Biocon

Brand Biocon

At the Intersection of Patient + Therapy

ANNUAL REPORT **2011**

DIABETOLOGY
ONCOTHERAPEUTICS
NEPHROLOGY
CARDIOLOGY
COMPREHENSIVE CARE
IMMUNOTHERAPY

Biocon has established itself as an emerging global biopharmaceutical innovator in just over a decade. Strategically leveraging a portfolio approach focused on chronic disease segments and integrating well validated target-to-clinic-to-counter capabilities, we have built considerable brand equity and are on the path to delivering affordable innovation.

Within a short span of time, we have brought to market an impressive portfolio of medically vital products. Our growing ability to offer affordable and differentiated medicines positions us at the challenging intersection of patient and therapy.


Biocon
CYCLOPOSS MR
Narita

Biocon's comprehensive range of branded products in key disease segments

2011

BRAND BIOCON

At the Intersection of Patient + Therapy

The second largest in volume, 12th in value and by 2015, a USD 20 billion* market potential – India is forecast to be among the top 10 pharma destinations of the world. This robust growth has been fueled by increased purchasing power, access to better healthcare, wider adoption of international GCP/GMP norms, an improving IP and regulatory landscape, growing investment in health sector infrastructure, and rapidly developing R&D expertise and funding.

Strategically positioned in this expanding market is Biocon. With a tailwind of twelve years in biopharmaceuticals and a flexible yet well balanced biopharma strategy, we are committed to factoring 'more for less' into all our offerings. Biocon's affordable innovation platform, dovetailed with world class capabilities along the drug value chain has enabled the Company's successful foray into the branded formulations market.

With a tailwind of twelve years in biopharmaceuticals and a flexible yet well balanced biopharma strategy, Biocon is committed to factoring 'more for less' into all its offerings.

Biocon's Brandfolio targets chronic diseases from diabetes, cancer, end-stage renal illnesses to immune disorders and other life-threatening conditions. Marketed primarily in India, parts of Asia, Latin America, Middle East and Africa, we offer our products to healthcare providers, including physicians, clinics, hospitals and pharmacies. Significantly, we market proprietary molecules and conduct critical clinical trials in therapeutic areas, such as locally advanced head and neck cancers, cervical cancers, brain tumors, etc. that are a huge unmet need in the Global patient population. Beyond therapy, Biocon supports select products with patient friendly initiatives in disease awareness, prevention and management. We also assist healthcare professionals and patients with the treatment of complex medical conditions.

To successfully penetrate the Indian branded formulations market, Biocon recognizes the important synergies derived from research and marketing partnerships. We believe, collaborative innovation will accelerate our pace of development, while marketing alliances will help extend our reach into local geographies. We also aim to leverage partnerships to capture emerging opportunities in biosimilars. In the next 3 to 10 years, as a number of patents expire, Biocon will harness its India advantage to generate these technologically feasible and economically imperative alternatives to expensive biologics.

Today, sales from branded formulations (both injectables and oral dosages) account for a sizeable portion of Biocon's revenues. Our products are already among the top ten brands in their respective verticals of oncology, cardiology, nephrology and diabetology. Going forward, we aim to step up our presence in the domestic market by aggressively launching more medicines and thereby, increasing the contribution of our brandfolio to more than 25% of total revenues. In achieving this business target, we aim to accomplish a far more significant goal: making better therapies available and accessible to patients in India and eventually the world.

*Pharma Trends 2011

DIABETOLOGY

The spread of diabetes has reached alarming proportions with developing countries bearing the brunt of this epidemic in the 21st century. By next year, India will be home to over 50 million diabetics, making it the world's diabetes capital. By 2030, that number will hit a staggering 87 million, effecting nearly 8% of the country's adult population*.

The Market Opportunity

+ World's largest diabetes patient pool
+ Success of newly launched drugs
+ Increasing diagnosis and drug treated rates
+ A rapidly growing market

In 2010, total sales of insulin and oral anti-diabetics in India reached INR 28 billion, of which, the market for oral anti-diabetics was worth INR 17 billion**. With the number of diabetics increasing, the market, over the next five years, will be driven by the strong uptake of insulin analogs.

Milestones

+ **Biocon Diabetology is ranked 12th in its represented market in India**
+ **Insugen® has more than 10% market share in India**
+ **Insugen® is now available in Latin America, Middle East, Asia and North Africa**
+ **Insugen® 100 IU was launched in December 2010**

Insugen® is the fastest growing drug in its class in India

Affordability Index

(as compared to the leading brand in that category)

Insugen®	~20%
BASALOG®	~40%

Marketed Products

Insugen® 30/70 100 IU
Insugen® 50/50 100 IU
Insugen® N 100 IU
Insugen® R 100 IU
INSUGEN® 30/70 40 IU
INSUGEN® 50/50 40 IU
INSUGEN® N 40 IU
INSUGEN® R 40 IU
BASALOG®
BLISTO®
BLISTO® MF
METADOZE IPR®
TriGPM®
ZUKER® MF
PIODART®
PIODART® MF
OLISAT®
GABIL®
GMAB® Plus

Biocon Diabetology

Launched in 2004, this division has successfully introduced into the Indian market a range of oral anti-diabetic drugs, human insulins and insulin analogs. In its portfolio is one block-buster brand and several other high quality, affordable drugs that doctors and patients continue to endorse. In fact, Biocon is the only company, among the 61 players in the anti-diabetes space, to have demonstrated success with both, insulins and oral anti-diabetics.

Winning With Diabetes

This patient friendly initiative has greatly enhanced the reputation of BASALOG® by helping diabetics improve the quality of their lives through effective medication and self monitoring. Till date, over 12,500 patients have registered with our helpline and 7,400 Breeze 2 glucometers have been delivered to patients on a complimentary basis.

ABIDE

This medical education forum aims to create an enabling IT-based doctor-patient interface for dissemination of medical information and training modules to diabetics and physicians located in remote regions of India.

Flagship Brands

Insugen®

By far the most affordable brand in India, Insugen® remains India's most clinically validated r-DNA insulin. Launched 7 years ago, Insugen® has brought about a paradigm shift in the insulin market and is today, a leading drug in its class.

BASALOG®

The launch of BASALOG® in the last fiscal boosted divisional sales, garnering considerable market share in the analog market, hitherto dominated by brands from foreign multinational companies. Today, BASALOG® is a formidable player, having successfully allayed apprehension about the acceptance of analog insulin in vials.

* International Diabetes Foundation, 2009
** IMS MAT: Dec 2010

ONCOTHERAPEUTICS

Cancer is one of the 10 leading causes of death in India. No longer considered a disease of developed nations, more than 700,000 new cancer cases are being registered in India per annum. The National Cancer Registry Program data indicates that at any given time, there are about 2.5 million cancer patients in India with approximately 450,000 cancer-related deaths each year.

The Market Opportunity

+ More than 50% increase in breast, ovarian, prostrate and head & neck cancer incidence
+ Rising demand for latest tumor-fighting therapies
+ High unmet need – underserved patient population

The market for chemotherapeutic drugs in India is estimated to be worth INR 12 billion based on in-hospital sales of anti-cancer drugs. This market is forecast to grow at a CAGR of 16% over the next 5 years to reach INR 26 billion*.

Milestones

+ **Abraxane® is ranked 3rd in the hypercompetitive taxanes market**
+ **NUFIL™ is ranked among the top four brands in its segment**
+ **Evertor™ is the first generic everolimus to be launched in India**

Till date, over 2,500 Indian patients have been treated with BIOMAb EGFR®

Affordability Index

(as compared to the leading brand in that category)

BIOMAb EGFR®	~40%
Abraxane®	~60%

Marketed Products

BIOMAb EGFR®
Abraxane®
NUFIL safe™
NUFIL™
Evertor™
ERYPRO *safe*™

Biocon Oncotherapeutics

Launched in 2006, Biocon Oncotherapeutics is committed to delivering novel yet affordable cancer therapies. Its comprehensive range of cancer-chemotherapy and supportive drugs are led by BIOMAb EGFR® (a humanized monoclonal antibody for head and neck cancer), Abraxane® (a US FDA approved anti-cancer drug for breast cancer), Evertor™ (the first generic everolimus for the treatment of advanced renal cell carcinoma) and NUFIL safe™ (GCSF for chemotherapy induced neutropenia). The division aims to strengthen its position in the Indian market by focusing on growth areas of pain management and haematological malignancies.

Flagship Brands

BIOMAb EGFR®

In India, BIOMAb EGFR® is approved for the treatment of locally advanced head and neck cancers in combination with radiotherapy and/or chemotherapy. Since its launch in September 2006, over 200 oncologists have endorsed BIOMAb EGFR® by extending the benefit of this molecule to over 2,500 Indian patients. In line with Biocon's focus on affordable innovation, BIOMAb EGFR® is available to Indian patients at a cost 40% lower than other anti-cancer therapies in the same class and indication.

Abraxane®

A best-in-class taxane launched in India in 2008, Abraxane®, used in the treatment of metastatic breast cancer, is making steady inroads into the highly fragmented and hypercompetitive Indian taxane market. With significant sales growth over the last fiscal, Abraxane®'s efficacy is increasingly being acknowledged by oncologists.

* Datamonitor

NEPHROLOGY

Chronic kidney disease (CKD) and its progression to end-stage renal disease (ESRD) is rapidly turning into a worldwide public health epidemic. In addition to increasing patient morbidity and mortality risks, these conditions result in major financial strain on healthcare systems. Incidence of chronic diseases like diabetes and hypertension among Indians is alarmingly high and it is estimated that around 25% of people suffering from these diseases are likely to develop CKD.

The Market Opportunity

+ Cadaveric transplants expected to increase through organ donation awareness
+ Less than10% of ESRD patients receive meaningful renal replacement therapies (RRT) either as dialysis or transplantation
+ Better coordination of tertiary with primary healthcare centers set to push diagnosis and treatment of CKD

The Indian Nephrology market is estimated to be growing at an approximate 11% YoY. The domestic dialysis market is driven by strong demand for erythropoietin (EPO) in the management of anemia in CKD, while the immunosuppressant market is driven by a steady growth in organ transplants.

Milestones

+ **Biocon Nephrology has achieved a CAGR of over 20%**
+ **ERYPRO *safe*™ is ranked among the top 5 brands in its category**
+ **RENODAPT® ranks No. 3 in a segment consisting of 25 brands**
+ **TACROGRAF™ is in the No. 2 position, overtaking 25 competing brands**

TACROGRAF™ has attained No. 2 position, overtaking 25 brands in its category

Affordability Index

(as compared to the leading brand in that category)

TACROGRAF™	~30%
ERYPRO *safe*™	~24%
Advacan™	~45%

Marketed Products

Immunosuppressants
TACROGRAF™
RENODAPT®
RENODAPT®-S
CYCLOPHIL ME®
RAPACAN™
Advacan™

Dialysis
ERYPRO *safe*™
ERYPRO™
ERYPRO™ PFS
Narita™ +
biOSEV™
CeRACal™

Biocon Nephrology

Biocon Nephrology aims to provide the most comprehensive and cost-effective therapies for ESRD patients. As one of the largest manufacturers of immunosuppressants in the world, Biocon has the widest range of products for the treatment of organ transplantation, coupled with innovative safety solutions for renal anemia management. The division is focused on taking its affordable yet world class brands to global markets while achieving leadership in the Indian nephrology segment.

Doctor Initiatives

+ **Ren@links**, a monthly e-newsletter providing scientific updates in the field of nephrology and organ transplantation
+ **Post-Transplant Patient Monitoring Data Management Software** for management of patient data by transplant centers
+ **Stand-alone Conferences** to demonstrate strong commitment to good science through international speaker programs in nephrology and transplantation

Flagship Brands

TACROGRAF™

Occupying No. 2 position in the highly congested tacrolimus market consisting of more than 25 brands, TACROGRAF™ has the broadest dosage range. Its safety and efficacy have been well established in clinical practice in India. In the coming years, TACROGRAF™ is expected to play a central role in the immunosuppressive protocols of major transplant centers across India.

RENODAPT®

The mycophenolic acid (MPA) market, the largest in the immunosuppressive space, is also the most crowded and price sensitive. RENODAPT® is the third largest brand in the MPA space with huge potential for growth. Since launch in 2007, RENODAPT® has well-established efficacy and safety data in Indian transplant recipients.

CARDIOLOGY

Heart disease is the number one killer in the world and India carries more than its share of this burden. Moreover, the problem is set to rise: it is predicted that by 2020, India will have 100 million heart patients, amounting to approximately 60% of people suffering from heart disease, globally.

The Market Opportunity

The Indian cardiovascular drug market is growing at a CAGR of around 20%. It is expected to burgeon into a USD 3 billion market opportunity by 2015. Anti-hypertensive drugs account for the biggest (50%) share of revenue, closely followed by cholesterol lowering drugs.

Milestones

+ **STATIX® has established formidable equity with cardiologists in a short span**
+ **CLOTIDE® is the leading eptifibatide brand in India**
+ **MYOKINASE® is the No. 2 brand of streptokinase in India within 12 months of launch**

In a market of many brands, STATIX® stands out as the purest atorvastatin

Affordability Index

(as compared to the leading brand in that category)

BESTOR®	~30%
MYOKINASE®	~10%
STATIX®	~40%
CLOTIDE®	~10%

Marketed Products

STATIX®
STATIX® F
STATIX®-EZ
TELMISAT®
TELMISAT®-H
TELMISAT®-AM
ACTIBLOK™-IPR
ACTIBLOK AM™
BESTOR®
BRADIA™
THINRIN™
CLASPRIN®
ZARGO®
ZARGO® H
ZIGPRIL®
MYOKINASE®
DYNALIX®
CLOTIDE®
PRASACT™
TIROZEST™

Biocon Cardiology

Since its inception in 2008, Biocon Cardiology has focused on providing differentiated and affordable therapies to patients suffering from cardiovascular diseases. In a span of three successful years, this division has launched an optimum mix of brands all of which performed exceedingly well in the market.

Patient Friendly Lipid Camps

Biocon Cardiology organizes Lipid Camps across India to profile its leading lipid-lowering brand STATIX® and enable more patients to understand their lipid numbers and take early corrective action with the advice of a physician. The Camps were well attended, appreciated by patients and doctors alike.

Flagship Brands

STATIX®

In a market of many brands, STATIX® continues to stand out as the purest atorvastatin. Its highly differentiated features offer enhanced efficacy due to faster rate of atorvastatin absorption, and improved stability resulting from smaller and uniform size distribution. STATIX® has been endorsed by India's leading cardiologists and promoted through well attended countrywide lipid camps.

MYOKINASE®

Used in Acute Myocardial Infarction, the methionine-free technology of MYOKINASE® has spurred a country-wide revolution. In just 12 months, MYOKINASE® has become the No. 2 brand in the country, having saved the lives of 60,000 patients till date. Some of the most reputed hospitals in the country endorse MYOKINASE®.

COMPREHENSIVE CARE

Hospital-acquired or nosocomial infections are a growing healthcare concern worldwide, with critically ill patients in intensive care units (ICUs) at particular risk. In India, 10-30% of patients admitted to hospitals and nursing homes contract nosocomial infections as against 5% in the West*. It is imperative that the highest priority be assigned to prevention and control of these infections in order to reduce morbidity, mortality and costs of therapy.

The Market Opportunity

+ Anti-infective is the fastest growing therapy in the hospital market
+ ß-lactam antibiotics are the most widely prescribed medicines, among injectables

The anti-infective segment is the largest therapeutics market in India, growing at a CAGR of 20%. In the coming years, this escalation is expected to continue owing to the development of novel drug classes and increased R&D investments in this therapeutic category. High prevalence of certain viral/bacterial infections among the Indian population and a dramatic increase in resistance towards conventional antibiotics by certain micro-organisms have resulted in opportunities to bring into the market new anti-infective products.

More than 82,000 units of CELRIM®/CELRIM TZ® were sold within 6 months of launch

Biocon Comprehensive Care

Launched in 2010, Biocon Comprehensive Care positions itself in the critical illness segment with an existing anti-infective portfolio and the introduction of novel therapies in surgical trauma and medical emergencies.

Despite being a young entrant into the Indian market, the division has established a strong foothold in major corporate hospitals across the country and its products are widely accepted by the intensive care community.

Flagship Brands

Biopiper TZ™

Indicated for intra-abdominal infections, skin and skin structure infections, and pneumonia, Biopiper TZ™ was launched into a highly competitive market. Owing to its effectiveness and affordability, this drug has witnessed steep growth and is en route to becoming a big brand in the market.

CELRIM®/CELRIM TZ®

Indicated for the treatment of urinary tract infections, skin and skin structure infections, pneumonia and bacteraemia, CELRIM®/CELRIM TZ® has been extremely well accepted since its market launch.

*Members of Hospital Infection Society (HIS), India

Marketed Products

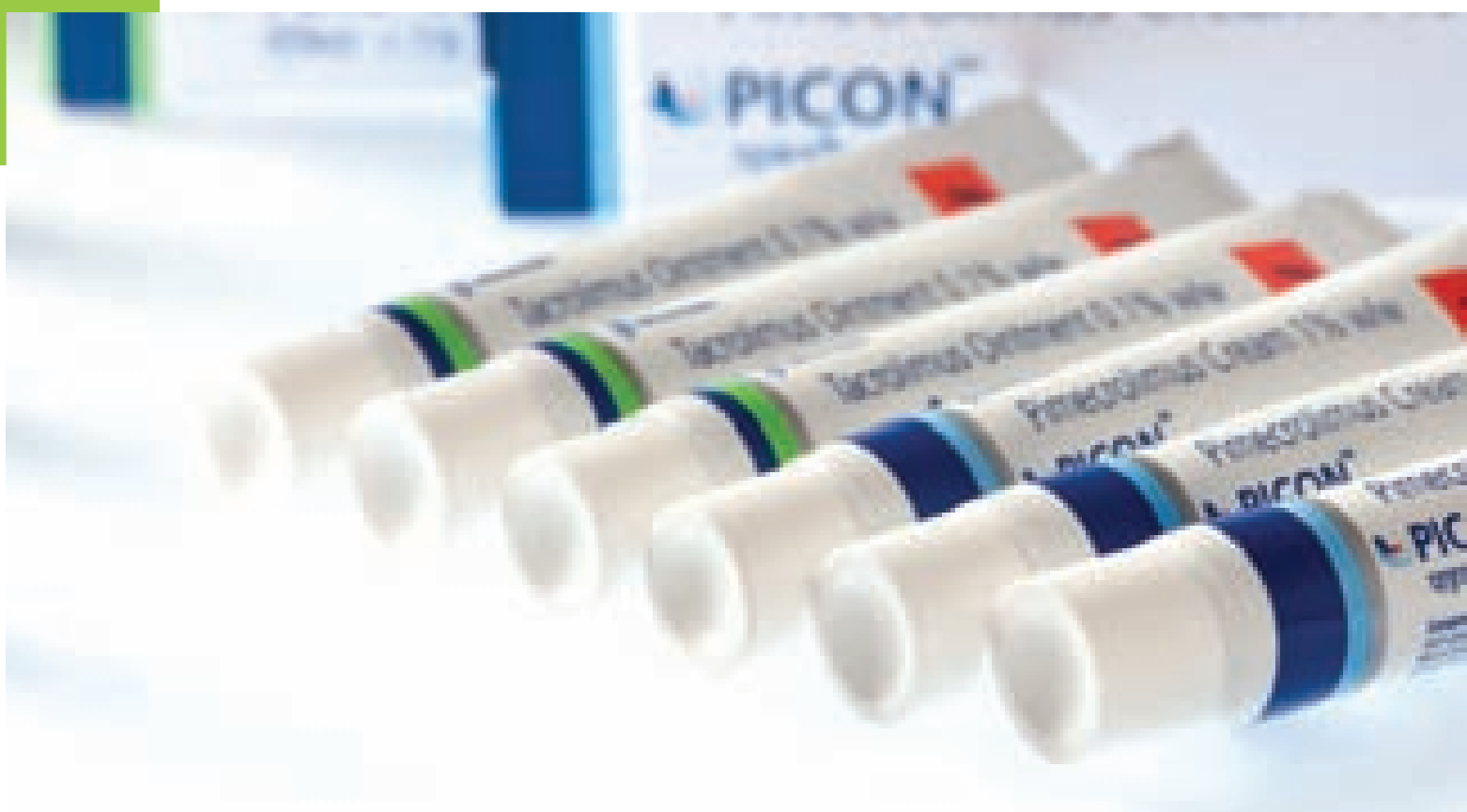
CELRIM®
CELRIM TZ®
Biopiper TZ™
IMICELUM™
PENMER®
PENMER® – 500
ENTAVAR™
ENTAVAR™ – 600
MEEZAT™
GENPIROME®

IMMUNOTHERAPY

Immunological disorders like atopic dermatitis, vitiligo and psoriasis are amongst the top 10 indications observed by dermatologists in India. It is estimated that over 2% of Indians struggle with the social, psychological and physical complexities associated with immunological disorders.

The Market Opportunity

The immuno-dermatology market in India is growing at a rapid pace. While steroids and its combinations are the most common line of treatment for immunological disorders, the chronic and recurrent nature of these diseases makes non-steroidal or immunomodulators a preferred long term therapy option. The Indian market for immunomodulators is highly promising. Within this segment, the market size for tacrolimus and pimecrolimus is growing at approximately 15%.



Milestones

+ **In addition to 10gm, 30 gm lami tube SKUs were introduced for the first time in India**
+ **The launch of PSORID™ (cyclosporine capsules/oral solution) is a first among dermatological companies in India**

PICON® is poised to become the No.1 brand of pimecrolimus in India

Affordability Index

(as compared to the leading brand in that category)

PICON® ~50%

Marketed Products

TBIS®
PICON®
PSORID™

Biocon Immunotherapy

Launched in Oct 2010, Biocon Immunotherapy is focused on bringing to the market a portfolio of safe, efficacious and affordable immunomodulator drugs for the treatment of immune related disorders in dermatology. With an objective to build a large portfolio of brands and actively support the disease area, the division aims to establish its credentials and reinforce its commitment to the patient and physician communities. To date, we have launched three brands: TBIS®, PICON® and PSORID™.

Flagship Brands

PICON® and TBIS®

PICON® is on its way to becoming the No.1 brand of pimecrolimus and TBIS® is fast catching up with the brand leader. In just five months of launch, Biocon Immunotherapy has gained formidable market share in the immuno-derma market. The launch of 30 gm SKU is also expected to further strengthen brand equity in the area of immune related dermatological disorders.

2011

CHAIRMAN'S REVIEW

Dear Shareholders,

After a transformational start to the millennium, we enter a new decade that will build on our vision to emerge as a global biopharmaceutical enterprise that delivers valuable and affordable products and services to patients, partners and healthcare providers the world over. Our efforts thus far, have seen us take calculated and deliberate steps to build a risk balanced portfolio of biopharmaceutical products and services through a number of valuable research and marketing partnerships. This judicious growth strategy has enabled us to become global suppliers of drug substances like statins, immunosuppressants and insulins. Adopting a portfolio approach for our research pipeline, we have created high value R&D assets that

The Biocon-Pfizer partnership is indeed a significant inflection point in our growth path. Our Companies bring together a winning combination of marketing, manufacturing and research excellence which will build a formidable global footprint in diabetes care

we are periodically unlocking through licensing or via market access. The path ahead is about building Brand Biocon through products that can make a difference to chronic diseases like diabetes, cancer, cardiovascular, autoimmune and renal malfunction.

The journey ahead is therefore one of value added transition. From drug substance to drug product. From Drug Master Files (DMFs) to Product Dossiers. Over the last decade, Biocon has built significant brand equity across our customer base. The task before us now, is to extend that brand recognition to our products in the retail market.

In building Brand Biocon, we look beyond the market and aim to deliver medical education to healthcare professionals and patients with a view to create greater awareness of disease management and thereby, better outcome. Brand Biocon is committed to making a difference to patients through affordable drug innovation.

I am very happy to share with you the progress we have made in creating this brand recognition.

Brand Building through Differentiation and Specialization

We have adopted a well researched business strategy to develop products that address chronic therapies in select disease segments. We have identified anchor products to spearhead the launch of our brands into the Indian market. The first such key product was recombinant human insulin branded Insugen® that launched our Diabetology division in 2004. Entering at the lowest rung, we have worked our way up the anti-diabetic value chain to be ranked 12th in our represented market last fiscal. Insugen® is a leading brand in the country today, rapidly narrowing the gap with its innovator counterparts.

01 Net income increased 17% to INR 28,137 million

02 Profits grew 25% to an all time high of INR 3,675 million

Our first insulin analog Glargine, branded BASALOG® was introduced into the market in 2010 and is already the No. 2 brand. We have innovatively supported this division by a successful patient engagement program, Winning with Diabetes, and are now creating a medical education forum, ABIDE. This forum enables doctor-patient interface based on an IT platform and aims to disseminate medical information and training modules to diabetics and physicians in remote reaches of the country.

Spurred by the success of our insulins, we entered into an exciting agreement with Pfizer to address a large and lucrative global biosimilar insulin opportunity.

Biocon has also developed a very strong portfolio around Chronic Kidney Disease. Our Nephrology division has performed exceedingly well with its flagship brands TACROGRAF™ (tacrolimus) now occupying the No. 2 position in the market and RENODAPT® (mycophenolate mofetil) the third largest brand in its category. Impressive branding, high share of noise in the market and a differentiated safety device have propelled the success of our ERYPRO™ group of erythropoietin based therapies for the dialysis segment.

In Oncology, our brand portfolio has garnered impressive market share. Anchored by our proprietary, anti-cancer MAb, BIOMAb EGFR® and supported by our flagship albumin fusion nanoparticle taxane, Abraxane® and our biosimilar Granulocyte Stimulating Factor (GCSF), NUFIL™, the division is gaining good traction in the market having recorded a robust YoY growth this fiscal.

The fourth division, Cardiology, launched in 2008 has been propelled by our flagship brand STATIX® to a ranking of 23 in a highly crowded market. Q3 2011 saw the launch of PRASACT™ (prasugrel) and TIROZEST™ (tirofiban) to consolidate our interventional cardiology portfolio. Recent introductions like BESTOR® (rosuvastatin) and ACTIBLOK™ (metoprolol) continue to follow a high growth trajectory.

In FY 2011, we added two more divisions, Immunotherapy and Comprehensive Care. The Immunotherapy focus in Phase I, is on introducing molecules for the treatment of immune-related dermatological disorders, launched with two differentiated molecules in its armory – TBIS® (tacrolimus) and PICON® (pimecrolimus), for the treatment of atopic dermatitis and vitiligo. Both drugs have been well accepted and are performing exceedingly well in the market.

To cater to the critical care segment, Biocon launched a Comprehensive Care Division to provide affordable, quality medicines for illness including nosocomial infections, post-surgical complications, trauma and medical emergencies. I am proud to declare that within just six months from launch, this division has gained entry to the country's best corporate hospitals with its high quality portfolio of specialty products.

Research & Development

Biocon's R&D has had a successful, decade long track record of innovation. Our research efforts have generated a pipeline of generic small molecules, biosimilars and novel biologics with the potential of unleashing high value growth in a sustained manner over the foreseeable future.

03 Research Services business crossed INR 3,175 million in revenue

04 Licensing and Development fees grew 201% to INR 1,525 million

Our portfolio of generic molecules has enabled us to garner a dominant position as a supplier of generic APIs viz. statins and immunosuppressants to US, European and Latin American markets. This, I am pleased to say, has yielded good financial returns and has allowed us to forge very strong partnerships with global generics companies. One such partner, Mylan, has extended this relationship in 2009, to a portfolio of biosimilar monoclonal antibodies. In October 2010, we announced a global commercialization partnership with Pfizer for our portfolio of recombinant human insulin and insulin analogs. Given the growing incidence of diabetes the world over, biosimlar insulins offer a large market opportunity from 2014.

Our novel pipeline is also rapidly advancing into the clinic. The most advanced programs are IN-105 (oral insulin) and T1h (itolizumab), an anti-CD6 targeting MAb, both of which have completed a Phase II/III proof of efficacy clinical studies. Although oral insulin did not meet its desired primary end-point of HbA1c lowering, this was attributable to an unexpectedly high placebo effect due to frequent self blood glucose monitoring. However, all secondary end-points were met, indicative of proof of action, another program, BVX-20, a humanized anti-CD20 monoclonal antibody being co-developed with Vaccinex, is about to enter the clinic. Two more in early stages of development are: a hybrid peptide with dual pharmacology for type II diabetes being co-developed with Amylin; and immunoconjugated MAbs which will function as tumor vaccines, being developed with IatriCa, a start-up which originated from a discovery made at the Johns Hopkins University. We expect to initiate discussions for partnering a few of these programs in the coming fiscal.

Strategic Partnerships

Partnering has always been at the heart of Biocon's business philosophy and we will continue to build value through strategic partnering. We have sought both research and marketing partnerships as a way to make global impact.

Pfizer

The most visible and high profile partnership that we recently announced was with the world's leading pharmaceutical company, Pfizer, to commercialize our insulins portfolio. Pfizer will have exclusive and a few co-exclusive rights to commercialize these products globally, while Biocon will be responsible for the clinical development, manufacture and supply of these biosimilar insulin products. We firmly believe this landmark partnership will drive considerable growth in the foreseeable future.

Optimer

FY 2011 also saw Biocon and Optimer Pharmaceuticals Inc. enter into a long term supply agreement for the commercial manufacturing of the API, fidaxomicin, Optimer's new drug for the treatment of *C. difficile*. I believe, our partnership with Optimer is an emphatic recognition of Biocon's capabilities as an R&D partner as well as an acknowledgement of our global biomanufacturing strength. I am delighted to inform you that Optimer has just received US FDA approval for this molecule which positions Biocon as a sole supplier of this drug substance for the market launch.

05 Human Resources headcount rose to 5,500+ employees

06 Net R&D spend, including clinical development, at INR 1,346 million

Strategic Foreign Direct Investment

World class infrastructure and attractive tax incentives make Malaysia a compelling destination for biotechnology. Investing in Malaysia provides us with an international location with strategic geographical proximity to India. Biocon is pleased to be an early mover in this emerging opportunity and have agreed to invest in establishing a biomanufacturing facility at Bio-XCell, a custom-built biotechnology park in Iskandar Malaysia, Johor. This investment is the largest for the Malaysian biotechnology sector thus far. In the first phase, Biocon proposes to invest around RM 500 million (approximately USD 161 million) to create an insulin manufacturing facility targeted to be operational by 2014.

Research Services

Our research services business supported by Syngene and Clinigene, continues to be a key growth driver, delivering a CAGR of 13%. We are well positioned to take advantage of the increasing trend in big pharma to externalize R&D. Additionally, there is a perceptible drift from fee for service and component services to integrated R&D and partnered co-development on a risk sharing platform. Between Syngene and Clinigene, we are uniquely placed to offer end-to-end integrated services in both small and large molecules.

Our partnership with Bristol-Myers Squibb is a fore runner of this integrated service model. The customized R&D hub, BBRC, that has been created at Syngene, is enabling BMS to pursue pipeline development through a team of over 450 scientists working seamlessly with BMS labs in the U.S.

Beyond Borders

NeoBiocon

After the successful launch of Abraxane® in the UAE region, this year NeoBiocon has introduced a range of branded generic products in therapy areas of cardiology, diabetology and infection management. We are pleased with the progress of this JV and look forward to greater access to this high growth region.

AxiCorp

Pursuant to our global insulins partnership with Pfizer, I would like to announce that Biocon is divesting its stake in its German subsidiary, AxiCorp GmbH, to the existing group of promoter shareholders. We believe that this is in the best interests of the shareholders of both companies. Axicorp has done an admirable job in sustaining profitability under difficult external circumstances, triggered by German healthcare reforms. Biocon wishes AxiCorp´s management and employees the very best in their future endeavors.

Corporate Social Responsibility

The year gone by saw Biocon Foundation being focused on integrating its health initiatives to maximize their impact and relevance to the communities it works with. By bringing together the Foundation's programs in preventive healthcare, primary healthcare and health insurance for surgery and other hospital care, we aim to make our healthcare interventions more effective, sustainable and scalable.

In FY 2011 we concentrated on preventive health, particularly addressing problems related to the paucity of doctors. Keeping this in mind, we train community health workers to be peer educators and

07 Domestic branded formulations grew at a robust 36%

08 Interim dividend declared at 30%. Final dividend recommended at 60%

helpers who administer our programs, ranging from a unique mobile phone based cancer screening program, to preventive health education.

Biocon and Biocon Foundation have also assisted the Government of Karnataka in building hundreds of homes for displaced families in the Bagalkot district of Karnataka that was severely affected by floods.

Looking Ahead

I strongly believe that what we have achieved so far is the beginning of a new era of growth. The critical mass we have built in the domestic formulations space gives us the confidence to pursue a larger and more responsive brand position in the market. We are now Asia's largest biopharma company and the only Asian company among the top 25 in global biopharma. We are committed to strengthening our growth trajectory through branded formulations, a strong R&D pipeline, an integrated portfolio of research services and strategic partnering that provides a global footprint. I would like to see Brand Biocon build on its core values of quality, affordability, reliability and innovation. That to me is the true and enduring test of a successful brand in the global arena.

Once again, I commend Biocon's people for their entrepreneurial spirit, commitment, teamwork and integrity. Inspired by the tremendous possibilities of science, Team Biocon has remained admirably focused on advancing novel therapies, driving our businesses and supporting patient health, the world over. I look forward to the year ahead with a sense of confidence to deliver even greater value to all our stakeholders.

Yours sincerely,

Kiran Mazumdar-Shaw
May 2011

BOARD OF DIRECTORS

Dr. Neville Bain
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HIGHLIGHTS

2011

MILESTONES

01 Biocon and Pfizer enter into a global agreement for the worldwide commercialization of Biocon's Biosimilar Insulin and Insulin Analog products.

02 Biocon to establish state-of-the-art biopharmaceutical manufacturing facility at BioXcell, a custom built biotechnology park and ecosystem in Malaysia.

03 Biocon divests stake in its German subsidiary, AxiCorp GmbH, to the existing group of promoter shareholders.

04 Biocon's partner Optimer Pharmaceuticals receives FDA approval for Dificid (a first-in-class anti-infective for *C. difficile* treatment). Biocon is the sole supplier of the API to Optimer.

05 Biocon announces preliminary data on its novel Oral Insulin drug candidate. Topline analysis has shown encouraging results in patients with Type II Diabetes.

06 Biocon launches two new healthcare marketing divisions: Biocon Immunotherapy, targeting the treatment of immune related disorders in dermatology and rheumatology; and Comprehensive Care, focused on therapies for critical care illness like nosocomial infections, post-surgical complications, trauma and medical emergencies.

2011

HIGHLIGHTS

Healthcare Marketing

India Focus: Branded Formulations

Diabetology

Biocon Diabetology has set new standards in the way diabetes therapy is marketed in India. Exemplified by our flagship brands, Insugen® and BASALOG® and supported by a differentiated range of diabetes products, this division has provided Indian diabetics high quality, innovative and affordable diabetes management options.

The division is currently ranked 4th in the covered insulin market. With a robust product pipeline and scheduled launch of oral anti-diabetics and insulin devices this year, Biocon Diabetology is forecasted to be a frontrunner in the Indian anti-diabetic market.

Insugen® 100 IU The recent launch of Insugen® 100 IU has reiterated Biocon's commitment to introducing international standards, recommended by WHO, into a market dominated by 40 IU Human Insulin. Insugen® 100 IU has been launched with a plethora of patient support services and education activities aimed at improving diabetes management.

TriGPM® Having posted impressive growth in FY 2010-11, TriGPM® has been overwhelmingly accepted by the diabetology market. For the coming years, Biocon Diabetology has ambitious plans to rapidly improve the market ranking of this molecule.

OLISAT® Ban of two drugs (rimonabant and sibutramine) due to serious side effects has led to the availability of just one drug, orlistat, for the management of obesity. Orlistat is free from systemic side effects because it acts locally and reduces dietary fat absorption. This differentiation is expected to open up new opportunities for orlistat molecule prescriptions, paving the way for the success of Biocon Diabetology's OLISAT®, already in the market since March 2007.

Patient Friendly Services We continue to augment product promotion with patient support programs, ranging from awareness camps about diabetes and its complications, early detection and healthcare, to campaigns promoting self monitoring and control of blood glucose. Every purchase of Insugen® 100 IU comes with a 100 IU syringe and each 100 IU prescription includes a travel pack containing three additional syringes, a coolant pouch, injection technique booklet in vernacular languages and a health information booklet explaining diabetes care points. The travel pack also enables patients to get daily diabetes care tips for a period of one month, upon registering with the Winning with Diabetes toll-free helpline.

The **Winning with Diabetes** (WWD) initiative has gained traction and has been very well appreciated by all stakeholders. Value added services provided by WWD include:

- BASALOG® Breeze 2 Program
- Liaisoning with field/patients/doctors/HO
- Generation and maintenance of database for doctors and patients
- Diabetic Care Advisors (DCAs)

Oncotherapeutics

Biocon Oncotherapeutics has succeeded in establishing a stronghold on its market with novel molecules such as BIOMAb EGFR®, Abraxane®, NUFIL safe™ and Evertor™ .

BIOMAb EGFR® A humanized monoclonal antibody, BIOMAb EGFR® (nimotuzumab) has demonstrated unique safety and efficacy outcomes in clinical trials and in clinic.

The BIOMAb EGFR® Efficacy & Safety Trial (BEST) conducted in India to evaluate the efficacy and safety of this drug in locally advanced inoperable head and neck cancers has now crossed 60 months of follow-up with favorable safety and survival outcomes. Highlights of the 48-month survival data was presented and discussed at ASCO, a premier oncology event, this year.

The current financial year was marked with the launch of various marketing initiatives which served to differentiate BIOMAb EGFR® in the targeted therapies market. A series of scientific conferences with internationally reputed speakers, attended by eminent oncologists from across the nation, helped establish BIOMAb EGFR® as a unique therapy option for head and neck cancers. BIOMAb EGFR® made its presence felt as a major player in the targeted therapies space through participation in a number of Indian and international conferences. Initiatives included patient focused activities such as disease awareness campaigns and survivor meets.

A robust clinical development program is now underway to further analyze and explore the possible benefits of this molecule to treat various types of cancer. They include a global Phase III trial of nimotuzumab in combination with CTRT, in 700 head and neck cancer (post operative) patients, and a Phase III Indian trial in over 500 patients with locally advanced head and neck cancers.

In line with Biocon's focus on affordable innovation, BIOMAb EGFR® is available

to Indian patients at a cost 40% lower than other anti-cancer therapies in the same class and indication.

Abraxane® Launched just three years ago, Abraxane® is making steady inroads into the highly fragmented and hypercompetitive Indian taxane market, with significant sales growth over the last fiscal. While major usage share is held by metastatic breast cancer, Abraxane®'s efficacy in multiple difficult-to-treat cancers such as ovarian cancer, non-small cell lung cancer, pancreatic cancer, etc. is increasingly being acknowledged by physicians. The current financial year saw the launch of marketing initiatives to boost Abraxane®'s brand equity. Activities ranged from disease awareness campaigns to video conferences and live national and international speaker programs. Back-to-back speaker meets involving key opinion leaders in oncology have reinforced Abraxane® as a formidable alternative to conventional treatment options.

NUFIL safe™ Biocon Oncotherapeutics trademark for filgrastim (r-metHuG-CSF), NUFIL safe™ has been indigenously developed at Biocon's world class manufacturing facility. It is incorporated with an Ultrasafe Passive® Delivery System which enables protection from needle stick injuries and provides enhanced patient comfort. Since its launch in 2008, NUFIL safe™ has differentiated itself from the competition and garnered appreciable market share. It is currently the 4th largest brand in the market.

Evertor™ Launched in December 2010, Evertor™ is the first generic of everolimus in India indicated for the treatment of patients with advanced renal cell carcinoma (RCC). In 2010, everolimus received US FDA approval for the treatment of subependymal giant cell astrocytoma (SEGA) associated with tuberous sclerosis (TS) requiring therapeutic intervention but no curative surgical resection. Evertor™ works by inhibiting mTOR, which is a key serine-threonine kinase, the activity of which is known to be upregulated in a number of human cancers. Everolimus is currently being studied in other indications such as breast cancer, NHL, gastric cancer, hepato cellular carcinoma (HCC), neuroendocrine tumors (NET), NSCLC and colorectal cancer.

Nephrology

Since its launch in 2007, Biocon Nephrology has come a long way in offering the most comprehensive and well balanced portfolio of products for dialysis and transplantation. Operating in a highly competitive and increasingly price sensitive market, with more than 20 active players and newer companies joining every year, Biocon Nephrology has achieved much success in a short span of time.

Its flagship brand **TACROGRAF™** now occupies 2nd position in the highly congested tacrolimus market while **RENODAPT®** is the third largest brand in its category with tremendous potential for future growth. The division's other products **ERYPRO™**, **ERYPRO™ PFS** and **ERYPRO *safe*™** have also fared exceptionally well over the last year. Impressive branding, strategic marketing and an innovative safety device have propelled Biocon's Erypro Group to 4th position in the highly fragmented EPO market.

Patient Initiatives

- Ayushamaan – A welcome kit for newly transplanted patients containing educational material on post transplant renal care, mask, pen, etc.
- Breeze 2 – Patient support program, launched in 2010, providing a complimentary Breeze 2 glucometer to patients enrolled on TACROGRAF™ and RENODAPT®
- TDM levels – Unrestricted support to therapeutic drug monitoring of the immunosuppressant portfolio
- SMBG Camps – Conducted to spread awareness about post transplant diabetes mellitus and the importance of self monitoring of blood glucose

Cardiology

Biocon Cardiology continues to provide therapy to cardiovascular patients across India through high quality products and innovative patient/doctor initiatives. Led by its flagship brands STATIX® and MYOKINASE®, the division's marketed products have performed impressively, garnering greater market share and receiving much appreciation from medical and patient communities.

STATIX® In a market of many brands, Biocon's STATIX® stands apart as the purest atorvastatin. The distinguishing features and well validated benefits of

this highly differentiated drug will, in the long run, considerably contribute to reducing the risks associated with cardiovascular diseases.

Benefits of STATIX® to patients:
- Enhanced efficacy due to faster rate of atorvastatin absorption
- Improved stability resulting from smaller and uniform size distribution
- Increased shelf life with no increase in total impurities

TELMISAT® An important Biocon brand focused on reducing the burden of hypertension, TELMISAT® has been strongly supported by an innovative patient initiative. Research indicates that in developing countries like India, more than half of the patients on medication for hypertension drop out due to affordability issues, lack of awareness, etc. Keeping this in mind, Biocon Cardiology designed a Patient Adherence Camp offering one month of free therapy.

ACTIBLOK™ IPR Biocon Cardiology has continuously focused on differentiated products for better patient care. ACTIBLOK™ IPR is an innovative brand that has positively impacted the market. It has been well received by cardiologists and its unique "IPR-immediate & patterned release technology" provides all-day blood pressure control in hypertensive patients. The product's efficacy has been endorsed by its ranking which has steadily risen.

Another differentiated (methionine-free technology-based) product is **MYOKINASE®**, used in acute myocardial infarction. Within 12 months, MYOKINASE® became the No. 2 brand in India, saving the lives of 60,000 patients till date. Since launch, MYOKINASE® has been accepted by some of the most reputed Indian hospitals. This drug has enhanced the reputation of Biocon Cardiology as a serious player in the interventional cardiac market.

The division's other products include eptifibatide, prasugrel and tirofiban. Our brands in this segment are **CLOTIDE®** (eptifibatide), **PRASACT™** (prasugrel) and **TIROZEST™** (tirofiban). All three drugs are used in the management of acute coronary syndrome.

Institutional Interventions
Strengthening its presence in the hospital segment, Biocon Cardiology conducts a dedicated program for nurses and paramedics called Accelerated Cardiac Care. This program trains support staff on various complications involved in handling ICU equipment and patient care.

Comprehensive Care
Launched in 2010, Biocon Comprehensive Care is focused on providing affordable solutions to critical care illnesses, including nosocomial infections, post-surgical complications, trauma and medical emergencies. Targeting the critical care segment, this new division has a strong all-India presence and a dedicated sales/marketing team.

Since launch, Biocon Comprehensive Care has met with great success and its products have been well accepted by the intensive care community. The division's robust portfolio of products includes **CELRIM®** (cefepime), **CELRIM TZ®** (cefepime + tazobactam),

Biopiper TZ™ (piperacillin + tazobactam), **IMICELUM™** (imipenem + cilastatin), **PENMER®** (meropenem), **ENTAVAR™** (linezolid), **MEEZAT™** (ceftazidime) and **GENPIROME®** (cefpirome sulphate).

Immunotherapy

One of Biocon's newest divisions for branded formulations, Biocon Immunotherapy was launched in 2010 with the aim of introducing a comprehensive portfolio of medicines for the treatment of immune related disorders in dermatology and rheumatology. The division will leverage its strong research capabilities and technology platform to develop a robust pipeline of innovative molecules.

Building differentiated brands through aggressive scientific and marketing activities, Biocon Immunotherapy currently has in its portfolio **TBIS®** (tacrolimus) and **PICON®** (pimecrolimus), indicated for atopic dermatitis and vitiligo. In addition to 10gm lami tubes, 30 gm SKUs were introduced for the first time in India. Another first for Biocon Immunotherapy was the launch of **PSORID™** (cyclosporine capsules/ oral solution).

In the pipeline is a wide range of drugs to treat psoriasis and vitiligo. Among the division's most promising pipeline therapies is a humanized monoclonal antibody, T1h (itolizumab). Early clinical studies in psoriasis have shown encouraging results and a Phase III study for the same indication is in progress in India. Biocon's ability to develop this molecule in-house differentiates it as a world class manufacturer and the foremost producer of immunosuppressants in India.

