

UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED DECEMBER 31, 2013

STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013 (Rs. in Lakhs)

Sl. No.	Particulars	3 months ended 31.12.2013	Preceding 3 months ended 30.09.2013	Corresponding 3 months ended 31.12.2012	Year to date figures for current period ended 31.12.2013	Year to date figures for previous period ended 31.12.2012	Previous year ended 31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations						
	a) Net Sales/ Income from Operations (Net of excise duty)	70,116	73,421	63,422	213,013	179,748	242,760
	b) Other Operating Income	612	660	869	1,865	5,074	5,770
	Total income from operations (net)	70,728	74,081	64,291	214,878	184,822	248,530
2	Expenses						
	a) Cost of materials consumed	27,338	27,971	27,145	82,291	72,872	100,189
	b) Purchases of stock in trade	3,601	3,618	1,883	9,546	5,056	6,931
	c) Changes in inventories of finished goods, work-in-progress and stock in trade	(1,464)	(2,092)	(1,932)	(2,499)	(1,068)	(2,652)
	d) Employee benefits expense	11,546	11,310	9,459	34,386	28,043	38,944
	e) Depreciation and amortisation expenses	5,130	5,009	4,613	14,964	13,343	17,930
	f) Other expenses (net)	12,125	15,688	12,708	39,996	36,832	50,820
	Total Expenses	58,276	61,504	53,876	178,684	155,078	212,162
3	Profit from operations before other income, finance costs and exceptional items (1-2)	12,452	12,577	10,415	36,194	29,744	36,368
4	Other Income	1,229	1,173	1,674	3,864	4,081	5,266
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	13,681	13,750	12,089	40,058	33,825	41,634
6	Finance Costs	26	34	287	98	715	810
7	Profit from ordinary activities after finance costs before exceptional items (5-6)	13,655	13,716	11,802	39,960	33,110	40,824
8	Exceptional items (net) (refer note 2 and 3 below)	-	-	-	-	-	20,191
9	Profit from ordinary activities before tax (7+8)	13,655	13,716	11,802	39,960	33,110	61,015
10	Tax Expense	2,616	3,189	2,521	8,776	6,936	9,750
11	Net profit for the period / year (9-10)	11,039	10,527	9,281	31,184	26,174	51,265
12	Minority interest	(540)	(312)	(105)	(1,120)	(153)	(383)
13	Net profit after tax and minority interest (11+12)	10,499	10,215	9,176	30,064	26,021	50,882
14	Paid-up equity share capital (Face value of Rs.5 each)	10,000	10,000	10,000	10,000	10,000	10,000
15	Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	-	259,373
16	Earnings per share (of Rs 5 each) (not annualised)						
	(a) Basic	5.35	5.21	4.68	15.33	13.29	25.99
	(b) Diluted	5.31	5.17	4.65	15.21	13.19	25.75

Part II							
Select information for the period							
PARTICULARS OF SHAREHOLDING							
1	Public shareholding	78,051,554	78,051,554	78,075,854	78,051,554	78,075,854	78,075,854
	Number of shares	39.03%	39.03%	39.04%	39.03%	39.04%	39.04%
	Percentage of shareholding						
2	Promoters and promoter group shareholding						
	a) Pledged/encumbered						
	Number of shares	40,000	40,000	-	40,000	-	-
	Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	0.03%	0.03%	-	0.03%	-	-
	Percentage of shares (as a % of the total share capital of the Company)	0.02%	0.02%	-	0.02%	-	-
	b) Non-encumbered						
	Number of shares	121,908,446	121,908,446	121,924,146	121,908,446	121,924,146	121,924,146
	Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	99.97%	99.97%	100.00%	99.97%	100.00%	100.00%
	Percentage of shares (as a % of the total share capital of the Company)	60.95%	60.95%	60.96%	60.95%	60.96%	60.96%

Particulars		3 months ended 31.12.2013
B INVESTORS COMPLAINTS		
Pending at the beginning of the quarter		-
Received during the quarter		18
Disposed during the quarter		18
Remaining unresolved at the end of the quarter		-

STATEMENT OF STANDALONE UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2013 (Rs. in Lakhs)

