards of EHS and reducing our environmental footprint, we successfully implemented strategies aimed at optimizing, recycling, recovery and reuse of resources. We obtained necessary approvals, consents and clearances from all national and international agencies and complied with the statutory norms.

### Water Conservation, Recycling and Reuse

We achieved our FY15 goals for reducing our carbon footprint, water

use and waste generation. While reducing our own carbon emissions, we also encouraged our suppliers and consumers to reduce these during sourcing and consumption.

Our substantial investments in a zero-liquid discharge system across all manufacturing units resulted in the recycling of recovered water for onward use at in-house utilities.

Using our eco-greenhouse system, we composted 25 tonnes of in-house food waste, thus reducing our environmental footprint.

The 2,500 cubic metres of biogas generated per day by the anaerobic waste treatment plant was used to fuel our boilers and generators, thus saving 60,000 kilowatt-hours of power in FY15. We also installed solar energy systems across our plants.

### Safety and Health Performance

With a view to encourage employees take ownership of making 'safety' core to the organizational culture, we organized a series of training and awareness programs. We also focused on inculcating safety as a basic management function, empowering employees to be independently responsible.

We remained committed to follow

ISO 14001 and OHSAS 18001 guidelines through an ongoing culture of regular internal and external audits. Our efficient systems were validated with our re-certification for ISO 14001, the most reputed environmental management benchmark. In line with Globalized Harmonizing Systems, we embarked on the migration of Material Safety Data Sheet (MSDS) to Safety Data Sheet (SDS). We also conducted an inter-departmental safety competition to enhance employee involvement.

### Safety Training

We rolled out an integrated, module-based safety training program for employees and suppliers. This program covered chemical safety, laboratory safety, EHS systems and legislation, operational safety, emergency safety equipment, emergency response procedures, maintenance activities and other specialized areas.

During FY15, 14,915 person-hours were invested in EHS training through our Biobizapp software.

Safety committee meetings and monthly safety campaigns including 20 mock drills and 12 first-aid trainings were conducted across

**C**arbon dioxide emissions were reduced by 2,700 tonnes in FY15 with the procurement of 3.61 million units of green power.

manufacturing sites. These helped enhance awareness of workplace hazards. In FY15, we continuously upgraded EHS standards across sites and locations as well.

### Procedural Safety Management

An effective Procedural Safety Management program requires a systematic approach. We thus invested in a program to identify procedural vulnerability and established and documented process safety management protocols across our manufacturing operations. Our procedural safety team was equipped with tools like HAZOP, HAZAN, powder characteristic study and reaction kinetics for this exercise.

### Industrial Hygiene Management

We remain committed to industrial hygiene excellence, aligning our practices with global standards and strengthening them further. We defined occupational exposure limits for APIs. We invested every effort to ensure that potential hazards (chemical, physical, biological and ergonomic) were adequately controlled. During the year, we planned new projects to ensure

compliance. Frequent monitoring of Volatile Organic Compound (VOC) levels helped upgrade shopfloor safety as well.

### Energy Conservation

Our energy conservation initiatives led to a marginal increase in power consumption during FY15. This was an outcome of regular monitoring of high-energy consumption areas and power-saving equipment as well

as implementation of energy-saving measures.

Total energy costs declined 4% during FY15, aided by alternate energy procurement and softer global crude prices.

Carbon dioxide emissions were reduced by 2,700 tonnes in FY15 with the procurement of 3.61 million units of green power.



**Awards & Recognitions**

During FY15, we received several recognitions at the state and national levels for our progressive EHS practices and initiatives. These included:

- Greentech Safety Gold Award 2014
- 2nd rank in the 'Best Fuel Efficient Boiler' Award category conferred by the Karnataka State Safety Institute
- 4-Star rating to our API facility at Hyderabad for its EHS practices from CII-Southern Region

Second position in 'Best Fuel Efficient Boiler' Category

# Corporate Social Responsibility



## Biocon Foundation

Biocon believes its Corporate Social Responsibility (CSR) lies in promoting social and economic inclusion by ensuring that marginalized communities have equal access to essential healthcare services, educational opportunities, proper sanitation and other civic infrastructure.

India is faced with a pressing need for smart CSR models that are viable and scalable. Since 2004, the Biocon Foundation has been fulfilling this need through targeted, efficient and sustainable programs.

Our constant endeavors are aimed at improving the health status of our communities through the network of our primary healthcare centers and supporting children education through special text books that improve their mathematical skills.

The positive impact created by some of our programs has earned us the recognition of a Public Health Champion, an award we received recently from WHO, India. Our pioneering efforts in the area of preventive healthcare have brought us several other awards and accolades during FY15.

## Healthcare

In the year gone by, we accelerated our efforts in the area of chronic diseases such as diabetes and cancer while continuing our work in the area of basic health. Our path-breaking mobile phone-based health (mHealth) initiative ensured that healthcare reaches remote and underserved communities in a cost-effective manner. Our efforts seek to create a sustainable health ecosystem that can be replicated across Karnataka and the country.

The communities served through the Foundation's programs typically have

**O**ur cervical cancer prevention and control program focuses on early detection and affordable treatment.

limited access to healthcare facilities. For generations they have sought help only in a medical emergency, which often pushes them to sacrifice their life savings. Our preventive healthcare programs facilitate early diagnosis and affordable treatment, potentially averting a lifetime of indebtedness resulting from a catastrophic illness of a family member.

A network of Community Health Workers (CHWs) associated with Biocon Foundation's nine Arogya Raksha Yojana (ARY) clinics take our preventive healthcare programs to these communities. Besides imparting preventive health education, they also promote maternal and child health and raise awareness about personal and environmental hygiene.

CHWs educate and sensitize Influencers, a key family member who can take responsibility of the family's well-being. Under this initiative, the CHWs reached out to over 64,650 key Influencers during FY15.

### Cervical Cancer

More women die of cervical cancer in India than anywhere else in the world. Over 430 million women in India, aged 15 years and older, are at a risk of developing cervical cancer. Despite the disease being

completely preventable, current estimates indicate that nearly 125,000 women are diagnosed with this cancer annually and more than half of them do not survive (*Source: ICO Information Center on HPV & Cancer*).

Our cervical cancer prevention and control program focuses on early detection and affordable treatment to enable better outcomes and improve survival rates in the rural communities we serve.

Our CHWs are trained to provide reproductive health education to women in underserved communities. We also collaborate with tertiary cancer centers to link diagnostic, screening and treatment services.

Easy accessibility of tertiary oncology facilities has helped in the early detection and treatment of cervical cancer. Those having undergone screening have emerged as key Influencers motivating others to participate. During the year under report, the program covered over 28,000 women and created nearly 15,200 influencers.

Over 900 women were screened for cervical cancer and nearly 2% were found to be 'Pap Positive'. They underwent treatment under our recommendation. Our impact in the area of cervical cancer screening was

also recognized by the World CSR Congress.

### Oral Cancer

We have developed and implemented a mHealth technology platform for oral cancer screening and surveillance that enables the creation of electronic health records and facilitates targeted screening. The platform leverages telemedicine to link oral cancer specialists with patients in rural areas and provides opportunities for follow-ups and referrals.

Our CHWs also educate people about the life-threatening effects of smoking and chewing tobacco and counsel them to quit the habit.

Under our community screening program, 5,000 'high-risk' individuals were identified. Over 2,600 people were screened in Kalkunte and Chikballapur and nearly 6% of them were recommended for biopsies.

We also identified factory workers as a 'high risk' population given that they get into the habit of tobacco chewing because of their monotonous jobs. Over 5,240 of them were screened at various industrial establishments during the year. Of these, nearly 300 were recommended for biopsies; however only 25% actually underwent the procedure. This reflects the challenges faced by our CHWs.



We are developing a non-invasive, point-of-care diagnostic tool, a salivary biomarker, to help identify oral cancer among tobacco users. Such a technology would render biopsies unnecessary, thus improving patient participation. Along with KLE Dental College, we have collected 550 saliva samples for this study.

We are proud to share that in our follow-up survey on those screened for oral cancer in Huskur and Mangalgudda in FY12, we did not find a single case of malignancy.

The oral cancer program won us a Certificate of Appreciation at the NASSCOM Social Innovation Forum 2015 in the category of 'ICT-led Social

Innovations by a Corporate (CSR)' as well as the 'CSR Program of the Year' Award at the NGO Box India CSR Summit 2014.

#### **Diabetes and Hypertension**

Our efforts aimed at increasing diabetes awareness have led to an increase in the number of patients visiting our clinics for regular follow-ups. Of the 5,000 visits to our diabetes camps during the year, nearly 3,700 were follow-up cases. These patients have been provided with a Diabetes Management File to help them maintain their treatment records, improve their understanding of the illness and make disease management more efficient.

Through our diabetes education

program, we reached out to over 8,000 people, including patients and their families. We conducted diabetic foot and diabetic retinopathy screening at regular intervals across our clinics during the year.

#### **Child Malnutrition**

Our child malnutrition program, in partnership with the local administration in District Bagalkot, Karnataka, is progressing well. We work with teachers and supervisors of 389 anganwadi centers and development officers to implement these programs, impacting 30,000 infants and young children.

We provided free nutritional supplements to nearly 2,000 malnourished children. We also worked to ensure greater coordination among the government's Public Distribution System, Health Department and Women and Child Welfare Department to effectively address malnutrition. Weekly community awareness workshops on malnutrition were organized. We also facilitated monthly health check-ups of severely acute malnourished (SAM) children as well as follow-ups in coordination with anganwadi supervisors and workers.

Nearly 2,000 children underwent systematic annual health check-ups

In FY15, Chinnara Ganitha workbooks were distributed to nearly 125,000 children of classes I to VII across 1,542 government schools in Karnataka.

at our paediatric camps to identify congenital and chronic diseases.

Special charts were designed to provide a reliable documentation of immunization dates for children, especially those under the age of three, who do not regularly visit anganwadi centers. Overall, over 9,500 children were treated in FY15.

## Education

During the year, Biocon Foundation continued its efforts to improve the quality of education for children in rural areas.

### Chinnara Ganitha

Our program of distributing special Chinnara Ganitha mathematics workbooks, in collaboration with Macmillan Publishers India, continues to fill a critical gap in imparting numeracy skills to children in a language familiar to them. These activity-based workbooks are closely aligned to the Directorate of Secondary Research and Training Curriculum for standards I to VII. In FY15, Chinnara Ganitha workbooks were distributed to nearly 125,000 children across 1,542 government schools in eight districts of Karnataka.

Some new effective learning initiatives introduced during the year include **Buddhige Thindi**, a comprehensive quiz to assist recall



of key concepts; **Thatantha Uttarasi** test papers that serve as an excellent revision guide of basic concepts; **Saval-Jawab**, question and answer sessions to make mathematics fun and enjoyable and **Reward Stickers** for encouraging and motivating students to perform well.

### Aata Paata Wadi

The Aata Paata Wadi, our after-school resource center in Thithimati, Kodagu, continues to provide an interactive learning platform for children from economically weaker sections of the society. Our innovative techniques help these children develop a good foundation in English with a better sense of phonetics, sentence formation and paragraph writing.

During the year, we initiated interactive digital lessons for imparting computer operating skills created by the Azim Premji Foundation. We also conducted life-skills classes which included lessons on moral values as well as on the rights and duties of a citizen.

### Kelsa+

Kelsa+ provides a platform for low-income support staff at Biocon to learn basic computer skills. Casual and contract laborers are taught how to use the Internet, set up e-mail accounts and read newspapers online. During the year, 30 women received basic computer lessons. Based on feedback from women workers, we now offer them skill development in lamp-making and embroidery.



## Drinking Water

**Project One:** Our investigations into the increased incidence of gastrointestinal cases at our ARY clinic in Huskur village pointed towards the shortage of potable water. In order to address this issue, we implemented Project One, a booth where a water filtration plant using reverse osmosis and ultra-violet technology was installed. Safe drinking water from the booth is offered to over 5,000 villagers daily at a minimal cost of ₹2 for a 20-litre jar.

As an organization, Biocon is cognizant of the fact that we are in a humanitarian business – that of making a difference to human health. Biocon Foundation extends our vision, albeit with a focus on underserved communities, and continuously strives to provide access to affordable healthcare.

## Success Story

From SAM to a healthy 4 year old

Thippava, a 4-year-old girl from Kutukenkeri village in Badami taluk, is leading a healthy and normal life today thanks to timely intervention by the Biocon Foundation.

At a tender age of 1 year and 4 months, she weighed only 6.5 kgs and was diagnosed as a Severe Acute Malnourished child with low cognitive skills and breathing problems. Further physical and systemic examinations recommended by the pediatrician at our camp found that she had developed cardiac complications because of malnourishment.

As Thippava's family was Below Poverty Line (BPL), we counseled the family for the child's treatment and facilitated free surgery at Narayana Health, Bangalore under the Bal Sanjeevani Scheme. Our interventions led to a significant improvement in Thippava's quality of life in terms of diet, IQ, cognitive skills and hygiene.





## Biocon Academy

### Creating a world-class talent pool of biotech professionals

Biocon Academy leverages the industrial leadership of Biocon along with the strong academic and technical expertise of its international education partner Keck Graduate Institute (KGI) in California, US.

The Academy, set up as a learning initiative of Biocon under its Corporate Social Responsibility agenda, addresses the skill deficit in the biotech industry. It has been instrumental in shaping careers of aspiring biotech graduates while

bridging the industry-academia gap.

The 16-week intensive program comprises technical and professional skills modules. In addition, the Industrial Expert Mentorship module is aimed at leveraging Biocon's industry leadership strengths and KGI's academic vigour to make students industry-ready.

India's biotech professionals are fast evolving to align with the growing needs of the global industry. Since it requires 'application of science' in the business context, they need to develop a deeper understanding of the industry and the overall business of science.

The experiential learning methods deployed by the international faculty at the Academy enhance education outcomes. An expectation-setting exercise provides the institute and the faculty insights into student aspirations.

Given its holistic approach, the program includes functional visits thrice a week to institutions like SIT, IBAB and the Biocon Research Centre. Students get hands-on experience in diverse areas including molecular biotechnology, biopharma quality assurance and control, CMC regulations, pharmaceutical development and mammalian cell biotechnology.



From an industry perspective, strong scientific knowledge coupled with business acumen to drive concepts from lab to market play a critical role. Professional attributes such as the ability to work with teams, take decisions and communicate clearly are some defining factors for success. Therefore, the program also includes sessions to sharpen these attributes in students.

The Technical modules range from Molecular Biotechnology to Pharmaceutical Development; Biopharmaceutical Quality Assurance & Control; CMC Regulations of Pharmaceuticals; Introduction

to US FDA & European Laws and Regulations; Fermentation Principles; Mammalian Cell Biotechnology; Bioseparation Engineering & Science.

During the year a talented pool of over 90 students graduated from the Biocon Academy and was successfully placed. The students were a mix of those experienced in research and industrial areas as well as new entrants with a background in biotech and applied biosciences.

Over 20 biotech companies hired the students through campus interviews for functions ranging from Production, Quality Assurance, Regulatory Affairs, Research &

Development and Marketing. All the students were placed in several globally reputed companies, including Biocon.

This innovative program provides deep learning and inculcates professionalism in the students. These industry-ready science graduates are better prepared to serve the global life sciences industry through their knowledge, talent and passion.

Biocon Academy is committed to make a significant contribution by developing such high-end talent through a series of new programs currently under planning.

## Financial Report

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# BIOCON LIMITED

## Board's Report

Dear Shareholders,

We present you the Thirty-Seventh Annual Report on business and operations along with the audited financial statements and the auditor's report of your Company for the financial year ended March 31, 2015.

### Financial Highlights

In ₹ Million

Particulars	Standalone Results		Consolidated Results	
	FY15	FY14	FY15	FY14
Revenue	23,907	22,631	31,429	29,332
Expenses	19,406	18,545	26,239	23,955
Profit before tax and exceptional items	4,501	4,086	5,190	5,377
Exceptional Items, net	(218)	-	1,051	-
Income Tax	671	842	957	1,069
Minority Interest	-	-	310	170
Profit after Tax	3,612	3,244	4,974	4,138
Adjustments on account of merger of subsidiary	-	55	-	-
Profit (after adjustment on account of merger)	3,612	3,299	4,974	4,138
Earnings per Share (EPS) on diluted basis	18.06	16.34	24.87	20.82

### Standalone and Consolidated Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014, to reflect the financial position and the results of operations of Biocon together with its subsidiaries, and associates. The financial statements of FY15 together with the Auditor's report form a part of this Annual report.

Further, a statement containing the salient features of the financial statements of our subsidiaries pursuant to subsection 3 of Section 129 of the Companies Act, 2013 in the prescribed Form AOC-1 is appended as Annexure 1 to the Board's report. The statement also provides the details of performance and financial position of each of the subsidiaries.

### Performance Overview

The highlights of the Company's performance are as under:

- Revenue from operations grew by a modest 2% to ₹ 22,416 mn
- Other Income grew to ₹ 1,491 mn due to dividend income of ₹ 997 mn from Syngene
- Profit before tax and exceptional items grew by 10% to ₹ 4,501 mn
- Profit after tax for the year stood at ₹ 3,612 mn, up 11% from FY'14

During the year, our consolidated revenues registered a growth of 7% to ₹ 31,429 mn from ₹ 29,332 mn in FY14. From a segment perspective, the core biopharmaceutical segment recorded a growth of 5% while the research services business registered a year on year increase of 15%. On account of certain business challenges, the growth in the biopharmaceutical segment was modest. However, the performance in the research services segment was driven by strong orders and capacity expansion.

Your company also witnessed moderate expansion in exports which contributed 64% to the total revenues as compared to 62% in FY14. The Consolidated PAT grew by 20% from ₹ 4,138 mn to ₹ 4,974 factoring one time exceptional gain from the sale of Syngene shares by Biocon Research Limited pursuant to its agreement with Silver Leaf Oak (Mauritius) Limited.

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

## Appropriations

### Dividend

On March 26, 2015, the Board of Directors announced an interim dividend of ₹ 5.0 (100%) per equity share for FY15, entailing a pay out of ₹ 1,030 mn (including dividend distribution tax). The Interim dividend has been subsequently paid to all eligible shareholders and no further dividend is recommended by the Board.

### Transfer to reserves

We have transferred ₹ 361 mn to the General Reserves, which constitute 10% of the standalone net profits of the Company. An amount of ₹ 3,251 mn will be retained in the profit and loss account. Out of the retained earnings, interim dividend of ₹ 1,030 mn (including dividend distribution tax) was distributed during FY15.

### Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. The details of any unpaid dividend amounts as per Section 125(2) of the Companies Act, 2013 have to be identified and uploaded on the website of the Company. Accordingly, unclaimed dividends up to the financial year 2006-07 have been transferred to IEPF by the Company.

### Employee Stock Option Plan (ESOP)

The Company has an Employee Stock Option Plan ('ESOP') which is administered by the Nomination & Remuneration Committee for the benefit of employees of the Group, through the Biocon India Limited Employees Welfare Trust ('Trust'). The details of stock options granted and outstanding are provided in Annexure 2 to the Board's Report.

### Deposits

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

### Loans, Guarantees or Investments

Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to the financial statements.

## Subsidiaries and Joint ventures

The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Agreement. The said policy is available at the Company's website ([http://www.biocon.com/docs/PolicyDocument\\_RelatedPartyTransaction\\_2015.pdf](http://www.biocon.com/docs/PolicyDocument_RelatedPartyTransaction_2015.pdf)). The Company has seven subsidiaries of which one subsidiary (Syngene International Limited) is identified as a material subsidiary.

A report on the performance and financial position of each of the Subsidiary Companies is presented below. The financial statements of the subsidiaries will be made available on the website of the Company, post approval by the members.

### Syngene International Limited

Syngene International Limited ("Syngene") is one of India's leading contract research organisations (CRO) in the \$14.7bn global CRO market. The company offers a suite of integrated, end-to-end discovery and development services for novel molecular entities (NMEs) across industrial sectors including pharmaceutical, biopharmaceutical, and biotechnology amongst others. Syngene helps its clients in conducting discovery (from hit to candidate selection), development (including pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) and pilot manufacturing (scale-up, pre-clinical and clinical supplies) each with distinctive economic advantage. Unlike the traditional business models, these services are offered through flexible business models ranging from a full-time equivalent ("FTE") to a fee-for-service ("FFS") model or a combination customized on the client's specific requirement.

During FY15, Clinigene International Limited, a subsidiary of Syngene was merged pursuant to the order of the Honourable High Court of Karnataka. The financial statements of Syngene for the year ended March 31, 2015 considers the impact of such merger. For the said period, Syngene clocked a revenue growth of 15% to ₹ 8,225 mn from ₹ 7,146 mn in FY15. EBITDA margin for the year was 33%, with the operational margin at ₹ 2,927 mn compared to ₹ 2,217 mn last year, a growth of 32%. Further, Syngene paid an interim dividend of ₹ 1,140 mn (excluding dividend distribution tax) during the financial year.

During FY15, Syngene allotted additional shares under a rights issue to Biocon Research Limited, an associate company at a premium for a total consideration of ₹ 1,334 mn. Syngene also undertook consolidation of its share capital and further allotted bonus shares in the ratio of 6.1253329:1 pursuant to an approval from its shareholders, taking its total paid-up share capital to ₹ 2,000 mn.

In April 2015, Syngene filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) seeking approval for an Initial Public Offering (IPO) through an offer for sale by Biocon of a part of its shareholding in Syngene.

### Biocon Research Limited

Biocon Research Limited (BRL), a 100% subsidiary of Biocon, undertakes discovery and development research work in Biologics, Monoclonal antibody molecules and Proteins. The Biosimilar monoclonal antibodies (mAbs) programme is in development stage and BRL continues to fund its flagship R&D programmes, with Mylan.

During FY15, BRL clocked a turnover of ₹ 912 mn. BRL's current business is largely directed towards the R&D services for mAbs, oral insulin molecule IN-105 and insulins on behalf of other group companies. The research programs undertaken by BRL have made significant inroads to the next level of global clinical trials. Trastuzumab, BRL's

metastatic breast cancer drug has made progress in its global phase 3 trials and the India launch of the molecule has been well received by the market. Trastuzumab licensing for emerging markets has been initiated with licensing deals signed in two key emerging markets. Multiple other proposals are under consideration. The oral insulin program (IN-105) continues to progress with the completion of first set of US clinical trials. We are awaiting the readouts from those studies.

Besides the current programs, BRL also commenced the global Phase 3 clinical developments for Peg-Filgrastim and Adalimumab. The recruitment of patients for the Indian clinical trial for Bevacizumab, an oncology drug and amongst the most essential drugs listed by World Health Organization has also been initiated. This is a Rest of World (ROW) focussed trial that harmonizes our global development program for Bevacizumab.

During the year, BRL purchased 7.69% stake held by GE Capital Mauritius Limited in sister company Syngene. Post subscription to additional shares in Syngene via subscribing to a rights issue, BRL sold 10% of its stake in Syngene to IVF Trustee Company Private Limited (IVF), a fund advised by India Value Fund Advisors. This one-off share sale added exceptional gain of ₹ 499 mn in BRL. Including the exceptional gain, BRL reported net profit of ₹ 83 mn on operating revenues of ₹ 912 mn. BRL continues to hold 0.9% stake in Syngene.

#### **Biocon SA**

Biocon SA, a wholly owned subsidiary of Biocon Limited, is primarily engaged in the business of development and commercialization of generic recombinant human insulin and its analogues for global markets under various internal as well as partnered programs. Biocon SA also holds the marketing rights for the Group's Insulins portfolio. Biocon SA is also in the business of identifying and developing other novel molecules into commercial products or licensable assets through strategic partnerships.

Insulin Glargine, an insulin analog and part of Biocon SA's Insulins portfolio entered global phase 3 clinical trials in second half of CY 2014 and has made steady progress thereafter. Development work on the harmonized strategy for recombinant human insulin continued during the year. During the year, Biocon SA continued to license generic recombinant human insulin and generic insulin glargine across more geographies.

During the year, Biocon SA provided loan of US\$ 39mn to Biocon SDN. BHD, Malaysia an associate company to fund capital expenditure and pre-operative expenses. As at March 31, 2015, Biocon SA has lent US\$ 72mn to Biocon SDN. BHD.

For the current year, due to increased research and development expenses for its biosimilar programmes, Biocon SA registered net loss of ₹ 124 mn against revenues of ₹ 130 mn.

#### **Biocon SDN. BHD.**

Biocon SDN. BHD., Malaysia is a wholly owned subsidiary of Biocon Limited. Biocon SDN. BHD. was established with an objective to set up Biocon's first overseas manufacturing facility at Malaysia. It is located within BioXcell, a biotechnology park in Nusajaya, Johor, which is being promoted by the Malaysian government. The first phase of the facility, designed to manufacture recombinant human insulin and insulin analogs has been commissioned and will undergo a series of operational processes - scale up, validation, and stability in FY 2015-16 before seeking regulatory approvals. As at March 31, 2015, Biocon SDN. BHD. has not commenced commercial operations. Cost incurred in the profit and loss statement for the year was ₹ 235 mn after capitalisation of expenses amounting to ₹ 2,416 mn (including foreign exchange loss) to fixed assets. Total debt on balance sheet date is ₹ 7,396 mn.

#### **NeoBiocon FZ LLC**

NeoBiocon FZ LLC is a research and marketing pharmaceutical company, which was incorporated in January 2008 as a '50:50' joint venture with Dr. B. R. Shetty of NeoPharma. Based out of Abu Dhabi, NeoBiocon helps us reach out to the Middle East and GCC with our veritable portfolio of quality small molecule drugs. During the current fiscal, Biocon acquired additional stake in NeoBiocon, thereby taking its shareholding to 51%. Consequently effective July 1, 2014, Biocon has consolidated the entire revenues and expenses of NeoBiocon in its consolidated financial statements. For FY15, NeoBiocon earned ₹ 958 mn in revenues and reported a net profit of ₹ 348 mn.

#### **Biocon Pharma Limited**

Biocon Pharma Limited (BPL) was incorporated in October 2014 under the Companies Act, 2013 as a public limited company. BPL would be engaged in the development and manufacture of pharmaceutical formulations for sale in global markets, especially opportunities in US/EU. BPL is in the process of setting up its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bengaluru. As at March 31, 2015 BPL had not commenced commercial operations.

#### **Biocon Academy**

Biocon Academy spearheads Biocon's CSR initiatives in the technical / professional education segment. The academy was established as a Centre of Excellence for Advanced Learning in Biosciences in 2014. Biocon Academy leverages rich industry experience of Biocon and subject matter expertise of international Education Partners such as Keck Graduate Institute of Claremont, California (USA). The academy is dedicated exclusively to industry oriented biosciences education. The programs offered by the academy aim to empower the Biotechnology and Engineering graduates with advanced learning and industrial proficiency through job-skills development essential to build a promising career in the Biotech industry.

#### **Management's discussion and analysis**

Management's discussion and analysis forms a part of this annual report and is annexed to the Board's 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 is attached and forms a part of the Board's Report.

#### **Policy on directors' appointment and remuneration**

As on March 31, 2015, the Board consists of 12 (twelve) members, of which 8 (eight) are independent and non-executive. An appropriate mix of executive and independent directors ensures greater independence of the Board.

The policy of the Company on director's appointment and remuneration, including criteria for determining qualifications, independence and other matters as provided under subsection (3) of Section 178 of the Companies Act, 2013 is appended in Annexure 3 to the Boards' Report.

## Board Diversity

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Board recognises the importance of a diverse composition and has adopted a Board Diversity Policy which sets out the approach to diversity. The policy is available at [http://www.biocon.com/biocon\\_invelation\\_cor\\_keygovernance.asp?subLink=gover](http://www.biocon.com/biocon_invelation_cor_keygovernance.asp?subLink=gover).

## Declaration by Independent directors

A declaration of Independence in compliance with section 149(6) of the Companies Act, 2013, has been taken on record from all the independent directors of the Company.

## Board Evaluation

We at Biocon believe in striving and excelling against contenders not only through products and initiatives but also through effective and efficient Board Monitoring. As required under the Companies Act, 2013 and the Listing Agreement, an evaluation of all the directors, the Board as a whole and its committees was conducted based on the criteria and framework adopted by the Board.

The details of the said evaluation has been enumerated in the Corporate Governance Report, which is annexed to the Boards' Report.

## Inductions

Dr Arun Chandavarkar was appointed as the Chief Executive Officer and Joint Managing Director of the Company for a period of five years effective April 24, 2014. The said appointment was approved by the members at the Annual General Meeting held on July 25, 2014.

On the recommendation of the Nomination and Remuneration Committee, the following Directors have been inducted to the Board as independent members of the Board effective January 22, 2015.

Mr. Jeremy M Levin; and

Mr. Vijay K Kuchroo

A brief profile of the Directors proposed for appointment is available in the Notice convening the Annual General Meeting. The Board recommends their appointment as Directors at the ensuing General Meeting.

## Retirement and Re-appointments

Pursuant to subsection 10 of Section 149 of the Companies Act, 2013, independent directors shall hold office for a term of up to five years and shall be eligible for re-appointment on passing a special resolution by the shareholders of the Company. Accordingly, except for Mr. Suresh N Talwar, Mr Bala S Manian and Mr. Charles L Cooney each of whom retire at the ensuing General Meeting, all independent directors were appointed by the shareholders at the Annual General Meeting held on July 25, 2014 for a term of three years.

Considering that Mr Suresh N Talwar, Mr Bala S Manian and Mr Charles L Cooney have served on the Board of the Company for more than 10 years, their term of appointment would be till the conclusion of the ensuing Annual General Meeting and they are not proposed for re-appointment. The Company has benefitted immensely from the services and advice from each of these directors and the Board wishes to place on record its appreciation for the services rendered over the last decade.

## Managing Director

Ms Kiran Mazumdar-Shaw, was appointed as Managing Director by the shareholders at the meeting held in July 2010.

The Board of Directors at their meeting held on March 31, 2015 have approved the re-appointment of Ms Kiran Mazumdar-Shaw as Managing Director for a period of five years, subject to the approval of the shareholders. Accordingly, approval is sought for her re-appointment as Managing Director of the Company for a period of five years effective April 1, 2015.

## Committees of the Board

The details of Director's Committees – the Audit & Risk Committee, the Nomination and Remuneration Committee and the Stakeholders Relationship Committee have been disclosed separately in the Corporate Governance Report which is annexed to and forms a part of this annual report.

## Meetings of the Board

The meetings of the Board are scheduled at regular intervals to decide and discuss on business performance, policies, strategies and other matters of significance. The schedule of the meetings are circulated in advance, to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through circulation.

The Board during the financial year 2014-15 met five times. Detailed information regarding the meetings of the Board are included in the report on Corporate Governance, which forms part of the Board's Report.

## Related party contracts or arrangements

All transactions entered into with Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013 relating to approval of shareholders. The Company has formulated a policy on "materiality of related party transactions" and the process of dealing with such transaction, which are in line with the provisions of the Companies Act, 2013 and Listing Agreement. The same is also available on the website of the company [http://www.biocon.com/biocon\\_invelation\\_cor\\_keygovernance.asp?subLink=gover](http://www.biocon.com/biocon_invelation_cor_keygovernance.asp?subLink=gover).

Transactions with related parties are in the ordinary course of business and also on arms' length pricing basis. Prior omnibus approval from the Audit Committee are obtained for transactions which are repetitive and also normal in nature. Further, disclosures are made to the Audit Committee and the Board of Directors on a quarterly basis.

There have been no material related party transactions undertaken by the Company under Section 188 of the Companies Act, 2013 and hence, no details have been enclosed pursuant to clause (h) of subsection (3) of Section 134 of Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 – 'AOC-2'.

### Material changes and commitments

In April 2015, Syngene, a material subsidiary of the Company filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) seeking approval for an Initial Public Offering (IPO) through an offer for sale by the Company up to 11% of the share capital of Syngene.

Apart from the above, there have not been any material changes affecting the financial position of the Company between the end of the financial year and the date of this report.

### Change in nature of business

There has been no change in the nature of business of the Company. Your Company continues to be a pioneer biopharmaceutical company engaged in manufacturing active pharmaceutical ingredients and formulations, including biosimilar drugs in oncology and diabetology with sales in markets across the globe.

### Credit Ratings

CRISIL and ICRA continued to reaffirm their rating of "AA+/ Stable" and "A1+", for various banking facilities throughout the year enabling your Company to avail facilities from banks at attractive rates indicating a very strong degree of safety for timely payment of financial obligations.

### Conservation to energy, technology absorption, foreign exchange earnings & outgo

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure 4 to the Board's report.

### Auditors

#### Statutory Auditors

At the Annual General Meeting on July 24, 2014, M/s S. R. Batliboi & Associates LLP, Chartered Accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting to be held in calendar year 2015. We propose to re-appoint them as Statutory Auditors for a further period of two years, which shall be ratified on an annual basis. Post the conclusion of the extended term, they would cease to hold office as per the provisions of Companies Act, 2013. In this regard, the Company has received an intimation from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company.

#### Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, Cost Audit records are maintained by the Company in respect of its manufacturing activity which are required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed M/s Rao & Murthy to audit the cost accounts of the Company for FY15. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be determined by the Members, and an approval thereof is being sought at the General Meeting.

#### Secretarial Auditors

M/s Sreedharan & Co was appointed to conduct the secretarial audit of the Company for FY 2014-15, as required under section 204 of the Companies Act, 2013 and rules thereunder. The secretarial audit report for FY 2014-15 forms the part of the annual report as Annexure 5 of the Board's report.

The Board has appointed M/s Sreedharan & Co, as secretarial auditor of the Company for FY 2015-16.

### Significant and material orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in the future.

### Extract of Annual Return

An extract of the Annual return has been annexed as Annexure 8 to the Board's Report in compliance with Section 92 of the Companies Act 2013 read with applicable Rules made thereunder.

### Internal Financial Control

The Company has laid down certain guidelines, processes and structure, which enables implementation of appropriate internal financial controls across the organisation. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. These include control processes both on manual and IT applications including the ERP application wherein the transactions are approved and recorded. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively.

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

### Whistle Blower Policy/ Vigil mechanism

The Company has implemented a Whistle Blower Policy, whereby employees, directors and other stakeholders can report matters such as generic grievances, corruption, misconduct, fraud, misappropriation of assets and non compliance to code of conduct to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee.

The details of the Whistle Blower Policy are available on the website of the Company at [http://www.biocon.com/docs/Biocon\\_Group\\_Integrity\\_Whistle\\_Blower\\_Policy.pdf](http://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf).

### Particulars of Employees

The statement containing ratio of remuneration paid to each director and the median employee remuneration and other details in terms of subsection 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed in Annexure 6.

The statement containing particulars of employees as required under subsection 12 of Section 197 of the Companies Act, 2013 read with rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form a part of this Report.

## Corporate Social Responsibility

At Biocon, CSR has been an integral part of our business since its inception. With the incorporation of Biocon Foundation in 2004, we formally structured our CSR activity. Today we span our efforts through Biocon Foundation, Biocon Academy and some partnership programs with like-minded private organizations and government. We promote social and economic inclusion for the marginalized communities with our integrated system focussing largely in three areas:

**Health Care services:** We firmly believe that the use of technology can make healthcare delivery in rural areas more efficient and therefore we have developed an integrated and holistic healthcare delivery service, which seeks to address critical gaps in the delivery of healthcare in rural India. Our efforts are targeted at enabling last mile reach of preventive and primary health services in rural areas.

**Education:** While our projects address experiential learning in basic maths, computer skills and language skills of the underserved young people in rural areas, we also impart advanced training necessary and skills required for gainful employment in the Biopharma Sector to young graduates through Biocon Academy.

**Civic Infrastructure:** The civic infrastructure is in deficit in the country, especially in rural India. At Biocon, we are working with the government to build townships, schools, sanitation and water supply that can fulfil the basic needs of rural communities. We have adopted a township in North Karnataka while providing support infrastructure including school, safe drinking water, health centre, and community hall. This coupled with rain water harvesting system and solar lights, we have also built household and community toilets to enable clean sanitation facilities for the rural communities.

In compliance with the provisions of Section 135 of the Companies Act, 2013 the Board of Directors of the Company have formed a Corporate Social Responsibility Committee, which monitors and oversees various CSR initiatives and activities of the Company. A detailed report regarding Corporate Social Responsibility is enclosed in Annexure 7 to the Board's Report.

## Information under Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal), Act, 2013

The Company's policy on prevention of sexual harassment of women provides for the protection of women employees at the workplace and for prevention and redressal of such complaints. There were no complaints pending for redressal at the beginning and at the end of the financial year.

## Director's Responsibility Statement

In Compliance with section 134(5) of the Companies Act, 2013, the Board of Directors hereby confirm the following:

- (a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors had prepared the annual accounts on a going concern basis;
- (e) The Company is responsible for establishing and maintaining adequate and effective internal financial controls with regard to its business operations and, in the preparation and presentation of the financial statements, in particular, the assertions on the internal financial controls in accordance with broader criteria established by the Company.

Towards the above objective, the directors have laid down internal financial controls based on internal controls framework established by the Company, which in all material respects were operating effectively as at March 31, 2015.

- (f) The directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively. The Company has substantially complied with material provisions of such acts and regulations as are relevant for its operations.

## Statutory Disclosures

None of the Directors of your Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

## Acknowledgement

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, Governments of Karnataka and Telangana, 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 Bengaluru 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

Chairperson and Managing Director

Bengaluru,

Date April 29, 2015

# Annexure 1 – Statement containing salient features of the financial statements of Subsidiaries/ associate companies

[Pursuant to first proviso to Sub-section (3) of Section 129 of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014 – AOC-1]

In ₹ Million

Name of the Entity & Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities (excl. capital & reserves)	Investments (excluding in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provision for taxation	Operational Profit/(loss) after taxation	Proposed dividend	% of Shareholding by the Company
Syngene International Limited, India	₹	1,991	6,458	14,215	5,767	1,460	8,716	2,035	285	1,750	-	83.61%
Biocon Research Limited, India	₹	1	-2,007	2,399	4,406	-	912	83	-	83	(Note 1)	100.0%
Biocon Academy, India	₹	1	-	7	6	-	-	-	-	-	-	100.0%
Biocon Pharma Limited, India	₹	1	-	1	-	-	-	-	-	-	-	100.0%
Biocon SA, Switzerland	USD	6	2,455	7,618	5,157	-	130	-123	1	-124	-	100.0%
Biocon SDN BHD, Malaysia	MYR	2,903	-260	15,191	12,548	-	24	-220	-	-220	-	72.38%
NeoBiocon, UAE	AED	5	814	1,037	218	-	958	348	-	348	-	51.0%

Balance Sheet conversion rate as at March 31, 2015 - 1 USD = 62.28; 1 MYR = 16.81; 1 AED = 16.96

## Notes

- None of the subsidiaries have proposed dividends as at March 31, 2015. Syngene International Limited declared and paid interim dividend totalling to ₹ 1,138 million (excluding dividend distribution tax) during the financial year ending March 31, 2015
- Biocon Research Limited holds 0.9% of equity stake in Syngene International Limited
- Biocon SA holds 27.62% of equity stake in Biocon SDN. BHD.
- Biocon SDN BHD, Malaysia and Biocon Pharma Limited are yet to commence commercial operations as at March 31, 2015.
- During the year, Clinigene International Limited, a subsidiary was merged with Syngene International Limited

For and on behalf of the Board

**Kiran Mazumdar-Shaw**  
Chairperson & Managing Director

**Arun S Chandavarkar**  
CEO & Joint Managing Director

**Siddharth Mittal**  
President – Finance

**Kiran Kumar**  
Company Secretary

Bengaluru,  
Date April 29, 2015

## Annexure 2 - Employee Stock Option Plan (ESOP)

Sl. No.	Particulars	Grant IV	Grant V	Grant VI	Grant VII
a.	Options granted till date (Post equity split and bonus, net of options cancelled)	5,698,878	1,252,475	1,346,152	293,000
b.	Exercise price	20% discount to Market Price on date of Grant	Market Price on date of Grant		
c.	Options vested	5,455,692	268,975	-	-
d.	Options exercised	5,393,867	100,500	-	-
e.	Total number of Equity Shares to be transferred from the ESOP Trust upon exercise of options	5,393,867	100,500	-	-
f.	Options lapsed	1,721,946	-	-	-
g.	Variation in the terms of options	None	None	None	None
h.	Money realized by the ESOP Trust upon exercise of options (₹ mn)	648	24	-	-
i.	Option pending exercise	61,625	168,475	-	-
j.	Total number of options in force	61,625	1,151,975	1,346,152	293,000
k.	Employee-wise details of options granted to: Senior management personnel	As per details below			
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise 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.	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 of the Company.