Emerging Market Focus

NeoBiocon

Biocon's Abu-Dhabi-based JV, NeoBiocon posted substantial growth in revenues and profits. Post last year's launch and inclusion of Abraxane® in leading hospital and health authority formularies, numerous metastatic breast cancer patients in the UAE and GCC region are now beginning to experience the benefits of this medicine. Post Abraxane®'s launch in the UAE, the Company will advance product registration in other GCC countries.

NeoBiocon's range of branded generic products, now approved by the UAE Ministry of Health, has successfully been launched to address the therapeutic segments of cardiology, diabetology and infection management. The first UAE-based company to introduce a branded generic of atorvastatin (one of the largest selling molecules in the country) and gabapentin, NeoBiocon has several new products in the pipeline slated to enter the market very soon. To support its marketing efforts, the Company is aggressively expanding its team of professionals.

The GCC pharmaceutical market is valued at USD 2.7 billion. To harness its growth potential, NeoBiocon has opened a second office in Dubai Healthcare City to support the activities of the corporate office in Abu Dhabi. Both locations will cater to planned expansion across the Gulf region.

Developed Market Focus

AxiCorp GmbH

FY 2010-11 was very successful for AxiCorp despite mounting challenges of health reform in Germany. Ranked No. 29 among German pharmaceutical companies (IMS: Jan 2011), the Company's total revenues touched EUR 162 million in 2010 (with a portfolio of 584 products), as compared to EUR 134 million in 2009. While market growth was 13.4% in the last year, AxiCorp grew by an impressive 21%.

Research & Development

Biocon's R&D continues to generate future growth opportunities through novel and innovative approaches in drug development. Advancing creative solutions for affordable healthcare, R&D focuses on new products that will strongly support Biocon's core businesses. To expedite the Company's growth, we have worked to steadily renew and expand our product portfolio and optimize production processes. Being closely aligned to market needs, our R&D initiatives are subjected to a continuous process of adjustment, guided by an international network of collaborations with leading universities, public sector research institutes and partner companies. By pooling expertise this way, we aim to rapidly translate new ideas into successful products.

Biocon Research Center (BRC)

Biocon Research Center, being established by Biocon Research Limited, was conceived to nurture and promote a research environment that is conducive to good science. It epitomizes Biocon's efforts to galvanize the best talent available in India and abroad, and offer them a space where intellectually challenging problems are examined through vigorous debate and sharing of experiences and perspectives.

The construction of BRC at Biocon Park in Bangalore is well underway. This center of excellence in discovery will create critical mass in research with a common goal of finding new treatments for unmet medical needs. Once completed, the research site will accommodate approximately 400 scientists with expertise in cancer biology, cancer immunotherapy, oncogene signaling, generation of manufacturing cell lines, protein engineering and antibody technologies. In addition, the facility will house teams of scientists and engineers specializing in process development and protein production. BRC is expected to be ready by mid 2011. Upon completion, it will have approximately 200,000 sq ft of lab space spread over 4,000 sq mts. BRC will work in close collaboration with Biocon's clinical development and manufacturing to create and drive invaluable synergies within the group.

R&D Expenditure

Biocon's R&D programs have always been financed predominantly from internal accruals. Total R&D spend, as a proportion of Biocon's biopharmaceutical sales, now stands at 10%. This is reflective of our increased investment in pipeline expansion and advancing our novel programs to Phase II/III human clinical trials. Net R&D expenditure and clinical development cost in FY 2011 amounted to INR 1,346 million (9% of sales), a rise of 47% compared to INR 915 million (8% of sales) in FY 2010. As at end of FY 2011, around 10% of the workforce was employed in R&D activities.

Pharmaceuticals

During the year, several new APIs were added to our portfolio. Biocon entered the ophthalmic segment with the introduction of synthetic prostaglandins – latanoprost, bimatoprost and travoprost. To reinforce our oncology presence, we successfully introduced everolimus and temsirolimus into the domestic market. All these products are niche molecules with very high technology barriers.

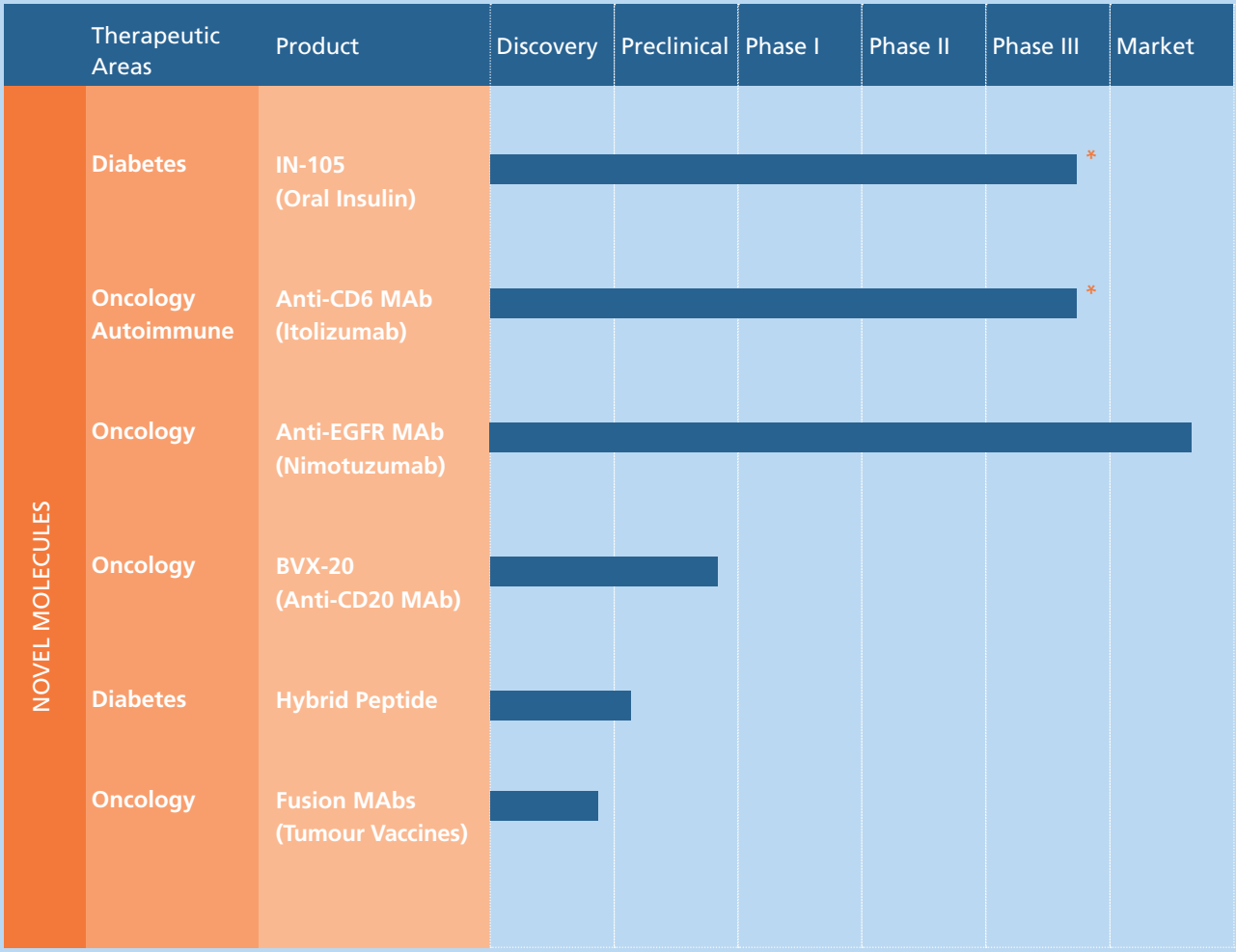
In the pipeline are several APIs, with peptides identified as an important growth driver. Bivaluridine and Exenatide are expected to be commercialized in FY 2012, followed closely by caspofungin (anti-fungal agent), ivabradine (cardiotonic agent) and brinzolamide (anti-glaucoma agent).

Internal Novel Programs

IN-105 (Insulin Tregopil) Our flagship oral insulin program, IN-105 has the potential to improve the quality of life of 300 million diabetes patients, worldwide. A 24 weeks, placebo controlled, Phase III clinical study in India was recently completed and data analysis is on-going. This study was undertaken to understand the efficacy and safety of IN-105 in patients with type II

R&D Product Pipeline

Novel, High Potential Programs that leverage the India Advantage



* Proof-of-concept Phase III trials

diabetes mellitus who have inadequate glucose control with metformin. It involved a titration phase to investigate optimum dosage and a maintenance phase to study the effect of oral insulin on lowering of HbA1c. Doses tried out were 10 mg, 15 mg, 20 mg and 30 mg, along with their matching placebo. Preliminary data has shown encouraging results. Although the drug did not meet its primary end-point of showing superiority over placebo in reducing HbA1c, it was superior in effectively reducing post-prandial glycemic excursions in patients with type II diabetes. Biocon is also conducting a Phase I study in patients with type I diabetes mellitus to test the pharmacokinetics and pharmacodynamics of IN-105 under US IND. In terms of safety, no clinically relevant hypoglycemia was observed, there were no serious adverse events, the drug appears to be non-immunogenic and weight neutral. We do plan to initiate partnering discussions very soon and propose to conduct further studies after a partnership is established.

T1h (Itolizumab) T1h is our advanced immune-modulating, anti-CD6 antibody that is moving through the pipeline successfully. Immune-modulating antibodies are a promising, new approach to autoimmune diseases and we are presently evaluating this particular drug for two indications: psoriasis and rheumatoid arthritis. Significantly, early pre-clinical studies are increasingly revealing that anti-CD6 antibody has potential uses in several other indications, including psoriatic arthritis, multiple sclerosis, lupus and type I diabetes. Given its growing importance across key disease areas, we consider T1h to be a pipeline within a product. Initial investigations will focus on rheumatoid arthritis and psoriasis, followed closely by multiple sclerosis. With these three indications alone, we will be targeting a market size of over USD 20 billion by 2015.

For psoriasis, we have seen some very good responses to treatment as assessed by a standardized measure known as Psoriasis Area and Severity Index (PASI). For patients treated with T1h, scores with mean PASI improved by 50% in four weeks and 75% by 12 weeks. In addition, we have seen significant changes in the quality of life parameters.

In the area of rheumatoid arthritis, studies have revealed good ACR* 50 and ACR 70 scores, hitherto not seen in the methotrexate control arm. T1h was an add-on therapy to patients on methotrexate and not doing too well. Again, we have observed some very important improvements in, both quality of life and disability parameters, as well as tender and swollen joint counts which had substantially reduced and sustained over a 24-week period. A comparison of T1h with other biologics targeting rheumatoid arthritis highlighted two strong differentiators: lower infection rates and reduced dosage compared to other antibodies. It is these differentiators that we will focus on when we evaluate T1h in future studies. The clinical plan, therefore, is to continue with psoriasis and rheumatoid arthritis. Patient enrolment in the psoriasis trial has been completed and we plan to obtain primary end-point data during the year. In the later half of FY 2012, we hope to apply for an Indian registration and have Pre-IND advice from US FDA at the same time. A longer term RA study using T1h is to begin soon. We plan to complete it by next year and apply for a US IND in FY 2013.

* The ACR score is a standardized measure of change in rheumatoid arthritis symptoms, typically used in a clinical study setting. It incorporates numerical values for various clinically relevant criteria such as the numbers of swollen and tender joints, pain, quality of life, physician and patient assessments. ACR 50 refers to a 50% improvement in the standardized measurement.

Global Alliances

Biocon & Amylin This exclusive agreement to jointly develop, manufacture and commercialize a novel therapeutic agent for the treatment of diabetes is well on track. This compound has recently entered early stage pre-clinical development to support forthcoming Phase I studies. We hope to complete Phase I supporting pre-clinical toxicology studies, being conducted in the US, during the first half of this year.

During the later half of this fiscal, Biocon and Amylin plan to jointly file an IND application with the US FDA. The IND will be necessary to start testing of this molecule in humans (Phase I) in order to primarily understand the safety parameters of the compound.

Global Research & Co-development Alliances

Partner	Product	Therapeutic Areas
AMYLIN	Novel Peptide	Diabetes
IATRICa	MAb-fusion Proteins	Oncology
MYLAN	Biosimilars	Oncology/Autoimmune Diseases
OPTIMER	Novel API	Anti-Infective
VACCINEX	Bio-better MAbs	Oncology

Biocon & IATRICa During the year gone by, clones were developed to produce a recombinant protein in *E.coli*, which could be used as a component of adjuvant therapy in cancer. A preliminary upstream and downstream process for production of sufficient quantity of protein, suitable for proof-of-concept studies, was developed. An *in vitro* assay for estimating potency was established. *In vivo* experiments in two mouse tumor models, conducted along with chemotherapy, provided encouraging results – prolonged survival, validation of the proof-of-concept. Future goals being pursued include development of the purification process, production of recombinant protein for developing analytical assays and formulation development. Several novel MAb-fusion proteins useful for treatment of cancer have been designed which need to be verified for further development in preliminary expression studies.

Biocon & Mylan In FY 2010-11, several batches of two biosimilar products were manufactured and characterized extensively. Single and multiple dose PK and toxicity tests were completed as per guidelines. Non-clinical studies in animal models have begun for one of the products in Europe. Three other biosimilar projects are undergoing process development.

Biocon & Optimer In February 2011, The New England Journal of Medicine published results of fidaxomicin Phase III trials showing significantly lower recurrence rates and improved global cure rates compared to vancomycin in patients with *Clostridium difficile* Infection (CDI). CDI is caused by *Clostridium difficile*, a spore forming bacterium that can result in serious infection of the human colon by multiplying and producing toxins resulting in inflammation, severe diarrhea and in serious cases, death. Over the past six years, Biocon has been an important partner in Optimer's fidaxomicin development program. During this period, we have offered developmental, manufacturing and regulatory support to Optimer. The Biocon-Optimer alliance has been further strengthened with the signing of a long term supply agreement for commercial manufacturing of fidaxomicin.

Biocon & Vaccinex Biocon is co-developing an enhanced humanized antibody BVX-20 with Vaccinex's platform technology. Pre-clinical data (which includes primate studies) has revealed that this particular antibody is comparable with rituximab in most respects, but it has superior tumor-killing properties. This potentially indicates that a lower dose is possible and it could have a higher efficacy in indications such as CLL.

The current clinical plan is to conduct a Phase I/II trial on refractory-NHL patients or relapsed-NHL patients, (approximately 50) with a primary end-point being safety and a follow-up for two years. We will evaluate PK on first and last doses and we hope to file a US IND in the later part of the ensuing fiscal.

Biocon and Pfizer In October, 2010, Biocon signed a definitive global agreement with Pfizer Inc., the world's leading biopharmaceutical company, for the worldwide commercialization of Biocon's biosimilar versions of insulin and insulin analog products.

Pfizer will have exclusive rights to commercialize these products globally, with certain exceptions, including co-exclusive rights for all of the products with Biocon in certain other markets. Pfizer will also have co-exclusive rights with existing Biocon licensees, with respect to some of the products, primarily in a number of developing markets.

Biocon will remain responsible for the clinical development, manufacture and supply of these biosimilar insulin products, as well as for regulatory activities to secure their approval in various geographies. Biocon's recombinant human insulin formulations are approved in 27 countries in developing markets, and commercialized in 23, while glargine has been launched in its first market, India.

Under the terms of the agreement, Pfizer will make upfront payments totaling USD 200 million. Biocon is also eligible to receive development and regulatory milestone payments of up to USD 150 million and will receive additional payments linked to Pfizer's sales of its four insulin biosimilar products across global markets.

The 2010 market for diabetes drugs and devices is estimated at over USD 40 billion with insulins accounting for 35% of the diabetes segment. By 2015, a number of insulin analogs are expected to lose patent protection, resulting in a significant opportunity for the biosimilars market. With this alliance, Pfizer and Biocon expect to be well positioned to be first movers in this potentially large market opportunity.

Intellectual Property

Biocon was granted 40 patents in FY 2010-11. Our total IP asset stands at 1,075 patent applications, of which 148 are PCT applications and 245 are granted patents. Biocon's BASALOG® was registered in Russia, New Zealand and Mexico, while Insugen® was registered in Japan and New Zealand during the last fiscal. A total of 32 trademarks from Biocon's Healthcare portfolio were registered in India during last fiscal year. In recognition of our impressive IP asset, Biocon received the prestigious "Pharmexcil/Government of India Patents Award 2009-10" in September 2010.

Discovery Research Services: Syngene

Syngene remains amongst India's largest contract research organizations with a portfolio that spans the entire drug discovery and development continuum. Discovery services offered include scaffold and library synthesis, medicinal chemistry, computer-aided drug design (CADD), DMPK profiling, crystallography, *in vivo* pharmacology and toxicology. Syngene also provides development services from API process development, polymer chemistry, cGMP manufacturing of APIs and advanced intermediates, oral and injectable formulation development to cGMP manufacture of drug product for first-in-human and Phase II clinical studies.

Paradigm Shift in Discovery & Development Services

Over the past few years, pharmaceutical companies have undergone a paradigm shift not only in the way research is conducted in-house, but also in the way it is outsourced to contract research organizations. Ever since innovator companies have shifted from the traditional approach of conducting research in silos to a more integrated, multidisciplinary approach, the same is expected from contract research companies. Keeping pace with this development, Syngene has developed internal expertise and practices to offer integrated services, in both discovery and development. Together with the clinical development partnership of Clinigene, Syngene is in

a unique position to offer completely integrated drug discovery, development and clinical research services.

Emergence of Biological Entities

In the past few years, the global pharmaceutical industry has witnessed the emergence of biologics as promising new medicine. Led by recombinant proteins, monoclonal antibodies and newer nucleotide and cell-based therapies, it is estimated that more than 50% of drugs under development will be biological entities. Today, biologics form a significant part of the drug pipeline of large multinational pharmaceutical companies as well as small, innovative, research-based companies.

Recognizing the biologics opportunity and leveraging its experience and vast expertise, Syngene has made major investments in the past three years to establish the following capabilities within the scope of biologics:

Cell & Molecular Biology

The Biology Group, already supporting discovery of chemical entities, provides services in biotherapeutic discovery and development, starting with protein expression, hybridoma generation, screening of monoclonal antibodies, protein/antibody engineering to biological characterization and cell line development.

Process & Formulation Development

The Process Development Group specializes in efficient and high yielding

processes for proteins and antibodies. These laboratories can handle a variety of proteins from microbial hosts such as *E. coli* and *pichia pastoris* to mammalian cell lines such as CHO. The Formulation Group focuses on developing stable, ready-to-use and lyophilized formulations of protein therapeutics using robust manufacturing processes.

Analytical Development

Syngene has state-of-the-art analytical capabilities to study the physico-chemical properties of proteins and antibodies, including their glycosylation profile, other post-translational modifications, variants and impurities. Services are provided on a stand-alone basis or integrated with process development.

Pilot Plant

Syngene has built a world class pilot plant for manufacturing clinical material from bacterial as well as mammalian origin, in two separate suites. This facility can deliver several hundred grams of protein per batch for toxicological and clinical studies. Compliant with current US FDA and EU guidelines for GMP, operations are closely monitored by Quality Control and Quality Assurance units.

Partnerships

Syngene & Bristol-Myers Squibb (BMS): Discovery & Development of New Chemical Entities (NCEs)

This collaboration encompasses various aspects of new drug discovery and development research. What makes this relationship unique is that a multinational big pharma has invested in building state-of-the-art facilities to be operated by Syngene for exclusive use. The Syngene-BMS research center offers services ranging from lead optimization

and toxicology services to API scale-up and early clinical formulations.

Syngene & Endo Pharmaceuticals: Development of Novel Therapeutic Molecules against Cancer In early 2010, Syngene initiated a collaborative research program with Endo Pharmaceuticals, USA to develop novel biologic molecules for targeted cancer therapy. This unique association, now entering its second year, has successfully delivered on several crucial milestones. The innovation and challenges involved have provided Syngene invaluable experience and expertise in integrated biotherapeutic discovery and development for pharma companies. This learning will now be leveraged to secure further collaborations of a similar nature.

Syngene & DuPont Crop Protection: Discovery & Development Services for Agrochemical Companies Building on its long term relationship as a preferred service provider, Syngene's alliance with DuPont's Crop Protection supports the company's discovery pipeline through integrated R&D services. The Syngene-DuPont collaboration, which has reached its 10th year milestone, includes discovery and development services in the area of crop protection, such as design of novel molecules, custom synthesis of promising candidates and advance intermediates, and synthesis and characterization of reference and impurity standards.

Clinical Research Services: Clinigene

Clinigene has successfully completed a decade of excellence in offering quality clinical research solutions to pharmaceutical and biotechnology companies in India and several regulated markets, including EU, US and UK. Till date, Clinigene has conducted more than 80 BA/BE and early phase studies and over 60 Phase I-IV clinical trials involving more than 5,500 patients.

Clinigene's ability to offer innovative services was further augmented in 2010, when it acquired the well established, experience-rich bioanalytical research facility for large molecules (previously part of Biocon R&D). Built to meet international standards and specifications, this GLP-compliant laboratory has state-of-the-art infrastructure and specializes in method development and testing services (for pharmacokinetic, toxicokinetic and immunogenicity analysis of new biologics, biosimilars, some small molecules, antibodies, recombinant proteins, cytokines and growth hormones), to support early and late phase trials for global registrations. Possibly the first-of-its-kind available with an Indian CRO, this facility will greatly enhance Clinigene's capabilities and reaffirm its leadership position in the clinical evaluation of biologics.

Regulatory Approvals

- A major achievement for Clinigene this year has been the successful completion of US FDA inspection of the Human Pharmacology Unit (HPU) and Bioanalytical Research Laboratory. This was the first time Clinigene was being audited by US FDA. No critical observations were identified. This is an authentication of quality deliverables offered to clients in support of their clinical development programs.
- A Clinigene managed study site located in India and participating in a global, Phase III diabetes trial was successfully audited by US FDA with no critical findings.
- HPU and Bioanalytical Research Laboratory for small molecules also underwent an audit by an EMA regulatory body.
- HPU and Bioanalytical Research Laboratory were inspected and approved by UAE Ministry of Health.
- Clinigene's Central Laboratory successfully completed the NABL ISO 15189 accreditation audit. The Lab recently procured an IVD certified Flow Cytometer, enabling Clinigene to extend its services in the area of biomarker analysis for new biologics and biosimilars.

Clinical Development

Oral Insulin Program (IN-105)
Clinigene completed Phase III clinical trials in 264 type II diabetes patients, across 15 sites. A clinical development program for IN-105 in type I diabetes patients was also initiated.

Anti-CD6 MAb Program (T1h) A Phase III clinical trial to evaluate safety and efficacy of Biocon's anti-CD6

monoclonal antibody T1h, in 250 patients with active psoriasis, is ongoing. Clinigene completed patient recruitment well within the scheduled timeline, across 20 study sites.

Biocon, Mylan & Vaccinex Programs Clinigene has initiated pre-study activities for early phase studies in various indications.

Erythropoietin Program Clinigene recently completed a Phase II clinical trial with long-acting erythropoietin in 30 CKD patients. The results obtained were positive for both efficacy and safety. While other CROs were unable to recruit patients for this difficult protocol, Clinigene successfully implemented it.

Looking to the Future

- Clinigene is focusing on conducting intense Phase I patient PK/PD studies in oncology, cardiology, immunology and respiratory diseases and is currently facilitating setting up of a state-of-the-art Phase I unit at the Mazumdar-Shaw Cancer Center, Bangalore.
- Clinigene and Syngene will together offer integrated drug development solutions to small and large pharma and biotech companies based on an efficient "discovery to decision" paradigm.
- The newly acquired Bioanalytical Laboratory for large molecules aims at obtaining Indian Good Laboratory Practice (GLP) certification shortly. The lab also plans on investing in a state-of-the-art Laboratory Information Management System (LIMS) and advanced multiplexing instrumentation.
- With the implementation of key IT and web-enabled solutions, Clinigene will enhance its ability to provide sponsors and project teams real-time access to study specific documents. In this regard, Clinigene also offers a unified IWRS and EDC solution.

Human Resources

Biocon and its subsidiary companies are today a dynamic force of 5,500+ coworkers, making the HR function more critical, challenging and rewarding. Whether through recruiting, upgrading performance management or designing and implementing leadership development programs, Biocon HR continues to shape the Company's high performing teams and culture. In 2010-11, a number of employee centric interventions were implemented across Biocon to motivate a more engaged and competitive talent pool.

Key Initiatives for 2010-11

Launching a Leadership Development Initiative for Biocon's top 150 leaders to arrive at a common leadership language across the organization. In the first phase, an organizational diagnostic study was carried out to examine the current leadership framework, Biocon imperatives, changing organizational requirements, developmental gaps and the overall program content.

Establishing Recruitment Alliances with tier-1 business schools (ISB, IIMs, XLRI, NMIMS, NITIE, MDI) and well reputed engineering/pharmacy colleges (IITs, BITS-Pilani & Goa, NIPER and UICT) to ensure a steady stream of high quality talent. We have also utilized customized technology solutions to manage the employee hiring lifecycle more efficiently. In the year gone by, we enlarged our pool of consultants and executive search firms to hire for leadership positions, while optimally leveraging social media for niche positions.

Strengthening the Goal-Setting Process for the organization by dove-tailing vertical goals with individual objectives. Based on focus-group discussions centered around the results of Expressions-2010 (engagement survey conducted in-house), relevant process improvement changes were made to the online Performance Management System fulfilling department-specific requirements.

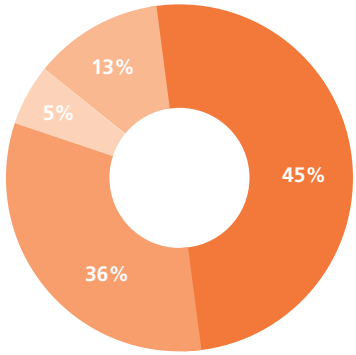
Stabilizing our Online Training Tool, iLearn during the year to better facilitate management of technical as well as behavioral training programs. Technical training programs were conducted by reputed international trainers on subjects like OOS & CAPA, CTD dossier requirements, etc. as well as on operational excellence through programs such as Kaizen and TPM. Focus areas in behavioral training were personal effectiveness, effective communication, teamwork, decision making, conflict management and creative problem solving.

Developing Industry-ready Talent, through an MOU signed with

Employee Strength

Company	as on 31.03.2010	as on 31.03.2011
Biocon	2,575	3,467
Syngene	1,401	1,496
AxiCorp	258	285
Clinigene	139	167
BBPL	105	129
BRL		41
Grand Total	4,478	5,585

Intellectual Profile



Post Graduate	45%
Graduate	36%
Doctorate/Post Doctorate	5%
Others	13%

Siddhaganga Institute of Technology to support its Finishing School. In addition, we encourage our people to visit various technical colleges as faculty. We are also in the process of initiating a practical, industry-relevant Post Graduate Diploma in Biotechnology through Kuvempu University.

Conducting an All-India Assessment Program for Healthcare Marketing to identify talent from within and build a strong talent pool for future requirements. This program included tools which comprehensively assessed participants on competencies defined for the next level. A thorough competency mapping exercise has also been initiated to define the career path for each role.

Introducing First Step, a Pilot Employee Engagement Initiative at Healthcare Marketing to capture feedback on the on-boarding and post-induction experience of new joinees. Findings have helped in identifying key areas of focus to strengthen the on-boarding process.

Priorities for 2011-12

- Formalizing an Employee Referral Scheme to activate talent supply through internal referrals.
- Institutionalizing an Internal Job Posting Program to provide employees the opportunity to apply against vacant positions.
- Training of recruitment/panel teams to sharpen interviewing skills.
- Implementing strategies and policies to aid in attracting quality talent to the organization.
- Reviewing the Performance Appraisal Process with inputs from cross-functional teams. This will help identify changes for the next financial year thereby enhancing the efficacy of the Performance Management System.
- Reinforcing training design and delivery process for increased alignment with business needs, specifically, customized learning initiatives for various departments.
- Designing and executing interventions to develop people skills for managers.
- Setting up a Finishing School for biopharma graduates/postgraduates to develop a pool of quality talent ready to be absorbed into the industry.
- Further strengthening the brand value of Biocon leadership through phase 2 of the Leadership Development Initiative. This would be achieved by development center and training

programs for participants, followed by a series of executive coaching sessions to ensure positive reinforcement of the required values, behaviors and competencies.

• Addressing the ever increasing talent requirement, especially for Biocon's Healthcare Marketing, by building a bench strength of freshers to meet critical business requirements at any given point of time.

Quality & Regulatory

During the last financial year, Biocon has been audited/inspected by health /regulatory authorities from eight countries for cGMP compliance and our registration dossiers have been successfully accepted and approved by them.

Site Audits & Approvals

• COFEPRIS, the Mexican Health Authority, inspected and approved the immunosuppressants and recombinant proteins manufacturing facilities at Biocon Campus in April 2010.

• Ministry of Health, Islamic Republic of Iran, inspected and approved our contract manufacturing site for manufacture of Biocon's finished formulations in June 2010.

• Ministry of Public Health and Population, Republic of Yemen, inspected and approved our contract manufacturing site for manufacture of Biocon's immunosuppressant formulations in June 2010.

• Saudi Food and Drug Authority (SFDA) inspected the human insulin (rDNA origin) manufacturing facility at Biocon Campus in September 2010.

• AFSSAPS, the French Health Authority, inspected the statins manufacturing facility in November-December 2010. Both sites have been considered cGMP compliant.

• Medicines Control Authority of Zimbabwe (MCAZ) audited the recombinant protein fill finish facility in December 2010.

• The Ministry of Health (MOH), Sultanate of Oman, audited Biocon Campus, Biocon Park, and our contract manufacturing site for the manufacture of immunosuppressant formulations in January 2011.

• National Drug Authority of Uganda (NDA) audited the biological products manufacturing facilities at Biocon Campus and Biocon Park in January 2011.

Product Approvals

• Tacrolimus capsules have been registered in Paraguay.

• Sirolimus tablets were registered in Iran, MOH and Guatemala, MOH.

• Over 200 MAA (Marketing Authorization Applications)/variations were approved for atorvastatin in Europe, Canada, Australia and Israel, and over 150 MAA/variations were approved for fluvastatin sodium in Europe.

• Tacrolimus was commercialized in over 25 European countries through the approval of customers' MAA and in the US through ANDA.

• Rosuvastatin calcium and atorvastatin calcium approved in Brazil.

Environment, Health & Safety

At Biocon, sustainability is about balance and integration. Integration, of the sometimes competing demands of economic, social and environmental aspects of our actions; and balance, of short term needs with long term

development. Sustainable development at Biocon is manifested through applying 'sustainable thinking' to the everyday choices we make, ensuring that they are integral to our strategic vision and its implementation.

Biocon is committed to maintaining the highest standards of EHS by complying with applicable laws and regulations. To minimize the environmental impact of our operations, we have a comprehensive EHS Policy and are continually implementing EHS measures through specialized EHS teams, systems and programs.

EHS Management Systems

Biocon has been certified ISO 14001: 2004 and OHSAS 18001: 2007 by TÜV Nord. We are formalizing continual improvement processes through adoption of an EHS risk management framework within our product manufacturing and quality organizational units, consistent with best practices. These units have the responsibility to manage a substantial portion of the EHS risks of the Company and commit to safe work environment practices. This initiative will involve regular audits, eventually resulting in a score that rates the effectiveness of the Company's environmental and safety protection management system processes. We have 10 lead auditors on our team.

Environment Management

As a new initiative, in this year we have organized cross-functional teams to reduce water consumption across all manufacturing units. The outcome of this effort has been reduction of water consumption by 10%.

- All available recycled water is being used for utilities.
- Waste minimization teams were formed at all manufacturing units to achieve significant effluent load reduction
- Rooftop rain harvesting system was adopted and collected rainwater is being used for gardening.

Safety Update : Training

Biocon is committed to high quality training for all personnel. In this year, we have implemented an integrated, modular-based, training program for our workmen. This system consists of 12 modules which include chemical safety, laboratory safety, safety in process operations, operation of emergency safety equipment, EHS systems, EHS legislations, emergency response procedure, and safety in maintenance activities, contractor safety, and specialized trainings.

In the last year, 11 safety related incidents were reported across all locations, all of which were minor, first aid incidents. We have also initiated a system of cross-unit audits of all manufacturing units and a total of 37 safety audits were conducted and 240 observations were noted. For 90% of audit observations, corrective actions were implemented and closed as in February, 2011. Five new safety guidelines and six audit protocols were released during the year.

Safety Awareness & Emergency Preparedness

94 safety campaigns were carried out on themes like emergency management, work permit system, etc. across our manufacturing sites. Safety month was observed in facilities to promote a culture of safety at the work place. 577 internal training programs (equivalent to 20,479 man hours of training) on safety were conducted by internal faculty. Some specialized external training programs like dust explosion hazard, tank farm and warehouse management, safe handling of chemicals, were also organized. During the year, 24 mock drills, 45 fire drills and 8 first aid training programs were conducted. As on date, 369 trained first aiders, 794 trained fire fighters are available at various locations.

Process Safety Management

Our focus during the year was on embedding EHS aspects into our existing and new product development processes. The objective was to make our manufacturing processes safer, through a comprehensive method for analyzing process hazards.

We have implemented an integrated process safety management system for all existing processes and for new developments with integration of all 14 elements of process safety management.

An EHS guideline for conducting risk analysis of API manufacturing processes was put in place. Aspects of process hazard identification, risk analysis and

measures towards risk reduction were considered in the guideline.

Industrial Hygiene Management System

Special focus on industrial hygiene has been embedded into our existing and new product development process. Objective of the initiative is to make our manufacturing processes safer, specially pertaining to health of workmen, Industrial hygiene qualitative risk assessment was carried out at all manufacturing facilities using in-house tools, based on the hazard and control banding concept.

An EHS guideline for conducting occupational health risk analysis of API manufacturing processes was put in place. Aspects of health hazard identification, health risk analysis and measures towards risk reduction were considered in the guideline. Three training programs, including sessions by globally recognized certified industrial hygienists, ABIH were organized.

Annual medical examinations were conducted for all employees and contract workmen across Biocon.

Regulatory Overview

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

Commitment To Greenery

As part of our corporate responsibility, we have planted 2,500 tree saplings in and around Biocon on June 5, 2010 commemorating World Environment Day.

Achievements

- Award from CII for meritorious achievements in EHS
- First Prize in State Level Competition for First Aid conducted by St. Johns Ambulance, Bangalore

Corporate Social Responsibility

Biocon Foundation: Integrated Healthcare Delivery Program

This year, the team at Biocon Foundation has focussed on integrating its health programs to increase their effectiveness. With ARY clinics as nodal points in their respective districts, we have structured and broadened the scope of our preventive health program, both in terms of educating communities about best practices in health/hygiene and assisting/encouraging them to implement what they learn.

The healthcare delivery program works on three interdependent levels.

Level 1: Preventive Health

The importance of preventive health cannot be overstated or emphasized enough. Our program focuses on:

- Water borne and hygiene related illnesses, including typhoid, malaria, dysentery, dehydration and dengue.
- Early detection, prevention and management of chronic illnesses like cardiovascular diseases, diabetes, cancer and tuberculosis.
- Maternal and Childcare related health issues including immunization, antenatal, anemia and nutrition.

Methods for dissemination and assistance include:

- Preventive Health Education through workshops and door-to-door interactions carried out by our community health workers. They discuss best practices in personal and environmental hygiene, including good sanitation and hand washing habits.
- Building or assisting with construction of better sanitation facilities. We have built 800 toilets in Huskur, Anekal Taluk. We are now trying to find ways to optimize this program by helping people use government resources that are available to them.
- Developing a mobile phone-based diagnostic tool that community health workers can use to get provisional diagnoses that can be sent to the doctor at the ARY clinic hub. This will help the doctor decide if the patient can be treated on the spot or needs to be brought into the clinic.
- Screening and counseling for people with chronic illnesses like CVD/diabetes/cancer/TB through health screening camps and mobile phone-based screening tools.
- An oral cancer screening program established in collaboration with the Mazumdar-Shaw Cancer Centre (MSCC) in Bangalore, India.

• Mobile diabetic foot detection, treatment and counseling in collaboration with the Jain Institute of Vascular Sciences, Bangalore.
• Maintenance of antenatal and immunization records.
• Nutrition advice and counseling by community health workers.

Mobile Phone-based Oral Cancer Screening Protocol

Healthcare services need to reach the poorest of the poor who live in the most remote areas. Biocon Foundation is acutely aware that for a healthcare program to be truly effective, it must find ways to reach people no matter where they live or how poor they may be. To this end, our Arogya Raksha Yojana (ARY) network of clinics has been actively engaging members of local communities to become peer health educators, who we train in basic best practices of health and hygiene. They are our interface with the community. Through them, we are able to convey vital health information in a non-threatening and therefore, more acceptable manner.

Low cost mobile technology provides a simple, fast and efficacious channel for health screening programs, as well as to disseminate preventive and other public health messages. We are confident that this technology will benefit our communities and help in strengthening our disease management programs.

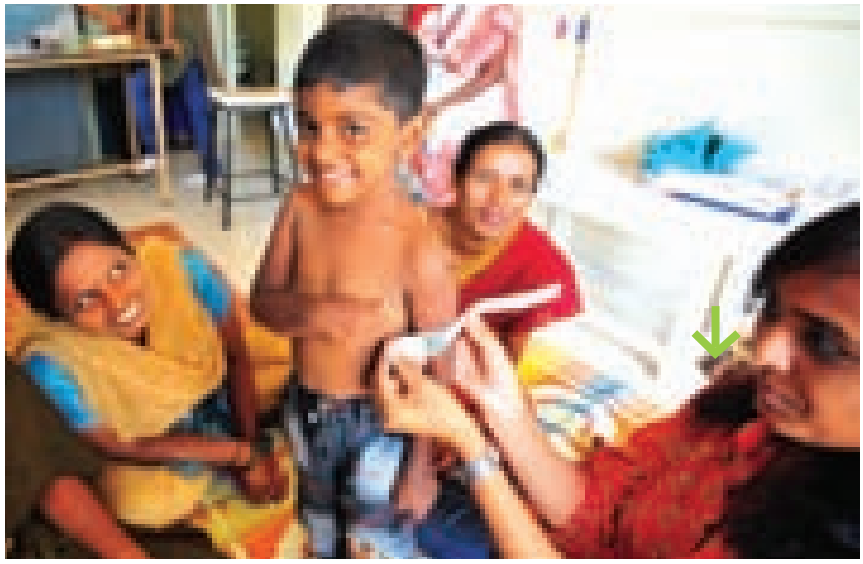
Mazumdar-Shaw Cancer Centre (MSCC) and SANA (a student team from MIT, USA that has developed a mobile platform for improving healthcare accessibility), have together developed a mobile oral cancer screening program. We are excited about the potential of this program to detect oral cancer in the early stages, thereby enabling the possibility to make lifestyle changes for mitigating risks.

With the help of this technology, the community health worker (CHW) asks a simple set of questions, the answers to which are checked off on his/her mobile phone. A picture of the patient/lesion is also taken via the phone and the combined information is messaged directly to the central server located at MSCC. This method of screening can potentially help identify patients who have a high risk of oral cancer, thus increasing their survival rate and reducing their treatment costs.

Biocon Foundation is ideally positioned to implement the MSCC-SANA oral cancer screening program through its established clinics and networks of CHW's attached to each clinic. We have begun by launching the program in Chikkballapur. CHWs in the other six clinics are being currently trained so that we can extend the program to all ARY clinics in Bagalkot, Mandya, Anekal, Bangalore City, and in our newest clinic in Pollali, near Mangalore.

Implementation follows two clear steps:
1.Training of Health Workers (CHWs)
Appropriate training of CHW's is critical to the success of this program. To prepare them for the process of screening, we give them training in:
• The basics of oral cancer – causes, recognition of symptoms, and treatment.
• The objectives of the cancer screening program.

• People friendly and non-threatening ways to approach those with risk factors.
• Use of the mobile phone, especially, the touch screen. We have ensured that they are comfortable with the instrument and every aspect of the module.
• Explaining the need for a picture of the lesion, if any. The CHW must be able to communicate this to the individual in a reassuring manner.
• Explaining the action that needs to be taken in case of referral to the hospital. This includes health insurance access and benefits.



2. Training in Step-by-step Screening Procedure
• Extricate information about families that have people who are 40+ and exhibit one or more of the risk factors for oral cancer (e.g. chewing tobacco). This list is sourced from the baseline survey that the CHW's have already completed in many villages.
• Go back to these families, introduce the cancer screening program, get consent and proceed with the screening.
• Once screening is complete, all the data collected, including picture of the patient/lesion, is messaged to the MSCC and Biocon Foundation servers.
• MSCC contacts the patient and follows up with diagnosis and treatment. Biocon Foundation keeps track of the patient and ensures, as best as possible, that treatment is availed of as prescribed.

Level 2: Primary Healthcare through ARY Clinics
• We provide competent clinical care, generic medicines and basic diagnostic tests through our network of eight clinics.
• Our clinics constantly work towards improving clinical competencies through shared standards and protocols.
• We are developing and introducing patient-based clinical record systems and health information, including tracking, monitoring and analysis of symptoms, diagnosis and treatment, compliance, and disease profiles of communities.
• We provide antenatal/postnatal tracking and mothers are counseled about institutional deliveries which they can access using the ARY Health Insurance scheme.
• Clinics serve as referrals for scaling up to hospitals. We actively promote linkage with the ARY Health Insurance Scheme to ensure that critical illnesses are treated in time by competent medical personnel.

The clinics are also hubs from which we run parallel activities like:
• Mobile diabetic foot detection, treatment and counseling in collaboration with the Jain Institute of Vascular Sciences, Bangalore.
• Maintenance of antenatal and immunization records
• Nutrition advice and counseling by community health workers.

Biocon Foundation currently runs eight ARY clinics, in both urban and rural areas, each of which serves about 50,000 people living in surrounding areas. They include:
Bangalore City: Austin Town and Krishnarajpuram
Anekal Taluk: Huskur and Hennagara

Advantages of Integrated Healthcare Services

Robust outreach through:

Preventive Health

- Education & Implementation
- Maternal & Child Health
- Immunization
- Early Detection and Management of Illnesses

Primary Health

- Affordable & Accessible Primary Healthcare

↓

Informed Health Seeking Behavior

- More people understand the value of health insurance and therefore, buy protection
- Reduce hospitalization claims & risk for insurer

↓

Lower Insurance Premiums

↓

Increase in Customer Base as more people can afford Health Protection

↓

Sustainable & Improved Healthcare Services

↓

Healthy Communities

Karnataka: Districts of Mandya, Chickballapur, Bagalkote, Mandya and Polali (Dakshin Kannada)

Level 3: Tertiary & Secondary Care (Hospitalization)
Arogya Raksha Yojana (ARY) Micro Health Insurance Scheme
ARY Health Insurance has enrolled 1,00,000 members who can avail of the services of highly qualified surgeons and doctors. In the five years of its operation, our scheme has facilitated more that 1,000 surgeries, 225 of which have been cardiac procedures and surgeries, and 250 OB/GYN related.

In Huksur, where we launched the scheme in 2005, we have achieved 100% renewal rate, and in Chikk-ballapur more than 50% of the 10,000 members have enrolled for the fourth year in succession. This is a significant endorsement of our services from the community.

To facilitate automation and scaling up of the enrolment process, we have advanced from a paper-based, manual member enrolment system to a mobile phone-based solution that is trans-mitted directly to a centralized server. This shift has considerably reduced errors during transmission and related data loss. Each year, we touch more than 2,00,000 lives through our holistic approach to healthcare. We believe that we can enhance the impact of our services by expanding our network of clinics, improving our preventive health and disease prevention activities and bettering the quality of care at our clinics and in the ARY network hospitals. Most importantly, by expanding and improving our services, we hope to scale up into a nationwide, effective and sustainable healthcare operation.

Education
The education initiatives of Biocon Foundation have grown in the number of children reached as well as in the nature of interventions rolled out.

The **Chinnara Ganitha (self learning math) program** was launched in 2006 and initially targeted children studying in 1st and 2nd Grade in Government schools. By the academic year 2008-09, the program included students from 1st to 7th Grade, reaching over 50,000 students in 500 schools. In 2010-11, this module reached over 70,000 children in 800 schools in three districts of Karnataka.

During this year, the content for each class was reviewed keeping in mind changes and additions made to the curriculum. The focus this year was clearly on the lower primary classes being introduced to the activity-based **Nali Kali program** initiated by the Government. With the intention of supporting this innovative attempt at enriching the learning environment in Government schools, we reworked the entire content of the main book for Grades 1 and 2 and introduced work-books as well. The response from students and teachers from all classes have been encouraging. Older children find the books engaging and fun and tend to complete the activities quite fast. For younger classes, the teachers say the books supplement their daily teaching and the workbooks help children improve their writing skills as well. The quality of the content and the books themselves have been much appreciated. The Foundation has increased its interaction with teachers and students through coordinators appointed in the area where the program is rolled out, thus enabling constant innovation vis-à-vis needs expressed by the communities.

As an extension of the Chinnara Ganitha program, we initiated a Travelling Science and Math Mela called the Chinnara Mela in November, 2010. A unique mela and the first of its kind, we launched it in Huskur village (near Bangalore) with the help of 15 volunteers from Biocon. Through the mela, we reached 250 children from the local primary school who participated in this fun-filled event designed around basic science and math concepts. Biocon Foundation aims to have a number of such events in the coming years.

