

## UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2015

STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2015							(₹. in Million)
Sl. No.	Particulars	Three months ended 31.12.2015	Preceding Three months ended 30.09.2015	Corresponding Three months ended 31.12.2014	Year to date figures for current period ended 31.12.2015	Year to date figures for previous period ended 31.12.2014	Previous Year ended 31.03.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Income from operations</b>						
a)	Net sales/ Income from operations (net of excise duty)	8,282	8,285	7,611	24,356	22,296	30,600
b)	Other operating income (refer note 7 below)	82	87	81	710	225	298
	<b>Total income from operations (net)</b>	<b>8,364</b>	<b>8,372</b>	<b>7,692</b>	<b>25,066</b>	<b>22,521</b>	<b>30,898</b>
2	<b>Expenses</b>						
a)	Cost of materials consumed	3,103	3,467	3,149	9,475	9,047	11,970
b)	Purchases of stock-in-trade	309	241	308	9,771	757	1,110
c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(285)	(412)	(281)	(557)	(618)	(519)
d)	Employee benefits expense	1,589	1,497	1,360	4,628	3,968	5,334
e)	Depreciation and amortisation expenses	621	596	563	1,795	1,624	2,210
f)	Other expenses	2,132	1,955	1,925	5,723	5,223	7,366
	<b>7,469</b>	<b>7,344</b>	<b>7,024</b>	<b>21,835</b>	<b>20,001</b>	<b>27,471</b>	
	Less: Recovery of product development costs from co-development partners (net)	(375)	(353)	(368)	(1,003)	(977)	(1,321)
	<b>Total expenses</b>	<b>7,094</b>	<b>6,991</b>	<b>6,656</b>	<b>20,832</b>	<b>19,024</b>	<b>26,150</b>
3	<b>Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>1,270</b>	<b>1,381</b>	<b>1,036</b>	<b>4,234</b>	<b>3,497</b>	<b>4,748</b>
4	Other income	197	246	98	638	362	531
5	<b>Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>1,467</b>	<b>1,627</b>	<b>1,134</b>	<b>4,872</b>	<b>3,859</b>	<b>5,279</b>
6	Finance costs	15	29	48	88	104	89
7	<b>Profit from ordinary activities after finance costs before exceptional items (5-6)</b>	<b>1,452</b>	<b>1,598</b>	<b>1,086</b>	<b>4,784</b>	<b>3,755</b>	<b>5,190</b>
8	Exceptional items (net) (refer note 3 and 4 below)	-	3,070	-	3,070	-	1,051
9	<b>Profit from ordinary activities before tax (7+8)</b>	<b>1,452</b>	<b>4,668</b>	<b>1,086</b>	<b>7,854</b>	<b>3,755</b>	<b>6,241</b>
10	Tax expense	241	1,377	111	1,987	638	957
11	<b>Net profit for the period / year (9-10)</b>	<b>1,211</b>	<b>3,291</b>	<b>975</b>	<b>5,867</b>	<b>3,117</b>	<b>5,284</b>
12	Minority interest	(181)	(231)	(66)	(515)	(158)	(310)
13	<b>Net profit after tax and minority interest (11+12)</b>	<b>1,030</b>	<b>3,060</b>	<b>909</b>	<b>5,352</b>	<b>2,959</b>	<b>4,974</b>
14	Paid-up equity share capital (Face value of Rs.5 each)	1,000	1,000	1,000	1,000	1,000	1,000
15	Reserve excluding revaluation reserves as per balance sheet						31,697
16	<b>Earnings per share (of Rs 5 each) (not annualised)</b>						
	(a) Basic	5.15	15.30	4.63	26.76	15.07	24.87
	(b) Diluted	5.15	15.30	4.56	26.76	14.84	24.87