The details of other ESOP related disclosures are provided in notes to the financial statements (Note 30).

Consequent to the bonus shares in the ratio 1:1 on Sept 15, 2008, employees who had not exercised their options were eligible for bonus entitlements based on outstanding options.

### Employee-wise details of options granted to senior managerial personnel under Grant V & Grant VI:

Name	Title	Grant V	Grant VI
Ravindra Kamalakar Limaye	President - Marketing	50,000	15,000
Siddharth Mittal	CFO	25,000	9,000
Amitava Saha	Head - HR	25,000	9,000
Abhijit Barve	President - R&D	25,000	1,000

## Annexure 3 - Policy on Director's appointment and remuneration

The policy on appointment and remuneration of Directors and Key Management Personnel provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. The policy is pursuant to Section 178(4) of the Companies Act, 2013 and clause 49(IV) (B) (4) of the Listing Agreement.

A brief summary of the policy in relation to the objective, appointment criteria, remuneration and general matters as administered by the Nomination and Remuneration Committee are reproduced herewith –

Background

### SECTION I

The Key Objectives of the Committee / Policy would be:

- To guide the Board in relation to appointment, retention and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors and Key Managerial Personnel.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- To devise a policy on Board diversity.
- To develop a succession plan for the Board and to regularly review the plan.

### COMPOSITION AND MEETINGS

The Board has constituted a Nomination and Remuneration Committee in line with the requirements of the Companies Act, 2013 which oversees the functions related to appointment and remuneration of Directors, Key Managerial personnel and senior management personnel.

The terms of composition and requirements as to the meeting of the Committee are as below-

- The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- Minimum two (2) members shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

### DEFINITION

'Act' means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee

'Directors' mean Directors of the Company.

'Key Managerial Personnel' means Chief Executive Officer and Managing Director, Whole-time director, Chief Financial Officer, Company Secretary; and such other officer as may be prescribed under the Act.

'Senior Management' means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

### SECTION II

This section covers the duties of the Committee in relation to various matters and recommendations to be made by the Committee to the Board.

#### DUTIES AND ROLE OF COMMITTEE

Matters to be dealt with, perused and recommended to the Board by the Committee shall include –

- Formulating the criteria for determining qualifications, positive attributes and independence of a director.
- Identifying persons who are qualified to become Director and persons who may be appointed in Key Managerial positions in accordance with the criteria laid down in this policy.
- Recommending to the Board, appointment and removal of Director, Key Managerial Personnel and Senior Management Personnel.

Specifically, the duties include

#### A. NOMINATION MATTERS

- Determining the appropriate size, diversity and composition of the Board.
- Setting a formal and transparent procedure for selecting new Directors for appointment to the Board.
- Ensuring that there is an appropriate induction in place for new Directors and reviewing its effectiveness.
- Identifying and recommending Directors who are to be put forward for retirement by rotation.
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan.
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance, industry benchmarks and compliance.
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- Recommend necessary changes to the Board in line with Board Diversity Policy.

- Considering any other matters, as may be requested by the Board.

## B. REMUNERATION MATTERS

- Considering and determining the Remuneration Policy, based on performance with a reasonable and sufficient need to attract, retain and motivate members of the Board.
- To approve the remuneration of Key Managerial Personnel of the Company by maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company, and its growth strategy.
- To consider any other matters as may be requested by the Board.

## SECTION III

This section covers the Policy for appointment, term and retirement of Director and Key Managerial Personnel by the Committee.

### Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

### Term / Tenure

- Managing Director/Whole-time Director: The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding such term as may be specified under the Act. No re-appointment shall be made earlier than one year before the expiry of term, and which shall be done with the approval of the shareholders of the Company.
- Independent Director - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report. No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

### Evaluation

The Committee shall carry out evaluation of performance of every Director at regular intervals and at least on an annual basis.

### Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director or Key Managerial Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### Retirement

The Director and Key Managerial Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director or Key Managerial Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## SECTION IV

This Section of the Policy covers provisions relating to the Remuneration for the Whole-time Director, Key Managerial Personnel and Senior Management Personnel.

### General

- The remuneration to the Whole-time Director and Key Managerial Personnel will be determined by the Committee and recommended to the Board for approval. Wherever required, the remuneration / compensation / commission etc. shall be subject to approval of the shareholders of the Company and Central Government.
- The remuneration and commission including increments recommended to be paid to the Whole-time Director shall be in accordance with the percentage / slabs/ conditions laid down as per the provisions of the Act. These would be subject to approval of the shareholders of the Company.

### Remuneration to Whole-time / Executive / Managing Director and Key Managerial Personnel

- Fixed pay: The Whole-time Director / Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.
- Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.
- Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form / nature of stock options and are based on level of employees and their criticality.

- d) Provisions for excess remuneration: If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

**Remuneration to Non- Executive / Independent Director:**

- a) Remuneration / Commission: The remuneration / commission shall be fixed as per as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.
- b) Sitting Fees: The Non- Executive / Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.
- c) Stock Options: An Independent Director shall not be entitled to any stock option of the Company.

The remuneration structure for Independent directors per meeting of the Board / Committee effective April 1, 2014 is as follows –

Particulars	Currency	Amount
Board sitting fees	₹	100,000
Board remuneration	US\$	5,000
Travel allowance for overseas directors (Non US)	US\$	3,000
Travel allowance for overseas directors (US)	US\$	4,000
Chairperson of Audit and Risk Committee	US\$	5,000
Chairperson of other Committees	US\$	2,000
Members of Audit and Risk Committee	US\$	2,000
Members of other Committees	US\$	1,000

**AMENDMENTS AND UPDATES**

The Nomination and Remuneration Committee periodically shall review this Policy and may recommend amendments to this Policy from time to time as it deems appropriate, which shall be in accordance with the provisions of the Companies Act, 2013. In case of any modifications, amendments or inconsistencies with the Act, the provisions of the Act and the rules made thereunder would prevail over the Policy.

For and on behalf of the Board

**Ms Kiran Mazumdar-Shaw**

Chairperson & Managing Director

Bengaluru

Date April 29, 2015

## Annexure 4 - Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

[Particulars pursuant to the Companies (Accounts) Rules, 2014]

### Power and fuel consumption

Power and fuel consumption details		FY15	FY14
<b>1</b>	<b>Electricity</b>		
<b>a</b>	<b>Purchased</b>		
	Million Units	134	122
	Total amount in ₹ mn	770	700
	Rate / Unit (₹)	5.8	5.7
<b>b</b>	<b>Captive generation</b>		
	HSD Quantity, KL	4,032	4,707
	Million Units	14	16
	Units / Litre	3.4	3.3
	Cost / Litre (₹)	47.1	54.6
	Generation cost, Rate / Unit (₹)	13.8	16.5
<b>2</b>	<b>Steam</b>		
<b>a</b>	<b>Furnace oil</b>		
	Quantity, KL	13,852	13,173
	Total amount (₹ mn)	50	57
	Average rate	36.4	43.0

### Energy conservation details

Sl No	Energy conservation measure	Investment (₹ Million)	Energy saved per Annum	
			Units	(₹ Million)
1	Installation of dedicated 10 TR chiller to fermenter cooling by isolating from common chiller which was kept on for 24*7.			
2	Regulation in usage of office lighting and comfort AC.			
3	Improvement of power factor from 0.87 to 0.97 by continues monitoring and installation capacitor.	1.2	180,000	1.1
4	Compressed high pressure air used for pneumatic application was regulated the usage resulting cutting down the compressor operation hours.			
5	Installation of variable frequency drive for chilled water pump.			

Power consumption for financial year 2014 - 15 was 147 mn units, consumption augmented by 7 % YOY, whereas total energy cost plunged by 4 % (1,520 mn to 1,460 mn). The reduction in overall energy cost was attributed to procurement of power from alternate source (34 mn) and impact of global crude oil prices (26 mn).

Continuous monitoring of high energy consumption areas/equipment and taking appropriate corrective measures as and when required, resulted in energy saving and maintained marginal increment in power consumption as against production growth.

### Research and Development

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, Ophthalmology and Cardiovascular segments.
- Development of Synthetic and Fermentation based Generic Small Molecules for Anti-infective, Cardio-vascular, Nephrology and Transplantation segments.
- Formulation development for Abbreviated New Drug Applications (ANDAs).
- Generation of Intellectual Property Development – Process Patents for manufacture of key Generic Small Molecules and Biotherapeutics and unravelling the mechanism of action of Novel Biotherapeutics.
- Development of globally competitive manufacturing processes.
- Clinical Development of new drug combinations.

### 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 1,157 Patents/ PCT applications filed in Indian and International markets. We have been granted 530 patents in various jurisdictions.
- Safe and environment friendly processes.

### 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 Biocon's in-house process development and analytical skills.
- Continue to strengthen R&D capabilities in the area of New Biotherapeutics.
- In-house R&D scale up of generic formulations.
- Clinical development of existing approved products for new indications.

### Expenditure of Scientific Research & Development

		In ₹ Million	
		FY15	FY14
a)	Capital	22	228
b)	Recurring	1,011	705
	Total	1,033	933
	Less: recharge	(19)	(41)
	Net R&D Expenses	1,014	892
	R&D expenditure as % of finished goods sales	5.29%	4.65%

### Technology Absorption, Adoption and Innovation

No technology was imported by the Company during the year.

### Foreign Exchange Earnings and Outgo

		In ₹ Million	
<b>Foreign exchange earned and used for the year:</b>		FY15	FY14
	Gross Earning	10,993	10,803
	Outflow*	7,372	7,715
	Net foreign exchange earning	3,621	3,088

\* For details please refer information given in the notes to the annual accounts of the company Schedule 33 (a) (c) and (d).

For and on behalf of the Board

**Ms Kiran Mazumdar-Shaw**

Chairperson & Managing Director

Bengaluru

Date April 29, 2015

## Annexure 5 - Secretarial audit report for the financial year ended March 31, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Biocon Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Biocon Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2015 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company during the audit period according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not Applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not Applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 w.e.f October 28, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);
- (vi) Other Laws Applicable Specifically to the Company namely:
  - a. Drugs and Cosmetics Act 1940
  - b. Bio Medical Waste (Management & Handling) Rules, 1998
  - c. ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on).
  - d. UCPMP (Currently voluntary – however proposed to be made mandatory).
  - e. National Biodiversity Act 2002
  - f. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955
  - g. BUDAPEST TREATY 1977 - on the International Recognition of the Deposit of Micro-organisms
  - h. Narcotic Drugs and Psychotropic substance Act.

We have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd.

We have not examined compliance by the Company with

- (a) the Secretarial Standards issued by the Institute of Company Secretaries of India as they had not been notified by the Central Government up to March 31, 2015.
- (b) applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **V. SREEDHARAN & ASSOCIATES**

**Pradeep B. Kulkarni**

Partner

FCS: 7260; CP No. 7835

Bengaluru

Date: April 28, 2015

## Annexure 6 – Particulars of remuneration

A. Information in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

During the year ended March 31, 2015 the Company paid remuneration to executive directors and Key Managerial Personnel ("KMP") as below:

Name of Director / KMP	Title	Remuneration 2015 (₹ million)	Remuneration 2014 (₹ million)	ESOPs granted 2015	ESOPs granted 2014
Ms Kiran Mazumdar-Shaw	Chairperson & Managing Director	15.52	16.35	-	-
Mr John Shaw	Whole-time Director	14.78	12.21	-	-
Mr Arun S Chandavarkar	CEO & Jt. Managing Director	26.57	-	-	-
Mr Murali Krishnan	CFO <sup>(1)</sup>	23.76	-	-	-
Mr Siddharth Mittal	CFO <sup>(2)</sup>	7.84	-	9,000	-
Mr Kiran Kumar	CS & AVP - Finance	5.70	-	-	-

Note: 1. Mr. Murali Krishnan retired from services on July 31, 2014. Remuneration includes gratuity and leave encashment paid upon retirement.

2. Mr. Siddharth Mittal was appointed as CFO effective August 01, 2014 and hence his remuneration is included only for the period after August 1, 2014

The remuneration paid to independent directors were as below -

Name of Director	In ₹ Million			
	Remuneration 2015	Remuneration 2014	Sitting Fees 2015	Sitting Fees 2014
Prof. Charles L Cooney	3.23	1.75	0.40	0.32
Mr. Suresh N Talwar	1.99	1.25	0.40	0.24
Dr. Bala S. Manian	1.81	1.25	0.30	0.06
Ms. Mary Harney	2.36	1.25	0.40	0.08
Mr. Russell Walls	3.48	2.25	0.40	0.32
Mr. Daniel M Bradbury	2.66	1.17	0.40	0.26
Dr. Jeremy M Levin	1.51	-	0.20	-
Dr. Vijay K Kuchroo	1.19	-	0.20	-

Other details as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Sl No	Requirements	Details	Ratio X times / %
I	Ratio of remuneration of each director to the median remuneration of employees	Chairperson & Managing Director Whole-time Director CEO & Jt. Managing Director	44.9x 42.5x 76.9x
II	Percentage increase in remuneration of director and KMP during the financial year	Chairperson & Managing Director Wholetime Director CEO & Jt. Managing Director CFO Compliance Officer & Company Secretary	- 5% 20% -16% 38% 8%
		The increase in remuneration of Wholetime Director, Managing Director and Jt. Managing Director during the financial year is after considering a one time bonus impact during the previous financial year.	
III	Percentage increase / (decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from ₹ 317,050 to ₹ 345,675, representing an increase of 9%. While computing the increase in median remuneration, we have considered employees as at March 31, 2015 and as at March 31, 2014	
IV	Number of permanent employees on the rolls of the Company	There were 4,197 employees as on March 31, 2015	
V	Relationship between average increase in remuneration and company performance	<p>The average increase in employee remuneration during the financial year 2014-15 was 12.1%. While computing the increase in remuneration, we have excluded employees who are not eligible for increment.</p> <p>The Company's revenues grew by 6% and the net profit grew by 11% during the year as compared to the last fiscal. The highest increase in salary for executive directors was up to 20% and aggregate salary of KMPs reduced by 3% which, on an overall basis was below the increase in remuneration for eligible employees. The increase in salary was based on recommendation of the nomination and remuneration committee.</p> <p>The Company follows a holistic and transparent performance review mechanism to ensure that the increase in remuneration is in line with its performance and industry benchmarks.</p> <p>Amongst others, the below factors are considered while recommending increase in remuneration –</p> <ol style="list-style-type: none"> <li>Planned and actual financial performance of the Company</li> <li>Industry benchmarks including peer groups based on function and level of employees</li> <li>Cost of living / inflation</li> <li>Competitive factors</li> </ol> <p>The above measures enable the Company to attract and retain the best talent. The Company also uses a mix of fixed, variable and ESOP based compensation on a mid-to-long term basis to align middle and senior management compensation to enhancing shareholder value.</p>	

Sl No	Requirements	Details															
VI	Comparison of remuneration of Key Managerial Personnel against performance of the Company	The total compensation paid to Key Managerial Personnel (including executive director) constituted 1.2% of the net profits of the year. In comparison to the previous fiscal, this reduced by 12% against the increase in revenues and profits of the Company by 6% and 11% respectively															
VII	Variation in the market capitalisation of the Company, Price Earnings (P/E) ratio and percentage increase in the market quotation in comparison to the rate at which the company came out with the last public offer	The market capitalisation of the Company during the last fiscal increased from ₹ 84,880 mn to ₹ 94,680 mn resulting in a growth of 12%. The P/E ratio increased by 2% from March 31, 2014 to 26 as at March 31, 2015. The closing price of the Company's equity shares was ₹ 473.4 representing 300% increase over the last public offering, ie IPO in March 2004, adjusted for 1:1 bonus in 2008.															
VIII	Average percentile increase in salaries of employees other than managerial personnel and its comparison with the percentile increase in managerial remuneration and justification thereof	The average increase in employee remuneration other than managerial personnel was 10.4%, which has been marginally lower than that for managerial personnel. The increase in managerial remuneration is in line with the measures to attract and retain the best talent. The Company also uses a mix of fixed, variable and ESOP based compensation on a mid-to-long term basis to align middle and senior management compensation to enhancing shareholder values.															
IX	Comparison of remuneration of Key Managerial Personnel against the performance of the Company	<table border="1"> <thead> <tr> <th><b>KMP</b></th> <th><b>Remuneration (in ₹ million)</b></th> <th><b>Rem as a % of Net Profit</b></th> </tr> </thead> <tbody> <tr> <td>CEO &amp; Jt. MD</td> <td>26.57</td> <td>0.7%</td> </tr> <tr> <td>CFO<sup>(1)</sup></td> <td>23.76</td> <td>0.6%</td> </tr> <tr> <td>CFO<sup>(2)</sup></td> <td>7.84</td> <td>0.2%</td> </tr> <tr> <td>CS</td> <td>5.70</td> <td>0.2%</td> </tr> </tbody> </table>	<b>KMP</b>	<b>Remuneration (in ₹ million)</b>	<b>Rem as a % of Net Profit</b>	CEO & Jt. MD	26.57	0.7%	CFO <sup>(1)</sup>	23.76	0.6%	CFO <sup>(2)</sup>	7.84	0.2%	CS	5.70	0.2%
<b>KMP</b>	<b>Remuneration (in ₹ million)</b>	<b>Rem as a % of Net Profit</b>															
CEO & Jt. MD	26.57	0.7%															
CFO <sup>(1)</sup>	23.76	0.6%															
CFO <sup>(2)</sup>	7.84	0.2%															
CS	5.70	0.2%															
X	Key parameters for variable component of remuneration availed by Directors	The overall variable pay to Directors does not exceed 40% of the fixed pay. This enables the company to ensure that its Director remuneration is on par with global markets and in line with retention plans.															

Note: 1. Mr. Murali Krishnan retired from services on July 31, 2014. Remuneration includes gratuity and leave encashment paid upon retirement.

2. Mr. Siddharth Mittal was appointed as CFO effective August 01, 2014 and hence his remuneration is included only for the period after August 1, 2014

During the financial year, none of the employees received remuneration in excess of the highest paid director.

We hereby affirm that the remuneration paid to the directors and Key Management Personnel is in line with the remuneration policy of the Company.

**B. Information in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

**Details of Remuneration paid during the year ended 31st March, 2015**

Sl. No.	Employee Name	Designation and Nature of Duties	Educational Qualifications	Age	Total work Exp (Yrs)	Remuneration ₹	Date of Commencement of Employment	Previous Employment and Designation
1	Dr. Abhijit Shrikishna Banve	President - R&D	MD, Ph.D	46	15	18,655,506	1-Nov-11	Senior Director, Astellas Pharma
2	Mr. Amitava Saha	Senior Vice President - HR	BE, PGD	45	18	6,813,245	1-Dec-13	Head HR, First Source Solutions
3	Mr. Anurag Sharma	Associate Vice President - Legal	B.Com, LLB	37	14	5,760,054	3-Jun-13	General Counsel, DSM India Pvt Ltd
4	Dr. Arun Chandavarkar	Chief Executive Officer and Jt Managing Director	Ph.D	53	24	26,565,319	8-Nov-90	-
5	Mr. John M M Shaw	Vice Chairman & Director	MA (Hons.)	66	44	14,783,114	1-Apr-99	President - Berghaus International Fashion Group, Holland
6	Ms. Kiran Mazumdar-Shaw	Chairperson and Managing Director	BSc (Hons.), PGD in Malting and Brewing	62	40	15,523,850	1-Dec-78	Technical Consultant, Jupiter Breweries Ltd
7	Mr. Lourd Raj Joseph	Vice President - Engg & Maint	Diploma Engineering	50	28	6,498,256	22-Jun-92	Maintenance Incharge, Penninsula Processed Food Ltd
8	Mr. Murali Krishnan KN *	President - Finance & CFO	B.Com, (CA)	59	33	23,759,105	9-Nov-81	-
9	Mr. Nehal Vohra	Associate Vice President - Marketing	BSc, MBA	39	18	6,303,883	6-Aug-01	Product Manager, Gland Pharma
10	Mr. Paul Vazhayil Thomas	Vice President	BS, MBA	42	20	8,218,790	2-May-11	Director, Pfizer Inc
11	Mr. Prasad BSV	Senior Vice President	MSc M.Tech	48	22	9,032,202	15-Sep-99	Deputy Manager - Projects, Gujarat Theramis Biosyn Ltd
12	Mr. Prasad Deshpande	Vice President - Supply Chain	BE (Mech), MS (Mfg Engg)	42	20	7,941,592	14-Mar-11	Director - Global Logistics, Pfizer Inc, USA
13	Mr. Radhakrishnan G	Vice President - IT	BSc, Diploma in Business Management	53	25	6,644,130	1-Jan-96	Consultant, Cams Pvt Ltd
14	Mr. Ravindra Kamalakar Limaye	President - Marketing	MPharm, MMM (Marketing Management)	51	26	18,617,088	13-Mar-14	Senior Vice President, Novartis Healthcare Pvt Ltd
15	Mr. Sandeep Rao *	Senior Vice President	MSc, PGDM	42	15	13,350,785	15-Jun-99	-
16	Mr. Satish Anunachalam *	Associate Vice President - Finance	B.Com, CA	43	18	1,107,141	11-Mar-10	General Manager, Wipro Ltd
17	Ms. Seema Shah Ahuja	Head Corporate Communications	BA, MBA - Marketing, Advtg & PR	49	25	7,953,775	14-Dec-11	Vice President, Jubilant Life Science
18	Mr. Shreehas P Tambe	Senior Vice President	M.Tech	41	17	8,133,384	15-Jul-97	-
19	Mr. Shukrit Sudhir Chimote *	Vice President	MS, MBA, MIA	41	13	7,195,501	25-Apr-11	Associate Director, Global Marketing, Bristol Myers Squibb
20	Mr. Siddharth Mittal	President - Finance & CFO	B.Com, CA, CPA	37	15	11,755,889	23-May-13	Vice President, Symphony Teleca Corporation
21	Dr. Sriram A V	Vice President - Quality	MS, Ph.D	52	19	6,917,160	22-Apr-03	Senior Scientist, Intas Pharmaceuticals
22	Dr. Subir Kumar Basak *	Senior Vice President	MS, Ph.D	44	12	155,585	27-Mar-15	President, Jubilant Biosys
23	Mr. Sundares S R	Vice President - Commercial	BSc, PGDBA	57	29	7,645,492	2-Feb-04	Director - Commercial, Maini Material Movement Pvt Ltd

\* Employed for part of the year.

Note:

1 Remuneration shown above includes Salary, Allowances, Bonus (based on receipt), Company's contribution to provident fund, and other perquisites including perquisites on exercise of stock options valued as per Income Tax Rules, 1962. Leave encashment and Gratuity are on payment basis.

2 Nature of employment in all cases is contractual. The other terms and conditions are as per Company's Rules.

3 Ms. Kiran Mazumdar-Shaw & Mr. J M M Shaw are Directors of the company and are related to each other. No other employee mentioned above is related to any Director of the Company.

For and on behalf of the Board

**Ms Kiran Mazumdar-Shaw**

Chairperson & Managing Director

Bengaluru

Date April 29, 2015

## Annexure 7 - Corporate Social Responsibility

[Pursuant to Section 135 of Companies Act, 2013]

Biocon believes in making a difference to the lives of millions of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure.

Your company's CSR activities are implemented through:

- Biocon Foundation – Works towards the development and implementation of healthcare, education and infrastructure projects for the marginalized sections of society
- Biocon Academy- Aims to address the skill deficit in the biotechnology space
- External partners- Partner with reliable CSR players who work towards the development of society.

The CSR Vision of the Company is:

- To promote social and economic inclusion by ensuring that marginalized communities have equal access to healthcare services, educational opportunities, and proper civic infrastructure.
- To create a globally competitive Biotech ecosystem in India through skill development.
- To bridge the gap of gender disparity in education, healthcare and employment.

Visit [http://www.biocon.com/biocon\\_csr](http://www.biocon.com/biocon_csr) for more details related to our CSR Policy.

CSR Committee

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives.

The members of the CSR Committee are-

- a) Ms. Mary Harney, Chairperson
- b) Ms. Kiran Mazumdar-Shaw
- c) Dr. Bala S Manian
- d) Dr. Vijay K Kuchroo

Financial details

The provisions pertaining to corporate social responsibility as prescribed under Section 135 of the Companies Act, 2013 are applicable to the Company. A summary of the financial details as sought by the Companies Act, 2013 are as follows -

In ₹ Million

Particulars	Amount
Average net profit before tax of the Company for last three financial years*	3,533
Prescribed CSR expenditure (2% of the average net profit as computed above)	71
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	71
Total amount spent	71
Amount unspent, if any	Not applicable

The details of the amount spent during the financial year is detailed below:

In ₹ Million

Sl. No.	CSR project / program name	Sector	Location of project / program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period.	Amount spent: direct/ through external agency
(i)	Expenditure on Projects & Programs						
1	ARY Primary Healthcare Clinics	Healthcare and medical facilities	Karnataka - At nine Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	8.9	8.9	8.9	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	1.6	1.6	1.6	Biocon Foundation
3	E-Health – Odisha & Karnataka	Healthcare and medical facilities	Odisha and Bagalkot	15.6	15.6	15.6	Direct and Biocon Foundation
4	Chinnara Ganitha	Improving quality of education	Various districts in Karnataka	5.9	5.9	5.9	Biocon Foundation
5	E-Kisaan	Improving quality of education	Bagalkot and Bijapur	2.3	2.3	2.3	Biocon Foundation
6	Project Once	Clean Drinking Water and Rain water harvesting	Bengaluru (Huskur)	1.4	1.4	1.4	Biocon Foundation
7	Women's Hostel	Rural development	Haliyal, Karnataka	3.0	3	3	Biocon Foundation
8	Rural development project	Rural development	Bengaluru (Hebbagodi)	3.0	3	3	Biocon Foundation
9	Biotechnology training	Improving quality of education	Bengaluru	15.3	21.3	21.3	Biocon Academy
10	International School of Business	Improving quality of education	Hyderabad	2.5	2.5	2.5	Direct and Biocon Foundation
(ii)	Administrative Expenses						
1	All projects excluding Sl. No. 9 & 10 above	Office expenses	Bengaluru, Odisha	5.8	5.8	5.8	Biocon Foundation
				<b>71</b>	<b>71.3</b>	<b>71.3</b>	

### Responsibility Statement

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

For and on behalf of the Board

Bengaluru  
April 29, 2015

**Ms Kiran Mazumdar-Shaw**  
Chairperson & Managing Director

**Ms Mary Harney**  
Chairperson, CSR Committee

## Annexure 8 - Extract of Annual Return as on financial year ended on 31st March 2015

### FORM NO. MGT 9

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014)

#### Registration and Company Details

1. CIN	L24234KA1978PLC003417
2. Registration Date	November 29, 1978
3. Name of the Company	BIOCON LIMITED
4. Category/Sub-category of the Company	Category : Company Limited by Shares Sub Category : Indian Non- Government Company
5. Address of the Registered office & contact details	20th K.M. Hosur Road, Hebbagodi Bangalore – 560 100 Contact : Tel +91 80 2808 2037 Email : kiran.kumar@biocon.com
6. Whether listed company	Yes
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited, Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Contact : Tel +91 40 23312454; Email : einward.ris@karvy.com

#### Principal Business activities of the Company

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of pharmaceuticals, medicinal chemical and botanical products	21	100.00%

#### Particulars of holding, subsidiary and associate companies

Sl. No	Name and Address of the Companies	CIN/GNL	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section under Companies Act, 2013
1	Syngene International Limited	U51909KA1993PLC014937	Subsidiary	83.61%*	2(87)
2	Biocon Research Limited	U73100KA2008PLC046583	Subsidiary	100%	2(87)
3	Biocon Pharma Limited	U24232KA2014PLC077036	Subsidiary	100%	2(87)
4	Biocon SA	-NA-	Subsidiary	100%	2(87)
5	Biocon SDN. BHD.	-NA-	Subsidiary	72.38%**	2(87)
6	NeoBiocon FZ LLC	-NA-	Subsidiary	51%	2(87)
7	Biocon Academy	U80301KA2013NPL072272	Subsidiary	100%	2(87)

\* Biocon Research Limited holds 0.9% in Syngene International Limited

\*\* Biocon SA holds 27.62% in Biocon SDN. BHD.

Share holding pattern (equity share capital breakup as percentage of total equity)

## 1. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	80,747,694		80,747,694	40.37	80,847,694		80,847,694	40.42	0.05
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub Total (A-1)	<b>80,747,694</b>		<b>80,747,694</b>	<b>40.37</b>	<b>80,847,694</b>		<b>80,847,694</b>	<b>40.42</b>	<b>0.05</b>
<b>(2) Foreign</b>									
a) NRI Individual	1,665,558		1,665,558	0.83	1,665,558		1,665,558	0.83	0
b) Other Individuals									
d) Bodies Corp.	39,535,194		39,535,194	19.77	39,535,194		39,535,194	19.77	0
e) Banks / FI									
f) Any other									
Sub Total (A-2)	<b>41,200,752</b>		<b>41,200,752</b>	<b>20.6</b>	<b>41,200,752</b>		<b>41,200,752</b>	<b>20.6</b>	<b>0</b>
Total shareholding of Promoter (A-1 + A-2)	<b>121,948,446</b>		<b>121,948,446</b>	<b>60.97</b>	<b>122,048,446</b>		<b>122,048,446</b>	<b>61.02</b>	<b>0.05</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	6,563,087		6,563,087	3.28	6,930,213		6,930,213	3.47	0.19
b) Banks / FI	5,523,308		5,523,308	2.76	9,815,657		9,815,657	4.91	2.15
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	27,080,730		27,080,730	13.54	21,460,044		21,460,044	10.73	-2.81
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):	<b>39,167,125</b>		<b>39,167,125</b>	<b>19.58</b>	<b>38,205,914</b>		<b>38,205,914</b>	<b>19.11</b>	<b>-0.47</b>
2. Non-Institutions									
a) Bodies Corp.	4,835,898		4,835,898	2.42	529,1631		529,1631	2.65	0.23
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	13,364,215	47,640	13,411,855	6.71	15,330,952	46,838	15,377,790	7.69	0.98
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	11,113,655	268,072	11,381,727	5.69	9,260,076	268,072	9,528,148	4.76	-0.93
c) Others (specify)									
Non Resident Indians	877,457	172,394	1,049,851	0.52	997,344	172,394	1,169,738	0.58	0.06
Qualified Foreign Investors	75		75						
Clearing Members	553,515		553,515	0.28	240,435		240,435	0.12	-0.16
Trusts	7,651,508		7,651,508	3.83	8,137,898		8,137,898	4.07	0.24
Foreign Bodies - D R									
Sub-total (B)(2):-	<b>38,396,323</b>	<b>488,106</b>	<b>38,884,429</b>	<b>19.45</b>	<b>39,258,336</b>	<b>487,304</b>	<b>39,745,640</b>	<b>19.87</b>	<b>0.42</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>76,663,448</b>	<b>488,106</b>	<b>77,151,554</b>	<b>39.03</b>	<b>77,464,250</b>	<b>487,304</b>	<b>77,951,554</b>	<b>38.98</b>	<b>-0.05</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Grand Total (A+B+C)	<b>199,511,894</b>	<b>488,106</b>	<b>200,000,000</b>	<b>100</b>	<b>199,512,696</b>	<b>487,304</b>	<b>200,000,000</b>	<b>100</b>	<b>0</b>

## 2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Kiran Mazumdar-Shaw	79,287,564	39.64	0	79,287,564	39.64	0	0
2	Glentec International Limited	39,535,194	19.77	0	39,535,194	19.77	0	0
3	John M M Shaw	1,407,558	0.70	0	1,407,558	0.70	0	0
4	Ravi Rasandra Mazumdar	565,014	0.28	0	565,014	0.28	0	0
5	Yamini R Mazumdar	552,202	0.28	0.01	552,202	0.28	0.03	0
6	Claire Indira Anna Mazumdar	258,000	0.13	0	258,000	0.13	0	0
7	Eric Vivek Mazumdar	258,000	0.13	0	358,000	0.18	0	0.05
8	Dev Mazumdar	84,914	0.04	0	84,914	0.04	0	0
	<b>Total</b>	<b>121,948,446</b>	<b>60.97</b>	<b>0.01</b>	<b>122,048,446</b>	<b>61.02</b>	<b>0.03</b>	<b>0.05</b>

## 3. Change in Promoters' Shareholding

Sl. No.	Particulars :	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>KIRAN MAZUMDAR-SHAW</b>				
	At the beginning of the year	79,287,564	39.64%	79,287,564	39.64%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			79,287,564	39.64%
<b>2</b>	<b>GLENTEC INTERNATIONAL</b>				
	At the beginning of the year	39,535,194	19.77%	39,535,194	19.77%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			39,535,194	19.77%
<b>3</b>	<b>J M M SHAW</b>				
	At the beginning of the year	1,407,558	0.70%	1,407,558	0.70%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			1,407,558	0.70%
<b>4</b>	<b>RAVI RASENDRA MAZUMDAR</b>				
	At the beginning of the year	565,014	0.28%	565,014	0.28%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			565,014	0.28%
<b>5</b>	<b>YAMINI R MAZUMDAR</b>				
	At the beginning of the year	552,202	0.28%	552,202	0.28%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			552,202	0.28%
<b>6</b>	<b>ERIC VIVEK MAZUMDAR</b>				
	At the beginning of the year	258,000	0.13%	258,000	0.13%
	Transfer of Shares in December 2014	100,000	0.05%	358,000	0.18%
	At the end of the year			358,000	0.18%
<b>7</b>	<b>CLAIRE INDIRA ANNA MAZUMDAR</b>				
	At the beginning of the year	258,000	0.13%	258,000	0.13%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			258,000	0.13%
<b>8</b>	<b>DEV MAZUMDAR</b>				
	At the beginning of the year	84,914	0.04%	84,914	0.04%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			84,914	0.04%

## 4. Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	4,007,183	2.00%	4,007,183	2.00%
	Transfer / purchase of shares during the year	2,241,477	1.12%	6,248,660	3.12%
	At the end of the year			6,248,660	3.12%
<b>2</b>	<b>FRANKLIN TEMPLETON INVESTMENT FUNDS</b>				
	At the beginning of the year	7,941,042	3.97%	7,941,042	3.97%
	Transfer / sale of shares during the year	(2,534,846)	-1.27%	5,406,196	2.70%
	At the end of the year			5,406,196	2.70%
<b>3</b>	<b>BIOCON INDIA LIMITED EMPLOYEES WELFARE TRUST</b>				
	At the beginning of the year	3,767,023	1.88%	3,767,023	1.88%
	Transfers to employees upon exercise of stock options	(92,095)	-0.04%	3,674,928	1.84%
	At the end of the year			3,674,928	1.84%
<b>4</b>	<b>TEMPLETON DEVELOPING MARKETS TRUST</b>				
	At the beginning of the year	2,497,396	1.25%	2,497,396	1.25%
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year			2,497,396	1.25%
<b>5</b>	<b>MURALI KRISHNAN K N</b>				
	At the beginning of the year	2,385,939	1.19%	2,385,939	1.19%
	Transfer/ sale of shares during the year	(100,000)	-0.05%	2,285,939	1.14%
	At the end of the year			2,285,939	1.14%
<b>6</b>	<b>ARUN SURESH CHANDAVARKAR</b>				
	At the beginning of the year	2,200,000	1.10%	2,200,000	1.10%
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year			2,200,000	1.10%
<b>7</b>	<b>BIOCON EMPLOYEES WELFARE TRUST</b>				
	At the beginning of the year	1,901,014	0.95%	1,901,014	0.95%
	Transfer/ sale of shares during the year	-	-	-	-
	At the end of the year			1,901,014	0.95%
<b>8</b>	<b>CLESTRA FOUNDATION</b>				
	At the beginning of the year	1,733,688	0.87%	1,733,688	0.87%
	Transfer/ sale of shares during the year	(100,000)	-0.05%	1,633,688	0.82%
	At the end of the year			1,633,688	0.82%
<b>9</b>	<b>BIRLA SUN LIFE INSURANCE COMPANY LIMITED</b>				
	At the beginning of the year	1,343,731	0.67%	1,343,731	0.67%
	Transfer / sale of shares during the year	(42,871)	-0.02%	1,300,860	0.65%
	At the end of the year			1,300,860	0.65%
<b>10</b>	<b>SBI LIFE INSURANCE COMPANY LTD</b>				
	At the beginning of the year	1,315,184	0.66%	1,315,184	0.66%
	Transfer / sale of shares during the year	(23,266)	-0.01%	1,291,918	0.65%
	At the end of the year			1,291,918	0.65%

5. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>ARUN SURESH CHANDAVARKAR</b>				
	At the beginning of the year	2,200,000	1.10%	2,200,000	1.10%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			2,200,000	1.10%
<b>2</b>	<b>CHARLES L COONEY</b>				
	At the beginning of the year	159,522	0.08%	159,522	0.08%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			159,522	0.08%
<b>3</b>	<b>SURESH N TALWAR (Jt LAJU S TALWAR)</b>				
	At the beginning of the year	32,000	0.02%	32,000	0.02%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			32,000	0.02%
<b>4</b>	<b>BALA S MANIAN</b>				
	At the beginning of the year	12,500	0.01%	12,500	0.01%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			12,500	0.01%
<b>5</b>	<b>KIRAN MAZUMDAR-SHAW</b>				
	At the beginning of the year	79,287,564	39.64%	79,287,564	39.64%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			79,287,564	39.64%
<b>6</b>	<b>J M M SHAW</b>				
	At the beginning of the year	1,407,558	0.70%	1,407,558	0.70%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			1,407,558	0.70%
<b>7</b>	<b>RAVI RASENDRA MAZUMDAR</b>				
	At the beginning of the year	565,014	0.28%	565,014	0.28%
	Date wise Increase / Decrease	-	-	-	-
	At the end of the year			565,014	0.28%

## Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Figures in ₹ Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	541	274	-	815
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>541</b>	<b>274</b>	<b>-</b>	<b>815</b>
Change in Indebtedness during the financial year				
* Addition	-	287	-	287
* Reduction	541	-	-	541
Net Change	<b>(541)</b>	<b>287</b>	<b>-</b>	<b>(254)</b>
Indebtedness at the end of the financial year				
i) Principal Amount	-	561	-	561
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>-</b>	<b>561</b>	<b>-</b>	<b>561</b>

## Remuneration of Directors and Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Figures in ₹ Million

Sl. No.	Particulars of Remuneration	Name of Managing, Whole-time Director			Total Amount
		Kiran Mazumdar-Shaw (CMD)	J M M Shaw (WTD)	Arun S Chandavarkar (CEO & Jt. MD)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.49	14.78	25.94	56.21
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	-	0.63	0.66
	(c) Profits in lieu of salary under section 17(3) Income- tax Act	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify...				
5	Others, please specify				
	<b>Total (A)</b>	<b>15.52</b>	<b>14.78</b>	<b>26.57</b>	<b>56.87</b>
	Ceiling as per the Act				<b>361.20</b>

## B. Remuneration to other directors

Figures in ₹ Million

Sl No.	Particulars of Remuneration	Name of Directors								Total Amount
		Charles L Cooney	Suresh N Talwar	Bala S. Manian	Mary Harney	Russell Walls	Daniel M Bradbury	Jeremy M Levin	Vijay K Kuchroo	
1	<b>Independent Directors</b>									
	Fee for attending board committee meetings	0.40	0.40	0.30	0.40	0.40	0.40	0.20	0.20	2.70
	Commission	3.23	1.99	1.81	2.36	3.48	2.66	1.51	1.19	18.23
	Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	3.63	2.39	2.11	2.76	3.88	3.06	1.71	1.39	20.93
2	<b>Other Non-Executive Directors</b>									
	Fee for attending board committee meetings	Ravi Mazumdar 0.40								0.40
	Commission	-								-
	Others, please specify	-								-
	Total (2)	0.40								0.40
Total B (1 + 2)										21.33
<b>Total Managerial Remuneration (A+B)</b>										<b>78.20</b>
Overall Ceiling as per the Act										<b>397.30</b>

## C. Remuneration to key managerial personnel other than MD/Manager/Whole-time Director

Figures in ₹

Sl No.	Particulars	CFO <sup>(1)</sup>	CFO <sup>(2)</sup>	CS	Total
1	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	23.55	7.21	5.63	36.39
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.21	0.63	0.07	0.90
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	Others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	<b>23.76</b>	<b>7.84</b>	<b>5.70</b>	<b>37.29</b>

- Note:
- Mr. Murali Krishnan retired from services on July 31, 2014. Remuneration includes gratuity and leave encashment paid upon retirement.
  - Mr. Siddharth Mittal was promoted and appointed as CFO effective August 01, 2014 and hence his remuneration is included only for the period after August 1, 2014
  - Salary of CEO is not included above, since he is Joint Managing Director and details already included in Section (A) above.