Sl. No.	Particulars	3 months ended 31.12.2013	Preceding 3 months ended 30.09.2013 (also refer note 5 below)	Corresponding 3 months ended 31.12.2012	Year to date figures for current period ended 31.12.2013 (also refer note 5 below)	Year to date figures for previous period ended 31.12.2012	Previous year ended 31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Income from operations						
	a) Net Sales/ Income from Operations (Net of excise duty)	50,344	53,417	48,691	156,050	137,991	183,748
	b) Other Operating Income	2,286	2,524	1,979	7,057	8,230	10,052
	Total income from operations (net)	52,630	55,941	50,670	163,107	146,221	193,800
2	Expenses						
	a) Cost of materials consumed	22,341	22,990	22,132	68,088	61,151	82,999
	b) Purchases of stock in trade	3,372	3,400	2,421	8,840	6,222	8,570
	c) Changes in inventories of finished goods, work-in-progress and stock in trade	(1,131)	(2,329)	(656)	(2,338)	474	(1,790)
	d) Employee benefits expense	6,543	6,589	5,334	19,710	16,187	22,762
	e) Depreciation and amortisation expenses	3,131	3,021	2,392	9,050	7,117	9,508
	f) Other expenses (net)	11,592	12,393	10,735	34,429	29,647	40,690
	Total Expenses	45,848	46,064	42,358	137,779	120,798	162,739
3	Profit from operations before other income, finance costs and exceptional items (1-2)	6,782	9,877	8,312	25,328	25,423	31,061
4	Other Income	1,072	2,030	1,953	5,678	4,513	5,147
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	7,854	11,907	10,265	31,006	29,936	36,208
6	Finance Costs	18	24	1	64	74	123
7	Profit from ordinary activities after finance costs before exceptional items (5-6)	7,836	11,883	10,264	30,942	29,862	36,085
8	Exceptional items (refer note 3 below)	-	-	-	-	-	1,385
9	Profit from ordinary activities before tax (7+8)	7,836	11,883	10,264	30,942	29,862	34,700
10	Tax Expense	1,840	2,895	2,243	7,185	6,121	7,130
11	Net profit for the period / year (9-10)	5,996	8,988	8,021	23,757	23,741	27,570
12	Impact of scheme of merger for earlier period (refer note 5 below)	-	554	-	554	-	-
13	Profit for the period after giving impact of scheme of merger for earlier year (11+12)	5,996	9,542	8,021	24,311	23,741	27,570
14	Paid-up equity share capital (Face Value of Rs.5 each)	10,000	10,000	10,000	10,000	10,000	10,000
15	Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	-	-	210,594
16	Earnings per share (of Rs 5 each) (not annualised)						
	(a) Basic (after giving impact of scheme of merger for earlier year)	3.06	4.87	4.10	12.39	12.13	14.08
	(b) Diluted (after giving impact of scheme of merger for earlier year)	3.03	4.83	4.07	12.30	12.04	13.95
	(c) Basic (before giving impact of scheme of merger for earlier year)	3.06	4.87	4.10	12.11	12.13	14.08
	(d) Diluted (before giving impact of scheme of merger for earlier year)	3.03	4.83	4.07	12.02	12.04	13.95

Notes:

- The unaudited financial results of the Company and the unaudited consolidated financial results for the quarter and nine months ended December 31, 2013 have been subjected to limited review by the statutory auditors. The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on January 22, 2014.
- During the year ended March 31, 2012, based on an evaluation of the prevalent regulatory framework, industry practices and ethics/governance requirements relating to clinical trials and the regulatory submissions already initiated / filed, Biocon SA, a wholly owned subsidiary of the Company (together referred to as 'Biocon'), had determined that it had continuing obligations to complete clinical development and regulatory activities relating to Biocon's Biosimilar Insulin portfolio comprising of Biosimilar Insulin and Biosimilar Insulin Analogs. Accordingly, pursuant to the termination of the customer contract in March 2012, Biocon deferred the remainder of the upfront amounts received from the customer, to be recognized in the consolidated statement of profit and loss in subsequent periods in line with costs incurred towards such clinical trials and development activities.
- In February 2013, Biocon SA entered into an agreement with another customer for the global development and commercialization of Biosimilar Insulin Analogs (the Agreement), granting the customer exclusive rights to commercialize Biosimilar Insulin Analogs in certain countries. The clinical development and regulatory activities in respect of such Biosimilar Insulin Analogs is now being carried out in accordance with the Agreement. As such, Biocon has therefore determined that it does not have continuing obligations for clinical trials and development activities in respect of Biosimilar Insulin Analogs. Accordingly, based on an allocation in proportion of estimated future development spends on these programs, Rs 21,501 lakhs of deferred revenues allocated to Biosimilar Insulin Analogs (net of amounts already recognized in the consolidated statement of profit and loss) was recognized as an exceptional income in the consolidated statement of profit and loss for the year ended March 31, 2013 and is disclosed under exceptional items. Considering that Biocon has continuing obligations in respect of Biosimilar Insulin, the remainder of deferred amounts as at March 31, 2013, of Rs 28,001 lakhs, continues to be recognized in the consolidated statement of profit and loss in line with costs to be incurred towards clinical trials and development activities of Biosimilar Insulin. For the quarter ended December 31, 2013 and September 30, 2013, of the deferred amounts, Rs 197 lakhs and Rs 614 lakhs, respectively have been netted off against expenses incurred towards such clinical trial and development activities.

