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www.biocon.com

Date: July 29, 2016

The Manager
Dept. of Corporate Services – Listing
The Bombay Stock Exchange Limited
P J Tower, Dalal Street
Mumbai – 400 001

The Manager- Listing Department
National Stock Exchange of India Limited,
Exchange Plaza, Bandra Kurla Complex,
Bandra – East,
Mumbai – 400051

Dear Sir,

Subject: Submission of Annual Report – FY 2015-16 – Regulation 34

We are pleased to submit the Annual report of the Company for the financial year 2015-16 pursuant to regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further inform you that the Annual report was already uploaded in the BSE listing centre on June 04, 2016 and its available in your website.

Request you to kindly take this intimation on record.

Thanking you

Yours faithfully,

For Biocon Limited,

BIOCON LIMITED BANGALORE

Authorised Signatory

Biocon

Credibly **Capable**

Annual Report 2016

Credibly **Capable**

Driven by our passion to impact global health, we have built differentiated capabilities in the areas of biologics and complex small molecules, leveraging our inherent strengths in cutting-edge science which has brought us the credibility of an innovation-led organization focused on providing affordable access. We have used complex technology platforms to develop a rich portfolio of small molecules, novel biologics and biosimilars including monoclonal antibodies, rh-Insulin and analogs.

We believe our value proposition built around differentiation and scale has enabled us to seek global leadership to provide access to affordable biopharmaceuticals for patients and partners across the globe. Our patient-centric approach and commitment to world-class quality have earned us the reputation of a credibly capable biopharmaceutical organization.

Capabi

In Expanding Global Footprint

~120

Countries where our products are available

~3x

Increase in number of countries where our insulins have been approved in the last 5 years

In Extending Therapeutic Focus

~1.5x

Increase in number of small molecule product groups in the last 5 years

~2x

Increase in number of DMFs filed in the last 5 years

lity...

In Building Global Manufacturing Scale

+100%

Increase in Insulins Drug Substance production capacity

+200%

Increase in production capacity for Drug Products

In Nurturing The Best Talent

~57%

Employees under 30 years of age

~26%

Rise in Revenue/ Employee in the last 5 years

~71%

Increase in the Middle Management employees in the last 5 years

~3x

Increase in number of Masters, PhD degree holders in leadership team in the last 5 years

In Creating A Differentiated Product Portfolio

COMPLEX SMALL MOLECULE APIs TO BIOLOGICS

Novels & Biosimilars

COMPREHENSIVE PRESENTATION IN BIOLOGICS

Drug Substance	Drug Products	Delivery Devices
	Liquid Vials, Lyophilized Vials, Cartridges & Prefilled Syringes	Reusable & Disposable Prefilled, Pens

Biocon has invested in building differentiated capabilities that are based on a deep insight into life sciences. Our pursuit of innovation has led us to acquire the knowledge, expertise and skills essential for developing cutting-edge biological products. We have focused these capabilities on developing 'best-in-class' small and large molecule therapies.

Capability

We have a scientifically rigorous, ethically compliant and structured preclinical and clinical development strategy to establish the safety and efficacy of our products.

We have built state-of-the-art manufacturing facilities – both mammalian and microbial – that are designed to conform to the most stringent cGMP guidelines, comply with international regulatory standards and meet client requirements worldwide. Our global scale capacities for manufacturing high quality, affordable biologics have positioned us as the world's fourth largest insulins producer, enabling us to address the growing needs of diabetes patients across the globe. We have successfully collaborated with multiple partners across geographies to establish our commercial footprint in nearly 120 countries.

We are now leveraging our experience in India and emerging markets to develop a rich portfolio of biosimilar insulins, recombinant proteins and monoclonal antibodies (MAbs) at disruptively low costs for patients in the developed markets.

We have leveraged our affordable innovation model to develop and commercialize novel therapies for cancer and autoimmune conditions. We are now harnessing our capabilities in novel drug discovery research to advance an exciting Oral Insulin and the world's only clinically validated anti-CD6 targeting molecule through the clinics. We are also exploring the breakthrough potential of immuno-oncology to develop patient-friendly therapies against malignant tumours. Our novel programs span a wide range of platforms and products from conventional peptides & MAbs to novel fusion MAbs and small interfering RNA (siRNA) based therapeutics.

Credibili

In Ensuring Global Regulatory Compliance

25+

cGMP approvals from International regulatory agencies

Products approved by key regulatory agencies from US, EU, Japan, France, Brazil, Mexico, Turkey, GCC etc

In Creating A Strong Employer Brand

Top 20

Listed among Best Global Biotech Employers*

(**Science* magazine)

ty...

In Generating Intellectual Wealth

1,200+
Patent applications filed globally

984
Patents granted

448
Trademark registrations

In Building Valuable Brands in Chronic Therapy Areas

7

Biologics taken from Lab to Market

2 Novels & 5 Biosimilars

12

Anchor Brands

Insugen®, BASALOG®, ALZUMAb™
BIOMAb EGFR®, Abraxane®, CANMAb™
ERYPRO™, BLISTO®, STATIX®
TACROGRAF™, Cytosorb™, Cimivir™

+ 2X

Increase in sales from the Top 10 brands in the last 5 years

In Creating A Best-in-Class Innovation Ecosystem

+ 60%

Growth in scientific talent pool in the last 5 years

High quality talent with Masters & PhD degree holders

EXCELLENCE IN

Process & Product Development	Analytical & Bioanalytical Capabilities	Preclinical and Clinical Development	Regulatory Sciences

At Biocon, we have crossed many credibility milestones in our one-and-a-half-decade-long biopharma journey. We have successfully launched several affordable, research-driven complex small molecule generics, biosimilars as well as novel biologics for chronic diseases.

Credibility

We were the first Indian company to get US FDA approval for cholesterol-lowering molecule Lovastatin in 2001. Since then we have emerged as the world's largest statins manufacturer, with our drug substance being used to produce 'one in every three' statin pills globally. Our recombinant human insulin (rh-Insulin), the first to be developed using a proprietary fermentation technology in 2004, is now being co-developed with a partner for diabetes patients in the US. Our Insulin Glargine, a long-acting insulin analog, has become the first biosimilar from India to be approved in Japan, on of the world's most stringently regulated markets.

The clinical progress in four of the nine biosimilar molecules that we are jointly developing with Mylan positions us among the first wave of pharma companies to be making these products for the US and EU. The launch of India's first indigenously produced novel antibody BIOMAb EGFR® in 2006 earned us recognition as a leading Indian Oncology Company. This reputation was further strengthened through CANMAb™, which is the first follow-on biologic Trastuzumab to be approved anywhere in the world. The 2013 launch of ALZUMAb™ also brought us global attention as the first and only company globally to clinically validate CD6 as a target for autoimmune diseases.

We hold an esteemed position in the international scientific community, which has translated into Biocon being recognized again as the only Asian Company among the Top 20 Global Biotech Employers for 2015. Our commitment to address unmet patient needs is matched by our strong compliance track record, our high standards of corporate governance and our relentless pursuit to promote social and economic inclusion. These efforts have been recognized through several awards and accolades that motivate us to pursue new challenges to inpact global health.

Building Credibility through the Years

November 29, 1978

Biocon's Founding Day - the beginning of a bio-revolution in India.

Biocon Emerges as India's First & Largest Enzymes Company

First Indian company to manufacture & export enzymes to US and Europe

Scales up proprietary Solid State Fermentation Technology

Receives ISO 9001 certification for R&D and Manufacturing

Biocon Takes a Strategic Decision to Become a Biopharma Company

Proprietary bioreactor, PlaFractor™, granted a US and worldwide patent

Commissions first fully automated submerged fermentation plant to manufacture statins

Develops India's first indigenous rh-Insulin using proprietary fermentation technology

Partners a leading US company for co-development of therapeutic antibodies

Syngene establishes new R&D Centre

Biocon Builds Expertise in Biologics Business

Inaugurates Biocon Park, across 90 acres, India's largest integrated biotech hub in Bangalore

Unlocks value by divesting Enzymes business for USD 115 million

Develops India's first Novel Biologic BIOMAb-EGFR® for head and neck cancer

Develops a long acting basal Insulin Glargine, BASALOG®

Global partnership with US-based Mylan for co-development of a high-value portfolio of biosimilar monoclonal antibodies and recombinant proteins

1979-99 → **2000-04** → **2005 -10** →

BIOCON: AWARDS & RECOGNITION

National Award for Best Small Scale Industry from the Government of India

Kiran Mazumdar-Shaw receives the Padma Shri, one of India's most prestigious civilian awards, for pioneering biotechnology in India

BIOCON: AWARDS & RECOGNITION

Biocon becomes the first Indian biotech company to be publicly listed in 2004. Crosses market cap of USD 1 billion on listing

Receives 'Technology Pioneer' recognition from the World Economic Forum and Biotech Product, Process Development and Commercialization Award from GoI

BIOCON: AWARDS & RECOGNITION

Biocon ranked at number seven among the Top 20 global biotech employers

Ranked among Top 20 Indian companies in Forbes 'Best Under A Billion' list

Kiran Mazumdar-Shaw receives Padma Bhushan, one of India's highest civilian awards

Biocon Enters into R&D and Marketing Partnerships

Makes over USD 200 million Foreign Direct Investment in Malaysia for building Asia's largest integrated R&D and manufacturing facility for Insulins

Expands its global partnership with Mylan to include insulin analogs

Collaborates with Quark Pharma to co-develop novel siRNA-based therapeutics

Takes its Second Novel Biologic, ALZUMAb™ from Lab to Market, for autoimmune disorders

Introduces CANMAb™, world's first affordable Trastuzumab for breast cancer

Introduces Biocon Academy, a 'Center of Excellence for Advanced Learning' in Applied Biosciences to develop high-end talent for the biotech sector

Biocon Scales Up its Global Ambitions

Receives regulatory approval in Japan for its Insulin Glargine, heralding the entry of its biosimilars in key regulated markets.

Partners with Lab PiSA for developing rh-Insulin for US, and receives approvals for Insulin Glargine in Mexico

Inaugurates a world-class insulin delivery devices facility in Bangalore

Receives cGMP approvals for its Insulins facility in Malaysia

Receives its first generic formulations approval in Europe for Rosuvastatin Calcium tablets

Research services subsidiary Syngene debuts on Indian stock market; crosses USD 1 billion market capitalization milestone in first week of listing, unlocks huge value for Biocon

2011-14

BIOCON: AWARDS & RECOGNITION

Golden Peacock National Quality Award

Thomson Reuters 'India Innovation Award' for focus on innovation in drug affordability

Ranked among Top 10 Most Admired Companies in the Pharma & Healthcare Sector

ALZUMAb™ wins BioSpectrum BioPharma 'Product of the Year' Award and Sir J. C. Bose Memorial Award (institutional category) from Indian Science Monitor

Kiran Mazumdar-Shaw receives Othmer Gold Medal and Kiel Global Economy Prize for Business

2015-16

BIOCON: AWARDS & RECOGNITION

Greentech Environment Gold Award for Excellence in Environment Management

Pharmexcil Gold Patent Award

Golden Peacock Award for CSR

Biocon Foundation is recognized for Outstanding Contribution to Public Health by WHO India

FY16 **AT A GLANCE**

REVENUE

35,699
₹ Million

PAT

8,961
₹ Million

EBITDA MARGIN

25%

R&D SPEND (GROSS)

4,270
₹ Million

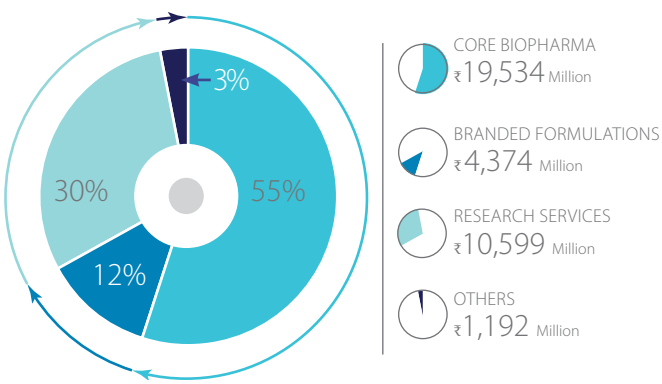
EPS

45
₹

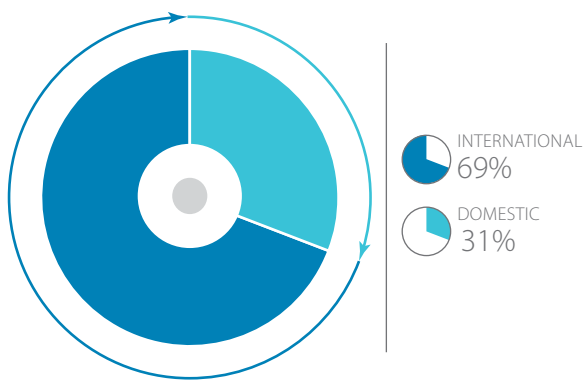
EMPLOYEES

8,000+

BUSINESS REVENUE MIX



GEOGRAPHIC DISTRIBUTION



CONTENTS

Kiran Mazumdar-Shaw
Chairperson

Chairperson's **Review**

Dear Shareholders,

Strategic Capabilities

We are living in extraordinary times, where technology is revolutionizing life sciences by decoding diseases at the cellular and genetic level and helping usher in safer and more effective therapies for patients. Today's medical paradigm is rapidly evolving from a 'one size fits all to a customized solution of the right treatment for the right patient at the right time' with the aim to minimize side effects and maximize positive outcomes.

These advances in understanding disease mechanisms, diagnosis and treatment using genomics and cell biology are coinciding with the rapid spread of a pandemic of non-communicable diseases (NCD) worldwide. It is estimated that 38 million people succumb to NCDs like cancer, diabetes, cardiovascular diseases and chronic respiratory disease annually. Low- and middle-income countries (LMICs) bear a disproportionate share of the NCD burden, accounting for nearly three-quarters of NCD deaths. Of these, NCDs like cancer and diabetes have not only emerged as the leading causes of death and disability in the developing world, but are forcing about 100 million people into poverty every year, owing to unaffordable access to life-saving drugs. Today, cancer is the cause of 'one in seven' deaths worldwide, while diabetes now affects nearly 'one in 11' adults globally. This looming crisis is spurring a flurry of research activity to develop

more effective diagnostics and therapies for addressing these diseases.

Biocon has been committed to addressing challenges associated with NCDs for over a decade with the objective to develop affordable chronic therapies for diabetes and cancer. In this endeavor, we have leveraged our expertise in fermentation technology, refined it and brought it to a global scale. We have created a highly cross-functional matrix focused on products, processes and people to reliably and consistently develop and deliver differentiated products. We have rapidly moved up the pharmaceutical value chain from small molecules to recombinant proteins to antibodies. We have leveraged India's value advantage of unmatched scientific talent and cost-competitive manufacturing to deliver scale, speed and quality. We have increased operating efficiencies and production capacities through calibrated manufacturing expansion in India and overseas. We have balanced high cost of R&D and market affordability. Most notably, we have enhanced our credibility through an excellent track record of intellectual property creation, regulatory compliance, good corporate governance, industry leadership and a high commitment to socially responsible practices.

Over the years, we have successfully met many of our goals of providing key life-saving advanced biopharmaceuticals for diabetes and cancer to patients in India and other developing countries at price points that make them affordable and thus accessible. We are proud of the impact our efforts are making and are better positioned than ever to leverage advances in biology, genomics and technology for tackling chronic diseases. We are now 'credibly capable' of extending the benefits of our low-cost, high-quality products to a global patient population.

This year we achieved a major regulatory milestone with our first biosimilar approval for Insulin Glargine in a highly regulated market like Japan.

Being Credible

Biologics like insulins and monoclonal antibodies have emerged as a class of highly effective transformational life-saving drugs targeted at chronic diseases like diabetes and cancer. Biologics differ from chemically synthesized drugs in that the regulatory, clinical and development requirements are considerably more exacting, making them 20-50 times more expensive than conventional drugs. The high cost of biologic therapies pushes them out of the reach of many patients, especially those in LMICs like India where drug regimens can cost several months' wages making the treatment of chronic disease like diabetes and cancer simply unaffordable.

This large unmet need can only be addressed through affordable generic versions of biologic drugs or biosimilars that provide cost-effective alternatives to expensive reference biologics. Unlike conventional chemical synthesis based generic pharmaceuticals, the development of biosimilars involve complex processes and analytical skills along with fairly large and lengthy clinical trials to establish comparable safety and efficacy with the reference product.

Biocon is among the pioneers in bringing the benefit of high quality, yet affordable, novel biologics and biosimilars to thousands of patients.

FIGHTING DIABETES

There are nearly half a billion diabetes patients in the world. Of the 100 million people who need insulin, only 'one in two' can manage and afford costs associated with chronic insulin therapy. As the largest Asian insulins player and the fourth largest producer of insulins in the world, our aim over the next 10 years is to provide our insulin products to 'one in five' diabetes patients in need of insulin-based therapy anywhere in the world.

This year we achieved a major regulatory milestone with our first biosimilar approval for Insulin Glargine in a highly regulated market like Japan. This, we believe, earns us huge credibility and validates our mission of delivering the highest quality at the lowest cost. Our partner FUJIFILM Pharma expects to launch this product soon. We see this as a significant achievement in our journey to make a global impact in diabetes management through our affordable biosimilar insulins. This also paves the way for our foray into several other overseas markets, including key ones like Brazil, Russia and South Africa. Currently, our insulins are registered in over 65 markets that represent 40% of the global diabetes population.

We continue to progress our efforts to take Insulin Glargine to other key developed markets in Europe and US with our co-development partner, Mylan. We expect to file for regulatory approvals in EU and in US in FY17.

The increasing regulatory clarity around biosimilars in the US led us to collaborate with our long-standing partner in Mexico, Laboratorios PiSA, for the development and commercialization of our rh-Insulin for the US market. Through this collaboration,

Biocon is committed to develop Insulin Tregopil for Type 1 and Type 2 diabetes patients as a follow up to the successful outcome of the Phase I clinical studies conducted in the US.

we will introduce rh-Insulin under the Biocon brand to address the USD 1.5 billion US market opportunity.

BATTLING CANCER

By 2030, new cancer cases worldwide are expected to rise to 22 million, resulting in 13 million deaths annually. This cancer burden is expected to be sizeably larger in developing countries. By introducing the world's most affordable follow-on Trastuzumab (CANMAb™) in 2014, we enhanced access to a more affordable treatment for HER2-positive metastatic breast cancer in India. This important life-saving drug has already made a significant difference in the lives of several thousand patients.

We also commenced Trastuzumab sales in emerging markets this year and expect to take this important biosimilar drug to several more in FY17.

Our global Phase III clinical trials for Trastuzumab progressed towards anticipated filings in US and Europe in FY17. We also successfully completed the global Phase III study for Pegfilgrastim, another biosimilar from our portfolio being developed for cancer. This study met the primary endpoints of demonstrating clinical equivalence with the reference product, putting us on track for regulatory submissions in US and Europe in FY17.

Regulatory filings for the four most advanced biosimilar programs - Insulin Glargine, Trastuzumab, Pegfilgrastim and Adalimumab - are likely to provide us an early mover advantage in an over USD 30 billion addressable market. We are positioned among the early wave of biosimilar entrants in the developed markets.

DEVELOPING NOVEL THERAPIES

During the year, we also made good progress in the clinical development of two of our breakthrough therapies – oral insulin or Insulin Tregopil and the first-in-class anti-CD6 antibody, Itolizumab.

Biocon is committed to develop Insulin Tregopil for Type 1 and Type 2 diabetes patients as a follow-up to the successful outcome of the Phase I clinical studies conducted in the US. We are in consultation with our scientific board to design the next clinical study in FY17.

To make our 'first-in-class' novel anti-CD6 biologic Itolizumab more patient-friendly, we are conducting a bridging Phase I pharmacokinetic and safety study in healthy volunteers in Australia. The completion of the first sentinel dosing, demonstrated that the drug was well-tolerated with no adverse effects. The study is expected to enable a global IND filing with a subcutaneous route of administration.

Novel immune check-point inhibitors have created much excitement in the field of cancer in general and cancer immunotherapy in particular. We are enhancing our scientific capability and credibility in the path-breaking area of immuno-oncology by building an exciting pipeline of fusion MAb molecules. The lead molecule in this program

The resounding oversubscription of Syngene's IPO has reflected the trust and confidence of the investor community in our research services subsidiary's value proposition.

achieved preclinical 'proof of concept' and is currently in advanced preclinical development.

Our collaboration with Quark Pharma, a leader in siRNA therapeutics, is progressing with an ongoing pivotal Global Phase II / III study investigating QPI-1007 in Non-Arteritic Anterior Ischemic Optic Neuropathy (NAION) patients.

UNLOCKING VALUE: SYNGENE IPO

A crowning moment of this fiscal was the successful IPO of our research services subsidiary Syngene. The resounding oversubscription of the IPO reflected the trust and confidence of the investor community in Syngene's value proposition. Our ability to create long-term value for our shareholders was evident from Syngene's market capitalization crossing USD 1 billion within a week of listing, a milestone Biocon had crossed at its public listing a little over a decade ago.

MAINTAINING A QUALITY TRACK RECORD

Our commitment to high cGMP standards and quality compliance helped us maintain a strong track record in regulatory inspections with no critical observations. During the year, Biocon and Syngene facilities successfully cleared all audits by various regulators, including those from the US, EU and Japan. Our state-of-the-art disposable pen assembly facility in Bangalore was also inspected and approved by the Indian and Japanese regulatory authorities. These certifications enabled new product approvals for commercial supplies and initiation of clinical studies for new products under development. Our integrated Insulins manufacturing facility in Malaysia received cGMP certification from Malaysia's National Pharmaceutical Control Bureau and we expect to receive regulatory approvals to initiate commercial sales of Insulins in Malaysia and other emerging markets in the second half of FY17.

Our compliance with global standards was

Our compliance with global standards was underscored by the European approval for our first generic formulation of Rosuvastatin Calcium, a milestone in Biocon's strategic forward integration from APIs to generic finished dosages.

BUILDING TALENT EXCELLENCE

Our reputation as an admired global Employer Brand was strengthened with the recognition by US-based *Science* magazine, which once again listed us among the Top 20 Global Biotech Employers for 2015, for being the most innovative leader in the industry, having loyal employees and being socially responsible.

CORPORATE RESTRUCTURING

We restructured our legal entities this year to align them with our key business drivers. We believe this will enable us to unlock greater value from our strategic businesses at an opportune time. As a part of this exercise, all our biosimilar assets will now be consolidated under Biocon Biologics Ltd, a new legal entity incorporated in UK and a subsidiary of Biocon Ltd, India.

EXPANDING MANAGEMENT BANDWIDTH

Narendra Chirmule, our new R&D head at Biocon, infused fresh energy and vigour into this key function. His knowledge of the regulatory landscape for biologics and biosimilars in EU and US and his leadership experience gained at Amgen and Merck are enhancing the capability and credibility quotient of Biocon's innovation pursuit.

I would like to express my deepest gratitude to Peter Bains for his contribution in building Syngene's reputation as a trusted 'innovation partner' in the contract research space. He has been succeeded by Jonathan Hunt, whose experience in building customer-focused organizations and experienced leadership at AstraZeneca made him the ideal choice for the role of Syngene's CEO.

We strengthened Biocon's Board of Directors by inducting Mr. M. Damodaran, a renowned financial expert and former Chairman of SEBI, India's market regulator, as an additional Independent Director.

FINANCIAL HIGHLIGHTS

FY16 was a landmark year as we finished on a strong note with many firsts to our credit. Biocon's consolidated quarterly revenues crossed ₹10,000 million for the first time in the fourth fiscal quarter of FY16, while Syngene crossed ₹10,000 million in revenues for the full year. Our consolidated top line for the year grew 14% to ₹35,699 million, driven by robust growth in research services revenues (29% Y-O-Y), increased sales of insulins and the launch of a key biosimilar in emerging markets. Our bottom-line increased 80% to reach ₹8,961 million on account of exceptional income booked from the proceeds derived from the divestment of a part of our shareholding in Syngene at the time of IPO as well as from recognizing deferred income pertaining to rh-Insulin development. Adjusting for exceptional income, our Net Profit stood at ₹4,372 million. Our

We partnered with the Rajasthan government for the first time to run three of its Primary Health Centres and provide economical, effective and efficient healthcare services.

EBITDA for the year rose 21% to reach ₹9,045 million, with a healthy margin of 25%. We improved our operating margin despite a 63% jump in net R&D spend. Biocon's R&D expenditure at a gross level touched ₹4,270 million during the fiscal.

CORPORATE SOCIAL RESPONSIBILITY

As an organization that prides itself on being 'credibly capable', Biocon has, for over a decade, made credible efforts to build our Corporate Social Responsibility (CSR) programs around the delivery of primary healthcare services, basic education and better sanitation facilities.

Our CSR arm **Biocon Foundation** has been active in addressing child malnutrition, which is responsible for 50% of all childhood deaths in India. Our initiatives this year helped improve the nutritional level of over 1,200 malnourished children, 115 of whom progressed from Severe Acute Malnutrition (SAM) to a normal nutritional status.

The Foundation is harnessing a number of technological innovations to address challenges associated with the prevention, early detection and treatment of diseases in rural areas. Our path-breaking mobile phone-based health (mHealth) initiative ensures that healthcare reaches remote and underserved communities in a cost-effective manner. Over 8,500 individuals were screened for oral cancer in FY16, of which more than 1,000 were diagnosed with pre-cancerous lesions and provided immediate medical advice and attention. Similarly, over 800 women underwent cervical cancer screening this year and a majority of the 40-odd who exhibited abnormal results received treatment and follow-ups at a tertiary care centre. We also intensified our diabetes and hypertension awareness programs, which led to over 6,000 footfalls at these camps. Nearly 6,000 more benefited from the home visits that we conducted under this program.

The success of our primary healthcare programs in Karnataka has given us the confidence to extend into other states. During the year, we partnered with the Rajasthan government for the first time to run three of its Primary Health Centres (PHCs) with the aim of providing economical, effective and efficient healthcare services to over 70,000 people.

The Foundation also established clinics in Karnataka based on the unique eLAJ platform, wherein electronic medical records will be linked to an individual's unique identification number for creating a birth-to-death health tracker that will facilitate effective preventive and primary healthcare interventions.

Biocon Academy, the Centre of Excellence for Advanced Learning in Biosciences, continued to address the skill deficit in the country's biotechnology ecosystem by imparting high quality, industry-oriented life sciences education. To address the knowledge and skill gap of aspiring microbiologists, pharmacy and biotech graduates, the Academy introduced an intensive eight-week

Our long-term investments in innovative R&D are beginning to generate rich dividends. We are now closer than ever to unlocking the full potential of our various businesses.

program in Quality Control in Microbiology, in collaboration with a new partner, BITS, Pilani.

Our flagship Biocon-KGI program continues to develop high quality talent and all 150 students of the first five batches have been employed by various pharma and biotech companies and are adding value to their functions.

LOOKING AHEAD

We are fully geared to address the unfolding biosimilars opportunity in emerging markets and through market filings in key developed markets. We believe that FY17 will set the stage for Biocon to emerge as a leading global player in the realm of biosimilars.

The Generic Formulations business is expected to gather momentum in FY17 as we intensify our focus on being a vertically integrated player in the niche space of difficult-to-make and technologically intensive generic drugs.

Regulatory approvals of our new manufacturing facilities, increased penetration of our biosimilar products and resilience in our Branded Formulations business are expected to boost our biopharma business.

Syngene is expected to accelerate revenue growth on the back of capacity additions and new services in FY17.

In conclusion, I would like to say that our capabilities have led to rapid and tangible progress, which have, in turn, translated into commercial success. We are starting to see attractive returns on our long-term investments in innovative R&D, which are beginning to generate rich dividends. We are now closer than ever to unlocking the full potential of our various businesses.

I wish to thank our entire stakeholder family for providing us their unstinted support throughout this 'in-credible' journey.

Best Wishes,

Kiran Mazumdar-Shaw
Chairperson

May 9, 2016

VISION

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

MISSION

To be an integrated biotechnology enterprise of global distinction

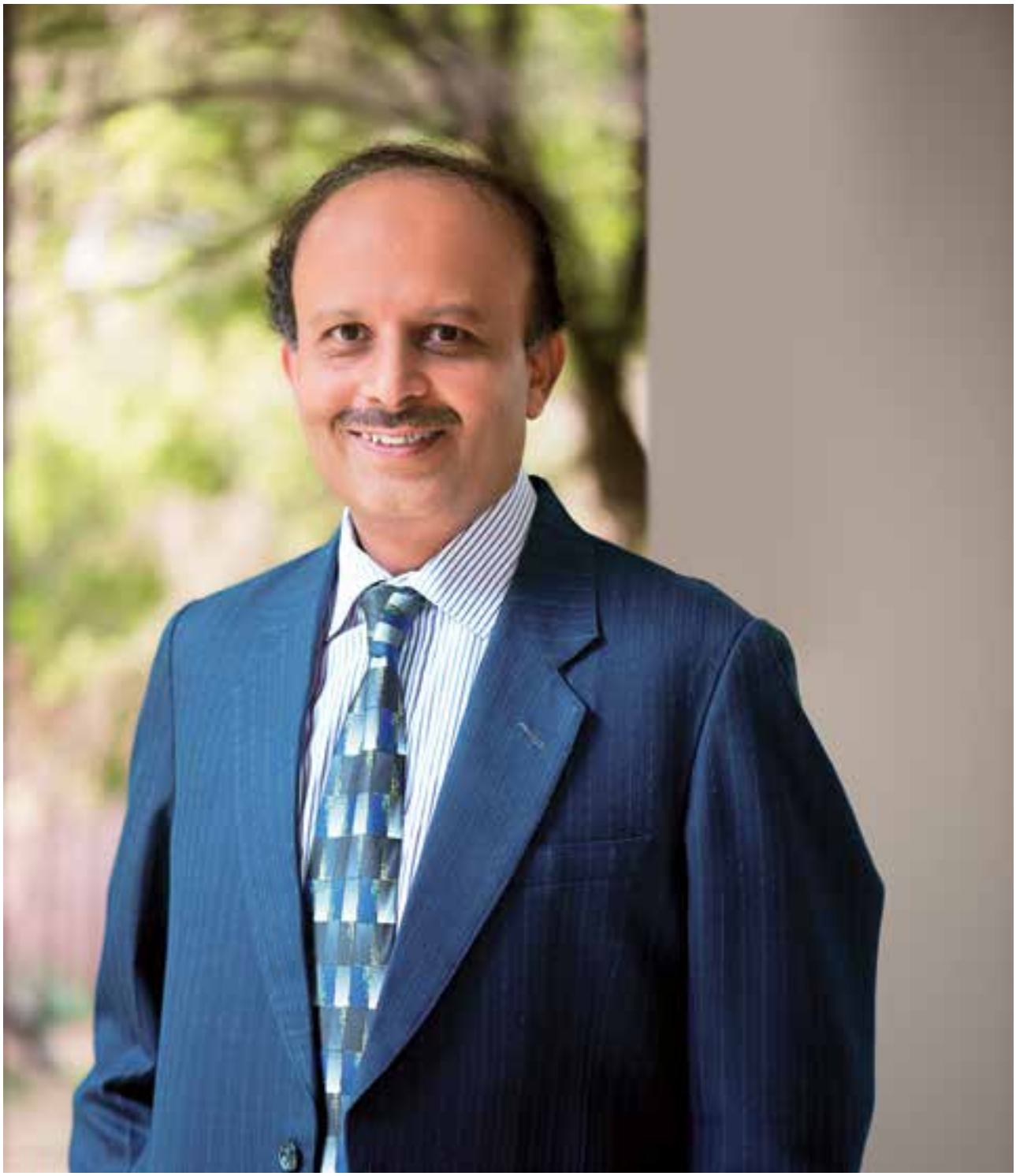
Essential to this mission is excellence in:

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

VALUES

- Integrity and Ethical Behaviour
- Performance Driven Work Culture
- Value Creation through Innovation and Differentiation
- Quality through Compliance and Best Practices
- Collaboration, Team Work and Mutual Respect

Operational **Review**



with the CEO

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

Q. What have been some of the landmark achievements in FY16? What is their significance in enhancing Biocon's credibility and value?

A. The most significant milestone in FY16 was the approval of our Insulin Glargine in Japan. This is Biocon's first biosimilar approval in a developed country and the first biosimilar developed by any company in India to be approved in Japan. Japan has a reputation of very high expectations of product quality and manufacturing standards. It is a testament to our commitment to quality and compliance that our manufacturing facilities were audited and approved by the Japanese regulatory agency, PMDA, on their very first inspection visit. It is also an endorsement of our strong R&D capabilities spanning process development, analytical characterization, and preclinical and clinical development, which were leveraged in submitting a comprehensive regulatory dossier to the Japanese health authorities. The significance of the Japanese approval for Glargine goes beyond Japan as it will likely open some markets for us that rely on a developed country approval and provides confidence in terms of approvals in other developed markets.

From a corporate perspective, Biocon successfully unlocked value in its research services subsidiary, Syngene, by an offer of sale of its shares and listing them on the Indian capital markets. This reinforced Syngene's pre-eminent position as the leading end-to-end research services company. The amount accrued to Biocon through this process will be effectively invested in our biosimilar programs, which entail significant R&D costs and also in our other key strategic businesses. Post-listing, Biocon continues to own 73.5% of Syngene and would continue to benefit from Syngene's growth and value proposition.

Q. Biocon has made significant investments in biosimilars. How is Biocon positioned to leverage this opportunity?

A. Biocon has among the largest and most diversified portfolios of biosimilars, spanning monoclonal antibodies, generic insulin and insulin analogs and other recombinant proteins. Collectively, these represent a global addressable market opportunity of about USD 60 billion at current reference product pricing. More importantly, the portfolio addresses many critical chronic diseases such as diabetes, cancer and autoimmune disorders, which impose a tremendous strain on healthcare budgets for patients, payers and governments. Hence, there is a great deal of global interest to advance the use of biosimilars which offer affordable alternatives of comparable high quality that will improve access and expand the patient base, thereby addressing a critical unmet need.

Biocon, in collaboration with its global partner Mylan, has made significant progress in advancing our key assets through global clinical trials.

We commissioned our insulins delivery device facility to cater to the demand for disposable pens. This facility manufactures Basalog One™, our state-of-the-art Glargine disposable pen, which we launched in India in FY16 and expect to launch in Japan in early FY17.

Consequently, we expect to submit our application for approval in Europe and the US for four products, namely Pegfilgrastim, Trastuzumab, Insulin Glargine and Adalimumab in FY17. Biocon has received approval for Glargine in Japan and our partner FUJIFILM Pharma, expects to launch this product soon. We, with our partner Lab PiSA, received approval for Glargine in Mexico via the stringent biocomparable pathway. We already have approvals in over 60 emerging markets for our rh-Insulin and in over 20 emerging markets for our Insulin Glargine. These markets have begun to contribute significantly to our revenues. We expect Trastuzumab approvals in emerging markets to make meaningful contribution to our revenues beginning FY17. Overall, the revenue growth from these markets is expected to be robust in the near-term, barring the typical fluctuations associated with participating in tenders, until the larger developed market opportunities open up post approval.

From a capacity perspective, we are well-placed to cater to our mid-term demand in both emerging and developed markets. Our major greenfield expansion project for insulins in Malaysia was successfully commissioned and received local cGMP certificates. This allowed us to commence the necessary validation batches to enable filing for global approvals in FY17. We also commissioned our insulins delivery device facility to cater to the demand for disposable pens. This facility manufactures Basalog One™, our state-of-the-art Glargine disposable pen, which we launched in India in FY16 and expect to launch in Japan in early FY17.

Overall, we are well positioned to be amongst the first wave of companies to address the biosimilars opportunity globally by leveraging our strong development capabilities, world-class manufacturing facilities, unblemished track record of quality compliance and strong global and regional partnerships.

Q. How does Biocon plan to balance profitability with increasing expenditure on the R&D front?

A. Biocon has consciously chosen to focus in segments such as biosimilars, complex generics and novel biologics, which require intensive R&D efforts and long gestation periods. We believe that the infrastructure and capabilities that we have created will provide a sustainable competitive advantage in the long-term. We are already beginning to see the fruits of some of these initiatives through the increasing contribution to our revenues from biosimilars in emerging markets, the credibility associated with the Japanese approval of Glargine, through the changing product mix in small molecules towards fermentation-derived

or complex generics and through our unique specialty brands in our Branded Formulations segment. From a strategic point of view, we do not view R&D as an expense but as an investment that positions Biocon as a specialty company with differentiated products. We expect that this will enable sustained value-creation through a lower competitive intensity compared to many of the commoditized generics.

We have been prudent about our investments in R&D by leveraging our lower-cost base in India and through a conscious effort at sharing risk and reward through global and regional partnerships. We maintained our EBITDA margin at 25% in FY16 despite a 63% increase in R&D expenses.

Q. How do you see Biocon's vertically integrated strategy for Small Molecules panning out?

A. When we entered the biopharmaceutical sector in the early 2000s, we made the strategic choice of leveraging our core competence by investing in building our fermentation base in small molecules and biologics. As a result of this focus, we are amongst the first wave of credible biosimilar players with a strong footprint in emerging markets and on the cusp of regulatory filings in major developed markets. Likewise, we command a significant market share for our fermentation-derived small molecule APIs, initially comprising statins and now increasingly dominated by immunosuppresants and other specialty small molecules.

In our Biosimilars business, we have always been vertically-integrated with strong competencies in injectable formulations, comprising liquid vials, lyophilized vials, cartridges, prefilled syringes and delivery devices. Our injectable formulation facility has been audited and qualified by international regulatory agencies including the US FDA and Japan's PMDA.

Our intent is to now extend this capability to our Small Molecule business to enable movement up the value chain. As a portfolio strategy, we intend to be selective by focusing on fermentation-derived APIs, molecules requiring complex characterization, potent molecules and early entry opportunities through patent challenges or non-infringement.

In line with this goal, we expect to commission our potent oral solids formulation facility in FY17. We have submitted our ANDA for Glatiramer Acetate in the US. We have also filed and will continue to file dossiers with early entry opportunities in key developed markets. Our focus in the near-term is to partner and build the

commercial infrastructure to support these initiatives in the US.

Q. What are the key priorities for the year ahead?

A. We continue to remain focussed on our strategies to build sustainable competitive advantages in our chosen areas, namely biosimilars and generic insulins, our Small Molecule portfolio of differentiated APIs with vertical integration into generic formulations and our specialty brands in critical therapies through our Branded Formulations segment.

We, with our partners Mylan, expect to submit applications for approvals in Europe and the US for Pegfilgrastim, Trastuzumab, Glargine and Adalimumab. We continue to pursue filings and approvals in major emerging markets and derive near-term revenue growth from these emerging countries. We, with our partner FUJIFILM Pharma, will launch Insulin Glargine in Japan. And we expect to complete the necessary validations to enable global regulatory filings from our Malaysia insulins facility.

We, with our partner Mylan, expect to submit applications for approvals in Europe & the US for Pegfilgrastim, Trastuzumab, Glargine and Adalimumab.

We expect to commission our potent oral solid formulation facility, which is a key element of our vertical integration strategy in small molecules. Commercial operations would however commence in subsequent years after receiving necessary regulatory approvals. We will continue to file dossiers for our small molecule formulations in the US, Europe and select other markets. Our Small Molecule API business is expected to post steady growth as we reduce our exposure to a commoditizing statins basket and migrate to a more profitable portfolio that includes immunosuppressants and other specialty APIs.

Our focus on specialty brands would help restore growth to our Branded Formulations business. Our prior efforts at rationalizing our brands by exiting non-core areas have borne fruit in terms of delivering greater profitability from this segment. We will continue to focus on sales force effectiveness, market segmentation and build on our successful patient-connect initiatives.

We will continue to invest in our novels portfolio through a judicious focus on US-IND enabling studies for early-stage assets and proof-of-concept or Phase II/III studies for our more advanced assets. We will develop a strong intellectual property base to enable monetization in future.

Syngene is expected to continue on its strong growth trajectory on the back of capacity expansion, new services and customer additions.

Board of **Directors**

MS. KIRAN MAZUMDAR-SHAW
Chairperson & Managing Director

First generation entrepreneur with more than 41 years' experience in biotechnology + Well recognized global business leader+ Independent Member of the Board of Infosys + Chairperson of the Board of Governors of the Indian Institute of Management, Bangalore + Recipient of 'Othmer Gold Medal 2014' by the U.S. based Chemical Heritage Foundation +'2014 Global Economy Prize for Business' by Germany's Kiel Institute + Featured in '100 Most Powerful Women' and Asia-Pacific's 48 'Heroes of Philanthropy' by Forbes magazine + Recognized as the '100 Leading Global Thinkers of 2014' by US-based Foreign Policy magazine + Fortune magazine's 'Top 25 Most Powerful Women in Asia-Pacific 2014'+ Recipient of two most prestigious national awards, the Padma Shri and the Padma Bhushan

MR. JOHN SHAW
Vice Chairman and Whole-Time Director

Foreign promoter and Whole-Time Director + Master of Arts (MA), Economic Hons. in History and Political Economy from Glasgow University, United Kingdom + Served as the Finance and Managing Director of Coats Viyella Group + Served in Senior Corporate Positions at companies in various locations around the world + Former Chairman, Madura Coats Ltd.

DR. ARUN CHANDAVARKAR
Chief Executive Officer & Joint Managing Director

Core member of Biocon's Leadership Team + Played a pivotal role in the evolution of Biocon over the last 26 years + Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology, Cambridge, USA + B.Tech in Chemical Engineering from the Indian Institute of Technology, Mumbai

PROF. RAVI MAZUMDAR
Non-Independent and Non-Executive Director

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

MR. RUSSELL WALLS
Independent and Non-Executive Director

Chairman, Aviva Life Holdings Limited. Experience of more than 46 years in the field of finance + Fellow member of the Association of Chartered Certified Accountants, U.K. + Board of Mytrah Energy Ltd, Aviva Italia Holdings SpA and Signet Jewelers Ltd.

MS. MARY HARNEY
Independent and Non-Executive Director

Tánaiste (Deputy Prime Minister) of the Irish Republic from 1997-2006; Longest serving woman ever in the Irish Parliament, for over 30 years + Member of the Board of CRANN Trinity College, Dublin's largest research institute + Chair of AMBER, the Advanced Materials and Bio-Engineering Research Centre at Trinity, a joint research enterprise with University College Cork, the Royal College of Surgeons in Ireland and industry + Honorary Member of the International Women's Forum + Economics graduate of Trinity College, Dublin

MR. DANIEL M BRADBURY

Independent and Non-Executive Director

On the Board of Trustees of the Keck Graduate Institute, California, USA + Member, San Diego's Rady School of Management's Advisory Council + Member, Miami's Innovation Corporate Advisory Council + Life Sciences Executive with over 30 years of experience in creating and implementing strategies transforming businesses + Honoured with the Corporate Directors Forum Director of the Year Award for Enhancing Economic Value + The Ernst & Young's Entrepreneur of the Year Finalist + Holds a Postgraduate Diploma in Management Studies + Diploma of the Chartered Institute of Marketing from Harrow and Ealing Colleges of Higher Education, UK + Bachelor's degree in Pharmacy (Hons.) from Nottingham University, UK

DR. VIJAY KUCHROO

Independent and Non-Executive Director

Samuel L. Wasserstrom Professor of Neurology & Director of Evergrande Center for Immunologic Diseases at Harvard Medical School + Co- Director, Center for Infection and Immunity, Brigham Research Institutes, Boston + Holds 25 patents + Founded five different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals + Published over 325 original research papers in the field of immunology, co-stimulation and the role of Th17 cells + The Fred Z. Eager Research prize and medal for his Ph.D. research work at the University of Queensland + Specialization in pathology at the University of Queensland, Brisbane (Australia) where he obtained a Ph.D.

DR. JEREMY M LEVIN

Independent and Non-Executive Director

Former President and CEO of Teva Pharmaceuticals + Former Executive Committee member of Bristol- Myers Squibb + Was responsible for global strategy, alliances and operational transactions + Lead the 'String of Pearls' Strategy at BMS which resulted in the transformation of the company pipeline + Held the position of Global Head of Strategic Alliances at Novartis + Recognized among the top 25 most influential people in the biopharmaceutical industry + Recipient of Kermode Prize for work on novel hypertension drugs + Albert Einstein Award for Leadership in Life Sciences awarded by Mr. Shimon Peres + Officer's Cross of the Order of Merit of the Republic of Hungary + Bachelor's Degree in Zoology, Master of Arts (MA) and a Doctorate (D. Phil) from the University of Oxford + Degrees of Bachelor of Medicine, Bachelor of Surgery (MB, B. Chir) from the University of Cambridge.

MR. M. DAMODARAN

Independent and Non–Executive Director

Founder & Chairman, Institute of Management, Tiruchirappalli + Chairman, Glocal Healthcare Systems Private Limited + Chairing Government of India Task Force to set up the Resolution Corporation of India + Former Chairman, Securities Exchange Board of India (SEBI), Unit Trust of India (UTI) and Industrial Development Bank of India (IDBI) + Former Chief Secretary, Government of Tripura + Set up Excellence Enablers Private Limited (EEPL), a Corporate Governance and Board Advisory consultancy firm + On the Boards of some leading companies as well as on the Advisory Boards of some foreign entities.

Innovating to Create **Sustainable Value**

Two Novel Biologics Developed and Introduced in India

Launches BIOMAb EGFR®, India's first indigenously produced novel monoclonal antibody for head and neck cancer

Launches BASALOG®, a long acting basal Insulin Glargine to treat Type 1 & Type 2 Diabetes

2001

Becomes the first Indian company to get US FDA approval for Lovastatin

2004

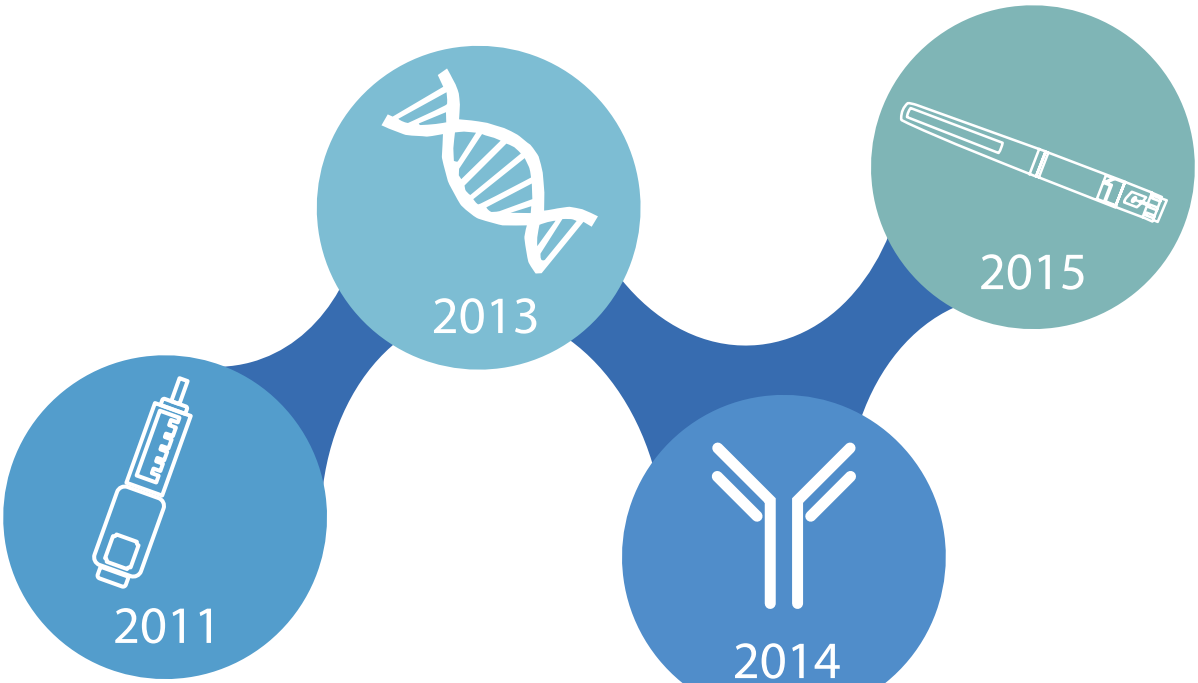
2006

2009

Launches INSUGEN®, a new generation bio-insulin, developed through a propreitary fermentation technology

Launches ALZUMAb™, a 'first-in-class' novel anti-CD6 monoclonal antibody to treat psoriasis

Launches Basalog One™, a convenient, ready-to-use pen for delivering Insulin Glargine



Launches INSUPen®, a convenient and affordable reusable insulin delivery device

Introduces CANMAb™, the world's most affordable Trastuzumab for treating metastatic breast cancer

Scientific **Advisory Board**

1 Prof. Alan D. Cherrington

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

2 Dr. David M. Essayan

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

3 Dr. G. Alexander Fleming

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

4 Dr. Harold E. Lebovitz

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

5 Dr. Lawrence Steinman

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

6 Dr. Vijay Kuchroo

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

7 Dr. Brian Kotzin

Medical Degree & Post-Doctoral Fellowship in Immunology & Rheumatology from Stanford University + Vice President of Global Clinical Development and Head of the Inflammation Therapeutic Area, Amgen + Vice President & Head of Medical Sciences + Member of the Advisory Council of the National Institute of Arthritis and Musculoskeletal and Skin Diseases, NIH + Associate Editor at Clinical Investigation.

8 Dr. Brian Daniels

M.D., M.S. and B.S. from MIT + Venture Partner of 5AM Venture Management LLC. + Former SVP, BMS + Directed and conducted clinical research at Merck Research Laboratories and at Genentech + Extensive experience in Clinical Development, Medical Affairs and Corporate Strategy across a broad range of therapeutic areas.

9 Dr. Jugnu Jain

PhD from Cambridge University + Launched Sapien and Saarum in India + Molecular geneticist and cell biologist + Led Vertex's global Immune-Inflammation team + Research on cytokine gene regulation at Harvard + Published over 30 papers + 2 patents

10 Prof. Huub Schellekens

M.D., Ph.D. Professor at Medical Biotechnology at Utrecht University + Published more than 300 papers on development of therapeutic proteins + Member of the Dutch Medicine Evaluation Board and National Expert of the EMA

Core **Committee**

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

2 Mr. John Shaw
Vice Chairman

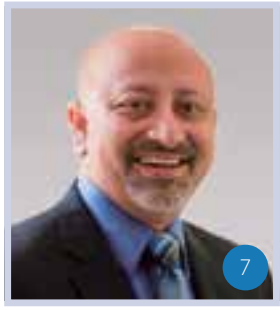
3 Dr. Arun Chandavarkar
Chief Executive Officer & Joint Managing Director

4 Mr. Ravi Limaye
President, Marketing

5 Mr. Siddharth Mittal
President Finance & Chief Financial Officer

6 Mr. Narendra Chirmule
Sr. Vice President, R&D

7 Mr. Amitava Saha
Sr. Vice President, Human Resources

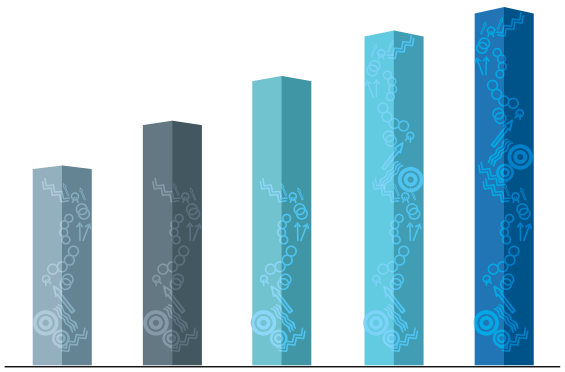


Financial **Highlights**

Total Revenue

(₹ mn)

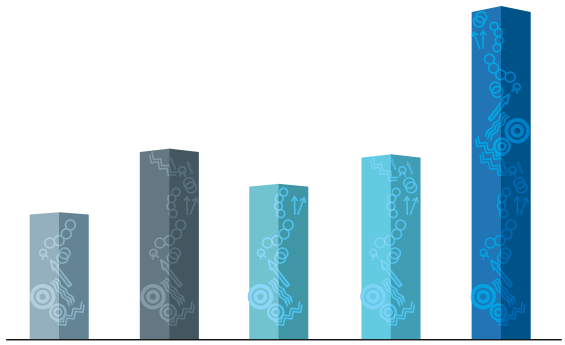
2012	2013	2014	2015	2016
21,483	25,380	29,332	31,429	35,699



Profit

(₹ mn)

2012	2013*	2014	2015*	2016*
3,384	5,089	4,138	4,974	8,961

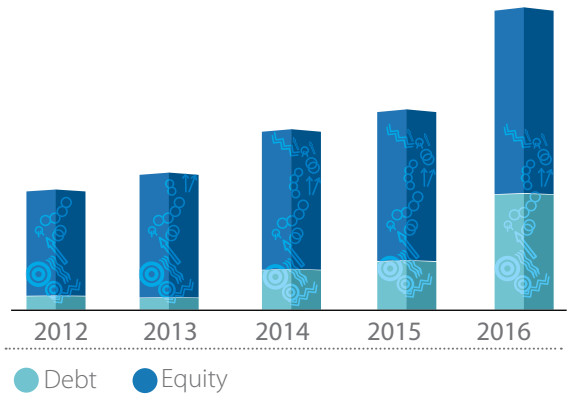


* PAT includes exceptional income

Debt : Equity

(₹ mn)

	2012	2013	2014	2015	2016
Equity	22,724	26,946	30,267	32,706	40,556
Debt	2,709	2,488	8,497	10,305	24,673

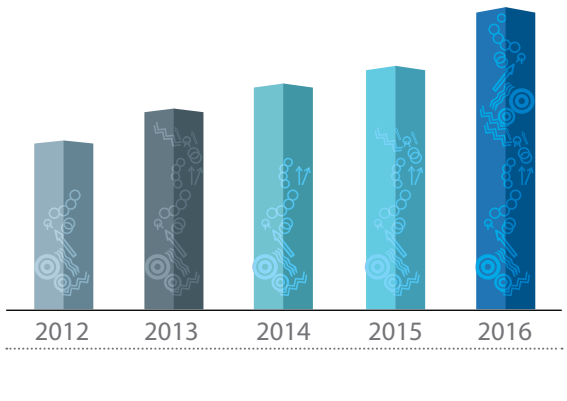


Debt Equity

Net Worth

(₹ mn)

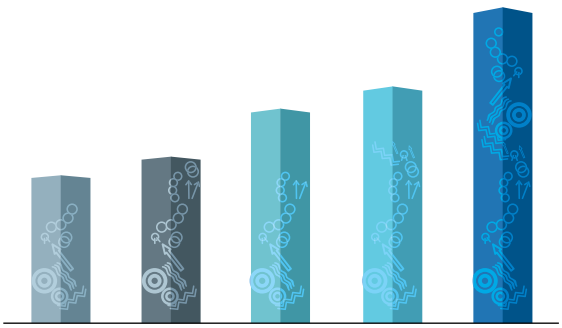
2012	2013	2014	2015	2016
22,724	26,946	30,267	32,706	40,556



Total Assets

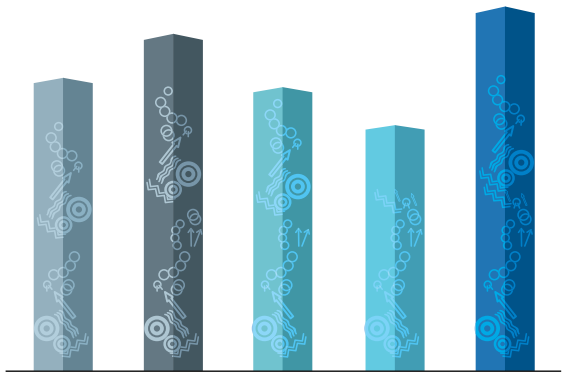
(₹ mn)

2012	2013	2014	2015	2016
39,450	44,161	57,506	63,754	84,816



Current Ratio

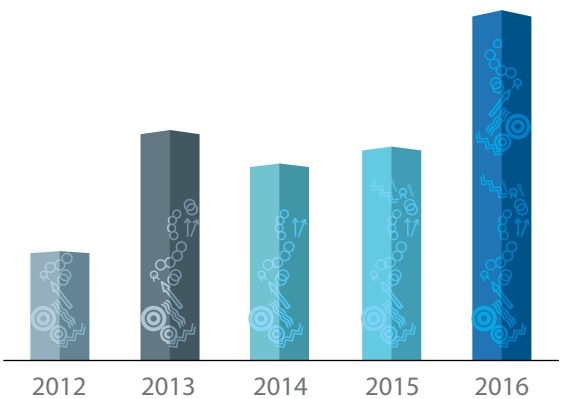
2012	2013	2014	2015	2016
1.97	2.26	1.91	1.65	2.45



R&D Spend*

(₹ mn)

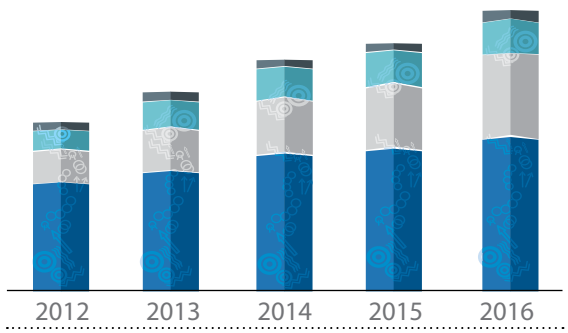
2012	2013	2014	2015	2016
879	1,860	1,580	1,735	2,830



* Includes revenue & capital R&D

(₹ mn)

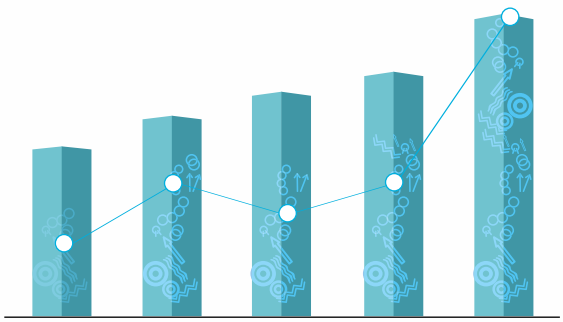
	2012	2013	2014	2015	2016
Biopharma	13,795	15,231	17,468	18,071	19,534
Branded Formulations	2,594	3,474	3,914	4,296	4,374
Research Services	4,101	5,572	7,146	8,225	10,599
Others	993	1,103	804	837	1,192



EPS and Book Value per Share

(₹)

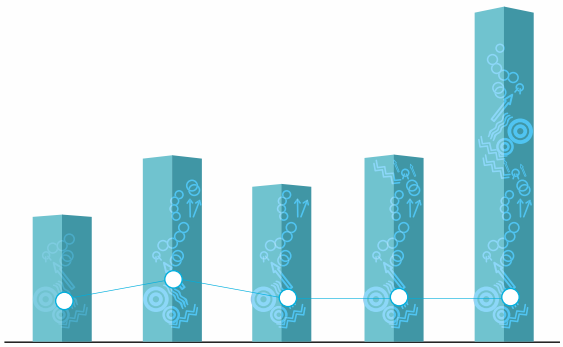
	2012	2013*	2014	2015*	2016*
Book value	114	135	151	164	203
EPS	17	26	21	25	45



EPS and Dividend per Share

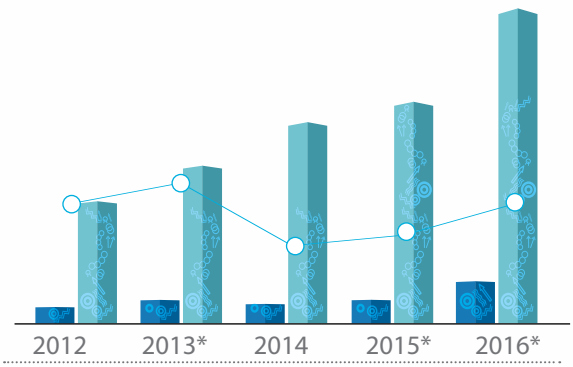
(₹)

	2012	2013*	2014	2015*	2016*
EPS	17	26	21	25	45
Dividend per share	5	7.5	5	5	5



(₹ mn)

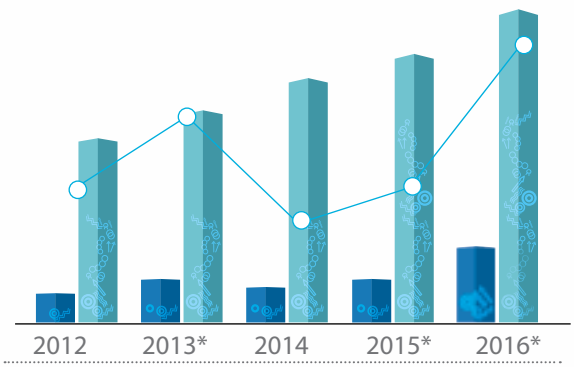
	2012	2013*	2014	2015*	2016*
PAT	3,384	5,089	4,138	4,974	8,961
Net Assets	26,438	34,262	43,710	48,207	68,540
Return on Net Assets	13%	15%	9%	10%	13%



Return on Equity

(₹ mn)

	2012	2013*	2014	2015*	2016*
PAT	3,384	5,089	4,138	4,974	8,961
Average Equity	21,526	24,835	28,607	31,487	36,631
Return on Equity	16%	20%	14%	16%	24%



* Includes exceptional income

Performance Review - Business Units

Performance **Review**

At ₹35,699 million, our overall revenues grew by 14%, while Net Profit at ₹8,961 million reported an 80% jump in FY16. Excluding certain exceptional items, our profit after tax for the year was ₹4,372 million. Earnings Before Interest Taxes Depreciation Amortization (EBITDA) margin was steady at 25% despite a 63% increase in R&D expenses to ₹2,750 million. Our gross R&D spends increased to ₹4,270 million reflecting the progress made in our various R&D programs.