### Penalties/ Punishment/ Compounding of offences:

There were no material penalties/ punishment/ compounding of offences for the year ended March 31, 2015.

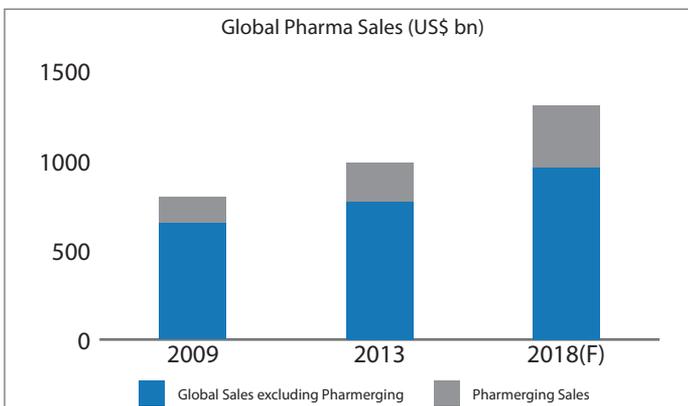
# Management Discussion & Analysis

## Industry Outlook

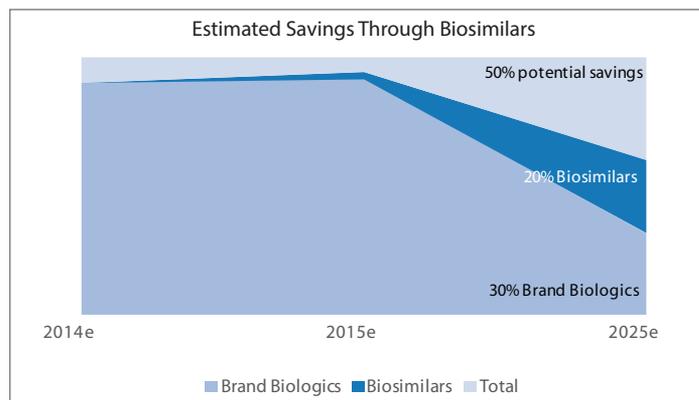
### Global Pharmaceutical Industry

The global economy is still not entirely out of the financial crisis that emerged in the past, yet 2014 was another year of growth for the pharmaceutical industry world over. Global pharmaceutical sales grew by ~8% during the year with the developed economies showing an uptick of 7% y-o-y and the emerging markets saw average growth at 11-12%. From a macro standpoint, the developed countries continue to grapple with the legacies of the financial crisis that unfolded in the past and the emerging economies are less dynamic than they earlier used to be. In 2014, the overall demand for medicines continued to expand, the tailwinds included expiring patents, growing use of generic medicines, regulatory transformations, and headwinds being the geopolitical tensions, slowdown in Europe and Japan, and increasing spent on innovation for combating the shrinking healthcare budgets.

The outlook for the pharmaceutical industry, going forward, remains positive. According to IMS Health forecast, drug spending world over will be at least ~30% higher at about US\$1.3 trillion<sup>1</sup> in 2018 over 2013. This market growth of 4-7% will largely be driven by population growth, aging population, the introduction of new speciality medicines and improved accessibility for patients in Pharmerging markets. While the developed<sup>2</sup> markets drive the increased growth, the Pharmerging<sup>3</sup> countries will increase their contribution and would account for nearly 50% of total growth over the next five years. The Pharmerging markets are likely to grow at a CAGR of 8-11% and a large percentage of their volumes (almost 80%) will be through non-branded medicines. Amongst the new drugs, it is worthwhile to mention that of the 41 new drugs approved by FDA in 2014, 11 were biologics. From a therapeutic perspective, 40% of the total growth is likely to be driven by oncology, autoimmune, respiratory, antivirals and immuno suppressant therapy areas. The growth is expected to be on the back of new therapies, cures and the administrative improvements



Source: IMS Global Outlook for Medicines Through 2018, Nov 2014

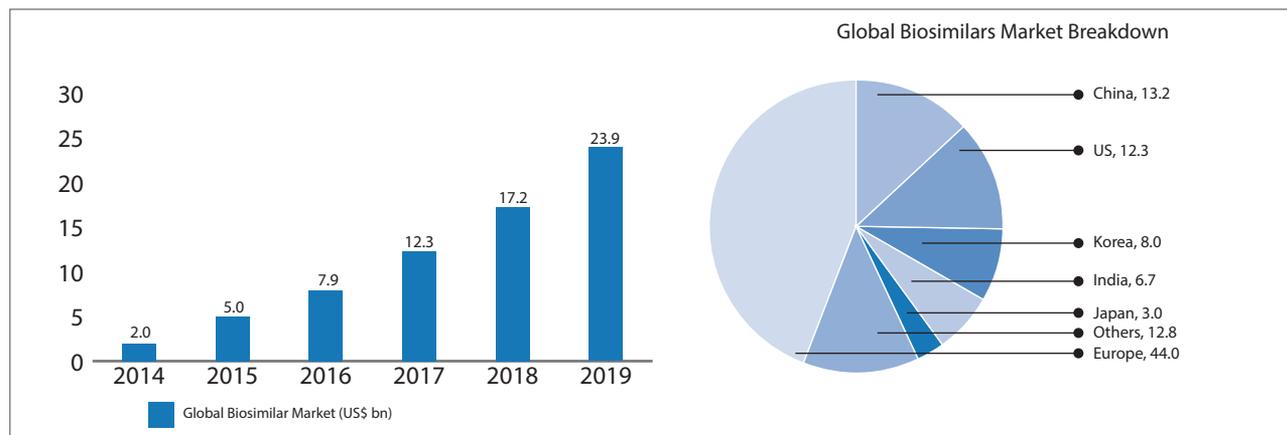


Source: Citi Research, Feb 2015

in hospitalisation. Innovation in cancer drug research will move up the oncology related drugs spending to US\$100 bn in 2018, up by over US\$35 bn from the 2013 levels. The global drug spending in the diabetes space will exceed US\$78 bn with incidence of diabetes accelerating particularly in low- and middle-income countries.

Whilst the increasing life expectancy in recent decades coupled with a growing ageing population is driving demand for pharmaceutical sales, the governments across the world are under tremendous pressure for healthcare budget restrictions. This clearly points towards innovation and medicinal alternatives being the need of the hour to address the cost imperatives in the pharmaceutical sector spend.

Besides the US\$121 bn off patent molecule opportunity for generics, the governments are also giving thrust to biosimilars which are likely to drive



Source: Frost & Sullivan

<sup>1</sup> IMS Global Outlook for Medicines Through 2018, November 2014.

<sup>2</sup> Developed Markets: U.S., Japan, Germany, France, Italy, Spain, U.K., Canada, South Korea

<sup>3</sup> Pharmerging Markets: China, Brazil, Russia, India, Algeria, Argentina, Colombia, Egypt, Indonesia, Mexico, Nigeria, Pakistan, Poland, Romania, Saudi Arabia, South Africa, Thailand, Turkey, Ukraine, Venezuela, Vietnam

big savings in healthcare cost. As per a recent study conducted by RAND, biosimilars in the US alone are expected to bring about a US\$44 bn reduction in direct spending on biologic drugs between 2014- 2024. With US\$48 bn worth of patents on a number of blockbuster biologics slated to expire going forward, we expect the global biosimilar market to continue expanding at a rapid pace. From a geographical perspective, the emerging markets are likely to have the faster adoption rate for biosimilars followed by Europe and other advanced markets and the US.

To sum up, the pharmaceutical industry world over will witness another leap in growth with generics and biosimilars being the foremost to address the need of innovation and combat the rising pharmaceutical spending.

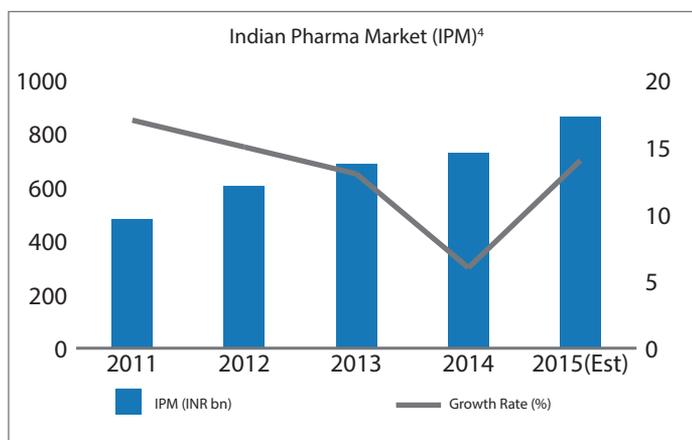
### The Indian Pharmaceutical Industry

Indian pharmaceutical industry, primarily dominated by the generics, is estimated to register a turnover of around US\$50 bn at a CAGR of 10% through 2020 (according to PWC analysis, Pharma 2020). The key factors for this double digit growth would be the increasing diagnosis and treatment of chronic ailments, fuelled by ascending trend in the per capita income.

During the current fiscal, the standalone domestic pharmaceutical market reached a size of ~₹ 864 bn<sup>4</sup> (US\$13.8 bn)<sup>5</sup>. The pharma sales coupled with economic growth and healthcare spending improved and recovered from the slump in the 2013 caused by the market's reaction to the new drug pricing policy. A significant proportion of the increase is due to high growth in chronic therapies. The demand remained robust in Oncology (23%), Anti-Diabetic (25%), Dermatology (17%) and Ophthalmology and Otolaryngology (33%)<sup>4</sup>. An uptick was also witnessed in the anti-infective, cardiac and pain management therapies. The domestic market has also downplayed the effect of the new pricing policy owing to price hike taken for the products under DPCO and the volume uptick in the National List of Essential Medicines (NLEM) listed drugs.

Going forward, the domestic market is likely to drive the industry growth further with the government's increased focus on health and cleanliness. The Government is also supporting the long term growth of the sector through budgetary allocation of ₹ 297 bn<sup>6</sup> (US\$4.7 bn)<sup>5</sup> for healthcare, and higher investments in allied infrastructure. The impact of the anticipated expansion of price control list is unlikely to impair the structural growth outlook for the industry. The sector will also give immense opportunity for new brands that will differentiate the product baskets. Given the increasing per capita income coupled with increasing population and changing lifestyle, the industry remains a sustained and attractive business opportunity for pharma companies.

Amongst the global markets, despite stringent requirements, the Indian companies have done fairly well and increased their market shares. As per IMS<sup>7</sup>, the Indian share in the US generic market by prescription has gone up to 29% in 2014 from 18% in 2009. Indian companies also filed over 735 ANDAs in the year<sup>8</sup>. Though, US market continues to remain the largest market for India generic exports, it is witnessing a slowdown in product approvals and increased channel consolidation which has impacted overall pricing and margins for the industry. Without being reliant on a single market, the Indian Pharma companies have also expedited their efforts to establish their strong presence in markets such as Brazil, Mexico, Venezuela and other markets in Latin America and also in some east European markets. The Indian pharma companies are in the important phase of their evolution and are likely to take centre stage with Complex Generics in the US and EU markets. Sustainable growth will depend on the ability of companies to align their product portfolio towards chronic therapies for diseases that are on the rise. Amongst the biosimilars, the Indian companies in the foreseeable future will perhaps have the largest basket of products aimed at emerging countries followed by the developed countries. Though few, but the beginning of Novel Molecular Entity ('NME') development by Indian companies is a sign of Indian generic companies moving up in the chain. The outlook for the industry remains strong, both on the domestic and the export segments.



### Company Review

Biocon prides itself as an emerging Biopharmaceutical enterprise that is present across a wide value chain and focussed on developing products and services that are affordable with a view to making healthcare accessible. We aspire to be an integrated biotechnology enterprise driven by intellectual asset creation through discovery, research and development. Our subsidiary, Syngene, which undertakes the research services business has also evolved from being a chemistry and biology-focused CRO to an integrated provider of discovery and development services for NMEs across a range of domains including small molecules, large molecule biologics, Antibody Drug Conjugates (ADCs) and oligonucleotides.

During the year, our top line registered 7% growth on a consolidated basis from ₹ 29,332 mn to ₹ 31,429 mn. The core Biopharmaceuticals segment recorded a growth of 5% while the research services segment registered a year on year increase of 15%.

The modest performance of Biopharmaceuticals was on account of challenges faced in the Middle East, capacity constraints in Insulins and a weaker performance from our Branded Formulations business. However, from an operational viewpoint, we filed our first set of ANDAs in the US and Market Authorisation Applications in EU in FY15, embarking upon our vision of becoming a vertically integrated player in the niche APIs we develop. In Branded Formulations, we have seen moderate growth at the top line level, but we are pleased that our strategic reorganization of the business has resulted in higher productivity across each division within the business.

Amongst the biosimilar programs, we had an eventful year with steady progress in our clinical programs. Our three molecules, namely Pegfilgrastim, Adalimumab and generic Insulin Glargine have entered global Phase 3 clinical trials, while the Phase 3 global clinical trial for Trastuzumab has made significant progress. We initiated a Rest of World ('RoW') focussed clinic trial for biosimilar Bevacizumab. We have also commissioned our Greenfield Insulins facility at Malaysia and during the course of coming year, the plant will undergo a series of operational qualifications before we seek regulatory approvals from the leading regulatory agencies world over.

<sup>4</sup> AIOCD MAT, March 2015, Market Reports.

<sup>5</sup> US\$ ₹ : 62.59 (RBI reference rate 31 March, 2015)

<sup>6</sup> Union Budget - February 2015.

<sup>7</sup> IMS, MAT 2014 and MAT 2009 numbers for India, Market Reports

<sup>8</sup> USFDA Data, Market Reports

Outlined below is a detailed note on each our verticals that we are present in.

### Biopharmaceuticals

This segment comprises of two businesses- Biopharma and Branded Formulations. Biopharma includes revenues from small molecule API and generic formulations, biosimilars and licensing. The core biopharma (Small Molecule APIs and Biosimilars) accounted for sales of ₹ 17,638 mn and registered a year on year growth of 2%. Branded formulations clocked a turnover of ₹ 4,296 mn, an uptick of 10% over the previous year, while the licensing income grew to ₹ 433 mn from ₹ 149 mn in the previous year. Together, this segment accounted for 71% of the total revenues for the company in FY15.

#### Small Molecule APIs and Generic Formulations

The Small molecule business of our company continues to contribute significantly to our revenues and global footprint. Our strength in this business comes from our presence in chronic therapies and our fermentation based technology platform. We are one of the leading producers of generic statin and immuno suppressant APIs in India and continue to benefit from the chronic application of these drugs.

In the last fiscal, the Company embarked on a portfolio optimization plan with a view to focus on the bottom line through a judicious mix of products. This was done with a view to offset the impact of certain products in our portfolio which are at the end of their lifecycle and substitute them with newer and more profitable products and offerings. In this direction, we also initiated investments to enter the generic formulations space last year. We are confident that this strategy would not only allow us to address the formulations segment in the developed and emerging markets but also de-risk our dependence on some of our heavily genericised small molecule APIs. This year, we filed our first set of Abbreviated New Drug Applications (ANDAs) in the US and Market Authorisation Applications in EU. We are further investing in a Greenfield Oral Solid Dosage (OSD) facility in Bengaluru to make us a vertically integrated player in generic formulations in the coming years. This should help us maintain the profitability in this segment going forward. We also filed over 20 DMFs with multiple authorities' world over in FY15. Our facilities were audited by multiple health authorities including USFDA.

The business faced headwinds this year with subdued offtake of our novel API (Fidaxomycin) by our client. We also withdrew from certain markets where we faced payment issues. The entry into newer geographies required regulatory approvals which has taken time and thus affected the overall growth of the business.

We are committed to exploiting new opportunities within the generic small molecules space. With a strong product basket complemented by capacity expansion, this business will continue to be an area of focus for us.

### Biosimilars

As an emerging player in biosimilars globally, our portfolio, comprising generic Insulins and Analogs, biosimilar Monoclonal Antibodies ('MAbs') and other biologics targets a ~US\$60<sup>9</sup> bn opportunity. For FY15, while the lion's share of our Biosimilar revenues came from our Insulins portfolio, we made significant developments in the MAbs and other biologics as part of our partnered programs.

We continue to witness robust demand in Insulins in emerging markets but the growth was impacted due to capacity constraints at our current facility in Bengaluru. While we continue to work on debottlenecking our existing operations, we believe that the green field project at Malaysia would go a long way in augmenting the current capacities. The Malaysian Insulin plant has been commissioned but not commercialized. The facility is a state-of-the-art plant equipped to handle both Recombinant Human Insulin as well as the insulin Analogs. This facility will be an important trigger to unlock the growth opportunity in generic Insulins and Analogs, starting with the emerging markets and followed by the developed markets.

On the global development front, our Insulins programs are progressing well with Insulin Glargine in global Phase 3 clinical trials. With the recent approval from Mexico for Insulin Glargine, we have cemented a strong foundation in the Insulins space where we have market approvals in over 60 countries for rh-Insulin and in 20 countries for Insulin Glargine. The growing incidence of diabetes the world over will expand this segment further and we are well positioned to address this large opportunity with the added advantage of being 'affordable'.

Amongst the biosimilar MAbs and other biologics, in the global Phase 3 trials for our metastatic breast cancer drug, Trastuzumab, the recruitment has steadily picked up at over 100 sites world over. We have also commenced the global Phase 3 development for Pegfilgrastim and Adalimumab. The recruitment of patients for the Indian clinical trial of Bevacizumab, an oncology drug and amongst the most essential drugs listed by World health organization has also been initiated. This is a RoW focussed trial that harmonizes our global development program for Bevacizumab.

USFDA's nod to Sandoz's Zarxio (Filgrastim), through the 351(k) pathway, has given a reasonable mandate to the approval of biosimilars in the United States, the largest drug market in the world. Zarxio (Filgrastim) is a simpler molecule and it would be interesting to see FDA's approach in dealing with more complex monoclonal bodies. The near term triggers would be the approval of Remicade filed by Celltrion/Hospira and the outcome of litigations between Sandoz v/s Amgen (Filgrastim) and Janssen Pharma v/s Celltrion (Remicade). Biosimilars represents a new paradigm in the US. While it does open up a big opportunity, there are challenges for biosimilar developers to implement their legal and commercial strategies that may lead to slower adoption and lower penetration of biosimilars in the US market to start with. In the near to medium term with the existing market dynamics, we continue to remain excited for our biosimilars in emerging markets with cautious optimism for the developed markets.

### Branded Formulations

Since our late foray into Branded Formulations, we have been able to differentiate ourselves as a biologics-led healthcare company and have been successful in building a premium niche for ourselves in the crowded Indian Pharma market. What makes us different in the league is our emphasis towards enabling wider access of our world class products to the millions of patients in India. We continue to be a focused, specialty product company in chronic therapy areas with a significant contribution coming from biologics.

Last year, we restructured our portfolio to focus on our key anchor brands with a view to increasing our efficiency and overall profitability. Besides taking strategic calls in improving the field force productivity, we also scaled down on many of our products that had topline focus and offered lower margins. We closed our Bioproducts portfolio and also folded our Cardiology and Diabetology divisions into Metabolics which now offers a holistic portfolio of brands. We now have reinforced our attention towards making our Branded Formulations business a specialty franchise with increased profitability.

For FY15, the Branded Formulations business registered a growth of 10% y-o-y and accounted for about 14% of the total sales. Our flagship brands, particularly in Metabolics and Oncology continue to grow in stature in the industry. CANMAb<sup>TM</sup>, our biosimilar Trastuzumab has been very well received in the market and it also holds

<sup>9</sup> Company reports, market size of innovator products in CY 2014

the distinction of being one of the most successful product launches in the oncology segment in the country. Our insulin products marketed under our brands Insugen®, BASALOG® and INSUPen® continue to outpace the industry, in growth. We launched our second generation low cost reusable INSUPen® EZ based on Haselmeier i-pen platform. With this launch, we reinforced our promise to providing diabetics with better and affordable devices that offer ease of use resulting in improved compliance for management of their diabetes.

Many of our business divisions conducted patient and physician awareness programs all over India during the year. These programs not only helped educate patients and physician in disease prevention, detection and management but also helped in building value of Brand Biocon.

We are confident that our strategic initiatives in this vertical will enable us to deliver consistent profitable growth in the foreseeable future.

### Novel Molecules and Licensing

Over the next five years, the projected upsurge in the innovation driven by new drugs will bring benefits to patients' world over. The IMS projects approvals of over 40 NMEs globally every year going forward. For 2014, in the US alone, there were 41 NMEs approved out of which 17 drugs were given breakthrough therapy designations. It is expected that the new medicines originating from the Pharmerging economies will increase. From the therapy perspective, oncology drugs, anti-infectives and antivirals, and drugs targeting central nervous system disorders would comprise 46% of the late-stage pipeline.

We are steadily working on our focussed portfolio of molecules in the key therapeutic areas of oncology, auto-immune diseases and diabetes. Our programs are attaining credibility and in the coming years we should be able to realize value from them when these are out-licensed to global companies. Our oral insulin program (IN-105) continues to progress with the completion of first set of US clinical trials in ~100 subjects. While we are awaiting the readouts from the trials, the total exposure so far to IN-105 has been 400 subjects including Type-I diabetics, Type-II diabetics and healthy volunteers. With Itolizumab, our anti-CD6 monoclonal antibody, the out licencing has been delayed due to certain regulatory clearances that are required by our potential licensee. The regulatory clearance has much to do with the Cuban origin of the molecule. While the relations between the two nations have improved meaningfully, we are positive on the outcome. In the interim, we are working to get proof of concept data for certain rare neurological conditions where there is significant unmet medical need.

Moving forward, while our core focus from novel molecules remains out-licensing the assets to global companies, we also expect to utilize the proceeds from out-licensing to part fund our spending in research, innovation and capital expenditure.

### Research Services (Syngene)

With the changing industry landscape, the leading pharmaceutical companies world over have become increasingly dependent on contract research and clinical services for their end to end R&D operations. It goes without saying that improving R&D productivity and reducing the time to market are some critical challenge for the pharmaceutical industry. According to Frost & Sullivan, the global R&D expenditure for the pharmaceutical industry in 2014 was ~US\$139 bn, of which US\$105 bn could be potentially outsourced. Going forward, the global CRO market for discovery services is estimated to touch ~US\$23 bn through 2018 at a CAGR of ~12 % (Source: IQ4I Report).

Biocon's subsidiary Syngene, is one of India's leading contract research organisations (CRO) in the US\$ 14.7bn global CRO market. The company offers a suite of integrated, end-to-end discovery and development services for NMEs across industrial sectors including pharmaceutical, biopharmaceutical, and biotechnology amongst others. Syngene helps its clients in conducting discovery (from hit to candidate selection), development (including pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) and pilot manufacturing (scale-up, pre-clinical and clinical supplies) each with a distinctive economic advantage. Unlike the traditional business models, these services are offered through flexible business models ranging from a full-time equivalent ("FTE") to a fee-for-service ("FFS") model or a combination customized on the client's specific requirement.

With over 2000 scientists and a laboratory base over 900,000 square feet, Syngene currently services over ~200 clients, ranging from multinational corporations to start-ups, including eight of the top 10 global companies by sales in 2014<sup>10</sup>. Besides a number of multi-year contracts, Syngene also has a three long-duration, multi-disciplinary partnerships, each with a dedicated research centre with Bristol-Myers Squibb Co. (BMS), Abbott Laboratories (Singapore) Pte. Ltd. (Abbott) and Baxter International Inc. (Baxter).

During the financial year, Syngene's revenues grew 15% on the backdrop of new clients and projects. Its relationship with BMS was further strengthened with the research collaboration contract being rolled over for another 5 years until 2020. BMS contract by far is the largest collaboration of its kind in India and its extension is a strong reinforcement and validation of Syngene's integrated discovery and development model. As Syngene intends to offer late stage development services to its clients, it has also commenced the process of establishing a new commercial-scale facility in Mangalore to manufacture novel small molecules for innovator companies in pharmaceutical, agrochemical and other industrial sectors.

The Company expects to list Syngene on the stock exchanges and has therefore filed the Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) seeking approval for an Initial Public Offering (IPO) through an offer for sale by Biocon of a part of its shareholding in Syngene (post Balance Sheet development).

Syngene, with a proven track record and an effective combination of scientific talent, global accredited systems, R&D infrastructure and continued focus on protection of client's intellectual property, is well-positioned to benefit from the expected growth in the CRO industry.

### Resource Review

#### Employees

Employees are the cornerstone of our business success. The Company has a co-operative work culture and the employees have a strong affinity for brand Biocon. We have human capital of over 7500 people including over 300 employees who are part of Biocon Malaysia. Gender diversity is a key focus of our human resources policy with women representing almost 14% of our total workforce.

We firmly believe that good employee culture translates performance at an individual level to success for the Company, the industry, and clients and to the end users at large. To build on this, we have also introduced milestone bonuses and productivity incentives for employees to work on their short term goals and harmonize it with that of the business.

<sup>10</sup> IMS Health MIDAS, December 2014

**IPR**

One of the key focus areas for Biocon in its pursuit of innovation is the creation of Intellectual Property (IP) for market differentiation. The generation of IP not only gives a competitive advantage to Biocon but also creates exponential and enduring value for Biocon's stakeholders.

**Patents**

The IP portfolio of Biocon group of companies consists of 1,157 patent applications and we have been granted 530 patents in various jurisdictions.

**Trade Marks**

Biocon Limited's IP portfolio consists of 695 Trade Mark applications, out of which 329 are registered trademarks in different classes in various jurisdictions across the globe.

**Designs**

Biocon Limited's IP portfolio consists of 4 design applications, out of which 3 designs are registered.

**Financial Performance- An Overview****Consolidated Balance Sheet**

The following table details out the consolidated balance sheet as on March 31, 2015 (FY15) and March 31, 2014 (FY14)

All Figures in ₹ Million

Particulars	FY15	FY14	Change
<b>Equity and Liabilities</b>			
<b>Shareholder's funds</b>			
Share capital	1,000	1,000	-
Reserves and surplus	31,706	29,267	8%
	<b>32,706</b>	<b>30,267</b>	<b>8%</b>
Minority interest	1,722	823	109%
<b>Non-current liabilities</b>			
Long-term borrowings	7,696	6,062	27%
Deferred tax liability (net)	417	450	-7%
Other long-term liabilities	5,516	6,030	-9%
Long-term provisions	150	78	92%
	<b>13,779</b>	<b>12,620</b>	<b>9%</b>
<b>Current liabilities</b>			
Short-term borrowings	2,610	2,435	7%
Trade payables	4,293	3,472	24%
Other current liabilities	7,062	6,123	15%
Short-term provisions	1,582	1,766	-10%
	<b>15,547</b>	<b>13,796</b>	<b>13%</b>
Total	<b>63,754</b>	<b>57,506</b>	<b>11%</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Tangible and intangible fixed assets	33,065	27,308	21%
Non-current investments	-	645	-
Loans and advances and other non-current assets	5,063	3,165	60%
	<b>38,128</b>	<b>31,118</b>	<b>23%</b>
<b>Current Assets</b>			
Current investments	2,303	7,004	-67%
Inventories	4,527	3,766	20%
Trade receivables	7,705	5,998	28%
Cash and bank balances	9,375	8,044	17%
Loans and advances and other current assets	1,716	1,576	9%
	<b>25,626</b>	<b>26,388</b>	<b>-3%</b>
Total	<b>63,754</b>	<b>57,506</b>	<b>11%</b>

**Shareholders' Funds**

We have an equity share capital comprising of 200,000,000 equity shares of 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 the company increased by 8% in FY15 as compared to FY14, due to accumulation of profits made during the year net of dividend distribution.

### Minority Interest

The profit attributable to minority shareholders increased by 82% in FY15 largely on account of consolidation of NeoBiocon FZ LLC, from July 1, 2014 and additional dilution of our stake in Syngene, our research services subsidiary.

### Non-current liabilities

Non-current liabilities increased primarily due to the following reasons:

- Long-term borrowings has increased by 27% primarily due to drawdown of the term loan for setting-up a manufacturing facility in Malaysia.
- Increase in Long-term provisions and other liabilities attributable to funding received from co-development partners towards capex and foreign exchange translation of deferred revenue.

### Non-current assets

Non-current assets grew by 23% primarily due to investments in tangible assets for the Malaysian facility and expansion of facilities in our research services business.

### Working Capital (Current assets less current liabilities)

Working capital reduced from ₹ 12,592 Mn in FY'14 to ₹ 10,079 at the end of FY15, on account of reduction in current investments, which were used for funding our investment in tangible assets.

### Consolidated Statement of Profit and Loss

The following table details out key components of statement of profit and loss for the fiscals ended March 31, 2015 (FY15) and March 31, 2014 (FY14)

Table 2

All Figures in ₹ Million

Particulars	FY15	FY14	Change
<b>Total Revenue</b>	<b>31,429</b>	<b>29,332</b>	<b>7%</b>
<b>Expenses</b>			
Cost of materials consumed	12,561	11,860	6%
Employee benefit expenses	5,334	4,663	14%
Other Expenses	7,366	7,068	4%
Depreciation and amortisation (net)	2,210	2,036	9%
Finance costs	89	17	424%
Sub-total	<b>27,560</b>	<b>25,644</b>	<b>7%</b>
Less: Recovery of product development costs from co-development partners (net)	<b>-1,321</b>	<b>-1,689</b>	<b>-22%</b>
<b>Total Expenses</b>	<b>26,239</b>	<b>23,955</b>	<b>10%</b>
<b>Profit before tax and exceptional item</b>	<b>5,190</b>	<b>5,377</b>	<b>-3%</b>
Exceptional item (net)	1,051	-	-
<b>Profit before tax</b>	<b>6,241</b>	<b>5,377</b>	<b>16%</b>
Tax expense	957	1,069	-10%
<b>Profit after tax</b>	<b>5,284</b>	<b>4,308</b>	<b>23%</b>
Minority interest	310	170	82%
<b>Profit for the year</b>	<b>4,974</b>	<b>4,138</b>	<b>20%</b>

### Operating Revenue

The Biopharmaceuticals segment grew by 5% to ₹ 22,367 mn versus ₹ 21,382 mn in the previous fiscal. Within this segment, Branded Formulations registered a growth of 10% to reach ₹ 4,296 mn while the biopharma sales touched ₹ 18,071 mn, an uptick of 3% y-o-y. The contract research segment (Syngene) clocked a turnover of ₹ 8,225 mn reflecting a yearly growth of 15%.

The Total Revenue composition for FY 2015 and FY 2014 is detailed below:

Table 3, Values in %

	FY15	FY14
<b>Biopharmaceuticals</b>		
Biopharma	56%	59%
Branded formulations – India	14%	13%
Licensing income	1%	1%
Contract research	26%	24%
Other income	3%	3%
Total Revenue (In ₹ mn)	<b>31,429</b>	<b>29,332</b>

### Cost of Materials Consumed

The Material costs consist of consumption of raw materials, traded goods and change in stock. In FY15, material costs as a percentage of our overall revenue from operations have marginally reduced by 50 bps, reflecting a change in the composition of our revenues to high margin products and income from our research services business.

### Employee Benefit Expenses

The Employee Benefit Expenses comprise of the following items:

- 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)

The above expenses have increased by 14% in FY15, driven largely by increased employee strength and annual increments to employees.

### Research and Development Expenses

The net R&D expenditure for FY15, increased by 29% to ₹ 1,688 mn (against ₹ 1,312 mn in FY14). This amount in the profit and loss account represent ~8% of Biopharmaceuticals segment sales as compared to ~6% in the previous year. We also capitalized an amount of ₹ 589 mn and ₹ 295 mn has been offset against deferred revenue.

The increase in R&D expenses was largely due to:

- Continued progress of our clinical programmes in the developed markets, which are led largely by our partners.
- Additional spends for our ANDA foray

We expect R&D spends to continue to be between 8-10% of Biopharmaceuticals segment sales in the coming years.

### Depreciation and Amortisation

During this fiscal, the depreciation and amortization increased to ₹ 2,210 mn from ₹ 2,036 mn in FY14. This increase is on account of expansion of existing facilities at the research services arm of the Company.

### Finance Costs

The Finance Cost has increased to ₹ 89 mn in FY15 from ₹ 17 mn in FY14, largely due to working capital borrowings.

### Exceptional Items (net)

The exceptional items during the year comprise of the following:

- Biocon Research Limited ('BRL'), wholly owned subsidiary of Biocon purchased 7.69% of equity shares of Syngene International Limited ('Syngene'), from GE Equity International Mauritius for a consideration of ₹ 2,154 mn. BRL also subscribed to additional equity shares in Syngene by way of Rights Issue, thereby taking BRL's shareholding in Syngene to 10.93%.

On September 18, 2014, BRL entered into an agreement with Silver Leaf Oak (Mauritius) Limited ('Silver Leaf') to sell 10% equity stake in Syngene for a consideration of ₹ 3,800 mn. In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid equity stake in Syngene to IVF Trustee Company Private Limited ('IVF'), a fund advised by India Value Fund Advisors. Accordingly, BRL sold 10% equity stake in Syngene to IVF and a gain of ₹ 1,348 mn arising on such sale of shares net of transaction costs, has been recorded as exceptional item in the consolidated financial results.

- During the year, considering the financial position and uncertain future cash flows of Vaccinex Inc., the Company on a prudent basis has created a provision of ₹ 218 mn for diminution other than temporary, in the value of its investments in Vaccinex Inc. in the consolidated financial statements.
- During the year ended March 31, 2015, the Company sold equity shares of Syngene constituting 1% of equity capital at cost to Biocon Limited Employees Welfare Trust, a Trust formed for administration of a Scheme for the benefit of employees of the Group (excluding the employees of Syngene). Accordingly, a loss of ₹ 79 mn has been recorded in the consolidated statement of profit and loss for the year ended March 31, 2015.

### Tax Expenses

Tax expenses for the fiscal stood at ₹ 957 mn in comparison to ₹ 1,069 mn in FY14. The effective tax rate has reduced due to lower tax incidence in the hands of BRL on sale of shares due to BRL's business losses and low tax on operations in the research services subsidiary.

### Standalone Performance Overview

The Company's standalone revenue from operations for FY 2014-15 was ₹ 22,416 mn up 2% from the previous year. During the year the Company received ₹ 997 mn of dividend from Syngene. Standalone profit after tax was at ₹ 3,612 mn, an increase of 11% against ₹ 3,244 mn in the previous year. EPS on standalone basis for the year was at ₹ 18.06 as against ₹ 16.81 in the previous year. During the year, the Company had recorded an exceptional loss of ₹ 218 mn, as provision for Vaccinex Investment, as more fully described under Exceptional items above.

Cash generated from operations decreased by 30%, largely due to higher working capital investment in inventories and receivables. However, overall cash balance increased from ₹ 2,040 mn to ₹ 3,159 mn in the current year largely due to ₹ 997 mn of dividend income and a net repayment of loan from subsidiaries amounting to ₹ 1,550 mn.

### Liquidity

Our primary liquidity requirements are to finance working capital requirements and funding capital expenditure. The financing need is met through a combination of internal accruals, long-term borrowings and short-term borrowings. A detailed cash flow statement forms part of the financial statements.

### Risk & Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which can adversely affect the objectives of the Company. Impact of risks could either be monetary that is impact on business profits due to increase in costs, decreasing revenue amongst others or non-monetary which is delay in securing regulatory approvals, reputational damage etc. In addition, we could also be susceptible to risks arising out of our business strategy, decision on innovation or product portfolio. If there is any significant unfavourable shift in industry trend or pattern of demand, our returns on R&D investments might get affected. We have multiple competitors both in India and overseas and we also stride through risk associated with clients' and prospective clients' dispositions.

As a conscientious organization, we have adopted a risk management framework to ensure early identification and management of various critical risks, which accrue to our business model. The global generics companies face industry-wide risks in terms of patent litigations, regulatory compliance and quality issues. Since a significant portion of our clientele comprises of global generic players, our revenue performance is intricately linked to the performance and fortunes of these organizations. The

current slew of patent expiries has prompted the innovator Pharma companies to find inventive solutions to manage the lifecycle of their patented drugs to delay the entry of generics. With a focus on offsetting the expected losses from genericization of their molecules, the innovator companies are also employing strategies like collaborating for authorized generics and aligning with multiple generic players to fragment the pie.

We continue to work toward managing this dependency by focussing on diversification of our clientele base and optimization of our product portfolio, to ensure our presence in niches with lower genericization rates. This is expected to ensure our presence in markets with lower competitive index and higher entry barriers. On the other side, these efforts are still in various phases of development. Hence any delays due to changes in regulatory requirement, clearances or executional failures could materially affect the timing and implementation of our strategy.

Regulators across the globe strictly monitor the manufacturing facilities which produce biopharmaceuticals and biologics. Governing laws across the globe are becoming increasingly stringent over time, with severe penalties or actions in the event of non-compliance or violations to regulatory standards. In the scenario where we or any of our suppliers fail to 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 etc. Such impact would significantly affect the delivery of our objectives. Given the evolving nature and regulatory complexities relating to biosimilars, there is a continuous challenge in meeting the regulatory requirements. This might also lead to additional requirements from the regulators before granting commercialization approval. The additional requirements would not only increase our financial commitments but also shift the launch timelines, there by impacting Company strategy.

In addition to the above, other key risks relating to our current operations include human capital risk such as loss of key personnel, timely replenishment of critical vacant roles, reliance on third party sole suppliers or service providers including regional supplier reliance, risk arising out of co-development arrangements, disruption of operations from natural disasters, risk arising out of strategic projects, foreign exchange fluctuations, changing landscape of statutory regime etc.

The risk management framework adopted by the Company ensures continuous focus on identifying, assessment & evaluation, and adequate mitigation of various risks affecting the Company. The Audit & Risk committee reviews the Company's critical risks, overall risk exposure and timely changes to overall exposure, and status of various risk mitigation plans on a periodic basis.

### Internal Controls

The Company is responsible for establishing and ongoing maintenance of adequate and effective internal controls and for the preparation and presentation of the financial statements, in particular, the assertions on the internal financial controls in accordance with broader criteria established by the Company.