The **Aata Pata Wadi program** saw three batches of children from mainly tribal communities avail of its services this year. Each batch consisted of 22-25 children from lower income groups. They were given access to high quality, digital learning material in Kannada and English created by the Azim Premji Foundation. They were also involved in focussed, activity-based learning in the fields of functional english, life skills, art and crafts, personality development

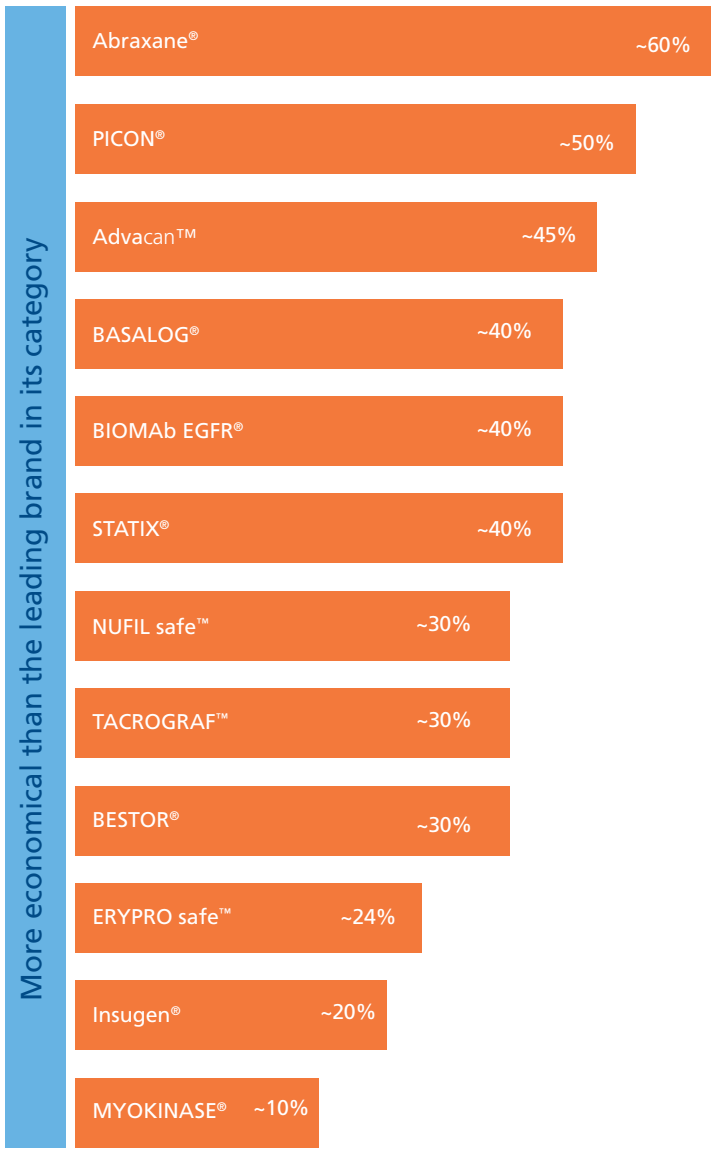
and sports. As part of their daily routine, the children were exposed to the Centre's Children's Library where they were encouraged to read in English and Kannada to increase their vocabulary, general knowledge and interests.

A number of workshops and field trips were organised in the summer vacations which the children thoroughly enjoyed. During the Music Workshop, the children were exposed to the idea of creating music out of everyday objects. They got the opportunity to interact with musicians and play instruments like the guitar, keyboard, bongos and the tambourine, which many of them experienced for the first time. The level of enthusiasm displayed by the children spoke volumes about the need for access to recreational learning. Another workshop on pottery allowed the children to explore clay as a medium of expression, also introducing them to the idea of pottery as a profession. The children were also taken on a fun-filled recreation trip to Madikeri and its surrounding areas.

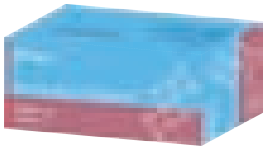
The **Flood Relief and Rehabilitation** efforts of the Foundation are ongoing through our involvement with the Government-led Aasare – a public private partnership that channelizes private sector assistance for the reconstruction of villages on higher ground to protect them from future calamities. Biocon is also building houses in Mangalgudda village, Badami Taluk.

PRODUCT GLOSSARY

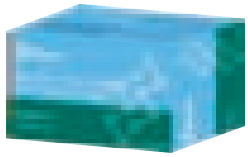
Affordability Index of Biocon Products



Cardiology

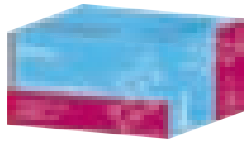


STATIX®
Active Ingredient: Atorvastatin 10/20/40/80 mg tablets
Indication: Controls elevated cholesterol levels

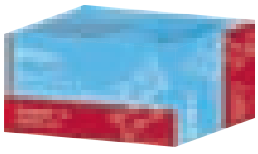


STATIX® F
Active Ingredient: Atorvastatin 10 mg + Micronised Fenofibrate 200 mg tablets
Indication: For Diabetic Dyslipidemia

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

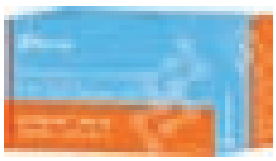


TELMISAT®
Active Ingredient: Telmisartan 20/40/80 mg tablets
Indication: Offers 24 hour blood pressure control



TELMISAT®-H
Active Ingredient: Telmisartan 40/80 mg + Hydrochlorothiazide 12.5 mg tablets
Indication: In uncontrolled Hypertension

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

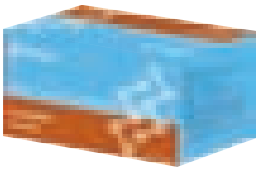


ACTIBLOK™ - IPR
Active Ingredient: Metoprolol Immediate & Patterned Release 25/50/100 mg tablets
Indication: In patients of Hypertension, Angina, IHD and Heart Failure

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

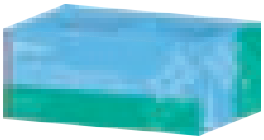
BESTOR®
Active Ingredient: Rosuvastatin Calcium 5/10/20 mg tablets
Indication: For the management of Dyslipidemia and Atherosclerosis

BRADIA™
Active Ingredient: Ivabradine 5 mg tablets
Indication: For the management of Stable Angina



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

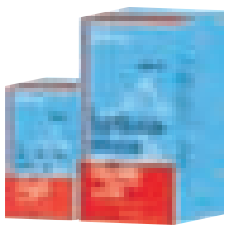
ZARGO®
Active Ingredient: Losartan Potassium 25/50 mg tablets
Indication: In hypertensive patients with CV co-morbidity



ZARGO® - H
Active Ingredient: Losartan Potassium 50 mg + Hydrochlorothiazide 12.5 mg tablets
Indication: In severe Hypertensive patients

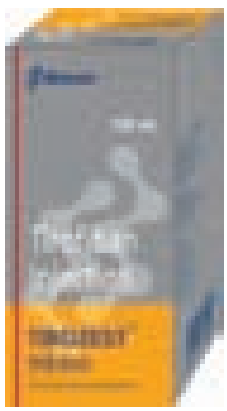
MYOKINASE®
Active Ingredient: Recombinant Streptokinase for injection 1,500,000 IU
Indication: In patients of Acute Myocardial Infarction

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



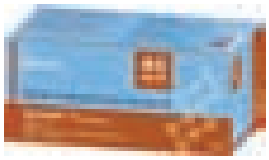
CLOTIDE®
Active Ingredient: Eptifibatide 10 ml bolus/100 ml for infusion
Indication: In patients of Acute Coronary Syndrome, undergoing Percutaneous Coronary Interventions

PRASACT™
Active Ingredient: Prasugrel 5/10 mg tablets
Indication: Reduces thrombotic CV events



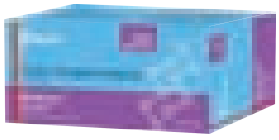
TIROZEST™
Active Ingredient: Tirozest HCL 5 mg/100 ml vial
Indication: In high risk ACS patients with Acute MI

Diabetology

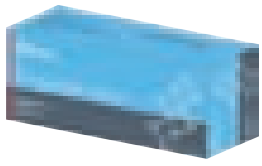


INSUGEN® 30/70 40 IU
INSUGEN® 50/50 40 IU
INSUGEN® N 40 IU
INSUGEN® R 40 IU
Active Ingredient: Each ml contains Human Insulin (rDNA origin), IP 40 IU
Indication: In Diabetes, useful when oral agents fail to control blood glucose levels

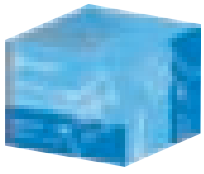
Insugen® 30/70 100 IU
Insugen® 50/50 100 IU
Insugen® N 100 IU
Insugen® R 100 IU
Active Ingredient: Each ml contains Human Insulin (rDNA origin), IP 100 IU
Indication: In Diabetes, useful when oral agents fail to control blood glucose levels



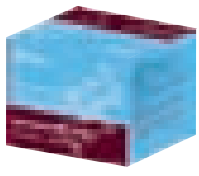
BASALOG®
Active Ingredient: Each ml contains Insulin Glargine (rDNA Origin) 100 IU
Indication: In Diabetes Mellitus, for 24 hrs basal insulin action



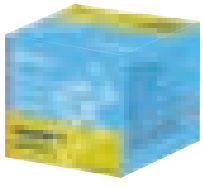
BLISTO®
Active Ingredient: Glimepiride 1/2/4 mg
Indication: Oral antidiabetic agent that acts by stimulating beta cells leading to insulin secretion



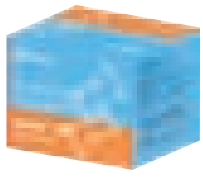
BLISTO MF®
Active Ingredient: Glimepiride 1 mg + Metformin 500 mg SR & Glimepiride 2/4 mg + Metformin 1000 mg SR
Indication: Oral anti-diabetic agent that combination therapy that controls hyperglycaemia in Type 2 Diabetes



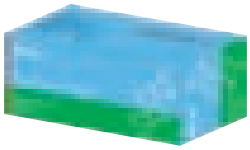
METADOZE-IPR®
Active Ingredient: Metformin 500/850 mg IPR
Indication: Oral antidiabetic agent that improves action of Insulin in Type 2 Diabetes



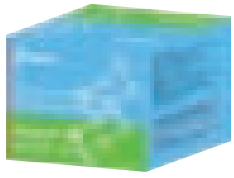
TriGPM®
Active Ingredient: Glimepiride 1/2 mg + Pioglitazone 15 mg + Metformin 500 mg ER
Indication: A triple drug combination for the management of Type 2 diabetes, uncontrolled with combination therapy of two drugs



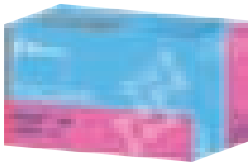
ZUKER®-MF
Active Ingredient: Gliclazide 80 mg + Metformin 500 mg SR
Indication: Oral anti-diabetic combination therapy for controlling hyperglycaemia in Type 2 diabetes



PIODART®
Active Ingredient: Pioglitazone 15/30 mg
Indication: Oral anti-diabetic agent that improves action of insulin in Type 2 Diabetes

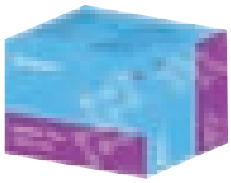


PIODART®-MF
Active Ingredient: Pioglitazone 15 mg + Metformin ER 500 mg
Indication: Improves blood sugar control when hyperglycaemia is not controlled by monotherapy



OLISAT®
Active Ingredient:
Orlistat 60/120 mg
Indication: Helps in Weight reduction

GABIL®
Active Ingredient: Gabapentin 300 mg + Methylcobalamin 500 mcg
Indication: For reduction in diabetic neuropathy symptoms



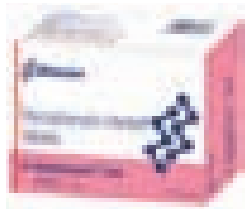
GMAB® Plus
Active Ingredient: GLA 100 mg + Methylcobalamin 1500 mcg + ALA 100 mg + Benfothiamine 100 mg + Elemental Zinc 15 mg
Indication: Nutritional supplement used along with other anti-diabetic medications

Nephrology

ERYPRO *safe*™
Active Ingredient: Recombinant Human Erythropoietin Alpha injection in strengths of 2000 IU/3000 IU/ 4000 IU/5000 IU/6000 IU/10000 IU
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or not on dialysis

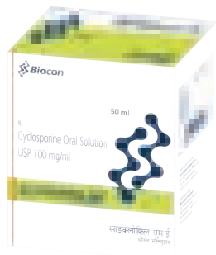
ERYPRO™
Active Ingredient: Recombinant Human Erythropoietin Alpha 2000 IU/4000 IU/10000 IU
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or not on dialysis

TACROGRAF™
Active Ingredient: Tacrolimus 0.5/1/2/3/5 mg capsules
Indication: Prophylaxis of organ rejection in patients receiving allogenic liver, kidney or heart transplantation



RENODAPT®
Active Ingredient: Mycophenolate Mofetil 250 mg capsules and 500/ 750 mg tablets
Indication: Prophylaxis of organ rejection in patients receiving allogenic renal, heart or liver transplants

RENODAPT®-S
Active Ingredient: Mycophenolic Acid 180/360/540 mg tablets
Indication: Prophylaxis of organ rejection in patients receiving allogenic renal transplants



CYCLOPHIL ME® (ORAL SOLUTION)
Active Ingredient: Cyclosporine Oral Solution USP 100 mg/ml
Indication: Prophylaxis of organ rejection in kidney, liver and heart allogenic transplants

CYCLOPHIL ME®
Active Ingredient: Cyclosporine USP 25/50/100 mg capsules
Indication: Prophylaxis of organ rejection in kidney, liver and heart allogenic transplants

RAPACAN™
Active Ingredient: Sirolimus 1/2 mg tablets
Indication: Prophylaxis of organ rejection in patients aged 13yrs or older receiving renal transplants

Narita™+
Active Ingredient: Whey protein supplement fortified with vitamins and minerals, 200 gm tin
Indication: Used as a nutritional supplement in chronic kidney patients undergoing dialysis

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

biOSEV™
Active Ingredient: Sevelamer HCl 400/800 mg tablets
Indication: Control of serum phosphorous in patients with chronic kidney disease on dialysis

Advacan™
Active Ingredient: Everolimus 0.25/0.5 mg tablets
Indication: Prophylaxis of organ rejection in adult patients at low to moderate immunologic risk receiving a kidney or cardiac transplant

Oncotherapeutics

BIOMAb EGFR®
Active Ingredient: Nimotuzumab 200 mg humanized monoclonal antibody targeting epidermal growth factor receptor
Indication: For the treatment of locally advanced squamous cell carcinoma of head and neck, along with radiation and/or chemotherapy

Abraxane®
Active Ingredient: Paclitaxel protein-bound particles for injectable suspension (albumin-bound)
Indication: Abraxane for Injectable Suspension is indicated for the treatment of breast cancer after failure of combination chemotherapy for metastatic disease or relapse within 6 months of adjuvant chemotherapy

ERYPRO *safe*™
Active Ingredient:
Recombinant Human Erythropoietin Alpha 10000 IU/40000 IU
Indication: For the treatment of chemotherapy induced anemia

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

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

Evertor™
Active Ingredient: Everolimus 5 mg/10 mg
Indication: For the treatment of advanced renal cell carcinoma after failure of treatment with Sutent or Sunitinib.

Immunology

PICON®
Active Ingredient: Pimecrolimus cream 1% w/w
Indication: Mild to Moderate atopic Dermatitis

TBIS®
Active Ingredient: Tacrolimus ointment 0.03%/0.1% w/w
Indication: Moderate to Severe Dermatitis

Comprehensive Care

CELRIM®
Active Ingredient: Cefepime 1gr
Indication: • Pneumonia • Febrile Neutropenia • Urinary Tract Infections • Uncomplicated Skin and Skin Structure Infections • Complicated Intra-abdominal Infections

MEEZAT™
Active Ingredient: Ceftazidime 1g
Indication: • Lower Respiratory Tract Infections • Skin and Skin-Structure Infections • Urinary Tract Infections • Bacterial Septicemia • Bone and Joint Infections • Gynecologic Infections • Intra-abdominal Infections • Central Nervous System Infections

Biopiper TZ™
Active Ingredient:
Piperacillin 4 g & Tazobactam 0.5 g
Indication: • Intra- abdominal Infections • Skin and skin structure infections • Postpartum endometritis or pelvic inflammatory disease • Community-acquired pneumonia

CELRIM TZ®
Active Ingredient: Cefepime 1g & Tazo bactam 0.125 g
Indication: • Urinary tract infections • Skin and skin structure infections and • Complicated intra-abdominal infections

IMICELUM™
Active Ingredient: Imipenem 500 mg & Cilastatin 500 mg
Indication: • Lower respiratory tract infections • Urinary tract infections • Intra-abdominal infections • Gyneacologic infections • Bacterial septicemia • Bone and joint infections • Skin and skin structure infections • Endocarditis

ENTAVAR™ – 600
Active Ingredient: Linezolid Tablet 600 mg
Indication: In Gram-Positive infections • VRE infections • Nosocomial pneumonia • Skin and skin structure infections • Diabetic foot infections

PENMER® – 500
Active Ingredient: Meropenem 500 mg
Indication: • Skin and Skin Structure Infections • Intra-abdominal Infections • Bacterial Meningitis

GENPIROME®
Active Ingredient: Cefpirome 1g
Indication: • Lower respiratory tract infections • Complicated upper and lower urinary tract infections • Bacteremia/ Septicaemia • Febrile neutropenia • Skin and soft tissue infections

ENTAVAR™
Active Ingredient: Linezolid I.V 200 mg/300 ml
Indication: In Gram-Positive infections: • VRE infections • Nosocomial pneumonia • Skin and skin structure infections • Diabetic foot infections

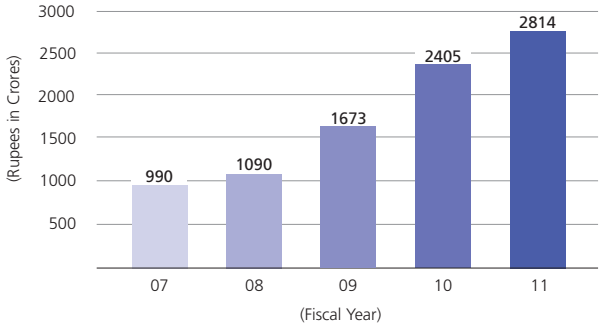
PENMER®
Active Ingredient: Meropenem 1g
Indication: • Skin and Skin Structure Infections • Intra-abdominal Infections • Bacterial Meningitis

2011

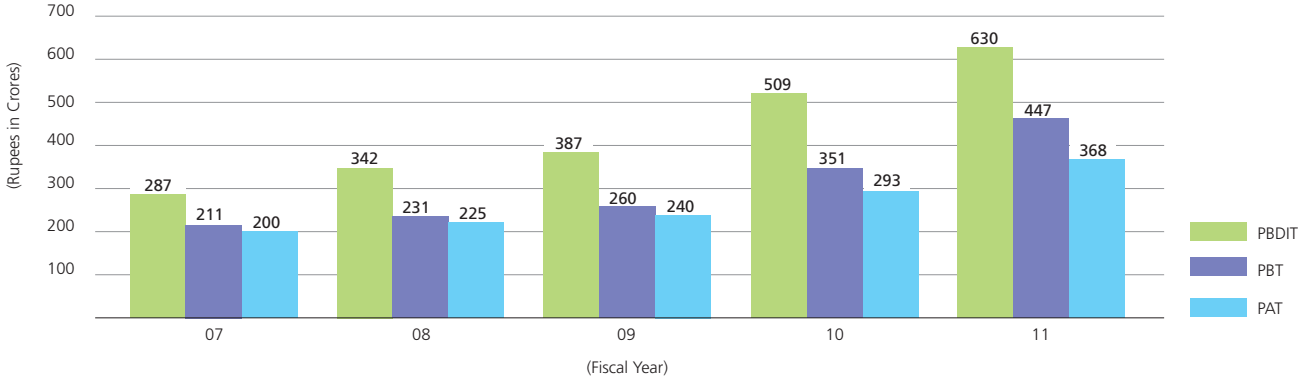
FINANCIAL HIGHLIGHTS

*Based on GAAP Consolidated Financial Statements

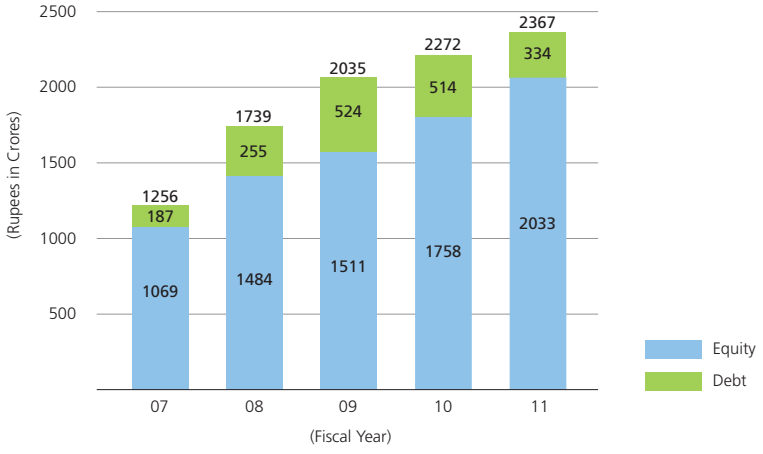
Revenue



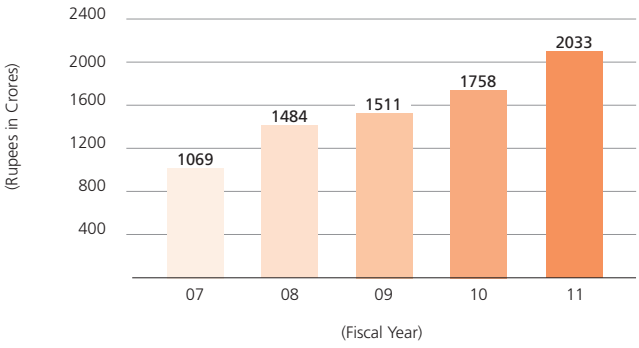
Profits (From Operations)



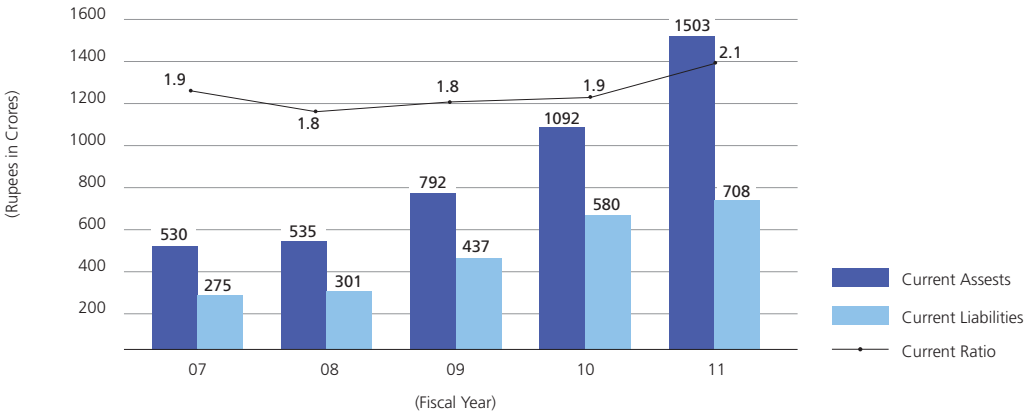
Debt: Equity



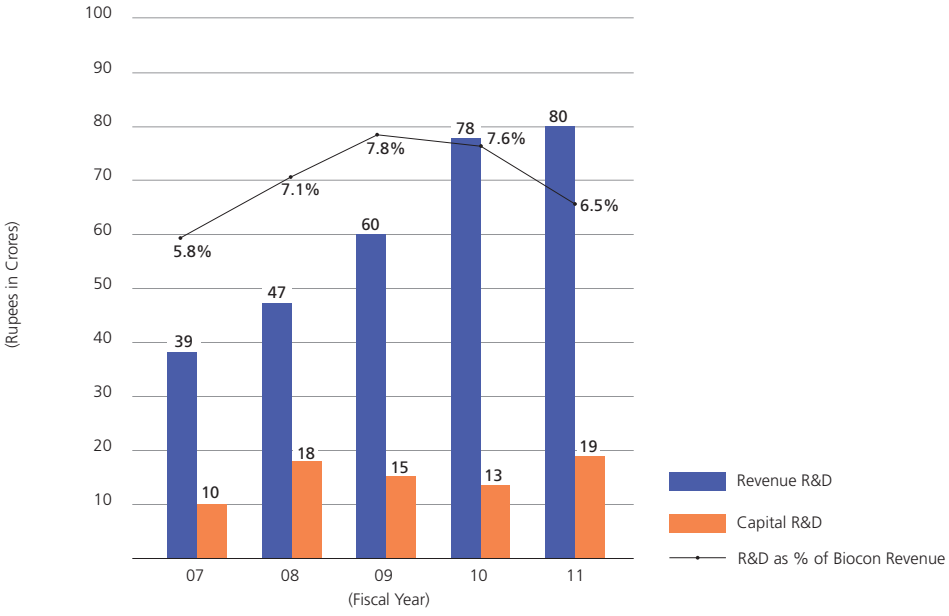
Networth



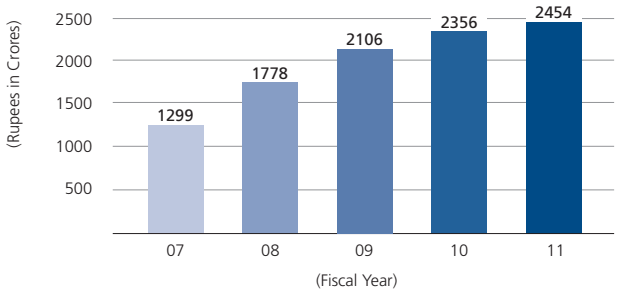
Current Ratio (Excluding Pre-received Income)



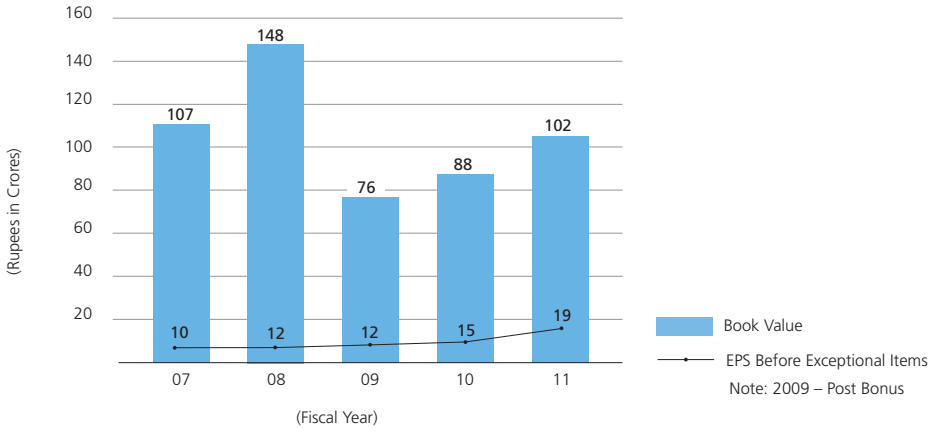
R&D Spend (Net)



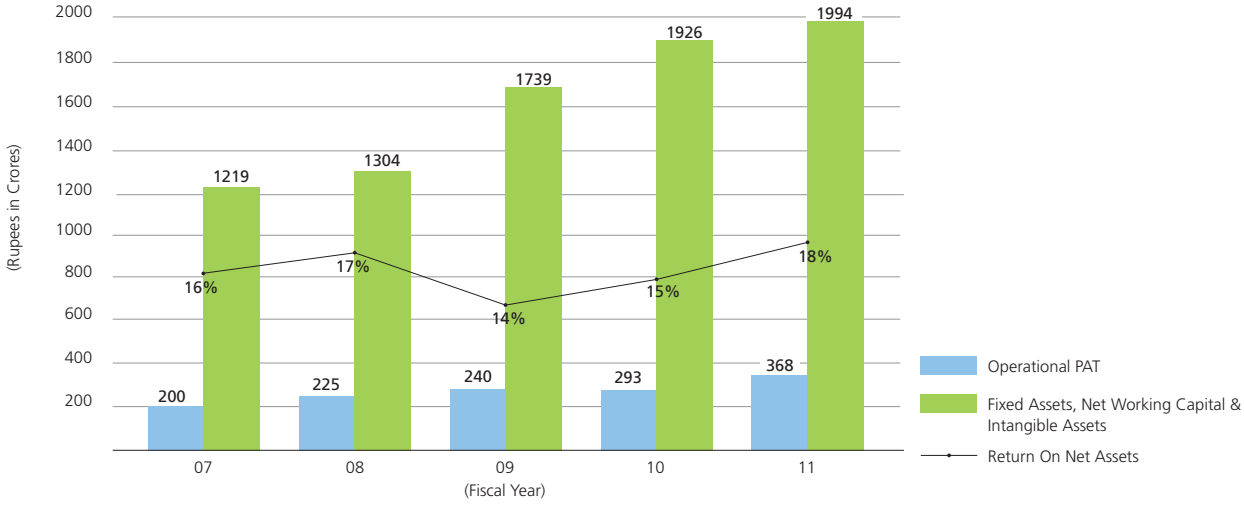
Net Assests



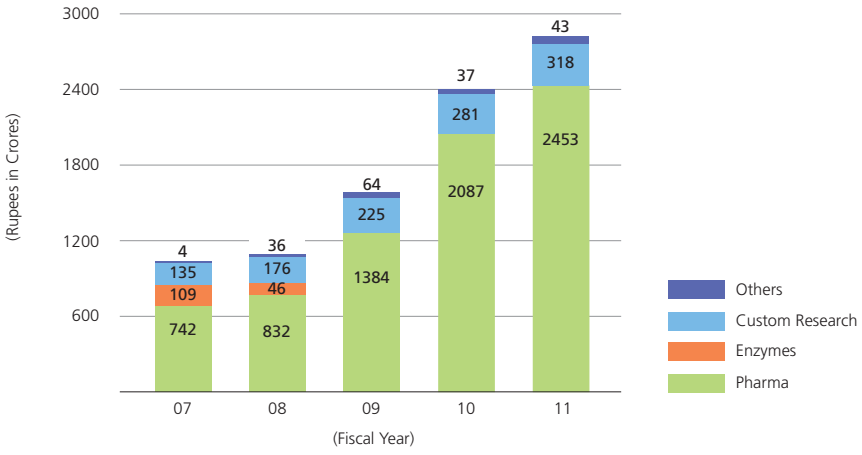
EPS Before Exceptional Items & Book Value Per Share



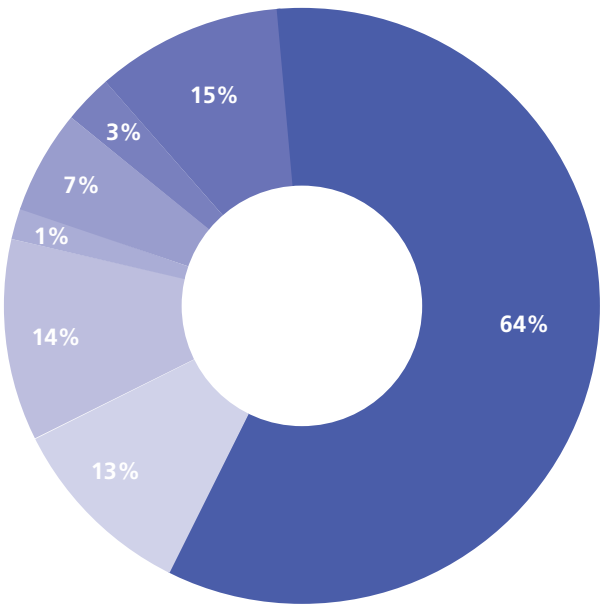
Return On Net Assets



Revenues By Segment



Distribution of Revenues - FY11



Material Costs	64%
Employee Costs	13%
Other Expenses	14%
Interest	1%
Depreciation	7%
Tax	3%
Operational PAT	15%

FINANCIAL REPORT

2011

BIOCON LIMITED

Directors' Report

Dear Shareholders,

We are pleased to present Thirty-third Annual Report on business and operations together with the audited financial statements and the auditor's report of your company for the financial year ended 31st March 2011.

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

Results of Operations:

₹ in Millions

Particulars for the year ended March 31,	2011	2010
Total Revenues	15,921	12,289
Total Expenditure	9,824	8,710
Profit before Interest, Depreciation and Tax	6,097	3,579
Interest	24	20
Depreciation	902	797
Profit before Tax	5,171	2,762
Income Tax	579	278
Profit after Tax	4,592	2,484
Surplus b/f from previous year	9,470	8,009
Profit available for appropriation	14,062	10,493
Proposed dividend	900	700
Tax on proposed divided	90	74
Transfer to General Reserve	459	248
Balance in Profit and Loss account	12,613	9,470

Consolidated Results (Under Indian GAAP):

₹ in Millions

Particulars for the year ended March 31,	2011	2010
Total Revenues	28,137	24,048
Total Expenditure	21,841	18,963
Profit before Interest, Depreciation and Tax	6,296	5,085
Interest	257	169
Depreciation	1,568	1,401
Profit before Tax and Exceptional Items	4,471	3,515
Income Tax	721	487
Profit after Tax, before Minority Interest	3750	3,028
Minority Interest	(75)	(96)
Profit after Tax	3,675	2,932

For the year ended March 31, 2011 consolidated revenues grew by 17% driven by a strong growth in biopharmaceutical segment, EBITDA grew by 24% and Profit after tax (PAT) grew by 25% to ₹ 3,675 million as compared to ₹ 2,932 million in the previous financial year.

The highlight of this past year was the strategic partnership with Pfizer for taking our biosimilar insulin global.

The standalone financial statements reflect higher profits on account of transfer of certain intangible to subsidiaries within the group, which are eliminated upon consolidation.

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

Appropriations

Dividend

Directors are pleased to recommend a final dividend of ₹ 3.00 per equity share, which is in addition to the interim dividend of ₹ 1.50 per share takes the total dividend payout to 90% on the paid up equity capital of the Company.

Transfer to Reserves

We propose to transfer ₹ 459 millions to the General Reserves and the balance of ₹ 12,613 million is proposed to be retained in the profit and loss account.

Business Operations Overview and Outlook:

During the year, Company's revenue increased by 17% from ₹ 24,048 million to ₹ 28,137 million. The growth in biopharmaceuticals sales was driven by a significant increase in sale across business segments including statins, immunosuppresants and insulins. The immunosuppresants segment specifically grew by over 30%. The domestic branded formulations business grew 36% on increasing market share of key brands, introduction of new products and the launch of two new divisions – Immunotherapy and Comprehensive Care.

We have sought both research and marketing partnerships as a way to access global markets and we have forged some key strategic partnerships this year. The most visible and high-profile partnership that we recently announced was with Pfizer to commercialize our insulins portfolio which is going to be a very important growth driver in the foreseeable future.

Industry reports cite the insulin market at about US$ 15 billion today and estimated to grow to a size of US$ 20 billion by 2020. The insulins space accounts for 46% of the total diabetes drug segment. We estimate this business will continue to grow at about 6% per annum going forward, factoring the advent of biosimilar insulins. Biocon's partnership with Pfizer aims at addressing this very large opportunity first in the emerging markets, which offer sizeable volume and thereafter at a later stage, enter the developed markets. Clinical trials for recombinant human insulin for the European Market are in progress and patient recruitments are currently underway. Biocon's insulin business in India is also beginning to gain traction and although our insulins business is merely seven years old, we have steadily gained market share. In volume terms, we have around 11% share in the insulin vial segment and around 13% market share in the glargine vial segment. While the market has grown 11%, Biocon's sales in the segment has grown by over 12%.

Another significant event in this past year was the supply agreement with Optimer Pharmaceuticals for the supply of Fidaxomicin API. Biocon is the currently sole supplier of this product for certain regulated markets and has been involved with this project from 2005.

We have made considerable progress in our partnership with Mylan for developing biosimilar monoclonal antibodies for the global markets. In addition to this, we have some very key strategic research partnerships with Amylin, Vaccinex, the Center for Immunology in Havana, and IATRICa. What really makes this whole partnering opportunity special for us is that we can develop all these programs leveraging India's costs and clinical base in a very cost-effective manner, and we are able to take them first to the emerging markets and then on to the regulated markets as the program advances.

Within the novel pipeline, the Company released encouraging preliminary data from a recently concluded Phase III clinical study conducted in India on IN-105, its novel oral insulin candidate for the treatment of diabetes. Initial data analysis show that an unexpectedly high placebo effect prevented IN-105 from meeting its primary end point of lowering HbA1c as compared to placebo by a margin effect. However, multiple secondary endpoints on both efficacy and safety were met, further strengthening the emerging profile of IN-105.

Our coveted T1h program for a novel Anti-CD6 targeting monoclonal antibody is in Phase III clinical trials for Psoriasis. Additionally, our novel anti-CD20 molecule (BVX 20 with Vaccinex) has completed preclinical studies and we are scheduled to commence clinical trials this year. Our novel programs are expected to unlock substantial value upon licensing in the coming years.

Subsidiaries and Joint Ventures:

Syngene International Limited:

Syngene continues to be one of the leading contract research organizations in the country which offers integrated services across discovery and development continuum. State-of-the-art infrastructure, talented and experienced scientific and techno-commercial team, flexibility of business models, robust communication systems, ability to consistently deliver with quality and speed are some of the reasons why Syngene has become a preferred partner of choice for several small, medium and large companies around the world. In addition to pharmaceutical companies, Syngene has developed a broad customer base in other industries including fine chemical, petrochemical, agro, cosmetic and electronic companies.

During the year, Syngene continued to successfully manage large relationships including those with Bristol-Myers Squibb, Merck and DuPont Agro division which involved various aspects of drug discovery and development research.

With the emergence of biologics over past few years as important medicinal interventions, Syngene also offer services in discovery and development of biologic molecules. Syngene's state-of-the-art biologics pilot plant is capable of delivering clinical trial material of both bacterial and mammalian origin.

During the financial year 2010-11, Syngene registered a strong growth of 21% in revenues from ₹ 2,675 million to ₹ 3,231 million. Operational Margin (EBITDA) increased from ₹ 877 million to ₹ 1,005 million representing a 14% increase during the year.

Increased charge on account of depreciation has led to a marginal decline in the net profit which was at ₹ 283 million for the year against of ₹ 308 million for the previous year.

Clinigene International Limited:

For the year under review, Clinigene registered revenues of ₹ 289 million Clinigene had a challenging year and has incurred a loss of ₹ 37 million on account unfavourable market conditions, delay in study startup and intensive pricing pressures.

Clinigene is continuing to evolve and adapt its capability platforms and service offerings against a background of continued macro market pressure as global R&D spends are being reduced, consolidation of market players continues and the shift to globally capable preferred partnerships accelerates. In addition to our standard service platforms, we have identified several more specialized areas, for example patient based early studies, complex BA/BE studies and immunoanalytical services where Clinigene offers strong capabilities. We believe that, these new speciality services, which have relatively high entry barriers, will allow us to drive new and differential revenue opportunities.

Biocon Biopharmaceuticals Private Limited:

During the year Biocon Biopharmaceuticals Private Limited (BBPL) became a wholly owned subsidiary of the Company.

For the year under review, BBPL earned revenues of ₹ 491 million as against ₹ 381 million in the previous year. The net profits for the year stood at ₹ 192 million as against ₹ 26 million in the previous year.

Biocon Research Limited:

Biocon Research Limited (BRL) is a wholly owned subsidiary set up to undertake discovery and development research work in biologics, antibody molecules and proteins.

For the current year BRL registered revenues of ₹ 649 million as against ₹ 392 million in the previous year. BRL continues to progress the development activity on the monoclonal antibody program in joint collaboration with Mylan. BRL has reported a net loss of ₹ 322 Million for the year ended March 31, 2011 against a loss of ₹ 51 million in the previous year.

Being a research driven enterprise, the Company is in the initial stage of operations and has enlarged its scope to other challenging research projects during the year.

Biocon SA:

Biocon SA, a wholly owned subsidiary in Switzerland is primarily engaged in development and commercialisation of biopharmaceuticals across the globe. Clinical Development of Insulin is currently ongoing in the European region.

AxiCorp GmbH:

AxiCorp is a specialized Pharma marketing and distribution company based in Germany.

For the current financial year AxiCorp revenues rose from ₹ 9,117 million to ₹ 9,800 million. The Company earned a net profit of ₹ 353 million for the year against ₹ 299 million for the previous year. Given the synergies brought about by the Pfizer partnership, the Company has decided to divest its 78% stake in AxiCorp to the existing group of promoter shareholders.

NeoBiocon FZ LLC:

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

During the current year, NeoBiocon registered significant growth in revenue to ₹ 60 million and a net profit of ₹ 21 million.

In addition to launching oncology products. NeoBiocon's range of branded generic products, now approved by the UAE Ministry of Health, has been successfully launched to address the therapeutic segments of cardiology, diabetology and infection management.

Biocon SDN. BHD.

During the year, Company has incorporated a wholly owned subsidiary in Malaysia to set up a state of the art manufacturing facility at BioXcell a biotechnology park promoted by the Government of Malaysia.

In the first phase of capital outlay the Company envisages an investment of US$ 161 million and expects the facility to go on stream by year 2015.

Consolidated financial statements:

The consolidated financial statements have been prepared by the Company in accordance with the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006. The audited consolidated financial statements together with Auditors Report thereon also form part of the Annual report.

Accounts of subsidiary companies:

The Ministry of Company Affairs has granted General Exemption to Companies from attaching the financial accounts of the subsidiary companies to this Report pursuant to Section 212 of the Companies Act, 1956. However, a statement showing the relevant details of the Subsidiaries is enclosed and is a part of the Annual Report. The members can write to the Company for obtaining the annual accounts of the subsidiary companies and copies will also be available for inspection at the registered office in Bangalore, India.

Employees Stock Option Plan (ESOP):

Pursuant to the provisions of Guideline 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999, as amended, the details of stock options as on March 31, 2011 are set out in the Annexure to the Directors' Report.

Corporate Governance:

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

Evaluation of Board effectiveness:

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

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

Directors:

Dr. Neville Bain and Mr. Bala Manian shall retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Mr. Russell Walls was inducted as Additional Director by the board of directors on 28th April 2011. A resolution confirming his appointment as a director liable to retire by rotation is proposed at the Annual General Meeting.

Auditors:

The Statutory Auditors M/s. S. R. Batliboi & Associates (Firm Registration No. 10104910), Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting, and have confirmed their eligibility and willingness to accept office, if re-appointed.

Cost Audit:

Pursuant to Section 233B of the Companies Act, 1956, the Central Government has prescribed cost audit of the Company's bulk drug and formulation division.

The board has appointed the Cost Auditors and they have been duly approved by the Central Government.

Management Discussion and Analysis Report:

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

Cumulative disclosure under the stock option scheme as on March 31, 2011:

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

Particulars		Third Grant	Fourth Grant	Fifth Grant
a.	i) Options Granted (Post equity split and bonus, net of options cancelled)	444,600	5,701,628	235,428
b.	Exercise price			
	i) Pre-bonus of 2008	₹ 315 each	20% discount to Market Price on date of Grant	Market Price on date of Grant
	ii) Post-bonus of 2008	₹ 157.5 each		
c.	Options vested	426,450	4,411,433	-
d.	Options exercised	340,275	3,068,317	-
e.	Total number of Equity Shares to be transferred from the ESOP Trust as a result of exercise of options	340,275	3,068,317	-
f.	Options lapsed	104,950	1,721,946	-
g.	Variation in the terms of options	None	None	None
h.	Money realized by exercise of options (₹ lacs)	909	4,459	-
i.	Option pending exercise	Nil	1,343,115	-
j.	Total number of options in force	Nil	1,590,526	235,428
k.	Person-wise details of options granted to:			
	i. Directors and key managerial employees	Nil	Please see Table (1) below for details regarding options granted to key managerial employees	Nil
l.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares		
m.	Vesting schedule	25% each in April of 2005, 2006, 2007 and 2008.	Year 1-25% Year 2-35% Year 3-40% (Year 1 being 3 years from date of joining or 1 year from July 19, 2006, whichever is later)	Year 1-25% Year 2-35% Year 3-40% (Year 1 being 3 years from date of joining)
n.	Lock-in	No lock-in, subject to a minimum vesting period of 1 year.		

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

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

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

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

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

*Adjusted for 2008 Bonus issue.

Fixed Deposits:

The Company has not accepted any fixed deposits from public.

Directors' responsibility statement:

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

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

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

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

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

Particulars of Research and Development, Conservation of energy, technology absorption etc:

Particulars required under Section 217 (I) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to the Report.

Particulars of employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is annexed and is a part of this report.

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

Acknowledgements

The Board greatly appreciates the commitment and dedication of employees at all levels who have contributed to the growth and success of the Company. We would also thank all our clients, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

We also thank the Government of India, Government of Karnataka, Min istry of Information Technology and Biotechnology, Ministry of Commerce and Industry, Ministry of Finance, Department of Scientific & Industrial Research, Customs and Excise Departments, Income Tax Department, CSEZ, LTU Bangalore and all other Government agencies for their support during the year and look forward to their continued support in the future.

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairman and Managing Director

John Shaw
Vice Chairman

April 28, 2011

Annexure to the Directors' Report

Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2011.