From a segment perspective, the Biopharmaceuticals segment showed annual growth of 7% to ₹23,908 million. Within the segment, Biopharma grew 8% delivering ₹19,534 million, while Branded Formulations reported a growth of 2% with sales at ₹4,374 million for the year.

Our Research Services subsidiary, Syngene, continued to make good progress with an annualized growth of 29% to ₹10,599 million. Syngene crossed the ₹10,000 million annual revenue milestone for the first time.

BUSINESS UNITS

Novel Molecules

Biocon is leveraging its 'credibly capable' expertise in drug discovery and development processes, cutting-edge infrastructure as well as best-in-class manufacturing capabilities to build a unique Novel Molecules pipeline. These molecules are aimed at addressing local as well as global unmet medical needs in the areas of diabetes, autoimmune/ inflammation and oncology. Our objective is to translate breakthrough innovative ideas into affordable, yet transformative, high quality medicines for patients globally. Our pipeline is spread across the entire drug discovery and development value chain that takes advantage of our end-to-end capabilities from discovery through regulatory as well as therapeutic area expertise, built over the years. These Novel Molecules span a wide range of platforms and products and include conventional peptides and monoclonal antibodies (MAbs), novel fusion MAbs, and small interfering RNA (siRNA) that have either been discovered in-house or in-licensed through strategic partnerships. We have a strong process to progress these discovery programs through stage gates by rigorous evaluation of their 'functional activities' and 'mechanism of action' to differentiate from competition. Our skills in manufacturing processes, analytical development as well as cutting-edge translational and clinical sciences enable us to maximize the overall probability of success in the clinic. Biocon aims to develop these molecules till early clinical proof of concept, at which stage these assets would become attractive for global development through partnerships.

Key enablers driving the successful progression of the Novel Molecules pipeline comprise:

- Strong and motivated scientific teams with experience and successful track record in novel drug discovery and development
- Rigorous review and evaluation of programs through stage gates
- Deep understanding of therapeutic areas
- Drive to build and demonstrate differentiated mechanisms of action from competition
- Collaborations with global key opinion leaders in the relevant fields
- A team of expert consultants, scientific and clinical advisory boards

Key Success Factors in Novel Molecules

Translating great laboratory discoveries into clinical success is a major challenge for the global biopharma industry. High failure rates are leading to escalating costs of drug development and the drying up of R&D pipelines. Lack of availability and testing in relevant animal models of disease, understanding of pharmacokinetic (PK) and pharmacodynamic (PD) relationship, access to and testing in patient samples, selection of right patients and precision medicine approach are some of the key factors contributing to this failure. To translate our new molecule discoveries to the clinic more effectively, we have strengthened our already existing translational sciences capabilities by building a dedicated and experienced scientific team within R&D and entered into key collaborations. A part of this team is housed at the Mazumdar Shaw Center for Translational Research (MSCTR) to collaborate with clinicians at the Mazumdar Shaw Cancer Center (MSCC). We expect a significant part of the translational sciences work to be done in collaboration with global academic institutions like Harvard University, Massachusetts, US; Trinity College

Novel Molecules Lead Programs

Inhouse Program

Insulin Tregopil

First-in-Class Oral Prandial Insulin

Positive Phase I clinical data sets the stage for further development by Biocon

Inhouse Program

Itolizumab

Novel, humanized antibody directed at CD6

Commercialized in India for Psoriasis

Phase I study in normal healthy volunteers in progress in Australia will enable global development

Partnered with Quark Pharma

SiRNA platform

QPI-1007 for Rare Diseases

QPI-1007 Phase III initiated in NAION (Rare ophthalmic disease)

Inhouse program

Fusion Proteins

Differentiated class of novel Fusion Antibody platform in Immuno-Oncology

Results from global Phase I study have demonstrated fast action of Insulin Tregopil in post-prandial glycemic control.

Dublin, Ireland; National Centre for Biological Sciences (NCBS); Indian Institute of Science (IISc), Bangalore, India and others.

Diabetes

Diabetes is a global epidemic and the number of people with diabetes in India is growing at an alarming rate. There is a need for effective therapies from pre/early diabetes to late-stage disease. Biocon is developing a first-in-class orally delivered Insulin Tregopil (formerly referred to as IN-105) for the treatment of diabetes.

During the year, a major technological achievement was the development of a unique and specific assay for measuring Insulin Tregopil. This assay accurately differentiates between endogenous insulin and Insulin Tregopil in human plasma and thereby enables the assessment of pharmacokinetic effects of Insulin Tregopil. A patent application has been filed on this novel assay methodology.

The results of the global Phase I study conducted in the US have established the important role of Insulin Tregopil in post-prandial glycemic control. It has demonstrated fast action of Insulin Tregopil with distinctive properties compared to other prandial insulins like Aspart. There is a clear linear relationship between the dose of administered Insulin Tregopil and the decrease in postprandial glucose excursion rates. There is no drug-drug interaction between Tregopil and Metformin, suggesting no interference in efficacy between the two drugs. High carbohydrate or

protein or fat diet does not seem to influence the effect of Insulin Tregopil. The clinical studies on Insulin Tregopil, which were conducted in the US under a US IND, were initiated in partnership with Bristol-Myers Squibb (BMS) prior to their divestment of the diabetes franchise to AstraZeneca.

The positive outcome of these clinical studies has encouraged Biocon to move this molecule to the next phase of clinical development in Type 1 and Type 2 diabetes patients. We are in the process of designing the clinical study in consultation with our Scientific Board, comprising key opinion leaders and experts in the field of diabetes and endocrinology. We will be looking at validating the key findings of the Phase I study in a larger patient cohort, which will provide for a more attractive partnership or licensing opportunity at a later date.

Autoimmune/Inflammation

Biocon is developing a number of molecules addressing unmet needs in the autoimmune and inflammation disease areas. The portfolio spans a diverse set of targets and therapeutic modalities.

Our novel first-in-class anti-CD6 humanized monoclonal antibody, Itolizumab, is being marketed as ALZUMAb™ for the treatment of chronic plaque psoriasis in India since 2013. The successful journey of this molecule from the laboratory to the market further epitomizes Biocon's 'credible capability'. Biocon is the first and the only company in the world to clinically validate CD6 as a target for autoimmune diseases. This novel monoclonal antibody is undergoing a bridging Phase I – PK & Safety study in healthy volunteers in Australia. The first sentinel dosing has been completed and the drug was well tolerated with no adverse effects. The study is expected to enable a global IND filing with a subcutaneous route of administration. The distinct mechanism of action of Itolizumab compared to other available therapies has the potential to unlock key differences in safety and efficacy in multiple autoimmune diseases such as Psoriatic Arthritis, Multiple Sclerosis etc.

Biocon is the first biopharma organization in India venturing into the exciting space of siRNA-based (small interfering RNA) therapeutics. We have made significant progress in our collaboration with Quark Pharma in advancing two siRNA based programs, QPI-1007 and QPI-1024. A pivotal global Phase II/III study investigating QPI-1007 in Non-arteritic Anterior Ischemic Optic Neuropathy (NAION) patients has started enrolling patients in the US and is on track to enroll patients in India soon. The QPI-1024 discovery program to identify a lead siRNA molecule to treat graft dysfunction in lung transplant patients is making steady progress.

Oncology

Novel immune checkpoint inhibitors have created much excitement in the field of cancer in general and cancer immunotherapy in particular. Monotherapy as well as combinations of approved and investigational checkpoint inhibitors are currently being tested in the clinics with much anticipation of better patient outcomes. Biocon is building an exciting pipeline of fusion MAb molecules with the concept of preferentially delivering immune modulators to tumor sites, thereby enhancing efficacy while limiting systemic toxicity.

Our lead molecule in this program, FmAb2, which combines a monoclonal antibody against EGFR with TGFb Receptor fragment that binds and neutralizes TGFb, has demonstrated the differentiated mechanism and efficacy of this experimental drug in a preclinical mouse tumor model. FmAb2 has achieved preclinical 'proof of concept' and is currently in advanced preclinical development.

To enhance scientific capability and credibility in the immuno-oncology area, Biocon successfully organized an Immuno-Oncology symposium

We expect the Novel Molecules pipeline to contribute to Biocon's revenues through licensing fees in the short-term and product introductions in the long run.

with eminent scientists such as Prof. Vijay Kuchroo (Harvard), Prof. Gordon Freeman (Harvard) and Prof. Varsha Gandhi (MD Anderson Cancer Center) as key speakers. This was followed by a round table discussion where Indian Key Opinion Leaders (KOLs) in the field presented their perspectives. This event, which was attended by Biocon scientists as well as clinicians and scientists from MSCC and MSCTR, will form a basis for prospective collaborations.

Outlook

Bringing innovative and transformative medicines to global markets at affordable prices is one of Biocon's long cherished objectives. High quality talent, proven capabilities in discovery, process and product development, as well as translational and clinical sciences in large molecule therapeutics leading to high-value licensable research assets, set us apart from competition. Through innovative and incisive deal-making, we expect the Novel Molecules pipeline to contribute to Biocon's revenues through licensing fees in the short-term and product introductions in the long run.

Biosimilars

Our commitment to bring high quality, yet affordable, biosimilars to a global patient pool led us to develop the technology, critical mass and skillsets for producing these complex molecules at a time when there were few credible global players. We are among the pioneers in bringing the benefit of high quality affordable alternatives to reference biologics to patients in India and other emerging markets. Our biosimilars portfolio addresses a cumulative current market size of about USD 60 billion for the originator products.

As a front-runner in biosimilars, Biocon has built strong capabilities to develop and manufacture a diversified portfolio of affordable biologics, including rh-Insulin, insulin analogs, monoclonal antibodies and recombinant proteins. The development of biosimilars requires the confluence of multiple high-end skills in physico-chemical and biological characterization, sensitive orthogonal analytical techniques for demonstrating biosimilarity at the molecular level, pharmacokinetic (PK) and pharmacodynamic (PD) studies against the chosen reference product as well as extensive human clinical trials. Thus, R&D costs for developing biosimilars are significantly high and the time for their development is extremely long, in sharp contrast to the cost and time for development of conventional chemical synthesis-based generic pharmaceuticals.

Biosimilars are expected to provide cost-effective alternatives to expensive originator biologics for patients and an opportunity for governments across the world to rein in burgeoning healthcare spends. The savings from switching to biosimilars in the US alone are projected to be USD 250 billion between 2014 and 2024 *(Source: Express Scripts 2013)*; the use of biosimilars in eight European

We received approval in Japan for our Insulin Glargine, which is the first biosimilar from India and second biosimilar Glargine to be approved in that country.

Union countries can save up to EUR33 billion by 2020 *(Source: 'Saving Money in the European Healthcare Systems with Biosimilars, published in GaBi Journal)*.

To take our biosimilars to a global patient pool, we have partnered with US-based Mylan for the co-development of a high-value portfolio of six biosimilars for oncology and autoimmune indications - Trastuzumab, Pegfilgrastim, Adalimumab, Bevacizumab, Etanercept and Filgrastim - and three generic insulin analogs - Glargine, Lispro and Aspart. Biocon and Mylan have one of the longest-standing partnerships in the global biosimilars space with a leadership position in the nascent industry. During the year, we made significant headway in the clinical development program of some of these important molecules.

Four of the most advanced programs, Insulin Glargine, Trastuzumab, Pegfilgrastim and Adalimumab, crossed critical clinical milestones during the year putting us on track for anticipated regulatory filings in US and in Europe in FY17. These filings are likely to provide us an early-mover advantage in an market of over USD 30 billion addressable market.

The most significant achievement during the year was the regulatory approval of our Insulin Glargine in Japan, one of the most stringently regulated markets of the world, which heralds the entry of our biosimilars into developed markets.

We have consolidated all our biosimilar assets under a new legal entity Biocon Biologics Ltd. as a part of an exercise to restructure our legal entities to align them with our strategic business units.

Annual Highlights

Generic Insulins & Analogs

Globally, Biocon is among the Top 3 players in generic rh-Insulin and Insulin Glargine in terms of market share *(Source: IMS June 2015 and Eli Lilly 2015 Annual Report)*. Our Insulins are registerd in over 65 markets that represent 40% of the global diabetes population.

As a leading insulins producer we are comitted to provide affordable access to high quality insulins to patients worldwide. Our insulins portfolio includes rh-insulin as well as basal and rapid-acting insulin analogs along with delivery devices.

Insulin Glargine Approval - Japan

A key highlight of the year was the approval of our Insulin Glargine by Japan's Ministry of Health, Labour and Welfare (MHLW). This product is the first biosimilar from India and second biosimilar Glargine

Biocon's Insulin Glargine Approved in Japan

Ministry of Health, Labour and Welfare (MHLW), the regulatory authority of Japan. approves Biocon's Insulin Glargine.

The first biosimilar from India and second biosimilar Glargine to be approved in Japan.

A significant achievement for Biocon and its commercial partner FUJIFILM Pharma Co. Ltd (FFP)

Endorses our endeavor to bring high quality, yet affordable, world-class products to diabetes patients in Japan.

Approval for Insulin Glargine was obtained post successful completion of initial development by Biocon and local Phase III clinical studies in over 250 Type 1 Diabetes patients by our partner FFP in Japan.

Biocon's manufacturing facilities for Insulin Glargine and the state-of-the-art disposable pen assembly facility were inspected and approved by the Japanese regulator, Pharmaceuticals and Medical Devices Authority (PMDA), in the run-up to this approval.

to be approved in Japan. This is a significant achievement for Biocon and its commercial partner FUJIFILM Pharma Co. Ltd (FFP), as it endorses our endeavor to bring high quality, yet affordable, world-class products to diabetes patients in Japan.

The approval for Insulin Glargine was obtained post successful completion of initial development by Biocon and local Phase III clinical studies in over 250 Type 1 Diabetes patients by our partner FFP in Japan. Both our manufacturing facilities for Insulin Glargine and the state-of-the-art disposable pen assembly facility were inspected and approved by the Japanese regulator, Pharmaceuticals and Medical Devices Authority (PMDA), in the run-up to this approval.

FFP is expected to commercialize the product in early FY17. Together Biocon and FFP aim to capture a significant share of the USD 144 million Japanese Glargine market *(Source: IMS March 2015)*, which is dominated by disposable pens and is the second largest market outside of North America & Europe.

The per capita spending on pharmaceuticals in Japan is the second highest among OECD countries after the US *(Source: OECD data)*, and the government is striving to rationalize healthcare spends by encouraging the entry of high quality, yet affordable, follow-on biologics. The approval for Insulin Glargine will enable us to address the growing needs of diabetes patients in Japan, which reported 7.2 million cases in 2015 *(Source: IDF)*.

In addition to Japan, we also launched our Insulin Glargine in other key emerging markets, including Mexico, this year.

Clinical Development of Insulin Analogs – Global

On the clinical development front, Biocon crossed key interim milestones in its Insulin Glargine collaboration program for developed markets with Mylan. Two global Phase III clinical trials - one in Type 1 and the other in Type 2 diabetes - for generic Insulin Glargine were initiated in 2014. The 24-week data from our Type 1 Diabetes study shows that our product has met the primary and secondary objectives. Data from the Type 2 Diabetes study is expected in early FY17. The successful outcome of these clinical trials and Biocon's robust pre-clinical data will allow it to file its Insulin Glargine product in the US, EU, Canada and Australia in FY17. Cumulatively, these markets represent 90% of the global Insulin Glargine opportunity *(Source: IMS 2015)*

Our Insulin Lispro and Insulin Aspart, which are in different stages of pre-clinical development, advanced towards completing critical pre-clinical milestones in FY16.

Generic Insulins and Analogs

Molecule	Type	Status	Market Size* (USD bn)
rh-Insulin	Recombinant Human Insulin	Phase III in US to be initiated	3.1
Glargine	Long Acting Basal Insulin	Global Phase III completed	7.1
Aspart	Rapid Acting Insulin Analog	Phase I planning in progress	4.7
Lispro	Rapid Acting Insulin Analog	Preclinical/Scale Up	2.8
		Total Market Size (rounded off)	17.8

**Market Size of innovator products in the current portfolio: Innovator Sales CY 2015*

This year Biocon entered into a co-development and commercialization agreement with Laboratorios PiSA for our generic rh-Insulin program aimed at the US market.

Generic Insulin – US

This year, Biocon entered into a co-development and commercialization agreement with our long-standing Mexican partner, Laboratorios PiSA, for our generic Insulin program aimed at the US market.

This collaboration is a part of Biocon's strategy to address the demand of the world's largest insulins market. The US market, estimated at USD 1.5 billion, accounts for over 40% of the global sales of rh-Insulin. *(Source: IMS June, 2015)*. The rising incidence of obesity in the US and lifestyle changes is resulting in an additional 1.4 million people being diagnosed with diabetes every year, thereby driving long term insulin sales *(Source: American Diabetes Association)*.

The US market for rh-Insulin is currently dominated by the two global diabetes majors, who have steadily increased the price of rh-Insulin over the last 10 years. Our product is likely to be the first generic rh-Insulin in the US market. It will offer payers, including the government, an affordable, high quality alternative to help curb rising healthcare costs in the world's largest pharmaceutical market.

Insulin Delivery Devices

In most markets, consumers are migrating from vials and syringes to disposable or reusable insulin pen devices that are user-friendly and convenient to use. In fact, disposable pens and cartridges (for use with reusable pens) accounted for 69% of all insulin analog sales by value in 2015 *(Source: IMS June 2015)*.

The global insulin delivery devices market, estimated at USD 9.4 billion in 2014, is expected to grow at a CAGR of 7% to reach an estimated USD 14.1 billion in 2020 *(Source: Persistence Market Research; 2014)*. While Asia is tipped to be the fastest growing market for insulin delivery devices due to rapid economic and social change leading to higher incidence of diabetes in the region, the US presents the largest market opportunity for these devices followed by EU.

As part of our commitment to innovation and fulfilling patient needs, we inaugurated our state-of-the-art new devices assembly facility in Bangalore this year. This world-class 100,000 square feet facility will enable us to leverage India's manufacturing expertise to produce new generation, patient-friendly devices that can deliver insulin more conveniently. Equipped with the latest Swiss technology and approved by the Japanese regulator, PMDA, this facility will produce products that meet the highest quality and safety standards.

Our first product to roll out of this facility was Basalog One™, a disposable, pen-like device pre-filled with Biocon's long acting Insulin Glargine. It has been designed in collaboration with Becton Dickinson & Co., a leading global medical devices company and is specially customised for Biocon.

Basalog One™ is a high-end, patient friendly, 'once a day' product that is almost painless, safe and convenient to administer. It completes Biocon's Insulin Glargine portfolio in India by ensuring we have a high quality product for all customer segments and price points. In FY17, we intend to launch this product in Japan as well as key emerging markets.

In addition to its disposable pen, Biocon also offers patients INSUPen® EZ, a second-generation premier reusable insulin delivery device for use with its Insulin and Insulin Glargine cartridges. It is easy to use, durable, light weight and ergonomic.

INSUPen® EZ has been developed in collaboration with Haselmeier, one of the leading global designers and manufacturers of injection systems, and is engineered in Germany.

Monoclonal Antibodies & Recombinant Proteins

Biocon and Mylan are co-developing a high-value portfolio of three MAbs (Trastuzumab, Bevacizumab, Adalimumab) and three recombinant proteins (Pegfilgrastim, Etanercept, Filgrastim). The launch of Trastuzumab in India in 2014 represents an important milestone for this collaborative program.

This year, we initiated Trastuzumab sales in Emerging Markets. Sales of this key cancer drug are expected to ramp up in FY17 as we receive marketing authorization in several other markets where we have filed our dossiers.

Clinical Development

We continued to successfully execute on our various programs with Mylan, with good progress in the development of our biosimiliars.

TRASTUZUMAB

We received encouraging results from the global Phase III clinical trials for Trastuzumab in first-line metastatic breast cancer patients. The study has met the primary endpoint of demonstrating clinical equivalence versus the reference product. Earlier, the Trastuzumab candidate has successfully completed a three-way pivotal PK study where the pre-specified primary and secondary endpoints were met, demonstrating bioequivalence versus the reference drug. The results for both the studies are available and are being presented at the American Society of Clinical Oncology (ASCO) 2016 annual meeting.

Biosimilars: MAbs & Biologics Pipeline

Molecule	Indication	Type	Market Size* (USD bn)
Trastuzumab	mBreast Cancer	Global Phase III completed	6.8
Bevacizumab	mColorectal Cancer	Global Phase I, RoW Phase III being planned	6.9
Adalimumab	Chronic Plaque Psoriasis	Global Phase III in progress	14.0
Pegfilgrastim	Chemo-induced Neutropenia	Global Phase III completed	4.7
Filgrastim	Chemo-induced Neutropenia, Stem cell transplantation	Scale-up	1.0
Etanercept	Auto-immune	Preclinical/Scale Up	8.7
	Total Market Size (rounded off)		42.2

**Market Size of innovator products in the current portfolio: Innovator Sales CY 2015*

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

PEGFILGRASTIM

The global Phase III trial for Pegfilgrastim, conducted in breast cancer patients receiving neoadjuvant or adjuvant chemotherapy, has been completed. The study has met the primary endpoint of demonstrating clinical equivalence versus the reference drug as assessed by the duration of severe neutropenia (DSN) measured at the end of the first treatment cycle. The Pegfilgrastim candidate also successfully completed a three-way pivotal PK study where the pre-specified primary and secondary endpoints were met, demonstrating equivalence versus the reference product.

ADALIMUMAB

The global Phase III trial for Adalimumab is underway in plaque psoriasis patients and is making good progress across multiple sites.

BEVACIZUMAB

An initial emerging markets-focused Phase III clinical trial for Bevacizumab in metastatic colorectal cancer is advancing as per plan across multiple sites and is due for completion in time to support submission of initial ROW marketing authorization applications in FY17.

A global Phase I PK study for Bevacizumab, designed to show PK comparability with the reference

products, is also progressing towards completion. Etanercept and Filgrastim are currently in the early stage of development.

Outlook

The developments during the year represent significant progress towards providing these high quality biologics to patients across the world. We are confident that together with our partner Mylan, we can build a strong global presence in biosimilars targeted at cancer, diabetes and autoimmune conditions to address the need for affordable access to these biologics.

As part of our global biosimilars strategy, Biocon is targeting Emerging Markets in the near term and developed markets subsequently. Emerging Markets represent 12-15% of the global opportunity for many of the key biosimilars in our portfolio. We aim to be present in the top 15-20 Emerging Markets, which account for over 90% of the overall Emerging Markets opportunity. In many of these Top 15 Emerging Markets we have already partnered or are in advanced stages of discussion for our biosimilars portfolio.

Our strong partnership with Mylan positions us well for the commercialization of our biosimilars in the developed markets, including US and EU.

The unfolding biosimilars opportunity in emerging markets in the near term and high-value developed markets subsequently will provide Biocon its next big bolus of growth.

Branded Formulations – India

Our Branded Formulations India business has enabled us to carve out a premium niche for ourselves as a biologics-led, specialty products company focused on chronic therapy areas. Yet, our 'credible capability' lies in deftly balancing affordability with innovation to make world-class therapies available and accessible to millions of patients in India.

Branded Formulations business has been a strong value builder for Biocon. We have built considerable brand equity with doctors and patients over the years through our affordable and differentiated portfolio in challenging disease spaces. A combination of products, patients and physician support programs have enabled us to achieve market leadership in the therapeutic areas of diabetology, oncology, immunology and critical care.

Annual Highlights

We are focused on specialty therapy segments to build premium, commanding brands that stand out as innovative and highly differentiated. The modest performance of the Branded Formulation business this year was on account of portfolio optimization to restore focus on key specialty brands having a potential to be a big brand. This rationalization exercise notwithstanding, the business clocked in sales of over ₹1,000 million in each quarter of FY16. The growth of our flagship brands, especially in Metabolics and Oncotherapeutics, has been healthy with our India insulin franchise, crossing ₹1,500 million in sales this year. The focus on anchor brands like Insugen®, Basalog®, BIOMAb EGFR®, CANMAb™ , ALZUMAb™ and Abraxane® has enabled them to maintain their positions among the 'Top Three' brands in their respective segments.

Basalog One™, our long acting basal Insulin Glargine presented as an innovative, pre-filled pen, will create a clear value-differentiator for us in the insulin delivery devices market.

We expanded our portfolio with several new, first-of-its-kind offerings in the Indian market this year, and some have gained rapid acceptance among physicians and patients alike.

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

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

Branded Formulations - Divisional Review

Metabolics

Our flagship Metabolics division, which is a combination of brands in diabetes and cardiovascular therapies, has successfully carried on the mantle of excellent customer relationship through the Insugen® and Basalog® brands, masterclass knowledge sharing platforms like ABIDE and patient service platforms like Winning with Diabetes.

Biocon is the largest Indian insulins company and has held a steady 10% market share in the represented insulins market. Insugen® is among the Top 3 brands of rh-Insulin available in India with a market share in the high single-digits. Basalog® is also among the Top 3 brands of Glargine with a mid-teens share of the market.

The launch of Basalog One™, our long-acting basal Insulin Glargine presented as an innovative, pre-filled pen, in FY16 helped us create a clear value-differentiator in the insulin delivery devices market, substantiating our position as a world-class insulins player. The introduction of this ready-to-use disposable device further strengthens our existing Basalog® portfolio of vials, refills and reusable devices.

Mr Amitabh Kant, the then Secretary, Department of Industrial Promotion & Policy, GoI inaugurated the new devices facility where this high quality pen is being manufactured as a 'Made in India for the World' product.

Our comprehensive portfolio of diabetes management solutions enabled us to initiate over 50,000 patients on our insulins during the year.

The regulatory approval for our Insulin Glargine in Japan has also endorsed the quality of our high-end, patient-friendly products like Basalog One™. As we expand our reach in global markets to provide access to affordable diabetes therapy

options, it will have a positive rub-off on our brand equity in India.

We will continue to focus on our key diabetes therapies while leveraging our complementary portfolio of affordable treatment options for associated cardiovascular diseases, thus creating a holistic treatment portfolio for co-morbid diabetes, hypertension and dyslipidemia.

Patient-Centric Programs

As a compassionate, caring and responsible company, our efforts are aimed at raising awareness about managing diabetes through a holistic disease management and lifestyle modification program. Our endeavour is to empower 'people with diabetes' with the ability to 'win with diabetes' through treatment compliance, lifestyle modification, nutrition management and regular exercise.

Winning With Diabetes (WWD), our patient-centric program, continued to counsel patients on managing life with diabetes through Diabetes Care Advisors. The program's helpline addressed over 100,000 calls during the year and reached out to 36,000 newly-registered patients. Cumulatively, ~350,000 patients have been benefited by this helpline. Similarly, ~270,000 patients have received support through our Insulin Therapy Assistance Program (iTAP) initiative.

During the year, we scaled up our patient-centric initiatives with a series of Diabetes Detection Camps, Patient Education Programs and Walkathons organized nationwide. Close to 200,000 individuals were screened, of which nearly 25,000 underwent a comprehensive six-month diabetes education program delivered by trained educators. A new initiative, The Diabetic Food Trail®, was also conceived and introduced for the first time to target the general public. As a part of this initiative, over 120 restaurants across Mumbai, Delhi, Chennai and Bangalore offered innovative menus re-engineered to suit the recommended calorific needs of diabetes, pre-diabetes and health conscious individuals. Additionally, over 850 juveniles with diabetes across 50 cities benefited from our initiative to provide insulin free of cost.

To create awareness of cardiovascular diseases and improve heart-health, we started the 'Hear Your Heart' initiative aimed at encouraging individuals to undergo lipid profiling tests.

Physician Education Programs

ABIDE, our novel diabetes education initiative for medical practitioners, offers two courses. Both Basic and Advanced programs have made great impact, empowering nearly 2,500 physicians in over 200 cities across India. We have also launched an online portal to enable knowledge sharing between physicians and experts in the field of diabetes.

Basalog One™ - Made in India for the World

- Ready-to-use, world-class long acting basal Insulin Glargine pen
- International quality device designed by US-based Becton Dickinson and customized for Biocon
- Offers convenient alternative to people with diabetes using a syringe-vial combination for Insulin Glargine
- Needs to be taken once daily, which reduces the number of needle pricks, ensuring better compliance
- Can dial a maximum of 80 units of 100IU insulin glargine and can be calibrated for increments of 1 unit dosing
- Clear digits display and smooth clicks allow patients to precisely select the required dose before administering, thereby reducing the risk of under- or over-dosing

Over 30,000 cancer patients have benefited from our oncology portfolio, which is a mix of innovator, biosimilar and generic products.

Oncotherapeutics

The Oncotherapeutics division, which has been a strong growth driver and value-builder for Biocon, is committed to achieving market leadership in cancer through a carefully-orchestrated strategy of product differentiation and personalized medical support. As one of the leading oncology companies in India, we are committed to bring safe, efficacious and affordable medicines for cancer to cater to the needs of patients, caregivers and medical practitioners in the country.

Over 30,000 cancer patients have so far benefited from our oncology portfolio, which is a mix of innovator, biosimilar and generic products.

The Oncotherapeutics division's three pillar brands – CANMAb™, Abraxane® and BIOMAb EGFR® – are making a significant difference to cancer care in India.

CANMAb™ was introduced in 2014 with the aim of making a significant difference in the treatment paradigm for HER2-positive breast cancer in India by enhancing access to a more affordable treatment. In a short period of time, it has achieved good brand recall. Several thousand new patients were initiated on the drug in FY16, making it the second most prescribed brand in this category. The product was awarded 'Brand

of the Year 2015' in the specialty segment of the AWACS Awards in Marketing Excellence given by the All India Association of Chemist and Druggists. The results of the global Phase III clinical trials for Trastuzumab will help us establish the high efficacy and quality perception of CANMAb™ among a larger number of oncologists in India.

Abraxane®, an albumin-based nanotechnology therapy indicated for metastatic breast cancer, non-small cell lung cancer and pancreatic cancer is the Top Brand in the nab-paclitaxel as well as the overall taxane market. It has captured more than 50% share in its operating market.

BIOMAb EGFR®, the most affordable MAb therapy targeted at head and neck cancer is considered the best available treatment in its class of drugs given its efficacy and superior safety profile in terms of minimal skin toxicity. It has also benefitted a large number of patients this year.

Patient-Centric Programs

As an extension of our mission to increase awareness and early diagnosis of cancer, several patient-centric programs were conducted during the year. In collaboration with Oncquest, the division offered over 900 free HER-2/neu IHC/FISH tests across India. Over 60 doctors were involved in this initiative to diagnose HER2-positive metastatic breast cancer at an early stage. In addition, we offered free Chromogranin-A tests to Pancreatic Neuro-Endocrine Tumor (pNET) patients and free

EGFR tests to head and neck cancer patients.

As part of the 'REACH HER2SAVE HER' campaign we have joined hands with the Indian Cancer Society to raise awareness on breast cancer. We conducted over 100 breast cancer camps in several Indian cities for screening and early diagnosis. We also conducted corporate awareness programs in several Indian cities during the year. Radio, print and TV were leveraged to create awareness on kidney cancer.

Through our unique 'Support Counts' initiative, we also offered patient assistance to needy cancer patients.

We also provided our products at very affordable and accessible price points to the Tata Memorial Hospital in Mumbai, which treats one of the highest volumes of cancer patients in the country.

Physician Education Programs

We successfully organized a stand-alone breast cancer summit 'Converge', which was attended by over 150 oncologists from India, Nepal, Sri Lanka and the Gulf countries. Meetings with Key Opinion Leaders were held to share clinical data gathered in a real-world setting in order to bust certain myths associated with the use of biosimilars. Several other continuing Medical Education programs for physicians were also held across India.

Immunotherapy

The Immunotherapy division, which leverages Biocon's expertise as one of the largest immunosuppressants makers in the world, is focused on the treatment of dermatological disorders like psoriasis, atopic dermatitis and vitiligo. The division's objective is to establish a dominant position in the treatment of psoriasis, a disease affecting 2% of the global population, through its comprehensive portfolio of topical, systemic and biologic therapies.

PSORID™ continues to be the most prescribed brand of cyclosporine in India. Since its launch in FY11, the prescriber pool for the brand has expanded 40 times to 800 dermatologists.

The superior safety and efficacy profile of ALZUMAb™ compared to other approved biologic therapies is gradually bringing us global recognition.

TBIS® (Tacrolimus Ointment) and PICON® (Pimecrolimus) are the second most prescribed brands in their respective categories. CALPSOR™ C is the second biggest brand in the calcipotriol combination market.

The launch of our novel biologic ALZUMAb™ (Itolizumab) in 2013 offered dermatologists the option of prescribing a biologic to treat acute psoriasis and ensure a better quality of life for patients. This innovative product has been well received by doctors and patients alike. Several hundred psoriasis patients in India underwent treatment with ALZUMAb™ and our prescriber base stands at over 100, of which 65 are first time biologics prescribers. This first-in-class therapy has been made accessible in almost all parts of the country with a provision of home infusion for increased patient compliance.

The superior safety and efficacy profile of ALZUMAb™ compared to other approved biologic therapies is gradually bringing us global recognition. In FY16, there were seven poster presentations on this differentiated biologic by Indian Key Opinion Leaders at the 4th World Psoriasis & Psoriatic Arthritis Conference organized by the International Federation of Psoriasis Association (IFPA) in Stockholm.

Oral presentations on this cutting-edge therapy were also made at the British Association of Dermatology (BAD), European League Against Rheumatism (EULAR), World Congress of Dermatology (WCD) and the Gene to Clinic – Congress.

Also, a scientific paper titled 'Long-term Efficacy and Safety of Itolizumab in Patients with Moderate-to-Severe Chronic Plaque Psoriasis,' authored by Dr Sunil Dogra, Additional Professor from PGI Chandigarh, with other Key Opinion Leaders in Dermatology and Biocon's R&D team, was published in the prestigious Journal of American Academy of Dermatology, which profiles the unique attributes of our novel anti-CD6 monoclonal antibody, leading to positive patient outcomes.

Patient-Centric Programs

Biocon launched PsOCal, a free mobile application designed to provide ease and convenience to dermatologists in calculating Psoriasis Area Severity Index (PASI) scores of their patients. The application helps create patient records, add pictures, record visit-wise PASI score and thus keep a track of patients' health condition. With easy navigation and user-friendly steps, PsoCal makes PASI calculation very easy. Along with PASI scores, PsoCal also provides a Dermatology Life Quality Index (DLQI) questionnaire and Biologics eligibility index. There's also an option to share/mail the patients details, if required.

Our Patient Assistance Program

is being strengthened to ensure affordability of our novel, breakthrough therapies for income eligible patients. All patients are being constantly educated on psoriasis management through our 'Kiran: A Ray of Hope' initiative.

Physician Education Programs

We have launched an electronic case report form (eCRF) platform for capturing patient data of those on ALZUMAb™ therapy. Clinical data registry and scientific literature published in reputed Indian and international journals will be leveraged to educate medical practitioners on the benefits of upgrading to biologics for treating autoimmune conditions.

Nephrology

The Nephrology division aims to provide the most comprehensive and cost-effective therapies for end-stage renal disease 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 anaemia management. In FY16, TACROGRAF™ retained its position as the No. 2 Tacrolimus brand in India. BIONESP™ (Darbepoetin), which we launched in FY15 to provide better compliance with anaemia management in early-stage patients, has already claimed the No. 4 spot in its segment. Advacan® and Cymgal® are among the Top 3 brands in their respective segments.

Patient-Centric Programs

On World Kidney Day, the Nephrology division played an active role in educating people across the nation about kidney disease through screening camps, radio talk shows, advertorials, walkathons and awareness posters and education leaflets. The 'BIONESP™ – Step Up' campaign sought to create awareness about anaemia management among pre-dialysis patients.

Physician Education Programs

Scientific sessions were organized at the Indian Society of Nephrology Conference in Bangalore.

Virology

This year, we forayed into Virology with the launch of a number of effective, safe and affordable therapies for people suffering from hepatitis infections.

Hepatitis C is a viral disease that causes liver inflammation leading to diminished liver function or liver failure. It is referred to as a 'silent epidemic' as most people infected with the Hepatitis C virus have no symptoms of the disease until liver damage becomes apparent, which may take decades. It is estimated that India has 18 million Hepatitis C patients and nearly 100,000 die annually from this infection and co-morbidities. The unavailability of treatment options are the main factors limiting disease management in developing economies like India. Older treatment regimens for Hepatitis C often involve multiple separate medicines and complicated dosing, which are largely difficult to tolerate.

In keeping with our commitment to introduce innovative therapies at an affordable price to patients, we had entered into a licensing agreement with US-based Gilead Sciences in FY15 to manufacture and commercialize its chronic Hepatitis C blockbuster product range, Sofosbuvir and Sofosbuvir + Ledipasvir combination in India and in select emerging markets. These territories account for more than 50% of the global Hepatitis C prevalence. During the year, we introduced both CIMIVIR™ (Sofosbuvir) and CIMIVIR-L™ (Ledipasvir + Sofosbuvir). These products are being manufactured in India under a license from Gilead and have been made available to patients at a fraction of the global cost of the innovator brands. They not only offer convenience but also better cure rates and patient tolerance compared to existing therapies.

During the year, we introduced Cimivir™ (Sofosbuvir) and Cimivir-L™ (Ledipasvir + Sofosbuvir) for Hepatitis C patients at a fraction of the global cost of the innovator brands.

The division also introduced DACLAWIN™ (Daclatasvir) for the treatment of Geno type 3 Hepatitis C, during the year.

Patient-Centric Programs

Through our robust patient support program, we aim to create awareness on Hepatitis C to improve diagnosis and ensure better therapy compliance through patient education.

Physician Education Programs

We also organized CIMI, a case-based interactive program, at the zonal level involving 25 gastroenterologists, after the successful inaugural national meet at Bangalore, which was attended by 40 top gastroenterologists and hepatologists.

Market Access

The Market Access division focuses on taking forward Biocon's mission of providing access to innovative and affordable biopharmaceuticals for patients. It works with key central and state government departments to enhance access to Biocon's novel and specialty products by getting them included in government procurement plans.

Given its access to the entire Biocon product basket of close to 190 products across various chronic therapy areas, the division is well placed to cater to the government's procurement needs.

The division won contracts to supply Biocon's products to several states in FY16. The Directorate of Health Services (Madhya Pradesh), Odisha State Medical Corporation, Tamil Nadu Medical Services Corporation Ltd. and Andhra Pradesh Medical Service & Infrastructure Development Corporation are some of the entities that the division had signed agreements with during the year. The division posted remarkable sales this year, recording a growth of 51%.

An increase in the healthcare allocation in the central budget for FY17 could lead to increased drug procurement by govt. healthcare programs, which would augur well for the division.

Going ahead, the division will continue to focus on its key accounts, to sustain the growth achieved in FY16. It will also seek to initiate new partnerships with

state governments with a focus on end-to-end treatment and disease management.

Comprehensive Care

The Comprehensive Care division is playing a crucial role in the critical illness segment with a strong anti-infective portfolio, blood thinning products and novel therapies in surgical trauma and sepsis management.

Biocon had partnered with US-based CytoSorbents Corp. in 2013 to bring CytoSorb®, a first-in-class' extracorporeal cytokine filter used to manage a wide range of life-threatening conditions seen in the intensive care unit (ICU), for patients in India and select emerging markets.

CytoSorb® has been embraced by physicians as a safe and well-tolerated therapy in managing sepsis as well as Systemic Inflammatory Response Syndrome (SIRS), which is caused by burns, lung injury, liver failure, pancreatitis, post-cardiac surgery complications etc. By reducing toxic levels of cytokines, CytoSorb® targets the modulation of the body's excessive immune response and the prevention or treatment of organ failure that causes nearly half of all deaths in the ICU.

CELRIM TZ®, indicated for the treatment of urinary tract infections,

skin and skin structure infections, pneumonia and bacteraemia, is among the Top 3 brands in its category.

The combination of Biocon's critical care antibiotics with CytoSorb® treatment during sepsis has benefitted hundreds of patients in India.

Physician Education Programs

The division's network of specialized sales force personnel is enabling rapid access, education, training, and support to physicians in large hospitals on the prevention and control hospital-acquired infections in order to reduce morbidity, mortality and costs of therapy. It has spearheaded several initiatives between Key Opinion Leaders (KOLs) and Specialists to help Intensivists understand the array of indications for which CytoSorb® therapy can be initiated to benefit a larger number of critically-ill patients.

Branded Formulations India – Outlook

We remain committed to strengthening this business with a focus on chronic therapies. The emphasis on growing anchor brands is already showing results, with most of them recording healthy double-digit growth. Our endeavour is to make sure these key brands grow faster and make up for the rationalized products. The portfolio optimization has led to margin accretion in this business and this trend is expected to continue going forward. Our growing franchise in Metabolics, Oncotherapeutics and Nephrology should continue to be growth drivers in FY17. The new divisions of Virology and Market Access will also help buoy overall sales. We believe our strategic initiatives will enable us to deliver consistent and profitable growth across divisions in Branded Formulations business going forward.

We are leveraging our high science capabilities and extending that to our Small Molecules business to build a portfolio of complex, difficult-to-make Generic Formulations.

Small Molecules

Biocon continues to be a trusted partner for global pharmaceutical companies, which rely on our complex and difficult-to-make Small Molecule Active Pharmaceutical Ingredients (APIs) for their formulations spanning statins, immunosuppressants, anti-fungals, anti-obesity, anti-diabetics, ophthalmologicals, oncologicals and urologicals etc.

We have built significant brand equity across our extensive customer base in both developed and emerging markets by leveraging our unique technological strengths in fermentation science and complex chemistry. Our large scale, world-class manufacturing and research capabilities, a strong quality culture and a proven track record of cGMP compliance have enabled us to efficiently develop differentiated and complex products to emerge as a strong global player.

We are leveraging our high science capabilities and extending that to our Small Molecules business to build a portfolio of complex, difficult-to-make Generic Formulations, which will establish us as a high quality player in niche segments. Our strategy is to manufacture formulations where we can

backward integrate to in-house APIs to achieve economies of scale. The pipeline comprises of oral solids and parenteral formulations in both potent and non-potent categories of compounds in the core therapeutic areas of metabolics, cardiovascular, oncology and immunotherapy.

Annual Highlights

Small Molecule – APIs

Our Small Molecule APIs business, a significant revenue driver for Biocon, reported a stable performance in FY16 across regulated and emerging markets.

We filed several Drug Master Files (DMFs), including for key immunosuppressants, with the US FDA, during the year.

We became the first generic company to receive a Certificate of Suitability (CEP) for Rosuvastatin Calcium API from the European Directorate for the Quality of Medicines (EDQM).

During the year, we also successfully underwent audits by both developed market regulators like US FDA as well as emerging market ones like Mexico's COFEPRIS.

Our Denmark based partner introduced its proprietary Envarus® XR formulation based on Biocon's tacrolimus for the prophylaxis of rejection in kidney transplant patients in the US.

A significant expansion during the year was the acquisition of the US FDA-approved potent API facility in Vishakhapatnam, India, from Acacia Life Sciences. The acquisition of this 45,000 sq. ft. facility will be advantageous in scaling up our activities as compared to setting up a new facility.

We also expanded our API manufacturing capacity for key immunosuppressants and statins to meet the growing market demand.

Generic Formulations

We marked a major milestone in our strategy of forward integration from APIs to finished dosages in the Small Molecules space with the European approval of Rosuvastatin Calcium tablets, a generic equivalent of AstraZeneca's Crestor® tablets. The approval through the decentralized procedure will give us ready access to over 15 European countries. The overall market size for Rosuvastatin in Europe is USD 1.2 billion.

This first Generic Formulations approval in the regulated markets underscores Biocon's unique strengths in the chronic therapies space and our compliance with global regulatory standards that enable us to achieve the highest quality benchmarks for all our products. It augurs well for this emerging business, which will be one of our growth drivers in the coming years.

We filed the initial set of Abbreviated New Drug Applications (ANDAs) in the US and Marketing Authorization Applications (MAAs) in the EU in FY15. This year, we made two ANDA filings and also acquired an ANDA dossier for Simvastatin from a third party, adding to our nascent pipeline for the US. We also bolstered our MAA portfolio in the EU.

A new entity Biocon Pharma Ltd. was established in FY16 to represent the Generic Formulations business.

We started construction of our first potent oral solid dosage formulations facility in Bangalore during the year to support this business. The recently-acquired oncology API manufacturing facility in Vishakhapatnam will ensure complete vertical integration of potent products.

Outlook

Our capabilities in fermentation technology-based manufacturing have enabled us to straddle a complex matrix of manufacturing requirements for high value, niche APIs. To offset the growing commoditization in statins, we have been moving towards a more profitable product mix with a better contribution from products like

We have a clear strategy to pursue the Generic Formulations opportunity in both developed as well as emerging markets by leveraging our well established R&D capabilities & world class manufacturing facilities.

immunosuppressants where we have developed strong capabilities. This is already leading to better earnings quality in the Small Molecule APIs business.

We have a clear strategy to pursue the Generic Formulations opportunity in both developed as well as emerging markets by utilizing our well-established R&D capabilities and cGMP compliant manufacturing facilities, including our injectable formulations and fill-finish facilities. To feed our small pipeline and target early-market entry, we are evaluating new molecules. Cumulatively, we expect to file 15-20 applications over the next few years. We will look at all options including First-to-Files and Para IVs as part of our plans for the Generic Formulations business.

The investments in building commercial manufacturing scale for potent / oncology APIs and drug products will enable us to aggressively address global opportunities in the coming years.

Global **Marketing**

Biocon's Global Marketing team is taking safe, efficacious and affordable drugs to countries challenged with a rising incidence of non-communicable diseases (NCDs) like diabetes, cancer and autoimmune disorders. Our efforts are aimed at moderating costs and widening patient access to affordable small molecules and biologics. It is this approach that has enabled us to make a huge difference in addressing NCDs through our affordable biopharmaceuticals, helping patients lower their out-of-pocket spend and governments bring down their per capita expenditure on healthcare.

In line with our commercial strategy to establish a footprint across the globe we have entered into strategic alliances with strong local and regional partners in nearly 120 countries.

Our varied product portfolio, world-class manufacturing capabilities and stringent quality compliance have made us a preferred partner for Active Pharmaceutical Ingredients (APIs) in both developed and emerging markets. We have steadfastly gained recognition as one of the leading insulins producers in the world and have also made inroads with our portfolio of other biosimilars. As part of our global biosimilars strategy, we are targeting emerging markets in the near-term and developed markets subsequently.

NeoBiocon reported consistent double-digit growth in FY16 ahead of the market.

Currently our insulins are registered in over 65 markets that represents 40% of the global diabetes population. These markets have begun to contribute significantly to our revenues. We expect Trastuzumab approvals in emerging markets to make meaningful contributions to our revenues in FY17.

Annual Highlights

UAE

NeoBiocon, ranked among the Top 20 pharmaceutical companies in UAE, is one of the fastest growing players in the region. Most of its branded generic products occupy either of the Top 2 ranks in their respective segments such as metabolics, oncology, asthma & allergic rhinitis and anti-infectives in UAE. Brand Statix (atorvastatin) is ranked fifth in the UAE cardiovascular market and is the only generic brand to feature among the Top 10 cardiovascular brands dominated by innovator products. Other brands of NeoBiocon like Montikar, Esvin and Clamox feature among the Top 200 pharma brands in the region.

In FY16, NeoBiocon leveraged its existing reach and expanded its metabolics portfolio by partnering with Novartis to market Jalra (Vildagliptin) and Jalra-M (Vildagliptin + Metformin). These products are being manufactured by Novartis in Europe and marketed and distributed by NeoBiocon in UAE. The partnership is enhancing access to this novel oral hypoglycaemic agent for the estimated 1 million diabetes patients in UAE, who pose a huge burden on the healthcare system.

NeoBiocon reported consistent double-digit growth in FY16 ahead of the market. It aims to build on this growth by consolidating its position in its focus therapy segments and expanding its product portfolio.

APAC

Biocon's Insulin Glargine became the first biosimilar from India and second biosimilar glargine to be approved in Japan. The approval received from Japan's Ministry of Health, Labour and Welfare (MHLW) is a significant achievement for Biocon and its commercial partner FUJIFILM Pharma (FFP) as it endorses our endeavor to bring high quality, yet affordable, world class products to diabetes patients in Japan. The product is a ready-to-use, prefilled disposable pen with 3 ml of 100IU Insulin Glargine. The product, developed by Biocon, is expected to be commercialized in early FY17 and aims to capture a significant share of the USD 144 million Japanese Glargine market *(Source: IMS March 2015)*, which is the second largest market outside of North America and Europe. We hope to enable the Japanese government to bring down its healthcare expenditure for diabetes with the use of this cost effective, high quality biosimilar Insulin Glargine.

In addition to Japan, we are expanding reach of our affordable insulin products in other South East Asian markets.

North America

The North American operations, comprising the US, Canada and Mexico, are significant contributors to our global sales.

We entered into a co-development agreement with our long-standing Mexican partner, Laboratorios PiSA to tap the generic rh-Insulin opportunity in the US. This collaboration will enable us to manufacture the rh-Insulin drug product at PiSA's facilities in Mexico and commercialize it under Biocon's brand in the US market, which has a significant diabetes burden with over 1.4 million people diagnosed with diabetes every year *(Source: American Diabetes Association)*.

We have formed successful alliances for our APIs portfolio that includes immunosuppressants and peptides. Biocon currently holds more than 50% market share for topical tacrolimus in US through our partners.

We are in the process of setting up the commercial front-end for our ANDA business in the US and have established a US subsidiary Biocon Pharma Inc. for the commercialization of these drug products.

The co-development agreement for US with PiSA on rh-Insulin is an extension of our over 10-year relationship with the Mexican company, which has a dominant position in insulins in Mexico. Along with PiSA, we have made a huge impact in the insulins market in Mexico, where we have the largest market share for rh-Insulin and significant market share for Insulin Glargine. We also have a significant market share in the immunology and cardiology therapy segments in Mexico.

LATAM / CIS / Africa

We stepped up our participation in Public-Private Productive Development Partnerships (PDP) projects in Brazil through strategic and long-term partnerships for our immunosuppressants portfolio. We expect this to allow our partners to capture and sustain a major share of the PDP market.

Latin America is a priority market for Biocon where we inked a key partnership that will enable us to extend the footprint of our biosimilar products in over 10 countries in the region.

We have commenced sales of Biocon's Trastuzumab and generic Rosuvastatin Calcium in MENA region. For rh-Insulin, we continue to win important tenders through local partners in Africa.

Europe

We received our first Generic Formulation approval in the European Union (EU) for Rosuvastatin Calcium tablets, indicated for hyperlipidemia or mixed dyslipidemia. The approval through the decentralized procedure will give us ready access to over 15 European countries. The overall market size for Rosuvastatin in Europe is USD 1.2 billion. We plan to collaborate with regional partners in the near-term to provide access to this affordable generic and thus help patients and governments to bring down their healthcare spends.

We were the first generic company to receive a Certificate of Suitability (CEP) for Rosuvastatin Calcium API from the European Directorate for the Quality of Medicines (EDQM).

Our API business in Europe is expected to provide us with steady growth as we are positioning ourselves to be the preferred partner for a number of generic companies that are gearing up to introduce key generic formulations of Sirolimus, Rosuvastatin, Mycophenolate Sodium and Everolimus over the next few years.

Research **Services**

Syngene has effectively demonstrated Biocon's strategic approach towards being 'credibly capable' by unlocking immense value through its successful listing on the stock exchanges in FY16. It crossed a market cap of USD 1 billion within a week of listing and was valued at USD 1.16 billion as on March 31, 2016. The resounding oversubscription of the IPO has reflected the trust and confidence of the investor community in Syngene's value proposition. We are extremely proud and excited to take Syngene to its next phase of growth as India's only publicly listed Research Services Company.

Annual Highlights

Syngene crossed a major annual revenue milestone of ₹10,000 million in FY16, recording a growth of 29%. The growth was driven by a robust performance across all its three verticals – Dedicated R&D Centers, Discovery Services and Development & Manufacturing Services. With over 2,500 research scientists and a laboratory base over 900,000 square feet, Syngene services a diverse range of clients including 8 of the Top 10 global pharma majors. Its client base rose to 256 in FY16 from 221 clients the previous year.

In FY16, the growth in the Dedicated R&D Centers Business was driven by the expansion of the services that it provides under the integrated operating model to its three long-term strategic clients – Bristol-Myers Squibb, Abbott and Baxter. Discovery Services, which incorporates the Discovery Chemistry and Discovery Biology activities for both small and large molecules, grew on the back of strong traction in Discovery Biology. The growth in Development and Manufacturing Services was largely driven by the Chemical Development group. In line with its ambition of evolving from a Contract Research Organisation (CRO) into a full-fledged Contract Research and Manufacturing Services (CRAMS) company, Syngene started the commercial manufacturing of novel small molecules for clients during FY16.

Besides commercial scale

manufacturing of New Molecular Entities (NMEs), Syngene has added new differentiated service platforms, including antibody drug conjugates, oligonucleotides and viral testing.

Syngene's commitment to quality and compliance is reflected in its track record of clearing five US FDA audits in the last three years with no 483s.

Expanding Capacity

Syngene continues to invest extensively in the business with a capital expenditure of over USD 200 million planned over the next few years. Plans are underway to set up a greenfield API & Intermediates manufacturing facility in Mangalore, and to construct a 200,000 sq. ft., state-of-the-art Syngene Research Center to support integrated discovery programs and a formulations development centre along with a biologics manufacturing plant in Bangalore.

Awards

Syngene's commitment to operational excellence has been duly recognized through various awards received during FY16. It secured a '4 Star Rating' for Best EHS Practices from the Confederation of Indian Industry (CII) – Southern Region. It was also recognized with the 'Organization with Innovative HR Practices Award' at the 14th Annual Asia Pacific HRM Congress 2015.

Outlook

Syngene has a proven track record of leveraging its pool of world-class scientists and state-of-the-art laboratories to put innovative science to work. It offers a one-stop destination for organizations looking to optimize their R&D spends without compromising on the quality of R&D output.

In recent years, a number of Syngene's clients' key R&D programs have moved into advanced phases of clinical development. Consequently, this has opened up the opportunity for Syngene to expand the scope of work that it does with its clients and emerge as the manufacturer of choice for development batches on large-scale commercial supplies as those molecules move towards commercialization.

Syngene expects the business momentum to remain strong, enabling the company to deliver broad-based growth across all three verticals.

Strong business momentum and good visibility into future revenue streams provides Syngene the confidence to deliver on its aspirational target of achieving USD 250 million in revenues by FY18.