A robust, comprehensive internal control system is a prerequisite for an organization to function ethically and in commensuration with its abilities and objectives. We have established a strong internal control system for the Company and its subsidiaries, comprising of the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation and presentation of reliable financial information.

This internal control system is aimed at providing assurance on the Company's effectiveness and efficiency of operations, compliance with laws and regulations, safeguarding of assets and reliability of financial and management reporting.

Company and its subsidiaries is staffed with experienced and qualified people who play an important role in designing, implementing, maintaining and monitoring the internal control environment.

Further, an independent body of Chartered Accountants performs periodic internal audits to provide reasonable assurance over internal control effectiveness and advice on industry wide best practices. The Audit committee consisting of independent director's review important issues raised by the Internal and Statutory auditors thereby ensuring that the risk is mitigated appropriately with appropriate rectification measures on a periodic basis.

### Outlook

FY15 was an important year for the company. While we registered 7% revenue growth, we also took significant steps to address the key challenges of the business. We have reinforced our business strategy in the biopharmaceutical space, and over the next few years, we anticipate to overcome the business headwinds with an optimized revenue mix of high margin niche APIs and their generic formulations, biosimilar exports and Branded Formulations. We believe the Malaysian facility will be an important catalyst for addressing the capacity challenges for Insulins. That along with licensing and sales of Trastuzumab would add thrust to the biosimilars sales in emerging markets in the medium term. Further movement in our biosimilar development pipeline with more molecules progressing in the clinic and their eventual launch in developed markets would be a key determinant in the success of the biosimilars business. In research services, Syngene is well positioned to capitalize on its strengths to maintain its growth and going forward intends to evolve as a holistic contract research and manufacturing company.

In the coming year and forward, we will continue our efforts that are aligned with the market opportunity and are committed to enhancing value for our business and our stakeholders.

## Corporate Governance Report

The detailed report on Corporate Governance for the financial year ended March 31, 2015, as per Clause 49 of the Listing Agreement is set out below:

### 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 company-wide commitment and has become 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 focusing on the Company's strategic and operational excellence in the best interests of all stakeholders of the Company, in particular shareholders, employees and our customers 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 objectives 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 with relevant stakeholders.

Biocon is committed to continually evolving and adopting appropriate Corporate Governance best practices.

### Board of Directors

#### Profile and Composition of Directors

The Company has a balanced mix of Executive and Non-Executive Directors. As at March 31, 2015, the Board comprised twelve members including three executive directors, nine non-executive directors, of which eight are independent directors. Ms. Kiran Mazumdar-Shaw is the Chairperson and Managing Director ('CMD') of the Company, Mr. John Shaw is the Vice-Chairman and Dr. Arun S Chandavarkar is the Chief Executive Officer & Joint Managing Director. Ms. Kiran Mazumdar-Shaw, Dr. Arun S Chandavarkar 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 management 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:

#### Ms. Kiran Mazumdar-Shaw, Chairperson and Managing Director

Ms. Kiran Mazumdar-Shaw, aged 62 years, is a first generation entrepreneur with close to 40 years of experience in the field of biotechnology. She holds a bachelor's degree in Science (Zoology Hons.) from Bangalore University and a master's degree in Malting and Brewing from Ballarat College, Melbourne University. She has been awarded with several honorary degrees including Honorary Doctorate of Science from Ballarat University, National University of Ireland, Trinity College, Dublin and the University of Glasgow. She is the recipient of several national and global awards, the most noteworthy being the 'Padmashri' and the 'Padmabhushan' Award in 1989 and 2005, respectively, conferred by the President of India. She was also conferred with 'Ernst & Young Best Entrepreneur: Healthcare & Life Sciences Award (2002)', 'The Economic Times Business Woman of the Year Award (2004)', 'Nikkei Asia Prize for Regional Growth' by Japan's business daily, Nihon Keizai Shimbun, (2009) and most recently, the 'Othmer Gold Medal' by the U.S. based Chemical Heritage Foundation and '2014 Global Economy Prize' by Germany's Kiel Institute both in 2014. The prestigious Foreign Policy magazine has named her among the '100 leading Global Thinkers of 2014'. She has also been named as one of the '100 Most Influential People in the World' by TIME magazine in 2010, '25 Most Influential People in Biopharma' by Fierce Biotech, Asia-Pacific's 'Heroes of Philanthropy (2013)' and '100 Most Powerful Women (2013)' by Forbes magazine.

She is also an Independent director of the board of Infosys, and is the chairperson of the Indian Institute of Management, Bangalore. She is a part of the U.S. Pharmacopeial Convention (USP) Board of Trustees. She is a member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. She has set up the Association of Biotech Led Enterprises (ABLE) in 2003 and was its first president. She serves on the National Advisory Council of the Government's Department of Biotechnology. She is member of the governing body of the Indian Pharmacopoeia Commission, Ministry of Health and Family Welfare, Government of India.

#### Mr. John Shaw, Vice Chairman and Whole-time Director

Mr. John Shaw, aged 66 years, hold a master's degree in Arts (Economic Hons.) in History and Political Economy from Glasgow University, United Kingdom. Prior to joining our Board in 1999, he had worked with Coats Viyella Plc for over 27 years in different capacities, the last being the Finance and Managing Director of Coats Viyella group companies in various locations around the world.

#### Dr. Arun S Chandavarkar, CEO and Joint Managing Director

Mr. Arun Chandavarkar, aged 53 years is a Bachelors in Technology from the prestigious Indian Institute of Technology, Bombay. He earned his Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology, Cambridge, USA. He joined Biocon in 1990 and prior to his elevation as a member of board, he has worked in different capacities within the organization, the last being the Chief Operating Officer for the Company. With his acumen in technology, business and leadership, the Company has established expertise across diverse technology platforms spanning microbial fermentation, cell culture, chemical synthesis and purification to develop a wide range of products from specialty enzymes to active pharmaceutical ingredients to recombinant therapeutic proteins.

#### Prof. Ravi Mazumdar, Non-Executive, Non Independent Director

Prof. Ravi Mazumdar, aged 60 years, Professor Ravi Mazumdar was educated at IIT, Bombay (B. Tech in Electrical Engineering, 1977). He received the MSc, DIC from Imperial College, London (1978) and is a Ph.D. from the University of California, Los Angeles (UCLA, 1983). He is currently a University Research Chair Professor at University of Waterloo, Canada. Prior to this he was a faculty member at Purdue University, U.S.A, Columbia University, U.S.A., and University of Essex, U.K. He has held visiting positions at the Indian Institute of Science, Bangalore; the University of California, Berkeley and Telecom-Paris Tech, France. He is currently a J.D. Gandhi Distinguished Visiting Professor at the Indian Institute of Technology, Bombay. He has over 150 referred publications in the area of high speed communication networks, applied probability and stochastic processes, and in statistical signal processing. 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 Ms. Kiran Mazumdar-Shaw.

#### Prof. Charles L. Cooney, Independent and Non-Executive Director

Prof. Charles L. Cooney, aged 71 years, holds a bachelor's degree in Chemical Engineering from the University of Pennsylvania, a master's degree and a Ph.D. in Biochemical Engineering from Massachusetts Institute of Technology. He is the Robert T. Haslam (1911) professor of Chemical Engineering, Emeritus and a member of the steering

committee of the Deshpande Centre for Technological Innovation at Massachusetts Institute of Technology. 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, the Advisory Committee Service Award by the USFDA and the James Van Lanen Distinguished Service Award from the American Chemical Society. He has been a director of our Company since January, 2001.

**Mr. Suresh N Talwar, Independent and Non-Executive Director**

Mr. Suresh N Talwar, aged 77 years, is a law graduate from the Government Law College, Bombay (1961). He is a solicitor of the Incorporated Law Society, Mumbai. Mr. Talwar is enriched with experience across 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 served as partner at M/s. Crawford Bayley & Co and then founded Talwar Thakore & Associates, a law firm of repute. He is also on the Board of several leading companies such as Merck Limited, Blue Star Infotech Limited, Johnson & Johnson Limited amongst others. He has been a director of our Company since May, 2003.

**Mr. Russell Walls, Independent and Non-Executive Director**

Mr. Russell Walls, aged 71 years, is a fellow member of the Association of Chartered Certified Accountants, United Kingdom. He brings to the board his rich 45 years of experience in the financial management and accountancy. He has also served as a Director in multiple industries such as pharmaceuticals, textiles, transport and leisure. He is currently Chairman of Aviva Life Holdings Limited and on the board of Mytrah Energy Limited, Aviva Italia Holdings Spa and Signet Jewellers Limited etc. He has been a director of our Company since April, 2011.

**Dr. Bala S. Manian, Independent and Non-Executive Director**

Dr. Bala S. Manian, aged 69 years, he has been a part of the Silicon Valley entrepreneurial community over the last four decades as an entrepreneur, an investor and as an innovator. Before the Silicon Valley experience, he was an academic between 1971 and 1974, as a member of the teaching faculty at the University of Rochester. In his latest venture, ReaMetrix Inc, Bala Manian has spent more than ten years' in the innovation driven solutions to address the unmet human diagnostics needs of emerging economies that are affordable and economically sustainable. While these activities have been centered in India, the lessons learned are applicable globally. An expert in the design of electro-optical systems, Dr. Manian holds a large number (more than 40) of patents, many of which have resulted in successful commercial products. While his educational training is in Physics & Engineering, his contributions have centered predominantly in Life Sciences. As example of cross-discipline convergence, in February 1999 the Academy of Motion Picture Arts and Sciences awarded Bala, a Technical Academy Award for advances in digital cinematography. He has been recognized through several awards for his contributions as an educator, inventor and an entrepreneur. He has been a director of our Company since October, 2004.

**Ms. Mary Harney, Independent and Non-Executive Director**

Mary Harney, aged 62 years, was a member of the Irish Parliament for over thirty years and was a Government Minister for seventeen years in environment, economic and health ministries. She was Deputy Prime Minister for over nine years. She is an economics graduate of Trinity College, Dublin. She was the longest serving woman ever in the Irish Parliament and in 1993 became the only woman to have led a political party in Ireland. She retired from politics in January 2011 and is now involved in business. She is a director of several technology companies as well as an insurance company in Ireland. She is a member of the Board of CRANN, Trinity College Dublin's largest research institute and is chair of AMBER, the Advanced Materials and Bio-Engineering Research Centre at Trinity, a joint research enterprise with University College Cork, the Royal College of Surgeons in Ireland and industry. She is on the board of the Hospice Foundation of Ireland and is an honorary member of the International Women's Forum. She has been a director of our Company since April, 2012.

**Mr. Daniel M Bradbury, Independent and Non-Executive Director**

Daniel M Bradbury, aged 54 years holds a postgraduate diploma in Management Studies and a diploma of the Chartered Institute of Marketing from Harrow and Ealing Colleges of Higher Education, United Kingdom and bachelor's degree in Pharmacy (Hons.) from Nottingham University, United Kingdom. He has also completed the Director's Training and Certification Program at the University of California, Los Angeles and the Director's College 2010 Executive Education Program from Stanford University and the international executive program from INSEAD, European Institute of Business Administration, France. He has over 30 years of experience in creating and implementing strategies that transform businesses and bring novel medicines to market. He has been honoured with the Corporate Directors Forum Director of the Year Award for Enhancing Economic Value and the Ernst & Young's Entrepreneur of the Year finalist. He serves on the University of San Diego's Rady School of Management's advisory council and the Keck Graduate Institute's board of trustees. He has been a director of our Company since April 2013.

**Dr. Vijay K Kuchroo, Additional Independent Director**

Dr. Vijay Kuchroo, aged 60, is the Samuel L Wasserstrom, Professor of Neurology at Harvard Medical School, Senior Scientist at Brigham and Women's Hospital, and Co-Director of the Center for Infection and Immunity, Brigham Research Institutes, Boston. He is also an associate member of the Broad Institute and a participant in a Klarman Cell Observatory project that focuses on T cell differentiation. He is also the Director of the newly formed Evergrande Centre for Immunologic Diseases at Harvard Medical School and Brigham and Women's Hospital. To his credit, Dr. Kuchroo first described the inhibitory receptor TIM-3, which is being exploited as a target for cancer immunotherapy. He was first to describe the development of highly pathogenic Th17 cells, which has been shown to induce multiple different autoimmune diseases in humans. He has published over 325 original research papers in the field of Immunology and a paper describing development of Th17 authored by him has been one of the highest cited papers in Immunology. In addition, he has 25 patents and has founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals. He also serves on the scientific advisory boards and works in advisory capacity to a number of big pharmaceutical companies including Pfizer, Novartis and Glaxo-Smith-Kline (GSK).

**Dr. Jeremy M Levin, Additional Independent Director**

Dr. Jeremy Levin, aged 61 years holds a Bachelor's Degree in Zoology and a Masters of Arts and a Doctorate in the structure of Chromatin from the University of Oxford. In addition he received degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Cambridge. He is Chairman and CEO of Ovid Therapeutics, Inc. a private company developing novel medicines for orphan diseases of the brain. Prior to Ovid, he worked as as President and CEO of Teva Pharmaceutical Industries Ltd. where he was responsible for overseeing all aspects of one of the world's largest pharmaceutical companies. He has also served as a member of the executive committee of Bristol-Myers Squibb and as a senior executive in Novartis AG. He is the recipient of a number of awards including the Kermod Prize for work on novel hypertension drugs, the Albert Einstein Award for Leadership in Life Sciences, the B'nai Brith Award for Distinguished Achievement and the Officer's Cross of the Order of Merit of the Republic of Hungary.

### Board level membership norms

The Nomination & Remuneration Committee in concurrence with Board evaluates the balance of skills, knowledge and experience of the Board and, in the light of this evaluation, prepares a description of the role and capabilities required prior to identifying and recommending individuals for nomination as independent or non-independent members of the Board.

The members are expected to bring objectivity and independence of view to the Board's discussions and to help in providing the Board with effective leadership in relation to the Company's strategy, performance, and risk management as well as ensuring high standards of financial probity and Corporate Governance.

### Appointment of new Directors

The Nomination & Remuneration Committee consists of independent directors who evaluate the experience required at the Board. The Committee in-turn makes recommendation to the Board for appointment of a new director.

### Board Evaluation Mechanism

The Board is responsible for undertaking a formal annual evaluation of its own performance, that of its Committees and of individual Directors with a view to review their functioning and effectiveness and also for identifying possible paths for improvement. During the year, the Board in concurrence with Nomination and Remuneration Committee carried out a performance evaluation of itself, its Committees, the Chairperson and each of the executive/non-executive/independent directors excluding director being evaluated through the survey process. This was led by the Nomination and Remuneration Committee.

The Independent directors were evaluated on various performance indicators including aspects relating to -

- contribution to and monitor governance practices
- Introducing international best practices to address management issues
- Participation in long-term strategic planning
- Participation in Board and committee meetings

The evaluation process consisted of advising the Directors to consider specific matters in advance, such as the functioning and effectiveness of the Board, the major issues and challenges for the Company etc. The evaluation process covered specifically the performance of the Board and its Committees on various areas, including -

- Contribution to strategy
- Risk management
- Contributions from directors and industry benchmarks
- Financial and operating reporting including flow of information
- Succession planning
- Priorities for the Board and its committees over the next few years
- Inter-relationships between the Board and its Committees and
- Board Committees and decision making.

The overall feedback was positive with the Directors recognizing that the performance of the Board, the chairperson, independent directors and its various Committees was effective.

### Business updates and awareness program

During the year, the Board members were regularly apprised with the overview of the Company and its operations by the senior management team. Further, the business unit heads made presentation to the Board on a quarterly basis pertaining to the performance and future strategy for their respective business units. The members were also imparted with an awareness session by the company secretary on the new Companies Act and other Corporate Governance matters.

The familiarisation policy is posted on the website of the Company [http://www.biocon.com/biocon\\_invrelation\\_cor\\_keygovernance.asp?subLink=gover](http://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover).

### Status of Directors

Statement showing the status of Directors as executive/ non-executive and independent/ non-independent as at March 31, 2015 is set out below:

Sl. No.	Name of the Director	Office/Designation	Executive/Non-executive	Independent/Non independent
1	Ms. Kiran Mazumdar-Shaw	Chairperson & Managing Director	Executive	Non-independent
2	Dr. Arun S Chandavarkar	CEO & Joint Managing Director	Executive	Non-independent
3	Mr. John Shaw	Vice Chairman	Executive	Non-independent
4	Prof. Ravi Mazumdar	Director	Non-Executive	Non-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	Ms Mary Harney	Director	Non-Executive	Independent
10	Mr. Daniel M Bradbury	Director	Non-Executive	Independent
11	Dr. Jeremy M Levin	Additional Director	Non-Executive	Independent
12	Dr. Vijay K Kuchroo	Additional Director	Non-Executive	Independent

During the year, more than half of the Board comprised of non-executive independent Directors.

### Meetings and attendance record of directors and other directorships

During the financial year ended March 31, 2015, Board of Directors met five times on April 24, 2014, July 24, 2014, October 21, 2014, January 22, 2015 and March 31, 2015. The composition of the Board of Directors and their attendance at the Board meetings 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 <sup>(#)</sup>	Attendance at the last AGM	No. of other Directorships <sup>(*)</sup>
Ms. Kiran Mazumdar-Shaw	5	Yes	16
Dr. Arun S Chandavarkar	5	Yes	3
Mr. John Shaw	5	Yes	9
Prof. Ravi Mazumdar	4	Yes	1
Prof. Charles L Cooney	4	Yes	8
Mr. Suresh N Talwar	5	Yes	25
Dr. Bala S Manian	3	Yes	3
Mr. Russell Walls	4	Yes	9
Ms. Mary Harney	3	Yes	8
Mr. Daniel M Bradbury	4	Yes	15
Dr. Jeremy M Levin @	1	Not Applicable	2
Dr. Vijay K Kuchroo @	1	Not Applicable	-

\* Includes private limited companies and companies incorporated outside India and alternate directorships.

@ Appointed as additional director on January 22, 2015.

# Includes meetings attended through audio-visual / video conferencing mode.

#### 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 and Risk Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Share Transfer Committee and Corporate Social Responsibility Committee.
- The information on recruitment and remuneration of senior officers just below the board level, including CFO and 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 labour problems and their proposed solution. Any 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.

#### Detail of Directorship in other Companies

The details of directorships of the Company's Directors in other companies as at March 31, 2015 are given below:

Name of the Director	Companies with Directorship and any specific Interest
Ms. Kiran Mazumdar-Shaw	Syngene International Limited (Managing Director) Biocon Pharma Limited Biocon Research Limited Biocon SA ** Biocon Sdn Bhd ** Glentec International ** NeoBiocon FZ LLC** Narayana Institute for Advanced Research Private Limited Narayana Hrudayalaya Private Limited Narayana Vaishno Devi Speciality Hospitals Private Limited Infosys Limited United Breweries Limited Indian School of Business Glenloch Properties Private Limited Biocon Academy Mazumdar Shaw Medical Foundation

Mr. John Shaw	Syngene International Limited Biocon Pharma Limited Biocon Research Limited Biocon SA ** Glentec International ** Biocon Sdn Bhd** Biocon Academy Glenloch Properties Private Limited Mazumdar Shaw Medical Foundation
Prof. Ravi Mazumdar	Glentec International **
Prof. Charles L Cooney	Syngene International Limited Mitra Biotech Private Limited Levitronix Inc.** PolyPore International, Inc.** Pronutria Bioscience Inc.** Greenlight Bioscience, Inc.** enEvolve Inc.** Boyd Technologies**
Mr. Suresh N Talwar	Armstrong World Industries (India) Private Limited (Chairman) Merck Limited (Chairman) Samson Maritime Limited (Chairman) Blue Star Infotech Limited Chowgule and Company Private Limited Elantas Beck India Limited India Value Fund Trustee Company Private Limited IVF Trustee Company Private Limited IVF (Mauritius) PCC ** IVF (Mauritius) Limited ** Indium III (Mauritius) Holding Limited ** Indium III (Mauritius) Limited ** Indium IV (Mauritius) Holding Limited ** Indium IV(Mauritius) Limited ** Rediffusion – Dentsu, Young & Rubicam Private Limited Sandvik Asia Private Limited Shrenuj & Company Limited Snowchem Paints Private Limited (Chairman) Sonata Software Limited Swiss Re Shared Services (India) Private Limited Vidal Health TPA Private Limited Johnson & Johnson Private Limited (Alternate Director) PZ Cussons India Private Limited (Chairman and Alternate Director) Birla Sunlife Trustee Company Private Limited FCI OEN Connectors Limited (Chairman and Alternate Director)
Dr. Bala S Manian	ReaMetrix Inc. USA, ** ReaMetrix India Private Limited Vaccinex Inc. **
Mr. Russell Walls	Aviva Insurance Limited ** Mytrah Energy Limited ** Signet Jewellers Limited** Aviva Italia Holding SpA** Syngene International Limited Biocon Research Limited (Additional Director) Mytrah Energy (India) Limited (Additional Director) Bindu Vayu Urja Private Limited Mytrah Vayu (Krishna) Private Limited

Mr. Daniel M Bradbury	Syngene International Limited Biocon Research Limited (Additional Director) Illumina Inc.** Corcept Therapeutics Inc.** Geron Corporation** BioMed Realty Trust Inc.** Castle Biosciences Inc.** Microdermis Inc.** Diavacs Inc.** Profil Institute for Clinical Research Inc. ** Troia Therapeutics Inc.** Liquid Grids Inc.** Freedom Meditech Inc.** Sensulin LLC** Renova Therapeutics Inc.**
Ms. Mary Harney	Euro Insurances Limited ** Ward Biotech Limited ** Ward Research & Development Limited ** The Irish Hospice Foundation ** DÍONA Technologies Limited ** 60 Minute Innovation Limited ** (Chairperson) Advance Materials and Bio Engineering Research Centre (AMBER) ** (Chairperson) European Board Vital Voices **
Dr. Arun S Chandavarkar	Biocon Research Limited Biocon Pharma Limited Biocon Sdn Bhd **
Dr. Jeremy Levin	Ovid Therapeutics Inc.** (Chairman) ZappRx Inc.**

\*\* - Indicates Companies incorporated outside India

#### Details of Membership/ Chairmanship of Directors in Board Committees

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

Sl. No.	Name of the Director	Name of the Indian public Limited Company	Nature of the Committee*	Member/ Chairman/ Chairperson
1	Ms. Kiran Mazumdar-Shaw	Biocon Limited	Stakeholders Relationship Committee	Member
2	Mr. John Shaw	Biocon Limited	Stakeholders Relationship Committee	Member
3	Dr. Arun S Chandavarkar	Biocon Research Limited	Audit & Risk Committee	Member
4	Prof. Charles L Cooney	Biocon Limited Biocon Limited Syngene International Limited Syngene International Limited	Audit & Risk Committee Stakeholders Relationship Committee Audit & Risk Committee Stakeholders Relationship Committee	Member Chairman Member Member
5	Mr. Suresh N Talwar	Biocon Limited Elantas Beck India Limited FCI OEN Connectors Limited Merck Limited	Audit & Risk Committee Audit Committee Audit Committee Audit Committee	Member Member Chairman Chairman
6	Mr. Russell Walls	Biocon Limited Syngene International Limited Syngene International Limited Biocon Research Limited Mytrah Energy (India) Limited	Audit & Risk Committee Audit & Risk Committee Stakeholders Relationship Committee Audit & Risk Committee Audit Committee	Chairman Chairman Chairman Chairman Chairman
7	Mr. Daniel M Bradbury	Biocon Limited Syngene International Limited Syngene International Limited Biocon Research Limited	Audit & Risk Committee Audit & Risk Committee Stakeholders Relationship Committee Audit & Risk Committee	Member Member Member Member
8	Dr. Jeremy M Levin	Biocon Limited	Audit & Risk Committee	Member
9	Prof Ravi Mazumdar	Biocon Limited	Audit & Risk Committee	Member

\* As per Clause 49 of the Listing Agreement, Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian Public Listed and unlisted company have been reported. 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/she holds Directorships.

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

### Certificate of Code of Conduct

Biocon Group is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The 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 2014-15.

Bangalore  
April 27, 2015

For Biocon Limited  
(Sd/-)  
Ms. Kiran Mazumdar-Shaw  
**Chairperson and Managing Director**

### Shareholding of Directors

Name of the Director	Nature of Directorship	No. of shares held as at March 31, 2015
Ms. Kiran Mazumdar-Shaw	Executive	79,287,564
Mr. John Shaw	Executive	1,407,558
Dr. Arun S Chandavarkar	Executive	2,200,000
Prof. Ravi Mazumdar #	Non-Executive	565,014
Prof. Charles L Cooney	Non-Executive	159,522
Mr. Suresh N Talwar #	Non-Executive	32,000
Dr. Bala S Manian	Non-Executive	12,500

# Joint Holding with others

### Re-appointment of Directors

Mr. John Shaw, Vice Chairman and Prof. Ravi Mazumdar, shall retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Whereas, Dr. Jeremy M Levin & Dr. Vijay K Kuchroo Independent Directors appointed in January 2015 being eligible, offer themselves for appointment for the period of three years. Their brief profile/resumes and details of their other directorships and committee memberships, including their shareholding have already been provided in the Annual General Meeting notice as well as in this report.

### Notice of interest by Senior Management personnel

The Board has noted that no material financial and commercial transactions have been entered into between the Company and Senior Management team, where they have personal interest.

### Board Committees

The Biocon board has constituted the various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is directed by its Charter which outlines their scope, roles and responsibilities and their powers. All the decisions and recommendations of the Committee are placed before the Board for their approval.

The various Board level Committees are as under:

- Audit & Risk Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Share Transfer Committee

### Audit & Risk Committee

#### Terms of Reference

The Board considering the fact that the functions of Risk Review Committee overlaps with the functions of Audit Committee agreed to combine the Risk Review Committee with Audit Committee at its meeting held on July 24, 2014 and renamed it as Audit and Risk Committee.

The Audit & Risk Committee provides direction to the audit function and monitors the quality of internal and statutory audit with an objective of moving towards a regime of unqualified financial statements. The Committee functions as per the provisions of Clause 49 of the Listing Agreement and the provisions of Companies Act. The responsibilities of the Committee include review of the quarterly and annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements etc. The Committee also reviews the functioning of whistle blower mechanism, adequacy and effectiveness of internal audit function, risk management and control systems, review of management discussion and analysis of financial condition and results of operation.

The Company has put in place an enterprise wide Risk Management Framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company and all its business units identify, assess and mitigate risks that could materially impact its performance in achieving the stated objectives. The Committee ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities, reviews strategic decisions of the Company and on regular basis reviews the Company's portfolio of risks considering it against the Company's risk appetite. The Committee also recommend changes to the Risk Management Technique and/or associated frameworks, processes and practices of the Company.

## Composition

The Board constituted the Audit Committee on April 16, 2001 and title of the Committee was changed from Audit Committee to Audit & Risk Committee in July 2014. The following directors are the current members of the Committee:

- a) Mr. Russell Walls, Chairman
- b) Prof. Charles L Cooney
- c) Mr. Suresh N Talwar
- d) Mr. Daniel M Bradbury
- e) Dr. Jeremy M Levin
- f) Prof. Ravi Mazumdar

All the members of the committee are non-executive directors and majority independent. The members possess sound knowledge of accounts, finance, audit and legal matters.

## Meeting and attendance during the year

Name	No. of meetings held	No. of meetings attended
Prof. Charles L Cooney	4	4
Mr. Suresh N Talwar	4	4
Mr. Russell Walls	4	4
Mr. Daniel M Bradbury	4	4
Dr. Jeremy M Levin *	1	1
Prof Ravi Mazumdar**	2	2

\*Appointed as a member w.e.f. January 22, 2015

\*\* Attendance during the meetings held on October 21, 2014 and January 22, 2015, is subsequent to change in nomenclature of the committee to Audit & Risk Committee, and has been accordingly considered.

During FY15, the Committee met 4 times on April 24, 2014, July 24, 2014, October 21, 2014 and January 22, 2015. The Senior Management team, Internal Auditors and Statutory Auditors attended all the meetings of the Audit & Risk Committee. The Company Secretary acts as the Secretary to the Audit & Risk Committee.

The Committee also recommended to the Board of Directors the re-appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W), as Statutory Auditors of the Company for a period of 2 years upto the conclusion of the Annual General Meeting in 2017, subject to annual ratification by the members.

The Committee members are also advised of the work of independent internal auditors, M/s. PricewaterhouseCoopers (PwC) who are appointed to review and report that the internal control processes & systems are in place and they report quarterly to the Audit & Risk Committee.

The committee meets regularly in private sessions with the external auditors the internal auditors and the chief financial officer.

## Subsidiary Companies

The Company has seven subsidiaries. They are Syngene International Limited, Biocon SA, Biocon Research Limited, Biocon SDN BHD, NeoBiocon FZ LLC, Biocon Pharma Limited and Biocon Academy.

For the financial year, Syngene's revenues were more than 20% of the consolidated revenues of the Company, its subsidiaries & joint ventures. Three Independent Directors of the Company are on the Board of Syngene International Limited.

During the year, Clinigene International Limited, a subsidiary of Syngene was merged pursuant to the order of the Honourable High Court of Karnataka

In April 2015, Syngene has filed a Draft Red Herring Prospectus (DRHP) with the Securities and Exchange Board of India (SEBI) seeking approval for an Initial Public Offering (IPO) through an offer for sale by Biocon of a part of its shareholding in Syngene.

During the year, the Company incorporated Biocon Pharma Limited (BPL), on October 31, 2014 under the Companies Act, 2013 as a public limited company. It has its registered office at 20th KM, Hosur Road, Electronics City, Bengaluru 560 100, Karnataka, India. BPL is engaged in the development and manufacture of pharmaceutical formulations for sale in global markets, especially opportunities in US/EU. BPL is in the process of setting up its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bangalore. As at March 31, 2015 BPL has not commenced commercial operations

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

## CEO/CFO Certification

The CEO and CFO have certified, in terms of Clause 49 of the Listing Agreement to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

## Nomination & Remuneration Committee

### Terms of Reference

The Committee was constituted in terms of the requirement of Clause 49 of the Listing Agreement entered with Stock Exchanges and as per Section 178 of the Companies Act, 2013. The purpose of the Committee is to determine/review the Company's policy on specific remuneration packages for the Executive Directors including pension rights and any compensation payment, oversee the framing, review and implementation of compensation policy of the Company on behalf of the Board, form a policy, procedures and schemes and to undertake overall supervision and administration of Employee Stock Option Schemes (ESOS) of the Company and to review the Board structure, size and composition and make recommendation for any change. The committee also formulate evaluation criteria for directors and the board.

**Composition**

The Board constituted the Remuneration Committee on April 16, 2001 and title of the Committee was changed from Remuneration Committee to Nomination and Remuneration Committee in April 2014. The following directors are the current members of the Committee:

- Prof. Charles L Cooney, Chairman
- Mr. Suresh N Talwar
- Mr. Russell Walls
- Mr. Daniel M Bradbury
- Dr. Jeremy M Levin

The members of the committee are non-executive and independent directors.

**Meeting and Attendance during the year**

Name	No. of meetings held	No. of meetings attended
Prof. Charles L Cooney	4	4
Mr. Russell Walls	4	4
Mr. Suresh N Talwar	4	4
Mr. Daniel M Bradbury	4	4
Dr. Jeremy M Levin@	1	1

@ Appointed as member w.e.f. January 22, 2015

During the year 2014-2015, the Committee met 4 times on April 24, 2014, July 24, 2014, October 21, 2014 and January 22, 2015.

**Remuneration Policy**

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

- Job responsibilities
- Key performance areas of the employees/directors
- Industry trend

**Details of Remuneration:**

The details of remuneration and sitting fees paid or provided to each of the Directors during the year ended March 31, 2015 are given below:

In ₹ Million

Name of Director	Salary and Perquisites			Others		Total
	Fixed Pay & Bonus	Perquisites	Retiral Benefits	Commission	Sitting Fees	
Ms. Kiran Mazumdar-Shaw	14.66	0.03	0.83	-	-	15.52
Mr. John Shaw	14.78	-	-	-	-	14.78
Dr. Arun S Chandavarkar	25.47	0.03	1.07	-	-	26.57
Prof. Ravi Mazumdar					0.40	0.40
Prof. Charles L Cooney				3.23	0.40	3.63
Mr. Suresh N Talwar				1.99	0.40	2.39
Dr. Bala S. Manian				1.81	0.30	2.11
Ms. Mary Harney				2.36	0.40	2.76
Mr. Russell Walls				3.48	0.40	3.88
Mr. Daniel M Bradbury				2.66	0.40	3.06
Dr. Jeremy M Levin				1.51	0.20	1.71
Dr. Vijay K Kuchroo				1.19	0.20	1.39

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

No options under the ESOP plan were granted to the Executive / Non-Executive Directors during the year.

The Chairperson & 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 26, 2013 as a partial modification of the ordinary resolution passed at the Annual General Meeting held on July 23, 2010.

Further, CEO & Joint Managing Director was paid remuneration, including performance bonuses, as approved by the shareholders in the Annual General Meeting held on July 25, 2014. The Company has a performance bonus plans for payment of performance linked payouts to its executive directors which is as approved by the Nomination and Remuneration Committee.

**Services Contracts, notice and severance fees**

As at March 31, 2015, the Board comprised twelve members including three executive directors, nine non-executive directors, of which eight are independent directors. The executive Directors are employees of the Company and are subject to service conditions as per the Company policy, which is two months notice period or such period as mutually agreed. There is no separate provision for payment of severance fees. However, Independent Directors are not subject to any notice period and severance fees.

**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 also paid quarterly remuneration not exceeding 1% per annum of the net profits as approved by the special resolution passed by the Members of the Company at the Annual General Meeting held on July 26, 2013.

### Criteria for making payment to Non-Executive Directors

The role of non-executive/independent Directors of the Company is not just restricted to corporate governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, legal or Intellectual property. Hence, the compensation to the non-executive directors towards the professional services to the Company is recommended.

### Stakeholders Relationship Committee

#### Terms of Reference

The Committee was constituted in terms of mandatory requirement of Clause 49 of the Listing Agreement entered with Stock Exchanges and as per Section 178 of the Companies Act, 2013. The main role of the Committee is to look into the redressal of grievances of investors, debenture holders, deposit holders or other security holders relating to transfer of shares; non-receipt of balance sheet; non-receipt of declared dividends; non-receipt of annual reports; non-receipt of interest etc. In addition to this, the Committee also looks into investor relations, share transfer (to the extent not delegated to officials) and monitors servicing of investor requirements.

#### Composition

The Board constituted the Investors Grievance Committee on January 17, 2004 and title of the Committee was changed from Investors Grievance Committee to Stakeholders Relationship Committee in April 2014. The following directors are the current members of the Committee:

- Prof. Charles L Cooney, Chairman
- Ms. Kiran Mazumdar-Shaw
- Mr. John Shaw

Prof. Charles L Cooney, Chairman of the Committee is a Non-Executive and Independent Director.

#### Meeting and Attendance during the year

Name	No. of meetings held	No. of meetings attended
Prof. Charles L Cooney	4	4
Ms. Kiran Mazumdar-Shaw	4	4
Mr. John Shaw	4	4

During the year 2014-15, the Committee met 4 times on April 24, 2014, July 24, 2014, October 21, 2014 and January 22, 2015 and oversaw the investor grievance redressal.

#### Details of Shareholders Complaints

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

Opening	Complaints Received	Complaints solved	Pending
-	31	31	-

There have been no material grievances and all the grievance received were attended and resolved.

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

### Corporate Social Responsibility Committee

#### Terms of Reference

The Committee owns the corporate social responsibility policy and recommends any changes to the policy (or related activities) from time to time to the Board. Committee also oversees the implementation of the policy, approves plans/programs including selection of external partners towards execution of corporate social responsibility activities.

#### Composition

The Board constituted the Corporate Social Responsibility Committee on July 25, 2013. Currently, the Committee comprises the following Directors:

- Ms. Mary Harney, Chairperson
- Ms. Kiran Mazumdar-Shaw
- Dr. Bala S Manian
- Dr. Vijay Kumar Kuchroo

Ms. Mary Harney, Chairperson of the Committee is a non-executive and independent Director.

#### Meeting and Attendance during the year

Name	No. of meetings held	No. of meetings attended
Ms. Mary Harney	2	1
Ms. Kiran Mazumdar-Shaw	2	2
Dr. Bala S Manian	2	1
Dr. Vijay K Kuchroo @	-	-

@Appointed as committee member on January 22, 2015

During the year, committee met 2 times on April 24, 2014 and October 21, 2014

### Role of Company Secretary in Governance

The Company Secretary is a Compliance Officer and plays a key role in ensuring that effective board procedures are followed and reviewed periodically. The Company Secretary is primarily responsible to ensure compliance with all the provisions of Companies Act and provisions of all other applicable laws to the Company. The Company Secretary ensures timely flow of information along with relevant supporting are made available to the directors and the senior management team for effective decision making at the respective meetings.

### Compliance with Insider Trading Code

To bring transparency in the administration, Company complies with the disclosure requirements by the Directors, Senior Management and Functional Heads under Company's Code of Conduct for Prevention of Insider Trading.

### Annual Calendar of Meetings

The Company circulates in advance the annual calendar of Meetings of the Board/Board Level Committees & Shareholders' Annual Meeting for each year to facilitate the directors to block their time and dates for the meetings scheduled and ensure better participation at the meetings.

### Shareholders Meetings

#### Location and time of the shareholders meetings:

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

Year	Date and Time	Venue	Special resolutions passed
2011-12	July 26, 2012, 3.30 p.m.	Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bangalore - 560 099	None
2012-13	July 26, 2013, 3.30 p.m.	Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bangalore - 560 099	2
2013-14	July 25, 2014, 3.30 p.m.	Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bangalore - 560 099	1

### Special Resolutions

At the Annual General Meeting held on July 25, 2014 the following Special Resolution was passed -

- Increase in borrowing limits of the Company upto sums not exceeding ₹ 200,000 million over and above the equity paid-up capital of the Company and its free reserves.

### Disclosures

#### Related Party Transactions

The Board has laid down a policy on dealing with related party transactions and it is posted on the Website of the Company [http://www.biocon.com/biocon\\_invrelation\\_cor\\_keygovernance.asp?subLink=gover](http://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover)

#### 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.

#### Whistle Blower Policy

The Company has laid down a Whistle Blower Policy and the same has been posted on the Internet/Intranet of the Company. The address of the Chairman of the Audit & Risk 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 members of the Audit & Risk Committee. The policy is posted on the website of the Company [http://www.biocon.com/biocon\\_invrelation\\_cor\\_keygovernance.asp?subLink=gover](http://www.biocon.com/biocon_invrelation_cor_keygovernance.asp?subLink=gover).

#### Compliance with non-mandatory requirements of Clause 49 of the listing agreement

The Company has complied with the non-mandatory requirements to the extent that the Internal Auditor report directly to the Chairman of the Audit & Risk Committee.

#### Accounting Treatment

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 under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014.

#### Means of communication

The quarterly, half-yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results were published in English newspapers, usually in Business Line & Financial Express and Kannada newspapers, Samyukta Karnataka & Udayavani.

The results along with presentations made by the Company to Analysts are also posted on the website of the Company viz. [www.biocon.com](http://www.biocon.com). The Company's website also displays all official news releases.

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

Management Discussion and Analysis for the financial year is annexed to and forms part of Directors' Report.

