Biocon

R[evolution]

30 Years of Leadership in Biotechnology

2008

Annual Report

Above: Panoramic view of Biocon Park

Biocon Corporate Communications I **tsk** DESIGN info@tsk-design.com
Photography: Senthil Mallikarjun Katakol Ryan Lobo

INDIA'S BIOTECH INDUSTRY BEGAN IN 1978 WITH A START-UP – BIOCON. TODAY, MORE THAN 350 COMPANIES PROJECT INDIA AS A LEADING BIOTECH PLAYER.

Above left (B&W): Kiran at a business meeting, 1979

Above right (B&W): Inauguration of Biocon at Hosur Road, 1983

1994 1998 2002 2004 2008

BIOCON'S EVOLUTION INDIA'S BIOREVOLUTION

In 1978, Biocon took the path less traveled to enter the challenging field of biotechnology. The next decade saw the Indian biotech sector take shape and Biocon mature into a global player in industrial enzymes. By the year 2000, Biocon was ready to undergo a metamorphosis into a new age biopharmaceuticals company by leveraging its fermentation technology platform to develop a range of generic pharmaceutical molecules including statins, immunosuppressants and insulin.

With the new millennium came the sequencing of the human genome. This milestone achievement catapulted worldwide interest in biotechnology and attracted considerable investment into the sector. Seizing opportunity, Biocon leveraged important internal synergies to drive its transformation into an integrated biopharmaceuticals enterprise with businesses across the entire drug value chain – from custom & clinical research (Syngene & Clinigene) to manufacturing, development and commercialization. In the external dimension, Biocon entered into symbiotic partnerships with global pharma and biotech companies to rapidly co-develop proprietary products and enter high growth markets.

The promise of biopharmaceuticals has given patients all over the world new hope to treat the most debilitating diseases. Yet the vaulting cost of R&D continues to make these vital drugs prohibitively expensive. Global pressure to bring down the cost of innovation has put the spotlight back on India and Biocon's commitment to affordable new medicine. BIOMAb EGFR™, a novel anti-cancer drug, developed and commercialized by Biocon in 2006, is testimony to Biocon's ability to execute an India strategy for the development of novel therapies.

Today, Biocon is a leading biopharmaceuticals major that proudly projects India's contribution to the global biorevolution. To have achieved this in three decades is reason to celebrate.

Biocon began operations in a small garage in Bangalore. Today, we are Asia's largest biotech company.

FROM MODEST BEGINNINGS, INDIA'S BIOTECH SECTOR NOW ATTRACTS OVER A BILLION DOLLARS IN INVESTMENTS.

Above left (B&W): Isinglass Processing, 1980

Above right (B&W): Enzyme Plant, 1990

From a seed investment of Rs.10,000, Biocon listed as a billion dollar market cap company in 2004.

THREE DECADES AGO, INDIAN SCIENTISTS AND ENGINEERS WERE HEADED OVERSEAS FOR OPPORTUNITIES IN BIOTECHNOLOGY.
TODAY, INDIA IS A COVETED BIOTECH DESTINATION THAT WILL EMPLOY OVER A MILLION PEOPLE BY 2010.

Above (B&W): Kiran at the Biocon building site, 1982

In 1978, a woman entrepreneur with a pioneering vision created Biocon. Today, a 3,500-strong team propels it into the future.

LEVERAGING ITS COST ARBITRAGE, INDIA'S BIOTECH SECTOR DELIVERS HIGH VALUE INNOVATION IN DRUG DEVELOPMENT AND GLOBAL COMPETITIVENESS IN BIOMANUFACTURING (IT IS TODAY THE LARGEST VACCINE PRODUCER IN THE WORLD).

Above left (B&W): RK Hedge, Former Chief Minister, Karnataka inaugurates Biocon's enzyme fermenter, 1990

Above right (B&W): Visitors at the 2nd solid state fermentation plant for enzymes and statins, 1996

Realising the potential of its integrated businesses, Biocon continues to unlock value with a number of firsts to its credit:

- First to globally commercialize human insulin, INSUGEN®, using a novel *Pichia* expression system.

- First to launch a proprietary anti-cancer, monoclonal antibody-based drug, BIOMAb EGFR™ in India.

Biocon has continuously re-invented itself. In the first 20 years, we concentrated on enzymes. In the last 10, we have focused on biopharma and services. Today, we enter new markets with our own products...


...it was first about innovative enzymes. It is now about innovative biotherapeutics.

CHAIRMAN'S REVIEW

"Over the past three decades, Biocon has transformed itself from an entrepreneurial, enzymes enterprise to India's first publicly listed biopharmaceuticals company of global standing."

Dear Shareholders,

30 years ago Biocon embarked on a pioneering journey in biotechnology. What began as a modest garage operation in 1978 is today Asia's largest biotechnology enterprise. Over the past three decades, Biocon has transformed itself from an entrepreneurial, enzymes enterprise to India's first publicly listed biopharmaceuticals company of global standing.

Looking back, I believe Biocon's evolution has been about leveraging knowledge and learning along three planes: In 1994, we made our first strategic move by establishing Syngene as the country's first contract research services company, thus expanding our business model to include both products and services. In 1998, we initiated the process of transforming our business focus from enzymes to biopharmaceuticals. In 2002, we took a bold decision to foray into new drug development which enabled us to move up the innovation path from generics to proprietary molecules. These strategic initiatives have enabled Biocon to continuously re-invent its business model and build a risk balanced portfolio of products and services that continues to provide significant short, medium and long-term upsides.

From Enzymes to Biopharmaceuticals

From its inception in 1978 up until 1998, Biocon's business focus was on specialty enzymes for a range of industries, including brewing, distilling, wine, fruit juice, baking, starch processing, textiles, biofuels, paper and animal feed. Over two decades, we established ourselves as a well respected global enzymes player with market leadership in several niche applications. Then, in 1998, we resolved to shift course by leveraging our microbial enzyme fermentation technology to develop lovastatin, a cholesterol reducing small molecule that was due to lose patent protection in 2001. This landmark decision heralded Biocon's foray into biopharmaceuticals. At the turn of the millennium, Biocon had initiated an R&D program to develop the world's first *Pichia* derived recombinant human Insulin and a year later, our dedicated lovastatin manufacturing facility received its first US FDA accreditation. These milestone developments launched Biocon into the biopharma orbit.

Divestment of Enzymes Division

By 2007, Biocon's historic enzymes business was accounting for less than 10% of the Group's consolidated revenues. At the same time, the 'greening' of corporate and political philosophy the world over was an encouraging sign for the future of enzymes. Opportunities were huge but so were the investments required to address them. Biocon was at a critical juncture of its growth. Management decided it prudent to unlock the value built over the years by a very successful and profitable enzymes business and deploy the same to move the biopharmaceuticals business up the value chain. In Oct 2007, we divested our enzymes business to Novozymes A/S, a global enzymes major for a consideration of $115 million. The resulting financial muscle will strengthen our ability to expand Biocon Group's bio-pharmaceutical footprint.

Syngene & Clinigene: Complementary Services

Emulating the success of the IT services sector, Biocon started Syngene in 1994 and Clinigene in 2000 to offer research services across the drug development chain. Today, Syngene remains a frontrunner in the space of early stage drug development offering diverse services that span both small

2008

Total Income increased by 10% to Rs. 10,902 million
R&D Revenue Expenditure increased 24% to Rs. 471 million from Rs. 379 million
Operating Margins have increased to 31% at Rs. 2,873 million
Income from Research Services increased by 29% to Rs. 1,760 million from Rs. 1,357 million
Dividend recommended at 100% (Rs. 5.0 per share)

and large biomolecules. Syngene is particularly differentiated from other competitors through its biology skills. I am proud to announce that Syngene received the 'BioServices Company of the Year', BioSpectrum Award in 2007. Clinigene on the other hand, is a CRO that has developed expertise in conducting human pharmacological studies and clinical trials for key players in the global biopharmaceuticals industry. These complementary services together with Biocon's large-scale manufacturing capabilities have positioned the Group as an attractive partner to global pharma and biotech companies in their pursuit of global competitiveness.

Both Syngene and Clinigene are now poised to leverage opportunities created by the US and European pharma and biotech sectors which are being forced to cut R&D spends and operational costs through outsourcing. As clinical trials increasingly shift to India, Clinigene is already among the top tier service providers. Likewise, Syngene's recent partnership model with BMS is likely to extend to other large clients.

Management believes that this is an opportune time to unlock value that Syngene has built through an IPO and create a currency that can fuel Syngene's expansion and inorganic growth.

Building a Proprietary Pipeline through a Risk Mitigation Strategy

India's global competitive edge lies in its ability to leverage its low cost intellectual capital to deliver high value innovation. However, the inherent risk associated with such innovation is high. Biocon has mitigated this through a combination of risk sharing measures such as partnering as well as through a process of selecting molecules based on validated targets, novel delivery systems and human clinical data.

The first step we took in this uncharted territory was to partner with a Cuban research institution, Centre of Molecular Immunology (CIMAB), to develop humanized monoclonal antibodies for cancer and autoimmune diseases like rheumatoid arthritis and psoriasis. Preliminary human data generated by the Cuban partners provided Biocon with the required confidence to manage the risk of developing new drug molecules. The first of these, an EGFR targeting monoclonal antibody, BIOMAb EGFR™ was successfully commercialized in 2006, earning us the 'innovator' label and 'Product of the Year', BioSpectrum Award in 2007. The second program, an Anti-CD6 monoclonal antibody has entered Phase II human clinical trials and is making good progress.

The commercial success of Biocon's novel *Pichia* derived recombinant human insulin prompted the next new molecule strategy – an Oral Insulin (IN-105) program based on a modified insulin that could survive gastrointestinal enzymatic degradation and be delivered directly to the liver through the portal vein. This program has generated encouraging early Phase II data.

Another partnered program with a US biotech company, Vaccinex Inc. has enabled Biocon to add two novel monoclonal antibodies to its new drug pipeline. The strategy here was to use Vaccinex's proprietary antibody technology to raise novel human antibodies against validated targets that will hopefully yield 'bio-better' biomolecules. These programs are currently at a pre-clinical stage of development.

Most recently, Biocon has invested and partnered with a Biotech start-up, IATRICa Inc. to leverage the company's proprietary technology to transform monoclonal antibodies into therapeutic vaccines. In the initial phase, this partnership

"The future looks extremely promising for Group Biocon as we gather momentum towards global leadership in biotechnology, built on a platform of affordable innovation."

is committed to developing three next generation antibodies with a novel and superior mode of action, expected to bring about a quantum change in antibody therapy for cancer, autoimmune as well as infectious diseases.

Global Footprint

In February 2008, Biocon made its first overseas foray by acquiring ~70% stake in a specialty marketing and distribution company in Germany, AxiCorp GmbH. With EMEA opening its doors to biosimilars, I firmly believe that this is a timely and strategic acquisition that will allow us to create a strong European presence to brand, market and distribute our insulin as well as other products under development.

NeoBiocon, a JV with Abu Dhabi's NMC Group also marks Biocon's presence in the Gulf region. This is increasingly an important market for Biocon's range of products where we expect to attain leadership in the near future.

We continue to seek out opportunities for acquisitions and joint ventures in Asia, Latin America as well as Europe and USA to further expand our global reach.

Need to Reinvent: The Way Ahead

Statins generated good profitability for Biocon until 2005 but once competition increased, prices commoditized. To counter this, Biocon quickly performed a course correction and moved into other generic segments including immunosuppressants and biosimilars like insulin.

In the present global business circumstance, all export driven companies have been hit by dollar depreciation, rising personnel costs and increasing operational overheads on account of oil and power. Generating revenue and profit growth under such pressures is challenging. However, I believe the economic downturn we are experiencing will precipitate a shakeout which companies like Biocon will benefit from. At a time when funding is extremely risk averse, Biocon's debt free and cash rich status will provide us with strong financial advantage to invest and grow our business.

On another front, drug regulators like US FDA and EMEA are approving fewer and fewer drugs each year and becoming increasingly stringent in terms of safety data with many drugs failing at Phase III. Despite this regulatory strain, I am confident that Biocon's rich and expanding new drug pipeline will hold its promise. I do believe the potential of our pipeline is today undervalued due to the commonly perceived high risk involved at every stage of clinical development. However, over the next 2-3 years we expect to see our programs deliver high upsides.

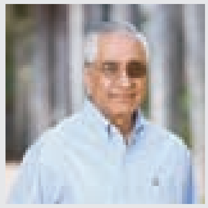
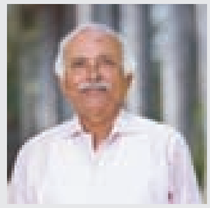
Over the last three decades, Biocon has built global scale, has earned a great quality reputation globally and is considered to be a good innovator. The future looks extremely promising for Group Biocon as we gather momentum towards global leadership in biotechnology, built on a platform of affordable innovation.

My best wishes to all our shareholders.

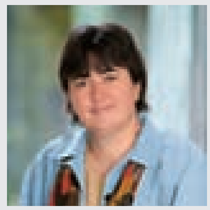
Kiran Mazumdar-Shaw
May 2008

BOARD OF DIRECTORS







Dr. Neville Bain • Chairman, Institute of Directors, UK • Board Member, Scottish & Newcastle Plc., Provexis Ltd. • Former Group CEO, Coats Viyella Plc. • Former Deputy Group Chief Executive and Finance Director, Cadbury Schweppes Plc. • Author of several management books on corporate governance, strategy and people management

Prof. Charles L. Cooney • Professor, Chemical & Biochemical Engineering, MIT, USA • Director, Genzyme Inc. and Bio-Processors Inc. • Recipient of prestigious awards, including Gold Medal of the Institute of Biotechnology Studies and Distinguished Service Award from the American Chemical Society

Dr. Bala S. Manian • Chairman and Founder, Reametrix Inc. • Co-founder, Quantum Dot Corporation and Surromed Corporation, USA • Expert in the design of electro-optical systems • Authored several peer-reviewed scientific publications and holder of many patents • Recognised through numerous awards for contributions as educator, inventor and entrepreneur, including Technical Academy Award in Digital Cinematography by Academy of Motion Pictures, Arts and Sciences

Mr. Suresh Talwar • Partner, Talwar Thakore & Associates • Director, Cadbury India Ltd., Birla Sun Life Insurance Co. Ltd., L&T Ltd. • Area of professional specialisation includes corporate law and related fields • Legal counsel to numerous Indian companies, multinational corporations and Indian/foreign banks

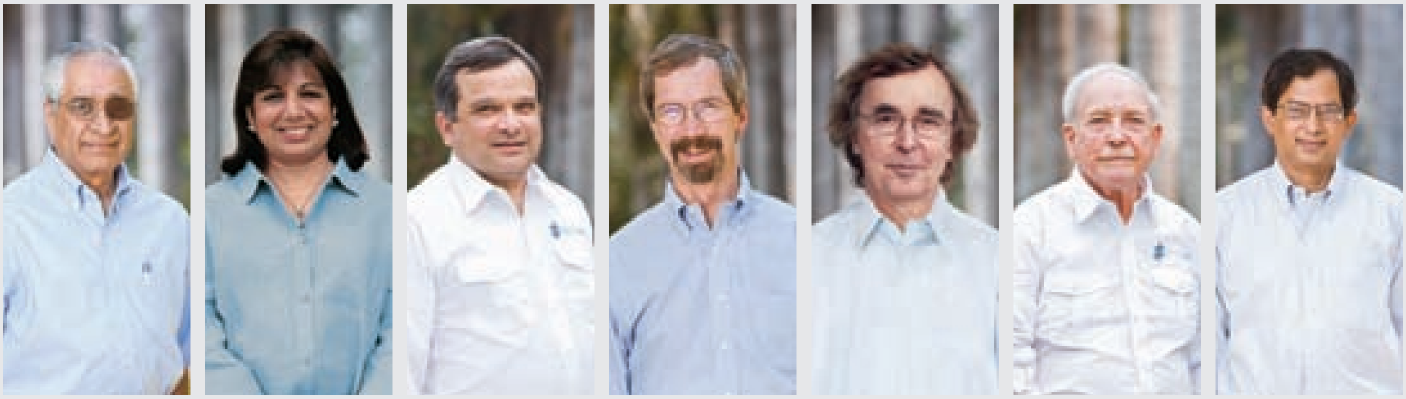
Ms. Kiran Mazumdar-Shaw • Chairman & Managing Director, Biocon • First generation entrepreneur with more than 30 years experience in biotechnology and industrial enzymes • Master Brewer, Ballarat University, Australia • Awarded the Padmabhushan, one of India's highest civilian awards for her pioneering efforts in Biotechnology, 2005

Mr. John Shaw • Vice Chaiman, Biocon • Served in senior corporate positions at various locations around the world • Chairman, Madura Coats Ltd. between 1991-1998

Prof. Ravi Mazumdar • University Research Chair Professor, Department of Electrical and Computer Engineering, University of Waterloo, Canada • Fellow of the Institute of Electrical and Electronics Engineers (IEEE) and Fellow of the Royal Statistical Society

Prof. Catherine Rosenberg • Alternate Director, Biocon • University Research Chair Professor and Chairman, Department of Electrical and Computer Engineering, University of Waterloo, Canada

SCIENTIFIC ADVISORY BOARD



Dr. Bala S. Manian • Chairman & Founder Reametrix Inc., Co-founder of Quantum Dot Corporation and Surromed Corporation, USA

Ms. Kiran Mazumdar-Shaw • Member of the Board, Science Foundation, Ireland • Chairperson, Vision Group on Biotechnology, Government of Karnataka • Chairperson, National Task Force on Biotechnology, CII

Dr. Chaitanya R. Divgi • Chief, Nuclear Medicine & Clinical Molecular Imaging, University of Pennsylvania, USA

Prof. Charles L. Cooney • Chairman • Head of Chemical & Biochemical Engineering, Massachusetts Institute of Technology, USA

Prof. Hans Wigzell • Director-General, Swedish Institute for Infectious Diseases • President, Karolinska Institute, Sweden

Dr. Anthony Allison • Distinguished Scientist, Surromed Corporation • Former Vice President, Research, Syntex Corporation • Inventor of Mycophenolate Mofetil

Mr. Shrikumar Suryanarayan • Former President, Research and Development, Biocon • Visiting faculty, Karolinska Institute, Sweden

HIGHLIGHTS 2008

- Business Focus
- Global Footprint
- Research & Development
- Marketing & Branding
- Custom Research: Syngene
- Clinical Research: Clinigene
- Quality & Regulatory
- Environment, Health & Safety
- Corporate Social Responsibility

HIGHLIGHTS 2008

[BUSINESS FOCUS]

Biocon's biopharmaceuticals business is at a point of inflection. Investments in novel science and capabilities across the drug value chain have resulted in proprietary know-how and a rich biotherapeutics portfolio. From blockbuster statins to a robust pipeline of biogenerics and a proprietary cancer drug already in the market, we have in less than a decade, positioned ourselves as a leading generics company and a frontline biopharma innovator. The challenge at this juncture of growth is to unlock the full potential of our biopharmaceuticals businesses by substantially investing in commercializing our products and taking them to global markets.

Focusing on biopharmaceuticals, we took a strategically prudent decision last fiscal to divest our historical enzymes business (which contributed just 10% to overall revenue in 2007). In Oct 2007, Biocon sold its three-decade old enzymes division to Novozymes A/S, a Danish industrial enzyme maker, for $115 million – a handsome valuation based on the strong intellectual property of our novel enzymes portfolio.

Sale of the enzyme business has given Biocon additional financial strength to pursue international acquisitions aimed at building marketing and distribution capabilities for our products. It will enable us to realise our biopharmaceuticals growth trajectory and hasten Biocon's transformation from India's leading biotech company to an emerging global biopharmaceuticals major.

About Novozymes
Novozymes is the biotech-based world leader in enzymes and microorganisms. With over 700 products used in 130 countries, Novozymes' bioinnovations improve industrial performance and safeguard the world's resources by offering superior and sustainable solutions.
www.novozymes.com

[GLOBAL FOOTPRINT]

Biocon has been steadfast in its commitment to delivering affordable healthcare solutions to more patients around the world. Leveraging a combination of licensing, acquisitions and in-house development, we are looking to strengthen our marketing reach through the following options:

a) Partnerships with specialty pharmaceutical companies which have a strong presence and marketing expertise in the therapeutic segments of oncology, immunology and diabetes. We are specifically seeking out companies that can support the regional registration of our products and expand our market share through a strong local network of hospitals, doctors and pharmacies.

b) Relationships with local distribution companies that can help us target institutional sales and address those markets which are dominated by large national tender-based procurement practices.

c) Selective acquisitions or joint ventures that will enable the launch of Biocon's branded products.

Additionally, for many of our novel research programs, we will be exploring international partnerships to drive global Phase III clinical development, the design of which is a key determinant of eventual product positioning.

Biocon + AxiCorp

Accessing competitive EU markets

Biocon has acquired ~70% stake in German pharmaceutical company, AxiCorp for a consideration of € 30 million. This strategic investment will enable Biocon to market and distribute its biosimilar insulin and analogs in the German market. The acquisition will also help AxiCorp strengthen its position in the lucrative European biosimilars and biologics segments by leveraging Biocon's manufacturing and drug development capabilities.

About AxiCorp GmbH
Established in 2002, AxiCorp is headquartered in Friedrichsdorf, Germany and markets parallel distributed EU-pharmaceuticals and its own generic brand 'Axcount'. It is amongst the fastest growing German pharmaceutical companies having launched over 180 products.
www.axicorp.de

Biocon + Neopharma

Establishing a JV, Neobiocon to enter the UAE

Biocon and Neopharma jointly established Neobiocon, a joint venture company in Dubai's biotechnology and research park, Dubiotech. Neobiocon will enable Biocon to access the growing $5 billion Gulf Cooperation Council (GCC) market.

A pioneering initiative in the region, Neobiocon will leverage Biocon's considerable IP to develop and market life-saving biopharmaceutical niche products in key therapeutic areas of oncology, diabetes, autoimmune disorders, cardiology, anti-obesity and new generation immunosuppressant drugs. The new company's product offering will include biologicals, proprietary/in-licensed products, targeted therapeutics, research-based differentiated formulations and innovative drug delivery systems.

About Neopharma
Neopharma is Abu Dhabi's premier pharmaceutical manufacturing company. In less than three years, the company has introduced more than 70 formulations including antibiotics, pain killers, anti-allergics and drugs for the cardiology and diabetology segments.

Biocon + Abraxis BioScience

Taking GCSF to North America and the EU

Biocon entered into a partnership with Abraxis to out-license the rights to develop a biosimilar version of GCSF (Granulocyte Colony-Stimulating Factor) in North American and European markets. Under the terms of agreement, Biocon will receive an upfront licensing fee and royalties following approval in licensed territories. We believe this collaboration will facilitate affordable access to high quality supportive care therapy for cancer patients across the world.

About Abraxis BioScience
Abraxis BioScience is a fully integrated, US based biotechnology company dedicated to delivering progressive therapeutics, such as ABRAXANE®, and core technologies that offer patients and medical professionals safer and more effective treatments for cancer and other critical illnesses.

[RESEARCH + DEVELOPMENT]

Biocon's R&D programs have advanced rapidly and we are now at a critical stage of development. Our promising portfolio of novel biologics, within it Oral Insulin and Anti-CD6 (an antibody targeting T-cell mediated autoimmune disease) is successfully moving through the clinic and will soon require tremendous investment support to take it to market. Going forward, the business model will be to leverage our strong financial position to deliver our own blockbuster drugs while also in-licensing therapy in advanced stages of development to help unleash the R&D value under development at Biocon.