Investors Give Syngene IPO **A Big Thumbs-Up**

Sale of up to 22 million equity shares

Issue Type: 100% Book Built Issue

Face Value: ₹10 Per Equity Share

Listing At: BSE and NSE

Listing Date: August 11; 2016

Issue Price Band: ₹240 to ₹250

₹550-crore IPO was oversubscribed 31 times;

Opening Price on the day of listing: ₹295 (premium 18%)

Closing price on the day of listing: ₹310.55 (premium 24%)

Closing price as on 31st March, 2016: ₹385.25

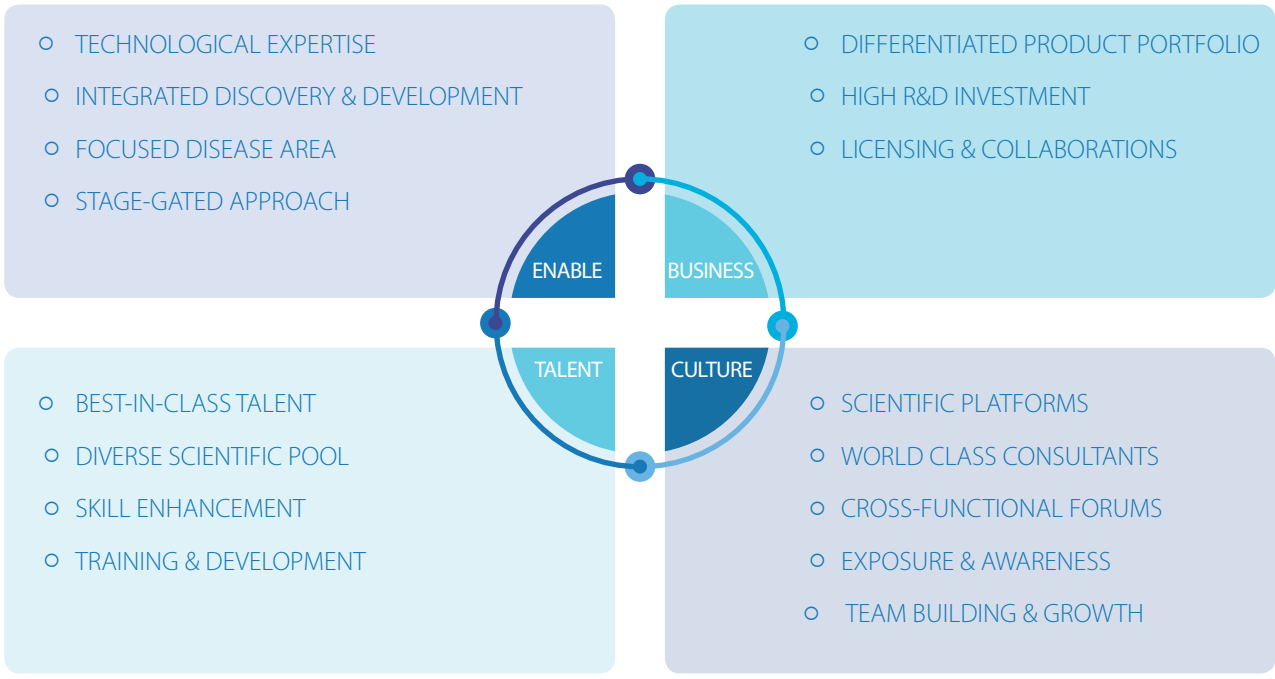
Enablers

Research & **Development**

Biocon's core R&D philosophy of making high quality affordable medicines is centred on a 'credibly capable' matrix. In pursuit of our objective of enhancing global healthcare through innovative and affordable biopharmaceuticals, Biocon's Research and Development (R&D) function has built world-class competence and capability on the back of robust infrastructure and a talent pool that has extensive global product development experience.

R&D's core strategy is based on integrated discovery, stage gated approach to development, core disease area expertise (autoimmune and inflammation, oncology and diabetes), and a first-rate scientific advisory board. The R&D organization has four essential elements in its strategy: **Enable, Business, Talent and Culture.**

FOUR PILLARS OF THE R&D ORGANIZATION



Enabling Technology

The R&D matrix enables excellence in our platform technologies spanning, i) Process and Product Development, ii) Analytical and Bioanalytical Capabilities, iii) Preclinical and Clinical Development Strengths, iv) Intellectual Property and v) Regulatory Sciences.

The impressive pipeline of approved and in-development biosimilars and novel molecules is a testimony to the 'credible capability' of Biocon's R&D function.

(i) Process and Product Development

Expression Systems: To enable a robust product portfolio, we have capabilities and expertise in an array of expression platforms that include microbial and mammalian systems. Biocon's Pichia pastoris platform for expression of recombinant protein is our proprietary technology, which is applied in the rh-insulin and insulin analog product lines alongside the bacterial host system that is utilized for numerous small molecule APIs and peptides. Meanwhile, our reliable and scalable mammalian CHO and NSO cell-based expression platforms have also been delivering novel and biosimilar monoclonal antibodies.

Process Sciences: Our strong foundation in process sciences is key to our ability to develop biologics with economical scalability and high productivity coupled with high quality. The upstream processes, involving fermentation technologies and downstream processes for protein purification to develop bulk drug substance, have been established for more than a decade. To prepare for the next decade of exponential growth, we are working on improving process efficiencies through novel approaches such as flexible and continuous manufacturing. We have collaborated with leading academic institutions such as the Indian Institutes of Technology (IITs) and National Institute of Pharmaceutical Education and Research (NIPER) in India as well as reputed international ones to drive this upgrade.

Our fundamentally strong analytical capability, which is anchored in cutting-edge tools, latest orthogonal approaches and world class technology, ensure the high quality and consistency of our products.

Formulation and Product Science:
During the drug development process of biologics and biosimilars, the bulk drug substance is converted into a formulation and transferred into vials and cartridges to make a drug product. This requires extensive science, complex technology, understanding of protein structures, product stability and extractable/ leachable studies.

(ii) Analytical and Bioanalytical Sciences

Physicochemical and functional analytical technologies are the key components of the process and product. The analytical and bioanalytical laboratories in Biocon have state-of-the-art equipment and deep technical expertise. These analytical tools are applied for in-process as well as finished drug substance and drug product analyses. Sensitive and specific methods need to be devised in order to detect and measure the minutest variants or impurities. Many of these methods are transferred to the quality groups in manufacturing to be utilized as product release assays. The analytics group in Biocon has nearly 20 years of experience in analytical sciences.

(iii) Preclinical & Clinical Sciences

At Biocon R&D, we understand that selecting the right molecule for clinical development is key to drug development and successful regulatory approval. Our scientifically rigorous, ethically compliant and stage gate-based structured preclinical and clinical development strategy is instrumental in achieving the relevant pharmacokinetic (PK) and pharmacodynamic (PD) endpoints and establishing the safety and efficacy of our products. New approaches of predictive toxicology and adaptive clinical trial designs are being applied to significantly reduce costs and increase the quality of our trials in the future.

(iv) Intellectual Property

Biocon R&D has consistently created intellectual wealth through an incisive intellectual property strategy that recognises the innovative potential of our products and processes.

Biocon's consistent investments in R&D have resulted in a globally recognized drug development ecosystem spanning robust infrastructure and highly skilled scientific talent pool.

We have filed over 1,200 patent applications and hold around 984 patents and 448 trademark registrations globally. This number is only expected to increase as our exciting novel molecules pipeline advances from the bench to the bedside in the coming years. This team has won the 'Best In-house IP Team of the Year' Award at the Global IP conclave held in 2015 and the Pharmexcil Gold Patent Award 2014-15 in the Biotech category for filing the highest number of patents.

(v) Regulatory Sciences

Our regulatory sciences capabilities have enabled compliance with the highest global quality and cGMP standards. The team is gearing up for multiple global regulatory filings in insulins, biosimilar antibodies and complex generic formulations. The Regulatory Sciences team has recruited and trained a number of talented individuals who are the interface between the company and regulators. Understanding the guidelines, rules and processes of each country is a formidable task. Drug regulators from the US (FDA), European Union (EMA), Australia (TGA), Canada (Health Canada), Brazil (ANVISA), Japan (PMDA), etc. have unique country specific processes which need to be followed mandatorily. With patents expiring on novel biologics, several countries have articulated their guidelines for ensuring biosimilarity. The field is evolving with new regulatory submissions and industry players, regulators, payers, physicians and pharmacists are learning from each other. Biocon's R&D regulatory team is playing a key role in this knowledge exchange and the evolution of the regulatory pathway for establishing comparability, interchangeability and extrapolation of indications among biosimilars.

A Business Acumen

The R&D organization supports the business goals of the company. In this respect, Biocon has consistently invested 8-10% of its biopharma sales in R&D over the years. The investments have resulted in a globally-recognized drug development ecosystem spanning state-of-the-art equipment, a dedicated R&D facility and highly skilled scientific staff. The licensing and business development team in R&D is focused on making Biocon the most preferred partner globally. Biocon R&D regularly presents at international forums like the JP Morgan Healthcare Conference and BIO. This opens up new R&D partnership opportunities for Biocon.

Talent is Key to Success

R&D's qualified scientific pool comprises research-minded professionals engaged in quality performance and timely delivery. Our 400-strong scientific team includes MDs, PhDs and Masters degree holders from the fields of medicine, veterinary sciences, chemistry, biology, biophysics, pharmacology, toxicology and statistics, drawn from within India and global biopharma organizations. This has contributed to the best practices uniquely suited for Biocon's vision and mission. We impart cross-functional training with an emphasis on holistic development that enhances the intellectual bandwidth of our scientists and our R&D proficiency. Biocon scientists undergo training, on-job skill enhancement exercises and attend global scientific forums. Experienced Biocon professionals have spearheaded the product development leading to a number of successful launches.

The Scientific Culture of R&D

The culture of science is an intrinsic component of Biocon's R&D. With more than 24 seminars by leading scientists from India and around the world, special clubs for statistics and medical writing, a forum to access international journals and journal clubs, the R&D team has access to a rich scientific ecosystem.

Collaborations

The impact of the biopharma industry lies in its strength in drug development, from cell line to clinic. Since it is imperative to collaborate with academia and government institutions, Biocon's R&D lays a lot of emphasis on establishing relationships with various national and international institutions. These collaborations include those with Trinity College (Ireland), Queensland Institute of Medical Research (Australia), the Indian Institutes of Technology; National Institute of Pharmaceutical Education and Research (NIPER); Manipal University, National Centre for Biological Sciences (NCBS), Indian Institute of Sciences(IISC), Mazumdar Shaw Center for Translational Research (MSCTR) etc. The scope of collaborative research includes process development, preclinical animal models, exploratory biomarker studies and fundamental science research projects.

Key Projects Under Development

With a commitment to provide innovative and affordable healthcare for unmet medical needs at a global scale, Biocon's pipeline of drugs includes discovery-led novels as well as a strong portfolio of biosimilars.

The R&D organization is in readiness for an exponential growth in the biotechnology industry by defining the base of talent, culture and a process to learn, enable and lead the future of the field. Building on the advanced capabilities of Process and Analytical Sciences, applying new processes in preclinical and clinical sciences, investing in new technologies, continuing to lead with novel intellectual property, ensuring a robust regulatory interaction with global agencies and collaborating with leading institutions are critical to the growth of a robust R&D organization.

A ~400-strong team works round-the-clock to ensure quality and compliance with some of the most stringent global regulatory benchmarks.

Quality

A culture of quality excellence is central to Biocon's capability and credibility. We are addressing the increasingly demanding benchmarks of some of the most stringent global regulatory agencies through a ~400-strong team which works round-the-clock to ensure quality and compliance in all functions associated with manufacturing, testing, release and distribution of our differentiated products. Proactive investments in protocols, practices and systems; frequent training and certifications; upgrading of quality control and analytical laboratories have helped us maintain a strong compliance track record in regulatory inspections with no critical observations.

Our strong regulatory, quality and manufacturing infrastructure ensures continued global acceptance of our complex small molecules and biosimilars. The quality requirements for biosimilars development due to their structural complexity are more extensive than small molecule generics and require orthogonal/ complementary, state of the art advanced analytical techniques. A biosimilar product has to establish that it is similar in terms of quality, safety and efficacy to an approved reference biologic product based on comparability. It is therefore critical to have consistent quality that is at par with the reference product. Rigorous quality assurance protocols need to be designed and deployed to ensure that in-process materials and the finished product meet predetermined quality requirements consistently and reliably.

Despite these complexities, we are well placed to capture the emerging biosimilars opportunity across the world on the back of our high quality development approach that is already aligned with the regulatory needs of advanced markets.

Quality plays an important role in new product introduction by way of facility compliance and regulatory approval. In the last five years, there has been a five-fold increase in the number of countries that have approved our products. One of the pre-requisites for approval of new products is inspection of facilities by authorities of various countries and verification of adherence to Good Manufacturing Practices (cGMP). Facility compliance certification by regulatory agencies is also key to business continuity. There has been a three-fold increase in the number of countries that have certified our facilities for cGMP compliance in the last five years. All our facilities have been successfully audited by international regulatory agencies, like US FDA, European Medicines Agency (EMA), Brazil's ANVISA, Mexico's COFEPRIS, Japan's PMDA etc.

In FY16, our manufacturing facilities for small molecule APIs as well as those for biologics drug substance and drug product underwent pre-approval inspections by regulatory authorities from multiple countries. Following successful quality audits these facilities were certified for cGMP compliance by various international regulators.

Our state-of-the-art insulin delivery devices facility in Bangalore was inspected and approved by the Indian and Japanese regulatory authorities. In Malaysia the National Pharmaceutical Control Bureau gave cGMP certification to our new insulins manufacturing facility at Bio-Xcell, Johor.

We further strengthened our anytime, audit-readiness, discipline across manufacturing facilities during the year. The regulatory compliance requirements of various jurisdictions were thoroughly evaluated and steps were taken to ensure compliance at all times.

What makes FY16 a landmark year for the Quality function is the approval for our Insulin Glargine by the Ministry of Health, Labour and Welfare (MHLW) of Japan. Our manufacturing plant for Insulin Glargine and the state-of-the-art insulin pen assembly facility were inspected and approved by the health authorities from Japan. This is a strong validation of our quality standards as Japan's benchmarks are considered the most stringent in the developed markets.

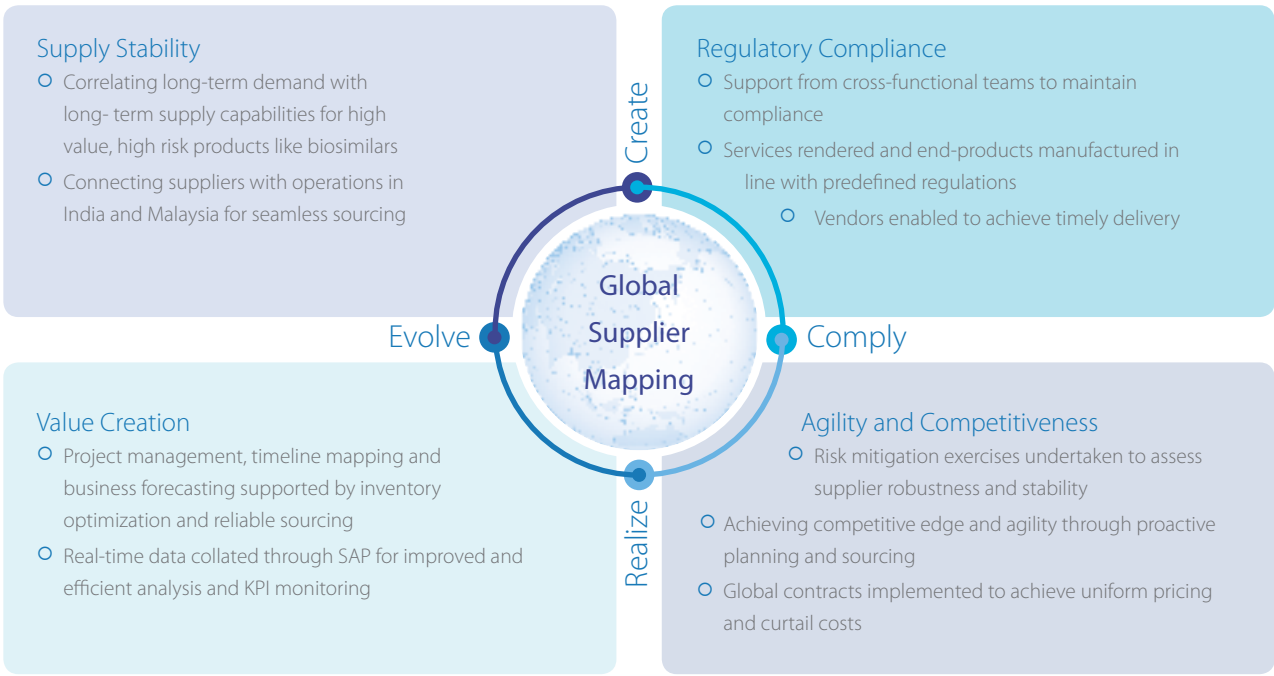
Supply Chain **Management**

Our Supply Chain Management (SCM) function has enabled Biocon to consistently deliver on its 'credibly capable' promise by ensuring timely product delivery in multiple geographies, cost optimization, better compliance and ultimately, increased customer satisfaction. We have built global scale capabilities for handling products ranging from fermentation-derived small molecule APIs to recombinant proteins and monoclonal antibodies. We have engaged with international logistics providers to build a globally integrated supply network, which is secure, scalable and flexible. Our sourcing capabilities have been integrated to draw on synergies for delivering on the key parameters of cost, quality and availability. Process optimization, inventory reduction, system upgrades and efficient analytics have helped improve operational efficiencies. Our integrated SCM function, which encompasses multiple products, verticals and manufacturing locations, revolves around meticulous planning, smart sourcing and disciplined monitoring.

Robust of Sourcing Strategy

FY16 was a decisive year for the SCM team as it embarked on a revamp of its sourcing strategy to deliver customized innovation to our stakeholders. The effectiveness of the new framework can be mapped

ROBUST SOURCING STRATEGY



on the basis of four key parameters - Supply Stability, Regulatory Compliance, Value Creation and Agility & Competitiveness.

Global Partner Sustainability Programs

Considering the volatile geopolitical environment prevailing in various regions across the globe, we are carefully evaluating options for shifting our input sourcing bases to stable regions – a vital initiative towards business sustainability. To provide the necessary support to our nascent Generic Formulations business, we are working on a strong and competitive API supply plan. In keeping with our commitment to make our systems more efficient we are focusing on consolidating the purchase of select raw materials to facilitate the optimization of inbound logistics costs and shrink timelines.

Strengthening the Warehouse Management System

To support our geographic expansion and business volume growth we have built a robust Warehouse Management System (WMS) over the years. This year we further strengthened our cold chain capabilities in preparation for establishing a meaningful presence in the global biosimilars space. In addition, we are working on designing innovative packaging solutions that facilitate the tracking of products during transit and optimize selling costs.

Malaysia - Evolving a Dynamic Supply Chain

We have scaled up our supply chain to successfully integrate the Malaysian operations with the aim of strengthening our global sourcing capabilities, drive synergies and pursue novel cost reduction initiatives. In FY16, we sent our first cold chain shipment (-80ºc) to Malayasia and took several business-critical initiatives to evolve a dynamic supply chain in the country.

Supply Chain Management has successfully built strong cross-functional expertise, which has led to increased customer satisfaction, significant sales growth, reduced operating costs resulting in better margins.

Strategic Sourcing and Procurement

- Adopted the unified sourcing approach for reducing duplication of efforts
- Leveraged strategic sourcing synergies across key expenditure categories

Warehousing and Logistics

- Implemented total Warehouse Management System
- Laid a keen emphasis on ensuring compliance with the laws of the land
- Implemented novel logistic solutions that enhanced material safety and delivery efficiencies

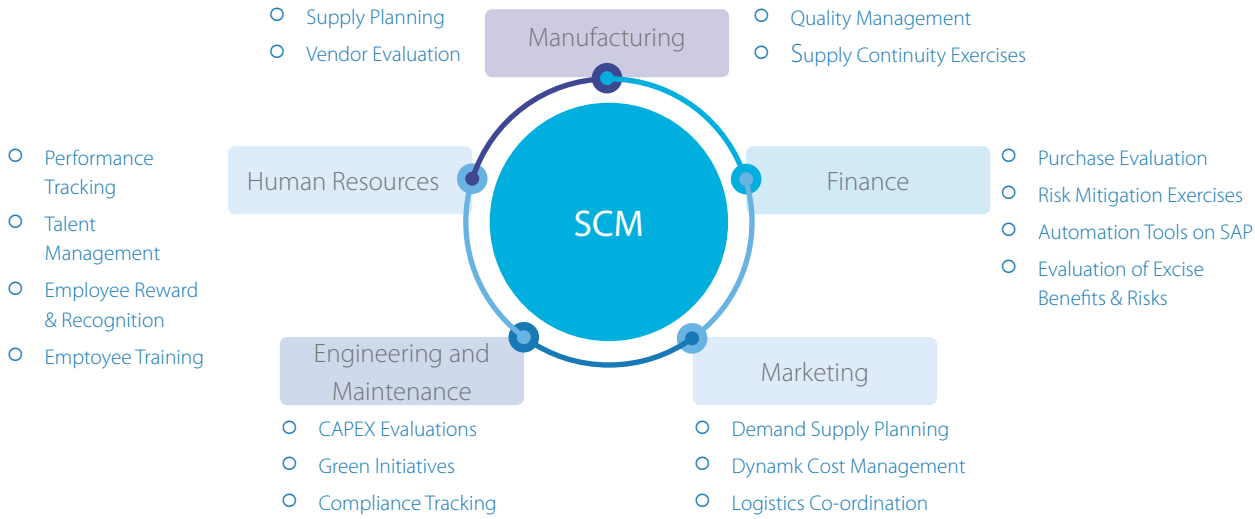
Cultural Integration

- Enhanced across-the-table transparency via an integrated Management Information Systems platform
- Established a balanced gender ratio
- Encouraged and trained local talent

Key Achievements

The SCM function has successfully built strong cross-functional expertise, which has led to increased customer satisfaction, significant sales growth, reduced operating costs resulting in better margins. Strategic negotiations with vendors and the consolidation of logistics and purchases have led to substantial cost savings in procurement during the year. The total implementation of a barcode-based WMS has ensured 100% accuracy, error-free tracking and a 50% reduction in labelling and

SUPPLY CHAIN – RELATIONSHIPS WITH OTHER FUNCTIONS



approval cycle time besides a 20% increase in space through system managed quarantine. An increase in biosimilars capacity will translate into a big revenue opportunity going ahead.

The Supply Chain Management team has bagged the 2015 Best-in-Class Cost Management Award for integrated supply chain and cost optimization model at the 9th Express, Logistics & Supply Chain Conclave.

Biocon showcased industry best practices in supplier engagement, cost negotiation and risk mitigation exercises. The team presented on how a modern procurement team takes the journey from being a cost management team to becoming a procurement champion and finally towards driving innovation within the company and industry. The Biocon team was acknowledged to be class-leading in:

- Agility in the Sourcing Model
- Operational Efficiencies
- Managing Global Operations
- Building Trust and Creating Value

Environment, Health **and Safety**

At Biocon, 'credibly capable' means a fierce commitment to achieving the highest global standards of Environment, Health and Safety (EHS) and the agility to adapt EHS practices to evolving societal needs. We apply 'sustainable thinking' to the everyday choices we make, going beyond statutory compliance to minimize our environmental footprint through responsible business practices. We have invested in the latest technologies to conserve natural resources through recycling, recovery and reuse. Numerous internal audits, facility assessments and system reviews were conducted to monitor adherence to applicable local, national and international regulations and to continually improve our processes and systems. High levels of leadership commitment, risk analysis, incident investigation, emergency preparedness and employee awareness ensure a safe and healthy work environment at our facilities. Putting 'safety' at the core of our organizational culture has ensured that there were no reportable incidents during the year under review.

EHS Management Systems

As a highly responsible corporate organization, we have invested immensely in establishing a best-in-class environment management system and ensured that our operations are in full compliance with the specified guidelines. Our efficient systems have been validated through our ISO 14001 certification, the most reputed benchmark for environmental management systems, by TUV. We are also an OHSAS 18001 certified company. To keep abreast with international best practices we regularly undergo internal and external audits.

EHS Risk Assessment

We accord the highest importance to the health and safety of our

employees, project trainees, contractors, visitors and the community at large. Our EHS Risk Assessment program systematically identifies and assesses industrial hygiene exposures, process safety, fire hazards etc. associated with all our activities. Based on this assessment, the EHS roles and responsibilities for all employees at each operating facility are clearly defined and documented. Periodical reviews are conducted by the top management to monitor the extent and effectiveness of our EHS practices.

To enhance the protection of human health and the environment during the handling, transport and use of chemicals, we have taken the necessary steps to align ourselves with the Globally Harmonized System of Classification and Labelling of Chemicals.

Our Malaysia operations are also aligned to this culture where the health and safety of all workers is an overriding priority. This is evident from the fact that we achieved 7.5 million safe person-hours on completion of the first phase of the Malaysia facility.

EHS Training

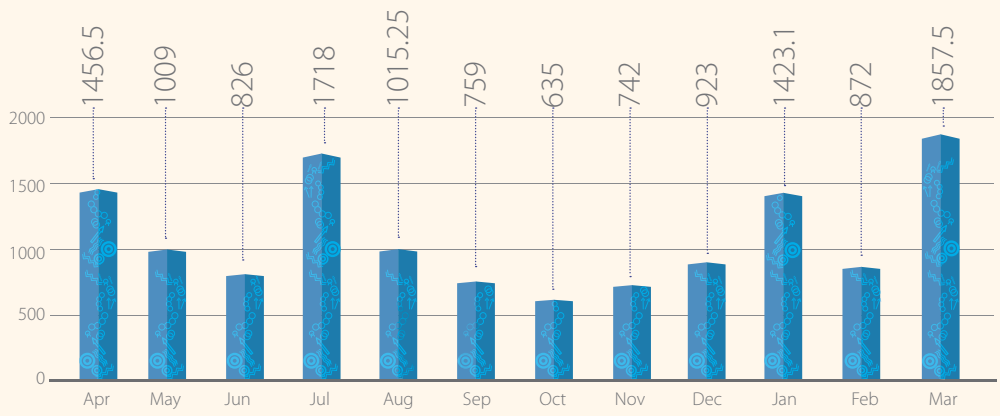
Our health and safety management system involves a comprehensive training program that incorporates real-world experience, engaging content and advanced technologies to help increase awareness and ensure safe conduct. We use a mix of online, classroom, tool box training, mock drills, live demonstrations, quizzes and videos to ensure maximum impact. A comprehensive EHS policy document stating individual responsibilities for health and safety in the workplace is made available to everybody on campus.

During FY16, over 13,000 person-hours were invested in EHS training through our Learning Management System.

Industrial Hygiene Management

Our EHS practices in industrial hygiene are in line with global standards. In the pursuit of excellence, we make every effort to ensure that potential hazards (chemical, physical, biological and ergonomic) are adequately

EHS TRAINING PERSON-HOURS FY16



As a conscientious corporate citizen, we are constantly exploring ways to improve our processes and systems to ensure environmental sustainability.

recognized and controlled. Continuous monitoring of the manufacturing area using world class equipment in addition to regular internal and external audits reflect the utmost importance we accord to industrial hygiene management.

Water Conservation, Recycling and Reuse

As a resource-respecting organization, we have made large investments in a zero liquid discharge system across all our manufacturing units. This system recycles the recovered water for further use within our utilities. These efforts helped us save over 1,190 KL of fresh water per day in FY16.

Our entire food waste is converted into compost in-house, thereby reducing our environmental footprint further. The 4,000 cubic metres of biogas produced on average per day through our anaerobic waste treatment plant was used as an alternative fuel for power generation.

Environment Management

As a conscientious corporate citizen, we are constantly exploring ways to improve our processes and systems to ensure environmental sustainability. A Process Development Group (PDG) has been formed to come up with solutions to reduce waste at source, control emissions, cut down effluents and convert waste into value-added products.

In keeping with the continuous improvement of our environmental work practices, all our effluent treatment systems have been enclosed with a specially designed fabric and additional scrubbers have been installed to create an odour-free environment. We are also treating our entire organic waste in-house and not depending on external agencies for disposal.

As part of a waste-to-value initiative, our PDG team is working on converting some of our non-hazardous waste into nutrient-rich, value-added byproducts. The interim results have been very promising.

Energy Conservation

Our energy conservation initiatives have helped us maintain power consumption around the same levels as the previous year despite a 14% Y-o-Y growth in business in FY16. Intensified energy conservation efforts, optimization of plant operations and sourcing of alternative energy have yielded significant cost savings during the year.

We have entered into a memorandum of understanding to tap wind energy, which will enable us to meet up to 30% of our total energy requirements FY17 onwards.

During the year, we successfully reduced carbon dioxide emissions by 4,300 tons with the procurement of 4.88 million units of green power.

Other Initiatives

We observed World Environment Day, Chemical Disaster Prevention Day, Road Safety Week, National Safety Week and Fire Services Day as part of our employee awareness initiatives, which received overwhelming response.

We give top priority to the maintenance of green spaces around our sites as a part of our commitment to environmental sustainability and maintaining ecological diversity. Tree plantation drives at schools and nearby residential colonies are conducted regularly. To mark World Environment Day 2015, we distributed over 7,500 saplings among employees as a part of our 'Each one, Plant one' initiative. A community tree plantation drive organized at the Primary Health Center in Hebbagodi saw 2,000 saplings being planted. Another 200 saplings were planted as a part of a drive organized by us at St. Francis De Sales Public School, Hebbagodi.

We accelerated our efforts to create awareness on EHS-related best practices through e-bulletins that carry articles on sustainable practices, safety best practices, environmental legislation, treatment technologies etc.

Awards and Recognitions

During FY16, we received several recognitions at the state and national levels for our progressive EHS practices and initiatives. These included:

- Greentech Environment Gold Award 2015
- Unnatha Surasksha Award from the National Safety Council (Karnataka Chapter)
- 'Appreciation Certificate' awarded by Karnataka government in 'Best Fuel Efficient Industrial Boiler' category

Human **Resources**

The 'credibly capable' reputation built by Biocon over the years has made us the most sought after employer brand in the biotech sector today. We have built an employee-friendly environment for our gender-diverse workforce that is comparable to the best in the world. This has been validated once again by our position among the Top 20 Best Employers in the Biotech Industry as ranked by the prestigious *Science* magazine. We have been recognized for being a socially responsible organization with loyal employees who are providing global leadership in innovation.

Attracting Talent

We need to constantly attract, groom and retain the right talent to grow and achieve our ambitious future plans. By investing in the best talent, we aspire to create future leaders who can revolutionize the industry through innovative products and services.

We have developed new talent-sourcing channels and revamped existing ones to enhance their attractiveness and effectiveness for

young, aspiring biotech professionals from around the world. As more than half of our human capital is under 30 years, a demographic that is very active on social media, we are extensively using channels like LinkedIn, Facebook and Twitter to enhance our employer brand image. A significant expansion in our base of LinkedIn followers has allowed us to fill multiple management positions this year. To make it easier for candidates to apply online, we launched an e-recruitment module via a dedicated SAP platform. These initiatives have led to a significant 25% of the total hiring through the online route, in FY16.

Our standing as the most preferred biotech employer allowed us to recruit top talent from premier Indian institutes like Indian School of Business (ISB) (Hyderabad), National Institute of Pharmaceutical Education and Research (NIPER) (Mohali), Indian Institute of Technology (IIT) (Mumbai), National Institute of Industrial Engineering (NITIE) (Mumbai) and Manipal College of Pharmaceutical Sciences, (Udupi), to fuel our talent pipeline for various functions.

In keeping with our leadership position in the Indian biotech industry, we offer internships in Quality Assurance, Regulatory Sciences and R&D, among others. The internship program, which benefits over 200 freshers annually, is designed to give students first-hand experience of working for an industry major, help them develop transferable skills as well as earn course credits. Nearly 40 interns received job offers from Biocon in FY16.

We also recruited over 40 graduates from the Biocon Academy, a Center of Excellence for Advanced Learning in Applied Biosciences, set up by Biocon in 2013 as a part of our Corporate Social Responsibility (CSR) initiatives.

Biocon is constantly striving to bridge the industry-academia gap. As a part of our Campus Relationship Program, we reached out to around 20 academic institutes from around India and also hosted MBA students from Said Business School, Oxford University this year.

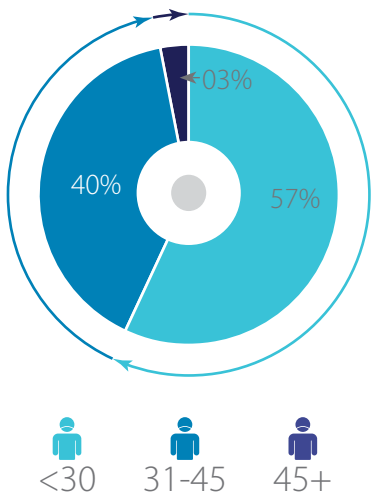
Organizational Development

To harmonize individual aspirations and milestones with the achievement of organizational development goals, we launched the Biocon Competency Framework that has been designed to identify niche requirements related to Talent Acquisition and Talent Development and find the right fit. Our new Potential-Performance mapping exercise is helping us identify top talent and high-potential employees within Biocon, while Span of Control in Management and Organogram-based Manpower Planning are facilitating the right positioning of the employees in terms of roles and responsibilities. We want to offer our employees the opportunity to expand their skills and explore new career growth paths through lateral moves within the company. To this end, we have introduced an online tool for internal job openings - Next Step.

Learning and Development

We used our Learning & Development platforms extensively this year to unlock the superior potential of our diverse workforce. More than 19,000 person hours of organized training were made available, benefiting over 2,000 employees. The launch of our online Learning Management System

EMPLOYEES' AGE PROFILE



We used our Learning & Development platforms extensively this year to unlock the superior potential of our diverse workforce.

received an enthusiastic response with 1,800 employees registering for various courses. This year, 85 employees were upskilled through MPOWER, our new technical certification pathway for junior employees. To cater to the training needs of our field employees we have an online coaching tool, BioCoach, and a talent development program, BioRise. Both these programs won us recognition for best HR practices in India.

Our commitment to diversity in Biocon, has led us to unveil various initiatives to bridge the gender divide by giving women the opportunity to pursue successful careers in an environment of mutual respect. This year, we launched BioWin – ISURGE, a women's leadership program across the organization.

ISURGE, our leadership development platform, implements several initiatives aimed at integrating multiple levels of leaders to build synergies. Forty managers completed the ISURGE – Middle Manager Program during the year.

We have also joined hands with industry leading corporations as part of the Xchange 2.0 cross-company training program to develop high-potential leaders.

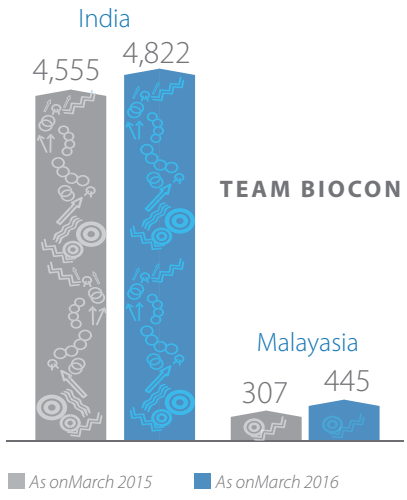
We believe that an arts-based learning approach can foster creativity and innovation in organizations. As part of our Lumière: Leader Talks initiative, we launched the Catalyst Series in association with the India Foundation for the Arts this year. Renowned personalities such as Rumi Khosla and Malavika Sarukkai addressed Biocon employees on the theme of 'Art as an inspiration for excellence.' We also had Dr. Henri Colin, an international authority on chromatography, train our employees on this important subject.

Employee Engagement

As a caring organization, we help our employees better manage the stress of modern living through our workplace well-being initiatives. This year, we launched the BioPulse – Nurturing Wellness program and conducted several awareness campaigns on shop-floor safety, maternal and neonatal health, prevention of sexual harassment, smoking cessation and cancer prevention.

Biocon Day is organized every year to showcase the myriad talents of our employees, motivate them to continuously excel and recognize those who have gone above and

Company	Employees as on March 2015	Employees as on March 2016
India	4,555	4,822
Malaysia	307	445
Syngene	2,666	2,967
Total	7,528	8,234



beyond the call of duty to meet organizational goals. This year, nearly 90 employees received the Bio-Contribute Awards for innovation, process improvements and exceptional financial performance. We also felicitated nearly 300 employees who have been with the Company for 10 years or more.

In our endeavour to curb early attrition and enhance employee experience we have revamped our induction process. The introduction of First Steps, an independent third party survey to gauge the satisfaction of new employees, is helping us address individual concerns on time, align people with the Biocon culture and enable them to settle down quickly in the organization.

Biocon Malaysia : Greater Integration

We increased our employee strength in Biocon Malaysia by 45% this year. As the facility is operational now, we are providing on-the-job training to the new employees at the location. Learning initiatives have been intensified and we are leveraging Biocon Academy programs to address specific technical and functional training needs. Cross-cultural programs have also been organized to sensitize foreign talent to the Malaysian work culture.

We organized several walk-in interviews and participated in career fairs in Malaysia to attract talent and increase the visibility of Brand Biocon. Undergraduate students from several Malaysian universities also visited our facility as part of our Campus Relationship Program.

The Payroll system has been integrated with our fully functional SAP HCM (Human Capital Management) module. A gymnasium and a library have been provided to our colleagues in Malaysia this year.

Priorities for FY17

We truly believe that our loyal employees are our biggest asset and the perfect brand ambassadors of the company. Our HR value system thus revolves around integrating all processes around Biocon's Mission, Vision and Values.

Going forward, Talent Acquisition would lay emphasis on a mixed pool of youthful energy and seasoned experience. All new recruitment would be competency based. International hiring will be stepped up to bring in rare and niche skill sets that are critical for the successful execution of our ongoing and future projects. At the same time there would be a focus on developing internal talent through courses taught at the Biocon Academy and under the ISURGE initiative.

There will be greater convergence between Learning & Development activities and Talent Management through the Next Step program and Behavioural and Soft Skill development programs delivered through LMS. The high potential talent pool will be groomed through a set of special initiatives where they would be exposed to both best-in-class processes and systems both inside and outside the company.

We will strive to make our employee engagement initiatives more experiential and measurable. Our learnings from the 'Great Place to Work' survey done a year back has provided us the necessary insights to improve our engagement model. The plan ahead is to cover the entire life cycle of an employee through pre-designed capsules of engagement and participation at work and play.

Reward and recognition is the hallmark of a progressive company, accordingly we have introduced a recognition program for exceptional contribution at the team, program and company levels. This is expected to motivate and encourage employees to strive for excellence.

Corporate Social **Responsibility**

Biocon Foundation

The enduring success of any business is influenced by the quality of its engagement with its employees, customers, shareholders, regulators, the environment and the society at large. Forward-looking organizations define their personality through their contributions to the community. As a good corporate citizen, Biocon has been making enduring impact through its Corporate Social Responsibility (CSR) programs that promote social and economic inclusion. Biocon's 'credibly capable' positioning has been translated in our CSR initiatives on health, education and community development.

HEALTHCARE

Through its integrated healthcare initiatives, Biocon Foundation is constantly engaged in improving the quality of life of several thousand communities in India. Our holistic approach comprises a focus on enhanced awareness, early detection, timely prevention and safe and efficacious treatment.

Primary Healthcare: eLAJ Centers

Biocon Foundation recognises the urgent need in India for a robust primary healthcare program supported by strong preventive health education, early screening and diagnosis. It is also cognizant of the fact that the adoption of digital technology can be a very effective tool for transforming the system of healthcare delivery in India, particularly in rural and remote areas.

In FY16, the Foundation implemented a unique e-health

project eLAJ focused on delivering evidence-based healthcare for the benefit of communities with poor access to quality healthcare in all its clinics in Karnataka. The eLAJ program envisages access to dependable primary care supported by robust screening & early detection and maintenance of digital records of each patient on the eLAJ electronic medical record system that is linked to an individual's Aadhar, or unique identification number.

There were over 50,000 patient footfalls at the eLAJ clinics in FY16. Through a combination of competitive clinical consultation and essential diagnostic services we have been able to reduce not just out-of-pocket expenses of patients but also moderated the burden on tertiary hinterland hospitals.

This platform is also helping create a comprehensive healthcare data base that will enable monitoring and evaluation of the health status of the population. The data collected in our field practice area so far shows the preponderance of infectious diseases, followed by non-communicable diseases with associated risk factors like diabetes and hypertension. The data also indicated that 57% of the patients registered with the eLAJ clinics were obese, 26% normal and 17% underweight.

Oral Cancer

Biocon Foundation has adopted a technology-based program for the detection and prevention of oral cancer. The mHealth program is a population-based screening service that facilitates the early detection of pre-cancerous lesions at one's doorstep. The platform leverages telemedicine to link oncologists with patients in rural areas and provides opportunities for follow-ups and referrals. This year, the Foundation extended the benefit of this program to the Northeast states of Nagaland and Assam.

In all, over 8,500 individuals were screened during the year. Of the nearly 4,000 individuals screened at the community level across Karnataka, Nagaland and Assam, over 400 were found to have positive pre-cancerous lesions. The Foundation also screened over 4,500 individuals at the workplace. Of the nearly 700 individuals diagnosed with the pre-cancerous lesions, nearly 400 underwent biopsies.

In FY16, the Foundation also initiated the creation of a surveillance dashboard to monitor pre-cancerous lesions and evaluate oral cancer risks, helping the monitoring of high-risk community groups leading to effective treatment.

Cervical Cancer

Biocon Foundation has been addressing the threat from cervical cancer, which is the second most

Our initiatives this year helped improve the nutritional level of over 1,200 malnourished children, 115 of whom progressed from severe acute malnutrition to a normal nutritional status.

common cancer among women in India, through a comprehensive program. It focuses on early detection of cervical cancer through community information and education, monthly screening initiatives; effective follow-ups and referrals for further diagnosis and/or treatment services at tertiary care centres.

The Foundation organized nearly 70 such camps, in FY16 where over 800 women were screened. Nearly 40 women with abnormal Pap test results were treated and received follow-up care at the tertiary care centers.

The program was rolled out through the Foundation's network of Arogya Raksha Yojana (ARY) clinics and tertiary care partners like St. John's National Academy of Health Sciences, Narayana Health, MS Ramaiah Medical College (all in Bangalore) and S. Nijalingappa Medical College (Bagalkot).

The Foundation also piloted the Gynocular, a handheld device used for colonoscopy, at the Kalkunte ARY clinic in collaboration with St. John's.

Breast Cancer

The Foundation introduced the Intelligent Breast Exam (iBE), a handheld device to conduct on-field breast screening, this year. This device, which generates results at the point of care, offers 85% accuracy in the detection of tumorous breast lesions and can be used easily by a front line health worker. The device was used on a pilot basis at a camp in Rajasthan, where 52 women underwent breast cancer screening and 16 Accredited Social Health Activist (ASHA) / Auxiliary Nurse Midwife (ANM) workers were trained to use it. In the coming months, it will be used for door-to-door breast cancer screening in Karnataka and Rajasthan.

Diabetes and Hypertension

The Foundation's program, which is primarily aimed at diabetes management, was expanded to include hypertension and dyslipidaemia management during the year as these conditions share risk factors and require similar lifestyle modifications for effective control and prevention. The program aims to prevent cardiovascular or cerebrovascular attacks as well as to adequately manage ancillary risk factors.

We intensified our diabetes and hypertension awareness programs, which led to the footfalls at these camps crossing the 6,000 mark this year. Nearly 6,000 more benefited from the home visits that we conducted under this program.

The Foundation also conducted a quantitative survey for risk factors related to undetected diabetes and hypertension among individuals above 30 years of age at the ARY clinic in Bangalore's Austin Town.

Child Malnutrition: Balaspandana

The Balaspandana program ensured timely health check-ups and distribution of nutritional supplements for malnourished children under the age of five in Karnataka during the year. Having demonstrated the viability of the Balaspandana project in Karnataka's Badami taluk, the Foundation has extended the program to Bilagi and Bagalkot taluks as well.

This year, the focus of the program was largely on improving the nutritional level of malnourished children through a nutrition specific intervention. Over 125 Paediatric Camps were organised, which witnessed more than 3,000 footfalls during the year. Caregivers who attended the camp were educated on healthy eating practices.

Our initiatives this year helped improve the nutritional level of over 1,200 malnourished children, 115 of whom progressed from Severe Acute Malnutrition (SAM) to a normal nutritional status. Almost 500 home visits were conducted to provide professional assistance, motivation and guidance to caregivers.

During the year, the coverage under the Balaspandana program significantly increased from 1 to 3 taluks, 8 to 16 PHCs and 398 to 903 anganwadi centres.

Regular health check-ups for malnourished children through government PHCs and Community Health Centers (CHCs) were also conducted during the year. The Foundation also helped out with referrals to secondary and tertiary centres for children with chronic or congenital problems.

Based on the success of the Foundation's strategy, the Karnataka government recently announced that it would provide 25,000 SAM children with 2 gm of Spirulina per day for 180 days under the Bala Poshaka Scheme.

Boosting Healthcare Delivery in Rajasthan

The success of our primary healthcare programs in Karnataka has given us the confidence to reach out to other states. During the year, we partnered with the Rajasthan government for the first time to run three of its Primary Health Centres (PHCs) with the aim of providing economical, effective and efficient healthcare services to over 70,000 people.

EDUCATION

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

Chinnara Ganitha

The Foundation's initiative of distributing Chinnara Ganitha mathematics workbooks, developed in collaboration with Macmillan Publishers India, in various government schools in Karnataka continues to fill a critical gap in imparting numeracy skills through activities and games, thereby inculcating self-reliance in children. During FY16, over 100,000 workbooks were distributed. The Foundation also initiated a program wherein Biocon employees would dedicate an hour each week to teach mathematics in nearby government schools.

Aata Paata Wadi

The Foundation also made progress with its Aata Paata Wadi program, which provides children from economically weaker sections of the society computer training, life-skills education and English language skills. This center in South Coorg also conducts art and craft workshops and organizes periodic health checks for the children who attend it.

COMMUNITY DEVELOPMENT

Sanitation Program

The Foundation has built about 1,500 household sanitation units in rural and suburban Karnataka in keeping with its commitment to the Indian government's Swachh Bharat Abhiyan. As part of its contribution to the government's Swachh Vidyalaya campaign, it has provided sanitation facilities in five schools in Karnataka thus benefiting nearly 2,000 children.

Other Initiatives

In FY16, the Foundation initiated a grant-in-aid program in the domain of healthcare, education, livelihoods, arts, culture and women's safety and empowerment.

It supported The Bangalore School of Music's 'Music Education Project for Disadvantaged Children' this fiscal. Furthermore, it helped the NGO Prajwala with the building of a home for women and children rescued from prostitution and child labour.

The Foundation also collaborated with the Institute of Bioinformatics and Applied Biotechnology to support a faculty chair.

Following the success of 5 batches of its flagship Biocon KGI Certificate Program in Biosciences, Biocon Academy has introduced two new programs in FY16.

Biocon Academy

Biocon Academy, a Center of Excellence for Advanced Learning in Applied Biosciences, is driven by a mission to develop high-end talent to create a globally competitive biotech ecosystem in India. The Academy continues to be an important CSR initiative of Biocon in the domain of biotech education. Its programs offer a broad-based curriculum that includes classroom sessions, hands-on training and practical industry exposure. This industry-oriented approach is designed to unlock the true potential of life sciences students, helping them build successful careers as biotechnologists, microbiologists, molecular biologists and biochemists.

The Academy has collaborated with world class academic institutions such as the US-based Keck Graduate Institute (KGI) and the Birla Institute of Technology & Science (BITS), Pilani, India, to impart rigorous academic and industrial training to help students realize their professional aspirations.

Building on the success of its flagship Certificate Program in Biosciences, the Academy introduced two new programs this year in Quality Control Microbiology and Bioscience Management.

Quality Control Microbiology

The Academy partnered with BITS, Pilani to launch a first-of-its-kind course: BITS-Biocon Certificate Program in Quality Control Microbiology (QCMB). As microbiology is the essence of biotechnology and Quality Control is the bedrock of microbiology, the QCMB Program has been designed to provide deeper understanding of this aspect of life sciences. This eight-week, full-time certificate course is delivered by experienced faculty from BITS and Biocon Academy. It includes functional training sessions at Biocon's Quality Control and Production laboratories and cGMP training at Biocon and the Institute of Bioinformatics and Applied Biotechnology (IBAB). This gives students an experiential learning opportunity in diverse microbiology

areas such as Quality Assurance and Control, Microbial Enumeration, Sterility Testing and Isolator Systems. The first batch saw an overwhelming response with over 700 applications, of which 16 of the best students were selected.

Biocon KGI Certificate Program in Bioscience Management

In line with its mission to train and develop industry-ready talent and enable global competitiveness, the Academy designed and developed the 'Biocon KGI Certificate Program in Bioscience Management' for entry-level managers from functions such as R&D, Regulatory Affairs, Quality Control and Production. The primary objective of this program is to provide a pool of talented, high potential professionals with best-in-class knowledge and skills to prepare them for leadership roles in future. Twenty Biocon employees took the course this year.

Biocon KGI Certificate Program in Biosciences

The Academy continues to shape careers of aspiring biotech graduates and bridge the industry-academia gap through its flagship program in collaboration with the KGI, the premier American professional school for bioscience education.

The Biocon KGI Certificate Program in Biosciences has been designed to offer a contemporary industry-oriented course curriculum that expands KGI's current bioscience certificate concept to Bangalore. The course leverages Biocon's industry leadership strengths and KGI's academic vigour to make students industry-ready.

The 16-week program imparts both technical and professional skills to bioscience students. Students are trained to develop professional attributes such as the ability to work with teams, take decisions, communicate clearly and drive concepts from lab to market. The technical modules cover Industrial Processes, Production, Quality Assurance, Regulatory Affairs and Research & Development.

In FY16, the Academy organized its first alumni meet for 120 students. The event provided a meaningful opportunity for networking and knowledge exchange with industry experts.

Biocon Academy has maintained the 100% placement record for the fourth and fifth batches that passed out in FY16. The sixth batch is currently on.

During the year, the Academy introduced an admission portal to handle application screening, interviews scheduling, payment notices, admission letters, etc. This has helped reduce the extensive manual intervention in the admission procedure.

As a recognition for its excellent track record in driving CSR and achieving 100% placement four consecutive times, the Academy received the Biocontribute Award for Excellence this year.

The biotech industry is set to play an increasingly bigger role in ushering in innovations that will transform healthcare and improve the lives of people. Going ahead, leading educational institutions like Biocon Academy will play a crucial role in developing high-end talent that will take the industry to the next level.

Financial Report

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BIOCON LIMITED

Board's Report

Dear Shareholders,

We present you the Thirty-Eighth Annual Report on business and operations along with the audited financial statements and the auditor's report of your Company for the financial year ended March 31, 2016.

Financial Highlights

In ₹ Million (except EPS)

	Standalone Results		Consolidated Results	
	FY 16	FY 15	FY 16	FY 15
Revenue	25,077	23,907	35,699	31,429
Expenses	20,162	19,406	29,179	26,239
Profit before tax and exceptional items	4,915	4,501	6,520	5,190
Exceptional Items, net	5,230	(218)	5,754	1,051
Income Tax	2,057	671	2,569	957
Minority Interest	-	-	744	310
Profit after Tax	8,088	3,612	8,961	4,974
Earnings per Share (EPS) before exceptional item (₹)	19.61	19.15	21.86	20.11
Earnings per Share (EPS) after exceptional item (₹)	40.44	18.06	44.81	24.87

Standalone and Consolidated Financial Statements

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014, to reflect the financial position and results of operations of Biocon together with its subsidiaries and associate. The financial statements of FY16 together with Auditor's report forms part of this Annual Report.

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

Performance Overview

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

- Revenue from operations grew by 4% to ₹ 23,236 mn. Other Income for FY 16 grew to ₹ 1,841 mn (FY 15 ₹ 1,491 mn) due to foreign exchange gain on account of rupee depreciation. Interest on fixed deposits and dividend on mutual funds increased by ₹ 364 mn, which was offset by lower dividend from subsidiaries (FY16 ₹ 487mn vs FY15 ₹ 997mn).
- Core operating margins (EBIDTA excluding R&D, Forex, and dividend from subsidiaries) improved by 100 basis points from previous year due to favourable product mix.
- Exceptional items
  - o During the current year, the Company recorded gain from sale of equity shares of Syngene through an IPO, net of related expenses and cost of equity shares, amounting to ₹ 5,131 mn. The tax impact on this gain was ₹ 1,042 mn.
  - o During the year, Company recorded gain of ₹ 99 mn on sale of its equity investment in Biocon SDN. BHD. to its wholly owned subsidiary Biocon Biologics Limited. Tax on such gain was ₹ 21 mn.

- Profit after tax (PAT) for the year stood at ₹ 8,088 mn up 124% from FY 15. PAT excluding exceptional income, net of tax, was ₹ 3,921 mn, (FY 15 ₹ 3,830 mn).
- Effective tax rate for the year was 20% due to minimum alternate tax (MAT) on exceptional income.

During the year, our consolidated revenues registered a growth of 14% to ₹ 35,699 mn from ₹ 31,429 mn in FY 15. From a segment perspective, the core biopharmaceutical segment recorded a growth of 7% while the research services business registered a year on year increase of 29%. While, business challenges in branded formulations saw modest growth in the biopharmaceutical segment, the performance in the research services segment was driven by strong orders and capacity expansion.

Consolidated PAT grew by 80% from ₹ 4,974 mn to ₹ 8,961 mn primarily on account of exceptional gain on sale of shares in Syngene through an offer for sale (IPO) and release of amounts from deferred balances which are explained in detail under the section Management Discussion and Analysis.

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

Appropriations

Dividend

On March 11, 2016, the Board of Directors announced an interim dividend of 5.0 (100%) per equity share for FY16, entailing a pay-out of ₹ 1,107 mn (including dividend distribution tax). The Interim dividend has been subsequently paid to all eligible shareholders and no further dividends are proposed/recommended by the Board.

Transfer of Unpaid and Unclaimed Amounts to IEPF

Pursuant to the provisions of Section 205C of the Companies Act, 1956 and Section 124(5) of the Companies Act, 2013, dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to unpaid dividend account is required to be transferred by the Company to Investor Education and Protection Fund (IEPF), established by the Central Government under the provisions of Section 125 of the Companies Act, 2013. The details of any unpaid dividend amounts as per Section 125(2) of the Companies Act, 2013 have to be identified and uploaded on the website of the Company. Accordingly, unclaimed dividends up to the financial year 2007-08 have been transferred to IEPF by the Company.

Employee Stock Option Plan (ESOP)

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

There is no material change in the Employee Stock Option Schemes during the financial year under review and Employee Stock Option Schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulation 2014.

The Company propose to roll out new grants under ESOP plan – Grant IX for the eligible new joiners and Grant X for the eligible existing employees and proposes to discontinue future grants under existing Grants.

Deposits

The Company has not accepted any fixed deposits from public.

Loans, Guarantees or Investments

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

Subsidiaries

The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Agreement. The said policy is available at the Company website http://www.biocon.com/docs/PolicyDocument_MaterialSubsidiary.pdf

The Company has 8 subsidiaries and 2 step down subsidiaries as on March 31, 2016. Biocon FZ-LLC, a wholly owned subsidiary was incorporated on June 16, 2015 in Dubai. Biocon Biologics Limited, a wholly owned subsidiary was incorporated on March 2, 2016 in the United Kingdom. Biocon Pharma Inc, was incorporated on July 27, 2015 in the United States of America as a wholly owned subsidiary of Biocon Pharma Limited.

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

Syngene International Limited

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

During the year ended March 31, 2016, Syngene registered a revenue growth of 28% to ₹ 11,131 mn in FY 16 (FY 15 ₹ 8,716 mn). EBIDTA margin for the year was 33%, with the operational margin at ₹ 3,639 mn (FY 15 ₹ 2,928 mn), a growth of 24%.

On August 11, 2015 Syngene's shares were listed on the NSE and the BSE after a successful Initial Public Offering (IPO) through an offer for sale by the Company.

Biocon Research Limited

Biocon Research Limited (BRL), a 100% subsidiary of the Company, undertakes discovery and development research work in biologics and provides scientific support for various development programmes of the group.

BRL's current business is largely directed towards the R&D services for Monoclonal antibody molecules and Proteins (mAbs), insulin Tregopil (formally referred to as IN-105) and other insulin products on behalf of other group companies. The research programs undertaken by BRL have made significant inroads to the next level of global clinical trials. During the year, BRL licensed the ex-India development and commercialisation rights of its existing mAbs portfolio to Biocon Biologics Limited ('BUK'). BRL continues to hold 0.93% shareholding in Syngene.

During FY16, BRL registered a turnover of ₹ 4,097 mn, which includes licensing of development and commercialisation rights of mAbs to BUK for a consideration of ₹ 2,820 mn and reported a net profit of ₹ 669 mn.

Biocon Pharma Limited

Biocon Pharma Limited ("BPL") is a wholly owned subsidiary of the Company. BPL would be engaged in the development and manufacture of generic formulations for sale in global markets, especially opportunities in US/EU. BPL is in the process of setting up its formulations manufacturing facility for oral solid dosages at Biocon SEZ, Bengaluru. As at March 31, 2016, BPL had not commenced commercial operations.

Biocon Academy

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

Biocon SA

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

For the current year, Biocon SA registered net profit of ₹ 1,229 mn after exceptional items. Net profit excluding exceptional items grew to ₹ 43 mn (FY 15 Net loss of ₹ 124 mn), due to higher licensing revenues.

Exceptional item comprises of

(a) an amount of ₹ 2,561 mn released from deferred balance pursuant to contract with Laboratories PiSA S.A. de C.V (PiSA) of Mexico for the co-development and commercialization of generic recombinant human insulin (rh-insulin) for the US market.

(b) impairment charge of ₹ 1,078 mn of the marketing rights of T1H product for US and Canada region ('Territory') due to uncertainties over commercialisation of the products in the Territory owing to OFAC sanctions. The exceptional items are more fully explained in Note 40 of the consolidated financial statements.

During the year, Biocon SA sold equity shares held in Biocon SDN. BHD., Malaysia to BUK.

Biocon SDN. BHD

Biocon SDN. BHD., Malaysia is a step down subsidiary of the Company, wholly owned by BUK. Biocon SDN. BHD. was established with an objective to set up the group's first overseas manufacturing facility at Malaysia. It is located within BioXcell, a biotechnology park in Nusajaya, Johor, which is being promoted by the Malaysian Government. The first phase of the facility, designed to manufacture recombinant human insulin and insulin analogs has been commissioned and a series of operational processes - scale up, validation, and stability activities were performed in FY 2015-16. The manufacturing facility received local cGMP certification from the National Pharmaceutical Control Bureau, Malaysia and the plant is currently undergoing a series of validation activities to certify its operational efficiency. Biocon SDN BHD will seek approvals from leading regulatory agencies across the globe for marketing its products in various RoW during FY'17. Approval from the developed markets are expected in the later years. As at March 31, 2016, Biocon SDN. BHD. has not commenced commercial operations. The Malaysian facility is expected to start commercial operations in the second half of FY17. Cost incurred in the profit and loss statement for the year was ₹ 94 mn after capitalisation of expenses amounting to ₹ 1,027 mn (including foreign exchange loss) to fixed assets. Total debt on balance sheet date is ₹ 10,810 mn.

Neo Biocon FZ LLC

Neo Biocon FZ LLC ("NeoBiocon"), a 51% owned subsidiary of the Company is a research and marketing pharmaceutical company, which was incorporated in January 2008. Operating out of Dubai and Abu Dhabi, NeoBiocon helps us reach out to the Middle East and GCC with our veritable portfolio of quality small molecule drugs. For FY16, Neo Biocon earned ₹ 1,196 mn in revenues and reported a net profit of ₹ 425 mn, a growth of 30% and 22% respectively over FY15.