Conservation of Energy

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

FORM A

			Year ended March 31, 2011	Year ended March 31, 2010
A.	**Power and Fuel Consumption**			
	1.	**Electricity**		
	a)	Electricity Purchase Unit (000)	99,478	94,726
		Total Amount (₹ in Lakhs)	5,060	4,649
		Rate per Unit	5.09	4.91
	b)	Own Generation from		
		Diesel Generator Unit (000)	12,247	11,119
		Total Amount (₹ in Lakhs)	1,139	869
		Rate per Unit	9.30	7.81
	2.	**Furnace Oil ***		
		Unit (K.Ltrs)	8,356	8,343
		Total Cost (₹ in Lakhs)	2,282	1,841
		Average/K. Ltrs	27,311	22,063

* Including used for production

B. Consumption per unit of Production

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

FORM B

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

- Process and Clinical Development of Novel Biotherapeutics in Oncology, Diabetes, Rheumatology and Cardiovascular segments.
- Process and Clinical Development of Biosimilars in Oncology, Metabolic disorders, Diabetes, Rheumatology and Cardiovascular segments.
- Development of Synthetic and Fermentation based Generic Small Molecules for Anti-infective, Cardio-vascular, Nephrology and Transplantation segments.
- Generation of Intellectual Property Development – Process Patents for manufacture of key Generic Small Molecules and Biotherapeutics and unraveling the mechanism of action of novel biotherapeutics
- Development of globally competitive manufacturing processes
- Clinical Development of new drug combinations

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

- Scale-up of key Biosimilars with improved productivity and process efficiencies
- Strategic collaborations for development of new Biotherapeutics
- Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets
- Rich pipeline of Generic Small Molecules catering to varied therapeutic areas
- Internationally competitive prices and product quality
- Established intellectual property with 1076 Patents/ PCT applications filed in Indian and International markets
- Safe and environment friendly processes

3. Future Plan of Action

- Greater importance in the research areas of New Drug Discovery
- Clinical Development of existing pipeline of Biotherapeutics for Regulated markets
- Strategic Collaborations for increased speed and cost competitiveness in Drug Discovery
- Continued emphasis on Monoclonal Antibodies and Biotherapeutics leveraging on Biocon's in-house process development and analytical skills
- Continue to strengthen R&D capabilities in the area of New Biotherapeutics

4. Expenditure on scientific Research & Development:

₹ in Million

		March 31, 2011	March 31, 2010
a)	Capital	183	129
b)	Recurring	1,062	1,126
	Total	1,245	1,255
	Less: Recharge	725	502
	Net R & D Expenses	520	754
	Total R& D expenditure as percentage of sales	8.1%	10.8%

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

6. Foreign Exchange earnings and outgo:
Foreign exchange earned and used for the year:

₹ in Million

	March 31, 2011	March 31, 2010
Gross Earnings	6,935	5,057
Outflow*	4,881	4,595
Net foreign exchange earnings	2,054	462

*For details please refer to information given in the notes to accounts to the annual accounts of the Company Schedule 17 item no. 7 (d) to (g).

Section 212

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

All amounts in Indian Rupees thousands

		Syngene International Limited	Clinigene International Limited	Biocon Biopharmaceuticals Private Limited	Biocon Research Limited	Biocon SA	AxiCorp GmbH
Financial year of the subsidiary ended on		March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	March 31, 2011	December 31, 2010
1.	(a) Number of shares held by Biocon Limited at the end of the above date	28,74,830 equity shares of ₹ 10/- each	50,000 equity shares of ₹ 10/- each	17,600,000 equity shares of ₹ 10/- each	5,00,000 equity shares of ₹ 1/- each	100,000 equity shares of 1/- CHF each	177,100 equity shares of 1/- Euro each
	(b) Extent of interest on above dated	99.99%	100%	100%	100%	100%	78%
2.	Net aggregate amount of the Subsidiary Company's Profit/(Loss) so far it concerns members of the Holding Company and						
	(a) is not dealt in the Company's account						
	(i) for the financial year ended March 31, 2011	282,744	(37,988)	192,047	(322,438)	72,805	275,516
	(ii) for the previous financial years, since it became a subsidiary	1,799,584	39,971	(178,324)	(50,620)	(29,696)	370,465
	(b) is dealt in the Company's account						
	(i) for the financial year ended March 31, 2011	Nil	Nil	Nil	Nil	Nil	Nil
	(ii) for the previous financial years, since it became a subsidiary	Nil	Nil	Nil	Nil	Nil	Nil

Management Discussion and Analysis

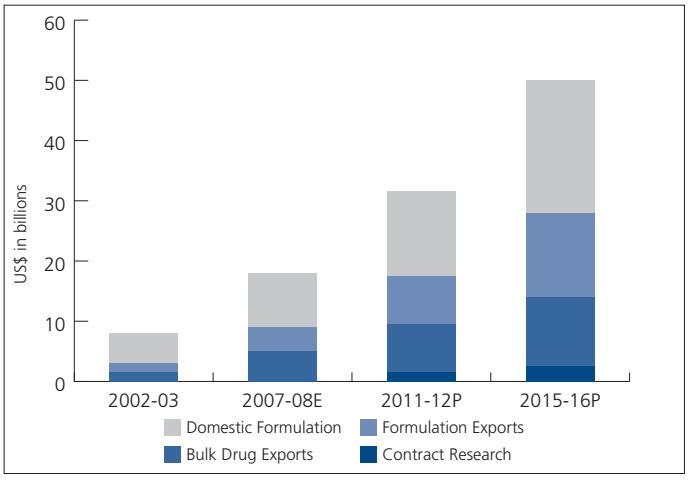
(All amounts in Indian Rupees thousands, except share data including share price and amounts expressed in foreign currency)

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

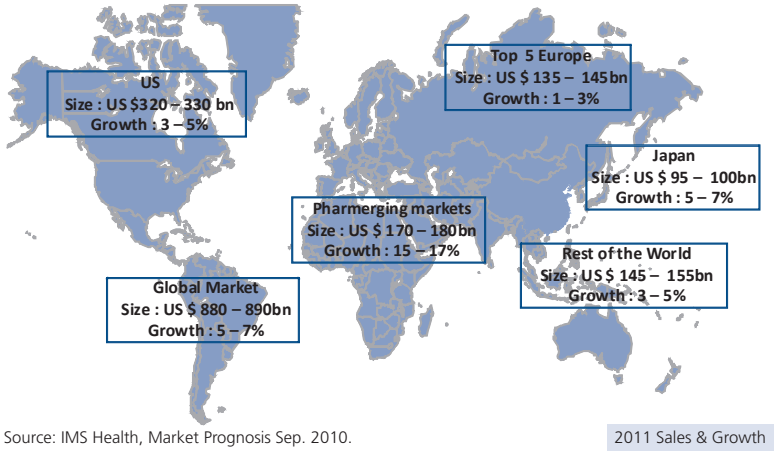
1. Industry Overview, Opportunities and Outlook

India has attained global acceptance as a key pharmaceutical manufacturing hub with the largest number of USFDA and EMEA approvals outside the US and EU. Good technical expertise combined with an increasing number of drugs turning generic has enabled the Indian Pharmaceutical Industry to emerge as one of the world's largest producer of generic drugs with annual exports worth $ 11 Billion in 2010.

India's Pharma Industry: A $50 billion sector by 2015 (OPPI)



IMS expects the global pharma market in 2011 to top US$ 880 billion with a growth of 5-7%

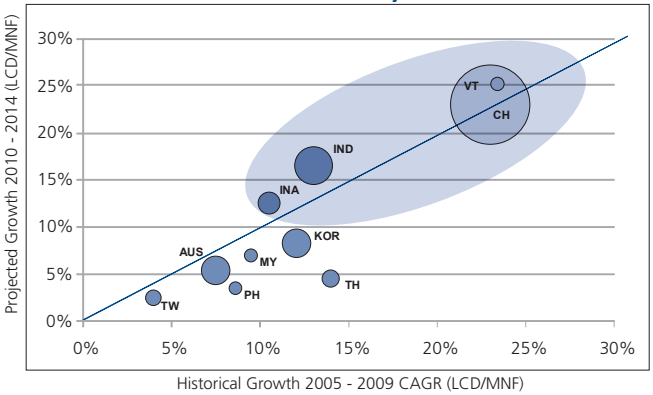


Source: IMS Health, Market Prognosis Sep. 2010.

2011 Sales & Growth

Though several APAC markets will slow, China (CH), India (IND), Indonesia (INA) and Vietnam (VT) are expected to maintain double-digit growth

APAC Historical and Project Growth



Bubble size corresponds to 2014 Sales

Source: IMS Market Prognosis Sep. 2010.

Drawing from this success, the Indian Pharmaceutical sector is now aiming for the next big opportunity in pharmaceutical manufacturing viz. Biologics, especially bio-similars. India therefore has the opportunity to become the global bio-manufacturing hub thus enhancing its stature as the world's apothecary.

The biopharmaceutical market is currently worth nearly US $137 billion and growing rapidly. Industry experts estimate that it could be worth US $319 billion by 2020. Moreover, at least 48 biologic products with combined sales of nearly US $60 billion are due to come off patent over the next decade. Today India's share of the Bio-pharmaceutical market is a mere 1.4% but the potential for India to become a manufacturing hub for biopharmaceuticals is enormous.

2. Business and Operational Overview

During this year, Biocon's total revenues increased by 17% from ₹ 24,048 million to ₹ 28,136 million. The growth in biopharmaceuticals sales was driven by a significant increase in sales across business segment including statins, immunosuppresants and insulins. The immunosuppresants segment grew over 30%. The domestic branded formulations business grew 36% on key brands successfully increasing market share and the introduction of new products in two new divisions – Immunotherapy and Comprehensive Care.

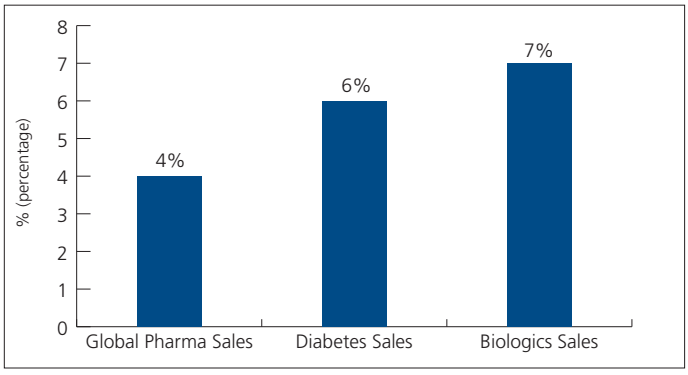
Portfolio approach

Biocon has successfully developed comprehensive portfolios of statins and immunosuppressants as generic APIs in the small molecule space and this has contributed to 75% of our revenues and delivered a sustainable 5-year CAGR of 24%. The path ahead is to expand our small molecule portfolios to prostaglandins and peptides. Biocon is selective about the portfolios that it chooses and hopes to move up the value curve from APIs to dossiers, especially in the ANDAs. We believe that this approach will give us and drive much higher value growth for us in the year ahead. Our approach in large molecules has been, again, a portfolio approach where we have focused on 2 broad portfolios; the first is the insulins which includes recombinant human insulin and insulin analogs, and the second portfolio is the monoclonal antibodies basket. In the large molecule space, however, we have chosen to straddle both biosimilars as well as novel programs as a risk-balanced strategy where we believe that the novel programs have the potential of large upside, if successful. Our portfolio approach has yielded good financial returns and has allowed us to forge very strong partnerships.

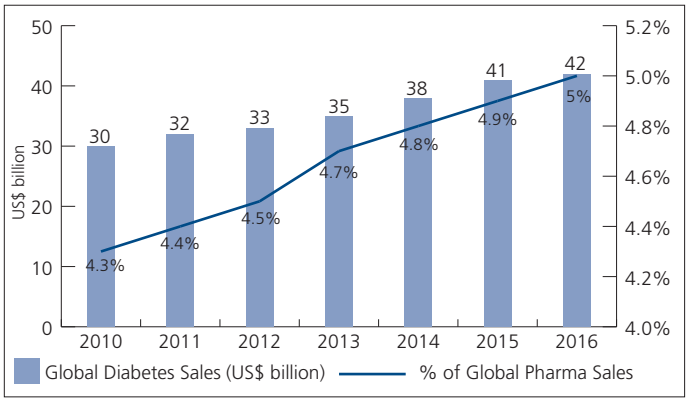
Research and Marketing partnerships are the way to go

We have sought both research and marketing partnerships as a way to access global markets and we have forged key strategic partnerships this year. The most visible and high-profile partnership that we recently announced was with Pfizer to commercialize our insulins portfolio which is going to be a very important growth driver for your Company in the foreseeable future.

Industry reports cite the insulin market at about US$ 15 billion today and estimated to grow to a size of US$ 20 billion by 2020. The insulins space accounts for 46% of the diabetes drug segment. We estimate this business will continue to grow at about 6% per annum going forward, factoring in the advent of biosimilar insulins. Of course, it is well-recognized that insulin analogs are rapidly outpacing recombinant human insulin and it is also well-accepted that biosimilar insulins are inevitable.



Source: EvaluatePharma



Source: EvaluatePharma

We think there are compelling reasons for biosimilar insulins to enter the regulated markets, driven by escalating concerns on cost of therapies in these markets, clarity on regulatory path ways and expiry of patents on product analogues.

We highlight them below –

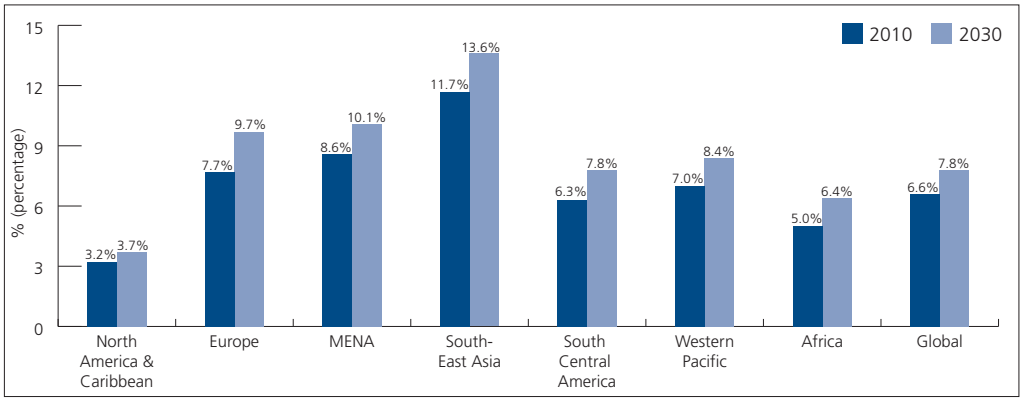
1. Cost compulsions are likely to escalate in the regulated markets over the next few years with ageing populations and this makes a strong case for biosimilars;

2. Regulatory pathways for approval more or less clear;

3. Product patents on the analogues expiring through 2019.

Market data indicates the growth of diabetic population across the world and more pronounced in developing economies specifically in Asia and MENA. In the age group of 20 to 79 years, it is estimated that 7.8% of the World's population will be diabetic by 2030.

Prevalence of diabetes in people aged 20-79 years.



Source: IDF Diabetes Atlas, 4th edition, 2010, RBS report on Pharmaceuticals, April 21, 2011

Biocon's partnership with Pfizer aims at addressing this very large opportunity first in the emerging markets, which themselves offer sizeable markets and then at a later stage, enter the U.S. and European markets. Clinical trials for recombinant human insulin for the European Market are currently underway with the aim of an entry within the next few year.

Biocon's insulin business in India is also beginning to gain traction and although our insulins business is merely seven years old, we have steadily gained market share in volume. In volume terms, we have around 11% share in the insulin vial segment and 13% market share in the Glargine vial segment. We expect to roll out devices in the second half of 2011 and this, we believe, will enable us to increase market share. At a growth level, we have outpaced both the market and the market leader in the insulin vial segment. While the market has grown 11%. Biocon has grown by 13% in value terms. We also are going to be sharing the Indian market with Pfizer starting this year, and this co-exclusive marketing arrangement is expected to help get us higher market share going forward.

We have made considerable progress in our partnership with Mylan for developing biosimilar monoclonal antibodies for the global markets. In addition to this, we have some very key strategic research partnerships with Amylin, Vaccinex, Center for Immunology in Havana, and IATRICa. All of these programs are developed, leveraging India's costs and clinical base in a cost-effective manner. We expect to initiate discussions for partnering many of these programs in the coming fiscal.

Another supply partnership in this past year is with Optimer Pharmaceuticals for the supply of Fidaxomicin API. Biocon is the sole supplier of this product for North America. Biocon has been involved with this project from 2005 and has been able to successfully scale up the process. Fidaxomicin is used for the treatment of CDI – Clostridium Difficile Infection, which is a major threat in hospitals across the US.

Late-stage Novel programs to see unlocking of value

Our novel pipeline comprises of products in diabetes, oncology and auto-immune diseases.

Within our novel pipeline, your Company released encouraging preliminary data from a recently concluded clinical study conducted in India, on IN-105, its novel oral insulin candidate for the treatment of diabetes. Initial data analyses show that an unexpectedly high placebo effect prevented IN-105 from meeting its primary end point of lowering HbA1c levels by a marginal effect as compared to placebo. However, multiple secondary endpoints on both efficacy and safety were met, further strengthening the emerging profile of IN-105.

Our coveted T1h program for a novel Anti-CD6 targeting monoclonal antibody is in Phase III clinical trials for Psoriasis. The target indications are expected to address a market size of US$ 20 billion by 2015. Additionally, our novel anti-CD20 molecule has completed preclinical studies and is expected to get into the clinic in India this year. Our novel programs are expected to unlock substantial value upon licensing.

Emerging Markets are large and offer great growth opportunities

The emerging markets are going to be high growth, high-return markets for Biocon. We have already delivered a 40% growth in our emerging markets business this year and we expect to improve on this in the years ahead. Biosimilar insulins are certainly going to be very

important for these emerging market strategies. The current emerging market estimate for this insulin business is about US$ 1.5 billion with a 5-year CAGR of 15%. Estimated at US$ 5 billion by 2020, the insulin market in the emerging economies account for 70% of the world's diabetic population they offer us quick market entry. Biosimilar Mabs in the emerging markets are also a very important opportunity for us. Generics, again, are going to be extremely important for this as APAC alone accounts for 16% of the US$ 124 billion generics market with the fastest growth rate.

Trend of Externalizing R&D continues on a firmer path

The research services landscape continued to be challenging this year. While Big Pharma is still externalizing over 22% of its R&D, we also see risk sharing and resource sharing models evolve along with a move from component to integrated discovery programs and from chemistry to biologics. It is no longer cost, time and productivity arbitrage that are rationales for externalizing research. Finally, although Big Pharma can in-license from small biotechs in order to fill up the research pipelines, it is amply clear that this is not adequate. This is the main reason why externalizing the development of biologics is becoming a big opportunity for our research services companies, Syngene and Clinigene. Both are very well-positioned to offer this integrated platform of end-to-end solutions for both NCEs and NBEs. An important partnership that we have developed in this risk sharing integrated model is BBRC, which is a dedicated, integrated R&D hub customized for Bristol-Myers Squibb to pursue pipeline development. This facility has over 450 scientists and it works in a seamless way with its labs back in the US.

People

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

Some key initiatives taken this year –

- Launch of leadership development initiative targeted at middle and senior managements
- Establishing recruitment alliances with tier-1 business schools (ISB, IIMs, XLRI, NMIMS, NITIE, MDI) and reputed engineering/pharmacy colleges (IITs, BITs-Pilani & Goa, NIPER and UICT) to ensure a steady stream of high quality talent.
- Strengthening the goal-setting process by dovetailing vertical goals with individual objectives.
- An online training tool for technical and behavioral training programs was developed in house.
- Conducting an all India assessment program for Healthcare Marketing to build a strong talent pool.

A breakup of the talent profile across the group is as below:

Biocon Group

Education	2009-10	2010-11
PhD	273	260
Post Grad	2035	2328
Graduate Engineers	102	210
CA/MBA/ICWA/CS/LLB	172	214
Graduate / Undergraduates	1896	2573
Total	**4478**	**5585**

The following priorities have been identified for 2011:

- Strengthening the brand value of Biocon leadership through Phase 2 of the Leadership Development Initiative.
- Setting up collaborations with finishing schools to develop a pool of quality talent.
- Strengthening the performance appraisal process
- Reinforcing training design and delivery process
- Implement strategies to aid in attracting quality talent
- Employee engagement and organization development programs.

3. Financial Performance

Overview

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

(All amounts in Indian Rupees thousands)

	March 31, 2011	March 31, 2010	Change
Sources of Funds			
Shareholders' Funds			
Share capital	1,000,000	1,000,000	0%
Reserves and surplus	18,468,091	14,662,867	26%
	19,468,091	**15,662,867**	**24%**
Loan Funds			
Secured loans	740,643	896,834	-17%
Unsecured loans	945,743	1,021,228	-7%
	1,686,386	**1,918,062**	**-12%**
Deferred Tax Liability (Net)	395,518	410,408	-4%
	21,549,995	**17,991,337**	**20%**
Application of Funds			
Fixed Assets			
Gross Block	10,924,574	10,018,002	9%
Less: Accumulated depreciation	4,262,198	3,418,093	25%
Net Block	**6,662,376**	**6,599,909**	**1%**
Capital work-in-progress	1,032,909	583,344	77%
	7,695,285	**7,183,253**	**7%**
Intangible Assets	**134,490**	**184,062**	**-27%**
Investments	**4,858,229**	**4,186,382**	**16%**
Current Assets, Loans and Advances			
Inventories	2,747,374	2,447,986	12%
Sundry debtors	4,181,044	3,836,444	9%
Cash and bank balances	2,102,320	771,218	173%
Loans and advances	4,086,880	4,030,711	1%
	13,117,618	**11,086,359**	**18%**
Less: Current Liabilities and Provisions			
Current Liabilities	3,153,719	3,816,243	-17%
Provisions	1,101,908	832,476	32%
	4,255,627	**4,648,719**	**-8%**
Net Current Assets	**8,861,991**	**6,437,640**	**38%**
	21,549,995	**17,991,337**	**20%**

Share Capital

The Company has only one class of shares i.e. equity share capital comprising of 200,000,000 equity shares of ₹ 5 each. During the year there has been no change in the equity capital of the Company.

Reserves and surplus

The total reserves and surplus has increased from ₹ 14,662,867 in March 31, 2010 to ₹ 18,468,091 in March 31, 2011. The increase is primarily on account accumulations of profits made during the year of ₹ 4,592,495 net of Dividend distribution.

Loan funds

There has been a decrease in total loans outstanding from ₹ 1,918,062 in March 2010 to ₹ 1,686,386 in March 2011.

Unsecured loans decreased by ₹ 75,485 primarily on account of decrease in short term borrowings from the banks.

During the year, the Company received financial assistance of ₹ 62,100 under Industrial Partnership Programs and Drugs and Pharmaceutical Research Programs sponsored by government bodies for financing its research projects. The loan is repayable over a period of 5-10 years from date of completion of the projects.

As at March 31, 2011, the Company has utilized ₹ 648,624 under deferred sales tax payment facility. The sales tax liability is repayable in ten half yearly installments from August 2012.

Secured loans decreased by ₹ 156,191 due to decrease in bank borrowings.

Fixed Assets

	2011	2010	Change
Cost	10,924,574	10,018,002	9%
Less : Accumulated depreciation	4,262,198	3,418,093	25%
Net Block	6,662,376	6,599,909	1%
Add : Capital work-in-progress	1,032,909	583,344	77%
Net fixed assets	**7,695,285**	**7,183,253**	**7%**
Net Asset turnover ratio	1.72	1.57	22%

During the year 2011, the Company has capitalized fixed assets to the extent of ₹ 942,162. The primarily additions are in plant and machinery of ₹ 532,874 and research and development equipments of ₹ 250,320.

The capital work in progress as at March 31, 2011, represents advances paid towards purchase of fixed assets and the acquisition costs relating to assets not put to use.

The Company has a capital commitment of ₹ 405,066 as at March 31, 2011 as compared to ₹ 947,617 as of March 31, 2010.

Investments

The Company as at March 31, 2011 held current investments in mutual funds of ₹ 3,939,289 as compared to ₹ 3,526,917 as of March 31, 2010. During the year, the funds generated from operating activities were invested in current investments as reflected in Liquidity section below.

The long-term investments have increased from ₹ 659,465 to ₹ 918,940 over the previous year. Additional investments during the year include investment of ₹ 121,552 for purchase of 49% stake in Biocon Biopharmaceuticals Private Limited ('BBPL'). As at March 31, 2011, the entire share capital of BBPL is held by the Company.

During the year 2011, Biocon Sdn.Bhd was incorporated as wholly owned subsidiary in Malaysia.

The joint research collaboration program with Vaccinex Inc and IATRICa Inc. are on going.

The Company continues to hold its investments in its subsidiaries Syngene, Clinigene, BBPL, Biocon SA, Biocon Research Limited and joint venture NeoBiocon.

Intangible Assets

During the year ended March 31, 2009, the Company acquired marketing rights of certain products from BBPL for a sum of ₹ 128,850. These rights give the Company an exclusive right of marketing the products outside India. The Company has during the year made an application for registration of the products and consequently commenced amortisation of these intangibles over a period of five years from April 2010.

As at March 31, 2011 net value of intangibles assets are ₹ 134,490.

Current assets, loans and advances

The current assets, loans and advances have increased from ₹ 11,086,359 to ₹ 13,117,618 an increase of 18% over the previous year. This was mainly due to

- Increase in cash and bank balances from ₹ 771,218 to ₹ 2,102,320.

- Increase in inventories from ₹ 2,447,986 to ₹ 2,747,374 largely on account of incremental growth in sales.

- Sundry debtors stood at ₹ 4,181,044 (net of provision for doubtful debts of ₹ 69,136) as at March 31, 2011 as compared to ₹ 3,836,444 (net of provision for doubtful debts of ₹ 71,537) as at March 31, 2010. These debtors are considered good and realisable. Debtors represent an outstanding of 109 days and 110 days of revenue as at March 31, 2011 and March 31, 2010 respectively on a moving average of trailing 3 month's sales.

Current liabilities and provisions

The current liabilities and provisions have decreased by 8.5% from ₹ 4,648,719 as at March 31, 2010 to ₹ 4,255,627, as at March 31, 2011.

This decrease in current liabilities is primarily due to

- Decrease in deferred revenues from ₹ 1,313,624 to ₹ 751,906 largely on account of income being recognized over time based on completion of obligation.

- Decrease in sundry creditors from ₹ 1,856,471 to ₹ 1,834,522 primarily on account of decrease in creditors for raw materials.

The increase in provision from ₹ 832,476 to ₹ 1,101,908 is mainly on account of increased dividend to ₹ 900,000 for the year ended March 31, 2011 as against ₹ 700,000 in the previous year.

Profit and Loss Account

Biocon's total income for the year ended March 31, 2011 comprised of three components:

• Sales of Biopharmaceuticals products;

- Licensing and development fees; and
- Other income.

The following table sets out the contribution of each of these components of Biocon's income expressed as a percentage of Biocon's total income for the years ended March 31, 2011 and March 31, 2010:

	March 31, 2011	March 31, 2010	Change
Income			
Gross sales	13,644,384	11,580,976	18%
Less: Excise duty	393,724	300,281	31%
Net sales	**13,250,660**	**11,280,695**	**17%**
Licensing and development fees	2,064,963	350,130	490%
Other income	605,716	658,327	-8%
	15,921,339	**12,289,152**	**30%**
Expenditure			
Manufacturing, contract research and other expenses	9,824,660	8,709,669	13%
Interest and finance charges	23,778	19,910	19%
	9,848,438	**8,729,579**	**13%**
Profit Before Depreciation and Taxes	6,072,901	3,559,573	71%
Depreciation/Amortisation, net	901,691	797,290	14%
Profit Before Taxes	**5,171,210**	**2,762,283**	**87%**
Provision for income-tax	578,715	278,713	108%
Profit for the year	**4,592,495**	**2,483,570**	**85%**
Balance brought forward from previous year	9,470,267	8,009,190	18%
Profit Available for Appropriation	**14,062,762**	**10,492,760**	**34%**
Dividend and tax thereon	990,783	774,136	28%
Transfer to general reserve	459,250	248,357	85%
Balance Transferred to Balance Sheet	**12,612,729**	**9,470,267**	**33%**

Sales

	2011	2010
Biopharmaceuticals	83%	92%
Licensing and Development Fees	13%	3%
Other Income	4%	5%
Total Income	**100%**	**100%**

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

Share of revenues

	2011	%	2010	%
Domestic	8,007,257	60%	6,404,589	57%
Exports	5,243,403	40%	4,876,106	43%
Total	**13,250,660**	**100%**	**11,280,695**	**100%**

Biocon's net sales grew by 17% to ₹ 13,250,660 in 2010-11 while the licensing and development fees grew by 490% to ₹ 2,064,963. Company's domestic revenues from product sales have increased by 25%, and exports sales have increased by 8%. The increases in domestic sales are mainly driven by increase in sale of bio-pharmaceutical products and branded formulations.

4. Segment-Wise Performance

Biopharmaceuticals

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

Statins and Orlistat:

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

Our Statins segment grew 13% YoY despite pricing pressures owing to enhanced capacity enabled by improved productivity. The Statins portfolio witnessed a changing product mix in this financial year. Atorvastatin and Rosuvastatin gained share in Statins portfolio. Orlistat a drug in the anti obesity saw a significant sales growth primarily an account of ban on its peer's.

Insulins:

Insulin is a hormone that regulates the energy and glucose metabolism in the body. Biocon markets recombinant human insulin in India under its own brand name INSUGEN and has also registered the same in several emerging markets. In addition, Biocon has supply arrangements with pharmaceutical majors and other companies to supply recombinant human insulin for use in their novel insulin formulations.

Insulin sales have been growing steadily by 12% YoY in the ROW markets. The formulation sales business recorded the highest growth in last 3 years.

Immunosuppressants:

Immunosuppressants prevent organ and tissue rejection in transplants and require high technology based manufacturing capabilities. Currently Biocon produces mycophenolate mofetil (MMF), sirolimus and tacrolimus.

This segment posted a 35% YoY growth driven by patent expiry despite pricing pressures.

Branded Formulations:

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

Our Company is positioning itself as a key player in diabetes therapy on a global scale. There was significant revival in the insulins franchise both in the Insugen and Basalog. The launch of Insugen 100, the global standard, has been widely accepted by diabetic fraternity. Biocon has focused its efforts to improving diabetes care in India through an awareness campaign on monitoring and control of blood glucose and early detection of the disease.

The Comprehensive Care and immunology division was launched in the current fiscal with a vision of providing quality and affordable therapy in the critical care segment.

Biocon's pipeline of innovative and biosimilar molecules as well as marketing partnerships will be the driving force to expand in India and other markets in the years to come.

The Biocon's formulation division dedicated marketing team of over 1,100 people for the finished dosages business.

5. Other Financial Data

Licensing and Development Fees

These fees represent income received by Biocon towards transfer of proprietary technology with respect to certain bio-generics under long-term contracts and out-licensing its proprietary products. During the year, the Company has a registered licensing income of ₹ 2,064,963, an increase of ₹ 1,714,833 as compared to previous year. This includes transfer of certain intangible to subsidiary within the group.

Other Income

The Other income has registered a decrease of 8% compared to the previous year. Other income consists primarily of dividend income from investments amounting to ₹ 167,114 as compared to ₹ 98,604 in fiscal 2010. It also includes cross charge of utility and other common costs towards use of Biocon Park facility (SEZ Developer) to subsidiaries which has decreased from ₹ 336,046 in the fiscal 2010 to ₹ 297,690 in the fiscal 2011.

Material costs

Materials costs have increased by 17% from ₹ 5,472,390 to ₹ 6,392,513 over the previous year. As a percentage of sales, the material cost has remained constant at 48% YoY.

Employee costs

Staff cost comprises:

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

Staff costs have increased from ₹ 997,275 for the fiscal year 2010 to ₹ 1,460,020 for the fiscal year 2011. The increase in employee costs is due to

a) Staff increment which was 15% YoY.

b) Addition of employees.

Operating and other expenses

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

Operating and other expenses have decreased by 12% from ₹ 2,240,004 for the year 2010 to ₹ 1,972,127 for the year 2011 mainly on account of

a) Foreign exchange gain of ₹ 262,377 as compared to loss of ₹ 33,179 in the previous fiscal.

b) 16% decrease in professional charges from ₹ 175,928 to ₹ 148,242

c) The decrease is offset by a 41% increase in selling expenses from ₹ 401,733 to ₹ 564,493 primarily on account of increase in freight charges; and

d) 21% increase in power charges from ₹ 672,485 to ₹ 816,291and 19% increase in repair and maintenance charges from ₹ 280,911 to ₹ 334,686.

Interest and Finance Charges

Interest and finance charges have increased from ₹ 19,910 in fiscal 2010 to ₹ 23,778 in fiscal 2011 due to increase in bank charges.

Depreciation

During the year depreciation has increased by ₹ 104,401 an increase of 13% on account capitalization of assets. Depreciation as a percentage of sales has remained constant at 7%.

Provision for Taxes

Provision for current tax in the year ended March 31, 2011 was ₹ 578,715 as against ₹ 278,713 net of provision for current and deferred tax The Company availed tax benefit in respect of profit from its EOU and SEZ operations.

Net Profit

Net profit for the fiscal year 2011 has increased by 85% to ₹ 4,592,495 resulting in a basic EPS of ₹ 23.49.

Liquidity

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

	2011	2010
Net cash generated from operating activities	3,649,661	2,307,341
Net cash used for :		
Capital expenditure	(1,232,442)	(806,524)
Dividend including dividend tax	(767,584)	(701,970)
Investments in associate / subsidiary companies	(121,552)	(48,100)
Loans to subsidiaries / joint ventures companies	121,548	(39,580)
Borrowings from banks	(286,359)	301,491
Others	343,121	359,005
Net cash equivalents	1,706,393	1,371,663
Net (purchase) / redemption of current investments	(412,313)	(638,339)
Cash at beginning of year	793,751	60,427
Cash at end of year	2,065,298	793,751

6. Performance of Subsidiaries, Joint Ventures and Associates

Syngene International Limited

Syngene is a 99.99% owned subsidiary of the Company. Syngene was incorporated on November 18, 1993. Syngene operates in two main research areas: Synthetic Chemistry and Molecular Biology. Syngene is also involved in custom chemical synthesis. During the year, Syngene has confidently moved into Integrated Drug Discovery services.

Syngene's total income primarily consists of net sales from Contract research and manufacturing services income. Substantially all of Syngene's contracts are based on time and material management. Revenue from these contracts is recognized when services are rendered, in accordance with the terms of the contract. Syngene's total revenue has increased from ₹ 2,675,660 to ₹ 3,231,378 representing a growth of 21%. The growth in operations is supported by increase in revenues from existing and new customers.

Syngene's expenses mainly comprise of raw-material costs and staff costs. Raw material cost consists of lab consumables used for research. The raw material costs increased by 27% from ₹ 688,117 to ₹ 876,148 in fiscal 2011 and the staff costs increased by 20% from ₹ 666,393 to ₹ 800,278. Increase in material cost and increase in staff costs are due to a growth in sales. Other costs increased by 24% from ₹ 443,585 to ₹ 550,195.

Net profit for the year has decreased by ₹ 25,400 from ₹ 308,144 to ₹ 282,744 mainly due to increase in depreciation by ₹ 58,277 from ₹ 450,872 in the year ended March 31, 2010 to ₹ 509,149 in the year ended March 31, 2011.

Clinigene International Limited

Clinigene is a 100% owned subsidiary of Biocon Limited. Clinigene was established to undertake clinical and other trials and validation for drugs and pharmaceuticals and to conduct research in the area of medical sciences for development of new and improve upon existing medical diagnostic, surgical and therapeutic techniques.

Clinigene's total income principally consists of income from clinical research fees and also Bio-analytical and Bio-equivalence studies. Clinigene enters either into time and material contracts and/or fixed price arrangements. Revenue from time and material contracts are recognised on a monthly basis as services are rendered in accordance with the terms of the applicable contracts. Revenue from fixed price contracts is recognized based on the percentage completion method. For the year ended March 31, 2011, Clinigene has total revenue of ₹ 289,337.

Clinigene is continuing to evolve and adapt its capability platforms and service offerings against a background of continued macro market pressure as global R&D spends are being reduced, consolidation of market players continues and the shift to globally capable preferred partnerships accelerates.

During the year, the Company has identified several more specialized services for example patient based early studies, complex BA/BE studies and bio-analytical services. These new specialty services, which have relatively high entry barriers, will drive new and differential revenue opportunities. Studies conducted by Clinigene were successfully audited by the USFDA and EMA.

Biocon Biopharmaceuticals Private Limited

BBPL was incorporated on June 17, 2002 and currently has paid-up share capital is ₹ 176,000. In April 2010, Biocon SA acquired the 49% equity stake held by CIMAB SA in BBPL. In March 2011, Biocon purchased the 49% equity stake in BBPL from Biocon SA. Consequently, as at March 31, 2011 all the equity shares of BBPL are held by Biocon.

For the year under review, BBPL earned revenues of ₹ 491,611 as against ₹ 381,302 in the previous year. BBPL has commenced full fledged operations and for the year under review posted a net profit of ₹ 192,047 as against ₹ 26,062 in the previous year.

As at March 31, 2011, BBPL had accumulated losses of ₹ 159,238.

Biocon Research Limited

Biocon Research Limited ('BRL') was incorporated in 2008, as a wholly owned subsidiary of Biocon Limited and is engaged in carrying out research and development of new drugs, drug delivery systems and contract research.

Total revenue of BRL increased from ₹ 392,944 to ₹ 649,591 in fiscal 2011.

BRL spends in research and developments expenses increased from ₹ 416,649 to ₹ 940,991 in fiscal 2011.

NeoBiocon

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

Financials of NeoBiocon were consolidated based on the Accounting Standard 27 – Financial Reporting of Interests in Joint Venture issued by ICAI. Accordingly, only 50% of the operations incorporated for the consolidation purpose. NeoBiocon's turnover has increased from ₹ 23,927 to ₹ 59,608 representing a significant growth in business and net profit has increased from ₹ 2,713 to ₹ 21,243 for fiscal 2011.

IATRICa Inc

Biocon has made a strategic investment of ₹ 138,470 in a US based research Company IATRICa Inc to jointly develop novel immunoconjugates for the treatment of cancer and infectious disorders. As at March 31, 2011, Biocon has a 30% stake in IATRICa.

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

Biocon SA

Biocon SA a wholly owned subsidiary was incorporated in year 2009 in Switzerland. Biocon SA undertakes development and marketing of biopharmaceuticals and pursue investment opportunities in Biopharmaceutical sector.

Germany. During the year, the Company has made significant progress in clinical the development of insulin for the European markets.

In October 2010, Biocon SA has entered into a global alliance with Pfizer for commercializing biosimilar Insulin and Insulin analogs. During the year ended March 31, 2011, the Company earned revenues of ₹ 732,248 and profit of ₹ 69,465.

AxiCorp GmbH

During the year 2009, Biocon SA acquired 71% stake in AxiCorp GmbH, Germany. AxiCorp is a specialized marketing and distribution Company established in 2002 to address the lucrative generics and parallel distribution market in Germany.

Axicorp operations are consolidated with the financial results of the group with a 3 month lag. The Company registered revenue of ₹ 9,800,683 and PAT of ₹ 353,225 for year ended December 31, 2010 as against revenue of ₹ 9,117,360 and of ₹ 299,322 for year ended December 31, 2009.

Axicorp has contributed 35 % to the group revenues and 8% to the group net profit for the year ended March 31, 2011.

Consequent to an offer made by the minority shareholders of AxiCorp, Biocon would divest its stake in its German subsidiary, AxiCorp GmbH, to the existing group of promoter shareholders.

Biocon had entered into a global alliance with Pfizer in October 2010. This divestment is in line with the objectives of the global alliance wherein the synergies derived from global development and investments can be leveraged for the German market as well.

Consolidated financial statements

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

Abbreviated consolidated profit and loss statement – Indian GAAP

	2011	2010
Total Income	28,136,602	24,048,363
Profit before tax (PBT)	4,471,689	3,514,742
PBT margin	15.9%	14.6%
Profit after Tax	3,675,150	2,932,442
Net margin	13.1%	12.2%

7. Risks and Concern

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

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

8. Internal Controls

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

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

The Audit committee addresses significant issues raised by the Internal and Statutory Auditor

Corporate Governance Report

The detailed report on Corporate Governance for the financial year from April 1, 2010 to March 31, 2011, as per the format prescribed by Securities and Exchange Board of India (SEBI) and incorporated in the revised Clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on Corporate Governance:

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

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

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

2. Board of Directors:

2. i. Composition:

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

Dr. Kiran Mazumdar-Shaw, 58 years, Chairman and Managing Director, is a first generation entrepreneur with more than 33 years' experience in the field of biotechnology. After graduating in B.Sc. (Zoology Hons.) from Bangalore University in 1973, she completed her post-graduate degree in malting and brewing from Ballarat College, Melbourne University in 1975. She has been awarded with several honorary degrees including Honorary Doctorate of Science from Ballarat University, in recognition of pre-eminent contribution to the field of Biotechnology, 2004, Doctor of Technology from the University of Abertay Dundee, 2007, Doctor of Science from the University of Glasgow, 2008 and Doctor of Science from the Heriot-Watt University, Edinburgh, 2008. She is a founder promoter and has led the Company since its inception in 1978. She is the recipient of several awards, the most noteworthy being the 'Padmabhushan' Award (one of the highest civilian awards in India) in 2005 conferred by the President of India, the Nikkei Asia Prize, 2009 for Regional Growth, Express Pharmaceutical Leadership Summit Award 2009 for Dynamic Entrepreneur, the Economic Times 'Businesswoman of the Year', the 'Veuve Clicquot Initiative for Economic Development For Asia, Ernst & Young's Entrepreneur of the Year Award for Life Sciences & Healthcare, 'Technology Pioneer' recognition by World Economic Forum and The Indian Chamber of Commerce Lifetime Achievement Award. She heads several biotechnology task forces including the Karnataka Vision Group on Biotechnology, an initiative by the Government of Karnataka and the National Taskforce on Biotechnology for the Confederation of Indian Industry (CII). She is a member of the Prime Minister's Council on Trade and Industry and also serves as a Member, Governing Body and General Body of the Indian Pharmacopoeia Commission, an Autonomous Body of the Government of India. She has been nominated as a Member of the Board of Trade, Directorate General of Foreign Trade, Ministry of Commerce & Industry.

Mr. John Shaw, 62 years, Vice Chairman, is a foreign promoter and a whole-time director of the Company. He is also a controlling shareholder and director of Glentec International. He completed his M.A. (Economic Hons.) in History and Political Economy from Glasgow University, U.K. in 1970. He had 27 years' experience with Coats Viyella plc. in various capacities including finance and general administration. He had served as Finance Director and Managing Director of Coats Viyella group companies in various locations around the world, before he came on the Board of Biocon Limited in 1999.

Dr. Neville Bain, 70 years, has vast experience in the field of finance, strategy and general management. He graduated from Otago University, New Zealand, with a Master of Commerce (Hons) degree and double Bachelor degrees in Accounting and Economics. He has also been awarded the degree of Doctor of Law, is a Fellow Chartered Accountant, a Fellow Cost and Management Accountant, a Fellow Chartered Secretary and a Fellow of the Institute of Directors. He spent 27 years with the Cadbury Schweppes group, having responsibility for the world-wide confectionery business and then as Deputy Chief Executive and Finance Director. This was followed by a six-year term as Chief Executive Officer of Coats Viyella plc, and then as Chairman and Director of various organisations. He is the Chairman of the UK Institute of Directors, a Chairman of the Board of Scottish Newcastle Pension Trustees Limited as well as Hogg Robinson Group. He has published 5 books on corporate governance, strategy and the effective utilisation of people in organisations.

Prof. Charles Cooney, 67 years, is the Professor of Chemical & Biochemical Engineering, Faculty Director of the Deshpande Center for Technological Innovation. He obtained his Bachelor's degree in Chemical Engineering from the University of Pennsylvania in 1966, his Master's degree and his Ph.D. in Biochemical Engineering from MIT in 1967 and 1970 respectively. His research interests span topics in biochemical engineering and pharmaceutical manufacturing. He is a recipient of several prestigious awards, including Gold Medal of the Institute of Biotechnology Studies (London), the Food, Pharmaceutical and Bioengineering Award from the American Institute of Chemical Engineers and the James Van Lanen Distinguished Service Award from the American Chemical Society. He serves as a consultant to and director of a number of biotech and pharmaceutical companies globally and is on the editorial boards of several professional journals.

Mr. Suresh Talwar, 72 years, is a partner in Talwar Thakore & Associates, a law firm of repute. He completed his B.Com from the University of Bombay in 1959, his LL.B. from the Government Law College, Bombay in 1961 and is a solicitor of the Incorporated Law

Society, Mumbai in 1966. His area of professional specialisation is in corporate law and other related matters. He has been the legal counsel to numerous Indian companies, multinational corporations as well as Indian and foreign banks. He was a partner of Crawford Bayley & Co., a reputed Indian law firm. He is also a director of several leading companies in India.

Prof. Ravi Mazumdar, 56 years, completed his Ph.D. from the University of California, Los Angeles, USA in 1983. Prior to this, he obtained his B.Tech from the Indian Institute of Technology, Bombay in 1977 and his Masters in Science from the Imperial College of Science, London in 1978. He is a professor in University of Waterloo, Canada and has been professor in several prestigious universities including Purdue University, U.S.A, Columbia University, U.S.A., University of Essex, U.K., McGill University, Canada and the Indian Institute of Science, Bangalore. He has over 100 referred publications in international journals in the area of applied probability and stochastic processes, non-linear dynamical systems, statistical signal processing, queuing theory and in the control and design of high-speed networks. He has been a member of several advisory committees and working groups, including the US Congress Sub-Committee on Science and Technology. He is a Fellow of the Royal Statistical Society and Fellow of the Institute of Electrical and Electronics Engineers, Inc. He is the younger brother of Dr. Kiran Mazumdar-Shaw.