BIOCON'S DISCOVERY PIPELINE

Novel

Drug	Pre-clinical	Phase I	Phase II	Phase III	Registration	Market
IN-105	2006	2007	DIABETES			
BVX-10	INFLAMMATION					
BVX-20	ONCOLOGY					
T1h	2006	2007	PSORIASIS RHEUMATOID ARTHRITIS			
BIOMAb EGFR™		2006			2007	ONCOLOGY

"Biocon's discovery program is robust; our insulin and anti-arthritis drugs have $1billion plus potential. Our antibody for rheumatoid arthritis is entering Phase II trials and we have global rights on oral insulin which is delivered directly into the liver." Harish Iyer, GM, Research & Development

Discovery Molecules

Oral Insulin (IN-105)

Biocon presented the results of Phase I studies on its Oral Insulin product, IN-105 at the session on Novel Therapies during the meeting of the European Association for Study of Diabetes (EASD) held in Amsterdam in 2007. Encouraged by the outcome, we will continue to push this molecule through further clinical trials.

In 2007, we also obtained approval from the Swedish medical authorities to carry out Phase I human clamp studies for IN-105 in Sweden. This is the first such clinical trial outside of India for IN-105. The Swedish trial is being carried out at the Karolinska Institute's clinical research unit and will focus on obtaining more pharmacological understanding of the molecule's mode of action.

Anti-CD6 (T1h)

Biocon's T1h has completed a Phase I study in patients with rheumatoid arthritis (RA). The product was found to be safe and well tolerated. A Phase II dose range finding study, designed to evaluate the safety and efficacy of T1h in patients with severe RA, has been initiated and patients are currently under treatment. In addition, Biocon has received approval to begin a second Phase II for this drug for another indication, psoriasis for which patients have already been initiated on T1h. Both the psoriasis and RA studies are expected to be completed in 2009.

BVX-20

Non-Hodgkin's Lymphoma (NHL) is the most common cancer of the lymphoid organs. The incidence in Western countries varies in reports from 6 to 16/100,000 and in the EU, an estimated number of 50,000 new cases are diagnosed each year.

Biocon's BVX-20 is a novel human monoclonal antibody that binds to CD20, a protein located on both normal and malignant B-cells. After binding, BVX-20 kills B-cells by recruiting the body's own immune system. BVX-20 is intended for use in the treatment of patients with relapsed or chemotherapy resistant follicular B-cell NHL and for the treatment of patients with CD-20 positive diffuse large B-cell NHL, in combination with chemotherapy.

During the last year, BVX-20 has been through initial proof of concept studies in primate models. These studies indicated that the molecule is safe and causes B-cell depletion as expected from its mechanism of action. BVX-20 is now getting into longer term pre-clinical studies that are a pre-requisite for entering the clinic.

Novel Immunoconjugate Therapeutics
Biocon + IATRICa

Biocon has invested in IATRICa to co-develop novel anti-cancer molecules based on a proprietary immuno-conjugation technology licensed from Johns Hopkins University, USA.

The two companies will integrate their synergistic R&D expertise to formulate and test next-generation bio-hybrid molecules for targeted immunotherapy and thereby, reinforce a shared endeavour to provide effective new treatments for major neoplastic and infectious diseases.

About IATRICa Inc.
IATRICa is a privately held biotechnology company engaged in the discovery and development of novel targeted immunoconjugates for prevention or treatment of cancer and infectious disorders. A start-up established in 2007, IATRICa is headquartered in Baltimore, Maryland, USA.

Biosimilars

We are strongly pursuing pre-clinical, clinical and product development for registration of Biocon's key products, INSUGEN® and GCSF in advanced markets like the US and EU. We continue to build expertise to get more molecules into these markets.

Intellectual Property

Biocon's patent portfolio has considerably grown to reflect the company's rapid growth. The number of patent applications filed by Biocon till 2007-2008 stands at 343, of which 82 are international PCT applications. Biocon was granted 14 patents in this fiscal, with another 9 in order for grant. To date, Biocon has been granted 68 patents, 17 of which are in the US. Biocon's IP assets through acquisition now stand at 506, of which 74 are granted. This brings the total number of applications to 848 and the total number of granted patents to 132.

Biocon's patent portfolio is an intangible asset that strongly supports aspects of commercialization, co-development, partnership and licensing. Our ongoing programs of Oral Insulin and related platform technologies for oral drug delivery have been actively protected to create unique IP spaces with a potential for profitable returns which may be leveraged through various business initiatives.

[MARKETING & BRANDING]

Biocon has taken a strategic decision to strengthen its B2B focus and selectively venture into B2C by expanding its presence in global markets and increasing visibility of its range of pharmaceuticals, including generics, biosimilars and biologics through aggressive marketing and branding. To that end, we are widening our domestic network and entering into strategic partnerships in developed markets.

Within the next two years, we plan to launch four biosimilar drugs GCSF, Reteplase, Streptokinase and Insulin analogs that will address billion dollar global market opportunities. While two of the drugs have already gone off patent, the remaining are soon to lose patent protection. We are in advanced stages of negotiation to enter into strategic partnerships with regional marketing and distribution companies to take these products to the US, West European, South East Asian and North African markets.

To spearhead marketing and branding of Biocon's expanding range of pharmaceuticals in key therapeutics areas in India and neighbouring countries, we have established four healthcare divisions: Oncotherapeutics, Nephrology, Cardiology and Diabetology:

Oncotherapeutics

BIOMAb EGFR™

Biocon's Oncotherapeutics division is proud to have launched BIOMAb EGFR™, the first humanized monoclonal antibody for the treatment of head and neck cancer.

Targeting the epidermal growth factor receptor, BIOMAb EGFR™ has significant potential to manage several solid tumors that abundantly over express this receptor. Since its launch in September 2006, over 1,000 patients have benefited from BIOMAb EGFR™ therapy, responding in line with expectations. Many patients have experienced exceptional responses with complete remission of the tumor in several cases.

BIOMAb EGFR™ is currently approved in India for use in the management of head and neck tumors, having demonstrated

efficacy and safety benefits in the BEST Study – a therapeutic confirmatory registration trial conducted in India. A Phase II trial for adult glioma cancers is currently underway. Another trial in non small cell lung cancer is expected to be initiated shortly at several cancer centers in India. More trials expanding the application of BIOMAb EGFR™ to other solid tumors are being planned for the near future.

ABRAXANE®

On the heels of the BIOMAb EGFR™ success story, Biocon's Oncotherapeutics division has added another frontline anti-cancer drug – ABRAXANE® to its portfolio.

In-licensed from Abraxis BioSciences, Biocon has obtained the rights to market ABRAXANE® for injectable suspension (paclitaxel protein-bound particles for injectable suspension – albumin bound) in India for the treatment of breast cancer. ABRAXANE® has demonstrated superior response rate, with an almost doubling of reconciled target lesion when compared with the originator brand of paclitaxel in a prospectively randomized trial of 460 patients with metastatic breast cancer.

In addition to India, Biocon has the rights to take ABRAXANE® to Pakistan, Bangladesh, Sri Lanka, the UAE, Saudi Arabia, Kuwait and a few other South Asian and GCC countries. Commercial introduction of ABRAXANE® in the Indian market is expected in 2008 following the completion of appropriate importation certifications.

To obtain consistent flow of evidence in various tumor types, Biocon will leverage the excellent life cycle management program in place for ABRAXANE®. We believe the brand has a strong and sustained growth strategy to offer new treatment options for patients battling cancer. Abraxis will soon be initiating a worldwide head-to-head Phase III registration trial for the treatment of firstline metastatic breast cancer. Phase III trials for the treatment of non small cell lung cancer and melanoma will also begin in the near future. ABRAXANE® is currently being actively reviewed by regulatory agencies in Australia, Russia and China.

ABRAXANE® *uses albumin, a human protein, to deliver the active ingredient paclitaxel. Unlike other chemotherapy treatments,* ABRAXANE® *does not contain chemical solvents, thus eliminating the need for pre-medication with steroids or anti-histamines often needed to prevent the toxic side effects associated with solvents.* ABRAXANE® *is administered in 30 minutes (as compared to three hours for solvent-based paclitaxel).*

Two more significant Oncotherapeutic launches expected shortly are NUFIL® (GCSF) for treatment of cancer chemotherapy neutropenia and ERYPRO safe™ (recombinant human erythropoietin) for the management of chemotherapy induced anemia.

Nephrology

Biocon recently introduced a Nephrology division to provide affordable, high quality renal specialty products to local and global markets.

Our comprehensive portfolio of immunosuppressants and erythropoietin for treatment of renal transplant and dialysis has entered Indian markets with much success. TACROGRAF™ 2mg (Tacrolimus) was proactively launched (ahead of the competition) in domestic markets and has gained significant mileage since. Biocon's ERYPRO safe™, an innovative safety solution with unique features for erythropoietin end users (developed in collaboration with Becton-Dickenson and Safety Syringe Inc., USA) has the distinction of being the first delivery device of its kind to be introduced in India.

Owing to the widespread acceptance of its diverse range of products, Biocon's Nephrology division turned profitable within eleven months of operations. Commendably, ERYPRO™ (recombinant human erythropoietin) and RENODAPT™ (mycophenolate mofetil) were featured in the All India ORG within the first eight months of launch. The division's commitment to an affordable portfolio of renal therapy has been truly appreciated by clinicians and patients in India.

To enhance the scientific image of Biocon and give our renal brand offering greater visibility, leading nephrologists from across India were invited to visit our facilities and our scientists continue to participate in national and international conferences, including those organized by the Indian Society of Organ Transplantation (ISOT), the Indian Society of Nephrology (ISN) and the Nephrology, Urology & Transplantation Society (NUTS).

Cardiology

Creating a world-class healthcare system consisting of high quality, innovative and affordable cardiology medicines is one of the best counter strategies to fight the global spread of coronary heart diseases. In 2008, Biocon launched a dedicated Cardiology division to leverage in-house research and development strengths to deliver cutting edge technology products for the treatment of heart illnesses. This division will focus on the successful development, manufacture and commercialization of innovative recombinant biopharmaceuticals and other biosimilar drugs for the buoyant cardiology market and its clinical needs. We are confident of developing an inspiring portfolio of novel medicines in various clinical stages. For the super-specialty segment of interventional cardiology, we are developing life-saving molecules, among them Myokinase and Clotide. In addition to novel biotherapeutics, the Cardiology division will spearhead brand building of Biocon's STATIX® and TELMISAT™.

Diabetology

Since its inception three years ago, Biocon's Diabetology division has posted outstanding performance driven by its impressive brand portfolio and the world-class quality of its product line.

Today, our flagship product INSUGEN® has garnered a promising share of the vial market and has been widely prescribed and accepted across specialties, from endocrinologists to consulting physicians. INSUGEN® continues to be the most clinically validated insulin in India and is backed by the PRIDE Study on safety and efficacy conducted on more than 6,000 patients.

INSUGEN® *needs to be delivered to patients at a temperature between 2-8 degrees centigrade. To ensure the cold chain maintenance of our product across all logistical levels, Biocon has implemented a unique and superior Cold Chain Assessment Program (CAP). CAP is characterized by a highly scientific model that ensures cold chain in the most diversified tropical markets in India. In addition, we have in place a protocol for cross-verification of the potency and efficacy of this product at every stage.*

Our Diabetology division's other brands have also shown high degree of market acceptance. Among them, BLISTO™ and METADOZE-IPR® have garnered new prescriptions across doctor specialties. In the anti-obesity segment, the launch of OLISAT™ was an innovative first in India drug delivery technology.

[CUSTOM RESEARCH: SYNGENE]

Syngene has successfully completed 14 years of leadership in drug discovery research and development services. Within this period, Syngene has consolidated, retained and expanded its services to a large number of pharmaceutical companies across USA and Europe. An important endorsement of

Syngene's capabilities is its reputation among the global top ten pharma companies as a high-end, integrated, medicinal chemistry services provider.

Partnerships

Integrated Drug Discovery: Syngene + Bristol-Myers Squibb

The Syngene-Bristol Myers Squibb (BMS) partnership has gained tremendous momentum over the last one year. Syngene has aggressively hired top quality scientists from India and abroad to succeed in deliverables expected by BMS. For the first time in India, one third of resources are dedicated to biology covering different aspects of drug discovery research, ranging from target identification, screening, bioanalytical testing to efficacy studies, etc. The partnership will also leverage Syngene's chemistry services such as lead generation, compound development, toxicology and active pharmaceutical ingredient (API) production, making Syngene a truly integrated research services provider of international repute.

Development of Type III Virulence Blockers: Syngene + Innate Pharmaceuticals

Resistance to available antibiotics is on the rise thus limiting the pharmaceutical treatment options available for common bacterial infections. This has created the need for novel treatment strategies for bacterial diseases such as diarrhoea caused by yersinia, shigella and other bacterial species.

Syngene has entered into a drug discovery collaboration with Innate Pharmaceuticals, Sweden to develop novel treatment strategies for diarrhoea. The collaborative approach is to identify compounds that target bacterial virulence systems (such as Type III secretion pathway) in diarrhoeal pathogens, which is conserved amongst several gram negative bacteria. Using *in-vitro* and cell-based assays, compound libraries have been screened and four lead compounds identified as possible virulence blockers. The lead compounds have been evaluated for drug-like properties in *in-vitro* and cell-based ADMET assays and for their pharmacokinetic profiles in mice. A yersinia-mouse model has also been established to assess their efficacy. Currently, one of the lead compounds is being tested in this model for efficacy in protection of mice against a lethal dose of yersinia infection.

Infrastructure

New Research Laboratory

A new research facility comprising approximately 20,000 sq mts of floor space will be operational in Q3 of the next fiscal. Built to meet internationally benchmarked standards and specifications, this facility will have state-of-the-art chemical and biological research laboratories with access control and the latest safety systems to ensure complete protection of scientists.

Vivarium

To facilitate discovery research, Syngene has invested in a 45,600 sq ft laboratory animal facility that conforms to AAALAC (American Association for Accreditation of Laboratory Animal Care) standards. This world-class facility has been approved by the CPESEA (Committee for the Purpose of Control and Supervision of Experiments on Animals) and will be monitored by IAEC (Institutional Animal Ethics Committee).

Syngene's primary objective is to offer pharma companies knowledge acquired from focused research studies in drug discovery and early drug development. Complementing the know-how and competencies that Syngene already possesses, this laboratory facility will enable Syngene's pharmacologists to design and carry out research programs to identify and prove the concept of new lead candidates. It will significantly enhance their ability to identify drug candidates with improved pharmacokinetic properties and thereby save time and costs associated with progressing a drug candidate through the discovery pipeline.

The vivarium will extend Syngene's contract research services to include research pharmacology, pre-toxicology, proof of concept, *in-vivo* screening systems and ADME studies.

Pilot Plant Facility

Construction of the new pilot plant facility is on schedule. Completion of all engineering work is estimated for Q3 of the next financial year. The pilot plant has been designed to meet cGMP standards and will be ready to comply with the requirements of international/domestic governmental regulatory authorities and customer audits. To handle different quantities of product, the plant will have equipment of various volumes, including glass lined reactors, stainless steel reactors and clean rooms as per cGMP standards. Syngene has already appointed a highly experienced professional to head the internal QA/QC division also responsible for facilitating audit inspections.

Biological Pilot Plant Facility

The Biological Pilot Plant Facility (BPP) will have manufacturing capabilities for microbial fermentation and mammalian cell culture based biologics. It is expected to be operational in Q2 of the next financial year.

This facility is being constructed for cGMP compliant contract manufacturing with a high degree of flexibility. It has been designed for optimal personnel/product flow and regulatory compliance. Each manufacturing suite is appropriately pressurized with respect to its surroundings to mitigate the risk of cross-contamination.

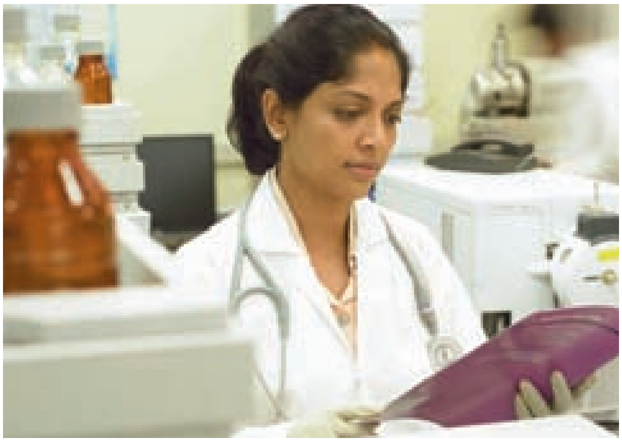
Engineers and scientists at the BPP have extensive experience in all aspects of biologics manufacturing, including process development, optimization, scale-up, microbial fermentation, mammalian cell culture, purification, analytical testing, quality control, quality assurance and validation.

Adding value to Syngene's proven expertise in molecular biology, molecular genetics, and protein sciences, this facility will provide an array of cGMP and non-cGMP production services for proteins and antibody products for pre-clinical and clinical material.

[CLINICAL RESEARCH: CLINIGENE]

Through 2007, Clinigene continued to build on its credentials as an innovative provider of clinical research services to global pharmaceutical and biotech companies. In the same year, Clinigene moved into a 65,000 sq ft fully functional, world-class facility at Semicon Park which houses its complete array of services; from human pharmacology, clinical operations, clinical development, clinical data management & biostatistics to regulatory, bioanalytical research and central laboratory, supporting early phase through late phase clinical development programs.

Expanding its therapeutic segments of expertise, Clinigene now includes neurology, nephrology, immunology, rheumatology, infectious diseases and gastroenterology to its existing services in oncology, diabetology and cardiology. Over the last year, Clinigene has grown its team to over 150 highly skilled professionals and established a 54-bed Human Pharmacology Unit as well as a Bioanalytical Research Laboratory in the new facility. The Central Lab continues to be endorsed by the College of American Pathologists (CAP) and National Accreditation Board for Testing and Calibration Laboratories (NABL).



Anticipating growth opportunities, Clinigene plans to scale-up manpower by 40% this fiscal, expand its Human Pharmacology Unit to 86 beds and set up a six-bed Phase I Glucose Clamp Unit.

Significant Business Developments

Clinigene is in the process of strengthening its existing relationships and establishing new partnerships with top MNC pharma companies for their clinical development requirements. Besides ongoing work for their late phase, multi-centric global programs, Clinigene will be commencing:

- Glucose Clamp Studies

- Partnerships for early clinical development trials and collaborations for full service

- Developing Centres of Excellence with early phase capabilities by leveraging Clinigene's existing associations and relationships with Indian investigators

R&D

Biocon:

T1h

Biocon's T1h has successfully completed the Phase I study in patients with rheumatoid arthritis (RA). On the basis of safety and efficacy data, the results were found to be very encouraging. Clinigene is currently conducting a Phase II dose range finding study, designed to evaluate the safety and efficacy of T1h in patients with severe RA. This Phase II study aims to recruit patients across sites. The same product is also being tested in patients with active psoriasis in a Phase I/II dose ranging study.

IN-105

Clinigene has completed Phase I trials for IN-105 and has entered Phase II in India this year to illustrate proof of concept. The encouraging results of the Phase Ia and Ib studies represent a vital hurdle crossed in the development of IN-105 as a product. Phase II clinical trials have been initiated.

BIOMAb EGFR™

Clinigene has completed trials for BIOMAb EGFR™ which is now being prescribed to patients in India for head and neck cancers. In order to facilitate label extension of the product, Clinigene is currently conducting Phase II clinical programs in newer oncology indications ie. non small cell lung cancer and glioma in consultation with leading oncologists across India.

Other Clients:

Clinigene's client list includes large multinational pharmaceutical companies, mid-sized biotech firms and Indian pharma companies. We are currently undertaking over 20 clinical programs for pharmaceutical companies besides Biocon. Trials range from bioequivalence/bioavailability, early phase proof of concept studies to late phase programs to facilitate registrations. Clinigene collaborates with over 185 investigators across India and handles over 1800 patients' data.

[QUALITY & REGULATORY]

For the period April 2007-March 2008, Biocon has undergone almost 62 successful compliance audits by various national and international customers and regulatory authorities, including an audit by European Qualified Person (QP) for GCSF and BIOMAb EGFR™. Certification of the facilities by European QP is mandatory for the initiation of clinical trials in EU.

A major achievement for Quality & Regulatory has been the inspection and approval of our insulin facilities by Brazilian Authorities (ANVISA). This approval will enable us to sell insulin in Latin American markets.

[ENVIRONMENT, HEALTH & SAFETY]

As we grow into a global biopharmaceuticals company, it is vital that we have in place proven EHS compliance assurance and risk management processes. Furthermore, to demonstrate our commitment to sustainable development, we continue to implement proactive measures for the responsible use of precious resources.

EHS Management Systems

In 2004, Biocon was certified for ISO 14001 and OHSAS 18001. Since then, we have implemented continual improvement processes through adoption of an EHS risk management framework within our product manufacturing and across various processes within the organization. Consistent with international best practices, all units have the responsibility to manage a substantial portion of the EHS risks of our company.

EHS Commitment

For the year 2007-08, Biocon has complied with all applicable requirements of various local regulatory authorities. To reinforce stewardship in responsible business conduct, we have identified areas to implement the 3R's (Reduce, Reuse and Recycle).

Water Use

Biocon relies on the supply of high quality water for use in our manufacturing, laboratory and other operations. As a significant industrial user of water, we have a responsibility to make efficient use of this precious natural resource.

In 2007, we made a resolution to improve water efficiency by 10 percent/kg of product by the end of the next financial year. To realise this commitment, we have taken all possible measures to cut down the usage of fresh water by utilizing recycled water for most activities including boiler operation, cleaning, gardening, etc. Now, treated water from the effluent recycling plant is supplied to utilities and treated water from the sewage treatment plant is used for gardening. We are in the process of adopting suitable engineering methods to further improve the quality of treated water and reuse it for other housekeeping and process activities.

Manufacturing Efficiency

The biotherapeutics manufacturing process is extremely complex — subtle differences in conditions and processes can lead to significantly different outcomes in production yields. Biocon continues to put systems in place to better yield and improve the success rate in manufacturing.

Health & Safety

Biocon recognizes that protecting the work environment and the health and safety of our employees and contract workmen is the first step towards our larger commitment to providing better healthcare solutions to patients all over the world. To that end, we have developed extensive programs that promote a safe and healthy work environment. Biocon's EHS programs are designed to minimize risk to employees and are tailored to our specific work environments, such as the manufacturing floor, laboratories and offices. We continually work to raise awareness about safety at our facilities and to adopt enhanced techniques to improve safety performance.

Health & Safety Metrics

Biocon tracks the following two metrics as measures of EHS performance at all its facilities:

Injury/Ill Health Incidence Rate (IIR):

To assess the frequency of work-related injuries and ill health, identify high-risk areas and take remedial action, Biocon records IIR ie. rate of injury or ill health cases that require medical attention beyond first aid, commonly referred as non-reportable accidents.

Days Away/Restricted Time Rate (DART):

In addition, Biocon assesses the severity of those injuries and illnesses to enable effective prioritization of risk mitigation measures through DART – the rate of injury or ill health cases that result in employees missing more than 48 hours of work (lost time), or working at less than full potential (restricted time).

Safety & Health Record

A snapshot of a company's safety record at a single point in time offers a limited understanding of that company's safety and health performance. It is therefore useful to view the trends in a company's safety record over time.

Biocon's IIR and DART have been declining over the past four years (the timeline for which we have the most accurate data). This means accidents, both moderate and severe, are happening less frequently.

Proactive Initiatives

Over the years, Biocon has introduced a number of new processes and programs to better its safety and health performance. Our improving safety performance validates the effectiveness of our efforts to provide a safe work environment for our employees. Some of our recent safety initiatives include:

- Involving employees directly in quarterly safety committee meetings and core/plant and EHS core team committees.

- Conducting job safety analyses, safety risk analysis to understand and mitigate the risks associated with different processes and activities connected with the occupations.

- Regularly conducting safety and health audits for identification of potential hazards and ensuring corrective action is taken as per safety norms.

- Training every employee in safety aspects during induction and on a regular basis. In 2007, a total of 4,377 man hours were spent on EHS training.

- Considering safety at the design stage itself, before installing new facilities and developing standards on safety and auditing benchmarked against local and international applicable standards (KFR & OHSAS 18001:1999).