Biocon FZ -LLC

Biocon FZ LLC is a wholly owned subsidiary of the Company based in Dubai. Incorporated in June 2015, Biocon FZ LLC has been established as a marketing entity for pharmaceutical products to target markets in the Middle East and GCC. As of March 31, 2016 Biocon FZ LLC earned ₹ 11 mn as revenue and reported a net profit of ₹ 3 mn.

Biocon Biologics Limited

Biocon Biologics Limited ("BUK") is a wholly owned subsidiary of the Company. Incorporated in the United Kingdom in March 2016, BUK will house Biocon's biosimilar biologics business. During the year, BUK acquired the shareholding of Biocon SDN. BHD. from Biocon SA and the Company, making Biocon SDN. BHD. a wholly owned subsidiary of BUK. As of March 31, 2016, BUK earned ₹ 196 mn as revenue and reported a net profit of ₹ 71 mn.

Biocon Pharma Inc.

Biocon Pharma, Inc. ("BPI") is a wholly owned subsidiary of Biocon Pharma Limited was incorporated in July 2015 in the United States of America. BPI would be engaged in commercialization of generic formulations in the United States. As of March 31, 2016, BPI had not commenced commercial operations.

Management's discussion and analysis

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

Corporate Governance

We strive to maintain high standards of Corporate Governance in all our interactions with our stakeholders. The Company has conformed to the Corporate Governance code as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Corporate Governance along with a certificate from the auditors confirming the level of compliance is attached and forms a part of the Board's Report.

Policy on Directors' appointment and remuneration

As on March 31, 2016, the Board consists of 9 (nine) members, of which 5 (five) are independent and non-executive. An appropriate mix of executive and independent directors ensures greater independence of the Board.

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

Board Diversity

A diverse Board enables efficient functioning through differences in perspective and skill, and also fosters differentiated thought processes at the back of varied industrial and management expertise, gender, knowledge and geographical background. The Board recognises the importance of a diverse composition and has adopted a Board Diversity Policy which sets out the approach to diversity. The policy is available at http://www.biocon.com/docs/PolicyDocument_BoardDiversity.pdf

Declaration by Independent Directors

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

Board Evaluation

We at Biocon believe in striving and excelling against contenders not only through products and initiatives but also through effective and efficient Board monitoring. As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, an evaluation of all the directors, the Board as a whole and its committees was conducted based on the criteria and framework adopted by the Board.

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

Inductions

On the recommendation of the Nomination and Remuneration Committee, Mr. M. Damodaran was inducted to the Board as independent members of the Board effective April 26, 2016.

A brief profile of Mr. M. Damodaran proposed for appointment is available in the Notice convening the Annual General Meeting. The Board recommends his appointment as a Director at the ensuing Annual General Meeting.

Retirement and Re-appointments

Dr. Arun S. Chandavarkar, shall retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Committees of the Board

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

Audit & Risk Committee

The Audit & Risk Committee comprises Mr. Russell Walls, Chairman, Mr. Daniel M Bradbury, Dr. Jeremy M Levin and Mr. M. Damodaran, independent directors. The functions performed by the Audit Committee and the particulars of meetings held and attendance thereat are given in the Corporate Governance Report.

Meetings of the Board

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

The Board during the financial year 2015-16 met six times. Detailed information regarding the meetings of the Board are included in the report on Corporate Governance, which forms part of the Board's Report.

Related party contracts or arrangements

All transactions entered into with Related Parties as defined under Companies Act, 2013 during the year were in the ordinary course of business and on an arm's length basis, and did not attract provisions of Section 188 of Companies Act, 2013 relating to approval of shareholders, except the transactions as mentioned in the Annexure 4 – Form No. AOC-2, which not being in ordinary course of business has been duly approved by the Board as required.

The Company has formulated a policy on "materiality of related party transactions" and the process of dealing with such transaction, which are in line with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The same is also available on the website of the Company http://www.biocon.com/docs/PolicyDocument_RelatedPartyTransaction_2015.pdf

Prior omnibus approval from the Audit Committee are obtained for transactions which are repetitive and also normal in nature. Further, disclosures are made to the Committee and the Board on a quarterly basis.

There have been no material related party transactions undertaken by the Company, under Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and detail of the transaction approved by the Board under Section 188 of the Companies Act, 2013 have been enclosed pursuant to Clause (h) of sub-section (3) of Section 134 of Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules 2014 – as Annexure 4 - 'Form No. AOC-2'.

Material changes and commitments

No material changes and commitments have occurred after the close of the year till the date of this report, which affect the financial position of the Company.

Change in nature of business

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

Significant events during the year

- With effect from October 01, 2015, the Company acquired the business assets of the pharmaceutical manufacturing unit of M/s Acacia Lifesciences Private Limited based in Vishakhapatnam. The facility presently manufactures advanced intermediates of potent APIs to supply to both our ANDA business and third party customers.

- The Company offered for sale 11% of its equity of Syngene International Limited through initial public offer and raised ₹ 5,500 mn. Syngene' s equity shares got listed on both NSE & BSE.

Credit Ratings

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

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

The particulars as prescribed under sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are enclosed as Annexure 5 to the Board's report.

Auditors

Statutory Auditors

The Shareholders at their 37th Annual General Meeting (AGM) held on July 24, 2015 approved the re-appointment of M/s. S. R. Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of the 37th AGM upto the conclusion of the 39th AGM to be held in the financial year 2017. Considering having served for more than a decade and the requirement of rotation of auditor as per the provisions of the new Companies Act 2013, the statutory auditors have expressed their inability to continue post the ensuing AGM to be held in the year 2016.

Consequent to the above, the Audit Committee and the Board of Directors recommend the appointment of M/s. B S R & Co. LLP as Statutory Auditors of the Company from the conclusion of this 38th Annual General Meeting for a term of five years till conclusion of the 43rd Annual General Meeting to be held in financial year 2021 (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting).

Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, cost audit records are maintained by the Company in respect of its manufacturing activity which are required to be audited. Your directors had, on the recommendation of the Audit Committee, appointed M/s. Rao & Murthy to audit the cost accounts of the Company for FY16. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be determined by the members, and an approval thereof is being sought at the General Meeting.

Secretarial Auditors

M/s. Sreedharan & Co. was appointed to conduct the secretarial audit of the Company for FY 2015-16, as required under section 204 of the Companies Act, 2013 and rules thereunder. The secretarial audit report for FY 2015-16 forms the part of the annual report as Annexure 6 of the Board's report.

The Board has appointed M/s. Sreedharan & Co., as secretarial auditor of the Company for FY 2016-17.

Significant and material orders

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

Extract of Annual Return

An extract of the Annual return has been annexed as Annexure 9 to the Board's Report in compliance with Section 92 of the Companies Act 2013 read with applicable Rules made thereunder.

Internal Financial Control

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

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

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control, stated in the Guidance Note on Audit of Internal Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Whistle Blower Policy/ Vigil mechanism

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

The details of the Whistle Blower Policy are available on the website of the Company at http://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf

Particulars of Employees

The Statement containing ratio of remuneration paid to each director and the median employee remuneration and other details in terms of sub-section 12 of section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed in Annexure 7.

The Statement containing particulars in terms of subsection 12 of section 197 of the Companies Act 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form a part of this report.

Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. The said information is available for inspection at the registered office of the Company during business hours on working days of

the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

Corporate Social Responsibility

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

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

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

Promote Art & Culture: India has a rich heritage of art and culture across the land which needs to be preserved and promoted. Our various forms of music and dance, style of paintings and sculptures have intrigued many across the globe, yet a large pool of our artistes have not gained enough recognition. Biocon Foundation believes in creating a platform to promote art & culture, encourage artists, and share this knowledge with the marginalized communities through various initiatives to help them develop a keen sense of appreciating fine arts.

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

In compliance with the provisions of Section 135 of the Companies Act, 2013 the Board of Directors of the Company have formed a Corporate Social Responsibility Committee, which monitors and oversees various CSR initiatives and activities of the Company.

A detailed report regarding Corporate Social Responsibility is enclosed in Annexure 8 to the Board's Report.

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

The Company's policy on prevention of sexual harassment of women provides for the protection of women employees at the workplace and for prevention and redressal of such complaints.

Workplace Sexual Harassment compliants received	
Number of complaints filed during the financial year	2
Disposed through Conciliation	-
Disposed through Disciplinary action	2
Number of cases pending for more than ninety days	-
Number of complaints pending as on end of the financial year	-
Number of workshops or awareness programme against sexual harassment carried out	3

Director's Responsibility Statement

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

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) The directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis;

(e) The directors have laid down internal financial controls based on internal controls framework established by the Company, which in all material respects were adequate and operating effectively.

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

Statutory Disclosures

None of the Directors of your Company are disqualified as per provisions of Section 164(2) of the Companies Act, 2013. Your Directors have made necessary disclosures, as required under various provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Risk Management Policy

The Company has put in place an enterprise wide Risk Management Framework with an object of timely identification of risks, assessment and evaluation of the same in line with overall business objectives and define adequate mitigation strategy. On a quarterly basis, the Audit and Risk Committee reviews critical risks on a rotation basis in line with the mitigation progress/effectiveness and its impact on overall risk exposure of the Company. Annually, all critical risk areas identified are re-evaluated.

Acknowledgement

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

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

For and on Behalf of the Board

Kiran Mazumdar-Shaw
Chairperson and Managing Director

Bengaluru,
April 26, 2016

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Annexure 1 - Statement containing salient features of the financial statements of Subsidiaries

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

In ₹ Million

Name of the Entity & Country	Reporting currency	Capital	Reserves	Total Assets	Total Liabilities (excl. capital & reserves)	Investments (excluding in subsidiaries)	Turnover	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed dividend	% of Shareholding by the Company
Syngene International Limited, India[2]	INR	1,992	8,536	23,895	13,367	2,764	11,131	2,582	370	2,212	-	73.54%[2]
Biocon Research Limited, India[2]	INR	1	-1,338	1,870	3,207	-	4,097	669	-	669	-	100.00%
Biocon Academy, India	INR	1	-	11	10	-	-	-	-	-	-	100.00%
Biocon Pharma Limited, India	INR	51	-9	1,568	1,526	-	-	-9	-	-9	-	100.00%
Biocon SA, Switzerland	USD	6	3,852	7,735	3,877	-	314	1,353	125	1,228	-	100.00%
Biocon Biologics Limited, UK	USD	4,441	72	4,657	144	-	196	89	18	71	-	100.00%
NeoBiocon, UAE	AED	5	633	899	261	-	1,234	425	-	425	-	51.00%
Biocon SDN BHD, Malaysia[4]	MYR	2,953	-363	18,846	16,256	-	126	-94	-	-94	-	Refer Note 4
Biocon Pharma Inc, US[5]	USD	27	-3	27	3	-	-	-3	-	-3	-	Refer Note 5
Biocon FZ LLC, UAE	AED	3	3	18	12	-	11	3	-	3	-	100.00%

Balance Sheet conversion rate as at March 31, 2016 - 1 USD = 66.29; 1 AED = 18.05; 1 MYR = 17.10

Notes:

1. None of the subsidiaries have proposed dividends as at March 31, 2016.
2. Including 0.93% equity stake held by Biocon Research Limited in Syngene International Limited.
3. Biocon Pharma Limited, Biocon SDN BHD, Malaysia and Biocon Pharma Inc. are yet to commence commercial operations as at March 31, 2016.
4. Biocon Biologics Limited, UK holds 100% of equity stake in Biocon SDN BHD, Malaysia.
5. Biocon Pharma Limited, India holds 100% of equity stake in Biocon Pharma Inc., US.

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Arun S. Chandavarkar
CEO & Joint Managing Director

Siddharth Mittal
President – Finance & CFO

Kiran Kumar
Company Secretary

Bengaluru,
April 26, 2016

Annexure 2 - Employee Stock Option Plan (ESOP)

Sl. No.	Particulars	Grant IV	Grant V	Grant VI	Grant VII	Grant VIII
1	Number of options outstanding at the beginning of the period	61,625	1,151,975	1,346,152	293,000	-
2	Number of options granted during the year	-	-	-	1,077,500	312,500
3	Number of options forfeited / lapsed during the year	2,875	269,087	160,313	95,000	
4	Number of options vested during the year	-	142,375	151,813	-	-
5	Number of options exercised during the year	55,250	91,013	-	-	-
6	Number of shares arising as a result of exercise of options	55,250	91,013			
7	Money realized by exercise of options (₹), if scheme is implemented directly by the company	NIL	NIL	NIL	NIL	NIL
8	Loan repaid by the Trust during the year from exercise price received	NIL	NIL	NIL	NIL	NIL
9	Number of options outstanding at the end of the year	3,500	791,875	1,185,839	1,275,500	312,500
10	Number of options exercisable at the end of the year	3,500	220,638	116,750	-	-
11	Weighted average exercise prices of options outstanding at the end of the year	231	343	470	461	459
12	Weighted average fair values of options granted	-	-	-	185	154

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

Options granted to -

(a) Senior managerial personnel:

Sl. No	Name of the Employee	Designation	Grant VII	
			No of options granted	Exercise price
1	Akhilesh Nand	Vice President	40,000	457
2	Narendra Chirmule	Vice President	40,000	451

(b) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year - NIL

(c) Identified employees who were granted option, 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 - NIL

For and on behalf of the Board

Bengaluru
April 26, 2016

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Annexure 3 - Policy on Director's appointment and remuneration

The policy on appointment and remuneration of Directors and Key Management Personnel provides an underlying basis and guide for human resource management, thereby aligning plans for strategic growth of the Company. The policy is pursuant to Section 178(4) of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

Background

Section I

The Key Objectives of the Committee/Policy would be:

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

COMPOSITION AND MEETINGS

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

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

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

DEFINITION

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

'Board' means Board of Directors of the Company.

'Committee' means the Nomination and Remuneration Committee.

'Directors' mean Directors of the Company.

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

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

SECTION II

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

DUTIES AND ROLE OF COMMITTEE

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

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

Specifically, the duties include

A. NOMINATION MATTERS

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

B. REMUNERATION MATTERS

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

SECTION III

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

Appointment criteria and qualifications

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

Term / Tenure

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

Evaluation

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

Removal

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

Retirement

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

SECTION IV

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

General

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

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

a) Fixed pay: The Whole-time Director/Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board and approved by the shareholders and Central Government, wherever required. The Committee shall approve the remuneration for the Key Managerial Personnel.

b) Minimum Remuneration: If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Long-term rewards: These long-term rewards are linked to contribution to the performance of the Company based on relative position of the personnel in the organisation. These rewards could be in the form/nature of stock options and are based on level of employees and their criticality.

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

Remuneration to Non-Executive/ Independent Director:

a) **Remuneration/Commission:** The remuneration/commission shall be fixed as per the limits mentioned in the Act, subject to approval from the shareholders as applicable.

b) **Sitting Fees:** The Non- Executive/ Independent Director shall receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed such amount as may be prescribed by the Central Government from time to time.

c) **Stock Options:** An Independent Director shall not be entitled to any stock option of the Company.

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

Particulars	Currency	Amount
Board sitting fees		100,000
Board remuneration	US$	5,000
Travel allowance for overseas directors(Non US)	US$	3,000
Travel allowance for overseas directors (US)	US$	4,000
Chairperson of Audit and Risk Committee *	US$	6,000
Chairperson of other Committees	US$	2,000
Members of Audit and Risk Committee*	US$	3,000
Members of other Committees	US$	1,000

* Audit Committee remuneration revised from US$ 5000 to US$ 6000 and revised from US$2000 to US$3000 respectively with effect from January 21, 2016

Amendments and Updates

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

For and on behalf of the Board

Bengaluru
April 26, 2016

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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ANNEXURE – 4
FORM NO. AOC–2

(Pursuant to Clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: None

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Not applicable
b.	Nature of contracts/ arrangements/ transactions	
c.	Duration of the contracts/ arrangements/ transactions	
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	
e.	Justification for entering into such contracts or arrangements or transactions	
f.	Date(s) of approval by the Board	
g.	Amount paid as advances, if any	
h.	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. Details of contracts or arrangement or transactions at arm's length basis

Sl. No.	Particulars	Details
a.	Name(s) of the related party and nature of relationship	Biocon Biologics Limited, UK – Wholly owned subsidiary
b.	Nature of contracts/ arrangements/ transactions	Transfer/sale of shares of subsidiary company, not in ordinary course of business.
c.	Duration of the contracts/ arrangements/ transactions	One off
d.	Salient terms of the contracts or arrangements or transactions including the value, if any	Sale of equity shares held in Biocon SDN BHD, Malaysia for a consideration of ₹ 812 million based on a valuation report by an independent valuer/category I merchant banker.
e.	Date(s) of approval by the Board	March16, 2016
f.	Amount paid as advances, if any	-

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairperson & Managing Director

Bengaluru
April 26, 2016

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Annexure 5 – Conservation of energy, research and development, technology absorption, foreign exchange earnings and outgo

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

Power and fuel consumption

	Power and fuel consumption details	FY 16	FY15
1	**Electricity**		
a.	**Purchased**		
	Million Units	138	134
	Total amount in ₹ mn	758	770
	Rate/Unit (₹)	5.5	5.8
b.	**Captive generation**		
	HSD Quantity, KL	4,544	4,032
	Million Units	15	14
	Units/Litre	3.4	3.4
	Cost/Litre (₹)	31.1	47.1
	Generation cost, Rate/Unit (₹)	9.4	13.8
2	**Steam**		
a.	**Furnace oil**		
	Quantity, KL	14,285	13,852
	Total amount (₹ mn)	320	500
	Average rate	22.7	36.4

Energy conservation details

Sl. No.	Energy conservation measure	Investment (₹ Mn)	Energy saved per Annum	
			Units	Amount (₹ Mn)
1	Installation of energy efficient Brine chiller	3.7	9,00,000	5.4
2	Optimisation of HVAC system			

Power consumption for financial year 2015-16 was 153 million units as against ₹ 147 million units in 14-15 on account of increased consumption of 4% YOY. While the unit consumption increased, total energy cost reduced by 16% (₹ 1,223 mn from ₹ 1,460 mn). The reduction in overall energy cost was attributed to procurement of power from alternate source (₹ 130 Mn) and impact of drop in global crude oil prices (₹ 240 mn).

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

Research and Development

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

- Development of Synthetic and Fermentation based Generic Small Molecules for Anti-infective, Oncology, Cardio-vascular, Nephrology and Transplantation segments.
- Formulation development for Abbreviated New Drug Applications (ANDAs).
- Generation of Intellectual Property Development – Process Patents for manufacture of key Generic Small Molecules and Biotherapeutics.

Benefits derived as a result of R & D activities

- Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets
- Rich pipeline of Generic Small Molecules catering to varied therapeutic areas.
- Internationally competitive prices and product quality.
- Established intellectual property with 1,201 Patents/PCT applications filed in Indian and International markets. We have been granted 528 patents in various jurisdictions.
- Safe and environment friendly processes

Future Plan of Action

- Strategic Collaborations for increased speed and cost competitiveness in Drug Discovery.
- In-house R & D scale up of generic formulations.
- Collaborate with global Academia and Industry to build value & visibility to the portfolio.

Expenditure of Scientific Research & Development

In ₹ Million

		FY 16	FY 15
a)	Capital	35	22
b)	Recurring	1,480	1,011
	Total	1,515	1,033
	Less: recharge	(48)	(19)
	Net R & D Expenses	1,467	1,014
	R & D expenditure as % of finished goods sales	7.32%	5.29%

Technology Absorption, Adoption and Innovation

No technology was imported by the Company during the year.

Foreign Exchange Earnings and Outgo

In ₹ Million

Foreign exchange earned and used for the year:	FY16	FY15
Gross Earning	11,610	10,993
Outflow*	1,340	7,372
Net foreign exchange earning	10,270	3,621

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

For and on behalf of the Board

Bengaluru
April 26, 2016

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Annexure 6 - Secretarial audit report for the financial year ended March 31, 2016

[Pursuant to Sub Section (1) of Section 204 of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Biocon Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2016 (the audit period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) Following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

  c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not Applicable to the Company during the Audit Period);

  f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not Applicable to the Company during the Audit Period);

  h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period);

(vi) Other Laws Applicable Specifically to the Company namely:

  a. Drugs and Cosmetics Act, 1940

  b. Bio Medical Waste (Management & Handling) Rules, 1998

  c. ICH Guidelines (this is the base on which US FDA/ EU Guidelines etc. are created on)

  d. UCPMP (Currently voluntary – however proposed to be made mandatory)

  e. National Biodiversity Act 2002

  f. Drugs & Magical Remedies (Objectionable Advertisements) Rules, 1955

  g. BUDAPEST TREATY 1977 - on the International Recognition of the Deposit of Micro-organisms

  h. Narcotic Drugs and Psychotropic substance Act

We have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b. Listing Agreements (till November 30, 2015) entered into by the Company with BSE Limited and National Stock Exchange of India Limited and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)

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

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that:

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

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

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

We further report that based on the review of the compliance reports/certificates of the Chief Executive Officer (CEO) of the Company which were taken on record by the Board of Directors, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, except the Offer of 22 million equity shares held by the company in its subsidiary Syngene International Limited, for sale to public, there was no event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

For **V. SREEDHARAN & ASSOCIATES**
Company Secretaries

Pradeep B. Kulkarni
Partner
FCS: 7260; CP No. 7835

Bengaluru
April 22, 2016

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Annexure 7 – Particulars of Remuneration

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

During the year ended March 31, 2016 the Company paid remuneration to executive directors and Key Managerial Personnel ('KMP') as below-

In ₹ Million

Name of Director / KMP	Title	Remuneration 2016	Remuneration 2015	ESOPs granted 2016	ESOPs granted 2015
Ms Kiran Mazumdar Shaw	Chairperson & Managing Director	16.02	15.52	-	-
Mr John Shaw	Vice Chairman	15.63	14.78	-	-
Mr Arun Chandavarkar	CEO & Joint Managing Director	30.85	26.57	-	-
Mr Siddharth Mittal*	CFO	15.74	7.84	-	9,000
Mr Kiran Kumar	CS	6.09	5.70	-	-

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

Note: Employee stock compensation expense allocable to KMPs (CEO, CFO & CS) for the Restricted Stock Units under the RSU Plan, 2015 is ₹ 10 mn (March 31, 2015 - Nil) which is not included in the remuneration disclosed above.

The remuneration paid to independent directors were as below –

In ₹ Million

Name of Director	Remuneration 2016	Remuneration 2015	Sitting Fees 2016	Sitting Fees 2015
Prof. Charles L Cooney	1.66	3.23	0.20	0.40
Mr. Suresh N Talwar	1.02	1.99	0.20	0.40
Dr. Bala S. Manian	1.28	1.81	0.20	0.30
Ms. Mary Harney	2.46	2.36	0.50	0.40
Mr. Russell Walls	3.56	3.48	0.50	0.40
Mr. Daniel M Bradbury	2.21	2.66	0.50	0.40
Dr. Jeremy M Levin	2.60	1.51	0.50	0.20
Dr. Vijay Kumar Kuchroo	1.89	1.19	0.40	0.20

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

Sl. No.	Requirements	Details	Ratio X times / %
I	Ratio of remuneration of each director to the median remuneration of employees	Chairperson & Managing Director	43.3x
		Vice Chairman	42.3x
		CEO & Joint Managing Director	83.4x
II	Percentage increase in remuneration of director and KMP during the financial year	Chairperson & Managing Director	3%
		Whole-time Director	6%
		CEO & Joint Managing Director	16%
		CFO	34%
		Compliance Officer & Company Secretary	7%
III	Percentage increase/(decrease) in median remuneration of employees in the financial year	The median remuneration of employees increased from ₹ 345,675 to ₹ 369,820, representing an increase of 7%. While computing the increase in median remuneration, we have considered employees as at March 31, 2016 and as at March 31, 2015	
IV	Number of permanent employees on the rolls of the Company	There were 4,415 employees as on March 31, 2016	
V	Relationship between average increase in remuneration and company performance	The average increase in employee remuneration during the financial year 2015-16 was 14.2%. While computing the increase in remuneration, we have excluded employees who are not eligible for increment. The Company's revenues grew by 5% and the net profit grew by 144% during the year as compared to the last fiscal. The aggregate increase in salary for executive directors was upto 10% and that of Key Managerial Personnel increased by 20%. The increase in salary was based on recommendation of the nomination and remuneration committee. The Company follows a holistic and transparent performance review mechanism to ensure that the increase in remuneration is in line with its performance and industry benchmarks. Amongst others, the below factors are considered while recommending increase in remuneration– a. Planned and actual financial performance of the Company b. Industry benchmarks including peer groups based on function and level of employees c. Cost of living/inflation d. Competitive factors The above measures enable the Company to attract and retain the best talent. The Company also uses a mix of fixed, variable and Stock based compensation on a mid-to long-term basis to align middle and senior management compensation to enhancing shareholder values.	

Sl. No.	Requirements	Details		Ratio X times / %
VI	Comparison of remuneration of Key Managerial Personnel against performance of the Company	The total compensation paid to KMPs (including executive director) constituted 0.6% of the net profits of the year. In comparison to the previous fiscal, this reduced by 50% against the increase in revenues and profits of the Company by 5% and 144% respectively.		
VII	Variation in the market capitalisation of the Company, Price Earnings (P/E) ratio and percentage increase in the market quotation in comparison to the rate at which the Company came out with the last public offer	The market capitalisation of the Company during the last fiscal increased from ₹ 94,680 mn to ₹ 96,670 mn resulting in a growth of 2%. The P/E ratio decreased by 15.38% from March 31, 2015 to 26 as at March 31, 2016. The closing price of the Company's equity shares was ₹ 483.35 representing 307% increase over the last public offering, ie IPO in March 2004, adjusted for 1:1 bonus in 2008.		
VIII	Average percentile increase in salaries of employees other than managerial personnel and its comparison with the percentile increase in managerial remuneration and justification thereof	The average increase in employee remuneration other than managerial personnel was 16.7%, which has been marginally higher than that for managerial personnel. The increase in managerial remuneration is in line with the measures to attract and retain the best talent. The Company also uses a mix of fixed, variable and Stock based compensation on a mid-to long-term basis to align middle and senior management compensation to enhancing shareholder values.		
IX	Comparison of remuneration of Key Managerial Personnel against the performance of the Company	KMP	Remuneration in ₹ Mn.	Rem as a % of Net Profit
		CMD	16.02	0.2%
		VC	15.63	0.2%
		CEO & Jt. MD	30.85	0.4%
		CFO	15.74	0.2%
		CS	6.09	0.1%
X	Key parameters for variable component of remuneration availed by Directors	The overall variable pay to Directors does not exceed 40% of the fixed pay. This enables the Company to ensure that its Director remuneration is on par with global markets and in line with retention plans.		

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

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

For and on behalf of the Board

Bengaluru
April 26, 2016

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Annexure 8 - Corporate Social Responsibility

[Pursuant to Section 135 of Companies Act, 2013]

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

Your Company's CSR activities are implemented through:

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

The CSR Vision of the Company is:

- To promote social and economic inclusion by ensuring that marginalized communities have equal access to healthcare services, educational opportunities, and proper civic infrastructure.
- To create a globally competitive biotech ecosystem in India through skill development.
- To bridge the gap of gender disparity in education, healthcare and employment.
- To create a platform for promoting the rich art & culture of the country and sensitizing the communities to appreciate fine arts.

Visit http://www.biocon.com/biocon_csr_about_policy.asp for more details related to our CSR Policy.

CSR Committee

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

The members of the CSR Committee are-

a) Ms. Mary Harney, Chairperson

b) Dr. Vijay Kumar Kuchroo

c) Prof. Ravi Mazumdar

Financial details

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

In ₹ mn

Particulars	Amount
Average net profit before tax of the Company for last three financial years	4,065
Prescribed CSR expenditure (2% of the average net profit as computed above)	81
Details of CSR spent during the financial year :	
Total amount to be spent for the financial year	81
Total amount spent	81
Total amount unspent if any	Nil

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

In ₹ million

Sl. No.	CSR project/program name	Sector	Location of project/ program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct/through external agency
(i)	Expenditure on Projects & Programs						
1	ARY Primary Healthcare Clinics	Healthcare and medical facilities	Karnataka - At nine Arogya Raksha Yojana Primary Healthcare Outpatient Clinics	7.03	10.00	10.00	Biocon Foundation
2	Cancer Screening Program	Healthcare and medical facilities	Various districts in Karnataka	1.85	1.87	1.87	Biocon Foundation
3	E-Health - Rajasthan & Karnataka	Healthcare and medical facilities	Rajasthan & Karnataka	5.52	2.52	2.52	Direct and Biocon Foundation
4	Chinnara Ganitha	Improving quality of education	Various districts in Karnataka	3.79	4.23	4.23	Biocon Foundation
5	Project Once	Clean Drinking Water and Rain water harvesting	Bengaluru (Huskur)	1.53	1.01	1.01	Biocon Foundation
6	Women's Hostel	Rural development	Haliyal, Karnataka	1.53	0.79	0.79	Biocon Foundation

Sl. No.	CSR project/program name	Sector	Location of project/ program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct/through external agency
7	Rural development project	Rural development	Karnataka	18.13	6.72	6.72	Biocon Foundation
8	International School of Business	Improving quality of education	Hyderabad	2.54	3.10	3.10	Biocon Foundation
9	Grant to NGO	Healthcare and Medical facilities	Karnataka, Telengana	5.09	3.78	3.78	Biocon Foundation
10	Biotechnology training	Improving quality of education	Bengaluru	31.10	28.20	28.20	Biocon Academy
11	Contribution to Biocon Foundation	Funding of activities under the approved CSR programmes		-	14.33	14.33	Biocon Foundation
(ii)	Administrative Expenses						
1	All projects excluding Sl. No. 11 above	Office expenses	Bengaluru	3.20	4.76	4.76	Biocon Foundation
				81.31	**81.33**	**81.33**	

Responsibility Statement

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

Bengaluru
April 26, 2016

Kiran Mazumdar-Shaw
Chairperson & Managing Director

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Annexure 9 - Extract of Annual Return as on the financial year ended on March 31, 2016

FORM NO. MGT 9

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

I. Registration and Company Details:

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

II. Principal Business activities of the Company:

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

III. Particulars of Holding, Subsidiary and Associate companies

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary	% of shares held	Applicable
1	Syngene International Limited	L85110KA1993PLC014937	Subsidiary	73.54% *	2(87)
2	Biocon Research Limited	U73100KA2008PLC046583	Subsidiary	100%	2(87)
3	Biocon Pharma Limited	U24232KA2014PLC077036	Subsidiary	100%	2(87)
4	Biocon SA	-NA-	Subsidiary	100%	2(87)
5	Biocon SDN. BHD.	-NA-	Subsidiary	100%	2(87)
6	Neo Biocon FZ LLC	-NA-	Subsidiary	51%	2(87)
7	Biocon Academy	U80301KA2013NPL072272	Subsidiary	100%	2(87)
8	Biocon Biologics Limited	-NA-	Subsidiary	100%	2(87)
9	Biocon Pharma Inc	-NA-	Subsidiary	100%	2(87)
10	Biocon FZ LLC	-NA-	Subsidiary	100%	2(87)

*Including 0.93% held by Biocon Research Limited

IV. Share holding Pattern (equity share capital breakup as percentage of total equity)

1. Category-wise Share Holding

Category Code	Category of Shareholder	No. of Shares Held at the beginning of the year 31/03/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual/HUF	80,847,694	-	80,847,694	40.42	79,839,766	-	79,838,266	39.92	0.50
(b)	Central Govt/State Govt(s)	-	-	-	-	-	-	-	-	0.00
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	0.00
(d)	Financial Institutions/Banks	-	-	-	-	-	-	-	-	0.00
(e)	Others	-	-	-	-	-	-	-	-	0.00
	Sub-Total (A1)	80,847,694	-	80,847,694	40.42	79,839,766	-	79,838,266	39.92	0.50

Category Code	Category of Shareholder	No. of Shares Held at the beginning of the year 31/03/2015				No. of Shares held at the end of the year 31/03/2016				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total shares	
(2)	**Foreign**									
(a)	Individuals (NRIs/Foreign Individuals)	1,665,558	-	1,665,558	0.83	2,058,986	-	2,058,986	1.03	-0.20
(b)	Bodies Corporate	39,535,194	-	39,535,194	19.77	39,535,194	-	39,535,194	19.77	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub-Total A(2)	**41,200,752**	**-**	**41,200,752**	**20.60**	**41,594,180**	**-**	**41,594,180**	**20.80**	**-0.20**
	Total A=A(1)+A(2)	**122,048,446**	**-**	**122,048,446**	**61.02**	**121,433,946**	**-**	**121,432,446**	**60.72**	**-0.31**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds/UTI	6,930,213	-	6,930,213	3.47	5,647,569	-	5,647,569	2.82	-
(b)	Financial Institutions/Banks	9,815,657	-	9,815,657	4.91	5,044,830	-	5,044,830	2.52	-
(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	21,460,044	-	21,460,044	10.73	27,264,626	-	27,264,626	13.63	2.90
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	0.00	0.00
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	0.00	0.00
(i)	Others	-	-	-	-	-	-	-	0.00	0.00
	Sub-Total B(1)	**38,205,914**	**-**	**38,205,914**	**19.10**	**37,957,025**	**-**	**37,957,025**	**18.98**	**-0.12**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	5,291,631	-	5,291,631	2.65	2,889,920	-	2,889,920	1.44	-1.20
(b)	Individuals									
	(i) Individuals holding nominal share capital upto ₹ 2 lakh	16,081,258	109212	16,190,470	8.10	16,468,860	107,672	16,576,478	8.29	0.19
	(ii) Individuals holding nominal share capital in excess of ₹ 2 lakh	8,509,770	205,698	8,715,468	4.36	10,931,566	205,698	11,137,264	5.57	1.21
(c)	Others									
	Clearing Members	240,435	-	240,435	0.12	138,067	-	138,067	0.07	-0.05
	Non-resident Indians	997,344	172,394	1,169,738	0.58	1,358,428	172,394	1,530,822	0.77	0.18
	Trusts	8,137,898	-	8,137,898	4.07	8,337,978	-	8,337,978	4.17	0.10
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-Total B(2)	**39,258,336**	**487,304**	**39,745,640**	**19.87**	**40,124,819**	**485,764**	**40,610,529**	**20.31**	**0.43**
	Total B=B(1)+B(2)	**77,464,250**	**487,304**	**77,951,554**	**38.98**	**78,081,844**	**485,764**	**78,567,554**	**39.28**	**0.31**
	Total (A+B) :	**199,512,696**	**487,304**	**200,000,000**	**100.00**	**199,515,790**	**485,764**	**200,000,000**	**100.00**	**-**
(C)	Shares held by custodians for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C) :	**19,951,2696**	**487,304**	**20,000,0000**	**100.00**	**199,515,790**	**485,764**	**200,000,000**	**100.00**	**-**

2. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kiran Mazumdar-Shaw	79,287,564	39.64	-	79,287,564	39.64	-	-
2	Glentec International Limited	39,535,194	19.77	-	39,535,194	19.77	-	-
3	John M M Shaw	1,407,558	0.70	-	1,407,558	0.70	-	-
4	Ravi Rasandra Mazumdar	565,014	0.28	-	565,014	0.28	-	-
5	Yamini R Mazumdar	552,202	0.28	0.03	550,702	0.28	0.03	-
6	Dev Mazumdar	84,914	0.04	-	86,414	0.04	-	-
	Total	**121,432,446**	**60.72**	**0.03**	**121,432,446**	**60.72**	**0.03**	**-**

3. Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	KIRAN MAZUMDAR-SHAW				
	At the beginning of the year	79,287,564	39.64	79,287,564	39.64
	Transfer/ Sale of shares during the year	-	-	-	-
	At the end of the year			79,287,564	39.64
2	GLENTEC INTERNATIONAL				
	At the beginning of the year	39,535,194	19.77	39,535,194	19.77
	Transfer/ Sale of shares during the year	-	-	-	-
	At the end of the year			39,535,194	19.77
3	JOHN SHAW				
	At the beginning of the year	1,407,558	0.70	1,407,558	0.70
	Transfer/ Sale of shares during the year	-	-	-	-
	At the end of the year			1,407,558	0.70
4	RAVI RASENDRA MAZUMDAR				
	At the beginning of the year	565,014	0.28	565,014	0.28
	Transfer/ Sale of shares during the year	-	-	-	-
	At the end of the year			565,014	0.28
5	YAMINI R. MAZUMDAR				
	At the beginning of the year	552,202	0.28	552,202	0.28
	Transfer/ Sale of shares during the year	(1,500)	0.00	550,702	0.28
	At the end of the year			550,702	0.28
6	DEV MAZUMDAR				
	At the beginning of the year	84,914	0.04	84,914	0.04
	Transfer/ Sale of shares during the year	1,500	0.00	83,414	0.04
	At the end of the year			83,414	0.04

4. Shareholding pattern of top ten shareholding (other than Director, promoter and holding of GDRs and ADRs)

Sl. No.	For each of the top 10 Shareholding	Shareholding at the beginning of the Year 31/03/2015		Cumulative Shareholding during the Year 31/03/2016	
		No. of Shares	% of total shares of the Company	No. of Shares	%of total share of the Company
1	LIFE INSURANCE CORPORATION OF INDIA				
	At the beginning of the year	6,248,660	3.12	6,248,660	3.12
	Transfer/ Sale of shares during the year	(3,553,735)	-1.78	2,694,925	1.35
	At the end of the year			2,694,925	1.35
2	FRANKLIN TEMPLETON INVESTMENT FUNDS				
	At the beginning of the year	5,406,196	2.70	5,406,196	2.70
	Transfer/ Sale of shares during the year	642,392	0.32	6,048,588	3.02
	At the end of the year			6,048,588	3.02
3	RELIANCE CAPITAL TRUSTEE CO. LTD A/C RELIANCEPHARM				
	At the beginning of the year	2,800,218	1.40	2,800,218	1.40
	Transfer/ Sale of shares during the year	(348,200)	-0.17	2,880,218	1.44
	At the end of the year			2,452,018	1.23
4	TEMPLETON DEVELOPING MARKETS TRUST				
	At the beginning of the year	2,497,396	1.25	2,497,396	1.25
	Transfer/ Sale of shares during the year	-	-	-	-
	At the end of the year			2,497,396	1.25
5	SWISS FINANCE CORPORATION (MAURITIUS) LIMITED				
	At the beginning of the year	401,000	0.20	401,000	0.20
	Transfer/ Sale of shares during the year	1,560,900	0.78	1,961,900	0.98
	At the end of the year			1,961,900	0.98

Sl. No.	For each of the top 10 Shareholding	Shareholding at the beginning of the Year 31/03/2015		Cumulative Shareholding during the Year 31/03/2016	
		No. of Shares	% of total shares of the Company	No. of Shares	%of total share of the Company
6	BIRLA SUN LIFE INSURANCE COMPANY LIMITED				
	At the beginning of the year	1,300,860	0.65	1,300,860	0.65
	Transfer/ Sale of shares during the year	(1,300,860)	-0.65	-	-
	At the end of the year			-	-
7	SBI LIFE INSURANCE CO. LTD				
	At the beginning of the year	1,291,918	0.65	1,291,918	0.65
	Transfer/ Sale of shares during the year	(1,271,918)	-0.64	20,000	0.01
	At the end of the year			20,000	0.01
8	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C				
	At the beginning of the year	1,227,308	0.61	1,227,308	0.61
	Transfer/ Sale of shares during the year	(219,448)	-0.11	1,007,860	0.50
	At the end of the year			1,007,860	0.50
9	TEMPLETON GLOBAL INVESTMENT TRUST - TEMPLETONEMERG				
	At the beginning of the year	1,020,399	0.51	1,020,399	0.51
	Transfer/ Sale of shares during the year	-	-	-	-
	At the end of the year			1,020,399	0.51
10	UTI-UNIT SCHEME FOR CHARITABLE AND RELIGIOUS TRUST				
	At the beginning of the year	857,845	0.43	857,845	0.43
	Transfer/ Sale of shares during the year	161,732	0.08	1,019,577	0.51
	At the end of the year			1,019,577	0.51

V. Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total share of the Company
1	ARUN SURESH CHANDAVARKAR				
	At the beginning of the year	2,200,000	1.10	2,200,000	1.10
	Date wise Increase/Decrease	-	-	-	-
	At the end of the year			2,200,000	1.10
2	RAVI RASENDRA MAZUMDAR				
	At the beginning of the year	565,014	0.28	565,014	0.28
	Date wise Increase/Decrease	-	-	-	-
	At the end of the year			565,014	0.28
3	KIRAN MAZUMDAR-SHAW				
	At the beginning of the year	79,287,564	39.64	79,287,564	39.64
	Date wise Increase/Decrease	-	-	-	-
	At the end of the year			79,287,564	39.64
4	JOHN SHAW				
	At the beginning of the year	1,407,558	0.70	1,407,558	0.70
	Date wise Increase/Decrease	-	-	-	-
	At the end of the year			1,407,558	0.70

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5. Indebtedness

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

In ₹ Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	815	-	815
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)		**815**	**-**	**815**
Change in Indebtedness during the financial year				
- Addition	1,328	2,853	-	4,181
- Reduction	-	1,300	-	1,300
Net Change	1,328	1,553	-	2,881
Indebtedness at the end of the financial year				
i) Principal Amount	1,328	2,368	-	3,696
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	**1,328**	**2,368**	**-**	**3,696**

6. Remuneration of Directors and Key Managerial Personnel

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	Gross salary	Kiran Mazumdar Shaw (CMD)	John Shaw (WTD)	Arun S Chandavarkar (CEO & Jt. MD)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.99	15.60	29.90	61.49
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.03	0.03	0.95	1.01
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				
	- others, specify…				
	Others, please specify*	-	-		
5	**Total (A)**	**16.02**	**15.63**	**30.85**	**62.50**
	Ceiling as per the Act				808.70

* Employee stock compensation expense allocable to CEO & Jt. MD is ₹ 4 mn (March 31, 2015 - Nil) which is not included in the remuneration disclosed above.

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors								
1.	Independent Directors	Charles L Cooney	Suresh N Talwar	Bala S Manian	Mary Harney	Russell walls	Daniel M Bradbury	Jeremy M Levin	Vijay K Kuchroo	Total Amount
	• Fee for attending board committee meetings	0.20	0.20	0.20	0.50	0.50	0.50	0.50	0.40	3.00
	• Commission	1.66	1.02	1.28	2.46	3.56	2.21	2.60	1.89	16.68
	• Others, please specify	-	-	-	-	-	-	-	-	-
	Total (1)	**1.86**	**1.22**	**1.48**	**2.96**	**4.06**	**2.71**	**3.10**	**2.29**	**19.68**
	Other Non-Executive Directors	**Ravi Mazumdar**								
	• Fee for attending board committee meetings	0.50								0.50
	• Commission	-								-
	• Others, please specify	-								-
	Total (2)	**0.50**								**0.50**
	Total (B)=(1+2)									**20.18**
	Total Managerial Remuneration (A+B)									**82.68**
	Overall Ceiling as per the Act									889.68

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

Sl. No.	Particulars	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary	15.71	6.06	21.77
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	0.03	0.03	0.06
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit			
	- others, specify…			
5	Others, please specify*			
	Total	15.74	6.09	21.83

*Employee stock compensation expense allocable to KMPs (CFO & CS) for the Restricted Stock Units under the RSU Plan, 2015 is ₹ 6 mn (March 31, 2015 - Nil) which is not included in the remuneration disclosed above.

Note: Salary of CEO is not included above, since he is Joint Managing Director and details are already included in Section (A) above

7. Penalties/ Punishment/ Compounding of Offences:

There were no material penalties/punishment/compounding of offences for the year ended March 31, 2016.

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Management Discussion and Analysis

Industry Outlook

The Global Pharmaceutical Industry

The unprecedented global expansion in access to healthcare over the past ten years – marked by hundreds of millions of people in low- and middle-income countries getting access via government programs, rising incomes and a reduction in the uninsured US population - is expected to significantly increase the volume of medicines consumed.

Medicine use in 2020

The global consumption of medicines is expected to reach 4.5 trillion doses by 2020 (up 24% from 2015). The largest pharmaceutical-consuming countries will be pharmerging markets; two-thirds of all global medicines will comprise generics following an expansion of broad-based health system. Developed markets will continue to account for a majority of medicine spending due to higher unit prices and new medicine introductions that enhance clinical benefit for patients. The use of medicines in 2020 could include 943 New Active Substances introduced across the previous 25 years, with new medicines largely comprising specialty and biologics.

Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by countries with large populations such as India, China, Brazil and Indonesia.

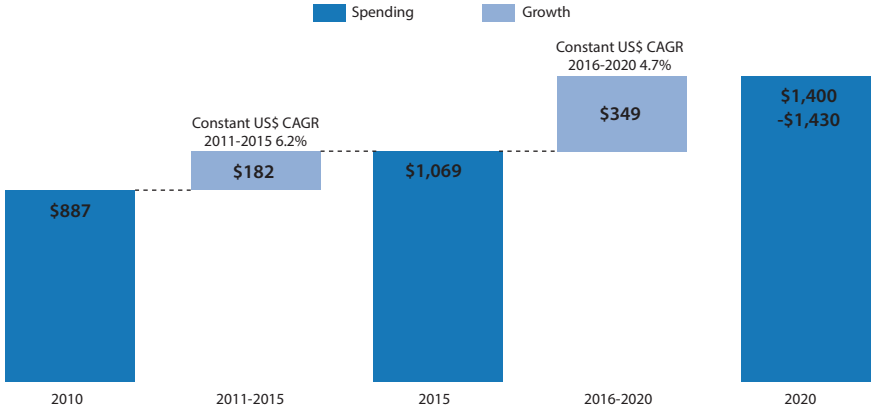
Projected trends, 2016-2020

- Research and development-led innovation and a range of technology-enabled transformations, expanding the evidence-basis for interventions and bringing measurable health outcome improvements by 2020.
- Small molecule patent expiries resulting in a larger impact across 2016-2020 than in the preceding five years (2011-2015).
- Increased impact from biologics.
- Cancer treatments representing the largest category of 225 new medicines expected to be introduced in the next five years; over 90% of projected new cancer treatments to be targeted therapies (using a cancer cell process, mechanism or genetic marker to select or deliver treatment); one-third could use a biomarker; besides, an estimated third of cancer treatments could target rare cancers (deemed orphan diseases).

Medicine spend trends, 2020

63%	52%	85%
Contribution of developed markets to global spending	Proportion of original brands in the global spend	Proportion of global spending towards treating non-communicable ailments

Spending growth drivers, 2015-2020 (USD bn)



Source: IMS Health, Market Prognosis, September 2015
Note: Growth in 2011-2015 was reduced by USD 100 bn and in 2016-2020 increased by USD 26 bn due to exchange rate effects.

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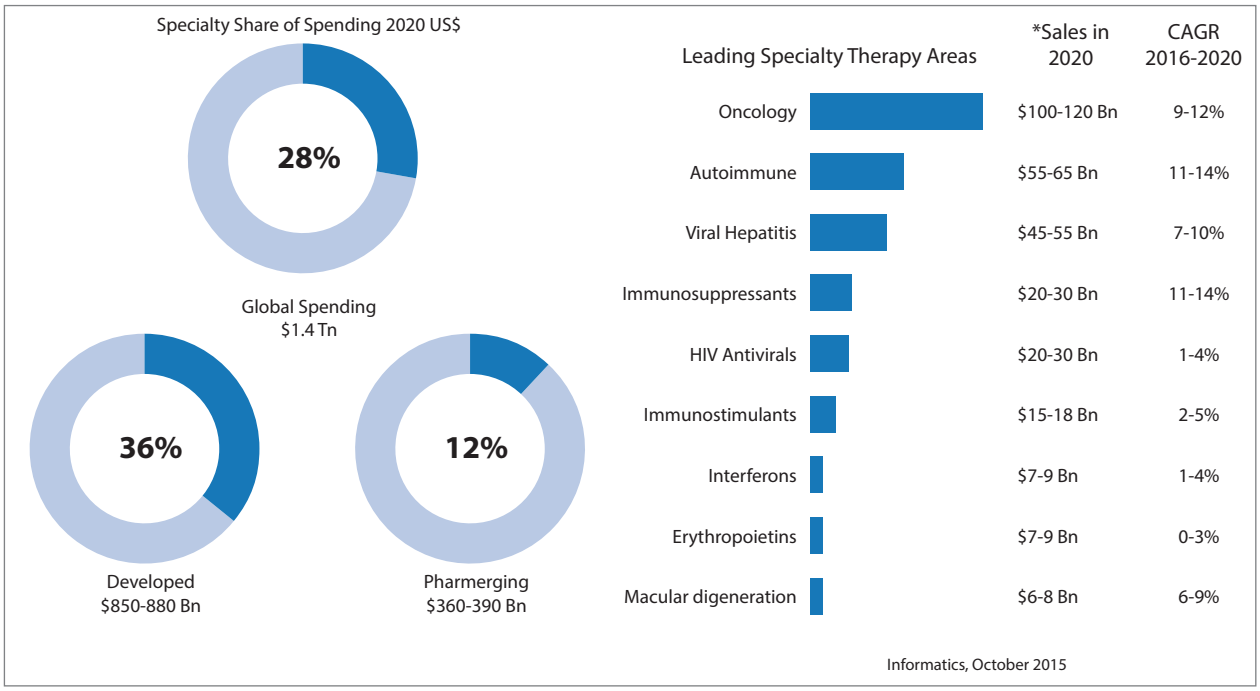
Speciality medicines and leading therapy areas, 2020



*Sales represented in constant US dollars.
Source: IMS Health, IMS Therapy Prognosis, Sept. 2015; IMS institute for Healthcare
Note: Leading traditional therapy areas shown for 8 developed countries and 6 pharmerging countries

Biologics and biosimilars

Globally, there is an increasing role of biologics in addressing unmet medical needs. These targeted molecules impact underlying disease patho-physiology in unique ways, providing safer and effective treatments than small molecule therapies.

Biological products comprise vaccines, blood and blood components, allergenics, somatic cells, gene therapy, tissues and recombinant therapeutic proteins. Biologics can comprise sugars, proteins, nucleic acids or complex combinations of these substances, or may be living entities like cells and tissues. Gene-based and cellular biologics, for example, are often at the forefront of biomedical research.

In contrast to most drugs that are chemically synthesised with known structures, most biologics are produced in a living system like a microorganism or in cells (plant or animal) and are therefore complex mixtures not easily identified or characterised. Biological products often represent the cutting-edge of biomedical research, potentially offering the most effective means to treat a variety of medical illnesses and conditions that presently have no other available treatment. These are big and complex molecules, often 200 to 1,000 times the size of common small-molecule drugs. For example: aspirin, a small-molecule drug, is made of up 21 atoms, whereas the biologic drug etanercept, which treats rheumatoid arthritis and plaque psoriasis, comprises more than 20,000 atoms.

Biosimilar medicines represent follow-on versions of original biological medicines designed to treat the same diseases as the innovator's product. Biosimilars can be developed during the period in which the originator product is protected by patent exclusivity, but can be marketed only after the patent protecting the originator product has expired.

Biologics and Biosimilars: Position in the global pharmaceutical space

Given that biologics account for an increasing market presence, the future of the generic pharma industry is likely to be tied increasingly to these products. Biosimilar medicines account for an increasingly important subset of this global market. By competing with original biologic medicines across a growing range of therapy areas, biosimilars offer stakeholders - payers, physicians and patients - a greater choice in treatment options.

2016 marks a full decade since the approval of the first biosimilar medicine in Europe. The approval of Sandoz's human growth hormone (HGH) from the European Medical Agency (EMA) in April 2006 satisfied regulators that the biosimilar medicine offered a safe and efficacious alternative to the original biologic. In so doing, the treatment paved the way for other biosimilar medicines to enter the market across a range of therapy areas. Ten years on, it is clear that biosimilar products are set to play a vitally important role in the virtuous circle of pharmaceutical innovation and healthcare system sustainability.

The US biosimilars landscape is evolving towards significant promise with the USFDA defining the regulatory approval pathway for biosimilars. Since biosimilars present a cost-effective counter-response to the significant price inflation in old and innovative pharmaceuticals, political pressure is building on the FDA to validate the 351k pathway. Besides, recent progress has been made in removing regulatory, legal and commercial roadblocks for these life-saving and cost-saving solutions.

The opportunity

The size of the biologics market for those products losing patent exclusivity between 2015 and 2020 is significant, including products in the two major therapy areas of inflammation (auto-immune) and diabetes.

We have seen across the EU that the use of erythropoietins (EPOs), granulocyte-colony stimulating factors (G-CSFs) and human growth hormone (HGH) have all increased following the launch of biosimilar versions. This increase in usage was heavily driven by the availability of biosimilars as well as other factors, suchas expanded indications.

Notably, in markets where access to these molecules was previously restricted, the average uptake of EPOs increased by over 250% following the introduction of biosimilars – primarily driven by the presence of treatment options not previously available.

We expect the same to play out for insulins and complex biologics like monoclonal antibodies.

Besides the developed markets like the US and EU, markets in the developing world also offer a great opportunity for biosimilar developers. Making available these treatments to a patient pool who earlier either did not have access or had restricted access to these medicines will lead to better health outcomes in these geographies. It will also result in expansion of volumes with governments providing patients with greater access to these drugs.

Estimates suggest that the global biosimilars market could reach USD 25-35 bn by 2020. The Global & USA Biosimilar Market Analysis to 2021 report indicates a growing potential for biosimilars by 2019 when 50% of the biologics market is forecast to belong to off-patent drugs. With the approval of the first biosimilar in the US in 2015 and the expected patent expiration of 12 biologics by 2020, biosimilars are expected to account for 4% to 10% of the biologics market by 2020.

Therefore, there is tremendous potential to be tapped from the biosimilar opportunity.

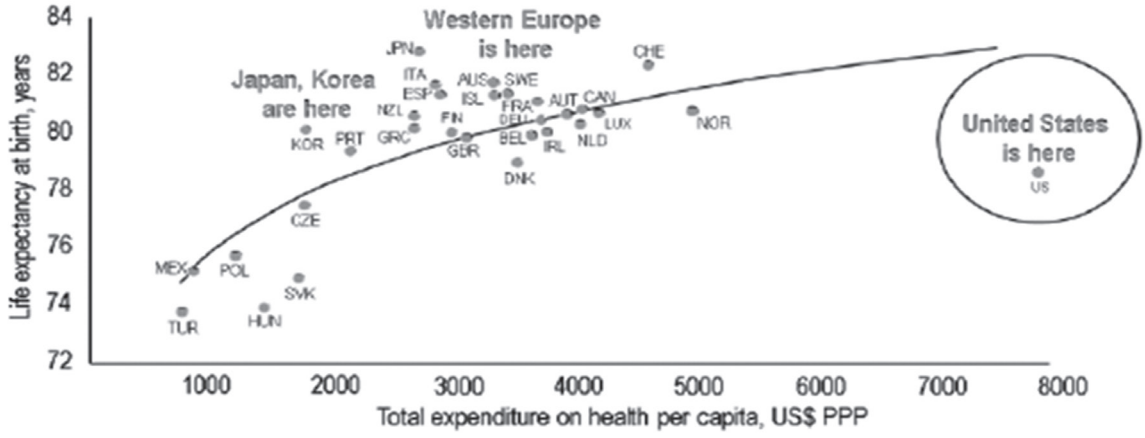
Potential savings from the use of Biosimilars and balancing of healthcare budgets

The emergence of a greater range of highly competitive biosimilar medicines will generate savings that can be reinvested in healthcare provision, while at the same time driving pharmaceutical innovation that ultimately improves outcomes. Biosimilar medicines could empower payers to make significant savings across the foreseeable future.

Healthcare systems could realise savings of more than €10 billion in the EU5 alone between 2016 and 2020, simply based on direct competition for the originator molecule. The cumulative savings over the next five years in the EU5 and US could range from €49 billion to €98 billion.

The biosimilar commercial success represents an important 'safety valve' in allowing US and EU healthcare budgets to reimburse premium innovative therapies like cancer immunotherapies in the wake of an ageing population. Even as cancer immunotherapy costs are only just beginning, many patients in developed countries cannot afford or cannot access novel biologic therapies, leading to a number of bankruptcies among US cancer patients and 50% under-treatment of severe rheumatoid EU arthritis patients. (Source: Citi Research Report)

US Healthcare spend appears unsustainable given macro-economic pressures



Source: Citi Research Report

Positives for the biosimilars space

Biologic products represent ~23% of the US pharmaceutical market (IMS data for 2015), or USD 103 bn of a total market size of USD 440 bn. Given that biologics are increasing their presence, generic pharma industry growth could be increasingly tied to these biologic products.

The passage of the Biologics Price Competition and Innovation (BPCI) Act paved the way for a biosimilar pathway in the US. In concept, BPCI is similar to the Hatch-Waxman Act, potentially leading to the birth of a full-blown biosimilar industry, addressing the need to bring biosimilars to the market quickly with exclusivity periods for the innovator biologic.

The release of the FDA's final guidance on biosimilars in April 2015 included positives for biosimilar developers: the potential to extrapolate clinical data across indications, the need for comparative clinical studies (may not be required in some cases), and interchangeability potential, which could be addressed in a separate guidance document in 2016. The guidance addressed scientific considerations, quality considerations and biosimilars Q&A, which represent regulatory parts of the equation.

The CRO space

The global pharmaceutical sector outsources an increasing quantum of services from competitive contract research organizations (CROs) and contract manufacturing organizations (CMOs). The result is that contract research and manufacturing services (CRAMS) has emerged as one of the fastest growing segments of the global pharmaceutical and biotechnology industry.

CROs assist pharmaceutical, biotechnology, biopharmaceuticals, government institutions, foundations and universities in R&D related mainly to new drug discovery and drug development. CRO services span the entire R&D range: from New Molecular Entity (NME) discovery to development to manufacture.

The combination of staggering investments by large pharmaceutical companies, coupled with low research productivity, are incentivising these pharmaceutical entities to moderate manufacturing costs by outsourcing research and manufacturing activities to low-cost global destinations (India being one).

India has emerged as one of the leading economical quality pharmaceutical manufacturers for a number of global players. Outsourcing to India offers significant benefits over mature pharmaceutical hubs in North America and Europe. India's model has become increasingly relevant in the prevailing genericising environment, incentivising the engagement of Indian pharmaceutical players in research and related manufacture.

Opportunities and prospects

In 2014, global R&D expenditure by the pharmaceutical industry was approximately USD 139 bn; USD 105 bn could have been potentially outsourced (Source: Frost & Sullivan).