Dr. Bala S. Manian, 65 years, has been a part of the Silicon Valley entrepreneurial community over the last three decades and is responsible for successfully starting several life science companies. Dr. Manian is a co-founder of Quantum Dot Corporation and a co-founder of SurroMed Corporation. He was also chairman of Entigen Corporation, a Bioinformatics company. He was the founder and chairman of Biometric Imaging, Inc. Prior to founding Biometric Imaging, Inc., Dr. Manian founded Digital Optics Corporation, an optical instrumentation and systems development company in 1980 and two other companies, Lumisys and Molecular Dynamics in June 1987. Dr. Manian is presently the CEO of ReaMetrix Inc. He has been recognized through several awards for his contributions as an educator, inventor and an entrepreneur. In February 1999, the Academy of Motion Picture Arts and Sciences awarded a Technical Academy Award to Dr. Manian for advances in digital cinematography. He has a B.S. in Physics from the University of Madras, a M.S. in Applied Optics from the University of Rochester and a Ph.D. in mechanical engineering from Purdue University. He was a faculty member of the University of Rochester's Institute of Optics for four years, teaching courses in optical fabrication and testing, optical instrumentation and holography. At present, he serves as a member of the Board of Trustees of University of Rochester.

In accordance with our Articles of Association, the Board can appoint an alternate director pursuant to the provisions of the Companies Act, 1956. Prof. Catherine Rosenberg is presently the alternate director to Prof. Ravi Mazumdar.

Status of directors:

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

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

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

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

During the financial year ended March 31, 2011, Board of Directors met 4 times on April 29, 2010, July 23, 2010, October 22, 2010 and January 20, 2011. The composition of the Board of Directors and their attendance at the Board meeting during the year and at the last Annual General Meeting together with the number of other directorships are given below:

Name of the Director	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorships (*)
Dr. Kiran Mazumdar-Shaw	4	Yes	13
Mr. John Shaw	4	Yes	8
Prof. Ravi Mazumdar	3	Yes	3
Dr. Neville Bain	3	No	5
Prof. Charles Cooney	4	Yes	5
Mr. Suresh Talwar	4	Yes	47
Dr. Bala S Manian	4	Yes	5
Prof. Catherine Rosenberg (Alternate Director to Prof. Ravi Mazumdar)	1	Yes	1

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

Availability of information to the Members of the Board

- Annual operating plans and budgets, capital budgets and any updates thereto.
- Quarterly results for the Company and its divisions.
- Minutes of meetings of Audit Committee, Remuneration Committee, Investors' Grievance Committee and Share Transfer Committee.

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

2. iii. Details of directorships in other companies:

The details of directorships of the Company's directors in other companies as on March 31, 2011 are given below:

Name of Company/ Firm	Nature of Interest
Dr. Kiran Mazumdar-Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Biocon Research Limited	Director
IATRICa Inc.	Director
Biocon SA	Director
Biocon Sdn. Bhd.	Director
Glentec International	Director
Narayana Institute for Advanced Research Pvt. Ltd.	Director
Narayana Hrudayalaya Private Limited	Director
United Breweries Limited	Director
Indian School of Business Pvt. Ltd.	Director
Glenloch Properties Private Limited	Director
Mr. John Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Biocon Research Limited	Director
Biocon SA	Director
Biocon Sdn. Bhd.	Director
Glentec International	Director
Glenloch Properties Private Limited	Director
Prof. Ravi Mazumdar	
Glentec International	Director
Clinigene International Limited	Director
Syngene International Limited	Alternate Director
Dr. Neville Bain	
Scottish & Newcastle Pension Trustees Limited	Director
Syngene International Limited	Director
Neville Bain Developments Limited	Director
Provexis Limited	Director
Hogg Robinson Pensions	Director

Name of Company/ Firm	Nature of Interest
Prof. Charles Cooney	
Syngene International Limited	Director
LS9, Inc.	Director
PolyPore International, Inc.	Director
Mitra Life Sciences	Director
Green Light Bioscience Inc.	Director
Mr. Suresh Talwar	
PZ Cussons India Pvt. Ltd.	Chairman & Alternate Director
FCI OEN Connectors Ltd.	Chairman & Alternate Director
Transwarranty Finance Ltd.	Chairman & Alternate Director
Armstrong World Industries (India) Pvt. Ltd.	Chairman
Merck Ltd.	Chairman
Sidham Finance & Investments Pvt. Ltd.	Chairman
Samson Maritime Ltd.	Chairman
Birla Sun Life Insurance Co. Ltd.	Director
Birla Sun Life Trustee Co. Pvt. Ltd.	Director
Blue Star Ltd.	Director
Blue Star Infotech Ltd.	Director
Chowgule and Company Pvt. Ltd.	Director
Chowgule Ports and Infrastructure Pvt. Ltd.	Director
Decagon Investments Pvt. Ltd.	Director
Elantas Beck India Ltd.	Director
Emerson Process Management (India) Pvt. Ltd.	Director
Epitome Global Services Pvt. Ltd.	Director
Esab India Ltd.	Director
Greaves Cotton Ltd.	Director
India Value Fund Trustee Co. Pvt. Ltd.	Director
IVF Trustee Company Pvt. Ltd.	Director
IVF (Mauritius) PCC.	Director
IVF (Mauritius) Ltd.	Director
Indium III (Mauritius) Holding Ltd.	Director
Indium III (Mauritius) Ltd.	Director
Indium IV (Mauritius) Holding Ltd.	Director
Indium IV (Mauritius) Ltd.	Director
John Fowler (India) Pvt. Ltd.	Director
Larsen & Toubro Ltd.	Director
MF Global (India) Pvt. Ltd.	Director
Morgan Stanley India Capital Pvt. Ltd.	Director
Rediffusion – Dentsu, Young & Rubicam Pvt. Ltd.	Director
Rakeen Development PJSc.	Director
Sandvik Asia Pvt. Ltd.	Director
Shrenuj & Co. Ltd.	Director
Solvay Pharma India Ltd.	Director
Snowcem Paints Pvt. Ltd.	Director
Sonata Software Ltd.	Director
Swiss Re Shared Services (India) Pvt. Ltd.	Director
S. Kumars Nationwide Ltd.	Director
TTK Healthcare TPA Pvt. Ltd.	Director
Warner Bros Pictures (India) Pvt. Ltd.	Director
Albright & Wilson Chemicals India Ltd.	Alternate Director
Garware-Wall Ropes Ltd.	Alternate Director
Hindustan Gum & Chemicals India Ltd.	Alternate Director
Johnson & Johnson Ltd.	Alternate Director
Uhde India Pvt. Ltd.	Alternate Director
Dr. Bala S Manian	
ReaMetrix Inc., USA	Director
ReaMetrix India Pvt. Ltd.	Director
ICICI Knowledge Park	Director
Vaccinex Inc.	Director
IKP Investment Management Company (IKPIMC)	Director
Prof. Catherine Rosenberg	
Syngene International Limited	Director

2. iv. Details of membership/chairmanship of directors in Board Committees:

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

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

None of the directors of the Company hold memberships of more than ten Committees nor is any director the chairman of more than five Committees of the Board of all companies where he holds directorships.

*For this purpose membership or chairmanship in Audit Committee and Investors' Grievance Committee are reported and other committee membership or chairmanship has not been included in this report.

2. v. Code of Conduct:

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

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 2010-11.

For Biocon Limited

(Sd/-)

Bangalore
March 31, 2011

Dr. Kiran Mazumdar-Shaw
Chairman and Managing Director

2. vi. Shareholding of directors:

Name of the Director	Nature of Directorship	No. of shares held as on 31.03.2011
Dr. Kiran Mazumdar-Shaw	Executive	79,287,564
Mr. John Shaw	Executive	1,407,558
Prof. Ravi Mazumdar	Non-Executive	1,310,714*
Dr. Neville C Bain	Non-Executive	500,000
Prof. Charles Cooney	Non-Executive	1,59,522
Mr. Suresh N Talwar	Non-Executive	32,000
Dr. Bala S Manian	Non-Executive	2,500
Prof. Catherine Rosenberg (Alternate Director)	Non-Executive	*

* Joint Holding

2. vii. Re-appointment of directors:

The directors, Dr. Neville Bain and Dr. Bala Manian shall retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment. Their brief resumes and details of their other directorships and committee memberships, including their shareholding have already been provided in the Notice as well as in this report.

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

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

3. Audit Committee:

3. i. Terms of reference:

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

3. ii. Composition:

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

a) Dr. Neville Bain

b) Prof. Charles Cooney

c) Mr. Suresh Talwar

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

3. iii. Meetings and attendance during the year:

Name	No. of meetings held	No. of meetings attended
Dr. Neville Bain	4	3
Prof. Charles Cooney	4	4
Mr. Suresh Talwar	4	4

During the year 2010-11, the Committee met 4 times on April 28, 2010, July 22, 2010, October 21, 2010 and January 19, 2011. The Senior Management and Auditors were invited to attend the meetings of the Audit Committee and attended all meetings. The Company Secretary acts as the Secretary to the Audit Committee.

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

The Committee also recommended to the Board of Directors the re-appointment of M/s S. R. Batliboi & Associates, Chartered Accountants (Firm Registration No. 101049W), as Statutory Auditors of the Company from conclusion of 2011 Annual General Meeting to the forthcoming Annual General Meeting.

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

Audit Committee members are advised of the work of independent internal auditors. M/s Grant Thornton was appointed to review the control processes in place and report quarterly to the Audit Committee. Considering the best practice of rotation of internal audit function, M/s. KPMG Pvt. Ltd. was appointed as internal auditors for the forthcoming financial year.

3. iv. Subsidiary Companies:

The Company has seven subsidiary companies, Syngene International Limited, Clinigene International Limited, Biocon Biopharmaceuticals Private Limited, Biocon Research Limited, Biocon SA, Biocon Sdn. Bhd. and Axicorp GmbH and one joint venture, NeoBiocon, as explained in the Directors' Report. None of the subsidiary companies represent more than 20% of the consolidated turnover or net worth of the Company in the immediately preceding financial year. However, two independent directors of the Company are on the Board of Syngene International Limited.

The Audit Committee of the Company reviews the financial statements of all the subsidiary companies. The minutes of the Board meetings of the subsidiary companies are placed before the Board meetings of the Company and reviewed.

3. v. CEO/CFO Certification:

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

4. Remuneration Committee:

4. i. Terms of reference:

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

4. ii. Constitution:

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

a) Prof. Charles Cooney

b) Dr. Neville Bain

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

4. iii. Meetings and attendance during the year:

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

During the year 2010-11, the Committee met 4 times on April 28, 2010, July 22, 2010, October 21, 2010 and January 19, 2011.

4. iv. Remuneration policy:

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

a) Job responsibilities

b) Key performance areas of the employees/directors

c) Industry trend

4. v. Details of remuneration:

The details of remuneration and sitting fees paid or provided to each of the directors during the year ended March 31, 2011 are given below:

(Amount is Rupees)

Name of the Director	Salary and perquisites				Commission	Sitting Fees	Total
	Fixed pay	Perquisites	Variable pay (performance bonus)	Retiral benefits			
Dr. Kiran Mazumdar-Shaw	8,696,316	3,122,033	1,992,000	597,600	-	-	14,407,949
Mr. John Shaw	6,398,873	892,080	-	-	-	-	7,290,953
Prof. Ravi Mazumdar	-	-	-	-	-	60,000	60,000
Dr. Neville Bain	-	-	-	-	1,000,000	135,000	1,135,000
Prof. Charles Cooney	-	-	-	-	1,000,000	180,000	1,180,000
Mr. Suresh Talwar	-	-	-	-	1,000,000	160,000	1,160,000
Dr. Bala S Manian	-	-	-	-	1,000,000	80,000	1,080,000
Prof. Catherine Rosenberg (Alternate Director)	-	-	-	-	-	20,000	20,000

*Of the Board members, only Dr. Kiran Mazumdar-Shaw and Mr. John Shaw are executive directors and others are non-executive directors. No options under the ESOP were granted to the directors during the year.

The Chairman & Managing Director and the Vice-Chairman were paid remuneration, including performance bonuses, as approved by the shareholders in the Annual General Meeting held on July 23, 2010.

Pecuniary relations or transactions of the non-executive directors:

There were no pecuniary relationships 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. Further, the non-executive independent directors of the Company were paid remuneration by way of commission at a sum not exceeding 1% per annum of the net profits subject to the limit of ₹ 1,000,000 per annum per director as approved by the special resolution passed by the members of the Company at the Annual General Meeting held on July 23, 2010.

5. Shareholders:

5. i. Investors' Grievance Committee:

The Board constituted Investor's Grievance Committee on January 17, 2004, the following are the current members of the committee:

a) Dr. Neville Bain, Chairman

b) Dr. Kiran Mazumdar-Shaw

c) Mr. John Shaw

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

During the year 2010-11, the Committee met 4 times on April 28, 2010, July 22, 2010, October 21, 2010 and January 19, 2011 and oversaw the investors' grievances redressal.

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

5. ii. Compliance officer:

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

5. iii. Details of shareholders' complaints:

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

Opening	Complaints received	Complaints solved	Pending
1	248	249	0

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

6. General Body Meetings:

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

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

Year	Date and Time	Venue	Special resolutions passed
2007-08	July 17, 2008, 3.30 p.m	Taj Residency, 41/3, Mahatma Gandhi Road, Bangalore – 560 001	2
2008-09	July 23, 2009, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2009-10	July 23, 2010, 3.30 p.m	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	1

6. ii. Special Resolutions:

At the Annual General Meeting of the Company held on July 17, 2008, Special Resolutions were passed for (a) Increase in the Authorised Share Capital and alteration of the Articles of Association of the Company and (b) For issue of Bonus Shares to the equity shareholders of the Company. Further, at the Annual General Meeting of the Company held on July 23, 2010, Special Resolution was passed for approving the payment of commission to non-executive independent directors of the Company.

7. Disclosures:

7. i. Related party transactions:

Audit Committee reviews periodically the significant related party transactions i.e. transactions of the Company, which are of material nature, with its subsidiaries, directors or relatives or the management that may have potential conflict with the interests of the Company at large. Details are provided in Note 5 of Schedule 18 forming part of the Accounts in accordance with provisions of Accounting Standard 18, recommended under the Section 211 (3C) of the Companies Act, 1956.

The Company has entered into transactions of sale of products to a private Company amounting to ₹ 2,980,000 during the year ended March 31, 2011 (March 31, 2010 - ₹ 1,812,000), the require prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices have been approved by the Board of Directors of the Company. The Company has filed an application with the Central Government for such approval and for condonation of delay in making such application.

7. ii. Details of non-compliance:

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

7. iii. Whistle Blower Policy:

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

7. iv. Compliance with non-mandatory requirements of Clause 49 of the Listing Agreement:

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

7. v. Accounting treatment:

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

7. vi. Risk management:

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

8. Means of communication:

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

The results along with presentations made by the Company to analysts are also posted on the website of the Company, viz. www.biocon.com. The Company's website also displays all official news releases.

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

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

9. General Shareholders' Information:

i) Annual General Meeting:

Date and Time	:	July 21, 2011 at 3.30 p.m.
Venue	:	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029

ii) Financial Calendar for 2011-12 : The following are tentative dates:

First quarterly results	:	July 21, 2011
Half-yearly Results	:	October 20, 2011
Third quarterly Results	:	January 25, 2012
Annual Results 2011-12	:	May 10, 2012
AGM for the year 2011-12	:	July 26, 2012

iii) Dates of Book Closure : Saturday, July 9, 2011 to Thursday, July 21, 2011 (Both days inclusive)

iv) Dividend payment date

Interim Dividend	:	Paid on May 12, 2011
Final Dividend	:	On or after July 22, 2011

v) Listing on Stock Exchanges : The National Stock Exchange of India Ltd
Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

and

The Bombay Stock Exchange Limited
P J Towers, Dalal Street, Mumbai - 400 001

Listing is effective from April 7, 2004

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

vii) International Securities Identification Number : INE 376G01013

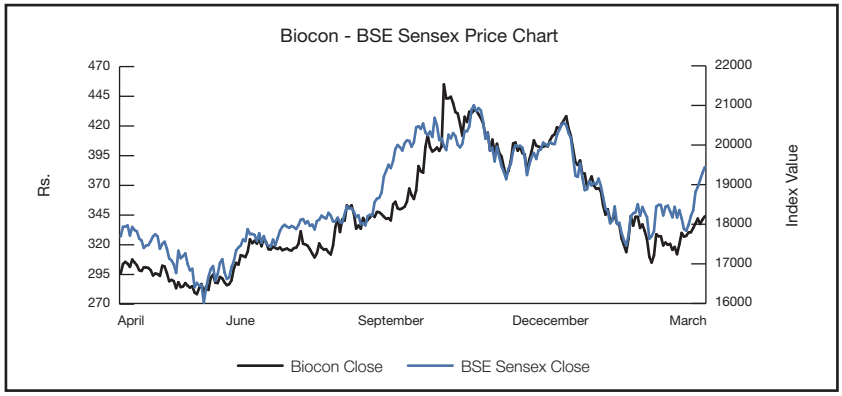
viii) Market Price data during 2010-11:

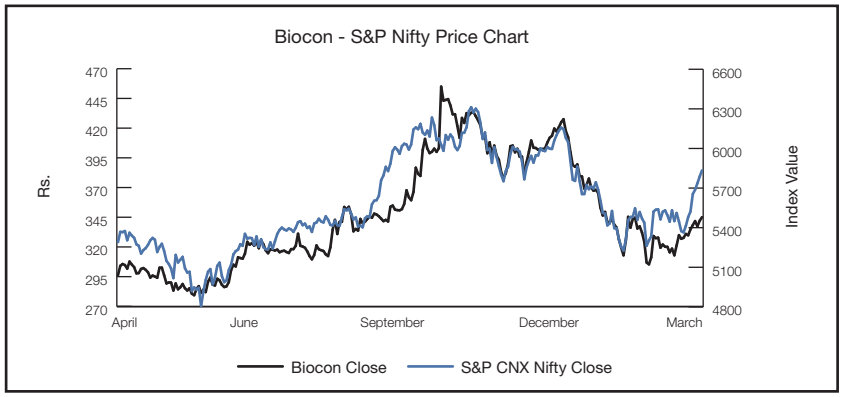
The monthly high/low prices of shares of the Company from April 1, 2010 to March 31, 2011 are given below:

		BSE			NSE		
Sl. No.	Month	High (₹)	Low (₹)	Volume of Shares	High (₹)	Low (₹)	Volume of Shares
1	April-10	307.60	293.80	2,758,856	307.70	294.05	12,235,322
2	May-10	296.30	278.45	1,238,294	296.10	279.35	7,169,025
3	June-10	325.40	286.00	3,205,943	325.45	286.25	12,247,249
4	July-10	331.35	309.35	2,730,486	331.15	309.55	10,230,539
5	August-10	353.25	311.90	3,411,255	353.80	312.30	16,062,565
6	September-10	367.35	340.50	1,760,668	367.70	341.20	8,946,587
7	October-10	455.00	365.90	10,732,524	454.95	366.25	43,556,982
8	November-10	433.25	378.30	1,960,456	433.50	378.30	10,583,364
9	December-10	421.75	381.45	2,169,231	420.85	381.40	10,436,275
10	January-11	428.25	345.35	2,834,850	427.50	346.45	14,011,311
11	February-11	344.50	305.05	1,574,851	345.35	305.35	7,970,478
12	March-11	343.95	312.05	1,118,041	345.05	312.95	6,585,651

ix) Relative movement chart:

The chart below gives the relative movement of the closing price of the Company's share and the BSE Sensex/NSE Nifty relative to the closing price. The period covered is April 01, 2010 to March 31, 2011. The Biocon Management cautions that the stock price movement shown in the graph below should not be considered indicative of potential future stock price performance.





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

xi) Share transfer system:

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

xii) Distribution of the shareholding:

The distribution of shareholding as on March 31, 2011, pursuant to Clause 35 of the Listing Agreement is as under:

A. Shareholders - by category:

Ct. Code	Category of Shareholders	No. of Shareholders	Total Number of Shares	No. of Shares held in Dematerialized form	Total Shareholding as a percentage of Total No. of Shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals/Hindu Undivided Family	5	80,892,224	80,876,394	40.45	40.45	0	0.00
(b)	Central Government/State Government(s)	-	-	-	0.00	0.00	0	0.00
(c)	Bodies Corporate	-	-	-	0.00	0.00	0	0.00
(d)	Financial Institutions/Banks	-	-	-	0.00	0.00	0	0.00
(e)	Any Others	-	-	-	0.00	0.00	0	0.00
	Sub-Total (A)(1) :	5	80,892,224	80,876,394	40.45	40.45	0	0.00
(2)	**Foreign**							
(a)	Individuals (NRIs/Foreign Individuals)	1	1,407,558	1,407,558	0.70	0.70	0	0.00
(b)	Bodies Corporate	1	39,535,194	39,535,194	19.77	19.77	0	0.00
(c)	Institutions	-	-	-	0.00	0.00	0	0.00
(d)	Any Others	-	-	-	0.00	0.00	0	0.00
	Sub-Total (A)(2) :	2	40,942,752	40,942,752	20.47	20.47	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**7**	**121,834,976**	**121,819,146**	**60.92**	**60.92**	**0**	**0.00**
(B)	**Public Shareholding**						NA	NA
(1)	**Institutions**						NA	NA
(a)	Mutual Funds/UTI	49	11,833,999	11,833,999	5.92	5.92		
(b)	Financial Institutions/Banks	26	10,357,310	10,357,310	5.18	5.18		
(c)	Central Government/State Government(s)	-	-	-	0.00	0.00		
(d)	Venture Capital Funds	-	-	-	0.00	0.00		
(e)	Insurance Companies	-	-	-	0.00	0.00		
(f)	Foreign Institutional Investors	84	11,750,275	11,750,275	5.88	5.88		
(g)	Foreign Venture Capital Investors	-	-	-	0.00	0.00		
(h)	Any Others	-	-	-	0.00	0.00		
	Sub-Total (B)(1):	159	33,941,584	33,941,584	16.97	16.97		
(2)	**Non-Institutions**						NA	NA
(a)	Bodies Corporate	1,379	7,360,434	7,360,434	3.68	3.68		
(b)	Individuals							
	(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	100,636	15,454,724	15,410,217	7.73	7.73		
	(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	57	10,997,419	10,997,419	5.50	5.50		

Ct. Code	Category of Shareholders	No. of Shareholders	Total Number of Shares	No. of Shares held in Dematerialized form	Total Shareholding as a percentage of Total No. of Shares		Shares Pledged or otherwise encumbered	
					As a % of (A+B)	As a % of (A+B+C)	No. of Shares	As a %
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(c)	Any Others							
	Clearing Members	185	92,495	92,495	0.05	0.05		
	Foreign Bodies	1	105,374	105,374	0.05	0.05		
	Foreign Nationals	9	713,190	439,118	0.36	0.36		
	Non Resident Indians	2,158	1,125,120	952,726	0.56	0.56		
	Trusts	16	8,374,684	8,374,684	4.19	4.19		
	Sub-Total (B)(2) :	104,441	44,223,440	43,732,467	22.11	22.11		
	Total Public Shareholding (B)=(B)(1)+(B)(2):	**104,600**	**78,165,024**	**77,674,051**	**39.08**	**39.08**	**NA**	**NA**
	Total (A)+(B) :	**104,607**	**200,000,000**	**199,493,197**	**100.00**	**100.00**		
(C)	**Shares held by custodians, against which Depository Receipts have been issued**	-	-	-	0.00	0.00	NA	NA
	GRAND TOTAL (A)+(B)+(C) :	**104,607**	**200,000,000**	**199,493,197**	**100.00**	**100.00**	**0.00**	**0.00**

B. Distribution of shareholding by no. of shares:

Distribution Schedule as on March 31, 2011

Sl.No.	Category From	To	Number of Cases	% of Cases	Amount in ₹	% of Amount
1	0001	- 5000	102,210	97.71	54,868,290	5.49
2	5001	- 10000	1,155	1.10	8,765,235	0.88
3	10001	- 20000	564	0.54	8,313,360	0.83
4	20001	- 30000	212	0.20	5,356,650	0.54
5	30001	- 40000	85	0.08	3,038,630	0.30
6	40001	- 50000	71	0.07	3,280,470	0.33
7	50001	- 100000	108	0.10	7,995,405	0.80
8	100001 & ABOVE		202	0.19	908,381,960	90.84
	TOTAL		**104,607**	**100.00**	**1,000,000,000**	**100.00**

xiii) Dematerialization of shares and liquidity:

Procedure for dematerialization/rematerialization of scrips

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

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

As on March 31, 2011, 506,803 shares (0.25%) of the shares of Company were in physical form.

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

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

xiv) Plant locations:

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

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

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

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

a) Kiran Kumar G.
Company Secretary
(Compliance Officer)
Biocon Limited, 20th KM, Hosur Road,
Electronics City P.O., Bangalore - 560 100
T 91 80 2808 3037 (Direct)/2808 (Board)
Mail id: co.secretary@biocon.com or investor.relations@biocon.com

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

Auditors' Certificate

To
The Members of Biocon Limited

We have examined the compliance of conditions of corporate governance by Biocon Limited, for the year ended on March 31, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

per Aditya Vikram Bhauwala
Partner
Membership No. 208382

Bangalore
April 28, 2011

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Auditors' Report

To the Members of Biocon Limited

1. We have audited the attached Balance Sheet of Biocon Limited ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

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

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

v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

(a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;

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

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

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

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

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

(b) Fixed assets have been physically verified by the management during the year in accordance with a regular programme of verification, intended to cover all the fixed assets of the Company over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Based on the information and explanation provided to us, no material discrepancies were noticed on such verification.

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

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

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

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

(iii) (a) The Company has granted unsecured loans to three companies listed in the register maintained under Section 301 of the Companies Act, 1956 ('the Act'). The maximum amount involved during the year was ₹ 3,061,806 thousands and the balance outstanding at March 31, 2011 is ₹ 1,801,779 thousands.

(b) In our opinion and according to the information and explanations given to us, the rate of interest, where applicable, and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.

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

(d) Based on our audit procedures and the information and explanation made available to us, there is no overdue amount of the loan granted by the Company to the companies listed in the register maintained under section 301 of the Act.

(e) The Company has not taken any loans from companies, firms or other parties listed in the register maintained under Section 301 of the Act.

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

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under Section 301 have been so entered.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of items involved and absence of any comparable prices, we are unable to comment whether the transactions are made at prevailing market prices at the relevant time.

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

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

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

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.
Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

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

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

Name of the statute	Nature of dues	Amount (₹ in thousands)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	633*	1994-1995	Assistant Collector of Central Excise.
The Central Excise Act, 1944	Excise Duty	859	2005-2006	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Central Excise Act, 1944	Excise Duty	88,209	April 2005 till March 2008	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Central Excise Act, 1944	Excise Duty	10,414	2010-2011	Commissioner Appeal, Chennai
The Customs Act, 1962	Customs Duty	3,005 (1514*)	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai
The Customs Act, 1962	Customs Duty	21,606 *	2010-2011	Commissioner Appeal Bangalore
VAT Act	VAT	5,583 (1164*)	2005-2006	Joint Commissioner Appeal Bangalore
Income-tax Act, 1961	Income Tax	3,879*	1996-1997	Supreme Court
Income-tax Act, 1961	Income Tax	4,040*	1997-1998	High Court of Karnataka
Income-tax Act, 1961	Income Tax	17,619*	2002-2003	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	12,713*	2003-2004	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	18,940*	2004-2005	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	15,062*	2005-2006	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	24,625 (17,838*)	2006-2007	Commissioner of Income Tax (Appeals)
Income-tax Act, 1961	Income Tax	837	2007-2008	Commissioner of Income Tax (Appeals)

* These amounts are paid in protest.

(xi) 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.

(xii) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution and banks. The Company does not have any borrowing by way of debenture.

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

(xiv) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

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

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

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

(xix) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.

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

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

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

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

Balance Sheet as at March 31, 2011

(All amounts in Indian Rupees thousands)

	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	1,000,000	1,000,000
Reserves and surplus	2	18,468,091	14,662,867
		19,468,091	**15,662,867**
Loan Funds			
Secured loans	3	740,643	896,834
Unsecured loans	4	945,743	1,021,228
		1,686,386	**1,918,062**
Deferred Tax Liability (Net)	5	395,518	410,408
		21,549,995	**17,991,337**
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	6 (i)	10,924,574	10,018,002
Less: Accumulated depreciation		4,262,198	3,418,093
Net Block		**6,662,376**	**6,599,909**
Capital work-in-progress [including capital advances of ₹ 4,802 (March 31, 2010 - ₹ 60,269)]		1,032,909	583,344
		7,695,285	**7,183,253**
Intangible Assets	6 (ii)	134,490	184,062
Investments	7	**4,858,229**	**4,186,382**
Current Assets, Loans and Advances			
Inventories	8	2,747,374	2,447,986
Sundry debtors	9	4,181,044	3,836,444
Cash and bank balances	10	2,102,320	771,218
Loans and advances	11	4,086,880	4,030,711
		13,117,618	**11,086,359**
Less: Current Liabilities and Provisions	12		
Current Liabilities		3,153,719	3,816,243
Provisions		1,101,908	832,476
		4,255,627	**4,648,719**
Net Current Assets		**8,861,991**	**6,437,640**
		21,549,995	**17,991,337**
Notes to Accounts	17		

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Profit and Loss Account for the year ended March 31, 2011

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

	Schedule	March 31, 2011	March 31, 2010
INCOME			
Gross sales		13,644,384	11,580,976
Less: Excise duty		393,724	300,281
Net sales		**13,250,660**	**11,280,695**
Licensing and development fees		2,064,963	350,130
Other income	13	605,716	658,327
		15,921,339	**12,289,152**
EXPENDITURE			
Manufacturing, contract research and other expenses	14	9,824,660	8,709,669
Interest and finance charges	16	23,778	19,910
		9,848,438	**8,729,579**
PROFIT BEFORE DEPRECIATION AND TAXES		**6,072,901**	**3,559,573**
Depreciation /Amortisation	6 (i) & 6 (ii)	907,000	797,290
Less: Amount recovered from co-development partner	6 (i) (e)	5,309	-
		901,691	**797,290**
PROFIT BEFORE TAXES		**5,171,210**	**2,762,283**
Provision for income-tax			
Current tax		593,605	278,713
Deferred taxes	5	(14,890)	-
PROFIT FOR THE YEAR		**4,592,495**	**2,483,570**
Balance brought forward from previous year		9,470,267	8,009,190
PROFIT AVAILABLE FOR APPROPRIATION		**14,062,762**	**10,492,760**
Interim dividend on equity shares		300,000	-
Proposed final dividend on equity shares		600,000	700,000
Tax on interim dividend		-	-
Tax on proposed final dividend, net of reversal of earlier year ₹ 6,552 (March 31, 2010 ₹ Nil)		90,783	74,136
Transfer to general reserve		459,250	248,357
BALANCE TRANSFERRED TO BALANCE SHEET		**12,612,729**	**9,470,267**
Earnings per share (equity shares, par value of ₹ 5 each)			
Basic (in ₹)		23.49	12.77
Diluted (in ₹)		23.27	12.57
Weighted average number of shares used in computing earnings per share			
Basic	17(4)	195,542,464	194,490,677
Diluted	17(4)	197,368,418	197,626,701
Notes to Accounts	17		

The Schedules referred to above and Notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Statement of Cash Flows for the year ended March 31, 2011

(All amounts in Indian Rupees thousands)

		March 31, 2011	March 31, 2010
I	**CASH FLOWS FROM OPERATING ACTIVITIES :**		
	Net profit including exceptional items, before tax	5,171,210	2,762,283
	Adjustments for		
	Depreciation and amortisation	901,691	797,290
	Unrealised exchange (gain)/loss	(75,742)	40,628
	Employee stock compensation expense	1,129	(1,800)
	Provision / (reversal of provision) for bad and doubtful debts	(2,401)	15,306
	Bad debts written off	9,860	1,656
	Interest expense	10,113	11,755
	Interest income	(39,757)	(88,315)
	Dividend earned	(167,114)	(98,604)
	Gain on sale of investment in mutual funds	(59)	-
	Loss on fixed assets sold	3,032	28,282
	Operating profit before working capital changes	**5,811,962**	**3,468,481**
	Movements in working capital		
	Inventories	(299,388)	(502,762)
	Sundry debtors	(333,656)	(979,878)
	Loans and advances	(222,702)	(1,243,260)
	Current liabilities and provisions	(797,362)	1,750,671
	Cash generated from operations	**4,158,855**	**2,493,252**
	Tax paid (net of refunds)	(509,194)	(185,911)
	Net cash from operating activities	**3,649,661**	**2,307,341**
II	**CASH FLOWS FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets, net of reimbursements under co-development arrangements	(1,232,442)	(767,509)
	Acquisition of intangible assets	-	(39,015)
	Proceeds from sales of fixed assets	19,235	17,887
	Interest received	39,757	44,111
	Dividend received	167,114	98,604
	Loan to subsidiaries / joint venture companies, net	121,548	(39,580)
	Investment in subsidiary / joint venture / associate companies	(121,552)	(48,100)
	Sale of investments (current)	17,632,354	18,751,040
	Movement in reserves of ESOP trust	198,691	202,469
	Issue of shares under ESOP scheme	183	317
	Purchase of shares by ESOP Trust	(138,104)	(1,000)
	Purchase of investments		
	-Long term	-	(32,406)
	-Current	(18,044,667)	(19,389,379)
	Net cash used for investing activities	**(1,357,884)**	**(1,202,560)**
III	**CASH FLOWS FROM FINANCING ACTIVITIES :**		
	Short term borrowings from banks, net	(286,359)	(58,109)
	Unsecured loans	61,415	396,366
	Dividend paid	(700,000)	(600,000)
	Dividend tax paid	(67,584)	(101,970)
	Interest paid	(8,861)	(11,755)
	Recovery of ESOP compensation expense from subsidiaries	3,692	4,011
	Net cash generated from / (used for) financing activities	**(997,697)**	**(371,457)**
IV	**NET CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III)**	**1,294,080**	**733,324**
V	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	**771,218**	**60,427**
VI	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)**	**2,065,298**	**793,751**
	COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
	Cash on hand	1,283	2,104
	Cheques on hand	129,810	-
	Balances with banks - in current accounts (excluding Unclaimed Dividend)	1,715,648	764,367
	- in deposit accounts	250,303	103
	- in unpaid dividend accounts*	5,276	4,644
	Gain / (Loss) on exchange differences on cash and cash equivalents held in foreign currency	(37,022)	22,533
	CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT	**2,065,298**	**793,751**

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

	March 31, 2011	March 31, 2010
1. Share capital		
Authorised:		
220,000,000 (March 31, 2010 - 220,000,000) equity shares of ₹ 5 each (March 31, 2010 - ₹ 5 each)	1,100,000	1,100,000
Issued, subscribed and paid-up:		
200,000,000 (March 31, 2010 - 200,000,000) equity shares of ₹ 5 each (March 31, 2010 - ₹ 5 each), fully paid	1,000,000	1,000,000

(a) Of the above equity shares:

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

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

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

(b) Also refer to Note 3 in Schedule 17 for shares allotted under the Employees Stock Option Plan.

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

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

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	March 31, 2011	March 31, 2010
2. Reserves and surplus		
Revaluation Reserve		
Balance	9,489	9,489
Securities Premium		
Balance	2,788,478	2,788,478
ESOP Trust		
Balance	372,254	169,785
Add: Dividend, interest income and profit on sale of shares, net	198,691	202,469
	570,945	**372,254**
General Reserve		
Balance	1,775,708	1,527,351
Add: Transfer from Profit and Loss Account	459,250	248,357
	2,234,958	**1,775,708**
Stock compensation adjustment (Also see Note 3 in Schedule 17)		
Stock options outstanding	263,732	293,805
Additions during the year	-	-
Deletions during the year	7,599	30,073
	256,133	**263,732**
Less: Deferred employee stock compensation expense	4,641	17,061
	251,492	**246,671**
Balance in profit and loss account	**12,612,729**	**9,470,267**
	18,468,091	**14,662,867**
Deferred employee stock compensation expense (Also see Note 3 in Schedule 17):		
Stock compensation expense outstanding at the beginning of the year	17,061	49,345
Stock options granted during the year	-	-
Stock options cancelled/forfeited during the year	(7,599)	(30,073)
Stock compensation expense (amortised)/reversed during the year	(1,129)	1,800
Stock compensation expense charged to Subsidiaries during the year	(3,692)	(4,011)
Closing balance of deferred employee stock compensation expense	**4,641**	**17,061**

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	March 31, 2011	March 31, 2010
3. Secured loans		
From banks		
Cash credit, packing credit, etc.	740,643	896,834
	740,643	**896,834**

(i) The Company has working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by *pari-passu* first charge on current assets. As on March 31, 2011, the Company has utilised fund based limits of ₹ 740,229 (March 31, 2010 - ₹ 694,435), inclusive of foreign currency denominated loans of ₹ 668,100 (US$ 15 Million) [March 31, 2010 - ₹ 427,025 (US$ 9.5 million)].

(ii) The Company has working capital facilities with Canara Bank (CB). These facilities are repayable on demand, secured by a *pari-passu* first charge on current assets of the Company. As on March 31, 2011, the Company has utilised ₹ 414 (March 31, 2010 - ₹ 124).

(iii) The Company has working capital facilities with ABN Amro Bank. These facilities are repayable on demand, secured by a *pari-passu* first charge on the current assets of the Company. As on March 31, 2011, the Company has utilised Nil (March 31, 2010- ₹ 202,275) inclusive of foreign currency denominated loans of Nil (US$ Nil) [March 31, 2010- ₹ 202,275 (US$ 4.5 million)].

	March 31, 2011	March 31, 2010
4. Unsecured loans		
Deferred Sales Tax Liability	648,624	648,978
NMITLI - CSIR Loan	2,319	2,650
Financial assistance from DSIR	21,000	10,000
Financial assistance from DBT	37,100	-
Financial assistance from DST	14,000	-
Short- term loan from a bank	222,700	359,600
	945,743	**1,021,228**

(i) Under the Industrial Policy of the Government of Karnataka, the Company on February 4, 1998 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding ₹ 24,375. As at March 31, 2011, the Company has utilised ₹ Nil (March 31, 2010 - ₹ 354). During the year, the Company has repaid the entire amount.

(ii) Under the Agro Food Processing Industrial Policy of the Government of Karnataka, the Company on February 9, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding ₹ 648,938. As at March 31, 2011, the Company has utilised ₹ 648,624 (March 31, 2010 - ₹ 648,624). The amount due for repayment during 2011-12 is ₹ Nil (March 31, 2010 - ₹ Nil).

(iii) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹ 3,312 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual installments starting from April, 2009 and carrying an interest rate of 3 percent per annum. The amount due for repayment within one year is ₹ Nil (March 31, 2010- Nil). The amount due for repayment in 2011-12 being ₹ 331 has been paid as at March 31, 2011.

(iv) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') has sanctioned financial assistance for a sum of ₹ 17,000 to the Company for part financing one of it's research projects. Of the said sanctioned amount, the Company has received the first installment of ₹ 10,000 during the year 2008-09. The Research project has been completed during the year ended March 31, 2010. The assistance is repayable in the form of royalty payments post commercialisation of the project in five equal annual installements. During the year, the Company has received the remaining ₹ 7,000 towards the Pilot Plant project. In addition, DSIR has further sanctioned ₹ 4,000 towards a development project and the same was received in August, 2010. The amount due for repayment during 2011-12 is ₹ Nil (March 31, 2010 - ₹ Nil).

(v) On November 3, 2009, the Department of Biotechnology ('DBT') under the Biotechnology Industrial Partnership Programme ('BIPP') has sanctioned financial assistance for a sum of ₹ 53,000 to the Company for financing one of it's research projects. Of the said sanctioned amount, the Company has received a sum of ₹ 37,100 during the year 2010-11. The loan is repayable over 10 half yearly installments after one year from the date of completion of the project, and carries an interest rate of 2 percent per annum. The amount due for repayment during 2011-12 is ₹ Nil (March 31, 2010 - ₹ Nil).

(vi) 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 ₹ 70,000 to the Company for financing one of it's research projects. Of the said sanctioned amount, the Company has received the first installment of ₹ 14,000 during the year 2010-11. The loan is repayable over 10 annual installments starting from July 1, 2012, and carries an interest rate of 3 percent per annum.

(vii) The Company has obtained foreign currency loan of ₹ 222,700 (US$ 5 million) from BNP Paribas as at March 31, 2011. The loan is repayable by September 18, 2011. As at March 31, 2010, the Company had availed foreign currency loan of ₹ 359,600 (US$ 8 million) from HDFC Bank.

	Deferred tax (asset) / liability as at March 31, 2010	Current year charge / (credit)	Deferred tax (asset) / liability as at March 31, 2011
5. Deferred tax liability (net)			
Depreciation / Amortisation	452,977	(20,289)	432,688
Employee retirement benefits	(15,105)	3,522	(11,583)
Provision for doubtful debts	(24,165)	1,877	(22,288)
Others	(3,299)	-	(3,299)
	410,408	**(14,890)**	**395,518**
Year ended March 31, 2010	410,408	-	410,408

The Company has units / operations 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.

	Balance at the beginning of the year	Additions during the year	Deletions during the year	Balance at the end of the year
6. (i) Fixed assets				
Gross Block				
Land				
Freehold (revalued)	8,967	-	-	8,967
Freehold (others)	102,713	-	-	102,713
Leasehold	226,420	-	-	226,420
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	1,911,692	135,314	-	2,047,006
Leasehold improvements	3,191	-	-	3,191
Plant and machinery (including Computers)	6,620,703	532,874	7,212	7,146,365
Research and development equipment	1,014,283	250,320	27,573	1,237,030
Furniture and fixtures	94,547	17,508	-	112,055
Vehicles	18,925	6,146	805	24,266
	10,018,002	**942,162**	**35,590**	**10,924,574**
Year ended March 31, 2010	9,486,156	666,724	134,878	10,018,002
Accumulated depreciation				
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	341,184	79,770	-	420,954
Leasehold improvements	1,242	128	-	1,370
Plant and machinery (including Computers)	2,561,948	639,994	1,541	3,200,401
Research and development equipment	427,880	121,479	11,611	537,748
Furniture and fixtures	59,254	13,386	-	72,640
Vehicles	10,024	2,671	171	12,524
	3,418,093	**857,428**	**13,323**	**4,262,198**
Year ended March 31, 2010	2,733,315	773,487	88,709	3,418,093
Net Block				
Land				
Freehold (revalued)	8,967			8,967
Freehold (others)	102,713			102,713
Leasehold	226,420			226,420
Buildings (revalued)	-			-
Buildings (others)	1,570,508			1,626,052
Leasehold improvements	1,949			1,821
Plant and machinery (including Computers)	4,058,755			3,945,964
Research and development equipment	586,403			699,282
Furniture and fixtures	35,293			39,415
Vehicles	8,901			11,742
	6,599,909			**6,662,376**
Year ended March 31, 2010	6,752,841			6,599,909

Notes:

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation up to that date, as per valuers reports and the resultant surplus of ₹ 34,529 was credited to revaluation reserve. Of this reserve, ₹ 25,040 (March 31, 2010 - ₹ 25,040) has been transferred to the profit and loss account for depreciation on these assets or adjusted on the sale of these assets.

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

(c) During the year ended March 31, 2008, the Company has been allotted land measuring approximately 50 acres at the Jawaharlal Nehru Pharma City Vishakhapatnam, Andhra Pradesh, on a long-term lease basis for a consideration of ₹ 260,100. The Company has paid the entire consideration towards the cost of the lease as at March 31, 2011 and pending completion of registration formalities, the amount has been recorded as capital work-in-progress.

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

(e) Additions to fixed assets during the year ended March 31, 2011, include assets of ₹ 172,816 (March 31, 2010 - Nil) of which, ₹ 86,408 (March 31, 2010 - ₹ Nil) has been funded by the co-development partner. The Company has capitalised and depreciated the gross cost of these assets. The funding received from the co-development partner is reflected as Deferred revenues in Schedule 12 and the depreciation charge for the year has been adjusted for the proportionate amount recovered from the co-development partner.

	Balance at the beginning of the year	Additions during the year	Sale during the year	Balance at the end of the year
6. (ii) Intangible assets				
Cost / Acquisition				
Intellectual Properties from Nobex				
- Under commercialisation	81,138	-	-	81,138
Marketing rights for products	128,850	-	-	128,850
Computer software	39,015	-	-	39,015
	249,003	**-**	**-**	**249,003**
Year ended March 31, 2010	429,988	39,015	220,000	249,003
Accumulated Amortisation				
Intellectual Properties from Nobex				
- Under commercialisation	57,138	16,000	-	73,138
Marketing rights for products	-	25,769	-	25,769
Computer software	7,803	7,803	-	15,606
	64,941	**49,572**	**-**	**114,513**
Year ended March 31, 2010	41,138	23,803	-	64,941
Net Value				
Intellectual Properties from Nobex				
- Under commercialisation	24,000			8,000
Marketing rights for products	128,850			103,081
Computer software	31,212			23,409
	184,062			**134,490**
Year ended March 31, 2010	388,850			184,062

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

During the year ended March 31, 2010, the Company transferred the right to develop and commercialise Oral Insulin to Biocon Research Ltd, a wholly owned subsidiary (BRL) for a consideration of ₹ 673,260 (US$ 14 Million). As the development and marketing rights of Oral Insulin have certain obligations of the parties to conclude the arrangements, the same has been treated as deferred revenues by the Company at March 31, 2011.

(b) During the year ended March 31, 2010, the Company transferred the rights relating to development and marketing of certain monoclonal antibodies to Biocon Research Limited for a consideration of ₹ 480,500. Having regard to certain obligations for the development of the products, the income has been recognised over the period of the process development, estimated to be 18 months from the date of agreement.

(c) During the year ended March 31, 2009, the Company acquired marketing rights of hR3 and EPO from Biocon Biopharmaceuticals Private Limited ('BBPL') for a sum of ₹ 128,850. These rights give the Company an exclusive right of marketing the products in certain territories. The Company has during the year ended March 31, 2011, made an application for registration of the products in the territory. The Company has commenced amortisation of these intangibles over a period of five years from April 2010.