EHS Milestone

Biocon's Engineering & Maintenance department has won two consecutive prizes in 2007 and 2008 for 'Best Safety Practices in Boiler' from the Karnataka State Safety Institute, Department of Factories and Boilers. In addition, we have successfully commissioned multiple effect evaporators with Vertical Thin Film Drier (VTFD). This technology is energy efficient and contributes enormously to Biocon becoming a 'Zero Discharge Plant'.

[CORPORATE SOCIAL RESPONSIBILITY]

Arogya Raksha Yojana (ARY)

Primary Healthcare Clinics

Delivering on our commitment to affordable healthcare, Biocon Foundation established two more ARY Clinics in 2007 that have been visited by more than 41,000 patients in the past year. In addition to medical and diagnostic services, each

ARY Clinic now offers mobile medical help to communities living in remote villages. This service is supplemented by the Foundation's routine (four to six monthly) health check camps organized in areas with little or no access to good medical facilities. Medicines are distributed free of cost at all camps. In 2008, we look forward to inaugurating four more ARY Clinics bringing the total number to 12.

Greater awareness of diabetes related problems and their prevention is of critical importance, especially in India today. According to the International Diabetes Federation (IDF), every 30 seconds a person loses a limb to amputation following diabetes complications. To address this grave concern at the village level, Biocon Foundation has part funded a Mobile Diabetic Foot Clinic that is managed by the Jain Institute of Vascular Sciences, Bangalore. The Clinic has begun bi-monthly visits to our ARY Clinics to screen people for diabetes and related ailments. It is equipped with a podiatry chair fitted with a sensitometer, a vascular lab to check blood supply to the leg, foot scanner and other state-of-the-art equipment. On board is a cobbler to create special footwear, free of cost and counselors to educate visitors on diet, foot care, etc.

Arogya Raksha Yojana (ARY)

Health Micro Insurance Plan

The ARY Health Micro Insurance Plan has completed three years of operation. It is now available in six districts of Karnataka with an enrollment of 70,000 members. Under this program, almost 800 surgeries have been completed through a network of 34 hospitals.

Public-Private Partnership

Primary Healthcare Clinics

Adopting the Public-Private Partnership model, Biocon Foundation and Karuna Trust (an independent non-profit organization) are working together with the State Government of Arunachal Pradesh to run Primary Healthcare Clinics (PHCs) across the State. The 12 PHCs run by Karuna Trust offer primary healthcare services and generic medicines to several remote tribal communities of Arunachal Pradesh.

Health Cities

In a landmark initiative to offer affordable cancer care to patients in India, Biocon Foundation has joined hands with Narayana Hrudayalaya to establish 'health cities' in every state capital and 'large hospitals' in every district headquarter. The aim for the next 3-5 years is to create at least 20,000 beds across the country.

Starting 2009, a 1,000-bed cancer hospital will be commissioned at the health city project in Bangalore. We hope to follow this up with more health cities offering heart, cancer and other specialties in Kolkata, Jaipur, Ahmedabad, among other major cities. All hospitals will have academic infrastructure dedicated to training future medical super specialists.

Sanitation

Around the world, 2.6 billion people do not have access to clean and safe sanitation. In India, over 80% of the rural population and more than 50% of urban households have no access to basic sanitation facilities. Responding to these alarming figures, the United Nations declared 2008 the International Year of Sanitation.

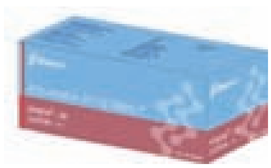
Biocon Foundation's sanitation initiative began in 2007 with an aim to offer poor rural communities access to safe and sustainable sanitation facilities. Through our programs, we endeavour to improve the health status of underprivileged village communities, decrease the environmental impact of inadequate sanitation practices and ultimately, generate economic benefits by increasing the number of workdays. We are currently building 900 household toilets in Huskur Gram Panchayat (Anekal, Karnataka) in partnership with the local community and the Embassy of Ireland. In the coming year, we hope to construct another 1,000 toilets in neighbouring areas.

Child Education

In the area of child education, Biocon Foundation's mathematics text books 'Chinnara Ganita' continue to be well received by children attending primary school in rural districts of Karnataka. The project covered 11,000 children in Grade 1 & 2 in its first year and 15,000 children from Grade 1 to 4 in the second year. In its third year, we hope to cover 50,000 children from Grades 1 to 7.

PRODUCT GLOSSARY

[CARDIOLOGY]



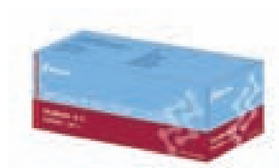
STATIX®
Active Ingredient: Atorvastatin 10/20 mg
Indication: Controls cholesterol levels

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

STATIX®-F
Active Ingredient: Atorvastatin 10 mg + Fenofibrate 200 mg
Indication: Corrects cholesterol levels in diabetics

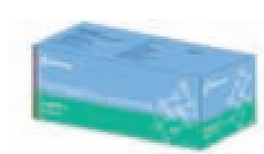
TELMISAT™
Active Ingredient: Telmisartan 20/40/80 mg tablets
Indication: Offers 24 hour blood pressure control

TELMISAT™-H
Active Ingredient: Telmisartan 40 mg + Hydrochlorothiazide 12.5 mg
Indication: Provides 24 hrs blood pressure control, if Telmisat alone is not adequate

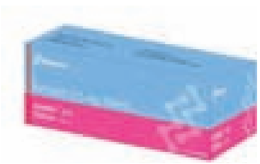


TELMISAT™-R
Active Ingredient: Telmisartan 40 mg + Ramipril 2.5/5 mg tablets
Indication: For better blood pressure control in diabetic hypertensives, diabetics with kidney disease and heart failure cases

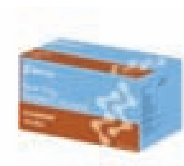
ZARGO®
Active Ingredient: Losartan 25/50 mg
Indication: Reduces blood pressure



ZARGO®-H
Active Ingredient: Losartan 50 mg + Hydrochlorothiazide 12.5 mg
Indication: Controls blood pressure, preferred in diabetic and kidney complications

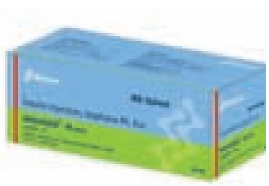


ZIGPRIL®
Active Ingredient: Ramipril 2.5/5 mg
Indication: Reduces blood pressure in diabetic hypertensives



CLASPRIN®
Active Ingredient: Aspirin 75/150 mg + Clopidogrel 75 mg
Indication: Prevents blood from forming a clot and blocking blood vessels

[DIABETOLOGY]



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

METADOZE-IPR®
Active Ingredient: Metformin 850 mg SR
Indication: Improves action of Insulin in Type 2 Diabetes

BLISTO™
Active Ingredient: Glimepiride 1/2 mg
Indication: Increases Insulin secretion in Type 2 Diabetes by stimulating pancreas

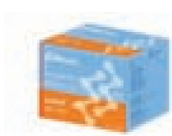
PIODART®
Active Ingredient: Pioglitazone 15/30 mg
Indication: Helps Insulin work better in Type 2 Diabetes

BLISTO™-1MF/2MF
Active Ingredient: Glimepiride 1/2 mg + Metformin1000 mg SR
Indication: In Type 2 Diabetes, when blood glucose is not controlled with a single medication

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

TriGPM™-1/2
Active Ingredient: Glimepiride 1/2 mg + Pioglitazone 15 mg + Metformin 500 mg SR
Indication: A triple drug combination for uncontrolled Type 2 Diabetes

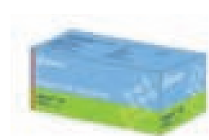
GMAB™ PLUS
Active Ingredient: GLA 100 mg + Methylcobalamin 1500 mcg + ALA 100 mg + Benfothiamine 100 mg + Ele. Zinc 15 mg
Indication: Nutritional supplement



ZUKER™-MF
Active Ingredient: Gliclazide 80 mg + Metformin 500 mg SR
Indication: Comprehensively controls hyperglycemia in Type 2 Diabetes

GABIL™
Active Ingredient: Gabapentin 300 mg + Methylcobalamin 500 mcg
Indication: In Diabetic Neuropathy

OLISAT™
Active Ingredient: Orlistat 120/60 mg
Indication: Weight reducer



MIGLIT®
Active Ingredient: Miglitol 25/50 mg
Indication: Controls post meal surge in blood glucose levels

[ONCOLOGY]

BIOMAb EGFR™
Active Ingredient: Nimotuzumab 200 mg
Indication: Humanized monoclonal antibody targeting epidermal growth factor receptor indicated for its use in head and neck cancer

[NEPHROLOGY]

ERYPRO™
Active Ingredient: Recombinant Human Erythropoietin Alpha
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or non-dialysis

ERYPRO safe™
Active Ingredient: Recombinant Human Erythropoietin Alpha injection in strengths of 2000 IU/ 4000 IU/ 10000 IU
Indication: For the treatment of patients with anemia due to chronic renal failure, either on dialysis or non-dialysis

TACROGRAF™
Active Ingredient: Tacrolimus 0.5/1/2/5 mg capsules
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

RAPACAN™
Active Ingredient: Sirolimus 1 mg tablets
Indication: Prevention of rejection and rescue therapy for rejection in renal transplantation

CYCLOPHIL ME™
Active Ingredient: Cyclosporine USP 25 mg/50 mg/100 mg capsules
Indication: Prophylaxis of allograft rejection in kidney transplantation and as a rescue therapy in patients with rejection episodes

CYCLOPHIL ME™ (ORAL SOLUTION)
Active Ingredient: Cyclosporine Oral Solution USP 100 mg/ml
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

RENODAPT™
Active Ingredient: Mycophenolate Mofetil 250 mg capsules and 500 mg tablets
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

RENODAPT™-S
Active Ingredient: Mycophenolic Acid 360 mg tablets
Indication: Prophylaxis of transplant rejection in organ transplantation and as a rescue therapy in patients with rejection episodes

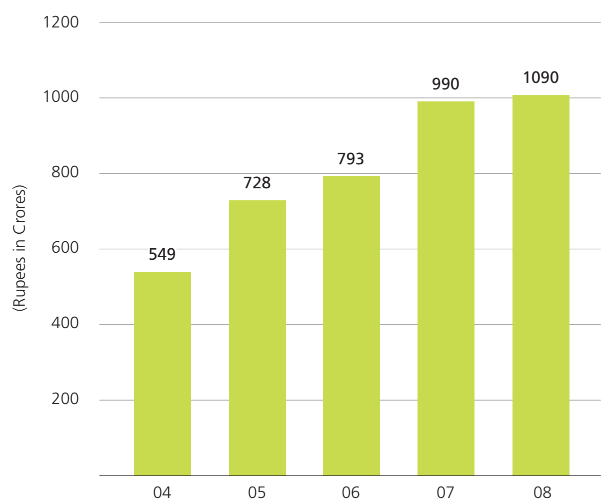
FINANCIAL REPORT

BIOCON LIMITED

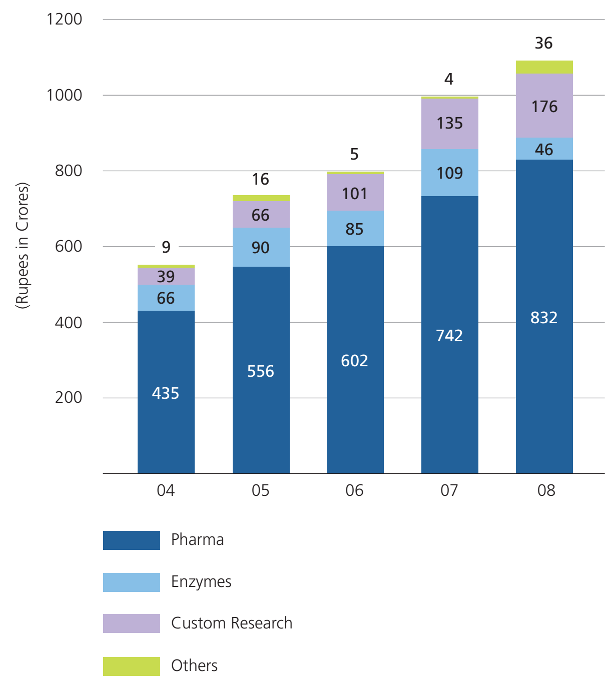
FINANCIAL HIGHLIGHTS 2008*

*Based on GAAP Consolidated Financial Statements

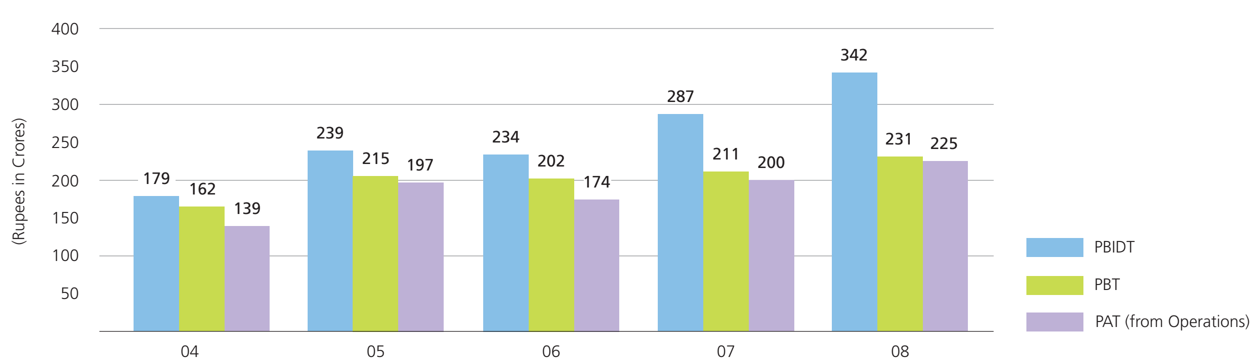
REVENUE



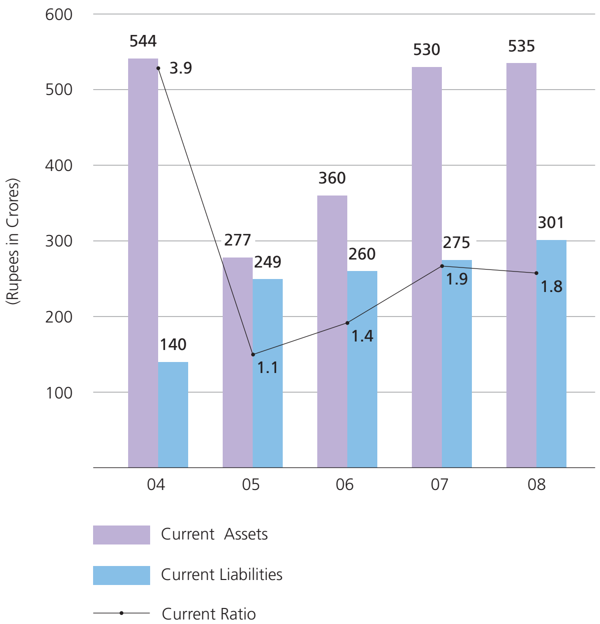
REVENUES BY SEGMENT



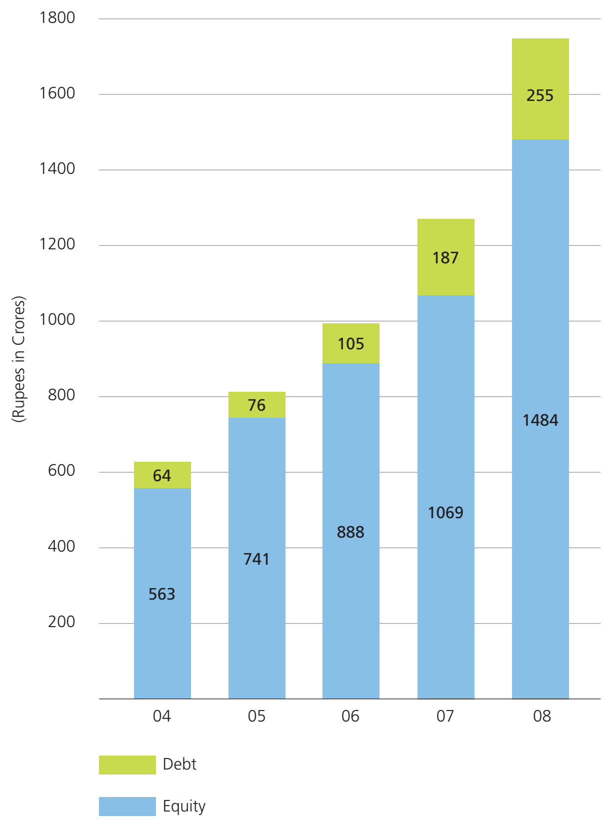
PROFITS



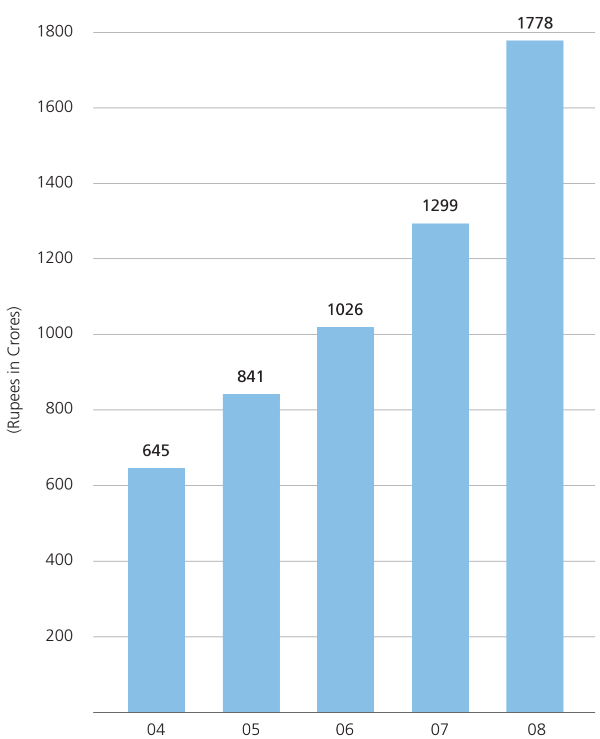
CURRENT RATIO



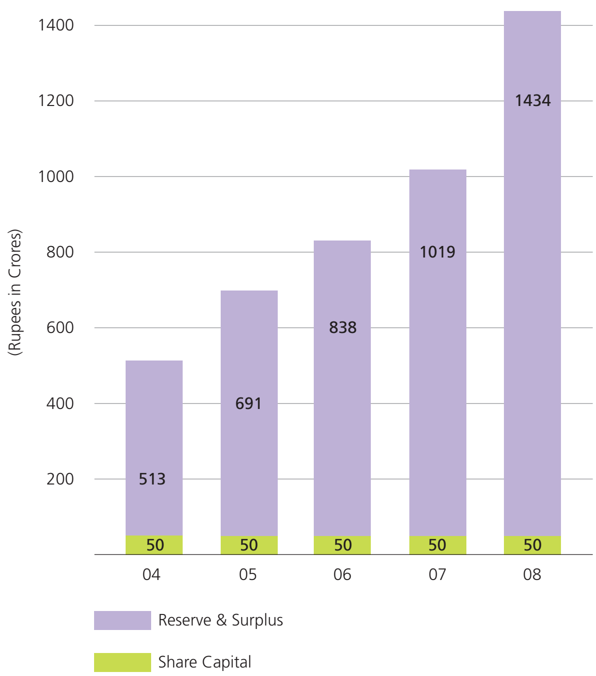
DEBT: EQUITY



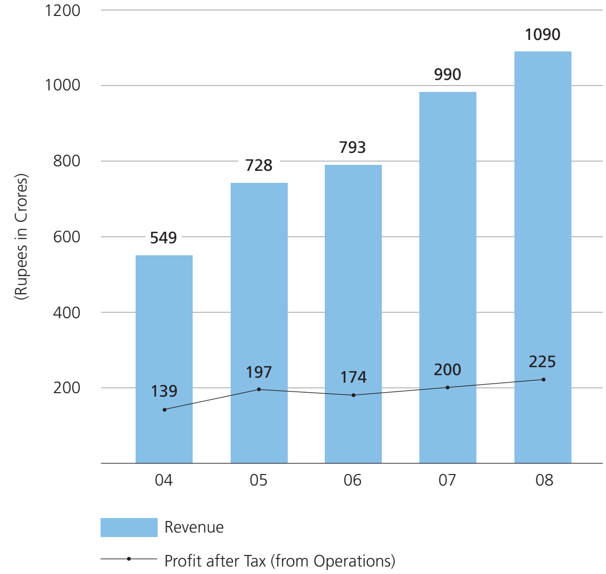
TOTAL ASSETS



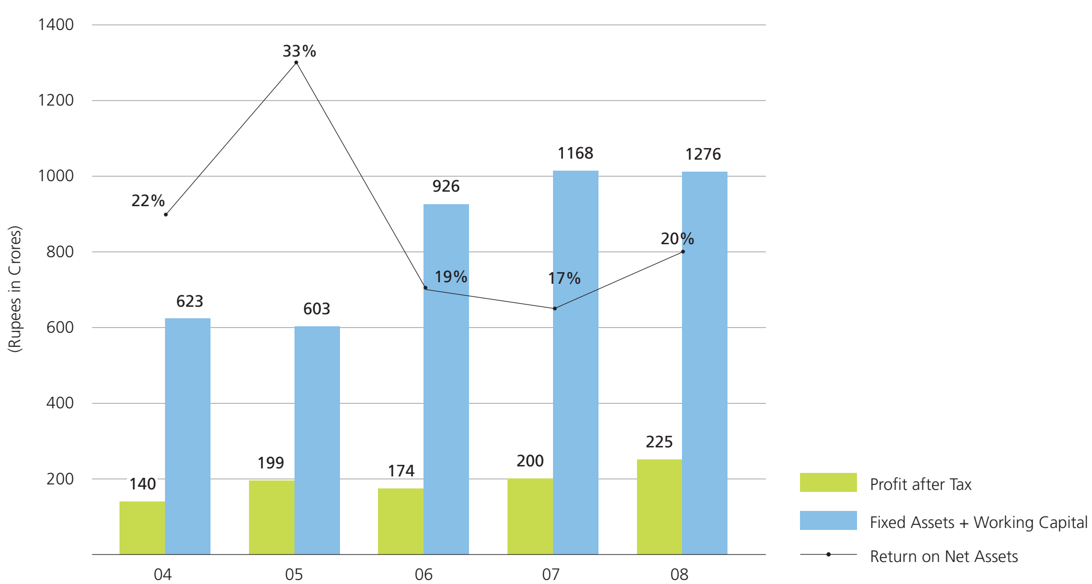
SHAREHOLDER'S FUNDS



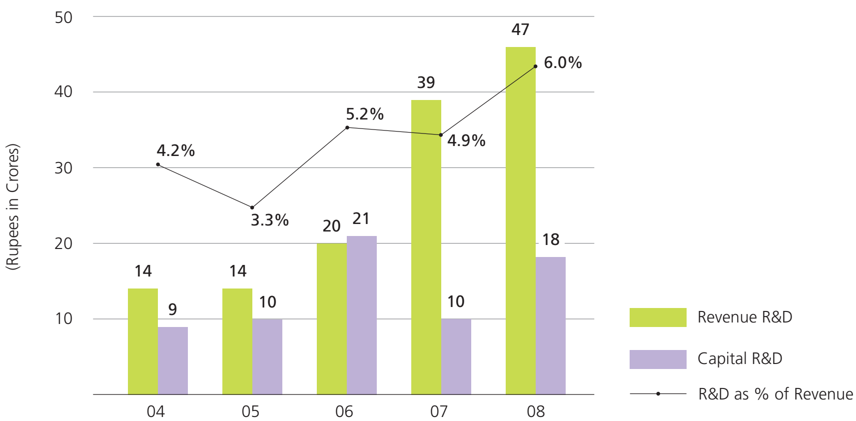
PROFIT AFTER TAX (FROM OPERATIONS)