## General Shareholder' Information

### Annual General Meeting

Date and Time	: July 24, 2015 at 3:30 PM
Venue	: Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bangalore - 560 099

### Financial Calendar for 2015-2016

The following are tentative dates:

First Quarterly Results	: July 23, 2015
Half-yearly Results	: October 20, 2015
Third Quarterly Results	: January 21, 2016
Annual Results 2015-16	: April 26, 2016
AGM for the year 2016-17	: July 22, 2016
Dates of Book Closure	: Saturday, July 18, 2015 to Friday, July 24 2015 (both days inclusive)
Listing on Stock Exchanges	: The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051  The Bombay Stock Exchange Limited P J Towers, Dalal Street, Mumbai - 400 001
Stock Code/Symbol	: NSE – BIOCON   BSE – 532523
International Securities Identification Number	: INE 376G01013

## Market Price data during 2014-15

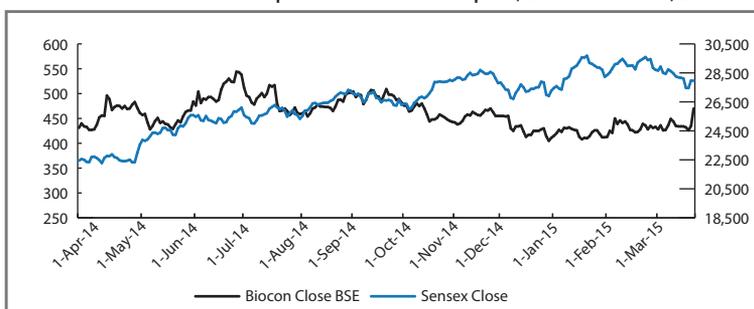
The monthly high/low closing prices and volume of shares of the Company from April 1, 2014 to March 31, 2015 are given below:

Months	BSE			NSE		
	High Price (₹)	Low Price (₹)	Volume of Equity Shares	High Price (₹)	Low Price (₹)	Volume of Equity Shares
Apr-14	513.65	424.00	3,921,663	513.75	423.00	27,006,487
May-14	494.80	413.50	2,533,297	494.90	413.50	15,965,100
Jun-14	535.00	436.00	3,626,871	535.90	435.45	24,114,490
Jul-14	553.70	460.00	3,358,250	553.60	459.20	26,257,497
Aug-14	484.00	450.00	2,003,624	484.00	449.25	16,742,144
Sep-14	514.90	464.35	3,268,202	515.00	462.35	26,079,019
Oct-14	508.75	442.30	1,655,925	508.90	442.25	14,344,667
Nov-14	466.85	436.00	2,024,694	466.65	435.55	17,032,101
Dec-14	475.50	408.05	2,688,950	475.90	407.90	16,939,552
Jan-15	436.25	402.45	1,715,862	436.40	402.30	13,475,388
Feb-15	453.55	407.05	1,760,105	453.80	406.65	11,305,844
Mar-15	474.80	419.00	1,840,973	475.00	417.90	12,830,422

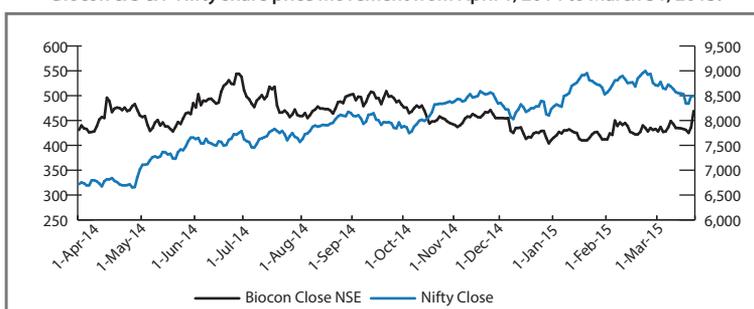
### Relative Movement Chart

The chart below gives the relative movement of the closing price of the Company's share and the BSE Sensex/NSE Nifty relative to the closing price. The period covered is April 01, 2014 to March 31, 2015. 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.

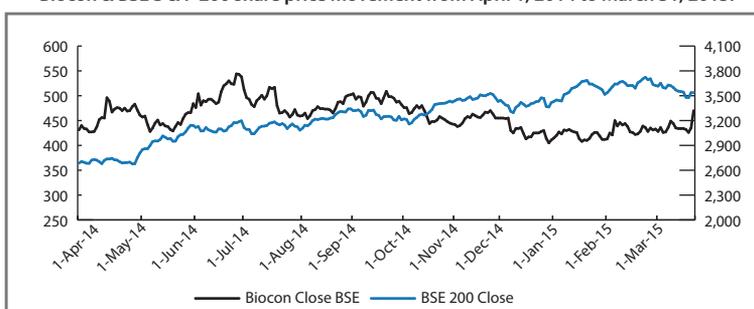
**Biocon & BSE Sensex share price movement from April 1, 2014 to March 31, 2015.**



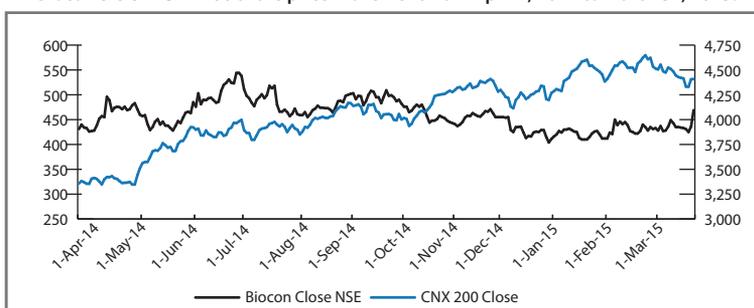
**Biocon & S & P Nifty share price movement from April 1, 2014 to March 31, 2015.**



**Biocon & BSE S & P 200 share price movement from April 1, 2014 to March 31, 2015.**



**Biocon & S & P CNX 200 share price movement from April 1, 2014 to March 31, 2015.**



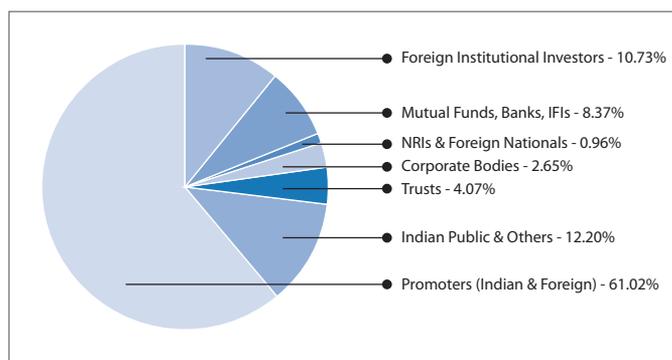
**Share Transfer System:**

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.

## Distribution of the Shareholding

The distribution of shareholding (category wise) as at March 31, 2015 is as under:

Sl. No.	Category	No. of Shares	% to Equity
1	Promoters (Indian & Foreign)	122,048,446	61.02
2	Foreign Institutional Investors	21,460,044	10.73
3	Mutual Funds, Banks, IFIs	16,745,870	8.37
4	NRIs & Foreign Nationals	1,919,458	0.96
5	Corporate Bodies	5,291,631	2.65
6	Trusts	8,137,898	4.07
7	Indian Public & Others	24,396,653	12.20
	<b>Total</b>	<b>200,000,000</b>	<b>100.00</b>



### List of shareholders holding more than 1% of the total number of shares as on March 31, 2015

Sl. No.	Name	Shareholding	% to Paid-up Capital
1	Kiran Mazumdar-Shaw	79,287,564	39.64
2	Glentec International	39,535,194	19.77
3	Life Insurance Corporation of India	6,248,660	3.12
4	Franklin Templeton Investment Funds	5,406,196	2.70
5	Biocon India Limited Employees Welfare Trust	3,674,928	1.84
6	Templeton Developing Markets Trust	2,497,396	1.25
7	Murali Krishnan K N	2,285,939	1.14
8	Arun S Chandavarkar	2,200,000	1.10
	<b>Total</b>	<b>141,135,877</b>	<b>70.56</b>

### Distribution of shareholding by number of shares:

Category	No. of shareholders	Total Shares	% to shareholders	% to paid up capital
Up to 5,000	107,589	11,000,503	97.81	5.50
5,001- 10,000	1,180	1,762,302	1.07	0.88
10,001- 20,000	536	1,576,876	0.49	0.79
20,001- 30,000	199	992,090	0.18	0.50
30,001- 40,000	79	560,956	0.07	0.28
40,001- 50,000	71	671,170	0.07	0.33
50,001- 100,000	119	1,718,373	0.11	0.86
100,001 & Above	222	181,717,730	0.20	90.86
<b>Total</b>	<b>109,995</b>	<b>200,000,000</b>	<b>100.00</b>	<b>100.00</b>

**Statement showing un-claimed Dividend as at March 31, 2015**

As per Section 124(5) of the Companies Act, 2013 and Section 205A of Companies Act, 1956, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred to the "Investor Education Protection Fund" (IEPF) established by the Central Government. The amount of unclaimed dividend upto financial years ended March 31, 2007 have been transferred to IEPF by the Company. The unclaimed dividend amounts for subsequent years along with their due dates for transfer to IEPF is mentioned below:

Sl. No.	Year	Dividend Per Share (in ₹)	Nature	Amount of unclaimed dividend as at March 31, 2015 (in ₹)	Due date for transfer of unclaimed dividend by the Company to Investors Education Protection fund (IEPF)
1	2007-08	5.00	Final	610,607	22/Aug/15
2	2008-09	3.00	Final	651,168	28/Aug/16
3	2009-10	3.50	Final	552,625	28/Aug/17
4	2010-11	1.50	Interim	305,016	03/Jun/18
5	2010-11	3.00	Final	661,350	26/Aug/18
6	2011-12	5.00	Final	1,152,850	31/Aug/19
7	2012-13	7.50	Final	1,293,522	31/Aug/20
8	2013-14	5.00	Final	665,515	31/Aug/21

During the year Company has transferred the unclaimed dividend amount for the FY 2006-07 to IEPF account of the Central Government

**Dematerialization of shares and liquidity**

487,304 shares constituting 0.24% of the paid up share capital of the Company were in physical form as at March 31, 2015.

There are no outstanding GDRs/ ADRs/ Warrants and convertible instruments.

**Plant locations**

I	II	III
20th KM, Hosur Road, Electronics City P.O. Bangalore - 560 100	Biocon Park Plot No 2, 3, 4 and 5 Bommasandra – Jigani Link Road Bangalore – 560 100	Plot 213-215 IDA Phase-II, Pashamylaram Medak District - 502307 Andhra Pradesh, India

**Contact Information****Financial Disclosure Correspondence**

Mr. Siddharth Mittal  
President – Finance & Chief Financial Officer  
Tel: 91 80 - 2808 2808  
E-mail id: siddharth.mittal@biocon.com

**Investor Relations Correspondence (Investors & Research Analysts)**

Mr. Saurabh Paliwal  
Head - Investor Relations  
Tel: 91 80 - 2808 2040  
E-mail id: saurabh.paliwal@biocon.com

**For queries related to shares / dividend / compliance**

Mr. Kiran Kumar G.  
Company Secretary and Compliance Officer  
Tel: 91 80 - 2808 2037  
E-mail id: investor.relations@biocon.com or co.secretary@biocon.com

**Media Correspondence**

Ms. Seema Ahuja  
Head - Corporate Communications  
Tel: 91 80 - 2808 2808  
E-mail id: seema.ahuja@biocon.com

**Registrar and Share Transfer Agents**

Karvy Computershare Private Limited  
(Unit: Biocon Limited),  
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District,  
Nanakramguda, Hyderabad – 500 032  
E-mail id: einward.ris@karvy.com, srikrishna.p@karvy.com

**Correspondence Address**

Regd. Office  
Biocon Limited  
20th K M, Hosur Road,  
Electronics City P.O., Bengaluru - 560 100

# Auditors' Certificate

To

The Members of Biocon Limited

We have examined the compliance of conditions of Corporate Governance by Biocon Limited ("the Company"), for the year ended on March 31, 2015, 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 LLP  
ICAI Firm Registration Number: 101049W  
Chartered Accountants

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

Bengaluru  
June 15, 2015

# Independent Auditor's Report

To the Members of Biocon Limited

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Biocon Limited ("the Company"), which comprise the balance sheet as at March 31, 2015, the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 35(i)(a) to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Aditya Vikram Bhauwala

Partner

Membership Number: 208382

Place: Bengaluru

Date: April 29, 2015

## Annexure to the Auditors' Report

The Annexure referred to in our report to the members of Biocon Limited ('the Company') for the year ended March 31, 2015. We report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification, intended to cover all the fixed assets of the Company over a period, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals 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) The Company has granted unsecured loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. In respect of loans granted, repayment of the principal amount and payment of interest is as stipulated in the agreement.
  - (b) There is no overdue amount of loans granted to company listed in the register maintained under section 189 of the Companies Act, 2013.
- (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 and inventories 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) The Company has not accepted any deposits from the public.
- (vi) 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 148(1) of the Companies Act, 2013, related to the manufacture of biopharmaceuticals and biotechnology products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
  - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other 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, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount Claimed (₹ Mn)	Payment under protest (₹ Mn)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	1	1	1994-1995	Assistant Collector of Central Excise
The Central Excise Act, 1944	Excise Duty	20	-	2009-2014	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	243	7	2005-2008 and 2009-2013	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	1	-	2009-2011	Revision application before Central Government
The Customs Act, 1962	Customs Duty	46	45	2004-2005, 2007-2008 and 2009-2012	Customs, Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	23	23	2008-2009 to 2011-2012	Commissioner (Appeals)
Finance Act, 1944	Service Tax	91	-	FY 2006 to FY 2011	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1944	Service Tax	1	-	FY 2009 to FY 2011	Commissioner (Appeal)
Income-tax Act, 1961	Income Tax	4	4	FY 1996-1997	Supreme Court
Income-tax Act, 1961	Income Tax	94	86	FY 1997-1998 and FY 2002-2008	High Court of Karnataka
Income-tax Act, 1961	Income Tax	69	-	FY 2008-09	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income Tax	95	-	FY 2009-2010	Commissioner (Appeals)
Income-tax Act, 1961	Income Tax	38	-	FY 2010-2011	Dispute Resolution Panel
Income-tax Act, 1961	Withholding tax	45	16	FY 2003-2004 to FY 2006-2007 and FY 2011-2012	Income Tax Appellate Tribunal
Income-tax Act, 1961	Withholding tax	8	-	FY 2012-2013	Commissioner (Appeals)

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) 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.
- (ix) 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 a financial institution and banks. The Company does not have any borrowing by way of debenture.
- (x) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) 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 LLP  
Chartered Accountants  
ICAI Firm Registration Number: 101049W  
per Aditya Vikram Bhauwala  
Partner  
Membership Number: 208382  
Place: Bengaluru  
Date: April 29, 2015

# Balance Sheet as at March 31, 2015

(All amounts in Indian Rupees Million)

	Notes	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,000	1,000
Reserves and surplus	4	24,844	23,177
		<b>25,844</b>	<b>24,177</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	114	259
Deferred tax liability (net)	6	368	400
Other long-term liabilities	7	1,364	1,311
		<b>1,846</b>	<b>1,970</b>
<b>Current liabilities</b>			
Short-term borrowings	8	561	815
Trade payables	9	3,008	2,685
Other current liabilities	10	603	899
Short-term provisions	11	1,468	1,639
		<b>5,640</b>	<b>6,038</b>
<b>TOTAL</b>		<b>33,330</b>	<b>32,185</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	8,986	9,410
Intangible assets	13	157	83
Capital work-in-progress		576	1,018
Non-current investments	14	804	1,449
Loans and advances	15	5,435	5,546
Other non-current assets	16	13	6
		<b>15,971</b>	<b>17,512</b>
<b>Current assets</b>			
Current investments	17	843	3,483
Inventories	18	4,063	3,576
Trade receivables	19	5,551	4,946
Cash and bank balances	20	6,212	2,042
Loans and advances	15	552	568
Other current assets	16	138	58
		<b>17,359</b>	<b>14,673</b>
<b>TOTAL</b>		<b>33,330</b>	<b>32,185</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per Aditya Vikram Bhaauwala  
Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

Kiran Mazumdar-Shaw  
Chairperson & Managing Director

Siddharth Mittal  
President - Finance

Bengaluru  
April 29, 2015

Arun Chandavarkar  
Joint Managing Director & CEO

Kiran Kumar  
Company Secretary

## Statement of Profit and Loss for the year ended March 31, 2015

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

	Notes	March 31, 2015	March 31, 2014
<b>Income</b>			
Revenue from operations (gross)		22,742	22,393
Less: Excise duty		326	368
Revenue from operations (net)	21	<b>22,416</b>	<b>22,025</b>
Other income	22	1,491	606
<b>Total revenue (I)</b>		<b>23,907</b>	<b>22,631</b>
<b>Expenses</b>			
Cost of raw materials and packing materials consumed	23	9,565	8,876
Purchases of traded goods	24 (a)	880	1,039
(Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress	24 (b)	(392)	13
Employee benefits expense	25	2,844	2,664
Other expenses	26	5,239	4,741
Depreciation and amortisation (net)	27	1,281	1,244
Finance costs	28	8	9
		<b>19,425</b>	<b>18,586</b>
Less: Recovery of product development costs from co-development partners (net)	38 (b)	(19)	(41)
<b>Total expenses (II)</b>		<b>19,406</b>	<b>18,545</b>
<b>Profit before tax and exceptional item</b>		<b>4,501</b>	<b>4,086</b>
Exceptional item:			
Provision for other than temporary diminution in the value of long-term investments	14(d)	(218)	-
<b>Profit before tax</b>		<b>4,283</b>	<b>4,086</b>
Tax expenses			
Current tax		716	808
Less: MAT credit entitlement		(13)	(20)
Deferred tax		(32)	54
<b>Total tax expense</b>		<b>671</b>	<b>842</b>
<b>Profit for the year</b>		<b>3,612</b>	<b>3,244</b>
<b>Impact of scheme of merger for earlier year (Refer note 1.1)</b>		-	55
<b>Profit for the year after giving impact of scheme of merger for earlier year</b>		<b>3,612</b>	<b>3,299</b>
Earnings per share [equity shares, par value of ₹ 5 each (March 31, 2014 - ₹ 5 each)]			
Computed on the basis of profit for the year			
Basic (in ₹)		18.06	16.81
Diluted (in ₹)		18.06	16.62
Computed on the basis of profit for the year before impact of scheme of merger for earlier year			
Basic (in ₹)		18.06	16.53
Diluted (in ₹)		18.06	16.34
Weighted average number of shares used in computing earnings per share [Refer note 2.1 (a)]	31		
Basic		200,000,000	196,232,977
Diluted		200,000,000	198,461,000
Summary of significant accounting policies	2.1		

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

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per **Aditya Vikram Bhauwala**  
Partner  
Membership no.: 208382

Bengaluru  
April 29, 2015

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

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President - Finance

Bengaluru  
April 29, 2015

**Arun Chandavarkar**  
Joint Managing Director & CEO

**Kiran Kumar**  
Company Secretary

# Cash Flow Statement

for the year ended March 31, 2015

(All amounts in Indian Rupees Million)

	March 31, 2015	March 31, 2014
<b>I Cash flows from operating activities</b>		
Profit before tax	4,283	4,086
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation (net)	1,281	1,244
Unrealised foreign exchange (gain)/loss	(25)	(62)
Provision/(reversal of provision) for doubtful debts	47	13
Bad debts written off	-	8
Interest expense	8	9
Interest income	(221)	(24)
Dividend income	(1,120)	(250)
Net gain on sale of current investments	(14)	(19)
Provision for other than temporary diminution in the value of long-term Investments	218	-
Other non-operating income	(136)	(117)
Operating profit before working capital changes	<b>4,321</b>	<b>4,888</b>
<b>Movements in working capital</b>		
Decrease/(increase) in inventories	(487)	146
Decrease/(increase) in trade receivables	(654)	(651)
Decrease/(increase) in loans and advances and other assets [Refer note 32(b)]	(1,430)	(1,523)
Increase/(decrease) in trade payable, other liabilities and provisions	329	(72)
<b>Cash generated from operations</b>	<b>2,079</b>	<b>2,788</b>
Direct taxes paid (net of refunds)	(829)	(930)
<b>Net cash flow from operating activities</b>	<b>1,250</b>	<b>1,858</b>
<b>II Cash flows from investing activities</b>		
Purchase of tangible fixed assets, capital work-in-progress and capital advances (net of reimbursements under co-development arrangement)	(577)	(1,540)
Acquisition of intangible assets	(125)	-
Recovery of loans from subsidiaries [Refer note 32(b)]	1,550	177
Investment in subsidiary (non-current)	(1)	(1)
Proceeds from sale of current investments	22,156	13,176
Movement in reserves of ESOP trust [Refer note 2.1(a)]	-	118
Purchase of current investments	(19,968)	(12,111)
Investment in bank deposits (having original maturity of more than 3 months)	(3,050)	250
Other non-operating income	136	117
Interest received	221	24
Dividend received	1,120	250
<b>Net cash flow from investing activities</b>	<b>1,462</b>	<b>461</b>
<b>III Cash flows from financing activities</b>		
Repayment of long-term borrowings	(145)	(141)
Proceeds/(Repayment) of short-term borrowings (net)	(228)	35
Dividend paid on equity shares	(1,000)	(1,500)
Tax on final equity dividend	(170)	(255)
Tax on interim equity dividend	(30)	-
Interest paid	(8)	(9)
<b>Net cash flow from financing activities</b>	<b>(1,581)</b>	<b>(1,870)</b>
<b>IV Net increase in cash and cash equivalents (I + II + III)</b>	<b>1,131</b>	<b>449</b>
<b>V Effect of exchange differences on cash and cash equivalents held in foreign currency</b>	<b>(8)</b>	<b>46</b>
<b>VI Cash and cash equivalents at the beginning of the year</b>	<b>2,040</b>	<b>1,540</b>

	March 31, 2015	March 31, 2014
VII Cash and cash equivalents acquired on merger (refer note 1.1)	-	5
VIII Cash and cash equivalents held by ESOP trust (refer note 2.1(a))	(4)	-
<b>IX Cash and cash equivalents at the end of the year (IV + V + VI + VII +VIII)</b>	<b>3,159</b>	<b>2,040</b>
Components of cash and cash equivalents		
Cash on hand	-	1
Balances with banks - on current accounts (excluding unclaimed dividend)	3,153	2,033
- on unpaid dividend accounts*	6	6
Total cash and cash equivalents (note 20)	<b>3,159</b>	<b>2,040</b>

\*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 LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per **Aditya Vikram Bhauwala**  
Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

**Kiran Mazumdar-Shaw**  
Chairperson & Managing Director

**Siddharth Mittal**  
President - Finance

Bengaluru  
April 29, 2015

**Arun Chandavarkar**  
Joint Managing Director & CEO

**Kiran Kumar**  
Company Secretary

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# Notes to the Financial Statements for the year ended March 31, 2015

(All amounts 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. 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 for operation of SEZ Developer and for setting up SEZ Unit operations to be located within Biocon SEZ.

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. As at March 31, 2015, 83.61% of the equity interest in Syngene is held by Biocon and 0.93% is held by Biocon Research Limited ('BRL').

On January 10, 2008, Biocon entered into an agreement with Dr. B.R. Shetty to set up a joint venture Company NeoBiocon FZ-LLC, with a 50% equity interest incorporated in Dubai ('NeoBiocon'). On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014, NeoBiocon has become a subsidiary of the Company.

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

During the year ended March 31, 2009, Biocon set up a wholly owned subsidiary Company in Switzerland, Biocon SA ("BSA") to undertake research and development in novel and innovative drug initiatives.

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.

During the year ended March 31, 2014, the Company established Biocon Academy, a not for profit company under Companies Act, 1956 to provide educational courses, training and research in the biosciences, life sciences and all fields of study.

On October 31, 2014, the Company incorporated Biocon Pharma Limited, a wholly owned subsidiary of Biocon, to engage in the business of formulation, development and sale of biopharmaceutical products.

### 1.1 Scheme of arrangement

On July 25, 2012, the Board of Directors of the Company approved a scheme of amalgamation ('the Scheme') of Biocon Biopharmaceuticals Limited ("BBL" / "Transferor Company"), a wholly owned subsidiary, with the Company under section 391 and 394 of the Companies Act, 1956. The Honorable High Court of Karnataka ('the Court') approved the aforesaid Scheme with Appointed Date as April 01, 2012 vide its order dated July 12, 2013 ("the Order"). The copy of the Order was filed with the Registrar of Companies on August 08, 2013. BBL was originally 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 year ended March 31, 2011, Biocon acquired the interest of the joint venture partner, CIMAB. Consequently, all the equity shares of BBL were held by Biocon.

Accordingly, the assets and liabilities, and Deficit in the Statement of Profit and Loss of BBL of ₹ 103 as at Appointed Date have been recorded at their carrying values under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation ('AS 14'), and difference between value of Biocon's investment in BBL and the amount of BBL's share capital amounting to ₹ 35 has been debited to the Reserves and Surplus of the Company in accordance with AS 14.

Since the Scheme received the requisite approvals in the year ended March 31, 2014, profit after tax amounting to ₹ 55 (net of tax of ₹ 58), relating to operations of BBL from April 1, 2012 to March 31, 2013, were accounted for in the statement of profit and loss for the year ended March 31, 2014, as a separate line item.

A summary of the assets and liabilities of BBL as at April 01, 2012 is as follows:

Particulars	Amount
<b>Non-current assets</b>	
<b>Fixed assets</b>	
Tangible assets	841
Intangible assets	64
Capital work-in-progress	1,113
Loans and advances	59
<b>Current assets</b>	
Inventories	54
Cash and bank balances	30
Loans and advances	235
<b>Total assets (A)</b>	<b>2,396</b>
<b>Non-current liabilities</b>	
Long-term borrowings	1,377
Other long-term liabilities and long-term provisions	594
<b>Current liabilities</b>	
Trade payables	92
Other current liabilities	257
Short-term provisions	3
<b>Total liabilities (B)</b>	<b>2,323</b>
Deficit in the statement of profit and loss	(103)
<b>Total reserves and surplus (C)</b>	<b>(103)</b>

The difference between share capital of the Transferor Company as at March 31, 2012 of ₹ 176 and the amount of investment in the books of the Company of ₹ 211 was debited to the surplus in the statement of profit and loss (refer note 4).

## 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 under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014. 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. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 2.1 Summary of Significant Accounting Policies

#### a. Change in accounting policies / estimates

##### i. Accounting of ESOP Trust

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 (The ESOP Trust). The Securities and Exchange Board of India (Share Based Employee benefits) Regulations 2014 ('SEBI Regulations') requires companies to follow 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI). As per the Guidance Note, Trust created for the purpose of administering employee share-based plans which does not provide any economic benefit to the Company should not be consolidated with the financial statements of the Company. Hitherto, under the erstwhile Securities and Exchange Board of India (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999, financial statements of the Company were prepared as if the Company itself is administering the ESOP scheme. Pursuant to the SEBI Regulations, the Company has not consolidated the accounts of the ESOP Trust in its standalone financial statements for the year ended March 31, 2015. As at March 31, 2014 total assets, total liabilities and reserves and surplus of the ESOP Trust as mentioned below, are included in the standalone financial statements of the Company.

	Amount
<b>Equity and liabilities</b>	
Reserves and surplus	886
Short-term provision	26
<b>Total</b>	<b>912</b>
<b>Assets</b>	
<b>Non-current assets</b>	
Non-current investments*	427
Loans and advances	14
<b>Current assets</b>	
Current investments	467
Cash and bank balances	4
<b>Total</b>	<b>912</b>

\* represents shares of the Company held by ESOP Trust.

The above change does not have a material impact on the Earnings per share computation of the Company.

##### ii. Depreciation on fixed assets - Component accounting and useful lives.

Due to application of Schedule II to the Act with effect from April 01, 2014, the management has re-estimated useful lives and residual values of all its fixed assets and determined separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

The Company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 01, 2014, is depreciated over their remaining useful life. Accordingly, depreciation of ₹ 29 (net of deferred tax impact) has been adjusted to the opening balance of surplus in the Statement of profit and loss, with corresponding adjustment to net book value of fixed assets, in accordance with the transitional provisions of Schedule II of the Act.

The management has concluded that the impact of such change on the results for the year ended March 31, 2015 is not material and the same is likely to hold good for future years also.

#### b. 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.

#### c. Tangible fixed assets

Fixed assets are stated at cost, except for certain freehold land and buildings revalued on November 01, 1994, 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 capitalisation 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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts

of fixed assets are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

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 statement of profit and loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period.

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

Assets funded by third parties are capitalised at gross value and the funds so received are recorded as funding received from co-developer and amortised over the useful life of the assets.

#### d. 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.

The Company has estimated the following lives to provide depreciation on its fixed assets.

Nature of Asset	Useful lives (in years)
Buildings*	25
Roads	5
Plant and equipment (including Electrical installation & Lab equipment)*	9-11
Computers & servers*	3
Office equipment	5
Research and development equipment*	9
Furniture and fixtures*	6
Vehicles*	6
Leasehold improvements	5 or lease period whichever is lower

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

\* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

#### e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised 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 lower. 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 amortisation 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 amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation 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 derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

##### Amortisation of intangible assets:

- Intellectual Property rights/marketing rights are amortised on a straight-line basis over the estimated useful economic life of five years.
- Manufacturing rights are amortised on a straight-line basis over the estimated useful economic life of ten years.
- Computer Software is amortised over a period of three - five years, being its estimated useful life.

##### Research and development costs

Research and development costs, 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 when the Company can demonstrate all the following:

- a. it is technically feasible to complete the development of asset and it will be available for sale/use.
- b. it is expected that such development will be completed and used/sold
- c. it is expected that such assets will generate future economic benefits.
- d. there are adequate resources to complete such development
- e. it is possible to measure reliably the expenditure attributable to the asset during development

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 amortisation and accumulated impairment losses. The carrying value of the development cost is tested for impairment annually.

**f. Borrowing Costs**

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

Borrowing costs directly attributable to the acquisition, 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.

**g. 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, including impairment on inventories, are recognised in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also 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 recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised 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 recognised. 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 recognised for the asset in prior years. Such reversal is recognised 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.

**h. 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 realisable value. Cost includes direct materials (on a first-in-first out basis) 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 realisable value. Cost includes the purchase price and other associated costs directly incurred in bringing the inventory to its present location. Cost is determined on a first-in-first-out basis.

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

**i. Revenue recognition**

Revenue is recognised 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 (including arrangement for capacity reservation fee) 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, based on 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 is 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 recognised 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 recognised when the Company's right to receive dividend is established by the reporting date.

#### **j. 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 recognise 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.

#### **k. 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 employee renders the related service and 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.

#### **l. Foreign currency translation**

##### **Foreign currency transaction and balances**

###### **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**

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.
- (iii) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
- (iv) All other exchange differences are recognised as income or as expenses in the period in which they arise.

For the purpose of (ii) and (iii) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are arising on long-term foreign currency monetary items for the period.

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 amortised 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).

#### **m. 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 recognised 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 recognised 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 recognises 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.

#### **n. 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 Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 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 recognised, 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. Expenses for equity settled options expiring unexercised after vesting are not reversed through statement of profit and loss. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognized in employee benefits expense.

#### **o. 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.

**p. 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.

**q. 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.

**r. 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 recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement

**s. 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 recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**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.

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	March 31, 2015	March 31, 2014
<b>3. Share capital</b>		
<b>Authorised</b>		
220,000,000 (March 31, 2014 - 220,000,000) equity shares of ₹ 5 each (March 31, 2014 - ₹ 5 each)	1,100	1,100
<b>Issued, subscribed and fully paid-up</b>		
200,000,000 (March 31, 2014 - 200,000,000) equity shares of ₹ 5 each (March 31, 2014 - ₹ 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, 2015		March 31, 2014	
	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, 2015, the Board of Directors approved interim dividends for distribution to equity shareholders of ₹ 5 per share (March 31, 2014 - ₹ Nil). Final dividends proposed for distribution to equity shareholders was ₹ Nil (March 31, 2014 - ₹ 5) per share, subject to shareholders approval.

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

	March 31, 2015		March 31, 2014	
	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.

**(d) 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 note 30.

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	March 31, 2015	March 31, 2014
<b>4. Reserves and surplus</b>		
<b>Securities premium</b>	2,788	2,788
<b>Revaluation reserve</b>	9	9
<b>ESOP Trust</b>		
Opening balance	886	768
Add: Dividend, interest income and profit on sale of shares, net	-	118
Less: Deconsolidation of ESOP Trust [refer note 2.1(a)]	(886)	-
Closing balance	-	886
<b>General reserve</b>		
Opening balance	3,097	2,767
Add: Amount transferred from surplus in the statement of profit and loss	361	330
Closing balance	3,458	3,097
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	16,137	14,476
Balance as at April 01, 2012 of Transferor Company [refer note 1.1]	-	(103)
Adjustment arising on merger [refer note 1.1]	-	(35)
Adjustment for depreciation [refer note 2.1(a)]	(29)	-
Profit for the year	3,612	3,299
<b>Less: Appropriations</b>		
Interim dividend on equity shares [amount per share ₹ 5 (March 31, 2014 - ₹ Nil)]	(1,000)	-
Proposed final dividend on equity shares [amount per share ₹ Nil (March 31, 2014 - ₹ 5)]	-	(1,000)
Tax on interim dividend [refer note 38(c)]	(30)	-
Tax on proposed final dividend	-	(170)
Transfer to general reserve	(361)	(330)
Total appropriations	(1,391)	(1,500)
Net surplus in the statement of profit and loss	18,329	16,137
<b>Employee stock options outstanding</b>		
Balance as per last financial statements	263	263
Add: Compensation for options granted during the year	-	-
	263	263
Less: Deferred employee stock compensation expense [refer note (a) below]	3	3
Closing Balance	260	260
<b>Total Reserves and Surplus</b>	24,844	23,177
(a) Deferred employee stock compensation expense [refer note 30]:		
Stock compensation expense outstanding at the beginning of the year	3	3
Stock options granted during the year/ ESOP Adjustment	-	-
Stock options forfeited during the year	-	-
Stock compensation expense (amortised)/reversed during the year	-	-
Stock compensation expense charged to Subsidiaries during the year	-	-
Closing balance of deferred employee stock compensation expense	3	3

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	Non-current portion		Current maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>5. Long-term borrowings</b>				
Deferred sales tax liability (unsecured)	64	195	130	130
<b>Other loans and advances (unsecured)</b>				
NMITLI - CSIR Loan	1	1	-	-
Financial assistance from DSIR	7	14	3	3
Financial assistance from DST	42	49	7	7
	<b>114</b>	<b>259</b>	<b>140</b>	<b>140</b>
<b>The above amount includes</b>				
Secured borrowings	-	-	-	-
Unsecured borrowings	114	259	140	140
Amount disclosed under the head "other current liabilities" [refer note 10]	-	-	(140)	(140)
<b>Net amount</b>	<b>114</b>	<b>259</b>	<b>-</b>	<b>-</b>

- (a) On February 9, 2000, the Company obtained an order from the Karnataka Sales Tax Authority for allowing an interest free 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 instalments 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 instalments 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 instalments of ₹ 3 each, starting from April 1, 2013.
- (ii) In addition, during the FY 2010-11, the Company 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 instalments of ₹ 3 each. However, the Company has repaid the loan during year ended March 31, 2015
- (d) 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. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3 percent per annum.
- (e) In respect of the financial assistance received under the aforesaid programmes (refer note (b) to (d) 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, 2015	March 31, 2014
<b>6. Deferred tax liability (net)</b>		
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting [refer note (a) below]	440	452
<b>Gross deferred tax liability</b>	<b>440</b>	<b>452</b>
<b>Deferred tax asset</b>		
Employee retirement benefit expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	41	28
Provision for doubtful debts	18	13
Others	13	11
<b>Gross deferred tax asset</b>	<b>72</b>	<b>52</b>
Net deferred tax liability	<b>368</b>	<b>400</b>
(a) including ₹ 44 as on April 01, 2013 pursuant to merger [refer note 1.1], include in balance as at March 31, 2014.		

	March 31, 2015	March 31, 2014
<b>7. Other long-term liabilities</b>		
<b>Others</b>		
Deferred revenues *	582	536
Funding received from Co-developer towards fixed assets [refer note 12]	776	768
Interest accrued but not due	6	7
	<b>1,364</b>	<b>1,311</b>

\* includes ₹ 453 (March 31, 2014 - ₹ 453) relating to the transfer of development and commercialisation rights of Oral Insulin to Biocon Research Limited. Pending certain obligations under the agreements, revenues have been deferred under the terms of the agreement.

	March 31, 2015	March 31, 2014
<b>8. Short-term borrowings</b>		
<b>From banks / financial institutions</b>		
Packing credit foreign currency loan (secured) [refer note (i) below]	-	541
Packing credit foreign currency loan (unsecured) [refer note (ii) below]	561	-
Cash credit (secured) [refer note (iii) below]	-	274
	<b>561</b>	<b>815</b>
<b>The above amount includes</b>		
Secured borrowings	-	815
Unsecured borrowings	561	-

(i) The Company had obtained foreign currency denominated loans of ₹ 541 (US\$ 9 million), carrying an interest rate of LIBOR plus 0.10% to 1.50% p.a. and secured by pari-passu first charge on inventories and trade receivables, from a bank as at March 31, 2014. These facilities were repayable on demand and has been repaid during the year.

(ii) The Company has obtained unsecured foreign currency denominated loans of ₹ 561 (US\$ 9 million) [March 31, 2014 - ₹ Nil], carrying an interest rate of LIBOR plus 0.15% to 0.35% p.a., from a bank as at March 31, 2015. The facility is repayable within 180 days from the date of its origination.

(iii) The Company has working capital facilities with a bank carrying interest rate ranging from 9.7% - 13% per annum. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables.

	March 31, 2015	March 31, 2014
<b>9. Trade payables</b>		
Trade payables [refer note (a) below]	3,008	2,685
	<b>3,008</b>	<b>2,685</b>
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	77	17
Interest due on the above	1	2
(ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	312	409
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest due and payable for the period of delay in making payment during the year	4	9
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	23	18

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, 2015	March 31, 2014
<b>10. Other current liabilities</b>		
Current maturities of long-term borrowings [refer note 5]	140	140
Deferred revenues	20	95
Funding received from Co-developer towards fixed assets [refer note 12]	77	75
Investor Education and Protection Fund shall be credited by		
Unclaimed dividend	6	6
Payable for capital goods	239	455
Advances from customers	32	40
Other payables:		
Statutory dues [refer note (a) below]	89	88
	<b>603</b>	<b>899</b>

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

	March 31, 2015	March 31, 2014
<b>11. Short-term provisions</b>		
<b>Provision for employee benefits</b>		
Leave encashment	74	79
Gratuity	121	107
<b>Others</b>		
Interim dividend on equity shares	1,000	-
Proposed final dividend on equity shares	-	1,000
Tax on proposed final dividend	-	170
Provision for income tax, net of advance tax	273	283
	<b>1,468</b>	<b>1,639</b>

(a) Included under provision for income tax is Nil (March 31, 2014 - ₹ 26) of the ESOP Trust. Also refer note 2.1(a).