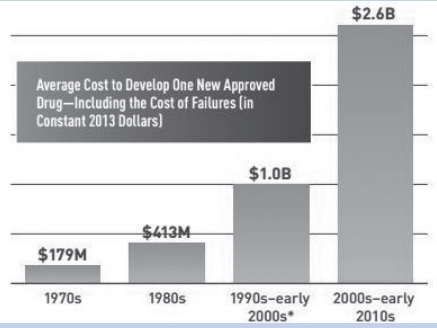
The outsourcing of CRO discovery services in 2013 was estimated at 52% of the global pharmaceutical and biotech industry; this was poised to grow to 65.7% in 2015. This outsourcing is estimated to grow from USD 14.7 bn in 2014 to USD 22.7 bn in 2018 (Source: IQ4I Report).

The CRO development services outsourcing in 2014 was estimated at 27.3% of the potential outsourcing market for development services; this is likely to grow to 38.7% in 2019. This outsourcing is estimated to grow from USD 28.8 bn in 2014 to USD 44.6 bn in 2018 (Source: Frost & Sullivan).

Why outsource?

A combination of rising NME development costs, R&D productivity decline and constrained R&D budgets has accelerated the search for alternative models.

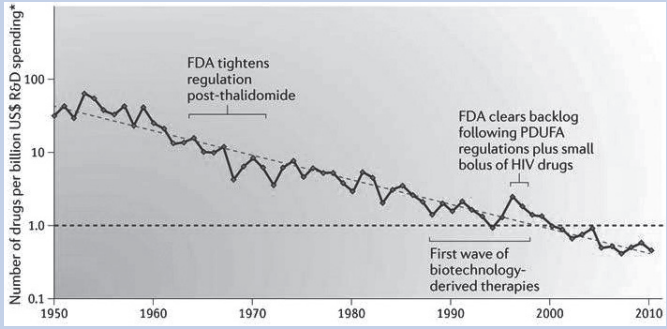
The Costs of Drug Development over the past decades



Source: PhRMA 2016 Profile

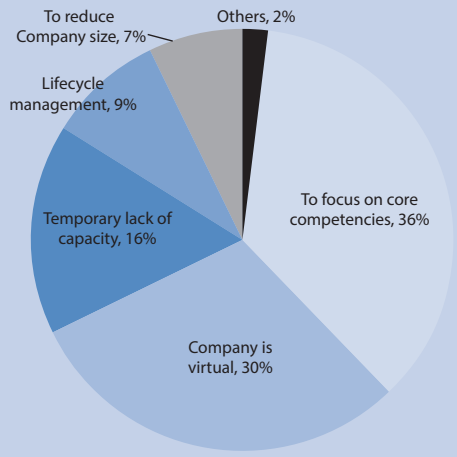
DiMasi JA, Grabowski HG, Hansen RW. Innovation in the pharmaceutical industry: new estimates of R&D costs. *J Health Economics 2016: 47:20-33.*

Overall trend in R&D efficiency (inflation-adjusted)

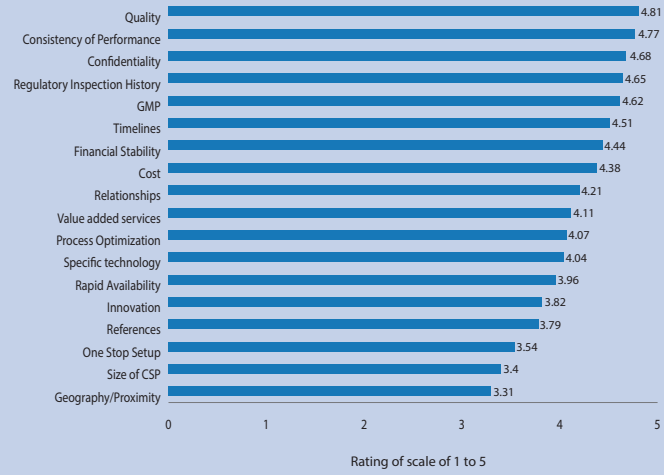


Source: Diagnosing the decline in pharmaceutical R&D efficiency, *Scannell et al, Nature Reviews drug discovery Vol. 11*

Why do companies outsource



Key criteria for selecting an outsourcing partner



Source: Contract Pharma, 2014 Annual Outsourcing Survey

The Indian Pharmaceutical Industry

The Indian pharmaceutical industry is the largest provider of cost-effective generic medicines to the developed world. India leads pharmaceutical exports to the world, riding a range of medicine exports and has probably the largest number of USFDA approved pharmaceutical manufacturing facilities. India is the largest global provider of generic drugs, accounting for 20% of global exports in terms of volume. Branded generics constituted nearly 70-80% of the domestic market. India's long-term prospects appear promising; the Indian pharmaceutical industry is likely to emerge among the top 10 global markets by value by 2020 (Source: PwC-CII).

The Indian Biosimilars opportunity

Biosimilars have been available in India since the early 2000s. While Indian firms launched a few products in the domestic market, they could not make a meaningful global mark on account of the need for sizable investments, longer development tenures, manufacturing complexity and characterization. This segment of India's pharmaceutical industry comprises a few serious players like Biocon readying to address the large global opportunity in the next few years.

Company Review

Biocon is a biopharmaceutical enterprise across the sectoral value chain focused on developing affordable products and services that enhance accessibility for patients worldwide.

The Company is organized into the following strategic business units:

On the back of an impeccable regulatory compliance track record, the Company aspires to establish its identity as an integrated biotechnology enterprise driven by discovery, research and development. In FY16, the Company undertook a restructuring of its legal entities to align with its strategic businesses units, which could unlock enhanced value from the business units. All of the Company's biosimilar assets will be consolidated under the new legal entity Biocon Biologics Limited, incorporated in the United Kingdom as a subsidiary of Biocon Limited, India. United Kingdom was the identified destination given a robust ecosystem for high-end research and innovation, investor-friendly climate and geographical proximity to key global markets.

A detailed analysis of our business segments is indicated hereunder:

Biopharmaceuticals

This segment comprises two businesses - biopharma and branded formulations - focussing on our core therapeutic areas of Metabolics, Oncology and Auto-Immune indications. The biopharma business accretes revenues from the sale of small molecule APIs, generic formulations, biosimilars and associated licensing while branded formulation accretes revenues from sale of finished dosages.

Small Molecule APIs and Generic Formulations

Our small molecule vertical continues to contribute significant revenues. Our strength in this business is derived from our rich experience in chronic therapeutic care, state-of-the-art fermentation technology platform, product quality, broad customer base and a consistent regulatory compliance record.

We are one of the leading producers of generic statin and immunosuppressant APIs in India, leveraging their myriad applications.

The business encountered pricing headwinds for generic APIs during the fiscal under review. A declining dependence on heavily genericised small molecule APIs by commercialising new APIs and extending the generic formulations pipeline continue to be a priority. We continue to focus on developing complex molecules in APIs and formulation spaces by leveraging our rich biologics knowledge. Our product pipeline comprises 'difficult-to-make' (read technology-intensive) molecules that address the demand emanating from emerging and developed markets in our core therapeutic areas.

Over the long-term, we aim to leverage cost and supply chain efficiencies by emerging as a vertically-integrated player in the generic formulations space. Our endeavour in this regard was strengthened by the acquisition of a USFDA-approved potent API manufacturing unit in Vishakhapatnam. We intend to continue investing financial and people resources in this facility to manufacture complex oncology products that support vertical integration in generic formulations and address the growing demand for potent APIs. The work on the greenfield generic oral solid dosage facility is presently in full swing; we expect this facility to be operational in 2017. We will seek third parties for certain APIs and formulations for our regulatory filings.

We strengthened our pipeline by filing dossiers with multiple global regulatory agencies in FY16. We filed a couple of USDMFs in FY16 and received CEP for one of our products in the EU. We made two ANDA filings in FY16 and acquired an ANDA dossier for Simvastatin from a third party, enriching our nascent US pipeline. We strengthened our market authorisation applications portfolio in the European Union and received our first generic formulation approval in the European Union (EU) for Rosuvastatin in FY16.

Biosimilars

Biocon possesses one of the largest global biosimilars portfolios, spanning human insulin/insulin analogues, monoclonal antibodies and other biologics with an addressable market size of ~USD 60 bn. Of the 10 disclosed molecules in the pipeline, nine molecules are being developed with Mylan, our strategic partner. This collaboration represents the coming together of Biocon's robust development and manufacturing capabilities, as well as Mylan's regulatory and commercial excellence in United States and European Union.

Biocon's portfolio well positioned in the competitive landscape

		Competitive Landscape@		
	2015 Sales* (USD bn)	Pre-Clinical	Phase I	Phase III/Filed
pegfilgrastim	4.7	Pfizer	Dr. Reddy's	Biocon, Sandoz, Apotex, Coherus, Richter
trastuzumab	6.8	Oncobiologics, Dr. Reddy's	Hanhwa, Genor, Meiji Seika	Biocon, Celltrion, Amgen, Pfizer, Samsung
insulin glargine	7.1			Biocon&, Samsung, Eli Lilly#
adalimumab	14.0	Epirus	Dr. Reddy's, Oncobiologics	Biocon, Amgen, Samsung, Sandoz, Boehringer Ingelheim, Coherus, Fuji Kirin, Baxter-Momenta, Pfizer, Merck Serono
bevacizumab	6.9	Celltrion	Biocon (Global), Sandoz, Daiichi, Fuji Kirin – Astra Zeneca, Oncobiologics, Cipla	Biocon (RoW), Amgen, Boehringer Ingelheim, Pfizer, Samsung
filgrastim	1.0	Biocon, Pfizer		Sandoz**, Apotex, Multiple approvals in EU (Teva, Hospira (Pfizer), Stada, Accord etc.)
etanercept	8.7	Biocon, Celltrion		Samsung, Sandoz, Coherus-Baxalta
insulin aspart	4.7	Biocon		
insulin lispro	2.8	Biocon		Sanofi
rh-insulin	3.1	Biocon – US		Biocon - EU

*Reported sales of Innovator Companies, conversion from reported currency into USD

& Approved in Japan. # Approved in Japan, EU and US. Launched in Japan & EU.

** Launched in EU & US

@ Biosimilar Development Pipeline details may not be exhaustive, Source: Company disclosures, various reports

Operationally, the year under review proved busy for the biosimilars vertical. The global Phase 3 study for Pegfilgrastim was completed, having addressed the primary end-point of demonstrating clinical equivalence with the reference product while the global Phase 3 study of biosimilar Trastuzumab also met its primary end-point. Our Adalimumab and Bevacizumab programs made good progress. The global Phase 3 clinical development program for generic Insulin Glargine also crossed critical milestones. This provides us confidence towards submission of marketing authorization applications for some of these molecules in FY17.

We received the first approval for our Insulin Glargine product in Japan in partnership with FUJIFILM Pharma, the result of stringent regulatory compliance. FUJIFILM Pharma expects to commercialise the product in the first half of FY17 following pricing approval from Japan's National Health Insurance. We also received approvals for our Insulin Glargine product in Mexico and Colombia.

We initiated a development programme for recombinant human insulin (rh-Insulin) targeted at the U.S market, entering into a co-development and commercialisation agreement with Laboratorios PiSA S.A. de C.V, Mexico (PiSA). This agreement represents an extension of our decade-long relationship with our trusted partner, who enjoys a dominant insulins position in Mexico. Through this collaboration, we plan to introduce generic rh-Insulin under the Biocon brand in the US, using the infrastructure being created for our generic formulations (read ANDA) business in that country. This partnership will leverage our manufacturing facilities for the drug substance and PiSA's drug product facilities in Mexico. Further, this arrangement will capitalise on PiSA's proximity to the US market and Mexico's NAFTA membership, ensuring an efficient and optimal supply chain to address the needs of the US healthcare system for affordable, high quality rh-Insulin. The US market accounts for over 40% of the global sales of rh-Insulin, estimated at USD 1.5 bn (IMS March 2015).

The ability to address market demand by creating capacity, reducing cost and increasing operational efficiency could emerge as a key differentiator for our biosimilar success in developed and emerging markets. Biocon is building phased capacity to fulfil market demand for its portfolio products. We inaugurated a top-of-the-line insulin device facility in Bengaluru and launched the first disposable pen – Basalog One™ for Glargine in India. Our Malaysian insulin facility received local cGMP certification from the National Pharmaceutical Control Bureau, Malaysia. The plant is undergoing a series of validation activities that certify operational efficiency. Following this, we will seek approvals from leading regulatory agencies across the globe for marketing our insulin products in those geographies. We expect the Malaysian facility to begin commercial operations in the second half of FY17. The expansion of our Biosimilars fill-finish facility in Bengaluru is on track for qualification in FY18. We plan to augment our current biologics manufacturing capacity for monoclonal antibodies in line with the launch of our products across the globe.

We continue to pursue licensing opportunities in emerging markets for our key products like rh-Insulin, Insulin Glargine and Trastuzumab. We enjoy market approvals in over 60 countries for rh-Insulin and over 20 countries for Insulin Glargine. Trastuzumab was licensed in key emerging markets with commercial sales initiated in late-FY16.

Branded Formulations

Despite extending into the branded formulations space later than our peers, we have differentiated ourselves as a biologics-led healthcare company in a crowded Indian pharma market. We are a specialty biopharma company engaged in chronic therapeutic areas with a significant contribution being derived from biologics. We provide world-class quality products for millions of patients in India and select international markets.

The introduction of Basalog One™, a 'once-a-day' product, a long-acting basal Insulin Glargine presented as an innovative, pre-filled pen, strengthened our existing BASALOG® portfolio (vials, refills and reusable devices), making it possible for us to offer a comprehensive diabetes-management solution.

This year, we forayed into Virology following the launch of various products targeted at alleviating the challenges faced by a sizeable hepatitis-afflicted population in India. These products included CIMIVIR™ (Sofosbuvir), CIMIVIR-L™ (Sofosbuvir+Ledipasvir), and DACLAWIN™ (Daclatasvir) for Hepatitis-C.

The performance of the division continued to be sluggish as we focused on portfolio optimisation. Our inability to bid for certain large institutional tenders due to restrictions on the use of CMOs, along with an under-availability of some key products, impacted revenue growth. Nevertheless, our flagship brands across various therapeutic areas grew attractively and augmented profitability. Notably, our Trastuzumab (CANMAb™) continued to gain market share in India while our India insulins franchise crossed ₹ 1,500 mn in sales in FY16.

Our UAE business carved a niche in a crowded pharma market dominated by MNCs and local generic companies. For FY16, it reported strong 30% growth, driven by branded generic products that cater to the high incidence of lifestyle diseases.

Metabolics, Oncology, Nephrology and the Institutional Business are expected to remain growth drivers for this vertical in FY17. Our strategic initiatives in this vertical should lead to consistent profitable growth across the foreseeable future.

Novel Molecules

We are working on a portfolio of molecules in key therapeutic areas like diabetes, oncology and auto-immune diseases.

In FY16, we announced positive clinical data for Insulin Tregopil (formerly IN-105), a novel insulin molecule for post-prandial glycemic control with oral delivery, following Phase 1 studies that were concluded in the last financial year. We partnered Bristol-Myers Squibb prior to the divestment of their diabetes franchise to AstraZeneca. Based on the positive data sets, the Company is venturing to take this research asset into the next phase of clinical trials on its own for validation across a larger patient cohort.

The out-licensing of Itolizumab, our anti-CD6 monoclonal antibody, was delayed following uncertainties around U.S. regulations due to the Cuban origin of the molecule. After evaluating the need for prior authorization from the Office of Foreign Asset Control (OFAC) and related timelines, we concluded that the same had now created an uncertainty to license this product for development and commercialization in the United States. We recorded an impairment of the carrying value of the marketing rights for the molecule for the US and Canada during the year. We hold marketing rights in other territories including Europe where these restrictions do not apply and continue to develop the molecule for such territories. In FY16, a bridging Phase 1 pharmacokinetic and safety study in normal healthy volunteers was initiated in Australia. The study aims to evaluate the pharmacokinetics of a sub-cutaneous route of administration of Itolizumab in comparison to intravenous route for which the Company has marketing approval in India. The study is expected to enable a global IND filing with a subcutaneous route of administration. Biocon is the first and only global company to clinically validate CD6 as a target for autoimmune diseases.

QPI-1007, a novel molecule to treat non-arteritic ischemic optic neuropathy (NAION), based on the SiRNA technology platform, in-licensed by the Company for India and related markets, progressed following the initiation of pivotal Phase 2/3 trials by our partner Quark Pharma in the US.

Novel immune check-point inhibitors enhanced excitement in the field of cancer in general and cancer immunotherapy in particular. We are building an exciting pipeline of fusion monoclonal antibody molecules with the concept of preferentially delivering immune modulators to tumour site, enhancing efficacy while limiting systemic toxicity. The lead molecule in this program FmAb2 achieved preclinical 'proof of concept' and is currently in advanced preclinical development.

We remain committed to bring new technologies and molecules to the market via partnerships and in-house R&D with the aim of providing affordable options to global patients for various unmet medical needs. We aim to monetize some of these assets via out-licensing deals to fund research, development and capital expenditure.

Research Services (Syngene)

Biocon's subsidiary Syngene is a leading custom research and manufacturing organisation offering a suite of integrated, end-to-end discovery, development and manufacturing services for small and large NMEs across industrial sectors, including pharmaceutical, biotechnology, agrochemical, consumer health, animal health, cosmetic and nutrition companies. Syngene has evolved from being just another ordinary CRO to an integrated provider of discovery and development services across a range of domains, including small and large molecule biologics, ADCs (antibody drug conjugates) and oligonucleotides.

Syngene assists clients in conducting discovery (from hit to candidate selection), development (including pre-clinical and clinical studies, analytical and bio-analytical evaluation, formulation development and stability studies) and manufacturing (scale-up, pre-clinical, clinical supplies and commercial) – with a difference. Unlike traditional business models, these services are endowed with an inherent flexibility – ranging from a full-time equivalent (FTE) to a fee-for-service (FFS) – customised around client requirements.

With a talented pool of over 2,500 scientists, world-class R&D and manufacturing facilities spread over 900,000 square feet, Syngene services more than 250 clients across diverse sectors. Syngene has forged three long-term, multidisciplinary partnerships (each equipped with a dedicated research centre) with Bristol-Myers Squibb, Abbott Laboratories Singapore and Baxter International Inc.

During the year, Syngene's revenues grew 29% following the addition of new clients and projects. Syngene commenced commercial supplies of novel small molecules APIs to clients in FY16. With work on the new commercial-scale facility in Mangalore underway, Syngene expects a more meaningful contribution from manufacturing services in the future.

We unlocked significant value by listing Syngene on the Indian stock exchanges, the NSE and the BSE (on August 11, 2015), following a successful IPO oversubscribed 31 times. Syngene, with its proven track record in terms of quality and intellectual property protection, is poised to ride an increase in global R&D spending and R&D outsourcing across Asia.

Resource Review

Employees

Employees represent the cornerstone of our success. We believe that good employee culture translates individual performance into success for company, industry, clients and end users.

In light of our steady growth and ambitious plans, attracting and grooming talent was of utmost importance. A detailed discussion on attracting, retaining, training and developing human capital is provided in our HR section.

As a Group, we employ over 8,300 people, including more than 500 individuals outside India.

IPR

One of our key focus areas is the creation of Intellectual Property (IP), generating not only a competitive advantage but also creating exponential and enduring value.

Patents

The IP portfolio of the Biocon Group of companies comprises 1,241 patent applications and 984 patents granted in various jurisdictions.

Trade Marks

Biocon Limited's IP portfolio comprises 800 Trade Mark applications, of which 448 are registered trademarks in different classes and various jurisdictions across the world.

Designs

Biocon Limited's IP portfolio consists of four design applications, of which three designs are registered.

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Financial Performance - An Overview

Consolidated Balance Sheet

The following table highlights the consolidated Balance Sheet as on March 31, 2016 (FY16) and March 31, 2015 (FY15)

Table 1, All Figures in ₹ Million

Particulars	FY16	FY15	Change
Equity and Liabilities			
Shareholder's funds			
Share capital	1,000	1,000	-
Reserves and surplus	39,556	31,706	25%
	40,556	**32,706**	**24%**
Minority interest	3,112	1,722	81%
Non-current liabilities			
Long-term borrowings	20,724	7,696	169%
Deferred tax liability (net)	346	417	-17%
Other long-term liabilities	3,503	5,516	-36%
Long-term provisions	299	150	99%
	24,872	13,779	80%
Current liabilities			
Short-term borrowings	3,949	2,610	51%
Trade payables	5,471	4,293	27%
Other current liabilities	5,979	7,062	-15%
Short-term provisions	877	1,582	-45%
	16,276	**15,547**	**5%**
Total	**84,816**	**63,754**	**33%**
Assets			
Non-current Assets			
Tangible and intangible assets	39,101	33,065	18%
Loans and advances and other non-current assets	5,783	5,063	14%
	44,884	**38,128**	**18%**
Current Assets			
Current investments	4,285	2,303	86%
Inventories	5,114	4,527	13%
Trade receivables	8,229	7,705	7%
Cash and bank balances	19,213	9,375	105%
Loans and advances and other current assets	3,091	1,716	80%
	39,932	**25,626**	**56%**
Total	**84,816**	**63,754**	**33%**

Shareholders' Funds

We have an equity share capital comprising 200,000,000 equity shares of face value of ₹ 5 each. There was no change in the equity capital of the company during the year.

Reserves and Surplus

The total reserves and surplus of the company increased 25% in FY16 as compared to FY15, due to profit accumulation during the year, net of dividend distribution.

Minority Interest

The profit attributable to minority shareholders increased 81% in FY16, largely on account of a stake dilution in Syngene subsequent to the IPO.

Non-current liabilities

Long-term borrowings increased following a further drawdown of the term loan for setting up a manufacturing facility in Malaysia, fresh borrowings for capital expenditure for setting up our maiden generics formulations facility for oral solid dosages, second sterile formulation facility for biologics and expansion of current facilities/setting up of new manufacturing facilities and services for small and large molecules by Syngene - all in India. Our other long-term liabilities decreased due to the release of deferred revenues pertaining to rh-Insulin in our subsidiary Biocon SA, which is fully described in Note C of Exceptional Items in this report.

Non-current assets

Non-current assets grew 18% primarily due to investments in tangible assets for the Malaysian facility and expansion of facilities in our research services business.

Working Capital (Current Assets less Current Liabilities)

Working capital as at March 31, 2016 stood at ₹ 23,656mn, up 135% over FY16. The increase was on account of cash balance from the proceeds of long-term borrowings and a stake dilution in Syngene through an IPO coupled with increased inventories and receivables reflecting business growth.

Consolidated Statement of Profit and Loss

The following table highlights key components of the statement of Profit and Loss for the fiscals ended March 31, 2016 (FY16) and March 31, 2015 (FY15)

Table 2, All Figures in ₹ Million

Particulars	FY 16	FY 15	Change
Total Revenue	35,699	31,429	14%
Expenses			
Cost of materials consumed	13,301	12,561	6%
Employee benefit expenses	6,363	5,334	19%
Other Expenses	8,310	7,366	13%
Depreciation and amortisation (net)	2,423	2,210	10%
Finance costs	102	89	15%
Sub-total	30,499	27,560	11%
Less: Recovery of product development costs from co-development partners (net)	(1,320)	(1,321)	-
Total Expenses	29,179	26,239	11%
Profit before tax and exceptional item	6,520	5,190	26%
Exceptional item	5,754	1,051	447%
Profit before tax	12,274	6,241	97%
Tax expense	2,569	957	168%
Profit after tax	9,705	5,284	84%
Minority interest	744	310	140%
Profit for the year	8,961	4,974	80%

Revenue

During the year under review, revenues grew 14% on a consolidated basis - from ₹ 31,429 mn to ₹ 35,699 mn.

The Biopharmaceuticals segment grew 7% to ₹ 23,908 mn against ₹ 22,367 mn in the previous fiscal. Within this segment, biopharma revenues touched ₹ 19,534 mn, an uptick of 8% year-on-year, while Branded Formulations grew 2% to ₹ 4,374 mn.

The contract research segment (Syngene) reported a turnover of ₹ 10,599 mn, reflecting an annual growth of 29%.

The Total Revenue composition for FY 2016 and FY 2015 is detailed below:

Table 3, Values in %

	FY 16	FY 15
Biopharmaceuticals		
Biopharma	53	56
Branded formulations – India	12	14
Licensing income	2	1
Contract research	30	26
Other income	3	3
Total Revenue (In ₹ mn)	35,699	31,429

Cost of Materials Consumed

The Material costs comprised raw materials, traded goods and change in stock. In FY16, material costs as a percentage of our overall revenue from operations, reduced 271 bps, reflecting a change in the composition of our revenues towards high-margin products and income from our research services business.

Employee Benefit Expenses

Our Employee Benefit Expenses comprise the following items:

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

These expenses increased 19% in FY16, driven largely by increased employee strength and annual increments.

Research and Development Expenses

The net R&D expenditure for FY16 increased 63% to ₹ 2,750 mn (₹ 1,688 mn in FY15). This amount in the Profit and Loss account represented ~12% of Biopharmaceuticals segment sales compared to ~8% in the previous year. We capitalized ₹ 1,035 mn and ₹ 485 mn was offset against deferred revenue, taking gross R&D spend to ₹ 4,270 mn for the year compared to ₹ 3,284 mn in FY15.

The increase in R&D expenses was on account of the clinical advancement of biosimilars, ANDAs and novel programs.

We estimate R&D spends at 12-15% of Biopharmaceuticals segment revenues in the coming years.

Depreciation and Amortization

During this fiscal, depreciation and amortization increased to ₹ 2,423 mn from ₹ 2,210 mm in FY15. The increase was on account of an expansion in our existing facilities in the biopharma business and the commissioning of a new research centre in the research services arm of our Company.

Finance Costs

The finance cost marginally increased to ₹ 102 mn in FY16 from ₹ 89 mn in FY15, which was mainly incurred for foreign currency borrowings to address routine operations. The finance costs for our Malaysia facility continued to be capitalized during the year.

Exceptional Items (net)

The Exceptional items during the year comprised the following:

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

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

   Hence, Biocon SA recorded an impairment of the carrying value of the aforesaid intangible asset amounting to ₹ 1,078 mn. The same was recorded as an exceptional item in the consolidated financial results for the year ended March 31, 2016. We hold marketing rights in other territories including Europe where these restrictions do not apply and continue to develop the molecule for such territories.

B. During the year ended March 31, 2016, Syngene completed its Initial Public Offering (IPO) through an offer for sale of 22,000,000 equity shares of ₹ 10 each by the Company. Following the sale, the Company's holding in equity shares of Syngene reduced from 84.54% to 73.54%. The equity shares of Syngene were listed on National Stock Exchange of India Limited and BSE Limited on August 11, 2015. The gain arising from this sale of equity shares, net of related expenses and cost of equity shares, amounted to ₹ 4,148 mn and was recorded as an exceptional item. A consequential tax of ₹ 1,042 mn was recorded on such gains in the consolidated financial statements.

C. In March 2016, Biocon SA entered into an agreement with Lab PiSA, Mexico ('PiSA'), granting a right to PiSA to become Biocon SA's exclusive co-development partner and manufacturer for biosimilar rh-Insulin ("Products") in United States of America ('the Territory'). As per this Agreement, following the completion of preliminary development activities to be conducted by PiSA and exercise of the right by PiSA to continue with the development activity, Biocon SA and PiSA shall conduct the co-development program. Biocon SA shall conduct the required clinical studies and obtain the regulatory approvals to market the Products in the Territory, while PiSA will be responsible for the manufacture of Products at its facility. Biocon SA and PiSA shall share the cost of all development activities and share profits from the commercialization of Products in the Territory as per the terms of this agreement.

   Consequent to the above agreement with PiSA which changes the nature of Biocon's future obligations on the rh-Insulin program, the balance of deferred revenues of ₹ 2,684 mn relating to this program, were recognized as income in the consolidated statement of Profit and Loss for the year ended March 31, 2016 and disclosed under Exceptional Item. A consequential tax of ₹ 123 mn was recorded on such income.

The exceptional items during the previous year comprise the following:

A. Biocon Research Limited ('BRL'), wholly owned subsidiary of Biocon purchased 7.69% of equity shares of Syngene International Limited ('Syngene'), from GE Equity International Mauritius for a consideration of ₹ 2,154 mn. BRL also subscribed to additional equity shares in Syngene by way of a Rights Issue, thereby taking BRL's shareholding in Syngene to 10.93%.

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

B. During the year ended March 31, 2015, we sold equity shares of Syngene constituting 1% of equity capital at cost to Biocon Limited Employees Welfare Trust, a Trust formed for administration of a Scheme for the benefit of employees of the Group (excluding the employees of Syngene). Accordingly, a loss of ₹ 79 mn was recorded in the consolidated statement of Profit and Loss for the year ended March 31, 2015.

C. During the year ended March 31, 2015, considering the financial position and uncertain prospective cash flows of Vaccinex Inc., the Company prudently created a provision of ₹ 218 mn for diminution other than temporary, in the value of its investments in Vaccinex Inc. in the consolidated financial statements.

Tax Expenses

Tax expenses for the fiscal stood at ₹ 2,569 mn in comparison to ₹ 957 mn in FY15. The increase was on account of the tax on Syngene IPO.

Risks, Threats and Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which can adversely affect the objectives of the Company.

The global pharma industry bears a striking resemblance with the financial services industry of a decade ago. The industry landscape is affected by product safety issues, security and privacy breaches, intellectual property tangles, inappropriate marketing practices and corruption thereby leading to penalties, product recalls, brand loss and revenue loss. The regulatory landscape of the international pharma industry is complex and dynamic. The primary industry driver is patient health and safety even as regulatory approach to patient protection can vary from market to market. Besides, there are factors of rapid change, increased scrutiny, sophisticated risk-monitoring techniques and coordination across agencies and regions. In such a context, it is imperative to respond with a holistic risk mitigation framework.

The Company has carved a niche on the back of its steadfastness in conducting business in accordance with all applicable laws and regulations as well as a manner consistent with core organisational values. Our established risk management framework addresses strategic operational, legal and compliance risks, those are inherent in the pharma business and impact our strategic goals. Risk management, coupled with a robust internal control framework, helps the Company emphasise qualitative consistency, employee safety and long-term sustainability.

The global pharma business is marked by a variety of risks. Pharmaceutical companies struggle to globally enforce IP protection, particularly in some emerging markets. Enhanced regulatory scrutiny is set against a backdrop of increasing patient advocacy, social media and affiliate marketing programmes. The digitisation and proliferation of electronic medical records, networked medical devices, mobile health applications, cloud-based technologies and data-sharing among industry stakeholders have increased the complexity in managing information assets, particularly protected health information and intellectual property. The success of new products in the global pharmaceutical industry will more than offset global pricing pressures, supporting an outlook change from stable to positive for the industry.

Although the comprehensive eradication of risks associated with our business of the Company is unfeasible, constant efforts are made to mitigate their adverse impact. The Company has implemented a precise methodology entailing the timely identification, analysis and assessment of risks and their potential consequences, formulation of specific mitigation strategies and seamless execution. An enterprise-wide risk evaluation and validation process is conducted regularly and reviewed by a Risk Management Committee and Board of Directors.

The government, investor and the public demand transparency in life science companies covering aspects like product commercialisation, executive pay, financial information accuracy, manufacturing processes and clinical trial quality. Several high-profile incidents, particularly in emerging markets, have enhanced the need for more transparency. Other key developments comprise the Indian Government's plans to involve the private sector in R&D across vaccines, drugs and pharmaceuticals, among others, increasing risks and opportunities. On the brighter side, drug approval processes have been simplified by the authorities and approval times for new facilities drastically reduced. The onus will be on the Company to capitalise on these opportunities while protecting itself from risks.

In addition to the above, other key risks relating to our current operations include human capital risk such as loss of key personnel, timely replenishment of critical vacant roles, reliance on third party sole suppliers or service providers including regional supplier reliance, risk arising out of co-development arrangements, disruption of operations from natural disasters, risk arising out of strategic projects, foreign exchange fluctuations, changing landscape of statutory regime etc.

Internal Controls

The Company is responsible for establishing and maintaining adequate and effective internal controls and the preparation and presentation of the financial statements, including assertions on the internal financial controls in accordance with broader criteria established by the Company.

A robust, comprehensive internal control system is a prerequisite for an organisation to function ethically and in commensuration with its abilities and objectives. We have established a strong internal control system for the Company, comprising policies and procedures adopted by the Company for ensuring the orderly and efficient business conduct, including adherence to policies, asset safeguarding, fraud cum error prevention and detection, accounting records accuracy and completeness, and the timely preparation and presentation of reliable financial information.

This internal control system is aimed at providing assurance of our operational effectiveness and efficiency, compliance with laws and regulations, asset safeguarding and reliability of financial and management reporting.

The Company is staffed by experienced qualified professionals who play an important role in designing, implementing, maintaining and monitoring the internal control environment.

An independent firm of Chartered Accountants perform periodic internal audits to provide a reasonable assurance of internal control effectiveness and advise on industry-wide best practices. The Audit Committee, consisting of Independent Directors, reviews important issues raised by the internal and statutory auditors on a regular basis and status of rectification measures to ensure that risks are mitigated appropriately on a timely basis.

Outlook

FY16 was an important year for the company as we made significant progress. We restructured our legal entities to represent the strategic business units with the objective to unlock enhanced value from our business segments whenever necessary. We demonstrated this when we divested the enzymes business to Novozymes in 2007 and also through the successful initial public offering of Syngene.

The achievement of certain milestones during the year reinforced conviction in our differentiated business strategy. The acquisition and expansion of API capacities, first generic formulations approval in EU and pending ANDA filings and their approvals should grow our base business. The Insulin Glargine approval in Japan and partnership to develop generic rh-Insulin for the US market in FY16, key biosimilar filings across US and EU, commencement of commercial operations in the Malaysia insulin plant in FY17 and further monetization of our biosimilar pipeline in the emerging markets should catalyse our biosimilars business. The expansion of manufacturing facilities for large molecules and novel small molecules for companies in pharmaceutical, agrochemical and other industrial sectors should help Syngene attract clients for commercial manufacturing, evolving it into a Contract Research and Manufacturing Services company.

In view of these triggers, we feel confident of enhancing value for our business and stakeholders.

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Corporate Governance Report

The detailed report on Corporate Governance for the financial year ended March 31, 2016, as stipulated in clause 49 of the Listing Agreement of the Company with the Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as per relevant provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015 as referred to in Regulation 15(2) of Listing Regulations for the period December 01, 2015 to March 31, 2016 is set out below:

Company's philosophy on Code of Governance

Biocon is committed to do business in an efficient, responsible, honest and ethical manner. Corporate Governance practice goes beyond compliance and involves a company-wide commitment and has become the integral part of business to ensure fairness, transparency and integrity of the management.

Good governance responsibilities encompasses the activities of the Board of Directors, who execute their Corporate Governance responsibilities by focusing on the Company's strategic and operational excellence in the best interests of all stakeholders of the Company, in particular shareholders, employees and our customers in a balanced fashion with long term benefits to all.

Good Corporate Governance provides an appropriate framework for the Board, its committees and the executive management to carry out the objectives that are in the interest of the Company and the stakeholders.

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

Biocon is committed to continually evolve and adopt appropriate Corporate Governance best practices.

Board of Directors

Composition, Category and Profile of Directors:

The composition of Board and category of Directors as at March 31, 2016 was as follows:

Category	Name of the Directors
Promoter & Executive Directors	Ms. Kiran Mazumdar-Shaw
	Mr. John Shaw
Executive Director	Dr. Arun S Chandavarkar
Non-Independent & Non-Executive Director	Prof. Ravi Mazumdar
Independent Directors & Non-Executive Directors	Mr. Russell Walls
	Ms. Mary Harney
	Mr. Daniel M Bradbury
	Dr. Vijay K Kuchroo
	Dr. Jeremy M Levin

Profile of Directors:

The brief profile of the Company's Board of Directors is as under:

Ms. Kiran Mazumdar-Shaw, Chairperson and Managing Director

Ms. Kiran Mazumdar-Shaw, aged 63 years, is a first generation entrepreneur with close to 41 years of experience in the field of biotechnology. She holds a bachelor's degree in Science (Zoology Hons.) from Bangalore University and a master's degree in Malting and Brewing from Ballarat College, Melbourne University. She has been awarded with several honorary degrees including Honorary Doctorate of Science from Ballarat University, National University of Ireland, Trinity College, Dublin and the University of Glasgow. She is the recipient of several national and global awards, the most noteworthy being the 'Padmashri' and the 'Padmabhushan' Award in 1989 and 2005, respectively, conferred by the President of India. She was also conferred with 'Ernst & Young Best Entrepreneur: Healthcare & Life Sciences Award (2002)', 'The Economic Times Business Woman of the Year Award (2004)', 'Nikkei Asia Prize for Regional Growth' by Japan's business daily, Nihon Keizai Shimbun (2009) and most recently, the 'Othmer Gold Medal' by the U.S. based Chemical Heritage Foundation and '2014 Global Economy Prize' by Germany's Kiel Institute both in 2014. The prestigious Foreign Policy magazine has named her among the '100 leading Global Thinkers of 2014'. She has also been named as one of the '100 Most Influential People in the World' by TIME magazine in 2010, '25 Most Influential People in Biopharma' by Fierce Biotech, Asia-Pacific's 'Heroes of Philanthropy (2013)' and '100 Most Powerful Women (2013)' by Forbes magazine and Asia's 50 Power Businesswomen 2016 by Forbes Asia.

She is also an Independent director of the Board of Infosys Limited and is the Chairperson of the Indian Institute of Management, Bengaluru. She was a part of the U.S. Pharmacopeial Convention (USP) Board of Trustees. She is a member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. She has set up the Association of Biotech Led Enterprises (ABLE) in 2003 and was its first president. She serves on the National Advisory Council of the Government's Department of Biotechnology. She is member of the governing body of the Indian Pharmacopoeia Commission, Ministry of Health and Family Welfare, Government of India.

Mr. John Shaw, Vice Chairman and Whole-time Director

Mr. John Shaw, aged 67 years, holds a master's degree in Arts (Economic Hons.) in History and Political Economy from Glasgow University, United Kingdom. Prior to joining our Board in 1999, he had worked with Coats Viyella Plc. for 27 years in different capacities, the last being the Finance and Managing Director of Coats Viyella group companies in various locations around the world.

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

Dr. Arun S Chandavarkar, aged 54 years, is a Bachelor in Technology from the prestigious Indian Institute of Technology, Bombay. He earned his Ph.D. in Biochemical Engineering from the Massachusetts Institute of Technology, Cambridge, USA. He joined Biocon in 1990 and prior to his elevation as a member of Board, he has worked in different capacities within the organization, the last being the Chief Operating Officer for the Company. With his acumen in technology, business and leadership, the Company has established expertise across diverse technology platforms spanning microbial fermentation, cell culture, chemical synthesis and purification to develop a wide range of products from specialty enzymes to active pharmaceutical ingredients to recombinant therapeutic proteins.

Prof. Ravi Mazumdar, Non-Independent and Non-Executive Director

Prof. Ravi Mazumdar, aged 61 years, was educated at IIT, Bombay (B. Tech in Electrical Engineering, 1977). He received the MSc, DIC from Imperial College, London (1978) and is a Ph.D. from the University of California, Los Angeles (UCLA, 1983). He is currently a University Research Chair Professor at University of Waterloo, Canada. Prior to this he was a faculty member at Purdue University, U.S.A, Columbia University, U.S.A., and University of Essex, U.K. He has held visiting positions at the Indian Institute of Science, Bengaluru; the University of California, Berkeley and Telecom-Paris Tech, France. He is currently a J.D. Gandhi Distinguished Visiting Professor at the Indian Institute of Technology, Bombay. He has over 150 referred publications in the area of high speed communication networks, applied probability and stochastic processes and in statistical signal processing. He has been a member of several advisory committees and working groups, including the US Congress Sub-Committee on Science and Technology. He is a Fellow of the Royal Statistical Society and Fellow of the Institute of Electrical and Electronics Engineers, Inc. He is the younger brother of Ms. Kiran Mazumdar-Shaw.

Mr. Russell Walls, Independent and Non-Executive Director

Mr. Russell Walls, aged 72 years, is a fellow member of the Association of Chartered Certified Accountants, United Kingdom. He brings to the Board his rich 46 years of experience in the financial management and accountancy. He has also served as a Director in multiple industries such as pharmaceuticals, textiles, transport and leisure. He is currently Chairman of Aviva Life Holdings Limited and on the Board of Mytrah Energy Limited, Aviva Italia Holdings Spa and Signet Jewellers Limited etc. He has been a director of our Company since April, 2011.

Ms. Mary Harney, Independent and Non-Executive Director

Ms. Mary Harney, aged 63 years, was a member of the Irish Parliament for over thirty years and was a Government Minister for seventeen years in environment, economic and health ministries. She was Deputy Prime Minister for over nine years. She is an economics graduate of Trinity College, Dublin. She was the longest serving woman ever in the Irish Parliament and in 1993 became the only woman to have led a political party in Ireland. She retired from politics in January 2011 and is now involved in business. She is a director of several technology companies as well as an insurance company in Ireland. She is a member of the Board of CRANN Trinity College Dublin's largest research institute and is chair of AMBER, the Advanced Materials and Bio-Engineering Research Centre at Trinity, a joint research enterprise with University College Cork, the Royal College of Surgeons in Ireland and industry. She is on the Board of the Hospice Foundation of Ireland and is an honorary member of the International Women's Forum. She has been a director of our Company since April, 2012.

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

Mr. Daniel M. Bradbury, aged 55 years, holds a postgraduate diploma in Management Studies and a diploma of the Chartered Institute of Marketing from Harrow and Ealing Colleges of Higher Education, United Kingdom and bachelor's degree in Pharmacy (Hons.) from Nottingham University, United Kingdom. He has also completed the Director's Training and Certification Program at the University of California, Los Angeles and the Director's College 2010 Executive Education Program from Stanford University and the international executive program from INSEAD, European Institute of Business Administration, France. He has over 30 years of experience in creating and implementing strategies that transform businesses and bring novel medicines to market. He has been honoured with the Corporate Directors Forum Director of the Year Award for Enhancing Economic Value and the Ernst & Young's Entrepreneur of the Year Finalist. He serves on the University of San Diego's Rady School of Management's advisory council and the Keck Graduate Institute's Board of trustees. He has been a director of our Company since April 2013.

Dr. Vijay K Kuchroo, Independent and Non-Executive Director

Dr. Vijay K Kuchroo, aged 61 years, is the Samuel L. Wasserstrom Professor of Neurology at Harvard Medical School, Senior Scientist at Brigham and Women's Hospital and Co-Director of the Center for Infection and Immunity, Brigham Research Institutes, Boston. He is also an associate member of the Broad Institute and a participant in a Klarman Cell Observatory project that focuses on T cell differentiation. He is also the Director of the newly formed Evergrande Centre for Immunologic Diseases at Harvard Medical School and Brigham and Women's Hospital. To his credit, Dr. Kuchroo first described the inhibitory receptor TIM-3, which is being exploited as a target for cancer immunotherapy. He was first to describe the development of highly pathogenic Th17 cells, which has been shown to induce multiple different autoimmune diseases in humans. He has published over 325 original research papers in the field of Immunology and a paper describing development of Th17 authored by him has been one of the highest cited papers in Immunology. In addition, he has 25 patents and has founded 5 different biotech companies including CoStim Pharmaceuticals and Tempero Pharmaceuticals. He also serves on the scientific advisory Boards and works in advisory capacity to a number of big pharmaceutical companies including Pfizer, Novartis and Glaxo-Smith-Kline (GSK).

Dr. Jeremy M Levin, Independent and Non-Executive Director

Dr. Jeremy M Levin, aged 62 years, holds a Bachelor's Degree in Zoology and a Masters of Arts and a Doctorate in the structure of Chromatin from the University of Oxford. In addition he received degrees of Bachelor of Medicine and Bachelor of Surgery from the University of Cambridge. He is Chairman and CEO of Ovid Therapeutics Inc., a private company developing novel medicines for orphan diseases of the brain. Prior to Ovid, he worked as President and CEO of Teva Pharmaceutical Industries Ltd. where he was responsible for overseeing all aspects of one of the world's largest pharmaceutical companies. He has also served as a member of the executive committee of Bristol-Myers Squibb and as a senior executive in Novartis AG. Currently he is serving on the Board of ZappRx and the Emerging Companies Section of BIO. He is the recipient of a number of awards including the Kermode Prize for work on novel hypertension drugs, the Albert Einstein Award for Leadership in Life Sciences, the B'nai B'rith Award for Distinguished Achievement and the Officer's Cross of the Order of Merit of the Republic of Hungary.

Meetings and attendance record:

The Company prepares schedule of the Board and the Committee meeting in advance for the Directors to make it convenient to attend. The Company circulates the agenda well ahead and provides the following information *inter-alia* to the Board and the Committee:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board of directors.
- The information on recruitment and remuneration of senior officers just below the level of Board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- 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, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that may have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in 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 or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

During the year, the Board of Directors met six times on April 29, 2015, June 25, 2015, July 23, 2015, October 20, 2015, January 21, 2016 and March 16, 2016. The details of Directors' attendance at the Board meetings during the year and at the last Annual General Meeting are given below.

The details of number of directorship in Indian Companies and Committee membership held in Indian public companies as on March 31, 2016 is given below. None of the directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he is a director.

Name of the Director	Relationship with other Directors	No. of Board meeting attended @	Attendance at the last AGM	No. of Directorships held in other Indian Companies	No. of Committee Memberships/ Chairmanship held in other Indian Public Companies#
Ms. Kiran Mazumdar-Shaw	Spouse of Mr. John Shaw & Sister of Prof. Ravi Mazumdar	6	Yes	11	-
Mr. John Shaw	Spouse of Ms. Kiran Mazumdar- Shaw	5	Yes	6	-
Dr. Arun S Chandavarkar	None	6	Yes	2	1
Prof. Ravi Mazumdar	Brother of Ms. Kiran Mazumdar- Shaw	5	Yes	-	-
Mr. Russell Walls	None	5	Yes	3	4 (including 3 as Chairman)
Ms. Mary Harney	None	5	Yes	-	-
Mr. Daniel M Bradbury	None	6	Yes	2	1
Dr. Vijay K Kuchroo	None	4	-	-	-
Dr. Jeremy M Levin	None	6	-	-	-
Mr. Suresh N Talwar*	None	2	Yes	Not Applicable	Not Applicable
Prof. Charles L Cooney*	None	3	Yes	Not Applicable	Not Applicable
Dr. Bala. S. Manian*	None	3	Yes	Not Applicable	Not Applicable

@ Includes meetings attended through audio-visual/video conferencing mode.

*Ceased to be a director on the Board w.e.f. July 24, 2015 on completion of their tenure.

As per regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian public companies have been reported.

Shareholding of Non-Executive Directors

Name of the Director	Nature of Directorship	Details of shareholding as at March 31, 2016
Prof. Ravi Mazumdar*	Non-Executive	565,014

*Joint holding with others

Re-appointment of Directors

Dr. Arun S Chandavarkar, shall retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Notice of interest by Senior Management personnel

The Board has noted that no material financial and commercial transactions have been entered into between the Company and Senior Management team, where they have personal interest.

Succession planning

The Nomination and Remuneration Committee works with the Board on the leadership succession plan, and prepares contingency plans for succession in case of any exigencies.

Details of Familiarisation programme to Independent Directors:

Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 mandates the Company to familiarize the Independent Directors with the Company by conducting training programmes. During the year, the Board members were regularly apprised with the overview of the Company and its operations by the Senior Management team. Further, the business unit heads made presentation to the Board during the Board meeting on a quarterly basis pertaining to the performance and future strategy for their respective business units. The Board was also regularly appraised of all regulatory and policy changes.

The familiarisation policy including details of familiarisation programmes attended by independent directors during the year ended March 31, 2016 is posted on the website of the Company at http://www.biocon.com/docs/Familiarisation_Policy.pdf

Meeting of Independent Directors

During the year, the Independent directors met in an executive session without the presence of Non-Independent Directors and members of the Management. The Independent directors reviewed the performance of Non-Independent Directors, the Board and the Chairperson of the Company. They assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

Board Committees

The Board has constituted various Committees to focus on specific areas and to make informed decisions within their authority. Each Committee is directed by its Charter which outlines their scope, roles and responsibilities and their powers. All the decisions and recommendations of the Committee are placed before the Board for their approval.

The various Committees of the Board are as under:

- Audit & Risk Committee
- Nomination & Remuneration Committee
- Stakeholders Relationship Committee
- Corporate Social Responsibility Committee
- Share Transfer Committee

Audit & Risk Committee

Terms of Reference

The Board constituted the Audit Committee on April 16, 2001 and title of the Committee was changed from Audit Committee to Audit & Risk Committee in July 2014.

The Audit & Risk Committee discharges such duties and functions generally indicated under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 177 of Companies Act, 2013 and also such other functions as may be specifically dedicated to it by the Board from time to time.

The Company has put in place an enterprise wide Risk Management Framework. This holistic approach provides the assurance that, to the best of its capabilities, the Company and all its business units identify, assess and mitigate risks that could materially impact its performance in achieving the stated objectives. The Committee ensures that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities, reviews strategic decisions of the Company and on regular basis reviews the Company's portfolio of risks considering it against the Company's risk appetite. The Committee also recommend changes to the Risk Management Technique and/or associated frameworks, processes and practices of the Company.

The role of Audit Committee, *inter-alia*, includes the following:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the quarterly & half yearly financial results and annual financial statements before submission to the Board for approval.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013
    b. Changes, if any, in accounting policies and practices and reasons for the same
    c. Major accounting entries involving estimates based on the exercise of judgement by management
    d. Significant adjustments made in the financial statements arising out of audit findings
    e. Compliance with other legal requirements relating to financial statements
    f. Compliance with applicable Accounting Standard issued by ICAI or other appropriate authority
    g. Disclosure of any related party transactions and review of subsequent modification of transactions of the Company with related parties
    h. Modified opinion(s) in the draft audit report.
- Reviewing, with the management, auditor's independence, effectiveness of audit process and performance of statutory and internal auditors, adequacy of internal control systems.
- Scrutiny inter corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Discussion with internal auditors of any significant findings and follow up thereon.
- Review and evaluate the internal financial control and risk management system.
- Reviewing the adequacy of internal audit function, reporting structure coverage and frequency of internal audit.
- Review the implementation and functioning of Whistle blower mechanism in the Company.

- Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate.

The audit committee shall mandatorily review the following information:

- management discussion and analysis of financial condition and results of operations.
- statement of significant related party transactions (as defined by the audit committee), submitted by management.
- management letters/letters of internal control weaknesses issued by the statutory auditors.
- internal audit reports relating to internal control weaknesses.
- the appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the audit committee.
- statement of deviations, if any.

Composition

During the year the Committee was reconstituted on October 09, 2015 with interchange of committee members for effective functioning.

The following Directors are the members of the Committee as at March 31, 2016:

1. Mr. Russell Walls, Chairman
2. Mr. Daniel M Bradbury
3. Dr. Jeremy M Levin

All the members of the Committee are Non-Executive and Independent Directors. The members possess sound knowledge of accounts, finance, audit and legal matters.

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

Meeting and attendance during the year

During the year, the Committee met 5 times on April 29, 2015, July 23, 2015, October 20, 2015, January 21, 2016 and March 16, 2016. The Senior Management team, Internal Auditors and Statutory Auditors attended the meetings of the Audit & Risk Committee as per the requirement. The Company Secretary acts as the Secretary to the Audit & Risk Committee.

The Committee meets regularly in private sessions with the external auditors, the internal auditors and the chief financial officer.

Name	No of meeting held	No of meeting attended
Mr. Russell Walls	5	5
Mr. Daniel M Bradbury	5	3
Dr. Jeremy M Levin	5	5
Mr. Suresh N Talwar*	2	2
Prof. Charles L Cooney*	2	2
Prof Ravi Mazumdar#	2	2

*Mr. Suresh N Talwar and Prof. Charles L Cooney ceased to be member w.e.f. July 24, 2015 on completion of their tenure.

Prof. Ravi Mazumdar stepped down from the Committee after its reconstitution on October 09, 2015.

CEO/CFO Certification

The CEO and CFO have certified, in terms of regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to the Board that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

Nomination & Remuneration Committee

Terms of Reference

The Committee functions as per the Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 178 of the Companies Act, 2013. The purpose of the Committee is to determine/review the Company's policy on specific remuneration packages for the Executive Directors including pension rights and any compensation payment, oversee the framing, review and implementation of compensation policy of the Company on behalf of the Board, form a policy, procedures and schemes and to undertake overall supervision and administration of Employee Stock Option Schemes (ESOSs) of the Company and to review the Board structure, size and composition and make recommendation for any change. The Committee also formulate evaluation criteria for directors and the Board.

Composition

The Board constituted the Remuneration Committee on April 16, 2001 and title of the Committee was changed from Remuneration Committee to Nomination and Remuneration Committee in April 2014. During the year, the Committee was reconstituted on October 09, 2015. The following directors are the members of the Committee as at March 31, 2016:

1. Ms. Mary Harney, Chairperson
2. Dr. Vijay K Kuchroo
3. Prof. Ravi Mazumdar

All the members of the Committee are Non-Executive Directors and majority are Independent.

Name	No. of meetings held	No. of meetings attended
Ms. Mary Harney[@]	1	1
Dr. Vijay K Kuchroo[$]	1	1
Prof. Ravi Mazumdar[$]	1	1
Mr. Suresh N Talwar*	2	2
Prof. Charles L Cooney*	2	2
Mr. Daniel M Bradbury#	2	1
Dr. Jeremy M Levin #	2	1
Mr. Russell Walls #	2	2

During the year, the committee met 3 times on April 29, 2015, July 23, 2015, October 20, 2015.

[@]Ms. Mary Harney, was inducted on the Committee on July 24, 2015.

[$] Dr. Vijay K Kuchroo and Prof. Ravi Mazumdar were inducted on the Committee on October 09, 2015.

*Mr. Suresh N Talwar and Prof. Charles L Cooney ceased to be members w.e.f. July 24, 2015 on completion of their tenure.

Mr. Daniel M Bradbury, Dr. Jeremy M Levin and Mr. Russell Walls stepped down from the committee after its reconstitution on October 09, 2015.

The role of Nomination & Remuneration Committee, *inter-alia*, includes the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the Board of directors;
- Devising a policy on diversity of Board of directors;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of directors their appointment and removal.
- Whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

Performance evaluation of Independent Directors:

The Board is responsible for undertaking a formal annual evaluation of its own performance, that of its Committees and of individual Directors as per Section 134 of Companies Act, 2013 and regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with a view to review their functioning and effectiveness and also for identifying possible paths for improvement. During the year, the Board in concurrence with Nomination and Remuneration Committee carried out a performance evaluation of itself, its Committees, and each of the executive/ non-executive/ independent directors through an online survey process.

The Independent directors were evaluated on various performance indicators including aspects relating to:

- Integrity and maintenance of confidentiality
- Commitment and participation at the Board & Committee
- Effective deployment of knowledge and expertise
- Exercise of objective independent judgement in the best interest of Company
- Interpersonal relationships with other directors and management

The board and committee were evaluated on the following parameters:

- Size, structure and expertise of the Board.
- Review of strategies, risk assessment, robust policies and procedures by Board.
- Oversight of the financial reporting process & monitoring company's internal control system.
- Quality of agenda, conduct of meeting, procedures and process followed for effective discharge of functions.
- Effective discharge of functions and duties by Committee as per terms of reference.
- Appropriateness and timeliness of the updates given on regulatory developments.
- Board's engagement with Senior Management team.

The Chairperson had a individual discussion with each director based on the peer analysis. The feedback was collated and discussed at the Board and action points for improvement is put in place.

Remuneration of Directors:

Pecuniary relations or transactions of the Non-Executive Directors

There were no pecuniary relationship or transactions of non-executive directors vis- a-vis the Company.

Payment to Non-Executive Directors

The Non-Executive Directors were paid sitting fees for attending the Board and the Committee Meetings.

The Non-Executive Independent directors of the Company were also paid quarterly remuneration not exceeding 1% per annum of the net profits as approved by the special resolution passed by the Members of the Company at the Annual General Meeting held on July 26, 2013.

Criteria for making payment to Non-Executive Directors

The role of Non-Executive/Independent Directors of the Company is not just restricted to Corporate Governance or outlook of the Company but they also bring with them significant professional expertise and rich experience across the wide spectrum of functional areas such as marketing, technology, corporate strategy, legal, finance and other corporate functions. The Company seeks their expert advice on various matters in science, technology, legal or Intellectual property.

The details of remuneration and sitting fees paid or provided to each of the Directors during the year ended March 31, 2016 are given below:

(Amount in ₹ Million)

	Salary and Perquisites			Others		
Name of the Director	Fixed pay & Bonus	Perquisites#	Retiral Benefits	Commission	Sitting fees	Total
Ms. Kiran Mazumdar-Shaw	15.1	0.03	0.89	-	-	16.02
Mr. John Shaw	15.6	0.03	-	-	-	15.63
Dr. Arun S Chandavarkar*	28.75	0.95	1.15	-	-	30.85
Prof. Ravi Mazumdar	-	-	-	-	0.50	0.50
Mr. Russell Walls	-	-	-	3.56	0.50	4.06
Ms. Mary Harney	-	-	-	2.46	0.50	2.96
Mr. Daniel M Bradbury	-	-	-	2.21	0.50	2.71
Dr. Vijay K Kuchroo	-	-	-	1.89	0.40	2.29
Dr. Jeremy M Levin	-	-	-	2.60	0.50	3.10
Mr. Charles L Cooney	-	-	-	1.66	0.20	1.86
Mr. Suresh N Talwar	-	-	-	1.02	0.20	1.22
Mr. Bala S Manian	-	-	-	1.28	0.20	1.48

* Employee stock compensation expense allocable to Dr. Arun S Chandavarkar for the Restricted Stock Units under the RSU Plan, 2015 is ₹ 4 million, which is not included in the remuneration disclosed above.

Perquisites valued as per Income-tax Act, 1961.

The Chairperson & Managing Director and the Vice-Chairman were paid remuneration, including performance bonus, not exceeding amount approved by the shareholders in the Annual General Meeting held on July 24, 2015 and July 26, 2013 respectively and Nomination and Remuneration Committee. Further, CEO & Joint Managing Director was paid remuneration, including performance bonus, not exceeding amount approved by the shareholders in the Annual General Meeting held on July 25, 2014 and Nomination and Remuneration Committee.

The Executive Directors are employees of the Company and are subject to service conditions as per the Company policy, which is two month notice period or such period as mutually agreed. There is no separate provision for payment of severance fees. However, Independent Directors are not subject to any notice period and severance fees.

During the year ended March 31, 2016, no options under the ESOP Plan of the Company were granted to the Executive/Non-Executive Directors. Nomination and Remuneration Committee has approved grant of 76,500 Restricted Stock Units under RSU Plan, 2015 to Dr. Arun S Chandavarkar.