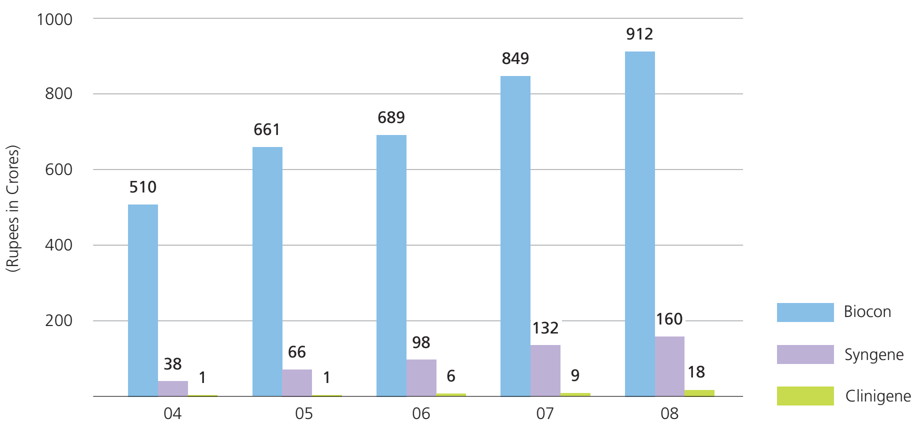
RETURN ON NET ASSETS



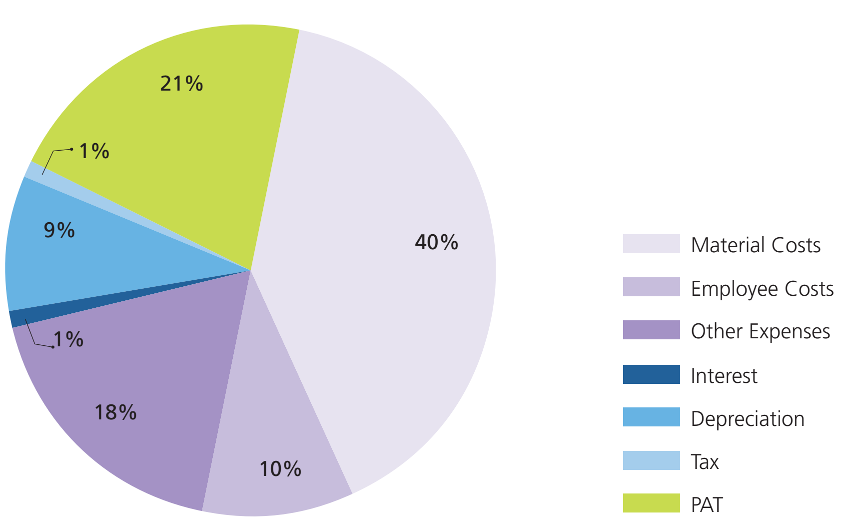
R&D SPEND



REVENUES



DISTRIBUTION OF REVENUE



[DIRECTORS' REPORT]

Dear Shareholders,

We are pleased to present the Thirtieth Annual Report on business and operations together with the audited financial statements and the auditor's report of your Company for the financial year ended March 31, 2008. The financial highlights for the year under review are given below:

Corporate Results: Rs in Millions

Particulars for the year ended March 31,	2008	2007
Total Revenues	9,292	8,631
Total Expenditure	6,511	6,267
Profit before Interest Depreciation and Tax	2,781	2,364
Interest	29	77
Depreciation	690	576
Profit before Tax	2,062	1,711
Income Tax	106	127
Profit after Tax	1,956	1,584
Exceptional items (net of tax)	2,394	-
Surplus b/f from previous year	4,376	3,301
Profit available for appropriation	8,725	4,885
Proposed dividend on equity shares	500	300
Tax on proposed divided	85	51
Transfer to General Reserve	435	158
Balance in Profit and Loss account	7,705	4,376

Consolidated results (Under Indian GAAP) Rs in Millions

Particulars for the year ended March 31,	2008	2007
Total Revenues	10,902	9,896
Total Expenditure	7,552	7,023
Profit before Interest, Depreciation and Tax	3,350	2,873
Interest	102	98
Depreciation	939	665
Profit before Tax	2,309	2,110
Income Tax	129	169
Profit after Tax	2,180	1,941
Minority Interest	65	62
Profit after tax and Minority interest	2,245	2,003
Exceptional items (net of tax)	2,394	-
Profit after exceptional items	4,639	2,003

Results of Operations:

During the year under review the operations excluding exceptional items reflected 10 percent growth in consolidated revenues while Operating Profits (EBITDA) and Profit after Tax grew by 17 percent and 12 percent respectively. The performance for the year reflects strong focus on operational efficiencies and aggressively defending our market position in the face of strong competition in the generic API space, monetization of some of our research programs by way of licensing and partnering and the divestment of the Enzymes business.

A detailed performance analysis is given in the Management Discussion and Analysis.

Appropriations

Dividend

The Board of Directors recommend a dividend of 60%, which is Rs 3.00 per equity share and also recommend a Special Dividend of 40% (Rs 2/- per share) pursuant to the divestment of enzyme business, taking the total dividend payout to 100% (Rs 5 per share).

Transfer to Reserves

We propose to transfer Rs 435 millions to the General Reserves. An amount of Rs 7,705 million is proposed to be retained in the profit and loss account.

Consolidated financial statements:

As stipulated in the listing agreement with the stock exchanges, the consolidated financial statements have been prepared by the Company in accordance with the relevant accounting standards issued by the Institute of Chartered Accountants of India. The audited consolidated financial statements together with Auditors Report thereon form part of the Annual report. The consolidated net profits of the Group for the year ended 31st March 2008 amounted to Rs 2,245 million as compared to Rs 2,003 million in the previous financial year. This represents basic earnings per share of Rs 23.25.

Business Operations overview and Outlook

Significant volume growth and increased market share in the European and US Markets for Statins helped to negate the impact of pricing pressures and the weakening US Dollar thereby maintaining Statin sales at previous year's levels.

Sales of Insulin increased significantly in both the domestic and export markets. During the year, the Company entered into licensing agreements covering certain markets in Asia and has also progressed its application for registration in the European Union and several countries across Asia, Latin America and Africa. To meet the overall increased projections for Insulin, the Company has commenced an expansion of its capacities and the new facility is near completion and is expected to be commissioned later this year.

Immunosuppressants are also expected to offer significant growth opportunities consequent to product patent expiry in key markets of Mycophenolate Mofetil and Tacrolimus in the period 2008-2012.

Biocon's foray into direct marketing of formulations continued to make impressive strides. During the year the Nephrology Division launched ERYPRO™ and ERYPROSAFE™, for treatment in renal transplant and dialysis and two Immunosuppresants – RENODAPT™ and TACROGRAF™. Biocon's Insugen has been widely prescribed and accepted with impressive gains in market share and BIOMAB EGFR™ has been prescribed to over a 1,000 patients since its launch in August 2006.

Biocon signed two important agreements with Abraxis Biosciences, USA to out- license G-CSF for the North American and European markets and in-license Abraxane® for India and a few markets across Asia and the GCC. These agreements are expected to generate a steady stream of revenues once the products get regulatory approval in the relevant territories.

Biocon also entered into an agreement to acquire a majority stake in AxiCorp GmbH, Germany. This strategic investment will enable Biocon to market and distribute biosimilar insulin and analogs in Europe which together with NeoBiocon, its joint venture in Dubai, thereby expanding Biocon's global reach.

Biocon continues to invest incrementally to progress its innovation pipeline. While during the year Biocon monetized some of it's research programs by way of licensing and partnering , it's rich product pipeline including IN-105, BVX 10, BVX 20 and T1H are expected to contribute significantly to Biocon's growth in the future years. During the year Biocon has completed Phase I studies of IN-105 in India and received approval for commencement of Phase II studies. Biocon has also initiated Phase I studies for IN 105 in Sweden and Phase II studies for T1H in India.

Subsidiaries and Joint Ventures:

Syngene International Limited:

Syngene has strong knowledge base where out of the total strength 907 employees (754 in the previous year) more than 90% employees are scientists. With the focused and collaborative efforts of its employees, Syngene has achieved greater heights during the year and has built a strong international reputation.

Clinigene International Limited:

Clinigene International Limited is a wholly owned subsidiary of your Company focused on Clinical Development.

For the current financial year, Clinigene earned a profit of Rs 24 million as against Rs 8 million in the previous year. The company registered a revenue of 227 million as against Rs 115 million in the previous year.

During the year Clinigene has moved into a 65,000 sq. ft. fully functional facility at Semicon Park which houses a complete array of services including human pharmacology, clinical operations, clinical data management, bioanlytical services and a central laboratory supporting early phase to late phase clinical development programs. With demand for outsourced research growing exponentially, Clinigene is well positioned to strengthen its existing relationships and establishing new partnerships with top MNC pharma companies for clinical development requirements.

Biocon Biopharmaceuticals Private Limited:
This is Biocon's 51:49 JV with CIMAB SA, to manufacture monoclonal antibodies and other Recombinant Therapeutics. BBPL commenced operations during the current year and has primarily been engaged in the manufacture of BIOMAb-EGFR™ for the treatment of Head and Neck cancer.

As at March 31, 2008, BBPL had accumulated losses of Rs 325,611. Biocon's share in the accumulated losses of BBPL aggregates Rs 166.062. Approval of BIOMAb-EGFR™ for new indications and commencement of sales to global markets is expected to help improve profitability in fiscal 2010.

Report on subsidiary companies:

The Company has obtained exemption from the Government of India, Ministry of Company affairs from attaching the financial accounts of the subsidiary companies to this Report pursuant to Section 212 of the Companies Act, 1956. However, a statement showing the relevant details of the Subsidiaries is enclosed and is a part of the Annual Report.

Capital Structure
During the financial year under review, the share capital of your Company remained unaltered.

Employees Stock Option Plan (ESOP):
During the year Company granted employee stock options for purchase of 311,821 shares in Biocon Limited at a 20% discount to the prevailing market price, the details of the which are reported separately under the report.

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

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

Auditors:
The Statutory Auditors M/s. S. R. Batliboi & Associates, Chartered Accountants, Bangalore, retire at the ensuing Annual General Meeting, and have confirmed their eligibility and willingness to accept office, if re-appointed.

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

Cumulative disclosure under the stock option scheme as on 31 March 31, 2008:

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

	Particulars	First Grant (Post Equity Share Split and Bonus)	Second Grant (Post Equity Share Split and Bonus)	Third Grant (Post Equity Share Split and Bonus)	Fourth Grant (Post Equity Share Split and Bonus)
a.	Options Granted (Net of Options cancelled)	3,337,580	132,055	387,250	3,758,361
b.	Exercise price	Rs 0.2	Rs 5 each	Rs 315 each	2,985,700 at Rs 275/- and 460,840 at Rs 300/- (20% discount to Prevailing market Price)
c.	Options vested	3,337,580	132,055	311,250	352,925
d.	Options exercised	3,337,580	121,765	235,625	151,900
e.	Total number of Equity Shares to be transferred from the ESOP Trust as a result of exercise of options	3,337,580	110,985	235,625	Nil
f.	Options lapsed	Nil	10,290	93,500	679,162
g.	Variation in the terms of options	None	None	None	None
h.	Money realized by exercise of options	Rs 678,016	554,925	74,221,875	41,772,500
i.	Option pending exercise	Nil	10,780	Nil	201,025
j.	Total number of options in force	Nil	Nil	58,750	2,927,299
k.	Person-wise details of options granted to:				
	i. Directors and key managerial employees	Please see Table (I) below for details regarding options granted to Directors and key managerial employees	Nil	Nil	Please see Table (I) below for details regarding options granted to Directors and key managerial employees
	ii any other employee who received a grant in any one year amounting to 5% or more of the options granted during that year	Nil	Nil	Nil	Nil
	iii Identified employees who have been granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil	Nil	Nil	Nil
l.	Diluted Earning Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares	Not applicable since shares will be transferred by the ESOP Trust upon exercise of the options and the Company will not be required to issue any new shares
m.	Vesting schedule	25% each in April of 2003, 2004, 2005 and 2006.	25% each in January of 2005, 2006, 2007 and 2008.	25% each in April of 2005, 2006, 2007 and 2008.	Year 1 -25% Year 2 -35% Year 3 - 40% (Year 1 being 3 years from Date of joining or 1 year from July 19, 2006 , whichever is later)
n.	Lock-in	No lock-in, subject to a minimum vesting period of 1 year.	No lock-in, subject to a minimum vesting period of 1 year.	No lock-in, subject to a minimum vesting period of 1 year.	No lock-in, subject to a minimum vesting period of 1 year.

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

Sl. No.	Name of Director or key managerial personnel	First Grant (Post Equity Share Split and Bonus) (No. of Options Granted)	Fourth Grant (Post Equity Share Split and Bonus) (No. of Options Granted)
Directors			
1	Dr. Neville Bain	195,902	Nil
2	Prof. Charles Cooney	195,902	Nil
Key managerial employees			
3	Dr. Arun Chandavarkar	195,902	Nil
4	Mr. Murali Krishnan K. N.	195,902	Nil
5	Dr. Goutam Das	195,902	Nil
6	Mr. Rakesh Bamzai	122,430	Nil
7	Mr. Chinappa M. B.	122,439	37,500

Scientific Advisory Board:

The Scientific Advisory Board under the chairmanship of Prof. Charles Cooney met twice during the year under review. The Board has played an important role in evaluating and steering the Company's R&D programs in a pragmatic manner.

Fixed Deposits:

We have not accepted any fixed deposits during the financial year under review.

Directors' responsibility statement:

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

i) In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
ii) We have selected such accounting policies and applied them consistently and made 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 of the Company for that period;
iii) We have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv) We have prepared the annual accounts on a going concern basis.

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

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

Particulars of employees:

The information required to be furnished under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is annexed and is a part of this report.

Acknowledgements:

Your Directors greatly appreciate the commitment and dedication of all the employees at all levels that has contributed to the growth and success of the Company. We would also thank all our clients, vendors, investors, bankers and other business associates for their continued support and encouragement during the year.

Your Directors thank the Government of India, Government of Karnataka, Ministry of Commerce and Industry, Ministry of Finance, Ministry of Information technology and Biotechnology and Customs and Excise Department, Income Tax Department, CSEZ and all other Government agencies for their support during the year and look forward to their continued support in the future.

For and on behalf of the Board

Kiran Mazumdar-Shaw
Chairman and Managing Director
April 22, 2008

John Shaw
Vice Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Particulars under Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended March 31, 2008

Conservation of Energy

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

FORM A

	For the year ended March 31, 2008	For the year ended March 31, 2007
A. Power and Fuel Consumption		
1. Electricity		
a. Electricity Purchase Unit (000)	55,288	48,728
Total Amount (Rs in Lakhs)	2,464	2,222
Rate per Unit	4.46	4.56
b. Own Generation from		
Diesel Generator Unit (000)	38,009	26,239
Total Amount (Rs in Lakhs)	3,194	2,363
Rate per Unit	8.4	9.00
2. Furnace Oil		
Unit (K. Ltrs.)	8,536	8,002
Total Cost (Rs in Lakhs)	1,696	1,622
Average/K. Ltrs.	19,869	20,275

B. Consumption per unit of Production

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

FORM B

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

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

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

- Scale-up of key Biosimilars with improved productivity and process efficiencies.
- Strategic collaborations for development of new Biotherapeutics.
- Global presence in supply of fermentation based Small Molecules to the Generic Industry in regulated markets.
- Rich Pipeline of Generic Small Molecules catering to varied therapeutic areas.
- Internationally competitive prices and product quality.
- Generation of high quality data compliant with International Regulatory requirements.
- Established intellectual property with 861 Patents/ PCT applications filed in Indian and International markets.
- Safe and environment friendly processes.

C. Future Plan of Action

- Greater importance in the research areas of New Drug Discovery.
- Clinical Development of existing pipeline of Biotherapeutics for Regulated markets.
- Strategic Collaborations for increased speed and cost competitiveness in Drug Discovery.
- Continued emphasis on Monoclonal Antibodies and Biotherapeutics leveraging on Biocon's in-house process development and analytical skills.
- Continue to strengthen R&D capabilities in the area of New Biotherapeutics.
- Progress our R&D programs in respect of Monoclonal antibodies against CD6, EGFR, CD20 & TNF- and Oral insulin.

2. Expenditure on scientific Research & Development:

Rs in Millions

		31.03.2008	31.03.2007
(a)	Capital	175	98
(b)	Recurring	471	381
(c)	Total	646	479
(d)	Total R& D expenditure as percentage of sales	6.9%	5.5%

3. Technology Absorption, Adoption and Innovation:

No imported technology during the year

4. Foreign Exchange earnings and outgo:

Foreign exchange earned and used for the year ended 31st March, 2008,

Rs in Millions

	31.03.2008	31.03.2007
Gross Earnings	5,226	4,800
Outflow*	3,277	2,829
Net foreign exchange earnings	1,949	1,971

*For details please refer to information given in the notes to accounts to the annual accounts of the Company in Schedule 22 Notes to accounts Item No. iv to vi.

SECTION 212

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

	Syngene International Limited	Clinigene International Limited	Biocon Biopharmaceuticals Private Limited	NeoBiocon FZ LLC
Financial year of the subsidiary ended on	31st March 2008	31st March 2008	31st March 2008	31st March 2008
2. (a) Number of shares held by Biocon Limited at the end of the above date	28,74,830 equity shares of Rs 10/- each	50,000 equity shares of RS. 10/- each	8,976,000 equity shares of Rs 10/- each	150 equity shares of 1,000/- AED each
(b) Extent of interest on above dated	99.99%	100%	51%	50%
3. Net aggregate amount of the Subsidiary Company's Profit / (Loss) so far it concerns members of the Holding Company and				
(a) is not dealt in the Company's account				
(i) for the financial year ended 31 March, 2008	331,752	23,739	(67,892)	(2,349)
(ii) for the previous financial years, since it became a subsidiary	1,384,668	(51,081)	(97,339)	-
(b) is dealt in the Company's account				
(i) for the financial year ended 31 March, 2008	Nil	Nil	Nil	Nil
(ii) for the previous financial years, since it became a subsidiary	Nil	Nil	Nil	Nil

[MANAGEMENT'S DISCUSSION AND ANALYSIS]

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

1. INDUSTRY STRUCTURE AND DEVELOPMENT

The global pharmaceutical sales grew 6 percent at constant exchange rates in 2007, to reach a record USD 712 billion. North America, Europe and Japan continued to account for about 80 percent of the total global pharmaceutical market, with North America experiencing slower growth at 4 percent. Emerging markets in Asia and Latin America continued to outpace global performance with double-digit growth. In terms of regional performance, North America, which accounts for 43 percent of global pharmaceutical sales, grew 4 percent, to USD 305 billion, while Europe buoyed by the appreciating Euro experienced higher growth of 7 percent, to USD 206 billion. Sales in Latin America grew 12 percent to USD 32 billion, while Asia Pacific (outside of Japan) and Africa grew 13 percent to USD 62 billion with China, Korea and India growing by 26 percent, 11 percent, and 13 percent respectively. Sales in Japan reversed the decline experienced in the previous year on account of the biennial price cuts which occurred April , 2006 and grew 4 percent to USD 59 billion.

Oncologics grew 16 percent to USD 41 billion and displaced Lipid Regulators as the top selling therapy class for 2007. Patent expiry of Zocor® and declining sales of Lipitor® partially contributed to Lipid Regulators sales declining by 7percent to USD 34 billion. Respiratory Agents with sales of USD 29 billion grew 12 percent and retained its position as the third largest class of therapeutic drugs. Antidiabetics at the 5th position also experienced double digit growth with sales of USD 24 billion.

The biopharmaceutical market represented 10 percent of the global pharmaceutical market, having grown 17 percent in 2007 and the double-digit growth of the market is expected to continue to the end of the decade.

Generic Pharmaceutical Industry

The generic drugs market refers to regulated markets for drugs whose patents have expired or been invalidated. The expiration or invalidation of product patents typically leads to the entry of generic, or non-branded, formulations in the regulated markets, resulting in increased competition and leading to a decline in price and margin of drugs.

Drugs with approximately $20 billion in annual sales will face patent expiry in 2008, similar to levels seen over the past two years. This is expected to drive growth of generics by 14-15 percent next year, to more than $70 billion. In 2008, more than two-thirds of all prescriptions written in the U.S. are expected to be for generics. New government contracting initiatives in Germany, and educational programs in Japan, Spain and Italy, will drive greater generics use in those markets. Also, generics competition within the biotech sector will rise as the biosimilar epoeitin alfa is marketed across Europe. This trend reflects a changing balance between new and old products and a growing 'genericization' of many primary care categories. Low cost producers such as India and China are expected to play a key role in the development of the generics industry.

2. OUTLOOK

The global pharmaceutical market is expected to grow at a 5-6 percent in 2008, compared with 6 percent in 2007. In the U.S. and the five largest European markets, sales growth in 2008 is expected to range from 4-5 percent and 1-2 percent in Japan. Key factors limiting growth in these markets include: a leveling off of growth from the introduction of the Medicare Part D prescription drug benefit in the U.S.; patent expiration of branded product, and an associated increase in the use of lower-cost generics; increased pressure from payers to control costs and limit access to certain treatments; and heightened safety scrutiny and healthcare legislation that is slowing, and in some cases halting, the introduction of new medicines. The seven "pharmerging" markets of China, Brazil, Mexico, South Korea, India, Turkey and Russia are expected to grow 12-13 percent next year, to $85-90 billion. In these markets, there is significantly greater access both to generic and innovative new medicines as primary care improves and becomes more available in rural areas, and as private health insurance becomes more commonly held. Ongoing economic growth in the developing world will continue to shift the focus away from infectious diseases and toward cardiovascular, diabetes and other chronic illnesses.

3. OPPORTUNITIES

The surge in generics together with the expected patent expiry of key immunosuppressant drugs provides Biocon with attractive opportunities in the near to medium term. In addition the opening up of bio-similar in US and Europe is seen as a large opportunity in the medium term. Success in Biocon's Research and Development initiatives into new drug discovery could also yield significant benefits.

4. RISKS & CONCERN

The Generic Industry is subject to patent litigation and regulatory issues. Patent challenges or delay in receipt of regulatory approvals could delay our product launch in key markets. In addition significant additional competition in key products could erode our market shares and result in reduced prices and profitability. The consolidation of the generic industry could result in larger generic players acquiring manufacturing capabilities thereby reducing the market for third party manufacturers. The failure to obtain regulatory approval for new drugs under development could affect long term business opportunities. Other key risks related to our business include loss of key personnel, increase in input costs and strengthening/depreciation of the Indian Rupee against the US Dollar.

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

5. INTERNAL CONTROLS

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

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

The Audit committee addresses significant issues raised by the Internal & Statutory Auditors.

6. HUMAN RESOURCES:

Biocon recognizes that nurturing and recruiting the best talent is vital to the long-term success of the enterprise. Employees are provided with continuous opportunities for active learning and development which are viewed as key drivers of their personal growth and the success of Biocon. The remuneration structure links rewards directly with performance. This performance management system reinforces our work ethics. Employees also participate in the Employee Stock Option Plan and about 10 percent of the Company is owned by Employees and a Trust formed for the benefit of Employees.

The total employee strength of the Company and its subsidiaries at end of the financial year post transfer 2007-08 was 2,772 as against 2,543 at the end of the previous financial year.