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	March 31, 2011	March 31, 2010
7. Investments		
Long-term investments (At cost)		
A) Trade investments:		
Unquoted and fully paid up		
2,722,014 (March 31, 2010 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	185,795	185,795
217,972 (March 31, 2010 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	32,356	32,356
4,285,714 (March 31, 2010 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US $ 0.00001 each of IATRICa Inc., USA (Associate Company)	138,470	138,470
In Joint Venture Companies:		
Unquoted and fully paid-up		
Nil (March 31, 2010 - 8,976,000) equity shares of ₹ 10 each of Biocon Biopharmaceuticals Private Limited	-	89,760
150 (March 31, 2010 - 150) equity shares of United Arab Emirates Dirham ('AED') 1,000 each of NeoBiocon FZ LLC	1,613	1,613
	358,234	**447,994**
B) Non-trade:		
National Savings Certificates (Unquoted)	62	62
Shares of the Company held by ESOP Trust (Quoted)	260,043	122,121
	260,105	**122,183**
C) In subsidiary companies:		
Unquoted and fully paid up		
50,000 (March 31, 2010 - 50,000) equity shares of ₹ 10 each of Clinigene International Limited	500	500
2,874,830 (March 31, 2010 - 2,874,830) equity shares of ₹ 10 each of Syngene International Limited	84,328	84,328
500,000 (March 31, 2010 - 500,000) equity shares of ₹ 1 each of Biocon Research Limited	500	500
100,000 (March 31, 2010 -100,000) equity shares of CHF 1 each of Biocon SA, Switzerland	3,960	3,960
17,600,000 equity shares of ₹ 10 each of Biocon Biopharmaceuticals Private Limited	211,312	-
3 (March 31, 2010 - Nil) equity shares of RM 10 each of Biocon Sdn.Bhd, Malaysia	1	-
	300,601	89,288
	918,940	**659,465**

(a) During the year ended March 31, 2009, Biocon Research Limited ('BRL') was incorporated as a wholly owned subsidiary for undertaking research in novel and innovative drug initiatives. BRL commenced commercial activities during the year ended March 31, 2010 and as at March 31, 2011 has a negative net worth of ₹ 372,559 due to it's early stage of operations and research activities. BRL is a research and 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. Further, the Company has given a letter of financial support to BRL to fund its operations.

(b) During the year ended March 31, 2009, Biocon SA a wholly owned subsidiary was incorporated in Switzerland for development and marketing of biopharmaceutical products in various markets outside India. As at March 31, 2011, Biocon SA holds 78% (March 31, 2010 - 78%) equity interest in AxiCorp GmbH, Germany and has commenced clinical development of insulin for the European markets. Also refer Note 5 in Schedule 17.

(c) BBPL was incorporated as a 51% joint venture between the Company and CIMAB, SA engaged in research, development, manufacturing and marketing of biopharmaceuticals. During the year, the Company purchased the 49% stake in BBPL. Also refer Note 1 to Schedule 17. Further, the Company has granted a long-term loan of ₹ 1,342,690 (March 31, 2010 - ₹ 258,259) to fund the operations of BBPL repayable over a period of 5 years. As at March 2011, the entire share capital of BBPL is held by the Company. BBPL is of strategic importance to the Company. Accordingly, the management is of the view that there is no dimunition in the value of the investment.

(d) NeoBiocon was incorporated in Dubai as a 50% joint venture between the Company and Mr.B R Shetty and is engaged in development, marketing and distribution of biopharmaceuticals in the Middle-East region. As at March 31, 2011, the aggregate amount of Biocon's interest in the assets, liabilities, income and expenses of NeoBiocon is ₹ 47,039 (March 31, 2010 - ₹ 17,033) and ₹ 22,559 (March 31, 2010 - ₹ 10,049), ₹ 59,608 (March 31, 2010 - ₹ 23,927) and ₹ 38,002 (March 31, 2010 - ₹ 21,214) respectively. The share of the Company in the accumulated profit of NeoBiocon as at March 31, 2011 stood at ₹ 17,164 (loss as on March 31, 2010 - ₹ 4,080). Since NeoBiocon has commenced marketing / distribution activities recently, management believes that there is no other than temporary diminution in the value of the investment.

(e) As on March 31, 2011, the ESOP Trust held 4,457,536 shares (March 31, 2010 - 5,509,323) of the Company towards grant / exercise of shares to / by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer Note 3 in Schedule 17.

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

(g) The Company has 30% (March 31, 2010 - 30%) voting rights in IATRICa Inc., USA.

(h) During the year ending March 31, 2011 Biocon Sdn.Bhd was incorporated as a wholly owned subsidiary in Malaysia. Biocon Sdn.Bhd is yet to commence operations as at March 31, 2011.

d) Other Investments	Face Value	Units March 31, 2011	Cost March 31, 2011	Market Value March 31, 2011	Units March 31, 2010	Cost March 31, 2010	Market Value March 31, 2010
Birla Sun Life Floating Rate Fund - Long Term Plan - Daily Dividend	10	5,613,963	56,140	56,181	-	-	-
Birla Sun Life Savings Fund - Institutional - Daily Dividend	10	6,099,719	61,039	61,039	9,012,700	90,188	90,188
Birla Sunlife Interval Income Fund - Institutional - Quarterly - Series 1 Dividend	10	-	-	-	5,718,324	57,183	57,183
Birla Sunlife Interval Income Fund - Institutional - Quarterly - Series 2 Dividend	10	-	-	-	7,500,000	75,000	75,000
Birla Sunlife Fixed Term Plan Series CO Dividend Payout	10	20,000,000	200,000	201,940	-	-	-
Birla Sunlife Qtly Interval - Series 4 - Dividend Reinvestment	10	15,453,855	154,539	154,837	-	-	-
Birla Sunlife Short Term FMP - Series 6 Dividend payout	10	12,000,000	120,000	120,700	-	-	-
Birla Sunlife Short Term FMP - Series 9 Dividend payout	10	15,000,000	150,000	151,307	-	-	-
DWS Fixed Term fund - Series 73 - Dividend Plan - Payout	10	7,000,000	70,000	71,225	-	-	-
Fortis Money Plus Fund Institutional Plan - Daily Dividend	10	-	-	-	41,552,642	415,652	415,652
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend	10	2,451,915	24,596	24,596	-	-	-
HSBC Floating Rate - Long Term Plan - Institutional - Weekly Dividend	11	-	-	-	6,514,416	73,199	73,199
HSBC Ultra Short Term Bond Fund - Institutional Plan - Daily Dividend	10	30,087,869	304,175	304,209	-	-	-
ICICI Prudential Blended Plan B Institutional Daily Dividend Option-II	10	35,024,594	350,509	350,509	-	-	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	106	1,661,746	175,705	175,705	1,786,439	188,889	188,889
IDFC Fixed Maturity Monthly Series - 30 Dividend	10	10,000,000	100,000	100,243	-	-	-
IDFC Fixed Maturity Plan - Half Yearly Series - Plan A Dividend	10	-	-	-	30,146,400	301,464	301,464
IDFC Money Manager Fund - Treasury Plan - Institutional Plan C - Daily Dividend	10	13,729,884	137,319	137,319	-	-	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C	10	-	-	-	8,156,446	81,575	81,575
Kotak Flexi Debt Fund - Institutional - Daily Dividend	10	-	-	-	3,988,697	40,076	40,076
Kotak Floater Long Term - Daily dividend	10	15,179,781	153,009	153,009	33,337,871	336,038	336,038
Kotak Quarterly Interval Plan Series 6 - Dividend	10	-	-	-	15,000,000	150,000	150,000
L&T Freedom Income STP Institutional - Daily Dividend	10	29,868,082	303,316	303,316	-	-	-
Reliance Liquid Fund - Treasury Plan - Daily Dividend	15	-	-	-	1,069	16	16
Reliance Medium Term Fund - Institutional - Daily Dividend	17	-	-	-	10,616,070	181,487	181,487
Reliance Money Manager Fund - Institutional - Daily Dividend	1,001	284,038	284,428	284,428	328,204	328,577	328,577
Reliance Monthly Interval Fund - Series II - Institutional Dividend Plan	10	19,990,005	200,000	200,052	-	-	-
Religare Active Income Fund - Institutional - Monthly Dividend	10	-	-	-	5,023,859	50,245	50,246
Religare Credit Oppurtunities Fund - Institutional - Monthly Dividend	10	-	-	-	10,033,109	100,682	100,682
Religare Fixed Maturity Plan-Series-II Plan A (13 Months)	10	20,000,000	200,000	201,378	20,000,000	200,000	200,000
Religare Ultra Short Term Fund - Institutional Daily Dividend	1,002	391,605	392,276	392,276	-	-	-
Religare Ultra Short Term Fund - Institutional Daily Dividend - Series A	10	-	-	-	10,043,228	100,590	100,590
SBI SHF Ultra Short Term Fund - Institutional Daily Dividend	10	7,198,633	72,030	72,030	65,566,225	656,056	656,056
TATA Fixed Income Portfolio Fund Scheme B3 - Institutional Quarterly	10	-	-	-	9,998,600	100,000	100,000
TATA Fixed Maturity Plan Series 28 Scheme A Dividend	10	15,000,000	150,000	151,509	-	-	-
TATA Floater Fund - Daily Dividend	10	17,587,104	176,497	176,497	-	-	-
Templeton India Ultra Short Bond Fund - Super Institutional Plan - Daily Dividend	10	9,087,531	90,981	90,981	-	-	-
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	1,000	12,728	12,730	12,731	-	-	-
			3,939,289			**3,526,917**	
			4,858,229			**4,186,382**	
Aggregate value of unquoted investments			4,598,186			4,064,261	
Aggregate value of quoted investments (cost)			260,043			122,121	
Aggregate value of quoted investments (market value)			1,537,850			1,567,127	

(a) Other Investments include current and unquoted investments of the ESOP Trust of ₹ 304,175 (March 31, 2010 - ₹ 73,198)

The following investments were purchased and sold during the year:	Units March 31, 2011	Units March 31,2010	Face Value (₹)	Cost March 31, 2011	Cost March 31,2010
Axis Liquid Fund - Institutional Daily Dividend	50,005	-	1,000	50,006	-
Axis Treasury Advantage Fund - Institutional Daily Dividend	50,422	-	1,000	50,422	-
Birla Sun Life Cash Manager - Institutional Plan - Daily Dividend	1,510,906	-	10	15,114	-
Birla Sun Life Cash Plus - Institutional - Daily Dividend	72,717,297	123,757,882	10	728,591	1,239,992
Birla Sun Life Floating Rate Fund - Long Term Plan - Daily Dividend	35,000,000	154,030,601	10	350,000	1,541,353
Birla Sun Life Savings Fund - Institutional - Daily Dividend	72,591,761	-	10	726,411	-
Birla Sun Life Floating Rate Fund - Long Term - Institutional - Weekly Dividend	12,118,042	-	10	121,206	-
Birla Sun Life Interval Income Fund - Institutional - Quarterly - series 1 Dividend	70,208	-	10	702	-
Birla Sun Life Interval Income Fund - Institutional - Quarterly - series 2 Dividend	88,098	-	10	881	-
Birla Sun Life Quarterly Interval - Series 4 - Dividend Reinvestment	10,000,000	-	10	100,000	-
Fortis Money Plus Fund Institutional Plan - Daily Dividend	40,951,725	91,471,644	10	409,682	915,000
Fortis Overnight Fund Institutional Plan - Daily Dividend	39,392,425	91,772,468	10	394,042	918,000
Templeton India Ultra Short Bond Fund - Super Institutional Plan - Daily Dividend	24,971,034	-	10	250,000	-
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend	8,971,739	60,513,900	10	90,000	607,045
HDFC Liquid Fund - Daily Dividend	7,649,234	8,334,804	10	78,008	85,000
HDFC Liquid Fund Premium - Daily Dividend	2,855,185	-	12	35,004	-
ICICI Interval Monthly - 1 Institutional Dividend	32,712,811	-	10	327,128	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	10,940,706	5,911,004	106	1,156,816	625,000
ICICI Prudential Interval Fund IV - Quarterly Institutional Dividend	15,000,000	-	10	150,000	-
ICICI Prudential Liquid Super Institutional - Daily Dividend	5,673,802	-	100	567,507	-
IDFC Cash Fund - Plan C - Daily Dividend	2,187,011	-	10	21,876	-
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	11,198,447	-	10	112,012	-
IDFC Fixed Maturity Plan - Half yearly Series - Plan A Dividend	619,113	-	10	6,191	-
IDFC Fixed Maturity Plan - Monthly Series 27 - Dividend	26,500,000	-	10	265,000	-
IDFC Money Manager Fund - Investment Plan - Institutional Plan B - Daily Dividend	7,542,307	3,475,872	10	75,536	35,003
IDFC Money Manager Fund - Treasury Plan - Institutional Plan C - Daily Dividend	23,499,403	-	10	235,029	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C - Daily Dividend	29,181	9,998,500	10	294	100,000
Kotak Flexi Debt Scheme Institutional - Daily Dividend	33,436,565	8,351,695	10	335,954	83,914
Kotak Floater Long Term - Daily Dividend	71,188,901	35,110,752	10	717,570	353,909
Kotak Floater Short Term - Daily dividend	1,483,951	-	10	15,012	-
Kotak Liquid - Daily Dividend	27,153,565	37,411,934	12	332,037	457,477
Kotak Liquid - Institutional - Daily Dividend	30,834,934	-	12	377,053	-
L&T FMP - II (December 91 DA) - Dividend Payout	25,000,000	-	10	250,000	-
L&T FMP - I (July 91DA) - Dividend Payout	5,000,000	-	10	50,000	-
L&T Freedom Income STP Institutional - Daily Dividend	1,969,434	-	10	20,000	-
L&T Liquid Institutional Daily Dividend	3,756,889	-	10	38,006	-
LICMF Income Plus Fund - Daily Dividend	10,012,680	-	10	100,127	-
LICMF Liquid Fund - Daily Dividend	9,108,161	-	11	100,009	-
LICMF Savings Plus Fund - Daily Dividend	10,036,856	-	10	100,369	-
Reliance Floating Rate Fund - Short Term Plan - Daily Dividend	21,128,662	-	10	212,766	-
Reliance Liquid Fund - Cash Plan - Daily Dividend	3,143,528	-	11	35,024	-
Reliance Liquid Fund - Treasury Plan IP - Daily Dividend	13,476,861	108,914,648	15	206,026	1,665,000
Reliance Liquidity Fund - Daily Dividend	25,381,113	7,997,521	10	253,941	80,000
Reliance Medium Term Fund - Institutional - Daily Dividend	4,874,549	56,419,662	17	83,339	964,522
Reliance Money Manager Fund - Institutional - Daily Dividend	919,483	2,049,832	1,001	920,821	2,052,162
Reliance Monthly Interval Fund - Series I Institutional Plan	16,407,758	-	10	164,132	-
Reliance Monthly Interval Fund - Series II Institutional Plan	14,058,797	-	10	140,612	-
Reliance Monthly Interval Fund Series II - Inst - Dividend Plan	45,638,382	-	10	456,466	-
Religare Active Income Fund Inst - Monthly Dividend	14,949,732	-	10	149,565	-
Religare Credit Opportunities Fund - Inst Monthly Dividend	199,883	-	10	2,001	-
Religare Liquid Fund - Super Institutional Daily Dividend	17,490,259	33,478,574	10	175,039	335,000
Religare Ultra Short Term Fund - Institutional Daily Dividend	44,010,067	23,562,223	10	440,867	235,992
SBI SHF Ultra Short Term Fund - Institutional Daily Dividend	28,383,613	-	10	284,006	-
TATA Fixed Income Portfolio Fund Scheme A3 Institutional Plan	15,063,136	-	10	150,631	-
Tata Fixed Income Portfolio Fund Scheme B3 Institutional Quarterly Dividend	20,525,024	-	10	205,292	-
TATA Floater Fund - Daily Dividend	61,780,063	57,602,068	10	620,000	578,071
TATA Liquid Super High Invest Fund - Daily Dividend	83,367	497,972	1,115	92,914	555,000
UTI Liquid Cash Plan Institutional - Daily Income Option - Reinvestment	538,590	-	1,019	549,063	-
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	620,688	-	1,000	620,821	-
HSBC Cash Fund - Institutional Plan - Daily Dividend	22,032,270	18,007,490	10	230,019	18,800
HSBC Floating Rate Fund - Long Term Plan - Institutional - Weekly Dividend	16,233,205	13,348,402	11	182,387	15,000
HSBC Ultra Short Term Bond Fund - Institutional Plan - Daily Dividend	12,068,978	-	10	122,000	-
Birla Sun Life Short Term Fund - Institutional - Daily Dividend	-	9,326,178	10	-	93,313
HDFC Liquid Fund - Daily Dividend	-	38,980,147	11	-	432,000
ICICI Prudential Liquid Plan - Daily Dividend	-	23,494,971	10	-	235,000
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	-	30,030,105	11	-	317,523
ICICI Prudential Liquid Plan - Daily Dividend	-	5,388,814	100	-	539,000
IDFC Cash Fund - Super Institutional Plan C - Daily Dividend	-	47,988,003	10	-	480,000
SBI Premier Liquid Fund - Institutional - Daily Dividend	-	64,789,434	10	-	650,000
TATA Treasury Manager Ship - Daily Dividend	-	22,781	1,003	-	23,016

	March 31, 2011	March 31, 2010
8. Inventories (at lower of cost and net realisable value)		
Raw materials	690,338	740,140
Goods-in-bond / goods-in-transit (Raw materials)	121,106	81,572
Packing materials	69,769	42,665
Work-in-progress	1,535,562	1,385,135
Finished goods, including traded goods of ₹ 185,115 (March 31, 2010 - ₹ 75,124)	330,599	198,474
	2,747,374	**2,447,986**

	March 31, 2011	March 31, 2010
9. Sundry debtors (unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	109,238	158,340
Considered doubtful	69,136	71,537
Other debts		
Considered good	4,071,806	3,678,104
	4,250,180	**3,907,981**
Less: Provision for doubtful debts	69,136	71,537
	4,181,044	**3,836,444**
(a) Included in sundry debtors are dues from companies under the same management:		
i. Syngene	750	80,607
ii. BBPL	15,074	7,490
iii. AxiCorp	2,189	4,339
iv. NeoBiocon	22,622	17,165

	March 31, 2011	March 31, 2010
10. Cash and bank balances		
Cash on hand	1,283	2,104
Cheques on hand	129,810	-
Balances with scheduled banks:		
In current accounts	7,709	206,294
Restricted - Unpaid Dividend Accounts	5,276	4,644
In exchange earners foreign currency account	1,707,939	558,073
In fixed deposit accounts	250,303	103
	2,102,320	**771,218**

(a) Balances with scheduled banks in current accounts include the balances of the ESOP Trust of ₹ 7,165 (March 31, 2010 - ₹ 188,786).

(b) Fixed Deposts include margin money deposits against bank guarantees ₹ 303 (March 31, 2010 - ₹ 103).

	March 31, 2011	March 31, 2010
11. Loans and advances (Unsecured and considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	92,694	300,193
Intercorporate loans to Subsidiaries / Joint Venture Company	1,801,774	1,914,754
Other Receivables	1,580,089	1,278,937
Duty drawback receivable, net of provision of ₹ 4,159 (March 31, 2010 - ₹ 3,797)	7,621	4,610
Deposits	142,299	121,237
Balances with Customs, Excise and Sales Tax Authorities	462,403	357,427
Advance income-tax, net of provision	-	53,553
	4,086,880	**4,030,711**

(a) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of ₹ 5,724 (March 31, 2010 - ₹ 5,724).

(b) Included under advance tax is ₹ Nil (March 31, 2010 - ₹ Nil) and provision for taxation of ₹ 6,159 (March 31, 2010 - ₹ 17,403) of the ESOP Trust.

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

Clinigene	231,667	288,720
Maximum amount outstanding at any time during the year	**288,720**	**293,785**
Biocon SA	227,417	1,367,775
Maximum amount outstanding at any time during the year	**1,430,396**	**1,616,762**
BBPL	1,342,690	258,259
Maximum amount outstanding at any time during the year	**1,342,690**	**970,375**
(d) Included under other receivables are amounts due from companies under the same management :		
(i) BBPL	5,937	727
Maximum amount outstanding at any time during the year	105,229	1,200
(ii) Syngene	-	68,574
Maximum amount outstanding at any time during the year	68,574	207,008
(iii) Biocon SA	88,298	220,105
Maximum amount outstanding at any time during the year	261,699	220,105
(iv) Biocon Research	1,440,712	976,199
Maximum amount outstanding at any time during the year	1,440,712	1,221,567
(v) Clinigene	19,842	-
Maximum amount outstanding at any time during the year	19,842	-

	March 31, 2011	March 31, 2010
12. Current liabilities and provisions		
Current liabilities		
Sundry creditors		
Capital	332,389	259,512
Others	1,502,133	1,596,959
Advances from customers	37,468	84,527
Deferred revenues	751,906	1,313,624
Balance in current account with bank representing book overdraft	1,971	20,035
Interest accrued but not due	1,742	490
Investor Education and Protection Fund shall be credited by		
- Unclaimed dividend	5,276	4,644
Other liabilities	520,834	536,452
	3,153,719	**3,816,243**
Provisions		
Interim dividend	300,000	-
Proposed final dividend	600,000	700,000
Tax on dividends	97,335	74,136
Leave encashment	49,280	36,886
Gratuity	21,899	18,918
Superannuation	2,536	2,536
Income tax, including Minimum Alternate Tax, net of advance tax	30,858	-
	1,101,908	**832,476**
	4,255,627	**4,648,719**

(a) Other liabilities include ₹ 670 (March 31, 2010 - ₹ 2,190) due to Ms Kiran Mazumdar Shaw, Managing Director and the maximum amount outstanding at any time during the year was ₹ 2,190 (March 31, 2010 - ₹ 3,700).

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

	March 31, 2011	March 31, 2010
(i) Principal amount due	51,789	38,948
Interest due thereon remaining unpaid as at the end of the year	1,018	3,728
(ii) Interest, if any paid in terms of Section 16 of the MSMED Act, 2006	-	-
Amount of delayed payments actually made to the suppliers during the year	432,959	157,944
(iii) Interest due and payable for the period of delay in making payment during the year	10,004	3,288
(iv) Interest accrued and remaining unpaid at the end of the year	5,011	3,992
(v) Interest remaining due and payable in succeeding years, in terms of Section 23 of the MSMED Act, 2006	5,011	3,992

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

	March 31, 2011	March 31, 2010
(c) Included under sundry creditors are dues to companies under the same management :		
Clinigene	11,339	51,529
BBPL	12,662	83,237
Syngene	4,450	46,907
AxiCorp GmbH	262	287

	March 31, 2011	March 31, 2010
13. Other income		
Interest income from intercorporate loans and others [gross of tax deducted at source - ₹ 3,976 (March 31, 2010 - ₹ 9,655)]	39,757	88,315
Dividend earned On Current investments (non trade)	167,114	98,604
Gain on investments sold, net	59	-
Miscellaneous income (including cross charge to subsidiaries)	398,786	471,408
	605,716	**658,327**

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	March 31, 2011	March 31, 2010
14. Manufacturing, contract research and other expenses		
Raw materials and packing materials consumed, net of duty	6,172,502	5,541,409
drawback of ₹ 8,478 (March 31, 2010 - ₹ 2,529)		
Purchase of goods for resale	502,563	321,739
Employee costs		
Salaries, wages and bonus	1,223,515	848,094
Group's contribution to provident fund	62,466	35,968
Gratuity and leave encashment	39,130	23,613
Employee stock compensation expense	1,129	(1,800)
Directors fees including commission	4,635	635
Welfare expenses	129,145	90,765
Operation and other expenses:		
Royalty and technical fees**	(8,382)	13,312
Rent	22,698	16,039
Communication expenses	54,436	39,919
Travelling and conveyance	237,983	175,618
Professional charges	148,242	175,928
Power and fuel	816,291	672,485
Insurance	16,778	18,714
Rates, taxes and fees, net of refunds of taxes	36,642	21,226
Lab consumables	262,688	222,018
Repairs and maintenance*		
Plant and machinery	171,305	109,924
Buildings	14,262	21,002
Others	149,119	149,985
Selling expenses		
Freight outwards and clearing charges	126,036	79,933
Sales promotion expenses	344,315	236,164
Commission and brokerage (other than sole selling agents)**	94,142	85,636
Excise duty on closing stock***	(4,167)	(1,239)
Bad debts written off	9,860	1,656
Provision for bad and doubtful debts	(2,401)	15,306
Foreign Exchange fluctuation, net	(262,377)	33,179
Printing and stationery	26,955	13,987
Loss on sale of assets, net	3,032	28,282
Research and development expenses	448,586	594,520
Miscellaneous expenses	67,078	70,440
	10,908,206	**9,654,457**
Recharge of product development expenses to other parties for Co-Development of Product	(805,161)	(555,269)
	10,103,045	**9,099,188**
(Increase)/decrease in inventories of finished goods and work-in-progress:		
Opening inventories:		
Finished goods, net of excise duty	195,473	147,077
Work-in-progress	1,385,135	1,044,012
	1,580,608	**1,191,089**
Closing inventories:		
Finished goods, net of excise duty	(323,431)	(195,473)
Work-in-progress	(1,535,562)	(1,385,135)
	(1,858,993)	(1,580,608)
	(278,385)	(389,519)
	9,824,660	**8,709,669**

*Includes spare parts of ₹ 126,334 (March 31, 2010 - ₹ 91,060) of which ₹ 95,857 (March 31, 2010 - ₹ 65,252) were purchased indigenously.

**Royalty & technical fees and Commission and Brokerage on sales are net of write back of provision no longer required of ₹ 25,342 (March 31, 2010 ₹ Nil) and ₹ 29,704 (March 31, 2010 ₹ Nil), respectively.

*** Excise Duty on Sales amounting to ₹ 393,724 (March 31, 2010 - ₹ 300,281) has been reduced from sales in profit and loss account and excise duty on increase/decrease in stock amounting to ₹ 4,167 (March 31, 2010 - ₹ 1,239) has been considered as (income)/expense in Schedule 14.

	March 31, 2011	March 31, 2010
15. Research and development expenses		
Research & Development Expenses (other than on equipments and buildings)		
Salaries, wages and bonus	198,606	161,363
Employee stock compensation expense	968	3,300
Lab consumables	262,688	222,018
Travel and Conveyance	15,398	14,031
Amortisation of intangible Assets	16,000	16,000
Research and development expenses	448,586	594,520
Professional charges	89,136	110,151
Others	30,317	4,950
Recharge of Research expenses for Co-Development Product	(724,609)	(501,502)
	337,090	**624,831**

Research and development expenses aggregate to ₹ 520,217 (March 31, 2010 - ₹ 754,128) and include ₹ 150,475 (March 31, 2010 - ₹ 114,756) on research and development equipments and other assets (net of disposals) and ₹ 32,652 (March 31, 2010 - ₹ 14,541) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

	March 31, 2011	March 31, 2010
16. Interest and finance charges		
Interest paid on :		
Packing credit, cash credit from banks	10,113	11,755
Bank charges	13,665	8,155
	23,778	**19,910**

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Schedule 17: Notes to Accounts for the year ended March 31, 2011

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

1. Background

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by Dr Kiran Mazumdar Shaw, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. Clinigene International Limited ('Clinigene') was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001.

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

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

Effective April 30, 2008, Biocon acquired 71% equity interest in AxiCorp GmbH, Germany ('AxiCorp') through its newly incorporated wholly owned subsidiary company Biocon SA, Switzerland. In February 2009, Biocon SA acquired an additional 7.4% equity interest in AxiCorp. Also, refer note 5 of Schedule 17.

Biocon entered into an agreement with CIMAB SA ('CIMAB') to set up a Joint Venture Company Biocon Biopharmaceuticals Private Limited ('BBPL') to manufacture and market products and carry out research activities. BBPL was incorporated on June 17, 2002 with Biocon holding 51 per cent of share capital. In April 2010, Biocon SA acquired the 49% equity stake held by CIMAB SA in BBPL. In March 2011, Biocon purchased the 49% equity stake in BBPL from Biocon SA. Consequently, as at March 31, 2011 all the equity shares of BBPL are held by Biocon.

Biocon is an integrated healthcare company engaged in manufacture of biotechnology products for the pharmaceutical sector. The Company is also engaged in research and development in the biotechnology sector. During the year ended March 31, 2007, the Company had received an approval as the developer as Biocon SEZ at the Biocon Park facility and also received an approval for SEZ unit to be located within Biocon SEZ.

2. Statement of significant accounting policies

a. (i) Basis of preparation

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

For the purpose of administration of the employee stock option plans of the Company, the Company has established the Biocon India Limited Employee Welfare Trust ('ESOP Trust'). In accordance with the guidelines framed by the Securities and Exchange Board of India ('SEBI'), financial statements of the Company have been prepared as if the Company itself is administering the ESOP Scheme.

(ii) Use of estimates

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

b. Fixed assets and depreciation

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, and accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets. Assets partly funded by third parties are capitalised at gross value and the funds so received are recorded as deferred revenue and amortised over the useful life of the assets.

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

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

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities. Leasehold improvements are being depreciated over the lease term or useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

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

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

c. Impairment of assets

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

d. Intangible assets

Intellectual Property rights/marketing rights

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

Computer Software

Software which is not an integral part of the related hardware is classified as an intangible asset and is being amortised over a period of three - five years, being its estimated useful life.

Research and Development Costs

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

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

e. Inventories

Inventories are valued as follows:

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

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

f. Revenue recognition

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.

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

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

Company performs its obligations, under the terms of the agreements. Proportionate performance is measured based upon the efforts incurred to date in relation to the total estimated efforts 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.

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

g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

h. Retirement benefits

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

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

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

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

i. Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

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

Exchange Differences

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

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

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

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense on the date of such cancellation/renewal. However, exchange difference in respect of accounting period commencing on or after December 7, 2006 arising on the forward exchange contract undertaken to hedge the long term foreign currency monetary item, in so far as they

relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term asset / liability but not beyond March 31, 2011.

j. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 1961. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the year net of reversals of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

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

k. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

l. Employee stock compensation costs

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

m. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

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

n. Operating lease

Where the Company is a Lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Where the Company is a Lessor

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

o. Segment reporting

Identification of segments

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

Inter-segment Transfers

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

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

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

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

p. Provisions

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

q. Expenditure on new projects and substantial expansion

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

r. Cash and Cash Equivalents

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

s. Derivative Instruments

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

3. Employee stock compensation

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

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

Grant I

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

Grant II

In January 2004, the Company granted 142,100 options (shares of ₹ 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.

Details of Grant II

Particulars	March 31, 2011		March 31, 2010	
	No of Options	Weighted Average Exercise Price (₹)	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	-	-	7,840	2.5
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,960	2.5
Expired during the year	-	-	5,880	2.5
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

*adjusted for the effect of bonus shares

Grant III

In January 2004, the Board of Directors announced the Biocon Employee Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employees of the Company and its subsidiaries / joint venture company, pursuant to which the Compensation Committee on March 19, 2004 granted 422,000 options (face value of shares - ₹ 5 each) under the ESOP Plan 2004 to be exercised at a grant price of ₹ 315 being the issue price determined for the IPO through the book building process. The options vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2011		March 31, 2010	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	17,700	157.5	112,950	157.5
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	6,250	157.5	95,250	157.5
Expired during the year	11,450	157.5	-	-
Outstanding at the end of the year	-	-	17,700	157.5
Exercisable at the end of the year	-	-	17,700	157.5
Weighted average remaining contractual life (in years)	-	-	1	

*adjusted for the effect of bonus shares

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from from the date of the grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's' shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2011		March 31, 2010	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	3,030,129	150	5,224,178	147.0
Granted during the year	-	-	-	-
Forfeited during the year	3,066	139	741,548	153.0
Exercised during the year	1,436,537	139	1,452,500	137.5
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,590,526	160.0	3,030,129	150.0
Exercisable at the end of the year	1,343,115	157.8	1,388,545	137.5
Weighted average remaining contractual life (in years)	1.5	-	2.3	-

*adjusted for the effect of bonus shares.

Grant V

In April 2008, the Company approved the grant of 813,860 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

Details of Grant V

Particulars	March 31, 2011		March 31, 2010	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	88,195	171	69,710	231.5
Granted during the year	147,233	321	63,460	151.5
Forfeited during the year		-	44,975	235.7
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	235,428	265.0	88,195	170.9
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.1	-	6.0	-
Weighted average fair value of options granted (₹)	-	129.0	-	130.0

*adjusted for the effect of bonus shares.

The average market price of the Company's share during the year ended March 31, 2011 is ₹ 347 (March 31, 2010 ₹ 237) per share (after adjustment for the bonus shares)

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

Particulars	March 31, 2011	March 31, 2010
Weighted Average Remaining Contractual Life in options (Years)	5.1	6.0
Weighted Average Exercise Price*	265.0	170.9
Expected volatility	39.05%	37.62%
Historical volatility	35.59%	34.29%
Life of the options granted (vesting and exercise period) in years	7.2	7.2
Expected dividends per share	4.50	3.50
Average risk-free interest rate	8.00%	7.80%
Expected dividend rate	1.30%	1.23%

*adjusted for the effect of bonus shares.

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

Particulars	March 31, 2011	March 31, 2010
Net Profit after taxes	4,592,495	2,483,570
Add: Employee stock compensation under intrinsic value	1,129	(1,800)
Less: Employee stock compensation under fair value	10,185	(3,903)
Proforma profit	**4,583,439**	**2,485,673**
Earnings per Share - Basic		
- As reported	23.49	12.77
- Proforma	23.44	12.78
Earnings per Share - Diluted		
- As reported	23.27	12.57
- Proforma	23.22	12.58

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

Particulars	March 31, 2011	March 31, 2010
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	5,509,323	7,055,168
Add: Shares purchased by the ESOP trust	391,000	3,865
Less: Shares exercised by employees	(1,442,787)	(1,549,710)
Closing balance of shares not exercised by employees and available with the ESOP Trust	**4,457,536**	**5,509,323**
Options granted and eligible for exercise at end of the year	1,343,115	1,406,245
Options granted but not eligible for exercise at end of the year	482,839	1,729,779

4. Reconciliation of basic and diluted shares used in computing earnings per share

	March 31, 2011	March 31, 2010
Basic outstanding shares	200,000,000	200,000,000
Less: Shares with the ESOP Trust	4,457,536	5,509,323
	195,542,464	**194,490,677**
Add: Effect of dilutive options granted but not exercised/not eligible for exercise	1,825,954	3,136,024
Weighted average shares outstanding and potential options outstanding	197,368,418	197,626,701

5. Subsequent event

Consequent to an offer made by the minority shareholders of AxiCorp, on April 28, 2011 the Board of Directors of the Company accorded their in-principle approval for the sale of all the shares held by Biocon SA, Switzerland ('Biocon SA') in AxiCorp to such group of shareholders. The consideration would be settled through a combination of cash and re-acquisition of the exclusive marketing rights of Insulin and Glargine for the German market.

6. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2010 to March 31, 2011 Income/(expenses)	Balance as at March 31, 2011 (Payable)/receivable	April 1, 2009 to March 31, 2010 Income/(expenses)	Balance as at March 31, 2010 (Payable)/receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(14,408)	-	(14,140)	-
			Other liabilities	-	(670)	-	(2,190)
2	John Shaw	Director	Salary and perquisites	(7,291)	-	(8,072)	-
3	Syngene	Subsidiary	Power and facility charges recovered	243,103	-	233,256	-
			Rent income	4,300	-	3,309	-
			Purchase of fixed asset	(20,500)	-	-	-
			Expenses incurred on behalf of the related party	20,766	-	20,032	-
			Sale of goods	360	-	1,919	-
			Sale of fixed asset	-	-	15,163	-
			Research services received	(162,484)	-	(118,877)	-
			Rent deposit received	-	(2,135)	-	(2,135)
			Advance given	-	42,300	-	42,300
			Sundry debtors	-	750	-	80,607
			Other receivables	-	-	-	68,574
			Sundry creditors	-	(4,450)	-	(46,907)
			Guarantee given on behalf of related party to Custom & Excise Department ('CED')	-	217,500	-	217,500
			Guarantee given by related party to CED on behalf of the Company	-	(465,000)	-	(465,000)
4	Clinigene	Subsidiary					
			Research services received	(95,312)	-	(110,569)	-
			Sale of fixed assets	19,728	-	-	-
			Expenses incurred on behalf of the related party	1,362	-	1,872	-
			Welfare expenses - health checkup	(5,828)	-	(3,355)	-
			Other receivables	-	19,842	-	-
			Sundry creditors	-	(11,339)	-	(51,529)
			Unsecured loan given, net	-	231,667	-	288,720
			Guarantee given to bank on behalf of related party for loan facility	-	150,000	-	-
			Guarantee given on behalf of related party to CED	-	27,205	-	27,205
5	BBPL	Subsidiary (Also see Note (i) below)	Interest income on unsecured loan given	1,363	-	42,609	-
			Power and facility charges recovered	44,344	-	40,986	-
			Rent income	536	-	488	-
			Management charges received	1,200	-	1,200	-
			Vialling charges recovered	3,910	-	11,881	-
			Expenses incurred on behalf of the related party	2,332	-	1,670	-
			Research and development expenses	-	-	(52,376)	-
			Repairs and maintenance - facility charges	(38,740)	-	(223,940)	-
			Sale of consumables	32,275	-	-	-
			Professional charges - personnel deputation charges	(6,774)	-	(7,598)	-
			Purchase of materials	(139,554)	-	(134,993)	-
			Sale of fixed assets	105,229	-	-	-

Sl. No.	Name of the related party	Relationship	Description	April 1, 2010 to March 31, 2011 Income/(expenses)	Balance as at March 31, 2011 (Payable)/receivable	April 1, 2009 to March 31, 2010 Income/(expenses)	Balance as at March 31, 2010 (Payable)/receivable
			Unsecured loan given, net	-	1,342,690	-	258,259
			Sundry debtors	-	15,074	-	7,490
			Other receivables	-	5,937	-	727
			Sundry creditors	-	(12,662)	-	(83,237)
			Rent deposit received	-	(590)	-	(590)
			Guarantee given on behalf of related party to CED	-	131,352	-	131,352
			Guarantee given to bank on behalf of related party for term loan	-	-	-	650,000
6	BRL	Subsidiary	Rent income	1,046	-	801	-
			Sale of intangible asset	139,350	-	1,153,760	-
			Research and development cross charge	751,536	-	501,502	-
			Product development expenses cross charge	-	-	53,767	-
			Expenses incurred on behalf of the related party	22,579	-	48,132	-
			Other receivable	-	1,440,712	-	976,199
7	Biocon SA	Subsidiary	Interest income	33,234	-	44,204	-
			Licensing and development fees	1,358,298	-	-	-
			Expenses incurred on behalf of the related party	6,948	-	-	-
			Unsecured loan	1,129,336	227,417	-	1,367,775
			Purchase of 49% stake in BBPL	(121,552)	-	-	-
			Other receivable	-	88,298	-	220,105
8	AxiCorp GmbH	Subsidiary	Purchase of lab consumables	(1,530)	-	(8,045)	-
			Expenses incurred on behalf of the related party	16,522	-	2,266	-
			Sundry debtors	-	2,189	-	4,339
			Sundry creditors	-	(262)	-	(287)
9	NeoBiocon FZ LLC	50% Joint Venture	Sale of goods	27,936	-	15,247	-
			Expenses incurred on behalf of the related party	110	-	-	-
			Sundry debtors	-	22,622	-	17,165
10	IATRICa Inc.	Associate	Research and development expenses	(44,700)	-	(30,058)	-
			Investment in preferred stock	-	138,470	-	138,470
11	Glentec International	Enterprise owned by key management personnel	Rent expenses paid	(2,196)	(915)	(2,369)	-
12	P K Associates	Proprietary firm of relative of Director	Rent expenses paid	(396)	-	(380)	-

(a) During the year ended March 31, 2009, the Company had transferred development and marketing rights to Biocon SA for certain products for the European region at a consideration of ₹ 350,559 (Euro 5.5 million) and during the year ended March 31, 2011, the Company has transferred additional development and marketing rights for various other regions for ₹ 944,001 (USD 22 million). Further during the year ended March 31, 2009, the Company had transferred global development rights to Biocon SA for a product amounting to ₹ 63,738 (Euro 1 million).
(b) During the year ended March 31, 2010, the Company has transferred certain development and marketing rights to BRL for Oral Insulin and certain products for certain territories at a consideration of ₹ 673,260 (US$ 14 million) and ₹ 480,500 (US$ 10 million) respectively. Also refer Schedule 6(ii).
(c) During the year ended March 31, 2011, the Company has transferred certain development and marketing rights to BRL for Peg GCSF at a consideration of ₹ 139,350 (USD 3 Million).
(d) Expenses incurred on behalf of the related party include recharge of software license fees, canteen expenses, and employee stock compensation charges.
(e) The Company has granted an unsecured loan facility to BBPL to support BBPL's operational costs and capital expenditure. As at March 31, 2011, the loan does not carry any interest and is repayable by March 31, 2013.
(f) The Company has granted an interest free unsecured loan facility to Clinigene, to support its operations. The said facility is repayable by March 31, 2013.
(g) The Company has granted an unsecured loan denominated in Euros to Biocon SA to support its operational and development expenses. The said loan is repayable on demand and carries an interest rate of 3% per annum.
(h) Effective October 1, 2006, the Company's SEZ Developer Division has entered into service contracts with SEZ unit of BBPL and SEZ unit of Syngene for provision of certain facilities and services.
(i) In March, 2011, the Company has acquired the 49% stake in BBPL from Biocon SA for a consideration of ₹ 121,552, whereby BBPL has become a 100% subsidiary of the Company. Also refer Note 1 to Schedule 17.