Stakeholders' Relationship Committee:

Terms of Reference

The Committee is functioning in terms of mandatory requirement of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 178 of the Companies Act, 2013. The main role of the Committee is to look into the redressal of grievances of investors, debenture holders, deposit holders or other security holders relating to transfer of shares; non-receipt of balance sheet; non-receipt of declared dividends; non-receipt of annual reports; non-receipt of interest etc. In addition to this, the Committee also looks into investor relations, share transfer (to the extent not delegated to officials) and monitors servicing of investor requirements.

Composition

The Board constituted the Investors Grievance Committee on January 17, 2004 and title of the Committee was re-designated as Stakeholders Relationship Committee in April 2014. During the year, the Committee was reconstituted in October 05, 2015 for effective functioning. The following directors are the members of the Committee as at March 31, 2016:

1. Mr. Daniel M Bradbury (Chairman)
2. Mr. Russell Walls
3. Prof. Ravi Mazumdar

All the members of the Committee are Non-Executive Directors.

Meeting and attendance during the year

During the year, the Committee met 3 times on April 29, 2015, October 20, 2015 and January 21, 2016.

Name	No. of meetings held	No. of meetings attended
Mr. Daniel M Bradbury@	2	1
Mr. Russell Walls$	2	2
Prof. Ravi Mazumdar$	2	2
Prof. Charles L Cooney*	1	1
Ms. Kiran Mazumdar-Shaw #	1	-
Mr. John Shaw #	1	1

@ Mr. Daniel M Bradbury was inducted on the Committee w.e.f. July 24, 2015.

$ Mr. Russell Walls and Prof. Ravi Mazumdar were inducted on the Committee on October 05, 2015

* Prof. Charles L Cooney ceased to be a member w.e.f. July 24, 2015 on completion of his tenure

Ms. Kiran Mazumdar-Shaw and Mr. John Shaw stepped down from the Committee after its reconstitution on October 05, 2015

Details of Shareholders Complaints

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

Opening	Complaints received	Complaints solved	Pending
NIL	21	21	NIL

There have been no material grievances and all the grievance received were attended and resolved.

The Board has also constituted Share Transfer Committee consisting of Ms Kiran Mazumdar-Shaw, Chairperson & Managing Director and Mr John Shaw, Vice Chairman & Whole-time Director of the Company to attend the share transfer formalities, as and when required. Mr. Kiran Kumar. G is the Compliance officer of the Company.

Corporate Social Responsibility Committee

Terms of Reference

The Committee owns the corporate social responsibility policy and recommends any changes to the policy (or related activities) from time to time to the Board. Committee also oversees the implementation of the policy, approves plans/programs including selection of external partners towards execution of corporate social responsibility activities.

Composition

The Board constituted the Corporate Social Responsibility Committee on July 25, 2013. During the year, the committee was reconstituted on October 05, 2015 for effective functioning. The following directors are the members of the Committee as at March 31, 2016:

1. Ms. Mary Harney, Chairperson
2. Dr. Vijay K Kuchroo
3. Prof. Ravi Mazumdar.

Ms. Mary Harney, Chairperson of the Committee is a Non-Executive and Independent Director

Meeting and attendance during the year

During the year, the Committee met 2 times on April 29, 2015 and July 23, 2015.

Name	No. of meetings held	No. of meetings attended
Ms. Mary Harney	2	2
Dr. Vijay K Kuchroo	2	1
Prof. Ravi Mazumdar@	-	-
Ms. Kiran Mazumdar-Shaw#	2	2
Dr. Bala S Manian*	2	2

@ Prof. Ravi Mazumdar was inducted on October 05, 2015

* Dr. Bala S Manian ceased to be a member w.e.f. July 24, 2015 on completion of his tenure

Ms. Kiran Mazumdar-Shaw stepped down from the Committee after its reconstitution on October 05, 2015

General body Meetings

Location and time of the shareholders meetings:

The details of the previous Annual General Meetings are as below:

Year	Date and Time	Venue	Special Resolution Passed
2012-13	July 26, 2013, 3.30 p.m.	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099	1. To pay commission to Non-Executive Independent Directors for a period of five years 2. To increase the limit of remuneration for Non-Executive Independent Directors by way of commission
2013-14	July 25, 2014, 3.30 p.m.	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099	1. Approval for enhancement of borrowing limits and creation of charge
2014-15	July 24, 2015, 3.30 p.m.	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road Bengaluru - 560 099	1. Amendment in Articles of Association of the Company 2. Implementation of ESOP Plan through trust mode. 3. Acquisition of shares by ESOP Trust from secondary market.

During the year, there was no special resolution passed through postal ballot.

Means of communication

The quarterly, half-yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. The results are published in English newspapers, usually in Business Line & Financial Express and Kannada newspapers, Samyukta Karnataka & Udayavani.

The results along with presentations made by the Company to Analysts are also posted on the website of the Company viz. www.biocon.com. 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.

General Shareholders' Information

Annual General Meeting

Date and Time	June 30, 2016 at 4:00 p.m.
Venue	Tyler Jack's Auditorium, Biocon Research Centre Plot No. 3, Biocon SEZ, Bommasandra Jigani Link Road, Bengaluru - 560 099
Financial year	2015-16
Dividend payment date	March 29, 2016
Financial Calendar for 2016-2017.	
The following are tentative dates	
First Quarterly Results	July 21, 2016
Half-yearly Results	October 20, 2016
Third Quarterly Results	January 24, 2017
Annual Results 2016-17	April 27, 2017
AGM for the year 2016-17	July 28, 2017
Dates of Book Closure	Friday, June 24, 2016 to Thursday, June 30, 2016 (both days inclusive)
Listing on Stock Exchanges	National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 BSE Limited P J Towers, Dalal Street, Mumbai - 400 001
Stock Code/Symbol	NSE – BIOCON | BSE – 532523
International Securities Identification Number	INE 376G01013
Annual listing fees to stock exchanges	Paid

Market Price data during 2015-16

The monthly high/ low closing prices and volume of shares of the Company from April 1, 2015 to March 31, 2016 are given below:

Months	BSE			NSE		
	High Price	Low Price	Volume of Equity Shares	High Price	Low Price	Volume of Equity Shares
Apr-15	495.70	430.75	3,573,395	495.70	430.00	22,860,832
May-15	459.20	419.00	1,502,357	458.85	418.85	9,669,448
Jun-15	478.90	429.00	1,746,344	478.50	428.25	14,018,119
Jul-15	494.35	449.50	2,277,502	494.25	449.00	17,817,623
Aug-15	485.00	396.50	1,792,130	484.95	395.30	12,938,355
Sep-15	453.40	420.10	929,175	453.75	420.10	6,660,626
Oct-15	465.50	436.00	874,585	465.00	435.60	7,397,449
Nov-15	470.50	434.10	559,110	470.00	433.85	5,033,032
Dec-15	513.20	456.65	1,147,478	522.75	456.85	13,881,769
Jan-16	544.00	471.60	1,787,463	544.55	465.00	15,156,693
Feb-16	496.80	430.80	1,462,906	497.05	431.00	9,936,719
Mar-16	495.00	455.00	1,098,468	495.80	454.85	9,222,272

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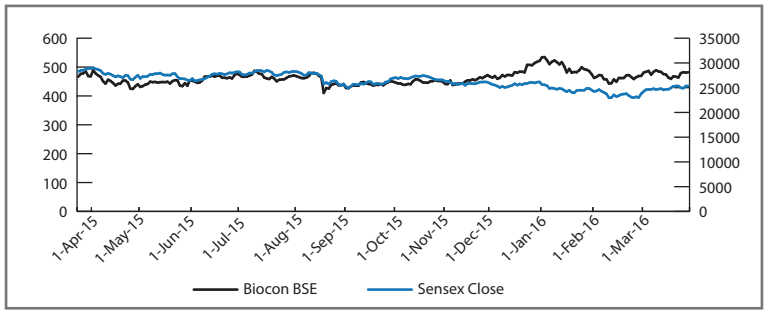
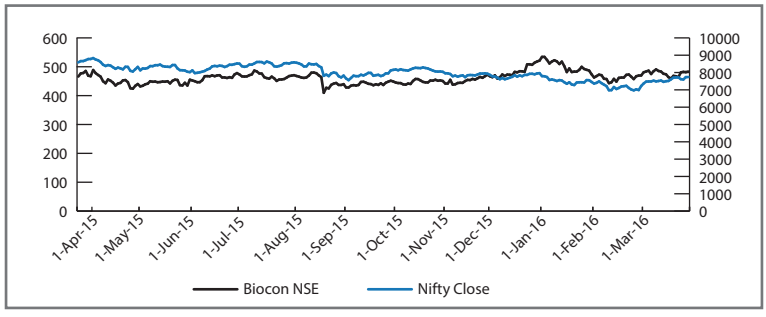
Relative Movement Chart

The chart below gives the relative movement of the closing price of the Company's share and the BSE Sensex/NSE Nifty relative to the closing price. The period covered is April 1, 2015 to March 31, 2016. The Biocon Management cautions that the stock price movement shown in the graph below should not be considered indicative of potential future stock price performance.

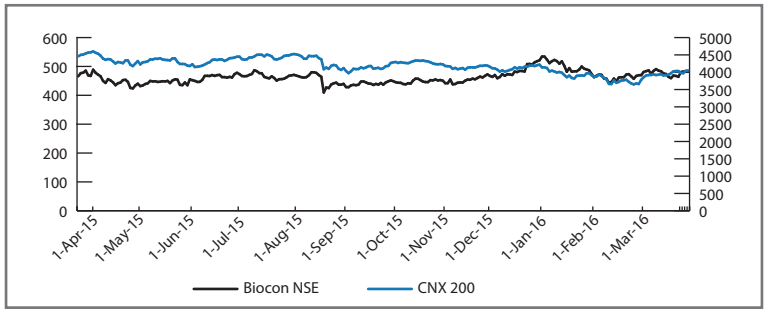
Biocon & BSE Sensex share price movement from April 1, 2015 to March 31, 2016.



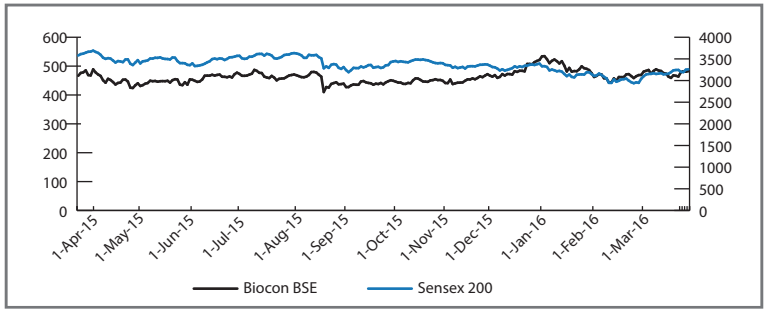
Biocon & S & P Nifty share price movement from April 1, 2015 to March 31, 2016.



Biocon & S & P CNX 200 share price movement from April 1, 2015 to March 31, 2016.



Biocon & BSE S & P 200 share price movement from April 1, 2015 to March 31, 2016.



Share Transfer System:

99.76% of the equity shares of the Company are in electronic form. Transfers of these shares are done through the depositories with no involvement of the Company. The Share Transfer Committee approves the transfer of shares in the physical form as per the time limits and procedure specified in the regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Distribution of the Shareholding

The distribution of shareholding (category wise) as on March 31, 2016 is as under:

Sl. No.	Category	No. of shares	% to Equity
1	Promoters (Indian & Foreign)	121,432,446	60.72
2	Foreign Institutional Investors	27,264,626	13.63
3	Mutual Funds, Banks, IFIs	10,734,452	5.37
4	NRIs & Foreign Nationals	2,280,542	1.14
5	Corporate Bodies	2,847,867	1.42
6	Trusts	8,337,978	4.17
7	Indian Public & Others	27,102,089	13.55
	Total	200,000,000	100.00

Distribution of shareholding by number of shares:

Category	No. of shareholders	Total Shares	% to Shareholders	% to paid-up capital
Up to 5,000	106,349	10,874,768	97.57	5.44
5,001- 10,000	1,289	1,917,295	1.18	0.96
10,001- 20,000	600	1,739,401	0.55	0.87
20,001- 30,000	214	1,060,618	0.20	0.53
30,001- 40,000	85	596,587	0.08	0.30
40,001- 50,000	74	695,272	0.07	0.35
50,001- 100,000	133	1,983,860	0.12	0.99
100,001 & Above	252	181,132,199	0.23	90.56
Total	108,996	200,000,000	100.00	100.00

Statement showing Un-claimed Dividend as at March 31, 2016

As per Section 124(5) of the Companies Act, 2013 and Section 205A of Companies Act, 1956 dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the unpaid dividend account, is liable to be transferred to the "Investor Education Protection Fund" (IEPF) established by the Central Government. The amount of unclaimed dividend upto financial years ended March 31, 2008 have been transferred to IEPF by the Company. The unclaimed dividend amounts for subsequent years along with their due dates for transfer to IEPF is mentioned below:

Sl. No.	Year	Dividend Per Share (in ₹)	Nature	Amount of unclaimed dividend as at March 31, 2016 (in ₹)	Due date for transfer of unclaimed dividend by the Company to Investors Education Protection fund (IEPF)
1	2008-09	3.00	Final	649,653	28/Aug/16
2	2009-10	3.50	Final	550,385	28/Aug/17
3	2010-11	1.50	Interim	303,935	3/Jun/18
4	2010-11	3.00	Final	645,345	26/Aug/18
5	2011-12	5.00	Final	1,121,945	31/Aug/19
6	2012-13	7.50	Final	1,246,705	31/Aug/20
7	2013-14	5.00	Final	632,110	31/Aug/21
8	2014-15	5.00	Final	903,530	1/May/22
9	2015-16	5.00	Final	3,456,080	16/April/23

There are no shares in the demat suspense account or unclaimed suspense account.

During the year, the Company has transferred the unclaimed dividend amount for the FY 2007-08 to IEPF account of the Central Government.

Dematerialization of shares and liquidity

The Company's equity shares are regularly traded on NSE and BSE, in dematerialised form. Equity shares of the Company representing 99.76% of the Company's equity share capital are dematerialised as on March 31, 2016.

There are no outstanding GDRs/ ADRs/ Warrants and convertible instruments.

Commodity Price risk or foreign exchange risk and hedging activities

Company has an approved Foreign Exchange Risk Management Policy and accordingly, during the year ended March 31, 2016, the Company has managed the foreign exchange risk and hedged to the extent considered necessary. The details of foreign currency exposure and hedging are disclosed in notes to the financial statements (Note 34).

Plant Locations

I	II	III	IV
20th KM, Hosur Road, Electronics City P.O. Bengaluru - 560 100	Biocon Park Plot No. 2, 3, 4 and 5 Bommasandra – Jigani Link Road Bengaluru – 560 100	Plot 213-215 IDA Phase-II, Pashamylaram Medak District, Telangana - 502307	Plot No. 2, Road No. 21, JN Pharma City, IDA, Parvada, Vishakapatnam, Andhra Pradesh - 531021

Contact Information

Financial Disclosure Correspondence
Mr. Siddharth Mittal
President – Finance & Chief Financial Officer
Tel: 91 80 - 2808 2808
E-mail id: siddharth.mittal@biocon.com

Investor Relations Correspondence (Investors & Research Analysts)
Mr. Saurabh Paliwal
Head - Investor Relations
Tel.: 91 80 - 2808 2040
E-mail id: saurabh.paliwal@biocon.com

For queries related to shares/ dividend/ compliance
Mr. Kiran Kumar G.
Company Secretary and Compliance Officer
Tel.: 91 80 - 2808 2037
E-mail id: investor.relations@biocon.com or co.secretary@biocon.com

Media Correspondence
Ms. Seema Ahuja
Vice President & Global Head of Communications
Tel: 91 80 - 2808 2808
E-mail id: seema.ahuja@biocon.com

Registrar and Share Transfer Agents
Karvy Computershare Private Limited
(Unit: Biocon Limited),
Plot 31-32, Karvy Selenium, Tower B, Gachibowli, Financial District,
Nanakramguda, Hyderabad – 500 032
E-mail id: einward.ris@karvy.com, srikrishna.p@karvy.com

Correspondence Address
Regd. Office
Biocon Limited
20th K M, Hosur Road,
Electronics City P.O., Bengaluru - 560 100

Declaration 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 the Board Members and Senior Management of the Company have affirmed the compliance with the Code of Ethics and Business Conduct, for the year 2015-16.

For Biocon Limited

(Sd/-)
Dr. Arun S Chandavarkar
Chief Executive Officer

Bengaluru
April 26, 2016

Other Disclosures:

Details of non-compliance:

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

Whistle Blower Policy:

The Company has laid down a Whistle Blower Policy and the same has been posted on the Internet/Intranet of the Company. The address of the Chairman of the Audit & Risk Committee has been given in the policy for the employees to report the matters of concern. No employee is denied the opportunity to meet the members of the Audit & Risk Committee. The policy is posted on the website of the Company. http://www.biocon.com/docs/Biocon_Group_Integrity_Whistle_Blower_Policy.pdf

Compliance with Discretionary Requirements:

Apart from complying with the mandatory requirements prescribed by regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, the Company has complied with a few discretionary requirements, such as the Internal Auditor report directly to the Chairman of the Audit & Risk Committee and appointed separate persons as Chairperson, Managing Director and Chief Executive Officer.

Material Subsidiary:

The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the Listing Agreement. The said policy is available at the Company's website http://www.biocon.com/docs/PolicyDocument_MaterialSubsidiary.pdf

Related Party Transactions

The Board has laid down a policy on dealing with related party transactions and it is posted on the Website of the Company. http://www.biocon.com/docs/PolicyDocument_RelatedPartyTransaction_2015.pdf

During the year, there have been no materially significant related party transactions undertaken by the Company under Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that may have potential conflict with the interest of the Company at large.

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 (http://www.biocon.com/biocon_invrelation_cor_code.asp?subLink=gover). The declaration from Chief Executive Officer with regard to compliance of code of conduct by the Board of Directors and Senior Management is enclosed and forms part of this report.

Auditors' Certificate

To

The Members of Biocon Limited

We have examined the compliance of conditions of Corporate Governance by Biocon Limited ("the Company"), for the year ended on March 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to 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 provisions as specified in chapter IV Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchange(s).

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place: Bengaluru
Date: May 23, 2016

Independent Auditor's Report

To the Members of Biocon Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Biocon Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 35 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place: Bengaluru
Date: April 26, 2016

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Annexure 1 to the Auditors' Report

The Annexure referred to in our report to the Members of Biocon Limited ('the Company') for the year ended March 31, 2016. We report that:

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

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

(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the title deeds of immovable properties are held in the name of the Company except for five number of immovable properties aggregating ₹ 271 million as at March 31, 2016 for which the Company is in process of obtaining registration. Also, according to information and explanations given by the management immovable properties aggregating ₹ 1 million for which the title is in dispute and is sub-judice as at March 31, 2016.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with outside parties have been confirmed by them as at year end and no material discrepancies were noticed in respect of such confirmations.

(iii) (a) The Company has granted loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans not prejudicial to the Company's interest.

(b) In respect of loans granted to companies covered in the register maintained under Section 189 of the Companies Act, 2013, repayment of the principal amount is as stipulated and payment of interest has been regular.

(c) There is no overdue amount of loans granted to companies listed in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

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

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of biopharmaceuticals and biotechnology products and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

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

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

Name of the Statute	Nature of dues	Amount Claimed (₹ Mn)	Payment under protest (₹ Mn)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Excise Duty	1	1	1994-1995	Assistant Collector of Central Excise
The Central Excise Act, 1944	Excise Duty	20	-	2009-2014	Commissioner (Appeals)
The Central Excise Act, 1944	Excise Duty	243	7	2005-2008 and 2009-2013	Customs, Excise and Service Tax Appellate Tribunal
The Central Excise Act, 1944	Excise Duty	1	-	2009-2011	Revision application before Central Government
The Customs Act, 1962	Customs Duty	46	45	2004-2005, 2007-2008 and 2009-2012	Customs, Excise and Service Tax Appellate Tribunal
The Customs Act, 1962	Customs Duty	23	23	2008-2009 to 2011-2012	Commissioner (Appeals)
Finance Act, 1944	Service Tax	91	-	FY 2006 to FY 2011	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1944	Service Tax	1	-	FY 2009 to FY 2011	Commissioner (Appeal)
Income-tax Act, 1961	Income Tax	4	4	FY1996-1997	Supreme Court
Income-tax Act, 1961	Income Tax	93	86	FY 1997-1998 and FY 2002-2007	High Court of Karnataka
Income-tax Act, 1961	Income Tax	154	-	FY 2007-2009 and FY 2010-2011	Income Tax Appellate Tribunal
Income-tax Act, 1961	Income Tax	1,483	-	FY 2009-2010	Commissioner (Appeals)
Income-tax Act, 1961	Income Tax	319	-	FY 2011-2012	Dispute Resolution Panel
Income-tax Act, 1961	Withholding tax	45	16	FY 2003-2004 to FY 2006-2007 and FY 2011-2012	Income Tax Appellate Tribunal
Income-tax Act, 1961	Withholding tax	8	-	FY 2012-2013	Commissioner (Appeals)

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or government. The Company does not have any borrowing by way of debenture.

(ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loan was applied for the purposes for which the loan was obtained, though funds amounting to ₹ 1,326 million received by the Company on March 31, 2016, which were not required for immediate utilisation have been invested in fixed deposit and current account with bank. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or material fraud on the Company by its the officers or employees of the Company has been noticed or reported during the year.

(xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.

(xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place: Bengaluru
Date: April 26, 2016

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Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Biocon Limited

Report on the Internal Financial Controls under clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To the Members of Biocon Limited

We have audited the internal financial controls over financial reporting of Biocon Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Companies Act, 2013, the financial statements of the Company, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 26, 2016 expressed an unqualified opinion.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382
Place: Bengaluru
Date: April 26, 2016

Balance Sheet as at March 31, 2016

(All amounts in Indian Rupees Million)

	Notes	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,000	1,000
Reserves and surplus	4	31,885	24,844
		32,885	25,844
Non-current liabilities			
Long-term borrowings	5	1,365	114
Deferred tax liability (net)	6	297	368
Other long-term liabilities	7	1,239	1,364
Long-term provisions	11	95	-
		2,996	1,846
Current liabilities			
Short-term borrowings	8	2,255	561
Trade payables	9		
Total outstanding dues of micro and small enterprises		102	77
Total outstanding dues of creditors other than micro and small enterprises		3,841	2,931
Other current liabilities	10	1,404	603
Short-term provisions	11	506	1,468
		8,108	5,640
TOTAL		43,989	33,330
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	9,035	8,986
Intangible assets	13	342	157
Capital work-in-progress		1,723	576
Non-current investments	14	4,587	804
Loans and advances	15	4,748	5,435
Other non-current assets	16	531	13
		20,966	15,971
Current assets			
Current investments	17	1,521	843
Inventories	18	4,675	4,063
Trade receivables	19	5,731	5,551
Cash and bank balances	20	9,883	6,212
Loans and advances	15	950	497
Other current assets	16	263	193
		23,023	17,359
TOTAL		43,989	33,330
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration no.: 101049W

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Siddharth Mittal
President - Finance & Chief Financial Officer

Bengaluru
April 26, 2016

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Kiran Kumar
Company Secretary
M No. A14594

Statement of Profit and Loss for the year ended March 31, 2016

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

	Notes	March 31, 2016	March 31, 2015
Income			
Revenue from operations (gross)		23,571	22,742
Less: Excise duty		335	326
Revenue from operations (net)	21	**23,236**	**22,416**
Other income	22	1,841	1,491
Total revenue (I)		**25,077**	**23,907**
Expenses			
Cost of raw materials and packing materials consumed	23	9,478	9,565
Purchases of traded goods	24 (a)	760	880
(Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress	24 (b)	(288)	(392)
Employee benefits expense	25	3,187	2,844
Other expenses	26	5,754	5,239
Depreciation and amortisation (net)	27	1,310	1,281
Finance costs	28	9	8
		20,210	**19,425**
Less: Recovery of product development costs from co-development partners (net)	38 (b)	(48)	(19)
Total expenses (II)		**20,162**	**19,406**
Profit before tax and exceptional item		**4,915**	**4,501**
Exceptional items (net)	31	5,230	(218)
Profit before tax		**10,145**	**4,283**
Tax expenses			
Current tax		2,128	716
Less: MAT credit entitlement		-	(13)
Deferred tax		(71)	(32)
Total tax expense		**2,057**	**671**
Profit for the year		**8,088**	**3,612**
Earnings per share [equity shares, par value of ₹ 5 each (March 31, 2015 - ₹ 5 each)]			
computed on the basis of profit for the year			
Basic (in ₹)		40.44	18.06
Diluted (in ₹)		40.44	18.06
Weighted average number of shares used in computing earnings per share			
Basic		200,000,000	200,000,000
Diluted		200,000,000	200,000,000
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees Million)

		March 31, 2016	March 31, 2015
I	**Cash flows from operating activities**		
	Profit before tax	10,145	4,283
	Adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation (net)	1,310	1,281
	Unrealised foreign exchange (gain)/ loss	(1)	(25)
	Employee stock compensation expense	60	-
	Provision/ (reversal of provision) for doubtful debts	(43)	47
	Bad debts written off	8	-
	Interest expense	9	8
	Interest income	(727)	(221)
	Dividend income	(632)	(1,120)
	Net gain on sale of current investments	(16)	(14)
	Provision for other than temporary diminution in the value of long-term investments	-	218
	Net gain on sale of non-current investments	(5,230)	-
	Other non-operating income	(186)	(136)
	Operating profit before working capital changes	4,697	4,321
	Movements in working capital		
	Decrease/(increase) in inventories	(612)	(487)
	Decrease/(increase) in trade receivables	(131)	(654)
	Decrease/(increase) in loans and advances and other assets [refer note 32(b) & 32(c)]	(1,214)	(1,430)
	Increase/(decrease) in trade payable, other liabilities and provisions	1,149	329
	Cash generated from operations	3,889	2,079
	Direct taxes paid (net of refunds)	(2,050)	(829)
	Net cash flow from operating activities	1,839	1,250
II	**Cash flows from investing activities**		
	Purchase of tangible fixed assets, capital work-in-progress and capital advances (net of reimbursements under co-development arrangement)	(2,146)	(577)
	Acquisition of intangible assets	(232)	(125)
	Proceeds from sale of fixed assets	7	-
	Loans given to subsidiaries [refer note 32(b) & 32(c)]	(1,979)	(2,367)
	Recovery of loans from subsidiaries [refer note 32(b) & 32 (c)]	3,707	3,917
	Investment in subsidiary (non-current)	(4,506)	(1)
	Proceeds from sale of non-current investments (net of expenses)	5,953	-
	Proceeds from sale of current investments	29,140	22,156
	Purchase of current investments	(29,802)	(19,968)
	Investment in bank deposits (having original maturity of more than 3 months)	(2,100)	(3,050)
	Redemption/ maturity of bank deposits (having original maturity of more than 3 months)	2,050	-
	Investment in deposits with financial institutions	(4,420)	-
	Other non-operating income	186	136
	Interest received	515	221
	Dividend received	632	1,120
	Net cash flow from/ (used in) investing activities	(2,995)	1,462
III	**Cash flows from financing activities**		
	Proceeds from long-term borrowings	1,324	-
	Repayment of long-term borrowings	(140)	(145)
	Proceeds/ (repayment) of short-term borrowings (net)	1,714	(228)
	Dividend paid on equity shares	(2,000)	(1,000)
	Tax on final equity dividend	-	(170)
	Tax on interim equity dividend	(107)	(30)
	Interest paid	(12)	(8)
	Net cash flow from/ (used in) financing activities	779	(1,581)

			March 31, 2016	March 31, 2015
IV	Net increase/(decrease) in cash and cash equivalents (I + II + III)		(377)	1,131
V	Effect of exchange differences on cash and cash equivalents held in foreign currency		78	(8)
VI	Cash and cash equivalents at the beginning of the year		3,159	2,040
VII	Cash and cash equivalents held by ESOP Trust [refer note 2]		-	(4)
VIII	Cash and cash equivalents at the end of the year (IV + V + VI + VII)		2,860	3,159
	Components of cash and cash equivalents			
	Cash on hand		-	-
	Balances with banks - on current accounts		2,610	3,153
	- on unpaid dividend accounts*		10	6
	Deposits with original maturity of less than 3 months		240	-
	Total cash and cash equivalents [refer note 20]		2,860	3,159
	*The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.			
	Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

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Siddharth Mittal
President - Finance & Chief Financial Officer

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

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Notes to the Financial Statements for the year ended March 31, 2016

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

1. Corporate information

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Biocon is an integrated healthcare company engaged in manufacture of biotechnology products for the pharmaceutical sector. The Company is also engaged in research and development in the biotechnology sector. During the year ended March 31, 2007, the Company had received an approval for operation of SEZ Developer and for setting up SEZ Unit operations to be located within Biocon SEZ.

Syngene International Limited ('Syngene'), promoted by Dr Kiran Mazumdar-Shaw, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. During the year, Syngene completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of ₹ 10 each, by the Company. Post the IPO, 72.61% of the equity interest in Syngene is held by Biocon and 0.93% is held by Biocon Research Limited ('BRL').

On January 10, 2008, Biocon entered into an agreement with Dr. B.R. Shetty to set up a joint venture Company NeoBiocon FZ-LLC, with a 50% equity interest incorporated in Dubai ('NeoBiocon'). On July 1, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 1, 2014, NeoBiocon has become a subsidiary of the Company.

The Company has also established BRL, a subsidiary of the Company to undertake research and development in novel and innovative drug initiatives.

During the year ended March 31, 2009, Biocon set up a wholly owned subsidiary Company in Switzerland, Biocon SA ("BSA") to undertake research and development in novel and innovative drug initiatives.

During the year ended March 31, 2016, Biocon set up a wholly owned subsidiary Company in United Kingdom, Biocon Biologics Limited ("BUK") to undertake development and commercialisation of biosimilar products.

During the year ended March 31, 2011, Biocon set up a wholly owned subsidiary company in Malaysia, Biocon Sdn. Bhd. ('Biocon Malaysia') for development and manufacture of bio-pharmaceuticals. During the year ended March 31, 2016, the Company transferred its investment in shares of Biocon Malaysia to BUK. Accordingly, Biocon Malaysia has become a step-down subsidiary of the Company.

During the year ended March 31, 2014, the Company established Biocon Academy, a not for profit company under Companies Act, 1956 to provide educational courses, training and research in the biosciences, life sciences and all fields of study.

On October 31, 2014, the Company incorporated Biocon Pharma Limited, a wholly owned subsidiary of Biocon, to engage in the business of formulation, development and sale of biopharmaceutical products.

During the year ended March 31, 2016, Biocon set up a wholly owned subsidiary Company in Dubai, Biocon FZ LLC ("Biocon FZ") to engage in the business of biopharmaceutical products in the Middle East region.

2. Basis of preparation

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards, notified under Section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

For the purpose of administration of the employee stock option plans of the Company, the Company has established the Biocon India Limited Employee Welfare Trust ('The ESOP Trust'). The Securities and Exchange Board of India (Share Based Employee benefits) Regulations 2014 ('SEBI Regulations') requires companies to follow 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI). As per the Guidance Note, Trust created for the purpose of administering employee share-based plans which does not provide any economic benefit to the Company should not be consolidated with the financial statements of the Company. Hitherto, under the erstwhile Securities and Exchange Board of India (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999, financial statements of the Company were prepared as if the Company itself is administering the ESOP scheme. Pursuant to the SEBI Regulations, the Company has discontinued the consolidated of the accounts of the ESOP Trust in its standalone financial statements for the year ended March 31, 2015 onwards.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2016 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated and effective March 30, 2016. The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Hence, the Company has not applied the Companies (Accounting Standards) Rules, 2016 in preparation of financial results for the year ended March 31, 2016.

2.1 Summary of Significant Accounting Policies

a. Use of estimates

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

b. Tangible fixed assets

Fixed assets are stated at cost, except for certain freehold land and buildings revalued on November 1, 1994, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalisation criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of an item of property, plant and equipment with a

cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

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

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

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period.

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

Assets funded by third parties are capitalised at gross value and the funds so received are recorded as funding received from co-developer and amortised over the useful life of the assets.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The Company has estimated the following useful lives to provide depreciation on its fixed assets.

Nature of Asset	Useful lives (in years)
Buildings *	25
Roads	5
Plant and equipment (including Electrical installation & Lab equipment)*	9-11
Computers & servers*	3
Office equipment	5
Research and development equipment *	9
Furniture and fixtures *	6
Vehicles *	6
Leasehold improvements	5 or lease period whichever is lower

Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

The residual values, useful lives and methods of depreciation of tangible fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

d. Intangible assets

(i) Goodwill:

Goodwill represents the excess of purchase consideration over the net book value of assets acquired. Goodwill on acquisition of business is amortised on a straight line basis over a period of 5 years and is tested for impairment on an annual basis.

(ii) Intangible asset:

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

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

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

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

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

Amortisation of intangible assets:

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

b. Manufacturing rights are amortised on a straight line basis over the estimated useful economic life of ten years.

c. Computer software is amortised on a straight line basis over a period of three - five years, being its estimated useful life.

Research and development costs

Research and development costs, incurred for development of products are expensed as incurred. Development costs which relate to the design and testing of new or improved materials, products or processes or for existing products in new territories are recognised as an intangible asset when the Company can demonstrate all the following:

a. it is technically feasible to complete the development of asset and it will be available for sale/use.

b. it is expected that such development will be completed and used/sold.

c. it is expected that such assets will generate future economic benefits.

d. there are adequate resources to complete such development.

e. it is possible to measure reliably the expenditure attributable to the asset during development.

Research and development expenditure of a capital nature is added to fixed assets. Following the initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. The carrying value of the development cost is tested for impairment annually.

e. Borrowing Costs

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

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

f. Impairment of tangible and intangible assets

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

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

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

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

g. Inventories

Inventories are valued as follows:

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

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

h. Revenue recognition

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

(i) Sale of products:

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

(ii) Sale of services:

The Company enters into certain dossier sales, licensing and supply agreements (including arrangement for capacity reservation fee) relating to various products. Revenue from such arrangements is recognised upon completion of performance obligations or on a proportional performance basis over the period the Company performs its obligations, based on the terms of the agreements. Proportionate performance is measured based upon the efforts/costs incurred to date in relation to the total estimated efforts/costs to complete the contract. The Company monitors estimates of the total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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

(iii) **Interest Income:** Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

(iv) **Dividend income:** Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

i. Investments

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

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

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

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

j. Retirement benefits

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

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

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

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

k. Foreign currency translation

Foreign currency transaction and balances

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

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

Exchange Differences

The Company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as below:

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

(ii) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

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

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

For the purpose of (ii) and (iii) above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are arising on long-term foreign currency monetary items for the period.

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

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

l. Income tax

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

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

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

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

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

m. Employee stock compensation costs

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

In accordance with the Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. Expenses for equity settled options expiring unexercised after vesting are not reversed through statement of profit and loss. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

n. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

o. Operating lease

Where the Company is a Lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Where the Company is a Lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income is recognised on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately in the statement of profit and loss.

p. Segment reporting

Identification of segments

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

Inter-segment Transfers

The Company generally accounts for inter-segment sales and transfers at an agreed marked-up price.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The Corporate and other segment include general corporate income and expense items which are not allocated to any business segment.

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

q. Provisions

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

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

r. Contingent liability

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

s. Cash and cash equivalents

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

t. Derivative instruments

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

	March 31, 2016	March 31, 2015
3. Share capital		
Authorised		
220,000,000 (March 31, 2015 - 220,000,000) equity shares of ₹ 5 each (March 31, 2015 - ₹ 5 each)	1,100	1,100
Issued, subscribed and fully paid-up		
200,000,000 (March 31, 2015 - 200,000,000) equity shares of ₹ 5 each (March 31, 2015 - ₹ 5 each)	1,000	1,000

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	March 31, 2016		March 31, 2015	
	No.	₹ Million	No.	₹ Million
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	200,000,000	1,000	200,000,000	1,000

(b) Terms/rights attached to equity shares

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

During the year ended March 31, 2016, the Board of Directors approved interim dividend for distribution to equity shareholders of ₹ 5 per share (March 31, 2015 - ₹ 5 per share).

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

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

	March 31, 2016		March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr. Kiran Mazumdar-Shaw	79,287,564	39.64%	79,287,564	39.64%
Glentec International	39,535,194	19.77%	39,535,194	19.77%

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

(d) Shares reserved for issue under options

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

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	March 31, 2016	March 31, 2015
4. Reserves and surplus		
Securities premium	2,788	2,788
Revaluation reserve	9	9
ESOP Trust		
Opening balance	-	886
Less: Deconsolidation of ESOP Trust [refer note 2]	-	(886)
Closing balance	-	-
General reserve		
Opening balance	3,458	3,097
Add: Amount transferred from surplus in the statement of profit and loss	-	361
Closing balance	3,458	3,458
Surplus in the statement of profit and loss		
Balance as per last financial statements	18,329	16,137
Adjustment for depreciation [refer note 12 (g)]	-	(29)
Profit for the year	8,088	3,612
Less: Appropriations		
Interim dividend on equity shares [amount per share ₹ 5 (March 31, 2015 - ₹ 5)]	(1,000)	(1,000)
Tax on interim dividend	(107)	(30)
Transfer to general reserve	-	(361)
Total appropriations	(1,107)	(1,391)
Net surplus in the statement of profit and loss	25,310	18,329
Employee stock options outstanding		
Balance as per last financial statements	260	260
Add: Compensation for options granted during the year	60	-
Closing balance	320	260
Total Reserves and surplus	31,885	24,844

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	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
5. Long-term borrowings				
Deferred sales tax liability (unsecured) [refer note (a) below]	-	65	65	130
Other loans and advances (unsecured)				
NMITLI - CSIR Loan [refer note (b) below]	1	1	-	-
Financial assistance from DSIR [refer note (c) below]	3	7	3	3
Financial assistance from DST [refer note (d) below]	35	41	7	7
Loans from banks (secured)				
Term loan [refer note (f) below]	1,326	-	-	-
	1,365	114	75	140
The above amount includes				
Secured borrowings	1,326	-	-	-
Unsecured borrowings	39	114	75	140
Amount disclosed under the head "other current liabilities" [refer note 10]	-	-	(75)	(140)
Net amount	1,365	114	-	-

(a) On February 9, 2000, the Company obtained an order from the Karnataka Sales Tax Authority for allowing an interest free deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding ₹ 649. This is an interest free liability. The amount is repayable in 10 equal half yearly instalments of ₹ 65 each starting from February 2012.

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

(c) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual instalments of ₹ 3 each, starting from April 1, 2013.

(d) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects.The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3% p.a.

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

(f) The Company has obtained an external, commercial borrowing facility of USD 20 million from a bank. As at March 31, 2016, the Company has fully drawn the loan. The term loan facility is secured by first priority *pari-passu* charge on the plant and machinery of the proposed expanded facility line in the existing facility. The long-term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of LIBOR + 0.95% p.a. The Company has entered into interest rate swape to convert floating rate to fixed rate. Also refer note 34.

	March 31, 2016	March 31, 2015
6. Deferred tax liability (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	466	440
Gross deferred tax liability	466	440
Deferred tax asset		
Employee retirement benefit expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	86	41
Provision for doubtful debts	14	18
Others	69	13
Gross deferred tax asset	169	72
Net deferred tax liability	297	368
7. Other long-term liabilities		
Others		
Deferred revenues *	703	791
Funding received from co-developer towards fixed assets [refer note 12]	533	567
Interest accrued but not due	3	6
	1,239	1,364

* Includes ₹ 453 (March 31, 2015 - ₹ 453) relating to the transfer of development and commercialisation rights of Oral Insulin to Biocon Research Limited. Pending certain obligations under the agreements, revenues have been deferred under the terms of the agreement.

	March 31, 2016	March 31, 2015
8. Short-term borrowings		
From banks/financial institutions		
Packing credit foreign currency loan (unsecured) [refer note (i), (ii) and (iii) below]	2,253	561
Cash credit (secured) [refer Note (iv) below]	2	-
	2,255	561
The above amount includes		
Secured borrowings	2	-
Unsecured borrowings	2,253	561

(i) During the year ended March 31, 2016, the Company has obtained unsecured foreign currency denominated loans of ₹ 597 (USD 9 million) [March 31, 2015 ₹ Nil (USD Nil)], carrying an interest rate of LIBOR+ 0.20% p.a. from a bank. The facility is repayable within 120 days from the date of its origination.

(ii) During the year ended March 31, 2016, the Company has obtained unsecured foreign currency denominated loans of ₹ 1,656 (USD 25 million) [March 31, 2015 ₹ Nil (USD Nil)], carrying an interest rate of LIBOR+ 0.10% p.a. from a bank. The facility is repayable within 180 days from the date of its origination.

(iii) During the year ended March 31, 2015, the Company had obtained foreign currency denominated loan of ₹ 561 (USD 9 million), carrying an interest rate of LIBOR+ 0.35% p.a., from a bank. The facility was repayable within 180 days from the date of its origination and has been repaid during the year.

(iv) The Company has working capital facilities with a bank carrying interest rate ranging from 9.7% - 13% p.a. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables.

	March 31, 2016	March 31, 2015
9. Trade payables		
Trade payables [refer note (a) below]		
Total outstanding dues of micro and small enterprises	102	77
Total outstanding dues of creditors other than micro and small enterprises	3,841	2,931
	3,943	3,008
(a) Disclosure required under Clause 22 of Micro, Small and Medium Enterprise Development Act, 2006		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	102	77
Interest due on the above	-	1
(ii) The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	317	312
(iii) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(iv) Interest due and payable for the period of delay in making payment during the year	2	4
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006	25	23
The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendors/ suppliers.		
10. Other current liabilities		
Current maturities of long-term borrowings [refer note 5]	75	140
Deferred revenues	39	20
Funding received from co-developer towards fixed assets [refer note 12]	77	77
Investor Education and Protection Fund shall be credited by		
Unclaimed dividend	10	6
Payables for capital goods	748	239
Book overdraft	252	-
Advances from customers	58	32
Other payables:		
Statutory dues [refer note (a) below]	77	89
Others	68	-
	1,404	603

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

	Long-term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
11. Provisions				
Provision for employee benefits				
Leave encashment	-	-	82	74
Gratuity	95	-	73	121
Others				
Interim dividend on equity shares	-	-	-	1,000
Provision for income tax, net of advance tax	-	-	351	273
	95	-	506	1,468

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12. Tangible assets

	Land [Refer note (a) and (b)]	Buildings	Leasehold improvements	Plant and equipment [Refer note (e)]	Research & development equipments	Furniture and fixtures	Vehicles	Total
Cost or Valuation								
At April 1, 2014	389	3,854	3	11,214	1,127	381	19	16,987
Additions	-	76	3	769	21	12	31	912
Disposals	-	-	-	(10)	-	-	(6)	(16)
At March 31, 2015	**389**	**3,930**	**6**	**11,973**	**1,148**	**393**	**44**	**17,883**
Additions [also refer note (f) below]	130	381	-	832	15	43	6	1,407
Disposals	-	-	-	(77)	-	-	(6)	(83)
At March 31, 2016	**519**	**4,311**	**6**	**12,728**	**1,163**	**436**	**44**	**19,207**
Depreciation/ Amortisation								
At April 1, 2014	-	767	1	5,981	644	168	16	7,577
Other adjustment [refer note (g) below]	-	29	-	-	-	-	-	29
Charge for the year	-	157	-	995	101	47	4	1,304
Disposals	-	-	-	(10)	-	-	(3)	(13)
At March 31, 2015	**-**	**953**	**1**	**6,966**	**745**	**215**	**17**	**8,897**
Charge for the year	-	169	-	1,040	86	50	6	1,351
Disposals	-	-	-	(74)	-	-	(2)	(76)
At March 31, 2016	**-**	**1,122**	**1**	**7,932**	**831**	**265**	**21**	**10,172**
Net Block								
At March 31, 2015	389	2,977	5	5,007	403	178	27	8,986
At March 31, 2016	**519**	**3,189**	**5**	**4,796**	**332**	**171**	**23**	**9,035**

a) Land includes land held on leasehold basis: Gross Block ₹ 226 (March 31, 2015 - ₹ 226) ; Net Block ₹ 226 (March 31, 2015 - ₹ 226).

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

c) Additions to fixed assets during the year ended March 31, 2016, include assets of ₹ 266 (March 31, 2015 - ₹ 64) of which, ₹ 235 (March 31, 2015 - ₹ 32) has been funded by the co-development partner/ customer. The Company has capitalised and depreciated the gross cost of these assets. The funding received from the co-development partner is reflected in notes 7 and 10 and the depreciation charge for the year has been adjusted for the proportionate amount recovered from the co-development partner. Also refer note 27.

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

e) Plant and equipment include computers and office equipment.

f) The Company has acquired the business assets of the pharmaceutical manufacturing unit of M/s. Acacia Lifesciences Private Limited located at Vishakhapatnam with effect from October 1, 2015 on a going concern basis for a consideration of ₹ 531. Fixed assets have been recorded on the fair valuation basis, performed by an independent valuer, including the assessment of remaining useful life of fixed assets. Stamp duty of ₹ 11 has been incurred and capitalized in addition to the value of fixed assets capitalized. Goodwill of ₹ 77 has been recorded being the excess of purchase consideration over the value of net assets acquired. The useful life of goodwill has been estimated to be 5 years.

g) During the year ended March 31, 2015 depreciation of ₹ 29 (net of deferred tax impact) had been adjusted to the opening balance of surplus in the Statement of profit and loss as at April 1, 2014, with corresponding adjustment to net book value of fixed assets, in accordance with the transitional provisions of Schedule II of the Act.

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13. Intangible assets

	Intellectual property rights	Computer software	Marketing and Manufacturing rights [Refer note (a), (b) and (c)]	Goodwill [Refer note (d)]	Total
Gross Block					
At April 1, 2014	81	39	193	-	313
Additions	-	125	-	-	125
At March 31, 2015	81	164	193	-	438
Additions	-	54	101	77	232
At March 31, 2016	**81**	**218**	**294**	**77**	**670**
Amortisation					
At April 1, 2014	81	39	110	-	230
Charge for the year	-	20	31	-	51
At March 31, 2015	**81**	**59**	**141**	**-**	**281**
Charge for the year	-	27	12	8	47
At March 31, 2016	**81**	**86**	**153**	**8**	**328**
Net Block					
At March 31, 2015	-	105	52	-	157
At March 31, 2016	**-**	**132**	**141**	**69**	**342**

a) Erstwhile Biocon Biopharmaceuticals Limited (merged with Biocon with effect from April 1, 2013) ("BBL") had entered into an agreement with M/s CIMAB, Cuba to acquire manufacturing rights for certain products in specified territories for a total cost of ₹ 64. M/s CIMAB, Cuba is in the process of obtaining regulatory approvals in the respective countries.

b) During the year ended March 31, 2009, the Company acquired marketing rights of hR3 and EPO from BBL for a sum of ₹ 129. These rights give the Company an exclusive right of marketing the products in certain territories. Effective April 2010, the Company commenced amortisation of these rights over a period of 5 years, being the estimated useful life of these rights.

c) Pursuant to an asset purchase agreement, with a customer, executed during the year ended March 31, 2016, the Company has acquired the marketing and manufacturing rights for a product for a sum of ₹ 101.

d) Also refer note 12 (f) for recognition of goodwill.

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	March 31, 2016	March 31, 2015
14. Non-current investments		
A) Trade investments (valued at cost unless stated otherwise):		
I. Quoted equity instruments		
In subsidiary company:		
145,217,843 (March 31, 2015 - Nil) equity shares of ₹ 10 each in Syngene International Limited [refer note (g) below]	72	-
Total quoted non-current investments	72	-
II. Unquoted equity instruments		
In subsidiary companies:		
Nil (March 31, 2015 - 167,217,843) equity shares of ₹ 10 each in Syngene International Limited [refer note (g) below]	-	83
500,000 (March 31, 2015 - 500,000) equity shares of ₹ 1 each fully paid-up in Biocon Research Limited [refer note (a) below]	1	1
100,000 (March 31, 2015 - 100,000) equity shares of CHF 1 each fully paid-up in Biocon SA, Switzerland	4	4
Nil (March 31, 2015 - 4,853,734) equity shares of RM 10 each fully paid-up in Biocon Sdn.Bhd., Malaysia [refer note (e) below]	-	712
150 (March 31, 2015 - Nil) equity shares of AED 1,000 each fully paid-up in Biocon FZ LLC, UAE	3	-
5,050,000 (March 31, 2015 - 50,000) equity shares of ₹ 10 each fully paid-up in Biocon Pharma Limited	51	1
47,183,101 (March 31, 2015: Nil) equity shares of GBP 1 each fully paid-up in Biocon Biologics Limited, UK [refer note (e) below]	4,453	-
50,000 (March 31, 2015 - 50,000) equity shares of ₹ 10 each fully paid-up in Biocon Academy	1	1
153 (March 31, 2015 - 153) equity shares of AED 1,000 each fully paid-up in NeoBiocon FZ LLC, UAE [refer note (b) below]	2	2
Total unquoted non-current investments in equity shares of subsidiary companies	4,515	804
III. Unquoted preference shares		
In associate company:		
4,285,714 (March 31, 2015 - 4,285,714) Series A Preferred Stock at USD 0.70 each, fully paid-up, par value US $ 0.00001 each in IATRICa Inc., USA	139	139
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (d) below]	(139)	(139)
	-	-
Others:		
2,722,014 (March 31, 2015 - 2,722,014) Series B1 Preferred Convertible Stock at US$ 1.55 each, fully paid-up, par value US $0.001 each in Vaccinex Inc., USA	186	186
217,972 (March 31, 2015 - 217,972) Series B2 Preferred Convertible Stock at USD 3.10 each, fully paid-up, par value US $0.001 each in Vaccinex Inc., USA	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (c) below]	(218)	(218)
	-	-
Total unquoted non current investments	4,515	804
Total	4,587	804
Aggregate value of unquoted investments (cost)	4,872	1,161
Aggregate value of quoted investments (cost)	72	-
Aggregate value of quoted investments (market value)	55,800	-
Aggregate provision for diminution in value of investments	357	357

(a) During the year ended March 31, 2009, Biocon Research Limited ('BRL') was incorporated as a wholly owned subsidiary for undertaking research in novel and drug products. BRL commenced commercial activities during the year ended March 31, 2010 and as at March 31, 2016 has a negative net worth of ₹ 1,337 (March 31, 2015 - ₹ 2,006) due to its early stage of operations and research activities. BRL is a research & development company and of strategic importance to the Company. Accordingly, the management is of the view that there is no diminution in the value of the investment. The Company has committed to support BRL to fund its operations. The Company has also granted an unsecured long-term loan facility of ₹ 6,500 repayable in March, 2020. The outstanding amount of Loan as at March 31, 2016 is ₹ 1,455 (March 31, 2015 - ₹ 2,447). The Company also has other receivables of ₹ 1,104 (March 31, 2015 - ₹ 854) from BRL.

(b) NeoBiocon was incorporated in Dubai as a 50% joint venture between the Company and Mr. B R Shetty and is engaged in marketing and distribution of biopharmaceuticals in the Middle-East region. On July 1, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 NeoBiocon has become a subsidiary of the Company. For the quarter ended June 30, 2014, the aggregate amount of Biocon's interest in the income and expenses of NeoBiocon was ₹ 141 and ₹ 81 respectively.

(c) Vaccinex Inc., USA ('Vaccinex') is engaged in research and development activities and has been incurring losses. During the year ended March 31, 2015, considering the financial position and uncertain future cash flows of Vaccinex, the Company on a prudent basis, created a provision of ₹ 218 for diminution other than temporary, in the value of its investments.

(d) In 2008, the Company invested ₹ 139 in IATRICa, engaged in the development of immunoconjugates, for a 30% equity stake. During the year ended March 31, 2013, there were certain developments in connection with this investment arising due to patent filings, which are contrary to contractual obligations. Pursuant to this, on a prudent basis, during the year ended March 31, 2013, the Company created a provision of ₹ 139 for diminution, in the value of investment in IATRICa.

(e) During the year ended March 31, 2016 Biocon Biologics Limited was incorporated as a wholly owned subsidiary in United Kingdom to undertake development and commercialisation of Biosimilar products. During the year ended March 31, 2016, the Company sold its investment in the equity shares of Biocon Sdn. Bhd., a wholly owned subsidiary to Biocon Biologics Limited (UK), for a sum of ₹ 811. Gain arising from such sale of equity shares amounting to ₹ 99 (net of cost of such equity shares), is recorded as an exceptional gain in the financial statements. Consequential tax of ₹ 21 is recorded on such gain.

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

(g) During the year, Syngene International Limited ('Syngene') completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of ₹ 10 each, by the Company. Post the sale, the Company's holding in equity shares of Syngene has reduced from 83.61% to 72.61%. The equity shares of Syngene were listed on National Stock Exchange of India Limited and BSE Limited on August 11, 2015. Gain arising from such sale of equity shares, net of related expenses and cost of equity shares, amounting to ₹ 5,131 is recorded as an exceptional gain in the financial statements. Consequential tax of ₹ 1,042 is recorded on such gains.

15. Loans and advances (unsecured, considered good)

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances [refer note (a) below]	430	274	-	-
Loans to related parties [refer note (b) below]	1,584	2,447	-	-
Duty drawback receivable [refer note (d) below]	313	326	-	-
Balances with statutory/government authorities	632	857	-	-
Other receivables from related parties [refer note 32 and note (c) below]	1,104	854	705	285
Other receivables	-	-	21	16
Deposits	173	165	-	-
MAT credit entitlement	42	42	-	-
Advance income tax (net of provision for taxation)	462	462	-	-
Advances recoverable in cash or in kind or for value to be received	8	8	224	196
	4,748	**5,435**	**950**	**497**

(a) During the year ended March 31, 2008, the Company was allotted land at the Jawaharlal Nehru Pharma City Vishakhapatnam, Andhra Pradesh, on a long-term lease basis for a consideration of ₹ 260. The Company had paid the entire consideration towards the cost of the lease and during the year ended March 31, 2012, the Company had intimated the SEZ developer of its intention to surrender the above land. During the year ended March 31, 2016 the Company has conveyed its intention to execute a formal sale/lease deed.

(b) Loans to related parties comprise loans given to following subsidiaries: (Non-current and current)

	March 31, 2016	March 31, 2015
(i) Biocon Research Limited	1,455	2,447
Maximum amount outstanding during the year	4,799	3,053
(ii) Biocon Pharma Limited	129	-
Maximum amount outstanding during the year	179	-

(c) Other receivables from related parties comprise receivables from following subsidiaries:(Non-current and current)

Syngene International Limited	91	150
Biocon Research Limited	1,104	854
Biocon SA	51	94
Biocon Sdn Bhd	536	41
NeoBiocon FZ LLC	3	-
Biocon Pharma Limited	24	-

(d) Net of doubtful receivables of ₹ 216 (March 31, 2015 - ₹ 69), which has been fully provided

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
16. Other assets				
Unamortised premium on foreign exchange option contracts	5	13	22	30
Unbilled revenue	-	-	-	108
Interest accrued on deposits with banks and financial institutions	26	-	241	55
Non-current cash and bank balances [refer note 20]	500	-	-	-
	531	**13**	**263**	**193**

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

Investments in mutual funds (unquoted, fully paid-up)

	Face value (₹/Unit)	March 31, 2016 Units	March 31, 2016 Amount	March 31, 2015 Units	March 31, 2015 Amount
Axis Liquid Fund - Daily Dividend Reinvestment	1,000	-	-	98,005	98
DWS Banking & PSU Debt Fund - Weekly Dividend Reinvestment	10	70,409,716	724	-	-
HDFC Liquid Fund - Daily Dividend Reinvestment	10	-	-	13,566,785	138
IDFC Cash Fund - Daily Dividend - (Regular Plan)	1,000	-	-	158,344	159
JP Morgan Banking & PSU Debt Fund - Weekly Dividend Reinvestment Option	10	24,569,495	258	-	-
Reliance Banking & PSU Debt Fund Weekly Dividend Plan	10	46,064,513	465	-	-
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	1,001	-	-	135,112	135
SBI Premier Liquid Fund - Regular Plan - Daily Dividend	1,003	73,826	74	-	-
TATA Fixed Maturity Plan Series 47 Scheme C - Plan A - Growth	10	-	-	15,000,000	150
Tata Liquid Fund Plan A- Daily Dividend	1,000	-	-	146,580	163
			1,521		843
Aggregate value of unquoted investments			1,521		843

	March 31, 2016	March 31, 2015
18. Inventories (valued at lower of cost and net realisable value)		
Raw materials, including goods-in-bond [refer note 23]*	1,166	957
Packing materials [refer note 23]	324	209
Work-in-progress [refer note 24 (b)]	1,569	1,316
Finished goods [refer note 24 (b)]	1,354	1,332
Traded goods [refer note 24 (b)]	262	249
	4,675	4,063
*Includes goods in transit ₹ 151 (March 31, 2015 - Nil)		
19. Trade receivables (unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	99	21
Doubtful	42	85
	141	106
Provision for doubtful receivables	(42)	(85)
	99	21
Other trade receivables		
Considered good	5,632	5,530
	5,731	5,551
The above includes:		
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of board of directors of NHL	8	5
20. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts	2,610	3,153
On unpaid dividend account	10	6
Deposits with original maturity of less than 3 months	240	-
	2,860	3,159
Other bank balances		
Deposits with maturity of less than 12 months	3,100	2,050
Deposits with maturity of more than 12 months	-	1,000
Margin money deposit [refer Note (a) below]	3	3
Deposit with financial institutions		
Deposits with maturity of less than 12 months	3,920	-
Deposits with maturity of more than 12 months	500	-
Less: Amount disclosed under other non-current assets	(500)	-
	9,883	6,212

(a) Margin money deposits with carrying amount of ₹ 3 at March 31, 2016 (March 31, 2015 - ₹ 3) are subject to first charge against bank guarantees obtained.

(b) The Company has cash on hand which are not disclosed above since amounts are rounded off to Rupees million.