## 12. Tangible assets

	Land	Buildings	Leasehold improvements	Plant and equipment	Research & development equipments	Furniture and fixtures	Vehicles	Total
	[Refer note (a) and (b)]			[Refer note (e)]				
<b>Cost or Valuation</b>								
At April 01, 2013	389	3,649	3	9,015	960	290	23	14,329
Addition pursuant to merger [refer note 1.1 and (f) below]	-	-	-	1,358	-	27	-	1,385
Additions	-	205	-	841	167	64	-	1,277
Disposals	-	-	-	-	-	-	(4)	(4)
<b>At March 31, 2014</b>	<b>389</b>	<b>3,854</b>	<b>3</b>	<b>11,214</b>	<b>1,127</b>	<b>381</b>	<b>19</b>	<b>16,987</b>
Additions	-	76	3	769	21	12	31	912
Disposals	-	-	-	(10)	-	-	(6)	(16)
<b>At March 31, 2015</b>	<b>389</b>	<b>3,930</b>	<b>6</b>	<b>11,973</b>	<b>1,148</b>	<b>393</b>	<b>44</b>	<b>17,883</b>
<b>Depreciation/Amortisation</b>								
At April 01, 2013	-	612	1	4,592	547	104	18	5,874
Arising pursuant to merger [refer note 1.1 and (f) below]	-	-	-	410	-	20	-	430
Charge for the year	-	155	-	979	97	44	2	1,277
Disposals	-	-	-	-	-	-	(4)	(4)
<b>At March 31, 2014</b>	<b>-</b>	<b>767</b>	<b>1</b>	<b>5,981</b>	<b>644</b>	<b>168</b>	<b>16</b>	<b>7,577</b>
Other adjustment [refer note 2.1 (a)]	-	29	-	-	-	-	-	29
Charge for the year	-	157	-	995	101	47	4	1,304
Disposals	-	-	-	(10)	-	-	(3)	(13)
<b>At March 31, 2015</b>	<b>-</b>	<b>953</b>	<b>1</b>	<b>6,966</b>	<b>745</b>	<b>215</b>	<b>17</b>	<b>8,897</b>
<b>Net Block</b>								
<b>At March 31, 2014</b>	<b>389</b>	<b>3,087</b>	<b>2</b>	<b>5,233</b>	<b>483</b>	<b>213</b>	<b>3</b>	<b>9,410</b>
<b>At March 31, 2015</b>	<b>389</b>	<b>2,977</b>	<b>5</b>	<b>5,007</b>	<b>403</b>	<b>178</b>	<b>27</b>	<b>8,986</b>

(a) Land includes land held on leasehold basis: Gross Block ₹ 226 (March 31, 2014 - ₹ 226) ; Net Block ₹ 226 (March 31, 2014- ₹ 226)

(b) On December 05, 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, 2015, include assets of ₹ 64 (March 31, 2014 - ₹ 6) of which, ₹ 32 (March 31, 2014 - ₹ 3) has been funded by the co-development partner. The Company has capitalised and depreciated the gross cost of these assets. Additions pursuant to merger includes fixed assets of ₹ 770 of which, ₹ 385 was funded by the co-development partner as at April 1, 2013. The funding received from the co-development partner is reflected in note 7 and 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 asset given on lease.

(e) Plant and equipment include computer and office equipment.

(f) Additions pursuant to merger pertain to assets of BBL as at April 1, 2013.

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### 13. Intangible assets

	Intellectual property rights	Computer Software	Manufacturing rights [Refer note (a)]	Marketing Rights [Refer note (b)]	Total
<b>Gross Block</b>					
At April 01, 2013	81	39	-	129	249
Additions pursuant to merger [refer note 1.1 and (c) below]	-	-	64	-	64
Additions	-	-	-	-	-
<b>At March 31, 2014</b>	<b>81</b>	<b>39</b>	<b>64</b>	<b>129</b>	<b>313</b>
Additions	-	125	-	-	125
<b>At March 31, 2015</b>	<b>81</b>	<b>164</b>	<b>64</b>	<b>129</b>	<b>438</b>
<b>Amortisation</b>					
At April 01, 2013	81	31	-	78	190
Charge for the year	-	8	6	26	40
<b>At March 31, 2014</b>	<b>81</b>	<b>39</b>	<b>6</b>	<b>104</b>	<b>230</b>
Charge for the year	-	20	6	25	51
<b>At March 31, 2015</b>	<b>81</b>	<b>59</b>	<b>12</b>	<b>129</b>	<b>281</b>
<b>Net Block</b>					
<b>At March 31, 2014</b>	-	-	58	25	83
<b>At March 31, 2015</b>	-	105	52	-	157

- (a) BBL had 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.
- (b) During the year ended March 31, 2009, the Company acquired marketing rights of hR3 and EPO from BBL 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.
- (c) Additions pursuant to merger pertain to assets of BBL as at April 01, 2013.

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	March 31, 2015	March 31, 2014
<b>14. Non-current investments</b>		
<b>A) Trade investments (valued at cost unless stated otherwise):</b>		
<b>Unquoted equity instruments</b>		
<b>In subsidiary companies:</b>		
167,217,843 (March 31, 2014 - 47,497,525) equity shares of ₹ 10 each (March 31, 2014 ₹ 5 each) in Syngene International Limited [Refer note (h) and (i) below]	83	84
500,000 (March 31, 2014 - 500,000) equity shares of ₹ 1 each fully paid-up in Biocon Research Limited [refer note (a) below]	1	1
100,000 (March 31, 2014 - 100,000) equity shares of CHF 1 each fully paid-up in Biocon SA, Switzerland	4	4
4,853,734 (March 31, 2014 - 4,500,000) equity shares of RM 10 each fully paid-up in Biocon Sdn.Bhd., Malaysia [refer note (f) below]	712	664
Share application money towards allotment of shares of Biocon Sdn.Bhd., Malaysia	-	48
50,000 (March 31, 2014: Nil) equity shares of ₹ 10 each fully paid-up in Biocon Pharma Limited	1	-
50,000 (March 31, 2014: 50,000) equity shares of ₹ 10 each fully paid-up in Biocon Academy	1	1
153 (March 31, 2014 - 150) equity shares of AED 1,000 each fully paid-up in NeoBiocon FZ LLC, UAE [refer note (b) below]	2	2
	<b>804</b>	<b>804</b>
<b>Unquoted preference shares</b>		
<b>In associate company:</b>		
4,285,714 (March 31, 2014 - 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
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (e) below]	(139)	(139)
<b>Others:</b>		
2,722,014 (March 31, 2014 - 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, 2014 - 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
Less: Provision for decline, other than temporary, in the value of non current investments [refer note (d) below]	(218)	-
	<b>-</b>	<b>218</b>
<b>B) Non-trade investments (valued at cost unless stated otherwise):</b>		
Shares of the Company held by ESOP Trust (Quoted) (Par value ₹ 5, fully paid-up) [refer note (c) below]	-	427
	<b>-</b>	<b>427</b>
	<b>804</b>	<b>1,449</b>
Aggregate value of unquoted investments	<b>804</b>	<b>1,022</b>
Aggregate value of quoted investments (cost)	-	427
Aggregate value of quoted investments (market value)	-	1,599
Aggregate provision for diminution in value of investments	<b>357</b>	<b>139</b>

- (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 drug products. BRL commenced commercial activities during the year ended March 31, 2010 and as at March 31, 2015 has a negative net worth of ₹ 1,992 (March 31, 2014 - ₹ 2,090) 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 also granted an unsecured long-term loan facility of ₹ 6,500 repayable in March, 2020. The amount outstanding as at March 31, 2015 is ₹ 2,447 (March 31, 2014 - ₹ 1,644). The Company also has other receivables of ₹ 854 (March 31, 2014 - ₹ 2,241) from BRL.
- (b) NeoBiocon was incorporated in Dubai 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. On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 NeoBiocon has become a subsidiary of the Company. For the quarter ended June 30, 2014, the aggregate amount of Biocon's interest in the income and expenses of NeoBiocon is ₹ 141 and ₹ 81 respectively. As at March 31, 2014 Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon was ₹ 302, ₹ 109, ₹ 321 and ₹ 266 respectively. The share of the Company in the accumulated profit of NeoBiocon as at June 30, 2014 stood at ₹ 252 (March 31, 2014 - ₹ 192).
- (c) As on March 31, 2014, the ESOP Trust held 3,767,023 shares of the Company towards grant/exercise of shares to/by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer note 2.1(a) and 30.
- (d) Vaccinex Inc., USA ('Vaccinex') is engaged in research and development activities and has been incurring losses. Considering the financial position and uncertain future cash flows of Vaccinex, the Company on a prudent basis, has created a provision of ₹ 218 for diminution other than temporary, in the value of its investments in the financial statements
- (e) In 2008, the Company invested ₹ 139 in IATRICa, engaged in the development of immunoconjugates, for a 30% equity stake. During the year ended March 31, 2013, there were certain developments in connection with this investment arising due to patent filings, which are contrary to contractual obligations. Pursuant to this, on a prudent basis, during the year ended March 31, 2013, the Company created a provision of ₹ 139 for diminution, in the value of investment in IATRICa.
- (f) 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 Sdn.Bhd is in the process of setting up a biopharmaceuticals manufacturing facility at Malaysia.
- (g) The Company has invested in National Savings Certificates (unquoted) which are not disclosed above since amounts are rounded off to Rupees million.
- (h) Pursuant to the approval of the Board of Directors of the Company, the Company has proposed a sale of 11% of equity interest in Syngene via an offer for sale.
- (i) On March 31, 2015, the Company sold 2,000,000 equity shares of Syngene to Biocon Employees Welfare Trust, pursuant to the approval of Board of Directors.

### 15. Loans and advances (unsecured, considered good)

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Capital advances [refer note (a) below]	274	295	-	-
Loans to related parties [refer note (b) below]	2,447	1,644	-	-
Duty drawback receivable [net of provision ₹ 43 (March 31, 2014 - ₹ 38)]	326	174	-	-
Balances with statutory / government authorities	857	649	-	-
Other receivables from related parties [refer note 32 and note (d) below]	854	2,241	285	429
Other receivables [refer note (e) below]	-	-	71	14
Deposits	165	154	-	-
MAT credit entitlement [refer note (f) below]	42	29	-	-
Advance income tax (net of provision for taxation) [refer note (c) below]	462	360	-	-
Advances recoverable in cash or in kind or for value to be received	8	-	196	125
	<b>5,435</b>	<b>5,546</b>	<b>552</b>	<b>568</b>

(a) During the year ended March 31, 2008, the Company was allotted land at the Jawaharlal Nehru Pharma City 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 and during the year ending March 31, 2012, the Company has intimated the SEZ developer of its intention to surrender the above land.

	March 31, 2015	March 31, 2014
(b) Loans to related parties comprise loans given to following subsidiaries: (Non current and current)		
(i) Biocon Research Limited	2,447	1,644
Maximum amount outstanding during the year	3,053	1,891
(c) Included under advance income tax is Nil (March 31, 2014 - ₹ 10) of the ESOP Trust. Also refer note 2.1(a).		
(d) Other receivables from related parties comprise receivables from following subsidiaries: (Non-current and current)		
Syngene International Limited	150	230
Biocon Research Limited	854	2,241
Clinigene International Limited	-	14
Biocon SA	94	116
Biocon Sdn Bhd	41	69
Neobiocon	-	-

(e) Other receivables include amounts due from employees to the ESOP Trust of Nil (March 31, 2014 - ₹ 5). Also refer note 2.1(a).

(f) Includes ₹ 9 relating to BBL pursuant to merger discussed in note 1.1 as on April 01, 2013

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>16. Other assets (unsecured, considered good)</b>				
Unamortised premium on foreign exchange forward contracts/options	13	6	30	58
Unbilled revenue	-	-	108	-
	<b>13</b>	<b>6</b>	<b>138</b>	<b>58</b>

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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	March 31, 2015 Units	March 31, 2015 Cost	March 31, 2014 Units	March 31, 2014 Cost
Axis Liquid Fund - Daily Dividend Reinvestment	1,000	98,005	98	87,124	87
Birla Sunlife Savings Fund Institutional Daily Dividend Reinvestment	100	-	-	944,474	95
Birla Sunlife Floating Rate Fund Short-Term Plan - Daily Dividend	100	-	-	450,631	45
DSP BlackRock FMP - Series 147 -3M -Reg - Div	10	-	-	10,000,000	100
DSP BlackRock Liquidity Fund - Institutional Plan Daily Dividend	1,000	-	-	15,013	15
HDFC Banking and PSU Debt Fund - Regular Dividend Reinvestment Option	10	-	-	2,500,000	25
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvestment Daily	10	-	-	15,261,738	154
HDFC Liquid Fund - Daily Dividend Reinvestment	10	13,566,785	138	19,221,335	196
HDFC FMP 366D March 2014 (2) Series 31-Regular - Growth	10	-	-	15,000,000	150
HSBC Cash Fund - Daily Dividend	1,001	-	-	221,562	222
ICICI Interval Fund II Quarterly Interval Plan C - Regular Plan - Div	10	-	-	19,999,400	200
ICICI Prudential Banking and PSU Debt Fund - Regular Plan - Daily Dividend	10	-	-	2,393,730	24
ICICI Prudential Interval Fund Quarterly Interval Plan I - Regular Plan - Dividend Payout	10	-	-	6,500,000	65
ICICI Prudential Money Market Fund Option Daily Dividend	100	-	-	874,517	88
IDBI FMP - Series IV-91 Days (March 2014) - regular Plan-Growth	10	-	-	5,000,000	50
IDFC Cash Fund - Daily Dividend -(Regular Plan)	1,000	158,344	159	94,982	95
IDFC Money Manager Fund - Treasury Plan - Daily Dividend-(Regular Plan)	10	-	-	4,983,223	50
JM Floater Short Term Fund - Daily Dividend Option(73)	10	-	-	3,990,775	40
JP Morgan India Liquid Fund Super Institutional Daily Dividend Reinvestment	10	-	-	16,798,926	168
Kotak Banking & PSU Debt Fund - Daily Dividend	10	-	-	5,002,024	50
Reliance Money Manager Fund Daily Dividend Plan	1,001	-	-	234,130	234
Reliance Liquid Fund - Treasury Plan - Daily Dividend	1,529	-	-	41,050	63
Reliance Fixed Horizon Fund - XXVI - Series 6 - Growth Plan	10	-	-	5,000,000	50
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	1,001	135,112	135	-	-
SBI Debt Fund Series - 90 Days 84 - Regular Plan - Dividend	10	-	-	20,000,000	200
TATA Fixed Maturity Plan Series 47 Scheme C - Plan A - Growth	10	15,000,000	150	15,000,000	150
TATA Floater Fund Plan A - Daily Dividend	1,004	-	-	273,582	275
Tata Liquid Fund Plan A- Daily Dividend	1,000	146,580	163	-	-
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	1,002	-	-	291,990	292
UTI Fixed Term Income Fund Series XVIII - IV (366 Days) - Growth Plan	10	-	-	30,000,000	300
			843		3,483
Aggregate value of unquoted investments			843		3,483

(a) Above current investments include unquoted investments of the ESOP Trust of ₹ Nil (March 31, 2014 - ₹ 467). Also refer note 2.1(a).

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	March 31, 2015	March 31, 2014
<b>18. Inventories (valued at lower of cost and net realisable value)</b>		
Raw materials, including goods-in-bond [refer note 23]	957	913
Packing materials [refer note 23]	209	158
Work-in-progress [refer note 24 (b)]	1,316	1,387
Finished goods [refer note 24 (b)]	1,332	815
Traded goods [refer note 24 (b)]	249	303
	<b>4,063</b>	<b>3,576</b>
<b>19. Trade receivables (unsecured)</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	21	32
Doubtful	85	38
	<b>106</b>	<b>70</b>
Provision for doubtful receivables	(85)	(38)
	<b>21</b>	<b>32</b>
Other trade receivables		
Considered good	5,530	4,914
	<b>5,551</b>	<b>4,946</b>
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.	5	-
<b>20. Cash and bank balances</b>		
Cash and cash equivalents		
Balances with banks:		
On current accounts [refer note (a) below]	3,153	2,033
On unpaid dividend account	6	6
Cash on hand	-	1
	<b>3,159</b>	<b>2,040</b>
Other bank balances		
Deposits with original maturity for more than 12 months	1,000	-
Deposits with original maturity of more than 3 months but less than/equal to 12 months	2,050	-
Margin money deposit [refer note (b) below]	3	2
	<b>3,053</b>	<b>2</b>
	<b>6,212</b>	<b>2,042</b>

(a) Balances with banks in current accounts include balances of the ESOP Trust of Nil (March 31, 2014 - ₹ 4). Also refer note 2.1(a).

(b) Margin money deposits with carrying amount of ₹ 3 at March 31, 2015 (March 31, 2014 ₹ 2) are subject to first charge against bank guarantees obtained.

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	March 31, 2015	March 31, 2014
<b>21. Revenue from operations</b>		
Sale of products		
Finished goods	19,176	19,199
Traded goods	1,966	2,099
Sale of services		
Licensing and development fees	283	37
Capacity reservation fees	311	-
Other operating revenue		
Sale of process waste	134	132
Others [refer note (a) below]	872	926
<b>Revenue from operations (gross)</b>	<b>22,742</b>	<b>22,393</b>
Less: Excise duty [refer note (b) below]	326	368
<b>Revenue from operations (net)</b>	<b>22,416</b>	<b>22,025</b>
(a) Others include processing charges, rentals and cross charge of power and other facilities by the SEZ Developer/ SEZ unit of the Company.		
(b) Excise duty on sales amounting to ₹ 326 (March 31, 2014- ₹ 368) 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, 2014 ₹ 1] has been considered as (income)/ expense in note 26 of the financial statements.		
	March 31, 2015	March 31, 2014
<b>Details of products sold</b>		
<b>Finished goods</b>		
Biopharmaceuticals	15,786	16,095
Formulations	3,390	3,104
	<b>19,176</b>	<b>19,199</b>
<b>Traded goods</b>		
Biopharmaceuticals	38	81
Formulations	1,928	2,018
	<b>1,966</b>	<b>2,099</b>
<b>22. Other income</b>		
Interest income on:		
Bank deposits	55	11
Others	166	13
Dividend income on		
Investment in subsidiaries	997	-
Current investments	123	250
Net gain on sale of current investments	14	19
Foreign exchange gain, (net)	-	196
Other non-operating income	136	117
	<b>1,491</b>	<b>606</b>
<b>23. Cost of raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	1,071	1,132
Inventory at Transferor Company, pursuant to merger [refer note 1.1]	-	67
Add: Purchases	9,660	8,748
Less: Inventory at the end of the year	1,166	1,071
Cost of raw materials and packing materials consumed	<b>9,565</b>	<b>8,876</b>
<b>(a) Details of raw materials and packing materials consumed</b>		
Bulk Drug, Formulation Chemicals & Excipients	2,366	2,518
Bulk drug intermediates	3,594	3,425
Solvents	1,798	1,587
Resins	453	453
Packing materials	577	420
Others	777	473
	<b>9,565</b>	<b>8,876</b>

	March 31, 2015	March 31, 2014
<b>24. (a) Purchases of traded goods</b>		
<b>Details of purchase of traded goods:</b>		
Biopharmaceuticals	24	28
Formulations	856	1,011
	<b>880</b>	<b>1,039</b>
<b>24. (b) (Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	303	267
Finished goods, net of excise duty	815	256
Work-in-progress	1,387	1,928
Finished goods, net of excise duty of Transferor Company, pursuant to merger (refer note 1.1)	-	4
Work-in-progress of Transferor Company, pursuant to merger (refer note 1.1)	-	63
	<b>2,505</b>	<b>2,518</b>
Inventory at the end of the year		
Traded goods	249	303
Finished goods, net of excise duty	1,332	815
Work-in-progress	1,316	1,387
	<b>2,897</b>	<b>2,505</b>
(Increase)/decrease in inventories	<b>(392)</b>	<b>13</b>
<b>(i) Details of Inventories:</b>		
Traded goods		
Biopharmaceuticals	-	2
Formulations	249	301
	<b>249</b>	<b>303</b>
Finished goods, net of excise duty		
Biopharmaceuticals	1,003	640
Formulations	329	175
	<b>1,332</b>	<b>815</b>
Work-in-progress		
Biopharmaceuticals	1,310	1,264
Formulations	6	123
	<b>1,316</b>	<b>1,387</b>
<b>25. Employee benefits expense</b>		
Salaries, wages and bonus	2,488	2,340
Contribution to provident fund	109	108
Gratuity [refer note 36]	37	35
Staff welfare expenses	210	181
	<b>2,844</b>	<b>2,664</b>

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	March 31, 2015	March 31, 2014
<b>26. Other expenses</b>		
Royalty and technical fees	41	28
Rent	18	22
Communication expenses	33	76
Travelling and conveyance	330	387
Professional charges	333	253
Payments to auditors [refer note (a) below]	5	4
Directors' fees including commission	21	11
Power and fuel	1,652	1,615
Insurance	19	16
Rates, taxes and fees, net of refunds of taxes	173	127
Lab consumables	254	319
Repairs and maintenance		
Plant and machinery [refer note (b) below]	284	217
Buildings	50	38
Others	177	107
Selling expenses		
Freight outwards and clearing charges	250	219
Sales promotion expenses	482	634
Commission and brokerage (other than sole selling agents)	216	243
(Increase)/ Decrease of excise duty on inventory	(5)	1
Bad debts written off	-	8
Provision for doubtful debts	47	13
Foreign exchange fluctuation, net	14	-
Printing and stationery	26	32
Research & development expenses	595	190
CSR expenditure	71	-
Miscellaneous expenses	153	181
	<b>5,239</b>	<b>4,741</b>
<b>(a) Payments to auditors :</b>		
As auditor:		
Statutory audit fee	2	2
Tax audit fee	1	1
Limited review	2	1
In other capacity:		
Other services (certification fees) [refer note (c) below]	-	-
Reimbursement of out-of-pocket expenses [refer note (c) below]	-	-
	<b>5</b>	<b>4</b>
(b) Includes spare parts of ₹ 179 (March 31, 2014 - ₹ 160) of which ₹ 174 (March 31, 2014 - ₹ 94) were purchased indigenously, and ₹ 5 Imported (March 31, 2014- ₹ 66)		
(c) Amounts are not presented since the amounts are rounded off to Rupees million.		
<b>27. Depreciation and amortisation (net)</b>		
Depreciation of tangible assets [refer note 12]	1,304	1,277
Amortisation of intangible assets [refer note 13]	51	40
Depreciation on assets partly funded by customer/co-development partner [refer note 12 (c)]	(74)	(73)
	<b>1,281</b>	<b>1,244</b>
<b>28. Finance costs</b>		
Interest expense	8	9
	<b>8</b>	<b>9</b>

		March 31, 2015	March 31, 2014
<b>29. Research and development expenses</b>			
Research & development expenses (comprising clinical trial expenses, patent fees etc)	(a)	595	190
Other Research & development expenses included in other heads of account:			
Salaries, wages and bonus		139	120
Contribution to provident fund		6	6
Welfare expenses		5	6
Lab consumables		254	319
Travelling and conveyance		1	3
Professional charges		11	38
Others		-	23
	(b)	416	515
	(a+b)	1,011	705
Less: Recovery of product development costs from co-development partners (net)		(19)	(41)
		992	664
Research and development (R&D) expenses on Buildings and Equipment			
Buildings		1	64
Equipment, net of funding received from co development partner		21	164

### 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.

#### 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 and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted 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, 2015		March 31, 2014	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	120,900	185	725,616	180
Granted during the year	-	-	-	-
Forfeited during the year	2,750	227	245,630	178
Exercised during the year	56,525	187	359,086	170
Expired during the year	-	-	-	-
Outstanding at the end of the year	61,625	187	120,900	185
Exercisable at the end of the year	61,625	187	120,900	185
Weighted average remaining contractual life (in years)	0.1	-	0.3	-

\*adjusted for the effect of bonus shares

**Grant V**

In April 2008, the Company approved the grant 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 and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted 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, 2015		March 31, 2014	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,512,070	316	1,064,500	286
Granted during the year	78,000	467	940,750	334
Forfeited during the year	402,525	291	440,750	294
Exercised during the year	35,570	296	52,430	223
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,151,975	336	1,512,070	316
Exercisable at the end of the year	168,475	301	64,145	275
Weighted average remaining contractual life (in years)	4.9	-	5.6	-
Weighted average fair value of options granted (₹)	-	226	-	148

\*adjusted for the effect of bonus shares

**Grant VI**

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period of one year from the end of last vesting. 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.

Particulars	March 31, 2015		March 31, 2014	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,447,440	470	-	-
Forfeited during the year	101,288	470	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,346,152	470	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.4	-	-	-
Weighted average fair value of options granted (₹)	-	180	-	-

**Grant VII**

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period of one year from the end of last vesting. 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.

Particulars	March 31, 2015		March 31, 2014	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	293,000	452	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	293,000	452	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6.7	-	-	-
Weighted average fair value of options granted (₹)	-	205	-	-

The average market price of the Company's share during the year ended March 31, 2015 is ₹ 459 (March 31, 2014 ₹ 355) 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, 2015	March 31, 2014
Weighted Average Exercise Price	467	316
Expected volatility	34.18%	35.48%
Historical volatility	31.15%	32.34%
Life of the options granted (vesting and exercise period) in years	5.5	7.2
Expected dividends per share	5.00	5.00
Average risk-free interest rate	7.93%	8.75%
Expected dividend rate	1.09%	1.18%

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, 2015	March 31, 2014
Net Profit after taxes	3,612	3,299
Add: Employee stock compensation under intrinsic value	-	-
Less: Employee stock compensation under fair value	64	21
Proforma profit	<b>3,548</b>	<b>3,278</b>
<b>Earnings per Share - Basic*</b>		
- As reported	18.06	16.81
- Proforma	17.74	16.70
<b>Earnings per Share - Diluted*</b>		
- As reported	18.06	16.62
- Proforma	17.74	16.52

\*Net profit after impact of scheme of merger

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

Particulars	March 31, 2015	March 31, 2014
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	3,767,023	4,178,539
Add: Shares purchased by the ESOP trust	-	-
Less: Shares exercised by employees	(92,095)	(411,516)
Closing balance of shares not exercised by employees and available with the ESOP Trust	<b>3,674,928</b>	<b>3,767,023</b>
Options granted and eligible for exercise at end of the year	230,100	185,045
Options granted but not eligible for exercise at end of the year	2,622,652	1,447,925

	March 31, 2015	March 31, 2014
<b>31. Reconciliation of basic and diluted shares used in computing earnings per share (EPS)</b>		
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust [refer note 2.1(a)]	-	3,767,023
	<b>200,000,000</b>	<b>196,232,977</b>
Add: Effect of dilutive options granted but not yet exercised / not yet eligible for exercise	-	2,228,023
Weighted average shares outstanding and potential options outstanding	<b>200,000,000</b>	<b>198,461,000</b>

(This space has been intentionally left blank)

## 32. Related party transactions

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

Sl. No.	Name of the related party	Relationship	Description	April 1, 2014 to March 31, 2015 Income/(Expenses)/ Other transactions	Balance as at March 31, 2015 (Payable)/ Receivable	April 1, 2013 to March 31, 2014 Income/(Expenses)/ Other transactions	Balance as at March 31, 2014 (Payable)/ Receivable
<b>A. Remuneration paid to Key Management Personnel [refer note (h) below]</b>							
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(16)	-	(16)	-
2	John Shaw	Vice-Chairman & Director	Salary and perquisites	(15)	-	(12)	-
3	Arun Chandavarkar	Joint Managing Director & CEO (w.e.f. April 24, 2014)	Salary and perquisites	(27)	-	-	-
4	Murali Krishnan K N	President - Group Finance (upto July 31, 2014)	Salary and perquisites	(23)	-	-	-
5	Siddharth Mittal	President - Finance (w.e.f. August 01, 2014)	Salary and perquisites	(8)	-	-	-
6	Kiran Kumar	Company Secretary	Salary and perquisites	(6)	-	-	-
<b>B. Others</b>							
7	Syngene	Subsidiary	Power and facility charges recovered [refer note (c) below]	411	-	349	-
			Rent income [refer note (c) below]	43	-	47	-
			Dividend Income	997	-	-	-
			Expenses incurred on behalf of the related party [refer note (a) below]	22	-	17	-
			Sale of goods	5	-	10	-
			Research services received	(99)	-	(33)	(2)
			Rent deposit received	-	(2)	-	230
			Other receivables	-	150	-	(43)
			Trade payables	-	(28)	-	218
			Guarantee given on behalf of related party to Customs & Excise Department ('CED')	-	242	-	(465)
			Guarantee given by related party to CED on behalf of the Company	-	(500)	-	-
8	Clinigene	Subsidiary of Syngene [refer note (e)]	Research services received	-	-	(57)	-
			Expenses incurred on behalf of the related party [refer note (a) below]	-	-	3	-
			Welfare expenses - health checkup	-	-	(5)	-
			Other receivables	-	-	-	14
			Trade payables	-	-	-	(21)
			Guarantee given to bank on behalf of related party for loan facility	-	-	-	60
			Guarantee given on behalf of related party to CED	-	-	-	27
9	BRL	Subsidiary	Rent income [refer note (c) below]	34	-	34	-
			Power and facility charges recovered [refer note (c) below]	77	-	81	-
			Cross charges towards lab consumables and other expenses	582	-	1,069	-
			Sale of goods	6	-	-	2,241
			Other receivable	-	845	-	-
			Royalty expense	(18)	-	(3)	-
			Interest On Long term Loan	157	9	-	-
			Unsecured loan, net [refer note (b) below]	-	2,447	-	1,644
			Guarantee given by the Company to a bank on behalf of related party loan facility	-	685	-	-

Sl. No.	Name of the related party	Relationship	Description	April 1, 2014 to March 31, 2015 Income/(Expenses)/ Other transactions	Balance as at March 31, 2015 (Payable)/ Receivable	April 1, 2013 to March 31, 2014 Income/(Expenses)/ Other transactions	Balance as at March 31, 2014 (Payable)/ Receivable
10	Biocon SA	Subsidiary	Other operating income Expenses incurred on behalf of the related party Other receivable	60 - -	- - 94	97 48 -	- - 116
11	Biocon Sdn.Bhd.	Subsidiary	Expenses incurred on behalf of the related party Sale of goods Trade receivables Other receivable	29 30 - -	- 30 41 8,096	69 - - 69	- - - 69
12	NeoBiocon FZ LLC	Subsidiary [refer note 1]	Guarantee given to bank on behalf of related party loan facility Sale of goods Trade receivables	83 - -	- - 29	24 - -	5,804 - 27
13	Glentec International	Enterprise owned by key management personnel	Rent expenses paid	(1)	(1)	(3)	-
14	Biocon Pharma Ltd	Subsidiary	Investment in equity shares	1	-	-	-
15	Biocon Academy	Subsidiary	CSR Expenditure	(26)	-	(6)	(6)
16	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(43)	-	-	-
17	Biocon Limited Employees Welfare Trust	Trust in which key management personnel are the Board of Trustees	Sale of non-current investments - Shares of Syngene	1	1	-	-
18	Narayana Hrudyalaya Private Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods Trade receivables	14 -	- 5	9 -	- -

(a) Expenses incurred on behalf of the related party include recharge of software license fees, canteen expenses, and employee stock compensation charges.

(b) The Company has granted an unsecured loan facility to BRL at the interest rate prevailing for Government securities, to support its operations. The said loan is repayable by March, 2020. During the year, ₹ 2,367 (March 31, 2014: ₹ 374) was given as loan. Other receivables of ₹ 2,353 were converted to loans as at March 31, 2015 under the aforesaid facility. During the year ended March 31, 2015, BRL has repaid loan amounting to ₹ 3,917 (March 31, 2014: ₹ 551).

(c) The Company's SEZ Developer division has entered into agreements to lease land and provide certain facilities such as power, utilities etc to SEZ units of BRL and Syngene, in respect of which the Company recovers rent and facilities usage charges.

(d) The Company has paid rent to P. K. Associates and purchased consumables from Mazumdar Farms, a proprietary firm of relative of Director and paid rent to Sujatha Murali Krishnan (relative of key management personnel) which are not disclosed above since the amounts are rounded off to ₹ 1 Million.

(e) On April 23, 2014, the Board of Directors of Syngene approved a scheme of amalgamation of Climigene International Limited ("Climigene"), a wholly owned subsidiary, with Syngene under section 391 and 394 of the Companies Act, 1956. The Honourable High Court of Karnataka approved the aforesaid Scheme with Appointed Date as April 01, 2014 vide its order dated February 5, 2015. The copy of the Order was filed with the Registrar of Companies on March 2, 2015.

(f) During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel are the Board of Trustees)

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

(h) The remuneration to key management personnel doesn't include the provisions made for gratuity and leave benefits, as they are obtained on an actuarial basis for the Company as a whole.

	March 31, 2015	March 31, 2014
<b>33. Supplementary profit and loss data</b>		
(a) Value of imports calculated on C.I.F. basis (on accrual basis):		
Raw materials	5,337	5,239
Packing materials	332	247
Traded goods	293	408
Maintenance spares	5	66
Capital goods	135	613
	<b>6,102</b>	<b>6,573</b>
(b) Earnings in foreign currency (on accrual basis):*		
Export of goods on FOB basis	10,339	10,669
Licensing and development fees	283	37
Capacity reservation fees	311	-
Other operating revenue	60	97
	<b>10,993</b>	<b>10,803</b>
* Excludes recovery of product research & development costs from co-development partners		
(c) Expenditure in foreign currency: (on accrual basis) :		
Royalty	23	26
Commission and brokerage	113	122
Interest expense	3	5
Travelling and conveyance	26	37
Professional charges	220	116
Consumables	293	305
Research & development expenses	258	124
Others	121	88
	<b>1,057</b>	<b>823</b>
(d) Net dividend remitted in foreign exchange :		
Year to which it relates	2013-14	2012-13
Number of non-resident shareholders	15	15
Number of equity shares held on which dividend was due	42,397,675	42,519,218
Dividend remitted	212	319
Dividend remitted in FC		
USD million	<b>3</b>	<b>5</b>

(e) Details of consumption of raw materials, packing materials and spare parts :

	March 31, 2015		March 31, 2014	
	Value	Percent	Value	Percent
(i) Raw materials and packing materials				
Imported	5,848	61	5,745	65
Indigenous	3,717	39	3,131	35
	<b>9,565</b>	<b>100</b>	<b>8,876</b>	<b>100</b>
(ii) Spare parts				
Imported	5	3	66	41
Indigenous	174	97	94	59
	<b>179</b>	<b>100</b>	<b>160</b>	<b>100</b>

### 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, 2015 and 2014, the Company had the following outstanding contracts:

	March 31, 2015	March 31, 2014
	(in millions)	
In respect of highly probable forecasted sales/export collection:		
European style option contracts with periodical maturity dates	USD 55	USD 30
	(INR 3,425)	(INR 1,804)
European style option contracts with periodical maturity dates	EUR 10	EUR 17
	(INR 669)	(INR 1,407)
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		
Export trade receivables	2,150	1,715
Other receivables	146	185
Unbilled Revenue	108	-
Cash and bank balances	1,920	1,978
Import trade payable	896	949
Packing credit foreign currency loan	561	541
Advance from Customers	23	37

	March 31, 2015	March 31, 2014
<b>35. Contingent liabilities and commitments</b>		
<b>(i) Contingent liabilities:</b>		
(a) Claims against the Company not acknowledged as debt	1,241	828
The above includes:		
(i) Direct taxation (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Company)	297	126
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	552	354
(iii) Other litigations	392	348
The Company is involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. [also refer note 12(b)] Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.		
(b) Guarantees		
(i) Corporate guarantees given in favour of the Central Excise Department in respect of certain performance obligations of the subsidiaries.		
Syngene	242	218
Clinigene	-	27
Total	242	245
(ii) Corporate guarantee given by Syngene in favour of the CED in respect of certain performance obligations of Biocon.	500	465
(iii) Corporate guarantees given in favour of a bank towards loans obtained by Subsidiaries		
BRL	685	-
Biocon Malaysia	8,096	5,804
Clinigene	-	60
Total	8,781	5,864
(iv) Guarantees given by banks on behalf of the Company for contractual obligations of the Company. The necessary terms and conditions have been complied with and no liabilities have arisen. (refer note below) Includes share of the Company in respect of guarantees issued by NeoBiocon (Subsidiary), of ₹ Nil (March 31, 2014 - ₹ 1)	63	115
<b>(ii) Commitments:</b>		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	824	298
(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 March 2022. Some of these lease arrangements have price escalation clause. There are no restrictions imposed under the lease arrangements. Gross rental expenses for the year aggregate to ₹ 18 (March 31, 2014 - ₹ 22). The committed lease rentals in future are as follows :		
Not later than one year	17	18
Later than one year and not later than five years	40	43
Later than five years	7	25
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period upto February, 2019. Gross rental expenses for the year aggregate to ₹ 10 (March 31, 2014 - ₹ 9). The committed lease rentals in future are as follows:		
Not later than one year	12	4
Later than one year and not later than five years	24	3
Where the Company is a Lessor:		
(i) Rent		
The Company has leased out certain parts of its land & building (including fit outs), which expire over a period upto 2025. Gross rental income for the year aggregates to ₹ 97 (March 31, 2014 - ₹ 101). Further, minimum lease receipts under operating lease are as follows:		
Not later than one year	106	67
Later than one year and not later than five years	308	239
Later than five years	119	81
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, 2015 and 2014, the Company has committed to provide financial support to BRL with regard to the operations of such company. Also refer note 14 (a).		

### 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 of last drawn salary for each completed year of service.

A summary of the gratuity plan is as follows:

	March 31, 2015	March 31, 2014
<b>Fund balance</b>		
Defined benefit obligation	193	174
Fair value of plan assets	72	67
<b>Plan Liability</b>	<b>121</b>	<b>107</b>
The change in benefit obligation and funded status of the gratuity plan is as follows:		
<b>Change in benefit obligation</b>		
Benefit obligation at the beginning of the year	174	150
Current service cost	44	18
Interest cost	15	12
Transfer in	-	3
Transfer out	-	-
Benefits paid	(26)	(19)
Actuarial (gain) / loss	(14)	10
<b>Benefit obligation at the end of the year</b>	<b>193</b>	<b>174</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	67	80
Expected return on plan assets	6	7
Transfer in	-	1
Actuarial gain / (loss)	2	(2)
Actual contribution	23	-
Benefits paid	(26)	(19)
<b>Fair value of plan assets at end of the year</b>	<b>72</b>	<b>67</b>
Net gratuity cost:		
<b>Components of net benefit cost</b>		
Current service cost	44	18
Interest cost	15	12
Expected return on plan assets	(6)	(7)
Net actuarial (gain) / loss recognised during the year	(16)	12
<b>Net gratuity cost</b>	<b>37</b>	<b>35</b>
<b>Actual return on plan assets</b>	<b>9</b>	<b>5</b>

Experience adjustment	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	193	174	150	128	98
Plan assets	72	67	80	78	76
Surplus / (Deficit)	(121)	(107)	(70)	(50)	(22)
Experience adjustments on plan liabilities gain / (loss)	17	5	20	(21)	(13)
Experience adjustments on plan assets gain / (loss)	3	(2)	-	-	(1)

The assumptions used for gratuity valuation are as below:

	March 31, 2015	March 31, 2014
Interest rate	8.8%	8.0%
Discount rate	7.9%	8.8%
Expected return on plan assets	7.9%	8.7%
Salary increase	9.0%	9.5%
Attrition rate up to age 44	26.0%	26.0%
Attrition rate above age 44	7.0%	8.0%
Retirement age - Years	58	58

The Company evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2016, is approximately ₹ 121 (March 31, 2015 - ₹ 107).

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, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
India	11,423	11,222
Exports	10,993	10,803
	<b>22,416</b>	<b>22,025</b>
The following is the carrying amount of assets by geographical area in which the assets are located:		
Carrying amount of assets	March 31, 2015	March 31, 2014
India*	29,233	28,561
Outside India	4,097	3,624
	<b>33,330</b>	<b>32,185</b>

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

### 38. Other notes

- The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance.
- Recovery of product development costs from co-development partner (net) pertains to co-development partner's share of expenses under the development agreements comprising of payroll costs, depreciation and amortisation and other expenses.
- The Company has paid the dividend distribution tax of ₹ 30 on interim dividend, which is reduced by the amount of dividend distribution tax paid on the dividend received by the Company from its subsidiaries.