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2015							(₹. in Million)
Sl. No.	Particulars	Three months ended 31.12.2015	Preceding Three months ended 30.09.2015	Corresponding Three months ended 31.12.2014	Year to date figures for current period ended 31.12.2015	Year to date figures for previous period ended 31.12.2014	Previous Year ended 31.03.2015
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Income from operations</b>						
a)	Net sales/ Income from operations (net of excise duty)	5,056	5,271	5,079	15,478	15,813	21,418
b)	Other operating income (refer note 7 below)	274	314	247	1,348	769	998
	<b>Total income from operations (net)</b>	<b>5,330</b>	<b>5,585</b>	<b>5,326</b>	<b>16,826</b>	<b>16,582</b>	<b>22,426</b>
2	<b>Expenses</b>						
a)	Cost of materials consumed	2,293	2,691	2,438	7,199	7,309	9,565
b)	Purchases of stock-in-trade	181	191	215	530	598	880
c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(213)	(410)	(236)	-429	-535	-392
d)	Employee benefits expense	815	764	726	2,389	2,147	2,844
e)	Depreciation and amortisation expenses	334	324	327	978	958	1,281
f)	Other expenses	1,418	1,282	1,373	3,921	3,866	5,239
	<b>4,823</b>	<b>4,842</b>	<b>4,843</b>	<b>14,588</b>	<b>14,343</b>	<b>19,417</b>	
	Less: Recovery of product development costs from co-development partners (net)	(7)	(2)	(8)	(21)	(14)	(19)
	<b>Total expenses</b>	<b>4,816</b>	<b>4,840</b>	<b>4,835</b>	<b>14,567</b>	<b>14,329</b>	<b>19,398</b>
3	<b>Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>514</b>	<b>745</b>	<b>491</b>	<b>2,259</b>	<b>2,253</b>	<b>3,018</b>
4	Other income (refer note 6 below)	323	404	149	1,060	1,413	1,491
5	<b>Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>837</b>	<b>1,149</b>	<b>640</b>	<b>3,319</b>	<b>3,666</b>	<b>4,509</b>
6	Finance costs	1	1	2	4	6	8
7	<b>Profit from ordinary activities after finance costs before exceptional items (5-6)</b>	<b>836</b>	<b>1,148</b>	<b>638</b>	<b>3,315</b>	<b>3,660</b>	<b>4,501</b>
8	Exceptional items (refer note 3(b) and 4 below)	-	5,131	-	5,131	-	(218)
9	<b>Profit from ordinary activities before tax (7+8)</b>	<b>836</b>	<b>6,279</b>	<b>638</b>	<b>8,446</b>	<b>3,660</b>	<b>4,283</b>
10	Tax expense	151	1,292	65	1,740	526	671
11	<b>Net profit for the period / year (9-10)</b>	<b>685</b>	<b>4,987</b>	<b>573</b>	<b>6,706</b>	<b>3,134</b>	<b>3,612</b>
12	Paid-up equity share capital (Face value of Rs.5 each)	1,000	1,000	1,000	1,000	1,000	1,000
13	Reserve excluding revaluation reserves as per balance sheet						24,835
14	<b>Earnings per share (of Rs. 5 each) (not annualised)</b>						
	(a) Basic	3.43	23.93	2.92	33.53	15.97	18.06
	(b) Diluted	3.43	24.93	2.87	33.53	15.72	18.06

### 3. Exceptional items for the quarter and year ended March 31, 2015 comprise of the following :

a. During the quarter ended September 30, 2014, Biocon Research Limited ('BRL'), a wholly owned subsidiary of the Company purchased from GE Equity International Mauritius, 7.69% equity stake in Syngene International Limited ('Syngene'), a research services subsidiary of the Company for a consideration of Rs 2,154 million and also subscribed to additional equity shares in Syngene pursuant to Rights Issue thereby taking BRL's shareholding in Syngene to 10.93%. The resultant difference of Rs 1,664 million, between the aggregate consideration paid and the net assets of Syngene as on the date of purchase/Rights Issue was recorded as goodwill in the consolidated financial results for the quarter ended September 30, 2014.