7. CAUTIONARY STATEMENT:

The statements made in this report and those appearing elsewhere, may be “forward looking statements” that set forth anticipated results based on management plans and assumptions. These statements are likely to address the Company’s growth strategy, financial results, product development, product approvals, product potential and development programs. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Among the factors that could cause actual results to differ materially are:

a) success of our research and development initiatives;
b) the impact of existing and future regulatory provisions on product exclusivity;
c) competitive developments affecting our product portfolio;
d) interest rate and foreign currency exchange rate fluctuations;
e) statutory legislations and regulations affecting domestic and foreign operations, including tax obligations; and other allied factors

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

8. Discussion on financial performance with respect to operational performance

Overview

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

BALANCE SHEET - MARCH 31 (All amounts in Indian Rupees thousands)

	2008	2007	Change %
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	500,000	500,000	-
Reserves and Surplus	12,781,963	8,916,405	43%
	13,281,963	9,416,405	41%
Loan Funds			
Secured loans	892,634	587,331	52%
Unsecured loans	546,219	480,402	14%
	1,438,853	1,067,733	35%
Deferred Tax Liability	398,237	397,569	-
	15,119,053	**10,881,707**	**39%**
APPLICATION OF FUNDS			
Fixed Assets			
Cost	8,525,081	8,099,852	5%
Less: Accumulated depreciation	2,006,485	1,449,958	38%
Net book value	6,518,596	6,649,894	(-2%)
Capital work-in-progress	646,341	299,048	116%
	7,164,937	6,948,942	3%
Intangible Assets	276,000	512,000	(-46%)
Investments	4,772,602	470,238	915%
Current Assets, Loans and Advances			
Inventories	1,677,350	1,506,589	11%
Sundry debtors	2,256,629	2,748,526	(-18%)
Cash and bank balances	81,244	76,313	6%
Loans and advances	1,235,457	783,541	58%
	5,250,680	5,114,969	3%
Less: Current Liabilities and Provisions	2,345,166	2,164,442	8%
Net Current Assets	2,905,514	2,950,527	-2%
	15,119,053	**10,881,707**	**39%**

Share Capital (Issued, Subscribed & Paid up)

Year ended March	2008		2007	
	Nos.	**Amount**	**Nos.**	**Amount**
Balance at the beginning of the year	100,000,000	500,000	100,000,000	500,000
Share issued during the year	-	-	-	-
Balance at the end of the year	100,000,000	500,000	100,000,000	500,000

The Company has only one class of shares viz. equity shares of par value of Rs 5 each. The authorized share capital of the Company was raised from Rs 20,000 in 2002-03 to Rs 600,000 in 2003-04 represented by 120,000,000 equity shares of Rs 5 each.

The Company carried out a sub-division of equity shares of face value of Rs 10 each into 2 equity shares of Rs 5 each. Consequently, the issued, subscribed and paid -up capital of Rs 18,377 has been divided into 3,675,300 shares of Rs 5 each.

The Company in 2003-04 issued 86,324,700 equity shares of Rs 5 each as bonus shares in the ratio of 23.4877958 shares for every one share held to the shareholders existing as on November 11, 2003, which was the approved record date for this purpose, by capitalisation of the balance in the profit and loss account of Rs 431,624.

In March 2004, the Company made an IPO of 10,000,000 fresh equity shares of Rs 5 each at a price of Rs 315 per share.

Reserves and surplus

The total reserves and surplus has increased from Rs 8,916,405 in March 31, 2007 to Rs 12,781,963 in March 31, 2008. The increase has been on account of profits made during the year Rs 1,955,591 from operations and net exceptional income of Rs 2,393,654 constituted predominantly by the divestment of enzymes division to M/s Novozymes South Asia and adjusted for the proposed dividend of Rs 584,975 inclusive of Dividend distribution tax.

Loan funds

There has been an increase in the loans outstanding from Rs 1,067,733 in March 2007 to Rs 1,438,853 in March 2008. The unsecured loans increased by Rs 65,817 on account of accumulation of interest free deferred sales tax liability in respect of sales made during the year. The sales tax liability(including turnover tax) outstanding to the extent of Rs 542,685 is repayable in five years of ten equal half yearly installments commencing from August 2012.

The secured loan has increased from Rs 587,331 to Rs 892,634 in fiscal 2008 due to increase in borrowed funds for operational purposes.

Fixed Assets	2008	2007	%
Cost	8,525,081	8,099,852	5%
Less : Accumulated depreciation	2,006,485	1,449,958	38%
Net Block	**6,518,596**	**6,649,894**	**(-2%)**
Net Asset turnover ratio	1.35	1.24	
Add: capital work in progress	646,341	299,048	116%
Net fixed assets	**7,164,937**	**6,948,942**	**3%**

During the year 2008, the Company has capitalized fixed assets to the extent of Rs 595,401. The company has started depreciating these assets over their estimated useful lives during the year thereby resulting in an increase in accumulated depreciation.

The capital work in progress as at March 31, 2008 represents advances paid towards acquisition of fixed assets and the cost of assets not put to use. These comprise assets relating to expansion of insulin manufacturing capacities and construction of additional infrastructure facilities at Biocon Park.

The company has a outstanding capital commitments of Rs 261,210 as at March 31, 2008 as compared to Rs 400,600 as of March 31, 2007 on account of the aforesaid ongoing projects.

Investments

The Company as at March 31, 2008 held investments of Rs 4,772,602 as compared to Rs 470,238 as of March 31, 2007. The substantial increase in investments amounting to Rs 4,302,364 is contributed by investment of Rs 4,280,365 in money market instruments (mutual funds) in respect of funds realized from the divestment of enzymes business during the year. The Company during the year made a fresh investment in IATRICa Inc of USD 1,000,000 amounting to Rs 39,650 IATRICA is engaged in and to the Company has entered into a collaborative project for antibodies.

The Company also during the year formed a joint venture in the UAE with M/s Neo Pharma LLC. NeoBiocon FZ LLC, is a 50:50 joint venture focused in the development of west asian markets for the Company's products. The Company has subscribed to 150 shares amounting to Rs 16,371. The Joint Venture was incorporated in the last quarter of the fiscal and is slated to commence commercial operations in the first half of the ensuing fiscal. The company continues to hold investments in 2 wholly owned subsidiaries and other joint venture company iz., Syngene Clinigene, Biocon Biopharmaceuticals of Rs 84,328 , Rs 500 , 89,760 respectively.

Intangible Assets

In April 2006, the Company had emerged at the successful bidder for the assets of Nobex, Inc which primarily included, without limitation, patents relating to certain technologies for Oral Insulin, Oral BNP, Basal Insulin, Apaza and others (collectively referred to as IPs) for a total consideration of Rs 521,138 including costs directly attributable to the said acquisition.

The Company had since decided to amortise the investment in IP – Apaza from October 2006 after its decision to license the same and retain the other IPs for further commercialization / monetization. Further, in December 2007, as a matter of prudence, the Company recorded a total impairment of Rs 220,000 in respect of one of its intellectual property – Oral BNP in view of adverse reports and decline in sales trend of Natrear / Neseritide, a competitive drug. In addition, an amount of Rs 16,000 has been amortised during the year in respect of IPs that were identified as being ready for commercialisation during the earlier period.

Current assets, loans and advances

The current assets, loans and advances have increased from Rs 5,114,969 to Rs 5,250,680 , an increase of 3% over the previous year. This was mainly due to

- Increase in inventories from Rs 1,506,589 to Rs 1,677,350 largely on account of increase in purchase of raw materials and semifinished goods which rose by Rs 87,376 and Rs 84,216 respectively as compared to the previous year.

- Sundry debtors stood at 2,256,629 (net of provision for doubtful debts of Rs 40,454) as at March 31, 2008 as compared to Rs 2,748,526 (net of provision for doubtful debts of Rs 29,555) as at March 31, 2007. These debtors are considered good and realisable. Provision for doubtful receivables as on March 31, 2008 has been made for debtors overdue for more than 360 days subject to review of collectibility of specific dues. Debtors represent an outstanding of 99 days and 116 days of revenue as at March 31, 2008 and March 31, 2007 respectively on a moving average of 3 month's sales.

Provision for doubtful debts represents 0.13% and 0.12% of gross sales for the year ended March 31, 2008 and March 31, 2007 respectively.

Loans and advances has increased from Rs 783,541 to Rs 1,235,457 as on March 31, 2008. This increase of 57.7% is mainly on account of increase in inter corporate deposits to subsidiary / Joint venture company , which has increased from Rs 316,447 to Rs 581,540 , increase in balances with customs, excise and sales tax authorities, which has increased from Rs 173,149 to Rs.281,568 compared to the previous year and increase in advance income tax (net of provisions) amounting to Rs 87,405 as against the previous year.

Current liabilities and provisions

The current liabilities and provisions has increased by 8.3 % from Rs 2,164,442 as at March 31, 2007 to Rs 2,345,166 as at March 31, 2008. This increase is primarily due to proposed dividend of Rs 500,000 (100%) for the year ended March 31, 2008 as against 300,000 (60%) in the previous year .There is a decrease in Sundry creditor balances for capital expenditure as well as other creditors from Rs 370,630 to Rs 301,351 and from Rs.1,105,800 to Rs 1,030,374 respectively as at March 31, 2007.

Revenues

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007	%
INCOME			
Gross sales	8,587,496	8,599,119	-0.1%
Less: Excise duty	266,657	361,717	-26.3%
Net sales	8,320,839	8,237,402	1.0%
Licensing and Development fees	448,413	272,352	64.6%
Other income	522,752	121,105	331.7%
	9,292,004	**8,630,859**	**7.7%**
EXPENDITURE			
Material costs	3,914,284	4,158,125	-5.9%
Employee costs	696,263	603,735	15.3%
Operating and other expenses	1,900,804	1,504,830	26.3%
Interest and finance charges	28,698	77,618	-63.0%
	6,540,049	**6,344,308**	**3.1%**
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES	**2,751,955**	**2,286,551**	**20.4%**
Depreciation and Amortisation (net of transfers)	689,980	576,060	19.8%
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS	**2,061,975**	**1,710,491**	**20.5%**
Provision for Income Tax			
Current Tax	93,036	-	
Deferred taxes	668	117,831	-99.4%
Fringe benefit tax	12,680	9,158	38.5%
PROFIT AFTER TAX ES AND EXCEPTIONAL ITEMS	**1,955,591**	**1,583,502**	**23.5%**
EXCEPTIONAL ITEMS NET OF TAX	2,393,654	-	100.0%
NET PROFIT FOR THE YEAR	**4,349,245**	**1,583,502**	**174.7%**
Balance brought forward from the previous year	4,375,617	3,301,451	32.5%
PROFIT AVAILABLE FOR APPROPRIATION	**8,724,862**	**4,884,953**	**78.6%**
Proposed dividend on equity shares	500,000	300,000	66.7%
Tax on proposed dividend	84,975	50,985	66.7%
Transfer to general reserve	434,925	158,351	174.7%
BALANCE, END OF THE YEAR	**7,704,962**	**4,375,617**	**76.1%**

Biocon's total income has four components:
- Sales of Biopharmaceuticals products;
- Sales of Enzymes products;
- Technical Licensing fees; and
- Other income.

The following table sets out the contribution of each of these components of Biocon's income expressed as a percentage of Biocon's total income for the years ended March 31, 2008 and March 31, 2007:

Sales	**2008**	**2007**
Sale of Products		
Biopharmaceuticals	84.6%	82.8%
Enzymes	4.9%	12.6%
Technical Licensing Fees	4.8%	3.2%
Other Income	5.6%	1.4%
Total Income	**100.0%**	**100.0%**

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

Share of revenues	**2008**	%	**2007**	%
Domestic	3,544,564	42.6%	3,748,241	45.5%
Exports	4,776,275	57.4%	4,489,161	54.5%
Total	**8,320,839**		**8,237,402**	**100.0%**

Biocon's net sales grew by 1 percent to Rs 8,320,839 in 2007-08 while the total income grew by 7.7 percent to Rs 9,292,004. The Company's export revenues from product sales have increased by 6 percent, and domestic sales have decreased by 5.4 percent. The increase in export sales is mainly driven by increase in sale of bio-pharmaceutical products and domestic sales decreased primarily due to the fact that the enzymes business was divested from October 1, 2007.

Revenues from sale of biopharmaceuticals registered a growth of 7.9 percent in March 31, 2008 over March 31, 2007, and the enzymes segment registered a decrease of 51.9 percent over the same period. Enzymes business was divested from October 1, 2007.

Segment and product-wise performance

The segmentation of Biocon's sales is as follows:

	2008	%	**2007**	%
Biopharmaceuticals	7,863,823	94.5%	7,287,258	88.5%
Enzymes	457,016	5.5%	950,144	11.5%
Total	**8,320,839**	**100.0%**	**8,237,402**	**100.0%**

Bio-pharmaceuticals

In pharma, we focus on the manufacture and marketing of APIs that require fermentation and synthetic chemistry skills. Our biopharmaceuticals business contributes towards 94.5 percent & 88.5 percent of our sales in 2007-08 and 2006-07 respectively.

Statins:

Statins are cholesterol-lowering agents used to treat and prevent coronary diseases and are amongst the largest selling drugs worldwide. The Company's statins portfolio presently comprises lovastatin, simvastatin, pravastatin, atorvastatin besides other statins under development. Biocon is currently exporting simvastatin to the US, Europe, Japan and Canada, lovastatin to the US and pravastatin to the US and European markets. The Company has over the years been facing severe pricing pressure in this segment due to increased competition and changing industry price dynamics.

The US patent for Simvastatin and Pravastatin expired during fiscal 2007 and the Company has commenced exports to USA in the 2nd half of fiscal 2007. The Company has also during the year received US FDA qualification for its new facilities at Biocon Park thereby substantially increasing the production capacity to address the Statin global demand.

Immunosuppressants:

Immunosuppressants prevent organ and tissue rejection in transplants and require high technology based manufacturing capabilities. Currently Biocon produces mycophenolate mofetil (MMF), sirolimus and tacrolimus. MMF and tacrolimus are sold largely in the domestic market and certain export markets. Biocon will actively promote it's product in the US, Japanese and European markets. Biocon has filed a DMF for MMF, tacrolimus and sirolimus to address the US markets following patent expiry.

Other biopharmaceutical products:

Biocon also supplies a range of other Biopharmaceutical products. Biocon markets recombinant human insulin in India under its own brand name INSUGEN and has also registered the Insulin in several export markets. In addition Biocon has supply arrangements with Pharma Majors and device companies to supply recombinant human insulin for use in their novel insulin formulations. Some of these delivery systems are undergoing clinical trials.

Sale of Formulations:

Biocon has a dedicated marketing team for finished formulations. This segment, though in the nascent stage, has been growing rapidly. With a focus on the anti-diabetic and cardio-vascular market, Biocon's own insulin brand 'Insugen' is also marketed by the formulation team. The formulation segment currently has a team which comprises of field staff spread across the country, with sales registering impressive growth in FY 2008 as compared to FY 2007. During the fiscal year 2008, Biocon Limited launched its new Nephrology Division and a comprehensive portfolio of renal therapy products. Biocon's Nephrology division is committed to finding solutions to kidney disorders using the highest standards of biotherapeutics and will simultaneously strive towards reducing the risks of the disease in the future, through progressive research and innovative therapies. Biocon also launched BIOMAb-EGFR™, a therapeutic monoclonal antibody-based drug for treating solid tumors of epithelial origin, such as head and neck cancers. BIOMAb-EGFR™ is produced at Biocon's state-of-the-art manufacturing facility at Biocon Park.

Enzymes

Biocon develops and markets a mix of specialty and industrial enzymes for a broad range of industries including food, beverages, brewing and distilling, textiles and paper. The enzymes business has been sold to M/s. Novozymes South Asia Private Limited during the year. Hence, Enzymes sales is only recorded for the first 6 months during the fiscal 2008.

Technical Licensing Fees

These fees represent income received by Biocon towards transfer of proprietary technology in respect of certain bio-generics under long term contracts. They also include fees received by Biocon towards out-licensing it's proprietary products. During the year, there has been an increase of Rs 176,061 in respect of such fees from Rs 272,352 in fiscal 2007 to Rs 448,413 in fiscal 2008. Biocon is committed towards tapping more revenues from this source by scaling up a large number of bio-generics including Insulin, GCSF, ERYPRO, Streptokinase, Retiplase, etc. and advancing our discovery programs including oral insulin and Monoclonal Antibodies against CD6, EGFR, CD 20 & CD 10.

Other Income

The Other income has registered a increase of 331.7 percent compared to the previous year. Other income consists primarily of dividend income from investment amounting to Rs 138,746 as compared to Rs 2,922 in the fiscal 2007. It also includes milestone receipts of Rs 174,997 and charges billed to group companies for services rendered for support services which has increased from Rs 70,792 in fiscal 2007 to Rs 169,202 in fiscal 2008.

Material costs

Material costs includes Biocon's consumption of raw materials and traded goods and increases or decreases in stock.
Materials costs has decreased by 5.9 percent from Rs 4,158,125 to Rs 3,914,284 over the previous year. But as a percentage of sales, the material cost has decreased by 3.5 percent mainly on account of increased manufacturing activity and reduction in sourcing of advanced intermediates.

Employee costs

Staff cost comprises:

- Salaries, wages, allowances and bonuses;
- Contributions to provident fund;
- Contributions to superannuation, gratuity and leave encashment;
- Amortisation of Employees stock compensation expenses, and
- Welfare expenses (including employee insurance schemes and other miscellaneous employee benefits)

Staff costs has increased from Rs 603,735 for the fiscal year 2007 to Rs 696,263 for the fiscal year 2008. The increase in employee costs is mainly due to increments during the year and addition to employees.

Operating and other expenses

Operating and other expenses comprises of rent; travelling and conveyance; communication; professional charges; power and fuel; patent fees; consumables; repairs and maintenance; general expenses; freight outwards; sales promotion; commissions; bad debts write off; provisions for bad and doubtful debts; printing and stationary; insurance; rates, taxes and fees; and losses on sales of assets.
Operating and other expenses have increased by 26.3 percent from Rs 1,504,830 for the year 2007 to Rs 1,900,804 for the year 2008 mainly on account of the following:

- 23 percent increase in power and fuel costs from Rs 620,715 in fiscal 2007 to Rs 761,171 in fiscal 2008 and 26 percent increase in repairs and maintenance costs from Rs 166,500 in the previous year to Rs 209,925 in fiscal 2008 on account of increase in production activity at Biocon Park .
- 20 percent increase in research and development expenses from Rs 159,738 to 191,169 on account of increase in our ongoing research initiatives including the oral insulin project
- 38.8 percent increase in Selling expenses from Rs 226,415 in FY 2007 to Rs 314,246 in FY 2008 due to increased sales of Healthcare products and launch of oncology and nephrology marketing division.

Interest and Finance Charges

Interest and finance charges have decreased from Rs 77,618 in fiscal 2007 to Rs 28,698 in fiscal 2008 due to decrease in average borrowings to finance the working capital.

Depreciation

During the year depreciation has increased by Rs 113,920 amounting to an increase of 19.8 percent over fiscal 2007 on account capitalization of Biocon park assets resulting in high depreciation charge for full year on additions made in the previous year on June 7, 2006. This cost as a percentage of sales has also increased from 7.0 percent in fiscal 2007 to 7.4 percent in fiscal 2008.

Provision for Taxes

Provision for current, fringe benefits and deferred taxes in the year ended March 31, 2008 was Rs 106,384 as against Rs 126,989 in fiscal 2007. The reduction in taxes is mainly due to higher depreciation associated with Biocon Park and exemption on export sales from 100 percent EOUs. Tax provision on exceptional income is Rs 683,892.

Net Profit, As Restated

Net profit from operations, for fiscal year 2008 has increased by 23.5 percent amounting to Rs 1,955,591 resulting in an earning per share of Rs 20.25. Increase in sales volume has offset impact of pricing pressure and increased fixed costs. The exceptional income net of taxes from divestment of Enzymes business is Rs 2,393,654 .

Liquidity

Our primary liquidity needs have been to finance our working capital requirements and our capital expenditures. These costs have been funded principally by cash flows from operations and short-term borrowings. The Company has during the year deployed the amounts realised from sale of Enzymes business in money market instruments.

	2008	2007
Net cash generated from operating activities	2,647,224	1,168,145
Net cash used for investing activities	(2,708,798)	(867,749)
Net cash generated from/(Used) in financing activities	66,129	(244,427)
Net increase/(decrease) in cash and cash equivalents	4,555	55,969

As at March 31, 2008, cash and cash equivalents amounted to Rs 79,834. The principal source of cash and cash equivalents in fiscal 2008 was from cash flows from operations and cash realised from divestment of Enzymes business amounting to Rs 2,647,224 which was partly invested in fixed assets to the extent of Rs 960,856 and the balance was deployed in non-trade instruments.

Operating activities

Net Cash flows from operating activities for fiscal 2008 increased by 126.6 percent over fiscal 2007 due to higher operating income and decrease in working capital.

Investing activities

The Company's cash flows from investing activities were used primarily to fund purchase of fixed assets and trade investments.

Financing activities

The net cash flows from financing activities increased due to increase in short-term borrowings.

PERFORMANCE OF SUBSIDIARIES

Syngene International Limited

Syngene is a 99.99 percent owned subsidiary of Biocon Limited. Syngene was incorporated on November 18, 1993 with an authorised share capital of Rs 5,000. Syngene works in two main research areas: Synthetic chemistry and molecular biology. Syngene is also involved in custom chemical synthesis.

Syngene's total income primarily consists of net sales from contract research services and sales of compounds. Substantially all Syngene's contracts are based on time and material management. Revenue from these contracts are recognised as and when services are rendered, in accordance with the terms of the contract. Syngene's total revenue has increased Rs 1,316,928 to Rs 1,604,283 representing a growth of 22 percent. This growth in revenue is on account of increase in the number of clients. In addition, Syngene's income from investment of its surplus funds in mutual fund units has decreased from Rs 34,150 in the fiscal 2007 to Rs 23,419 in the fiscal 2008.

Syngene's expenses mainly comprises of raw-material costs and staff costs. Raw material cost consists of lab consumables used for research. The increase in revenue was mainly offset by increase in material cost by 39 percent from Rs 349,060 in fiscal 2007 to Rs 483,715 in fiscal 2008 and staff cost by 40 percent from Rs 261,855 to Rs 366,835 as compared to the previous year. Increase in material cost and staff cost are due to increased business and increase in head count. Other costs increased by 95 percent from Rs 121,387 to Rs 236,438 in fiscal 2008.

Net profit for fiscal 2008 has decreased by Rs 164,879 to Rs 331,772 from Rs 496,651 primarily due to increased depreciation charge of Rs 86,445, over the previous fiscal and impact of the strengthening of the Indian rupee.

Abbreviated profit and loss statement - Syngene

	2008	2007
Total Income	1,604,283	1,316,928
Profit before tax (PBT)	354,652	512,182
PBT Margin	22.1%	38.9%
Profit after tax (PAT)	331,772	496,651
Net Margin	20.7%	37.7%

Syngene contributes 14.7 percent to the consolidated income and 14.8 percent to the consolidated profits of the group. In the previous year, Syngene contributed 13.3 percent and 24.8 percent to the consolidated income and profits of the group respectively.

Clinigene International Limited

Clinigene is a 100 percent owned subsidiary of Biocon Limited. Clinigene was incorporated on August 4, 2000 with an authorised share capital of Rs 5,000. Clinigene was established to undertake clinical and other trials and validation for drugs and pharmaceuticals and to conduct research in the area of medical sciences for development of new and improved drugs.

Clinigene's total income principally consists of income from clinical research fees and also Bio-analytical and Bio-equivalence studies. Clinigene enters either into time and material contracts and/or fixed price arrangements. Revenue from time and material contracts are recognised on a monthly basis as services are rendered in accordance with the terms of the applicable contracts. Revenue from fixed price contracts is recognised based on the percentage completion method. Total revenue of Clinigene increased from Rs 115,502 in fiscal 2007 to Rs 227,163 in fiscal 2008, primarily on account of increase in clinical research fees.