### 39. Prior years' comparatives

The Company has reclassified and regrouped the previous year figures to confirm to current year's classification. Also refer note 2.1 (a)

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per Aditya Vikram Bhauwala  
Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

Kiran Mazumdar-Shaw  
Chairperson & Managing Director

Siddharth Mittal  
President - Finance

Bengaluru  
April 29, 2015

Arun Chandavarkar  
Joint Managing Director & CEO

Kiran Kumar  
Company Secretary

# Independent Auditor's Report

To the Members of Biocon Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Biocon Limited (the "Company") and its subsidiaries and associate (together, the "Group") which comprise of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

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

## Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Group's management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2015, its consolidated profit, and its consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to note 42 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. As further discussed in the said note, out of the deferred amount, ₹ 295 million has been netted off against expenses incurred during the year ended March 31, 2015 towards such clinical trial and development activities. Our auditors' report for the year ended March 31, 2014 also included an emphasis of matter in this regard. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit and
- (b) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

## Other Matter

We did not audit the total assets of ₹ 18,720 million as at March 31, 2015, total revenues (including other income) of ₹ 1,101 million and net cash outflows amounting to ₹ 2,025 million for the year then ended, included in the accompanying consolidated financial statements in respect of four subsidiaries (including a subsidiary that was a joint venture from April 01, 2014 to June 30, 2014).

The financial statements and other financial information of the above subsidiaries have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to amounts and disclosures included in respect of these subsidiaries is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W

per Aditya Vikram Bhauwala

Partner

Membership Number: 208382

Place: Bengaluru

Date: April 29, 2015

# Consolidated Balance Sheet

as at March 31, 2015

(All amounts in Indian Rupees Million)

	Notes	March 31, 2015	March 31, 2014
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,000	1,000
Reserves and surplus	4	31,706	29,267
		<b>32,706</b>	<b>30,267</b>
Minority interest	5	1,722	823
<b>Non-current liabilities</b>			
Long-term borrowings	6	7,696	6,062
Deferred tax liability (net)	7	417	450
Other long-term liabilities	8	5,516	6,030
Long-term provisions	9	150	78
		<b>13,779</b>	<b>12,620</b>
<b>Current liabilities</b>			
Short-term borrowings	10	2,610	2,435
Trade payables	11	4,293	3,472
Other current liabilities	12	7,062	6,123
Short-term provisions	9	1,582	1,766
		<b>15,547</b>	<b>13,796</b>
		<b>63,754</b>	<b>57,506</b>
<b>TOTAL</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	13	15,807	15,035
Intangible assets	14	492	217
Capital work-in-progress		14,938	10,831
Intangible assets under development	14	1,828	1,225
Non-current investments	15	-	645
Loans and advances	16	3,693	2,693
Other non-current assets	17	1,370	472
		<b>38,128</b>	<b>31,118</b>
<b>Current assets</b>			
Current investments	18	2,303	7,004
Inventories	19	4,527	3,766
Trade receivables	20	7,705	5,998
Cash and bank balances	21	9,375	8,044
Loans and advances	16	813	818
Other current assets	17	903	758
		<b>25,626</b>	<b>26,388</b>
		<b>63,754</b>	<b>57,506</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per Aditya Vikram Bhaauwala  
Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

Kiran Mazumdar-Shaw  
Chairperson & Managing Director

Siddharth Mittal  
President - Finance

Bengaluru  
April 29, 2015

Arun Chandavarkar  
Joint Managing Director & CEO

Kiran Kumar  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended March 31, 2015

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

	Notes	March 31, 2015	March 31, 2014
<b>INCOME</b>			
Revenue from operations (gross)		31,224	29,141
Less: Excise duty		326	368
<b>Revenue from operations (net)</b>	22	<b>30,898</b>	<b>28,773</b>
Other income	23	531	559
<b>Total revenue (I)</b>		<b>31,429</b>	<b>29,332</b>
<b>EXPENSES</b>			
Cost of raw materials and packing materials consumed	24	11,970	10,704
Purchases of traded goods	25(a)	1,110	1,151
(Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress	25(b)	(519)	5
Employee benefits expense	26	5,334	4,663
Other expenses	27	7,366	7,068
Depreciation and amortisation (net)	28	2,210	2,036
Finance costs	29	89	17
		<b>27,560</b>	<b>25,644</b>
Less: Recovery of product development costs from co-development partners (net)	43(b)	(1,321)	(1,689)
<b>Total expenses (II)</b>		<b>26,239</b>	<b>23,955</b>
<b>Profit before tax and exceptional items [(I) - (II)]</b>		<b>5,190</b>	<b>5,377</b>
Exceptional items (net)	40	1,051	-
<b>Profit before tax</b>		<b>6,241</b>	<b>5,377</b>
<b>Tax expenses</b>			
Current tax		1,120	1,155
Less: MAT credit entitlement		(130)	(124)
Deferred tax		(33)	38
<b>Total tax expense</b>		<b>957</b>	<b>1,069</b>
<b>PROFIT FOR THE YEAR</b>		<b>5,284</b>	<b>4,308</b>
<b>Profit attributable to:</b>			
Minority interest		310	170
Owners of the Company		4,974	4,138
		<b>5,284</b>	<b>4,308</b>
Earnings per share [equity shares, par value of ₹ 5 each (March 31, 2014 - ₹ 5 each)]			
Basic (in ₹)		24.87	21.09
Diluted (in ₹)		24.87	20.82
Weighted average number of shares used in computing earnings per share [refer note 2.1(a)]			
Basic		200,000,000	196,232,977
Diluted		200,000,000	198,461,000
Summary of significant accounting policies	2.1		

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

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per Aditya Vikram Bhauwala  
Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

Kiran Mazumdar-Shaw  
Chairperson & Managing Director

Siddharth Mittal  
President - Finance

Bengaluru  
April 29, 2015

Arun Chandavarkar  
Joint Managing Director & CEO

Kiran Kumar  
Company Secretary

# Consolidated Cash Flow Statement for the year ended March 31, 2015

(All amounts in Indian Rupees Million)

	March 31, 2015	March 31, 2014
<b>I CASH FLOWS FROM OPERATING ACTIVITIES :</b>		
Net profit before tax	6,241	5,377
<b>Non-cash adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortisation (net)	2,210	2,036
Unrealised exchange (gain)/loss (net)	17	(147)
Employee stock compensation expense	60	59
Provision / (reversal of provision) for doubtful debts	61	22
Bad debts written off	-	8
Interest expense	89	17
Interest income	(120)	(113)
Dividend income	(226)	(297)
Net gain on sale of current investments	(14)	(19)
Other operating revenue	(133)	(103)
Other non operating income	(153)	(123)
Exceptional item (net) (refer note 40)	(1,051)	-
Operating profit before working capital changes	<b>6,981</b>	<b>6,717</b>
<b>Movements in working capital</b>		
Decrease/(increase) in inventories	(737)	227
Decrease/(increase) in trade receivables	(1,503)	(881)
Decrease/(increase) in loans and advances and other assets	(1,073)	(577)
Increase/(decrease) in trade payable, other liabilities and provisions	(227)	1,608
<b>Cash generated from operations</b>	<b>3,441</b>	<b>7,094</b>
Direct taxes paid (net of refunds)	(1,334)	(1,487)
<b>Net cash flow from/(used in) operating activities</b>	<b>2,107</b>	<b>5,607</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES :</b>		
Purchase of tangible fixed assets, capital work in progress and capital advances (net of reimbursements under co-development arrangements/from customers)	(8,381)	(7,885)
Acquisition of Intangible assets	(788)	(100)
Acquisition of additional shares in subsidiary	(2,154)	-
Proceeds from sale of shares in subsidiary (net of expenses)	3,677	-
Interest received	101	111
Dividend received	226	297
Proceeds from sale of current investments	29,429	16,423
Proceeds from sale of fixed assets	-	28
Movement in reserves of ESOP Trust [refer note 2.1(a)]	-	118
Purchase of current investments	(25,181)	(18,187)
Investment in bank deposits (having original maturity more than three months)	(3,529)	(2,479)
Redemption/maturity of bank deposits (having original maturity more than three months)	1,360	2,170
Other non-operating income	153	123
<b>Net cash flow from/(used in) investing activities</b>	<b>(5,087)</b>	<b>(9,381)</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES :</b>		
Recovery of loan from Syngene Employee Welfare Trust	40	-
Proceeds from long term borrowings	3,247	4,579
Repayment of long term borrowings	(145)	(186)
Proceeds/(repayment) of short term borrowings (net)	171	1,634
Interest paid	(5)	(12)
Dividend paid on equity shares of Company	(1,000)	(1,500)
Dividend paid on equity shares by subsidiary	(53)	-
Tax on final equity dividend	(170)	(255)
Tax on interim equity dividend	(30)	-
Tax on equity dividend paid - by subsidiary	(193)	-
<b>Net cash flow from/(used for) financing activities</b>	<b>1,862</b>	<b>4,260</b>

	March 31, 2015	March 31, 2014
IV Net increase/(decrease) in cash and cash equivalents (I+II+III)	(1,118)	486
V Effect of exchange differences on cash and cash equivalents held in foreign currency	23	47
VI Foreign currency translation reserve / adjustments	42	297
VII Cash and cash equivalents due to consolidation of NeoBiocon and deconsolidation of ESOP Trust [refer note 1 and note 2.1.(a)]	109	-
VIII Cash and cash equivalents at the beginning of the year	5,570	4,740
IX Cash and cash equivalents at the end of the year (IV+V+VI+VII+VIII)	4,626	5,570

	March 31, 2015	March 31, 2014
Components of cash and cash equivalents (refer note 21)		
Cash on Hand	1	1
Balances with Banks - in current accounts (excluding Unclaimed Dividend)	4,585	4,980
- in deposit accounts	34	583
- in unpaid dividend accounts [refer note (i) below]	6	6
	4,626	5,570

Note:

(i) 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 LLP

ICAI Firm registration no.: 101049W

Chartered Accountants

per Aditya Vikram Bhauwala

Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

Kiran Mazumdar-Shaw

Chairperson & Managing Director

Siddharth Mittal

President - Finance

Bengaluru  
April 29, 2015

Arun Chandavarkar

Joint Managing Director & CEO

Kiran Kumar

Company Secretary

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# Notes to the Consolidated Financial Statements for the year ended March 31, 2015

(All amounts 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% of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. As at March 31, 2015, 83.61% of the equity interest in Syngene is held by Biocon and 0.93% is held by Biocon Research Limited ('BRL'). Pursuant to the approval of the Board of Directors of the Company, the Company has proposed a sale of 11% of equity interest in Syngene via an offer for sale. 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 April 23, 2014, the Board of Directors of Syngene approved a scheme of amalgamation of Clinigene with Syngene under section 391 and 394 of the Companies Act, 1956. The Honourable High Court of Karnataka ('the Court') approved the aforesaid scheme with Appointed Date as April 01, 2014 vide its order dated February 5, 2015. The copy of the Order was filed with the Registrar of Companies on March 2, 2015.

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. On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 the results of NeoBiocon have been consolidated as a subsidiary. Till June 30, 2014, NeoBiocon was accounted as a joint venture on a proportionate consolidation on a line-by-line basis in the consolidated financial statements, as per the requirements of Accounting Standard 27.

The Company has also established BRL at Bangalore on May 28, 2008, a wholly owned subsidiary of the Company to undertake research and development in novel and innovative drug initiatives.

Biocon Biopharmaceuticals Limited (formerly Biocon Biopharmaceuticals Private Limited) [BBL] was incorporated at Bangalore 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 BBL were held by Biocon. On July 25, 2012, the Board of Directors of the Company approved a scheme of amalgamation ('the Scheme') of BBL with the Company under section 391 and 394 of the Companies Act, 1956. The Honourable High Court of Karnataka ('the Court') approved the aforesaid Scheme with Appointed Date as April 01, 2012 vide its order dated July 12, 2013 ('the Order'). The copy of the Order was filed with the Registrar of Companies on August 8, 2013.

During the year ended March 31, 2009, Biocon set up a wholly owned subsidiary company in Switzerland, Biocon SA ('BSA') to undertake research and development in novel and innovative drug initiatives.

Biocon set up a wholly owned subsidiary company on January 19, 2011, at Malaysia, Biocon Sdn. Bhd. ('Biocon Malaysia') for development and manufacture of biopharmaceuticals.

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

During the year ended March 31, 2014, the Company established Biocon Academy, a not for profit company under Companies Act, 1956 to provide educational courses, training and research in the biosciences, life sciences and all fields of study.

On October 31, 2014, the Company incorporated Biocon Pharma Limited ('BPL'), a wholly owned subsidiary of Biocon, to engage in the business of formulation, development and sale of biopharmaceutical products.

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 and manufacturing services to overseas customers in the field of synthetic chemistry and molecular biology 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 for operation of SEZ Developer and for setting up SEZ Unit operations 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 financial statements to comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ('the Act') read together with paragraph 7 of the Companies (Accounts) Rules 2014 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 changes in accounting policies described below.

The financial statements of subsidiaries, joint venture company and associate company have been drawn upto the same reporting date as that of the Company i.e. March 31, 2015.

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 /increase in shareholding in 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.

## 2.1 Summary of significant accounting policies

### a. Change in accounting policies / estimates

#### (i) Accounting of ESOP Trust

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 ('The ESOP Trust'). The Securities and Exchange Board of India (Share Based Employee benefits) Regulations 2014 ('SEBI Regulations') requires companies to follow 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI). As per the Guidance Note, Trust created for the purpose of administering employee share-based plans which does not provide any economic benefit to the Company should not be consolidated with the financial statements of the Company. Hitherto, under the erstwhile Securities and Exchange Board of India (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999, financial statements of the Company were prepared as if the Company itself is administering the ESOP scheme. Pursuant to the SEBI Regulations, the Company has not consolidated the accounts of the ESOP Trust in its consolidated financial statements for the year ended March 31, 2015. As at March 31, 2014 total assets, total liabilities and reserves and surplus of the ESOP Trust as mentioned below, are included in the consolidated financial statements of the Company.

	Amount
Equity and liabilities	
Reserves and surplus	886
Short-term provision	26
<b>Total</b>	<b>912</b>
Assets	
Non-current assets	
Non-current investments*	427
Loans and advances	14
Current assets	
Current investments	467
Cash and bank balances	4
<b>Total</b>	<b>912</b>

\* represents shares of the Company held by ESOP Trust.

The above change does not have a material impact on the Earnings per share computation of the Company.

#### (ii) Depreciation on fixed assets - Component accounting and useful lives.

Due to application of Schedule II to the Act with effect from April 01, 2014, the management has re-estimated useful lives and residual values of all its fixed assets and determined separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

The Group has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of retained earnings. The carrying amount of other components, i.e., components whose remaining useful life is not nil on April 01, 2014, is depreciated over their remaining useful life. Accordingly, depreciation of ₹ 29 (net of deferred tax impact) has been adjusted to the opening balance of surplus in the Statement of profit and loss, with corresponding adjustment to net book value of fixed assets, in accordance with the transitional provisions of Schedule II of the Act.

The management has concluded that the impact of such change on the results for the year ended March 31, 2015 is not material and the same is likely to hold good for future years also.

### b. 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.

### c. Tangible fixed assets

Fixed assets are stated at cost, except for certain freehold land and buildings revalued on November 1, 1994, 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. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

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.

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. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period.

Gains or losses arising from de-recognition 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 de-recognised.

Assets funded by third parties/customers are capitalised at gross value and the funds so received are recorded as funding received from co-developer/deferred revenue, as applicable, and amortised over the useful life of the assets/period of contract.

#### d. 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.

The Group has estimated the following useful lives to provide depreciation on its fixed assets:

Nature of Asset	Useful lives (in years)
Buildings *	25
Roads	5
Plant and equipment (including Electrical installation & Lab equipment) *	9-11
Computers & servers*	3
Office equipment	3-5
Research and development equipment *	9
Furniture and fixtures *	6
Vehicles *	6
Leasehold improvements	5 or lease period whichever is lower

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

\* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

#### e. 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 lower. 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 de-recognition 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 de-recognised.

##### Amortisation of intangible assets:

- Costs relating to intellectual property rights, manufacturing and marketing rights 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 of five to ten years.
- 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/increase in shareholding in 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 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 technically feasible to complete the development of asset and it will be available for sale / use.
- it is expected that such development will be completed and used / sold.

- c. it is expected that such assets will generate future economic benefits.
- d. there are adequate resources to complete such development.
- e. it is possible to measure reliably the expenditure attributable to the asset during development.

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.

#### f. Borrowing costs

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

Borrowing costs directly attributable to the acquisition, 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.

#### g. 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, 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.

#### h. 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 (on a first-in-first out basis) 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. Cost is determined on a first-in-first out basis.

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.

#### i. 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 and capacity reservation fees:

The Group enters into certain dossier sales, licensing and supply agreements (including arrangement for capacity reservation fee) 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, based on 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 is 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. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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

#### **j. 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.

#### **k. 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 employee renders the related service and 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 statement of profit and loss on accrual basis. There are no obligations beyond the company's contribution.

#### **l. Foreign currency translation**

Foreign currency transaction and balances

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

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 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.
- (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.

For the purpose of (ii) and (iii) above, 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. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.

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).

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.

#### m. 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.

**n. 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 Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 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. Expenses for equity settled options expiring unexercised after vesting are not reversed through statement of profit and loss. 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.

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

**o. 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.

**p. 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.

**q. 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.

**r. 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.

**s. 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.

**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.

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	March 31, 2015	March 31, 2014
<b>3. Share capital</b>		
<b>Authorised :</b>		
220,000,000 (March 31, 2014 - 220,000,000) equity shares of ₹ 5 each (March 31, 2014 - ₹ 5 each)	1,100	1,100
<b>Issued, subscribed and fully paid-up:</b>		
200,000,000 (March 31, 2014 - 200,000,000) equity shares of ₹ 5 each (March 31, 2014 - ₹ 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, 2015		March 31, 2014	
	No.	₹	No.	₹
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, 2015, the Board of Directors approved interim dividends for distribution to equity shareholders of ₹ 5 per share (March 31, 2014 - ₹ Nil). Final dividends proposed for distribution to equity shareholders was ₹ Nil (March 31, 2014 - ₹ 5) per share, subject to shareholders approval.

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

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

Equity shares of ₹ 5 each fully paid	March 31, 2015		March 31, 2014	
	No.	% holding	No.	% holding
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 the records of the Company, including its register of shareholders/members, the above shareholding represents both legal and beneficial ownership of shares.

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

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer to note 31.

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	March 31, 2015	March 31, 2014
<b>4. Reserves and surplus</b>		
<b>Revaluation reserve</b>	9	9
<b>Capital reserve</b>	801	801
<b>Securities premium</b>	2,788	2,788
<b>Foreign currency translation reserve account</b>		
Opening balance	205	29
Add: Exchange difference during the year on net investment in non-integral operations	(466)	176
Closing balance	(261)	205
<b>ESOP Trust</b>		
Opening balance	886	768
Add: Dividend, interest income and profit on sale of shares (net)	-	118
Less: Deconsolidation of ESOP Trust [refer note 2.1(a)]	(886)	-
Closing balance	-	886
<b>General reserve</b>		
Opening balance	3,098	2,768
Add: Amount transferred from surplus balance in the statement of profit and loss	361	330
Closing balance	3,459	3,098
<b>Surplus in the statement of profit and loss account</b>		
Balance as per last financial statements	21,161	18,523
Adjustment arising on depreciation [ refer note 2.1.(a)]	(29)	-
Profit for the year	4,974	4,138
<b>Less: appropriations</b>		
Interim dividend on equity shares [amount per share ₹ 5 (March 31, 2014 - ₹ Nil)]	(1,000)	-
Proposed final dividend on equity shares [amount per share ₹ Nil (March 31, 2014 - ₹ 5)]	-	(1,000)
Tax on interim dividend declared by the Company	(30)	-
Tax on proposed final dividend	-	(170)
Tax on interim dividend by Subsidiary	(184)	-
Transfer to general reserve	(361)	(330)
<b>Total appropriations</b>	(1,575)	(1,500)
Net Surplus in the statement of profit and loss	24,531	21,161
<b>Employee stock options outstanding</b>		
Gross employee stock compensation - opening balance	522	263
Add: gross compensation for options granted during the year [refer note 31]	25	265
Less: compensation on options forfeited during the year	(6)	(6)
	541	522
Less: Deferred employee stock compensation expense	162	203
<b>Closing balance</b>	379	319
<b>Total reserves and surplus</b>	31,706	29,267
(i) Deferred employee stock compensation expense [refer note 31]:		
Stock compensation expense outstanding at the beginning of the year	203	3
Stock options granted during the year	25	265
Stock options forfeited during the year	(6)	(6)
Stock compensation expense (amortised)/reversed during the year	(60)	(59)
Closing balance of deferred employee stock compensation expense	162	203

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	March 31, 2015	March 31, 2014
<b>5. Minority interest</b>		
The share of the net assets attributable to the minority shareholders are as follows:		
As per last balance sheet	823	653
Others [refer note (a) and (b) below]	589	-
Profit/(Loss) for the year attributable to minority shareholders	310	170
	<b>1,722</b>	<b>823</b>

- (a) During the year ended March 31, 2015, interim dividend of ₹ 53 was distributed to minority shareholders of Syngene.
- (b) Minority interest as at March 31, 2015 and 2014 represents that part of the net profits and net assets of Syngene [refer (i), (ii) and (iii) below] and NeoBiocon [refer (iv) below] as follows:
- (i) to the extent of 22,226,663 equity shares of ₹ 10 each [March 31, 2014 - 4,791,837 shares of ₹ 5 each] held by other parties. Syngene issued bonus shares during the year ended March 31, 2015. [Also refer note 40(b)]
- (ii) to the extent of 6,680,000 equity shares of ₹ 10 each [March 31, 2014 - 1,875,000 of ₹ 5 each] being shares allotted by Syngene to Syngene Employee Welfare Trust ("Trust"). A loan of ₹ 110 [March 31, 2014 - ₹ 150] is receivable from the Trust. Also refer note 16.
- (iii) to the extent of 2,000,000 equity shares of ₹ 10 each [March 31, 2014 - Nil] being shares sold by the Company to Biocon Employee Welfare Trust. Also refer note 40(a).
- (iv) On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 the results of NeoBiocon have been consolidated as a subsidiary. 147 equity shares are held by third party as on March 31, 2015.

	Non-current portion		Current maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>6. Long-term borrowings</b>				
Deferred sales tax liability, unsecured	64	194	130	130
<b>Other loans and advances (unsecured)</b>				
NMITLI - CSIR Loan	1	1	-	-
Financial assistance from DSIR	7	14	3	3
Financial assistance from DST	42	49	7	7
<b>Loans from banks (secured)</b>				
Term loan	7,396	5,804	726	-
Buyer's credit	186	-	-	-
	<b>7,696</b>	<b>6,062</b>	<b>866</b>	<b>140</b>
<b>The above amount includes</b>				
Secured borrowings	7,582	5,804	726	-
Unsecured borrowings	114	258	140	140
Amount disclosed under the head "Other current liabilities" [refer note 12]	-	-	(866)	(140)
<b>Net amount</b>	<b>7,696</b>	<b>6,062</b>	<b>-</b>	<b>-</b>

- (i) On February 9, 2000, the Company obtained an order from the Karnataka Sales Tax Authority for allowing an interest free 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 of ₹ 0.3 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 ₹ 3 each, starting 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. However, the Company has repaid the loan during year ended March 31, 2015.
- (iv) 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. 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.
- (v) In respect of the financial assistance received under the aforesaid programmes [refer note (ii) to (iv) 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.
- (vi) Syngene has obtained a foreign currency denominated long term secured buyer's credit loan as at March 31, 2015 of ₹ 186 (USD 2.99 million) [March 31, 2014 - Nil] from a bank which was secured by a pari-passu charge on the present and future current assets and moveable fixed assets of Syngene. This loan is repayable at the end of 1,079 days from the date of origination and carries interest rate of Libor+0.80%.
- (vii) Biocon Sdn. Bhd, Malaysia, has obtained a term loan facility of USD 130 million from a consortium of banks. As of March 31, 2015, it has utilised ₹ 8,122 (USD 130 million) [March 31, 2014 ₹ 5,804 (USD 96.5 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 financial year 2015-16 and carries an interest rate pre determined on a Libor + 3%. Also refer note 34.

	March 31, 2015	March 31, 2014
<b>7. Deferred tax liability (net)</b>		
<b>Deferred tax liability</b>		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	540	540
Gross deferred tax liability	540	540
<b>Deferred tax asset</b>		
Employee retirement benefit expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	92	65
Provision for doubtful debts	18	13
Others	13	12
<b>Gross deferred tax asset</b>	123	90
<b>Net deferred tax liability</b>	417	450

(i) 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, 2015	March 31, 2014
<b>8. Other long-term liabilities</b>		
Deferred revenues [refer note 42 and 13(iv)]	2,843	4,260
Funding received from Co-developer towards fixed assets [refer note 13(iii)]	2,667	1,763
Interest accrued but not due	6	7
	5,516	6,030

	Long-term		Short-term	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>9. Provisions</b>				
<b>Provision for employee benefits</b>				
Leave encashment	-	-	160	143
Gratuity [refer note 38]	150	78	124	151
<b>Others</b>				
Interim dividend on equity shares	-	-	1,000	-
Proposed final dividend on equity shares	-	-	-	1,000
Tax on proposed final dividend	-	-	-	170
Provision for income tax, net of advance tax [refer note (i) below]	-	-	298	302
	150	78	1,582	1,766

(i) Included under provision for income tax is Nil (March 31, 2014 - ₹ 26) of the ESOP Trust. Also refer note 2.1(a)

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	March 31, 2015	March 31, 2014
<b>10. Short-term borrowings</b>		
<b>From banks</b>		
Packing credit foreign currency loan (unsecured) [refer note (i), (iv), (v) & (ix) below]	2,610	661
Packing credit foreign currency loan (secured) [refer note (ii) and (iii) below]	-	1,443
Cash credit (secured) [refer note (vi) below]	-	274
Bank overdraft (secured) [refer note (vii) below]	-	47
Bank overdraft (unsecured) [refer note (viii) below]	-	10
	<b>2,610</b>	<b>2,435</b>
<b>The above amount includes</b>		
Secured borrowings	-	1,764
Unsecured borrowings	2,610	671

- (i) Syngene has obtained foreign currency denominated short term unsecured pre-shipment loans of ₹ 1,364 (USD 21.9 million) [March 31, 2014 - ₹ 601 (USD 10 million)] as on March 31, 2015 from banks that carry interest rate in the range of Libor plus 0.15% to 0.42%. The loans are repayable at end of 6 months from the date of their origination.
- (ii) The Company had obtained foreign currency denominated loans of ₹ 541 (USD 9 million), carrying an interest rate of LIBOR plus 0.10% to 1.50% p.a. and secured by pari-passu first charge on inventories and trade receivables, from a bank as at March 31, 2014. These facilities were repayable on demand and has been repaid during the year.
- (iii) Syngene had obtained foreign currency denominated short term secured pre-shipment credit loans of ₹ 902 (USD 15 million) as of March 31, 2014 from banks that carry interest rate in the range of Libor plus 0.20% to 0.50%, which were secured by a pari-passu charge on the current assets and movable fixed assets of Syngene. These loans were repayable at end of 6 months from the date of its origination and have been repaid during the year.
- (iv) BRL has obtained foreign currency denominated loans of ₹ 685 (USD 11 million) [March 31, 2014 - ₹ Nil], carrying an interest rate of LIBOR plus 0.35% to 0.50% per annum, from a bank as at March 31, 2015. The loan is repaid on April 06, 2015.
- (v) On April 26, 2010, Syngene (erstwhile Clinigene) entered into an agreement with a bank for ₹ 100 packing credit facility. This loan is repayable on demand and was against corporate guarantee provided by Biocon. As at March 31, 2014 ₹ 60 (USD 1 million) was outstanding and carried an interest rate in the range of Libor plus 1.25% to 1.75% per annum. The loan has been repaid during the year.
- (vi) Biocon had working capital facilities with a bank carrying interest rate ranging from 9.7% - 13% per annum. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables. As on March 31, 2014, Biocon had utilised fund based limits of ₹ 274 which has been repaid during the year.
- (vii) Syngene has obtained overdraft facility from a bank, which is secured by a pari-passu charge on the current assets and moveable fixed assets of Syngene. The interest on the loan is linked to the bank's prime lending rate, which is floating in nature.
- (viii) BRL has obtained unsecured overdraft facility carrying an interest rate ranging from 11% - 13% per annum, from a bank. This facility is repayable on demand. As on March 31, 2014, BRL had utilised fund based limits of ₹ 10, which has been repaid during the year.
- (ix) The Company has obtained unsecured foreign currency denominated loans of ₹ 561 (US\$ 9 million) [March 31, 2014 - ₹ Nil], carrying an interest rate of LIBOR plus 0.15% to 0.35% p.a., from a bank as at March 31, 2015. The facility is repayable within 180 days from the date of its origination.

	March 31, 2015	March 31, 2014
<b>11. Trade payables</b>		
Trade payables	4,293	3,472
	<b>4,293</b>	<b>3,472</b>
<b>12. Other current liabilities</b>		
Current maturities of long term borrowings [refer note 6]	866	140
Deferred revenues [refer note 42 and 13(iv)]	1,165	699
Funding received from Co-developer towards fixed assets [refer note 13(iii)]	80	78
Investor Education and Protection Fund shall be credited by: (as and when due)		
- Unclaimed dividend	6	6
Payables for capital goods	2,451	2,983
Advances from customers	2,208	1,982
Balance in current account with bank representing book overdraft	102	1
Other payables:		
Statutory dues [refer note (i) below]	132	231
Others	52	3
	<b>7,062</b>	<b>6,123</b>

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

## 13. Tangible assets

	Land [Refer note (i), (ii) and (vi)]	Buildings	Leasehold improvements	Plant and equipments [Refer note (ix)]	Research and development equipments	Furniture and fixtures	Vehicles	Total
<b>Cost or Valuation</b>								
At April 1, 2013	1,249	4,977	3	16,116	1,752	428	31	24,556
Additions	-	263	-	1,633	230	81	-	2,207
Disposals	-	-	-	54	-	-	4	58
Other adjustments								
- Foreign currency translation adjustment	41	-	-	-	-	-	-	41
<b>At March 31, 2014</b>	<b>1,290</b>	<b>5,240</b>	<b>3</b>	<b>17,695</b>	<b>1,982</b>	<b>509</b>	<b>27</b>	<b>26,746</b>
Additions	-	703	2	2,300	46	43	38	3,132
Disposals	-	-	-	13	-	-	6	19
Other adjustments								
- Foreign currency translation adjustment	(61)	(30)	-	(18)	-	-	-	(109)
<b>At March 31, 2015</b>	<b>1,229</b>	<b>5,913</b>	<b>5</b>	<b>19,964</b>	<b>2,028</b>	<b>552</b>	<b>59</b>	<b>29,750</b>
<b>Depreciation</b>								
At April 1, 2013	-	955	1	7,643	841	211	21	9,672
Charge for the year	-	205	-	1,635	169	59	1	2,069
Disposals	-	-	-	26	-	-	4	30
<b>At March 31, 2014</b>	<b>-</b>	<b>1,160</b>	<b>1</b>	<b>9,252</b>	<b>1,010</b>	<b>270</b>	<b>18</b>	<b>11,711</b>
Charge for the year	-	216	3	1,755	174	67	4	2,219
Disposals	-	-	-	13	-	-	3	16
Other adjustments [refer note 2.1(a)]	-	29	-	-	-	-	-	29
<b>At March 31, 2015</b>	<b>-</b>	<b>1,405</b>	<b>4</b>	<b>10,994</b>	<b>1,184</b>	<b>337</b>	<b>19</b>	<b>13,943</b>
<b>Net Block</b>								
<b>At March 31, 2014</b>	<b>1,290</b>	<b>4,080</b>	<b>2</b>	<b>8,443</b>	<b>972</b>	<b>239</b>	<b>9</b>	<b>15,035</b>
<b>At March 31, 2015</b>	<b>1,229</b>	<b>4,508</b>	<b>1</b>	<b>8,970</b>	<b>844</b>	<b>215</b>	<b>40</b>	<b>15,807</b>

(i) Land includes land held on leasehold basis: Gross Block ₹ 226 (March 31, 2014 - ₹ 226) ; Net Block ₹ 226 (March 31, 2014- ₹ 226).

(ii) 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.

(iii) Additions to fixed assets during the year ended March 31, 2015, include assets of ₹ 76 (March 31, 2014 - ₹ 54) of which, ₹ 38 (March 31, 2014 - ₹ 27) has been funded by the co-development partner. The Group has capitalised and depreciated the gross cost of these assets. The funding received from the co-development partner is reflected in note 8 and 12. The depreciation charge for the year has been adjusted for the proportionate amount recovered from the co-development partner. Also refer note 28.

(iv) Additions to fixed assets during the year ended March 31, 2015, include assets of ₹ 215 (March 31, 2014 - ₹ 245) which have been funded by the customers. Syngene has capitalised and depreciated the gross cost of these assets. The funding received from the customer is reflected as Deferred revenues in note 8 and note 12 and the same is recognised as other operating revenue on a systematic basis over the useful life of the asset / period of contract. Cumulative amount of such funded assets as at March 31, 2015 - ₹ 1,245 (March 31, 2014 - ₹ 1,037) (gross block).

(v) Syngene has entered into an agreements with customers, which grant the customers an option to purchase fixed assets with gross block of ₹ 2,818 (March 31, 2014- ₹ 2,366) as at March 31, 2015 relating to particular projects, upon satisfaction of certain terms and conditions. The consideration would be as per the terms of the agreement, subject to amounts already funded / contributed by the customer.

(vi) 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(vii).

(vii) As at March 31, 2015, BRL holds equipments received on loan basis from co- development partner for use in the joint development program amounting to ₹ 68 (March 31, 2014 - ₹ 68).

(viii) Plant and equipments includes office equipments and computer equipments.

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

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## 14. Intangible assets

	Intangible assets				Intangible assets under development			
	Goodwill [Refer note (i)&(ii)]	Other intangibles [Refer note (vi)]	Manufacturing rights for product [Refer note (iii)]	IP under commercialisation	Total	Product under development [Refer note (iv)]	Marketing rights of T1H [Refer note (v)]	Total
<b>Gross Block</b>								
At April 01, 2013	122	67	64	81	334	220	917	1,137
Additions	-	18	-	-	18	81	-	81
Other adjustments								
- Foreign currency translation adjustment	-	-	-	-	-	-	95	95
<b>At March 31, 2014</b>	<b>122</b>	<b>85</b>	<b>64</b>	<b>81</b>	<b>352</b>	<b>301</b>	<b>1,012</b>	<b>1,313</b>
Additions	142	197	-	-	339	589	-	589
Other adjustments								
- Foreign currency translation adjustment	-	(18)	-	-	(18)	-	36	36
<b>At March 31, 2015</b>	<b>264</b>	<b>264</b>	<b>64</b>	<b>81</b>	<b>673</b>	<b>890</b>	<b>1,048</b>	<b>1,938</b>
<b>Amortisation</b>								
At April 1, 2013	-	34	-	81	115	66	-	66
Charge for the year	-	14	6	-	20	22	-	22
<b>At March 31, 2014</b>	<b>-</b>	<b>48</b>	<b>6</b>	<b>81</b>	<b>135</b>	<b>88</b>	<b>-</b>	<b>88</b>
Charge for the year	-	40	6	-	46	22	-	22
<b>At March 31, 2015</b>	<b>-</b>	<b>88</b>	<b>12</b>	<b>81</b>	<b>181</b>	<b>110</b>	<b>-</b>	<b>110</b>
<b>Net Block</b>								
<b>At March 31, 2014</b>	<b>122</b>	<b>37</b>	<b>58</b>	<b>-</b>	<b>217</b>	<b>213</b>	<b>1,012</b>	<b>1,225</b>
<b>At March 31, 2015</b>	<b>264</b>	<b>176</b>	<b>52</b>	<b>-</b>	<b>492</b>	<b>780</b>	<b>1,048</b>	<b>1,828</b>

- (i) During the year ended March 31, 2011, the Group acquired the interest of minority shareholders in BBL. Accordingly, ₹ 122 being the excess consideration paid over the net assets of BBL as on the date of acquisition has been recognised as goodwill. Also refer note 1.
- (ii) On September 9, 2014, BRL purchased 7.69% of equity shares in Syngene from GE Equity International Mauritius for a consideration of ₹ 2,154. BRL also subscribed to additional equity shares in Syngene by way of rights issue, thereby taking BRL's shareholding in Syngene to 10.93%. The difference of ₹ 1,664, between the aggregate consideration paid and the net assets of Syngene on the date of purchase/Right issue was recorded as goodwill. In January 2015, BRL sold 10% of equity shares in Syngene to IVF Trustee Company Private Limited for a consideration of ₹ 3,800 and accordingly, proportionate goodwill of ₹ 1,522 has been adjusted.
- (iii) BBL had 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. Effective April 2013, Biocon commenced amortisation of these rights over a period of 10 years, being the estimated useful life of these rights. Also refer note 1.
- (iv) During the year ended March 31, 2015, BRL has capitalised product development cost amounting ₹ 589 (March 31, 2014: ₹ 81), relating to development of a product in the global market. [refer note 41]
- (v) 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 Biocon SA.
- (vi) Other intangible assets comprise of computer software and employee training expenses.

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	March 31, 2015	March 31, 2014
<b>15. Non current Investments</b>		
<b>A) Trade investments (valued at cost unless stated otherwise):</b>		
<b>Unquoted preference shares</b>		
<b>In associate company:</b>		
4,285,714 (March 31, 2014 - 4,285,714) Series A Preferred Stock at USD 0.70 each, fully paid-up, par value US \$ 0.00001 each in IATRICa Inc., USA	131	131
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (iii) below]	(131)	(131)
<b>Others:</b>		
2,722,014 (March 31, 2014 - 2,722,014) Series B1 Preferred Convertible Stock at USD 1.55 each, fully paid, par value US \$0.001 each in Vaccinex Inc., USA	186	186
217,972 (March 31, 2014 - 217,972) Series B2 Preferred Convertible Stock at USD 3.10 each, fully paid, par value US \$0.001 each in Vaccinex Inc., USA	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (ii) below]	(218)	-
	-	218
<b>B) Non-trade investments (valued at cost unless stated otherwise):</b>		
Shares of the Company held by ESOP Trust (Quoted) [Par value ₹ 5, fully paid up] [refer note 2.1(a)]	-	427
	-	427
	-	645
Aggregate value of unquoted investments	-	218
Aggregate value of quoted investments (cost)	-	427
Aggregate value of quoted investments (market value)	-	1,599

- (i) As on March 31, 2014, the ESOP Trust held 3,767,023 shares of the Company towards grant / exercise of shares to / by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer note 2.1(a) and 31.
- (ii) Vaccinex Inc., USA ('Vaccinex') is engaged in research and development activities and has been incurring losses. Considering the financial position and uncertain future cash flows of Vaccinex, the Company on a prudent basis, has created a provision of ₹ 218 for diminution other than temporary, in the value of its investments in the financial statements.
- (iii) In 2008, the Company invested ₹ 139 in IATRICa, engaged in the development of immunoconjugates, for a 30% equity stake. The above is net of Group's share of losses in IATRICa amounting to ₹ 7 (March 31, 2014 - ₹ 7). During the year ended March 31, 2013, there were certain developments in connection with this investment arising due to patent filings, which were contrary to contractual obligations. Pursuant to that, on a prudent basis, the Company had created a provision of ₹ 131 for diminution, in the value of investment in IATRICa during the year ended March 31, 2013.
- (iv) Biocon has invested in National Savings Certificates (unquoted) which are not disclosed above since the amounts are rounded off to Rupees million.