7. Supplementary profit and loss data		March 31, 2011	March 31, 2010
(a) Payments to auditors (included in professional charges), excluding service tax			
i) Statutory audit (including limited review of quarterly results)		2,650	2,475
ii) Tax audit		150	125
iii) Other matters (certification and other services)		275	275
iv) Reimbursement of out-of-pocket expenses		399	339
		3,474	**3,214**
(b) Managerial remuneration			
i) Remuneration to Managing Director			
Salary		10,688	9,833
Perquisites		3,025	2,661
Leave encashment		97	1,119
Contribution to provident fund		598	527
		14,408	**14,140**
ii) Remuneration to whole-time Director			
Salary		6,399	7,254
Perquisites		892	818
		7,291	**8,072**
iii) Remuneration/Fees to Independent Directors		4,000	-
iv) Computation of net profits in accordance with Section 349 of the Companies Act, 1956 ('the Act')			
Net profit for the year before tax	A	5,171,210	2,762,283
Add:			
Depreciation/amortisation provided in the accounts		907,000	797,290
Loss on sale of fixed asset		3,032	28,282
Managerial remuneration		25,699	22,212
Provision for bad and doubtful debts		(2,400)	15,306
	B	**933,331**	**863,090**
Less:			
Depreciation/amortisation under Section 350 of the Act		907,000	797,290
	C	**907,000**	**797,290**
Net Profit under Section 198 of the Act (A+B-C)		5,197,541	2,828,083
Maximum remuneration payable to whole-time directors		519,754	282,808
Remuneration paid to Managing Director		14,408	14,140
Remuneration paid to whole time Director		7,291	8,072

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

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

i) Licensed capacity, installed capacity and actual production :

Class of goods	Licensed capacity Kg.	Installed capacity Kg.	Actual production March 31, 2011 Kg.	Actual production March 31, 2010 Kg.
Biochemicals:				
Bio Pharmaceutical	*	**	15,700,047	11,779,973

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

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

ii) Inventories and sales

Description	Opening Stock		Sales		Closing Stock	
	Quantity Kg.	Value ₹	Quantity Kg.	Value ₹	Quantity Kg.	Value ₹
March 31, 2011						
Biochemicals						
Manufacturing:						
Pharmaceutical	502,010	123,350	16,096,727	12,245,461	105,330	145,484
Trading:						
	-	75,124	10,235	1,398,923	26,440	185,115
Bio Pharmaceuticals	26,562,235		122,823,935		33,682,683	
	(Nos)		(Nos)		(Nos)	
		198,474		**13,644,384**		**330,599**
March 31, 2010						
Biochemicals						
Manufacturing:						
Pharmaceutical	36,700	52,639	11,314,663	10,514,162	502,010	123,350
Trading:						
Bio Pharmaceuticals	41,801,137	96,200	102,307,813	1,066,814	26,562,235	75,124
	(Nos)		(Nos)		(Nos)	
		148,839		**11,580,976**		**198,474**

iii) Purchase of traded goods:

		March 31, 2011		March 31, 2010	
		Quantity	Value	Quantity	Value
Bio Pharmaceuticals					
	Units - Kgs	202,115	502,563	71,208	321,739
	Units - Nos	139,941,228		87,068,911	

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

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

	March 31, 2011		March 31, 2010	
	Quantity (Kg)	Amount	Quantity (Kg)	Amount
Bio Chemicals	26,862,317	6,001,506	37,574,109	5,435,808
Packing materials	-	170,996	-	105,601
	26,862,317	**6,172,502**	**37,574,109**	**5,541,409**

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

	March 31, 2011		March 31, 2010	
	Value	Percent	Value	Percent
Imported	4,201,518	68	3,499,678	63
Indigenous	1,970,984	32	2,041,731	37
	6,172,502	**100**	**5,541,409**	**100**

		March 31, 2011	March 31, 2010
(d)	**Value of imports calculated on C.I.F. basis: (on accrual basis)**		
	Raw materials	3,821,639	3,823,858
	Packing materials	45,249	30,784
	Maintenance spares	30,477	25,808
	Capital goods	502,097	208,571
		4,399,462	**4,089,021**
(e)	**Earnings in foreign currency: (on accrual basis)**		
	Export of goods on FOB basis	5,243,403	4,828,653
	Licensing and development fees	1,658,269	136,093
	Other income	-	48,090
	Interest on foreign currency loan given to subsidiary company	33,234	44,204
		6,934,906	**5,057,040**
(f)	**Dividend to non-resident shareholders: (remitted in foreign currency)**		
	Final dividend		
	Number of shareholders	16	16
	Number of shares held	41,517,234	41,599,142
	Dividend remitted (₹ in thousands)	145,310	125,932
	Year to which it relates	2010	2009
(g)	**Expenditure in foreign currency: (on accrual basis)**		
	Sales commission	48,981	50,135
	Interest on packing credit	6,714	9,050
	Travel and conveyance	18,901	14,229
	Professional charges	52,481	99,834
	Consumables	78,174	66,811
	Others	131,829	112,764
		337,080	**352,823**

8. Commitments

	March 31, 2011	March 31, 2010
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances.	405,066	947,617
(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 October 2019. Some of these lease arrangements have price escalation clause. There are no restrictions imposed under the lease arrangements. Gross rental expenses for the year aggregates to ₹ 22,698. (March 31, 2010 - ₹ 16,039). The committed lease rentals in future are as follows:		
Not later than one year	21,570	11,313
Later than one year and not later than five years	34,314	22,486
Later than five years	9,136	13,048
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire in September 2014. Gross rental expenses for the year aggregate to ₹ 11,524 (March 31, 2010 - ₹ 10,697). The committed lease rental in the future are:		
Not later than one year	10,596	13,010
Later than one year and not later than five years	13,751	22,699
Where the Company is a Lessor:		
(i) Rent		
The Company has leased out certain parts of its building (including fit outs), which expire over a period up to September 2017. Gross rental income for the year aggregate to ₹ 25,678 (March 31, 2010 - ₹ 25,403). Further, minimum lease receipts under operating lease are as follows:		
Not later than one year	28,367	24,790
Later than one year and not later than five years	112,069	89,832
Later than five years	78,539	50,760

	March 31, 2011	March 31, 2010
9. Contingent liabilities		
(a) Taxation matters under appeal (Direct and Indirect taxes)	236,069	157,664
(b) (i) Corporate guarantees given in favour of the Central Excise Department (CED) in respect of certain performance obligations of Syngene. Syngene has informed that necessary terms and conditions have been complied with and no liabilities have arisen.	217,500	217,500
(ii) Corporate guarantee given by Syngene in favour of the CED in respect of certain performance obligations of Biocon.	465,000	465,000
(c) Corporate guarantees given in favour of the CED in respect of certain performance obligations of BBPL. BBPL has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	131,352	131,352
(d) Corporate guarantees given in favour of the CED in respect of certain performance obligations of Clinigene. Clinigene has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	27,205	27,205
(e) Corporate guarantees given in favour of the State Bank of India (SBI), towards Term loan granted to BBPL. BBPL has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	-	650,000
(f) Corporate guarantees given in favour of the State Bank of India (SBI), towards Term loan granted to Clinigene. Clinigene has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	-	14,270
(g) Corporate guarantees given in favour of the HDFC Bank Ltd., towards Packing Credit granted to Clinigene. Clinigene has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	56,769	-
(h) Corporate guarantees given in favour of the HDFC Bank Ltd., towards Short Term Demand Loan granted to Clinigene. Clinigene has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	10,000	-
(i) Certain claims made against the Company which the management of the Company believes are not tenable and hence, these claims have not been acknowledged as debts.	-	21,026

10. Foreign exchange forward contracts and unhedged foreign currency exposures

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

As at March 31, 2011 and 2010, the Company had the following outstanding contracts:

	March 31, 2011	March 31, 2010
In respect of foreign currency loans taken and granted:		
Foreign exchange forward contracts to buy	Nil	USD 16,000
Foreign exchange forward contracts to sell (Euro to USD)	Nil	EURO 20,000
Foreign exchange forward contracts to sell (USD to INR)	Nil	USD 30,000
In respect of highly probable forecasted sales/export collection:		
European style option contracts with periodical maturity dates up to August 2011	USD 11,000	USD 59,000
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		
Sundry debtors	1,373,963	755,201
Other receivables	98,298	230,938
Exchange earners foreign currency account	1,707,939	558,073
Loan to subsidiary	227,412	152,000
Sundry creditors	774,750	869,092
Packing credit	890,800	-

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11. Employee Benefit Plans

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

A summary of the gratuity plan is as follows:

	March 31, 2011	March 31, 2010
Fund balance		
Defined benefit obligation	97,785	75,957
Fair value of plan assets	75,886	57,039
Plan Liability	**21,899**	**18,918**
The change in benefit obligation and funded status of the gratuity plan is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	75,957	64,109
Current service cost	7,437	10,090
Past service cost	-	-
Interest cost	5,697	4,488
Benefits paid	(3,653)	(2,062)
Actuarial (gain)/loss	12,347	(668)
Benefit obligation at the end of the year	**97,785**	**75,957**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	57,039	54,456
Expected return on plan assets	4,848	4,274
Actuarial gain/(loss)	(1,266)	371
Actual contribution	18,918	-
Benefits paid	(3,653)	(2,062)
Fair value of plan assets at end of the year	**75,886**	**57,039**
Net gratuity cost:		
Components of net benefit cost		
Current service cost	7,437	10,090
Past service cost	-	-
Interest cost	5,697	4,488
Expected return on plan assets	(4,848)	(4,274)
Net actuarial (gain)/loss recognised during the year	13,613	(1,039)
Net gratuity cost	**21,899**	**9,265**
Actual return on plan assets	3,583	4,644

Experience adjustment

	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligation	97,785	75,957	64,109	49,081	58,412
Plan assets	75,887	57,039	54,456	48,440	59,951
Surplus/(Deficit)	(21,898)	(18,918)	(9,653)	(641)	1,539
Experience adjustments on plan liabilities gain/(loss)	(13,261)	(3,195)	(256)	- *	- *
Experience adjustments on plan assets gain/(loss)	(1,265)	371	2,770	- *	- *

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

The assumptions used for gratuity valuation are as below:

	March 31,2011	March 31,2010
Interest rate	8.00%	7.50%
Discount rate	8.00%	7.50%
Expected return on plan assets	8.50%	8.50%
Salary increase	9.00%	8.00%
Attrition rate up to age 44	25.00%	25.00%
Attrition rate above age 44	10.00%	14.00%
Retirement age - Years	58	58

The Company evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2012, is approximately ₹ 26,278 (March 31, 2011 - ₹ 11,118) The nature of allocation of the fund is only in debt based mutual funds of high credit rating.

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12. Segmental information

Business segments

The primary reporting of the Company has been performed on the basis of business segment. The Company operates in a single business segment of 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

Revenues, net	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
India	8,413,951	6,666,079
Exports	6,901,672	4,964,746
Total	**15,315,623**	**11,630,825**

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

	Carrying amount of segment assets	
	March 31, 2011	March 31, 2010
India*	23,263,810	19,053,340
Outside India	2,541,812	3,586,716
	25,805,622	**22,640,056**

*All fixed assets and intangibles are located in India.

13. Other Notes

(a) The Company has entered into transactions of sale of products to a private company amounting to ₹ 2,980, during the year ended March 31, 2011 (March 31, 2010 - ₹ 1,812), that require prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices have been approved by the Board of Directors of the Company. The Company has filed an application with the Central Government for such approval and for condonation of delay in making such application.

(b) In terms of Section 115O (6) of the Income Tax Act, 1961, the Company has not provided for Dividend Distribution Tax on final dividend distributed for the year ended March 31, 2010 and for the interim dividend declared and final proposed dividend for the year ended March 31, 2011 to the extent such distributable profits pertain to the profits of the Company's SEZ Developer's operations under Section 10AA of Income tax Act, 1961.

14. Prior years' comparatives

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Balance sheet abstract and Company's general business profile

(All amounts in thousands of Rupees)

(a)	**Registration Details**	
	Registration No.	3417
	State Code	08
	Balance Sheet Date	March 31, 2011
(b)	**Capital raised during the year**	
	Public Issue	Nil
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
(c)	**Position of Mobilisation and Deployment of Funds**	
	Total Liabilities and shareholders funds	25,805,622
	Total Assets	25,805,622
	Sources of Funds	
	Paid up Capital	1,000,000
	Reserves	18,468,091
	Secured Loans	740,643
	Unsecured Loans	945,743
	Deferred tax liability	395,518
	Application of Funds	
	Net Fixed Assets	6,662,376
	Capital work in progress	1,032,909
	Intangible Assets	134,490
	Investments	4,858,229
	Net Current Assets	8,861,991
(d)	**Performance of the Company**	
	Turnover	15,921,339
	Total expenditure	9,848,438
	Profit before tax	5,171,210
	Profit after tax	4,592,495
	Earnings per share in Rupees	23.49
	Dividend rate %	90
(e)	**Generic Name of principal products of the Company**	
	Item Code No.(ITC Code)	280000 & 290000
	Product Description	Organic & Inorganic Chemicals

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 28, 2011

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Auditors' Report

To the Board of Directors of Biocon Limited

We have audited the attached consolidated balance sheet of Biocon Limited ('the Company') and its subsidiaries, associate and joint venture [together referred to as 'the Group'], as at March 31, 2011, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of Rs 5,461 million as at March 31, 2011, total revenue of Rs 732 million and net cash inflows amounting to Rs 1,359million for the year then ended.

We did not audit the financial statements of another subsidiary, whose financial statements reflect total assets of Rs 3,001 million as at December 31, 2010, total revenue of Rs 9,801 million and net cash outflows amounting to Rs 72 million for the year then ended.

The consolidated financial statements include total assets of Rs 47 million as at March 31, 2011 and total revenue of Rs 60 million and net cash inflow of Rs 2 million for the year then ended, being the proportionate share in the joint venture company which are based on financial statements audited by the other auditors.

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

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

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

(a) in the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2011;

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

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

For S.R. BATLIBOI & ASSOCIATES

Firm registration number: 101049W

Chartered Accountants

per Aditya Vikram Bhauwala

Partner

Membership No.: 208382

Bangalore

April 28, 2011

Consolidated Balance Sheet as at March 31, 2011

(All amounts in Indian Rupees thousands)

	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,000,000	1,000,000
Reserves and surplus	2	19,327,904	16,578,535
		20,327,904	**17,578,535**
MINORITY INTEREST	3	**377,296**	**337,900**
Loan Funds			
Secured loans	4	2,038,874	3,314,989
Unsecured loans	5	1,303,498	1,821,089
		3,342,372	**5,136,078**
Deferred Tax Liability, Net	6	**496,756**	**508,306**
		24,544,328	**23,560,819**
APPLICATION OF FUNDS			
Fixed Assets	7(i)		
Gross block		18,096,302	16,514,605
Less: Accumulated depreciation		6,327,564	4,861,525
Net block		**11,768,738**	**11,653,080**
Capital work-in-progress [including capital advances of ₹ 115,828 (March 31, 2010 - ₹ 84,634)]		1,795,694	755,175
		13,564,432	**12,408,255**
Intangible Assets	7(ii)	**2,342,047**	**1,726,186**
Investments	8	**4,604,567**	**4,305,778**
Current Assets, Loans and Advances			
Inventories	9	4,136,868	3,716,442
Sundry debtors	10	5,124,111	4,461,274
Cash and bank balances	11	4,413,868	1,399,252
Loans and advances	12	1,355,070	1,343,545
		15,029,917	**10,920,513**
Less: Current Liabilities and Provisions	13		
Current Liabilities		9,855,215	4,909,044
Provisions		1,141,420	890,869
		10,996,635	**5,799,913**
Net Current Assets		**4,033,282**	**5,120,600**
		24,544,328	**23,560,819**
Notes to Consolidated Accounts	18		

The schedules referred to above and Notes to Accounts form an integral part of the Consolidated Balance Sheet

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2011

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

	Schedule	March 31, 2011	March 31, 2010
INCOME			
Gross sales		24,002,962	21,009,564
Less: Excise Duty		997,752	645,944
Net sales		**23,005,210**	**20,363,620**
Contract research and manufacturing services		3,176,766	2,807,178
Licensing and development fees		1,525,336	507,357
Other income	14	429,290	370,208
		28,136,602	**24,048,363**
EXPENDITURE			
Manufacturing, contract research and other expenses	15	21,840,144	18,963,300
Interest and finance charges	17	257,022	168,920
		22,097,166	**19,132,220**
PROFIT BEFORE DEPRECIATION AND TAXES		**6,039,436**	**4,916,143**
Depreciation and Amortisation	7 (i) & 7 (ii)	1,578,459	1,401,401
Less: Amount recovered from co-development partner		(10,712)	-
PROFIT BEFORE TAXES		**4,471,689**	**3,514,742**
Provision for income-tax			
Current tax		745,649	457,739
Less: MAT Credit Entitlement		(12,892)	(13,117)
Deferred taxes	6	(11,550)	42,059
PROFIT AFTER TAXES		**3,750,482**	**3,028,061**
Minority interest		(75,332)	(95,619)
PROFIT FOR THE YEAR		**3,675,150**	**2,932,442**
Balance brought forward from previous year		11,273,776	9,363,827
PROFIT AVAILABLE FOR APPROPRIATION		**14,948,926**	**12,296,269**
Interim dividend on equity shares		300,000	700,000
Proposed final dividend on equity shares		600,000	-
Tax on interim dividend		-	-
Tax on proposed final dividend, net of reversal of earlier year ₹ 6,552 (March 31, 2010 ₹ Nil)		90,783	74,136
Transfer to general reserve		459,250	248,357
BALANCE, TRANSFERRED TO BALANCE SHEET		**13,498,893**	**11,273,776**
Earnings per share (equity shares, par value of ₹ 5 each)			
Basic (in ₹)		18.79	15.08
Diluted (in ₹)		18.62	14.84
Weighted average number of shares used in computing earnings per share	18(4)		
Basic		195,542,464	194,490,677
Diluted		197,368,418	197,626,701
Notes to Consolidated Accounts	18		

The Schedules referred to above and Notes to Accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Consolidated Statement of Cash Flows for the year ended March 31, 2011

(All amounts in Indian Rupees thousands)

		March 31, 2011	March 31, 2010
I.	**CASH FLOWS FROM OPERATING ACTIVITIES:**		
	Net profit before tax	4,471,689	3,514,742
	Adjustments for:		
	Depreciation and Amortisation	1,567,747	1,401,401
	Miscellaneous expenses (Refer Note (v) in Schedule 7 (ii))	-	82,576
	Clinical trial and development expenses (Refer Note (iii) in Schedule 7 (ii))	155,245	-
	Unrealised exchange (gain)/loss	(55,814)	6,977
	Employee Stock Compensation Expense	4,821	2,211
	Provision for bad and doubtful debts	19	16,852
	Bad debts written off	9,860	1,656
	Interest expense	239,393	157,434
	Interest income	(10,140)	(2,064)
	Dividend earned	(178,625)	(113,583)
	Gain on sale of investment in mutual funds	(150)	-
	(Gain)/loss on assets sold, net	7,503	43,059
	Operating profit before working capital changes	**6,211,548**	**5,111,261**
	Movements in working capital		
	Inventories	(509,886)	(626,210)
	Sundry debtors	(703,365)	(797,294)
	Loans and advances	(42,870)	(338,274)
	Current liabilities and provisions	3,947,174	1,416,522
	Cash generated from operations	**8,902,601**	**4,766,005**
	Tax paid (net of refunds)	(812,972)	(327,936)
	Net cash provided by operating activities	**8,089,629**	**4,438,069**
II.	**CASH FLOWS FROM INVESTING ACTIVITIES:**		
	Purchase of fixed assets, net of reimbursements from customers/co-development partners	(1,891,381)	(1,670,343)
	Acquisition of Intangible assets	(508,410)	(193,827)
	Investment in Associate	-	(48,100)
	Acquisition of minority interest (Refer Note (v) & Note (vii) in Schedule 7 (ii))	(121,552)	(102,515)
	Interest received	10,140	2,064
	Dividend received	178,625	113,583
	Sale of investments	21,104,837	23,276,452
	Proceeds from sale of fixed assets	5,916	17,987
	Movement in reserves of ESOP trust	198,691	202,469
	Issue of shares by ESOP Trust	183	317
	Purchase of shares by ESOP Trust	(138,104)	(1,000)
	Purchase of investments		
	Other Long term	-	(32,406)
	Current	(21,265,555)	(23,825,377)
	Net cash used for investing activities	**(2,426,610)**	**(2,260,696)**
III.	**CASH FLOWS FROM FINANCING ACTIVITIES :**		
	Long-term borrowings	566,465	92,898
	Repayment of long-term borrowings	(1,769,126)	(697,738)
	Short-term borrowings, net	(594,457)	215,633
	Other unsecured Loans	57,490	399,892
	Interest paid	(238,131)	(160,782)
	Dividend paid	(700,000)	(600,000)
	Dividend tax paid	(67,584)	(101,970)
	Net cash used for financing activities	**(2,745,343)**	**(852,067)**
IV.	**NET CHANGE IN CASH AND CASH EQUIVALENTS (I + II + III)**	**2,917,676**	**1,325,306**
V.	**FOREIGN CURRENCY TRANSLATION RESERVE**	**56,976**	**(12,376)**
VI.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	**1,399,252**	**118,051**
VII.	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)**	**4,373,904**	**1,430,981**
	COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		
	Cash on Hand	1,789	2,173
	Balances with Banks - in current accounts (excluding Unclaimed Dividend)	712,565	773,040
	- in exchange earners foreign currency account	2,268,663	619,292
	- in deposit accounts	1,425,575	103
	- in unpaid dividend accounts*	5,276	4,644
		4,413,868	**1,399,252**
	(Gain)/Loss on exchange differences on cash and cash equivalents held in foreign currency	(39,964)	31,729
	CASH AND CASH EQUIVALENTS IN CASH FLOW STATEMENT	**4,373,904**	**1,430,981**

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

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

1. Share capital	March 31, 2011	March 31, 2010
Authorised:		
220,000,000 (March 31, 2010 - 220,000,000) equity shares of ₹ 5 each (March 31, 2010 ₹ 5 each)	1,100,000	1,100,000
Issued, subscribed and paid-up:		
200,000,000 (March 31, 2010 - 200,000,000) equity shares of ₹ 5 each (March 31, 2010 - ₹ 5 each), fully paid	1,000,000	1,000,000

(a) Of the above equity shares:

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

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

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

(b) Also refer Note 3 in Schedule 18 for shares allotted under the Employees Stock Option Plan.

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

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

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2. Reserves and surplus	March 31, 2011	March 31, 2010
Capital Reserve	17,094	17,094
	17,094	**17,094**
Revaluation Reserve	9,489	9,489
	9,489	**9,489**
Foreign Exchange Retranslation Reserve Account		
Balance as per last account	94,062	(14,048)
Add: Exchange difference during the year on net investment in Non-integral operations	(138,511)	108,110
	(44,449)	**94,062**
Securities Premium	2,788,478	2,788,478
	2,788,478	**2,788,478**
General Reserve		
Balance as per last account	1,776,711	1,528,354
Add: Transfer from Profit and Loss Account	459,250	248,357
	2,235,961	**1,776,711**
ESOP Trust		
Balance as per last account	372,254	169,785
Add: Dividend, interest income and profit on sale of shares, net	198,692	202,469
	570,946	**372,254**
Stock compensation adjustment (Also see Note 3 in Schedule 18)		
Stock options outstanding	263,732	293,805
Stock options granted during the year	-	-
Stock options cancelled/ forfeited during the year	7,599	30,073
	256,133	**263,732**
Less: Deferred employee stock compensation expense	4,641	17,061
	251,492	**246,671**
Balance in profit and loss account	13,498,893	11,273,776
	19,327,904	**16,578,535**
(a) Deferred employee stock compensation expense (See Note 3 in Schedule 18):		
Stock compensation expense outstanding	17,061	49,345
Stock options granted during the year	-	-
Stock options cancelled/forfeited during the year	(7,599)	(30,073)
Stock compensation expense (amortised)/reversed during the year	(4,821)	(2,211)
Closing balance of deferred employee stock compensation expense	**4,641**	**17,061**

3. Minority interest

Minority interest represents that part of the net profit and net assets of (a) Syngene to the extent of 170 shares (0.01 per cent) and (b) 22% of AxiCorp, which are attributable to interests which are not owned, directly or indirectly by Biocon. Also refer Note 13 in Schedule 18.

	March 31, 2011	March 31, 2010
The share of the net assets attributable to the minority shareholders is as follows:		
As per last balance sheet	337,900	247,686
Foreign currency translation adjustment	(35,936)	(5,405)
Profit/(loss) for the year attributable to minority shareholders *	75,332	95,619
	377,296	**337,900**

* Amount for the year ended March 31, 2011 includes ₹ Nil (March 31, 2010 - ₹ 31,894) pertaining to shares of losses of JV Partner in BBPL absorbed by Biocon. Also refer Note 1 in Schedule 18.

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4. Secured loans	March 31, 2011	March 31, 2010
From banks		
Short Term		
Cash credit, packing credit, buyer's credit etc.	1,894,691	2,982,661
Long Term		
Buyers' credit	144,183	332,328
	2,038,874	**3,314,989**

(a) Cash credit, packing credit, buyer's credit, etc

(i) Biocon has working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by *pari passu* first charge on current assets of the Company. As on March 31, 2011, the Company has utilised fund based limits of ₹ 740,229 (March 31, 2010 - ₹ 694,435), inclusive of foreign currency denominated loans of ₹ 668,100 (US$ 15 Million) [March 31, 2010 - ₹ 427,025 (US$ 9.5 million)].

(ii) Biocon has working capital facilities with Canara Bank (CB). These facilities are repayable on demand and are secured by a *pari passu* first charge on current assets of the Company. As on March 31, 2011, the Company has utilised ₹ 414 (March 31, 2010 - ₹ 124).

(iii) Biocon has working capital facilities with ABN Amro Bank. These facilities are repayable on demand and are secured by a pari pasu first charge on the current assets of the Company. As on March 31, 2011, the Company has utilised Nil (March 31,2010- ₹ 202,275) inclusive of foreign currency denominated loans of Nil (US$ Nil) [March 31, 2010- ₹ 202,275(US$ 4.5 million)].

(iv) Syngene has obtained foreign currency denominated pre-shipment credit loan from State Bank of India (SBI) of ₹ 82,401 (US$ 1.85 Million) as at March 31, 2011 [(March 31, 2010- ₹ 681,085) (US$ 15.15 Million)] which is secured by a pari passu charge on the present and future current assets comprising inventory, receivable and other current assets and fixed assets of Syngene.

(v) As of March 31, 2011, Syngene has obtained foreign currency denominated buyer's credit loans (short and long term) of ₹ 960,068 (US$ 24.47 Million) [March 31, 2010 -₹ 1,026,932 (US$ 22.85 Million)] and pre-shipment credit loan of ₹ 95,761 (US$ 2.15 Million) [March 31, 2010 -₹ Nil (US$ Nil)] with HSBC, which are secured by a *pari passu* charge on the present and future movable plant and machinery and current assets of Syngene.

(vi) As of March 31, 2011, Syngene has obtained foreign currency denominated buyer's credit loans (short and long-term) of ₹ 26,422 (US$ 0.59 Million) [March 31,2010 - ₹ 72,115 (US$ 1.60 Million)] and pre-shipment credit loan of ₹ Nil (US$ Nil) [March 31, 2010 - ₹ 224,750 (US$ 5.00 Million)] from The Royal Bank of Scotland (RBS), secured by a *pari passu* charge on the present and future current assets including inventory, receivables and fixed assets of Syngene.

(vii) Syngene has obtained foreign currency denominated pre-shipment credit loan of ₹ 66,810 (US$ 1.50 Million) [March 31, 2010 - ₹ Nil (US$ Nil)] as of March 31, 2011 from The Bank of Nova Scotia, secured by a *pari passu* charge on the current assets and movable fixed assets of Syngene.

(viii) On April 26, 2010, Clinigene entered into an agreement with HDFC Bank Ltd for ₹ 100,000 Packing Credit facility. This loan is repayable on demand secured by first charge on the current assets of Clinigene and Corporate gurantee by Biocon. As at March 31, 2011, ₹ 56,769 is outstanding.

(ix) On September 27, 2010, Clinigene entered into an agreement with HDFC Bank Ltd for ₹ 50,000 short term loan. This loan is repayable on demand secured by first charge on the current assets of Clinigene and Corporate gurantee by Biocon. As at March 31, 2011, ₹ 10,000 is outstanding.

(x) On September 7, 2008, Clinigene entered into an agreement with State Bank of India for a loan of ₹ 100,000. As of March 31, 2011, the loan has been repaid. The loan was secured by first charge on the current assets of Clinigene and corporate guarantee by Biocon. As of March 31, 2010, Clinigene had utilised ₹ 14,270.

(xi) AxiCorp has obtained working capital facilities from its bankers. These facilities are secured by a pledge of Axicorp's inventories and investments. As at December 31, 2010, AxiCorp has utilised Nil (December 31, 2009 - ₹ 399, 003 (EUR 6,000)).

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5. Unsecured loans	March 31, 2011	March 31, 2010
Loans from Banks		
- Short-term loans	222,700	1,009,600
- Buyer's credit	233,390	-
Deferred sales tax liability	648,624	648,978
Financial assistance from DSIR	21,000	10,000
Financial assistance from BIPP	37,100	-
Financial assistance from DPRP	14,000	-
NMITLI - CSIR Loan	2,319	2,650
Loan from others	124,365	149,861
	1,303,498	**1,821,089**

(i) Under the Industrial Policy of the Government of Karnataka, the Company on February 4, 1998 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax)for a period upto 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding ₹ 24,375. As at March 31, 2011, the Company has utilised ₹ Nil (March 31, 2010 - ₹ 354). During the year, the Company has repaid the entire amount.

(ii) Under the Agro Food Processing Industrial Policy of the Government of Karnataka, the Company on February 9, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding ₹ 648,938. As at March 31, 2011, the Company has utilised ₹ 648,624 (March 31, 2010 - ₹ 648,624). The amount due during 2011-12 is ₹ Nil (March 31, 2010 - ₹ Nil).

(iii) On March 31, 2005, Biocon entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of ₹ 3,312 for carrying out part of the research and development project under the New Millennium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loan is repayable over 10 equal annual installments starting from April 2009 and carry an interest rate of 3 percent per annum. The amount due for repayment within one year is ₹ Nil (March 31, 2010- Nil). The amount due during 2011-12 being ₹ 331 has been paid as at March 31, 2011.

(iv) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') has sanctioned financial assistance for a sum of ₹ 17,000 to the Company for part financing one of its research projects. Of the said sanctioned amount, the Company has received the first installment of ₹ 10,000 during the year 2008-09. The Research project has been completed during the year ended March 31, 2010. The assistance is repayable in the form of royalty payments post commercialisation of the project in five equal annual installements. During the year, the Company has received the remaining ₹ 7,000 towards the Pilot Plant project. In addition, DSIR has further sanctioned ₹ 4,000 towards a development project and the same was received in August, 2010. The amount due for repayment during 2011-12 is ₹ Nil (March 31, 2010-₹ Nil).

(v) On November 3, 2009, the Department of Biotechnology ('DBT') under the Biotechnology Industrial Partnership Programme ('BIPP') has sanctioned financial assistance for a sum of ₹ 53,000 to the Company for financing one of it's research projects. Of the said sanctioned amount, the Company has received a sum of ₹ 37,100 during the year 2010-11. The loan is repayable over 10 half yearly installments after one year from the date of completion of the project, and carries an interest rate of 2 percent p.a. The amount due during 2011-12 is ₹ Nil (March 31, 2010- ₹ Nil).

(vi) 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 ₹ 70,000 to the Company for financing one of its research projects. Of the said sanctioned amount, the Company has received the first installment of ₹ 14,000 during the year 2010-11. The loan is repayable over 10 annual installments starting from July 1, 2012, and carries an interest rate of 3 percent p.a.

(vii) Biocon has obtained foreign currency loan of ₹ 222,700 (US$ 5 million) from BNP Paribas as at March 31,2011. The loan is repayable on September 18, 2011. As at March 31, 2010, the Company has availed foreign currency loan of ₹ 359,600 (US$ 8 million) from HDFC bank.

(viii) During the year ended March 31, 2011, BBPL has repaid ₹ 650,000 borrowed from State bank of India, against Corporate Guarentee given by Biocon. The loan carried an interest of 5.6%.

(ix) Syngene has obtained foreign currency denominated pre-shipment credit loan of ₹ 233,390 (US$ 5.24 Million) [March 31,2010 - ₹ Nil (US$ Nil)] as of March 31, 2011from HDFC Bank.

(x) NeoBiocon and Axicorp have obtained the unsecured loan from their other shareholders which are interest free and repayable on demand.
- NeoBiocon ₹ 5,475 (March 31,2010 - ₹ 9,343)
- Axicorp ₹ 118,890 (March 31, 2010 - ₹ 140,518)

6. Deferred tax liability, net	Deferred tax (asset)/liability as at April 1, 2010	Current year charge/(credit)	Deferred tax (asset)/liability as at March 31, 2011
Depreciation	564,007	(13,688)	550,319
Employee retirement benefits	(28,224)	261	(27,963)
Provision for doubtful debts	(24,169)	1,877	(22,292)
Others	(3,308)	-	(3,308)
	508,306	**(11,550)**	**496,756**
Year ended March 31, 2010	466,247	42,059	508,306

The Group has units located in Special Economic Zones ('SEZ') which claim deduction of income under the provisions of the Income tax Act,1961. Deferred tax (asset)/liability is recognised in respect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

7. (i) Fixed assets	Balance at the beginning of the year	Foreign Currency Translation Adjustment	Additions during the year	Deletions during the year	Balance at the end of the year
Gross block					
Land					
Freehold (revalued)	8,967	-	-	-	8,967
Freehold (others)	94,331	-	-	-	94,331
Leasehold	277,045	-	-	-	277,045
Buildings (revalued)	16,561	-	-	-	16,561
Buildings (others)	3,343,531	-	177,534	-	3,521,065
Leasehold improvements	3,191	-	-	-	3,191
Plant and machinery	11,514,350	(13,329)	1,173,623	32,207	12,642,437
Research and development equipment	1,014,283	-	257,592	-	1,271,875
Furniture and fixtures	218,147	(663)	21,637	6,388	232,733
Vehicles	24,199	-	6,146	2,248	28,097
	16,514,605	**(13,992)**	**1,636,532**	**40,843**	**18,096,302**
Year ended March 31, 2010	14,097,863	(1,317)	2,568,316	150,257	16,514,605
Accumulated depreciation					
Buildings (revalued)	16,561	-	-	-	16,561
Buildings (others)	481,420	-	137,636	-	619,056
Leasehold improvements	924	-	128	-	1,052
Plant and machinery	3,795,922	(5,254)	1,213,419	24,819	4,979,268
Research and development equipment	427,869	-	121,774	-	549,643
Furniture and fixtures	126,885	(474)	28,005	6,595	147,821
Vehicles	11,944	-	3,422	1,203	14,163
	4,861,525	**(5,728)**	**1,504,384**	**32,617**	**6,327,564**
Year ended March 31, 2010	3,612,885	(586)	1,351,927	102,701	4,861,525
Net block					
Land					
Freehold (revalued)	8,967				8,967
Freehold (others)	94,331				94,331
Leasehold	277,045				277,045
Buildings (revalued)	-				-
Buildings (others)	2,862,111				2,902,009
Leasehold improvements	2,267				2,139
Plant and machinery	7,718,428				7,663,169
Research and development equipment	586,414				722,232
Furniture and fixtures	91,262				84,912
Vehicles	12,255				13,934
	11,653,080				**11,768,738**
Year ended March 31, 2010	10,484,978				11,653,080

Notes :

(i) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation up to that date, as per valuers reports and the resultant surplus of ₹ 34,529 was credited to revaluation reserve. Of this reserve, ₹ 25,040 (March 31, 2010 - ₹ 25,040) has been transferred to the profit and loss account for depreciation on these assets or adjusted on the sale of these assets.

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

(iii) During the year ended March 31, 2008, the Company has been allotted land measuring approximately 50 acres at the Jawaharlal Nehru Pharma City Vishakhapatnam, Andhra Pradesh, on a long-term lease basis for a consideration of ₹ 260,100. The Company has paid the entire consideration towards the cost of the lease as at March 31, 2011 and pending completion of registration formalities, the amount has been recorded as capital work in progress.

(iv) Foreign exchange loss of ₹ 12,946 for the year ended March 31, 2011 (March 31, 2010- ₹ 43,768 gain) on long-term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset and is being depreciated over the balance life of the assets.

(v) Additions to fixed assets and capital work-in-progress during the year ended March 31, 2011, include ₹ Nil (March 31, 2010- ₹ 9,603) being interest and ₹ Nil (March 31, 2010- ₹ (13,403)) being foreign exchange loss/(gain), incurred on foreign currency denominated loans being capitalised/adjusted under AS-16 - Borrowing costs.

(vi) Additions to fixed assets and capital work-in-progress during the year ended March 31, 2011 include direct expenses of power, utility expenses amounting to ₹ Nil [March 31, 2010- ₹ 10,325] and ₹ Nil [March 31, 2010- ₹ 8,076], respectively, attributable to the construction of the assets.

(vii) Syngene has entered in to an agreement with a customer, which grants the latter an option to purchase fixed assets with gross block of ₹ 1,726,169 (March 31, 2010 - ₹ 1,544,027) as at March 31,2011 relating to a particular project, upon satisfaction of certain terms and conditions.

(viii) During the year ended March 31, 2011, Biocon Research Limited (BRL) has obtained certain equipments on loan basis from co-development partner for use in the joint development program valued at ₹ 67,997.

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

(x) Additions to fixed assets during the year ended March 31, 2011, include assets of ₹ 590,891 (March 31, 2010 - ₹ 233,486) of which, ₹ 359,263 (March 31, 2010 - ₹ 233,486) has been funded by co-development partner/customer. The Company has capitalised and depreciated the gross value of these assets. The funding received from the co-development partner is reflected as Deferred Revenues in Schedule 13 and the depreciation charge has been adjusted for the proportionate amount recovered from the co-development partner/customer.

(xi) Depreciation for the year ended March 31, 2011 has been adjusted by ₹ 6,108 (March 31, 2010 - ₹ Nil) pertaining to excess charge of earlier years.

(xii) Plant and Machinery, includes computer equipments.

7. (ii) Intangible Assets	Balance at the beginning of the year	Foreign Currency Translation Adjustment	Additions during the year	Sale/Adjustments during the year	Balance at the end of the year
Cost/Acquisition					
Intellectual Properties from Nobex					
- Under development	220,000	-	-	-	220,000
- Under commercialisation	81,138	-	-	-	81,138
Development costs for products (Insulin)	156,604	(1,359)	164,336	319,581	-
Computer software	60,923	(2,128)	14,513	464	72,844
Product licenses	153,131	(16,430)	15,108	10,999	140,810
Manufacturing Rights for hR3	63,760	-	-	-	63,760
Goodwill on AxiCorp Acquisition	1,121,124	(42,027)	-	-	1,079,097
Goodwill on acquisition of additional stake in BBPL	-	-	121,552	-	121,552
Marketing Rights for T1H	-	-	754,037	-	754,037
	1,856,680	**(61,944)**	**1,069,546**	**331,044**	**2,533,238**
Year ended March 31, 2010	1,719,164	(37,390)	194,168	19,262	1,856,680
Accumulated Amortisation					
Intellectual Properties from Nobex					
- Under development	-	-	22,000	-	22,000
- Under commercialisation	57,138	-	16,000	-	73,138
Computer software	11,340	(306)	13,895	464	24,465
Product licenses	62,016	(6,724)	22,180	5,884	71,588
	130,494	**(7,030)**	**74,075**	**6,348**	**191,191**
Year ended March 31, 2010	88,508	(673)	49,474	6,815	130,494
Net Value					
Intellectual Properties from Nobex					
- Under development	220,000				198,000
- Under commercialisation	24,000				8,000
Development costs for products (Insulin)	156,604				-
Computer software	49,583				48,379
Product licenses	91,115				69,222
Manufacturing Rights for hR3	63,760				63,760
Goodwill on AxiCorp Acquisition	1,121,124				1,079,097
Goodwill on acquisition of additional stake in BBPL	-				121,552
Marketing Rights for T1H	-				754,037
	1,726,186				**2,342,047**
Year ended March 31, 2010	1,630,656				1,726,186

(i) The Company acquired patents relating to certain technologies (collectively IPs) from M/s Nobex Inc. During the year ended March 31, 2007, the Company licensed out it's IP Apaza for further development and commercialisation. Effective October 2006, the Company commenced amortisation of certain IPs including Apaza over a period of 5 years. During the year ended March 31, 2011, the Group completed the intial Phase III clinical trials for IN 105 and as accordingly, commenced the amortization of IN 105 over an estimated life of 10 years.

(ii) The Company has entered into an agreement with M/s CIMAB, Cuba to acquire manufacturing rights for certain products in specified territories for a total cost of ₹ 63,760 (USD 1.5 Million). The Company is in the process of obtaining regulatory approvals from the respective countries. Pending such regulatory approvals, no amortisation has been done for the year ended March 31, 2011.

(iii) During the year ended March 31, 2011, Biocon SA entered into an Agreement with Pfizer Pharmaceuticals for the development and commercialisation of Insulin products for various markets. Pursuant to the said arrangement, cost of the development of the products of ₹ 319,581 have been considered as the contract expenses.

(iv) Effective April 30, 2008, Biocon SA acquired 71% equity interest in AxiCorp GmbH, Germany, through purchase from existing shareholders and additional subscription of shares in AxiCorp for an aggregate consideration of Euro 29.58 million (₹ 1,995 million). The consideration was settled by cash of Euro 15.58 million (₹ 1,051 million) and by way of transfer of intellectual property rights of certain products to AxiCorp for Euro 14 million (₹ 944 million). Accordingly, the Group recorded a goodwill of Euro 17.44 million (₹ 1,177million), being the excess of consideration over the net assets of AxiCorp, as on the date of acquisition. Further, on February 28, 2009, Biocon SA acquired another 7% equity shares in AxiCorp from a minority shareholder for a cash consideration of Euro 762,000 (₹ 51 million), resulting in a capital reserve of Euro 659,000 (₹ 44 million) as on date of acquisition. Accordingly, a net goodwill of Euro 16.78 million has been recorded on the aforesaid acquisition. Also refer Note 13 in Schedule 18.

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

(vi) 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 for a total consideration of ₹ 754,600 (Euro 11,936). The product is currently under development and pending commercialisation of the product in the said territories, no amortisation has been recorded by the Company.

(vii) During the year ended March 31, 2011, the Group acquired the interest of minority shareholders in BBPL . Accordingly, ₹ 121,552 being the excess consideration paid over the net assets of BBPL as on the date of acquisition has been recognised as goodwill. Also, refer Note 1 in Schedule 18.

8. Investments

	March 31, 2011	March 31, 2010
Long-term investments (At cost)		
A) Non-trade:		
National Savings Certificates (Unquoted)	62	62
Shares of the Company held by ESOP Trust (Quoted)	260,043	122,121
	260,105	**122,183**
B) Trade investments:		
Unquoted and fully paid-up		
2,722,014 (March 31, 2010 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	185,795	185,795
217,972 (March 31, 2010 - 217,972) Series B2 Preferred Convertible Stock at US$ 3.10 each, fully paid, par value US $0.001 each of Vaccinex Inc., USA	32,356	32,356
4,285,714 (March 31, 2010 - 4,285,714) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US $ 0.00001 each of IATRICa Inc., USA (Associate)	131,271	131,271
	349,422	**349,422**

(a) Biocon has 30% (March 31, 2010 - 30%) voting rights in IATRICa Inc., USA. The above is net of the Group's share of losses in IATRICa amounting to ₹ 7,199 as at March 31, 2011 (March 31, 2010 ₹ 7,199).

(b) As on March 31, 2011, the ESOP Trust held 4,457,536 shares (March 31, 2010 - 5,509,323) of the Company towards grant / exercise of shares to/ by employees of the Company and its subsidiaries under the ESOP Scheme. Also refer Note 3 in Schedule 18.

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

C) Current and unquoted (at lower of cost and fair market value):

FUND	March 31, 2011				March 31, 2010			
	Units March 31, 2011	Face Value	Cost March 31, 2011	Market Value March 31, 2011	Units March 31, 2010	Face Value	Cost March 31, 2010	Market Value March 31, 2010
Birla Sun Life Floating Rate Fund - Long Term Plan - Daily Dividend	5,613,963	10	56,140	56,181	-	-	-	-
Birla Sun Life Savings Fund - Institutional - Daily Dividend	8,216,394	10	82,220	82,220	13,146,597	10	131,555	131,555
Birla Sunlife Interval Income Fund - Institutional - Quarterly - Series 1 Dividend	-	-	-	-	15,718,324	10	157,183	157,183
Birla Sunlife Interval Income Fund - Institutional - Quarterly - Series 2 Dividend	-	-	-	-	7,500,000	10	75,000	75,000
Birla Sunlife Fixed Term Plan Series CO Dividend Payout	20,000,000	10	200,000	201,940	-	-	-	-
Birla Sunlife Qtly Interval - Series 4 - Dividend Reinvestment	15,453,855	10	154,539	154,837	-	-	-	-
Birla Sunlife Short Term FMP - Series 6 Dividend payout	12,000,000	10	120,000	120,700	-	-	-	-
Birla Sunlife Short Term FMP - Series 9 Dividend payout	15,000,000	10	150,000	151,307	-	-	-	-
DWS Fixed Term fund - Series 73 - Dividend Plan - Payout	7,000,000	10	70,000	71,225	-	-	-	-
Fortis Money Plus Fund Institutional Plan - Daily Dividend	-	-	-	-	41,552,642	10	415,652	415,652
HDFC Cash Management Fund - Treasury Advantage Plan - Wholesale Daily Dividend	2,451,915	10	24,596	24,596	-	-	-	-
HSBC Floating Rate - Long Term Plan - Institutional - Weekly Dividend	-	-	-	-	6,514,416	11	73,200	73,200
HSBC Ultra Short Term Bond Fund - Institutional Plan - Daily Dividend	30,087,869	10	304,175	304,209	-	-	-	-
ICICI Prudential Blended Plan B Institutional Daily Dividend Option - II	35,024,594	10	350,509	350,509	-	-	-	-
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	1,661,746	106	175,705	175,705	1,786,439	106	188,889	188,889
ICICI Prudential Liquid Super institutional Plan Daily Dividend Reinvestment	261,931	100	26,199	26,199	-	-	-	-
IDFC Fixed Maturity Monthly Series - 30 Dividend	10,000,000	10	100,000	100,243	-	-	-	-
IDFC Fixed Maturity Plan - Half Yearly Series - Plan A Dividend	-	-	-	-	30,146,400	10	301,464	301,464
IDFC Money Manager Fund - Treasury Plan - Institutional Plan C - Daily Dividend	13,729,884	10	137,319	137,319	-	-	-	-
IDFC Money Manager Fund - Treasury Plan - Super Institutional Plan C	-	-	-	-	8,156,446	10	81,575	81,575
Kotak Flexi Debt Fund - Institutional - Daily Dividend	-	-	-	-	14,808,310	10	148,786	148,786
Kotak Floater Long Term - Daily dividend	15,179,781	10	153,009	153,009	33,337,871	10	336,038	336,038
Kotak Quarterly Interval Plan Series 6 - Dividend	-	-	-	-	15,000,000	10	150,000	150,000
L&T Freedom Income STP Institutional - Daily Dividend	29,868,082	10	303,316	303,316	-	-	-	-
Reliance Liquid Fund - Treasury Plan - Daily Dividend	-	-	-	-	1,069	15	16	16

C) Current and unquoted (at lower of cost and fair market value):

FUND	March 31, 2011				March 31, 2010			
	Units March 31, 2011	Face Value	Cost March 31, 2011	Market Value March 31, 2011	Units March 31, 2010	Face Value	Cost March 31, 2010	Market Value March 31, 2010
Reliance Medium Term Fund - institutional - Daily Dividend	-	-	-	-	10,616,070	17	181,487	181,487
Reliance Money Manager Fund - Institutional - Daily Dividend	292,397	1,001	292,798	292,798	385,316	1,001	385,754	385,754
Reliance Monthly Interval Fund - Series II - Institutional Dividen Plan	19,990,005	10	200,000	200,052	-	-	-	-
Religare Active Income Fund - Institutional - Monthly Dividend	-	-	-	-	5,023,859	10	50,246	50,246
Religare Credit Oppurtunities Fund - Institutional - Monthly Dividend	-	-	-	-	10,033,109	10	100,682	100,682
Religare Fixed Maturity Plan-Series - II Plan A (13 Months)	20,000,000	10	200,000	201,378	20,000,000	10	200,000	200,000
Religare Ultra Short Term Fund - Institutional Daily Dividend	391,605	1,002	392,276	392,276	10,043,228	10	100,590	100,590
SBI SHF Ultra Short Term Fund - Institutional Daily Dividend	7,198,633	10	72,030	72,030	65,566,225	10	656,056	656,056
TATA Fixed Income Portfolio Fund Scheme B3 - Institutional Quarterly	-	-	-	-	9,998,600	10	100,000	100,000
TATA Fixed Maturity Plan Series 28 Scheme A Dividend	15,000,000	10	150,000	151,509	-	-	-	-
TATA Floater Fund - Daily Dividend	17,587,104	10	176,497	176,497	-	-	-	-
Templeton India Ultra Short Bond Fund - Super Institutional Plan - Daily Dividend	9,087,531	10	90,981	90,981	-	-	-	-
UTI Treasury Advantage Fund - Institutional Plan Daily Dividend Reinvestment	12,728	1,000	12,731	12,731	-	-	-	-
Grand Total			**3,995,040**				**3,834,173**	
			4,604,567				**4,305,778**	

(a) Other Investments include current and unquoted investments of the ESOP Trust of ₹ 304,175 (March 31, 2010 - ₹ 73,198).