Clinigene's expenses comprise of research material costs, consultancy fees, staff cost, other operating expense, interest cost, depreciation and provisions for fringe benefit tax. Consultancy fees has increased by 20 percent from Rs 9,230 to Rs 11,075 as compared to 2007, Clinigene's staff cost has increased by 46.2 percent from Rs 32,252 to Rs 47,147 as compared to previous year. This is because Clinigene is in the process of developing its clinical research capabilities and is hiring employees. As Clinigene require additional funds to develop its capabilities and become profitable, Biocon Limited is supporting it in its funding. The interest expenses has increased from Rs 9,010 to Rs 9,807 on account of borrowings for setting up of its new clinical research facility at Semicon Park. As at March 31, 2008, it had accumulated losses of Rs 31,207.

Profit for the year ended March 31, 2008 of Rs 23,739 as against Rs 7,812 in the previous year ,has been consolidated with the profits of the group in the consolidated financial statements.

Biocon Biopharamaceuticals Private Limited

BBPL is a joint venture company and currently 51 percent of its shares are held by Biocon and the balance 49 percent by CIMAB, Cuba. BBPL was incorporated on June 17, 2002 with an authorised share capital of Rs 500 and in the year 2004 increased to Rs.10,000. In 2007 the authorized share capital was increased from Rs 132,000 to Rs 440,000. BBPL has been established to produce and sell certain biologicals. BBPL has commenced commercial operations during fiscal 2008. Biocon holds 8,976,000 equity shares and CIMAB holds 8,624,000 equity shares of Rs.10 each respectively.

As at March 31, 2008, BBPL has accumulated losses of Rs 325,611. Biocon's share in the accumulated losses of BBPL aggregates Rs 166.062.

Consolidated financial statements

Biocon has prepared consolidated financials in accordance with Indian GAAP and US GAAP by consolidating its subsidiaries - Syngene and Clinigene and Joint Ventures BBPL and NeoBiocon - FZ LLC. The abbreviated consolidated Indian GAAP and US GAAP profit and loss account is as under :

Abbreviated consolidated profit and loss statement - Indian GAAP

	2008	2007
Total Income	10,902,049	9,896,179
Profit before tax (PBT)	2,309,094	2,109,968
PBT margin	21.2%	21.3%
PAT after minority interest	2,245,440	2,002,616
Net margin	20.6%	20.2%

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

ANNEXURE TO DIRECTORS' REPORT

Statement pursuant to Section 217 (2A) of the Companies Act, 1956 & Companies (Particulars of Employees) Rules 1975

DETAILS OF REMUNERATION PAID DURING THE YEAR ENDED 31st March 2008

Sl. No.	Name Designation & Nature of Duties	Age	Remuneration Rs.	Qualification & Experience	Date of Commencement of employment	Last employment
1	Dr. Arun Chandavarkar Chief Operating Officer	47	12,223,501	Ph.D (Chemical Engineering) 17 Years	8-Nov-90	---
2	Mr. Akash Puranik General Manager - Marketing	35	2,679,104	B Pharm., M. Tech 12Years	21-Jul-97	Management Executive - Khandelwal Lab Ltd. Mumbai
3	Mr. Anindya Sircar General Manager - I.P.R	39	3,809,300	M.Sc., Ph.D (Micro)., Ph. D (Law) 11 Years	3-Mar-97	--
4	Mr. Chinappa M B Vice President - Finance	40	6,981,201	B.Com., ACA 14 Years	12-Jul-99	Manager - Finance ITC Limited, Calcutta
5	Mr. Harish V Iyer General Manager - Research & Development	39	3,254,600	B.Tech., Ph.D 13 Years	18-Dec-01	--
6	Mr. J M M Shaw Vice Chairman	59	7,661,801	M.A (Hons) 36 Years	1-Apr-99	President-Berghaus International Fashion Group, Holland
7	Mr. Kedarnath N Sastry Chief Sci.Manager - Research & Development	53	2,793,892	M.Sc., Ph.D 27 Years	1-Feb-01	R&D - Director Bangalore Genei Pvt.Ltd.
8	Ms. Kiran Mazumdar Shaw Chairman & Managing Director	55	11,592,761	B.Sc (Hons) PGD in Malting & Brewing 33 Years	1-Dec-78	Consultant Jupiter Breweries Ltd.
9	Mr. Murali Krishnan K N President - Group Finance	52	11,566,361	B.Com., (C.A) 26 Years	9-Nov-81	--
10	Mr. Prasad B S V General Manager - Production	41	3,115,265	M.Sc., M.Tech 16 Years	15-Sep-99	Dep.Manager - Projects Gujarat Themis Biosyn Ltd.
11	Mr. Rakesh Bamzai President - Marketing	43	11,586,361	B.Sc (Food & Fermentation Tech) 19 Years	19-Apr-95	Asst. G.M. - Marketing Advanced Biochemicals Ltd.
12	Mr. Ravi.C Dasgupta Group Head - HR	44	3,045,383	B.Sc., PGD(PM&IR).,LLB 20 Years	23-Feb-07	Director - HR Allergan (I) Pvt.Ltd.
13	Mr. Ramalingeshwara Rao. K General Manager - Marketing	57	2,975,872	B. Sc. (Life Science) 29 Years	5-Mar-03	Director Business Development Novo Nordisk India Pvt Ltd.
14	Mr. Radhakrishnan G Senior Manager - Systems	46	2,952,883	B.Sc 22 Years	1-Jan-96	--
15	Mr. Sandeep Rao General Manager - Marketing	35	3,894,800	M.Sc, PGDM 9 Years	15-Jun-99	--
16*	Mr. Shrikumar Suryanarayanan President - Research & Development	48	13,157,410	M.Tech(Chemical Engineering) 24 Years	2-May-84	--
17	Mr. Sreenivasan Raman General Manager - Production	43	2,547,896	M. Tech 19 Years	7-Apr-04	Director - Formulation Ranbaxy Laboratories, Gurgaon
18	Mr. Sundaresh S.R. General Manager - Purchase	50	3,240,437	B.Sc, PGDBA 23 Years	2-Feb-04	Director - Commercial Maini Material Movement Pvt.Ltd.
19*	Mr. Shukrit S Chimote General Manager - Business Development	34	508,951	M.S, MBA, MIA, 8 Years	2-Feb-08	Assoc. Director, Global Marketing Bristol Myerr Squibb
20*	Mr. Subir Kumar Basak General Manager - Business Development	38	1,500,389	M.S., Ph.D., MBA 12 Years	1-Dec-05	Global Operation Leader Amgen

* Employed for part of the year with an average salary of above Rs 2 Lakh per month

Note:

1. Remuneration shown above inlcudes Salary, Allowances, Bonus (based on receipt) , Company's contribution to P.F, Super Annuation and other perquisites valued as per Income Tax Rules, 1962.
2. Nature of employment in all cases is contractual. The other terms and conditions are as per Company's Rules.
3. Ms. Kiran Mazumdar & Mr. J M M Shaw are the Directors of the company and are related to each other. No other employee mentioned above is related to any Director of the Company.

Ms. Kiran Mazumdar Shaw
Chairman & Managing Director

Place: Bangalore
Date: April 22, 2008

ANNEXURE TO DIRECTOR'S REPORT

[CORPORATE GOVERNANCE REPORT]

The detailed report on Corporate Governance for the financial year from April 1, 2007 to March 31, 2008, as per the format prescribed by SEBI and incorporated in the revised Clause 49 of the Listing Agreement is set out below:

1. Company's philosophy on Corporate Governance:

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

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

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

2. Board of Directors:

2. i. Composition:

The Board of directors comprises 7 members including two executive directors, five non-executive directors, of which four are independent directors. Kiran Mazumdar-Shaw is the Chairman and Managing Director of the Company and John Shaw is the Vice-Chairman. Kiran Mazumdar-Shaw and John Shaw conduct the day-to-day management of the Company, subject to the supervision and control of the Board of Directors. The independent directors on the Board are scientists, professionals and technocrats who are senior, competent and highly respected persons from their respective fields. The brief profile of the Company's Board of directors is as under:

Dr. Kiran Mazumdar-Shaw, 55 years, Chairman and Managing Director, is a first generation entrepreneur with more than 30 years' experience in the field of biotechnology. After graduating in B.Sc. (Zoology Hons.) from Bangalore University in 1973, she completed her post-graduate degree in malting and brewing from Ballarat College, Melbourne University in 1975. She was awarded an Honorary Doctorate from the Manipal Academy of Higher Education (MAHE), in recognition of outstanding achievements in biotechnology and industrial enzymes in 2005. She is a founder promoter and has led the Company since its inception in 1978. She is currently the Director of Syngene International Limited, Clinigene International Limited, Biocon Biopharmaceuticals Private Limited, Narayana Institute for Advanced Research Private Limited and Narayana Hrudayalaya Private Limited. She was previously a consultant with Jupiter Breweries Limited. She is the recipient of several awards, the most noteworthy being the 'Padmabhushan' Award (one of the highest civilian awards in India) in 2005 conferred by the President of India, the Ernst & Young Entrepreneur of the Year Award in 2002 for the Healthcare & Life Sciences category and the BioSpectrum Person of the Year Award in 2003. She heads several biotechnology task forces including the Karnataka Vision Group on Biotechnology, an initiative by the Government of Karnataka and the National Taskforce on Biotechnology for the Confederation of Indian Industry (CII). Most recently she has been invited to join the Prime Minister's Council on Trade and Industry.

Mr. John Shaw, 59 years, Vice-Chairman, is a foreign promoter and a whole-time director of the Company. He is also a controlling shareholder and director of Glentec International. He completed his M.A. (Economic Hons.) in History and Political Economy from Glasgow University, U.K. in 1970. He had 27 years' experience with Coats Viyella plc. in various capacities including finance and general administration. He had served as Finance Director and Managing Director of Coats Viyella group companies in various locations around the world, before he came on the Board of Biocon Limited in 1999.

Dr. Neville Bain, 68 years, has vast experience in the field of finance, strategy and general management. He graduated from Otago University, New Zealand, with a Master of Commerce (Hons) degree and double Bachelor degrees in Accounting and Economics. He has also been awarded the degree of Doctor of Law, is a Fellow Chartered Accountant, a Fellow Cost and Management Accountant, a Fellow Chartered Secretary and a Fellow of the Institute of Directors. He spent 27 years with the Cadbury Schweppes group, having responsibility for the world-wide confectionery business and then as Deputy Chief Executive and Finance Director. This was followed by a six-year term as Chief Executive Officer of Coats Viyella plc, and then as Chairman and Director of various organisations. He is the Chairman of the Institute of Directors and also a board member of Scottish Newcastle Pension Trustees Limited. He has published books on Corporate Governance, Strategy and the effective utilisation of people in organisations.

Prof. Charles L. Cooney, 63 years, is the Professor of Chemical & Biochemical Engineering, Faculty Director of the Deshpande Center for Technological Innovation. He obtained his Bachelor's degree in Chemical Engineering from the University of Pennsylvania in 1966, his Master's degree and his Ph.D in Biochemical Engineering from MIT in 1967 and 1970 respectively. His research interests span topics in biochemical engineering and pharmaceutical manufacturing. He is a recipient of several prestigious awards, including Gold Medal of the Institute of Biotechnology Studies (London), the Food, Pharmaceutical and Bioengineering Award from the American Institute of Chemical Engineers and the James Van Lanen Distinguished Service Award from the American Chemical Society. He serves as a consultant to and director of a number of biotech and pharmaceutical companies globally and is on the editorial boards of several professional journals.

Mr. Suresh N. Talwar, 69 years, is a partner in Talwar Thakore & Associates, a law firm of repute. He completed his B.Com from the University of Bombay in 1959, his LL.B. from the Government Law College, Bombay in 1961 and is a solicitor of the Incorporated Law Society, Mumbai in 1966. His area of professional specialisation is in corporate law and other related matters. He has been the legal counsel to numerous Indian companies, multinational corporations as well as Indian and foreign banks. He was a partner of Crawford Bayley & Co., a reputed Indian law firm. He is also a director of several leading companies in India.

Prof. Ravi Mazumdar, 53 years, completed his Ph.D from the University of California, Los Angeles, U.S.A. in 1983. Prior to this, he obtained his B.Tech from the Indian Institute of Technology, Bombay in 1977 and his Masters in Science from the Imperial College of Science, London in 1978. He is a professor in University of Waterloo, Canada and has been professor in several prestigious universities including Purdue University, U.S.A, Columbia University, U.S.A., University of Essex, U.K., Mc Gill University, Canada and the Indian Institute of Science, Bangalore. He has over 100 refereed publications in international journals in the area of applied probability and stochastic processes, non-linear dynamical systems, statistical signal processing, queuing theory and in the control and design of high-speed networks. He has been a member of several advisory committees and working groups, including the US Congress Sub-Committee on Science and Technology. He is a Fellow of the Royal Statistical Society and Fellow of the Institute of Electrical and Electronics Engineers, Inc. He is the younger brother of Dr. Kiran Mazumdar-Shaw.

Dr. Bala S. Manian, 63 years, has been a part of the Silicon Valley entrepreneurial community over the last three decades and is responsible for successfully starting several life science companies. Dr. Manian is a co-founder of Quantum Dot Corporation and a co-founder of SurroMed Corporation. He was also chairman of Entigen Corporation, a Bioinformatics company. He was the founder and Chairman of Biometric Imaging, Inc. Prior to founding Biometric Imaging, Inc., Dr. Manian founded Digital Optics Corporation, an optical instrumentation and systems development Company in 1980 and two other Companies, Lumisys and Molecular Dynamics in June 1987. Dr. Manian is presently the CEO of ReaMetrix Inc. He has been recognized through several awards for his contributions as an educator, inventor and an entrepreneur. In February 1999, the Academy of Motion Picture Arts and Sciences awarded a Technical Academy Award to Dr. Manian for advances in digital cinematography. He has a B.S. in Physics from the University of Madras, a M.S. in Applied Optics from the University of Rochester and a Ph.D. in mechanical engineering from Purdue University. He was a faculty member of the University of Rochester's Institute of Optics for four years, teaching courses in optical fabrication and testing, optical instrumentation and holography. At present, he serves as a member of the Board of Trustees of University of Rochester.

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

Status of Directors:

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

	Name of the Director	Office/Designation	Executive/ Non-Executive	Independent/ Non-Independent
1	Dr. Kiran Mazumdar-Shaw	Chairman & M D	Executive	Non-Independent
2	Mr. J M M Shaw	Vice Chairman	Executive	Non-Independent
3	Prof. Ravi Mazumdar	Director	Non-Executive	Non-Independent
4	Dr. Neville Bain	Director	Non-Executive	Independent
5	Prof. Charles L Cooney	Director	Non-Executive	Independent
6	Mr. Suresh N Talwar	Director	Non-Executive	Independent
7	Dr. Bala S Manian	Director	Non-Executive	Independent

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

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

During the financial year ended March 31, 2008, Board of Directors met 4 times on April 19, 2007, July 18, 2007, October 18, 2007 and January 17, 2008. The composition of the Board of Directors and their attendance at the Board meeting during the year and at the last Annual General Meeting together with the number of other directorships are given below:

Name of the Director	No. of Board meetings attended	Attendance at the last AGM	No. of other Directorships (*)
Dr. Kiran Mazumdar-Shaw	4	Yes	4
Mr. John Shaw	4	Yes	4
Prof. Ravi Mazumdar	3	Yes	2
Dr. Neville Bain	4	Yes	5
Prof. Charles Cooney	4	Yes	5
Mr. Suresh Talwar	3	No	46*
Dr. Bala S Manian	4	Yes	3
Prof. Catherine Rosenberg (Alternate Director to Prof. Ravi Mazumdar)	1	Yes	1

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

Availability of information to the Members of the Board

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

2. iii. Details of Directorships in other Companies:

The details of directorships of the Company's Directors in other companies as on March 31, 2008 are given below:

Name of Company/ Firm	Nature of Interest
Dr. Kiran Mazumdar Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Managing Director
Narayana Institute for Advanced Research Private Limited	Director
EXIM Bank	Non-Official Director
Narayana Hrudayalaya Private Limited	Director
Mr. J M M Shaw	
Syngene International Limited	Director
Clinigene International Limited	Director
Biocon Biopharmaceuticals Private Limited	Director
Glentec international	Director
Prof. Ravi Mazumdar	
Glentec International	Director
Clinigene International Limited	Director
Syngene International Limited	Alternate Director
Dr. Neville C Bain	
Scottish & Newcastle Pension Trustees Limited	Director
Syngene International Limited	Director
Neville Bain Developments Limited	Director
Provexis Limited	Director
Prof. Charles Cooney	
Syngene International Limited	Director
Genzyme Corporation	Director
Bio Processors Inc.	Director
Intelligen. Inc.	Director
Bioscale. Inc.	Director
LS9, Inc.	Director

Mr. Suresh N Talwar	
PZ Cussons India Pvt. Ltd	Chairman & Alterante Director
FCI OEN Connectors Ltd.	Chairman & Alterante Director
Trans Warranty Finance Limited	Chairman & Alterante Director
Armstrong World Industries (India) Ltd.	Chairman
Merck Ltd.	Chairman
Romil Finance & Investments Pvt. Ltd.	Chairman
Sidham Finance and Investments Pvt. Ltd.	Chairman
20th Century Fox Corpn (I) Pvt. Ltd.	Chairman
Aon Global Insurance Services Pvt. Ltd.	Director
Birla Sun Life Insurance Co. Ltd.	Director
Birla Sun Life Trustee Co. Ltd.	Director
Blue Star Ltd.	Director
Blue Star Infotech Ltd.	Director
Cadbury India Limited	Director
Carborundum Universal Ltd.	Director
Cholamandalam MS General Insurance Co. Ltd.	Director
Chowgule and Company Ltd.	Director
Collins Stewarat Inga Pvt. Ltd.	Director
Decagon Investments Pvt Ltd.	Director
Emerson Process Management (India) Pvt. Ltd.	Director
Epitome Global Serives	Director
Greaves Cotton Ltd.	Director
India Debt Management Pvt. Ltd	Director
India Value Fund Trustee Co. Pvt. Ltd.	Director
IVF (Mauritius) PC	Director
IVF(Mauritius) Ltd.	Director
Morgan Stanley India Co. Pvt. Ltd. (formerly JM Morgan Stanley Securities Pvt. Ltd.)	Director
John Fowler (India) Pvt Ltd	Director
Larsen & Tourbro Ltd	Director
MF Global (India) Pvt. Ltd. (formerly Man Financial (India) Ltd.)	Director
Rediffusion – Dentsu, Young & Rubicam Pvt. Ltd.	Director
Rakeen Development PJSc	Director
Reva Electric Car Co. Pvt. Ltd.	Director
Sandvik Asia Ltd.	Director
Shrenuj & Co. Ltd.	Director
Solvay Pharma India Ltd.	Director
Snowcem Paints Pvt. Ltd.	Director
Swiss Re Shared Sevices (India) Pvt. Ltd.	Director
Showdiff Worldwide Pvt. Ltd.	Director
Sonata Software Limited	Director
Warner Bros Pictures (India) Pvt. Ltd.	Director
Schenectady (India) Holdings Pvt. Ltd.	Additional Director
SI Group- India Ltd. (formerly Schenectady Herdillia Ltd.)	Additional Director
Uhde India Ltd.	Additional Director
Wave Suspension Systems India Pvt. Ltd.	Additional Director
Albright & Wilson Chemicals India Ltd.	Alternate Director
Elantas Beck India Ltd. (formerly Beck India Ltd.)	Alternate Director

Dr. Bala S Manian	
ReaMetrix Inc., USA	Director
ReaMetrix India Private Limited	Director
ICICI Knowledge Park	Director
Vaccinex Inc.	Director

Prof. Catherine Rosenberg	
Syngene International Limited	Director

2. iv. Details of membership/Chairmanship of Directors in Board Committees:

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

Sl. No.	Name of the Director	Name of the Indian public Limited Company	Nature of the Committee	Member/Chairman
1.	Dr. Kiran Mazumdar-Shaw	Biocon Limited	Investors' Grievance	Member
2.	Mr. J M M Shaw	Biocon Limited	Investors' Grievance	Member
3.	Prof. Ravi Mazumdar	Biocon Limited	None	None
4.	Dr. Neville Bain	Biocon Limited	Audit Committee Investors' Grievance	Chairman Chairman
5.	Prof. Charles Cooney	Biocon Limited	Audit Committee	Member
6.	Mr. Suresh Talwar	Biocon Limited Blue Star Ltd. Blue Star Infotech Ltd. Beck India Ltd. Cadbury India Ltd. FCI OEN Connectors Ltd. Merck Ltd. Sandvik Asia Ltd. Solvay Pharma India Ltd.	Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee Audit Committee	Member Chairman Member Member Member Chairman Chairman Chairman Member
7.	Dr. Bala S Manian	Biocon Limited	None	None

None of the Directors of the Company hold memberships of more than ten Committees nor is any Director the Chairman of more than five Committees of the Board of all companies where he holds Directorships.

*For this purpose Membership/Chairmanship in Audit Committee and Investors Grievance Committee are reported and other committee Membership/Chairmanship has not been included in this report.

2. v. Code of Conduct:

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

Certificate of Code of Conduct:

Biocon Group is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. The Company has adopted a "Code of Ethics and Business Conduct" which is applicable to all directors, officers and employees.

I hereby certify that all the Board Members and Senior Management have affirmed the compliance with the Code of Ethics and Business Conduct, under a certificate of Code of Conduct for the year 2007-08.

For Biocon Limited

Bangalore
March 31, 2008

(Sd/-)
Ms. Kiran Mazumdar-Shaw
Chairman and Managing Director

2. vi. Shareholding of Directors:

Name of the Director	Nature of Directorship	No. of shares held as on 31.03.08
Dr. Kiran Mazumdar-Shaw	Executive	39,643,782
Mr. J M M Shaw	Executive	703,779
Prof. Ravi Mazumdar	Non-Executive	649,357
Dr. Neville C Bain	Non-Executive	500,000
Prof. Charles Cooney	Non-Executive	359,761
Mr. Suresh N Talwar	Non-Executive	15,000
Dr. Bala S Manian	Non-Executive	1,250
Prof. Catherine Rosenberg (Alternate Director)	Non-Executive	Nil

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

2. viii. Notice of interest by Senior Management personnel.
The Board has noted the notice by senior management disclosing all material financial and commercial transactions where they have personal interest.

3. Audit Committee:

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

3. ii. Composition:
The Board constituted the Audit Committee on April 16, 2001. The following directors are the current members of the Committee:
a) Dr. Neville Bain
b) Prof. Charles Cooney
c) Mr. Suresh Talwar (w.e.f. July 2003)

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

3. iii. Meeting and attendance during the year:

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

During the year 2007-08, the Committee met 4 times on April 18, 2007, July 17, 2007, October 17, 2007 and January 16, 2008. The Senior Management and Auditors were invited to attend the meeting of the audit committee and attended all meetings. The Company Secretary acts as the Secretary to the Audit Committee.

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

The Committee also recommended to the Board of Directors the re-appointment of M/s. S. R. Batliboi & Associates, Chartered Accountants, as Statutory Auditors of the Company from conclusion of 2008 Annual General Meeting to the forthcoming Annual General Meeting.

The Committee also reviewed Internal Audit reports, Internal Control Systems, utilization of IPO proceeds, risk management policies, related party transaction, etc. from time to time.

Audit committee members are advised of the work of independent internal auditors. M/s. Grant Thornton who review the control processes in place and report quarterly to the audit committee.

3. iv. Subsidiary Companies:
The Company has two subsidiary companies, Syngene International Limited, Clinigene International Limited and two joint ventures, Biocon Biopharmaceuticals Private Limited and NeoBiocon FZ LLC, as explained in the Directors Report. None of the subsidiary companies represent more than 20% of turnover or net worth of the Company. However, two independent Directors of the Company are on the Board of Syngene International Limited.

The Audit committee of the Company also reviews the financial statements of all the subsidiary companies. The minutes of the Board Meetings of subsidiary companies are placed at the Board Meetings of the Company and reviewed in detail.