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>16. Loans and advances (Unsecured, considered good)</b>				
Capital advances [refer note (i) below]	589	335	-	-
Duty drawback receivable, net of provision	326	173	-	-
Balances with statutory / government authorities	965	718	243	116
Deposits	193	163	2	1
Loan to Syngene Employee Welfare Trust [refer note 5(b)(ii)]	110	150	-	-
Other receivables [refer note (iii) below]	-	-	188	284
Advances recoverable in cash or in kind or for value to be received	16	2	380	417
MAT credit entitlement	559	429	-	-
Advance income tax (net of provision for taxation) [refer note (ii) below]	935	723	-	-
	<b>3,693</b>	<b>2,693</b>	<b>813</b>	<b>818</b>

- (i) During the year ended March 31, 2008, the Company was allotted land at the Jawaharlal Nehru Pharma City 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 and during the year ending March 31, 2012, the Company has intimated the SEZ developer of its intention to surrender the above land.
- (ii) Included under advance income tax is Nil (March 31, 2014 - ₹ 10) of the ESOP Trust. Also refer note 2.1 (a).
- (iii) Other receivables include amounts due from employees to the ESOP Trust of Nil (March 31, 2014 - ₹ 5). Also refer note 2.1 (a).

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
<b>17. Other assets</b>				
Unamortised borrowing cost	226	324	-	-
Unamortised premium on foreign exchange forward/option contracts	1,144	148	561	201
Unbilled revenues	-	-	297	535
Interest accrued on bank deposits	-	-	45	22
	<b>1,370</b>	<b>472</b>	<b>903</b>	<b>758</b>

### 18. Current investments (valued at lower of cost and fair value, unless stated otherwise)

Investments in mutual funds (unquoted, fully paid-up)	Face Value	March 31, 2015 Units	March 31, 2015 Cost	March 31, 2014 Units	March 31, 2014 Cost
Tata Liquid Fund Plan A- Daily Dividend	1,115	229,233	255	-	-
ICICI Prudential Flexible Income Regular Plan Daily Dividend	106	2,391,423	253	-	-
Birla Sunlife Savings Fund Institutional Daily Dividend Reinvestment	100	2,521,503	253	1,651,058	166
Reliance Liquid Fund - Treasury Plan - Daily Dividend	1,529	125,892	192	239,223	366
IDFC Cash Fund - Daily Dividend -(Regular Plan)	1,000	158,344	158	94,982	95
TATA Fixed Maturity Plan Series 47 Scheme C - Plan A - Growth	10	15,000,000	150	15,000,000	150
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend	10	14,034,587	141	-	-
HDFC Liquid Fund - Daily Dividend Reinvestment	10	13,832,802	141	19,221,335	196
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	1,001	135,112	135	-	-
TATA Floater Fund Plan A - Daily Dividend	1,004	125,068	126	273,582	275
Kotak Liquid Institutional Premium - Daily Dividend	1,223	99,734	122	222,918	272
Reliance Liquid Fund - Cash Plan - Daily Dividend Option-Direct	1,114	45,147	53	-	-
Axis Liquid Fund - Daily Dividend Reinvestment	1,000	98,005	98	87,124	87
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend Reinvestment	100	748,871	75	-	-
ICICI Prudential Liquid Super Institutional Plan Daily Dividend	100	699,774	70	-	-
JP Morgan India Liquid Fund Super Institutional Daily Dividend Reinvestment	10	4,033,108	40	25,400,546	254
HDFC Liquid Fund - Daily Dividend Reinvestment-Direct	10	1,013,825	10	-	-
Kotak Liquid Institutional Premium - Daily Dividend-Direct	1,223	18,308	22	-	-
Birla Sunlife Cash Plus - Institutional Premium - Daily Dividend Reinvestment-Direct	100	93,857	9	-	-
Birla Sunlife Floating Rate Fund Short Term Plan - Daily Dividend	100	-	-	450,631	45
Birla Sunlife Cash Plus - Daily Dividend - Direct Plan - Reinvestment	100	-	-	6,746,819	676
DSP BlackRock FMP - Series 147 -3M -Regular - Div	10	-	-	10,000,000	100
DSP BlackRock Liquidity Fund - Institutional Plan Daily Dividend	1,000	-	-	15,013	15
HDFC Banking and PSU Debt Fund - Regular Dividend Reinvestment Option	10	-	-	2,500,000	25
HDFC Liquid Fund - Direct Plan - Daily Dividend Reinvestment	10	-	-	59,693,290	609
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Dividend Reinvestment	10	-	-	15,261,738	154
HDFC FMP 366D March 2014 (2) Series 31-Regular - Growth	10	-	-	15,000,000	150
HSBC Cash Fund - Daily Dividend	1,001	-	-	221,562	222
ICICI Interval Fund II Quarterly Interval Plan C - Regular Plan - Dividend	10	-	-	19,999,400	200
ICICI Prudential Liquid - Direct Plan - Daily Dividend	106	-	-	670,672	71
ICICI Prudential Banking and PSU Debt Fund - Regular Plan - Daily Dividend	10	-	-	2,393,730	24
ICICI Prudential Interval Fund Quarterly Interval Plan I - Regular Plan - Dividend Payout	10	-	-	6,500,000	65
ICICI Prudential Money Market Fund Option Daily Dividend	100	-	-	874,517	88
ICICI Prudential Liquid - Direct Plan - Daily Dividend	100	-	-	7,073,823	708
ICICI Prudential Interval Fund II Quarterly Interval Plan D - Direct Plan - Dividend Payout	10	-	-	4,999,850	50
IDBI FMP - Series IV-91 Days(Mach 2014)-H regular Plan-Growth	10	-	-	5,000,000	50
IDFC Money Manager Fund - Treasury Plan - Daily Dividend-(Regular Plan)	10	-	-	4,983,223	50
JM Floater Short Term Fund - Daily Dividend Option(73)	10	-	-	3,990,775	40
Kotak Banking & PSU Debt Fund - Daily Dividend	10	-	-	5,002,024	50
Reliance Money Manager Fund Daily Dividend Plan	1,001	-	-	234,130	234
Reliance Fixed Horizon Fund - XXVI - Series 6 - Growth Plan	10	-	-	5,000,000	50
SBI Debt Fund Series - 90 Days 84 - Regular Plan - Dividend	10	-	-	20,000,000	200
TATA TLSZ Liquid Fund Direct Plan DD	1,115	-	-	605,098	675
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	1,002	-	-	291,990	292
UTI Fixed Term Income Fund Series XVIII - IV (366 Days) - Growth Plan	10	-	-	30,000,000	300
Aggregate value of unquoted investments			2,303		7,004

(a) Above current investments include unquoted investments of the ESOP Trust of ₹ Nil (March 31, 2014 - ₹ 467). Also refer note 2.1 (a).

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	March 31, 2015	March 31, 2014
<b>19. Inventories (at lower of cost and net realisable value)</b>		
Raw materials, including goods-in-bond [refer note 24]	1,205	1,039
Packing materials [refer note 24]	209	158
Work-in-progress [refer note 25 (b)]	1,436	1,429
Traded goods [refer note 25 (b)]	320	325
Finished goods [refer note 25 (b)]	1,357	815
	<b>4,527</b>	<b>3,766</b>
<b>20. Trade receivables (unsecured)</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	53	44
Doubtful	105	51
	<b>158</b>	<b>95</b>
Provision for doubtful receivables	(105)	(51)
	53	44
Other trade receivables		
Considered good	7,652	5,954
	<b>7,705</b>	<b>5,998</b>
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.	5	-
<b>21. Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Balances with banks:		
On current accounts	4,585	4,980
On unpaid dividend account	6	6
Deposits with maturity of less than three months	34	583
Cash on hand	1	1
	<b>4,626</b>	<b>5,570</b>
<b>Other bank balances</b>		
Deposits with original maturity for more than 12 months	1,000	-
Deposit with original maturity of more than 3 months but less than/equal to 12 months	3,746	2,472
Margin money deposit	3	2
	<b>9,375</b>	<b>8,044</b>

(i) Balances with banks in current accounts include balances of the ESOP Trust of Nil (March 31, 2014 - ₹ 4). Also refer note 2.1 (a).

(ii) Margin money deposits with carrying amount of ₹ 3 (March 31, 2014- ₹ 2) are subject to first charge against bank guarantees obtained.

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	March 31, 2015	March 31, 2014
<b>22. Revenue from operations</b>		
Sale of products		
Finished goods	19,166	19,173
Traded goods	2,783	2,413
Sale of services		
Licensing and development fees	433	149
Contract research and manufacturing services income	8,225	7,146
Capacity reservation fees	311	-
Other operating revenue		
Sale of process waste	149	144
Others	157	116
<b>Revenue from operations (Gross)</b>	<b>31,224</b>	<b>29,141</b>
Less: Excise duty [refer note (a) below]	326	368
<b>Revenue from operations (net)</b>	<b>30,898</b>	<b>28,773</b>
(a) Excise duty on sales amounting to ₹ 326 [March 31, 2014- ₹ 368] 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, 2014- ₹ 1] has been considered as (income) / expense in note 27 of financial statements.		
<b>Details of products sold</b>		
<b>Finished goods sold</b>		
Biopharmaceuticals	15,776	16,069
Formulations	3,390	3,104
	<b>19,166</b>	<b>19,173</b>
<b>Traded goods</b>		
Biopharmaceuticals	37	81
Formulations	2,746	2,332
	<b>2,783</b>	<b>2,413</b>
<b>23. Other income</b>		
Interest income on:		
Bank deposits	111	97
Others	9	16
Dividend earned on current investments	226	297
Net gain on sale of current investments	14	19
Other non-operating income	171	130
	<b>531</b>	<b>559</b>
<b>24. Cost of raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	1,197	1,407
Add: Purchases	12,187	10,494
Less: Inventory at the end of the year	1,414	1,197
<b>Cost of raw materials and packing materials consumed</b>	<b>11,970</b>	<b>10,704</b>

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	March 31, 2015	March 31, 2014
<b>25. (a) Purchase of traded goods</b>		
<b>Details of purchase of traded goods:</b>		
Biopharmaceuticals	24	16
Formulations	1,086	1,135
	<b>1,110</b>	<b>1,151</b>
<b>25. (b) (Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress</b>		
Inventory at the beginning of the year		
Traded goods	325	267
Finished goods, net of excise duty	815	259
Work-in-progress	1,429	2,048
Traded goods of NeoBiocon, pursuant to acquisition [refer note 1]	25	-
	<b>2,594</b>	<b>2,574</b>
Inventory at the end of the year		
Traded goods	320	325
Finished goods, net of excise duty	1,357	815
Work-in-progress	1,436	1,429
	<b>3,113</b>	<b>2,569</b>
(Increase)/ Decrease in inventories	<b>(519)</b>	<b>5</b>
<b>Details of inventory:</b>		
<b>Traded goods</b>		
Biopharmaceuticals	-	2
Formulations	320	323
	<b>320</b>	<b>325</b>
<b>Finished goods, net of excise duty</b>		
Biopharmaceuticals	1,028	640
Formulations	329	175
	<b>1,357</b>	<b>815</b>
<b>Work-in-progress</b>		
Biopharmaceuticals	1,430	1,306
Formulations	6	123
	<b>1,436</b>	<b>1,429</b>
<b>26. Employee benefits expense</b>		
Salaries, wages and bonus	5,067	4,240
Contribution to provident and other funds	199	177
Gratuity [refer note 38]	74	77
Employee stock compensation expense	60	59
Welfare expenses	272	252
	<b>5,672</b>	<b>4,805</b>
Less: Expenses capitalized to fixed assets [refer note 41 (a)]	(338)	(142)
	<b>5,334</b>	<b>4,663</b>

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	March 31, 2015	March 31, 2014
<b>27. Other expenses</b>		
Royalty and technical fees	23	26
Rent	42	37
Communication expenses	53	111
Travelling and conveyance	485	509
Professional charges	745	400
Directors' fees including commission	34	13
Power and fuel	1,767	1,624
Insurance	54	57
Rates, taxes and fees, net of refunds of taxes	202	145
Lab consumables	486	697
Repairs and maintenance		
Plant and machinery	415	300
Buildings	87	49
Others	264	242
Selling expenses		
Freight outwards and clearing charges	269	234
Sales promotion expenses	596	695
Commission and brokerage (other than sole selling agents)	222	260
(Increase)/ Decrease in excise duty on inventory [refer note 22 (a)]	(5)	1
Bad debts written off	-	8
Provision for doubtful debts	61	22
Printing and stationery	42	46
Foreign exchange loss (net)	200	241
Research and development expenses	1,934	1,226
Clinical trial and development expenses	66	103
CSR expenditure	93	-
Miscellaneous expenses	373	347
	<b>8,508</b>	<b>7,393</b>
Less: Adjustment of product development expenses with deferred revenues [refer note (a) below]	(295)	(205)
Less: Expenses capitalized to fixed assets [refer note 41 (a)]	(847)	(120)
	<b>7,366</b>	<b>7,068</b>
(a) Research and development expenses of ₹ 295 (March 31, 2014 ₹ 205) incurred towards Biosimilar Insulin program subsequent to the date of termination of the Pfizer arrangement have been adjusted against the amounts received from Pfizer. Refer note 42.		
<b>28. Depreciation and amortisation (net)</b>		
Depreciation of tangible assets [refer note 13]	2,219	2,069
Amortisation of intangible assets [refer note 14]	68	42
Less: Depreciation on assets partly funded by customers/co-development partners [refer note 13]	(77)	(75)
	<b>2,210</b>	<b>2,036</b>
<b>29. Finance costs</b>		
Interest expense [also refer note 40]	157	147
Exchange difference to the extent considered as an adjustment to borrowing cost	65	2
Less: Expenses capitalized to fixed assets [refer note 41 (a)]	(133)	(132)
	<b>89</b>	<b>17</b>
<b>30. Research and development expenses</b>		
Research & development expenses	(a) 1,934	1,226
Other Research & development expenses included in other heads	(b) 1,959	2,061
	(a+b) 3,893	3,287
Recovery of product development costs from co-development partners (net)	(1,321)	(1,689)
Adjustment of product development expenses with deferred revenues [refer note 27 (a)]	(295)	(205)
Product development costs capitalised [refer note 41 (a)]	(589)	(81)
	<b>1,688</b>	<b>1,312</b>
Research & development expenses on Buildings and Equipment (net of funding received from co-development partners)		
Buildings	1	64
Equipment	46	204
	<b>47</b>	<b>268</b>

### 31. Employee stock compensation

#### (a) Biocon ESOP Plan:

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.

#### 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 and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted 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, 2015		March 31, 2014	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	120,900	185	725,616	180
Granted during the year	-	-	-	-
Forfeited during the year	2,750	227	245,630	178
Exercised during the year	56,525	187	359,086	170
Expired during the year	-	-	-	-
Outstanding at the end of the year	61,625	187	120,900	185
Exercisable at the end of the year	61,625	187	120,900	185
Weighted average remaining contractual life (in years)	0.1	-	0.3	-

\*adjusted for the effect of bonus shares

#### Grant V

In April 2008, the Company approved the grant 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 and third year from the date of grant for existing employees and at the end of 3rd, 4th and 5th year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted 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, 2015		March 31, 2014	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,512,070	316	1,064,500	316
Granted during the year	78,000	467	940,750	334
Forfeited during the year	402,525	291	440,750	294
Exercised during the year	35,570	296	52,430	223
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,151,975	336	1,512,070	316
Exercisable at the end of the year	168,475	301	64,145	275
Weighted average remaining contractual life (in years)	4.9	-	5.6	-
Weighted average fair value of options granted (₹)	-	226	-	148

\*adjusted for the effect of bonus shares

### Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period of one year from the end of last vesting. 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 VI

Particulars	March 31, 2015		March 31, 2014	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,447,440	470	-	-
Forfeited during the year	101,288	470	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,346,152	470	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.4	-	-	-
Weighted average fair value of options granted (₹)	-	180	-	-

### Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period of one year from the end of last vesting. 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 VII

Particulars	March 31, 2015		March 31, 2014	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	293,000	452	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	293,000	452	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6.7	-	-	-
Weighted average fair value of options granted (₹)	-	205	-	-

The average market price of the Company's share during the year ended March 31, 2015 is ₹ 459 (March 31, 2014 ₹ 355) 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, 2015	March 31, 2014
Weighted Average Exercise Price	467	316
Expected volatility	34.18%	35.48%
Historical volatility	31.15%	32.34%
Life of the options granted (vesting and exercise period) in years	5.5	7.2
Expected dividends per share	5.00	5.00
Average risk-free interest rate	7.93%	8.75%
Expected dividend rate	1.09%	1.18%

#### (b) Syngene ESOP Plan:

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of the Syngene and subsidiary company. The Board of Directors of Syngene has approved the employee stock option plan of Syngene. On October 31, 2012 the Trust subscribed 1,875,000 equity shares (Face Value of ₹ 5 per share) of Syngene using the proceeds from interest free loan of ₹ 150 obtained from Syngene. The loan granted and receivable from the Trust has been adjusted in the shareholders' funds as per the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India. As at March 31, 2015, the Trust holds 6,680,000 equity shares of face value: ₹ 10 each, adjusted for the consolidation of shares and bonus issue.

### Grant

Pursuant to the Scheme, Syngene has granted options to eligible employees under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at the end of second, third and fourth year from the date of grant,

respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grades of the employees. These options are exercisable at an exercise price of ₹ 80 per share (Face Value of ₹ 5 per share).

#### Details of Grant

Particulars	March 31, 2015		March 31, 2014	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,580,340	80	-	-
Granted during the year	59,700	80	1,615,090	80
Forfeited during the year	220,540	80	34,750	80
Exercised during the year	-	-	-	-
Outstanding at the end of the year	1,419,500	80	1,580,340	80
Decrease in Number of options as a result of consolidation of shares [refer note (i) below]	(709,750)	-	-	-
Increase in Number of options as a result of Bonus issue [refer note (ii) below]	4,347,350	-	-	-
Outstanding at the end of the year as adjusted	5,057,100	23*	1,580,340	80
Exercisable at the end of the year	-	-	-	-
Weighted average fair market value of shares granted (In ₹)	-	140*	-	244

\* adjusted for matters as discussed in point (i) & (ii) below.

The weighted average fair value of the options granted during the year ended March 31, 2015 is in the range of ₹ 125\* - ₹ 128 \* (face value of ₹ 10 each) [March 31, 2014 - ₹ 186 - ₹ 198 (face value of ₹ 5 each)] per option, under Black Scholes Model. The weighted average remaining contractual life for the stock options outstanding as at March 31, 2015 is 4.69 years (March 31, 2014 - 5.65 years).

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

Particulars	March 31, 2015	March 31, 2014
Dividend yield (%)	-	-
Exercise Price (In ₹)	23*	80
Volatility	50.4 % - 53.3 %	40.9 % - 47.6 %
Life of the options granted (vesting and exercise period) in years	6.15 years	6.15 years
Average risk-free interest rate	8.5 % - 8.6 %	8.7 % - 8.8 %

- (i) The Shareholders' of Syngene at the Extraordinary General Meeting ('EGM') of Syngene held on March 16, 2015, approved the consolidation (i.e. reverse share split) of 2 equity shares of face value of ₹ 5 each into 1 equity share of face value of ₹ 10 each.
- (ii) The Shareholders' of Syngene at the EGM of Syngene held on March 16, 2015, approved the issue of fully paid bonus shares of face value of ₹ 10 each in the ratio of 1: 6.1253329 by capitalisation of Securities premium account.

Since the Group 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, 2015	March 31, 2014
Net Profit after taxes	4,974	4,138
Add: Employee stock compensation under intrinsic value *	51	52
Less: Employee stock compensation under fair value *	136	60
Proforma net profit after taxes	<b>4,889</b>	<b>4,130</b>
<b>Earnings per Share - Basic</b>		
- As reported	24.87	21.08
- Proforma	24.44	21.04
<b>Earnings per Share - Diluted</b>		
- As reported	24.87	20.82
- Proforma	24.44	20.80

\* After adjustment of share of minority interest.

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

Particulars	March 31, 2015	March 31, 2014
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	3,767,023	4,178,539
Add: Shares purchased by the ESOP Trust	-	-
Less: Shares exercised by employees	(92,095)	(411,516)
Closing balance of shares not exercised by employees and available with the ESOP Trust	3,674,928	3,767,023
Options granted and eligible for exercise at end of the year	230,100	185,045
Options granted but not eligible for exercise at end of the year	2,622,652	1,447,925

### 32. Reconciliation of basic and diluted shares used in computing earnings per share

	March 31, 2015	March 31, 2014
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust [refer Note 2.1 (a)]	-	3,767,023
	200,000,000	196,232,977
Add: Effect of dilutive options granted but not exercised / not yet eligible for exercise	-	2,228,023
Weighted average shares outstanding and potential options outstanding	200,000,000	198,461,000

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## 33. Related party transactions

Sl No	Name of the related party	Relationship	Description	April 1, 2014 to March 31, 2015 Income/(Expenses) /Other transactions	Balance as at March 31, 2015 (Payable)/ Receivable	April 1, 2013 to March 31, 2014 Income/(Expenses) /Other transactions	Balance as at March 31, 2014 (Payable)/ Receivable
<b>A. Remuneration to Key managerial personnel</b>							
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(16)	-	(16)	-
2	John Shaw	Vice Chairman & Director	Salary and perquisites	(15)	-	(12)	-
3	Arun Chandavarkar	Joint Managing Director & CEO (w.e.f April 24, 2014)	Salary and perquisites	(27)	-	-	-
4	Murali Krishnan K N	President - Group Finance (upto July 31, 2014)	Salary and perquisites	(23)	-	-	-
5	Siddharth Mittal	President - Finance (w.e.f August 1, 2014)	Salary and perquisites	(8)	-	-	-
6	Kiran Kumar	Company Secretary	Salary and perquisites	(6)	-	-	-
<b>B. Others</b>							
7	Glentec International	Enterprise owned by Key Management Personnel	Rent expenses paid	(1)	(1)	(3)	-
8	Neobiocon FZ LLC	Joint Venture [refer note 1 & 37]	Sale of goods	13	-	12	-
9	Syngene Employee Welfare Trust	Trust in which key management personnel are the Board of Trustees	Trade receivables	-	-	-	13
			Loan Recovery / (granted)	40	(110)	-	-
			Interim dividend paid by Syngene	40	-	-	-
			Issue of Bonus shares by Syngene	57	-	-	-
			5,742,500 equity shares of ₹ 10/- each				
10	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(67)	-	-	-
11	Biocon Employees Welfare Trust	Trust in which key management personnel are the Board of Trustees	Sale of non-current investments - Shares of Syngene (also refer note 40(a))	1	1	-	-
12	Narayana Hrudayalaya Private Limited	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	44	-	9	-
			Trade receivables	-	5	-	-
13	New Medical Centre Trading (LLC)	Enterprise in which a shareholder of a subsidiary has significant influence [refer note 1 & 37]	Sale of goods	732	-	-	-
			Trade receivables	-	368	-	-
14	Neopharma (LLC)	Enterprise in which a shareholder of a subsidiary has significant influence [refer note 1 & 37]	Rent	3	-	-	-
			Trade payable	-	(10)	-	-
			Purchase of goods	31	-	-	-
			Trade payable	-	(30)	-	-

(i) The Company has paid rent to P. K Associates and purchased consumables from Mazumdar Farms, a proprietary firm of relative of Director and paid rent to Sujatha Murali Krishnan (relative of key management personnel) which are not disclosed above since the amounts are rounded off to Rupees Million.

(ii) During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel are the Board of Trustees)

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

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

### 34. Foreign exchange & derivative contracts and unhedged foreign currency exposures

The Group has entered into foreign exchange forward and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31, 2015 and 2014, the Group had the following outstanding contracts:

		March 31, 2015	March 31, 2014
In respect of highly probable forecasted imports:			
Foreign exchange forward contracts with periodical maturity dates			
- conversion to INR	USD	-	6
		-	(INR 108)
- conversion to MYR	USD	10	34
		(INR 168)	(INR 184)
European style option contracts with periodical maturity dates			
- conversion to MYR	USD	6	-
		(INR 101)	-
In respect of highly probable forecasted sales/export collection:			
Foreign exchange forward contracts with periodical maturity dates			
	USD	12	22
		(INR 762)	(INR 1,323)
European style option contracts with periodical maturity dates			
	USD	396	165
		(INR 24,648)	(INR 9,913)
European style option contracts with periodical maturity dates			
	EUR	10	17
		(INR 669)	(INR 1,407)
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:			
Cash and bank balances		3,207	4,184
Export trade receivables		4,122	3,224
Other receivables- current		60	200
Unbilled revenue		108	-
Advance from customers		2,161	1,955
Import payables		1,332	1,604
Long-term borrowings		7,582	5,804
Short-term borrowings		3,336	2,104

#### Interest rate swap

During the year ended March 31, 2012, Biocon Sdn. Bhd entered into floating to fixed interest rate swap to hedge the interest rate exposure on proposed utilisation of USD 130 million term loan facility. The aggregate amount of loans covered under the said interest rate swap as at March 31, 2015 is ₹ 4,748 (USD 76 million) [March 31, 2014 ₹ 4,569 (USD 76 million)]. The periodic net payments related to interest rate swap to the extent of underlying borrowings is recorded as borrowing cost.

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## 35. Commitments

	March 31, 2015	March 31, 2014
<b>(a) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	3,313	4,191
<b>(b) Operating lease commitments</b>		
Where the Group is a lessee		
<b>(i) Rent :</b>		
The Group has entered into various agreements for lease of building / office space which expires over a period up to March 2022. Gross rental expenses for the year aggregates to ₹ 25 (March 31, 2014 - ₹ 26). The committed lease rentals in the future are:		
Not later than one year	17	18
Later than one year and not later than five years	40	43
Later than five years	7	25
<b>(ii) Vehicles :</b>		
The Group has taken vehicles for employees under operating leases, which expire in February 2019. Gross rental expenses for the year aggregate to ₹ 12 (March 31, 2014 - ₹ 12). The committed lease rental in the future are:		
Not later than one year	15	6
Later than one year and not later than five years	27	6
Later than five years	-	-
Where the Group is a Lessor:		
<b>(i) Rent</b>		
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 ₹ 20 (March 31, 2014 - ₹ 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	30	71
Later than five years	-	-
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.		
<b>36. Contingent liabilities</b>		
(i) Claims against the Group not acknowledged as debt	2,840	2,322
The above includes:		
(i) Direct taxation (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Group)	1,838	1,614
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	610	360
(iii) Other litigations	392	348
The Group is involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that such claims are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.		
(ii) Corporate guarantees given to the Central Excise Department	742	710
(iii) Guarantees given by banks on behalf of the Group for financial and other contractual obligations of the Group.	65	115
Includes guarantees issued by NeoBiocon ₹ 2 (March 31, 2014 - ₹ 1)		

## 37. Interest in joint venture

NeoBiocon was incorporated in Dubai as a 50% joint venture between the Company and Mr. B R Shetty. On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 NeoBiocon has become a subsidiary of the Company. Till June 30, 2014, NeoBiocon was accounted as a joint venture on a proportionate consolidation on a line-by-line basis in the consolidated financial statements, as per the requirements of Accounting Standard 27. Due to above, Total revenue and Total expenses for the year ended March 31, 2015 are higher by ₹ 392 and ₹ 263, respectively.

For the quarter ended June 30, 2014, the aggregate amount of Biocon's interest in the income and expenses of NeoBiocon is ₹ 141 and ₹ 81 respectively. As at March 31, 2014 Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon was ₹ 303, ₹ 109, ₹ 321 and ₹ 266 respectively.

### 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, 2015	March 31, 2014
Defined benefit obligation	359	306
Fair value of plan assets	85	77
<b>Plan Liability</b>	<b>274</b>	<b>229</b>
The change in benefit obligation and funded status of the gratuity plan is as follows:		
<b>Change in benefit obligation</b>		
Benefit obligation at the beginning of the year	306	247
Current service cost	68	34
Past service cost	-	-
Interest cost	24	19
Benefits paid	(30)	(23)
Actuarial (gain) / loss	(9)	29
<b>Benefit obligation at the end of the year</b>	<b>359</b>	<b>306</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	77	94
Expected return on plan assets	7	8
Actuarial gain / (loss)	2	(2)
Actual contribution	23	-
Benefits paid	(24)	(23)
<b>Fair value of plan assets at end of the year</b>	<b>85</b>	<b>77</b>
Net gratuity cost:		
<b>Components of net benefit cost</b>		
Current service cost	68	34
Past service cost	-	-
Interest cost	24	19
Expected return on plan assets	(7)	(8)
Net actuarial (gain) / loss recognised during the year	(11)	32
<b>Net gratuity cost</b>	<b>74</b>	<b>77</b>
<b>Actual return on plan assets</b>	<b>9</b>	<b>6</b>

Experience adjustment	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation	359	306	247	188	144
Plan assets	85	77	94	94	95
Surplus / (Deficit)	(274)	(229)	(153)	(94)	(49)
Experience adjustments on plan liabilities gain / (loss)	(2)	(2)	23	(30)	(16)
Experience adjustments on plan assets gain / (loss)	(2)	(2)	-	-	(2)

	March 31, 2015	March 31, 2014
The assumptions used for gratuity valuation are as below:		
Interest rate	8.80%	8.00%
Discount rate	7.93%	8.75%
Expected return on plan assets	7.93%	8.70%
Salary increase	9.00%	9.50%
Attrition rate up to age 44	18 to 26%	18 to 26%
Attrition rate above age 44	5% to 8%	5% to 8%
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, 2015, is approximately ₹ 121 (March 31, 2014 - ₹149).

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

### 39. 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, 2014 to March 31, 2015

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
<b>Revenues</b>					
External sales	22,501	8,397	-	-	30,898
Inter-segment transfers	5	202	-	(207)	-
Total revenues	<b>22,506</b>	<b>8,599</b>	-	(207)	<b>30,898</b>
<b>Costs</b>					
Segment costs	(12,823)	(5,623)	-	-	(18,446)
Inter-segment transfers	(202)	(5)	-	207	-
<b>Result</b>					
Segment result	<b>9,481</b>	<b>2,971</b>	-	-	<b>12,452</b>
Corporate expenses	-	-	(5,494)	-	(5,494)
Other income	-	-	531	-	531
<b>Operating profit</b>					<b>7,489</b>
Depreciation / amortisation	(1,396)	(814)	-	-	(2,210)
Finance costs	-	-	(89)	-	(89)
Exceptional items	-	-	1,051	-	1,051
Income taxes - Current and deferred	-	-	(957)	-	(957)
Minority Interest	-	-	(310)	-	(310)
<b>Profit after taxes</b>					<b>4,974</b>
<b>Other information</b>					
Segment assets	39,676	14,294	-	-	53,970
Unallocated corporate assets	-	-	9,784	-	9,784
<b>Total assets</b>					<b>63,754</b>
Segment liabilities	23,081	5,599	-	-	28,680
Unallocated corporate liabilities	-	-	644	-	644
Minority Interest	-	-	1,722	-	1,722
<b>Total liabilities</b>					<b>31,046</b>
Capital expenditure	5,462	2,505	-	-	7,967

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April 1, 2013 to March 31, 2014

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
<b>Revenues</b>					
External sales	21,503	7,270	-	-	28,773
Inter-segment transfers	9	142	-	(151)	-
<b>Total revenues</b>	<b>21,512</b>	<b>7,412</b>	<b>-</b>	<b>(151)</b>	<b>28,773</b>
<b>Costs</b>					
Segment costs	(12,523)	(4,693)	-	-	(17,216)
Inter-segment transfers	(142)	(9)	-	151	-
<b>Result</b>					
Segment result	<b>8,847</b>	<b>2,710</b>	<b>-</b>	<b>-</b>	<b>11,557</b>
Corporate expenses	-	-	(4,686)	-	(4,686)
Other income	-	-	559	-	559
<b>Operating profit</b>					<b>7,430</b>
Depreciation / amortisation	(1,345)	(691)	-	-	(2,036)
Finance costs	-	-	(17)	-	(17)
Income taxes - Current and deferred	-	-	(1,069)	-	(1,069)
Minority Interest	-	-	(170)	-	(170)
<b>Profit after taxes</b>					<b>4,138</b>
<b>Other information</b>					
Segment assets	33,933	12,142	-	-	46,075
Unallocated corporate assets	-	-	11,431	-	11,431
<b>Total assets</b>					<b>57,506</b>
Segment liabilities	19,327	5,234	-	-	24,561
Unallocated corporate liabilities	-	-	1,855	-	1,855
Minority Interest	-	-	823	-	823
<b>Total liabilities</b>					<b>27,239</b>
Capital expenditure	9,929	1,187	-	-	11,116

#### Geographical segments

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

Revenues, net	April 1, 2014 to March 31, 2015	April 1, 2013 to March 31, 2014
India	10,923	10,699
Outside India	19,975	18,074
<b>Total</b>	<b>30,898</b>	<b>28,773</b>

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, 2015	March 31, 2014	March 31, 2015	March 31, 2014
India	39,116	36,623	3,793	3,321
Outside India	24,638	20,883	4,174	7,795
	<b>63,754</b>	<b>57,506</b>	<b>7,967</b>	<b>11,116</b>

#### 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.

	March 31, 2015	March 31, 2014
<b>40. Exceptional items (net)</b>		
Provision for other than temporary diminution in the value of long-term investments [refer note 15(ii)]	(218)	-
Loss on sale of shares in subsidiary [refer note (a) below]	(79)	-
Gain on sale of share in subsidiary (net) [refer note (b) below]	1,348	-
	<b>1,051</b>	<b>-</b>

(a) During the year ended March 31, 2015, the Company sold equity shares of Syngene constituting 1% of the equity capital at cost to Biocon Limited Employee Welfare Trust, a Trust formed for administration of a Scheme for the benefit of employees of the Group (excluding the employees of Syngene). Accordingly, a loss of ₹ 79 has been recorded in the consolidated financial statements.

(b) On September 9, 2014, BRL purchased 7.69% of equity shares in Syngene from GE Equity International Mauritius for a consideration of ₹ 2,154. BRL also subscribed to additional equity shares in Syngene by way of rights issue, thereby taking BRL's shareholding in Syngene to 10.93%. On September 18, 2015, BRL entered into an agreement with Silver Leaf Oak (Mauritius) Limited ("Silver Leaf") to sell 10% of equity holding in Syngene.

In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid equity stake in Syngene to IVF Trustee Company Private Limited ("IVF"), a fund advised by India Value Fund Advisors. Subsequently, BRL sold such shares to IVF for a consideration of ₹ 3,800. Accordingly, a gain of ₹ 1,491 has been recorded on such sale. Further, BRL incurred expense of ₹ 143 (including interest expense of ₹ 20 on loans taken from banks) in relation to above transaction. Accordingly, gain on sale of investment, net of transaction cost, amounting to ₹ 1,348 has been disclosed as exceptional item.

#### 41. Amounts capitalized to fixed assets during the year

	March 31, 2015	March 31, 2014
<b>a) Expenses capitalised</b>		
(i) Capital work-in-progress		
Salaries, wages and bonus	338	142
Insurance	10	20
Professional charges	85	-
Power and fuel	106	-
Miscellaneous expenses	57	19
	<b>258</b>	<b>39</b>
Interest expense	133	132
	<b>729</b>	<b>313</b>
(ii) Intangible assets under development		
Lab consumables	29	4
Research & development expenses	560	77
	<b>589</b>	<b>81</b>
<b>(b) Others</b>		
(i) Capital work-in-progress		
Foreign exchange loss on long-term monetary liability	1,106	137
Consumables	171	-
	<b>1,277</b>	<b>137</b>

42. During the year ended March 31, 2012, based on an evaluation of the prevalent regulatory framework, industry practices and ethics/governance requirements relating to clinical trials and the regulatory submissions already initiated / filed, Biocon SA, a wholly owned subsidiary of the Company (together referred to as 'Biocon'), had determined that it had continuing obligations to complete clinical development and regulatory activities relating to Biocon's Biosimilar Insulin portfolio comprising of Biosimilar Insulin and Biosimilar Insulin Analogs. Accordingly, pursuant to the termination of the customer contract in March 2012, Biocon deferred the remainder of the upfront amounts received from the customer, to be recognized in the consolidated statement of profit and loss in subsequent periods in line with costs incurred towards such clinical trials and development activities.

In February 2013, Biocon SA entered into an agreement with another customer for the global development and commercialization of Biosimilar Insulin Analogs (the Agreement), granting the customer exclusive rights to commercialize Biosimilar Insulin Analogs in certain countries. The clinical development and regulatory activities in respect of such Biosimilar Insulin Analogs is now being carried out in accordance with the Agreement. As such, Biocon has therefore determined that it does not have continuing obligations for clinical trials and development activities in respect of Biosimilar Insulin Analogs. Accordingly, based on an allocation in proportion of estimated future development spends on these programs, ₹ 2,150 of deferred revenues allocated to Biosimilar Insulin Analogs (net of amounts already recognized in the consolidated statement of profit and loss) was recognized as an exceptional income in the consolidated statement of profit and loss for the year ended March 31, 2013. Considering that Biocon has continuing obligations in respect of Biosimilar Insulin, the remainder of deferred amounts as at March 31, 2013, of ₹ 2,800, continues to be recognized in the consolidated statement of profit and loss in line with costs to be incurred towards clinical trials and development activities of Biosimilar Insulin. For the year ended March 31, 2015, of the deferred amounts, ₹ 295 (March 31, 2014 - ₹ 205) have been netted off against expenses incurred towards such clinical trial and development activities.

#### 43. Other notes

- (a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company has filed application with the Central Government for approval of such transactions and for compounding of such non-compliance.
- (b) Recovery of product development costs from co-development partner (net) pertains to co-development partner's share of expenses under the development agreements comprising of payroll costs, depreciation and amortisation and other expenses.

#### 44. Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary / associates / joint ventures.

Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
<b>Holding Company</b>				
Biocon Limited	64%	21,951	65%	3,435
<b>Subsidiaries</b>				
<i>Indian</i>				
Syngene International Limited	22%	7,364	30%	1,578
Biocon Research Limited	2%	693	-2%	(99)
Biocon Academy	-	-	0%	-
Biocon Pharma Limited	-	-	0%	-
<i>Foreign</i>				
Biocon SA	-8%	(2,706)	1%	72
Biocon Sdn.Bhd.	14%	4,955	-4%	(220)
NeoBiocon FZ LLC	1%	449	4%	208
<b>Associates</b>				
<i>Foreign</i>				
IATRICa Inc., USA	-	-	-	-
<b>Minority interest in all subsidiaries</b>	5%	1,722	6%	310
<b>Total</b>	<b>100%</b>	<b>34,428</b>	<b>100%</b>	<b>5,284</b>

#### 45. 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).

As per our report of even date  
For S.R. Batliboi & Associates LLP  
ICAI Firm registration no.: 101049W  
Chartered Accountants

per Aditya Vikram Bhauwala  
Partner

Membership no.: 208382

Bengaluru  
April 29, 2015

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

Kiran Mazumdar-Shaw  
Chairperson & Managing Director

Siddharth Mittal  
President - Finance

Bengaluru  
April 29, 2015

Arun Chandavarkar  
Joint Managing Director & CEO

Kiran Kumar  
Company Secretary

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## Forward Looking Statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. The market data & rankings used in the various chapters are based on several published reports and internal company assessment.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

## Disclaimer

Syngene International Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its Equity Shares and has filed a Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI"). The Draft Red Herring Prospectus is available on the website of the SEBI and the websites of Axis Capital Limited, Credit Suisse Securities (India) Private Limited and Jefferies India Private Limited. Investors should note that investment in Equity Shares involves a high degree of risk and for details should refer to the Red Herring Prospectus/Prospectus which may be filed with the Registrar of Companies, Bangalore in the future, including the section titled "Risk Factors".

This document is not an offer of securities for sale in the United States. Any public offering in the United States may be made only by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the issuer and management, as well as financial statements.

The Equity Shares have not been, and will not be, registered under the Securities Act or any other applicable law of the United States and, unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in the Draft Red Herring Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.

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