On September 18, 2014, BRL entered into a definitive agreement with Silver Leaf Oak (Mauritius) Limited ('Silver Leaf') to sell 10% equity stake in Syngene for a consideration of Rs 3,800 million. In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid 10% equity stake in Syngene to IVF Trustee Company Private Limited 'IVF', a fund advised by India Value Fund Advisors. The gain arising on such sale of shares to IVF amounting to Rs 1,348 million, net of transaction cost, was recorded as exceptional item in the consolidated financial results.

Tax incidence in the hands of BRL on the sale of shares has been fully offset against business losses of BRL. BRL had created deferred tax asset of Rs 99 million as at December 31, 2014 which was utilised on consummation of such sale.

b. Considering the financial position and uncertain future cash flows of Vaccinex Inc, the Company on a prudent basis, created a provision of Rs 218 million for diminution other than temporary, in the value of its investments in Vaccinex Inc, in the standalone and consolidated financial statements.

c. The Company transferred 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, the Company recorded a loss of Rs 79 million in the consolidated financial results for the quarter and year ended March 31, 2015.

4. Exceptional items for the quarter ended September 30, 2015 and nine months ended December 31, 2015 comprise of following:

a. In March 2010, Biocon SA, a wholly owned subsidiary of the Company, acquired marketing rights of T1H product for US and Canada region ('Territory') from M/s CIMAB, Cuba.

Pursuant to ongoing efforts to license such product to potential partners in the USA, Biocon SA was informed of the need to obtain prior authorization from the Office of Foreign Assets Control, USA ('OFAC'). The US regulations restrict any U.S. company or a subsidiary of a U.S. company from engaging in any transaction in which a Cuban entity has at any time since July 1963 had any interest whatsoever, whether direct or indirect without prior authorization from OFAC. Biocon SA evaluated options to obtain waiver from this requirement. However, during the quarter ended September 30, 2015, the outcome was not favourable. Consequent to such developments and after evaluating the requirements of OFAC and related timelines, management concluded that the same has now created an uncertainty to license this product for development and commercialization in the Territory.

SEGMENT DETAILS OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2015							(₹. in Million)
Particulars	Three months ended 31.12.2015	Preceding Three months ended 30.09.2015	Corresponding Three months ended 31.12.2014	Year to date figures for current period ended 31.12.2015	Year to date figures for previous period ended 31.12.2014	Previous Year ended 31.03.2015	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
<b>Segment revenue</b>							
a. Pharma	5,613	5,811	5,444	17,463	16,557	22,506	
b. Contract Research & Manufacturing Services	2,804	2,615	2,304	7,755	6,109	8,599	
<b>Total</b>	<b>8,417</b>	<b>8,426</b>	<b>7,748</b>	<b>25,218</b>	<b>22,666</b>	<b>31,105</b>	
Less: Inter-segment revenue	53	54	56	152	145	207	
<b>Net sales / Income from continuing operations</b>	<b>8,364</b>	<b>8,372</b>	<b>7,692</b>	<b>25,066</b>	<b>22,521</b>	<b>30,898</b>	
<b>Segment results</b>							
Profit before interest, depreciation and tax from each segment							
a. Pharma	2,507	2,428	2,273	7,577	7,005	9,481	
b. Contract Research & Manufacturing Services	1,012	958	804	2,769	2,046	2,971	
<b>Total</b>	<b>3,519</b>	<b>3,386</b>	<b>3,077</b>	<b>10,346</b>	<b>9,051</b>	<b>12,452</b>	
Less: Interest	15	29	48	88	104	89	
Depreciation and amortisation	621	596	563	1,795	1,624	2,210	
Unallocated corporate expenses	1,628	1,409	1,478	4,317	3,930	5,494	
Unallocated corporate income	(197)	(246)	(98)	-638	(362)	(531)	
<b>Profit before tax and before exceptional items</b>	<b>1,452</b>	<b>1,598</b>	<b>1,086</b>	<b>4,784</b>	<b>3,755</b>	<b>5,190</b>	
<b>Capital employed</b>							
a. Pharma	19,154	18,647	16,405	19,154	16,405	16,594	
b. Contract Research & Manufacturing Services	10,200	9,594	8,065	10,200	8,065	8,695	
c. Unallocable	11,320	11,093	9,168	11,320	9,168	9,139	
d. Minority interest	(3,261)	(3,075)	-694	(3,261)	(694)	(1,722)	
<b>Total capital employed</b>	<b>37,413</b>	<b>36,259</b>	<b>32,944</b>	<b>37,413</b>	<b>32,944</b>	<b>32,706</b>	