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9. Inventories (at lower of cost or net realisable value)	March 31, 2011	March 31, 2010
Raw materials	1,515,516	1,431,927
Goods-in-bond/goods-in-transit (Raw materials)	121,106	81,572
Packing materials	104,574	83,711
Work-in-progress	1,538,946	1,416,558
Finished goods, including traded goods of ₹ 185,115 (March 31,2010 - ₹ 75,124)	856,726	702,674
	4,136,868	**3,716,442**

10. Sundry debtors (Unsecured)	March 31, 2011	March 31, 2010
Debts outstanding for a period exceeding six-months		
Considered good	121,524	169,249
Considered doubtful	73,068	73,049
Other debts		
Considered good	5,002,587	4,292,025
	5,197,179	4,534,323
Less: Provision for doubtful debts	73,068	73,049
	5,124,111	**4,461,274**

Other debts include unbilled revenues of ₹ 166,738 (March 31, 2010 - ₹ 45,659) with respect to services rendered to customers.

11. Cash and bank balances	March 31, 2011	March 31, 2010
Cash on hand	1,789	2,173
Balances with banks:		
In current accounts	712,565	773,040
Restricted - Unpaid Dividend Accounts	5,276	4,644
In exchange earners foreign currency account	2,268,663	619,292
In fixed deposit accounts	1,425,575	103
	4,413,868	**1,399,252**

(a) Balances with scheduled banks in current accounts include the balances of the ESOP Trust of ₹ 7,165 (March 31, 2010 - ₹ 188,786)

(b) Fixed Deposts include margin money deposits against bank guarantees ₹ 303 (March 31, 2010 - ₹ 103).

12. Loans and advances (Unsecured and considered good, unless otherwise stated)	March 31, 2011	March 31, 2010
Advances recoverable in cash or in kind or for value to be received	187,601	423,422
Duty drawback receivable, net of provision of ₹ 4,159 (March 31, 2010 - ₹ 3,797)	7,621	4,610
Other Receivables	188,926	153,581
Deposits	107,613	86,762
Balances with Customs, Excise and Sales tax Authorities	552,842	456,240
MAT Credit entitlement	50,296	37,404
Advance income-tax, net of provision	260,171	181,526
	1,355,070	**1,343,545**

(a) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of ₹ 5,724 (March 31, 2010 - ₹ 5,724)

(b) Included under advance tax is ₹ Nil (March 31, 2010 - Nil) and provision for taxation of ₹ 6,159 (March 31, 2010 - ₹ 17,403) of the ESOP Trust.

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13. Current liabilities and provisions	March 31, 2011	March 31, 2010
Current Liabilities		
Sundry creditors		
Capital	827,946	438,785
Others	2,209,134	1,869,785
Advances from customers	137,769	284,654
Deferred revenues	5,114,564	951,438
Balance in current account with bank represents book overdraft	160,416	67,562
Interest accrued but not due, on loans	5,495	4,233
Investor Education and Protection Fund to be credited by:		
- Unclaimed dividend	5,276	4,644
Other liabilities	1,394,615	1,287,943
	9,855,215	**4,909,044**
Provisions		
Interim dividend	300,000	-
Proposed dividend - final	600,000	700,000
Tax on dividend	97,335	74,136
Leave encashment	93,051	79,262
Gratuity	48,389	34,826
Superannuation	2,645	2,645
	1,141,420	**890,869**
	10,996,635	**5,799,913**

14. Other income	March 31, 2011	March 31, 2010
Interest income	10,140	2,064
Dividend income, on current investments, non-trade	178,625	113,583
Gain on investments sold, net	150	-
Miscellaneous income	240,375	254,561
	429,290	**370,208**

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15. Manufacturing, contract research and other expenses	March 31, 2011	March 31, 2010
Raw materials and packing material consumed, net of duty drawback of ₹ 8,478 (March 31, 2010 - ₹ 2,529)	15,121,513	13,560,571
Sub-Contracting and Outsourcing Expenses	96,768	83,029
Purchase of goods for resale	381,527	186,748
Employee costs		
Salaries, wages and bonus	2,671,254	2,105,859
Group's contribution to provident and other fund	206,780	157,448
Gratuity and leave encashment	55,190	39,502
Employee stock compensation expense	4,821	2,211
Directors' fees including commission	4,795	805
Welfare expenses	185,208	144,805
Operation and other expenses:		
Royalty and technical fees *	(7,768)	13,312
Rent	70,024	67,869
Communication expenses	77,466	65,108
Travelling and conveyance	297,914	232,835
Professional charges	360,463	267,651
Power and fuel	825,289	676,267
Insurance	78,529	77,670
Rates, taxes and fees, net of refunds of taxes	42,167	26,145
Lab consumables	263,878	218,792
Repairs and maintenance:		
Plant and machinery	244,745	176,462
Buildings	27,081	36,553
Others	155,756	129,535
Selling expenses:		
Freight outwards and clearing charges	206,122	140,647
Sales promotion expenses	428,718	338,137
Commission and brokerage (other than sole selling agents)*	99,249	86,160
Excise duty on closing stock, net **	(4,167)	(1,239)
Bad debts written off	9,860	1,656
Provision for bad and doubtful debts	19	16,852
Foreign exchange fluctuation (net)	(214,936)	58,982
Printing and stationery	44,357	30,563
Loss on sale of assets (net)	7,503	43,059
Research and development expenses	374,254	189,434
Clinical trial and development expenses	507,996	181,098
Miscellaneous expenses	208,703	321,389
	22,831,078	**19,675,914**
Recharge of product development expenses to other party for Co-Development of Product	(718,661)	(341,956)
(Increase)/decrease in inventories of finished goods and work-in-progress		
Opening inventories:		
Finished goods, net of excise duty	699,673	618,869
Work-in-progress	1,416,558	1,126,704
	2,116,231	1,745,573
Closing inventories:		
Finished goods, net of excise duty	(849,558)	(699,673)
Work-in-progress	(1,538,946)	(1,416,558)
	(2,388,504)	(2,116,231)
	(272,273)	(370,658)
	21,840,144	**18,963,300**

*Royalty & technical fees and Commission and brokerage are net of write back of provision no longer required of ₹ 25,342 (March 31, 2010 ₹ Nil) and ₹ 29,704 (March 31, 2010 ₹ Nil), respectively.

** Excise Duty on Sales amounting to ₹ 997,752 (March 31, 2010 - ₹ 645,944) has been reduced from sales in profit and loss account and excise duty on increase/decrease in stock amounting to ₹ 4,167 (March 31, 2010 - ₹ 1,239) has been considered as (income)/expense in Schedule 15 of financial statements

16. Research and development expenses

Research and development expenses aggregate to ₹ 994,603 (March 31, 2010 - ₹ 915,117) and include ₹ 157,747 (March 31, 2010 - ₹ 114,756) on research and development equipment and other assets and ₹ 32,652 (March 31, 2010 - ₹ 14,541) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

17. Interest and finance charges	March 31, 2011	March 31, 2010
Interest paid on:		
Packing credit, cash credit and other loans from banks and others	239,393	157,434
[net of amounts capitalised to fixed assets Nil (March 31, 2010 - ₹ 9,603)]		
Bank charges	17,629	11,486
	257,022	**168,920**

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Schedule 18: Notes to Accounts for the year ended March 31, 2011

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

1. Background

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by Dr Kiran Mazumdar Shaw, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. Clinigene International Limited ('Clinigene') was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001.

On January 10, 2008, Biocon entered into an agreement with Dr B R Shetty to set up a joint venture company NeoBiocon FZ-LLC, incorporated in Dubai ('NeoBiocon'). NeoBiocon is engaged in development, marketing and distribution of biopharmaceuticals in the Middle East region.

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

Effective April 30, 2008, Biocon acquired 71% equity interest in AxiCorp GmbH, Germany ('AxiCorp') through its newly incorporated wholly owned subsidiary company Biocon SA., Switzerland. In February 2009, Biocon SA acquired an additional 7.4% equity interest in AxiCorp. Also, refer Note 13 below.

Biocon entered into an agreement with CIMAB SA ('CIMAB') to set up a Joint Venture Company Biocon Biopharmaceuticals Private Limited ('BBPL') to manufacture and market products and carry out research activities. BBPL was incorporated on June 17, 2002 with Biocon holding 51 per cent of share capital. In April 2010, Biocon SA acquired the 49% equity stake held by CIMAB SA in BBPL. In March 2011, Biocon purchased the 49% equity stake in BBPL from Biocon SA. Consequently, as at March 31, 2011 all the equity shares of BBPL are held by Biocon.

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

Biocon and its subsidiaries ('the Group') and joint venture/associate companies are engaged in manufacture of biotechnology products for the pharmaceutical sector. The Company is also engaged in research and development in the biotechnology sector. The Group is also engaged in providing contract research services to overseas customers in the field of synthetic chemistry and molecular biology, sale of products arising from research activities and undertakes clinical research activities on discovering new biomarkers and is extending its activity to discovering new diseases subsets and novel data based on pharmacogenomics.

During the year ended March 31, 2007, the Company had received an approval as the developer as Biocon SEZ at the Biocon Park facility and also received an approval for SEZ unit to be located within Biocon SEZ.

2. Statement of significant accounting policies

a) (i) Basis of presentation and consolidation

The consolidated financial statements have been prepared under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out, on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with accounting standards, notified by the Companies (Accounting Standards) Rules, 2006 (as amended) to reflect the financial position and the results of operations of Biocon together with its subsidiaries, joint venture company and associate company.

In accordance with Accounting Standard 27, 'Financial Reporting of Interests in Joint ventures', the interest in the joint venture company is accounted using proportionate consolidation on a line-by-line basis.

In accordance with Accounting Standard 23, 'Accounting for Investments in Associates in Consolidated Financial Statements', the Group has accounted for its investments in associate under the equity method as per which the share of profit/(loss) of the associate company has been added to/reduced from the cost of investment.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.

The consolidated financial statements of AxiCorp are drawn up to December 31, 2010 for the purpose of consolidation. Accordingly, the consolidated balance sheet as at March 31, 2011 and the financial results of the Group for the year then ended, include the consolidated balance sheet of AxiCorp as at December 31, 2010 and financial results for the period January 1, 2010 to December 31, 2010. The financial statements of other subsidiaries, joint ventres company and associate company have been drawn upto the same reporting date as that of the Company i.e. March 31, 2011.

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

For the purpose of administration of the employee stock option plans of the Company, the Company has established the Biocon India Limited Employee Welfare Trust ('ESOP Trust'). In accordance with the guidelines framed by the Securities and Exchange Board of India ('SEBI'), financial statements of the Company have been prepared as if the Company itself is administering the ESOP Scheme.

(ii) Use of estimates

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

b) Fixed assets and depreciation

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

Fixed assets, other than freehold land, but including revalued buildings, are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful lives, as follows:

Nature of asset	Per cent
Buildings	4.00
Plant and machinery (including Computers)	9.09 – 33.33
Research and development equipment	11.11
Furniture and fixtures	8.33 -16.67
Vehicles	16.67

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates currently charged by the Municipal Authorities. Leasehold improvements are being depreciated over the lease term or useful life whichever is lower. Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

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

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

c) Impairment of assets

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

d) Intangible assets

Goodwill

Goodwill represents the excess of the purchase price over the book value of the net assets of the acquired subsidiary company on the date of investment. Goodwill is not amortised but is tested for impairment on a yearly basis.

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

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

Computer Software

Software which is not an integral part of the related hardware is classified as an intangible asset and is being amortised over a period of three-five years, being its estimated useful life.

Research and Development Costs

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

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

e) Inventories

Inventories are valued as follows:

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

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

f) Revenue recognition

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

Sale of pharmaceuticals and compounds

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

Technical license agreements

The Group enters into certain dossier sales, licensing and supply agreements relating to various products. Revenue from such arrangements is recognised upon completion of performance obligations or on a proportional performance basis over the period the Group performs its obligations, under the terms of the agreements. Proportionate performance is measured based upon the efforts incurred to date in relation to the total estimated efforts 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 agreements

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

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

Interest and Dividend Income

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

g) Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

h) Retirement benefits

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

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

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

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

(v) In case of foreign subsidiary companies, contributions are made as per the respective country laws and regulations. The same is charged to Profit and Loss Account on accrual basis. There are no obligations beyond the company's contribution.

i) Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

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

Exchange Differences

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

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

Forward Exchange Contracts not intended for trading or speculation purposes

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

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j) Income tax

Tax expense comprises current 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. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

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

k) Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

l) Employee stock compensation costs

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

m) Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split and reverse share split (consolidation of shares).

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

n) Operating lease

Where the Company is a Lessee:

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Where the Company is a Lessor:

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

o) Segment reporting

Identification of segments:

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

Inter-segment Transfers:

The Group generally accounts for 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 financial statements of the Group as a whole.

p) Provisions

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

q) Expenditure on new projects and substantial expansion

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

r) Cash and Cash Equivalents

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

s) Derivate Instruments

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

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3. Employee stock compensation

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

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

Grant I

In September 2001, the Company granted 71,510 options under the ESOP Plan 2000 to be exercised at a grant price of ₹ 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.

Details of Grant II

Particulars	March 31, 2011		March 31, 2010	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	-	-	7,840	2.5
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	1,960	2.5
Expired during the year	-	-	5,880	2.5
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

* adjusted for the effect of bonus shares

Grant 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, 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 will vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2011		March 31, 2010	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	17,700	157.5	112,950	157.5
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	6,250	157.5	95,250	157.5
Expired during the year	11,450	157.5	-	-
Outstanding at the end of the year	-	-	17,700	157.5
Exercisable at the end of the year	-	-	17,700	157.5
Weighted average remaining contractual life (in years)	-	-	1	-

* adjusted for the effect of bonus shares

Grant IV

On July 19, 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of the grant, respectively, with an exercise period of three years for each grant. The vesting conditions include completion of two years of service and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

Details of Grant

Particulars	March 31, 2011		March 31, 2010	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	3,030,129	150.0	5,224,178	147.0
Granted during the year	-	-	-	-
Forfeited during the year	3,066	139.0	741,548	153.0
Exercised during the year	1,436,537	139.0	1,452,500	137.5
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,590,526	160.0	3,030,129	150.0
Exercisable at the end of the year	1,343,115	157.8	1,388,545	137.5
Weighted average remaining contractual life (in years)	1.5	-	2.3	-

* adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant of 813,860 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first, second, third year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the market price of Company's' shares on the date of grant.

Details of Grant V

Particulars	March 31, 2011		March 31, 2010	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	88,195	171.0	69,710	231.5
Granted during the year	147,233	321.0	63,460	151.5
Forfeited during the year	-	-	44,975	235.7
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	235,428	265.0	88,195	170.9
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	5.1	-	6.0	-
Weighted average fair value of options granted (₹)	-	129.0	-	130.0*

* adjusted for the effect of bonus shares

The average market price of the Company's share during the year ended March 31, 2011 is ₹ 347 (March 31, 2010 ₹ 237) per share. (after adjustment for the bonus shares)

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

Particulars	March 31, 2011	March 31, 2010
Weighted Average Remaining Contractual Life in options (Years)	5.10	6.00
Weighted Average Exercise Price*	265.0	170.9
Expected volatility	39.05%	37.62%
Historical volatility	35.59%	34.29%
Life of the options granted (vesting and exercise period) in years	7.20	7.20
Expected dividends per share	4.50	3.50
Average risk-free interest rate	8.00%	7.80%
Expected dividend rate	1.30%	1.23%

* adjusted for the effect of bonus shares

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

Particulars	March 31, 2011	March 31, 2010
Net Profit after taxes	3,675,150	2,932,442
Add: Employee stock compensation under intrinsic value	4,821	2,211
Less: Employee stock compensation under fair value	29,775	(59)
Proforma profit	**3,650,196**	**2,934,712**
Earnings per Share - Basic		
- As reported	18.79	15.08
- Proforma	18.67	15.09
Earnings per Share - Diluted		
- As reported	18.62	14.84
- Proforma	18.49	14.85

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

Particulars	March 31, 2011	March 31, 2010
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	5,509,323	7,055,168
Add: Shares purchased by the ESOP trust	391,000	3,865
Less: Shares exercised by employees	(1,442,787)	(1,549,710)
Closing balance of shares not exercised by employees and available with the ESOP Trust	4,457,536	5,509,323
Options granted and eligible for exercise at end of the year	1,343,115	1,406,245
Options granted but not eligible for exercise at end of the year	482,839	1,729,779

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

Particulars	March 31, 2011	March 31, 2010
Basic weighted average shares outstanding	200,000,000	200,000,000
Less: Shares held by ESOP Trust	4,457,536	5,509,323
	195,542,464	**194,490,677**
Add: Effect of dilutive shares granted but not exercised/not eligible for exercise	1,825,954	3,136,024
Weighted average shares outstanding and potential shares outstanding	**197,368,418**	**197,626,701**

5. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2010 to March 31, 2011 Income/ (expenses)	Balance as at March 31, 2011 (Payable)/ receivable	April 1, 2009 to March 31, 2010 Income/ (expenses)	Balance as at March 31, 2010 (Payable)/ receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(14,408)	-	(14,140)	-
			Other liability	-	(670)	-	(2,190)
2	John Shaw	Director	Salary and perquisites	(7,291)	-	(8,072)	-
3	CIMAB	Joint Venture	Purchase of raw materials	-	-	(33,753)	-
		Partner	Sale of products	-	-	13,775	-
		Refer Note (b) below	Purchase of Intangible Rights	(754,037)	(88,319)	-	-
			Purchase of 49% equity stake in BBPL	(121,552)	-	-	-
			Sundry Debtors	-	-	-	13,596
			Sundry Creditors	-	-	-	(24,160)
4	Glentec International	Enterprise owned by Key Management Personnel	Lease of Premises	(2,196)	(915)	(2,369)	-
5	P K Associates	Proprietary firm of Relative of Director	Lease Rentals	(396)	-	(380)	-
6	NeoBiocon FZ LLC	Joint Venture	Sale of products	13,968	-	7,623	-
			Recharge of expenses	55	-	-	-
			Sundry Debtors	-	11,311	-	8,583
7	IATRICa Inc.	Associate	Research and Development fees paid	(44,700)	-	(30,058)	-
			Investment in preferred stock	-	138,470	-	138,470

(a) During the year ended March 31, 2011, Biocon SA has acquired marketing and distribution rights of certain products for certain territories from CIMAB for a consideration of ₹ 754,037.

(b) In April 2010, Biocon SA acquired the 49% equity stake held by CIMAB SA in BBPL. In March 2011, Biocon purchased the 49% equity stake in BBPL from Biocon SA. Consequently, as at March 31, 2011 all the equity shares of BBPL are held by Biocon. Refer Note 1 in Schedule 18.

6. Commitments

	March 31, 2011	March 31, 2010
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,326,595	1,149,262

(b) Operating lease commitments

Where the Group is a lessee

(i) Rent:

The Group has entered into various agreements for lease of building / office space which expires over a period up to October 2019. Gross rental expenses for the year aggregates to ₹ 35,495 (March 31, 2010 - ₹ 30,059) The committed lease rentals in the future are:

	March 31, 2011	March 31, 2010
Not later than one year	31,936	20,770
Later than one year and not later than five years	41,438	26,968
Later than five years	9,136	13,048

(ii) Vehicles:

The Group has taken vehicles for certain employees under operating leases, which expire in September 2014. Gross rental expenses for the year aggregate to ₹ 18,996 (March 31, 2010 - ₹ 18,323). The committed lease rental in the future are:

	March 31, 2011	March 31, 2010
Not later than one year	17,170	20,422
Later than one year and not later than five years	19,276	32,088

Where the Group is a Lessor:

(i) Rent

The Company has leased out certain parts of its building (including fit outs) and land on an operating lease, which expire over a period up to September 2017. Gross rental income for the year aggregate to ₹ 20,304 (March 31, 2010 - ₹ 21,456). Further, minimum lease rentals under operating lease are as follows:

	March 31, 2011	March 31, 2010
Not Later than one year	20,304	20,304
Later than one year and not later than five years	81,216	81,216
Later than 5 Years	30,456	50,760

7. Contingent liabilities

	March 31, 2011	March 31, 2010
(a) Direct and indirect tax matters under appeal	895,517	672,108
(b) Corporate guarantees given to the Central Excise Department	841,057	841,057
(c) Certain claims made against the Company which the management of the Company believes are not tenable and hence these claims have not been acknowledged as debts	4,920	24,530

8. Foreign exchange forward contracts and unhedged foreign currency exposure

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

	Currency	March 31, 2011	March 31, 2010
In respect of highly probable forecasted sales/export collection:			
Foreign exchange forward contracts	USD	62,000	54,000
European style option contracts with periodical maturity dates up to September 2015	USD	106,000	197,000
European style option contracts with periodical maturity dates upto December 2011	EURO	3,000	-
In respect of foreign currency loans taken and granted:			
European style option contracts with periodical maturity dates up to August 2011	USD	-	16,000
Foreign exchange forward contracts to sell (Euro to USD)	EURO	-	20,000
Foreign exchange forward contracts to sell (USD to INR)	USD	-	30,000
European style option contracts with maturity up to April 2011	USD	33,600	45,000

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

	March 31, 2011	March 31, 2010
Balances with banks		
- Current account	86,276	-
- Exchange earners foreign currency account	2,268,663	619,292
- Fixed deposit accounts	985,742	-
Receivables	1,542,890	965,203
Sundry creditors	1,406,073	1,037,456
Packing credit/short-term loans	947,569	-

9. Interest in Joint Venture

The Company has 50% interest in the assets, liabilities,expenses and income of NeoBiocon incorporated in Dubai. The share of the Company in the accumulated profit of NeoBiocon as at March 31, 2011 stood at ₹ 17,164 (loss as on March 31, 2010 - ₹ 4,080). Refer note 1 in Schedule 18. The aggregate amount of Biocon's interest in NeoBiocon is as follows:

	March 31, 2011	March 31, 2010
Assets	47,039	17,033
Liabilities	22,559	10,049
Income	59,608	23,927
Expenses	38,002	21,214

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10. Employee Benefit Plans

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

A summary of the gratuity plan is as follows:

	March 31,2011	March 31,2010
Fund balance		
Defined benefit obligation	143,683	115,438
Fair value of plan assets	95,294	80,612
Plan Liability	**48,389**	**34,826**
The change in benefit obligation and funded status of the gratuity plan is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	115,438	91,794
Current service cost	15,189	17,794
Past service cost	-	-
Interest cost	8,659	6,425
Benefits paid	(9,804)	(2,890)
Actuarial (gain)/loss	14,201	2,315
Benefit obligation at the end of the year	**143,683**	**115,438**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	80,612	76,928
Expected return on plan assets	6,851	6,038
Actuarial gain / (loss)	(2,014)	536
Actual contribution	19,649	-
Benefits paid	(9,804)	(2,890)
Fair value of plan assets at end of year	**95,294**	**80,612**
Net gratuity cost :		
Components of net benefit cost		
Current service cost	15,189	17,794
Interest cost	8,659	6,425
Expected return on plan assets	(6,851)	(6,038)
Net actuarial (gain) / loss recognised during the year	16,215	1,780
Net gratuity cost	**33,212**	**19,961**
Actual return on plan assets	4,838	6,574
Experience adjustment		

	March 31, 2011	March 31, 2010	March 31, 2009	March 31, 2008	March 31, 2007
Defined benefit obligation	143,683	115,438	91,794	69,328	75,106
Plan assets	95,294	80,612	76,928	66,391	73,414
Surplus / (Deficit)	(48,389)	(34,826)	(14,866)	(2,937)	(1,692)
Experience adjustments on plan liabilities gain / (loss)	(16,742)	(6,382)	1,287	- *	- *
Experience adjustments on plan assets gain / (loss)	(2,014)	535	4,253	- *	- *

* Experience adjustment Information available from March 31, 2009.

The assumptions used for gratuity valuation are as below:

	March 31,2011	March 31,2010
Discount rate	8.00%	7.50%
Expected Return on Plan Assets	8.00%	8.50%
Salary increase	8.50%	8.00%
Attrition rate up to age 44	18 to 25%	14 to 25%
Attrition rate above age 44	7 to 10%	10 to 14%
Retirement age	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 next year, is approximately ₹ 39,855 (March 31, 2010 - ₹ 23,954)

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

11. 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, 2010 to March 31, 2011

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues					
External sales	24,530,546	3,176,766	-	-	27,707,312
Inter-segment transfers	-	272,218	-	(272,218)	-
Total revenues	24,530,546	3,448,984	-	(272,218)	27,707,312
Costs					
Segment costs	(17,166,384)	(2,511,901)	-	-	(19,678,285)
Inter-segment transfers	(272,218)	-	-	272,218	-
Result					
Segment result	7,091,944	937,083	-	-	8,029,027
Corporate expenses	-	-	(2,161,859)		(2,161,859)
Other income	-	-	429,290	-	429,290
Operating profit					6,296,458
Depreciation/amortisation	(1,021,858)	(545,889)	-	-	(1,567,747)
Interest expense	-	-	(257,022)	-	(257,022)
Income taxes - Current and deferred	-	-	(721,207)	-	(721,207)
Minority Interest	-	-	(75,332)	-	(75,332)
Profit after taxes					3,675,150
Other information					
Segment assets	21,467,522	5,490,405	-	-	26,957,927
Unallocated corporate assets	-	-	8,583,036	-	8,583,036
Total assets					35,540,963
Segment liabilities	10,687,687	3,073,040	-	-	13,760,727
Unallocated corporate liabilities	-	-	1,075,036	-	1,075,036
Minority Interest	-	-	377,296	-	377,296
Total liabilities					15,213,059
Capital expenditure	3,400,655	345,942			3,746,597

April 1, 2009 to March 31, 2010

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

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:

	April 1, 2010 to March 31, 2011	April 1, 2009 to March 31, 2010
Revenues, net		
India	8,139,405	6,505,534
Outside India	19,567,907	17,172,622
Total	**27,707,312**	**23,678,155**

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

	Carrying amount of segment assets		Capital expenditure	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
India	27,187,723	23,488,185	2,779,849	1,593,009
Outside India	8,353,240	5,872,547	966,748	204,430
	35,540,963	**29,360,732**	**3,746,597**	**1,797,439**

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.

12. Other Notes

(a) The Company has entered into transactions of sale of products to a private company amounting to ₹ 2,980, during the year ended March 31, 2011 (March 31, 2010 - ₹ 1,812), that require prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices have been approved by the Board of Directors of the Company. The Company has filed an application with the Central Government for such approval and for condonation of delay in making such application.

(b) In terms of Section 115O (6) of the Income Tax Act, 1961, the Company has not provided for Dividend Distribution Tax on final dividend distributed for the year ended March 31,2010 and for the interim dividend declared and final proposed dividend for the year ended March 31, 2011 to the extent such distributable profits pertain to the profits of the Company's SEZ Developer's operations under section 10AA of Income tax Act,1961.

13. Subsequent Event

Consequent to an offer made by the minority shareholders of AxiCorp, on April 28, 2011 the Board of Directors of the Company accorded their in-principle approval for the sale of all the shares held by Biocon SA, Switzerland ('Biocon SA') in AxiCorp to such group of shareholders. The consideration would be settled through a combination of cash and re-acquisition of the exclusive marketing rights of Insulin and Glargine for the German market.

14. Prior year comparatives

The previous year's figures have been re-grouped/reclassified, where necessary to conform to current year's classification.

As per our report of even date

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

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2011

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

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Summarised Statement for Subsidiary Companies for year ended March 31, 2011

(All amounts in Indian Rupees thousands)

	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment (except in Subsidiaries)	Turnover	Profit/(Loss) before taxation	Provision for taxation	Operational Profit/(Loss) after taxation	Proposed Dividend	Country
Syngene International Limited	INR	28,750	2,215,520	5,078,266	2,833,996	26,199	3,231,378	286,084	3,340	282,744	-	India
Clinigene International Limited	INR	500	(879)	443,285	443,664	-	289,337	(37,988)	-	(37,988)	-	India
Biocon Biopharamaceuticals Private Limited	INR	176,000	(159,238)	2,038,323	2,021,561	-	491,611	192,047	-	192,047	-	India
Biocon Research Limited	INR	500	(373,058)	1,192,852	1,565,411	29,551	649,591	(322,438)	-	(322,438)	-	India
Biocon SA	EURO	4,044	44,373	5,416,068	5,367,651	-	767,457	81,712	8,907	72,805	-	Switzerland
Biocon Sdn.Bhd	MYR	1	-	1	-	-	-	-	-	-	-	Malaysia
AxiCorp GmbH	EURO	15,666	1,866,894	3,189,437	1,306,877	-	10,264,427	517,156	141,578	375,579	-	Germany
Balance Sheet - Conversion rate												
As at March 31, 2011												
1 Euro = INR 63.17												
1 MYR= INR 14.95												

Notes:

1) The Ministry of Corporate Affairs has granted general exemption to Companies from attaching the financial accounts of the subsidiary companies pursuant to Section 212 of the Companies Act, 1956. The members can, however, obtain the detailed annual accounts of the subsidiary companies and related information by making a request to that effect. The copies of the same will be available for inspection at the registered office in Bangalore, India.

2) The details mentioned above for overseas subsidiaries have been arrived at by using exchange rate of March 31, 2011.

Glossary

ABIH	American Board of Industrial Hygiene
AFSSAPS	Agence Française de Sécurité Sanitaire des Produits de Santé
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
APAC	Asia-Pacific
ASCO	American Society of Clinical Oncology
BBRC	Biocon - Bristol-Myers Squibb Research Center
BEST	BIOMAb EGFR Efficacy & Safety Trial
BSE	The Bombay Stock Exchange Limited
CAP	College of American Pathologists
CADD	Computer Aided Drug Design
CAPA	Corrective and Preventive Action
CAGR	Compound Annual Growth Rate
CDI	Clostridium Difficile Infection
CDSL	Central Depository Services (India) Limited
cGMP	Current Good Manufacturing Practices
CHO	Chinese Hamster Ovary
CHW	Community Health Workers
COS	Certificate of Suitability
CRC	Custom Research Company
CRO	Contract Research Organisation
CLL	Chronic Lymphocytic Leukemia
CTRT	Chemo Therapy and Radio Therapy
COFEPRIS	Comisión Federal para la Protección contra Riesgos Sanitarios
CTD	Common Technical Dossier
DCA	Diabetes Care Advisors
DMF	Drug Master File
DMPK	Drug Metabolism and Pharmacokinetics
DPCO	Drug Price Control Order
EBITDA	Earnings Before Interest, Depreciation and Taxes
EDQM	European Directorate for Quality of Medicines
EGFR	Epidermal Growth Factor Receptor
EPS	Earnings Per Share
EPO	Erythropoietin
ESRD	End Stage Renal Disease
ESOP	Employees Stock Options Plan
ETP	Effluent Treatment Plant
EU	European Union
FTE	Full Time Equivalent
GCC	Gulf Co-operation Council
GCP	Good Clinical Practice
HCC	Hepato Cellular Carcinoma
ICAI	Institute of Chartered Accountants of India
ICH	International Conference on Harmonisation
IGAAP	Indian Generally Accepted Accounting Principles
IPO	Intial Public Offering
IPR	Intellectual Property Rights
IVD	In Vitro Diagnostics
Mab	Monoclonal Antibodies
MCAZ	Medicines Control Authority of Zimbabwe
MMF	Mycophenolate Mofetil
MPA	Mycophenolic Acid
MRP	Mutual Recognition Procedure
mTOR	Mammalian Target of Rapamycin
NCEs	New Chemical Entities
NET	Neuro Endocrine Tumors

NHL	Non-Hodgkin's lymphoma
NSCLC	Non-Small Cell Lung Carcinoma
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
LIMS	Laboratory Information Management system
OHSAS	Occupational Health Safety Assesment Series
OPPI	Organisation of Pharmaceutical Producers of India
OTC	Over the Counter
OOS	Out Of Specification
PASI	Psoriasis Area and Severity Index
PCT	Patent Co-operation Treaty
PK / PD	Pharmaco Kinetic / Pharmaco Dynamic
R&D	Research and Development
RCC	Renal Cell Carcinoma
r-met HuG-CSF	Recombinant methionyl human Granulocyte colony stimulating factor
ROW	Rest of the world
SEBI	Securities Exchange Board of India
SEGA	Sub Ependymal Giant Cell Carcinoma
SMBG	Self-Monitoring of Blood Glucose
SKU	Stock Keeping Unit
TPM	Total Productive Maintenance
TS	Tuberous Sclerosis
TGA	Therapeutics Good Adminstration
TDM	Therapeutic Drug Monitoring Level
TRIPS	Trade Related Aspects of Intellectual Property Rights
USFDA	United States Food and Drug Aminstration
WTO	World Trade Organisation
WWD	Winning With Diabetes
YOY	Year On year

Currency Abbreviation	
AED	UAE Dirhams
CHF	Swiss Francs
EUR	Euros
USD / US$	United States Dollar
INR	Indian Rupee

COMPANY SECRETARY:
co.secretary@biocon.com

CORPORATE COMMUNICATIONS:
corporate.communications@biocon.com

INVESTOR RELATIONS:
investor.relations@biocon.com

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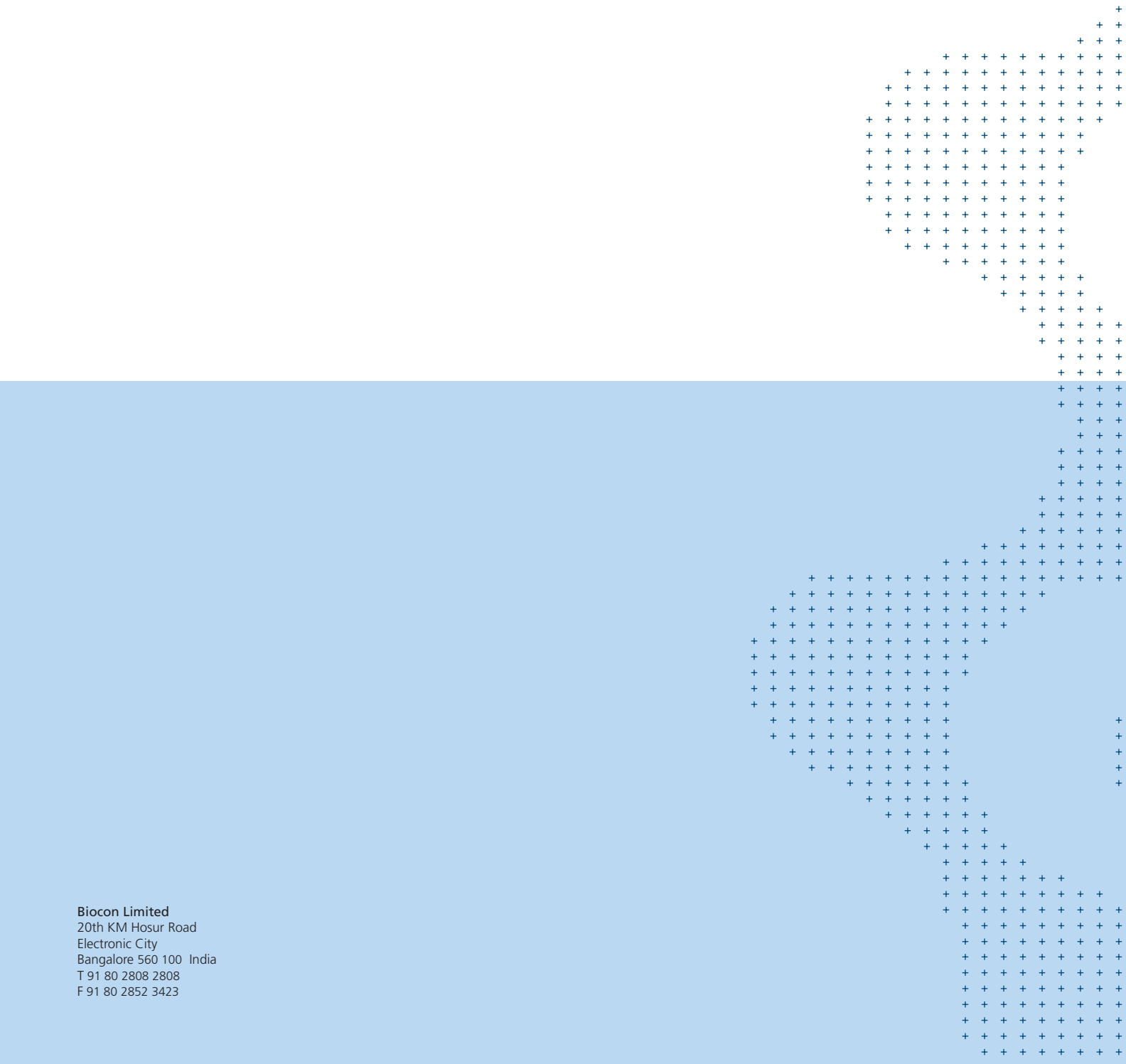
www.biocon.com



Biocon Limited
20th KM Hosur Road
Electronic City
Bangalore 560 100 India
T 91 80 2808 2808
F 91 80 2852 3423

Notice

NOTICE is hereby given that the Thirty Third Annual General Meeting of the members of Biocon Limited will be held on Thursday, July 21, 2011, at 3.30 p.m. at the 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029, to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2011 and audited Profit & Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To declare a final dividend of Rs.3.00 per equity share and confirm the payment of interim dividend of Rs. 1.50 per equity share for the year ended 31st March 2011.
3. To appoint a director in place of Dr. Neville Bain who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Dr. Bala Manian who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The retiring auditors M/s S R Batliboi & Associates, Chartered Accountants (Firm registration no: 101049W) are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

Special Business

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED that Mr. Russell Walls, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28th April, 2011, in terms of the Section 260 of the Companies Act, 1956 ("the Act") and Article 74 of the Articles of Association of the Company and in respect of whom the Company having received notice in writing under Section 257 of the Act from a member proposing his candidature, be and is hereby appointed as a Director of the Company and the period of his office shall be liable to determination by retirement of directors by rotation."

By Order of the Board of Directors
For Biocon Limited

Kiran Mazumdar-Shaw
Chairman and Managing Director

Place: Bangalore
Date: April 28, 2011.

Registered office:
20th KM, Hosur Road
Electronics City P. O.
Bangalore - 560 100
Karnataka, India

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY, SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members/proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
3. The Register of Directors Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the meeting.
4. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956 and all documents as mentioned in the resolutions and/or explanatory statement will be available for inspection by the members at the registered office of the Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from July 09, 2011 to July 21, 2011 (both days inclusive).
6. Subject to the provisions of Section 206A of the Companies Act, 1956 dividend as recommended by the Board of Directors of the Company, if declared at the meeting, will be payable on or after July 22, 2011 to those members whose name appear on the Register of Members as on the opening of July 09, 2011.
7. Members holding shares in Electronic (demat) form are advised to inform the particulars of their bank account and change of address to their respective Depository Participants only and not to the Company or to the Registrars. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
8. Members are requested to address all correspondences, including dividend matters to the Registrar and Share Transfer Agents, Karvy Computershare Private Ltd. (Unit: Biocon Ltd), Plot No. 17 – 24, Vittal Rao Nagar, Madhapur, Hyderabad 500 081.
9. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
10. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" through its recent Circular Nos. 17/2011 and 18/2011, dated April 21 and 29, 2011 respectively, allowing companies to send various official documents to their shareholders electronically. Your company recognizes the spirit of this MCA circular and it is proposed to henceforth send all documents and communications such as, Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc. to the email addresses provided by you with your depository. It is encouraged that the members support this green initiative and update their email address with their depository participant to ensure that all communications sent by the company are received on the desired email address.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No 6

Appointment of Mr. Russell Walls

The Board of Directors had appointed Mr. Russell Walls as an Additional Director of the Company with effect from 28th April 2011.

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

Other Details;

Date of Birth	22/02/1944
Date of Appointment on the Board	28/04/2011
Shareholding in Equity shares of the Company and percentage of holding in share capital.	Nil

In terms of the provisions of Section 260 of the Companies Act, 1956, Mr.Russell Walls will hold office only upto the date of ensuing Annual General Meeting. Notice has been received from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Walls for the office of Director. The Directors recommend the Resolution for approval of the shareholders.

Except Mr.Walls, who is seeking the appointment, none of the Directors are concerned or interested in the Resolution.

Information pursuant to Revised Clause 49 of the listing agreement regarding the re-appointment of Directors:

Dr. Neville Bain

Dr. Neville Bain, 70 years, has vast experience in the field of finance, strategy and general management. He graduated from Otago University, New Zealand, with a Master of Commerce (Hons) degree and double Bachelor degrees in Accounting and Economics. He has also been awarded the degree of Doctor of Law, is a Fellow Chartered Accountant, a Fellow Cost and Management Accountant, a Fellow Chartered Secretary and a Fellow of the Institute of Directors. He spent 27 years with the Cadbury Schweppes group, having responsibility for the world-wide confectionery business and then as Deputy Chief Executive and Finance Director. This was followed by a six-year term as Chief Executive Officer of Coats Viyella plc, and then as Chairman and Director of various organisations. He is the Chairman of the UK Institute of Directors, a Chairman of the board of Scottish Newcastle Pension Trustees Limited as well as Hogg Robinson Group. He has published 5 books on corporate governance, strategy and the effective utilisation of people in organisations.

Other Details*:

Date of Birth	14/07/1940
Date of Appointment on the Board	08/08/2000
Shareholding in Equity shares of the Company and percentage of holding in share capital.	5,00,000 (0.25%)

Dr. Bala S Manian,

Dr. Bala S Manian, 66 years, has been a part of the Silicon Valley entrepreneurial community over the last three decades and is responsible for successfully starting several life science companies. Dr. Manian is a co-founder of Quantum Dot Corporation and a co-founder of SurroMed Corporation. He was also chairman of Entigen Corporation, a Bioinformatics Company. He was the founder and Chairman of Biometric Imaging, Inc. Prior to founding Biometric Imaging, Inc., Dr. Manian founded Digital Optics Corporation, an optical instrumentation and systems development Company in 1980 and two other Companies, Lumisys and Molecular Dynamics in June 1987. Dr. Manian is presently the CEO of ReaMetrix Inc. He has been recognized through several awards for his contributions as an educator, inventor and an entrepreneur. In February 1999, the Academy of Motion Picture Arts and Sciences awarded a Technical Academy Award to Dr. Manian for advances in digital cinematography. He has a B.S. in Physics from the University of Madras, a M.S. in Applied Optics from the University of Rochester and a Ph.D. in mechanical engineering from Purdue University. He was a faculty member of the University of Rochester's Institute of Optics for four years, teaching courses in optical fabrication and testing, optical instrumentation and holography. At present, he serves as a member of the Board of Trustees of University of Rochester.

Other Details*:

Date of Birth	15/07/1945
Date of Appointment on the Board	20/10/2004
Shareholding in Equity shares of the Company and percentage of holding in share capital.	2,500 (0.001%)

* The details of directorship of the Company's Directors in other companies & details of membership of directors in Board Committees as on March 31, 2011, is set out in the Report on Corporate Governance appearing on page 85 of the Annual Report.

Important Shareholder Communication

Dear Shareholder,

Sub: Implementing green initiative in corporate governance

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode, enabling the companies to send various official documents to their shareholders electronically.

Your Company recognizes the spirit of this initiative of MCA and supports this initiative of implementing an environmentally sustainable way of communication and governance.

It is intended to send all shareholder communications including financial statements and annual reports in electronic form. In addition, the full text of these reports and documents will also be made available on the Company's website: **www.biocon.com** in the Investor Relations section.

The electronic communication will be sent to your email id provided to us by your Depository Participant (DP). However, as per the records shared by the Depositories, your email id has not been registered and to enable us to implement the said initiative, we request you to please register / update your email id with your DP at the earliest.

We thank you for your co-operation in implementing this environmentally friendly initiative of paperless communication.

Yours Truly,
For Biocon Limited,

Company Secretarial Team

P.S: Please note that as a member of the company you will be entitled to receive all such communications in physical form, upon request.

BIOCON LIMITED

20th K M, Hosur Road, Electronics City P.O., Bangalore – 560 100.

PROXY FORM

Regd. Folio No. / DP ID/Client ID

I/We……………………………………………………….……….............................. of …………………….…...................……… being a member/members of Biocon Limited hereby appoint ………………….………………of …………………….………..……….. as my/our Proxy or failing him/her……………..…….. of ……………………....…….. as my/our proxy to vote for me/us on my/our behalf at the Thirty Third Annual General Meeting of the Company to be held on Thursday, July 21, 2011 at 3.30 p.m. at 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, Near Forum Mall, Bangalore - 560 029, India and at any adjournment(s) thereof.

Affix
1 Rupee
Revenue
Stamp

Signed this…………….. day of…………..2011

Note:

The proxy form in order to be effective, should be duly stamped, completed and deposited at the Registered Office of the Company at 20th KM, Hosur Road, Electronics City P.O., Bangalore - 560 100 not less than 48 hours before the time for holding the meeting.

– Cut Here –

BIOCON LIMITED

20th K M, Hosur Road, Electronics City P.O., Bangalore – 560 100.

ATTENDANCE SLIP

Thirty Third Annual General Meeting – July 21, 2011

Regd. Folio No./ DP ID/ Client ID

No. of shares held

I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Thirty Third Annual General Meeting of the Company held on Thursday, July 21, 2011 at 3.30 p.m. at 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, near Forum Mall, Bangalore - 560 029.

Name of the member/proxy
(in BLOCK letters)

Signature of member/proxy

Note:

Please fill up this attendance slip and hand it over at the entrance of the meeting hall.

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