SEGMENT DETAILS OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTH PERIOD ENDED DECEMBER 31, 2013 (Rs. in Lakhs)

Particulars	3 months ended 31.12.2013	Preceding 3 months ended 30.09.2013	Corresponding 3 months ended 31.12.2012	Year to date figures for current period ended 31.12.2013	Year to date figures for previous period ended 31.12.2012	Previous year ended 31.03.2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Segment revenue						
a. Pharma	52,116	54,991	50,132	161,448	144,993	191,831
b. Contract Research & Manufacturing Services	19,028	19,567	14,626	54,629	41,462	58,829
Total	71,144	74,558	64,758	216,077	186,455	250,660
Less: Inter-segment revenue	416	477	467	1,199	1,633	2,130
Net sales / Income from continuing operations	70,728	74,081	64,291	214,878	184,822	248,530
Segment results						
Profit before interest, depreciation and tax from each segment						
a. Pharma	20,970	22,915	19,665	65,698	57,156	75,444
b. Contract Research & Manufacturing Services	7,513	7,532	5,577	20,439	15,591	21,081
Total	28,483	30,447	25,242	86,137	72,747	96,525
Less: Interest	26	34	287	98	715	810
Depreciation and amortisation	5,130	5,009	4,613	14,964	13,343	17,930
Unallocated corporate expenses	10,901	12,861	10,214	34,979	29,660	42,227
Unallocated corporate income	(1,229)	(1,173)	(1,674)	(3,864)	(4,081)	(5,266)
Profit before tax and before exceptional items	13,655	13,716	11,802	39,960	33,110	40,824
Capital employed						
a. Pharma	154,919	136,455	123,036	154,919	123,036	128,336
b. Contract Research & Manufacturing Services	63,082	59,119	37,987	63,082	37,987	55,045
c. Unallocable	93,250	104,481	93,967	93,250	93,967	92,612
d. Minority interest	(7,647)	(7,110)	(533)	(7,647)	(533)	(6,530)
Total capital employed	303,604	292,945	254,457	303,604	254,457	269,463

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

- Pursuant to certain developments, on a prudent basis, the Company created a provision of Rs 1,385 lakhs and Rs 1,310 Lakhs for diminution, in the value of investments in Iatrica Inc in the standalone and consolidated financial statements, respectively for the year ended March 31, 2013.
- Total income from operations for nine months period ended December 31, 2012, and for the year ended March 31, 2013 (standalone and consolidated) include Rs 3,064 Lakhs, towards one time income / compensation from few parties.
- On July 25, 2012, the Board of Directors of the Company approved a scheme of amalgamation ('the Scheme') of Biocon Biopharmaceuticals Limited ("BBL"), a wholly owned subsidiary, with the Company under sections 391 and 394 of the Companies Act, 1956. During the quarter ended September 30, 2013, the Honorable High Court of Karnataka ('the Court') approved the aforesaid Scheme with Appointed Date as April 1, 2012.

Accordingly, the assets and liabilities, and Deficit in the Statement of Profit and Loss of BBL of Rs 1,028 lakhs as at Appointed Date have been recorded at their carrying values under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation ('AS 14'), and difference between value of investments and the amount of share capital of BBL amounting to Rs 357 lakhs has been debited to the Reserves and Surplus of the Company.

Post receipt of the requisite approvals, the Company has considered the operations of BBL from April 1, 2012 as its own operations. Accordingly, profit after tax amounting to Rs 554 lakhs (net of tax of Rs 579 lakhs), relating to operations of BBL from April 1, 2012 to March 31, 2013, have been accounted for in the standalone results nine months ended December 31, 2013.

- Segment Reporting:
 - Standalone financial results: The Company operates in a single business segment of biopharmaceuticals.
 - Consolidated financial results: The primary segment reporting has been performed on the basis of business segments. Segments have been identified and reported based on the nature of products, risks and returns, organizational structure and internal financial reporting systems.
- Prior period / year figures have been reclassified wherever required to confirm to the classification of the current period.

For and on behalf of the Board of Directors

Sd/-
Kiran Mazumdar Shaw
Chairman & Managing Director

Place: Bangalore

Date: January 22, 2014