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

4. Remuneration Committee:

4. i. Terms of Reference:

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

4. ii. Constitution:

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

a) Prof. Charles L Cooney
b) Dr. Neville Bain

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

4. iii. Meeting and Attendance during the year:

During the year 2007-08, the Committee met 4 times on April 18, 2007, July 17, 2007, October 17, 2007 and January 16, 2008 and all the members attended all the meetings.

4. iv. Remuneration Policy

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

a) Job responsibilities
b) Key performance areas of the employees/directors
c) Industry trend

4. v. Details of Remuneration:

The details of remuneration and sitting fees paid or provided to each of the Directors during the year ended March 31, 2008 are given below:

Name of the Director	Salary and perquisites Rs.				Sitting Fees Rs.	Stock Options Nos.
	Fixed pay	Perquisites	Variable pay (performance Bonus)	Retiral benefits		
Dr. Kiran Mazumdar-Shaw	10,527,000	26,400	580,000	459,360	-	-
Mr. J M M Shaw	7,081,800	-	580,000	-	-	-
Prof. Ravi Mazumdar	-	-	-	-	60,000	-
Dr. Neville Bain	-	-	-	-	180,000	-
Prof. Charles Cooney	-	-	-	-	180,000	-
Mr. Suresh Talwar	-	-	-	-	120,000	
Dr. Bala S. Manian	-	-	-	-	80,000	
Prof. Catherine Rosenberg (Alternate Director)	-	-	-	-	20,000	-

*Of the Board Members, only Dr. Kiran Mazumdar-Shaw and Mr. J M M Shaw are Executive Directors and others are Non-Executive Directors.

The Chairman & Managing Director and the Vice-Chairman were paid remuneration, including performance bonuses, as approved by the shareholders at the last Annual General Meeting.

Pecuniary relations or transactions of the Non-Executive Directors:

There were no pecuniary relationship or transactions of non-executive directors vis- a-vis the Company which has potential conflict with the interests of the Company at large. Prof. Charles L Cooney and Dr. Bala S Manian are Chairman and member of the Scientific Advisory Board respectively and are paid sitting fees for attending the meetings of the Scientific Advisory Board. These transactions do not have any potential conflict of interest with the Company at large.

The transactions of Non-Executive Directors were disclosed to the Board and Board noted that all pecuniary relationship and transactions are non-material and does not affect the independence of the Director.

The financial transactions with the Non-Executive Directors during year were:

Sl. No.	Name of the person	Designation	Nature of transaction	Amount (Rs.)
1.	Prof. Charles L Cooney	Director	Sitting fees as Chairman of Scientific Advisory Board	419,500
2.	Dr. Bala S Manian	Director	Sitting fees as Member of the Scientific Advisory Board	419,500

Compensation/Fees paid to Non-Executive Directors:
The Non-executive directors were paid sitting fees for attending the Board and Committee Meetings.

Dr. Neville Bain and Prof. Charles Cooney, who are non-executive independent directors were granted stock options to purchase 195,902 shares each (adjusted for bonus issues and stock splits) in Biocon Limited, in the year 2002. All the options were vested, exercised and transferred.

Besides, Prof. Charles L Cooney and Dr. Bala S Manian were paid sitting fees for attending the meetings of the Scientific Advisory Board of the Company.

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 also to involve and contribute to the evolution of the Company. The non-executive and independent directors of the Company are eminent scientists, researchers, technocrats and professionals and some of the directors are members of Scientific Advisory Board of Company. The Company seeks their expert advice on various matters in science, technology, legal or IP. Hence the compensation to the non-executive directors towards the professional services to the Company is recommended. Shareholders have given their approval for the same at their annual general meeting held on July 19, 2006.

5. Shareholders:

5. i. Investor Grievances Committee:
Prior to the Initial Public offering of the Company, i.e. on January 17, 2004, the Board constituted this committee with the following members:

a) Dr. Neville Bain, Chairman
b) Dr. Kiran Mazumdar Shaw
c) Mr. J M M Shaw

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

During the year 2007-08, the Committee met 4 times on April 18, 2007, July 17, 2007, October 17, 2007 and January 16, 2008 and all the members attended all the meetings.

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

5. ii. Compliance officer:
Mr. Kiran Kumar G, Company Secretary was designated as the compliance officer under SEBI (Disclosure and Investor Protection) Guidelines, 2000 for overseeing/addressing the investor complaints.

5. iii. Details of Shareholders Complaints
Details of the shareholders complaints received and redressed during the year:

Complaints Received	Complaints solved	Pending
120	120	0

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

6. General Body Meetings:

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

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

Year	Date and Time	Venue	Special resolutions passed
2004-05	July 20, 2005	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2005-06	July 19, 2006	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil
2006-07	July 18, 2007	Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bangalore - 560 029	Nil

There were no matters required to be dealt/passed by the Company by special resolution.

Matters required to be passed by the Company through postal ballot under the provisions of Section 192A of the Companies Act, 1956: The Company divested its Enzymes business (other than Human Healthcare Related Enzymes) to Novozymes South Asia Private Limited, a subsidiary of Novozymes A/s effective October 1, 2007 for which the Company sought an approval from the members by means of a postal ballot. The results of the postal ballot were announced on September 3, 2007.

7. Disclosures

7. i. Related party transactions:

Audit Committee reviews periodically the significant related party transactions i.e. transactions of the Company, which are of material nature, with its subsidiaries, directors or relatives or the management that may have potential conflict with the interests of the Company at large. Details are provided in Note 22 of the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18, issued by the Institute of the Chartered Accountants of India.

7. ii. Details of non compliance:

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

7. iii. Whistle Blower policy

Company has laid down a Whistle Blower Policy and the same has been posted on the Intranet of the Company. The mail id of the Chairman of the Audit Committee has been given in the policy for the employees to post the data. No employee is denied the opportunity to meet the Audit Committee members of the Company.

7. iv. Compliance with non-mandatory requirements of Clause 49 of the listing agreement:

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

7. v. Accounting Treatment:

The Company's financial statements are prepared in accordance with Generally Accepted Accounting Principles and comply with the Accounting Standards issued by the Institute of the Chartered Accountants of India.

7. vi. Risk Management:

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

7. vii. Utilization of Public Issue proceeds:

The Company had raised Rs 315 crores through Public issue in 2004 for setting up new facilities to augment submerged fermentation and chemical synthesis operation, to support the growth objectives of the Company and consolidate the position in the market for these products. The Company has spent the entire amount of money raised through the public issue for the purpose it has been raised.

8. Means of communication:

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

The results along with presentations made by the Company to Analysts are also posted on the website of the Company viz. www.biocon.com and on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre (NIC). The Company's website also displays all official news releases.

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

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

9. General Shareholder' Information:

i) Annual General Meeting:

Date and Time	:	July 17, 2008 at 3.30 p.m.
Venue	:	Trinity Hall, Taj Residency, 41/3 Mahatma Gandhi Road, Bangalore - 560 001
ii) Financial Calendar for 2008-09	:	The following are tentative dates:
First Quarterly results	:	July 17, 2008
Half-yearly Results	:	October 16, 2008
Third Quarterly Results	:	January 21, 2009
Annual results 2008-09	:	April 22, 2009
AGM for the year 2008-09	:	July 17, 2009
iii) Dates of Book Closure	:	Wednesday, July 2, 2008 to Saturday, July19, 2008 - (Both days inclusive)
iv) Dividend payment date	:	On or after July 17, 2008
v) Listing on Stock Exchanges	:	The National Stock Exchange of India Ltd Exchange Plaza, Bandra Kurla Complex Bandra (East), Mumbai - 400 051 and The Stock Exchange, Mumbai P J Towers, Dalal Street, Mumbai - 400 001 Listing is effective from April 7, 2004
vi) Stock Code/Symbol	:	NSE – BIOCON BSE – 532523
vii) International Securities Identification Number	:	INE 376G01013

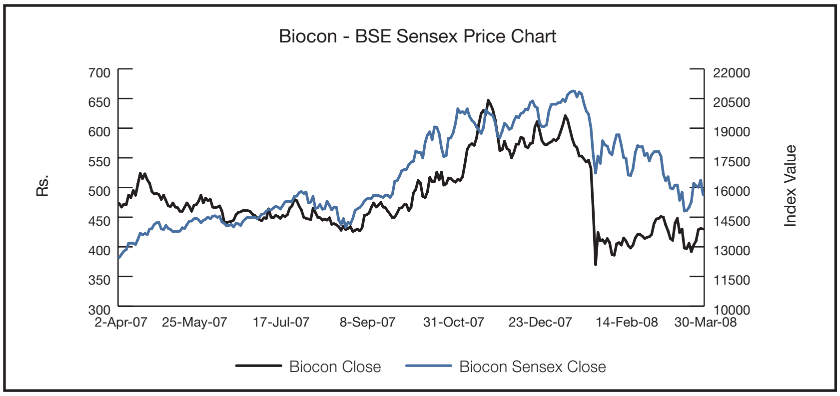
viii) Market Price data during 2007-08:

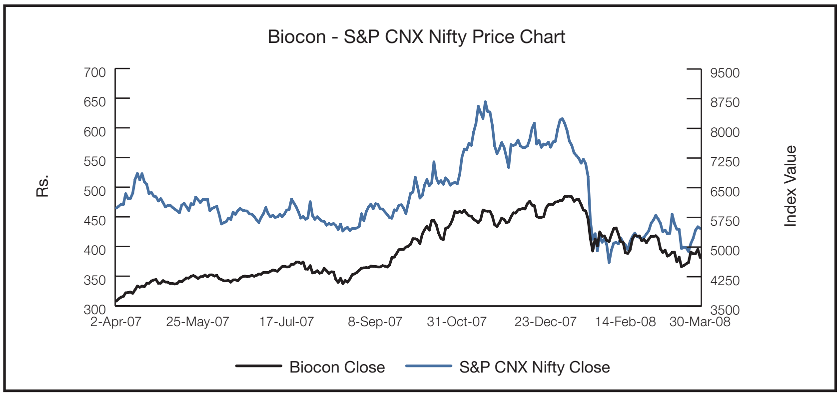
The monthly high/low prices of shares of the Company from April 1, 2007 to March 31, 2008 are given below:

		BSE			NSE		
Sl. No.	**Month**	**High (Rs.)**	**Low (Rs.)**	**Volume of Shares**	**High (Rs.)**	**Low (Rs.)**	**Volume of Shares**
1.	April-07	502.60	427.00	1,069,864	499.90	365.00	2,026,810
2.	May-07	510.00	392.55	897,594	510.00	396.00	1,906,545
3.	June-07	400.00	306.00	420,093	403.25	328.25	977,393
4.	July-07	368.00	324.00	213,832	360.00	321.00	434,867
5.	August-07	403.40	326.00	1,935,239	402.50	326.00	3,391,571
6.	September-07	428.00	365.10	1,699,691	427.90	356.25	3,114,724
7.	October-07	397.80	364.00	826,311	397.00	364.10	1,251,036
8.	November-07	390.45	345.10	1,126,010	391.00	345.00	2,138,117
9.	December-07	385.75	342.00	611,751	379.90	340.05	1,111,857
10.	January-08	445.65	357.05	4,434,733	426.90	341.10	7,573,957
11.	February-08	512.90	400.05	8,491,833	512.00	401.10	14,157,881
12.	March-08	497.00	408.00	3,129,238	489.05	402.00	5,306,205

ix) Relative movement chart:

The chart below gives the relative movement of the closing price of the Company's share and the BSE Sensex/NSE Nifty relative to the closing price. The period covered is April 1, 2007 to March 31, 2008. The Biocon Management cautions that the stock price movement shown in the graph below should not be considered indicative of potential future stock price performance.





x) Registrar and Transfer Agents:

Karvy Computershare Private Limited
Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034

xi) Share Transfer System:

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

xii) Distribution of the Shareholding:

The distribution of shareholding as on March 31, 2008, pursuant to Clause 35 of the listing agreement is as under:

A. Shareholders - by Category:

cat code	Category of shareholder	No. of shareholders	Total number of shares	As a %of (A+B+C)
(A)	Shareholding of Promoter and Promoter Group			
(I)	Indian			
a)	Individuals/Hindu Undivided Family	4	40,432,197	40
	Sub-Total (A)(1)	**4**	**40,432,197**	**40**
(II)	Foreign			
a)	Individuals (Non-Resident individuals/Foreign Individuals)	1	703,779	1
b)	Bodies Corporate	1	19,767,597	20
c)	Institutions	-	-	-
d)	Any Other (specify)	-	-	-
	Sub-Total (A)(2)	**2**	**20,471,376**	**20**
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	**6**	**60,903,573**	**61**
(B)	Public shareholding			
(I)	Institutions			
a)	Mutual Funds/UTI	38	10,177,592	6
b)	Financial Institutions/ Banks	13	68,572	-
e)	Insurance Companies	6	804,335	1
f)	Foreign Institutional Investors	51	7,164,643	7
g)	Foreign Venture Capital Investors	-	-	-
h)	Any Other			-
	Sub-Total (B)(1)	**108**	**18,215,142**	**14**
(II)	Non-institutions			
a)	Bodies Corporate	1,234	1,302,697	2
b)	Individuals			
	I. Individual shareholders holding nominal share capital up to Rs 1 lakh.	71,062	7,033,563	8
	II. Individual shareholders holding nominal share capital in excess of Rs 1 lakh.	37	6,376,259	7
c)	Any Other -			
	(i) Non resident Indians	1,140	488,463	1
	(ii) Trusts	14	5,272,299	5
	(iii) Foreign Nationals	8	372,275	1
	(iv) Clearing Members	97	35,729	-
	Sub-Total (B)(2)	**73,592**	**20,881,285**	**25**
	Total Public Shareholding (B) = (B)(1) + (B)(2)	**73,700**	**39,096,427**	**39**
	TOTAL (A)+(B)	**73,706**	**1,00,000,000**	**100**
(C)	Shares held by Custodians and against which Depository Receipts have been issued (C)			
	GRAND TOTAL (A+B+C)	**73,706**	**1,00,000,000**	**100**

B. Distribution of shareholding by no. of shares:

Distribution Schedule as on March 31, 2008

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1 - 5000	72,646	98.56	5,463,605	27,318,025	5.46
5001 - 10000	495	0.67	727,364	3,636,820	0.73
10001 - 20000	216	0.29	604,704	3,023,520	0.60
20001 - 30000	104	0.14	519,257	2,596,285	0.52
30001 - 40000	37	0.05	256,712	1,283,560	0.26
40001 - 50000	32	0.05	301,445	1,507,225	0.30
50001 - 100000	45	0.06	650,787	3,253,935	0.65
100001 & Above	131	0.18	91,476,126	457,380,630	91.48
Total	73,706	100%	100,000,000	500,000,000	100.00

xiii) Dematerialization of shares and liquidity:

Procedure for dematerialization/rematerialization of scrips

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

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

As on March 31, 2008, 308,171 shares (0.03%) of the shares of company were in physical form.

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

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

xiv) Plant locations:

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

ii) Plot No. 113/C2,
Bommasandra Industrial Area,
Bommasandra, Bangalore - 560 099

iii) Biocon Park
Plot No. 2, 3, 4 and 5
Bommasandra – Jigani Link Road
Bangalore – 560 099

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

a) Kiran Kumar G
Company Secretary
(Compliance Officer)
Biocon Limited
20th KM, Hosur Road
Electronics City P.O.
Bangalore - 560 100
Mail id: kiran.kumar@ biocon.com

b) Karvy Computershare Private Limited
Karvy House, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034
Mail id: Mahender@karvy.com or Jayaramanvk@karvy.com

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

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, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per Sunil Bhumralkar
Partner
Membership No.: 35141
Bangalore

April 22, 2008

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

[AUDITORS' REPORT]

To The Members of Biocon Limited

1. We have audited the attached Balance Sheet of BIOCON LIMITED ('the Company') as at March 31, 2008 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

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

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

iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

v. On the basis of the written representations received from the Directors, as on March 31, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;

(b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

(c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 22, 2008

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: **BIOCON LIMITED**

(i) The Company has maintained proper records showing full particulars, including details and situation, of fixed assets. Fixed assets have been physically verified by the management during the year in accordance with a regular programme of verification, intended to cover all the fixed assets of the Company over a period of two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification. There was no substantial disposal of fixed assets during the year.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year. The procedures of physical verification of inventory (except for goods in bond and in transit) followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification.

(iii) As informed, the Company has granted unsecured loans to two companies listed in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs 629,202 thousands and the balance outstanding at March 31, 2008 is Rs 581,540 thousands. In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company in respect of loans granted, repayment of the principal amount is as stipulated and payment of interest, wherever applicable has been regular. Based on our audit procedures and the information and explanation made available to us, there is no overdue amount of the loan granted by the Company to the companies listed in the register maintained under section 301 of the Companies Act, 1956. The Company has not granted any other loans to companies, firms or other parties listed in the register maintained under Section 301 of the Act.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act, that need to be entered into the register maintained under section 301 have been so entered. *In respect of transactions made in pursuance of such contracts or arrangements exceeding value Rupees five lakhs entered into during the financial year, because of the unique and specialized nature involved and absence of any comparable prices, we are unable to comment whether the transactions are made at prevailing market prices at the relevant time.*

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

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

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.

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

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Date of Payment
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on notified goods in Karnataka	734,828	2004-2005	-
Karnataka Tax on Entry of Goods Act, 1979	Entry tax on notified goods in Karnataka	1,506,749	2005-2006	-

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

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944	Dispute in classification of certain products	633,417*	1994-1995	Assistant Collector of Central Excise.
The Central Excise Act, 1944	Dispute regarding reversal of Cenvat Credit on furnace oil	859,291	2005-2006	Commissioner (Appeal) of Central Excise.
The Customs Act, 1962	Dispute regarding eligibility for notification benefit	1,491,438	2004-2005	Customs, Excise and Service Tax Appellate Tribunal Chennai
The Customs Act, 1962	Dispute regarding eligibility for notification benefit	1,513,846*	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Finance Act, 1994	Service Tax Liability	1,437,186	2004-2005	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Karnataka Tax on Entry of Goods Act, 1979	Dispute relating to exemption of Entry tax.	1,536,891	2002-2003	Customs, Excise and Service Tax Appellate Tribunal, Chennai
Income-tax Act, 1961	Assessment year 1994-1995	2,076,607*	1993-1994	High Court, Karnataka.
Income-tax Act, 1961	Assessment year 1995-1996	2,874,354*	1994-1995	High Court, Karaataka.
Income-tax Act, 1961	Assessment year 1996-1997	2,951,633*	1995-1996	High Court, Karnataka.
Income-tax Act, 1961	Assessment year 1997-1998	3,878,830*	1996-1997	High Court, Karnataka.
Income-tax Act, 1961	Assessment year 1998-1999	4,040,002*	1997-1998	High Court, Karnataka.
Income-tax Act, 1961	Assessment year 2003-2004	14,968,463#	2002-2003	Commissioner of Income Tax (Appeal)
Income-tax Act, 1961	Assessment year 2004-2005	30,551,254*	2003-2004	Commissioner of Income Tax (Appeal)
Income-tax Act, 1961	Assessment year 2005-2006	18,490,290	2004-2005	Commissioner of Income Tax (Appeal)

* These amounts are paid in protest.

\# The amount has been provided in the books of account.

(x) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.

(xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

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

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

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

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

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

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

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

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

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

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

Per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 22, 2008

BIOCON LIMITED

[BALANCE SHEET AS AT MARCH 31, 2008]

(All amounts in Indian Rupees thousands)

	Notes	March 31, 2008	March 31, 2007 (Note 30)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	3	500,000	500,000
Reserves and surplus	4	12,781,963	8,916,405
		13,281,963	**9,416,405**
Loan Funds			
Secured loans	5	892,634	587,331
Unsecured loans	6	546,219	480,402
		1,438,853	**1,067,733**
Deferred Tax Liability (Net)	7	398,237	397,569
		15,119,053	**10,881,707**
APPLICATION OF FUNDS			
Fixed Assets			
Cost	8(i)	8,525,081	8,099,852
Less: Accumulated depreciation		2,006,485	1,449,958
Net book value		**6,518,596**	**6,649,894**
Capital work-in-progress [including capital advances of Rs 171,947 (March 31, 2007 - Rs 19,796)]		646,341	299,048
		7,164,937	**6,948,942**
Intangibe Assets	8 (ii)	**276,000**	**512,000**
Investments	9	**4,772,602**	**470,238**
Current Assets, Loans And Advances			
Inventories	10	1,677,350	1,506,589
Sundry debtors	11	2,256,629	2,748,526
Cash and bank balances	12	81,244	76,313
Loans and advances	13	1,235,457	783,541
		5,250,680	**5,114,969**
Less: Current Liabilities And Provisions			
Liabilities		1,663,514	1,759,431
Provisions	14	681,652	405,011
		2,345,166	**2,164,442**
Net Current Assets		**2,905,514**	**2,950,527**
		15,119,053	**10,881,707**

The accompanying notes 1 to 30 form an integral part of the balance sheet.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 22, 2008

For and on behalf of the Board of Directors

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

[PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008]

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

	Notes	March 31, 2008	March 31, 2007 (Note 30)
INCOME			
Gross sales		8,587,496	8,599,119
Less: Excise duty		266,657	361,717
Net sales		**8,320,839**	**8,237,402**
Licensing and development fees		448,413	272,352
Other income	15	522,752	121,105
		9,292,004	**8,630,859**
EXPENDITURE			
Manufacturing, contract research and other expenses	16	6,511,351	6,266,690
Interest and finance charges	18	28,698	77,618
		6,540,049	**6,344,308**
PROFIT BEFORE DEPRECIATION, EXCEPTIONAL ITEMS AND TAXES		**2,751,955**	**2,286,551**
Depreciation / Amortisation	8 (i) & 8 (ii)	691,581	577,666
Less: Amount transferred from revaluation reserve	4	1,601	1,606
		689,980	**576,060**
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		**2,061,975**	**1,710,491**
[Includes Rs 38,795 (March 31, 2007 - Rs 357,030) being profit from discontinued operations]			
Provision for income-tax			
Current tax	21	93,036	52,481
Less - MAT Credit Entitlement		-	(52,481)
Deferred taxes	7	668	117,831
Fringe benefit tax		12,680	9,158
[Includes Rs 10,532 (March 31, 2007 - Rs 96,691) being tax from discontinued operations]			
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		**1,955,591**	**1,583,502**
[Includes Rs 28,263 (March 31, 2007 - Rs 260,339) being profit from discontinued operations]			
Exceptional items, net		3,077,546	-
Less : Provision for tax		683,892	-
(Refer note 21 to financial statements)			
PROFIT AFTER TAXES		4,349,245	1,583,502
Balance brought forward from previous year		**4,375,617**	**3,301,451**
PROFIT AVAILABLE FOR APPROPRIATION		**8,724,862**	**4,884,953**
Proposed dividend on equity shares		500,000	300,000
Tax on proposed dividend		84,975	50,985
Transfer to general reserve		434,925	158,351
BALANCE, TRANSFERRED TO BALANCE SHEET		**7,704,962**	**4,375,617**
Earnings per share (equity shares, par value of Rs 5 each)			
Basic (in Rs)		45.02	16.38
Diluted (in Rs)		43.67	16.30
Weighted average number of shares used in computing earnings per share			
Basic	20	96,596,241	96,644,920
Diluted	20	99,593,070	97,140,135

The accompanying notes 1 to 30 form an integral part of the Profit and Loss Account.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

per Sunil Bhumralkar
Partner
Membership No: 35141

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 22, 2008

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

[STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008]

(All amounts in Indian Rupees thousands)

		March 31, 2008	March 31, 2007 (Note 30)
I. CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit before tax		5,139,521	1,710,491
Adjustments for			
Depreciation and Amortisation	689,980		576,060
Unrealised exchange (gain)/loss	(17,894)		11,000
Employee Stock Compensation Expense	27,637		50,317
Exceptional item (net)	(3,077,546)		-
Provision for bad and doubtful debts	10,899		9,770
Bad debts Written off	97		
Interest expense	30,925		81,624
Interest income (gross)	(11,551)		(51,122)
Dividend earned (gross)	(138,746)		(2,922)
Gain on sale of investment in mutual funds	(729)		-
Loss on assets sold	36		(275)
		(2,486,892)	674,452
Operating profit before working capital changes		2,652,629	2,384,943
Movements in working capital			
Inventories	(170,761)		(453,505)
Sundry debtors	494,473		(719,927)
Loans and advances	(151,897)		(156,405)
Current liabilities and provisions (including book overdraft)	(36,470)		223,758
		135,345	1,106,079
Cash generated from operations		2,787,974	1,278,864
Tax paid (net of refunds)		(140,750)	(110,719)
Net cash provided by operating activities		2,647,224	1,168,145
II. CASH FLOWS FROM INVESTING ACTIVITIES :			
Fixed assets			
Purchase	(960,856)		(981,603)
Sale	-		935
Acquisition of Intangible assets	-		(182,597)
Income from exceptional items, net of taxes	2,668,447		-
Interest received	11,593		26,582
Dividend received	138,746		2,922
Loan to Subsidiary/Joint Venture Companies	(265,093)		406,375
Sale of investment	17,060,738		1,710,107
Movement in reserves of ESOP trust	47,166		79,817
Purchase of investment			
Long term	(50,028)		(22,440)
Current	(21,312,345)		(1,828,030)
Net cash used for investing activities		(2,661,632)	(787,932)
III CASH FLOWS FROM FINANCING ACTIVITIES :			
Short term borrowings from banks, net	311,799		(90,218)
Unsecured Loans	65,817		107,475
Dividend paid	(300,000)		(250,000)
Dividend tax paid	(50,985)		(35,063)
Interest paid	(30,925)		(81,364)
Recovery of ESOP Compensation Expense from subsidiaries	23,257		24,926
Net cash generated from/used for financing activities		66,129	(244,427)
IV NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		4,555	55,969
V CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		75,279	19,310
VI CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)		79,834	75,279
COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			
Cash on Hand		4,568	4,262
Balances with Banks - in current accounts (excluding Unclaimed Dividend)		43,124	41,024
Balances with Banks - in deposit accounts		32,142	29,993
		79,834	75,279

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

per Sunil Bhumralkar
Partner
Membership No: 35141

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 22, 2008

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

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

1. Background

a. Incorporation and history

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by KMZ, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. Clinigene International Limited ('Clinigene') was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001. Biocon entered into an agreement to set up a Joint Venture Company with CIMAB SA ('CIMAB'), a Company organised and existing under the laws of Cuba to manufacture and market products using technology and to carry out research activities. Biocon Biopharmaceuticals Private Limited ('BBPL') was incorporated on June 17, 2002. On April 18, 2003, Biocon acquired a 51 per cent shareholding in BBPL.