	March 31, 2016	March 31, 2015
21. Revenue from operations		
Sale of products		
Finished goods	20,035	19,176
Traded goods	1,679	1,966
Sale of services		
Licensing and development fees	223	283
Capacity reservation fees	-	311
Other operating revenue		
Sale of process waste	129	134
Others [refer note (a) and (b) below]	1,505	872
Revenue from operations (gross)	**23,571**	**22,742**
Less: Excise duty [refer note (c) below]	335	326
Revenue from operations (net)	**23,236**	**22,416**
(a) Others include processing charges, rentals and cross charge of power and other facilities by the SEZ Developer/ SEZ unit of the Company.		
(b) Others include ₹ 446 towards one time compensation from a customer to absolve the customer from capacity reservation fees.		
(c) Excise duty on sales amounting to ₹ 335 (March 31, 2015- ₹ 326) has been reduced from revenue from operations in the statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ (2) [March 31, 2015 ₹ (5)] has been considered as (income)/expense in note 26 of the financial statements.		
Details of products sold		
Finished goods		
Biopharmaceuticals	16,313	15,786
Formulations	3,722	3,390
	20,035	**19,176**
Traded goods		
Biopharmaceuticals	84	38
Formulations	1,595	1,928
	1,679	**1,966**
22. Other income		
Interest income on:		
Deposits with banks and financial institutions	397	55
Others	330	166
Dividend income from		
Subsidiaries	487	997
Current investments	145	123
Net gain on sale of current investments	16	14
Foreign exchange gain, net	280	-
Other non-operating income	186	136
	1,841	**1,491**
23. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,166	1,071
Add: Purchases	9,802	9,660
Less: Inventory at the end of the year	1,490	1,166
Cost of raw materials and packing materials consumed	**9,478**	**9,565**
(a) Details of raw materials and packing materials consumed		
Bulk drug, formulation chemicals & excipients	2,146	2,366
Bulk drug intermediates	3,962	3,594
Solvents	1,560	1,798
Resins	584	453
Packing materials	639	577
Others	587	777
	9,478	**9,565**

	March 31, 2016	March 31, 2015
24. (a) Purchases of traded goods		
Details of purchase of traded goods:		
Biopharmaceuticals	16	24
Formulations	744	856
	760	**880**
24. (b) (Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	249	303
Finished goods, net of excise duty	1,332	815
Work-in-progress	1,316	1,387
	2,897	**2,505**
Inventory at the end of the year		
Traded goods	262	249
Finished goods, net of excise duty	1,354	1,332
Work-in-progress	1,569	1,316
	3,185	**2,897**
(Increase)/ decrease in inventories	**(288)**	**(392)**
(i) Details of Inventories:		
Traded goods		
Biopharmaceuticals	-	-
Formulations	262	249
	262	**249**
Finished goods, net of excise duty		
Biopharmaceuticals	886	1,003
Formulations	468	329
	1,354	**1,332**
Work-in-progress		
Biopharmaceuticals	1,544	1,310
Formulations	25	6
	1,569	**1,316**
25. Employee benefits expense		
Salaries, wages and bonus	2,740	2,488
Contribution to provident and other funds	115	109
Gratuity [refer note 36]	49	37
Employee stock compensation expense	60	-
Staff welfare expenses	223	210
	3,187	**2,844**

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	March 31, 2016	March 31, 2015
26. Other expenses		
Royalty and technical fees	56	41
Rent	17	18
Communication expenses	40	33
Travelling and conveyance	335	330
Professional charges	383	333
Payments to auditors [refer note (a) below]	6	5
Directors' fees including commission	20	21
Power and fuel	1,551	1,652
Insurance	30	19
Rates, taxes and fees, net of refunds of taxes	182	173
Lab consumables	373	254
Repairs and maintenance		
Plant and machinery [refer note (b) below]	307	284
Buildings	90	50
Others	280	177
Selling expenses		
Freight outwards and clearing charges	284	250
Sales promotion expenses	423	482
Commission and brokerage (other than sole selling agents)	253	216
(Increase)/Decrease of excise duty on inventory	(2)	(5)
Bad debts written off	8	-
Provision/(reversal) for doubtful debts, net	(43)	47
Foreign exchange fluctuation, net	-	14
Printing and stationery	26	26
Research & development expenses	902	595
CSR expenditure [refer note 39]	81	71
Miscellaneous expenses	152	153
	5,754	**5,239**
(a) Payments to auditors :		
As auditor:		
Statutory audit fee	3	2
Tax audit fee	1	1
Limited review	2	2
In other capacity:		
Other services (certification fees) [refer note (c) below]	-	-
Reimbursement of out-of-pocket expenses [refer note (c) below]	-	-
	6	**5**
(b) Includes spare parts of ₹ 214 (March 31, 2015 - ₹ 179) of which ₹ 153 (March 31, 2015 - ₹ 174) were purchased indigenously and ₹ 61 imported (March 31, 2015 - ₹ 5)		
(c) Amounts are not presented since the amounts are rounded off to Rupees million.		
27. Depreciation and amortisation (net)		
Depreciation of tangible assets [refer note 12]	1,351	1,304
Amortisation of intangible assets [refer note 13]	47	51
Depreciation on assets partly funded by customer/co-development partner [refer note 12 (c)]	(88)	(74)
	1,310	**1,281**
28. Finance costs		
Interest expense	9	8
	9	**8**

		March 31, 2016	March 31, 2015
29. Research & development expenses			
Research & development expenses (comprising clinical trial expenses, patent fees etc.)	(a)	902	595
Other research & development expenses included in other heads of account:			
Salaries, wages and bonus		182	139
Contribution to provident and other funds		7	6
Staff welfare expenses		2	5
Lab consumables		373	254
Travelling and conveyance		14	1
Professional charges		-	11
	(b)	578	416
	(a + b)	1,480	1,011
Less: Recovery of product development costs from co-development partners (net) [refer note 38(b)]		(48)	(19)
		1,432	992
Research and development (R & D) expenses on Buildings and Equipment			
Buildings		-	1
Equipment, net of funding received from co-development partner		35	21

30. Employee stock compensation

(a) Biocon ESOP Plan

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries/ joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers 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 Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant I

In September 2001, the Company granted 71,510 options (face value of shares ₹ 5 each) under the ESOP Plan 2000 to be exercised at a price of ₹ 10 (before adjusting bonus and share split). The options vested with the employees equally over a four year period.

Grant II

In January 2004, the Company granted 142,100 options (face value of shares - ₹ 5 each) under ESOP Plan 2000 to be exercised at a price of ₹ 5 per share. The options vest with the employees equally over a four year period.

Grant III

In January 2004, the Board of Directors announced the Biocon Employee Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employees of the Company and its subsidiaries/ joint venture company, pursuant to which the Remuneration Committee on March 19, 2004 granted 422,000 options (face value of shares - ₹ 5 each) under the ESOP Plan 2004 to be exercised at a grant price of ₹ 315 being the issue price determined for the IPO through the book building process. The options vest with the employees equally over a four year period.

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first second and third year from the date of grant for existing employees and at the end of third, fourth and fifth year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2016		March 31, 2015	
	No. of Options *	Weighted Average Exercise Price (₹)*	No. of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	61,625	187	120,900	185
Granted during the year	-	-	-	-
Forfeited during the year	-	-	2,750	227
Exercised during the year	55,250	179	56,525	187
Expired during the year	2,875	154	-	-
Outstanding at the end of the year	3,500	231	61,625	187
Exercisable at the end of the year	3,500	231	61,625	187
Weighted average remaining contractual life (in years)	0.3	-	0.1	-

*adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first second and third year from the date of grant for existing employees and at the end of third, fourth and fifth year from the date of grant for new employees. Exercise period is 3 years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

Details of Grant V

Particulars	March 31, 2016		March 31, 2015	
	No. of Options*	Weighted Average Exercise Price (₹)*	No. of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	1,151,975	336	1,512,070	316
Granted during the year	-	-	78,000	467
Forfeited during the year	269,087	324	402,525	291
Exercised during the year	91,013	303	35,570	296
Expired during the year	-	-	-	-
Outstanding at the end of the year	791,875	343	1,151,975	336
Exercisable at the end of the year	220,638	310	168,475	301
Weighted average remaining contractual life (in years)	4.6		4.9	-
Weighted average fair value of options granted (₹)	-			226

*adjusted for the effect of bonus shares

Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fouth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,346,152	470	-	-
Granted during the year	-	-	1,447,440	470
Forfeited during the year	160,313	470	101,288	470
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,185,839	470	1,346,152	470
Exercisable at the end of the year	116,750	470	-	-
Weighted average remaining contractual life (in years)	3.3		4.4	
Weighted average fair value of options granted (₹)	-			180

Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fouth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	293,000	452	-	-
Granted during the year	1,077,500	461	293,000	452
Forfeited during the year	95,000	472	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,275,500	461	293,000	452
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6.0		6.7	
Weighted average fair value of options granted (₹)		185		205

Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the

end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the National Stock Exchange closing price as on the last day of the month preceding the month of first grant.

Particulars	March 31, 2016		March 31, 2015	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	312,500	459	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	312,500	459	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.6		-	
Weighted average fair value of options granted (₹)		154		-

The average market price of the Company's share during the year ended March 31, 2016 is ₹ 462 (March 31, 2015 ₹ 459) per share.

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2016	March 31, 2015
Weighted Average Exercise Price	459-461	467
Expected volatility	29% to 34.5%	34.18%
Historical volatility	34.18%	31.15%
Life of the options granted (vesting and exercise period) in years	4.6-6.0	5.5
Expected dividend per share	5.00	5.00
Average risk-free interest rate	7.65%	7.93%
Expected dividend rate	1.10%	1.09%

(b) Biocon RSU Plan:

On March 11, 2015, Biocon's Remuneration Committee approved the Biocon Stock Options - Restricted Stock Units (RSUs) of Synegene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries other than Syngene. A Remuneration Committee administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employee Welfare Trust. For this purpose on March 31, 2015 the Company transferred 2,000,000 equity shares of Syngene to Biocon Limited Employees Welfare Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2016		March 31, 2015	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	1,364,148	-	-	-
Forfeited during the year	132,345	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,231,803	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.8		-	
Weighted average fair value of options granted (₹)		162		-

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2016	March 31, 2015
Weighted Average Exercise Price	-	-
Expected volatility	29.92%	-
Historical volatility	29.92%	-
Life of the options granted (vesting and exercise period) in years	4.8	-
Expected dividend per share	1	-
Average risk-free interest rate	7.65%	-
Expected dividend rate	0.30%	-

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, 2016	March 31, 2015
Net profit after taxes	8,088	3,612
Add: Employee stock compensation under intrinsic value	60	-
Less: Employee stock compensation under fair value	93	64
Proforma profit	8,055	3,548
Earnings per share - Basic		
- As reported	40.44	18.06
- Proforma	40.28	17.74
Earnings per share - Diluted		
- As reported	40.44	18.06
- Proforma	40.28	17.74

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

Particulars	March 31, 2016	March 31, 2015
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	3,674,928	3,767,023
Add: Shares purchased by the ESOP Trust	345,663	-
Less: Shares exercised by employees	(146,263)	(92,095)
Closing balance of shares not exercised by employees and available with the ESOP Trust	3,874,328	3,674,928
Options granted and eligible for exercise at end of the year	340,888	230,100
Options granted but not eligible for exercise at end of the year	3,228,326	2,622,652

31. Exceptional items (net)

	March 31, 2016	March 31, 2015
Provision for other than temporary diminution in the value of long-term investments [refer note 14(c)]	-	(218)
Gain on sale of shares in subsidiaries (net) [refer note (a) and (b) below]	5,230	-
	5,230	(218)

(a) During the year ended March 31, 2016, Biocon Biologics Limited was incorporated as a wholly owned subsidiary in United Kingdom to undertake development and commercialisation of biosimilar products.

During the year ended March 31, 2016, the Company sold its investment in the equity shares of Biocon Sdn. Bhd., a wholly owned subsidiary to Biocon Biologics Limited (UK) for a sum of ₹ 811. Gain arising from such sale of equity shares amounting to ₹ 99 [net of cost of such equity shares] is recorded as an exceptional gain in the financial statements. Consequential tax of ₹ 21 is recorded on such gains.

(b) During the year, Syngene International Limited ('Syngene') completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of ₹ 10 each, by the Company. Post the sale, the Company's holding in equity shares of Syngene has reduced from 83.61% to 72.61%. the equity shares of Syngene were listed on National Stock Exchange of India Limited and BSE Limited on August 11, 2015. Gain arising from sale of equity shares, net of related expenses and cost of equity shares, amounting to ₹ 5,131 is recorded as an exceptional gain in the financial statements. Consequential tax of ₹ 1,042 is recorded on such gains.

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32. Related party transactions

Related parties where control exists and related parties with whom transactions have taken place during the year are listed below:

Sl. No.	Name of the related party	Relationship	Description	April 1, 2015 to March 31, 2016 Income/(Expenses)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	April 1, 2014 to March 31, 2015 Income/(Expenses)/ Other transactions	Balance as at March 31, 2015 (Payable)/ Receivable
A.	**Remuneration paid to Key Management Personnel [refer note (h) below]**						
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(16)	-	(16)	-
2	John Shaw	Vice-Chairman & Director	Salary and perquisites	(16)	-	(15)	-
3	Arun Chandavarkar	Joint Managing Director & CEO (w.e.f. April 24, 2014)	Salary and perquisites [refer note (i) below]	(31)	-	(27)	-
4	Murali Krishnan K N	President - Group Finance (upto July 31, 2014)	Salary and perquisites	-	-	(23)	-
5	Siddharth Mittal	President - Finance (w.e.f. August 1, 2014)	Salary and perquisites [refer note (i) below]	(16)	-	(8)	-
6	Kiran Kumar	Company Secretary	Salary and perquisites [refer note (i) below]	(6)	-	(6)	-
B.	**Others**						
7	Syngene	Subsidiary	Power and facility charges recovered [refer note (d) below]	454	-	411	-
			Rent income [refer note (d) below]	50	-	43	-
			Dividend Income	145	-	997	-
			Expenses incurred on behalf of the related party [refer note (a) below]	58	-	22	-
			Sale of goods	4	-	5	-
			Research services received	(107)	-	(99)	-
			IPO expenses incurred on behalf of the Company	(45)	-	-	-
			Other receivables	-	91	-	150
			Trade payables	-	(16)	-	(30)
			Guarantee given on behalf of related party to Customs & Excise Department ('CED')	-	148	-	242
			Guarantee given by related party to CED on behalf of the Company	-	(500)	-	(500)
8	BRL	Wholly owned Subsidiary	Rent income [refer note (d) below]	37	-	34	-
			Power and facility charges recovered [refer note (d) below]	66	-	77	-
			Cross charges towards lab consumables and other expenses	673	-	582	-
			Sale of goods	40	-	6	-
			Other receivable	-	1,104	-	854
			Royalty expense	(27)	-	(18)	-
			Interest on loans to related parties	316	-	157	-
			Expenses incurred on behalf of the related party [refer note (a) below]	26	-		
			Loans to related parties [refer note (b) below]	-	1,455	-	2,447
			Guarantee given by the Company to a bank on behalf of related party loan facility	-	-	-	685
9	Biocon SA	Wholly owned Subsidiary	Other operating income	50	-	60	-
			Other receivable	-	51	-	94
10	Biocon Sdn.Bhd.	Subsidiary of Biocon Biologics Limited	Expenses incurred on behalf of the related party [refer note (a) below]	15	-	29	-
		[refer note 1 and 31]	Sale of goods	69	-	30	-
			Trade receivables	-	81	-	30
			Other receivable	-	536	-	41
			Guarantee given by the Company to banks on behalf of related party loan facility	-	10,760	-	8,096
11	NeoBiocon FZ LLC	Subsidiary	Sale of goods	35	-	83	-
		[refer note 1]	Dividend Income	342	-	-	-
			Other receivables	-	3	-	-

Sl. No.	Name of the related party	Relationship	Description	April 1, 2015 to March 31, 2016 Income/(Expenses)/ Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	April 1, 2014 to March 31, 2015 Income/(Expenses)/ Other transactions	Balance as at March 31, 2015 (Payable)/ Receivable
			Trade receivables	-	30	-	29
12	Glentec International	Enterprise owned by key management personnel	Rent expenses paid	-	(1)	(1)	(1)
13	Biocon Pharma Limited	Wholly owned Subsidiary	Investment in equity shares	50	-	1	-
			Expenses incurred on behalf of the related party [refer note (a) below]	21	-	-	-
			Interest on loans to related parties	4	-	-	-
			Loans to related parties [refer note (c) below]	-	129	-	-
			Other receivable	-	24	-	-
			Guarantee given by the Company to banks on behalf of related party loan facility	-	1,362	-	-
14	Biocon Biologics Limited	Wholly owned Subsidiary	Investment in equity shares	4,453	-	-	-
			Sale of non-current investments - Shares of Biocon Sdn. Bhd [refer note (31) below]	811			
			Sale of goods	73	-	-	-
			Royalty expense	(5)	-	-	-
			Trade receivables	-	71	-	-
			Trade payables	-	(5)	-	-
15	Biocon Fz LLC	Wholly owned Subsidiary	Investment in equity shares	3	-	-	-
			Sale of goods	1	-	-	-
			Trade receivables	-	1	-	-
16	Biocon Academy	Wholly owned Subsidiary	CSR Expenditure	(29)	-	(25)	-
17	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR Expenditure	(52)	-	(46)	-
18	Biocon Employees Welfare Trust	Trust in which key management personnel were the Board of Trustees (upto July 23, 2015)	Sale of non-current investments - Shares of Syngene	-	-	1	-
			Other receivables	-	1	-	1
19	Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited)	Enterprise in which a director of the Company is a member of board of directors	Sale of goods	51	-	14	-
			Trade receivables	-	8	-	5

(a) Expenses incurred on behalf of the related party include recharge of software license fees and amount paid on behalf to vendors.

(b) The Company has granted an unsecured loan facility to BRL at the interest rate prevailing for Government securities, to support its operations. The said loan is repayable by March, 2020. During the year, ₹ 1,800 (March 31, 2015: ₹ 2,367) was given as loan. Other receivables (including interest receivables) of ₹ 864 were converted to loans as at March 31, 2016 (March 31, 2015: ₹ 2,353) under the aforesaid facility. During the year ended March 31, 2016, BRL has repaid loan amounting to ₹ 3,657 (March 31, 2015: ₹ 3,917).

(c) The Company has granted an unsecured loan facility to BPL at the interest rate prevailing for Government securities, to meet its capex and working capital requirement. The said loan is repayable by March, 2025. During the year, ₹ 179 (March 31, 2015: ₹ Nil) was given as loan. During the year ended March 31, 2016, BPL has repaid loan amounting to ₹ 50 (March 31, 2015: ₹ Nil).

(d) The Company's SEZ Developer division has entered into agreements to lease land and provide certain facilities such as power, utilities etc. to SEZ units of BRL and Syngene, in respect of which the Company recovers rent and facilities usage charges.

(e) The Company has paid rent to P K Associates and purchased consumables from Mazumdar Farms, a proprietary firm of relative of Director which are not disclosed above since the amounts are rounded off to ₹ 1 million.

(f) During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel were the Board of Trustees) and Biocon Pharma Inc. (a subsidiary of Biocon Pharma Limited).

(g) The above disclosures include related parties as per Accounting Standard 18 on "Related Party Disclosures" and Companies Act, 2013.

(h) The remuneration to key management personnel doesn't include the provisions made for gratuity and leave benefits, as they are obtained on an actuarial basis for the Company as a whole.

(i) Employee Stock compensation expense allocable to key management personnel pertaining to the RSU plan is ₹ 10 (March 31, 2015 - Nil) which is not included in the remuneration disclosed above.

	March 31, 2016	March 31, 2015
33. Supplementary data		
(a) Value of imports calculated on C.I.F. basis (on accrual basis):		
Raw materials	5,561	5,337
Packing materials	443	332
Traded goods	135	293
Maintenance spares	61	5
Capital goods	905	135
	7,105	**6,102**
(b) Earnings in foreign currency (on accrual basis):*		
Export of goods on FOB basis	10,717	10,339
Licensing and development fees	223	283
Capacity reservation fees	-	311
Other operating revenue	507	60
Dividend income on investment in subsidiaries	342	-
	11,789	**10,993**
* Excludes recovery of product research & development costs from co-development partners		
(c) Expenditure in foreign currency (on accrual basis):		
Royalty	29	23
Commission and brokerage	161	113
Interest expense	5	3
Travelling and conveyance	20	26
Professional charges	117	220
Lab consumables	217	293
Research & development expenses	287	258
Others	242	121
	1,078	**1,057**

	March 31, 2016		March 31, 2015
(d) Net dividend remitted in foreign exchange:			
Year to which it relates	2015-16	2014-15	2013-14
Number of non-resident shareholders	15	15	15
Number of equity shares held on which dividend was due	42,039,218	42,039,218	42,397,675
Dividend remitted	210	210	212
Dividend remitted in FC			
USD million	3	3	3

(e) Details of consumption of raw materials, packing materials and spare parts:

	March 31, 2016		March 31, 2015	
	Value	Percent	Value	Percent
(i) Raw materials and packing materials				
Imported	5,955	63	5,848	61
Indigenous	3,523	37	3,717	39
	9,478	**100**	**9,565**	**100**
(ii) Spare parts				
Imported	61	28	5	3
Indigenous	153	72	174	97
	214	**100**	**179**	**100**

34. Foreign exchange forward contracts and unhedged foreign currency exposures

The Company has entered into foreign exchange forward and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31, 2016 and 2015, the Company had the following outstanding Contracts:

(in million)

	March 31, 2016	March 31, 2015
In respect of foreign currency loans taken:		
Foreign exchange forward contracts to buy	USD 25	-
	(INR 1,656)	-
In respect of highly probable forecasted sales/export collection:		
European style option contracts with periodical maturity dates	USD 59	USD 55
	(INR 3,903)	(INR 3,425)
European style option contracts with periodical maturity dates	EUR 12	EUR 10
	(INR 899)	(INR 669)
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:		
Export trade receivables	1,932	2,150
Other receivables	600	146
Unbilled revenue	-	108
Cash and bank balances	2,378	1,920
Import trade payable	1,170	896
Packing credit foreign currency loan	597	561
Term loan	1,326	-
Advance from customers	47	23

Interest rate swap

During the year ended March 31, 2016, Biocon Limited has entered into floating to fixed interest rate swap to hedge the interest rate exposure on USD 20 million term loan facility. The aggregate amount of loans covered under the said interest rate swap as at March 31, 2016 is ₹ 1,326 (USD 20 million) [March 31, 2015 - ₹ Nil (USD Nil)]. The periodic net payments related to interest rate swap to the extent of underlying borrowings is recorded as interest expenses.

	March 31, 2016	March 31, 2015
35. Contingent liabilities and commitments		
(i) Contingent liabilities:		
(a) Claims against the Company not acknowledged as debt	3,041	1,241
The above includes:		
(i) Direct taxation (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Company)	2,050	297
(ii) Indirect taxation (includes matters pertaining to disputes on central excise, customs duty and service tax)	594	552
(iii) Other litigations	397	392

The Company is involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Also refer note 12(b). Management is of the view that above claims are not tenable and will not have any material adverse effect on the Company's financial position and results of operations.

	March 31, 2016	March 31, 2015
(b) Guarantees		
(i) Corporate guarantees given in favour of the Central Excise Department ('CED') in respect of certain performance obligations of the subsidiaries.		
Syngene	148	242
(ii) Corporate guarantee given by Syngene in favour of the CED in respect of certain performance obligations of Biocon.	500	500
(iii) Corporate guarantees given in favour of banks towards loans obtained by subsidiaries/ step-down subsidiaries		
BRL	-	685
Biocon Malaysia	10,760	8,096
Biocon Pharma Limited	1,362	-
Total	12,122	8,781
(iv) Guarantees given by banks on behalf of the Company for contractual obligations of the Company. The necessary terms and conditions have been complied with and no liabilities have arisen.	18	63
(ii) Commitments:		
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,114	824

	March 31, 2016	March 31, 2015
(b) Operating lease commitments		
Where the Company is a lessee:		
(i) Rent		
The Company has entered into various agreements for lease of building/ office space which expires over a period upto March 2022. Some of these lease arrangements have price escalation clause. There are no restrictions imposed under the lease arrangements. Gross rental expenses for the year aggregate to ₹ 17 (March 31, 2015 - ₹ 18).		
The committed lease rentals in future are as follows:		
Not later than one year	17	17
Later than one year and not later than five years	45	40
Later than five years	3	7
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period upto January, 2020. Gross rental expenses for the year aggregate to ₹ 16 (March 31, 2015 - ₹ 10).		
The committed lease rentals in future are as follows:		
Not later than one year	15	12
Later than one year and not later than five years	26	24
Where the Company is a lessor:		
(i) Rent		
The Company has leased out certain parts of its land & building (including fit outs), which expire over a period upto 2025. Gross rental income for the year aggregates to ₹ 107 (March 31, 2015 - ₹ 97). Further, minimum lease receipts under operating lease are as follows:		
Not later than one year	111	106
Later than one year and not later than five years	352	308
Later than five years	147	119

Considering that the leased assets comprise of portion of factory buildings located within the Company's factory premises, disclosure with regard to gross value of leased assets, accumulated depreciation and net book value of the same is not feasible.

(c) Other Commitments:

As at March 31, 2016 and 2015, the Company has committed to provide financial support to BRL with regard to the operations of such company. Also refer note 14 (a).

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36. Employee benefit plans

The Company has a defined benefit gratuity plan as per The Payment of Gratuity Act, 1972

A summary of the gratuity plan is as follows:

	March 31, 2016	March 31, 2015
Fund balance		
Defined benefit obligation	229	193
Fair value of plan assets	61	72
Plan Liability	168	121
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	193	174
Current service cost	23	44
Interest cost	15	15
Transfer in	-	-
Transfer out	-	-
Benefits paid	(18)	(26)
Actuarial (gain)/loss	16	(14)
Benefit obligation at the end of the year	229	193
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	72	67
Expected return on plan assets	6	6
Transfer in	-	-
Actuarial gain/(loss)	(1)	2
Actual contribution	-	23
Benefits paid	(16)	(26)
Fair value of plan assets at end of the year	61	72
Net gratuity cost:		
Components of net benefit cost		
Current service cost	23	44
Interest cost	15	15
Expected return on plan assets	(6)	(6)
Net actuarial (gain)/loss recognised during the year	17	(16)
Net gratuity cost	49	37
Actual return on plan assets	5	9

Experience adjustment	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	229	193	174	150	128
Plan assets	61	72	67	80	78
Surplus/(Deficit)	(168)	(121)	(107)	(70)	(50)
Experience adjustments on plan liabilities gain/(loss)	(11)	17	5	20	(21)
Experience adjustments on plan assets gain/(loss)	(1)	3	(2)	-	-

The assumptions used for gratuity valuation are as below:

	March 31, 2016	March 31, 2015
Interest rate	7.5%	8.8%
Discount rate	7.5%	7.9%
Expected return on plan assets	7.5%	7.9%
Salary increase	9.0%	9.0%
Attrition rate up to age 44	26.0%	26.0%
Attrition rate above age 44	7.0%	7.0%
Retirement age - Years	58	58

The Company evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2017, is approximately ₹ 73 (March 31, 2016 - ₹ 121).

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

37. Segmental information

In accordance with Accounting Standard 17 - Segment Reporting, segment information has been provided in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these standalone financial statements.

38. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2016.

(b) Recovery of product development costs from co-development partner (net) pertains to co-development partner's share of expenses under the development agreements comprising of payroll costs, depreciation and amortisation and other expenses.

(c) The Company has paid the dividend distribution tax of ₹ 107 (March 31, 2015: ₹ 30) on interim dividend, after reducing the amount of dividend received by the Company from its subsidiaries.

39. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

(a) Gross amount required to be spent by the company during the year is ₹ 81; and

(b) Amount spent during the year on:

Sl. No.	Particulars	In Cash	Yet to be paid in cash	Total
(i)	Construction/ acquisition of any asset	-	-	-
(ii)	On purposes other than (i) above	81	-	81

40. Prior years' comparatives

The Company has reclassified and regrouped the previous year figures to conform to current year's classification.

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

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Independent Auditor's Report

To the Members of Biocon Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Biocon Limited (the "Holding Company") and its subsidiaries and its associate (together, the "Group") which comprise of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (the 'consolidated financial statements').

Management's responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group as at March 31, 2016, its consolidated profit, and its consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 42 in the consolidated financial statements regarding management's decision to defer recognition of amounts in the consolidated statement of profit and loss, pertaining to payments received in earlier years pursuant to termination of a customer contract for reasons as more fully discussed in the aforesaid note. As further discussed in the said note, out of the deferred amount, ₹ 152 million has been netted off against expenses incurred during the year ended March 31, 2016 towards clinical trial and development activities and the remaining balance of ₹ 2,684 million has been recognized as income during the year ended March 31, 2016. Our auditor's report for the year ended March 31, 2015 also included a matter of emphasis in this regard. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

(a) We/the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;

(b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in Annexure 1 to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group. Refer Note 36 to the consolidated financial statements;

ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

Other Matter

The accompanying consolidated financial statements include total assets of ₹ 20,646 million as at March 31, 2016, total revenues (including other income) of ₹ 1,563 million and net cash inflows of ₹276 million for the year ended on that date, in respect of four subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place: Bengaluru
Date: April 26, 2016

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Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Biocon Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Biocon Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Biocon Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies in India, insofar as it relates to a subsidiary company, which is a company incorporated in India, is based on the corresponding report of the other auditors of such subsidiary incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India as specified under section 143(10) of the Act, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated April 26, 2016 expressed an unqualified opinion thereon.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Place: Bengaluru
Date: April 26, 2016

Consolidated Balance Sheet as at March 31, 2016

(All amounts in Indian Rupees Million)

	Notes	March 31, 2016	March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,000	1,000
Reserves and surplus	4	39,556	31,706
		40,556	32,706
Minority interest	5	3,112	1,722
Non-current liabilities			
Long-term borrowings	6	20,724	7,696
Deferred tax liability (net)	7	346	417
Other long-term liabilities	8	3,503	5,516
Long-term provisions	9	299	150
		24,872	13,779
Current liabilities			
Short-term borrowings	10	3,949	2,610
Trade payables	11		
Total outstanding dues of micro and small enterprises		117	85
Total outstanding dues of creditors other than micro and small enterprises		5,354	4,208
Other current liabilities	12	5,979	7,062
Short-term provisions	9	877	1,582
		16,276	15,547
TOTAL		84,816	63,754
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	13	16,539	15,807
Intangible assets	14	687	492
Capital work-in-progress		19,989	14,938
Intangible assets under development	14	1,886	1,828
Non-current investments	15	-	-
Loans and advances	16	4,123	3,693
Other non-current assets	17	1,660	1,370
		44,884	38,128
Current assets			
Current investments	18	4,285	2,303
Inventories	19	5,114	4,527
Trade receivables	20	8,229	7,705
Cash and bank balances	21	19,213	9,375
Loans and advances	16	1,853	758
Other current assets	17	1,238	958
		39,932	25,626
TOTAL		84,816	63,754
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration no.: 101049W

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

Consolidated Statement of Profit and Loss for the year ended March 31, 2016

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

	Notes	March 31, 2016	March 31, 2015
INCOME			
Revenue from operations (gross)		35,189	31,224
Less: Excise duty		335	326
Revenue from operations (net)	22	**34,854**	30,898
Other income	23	845	531
Total revenue (I)		**35,699**	31,429
EXPENSES			
Cost of raw materials and packing materials consumed	24	12,549	11,970
Purchases of traded goods	25(a)	1,070	1,110
(Increase)/Decrease in inventories of finished goods, traded goods and work-in-progress	25(b)	(318)	(519)
Employee benefits expense	26	6,363	5,334
Other expenses	27	8,310	7,366
Depreciation and amortisation (net)	28	2,423	2,210
Finance costs	29	102	89
		30,499	**27,560**
Less: Recovery of product development costs from co-development partners (net)		(1,320)	(1,321)
Total expenses (II)		**29,179**	**26,239**
Profit before tax and exceptional items [(I) - (II)]		6,520	5,190
Exceptional items (net)	40	5,754	1,051
Profit before tax		**12,274**	**6,241**
Tax expenses			
Current tax		2,806	1,120
Less: MAT credit entitlement		(166)	(130)
Deferred tax		(71)	(33)
Total tax expense		**2,569**	**957**
PROFIT FOR THE YEAR		**9,705**	**5,284**
Profit attributable to:			
Minority interest		744	310
Owners of the Company		8,961	4,974
		9,705	**5,284**
Earnings per share (equity shares, par value of ₹ 5 each (March 31, 2015 - ₹ 5 each)			
Basic (in ₹)		44.81	24.87
Diluted (in ₹)		44.81	24.87
Weighted average number of shares used in computing earnings per share			
Basic		200,000,000	200,000,000
Diluted		200,000,000	200,000,000
Summary of significant accounting policies	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration no.: 101049W

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Siddharth Mittal
President - Finance & Chief Financial Officer

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees Million)

		March 31, 2016	March 31, 2015
I	CASH FLOWS FROM OPERATING ACTIVITIES:		
	Net profit before tax	12,274	6,241
	Non-cash adjustments to reconcile profit before tax to net cash flows		
	Depreciation and amortisation (net)	2,423	2,210
	Unrealised exchange (gain)/loss (net)	30	17
	Employee stock compensation expense	129	60
	Provision / (reversal of provision) for doubtful debts	(47)	61
	Bad debts written off	8	-
	Interest expense	102	89
	Interest income	(433)	(120)
	Dividend income	(204)	(226)
	Net gain on sale of current investments	(16)	(14)
	Other operating revenue	(146)	(133)
	Other non-operating income	(186)	(153)
	Exceptional item (net) [refer note 40]	(5,754)	(1,051)
	Operating profit before working capital changes	**8,180**	**6,981**
	Movements in working capital		
	Decrease/(increase) in inventories	(582)	(737)
	Decrease/(increase) in trade receivables	(587)	(1,503)
	Decrease/(increase) in loans and advances and other assets	(876)	(1,073)
	Increase/(decrease) in trade payable, other liabilities and provisions	1,597	(227)
	Cash generated from operations	**7,732**	**3,441**
	Direct taxes paid (net of refunds)	(2,468)	(1,334)
	Net cash flow from/(used in) operating activities	**5,264**	**2,107**
II	CASH FLOWS FROM INVESTING ACTIVITIES:		
	Purchase of tangible fixed assets, capital work in progress and capital advances (net of reimbursements under co-development arrangements/from customers)	(8,106)	(8,381)
	Acquisition of intangible assets / product development costs	(1,666)	(788)
	Acquisition of additional shares in subsidiary	-	(2,154)
	Proceeds from sale of shares in subsidiary (net of expenses)	5,142	3,677
	Interest received	268	101
	Dividend received	204	226
	Proceeds from sale of current investments	27,841	29,429
	Proceeds from sale of fixed assets	6	-
	Purchase of current investments	(29,807)	(25,181)
	Investment in bank deposits (having original maturity more than three months)	(3,020)	(3,529)
	Redemption/maturity of bank deposits (having original maturity more than three months)	3,832	1,360
	Investment in deposits with financial institutions	(4,420)	-
	Other non-operating income	186	153
	Net cash flow from/(used in) investing activities	**(9,540)**	**(5,087)**
III	**CASH FLOWS FROM FINANCING ACTIVITIES:**		
	Recovery of loan from Syngene Employee Welfare Trust	23	40
	Proceeds from long-term borrowings	12,620	3,247
	Repayment of long-term borrowings	(541)	(145)
	Proceeds/(repayment) of short-term borrowings (net)	1,384	171
	Interest paid	(106)	(5)
	Dividend paid on equity shares of the Company	(2,000)	(1,000)
	Dividend paid on equity shares by subsidiary	(365)	(53)
	Tax on final equity dividend	-	(170)
	Tax on interim equity dividend	(107)	(30)
	Tax on equity dividend paid by subsidiary	(41)	(193)
	Net cash flow from/(used for) financing activities	**10,867**	**1,862**

			March 31, 2016	March 31, 2015
IV	Net increase/(decrease) in cash and cash equivalents (I+II+III)		6,591	(1,118)
V	Effect of exchange differences on cash and cash equivalents held in foreign currency		65	23
VI	Foreign currency translation reserve / adjustments		(12)	42
VII	Cash and cash equivalents due to consolidation of NeoBiocon and deconsolidation of ESOP Trust (refer note 2 and 37)		-	109
VIII	Cash and cash equivalents at the beginning of the year		4,626	5,570
IX	Cash and cash equivalents at the end of the year (IV+V+VI+VII+VIII)		11,270	4,626
	Components of cash and cash equivalents			
	Cash on Hand		1	1
	Balances with Banks - in current accounts		7,104	4,585
	- in deposit accounts		4,155	34
	- in unpaid dividend accounts [refer note (i) below]		10	6
			11,270	4,626
(i)	The Company can utilize these balances only towards settlement of the respective unpaid dividend liabilities.			
	Summary of significant accounting policy	2.1		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration no.: 101049W

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

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Notes to the Consolidated Financial Statements for the year ended March 31, 2016

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

1. Corporate information

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by Dr Kiran Mazumdar Shaw, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99% of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. During the year, Syngene completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of 10 each, by the Company. Post the IPO, 72.61% of the equity interest in Syngene is held by Biocon and 0.93% is held by Biocon Research Limited ('BRL').

On January 10, 2008, Biocon entered into an agreement with Dr. B.R. Shetty to set up a Joint Venture Company NeoBiocon FZ-LLC, incorporated in Dubai ('NeoBiocon'). NeoBiocon is engaged in development, marketing and distribution of biopharmaceuticals in the Middle East region. On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 the results of NeoBiocon have been consolidated as a subsidiary. Till June 30, 2014, NeoBiocon was accounted as a joint venture on a proportionate consolidation on a line-by-line basis in the consolidated financial statements, as per the requirements of Accounting Standard 27.

The Company has also established BRL at Bangalore on May 28, 2008, a wholly owned subsidiary of the Company to undertake research and development in novel and innovative drug initiatives.

Biocon Biopharmaceuticals Limited (formerly Biocon Biopharmaceuticals Private Limited) [BBL] was incorporated at Bangalore on June 17, 2002 as a Joint Venture between Biocon and CIMAB SA ('CIMAB') with Biocon holding 51 per cent of the share capital. During the financial year ended March 31, 2011, Biocon acquired the interest of the joint venture partner, CIMAB. Consequently all the equity shares of BBL were held by Biocon. On July 25, 2012, the Board of Directors of the Company approved a scheme of amalgamation ('the Scheme') of BBL with the Company under section 391 and 394 of the Companies Act, 1956. The Honourable High Court of Karnataka ('the Court') approved the aforesaid Scheme with Appointed Date as April 01, 2012 vide its order dated July 12, 2013 ("the Order"). The copy of the Order was filed with the Registrar of Companies on August 08, 2013.

During the year ended March 31, 2009, Biocon set up a wholly owned subsidiary Company in Switzerland, Biocon SA ("BSA") to undertake research and development in novel and innovative drug initiatives.

During the year ended March 31, 2016, Biocon set up a wholly owned subsidiary company in United Kingdom, Biocon Biologics Limited ("BUK") to undertake development and commercialization of biosimilar products.

During the year ended March 31, 2011, Biocon set up a wholly owned subsidiary company in Malaysia, Biocon Sdn. Bhd. ('Biocon Malaysia') for development and manufacture of bio-pharmaceuticals. During the year ended March 31, 2016, the Company transferred its investment in shares of Biocon Malaysia to BUK. Accordingly, Biocon Malaysia has become a step-down subsidiary of the Company.

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

During the year ended March 31, 2014, the Company established Biocon Academy, a not for profit company under Companies Act, 1956 to provide educational courses, training and research in the biosciences, life sciences and all fields of study.

On October 31, 2014, the Company incorporated Biocon Pharma Limited ('BPL'), a wholly owned subsidiary of Biocon, to engage in the business of formulation, development and sale of biopharmaceutical products. During the year BPL also incorporated a subsidiary Biocon Pharma Inc, to carry its operations in USA.

During the year ended March 31, 2016, Biocon set up a wholly owned subsidiary Company in Dubai, Biocon FZ LLC ("Biocon FZ") to engage in the business of biopharmaceutical products in the Middle East region.

Biocon and its subsidiaries ('the Group') and associate companies are engaged in manufacture of biotechnology products for the pharmaceutical sector. The Company is also engaged in research and development in the biotechnology sector. The Group is also engaged in providing contract research and manufacturing services to overseas customers in the field of synthetic chemistry and molecular biology and undertakes clinical research activities on discovering new biomarkers and is extending its activity to discovering new diseases subsets and novel data based on pharmacogenomics. During the year ended March 31, 2007, the Company had received an approval for operation of SEZ Developer and for setting up SEZ Unit operations to be located within Biocon SEZ.

2. Basis of preparation and consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the Accounting Standards, notified under section 133 of the Companies Act, 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules 2014 to reflect the financial position and the results of operations of Biocon together with its subsidiaries and associate company. The consolidated financial statements have been prepared on an accrual basis and under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out.

For the purpose of administration of the employee stock option plans of the Company, the Company has established the Biocon India Limited Employee Welfare Trust ('The ESOP Trust'). The Securities and Exchange Board of India (Share Based Employee benefits) Regulations 2014 ('SEBI Regulations') requires companies to follow 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI). As per the Guidance Note, Trust created for the purpose of administering employee share-based plans which does not provide any economic benefit to the Company should not be consolidated with the financial statements of the Company. Hitherto, under the erstwhile Securities and Exchange Board of India (Employee stock option scheme and employee stock purchase scheme) Guidelines, 1999, financial statements of the Company were prepared as if the Company itself is administering the ESOP scheme. Pursuant to the SEBI Regulations, the Company has discontinued the consolidation of the accounts of the ESOP Trust in its standalone financial statements as of March 31, 2015 onwards.

The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2016 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated and effective March 30, 2016. The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods

commencing on or after March 30, 2016. Hence, the Company has not applied the Companies (Accounting Standards) Rules, 2016 in preparation of financial results for the year ended March 31, 2016.

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 financial statements of subsidiaries and associate company have been drawn upto the same reporting date as that of the Company i.e. March 31, 2016.

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

2.1 Summary of significant accounting policies

a. Use of estimates

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

b. Tangible fixed assets

Fixed assets are stated at cost, except for certain freehold land and buildings revalued on November 1, 1994, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and other directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of fixed assets are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied.

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

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

The Group adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 09, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period.

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

Assets funded by third parties/customers are capitalised at gross value and the funds so received are recorded as funding received from co-developer/deferred revenue, as applicable, and amortised over the useful life of the assets/period of contract.

c. Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset.

The Group has estimated the following useful lives to provide depreciation on its fixed assets:

Nature of Asset	Useful lives (in years)
Buildings*	25
Roads	5
Plant and equipment (including Electrical installation & Lab equipment)*	9-11
Computers & servers*	3
Office equipment	3-5
Research and development equipment *	9
Furniture and fixtures *	6
Vehicles *	6
Leasehold improvements	5 or lease period whichever is lower

Used assets acquired from third parties are depreciated on a straight line basis over their remaining useful life of such assets.

* For these classes of assets, where the estimated useful lives are different from lives prescribed under Schedule II of the Act, management has estimated these useful lives after taking into consideration technical assessment, prior asset usage experience and the risk of technological obsolescence.

The residual values, useful lives and methods of depreciation of tangible fixed assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

d. Intangible assets

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

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

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

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

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

Amortisation of intangible assets:

a. Costs relating to intellectual property rights, manufacturing and marketing rights are amortized on a straight-line basis over the period of expected future sales from the use of the said intangible asset, i.e., over their estimated useful lives of five to ten years.

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

Goodwill

Goodwill represents the excess of the purchase price over the book value of the net assets of the acquired subsidiary company/increase in shareholding in subsidiary company on the date of investment. Goodwill is not amortised but is tested for impairment on a yearly basis. Goodwill on acquisition of business represents the excess of purchase consideration over the net book value of assets acquired. Goodwill on acquisition of business is amortised on a straight line basis over a period of 5 years and is tested for impairment on an annual basis.

Research and Development Costs

Research and development costs incurred for development of products are expensed as incurred. Development costs which relate to the design and testing of new or improved materials, products or processes or for existing products in new territories are recognised as an intangible asset to the extent that:

a. it is technically feasible to complete the development of asset and it will be available for sale / use.

b. it is expected that such development will be completed and used / sold.

c. it is expected that such assets will generate future economic benefits.

d. there are adequate resources to complete such development.

e. it is possible to measure reliably the expenditure attributable to the asset during development.

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

e. Borrowing costs

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

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

f. Impairment of tangible and intangible assets

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

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been

a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

g. Inventories

Inventories are valued as follows:

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

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

h. Revenue recognition

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

(i) Sale of products:

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

(ii) Sale of services:

Licensing and development fees and capacity reservation fees:

The Group enters into certain dossier sales, licensing and supply agreements (including arrangement for capacity reservation fee) relating to various products. Revenue from such arrangements is recognised upon completion of performance obligations or on a proportional performance basis over the period the Group performs its obligations, based on the terms of the agreements. Proportionate performance is measured based upon the efforts/ costs incurred to date in relation to the total estimated efforts / costs to complete the contract. The Group monitors estimates of the total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs in reflected in the period in which the changes become known. In the event that the loss is anticipated on a particular contract, provision is made for the estimated loss.

Contract research and manufacturing services income:

In respect of contracts involving research services, in case of 'time and materials' contracts, contract research fee are recognised as services are rendered, in accordance with the terms of the contracts. Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts. The Company monitors estimates of total contract revenue and cost on a routine basis throughout the contract period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.

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

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

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

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

i. Investments

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

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

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

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

j. Retirement benefits

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

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

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

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

In case of foreign subsidiary companies, contributions are made as per the respective country laws and regulations. The same is charged to statement of profit and loss on accrual basis. There are no obligations beyond the company's contribution.

k. Foreign currency translation

Foreign currency transaction and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

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

Exchange differences

The Group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

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

(ii) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.

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

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

For the purpose of (ii) and (iii) above, the Group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period.

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

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

Translation of integral and non-integral foreign operation

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

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Group itself.

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

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

l. Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to

compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit and loss.

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

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

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

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

m. Government grants and subsidies

Grants and subsidies from the government are recognised as reduction from related expenses, when there is reasonable assurance that (i) conditions attached to them will be complied with, and (ii) the grant/subsidy will be received.

n. Employee stock compensation costs

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

In accordance with the Securities and Exchange Board of India (share based employee benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. Expenses for equity settled options expiring unexercised after vesting are not reversed through statement of profit and loss. The expense or credit recognized in the consolidated statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

o. Earnings Per Share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

p. Operating lease

Where the Group is a Lessee

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Where the Group is a Lessor

eases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income is recognised on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately in the consolidated statement of profit and loss.

q. Segment reporting

Identification of segments

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

Inter-segment transfers

The Group generally accounts for inter-segment sales and transfers at an agreed marked-up price.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The Corporate and other segment include general corporate income and expense items which are not allocated to any business segment.

Segment policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

r. Provisions

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

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

s. Contingent liability

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

t. Cash and cash equivalents

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

u. Derivative instruments

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

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	March 31, 2016	March 31, 2015
3. Share capital		
Authorised :		
220,000,000 (March 31, 2015 - 220,000,000) equity shares of ₹ 5 each	1,100	1,100
(March 31, 2015 - ₹ 5 each)		
Issued, subscribed and paid-up shares:		
200,000,000 (March 31, 2015 - 200,000,000) equity shares of ₹5 each	1,000	1,000
(March 31, 2015 - ₹ 5 each)		
i. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period		

Equity shares	March 31, 2016		March 31, 2015	
	No.	₹	No.	₹
At the beginning of the year	200,000,000	1,000	200,000,000	1,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	200,000,000	1,000	200,000,000	1,000

ii. Terms / rights attached to equity shares

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

During the year ended March 31, 2016, the Board of Directors approved interim dividend for distribution to equity shareholders of ₹ 5 per share (March 31, 2015 - ₹ 5 per share).

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

iii. Details of shareholders holding more than 5% shares in the Company

	March 31, 2016		March 31, 2015	
	No.	% holding	No.	% holding
Equity shares of ₹ 5 each fully paid				
Dr Kiran Mazumdar Shaw	79,287,564	39.64%	79,287,564	39.64%
Glentec International	39,535,194	19.77%	39,535,194	19.77%

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

iv. Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer to note 31.

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	March 31, 2016	March 31, 2015
4. Reserves and surplus		
Revaluation reserve	9	9
Capital reserve	801	801
Securities premium	2,788	2,788
Foreign currency translation reserve account		
Opening balance	(261)	205
Add: Exchange difference during the year on net investment in non-integral operations	(92)	(466)
Closing balance	**(353)**	**(261)**
ESOP Trust		
Opening balance	-	886
Less: Deconsolidation of ESOP Trust (refer note 2)	-	(886)
Closing balance	-	-
General reserve		
Opening balance	3,459	3,098
Add: Amount transferred from surplus balance in the statement of profit and loss	-	361
Closing balance	**3,459**	**3,459**
Surplus in the statement of profit and loss account		
Balance as per last financial statements	24,531	21,161
Adjustment arising on depreciation (refer note 13 (xi))	-	(29)
Profit for the year	8,961	4,974
Less: appropriations		
Interim dividend on equity shares [amount per share ₹ 5 (March 31, 2015 - ₹ 5)]	(1,000)	(1,000)
Tax on interim dividend	(107)	(30)
Tax on interim dividend by Subsidiary	(41)	(184)
Transfer to general reserve	-	(361)
Total appropriations	**(1,148)**	**(1,575)**
Net Surplus in the statement of profit and loss	**32,344**	**24,531**
Employee stock options outstanding		
Balance as per last financial statements	379	319
Add: Compensation for options granted during the year	129	60
Closing balance	**508**	**379**
Total reserves and surplus	**39,556**	**31,706**
5. Minority interest		
The share of the net assets attributable to the minority shareholders are as follows:		
As per last balance sheet	1,722	823
Others [refer note (a) and (b) below]	646	589
Profit/(loss) for the year attributable to minority shareholders	744	310
	3,112	**1,722**

a) During the year ended March 31, 2016, interim dividend of ₹ 53 (March 31, 2015 - ₹ 53) was distributed to minority shareholders of Syngene. Also during the year ended March 31, 2016, dividend of ₹ 324 (March 31, 2015 - Nil) was distributed to minority shareholders of NeoBiocon.

b) Minority interest as at March 31, 2016 and 2015 represents that part of the net profits and net assets of Syngene [refer (i), (ii), (iii) and (iv) below] and NeoBiocon [refer (v) below] as follows:

(i) to the extent of 22,226,663 equity shares of ₹ 10 each [March 31, 2015 - 22,226,663 equity shares of ₹ 10 each] held by other parties. Syngene issued bonus shares during the year ended March 31, 2015. [Also refer note 40(b)]

(ii) to the extent of 6,680,000 equity shares of ₹ 10 each [March 31, 2015 - 6,680,000 equity shares of ₹ 10 each] being shares allotted by Syngene to Syngene Employee Welfare Trust ('Trust') and employees of Syngene. A loan of ₹ 87 [March 31, 2015 - ₹ 110] is recoverable from the Trust. Also refer note 16.

(iii) to the extent of 2,000,000 equity shares of ₹ 10 each [March 31, 2015 - 2,000,000 equity shares of ₹ 10 each] being shares sold by the Company to Biocon Employee Welfare Trust. Also refer note 40(a).

(iv) to the extent of 22,000,000 equity shares of ₹ 10 each being shares sold by the Company to third party through an offer for sale during year ended March 31, 2016. Also refer note 40(c).

(v) On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 the results of NeoBiocon have been consolidated as a subsidiary. As on March 31, 2016, 147 equity shares (March 31, 2015: 147 equity shares) are held by a third party.

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
6. Long-term borrowings				
Deferred sales tax liability, unsecured [refer note (i) below]	-	64	65	130
Other loans and advances (unsecured)				
NMITLI - CSIR Loan [refer note (ii) below]	1	1	-	-
Financial assistance from DSIR [refer note (iii) below]	3	7	3	3
Financial assistance from DST [refer note (iv) below]	35	42	7	7
Loans from banks (secured)				
Term loan [refer note (vi), (vii), (viii), (ix) and (x) below]	20,061	7,396	29	726
Buyer's credit [refer note (vii) below]	624	186	-	-
	20,724	7,696	104	866
The above amount includes				
Secured borrowings	20,685	7,582	29	726
Unsecured borrowings	39	114	75	140
Amount disclosed under the head "Other current liabilities" (note 12)	-	-	(104)	(866)
Net amount	20,724	7,696	-	-

(i) On February 9, 2000, the Company obtained an order from the Karnataka Sales Tax Authority for allowing an interest free deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding ₹ 649. This is an interest free liability. The amount is repayable in 10 equal half yearly instalments of ₹ 65 each starting from February 2012.

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

(iii) On March 31, 2009, the Department of Scientific and Industrial Research ('DSIR') sanctioned financial assistance for a sum of ₹ 17 to the Company for part financing one of its research projects. The assistance is repayable in the form of royalty payments for three years post commercialisation of the project in five equal annual instalments of ₹ 3 each, starting from April 1, 2013.

(iv) On August 25, 2010, the Department of Science and Technology ('DST') under the Drugs and Pharmaceutical Research Programme ('DPRP') has sanctioned financial assistance for a sum of ₹ 70 to the Company for financing one of its research projects. The loan is repayable over 10 annual instalments of ₹ 7 each starting from July 1, 2012, and carries an interest rate of 3 percent per annum.

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

(vi) The Company has obtained an external commercial borrowing facility of USD 20 million from a bank. As at March 31, 2016, the Company has fully drawn the loan. The term loan facility is secured by first priority pari-passu charge on the plant and machinery of the proposed expanded facility line in the existing facility. The long term loan is repayable in 4 equal quarterly instalments of USD 5 million each commencing from December 31, 2018 and carries an interest rate of Libor + 0.95% p.a. The Company has entered into interest rate swap to convert floating rate to fixed rate. Also refer note 34.

(vii) Syngene has obtained a foreign currency denominated long term secured buyer's credit loans of ₹ 624 (USD 9.41 million) [March 31, 2015 - ₹ 186 (USD 2.99 million)] as of March 31, 2016 from HSBC Bank (Mauritius) Limited that carry interest rate in the range of Libor + 0.60% to Libor + 0.80%. The loan is guaranteed by Hongkong and Shanghai Banking Corporation Limited, India to HSBC Bank (Mauritius) Limited. All of the credit facilities provided by Hongkong and Shanghai Banking Corporation Limited, India is secured by a *pari passu* charge on the current assets and movable fixed assets of Syngene. The loans are repayable at end of 960 days to 1079 days from the date of its origination.

(viii) (a) Syngene has entered into External Commerial Borrowing agreement (ECB / facility) with Citibank N.A. and HSBC Bank (Mauritius) Limited dated March 30, 2016 to borrow ₹ 6,628 (USD 100 million) comprising (a) USD 50 million term loan facility ('Facility A'); and (b) USD 50 million term loan facility ('Facility B'). The facilities are borrowed to incur capital expenditure at Bangalore and Mangalore premises of Syngene and are funded equally by Citibank N.A. and HSBC Bank (Mauritius) Limited.

(b) 'Facility A' of ₹ 3,314 (USD 50 million) carries an interest rate of Libor + 1.04% and is repayable in two installments of USD 12.5 million in March 2019 and USD 37.5 million in March 2020; and 'Facility B' of ₹ 3,314 (USD 50 million) carries an interest rate of Libor + 1.30% and is repayable in March 2021.

(c) The facilities provided are secured by first priority pari passu charge on fixed assets and second charge on current assets of Syngene.

(ix) On February 24, 2016, Biocon Pharma Limited, has obtained an external commercial borrowing facility of USD 20 million [March 31, 2015 - Nil] from a bank, carrying interest rate in the range of Libor + 1.75% per annum. The loan is repayable in 11 unequal quarterly installments commencing from June 28, 2019. The loan is secured by first priority pari-passu charge on the plant and machinery of the facility for the manufacture of pharmaceuticals. Biocon Pharma Limited has also entered into interest rates swape to convert floating rate to fixed rate. Also refer note 34.

(x) Biocon Sdn. Bhd, Malaysia, has obtained a term loan facility of USD 130 million from a consortium of banks. During the year ended March 31, 2016, Biocon Sdn. Bhd has refinanced the existing term loan from Standard Chartered Bank (Hong Kong) Limited. Biocon Sdn. Bhd will repay the loan in quarterly installments commencing from April 2017.

On July 6, 2015, Biocon Sdn. Bhd has entered into a new term loan agreement with Standard Chartered Bank (Hong Kong) Limited for an amount upto USD 70 million. Biocon Sdn. Bhd will repay the loan in quarterly installments commencing from April 2017.

The term loans are denominated in USD and carries an interest rate of Libor + 3% p.a. The term loan is secured by a fixed and floating charge over all present and future assets and a charge over the freehold property of Biocon Sdn. Bhd. Also refer note 34.

	March 31, 2016	March 31, 2015
7. Deferred tax liability (net)		
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	589	540
Gross deferred tax liability	589	540
Deferred tax asset		
Employee retirement benefit expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	160	92
Provision for doubtful debts	14	18
Others	69	13
Gross deferred tax asset	243	123
Net deferred tax liability	346	417
(i) The Group has units in a Special Economic Zone (SEZ) which claim deduction of income under the provisions of the Income Tax Act, 1961. Deferred tax assets/ (liabilities) are recognised in respect of timing differences which originate in the reporting period, but are expected to reverse after the tax holiday period.		
8. Other long-term liabilities		
Deferred revenues [refer note 42 and 13(iv)]	957	3,052
Funding received from Co-developer towards fixed assets [refer note 13(iii)]	2,541	2,458
Interest accrued but not due	3	6
Payables for capital goods	2	-
	3,503	5,516

	Long-term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
9. Provisions				
Provision for employee benefits				
Leave encashment	-	-	193	160
Gratuity (refer note 38)	299	150	77	124
Others				
Interim dividend on equity shares	-	-	-	1,000
Provision for income tax, net of advance tax	-	-	607	298
	299	150	877	1,582

	March 31, 2016	March 31, 2015
10. Short-term borrowings		
From banks		
Packing credit foreign currency loan (unsecured) [refer note (ii) , (iii), (iv) and (vi) below]	2,253	2,610
Packing credit foreign currency loan (secured) [refer note (i) below]	1,658	-
Cash credit (secured) [refer note (v) below]	2	-
Bank overdraft (unsecured) [refer note (vii) below]	36	-
	3,949	2,610
The above amount includes		
Secured borrowings	1,660	-
Unsecured borrowings	2,289	2,610

(i) Syngene has obtained foreign currency denominated short-term secured pre-shipment credit loans of ₹ 1,658 (USD 25 million) [March 31, 2015 - Nil] from Royal Bank of Scotland N.V. that carries interest of LIBOR + 0.1% p.a. The loans are repayable after the end of 6 months from the date of its origination. The facility provided are secured by charge on fixed assets and current assets of Syngene.

(ii) Syngene had obtained foreign currency denominated short-term unsecured pre-shipment loans of ₹ 1,364 (USD 21.9 million) as of March 31, 2015 from banks that carry interest rate in the range of LIBOR + 0.15% to LIBOR+ 0.42% p.a. These facilities were repayable at the end of 6 months from the date of its origination and has been repaid during the year.

(iii) The Company has obtained unsecured foreign currency denominated loans of ₹ 2,253 (USD 34 million) [March 31, 2015 ₹ Nil (USD Nil)], carrying an interest rate of LIBOR plus 0.10% to 0.20% p.a. from banks. The facility is repayable within 120 to 180 days from the date of its origination.