Here, during the quarter ended September 30, 2015, Biocon SA recorded an impairment of the carrying value of the aforesaid intangible asset amounting to Rs 1,078 million. The same has been recorded as an exceptional item in the consolidated financial results for the quarter ended September 30, 2015 and nine months ended December 31, 2015. The Company holds marketing rights in other territories including Europe where these restrictions do not apply and continues to develop the molecule for such territories.

b. During the quarter ended September 30, 2015, Syngene completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of Rs 10 each, by the Company. Post the sale, the Company's holding in equity shares of Syngene has reduced from 84.54% to 73.54%. The equity shares of Syngene were listed on National Stock Exchange of India Limited and BSE Limited on August 11, 2015. Gain arising from such sale of equity shares, net of related expenses and cost of equity shares, amounting to Rs 5,131 million and Rs 4,148 million was recorded as an exceptional item in the standalone and consolidated financial results, respectively. Consequential tax of Rs 1,042 million was re-credited on such gains in the standalone and consolidated financial results.

5. The Company has acquired the business assets of the pharmaceutical manufacturing unit of M/s. Acacia Lifesciences Private Limited located at Vishakapatnam with effect from October 01, 2015 on a going concern basis.

6. Other income in the standalone results of the Company for the nine months ended December 31, 2014 and year ended March 31, 2015, includes interim dividend income of Rs 997 million received from Syngene, a subsidiary of the Company.

7. Other operating income for the nine months ended December 31, 2015 (standalone and consolidated) includes Rs 446 million towards one time compensation from a customer to absolve the customer from capacity reservation fees.

8. For the purpose of administration of the employee stock option plans of the Company, the Company had established the Biocon India Limited Employee Welfare Trust ('The ESOP Trust'). Under the erstwhile SEBI (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.

However, consequent to SEBI (Share Based Employee Benefits) Regulations, 2014 issued on October 28, 2014, the ESOP Trust is not consolidated in the standalone and consolidated financial statements effective as at and for the year ended March 31, 2015. As at December 31, 2014, total assets, total liabilities and reserves and surplus of the ESOP Trust amounting to Rs 957 million, Rs 30 million and Rs 927 million, respectively were included in the standalone and consolidated financial statements of the Company.

### 9. Segment Reporting :

a. Standalone financial results: The Company operates in a single business segment of biopharmaceuticals.

b. Consolidated financial results: The primary segment reporting has been performed on the basis of business segments. Segments have been identified and reported based on the nature of products, risks and returns, organizational structure and internal financial reporting systems.

10. Prior period / year figures have been reclassified wherever required to conform to the classification of the current period.

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

### Notes:

1. The unaudited financial results of the Company and the unaudited consolidated financial results for the quarter and nine months ended December 31, 2015 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on January 21, 2016. The above results have been subjected to limited review by the statutory auditors of the Company.

2. 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 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, Rs 2,150 million 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 Rs 2,800 million, 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 quarter and nine months ended December 31, 2015, of the deferred amounts, Rs 46 million and Rs 97 million, respectively have been netted off against expenses incurred towards such clinical trial and development activities.

The statutory auditors of the Company have drawn an Emphasis of Matter in this regard, in their limited review report on the consolidated unaudited financial results.