(iv) The Company had obtained foreign currency denominated loan of ₹ 561 (USD 9 million) as at March 31, 2015, carrying an interest rate of LIBOR plus 0.35% p.a., from a bank. The facility was repayable within 180 days from the date of its origination and has been repaid during the year.

(v) The Company has working capital facilities with a bank carrying interest rate ranging from 9.7% - 13% p.a. These facilities are repayable on demand, secured by pari-passu first charge on inventories and trade receivables.

(vi) BRL had obtained foreign currency denominated loans of ₹ 685 (USD 11 million), carrying an interest rate of LIBOR + 0.35% to 0.50% p.a., from a bank as at March 31, 2015, which has been repaid during the year.

(viii) BPL has obtained unsecured overdraft facility from a bank carrying an interest rate of 9.25% p.a.

	March 31, 2016	March 31, 2015
11.Trade payables		
Trade payables		
Total outstanding dues of micro and small enterprises	117	85
Total outstanding dues of creditors other than micro and small enterprises	5,354	4,208
	5,471	**4,293**
12. Other current liabilities		
Current maturities of long term borrowings (refer note 6)	104	866
Deferred revenues [refer note 42 and 13(iv)]	186	1,165
Funding received from co-developer towards fixed assets [refer note 13(iii)]	80	80
Investor Education and Protection Fund shall be credited by: (as and when due)		
- Unclaimed dividend	10	6
Payables for capital goods	2,596	2,451
Advances from customers	2,427	2,208
Balance in current account with bank representing book overdraft	255	102
Other payables:		
Statutory dues [refer note (i) below]	205	132
Others	116	52
	5,979	**7,062**

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

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13. Tangible assets

	Land [Refer note (i), (ii) and (vi)]	Buildings	Leasehold improvements	Plant and equipments [Refer note (ix)]	Research and development equipments	Furniture and fixtures	Vehicles	Total
Cost or Valuation								
At April 1, 2014	1,290	5,240	3	17,695	1,982	509	27	26,746
Additions	-	703	2	2,300	46	43	38	3,132
Disposals	-	-	-	13	-	-	6	19
Other adjustments								
- Foreign currency translation adjustment	(61)	(30)	-	(18)	-	-	-	(109)
At March 31, 2015	**1,229**	**5,913**	**5**	**19,964**	**2,028**	**552**	**59**	**29,750**
Additions	130	657	-	2,254	60	83	6	3,190
Disposals	-	-	-	85	-	-	8	93
Other adjustments								
- Foreign currency translation adjustment	14	6	1	4	-	1	-	26
At March 31, 2016	**1,373**	**6,576**	**6**	**22,137**	**2,088**	**636**	**57**	**32,873**
Depreciation								
At April 1, 2014	-	1,160	1	9,252	1,010	270	18	11,711
Charge for the year	-	216	3	1,755	174	67	4	2,219
Disposals	-	-	-	13	-	-	3	16
Other adjustments [refer note (xi) below]	-	29	-	-	-	-	-	29
At March 31, 2015	**-**	**1,405**	**4**	**10,994**	**1,184**	**337**	**19**	**13,943**
Charge for the year	-	255	1	1,984	155	71	6	2,472
Disposals	-	-	-	80	-	-	4	84
Other adjustments								
- Foreign currency translation adjustment	-	1	-	2	-	-	-	3
At March 31, 2016	**-**	**1,661**	**5**	**12,900**	**1,339**	**408**	**21**	**16,334**
Net Block								
At March 31, 2015	1,229	4,508	1	8,970	844	215	40	15,807
At March 31, 2016	**1,373**	**4,915**	**1**	**9,237**	**749**	**228**	**36**	**16,539**

(i) Land includes land held on leasehold basis: Gross Block ₹ 226 (March 31, 2015 - ₹ 226); Net Block ₹ 226 (March 31, 2015 - ₹ 226).

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

(iii) Additions to fixed assets during the year ended March 31, 2016, include assets of ₹ 278 (March 31, 2015 - ₹ 76) of which, ₹ 241 (March 31, 2015 - ₹ 38) has been funded by the co-development partner/ customer. The Group has capitalised and depreciated the gross cost of these assets. The funding received from the co-development partner is reflected in note 8 and 12. The depreciation charge for the year has been adjusted for the proportionate amount recovered from the co-development partner. Also refer note 28.

(iv) Additions to fixed assets during the year ended March 31, 2016, include assets of ₹ 25 (March 31, 2015 - ₹ 215) which have been funded by the customers. Syngene has capitalised and depreciated the gross cost of these assets. The funding received from the customer is reflected as Deferred revenues in note 8 and note 12 and the same is recognised as other operating revenue on a systematic basis over the useful life of the asset/period of contract. Cumulative amount of such funded assets as at March 31, 2016 - ₹ 1,270 (March 31, 2015 - ₹ 1,245) (gross block).

(v) Syngene has entered into agreements with customers, which grant the customers an option to purchase fixed assets with gross block of ₹ 3,009 (March 31, 2015 - ₹ 2,818) as at March 31,2016 relating to particular projects, upon satisfaction of certain terms and conditions. The consideration would be as per the terms of the agreement, subject to amounts already funded/contributed by the customer.

(vi) During the year ended March 31, 2012, Biocon Sdn Bhd acquired freehold land in Johor Malaysia at an aggregate consideration of approximately RM 45 million for the construction of biopharmaceutical manufacturing facility. The freehold land has been offered as a security to the lenders of the term loan facilities. Also refer note 6(x).

(vii) As at March 31, 2016, BRL holds equipments received on loan basis from co- development partner for use in the joint development program amounting to ₹ 68 (March 31, 2015 - ₹ 68).

(viii) Plant and equipments includes office equipments and computer equipments.

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

(x) The Company has acquired the business assets of the pharmaceutical manufacturing unit of M/s. Acacia Lifesciences Private Limited located at Vishakhapatnam with effect from October 01, 2015 on a going concern basis for a consideration of ₹ 531. Fixed assets have been recorded on the fair valuation basis, performed by an independent valuer, including the assessment of remaining useful life of fixed assets. Stamp duty of ₹ 11 has been incurred and capitalized in addition to the value of fixed assets capitalized. Goodwill of ₹ 77 has been recorded being the excess of purchase consideration over the value of net assets acquired. The useful life of goodwill has been estimated to be 5 years.

(xi) During the year ended March 31, 2015 depreciation of ₹ 29 (net of deferred tax impact) had been adjusted to the opening balance of surplus in the Statement of profit and loss as at April 1, 2014, with corresponding adjustment to net book value of fixed assets, in accordance with the transitional provisions of Schedule II of the Act.

14. Intangible assets

	Intangible assets					Intangible assets under development		
	Goodwill [Refer note (ii) (iii) & (iv)]	Other intangibles [Refer note (vii)]	Marketing and Manufacturing rights for product [Refer note (i) and (viii)]	IP under commercialisation	Total	Product under development [Refer note (v)]	Marketing rights of T1H [Refer note (vi)]	Total
Gross Block								
At April 01, 2014	122	85	64	81	352	301	1,012	1,313
Additions	142	197	-	-	339	589	-	589
Other adjustments								
- Foreign currency translation adjustment	-	(18)	-	-	(18)	-	36	36
At March 31, 2015	**264**	**264**	**64**	**81**	**673**	**890**	**1,048**	**1,938**
Additions	77	72	118	-	267	1,082	-	1,082
Other adjustments								
- Impairment [refer note 40 (d)]	-	-	-	-	-	-	(1,078)	(1,078)
- Foreign currency translation adjustment	-	-	(2)	-	(2)	46	30	76
At March 31, 2016	**341**	**336**	**180**	**81**	**938**	**2,018**	**-**	**2,018**
Amortisation								
At April 1, 2014	-	48	6	81	135	88	-	88
Charge for the year	-	40	6	-	46	22	-	22
At March 31, 2015	**-**	**88**	**12**	**81**	**181**	**110**	**-**	**110**
Charge for the year	8	50	12	-	70	22		22
At March 31, 2016	**8**	**138**	**24**	**81**	**251**	**132**	**-**	**132**
Net Block								
At March 31, 2015	264	176	52	-	492	780	1,048	1,828
At March 31, 2016	**333**	**198**	**156**	**-**	**687**	**1,886**	**-**	**1,886**

(i) Erstwhile Biocon Biopharmaceuticals Limited (merged with Biocon with effect from April1, 2013) ("BBL") had entered into an agreement with M/s CIMAB, Cuba to acquire manufacturing rights for certain products in specified territories for a total cost of ₹ 64. M/s CIMAB, Cuba is in the process of obtaining regulatory approvals in the respective countries. Effective April 2013, Biocon commenced amortisation of these rights over a period of 10 years, being the estimated useful life of these rights.

(ii) On September 9, 2014, BRL purchased 7.69% of equity shares in Syngene from GE Equity International Mauritius for a consideration of ₹ 2,154. BRL also subscribed to additional equity shares in Syngene by way of rights issue, thereby taking BRL's shareholding in Syngene to 10.93%. The difference of ₹ 1,664, between the aggregate consideration paid and the net assets of Syngene on the date of purchase/Right issue was recorded as goodwill. In January 2015, BRL sold 10% of equity shares in Syngene to IVF Trustee Company Private Limited for a consideration of ₹ 3,800 and accordingly, proportionate goodwill of ₹ 1,522 was adjusted.

(iii) Refer note 13 (x) for recognition of goodwill during the year ended March 31, 2016.

(iv) During the year ended March 31, 2011, the Group acquired the interest of minority shareholders in BBL. Accordingly, ₹ 122 being the excess consideration paid over the net assets of BBL as on the date of acquisition has been recognised as goodwill.

(v) During the year ended March 31, 2016, the Group has capitalised product development cost amounting ₹ 1,020 (March 31, 2015 - ₹ 589), relating to development of products in the global market. [refer note 41]

(vi) During the year ended March 31, 2011, Biocon SA had entered into an agreement with M/s CIMAB , Cuba for marketing rights of T1H product relating to certain territories. [refer note 40(d)]

(vii) Other intangible assets comprise of computer software and employee training expenses.

(viii) Pursuant to an asset purchase agreement, with a customer, executed during the year ended March 31, 2016, the Company has acquired the marketing and manufacturing rights for a product for a sum of ₹ 101.

	March 31, 2016	March 31, 2015
15. Non current Investments		
A) Trade investments (valued at cost unless stated otherwise):		
Unquoted preference shares		
In associate company:		
4,285,714 (March 31, 2015 - 4,285,714) Series A Preferred Stock at USD 0.70 each, fully paid-up, par value USD 0.00001 each in IATRICa Inc., USA	131	131
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (ii) below]	(131)	(131)
Others:		
2,722,014 (March 31, 2015 - 2,722,014) Series B1 Preferred Convertible Stock at USD 1.55 each, fully paid, par value USD 0.001 each in Vaccinex Inc., USA	186	186
217,972 (March 31, 2015 - 217,972) Series B2 Preferred Convertible Stock at USD 3.10 each, fully paid, par value USD 0.001 each in Vaccinex Inc., USA	32	32
Less: Provision for decline, other than temporary, in the value of non-current investments [refer note (i) below]	(218)	(218)
	-	-
Aggregate value of unquoted investments	349	349
Aggregate provision for diminution in value of investments	349	349

(i) Vaccinex Inc., USA ('Vaccinex') is engaged in research and development activities and has been incurring losses. During the year ended March 31, 2015, considering the financial position and uncertain future cash flows of Vaccinex, the Company on a prudent basis, created a provision of ₹ 218 for diminution other than temporary, in the value of its investments.

(ii) In 2008, the Company invested ₹ 139 in IATRICa, engaged in the development of immunoconjugates, for a 30% equity stake the above is net of group's share of losses in IATRICa amounting to ₹ 7 (March 31, 2015 - ₹ 7). During the year ended March 31, 2013, there were certain developments in connection with this investment arising due to patent filings, which are contrary to contractual obligations. Pursuant to this, on a prudent basis, the Company created a provision of ₹ 139 for diminution, in the value of investment in IATRICa during the year ended March 31, 2013.

(iii) Biocon has invested in National Savings Certificates (unquoted) which are not disclosed above since the amounts are rounded off to Rupees million.

16. Loans and advances (unsecured, considered good, unless otherwise stated)

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Capital advances [refer note (i) below]	900	589	-	-
Duty drawback receivable [refer note (ii) below]	313	326	-	-
Balances with statutory/ government authorities	955	965	154	243
Deposits	227	193	1	2
Loan to Syngene ESOP Trust [refer note 5(b)(ii)]	87	110	-	-
Other receivables	-	-	1,200	133
Advances recoverable in cash or in kind or for value to be received	10	16	498	380
MAT Credit Entitlement	725	559	-	-
Advance income tax (net of provision for taxation)	906	935	-	-
	4,123	**3,693**	**1,853**	**758**

(i) During the year ended March 31, 2008, the Company was allotted land at the Jawaharlal Nehru Pharma City Vishakhapatnam, Andhra Pradesh, on a long term lease basis for a consideration of ₹ 260. The Company had paid the entire consideration towards the cost of the lease and during the year ended March 31, 2012, the Company had intimated the SEZ developer of its intention to surrender the above land. During the year ended March 31, 2016, the Company has conveyed its intention to execute a formal sale/ lease deed.

(ii) Net of doubtful receivables of ₹ 216 (March 31, 2015 - ₹ 69), which has been fully provided

17. Other assets

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unamortised borrowing cost	311	226	-	-
Unamortised premium on foreign exchange forward/ option contracts	823	1,144	650	561
Unbilled revenues	-	-	345	297
Non current cash and bank balances [refer note 21]	500	-	-	-
Interest accrued on deposits with banks and financial institutions	26	-	243	100
	1,660	**1,370**	**1,238**	**958**

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

Investments in mutual funds (unquoted, fully paid-up)

	Face value (₹/ unit)	March 31, 2016 Units	March 31, 2016 Amount	March 31, 2015 Units	March 31, 2015 Amount
DWS Banking & PSU Debt Fund - Weekly Dividend Reinvestment	10	70,409,716	724	-	-
Birla Sun Life Savings Fund - Daily Dividend - Regular Plan	100	5,016,970	503	2,521,503	253
ICICI Prudential Flexible Income - Regular Plan - Daily Dividend	106	4,689,806	496	2,391,423	253
HDFC Floating Rate Income Fund -Short Term -Whole Sale Plan - Dividend Reinvestment	10	49,241,163	496	14,034,587	141
Reliance Banking & PSU Debt Fund Weekly Dividend Plan	10	46,064,513	465	-	-
JP Morgan Banking & PSU Debt Fund - Weekly Dividend Reinvestment Option	10	24,569,495	258	-	-
UTI-Treasury Advantage Fund - Daily Dividend Reinvestment	1,002	252,021	253	-	-
Reliance Liquid Fund - Regular Plan - Daily Dividend	1,529	154,108	236	125,892	192
Axis Liquid Fund - Daily Dividend Reinvestment	1,000	200,433	201	98,005	98
HDFC Liquid Fund - Daily Dividend Reinvestment	1,020	171,988	175	-	-
SBI Premier Liquid Fund - Regular Plan - Daily Dividend	1,003	154,313	155	-	-
Reliance Money Manager Fund - Daily Dividend Plan	1,004	151,044	152	-	-
ICICI FMP Series 78 - 95 D Plan K Dividend	10	13,003,654	130	-	-
Baroda Pioneer Liquid Fund - Plan A Daily Dividend	1,001	40,637	41	-	-
Tata Liquid Fund Plan A- Daily Dividend	1,115	-	-	229,233	255
IDFC Cash Fund - Daily Dividend -(Regular Plan)	1,000	-	-	158,344	158
TATA Fixed Maturity Plan Series 47 Scheme C - Plan A - Growth	10	-	-	15,000,000	150
HDFC Liquid Fund - Daily Dividend Reinvestment	10	-	-	13,832,802	141
Reliance Liquidity Fund - Daily Dividend Reinvestment Option	1,001	-	-	135,112	135
TATA Floater Fund Plan A - Daily Dividend	1,004	-	-	125,068	126
Kotak Liquid Fund Plan A - Regular Plan - Daily Dividend	1,223	-	-	99,734	122
Birla Sun Life Cash Plus - Daily Dividend	100	-	-	748,871	75
ICICI Prudential Liquid - Regular Plan - Daily Dividend.	100	-	-	699,774	70
Reliance Liquid Fund - Cash Plan - Daily Dividend Option - Direct	1,114	-	-	45,147	53
JP Morgan Liquid Fund - Daily Dividend	10	-	-	4,033,108	40
Kotak Liquid Scheme Plan A - Direct Plan - Daily Dividend	1,223	-	-	18,308	22
HDFC Liquid Fund - Direct Plan -Daily Dividend	10	-	-	1,013,825	10
Birla Sun Life Cash Plus - Daily Dividend- Direct Plan	100	-	-	93,857	9
			4,285		2,303
Aggregate value of unquoted investments			4,285		2,303

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	March 31, 2016	March 31, 2015
19. Inventories (at lower of cost and net realisable value)		
Raw materials, including goods-in-bond [refer note 24]*	1,359	1,205
Packing materials [refer note 24]	324	209
Work-in-progress [refer note 25 (b)]	1,707	1,436
Traded goods [refer note 25 (b)]	323	320
Finished goods [refer note 25 (b)]	1,401	1,357
	5,114	**4,527**
* includes goods in-transit ₹ 151 (March 31, 2015 - ₹ Nil)		
20. Trade receivables (unsecured)		
Outstanding for a period exceeding six months from the date they are due for payment		
Considered good	113	53
Doubtful	56	105
	169	**158**
Provision for doubtful receivables	(56)	(105)
	113	53
Other trade receivables		
Considered good	8,116	7,652
	8,229	**7,705**
The above includes:		
Due from Narayana Hrudayalaya Limited ('NHL') [formerly known as Narayana Hrudayalaya Private Limited] in which a director of the Company is a member of Board of Directors of NHL.	8	5
21. Cash and bank balances		
Cash and cash equivalents		
Balances with banks:		
On current accounts [refer note (ii) below]	7,104	4,585
On unpaid dividend account	10	6
Deposits with original maturity of less than 3 months	4,155	34
Cash on hand	1	1
	11,270	**4,626**
Other bank balances		
Deposits with maturity of less than 12 months	4,020	3,746
Deposits with maturity of more than 12 months	-	1,000
Margin money deposit [refer note (i) below]	3	3
Deposit with financial institutions		
Deposits with maturity of less than 12 months	3,920	-
Deposits with maturity of more than 12 months	500	-
	19,713	**9,375**
Less: Amount disclosed under other non-current assets	(500)	-
	19,213	**9,375**

(i) Margin money deposits with carrying amount of ₹ 3 (March 31, 2015 - ₹ 3) are subject to first charge against bank guarantees obtained.

(ii) Includes ₹ 3,318 (March 31, 2015 - Nil) held in Nostro accounts by banks on behalf of Syngene.

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	March 31, 2016	March 31, 2015
22. Revenue from operations		
Sale of products		
Finished goods	20,051	19,166
Traded goods	2,843	2,783
Sale of services		
Licensing and development fees	761	433
Contract research and manufacturing services income	10,730	8,225
Capacity reservation fees	-	311
Other operating revenue		
Sale of process waste	151	149
Others	653	157
Revenue from operations (gross)	35,189	31,224
Less: Excise duty [refer note (a) below]	335	326
Revenue from operations (net)	**34,854**	**30,898**
Excise duty on sales amounting to ₹ 335 [March 31, 2015 - ₹ 326] has been reduced from revenue from operations in the statement of profit and loss and excise duty on (increase)/decrease in stock amounting to ₹ (2) [March 31, 2015 - ₹ (5)] has been considered as (income)/ expense in note 27 of financial statements.		
Details of products sold		
Finished goods sold		
Biopharmaceuticals	16,208	15,776
Formulations	3,843	3,390
	20,051	**19,166**
Traded goods		
Biopharmaceuticals	84	37
Formulations	2,759	2,746
	2,843	**2,783**
23. Other income		
Interest income on:		
Deposits with banks and financial institutions	403	111
Others	30	9
Dividend earned on current investments	204	226
Net gain on sale of current investments	16	14
Other non-operating income	192	171
	845	**531**
24. Cost of raw materials and packing materials consumed		
Inventory at the beginning of the year	1,414	1,197
Add: Purchases	12,818	12,187
Less: Inventory at the end of the year	1,683	1,414
Cost of raw materials and packing materials consumed	**12,549**	**11,970**

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	March 31, 2016	March 31, 2015
25. (a) Purchase of traded goods		
Details of purchase of traded goods:		
Biopharmaceuticals	16	24
Formulations	1,054	1,086
	1,070	**1,110**
25. (b) (Increase)/ Decrease in inventories of finished goods, traded goods and work-in-progress		
Inventory at the beginning of the year		
Traded goods	320	325
Finished goods, net of excise duty	1,357	815
Work-in-progress	1,436	1,429
Traded goods of NeoBiocon, pursuant to acquisition [refer note 1]	-	25
	3,113	**2,594**
Inventory at the end of the year		
Traded goods	323	320
Finished goods, net of excise duty	1,401	1,357
Work-in-progress	1,707	1,436
	3,431	**3,113**
(Increase)/ Decrease in inventories	**(318)**	**(519)**
Details of inventory:		
Traded goods		
Biopharmaceuticals	-	-
Formulations	323	320
	323	**320**
Finished goods, net of excise duty		
Biopharmaceuticals	933	1,028
Formulations	468	329
	1,401	**1,357**
Work-in-progress		
Biopharmaceuticals	1,686	1,430
Formulations	25	6
	1,711	**1,436**
26. Employee benefits expense		
Salaries, wages and bonus	5,766	5,067
Contribution to provident and other funds	221	199
Gratuity (refer note 38)	102	74
Employee stock compensation expense	129	60
Welfare expenses	324	272
	6,542	5,672
Less: Expenses capitalized to fixed assets [refer note 41 (a)]	(179)	(338)
	6,363	**5,334**

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		March 31, 2016	March 31, 2015
27. Other expenses			
Royalty and technical fees		24	23
Rent		39	42
Communication expenses		64	53
Travelling and conveyance		483	485
Professional charges		577	745
Directors' fees including commission		33	34
Power and fuel		1,942	1,767
Insurance		62	54
Rates, taxes and fees, net of refunds of taxes		199	202
Lab consumables		597	486
Repairs and maintenance			
Plant and machinery		474	415
Buildings		143	87
Others		497	264
Selling expenses			
Freight outwards and clearing charges		304	269
Sales promotion expenses		576	596
Commission and brokerage (other than sole selling agents)		259	222
(Increase)/ decrease in excise duty on inventory [refer note 22 (a)]		(2)	(5)
Bad debts written off		8	-
Provision/ (reversal) for doubtful debts		(47)	61
Printing and stationery		58	42
Foreign exchange loss (net)		129	200
Research and development expenses		2,663	1,934
Clinical trial and development expenses		80	66
CSR expenditure [refer note 45]		112	93
Miscellaneous expenses		444	373
		9,718	8,508
Less: Adjustment of product development expenses with deferred revenues [refer note (a) below]		(152)	(295)
Less: Expenses capitalized to fixed assets [refer note 41 (a)]		(1,256)	(847)
		8,310	**7,366**
(a) Research and development expenses of ₹ 152 (March 31, 2015 - ₹ 295) incurred towards Biosimilar Insulin program subsequent to the date of termination of the Pfizer arrangement have been adjusted against the amounts received from Pfizer. Refer note 42.			
28. Depreciation and amortisation (net)			
Depreciation of tangible assets [refer note 13]		2,472	2,219
Amortisation of intangible assets [refer note 14]		92	68
Less: Depreciation on assets partly funded by customers/ co-development partners [refer note 13]		(90)	(77)
Less: Expenses capitalized to fixed assets [refer note 41(a)]		(51)	-
		2,423	**2,210**
29. Finance costs			
Interest expense		328	157
Exchange difference to the extent considered as an adjustment to borrowing cost		106	65
Less: Expenses capitalized to fixed assets [refer note 41(a)]		(332)	(133)
		102	**89**
30. Research and development expenses			
Research and development expenses	(a)	2,663	1,934
Other research and development expenses included in other heads	(b)	2,579	1,959
	(a + b)	5,242	3,893
Recovery of product development costs from co-development partners (net)		(1,320)	(1,321)
Adjustment of product development expenses with deferred revenues [refer note 27 (a)]		(152)	(295)
Product development costs capitalised [refer note 41(a)]		(1,020)	(589)
		2,750	**1,688**
Research and development expenses on Buildings and Equipment (net of funding received from co-development partners)			
Buildings		-	1
Equipment (net of disposals)		80	46
		80	**47**

31. Employee stock compensation

(a) Biocon ESOP Plan:

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries/ joint venture company. The Nomination and Remuneration Committee ('Remuneration Committee') administers 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 Remuneration Committee shall determine the exercise price which will not be less than the face value of the shares.

Grant I

In September 2001, the Company granted 71,510 options (face value of shares - ₹ 5 each) under the ESOP Plan 2000 to be exercised at a grant price of ₹ 10 (before adjusting bonus and share split). The options vested with the employees equally over a four year period.

Grant II

In January 2004, the Company granted 142,100 options (face value of shares - ₹ 5 each) under ESOP Plan 2000 to be exercised at a price of ₹ 5 per share. The options vest with the employees equally over a four year period.

Grant III

In January 2004, the Board of Directors announced the Biocon Employee Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employees of the Company and its subsidiaries/ joint venture company, pursuant to which the Remuneration Committee on March 19, 2004 granted 422,000 options (face value of shares - ₹ 5 each) under the ESOP Plan 2004 to be exercised at a grant price of ₹ 315 being the issue price determined for the IPO through the book building process. The options vest with the employees equally over a four year period.

Grant IV

In July 2006, the Company approved the grant of 3,478,200 options (face value of shares - ₹ 5 each) to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first second and third year from the date of grant for existing employees and at the end of third, fourth and fifth year from the date of grant for new employees. Exercise period is three years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at a discount of 20% to the market price of Company's shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2016		March 31, 2015	
	No of Options *	Weighted Average Exercise Price (₹)*	No of Options *	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	61,625	185	120,900	185
Granted during the year	-	-	-	-
Forfeited during the year	-	-	2,750	227
Exercised during the year	55,250	179	56,525	187
Expired during the year	2,875	154	-	-
Outstanding at the end of the year	3,500	231	61,625	185
Exercisable at the end of the year	3,500	231	61,625	187
Weighted average remaining contractual life (in years)	0.3	-	0.1	-

*adjusted for the effect of bonus shares

Grant V

In April 2008, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 25%, 35% and 40% of the total grant at the end of first second and third year from the date of grant for existing employees and at the end of third, fourth and fifth year from the date of grant for new employees. Exercise period is three years for each grant. The conditions for number of options granted include service terms and performance grade of the employees. These options are exercisable at the market price of Company's shares on the date of grant.

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Details of Grant V

Particulars	March 31, 2016		March 31, 2015	
	No of Options*	Weighted Average Exercise Price (₹)*	No of Options*	Weighted Average Exercise Price (₹)*
Outstanding at the beginning of the year	1,151,975	336	1,512,070	316
Granted during the year	-	-	78,000	467
Forfeited during the year	269,087	324	402,525	291
Exercised during the year	91,013	303	35,570	296
Expired during the year	-	-	-	-
Outstanding at the end of the year	791,875	343	1,151,975	336
Exercisable at the end of the year	220,638	310	168,475	301
Weighted average remaining contractual life (in years)	4.6		4.9	-
Weighted average fair value of options granted (₹)				226

*adjusted for the effect of bonus shares

Grant VI

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Details of Grant VI

Particulars	March 31, 2016		March 31, 2015	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,346,152	470	-	-
Granted during the year	-	-	1,447,440	470
Forfeited during the year	160,313	470	101,288	470
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,185,839	470	1,346,152	470
Exercisable at the end of the year	116,750	470	-	-
Weighted average remaining contractual life (in years)	3.3	-	4.4	-
Weighted average fair value of options granted (₹)				180

Grant VII

In July 2014, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing market price of Company's shares existing on the date preceding to the date of grant.

Details of Grant VII

Particulars	March 31, 2016		March 31, 2015	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	293,000	452	-	-
Granted during the year	1,077,500	461	293,000	452
Forfeited during the year	95,000	472	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,275,500	461	293,000	452
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	6.0		6.7	
Weighted average fair value of options granted (₹)		185		205

Grant VIII

In July 2015, the Company approved the grant to its employees under the existing ESOP Plan 2000. The options under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fourth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. These options are exercisable at the closing price as per National Stock Exchange as on the last day of the month preceding the month of first grant.

Details of Grant VIII

Particulars	March 31, 2016		March 31, 2015	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	312,500	459	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	312,500	459	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.6		-	
Weighted average fair value of options granted (₹)		154		-

The average market price of the Company's share during the year ended March 31, 2016 is ₹ 462 (March 31, 2015 - ₹ 459) per share.

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2016	March 31, 2015
Weighted Average Exercise Price	459-461	467
Expected volatility	29% to 34.5%	34.18%
Historical volatility	34.18%	31.15%
Life of the options granted (vesting and exercise period) in years	4.6-6.0	5.5
Expected dividend per share	5.00	5.00
Average risk-free interest rate	7.65%	7.93%
Expected dividend rate	1.10%	1.09%

(b) RSU Plan 2015:

On March 11, 2015, Biocon's and Remuneration Committee approved the Biocon Stock Options - Restricted Stock Units (RSUs) of Synegene ('RSU Plan 2015') for the grant of RSUs to the employees of the Company and its subsidiaries, other than Syngene. The Remuneration Committee administers the plan through a trust established specifically for this purpose, called the Biocon Limited Employee Welfare Trust. For this purpose on March 31, 2015, the Company transferred 2,000,000 equity shares of Syngene to Biocon Limited Employee Welfare Trust.

In April 2015, the Company approved the grant to its employees under the RSU Plan 2015. The RSUs under this grant would vest to the employees as 10%, 20%, 30% and 40% of the total grant at the end of first, second, third and fouth year from the date of grant, respectively, with an exercise period ending one year from the end of last vesting. The vesting conditions include service terms and performance grade of the employees. Exercise price of RSUs will be Nil.

Particulars	March 31, 2016	
	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	-	-
Granted during the year	1,364,148	-
Forfeited during the year	132,345	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	1,231,803	-
Exercisable at the end of the year	-	-
Weighted average remaining contractual life (in years)	4.8	
Weighted average fair value of options granted (₹)		162

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2016	March 31, 2015
Weighted Average Exercise Price	-	-
Expected volatility	29.92%	-
Historical volatility	29.92%	-
Life of the options granted (vesting and exercise period) in years	4.8	-
Expected dividend per share	1	-
Average risk-free interest rate	7.65%	-
Expected dividend rate	0.30%	-

(c) Syngene ESOP Plan:

On July 20, 2012, Syngene Employee Welfare Trust ('Trust') was created for the welfare and benefit of the employees and directors of Syngene and subsidiary company. The Board of Directors of Syngene has approved the employee stock option plan of Syngene. On October 31, 2012 the Trust subscribed 1,875,000 equity shares (face value of ₹ 5 per share) of Syngene using the proceeds from interest free loan of ₹ 150 obtained from Syngene. The loan granted and receivable from the Trust has been

adjusted in the shareholders' funds as per the Guidance Note on Accounting for Employee Share-based Payments issued by Institute of Chartered Accountants of India. As at March 31, 2016, the Trust holds 5,919,219 (March 31, 2015 - 6,680,000) equity shares of face value: ₹ 10 each, adjusted for the consolidation of shares and bonus issue. During the year ended March 31, 2015 the Trust transferred 760,781 (March 31, 2015 - Nil) equity shares to the employees on exercise of their stock options.

Grant

Pursuant to the Scheme, Syngene has granted options to eligible employees under Syngene Employee Stock Option Plan - 2011. Each option entitles for one equity share. The options under this grant will vest to the employees as 25%, 35% and 40% of the total grant at end of second, third and fourth year from the date of grant, respectively, with an exercise period of three years for each grant. The vesting conditions include service terms and performance grades of the employees. These options are exercisable at an exercise price of ₹ 80 per share (face value of ₹ 5 per share).

Details of Grant

Particulars	March 31, 2016		March 31, 2015	
	No of Options	Weighted Average Exercise Price (₹)	No of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	5,057,100	23	1,580,340	80
Granted during the year	930,583	23	59,700	80
Forfeited during the year	284,067	22	220,540	80
Exercised during the year	760,781	22	-	-
Outstanding at the end of the year	4,942,835	22	1,419,500	80
Decrease in Number of options as a result of consolidation of shares [refer note (i) below]	-	-	(709,750)	
Increase in Number of options as a result of Bonus issue [refer note (ii) below]	-	-	4,347,350	
Outstanding at the end of the year as adjusted	4,942,835	22	5,057,100	23*
Exercisable at the end of the year	434,494	22	-	-
Weighted average fair market value of shares granted (In ₹)		394		140*
Weighted average share price at the date of exercise (In ₹)		367		-

* adjusted for matters as discussed in point (i) & (ii) below.

The weighted average fair value of the options granted during the year ended March 31, 2016 is in the range of ₹ 372* [March 31, 2015 - ₹ 125* - ₹ 128*] face value of ₹ 10 each per option, under Black Scholes Model. The weighted average remaining contractual life for the stock options outstanding as at March 31, 2016 is 2.96 years [March 31, 2015 - 4.69 years].

Assumptions used in determination of the fair value of the stock options under the Black Scholes Model are as follows:

Particulars	March 31, 2016	March 31, 2015
Dividend yield (%)	0.03%	-
Exercise Price (In ₹)	23*	23*
Volatility	29.10%	50.40% - 53.30%
Life of the options granted (vesting and exercise period) in years	5.69 years	6.15 years
Average risk-free interest rate	7.48%	8.57% - 8.59%

(i) The Shareholders' of Syngene at the Extraordinary General Meeting ('EGM') of Syngene held on March 16, 2015, approved the consolidation (i.e. reverse share split) of 2 equity shares of face value of ₹ 5 each into 1 equity share of face value of ₹ 10 each.

(ii) The Shareholders' of Syngene at the EGM of Syngene held on March 16, 2015, approved the issue of fully paid bonus shares of face value of ₹ 10 each in the ratio of 1:6.1253329 by capitalisation of Securities premium account.

Since the Group uses the intrinsic value method for determination of the employee stock compensation expense, the impact on the reported net profit and earnings per share under the fair value approach is as given below :

Particulars	March 31, 2016	March 31, 2015
Net profit after taxes	8,961	4,974
Add: Employee stock compensation under intrinsic value *	123	51
Less: Employee stock compensation under fair value *	177	136
Proforma net profit after taxes	8,908	4,889
Earnings per share - Basic		
- As reported	44.81	24.87
- Proforma	44.54	24.44
Earnings per share - Diluted		
- As reported	44.81	24.87
- Proforma	44.54	24.44

* After adjustment of share of minority interest.

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

Particulars	March 31, 2016	March 31, 2015
Opening balance of equity shares not exercised by employees and available with the ESOP Trust	3,674,928	3,767,023
Add: Shares purchased by the ESOP Trust	345,663	-
Less: Shares exercised by employees	(146,263)	(92,095)
Closing balance of equity shares not exercised by employees and available with the ESOP Trust	**3,874,328**	**3,674,928**
Options granted and eligible for exercise at end of the year	340,888	230,100
Options granted but not eligible for exercise at end of the year	3,228,326	2,622,652

32. Reconciliation of basic and diluted shares used in computing earnings per share

	March 31, 2016	March 31, 2015
Basic outstanding shares	200,000,000	200,000,000
Add: Effect of dilutive options granted but not exercised/ not yet eligible for exercise	-	-
Weighted average shares outstanding and potential options outstanding	200,000,000	200,000,000

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33. Related party transactions

Sl No	Name of the related party	Relationship	Description	April 1, 2015 to March 31, 2016 Income/(Expenses) /Other transactions	Balance as at March 31, 2016 (Payable)/ Receivable	April 1, 2014 to March 31, 2015 Income/(Expenses) /Other transactions	Balance as at March 31, 2015 (Payable)/ Receivable
A. Remuneration to Key managerial personnel [refer note (iv) below]							
1	Kiran Mazumdar-Shaw	Chairperson & Managing Director	Salary and perquisites	(16)	-	(16)	-
2	John Shaw	Vice Chairman & Director	Salary and perquisites	(16)	-	(15)	-
3	Arun Chandavarkar	Joint Managing Director & CEO (w.e.f April 24, 2014)	Salary and perquisites [refer note (v)]	(31)	-	(27)	-
4	Murali Krishnan K N	President - Group Finance (upto July 31, 2014)	Salary and perquisites	-	-	(23)	-
5	Siddharth Mittal	President - Finance (w.e.f. August 1, 2014)	Salary and perquisites [refer note (v)]	(16)	-	(8)	-
6	Kiran Kumar	Company Secretary	Salary and perquisites [refer note (v)]	(6)	-	(6)	-
B. Others							
7	Glentec International	Enterprise owned by key management personnel	Rent expenses paid	-	(1)	(1)	(1)
8	NeoBiocon FZ LLC	Joint venture	Sale of goods	-	-	13	-
		[refer note 1 and 37]	Trade receivables	-	-	-	-
9	Syngene Employee Welfare Trust	Trust in which key management personnel are the Board of Trustees	Loan recovery / (granted)	22	(88)	40	(110)
			Interim dividend paid by Syngene	6	-	40	-
			Issue of Bonus shares by Syngene 5,742,500 equity shares of ₹ 10/- each	-	-	57	-
10	Biocon Foundation	Trust in which key management personnel are the Board of Trustees	CSR expenditure	(93)	-	(67)	-
11	Biocon Employees Welfare Trust	Trust in which key management personnel were the Board of Trustees	Sale of non-current investments - Shares of Syngene [also refer note 40(a)]	-	-	1	-
		(upto July 23, 2015)	Other receivables	-	1	-	1
12	Narayana Hrudayalaya Limited [formerly known as Narayana Hrudayalaya Private Limited]	Enterprise in which a director of the Company is a member of Board of Directors	Sale of goods	52	-	44	-
			Trade receivables	-	8	-	5
13	New Medical Centre Trading (L.L.C)	Enterprise in which a shareholder of a subsidiary has significant influence	Sale of goods	1,166	-	732	-
			Trade receivables	-	400	-	368
		[refer note 1 and 37]	Rent	(4)	-	(3)	-
			Trade payable	-	-	-	(10)
14	Neopharma (L.L.C)	Enterprise in which a shareholder of a subsidiary has significant influence	Purchase of goods	(85)	-	(31)	-
		[refer note 1 and 37]	Trade payable	-	(26)	-	(30)

(i) The Company has paid rent to P K Associates and purchased consumables from Mazumdar Farms, a proprietary firm of relative of Director which are not disclosed above since the amounts are rounded off to Rupees Million.

(ii) During the year, there is no transaction with Biocon India Limited Employees Welfare Trust (trust in which key management personnel were the Board of Trustees).

(iii) The above disclosures include related parties as per Accounting Standard 18 on "Related Party Disclosures" and Companies Act, 2013.

(iv) The remuneration to key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are obtained on an actuarial basis for the Company as a whole.

(v) Employee stock compensation expense allocable to key managerial personnel is pertaining to the RSU Plan ₹ 10 (March 31, 2015 - Nil) which is not included in the remuneration disclosed above.

34. Foreign exchange & derivative contracts and unhedged foreign currency exposures

The Group has entered into foreign exchange forward and option contracts to hedge highly probable forecasted transactions in foreign currency. As at March 31, 2016 and 2015, the Group had the following outstanding contracts:

(in millions)

		March 31, 2016	March 31, 2015
In respect of foreign currency loans taken:			
Foreign exchange forward contracts to buy	USD	25	-
		(INR 1,656)	-
In respect of highly probable forecasted imports:			
Foreign exchange forward contracts with periodical maturity dates			
- conversion to MYR	USD	-	10
		-	(INR 623)
European style option contracts with periodical maturity dates			
- conversion to MYR	USD	8	6
		(INR 530)	(INR 374)
In respect of highly probable forecasted sales/ export collection:			
Foreign exchange forward contracts with periodical maturity dates	USD	9	12
		(INR 616)	(INR 762)
European style option contracts with periodical maturity dates	USD	386	396
		(INR 25,581)	(INR 24,648)
European style option contracts with periodical maturity dates	EUR	12	10
		(INR 899)	(INR 669)
The unhedged foreign currency exposure as at the Balance Sheet date is as given below:			
Cash and bank balances		3,010	3,207
Export trade receivables		4,053	4,122
Other receivables-current		34	60
Unbilled revenue		-	108
Advance from customers		2,392	2,161
Import payables		2,892	1,332
Long-term borrowings		20,685	7,582
Short-term borrowings		2,253	3,336

Interest rate swap

During the year ended March 31, 2012, Biocon Sdn. Bhd. entered into floating to fixed interest rate swap to hedge the interest rate exposure on proposed utilisation of USD 130 million term loan facility. The aggregate amount of loans covered under the said interest rate swap as at March 31, 2016 is ₹ 3,845 (USD 58 million) [March 31, 2015 - ₹ 4,748 (USD 76 million)]. The periodic net payments related to interest rate swap to the extent of underlying borrowing, is recorded as interest expense.

During the year ended March 31, 2016, Biocon Limited entered into floating to fixed interest rate swap to hedge the interest rate exposure on USD 20 million term loan facility. The aggregate amount of loans covered under the said interest rate swap as at March 31, 2016 is ₹ 1,326 (USD 20 million) [March 31, 2015 - ₹ Nil (USD Nil)]. The periodic net payments related to interest rate swap to the extent of underlying borrowing, is recorded as interest expense.

During the year ended March 31, 2016, Biocon Pharma Limited entered into floating to fixed interest rate swap to hedge the interest rate exposure on USD 20 million term loan facility. The aggregate amount of loans covered under the said interest rate swap as at March 31, 2016 is ₹ 1,326 (USD 20 million) [March 31, 2015 - ₹ Nil (USD Nil)]. The periodic net payments related to interest rate swap to the extent of underlying borrowing, is recorded as interest expense.

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35. Commitments

	March 31, 2016	March 31, 2015
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	2,131	3,313
(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 March 2022. Gross rental expenses for the year aggregates to ₹ 39 (March 31, 2015 - ₹ 25). The committed lease rentals in the future are:		
Not later than one year	26	17
Later than one year and not later than five years	72	40
Later than five years	3	7
(ii) Vehicles:		
The Group has taken vehicles for employees under operating leases, which expire in 2020. Gross rental expenses for the year aggregates to ₹ 19 (March 31, 2015 - ₹ 12). The committed lease rentals in the future are:		
Not later than one year	19	15
Later than one year and not later than five years	33	27
Later than five years	-	-
Where the Group is a lessor:		
(i) Rent:		
The Company has leased out certain parts of its building (including fit outs) and land on an operating lease, which expire over a period up to 2018. Gross rental income for the year aggregates to ₹ 20 (March 31, 2015 - ₹ 20). Further, minimum lease rentals under operating lease are as follows:		
Not later than one year	20	20
Later than one year and not later than five years	10	30
Later than fiver years	-	-
Considering that the leased assets comprise of portion of factory buildings located within the Company's factory premises, disclosure with regard to gross value of leased assets, accumulated depreciation and net book value of the same is not feasible.		

36. Contingent liabilities

(i) Claims against the Company not acknowledged as debt	5,197	2,840
The above includes:		
(a) Direct taxation (matters pertaining to disputes on tax holiday benefits, transfer pricing and disallowance of certain expenses claimed by the Group)	4,132	1,838
(b) Indirect taxation (includes matters pertaining to disputes on central excise, custom duty and service tax)	668 397	610 392
(c) Other litigations		
The Group is involved in taxation and other disputes, lawsuits, proceedings etc. including patent and commercial matters that arise from time to time in the ordinary course of business. Management is of the view that such claims are not tenable and will not have any material adverse effect on the Group's financial position and results of operations.		
(ii) Corporate guarantees given to the Central Excise Department	648	742
(iii) Guarantees given by banks on behalf of the Group for contractual obligations of the Group.	60	65

37. Interest in joint venture

NeoBiocon was incorporated in Dubai as a 50% joint venture between the Company and Mr. B R Shetty. On July 01, 2014, the Company acquired an additional equity stake of 1% in NeoBiocon, taking its holding to 51%. Accordingly, effective July 01, 2014 NeoBiocon has become a subsidiary of the Company. Till June 30, 2014, NeoBiocon was accounted as a joint venture on a proportionate consolidation on a line-by-line basis in the consolidated financial statements, as per the requirements of Accounting Standard 27. For the quarter ended June 30, 2014, the aggregate amount of Biocon's interest in the income and expenses of NeoBiocon was ₹ 141 and ₹ 81 respectively.

38. Employee benefit plans

The Company has a defined benefit gratuity plan as per The Payment of Gratuity Act, 1972 for its employees in India

A summary of the gratuity plan is as follows:

	March 31, 2016	March 31, 2015
Balance Sheet		
Defined benefit obligation	440	359
Fair value of plan assets	64	85
Plan Liability	376	274
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	359	306
Current service cost	45	68
Past service cost	-	-
Interest cost	28	24
Benefits paid	(26)	(30)
Actuarial (gain) / loss	34	(9)
Benefit obligation at the end of the year	440	359
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	85	77
Expected return on plan assets	7	7
Actuarial gain / (loss)	(2)	2
Actual contribution	-	23
Benefits paid	(26)	(24)
Fair value of plan assets at the end of the year	64	85
Net gratuity cost:		
Components of net benefit cost		
Current service cost	45	68
Past service cost	-	-
Interest cost	28	24
Expected return on plan assets	(7)	(7)
Net actuarial (gain) / loss recognised during the year	36	(11)
Net gratuity cost	102	74
Actual return on plan assets	5	9

Experience adjustment	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	440	359	306	247	188
Plan assets	64	85	77	94	94
Surplus / (Deficit)	(376)	(274)	(229)	(153)	(94)
Experience adjustments on plan liabilities gain / (loss)	(29)	(2)	(2)	23	(30)
Experience adjustments on plan assets gain / (loss)	(1)	(2)	(2)	-	-

	March 31, 2016	March 31, 2015
The assumptions used for gratuity valuation are as below:		
Interest rate	7.5%	8.8%
Discount rate	7.5%	7.9%
Expected return on plan assets	7.9%	7.9%
Salary increase	9.0%	9.0%
Attrition rate up to age 44	26.0%	18% to 26%
Attrition rate above age 44	7.0%	5% to 8%
Retirement age - Years	58	58

The Group evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2017, is approximately ₹ 77 (March 31, 2016 - ₹ 121).

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

39. Segmental information

Business segments

The primary reporting of the Group has been performed on the basis of business segment. The Group is organised into two business segments, active pharmaceutical ingredients ('Pharma') and contract research and manufacturing services ('Contract Research'). Segments have been identified and reported based on the nature of the products, the risks and returns, the organisation structure and the internal financial reporting systems.

April 1, 2015 to March 31, 2016

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues					
External sales	24,041	10,813	-	-	34,854
Inter-segment transfers	4	257	-	(261)	-
Total revenues	**24,045**	**11,070**	**-**	**(261)**	**34,854**
Costs					
Segment costs	(13,173)	(7,089)	-	-	(20,262)
Inter-segment transfers	(257)	(4)	-	261	-
Result					
Segment result	**10,615**	**3,977**	**-**	**-**	**14,592**
Corporate expenses	-	-	(6,392)	-	(6,392)
Other income	-	-	845	-	845
Operating profit					**9,045**
Depreciation / amortisation	(1,450)	(973)	-	-	(2,423)
Finance costs	-	-	(102)	-	(102)
Exceptional items	-	-	5,754	-	5,754
Income taxes - Current and deferred	-	-	(2,569)	-	(2,569)
Minority Interest	-	-	(744)	-	(744)
Profit after taxes					**8,961**
Other information					
Segment assets	46,185	23,867	-	-	70,052
Unallocated corporate assets	-	-	14,764	-	14,764
Total assets					**84,816**
Segment liabilities	26,870	13,238	-	-	40,108
Unallocated corporate liabilities	-	-	1,040	-	1,040
Minority Interest	-	-	3,112	-	3,112
Total liabilities					**44,260**
Capital expenditure	6,620	3,059	-	-	9,679

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April 1, 2014 to March 31, 2015

Particulars	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues					
External sales	22,501	8,397	-	-	30,898
Inter-segment transfers	5	202	-	(207)	-
Total revenues	**22,506**	**8,599**	**-**	**(207)**	**30,898**
Costs					
Segment costs	(12,823)	(5,623)	-	-	(18,446)
Inter-segment transfers	(202)	(5)	-	207	-
Result					
Segment result	**9,481**	**2,971**	**-**	**-**	**12,452**
Corporate expenses	-	-	(5,494)	-	(5,494)
Other income	-	-	531	-	531
Operating profit					**7,489**
Depreciation / amortisation	(1,396)	(814)	-	-	(2,210)
Finance costs	-	-	(89)	-	(89)
Exceptional items	-	-	1,051		1,051
Income taxes - Current and deferred	-	-	(957)	-	(957)
Minority Interest	-	-	(310)	-	(310)
Profit after taxes					**4,974**
Other information					
Segment assets	39,676	14,294	-	-	53,970
Unallocated corporate assets	-	-	9,784	-	9,784
Total assets					**63,754**
Segment liabilities	23,081	5,599	-	-	28,680
Unallocated corporate liabilities	-	-	646	-	646
Minority Interest	-	-	1,722	-	1,722
Total liabilities					**31,048**
Capital expenditure	5,462	2,505	-	-	7,967

Geographical segments

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments. The following is the distribution of the Group's sale by geographical markets:

Revenues, net	April 1, 2015 to March 31, 2016	April 1, 2014 to March 31, 2015
India	11,038	10,923
Outside India	23,816	19,975
Total	**34,854**	**30,898**

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

	Carrying amount of assets		Capital expenditure	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
India	56,442	39,116	5,954	3,793
Outside India	28,374	24,638	3,725	4,174
	84,816	**63,754**	**9,679**	**7,967**

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.

40. Exceptional items (net)

	March 31, 2016	March 31, 2015
Provision for other than temporary diminution in the value of long-term investments [refer note 15(i)]	-	(218)
Loss on sale of shares in subsidiary [refer note (a) below]	-	(79)
Gain on sale of shares in subsidiary (net) [refer note (b) and (c) below]	4,148	1,348
Impairment loss on intangible asset [refer note (d) below]	(1,078)	-
Recognition of deferred revenue [refer note 42]	2,684	-
	5,754	1,051

(a) During the year ended March 31, 2015, the Company sold equity shares of Syngene constituting 1% of the equity capital at cost to Biocon Limited Employee Welfare Trust, a Trust formed for administration of a Scheme for the benefit of employees of the Group (excluding the employees of Syngene). Accordingly, a loss of ₹ 79 had been recorded in the consolidated financial statements.

(b) On September 9, 2014, BRL purchased 7.69% of equity shares in Syngene from GE Equity International Mauritius for a consideration of ₹ 2,154. BRL also subscribed to additional equity shares in Syngene by way of rights issue, thereby taking BRL's shareholding in Syngene to 10.93%. On September 18, 2014, BRL entered into an agreement with Silver Leaf Oak (Mauritius) Limited ("Silver Leaf") to sell 10% of equity holding in Syngene.

In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid equity stake in Syngene to IVF Trustee Company Private Limited ("IVF"), a fund advised by India Value Fund Advisors. Subsequently, BRL sold such shares to IVF for a consideration of ₹ 3,800. Accordingly, a gain of ₹ 1,491 had been recorded on such sale. Further, BRL incurred expense of ₹ 143 (including interest expense of ₹ 20 on loans taken from banks) in relation to above transaction. Accordingly, gain on sale of investment, net of transaction cost, amounting to ₹ 1,348 had been disclosed as exceptional item.

(c) During the year ended March 31, 2016, Syngene completed its Initial Public Offering (IPO), through an offer for sale by the Company of 22,000,000 equity shares of ₹ 10 each, by the Company. Post the sale, the Company's holding in equity shares of Syngene has reduced from 84.54% to 73.54%. Gain arising from such sale of equity shares, net of related expenses and cost of equity shares, amounting to ₹ 4,148 has been recorded as an exceptional item. Consequential tax of ₹ 1,042 has been recorded on such gains under income tax expense.

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

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

Hence, during the current year ended March 31, 2016, Biocon SA has recorded an impairment of the carrying value of the aforesaid intangible asset amounting to ₹ 1,078. Biocon SA holds marketing rights in other territories including Europe where these restrictions do not apply and continues to develop the molecule for such territories.

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41. Amounts capitalized to fixed assets during the year

	March 31, 2016	March 31, 2015
a) Expenses capitalised		
(i) Capital work-in-progress*		
Salaries, wages and bonus	179	338
Insurance	5	10
Professional charges	33	85
Power and fuel	116	106
Repairs and maintenance	17	-
Miscellaneous expenses	65	57
	236	258
Depreciation	51	-
Finance costs		
Interest expense	293	133
Exchange difference to extent considered as an adjustment to borrowing cost	39	-
	332	**133**
	798	**729**
*Capital work-in-progress is further adjusted by grants received by Biocon Malaysia from government amounting to ₹ 453 (March 31, 2015 - ₹ 169) towards the aforesaid expenses as per the terms of the agreement with the government.		
(ii) Intangible assets under development		
Lab consumables	30	29
Research & development expenses	990	560
	1,020	**589**
(b) Others		
(i) Capital work-in-progress		
Foreign exchange loss on long-term monetary liability	253	1,106
Consumables	-	171
	253	**1,277**

42. Pursuant to the termination of a customer contract in March 2012, based on an evaluation of the prevalent regulatory framework, industry practices and ethics/ governance requirements relating to clinical trials and the regulatory submissions already initiated/ filed, Biocon SA, a wholly owned subsidiary of the Company, had determined that it had continuing obligations to complete clinical development and regulatory activities in relation to biosimilar insulin products. Accordingly, the Company deferred the remainder of the upfront amounts received from the said customer, to be recognized in the consolidated statement of profit and loss in subsequent periods in line with costs to be incurred towards such clinical trials and development activities. Accordingly, for the year ended March 31, 2016, of the deferred amount of ₹ 152 (March 31, 2015 - ₹ 295), have been netted off against expenses incurred towards such clinical trial and development activities.

In March 2016, Biocon SA entered into an agreement with Lab PiSA, Mexico ('PiSA'), granting a right to PiSA to become Biocon SA's exclusive co-development partner and manufacturer for biosimilar rh-insulin ("Products") in United States of America ('the Territory'). As per this Agreement, on completion of certain preliminary development activities to be conducted by PiSA and exercise of the right by PiSA to continue with the development activity, Biocon SA and PiSA shall conduct the co-development program. Biocon SA shall conduct the required clinical studies and obtain the regulatory approvals to market the Products in the Territory, while PiSA will be responsible for manufacture of the Products at its facility. Biocon SA and PiSA shall share the cost of all development activities and share profits from commercialization of the Products in the Territory as per the terms of this Agreement.

Consequent to the above agreement with PiSA which changes the nature of Biocon's future obligations on the rh-insulin program, the balance of deferred revenues of ₹ 2,684 relating to this program has been recognized as income and is disclosed under exceptional items. Consequential tax of ₹ 123 is recorded on such income under income tax expense.

43. Other notes

(a) The Company had entered into transactions of sale of products to a private company during the year ended March 31, 2013 and 2012 amounting to ₹ 28 and ₹ 17 respectively that required prior approval from Central Government under Section 297 of the Companies Act, 1956. These transactions, entered into at prevailing market prices were approved by the Board of Directors of the Company. During the year ended March 31, 2014, the Company had filed application with the Central Government for approval of such transactions and for compounding of such non-compliance and same is pending with Central Government as at March 31, 2016.

(b) Recovery of product development costs from co-development partner (net) pertains to co-development partner's share of expenses under the development agreements comprising of payroll costs, depreciation and amortisation and other expenses.

44. Additional information, as required under Schedule III to the Act, of enterprises consolidated as subsidiary/ associates/ joint ventures.

Name of the entity	Net Assets i.e. total assets minus total liabilities as at March 31, 2016		Share in profit or loss for the year ended March 31, 2016	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Holding Company				
Biocon Limited	59%	25,285	67%	6,507
Subsidiaries				
Indian				
Syngene International Limited	18%	7,822	17%	1,671
Biocon Research Limited	1%	495	-9%	(900)
Biocon Academy	-	-	-	-
Biocon Pharma Limited	-	169	-	(8)
Foreign				
Biocon SA	-2%	(666)	15%	1,497
Biocon Sdn.Bhd.	12%	5,402	-1%	(94)
NeoBiocon FZ LLC	1%	349	2%	217
Biocon FZ LLC	-	17	-	3
Biocon Pharma Inc	-	23	-	(3)
Biocon Biologics Limited	4%	1,660	1%	71
Associates				
Foreign				
IATRICa Inc., USA	-	-	-	-
Minority interest in all subsidiaries	7%	3,112	8%	744
Total	100%	43,668	100%	9,705

Name of the entity	Net Assets i.e. total assets minus total liabilities as at March 31, 2015		Share in profit or loss for the year ended March 31, 2015	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
Holding Company				
Biocon Limited	64%	21,951	65%	3,435
Subsidiaries				
Indian				
Syngene International Limited	22%	7,364	30%	1,578
Biocon Research Limited	2%	693	-2%	(99)
Biocon Academy	-	-	-	-
Biocon Pharma Limited	-	-	-	-
Foreign				
Biocon SA	-8%	(2,706)	1%	72
Biocon Sdn.Bhd.	14%	4,955	-4%	(220)
NeoBiocon FZ LLC	1%	449	4%	208
Associates				
Foreign				
IATRICa Inc., USA	-	-	-	-
Minority interest in all subsidiaries	5%	1,722	6%	310
Total	100%	34,428	100%	5,284

45. Corporate Social Responsibility

As per Section 135 of the Companies Act, 2013, a company in India, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

(a) Gross amount required to be spent by the Company during the year is ₹ 112; and

(b) Amount spent during the year on:

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/ acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	112	-	112

46. 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 LLP
Chartered Accountants
ICAI Firm registration no.: 101049W

per Aditya Vikram Bhauwala
Partner
Membership no.: 208382

Bengaluru
April 26, 2016

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

Kiran Mazumdar-Shaw
Managing Director
DIN: 00347229

Arun Chandavarkar
Joint Managing Director & CEO
DIN: 01596180

Siddharth Mittal
President - Finance & Chief Financial Officer

Kiran Kumar
Company Secretary
M No. A14594

Bengaluru
April 26, 2016

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Forward Looking Statement

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. The market data & rankings used in the various chapters are based on several published reports and internal company assessment.

We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Conceptualized & Developed by :

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