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

Biocon is engaged in the manufacture of biotechnology products in the pharmaceutical through fermentation based technology and are also engaged in the formulation business.

2. Statement of significant accounting policies

a. (i) Basis of preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards, notified by the Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

In accordance with the revised Employee Stock Option Scheme and Stock Purchase Guidelines 1999 ('SEBI guidelines') issued by SEBI, the Company has consolidated the Biocon India Limited Employee Welfare Trust ('ESOP Trust').

(ii) Changes in Accounting Policies

Accounting for foreign exchange differences

Effective April 1, 2007, foreign exchange gains or losses on liabilities pertaining to acquisition of fixed assets from outside India are recorded in the profit and loss account. Until March 31, 2007, such foreign exchange gains or losses were adjusted with the cost of the respective fixed assets.

Consequent to the Announcement made by the Institute of Chartered Accountants of India at its Council meeting held between March 27-29, 2008, based on the principles of prudence, the Company has recorded the losses on the derivatives entered into by the Company and outstanding as at the balance sheet date except in cases where foreign exchange forward contracts are considered to be a hedge of the underlying after taking into consideration factors like the amount hedged, maturity dates of the instrument, price protection arrangements with customers etc. Such losses are determined based on a portfolio of each separate class of derivatives by marking the derivatives to market.

Accordingly, during the year ended March 31, 2008, the Company recorded a loss of Rs 15,100 on its foreign exchange forward contracts outstanding at March 31, 2008. The Company does not have any other derivative instruments as at the balance sheet date. In case of foreign exchange forward contracts to which Accounting Standard (AS) 11 – The Effects of Changes in Foreign Exchange Rates applies, the Company accounts for the same under the requirements of AS 11.

b. Fixed assets and depreciation

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, and accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets.

Fixed assets, other than freehold land, but including revalued buildings, are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful lives, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as follows:

	Per cent
Buildings	4.00
Plant and machinery	9.09 - 33.33
Research and development equipment	11.11
Furniture and fixtures	16.67
Vehicles	16.67

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates charged by the Municipal Authorities. Leasehold improvements are being depreciated over the lease term or useful time whichever lower.

The depreciation charge over and above the depreciation calculation on the original cost of the revalued assets is transferred from the revaluation reserve to the profit and loss account.

Assets individually costing less than Rs 5 are fully depreciated in the year of purchase.

c. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d. Intangible assets

Intellectual Property rights

Costs relating to intellectual property rights which are acquired are capitalised and amortised on a straight-line basis over their estimated useful lives or ten years whichever is lower.

Research and Development Costs

Research and development costs, including technical know-how fees, incurred for development of products are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an intangible asset to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of a capital nature is added to fixed assets. Development costs carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

e. Inventories

Inventories are valued as follows:

Raw materials and packing materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duty on imported raw materials (excluding stocks in the bonded warehouse) is treated as part of the cost of the inventories.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f. Revenue recognition

(i) Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purposes of disclosure in these financial statements, sales are reflected gross and net of excise duty in the profit and loss account.

(ii) The Company enters into certain dossier sales, licensing and supply agreements and revenue from such agreements are recognised in the period in which the Company completes all its performance obligations.

g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

h. Retirement benefits

Effective April 1, 2006, the Company adopted the revised accounting standard on employee benefits. The Company has schemes of retirement benefits for provident fund and gratuity. Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the period when the contributions to the government funds are due.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made as at the Balance Sheet date. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme with Birla Sun Life Insurance Company Limited ('Birla Sunlife'). Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

Liability for leave encashment is in accordance with the rules of the Company. Short term compensated absences are provided based on estimates. Long term compensated absences are provided based on an actuarial valuation as at the balance sheet date.

i. Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences relating to the acquisition of fixed assets are recorded in the Profit and Loss Account.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Foreign Currency Options Contracts not intended for trading or speculation purposes

The Company enters into foreign currency option contracts to hedge its risks with respect to realisation of future receivables. The costs of these contracts, if any, are expensed over the period of the contract. The Company recognises the loss/gain on the Expiry or Cancellation, whichever is earlier, of the Options Contracts.

j. Income tax

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

k. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

l. Deferred employee stock compensation costs

Deferred employee stock compensation costs for stock options are recognised on the basis of generally accepted accounting principles and in accordance with the guidelines of Securities and Exchange Board of India, and, are measured as the excess of the fair value of the Company's stock on the stock options grant date over the amount an employee must pay to acquire the stock and recognised in a graded manner on the basis of weighted period of services over the vesting period of equity shares. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

m. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. Operating lease

Where the Company is a Lessee:

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Where the Company is a Lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately.

o. Segment reporting

Identification of segments:

The Company's operating businesses are organised and managed separately according to the nature of products manufactured/traded, with each segment representing a strategic business unit that offers different products to different markets. The analysis of geographical segments is based on the areas in which the Company's products are sold.

Inter-segment Transfers:

The Company generally accounts for inter-segment sales and transfers at an agreed marked-up price.

Allocation of common costs:

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items:

The Corporate and other segment include general corporate income and expense items which are not allocated to any business segment.

p. Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is capitalised as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

r. Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank in current accounts and deposit accounts excluding amounts held in Unclaimed Dividend Accounts.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2008	March 31, 2007
3. Share capital		
Authorised:		
120,000,000 (March 31, 2007 - 120,000,000) equity shares of Rs 5 each (March 31, 2007 - Rs 5 each)	600,000	600,000
Issued, subscribed and paid-up:		
100,000,000 (March 31, 2007 - 100,000,000) equity shares of Rs 5 each (March 31, 2007 - Rs 5 each), fully paid	**500,000**	**500,000**

(a) Of the above equity shares:

(i) 30,800 equity shares of Rs 100 each were allotted as fully paid bonus shares by capitalisation of general reserve in the year ended March 31, 1997.
(ii) 23,471 equity shares of Rs 100 each were allotted as fully paid-up shares in the year ended March 31, 2000 pursuant to a contract for consideration other than cash.
(iii) On March 30, 2002, the Company acquired 99.9 per cent equity in Syngene through the issue of 202,780 equity shares of Rs 10 each. The consideration was determined on the basis of a fair valuation, as approved by the statutory authorities in India. The related securities premium at Rs 403.8 per equity share has been credited to securities premium account.

(b) Also refer Note 19

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

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2008	March 31, 2007
4. Reserves and surplus		
Revaluation Reserve		
Balance	11,090	12,696
Less: Transfer to Profit and Loss Account	1,601	1,606
	9,489	**11,090**
Securities Premium		
Balance	3,288,478	3,288,478
	3,288,478	**3,288,478**
ESOP trust		
Dividend, interest income, profit on sale of shares, net	145,856	98,690
	145,856	**98,690**
General Reserve		
Balance	980,627	822,276
Add: Transfer from Profit and Loss Account	434,925	158,351
	1,415,552	**980,627**
Stock compensation adjustment (See Note 19)		
Stock options outstanding	324,318	91,790
Additions during the year	-	242,699
Deletions during the year	10,368	10,171
	313,950	324,318
Less: Deferred employee stock compensation expense	96,324	162,415
	217,626	**161,903**
Balance in Profit and Loss Account	**7,704,962**	**4,375,617**
	12,781,963	**8,916,405**

(i) Deferred employees stock compensation expense (also see note 19):	March 31, 2008	March 31, 2007
Stock compensation expense outstanding at the beginning of the year	162,415	5,130
Stock options granted during the year	-	242,699
Stock options cancelled/forfeited during the year	(10,368)	(10,171)
Stock compensation expense amortised during the year*	(32,466)	(50,317)
Stock compensation expense charged to Subsidiaries	(23,257)	(24,926)
Closing balance of deferred employee stock compensation expense	**96,324**	**162,415**

* Including a sum of Rs 4,829 being the cost pertaining to employees of the discontinued operations for the year ended March 31, 2008.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2008	March 31, 2007
5. Secured loans		
From banks		
Cash credit, packing credit, etc.	892,634	587,331
	892,634	**587,331**

(a) Cash credit, packing credit, etc

(i) The Company has rupee and foreign currency denominated fund based working capital facilities with State Bank of India (SBI) .These facilities are repayable on demand, secured by a pari-passu first charge on current assets. As on March 31, 2008 the Company has utilised Rs 443,148 (March 31, 2007 - Rs 490,895) inclusive of foreign currency loans of Rs 432,944 (US$ 10,841) [(March 31, 2007 - Rs 36,764) (US$ 802 & Euro 31)].

(ii) The Company has fund and non fund based working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by pari-passu first charge on current assets of the Company. As on March 31, 2008 the Company has utilised fund based limits of Rs 242,738 (March 31,2007 - Rs 4,249), inclusive of foreign currency denominated loans of Rs 239,820 (US$ 6,000) [March 31, 2007 - Rs Nil (US$ Nil)].

(iii) The Company has working capital facilities with Canara Bank ('CB') . These facilities are repayable on demand, secured by a pari-passu first charge on current assets of the Company .As on March 31, 2008 the Company has utilised Rs 206,748 (March 31, 2007 - Rs 32,026) inclusive of foreign currency denominated loans of Rs 196,372 (US$ 4,913) [March 31, 2007 - Rs 31,981 (US$ 734)].

(iv) The Company has fund and non fund based working capital facility with ABN Amro Bank . These facilities are repayable on demand, secured by a pari passu second charge on the fixed assets of the Company. As on March 31, 2008 the Company has utilised Rs Nil (March 31, 2007 - Rs 60,161) inclusive of foreign currency denominated loans of Rs Nil (US$ Nil) [March 31, 2007 - Rs 60,161 (US$ 1,380)].

(v) All the above banks have entered into an inter-se agreement for operational convenience for the above working capital limits effecting the modification of the above charge and creation of a pari passu charge on the current assets of the company in favour of all the above banks.

	March 31, 2008	March 31, 2007
6. Unsecured loans		
Deferred payment liability	543,039	477,582
NMITLI - CSIR Loan	3,180	2,820
	546,219	**480,402**

(i) Under the Industrial Policy of the Government of Karnataka, the Company on November 18, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding Rs 24,375. As at March 31, 2008 the Company has utilised Rs 354 (March 31, 2007 - Rs 1,050).

(ii) Under the Agro Food Processing Industrial Policy of the Government of Karnataka, the Company on November 18, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding Rs 648,938. As at March 31, 2008, the Company has utilised Rs 542,685 (March 31, 2007 - Rs 477,228).

(iii) On March 31, 2005, the Company entered into an agreement with the Council of Sceintific and Industrial Research ('CSIR'), for an unsecured loan of Rs 3,180 for carrying out part of the research and development project under the New Millenium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loans are repayable over 10 annual equal installments starting from October 1, 2008 and carries an interest rate of 3 per cent per annum. The amount of repayment within one year is Rs.318.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

7. Deferred tax liability (net)	Deferred tax (asset)/ liability as at April 1, 2007	Current year charge/(credit)	Deferred tax (asset)/ liability as at March 31, 2008
Depreciation / Amortisation	424,854	4,222	429,076
Employee retirement benefits	(17,134)	3,193	(13,941)
Provision for doubtful debts	(10,042)	(3,557)	(13,599)
Others	(109)	(3,190)	(3,299)
	397,569	**668**	**398,237**
Year ended March 31, 2007	279,738	117,831	397,569

The Company has export oriented units which claim deduction of income under the provisions of the Income tax Act, 1961. Deferred a tax asset/liability is recognised in respect of timing differences which originate in reporting period but is expected to reverse after the tax holiday period.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

8. (i) Fixed assets	Balance at the beginning of the year	Additions during the year	Deletions during the year	Balance at the end of the year
Cost/Valuation				
Land				
Freehold (revalued)	8,967	-	-	8,967
Freehold (others)	52,088	-	-	52,088
Leasehold	226,420	-	-	226,420
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	1,609,866	48,623	-	1,658,489
Leasehold improvements	3,191	-	-	3,191
Plant and machinery	5,498,739	366,196	150,641	5,714,294
Research and development equipment	606,137	170,342	15,564	760,915
Furniture and fixtures	67,317	2,891	3,115	67,093
Vehicles	10,566	7,349	852	17,063
	8,099,852	595,401	170,172	8,525,081
Year ended March 31, 2007	3,161,061	4,947,511	8,720	8,099,852
Accumulated depreciation				
Buildings (revalued)	15,241	1,320	-	16,561
Buildings (others)	132,527	66,025	-	198,552
Leasehold improvements	477	318	-	795
Plant and machinery	1,095,190	521,914	109,191	1,507,913
Research and development equipment	172,160	74,020	6,492	239,688
Furniture and fixtures	29,500	9,749	2,636	36,613
Vehicles	4,863	2,235	735	6,363
	1,449,958	675,581	119,054	2,006,485
Year ended March 31, 2007	882,938	569,388	2,368	1,449,958
Net book value				
Land				
Freehold (revalued)	8,967			8,967
Freehold (others)	52,088			52,088
Leasehold	226,420			226,420
Buildings (revalued)	1,320			-
Buildings (others)	1,477,339			1,459,937
Leasehold improvements	2,714			2,396
Plant and machinery	4,403,549			4,206,381
Research and development	433,977			521,227
Furniture and fixtures	37,817			30,480
Vehicles	5,703			10,700
	6,649,894			6,518,596
Year ended March 31, 2007	2,278,123			6,649,894

Notes:

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation upto that date, as per valuers reports and the resultant surplus of Rs 34,529 was credited to revaluation reserve. Of this reserve, Rs 25,040 (March 31, 2007 - Rs 23,439) has been transferred to the Profit and Loss Account for depreciation on these assets or adjusted on the sale of these assets.

(b) During the year ended March 31, 2007 the Company adjusted net foreign exchange loss of Rs 1,017 in capital work in progress / fixed assets capitalised also refer note 2(a)(ii).

(c) On December 5, 2002, Karnataka Industrial Areas Development Board ('KIADB') allotted land aggregating 26.75 acres to the Company for Rs 64,200 on a lease-cum sale basis for a period of 6 years. In addition, during the year ended March 31, 2005, the Company acquired an additional 41.25 acres of land for Rs 99,417 from KIADB. One of the key conditions include commencement of commercial operations by the Company within 24 months of taking possession, which the Company believes has been complied with by the commencement of operations by Syngene on this land on October 21, 2004. During the quarter ended June 30, 2005, the Company paid an advance of Rs 56,320 towards allotment of 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 6 years during the year ended March 31, 2007.

(d) During the period ended September 30,2007 the company has been alloted land measuring approximately 50 acres at the Jawaharlal Nehru Pharma City Vishakapatnam, Andra Pradesh, to be obtained on a long-term lease basis , for a consideration of Rs 260,100. As at January 31, 2008, the Company has paid an advance of Rs 130,050 towards the acquisition of this land and is in the process of completing the formalities for registration of lease.

8 (ii) Intangible Assets	**Opening Balance as at April 1, 2007**	**Additions during the year**	**Amortisation during the year**	**Impairment losses during the year**	**Closing Balance as at March 31, 2008**
Intellectual Properties from Nobex					
- Under development and commercialisation	440,000	-	-	220,000	220,000
- Under commercialisation	72,000	-	16,000	-	56,000
	512,000	-	16,000	220,000	276,000
Year ended March 31, 2007	-	521,138	9,138	-	512,000

The Company acquired patents relating to certain technologies for oral insulin, oral BNP and Apaza (collectively IP's) for a total cost of Rs 521,138.

In the Board meeting of October 18, 2006 , the Company decided to licence one of it's IP (Apaza) and certain other IP's for further development and commercialisation, and amortised Apaza over a period of 5 years effective October 2006.

In December 2007, the Company recorded a total impairment of Rs 220,000, in respect of one of it's intellectual property acquired for drug development. The Company determined to expense the intangible assets in view of the recent adverse reports and decline in sales trend of Natrear / Neseritide, a competing drug.

The following is the movement of the accumulated amortisation:

	March 31, 2008	**March 31, 2007**
Balance at April 1	9,138	-
Amortization for the year, including impairment	236,000	9,138
Balance at end of the year	245,138	9,138

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

9. Investments	March 31, 2008	March 31, 2007
Long term investments (At cost)		
A) Non trade:		
National Savings Certificates	13	13
	13	**13**
B) Trade investments:		
In subsidiary companies:		
Unquoted and fully paid up		
50,000 (March 31, 2007 - 50,000) equity shares of Rs 10 each of Clinigene International Limited	500	500
2,874,830 (March 31, 2007 - 2,874,830) equity shares of Rs 10 each of Syngene International Limited	84,328	84,328
In joint venture companies:		
Unquoted and fully paid up		
8,976,000 (March 31, 2007 - 6,732,000) equity shares of Rs 10 each of Biocon Biopharmaceuticals Private Limited	89,760	67,320
Advance towards share capital	-	22,440
150 (March 31, 2007 - Nil) equity shares of United Arab Emirates Dirham (AED) 1,000 each of Neo Biocon FZ LLC	1,613	-
Shares held by ESOP Trust (Quoted)	90,578	685
Unquoted and fully paid up		
3% Series B Convertible Promissory Note (March 31, 2007 - US$ 3,000,000) in Vaccinex Inc., USA	-	131,930
2,722,014 (March 31, 2007 - 645,161) Series B1 Preferred Stock at US$ 1.55 each, fully paid, par value US$ 0.001 each of Vaccinex Inc., USA	185,795	45,100
1,428,571 (March 31, 2007 - Nil) Series A Preferred Stock at US$ 0.70 each, fully paid, par value US$ 0.00001 each of IATRICa Inc., USA	39,650	-
	492,224	**352,303**
	492,237	**352,316**

(i) The Company has entered into a 'Securities Purchase Agreement' with Vaccinex Inc., USA ('Vaccinex') on November 3, 2004 to invest an amount of US$ 4 million (US$ 1 million in Series B1 Convertible Preferred Stock and US$ 3 million in Series B Convertible Promissory Notes). Further, the Company has entered into a 'Research and Collaboration Agreement' to discover, develop, and commercialize human therapeutic monoclonal antibodies.

Vaccinex has incurred a loss of US$ 7.7 million for the year ended December 31, 2007 . However, Vaccinex has received funding from certain investors and has also received commitment for funding upto US$ 8.9 Million. As Vaccinex is a development stage enterprise and of strategic importance to the Company, it believes that there is no temporary diminution in the value of this investment.

(ii) The Company has invested in joint venture company "Neo Biocon FZ-LLC ('Neo Biocon') incorporated in Dubai ,with a 50% equity interest. Further, Neo Biocon is engaged in activities related to therapeutics/ research, development and commercialisation of biopharma products. At March 31, 2008, the aggregate amount of Biocon's interest in assets, liabilities, income and expense of NeoBiocon is Rs 3,093; Rs.3,902;Rs Nil ; Rs.2,441, respectively.

(iii) The Company has entered into a ' Secutities Purchase Agreement' with IATRICa Inc, USA ('IATRICa') on January 18, 2008 to invest an amount of US$ 3 million in Series A Convertible Preferred Stock. Further, the Company has entered into a 'Development and License Agreement' to research,develop and commercialize novel immuno-conjugates for treatment of cancer and infectious disorders.

(iv) Clinigene International Limited ("Clinigene"), is a wholly owned subsidiary of the Company and is engaged in clinical research activities .As at March 31, 2008, Clinigene has a negative net worth of Rs 29,709.(March 31, 2007 - Rs 53,443). In addition, the Company has granted a long term unsecured interest free loan of Rs 299,923 (March 31, 2007 - Rs 164,380) repayable over a maximum period of 5 years ending by March 31, 2011 to Clinigene to fund its operations. The management of Clinigene is making aggressive marketing efforts to expand its clinical research activities. The Company believes that this dimunition in the value of its investment is only temporary.

(v) Biocon Biopharmaceuticals Private Limited (BBPL) is a 51% joint venture between the Company and CIMAB SA, engaged in research, development, manufacturing and marketing of Biopharmaceuticals. At March 31, 2008, the aggregate amount of Biocon's interest in the assets, liabilities, Income and Expenses of BBPL is Rs 446,075 (March 31, 2007 - Rs 452,341) and Rs 378,751 (March 31,2007 - Rs.383,197), Rs 69,899 (March 31, 2007 - Rs 5,840), Rs 137,791 (March 31, 2007 - Rs 70,159) respectively. Further, the Company has granted a long term loan of Rs 281,617 (March 31, 2007 - Rs 152,067) to fund the operations of BBPL repayable over a period of 5 years and carry an interest of 9% p.a. [See Note 22] of this, a sum of Rs 120,000 is extended on an interest free basis as at March 31, 2008. As BBPL has set up its facility and successfully commenced commercial operations during the year, the management believes that diminution in the value of its investment is only temporary.

(vi) As on March 31, 2008 the ESOP trust held 3,403,759 shares (March 31, 2007- 3,355,080) in the Company towards grant of shares to employees of the group in terms of ESOP plan. During the year ended March 31, 2008 the ESOP trust purchased 216,749 equity shares of the Company from the open market. Also refer note 19.

Other Investments	March 31, 2008	March 31, 2007
C) Current and unquoted (at lower of cost and fair market value)		
Nil units (March 31, 2007 - 3,838,292) of Rs 10 each in HDFC Cash Fund [Market Value Rs Nil (March 31, 2007 - Rs 400,020)]	-	40,020
10,025,462 units (March 31, 2007 - 7,512,740) of Rs 10 each in HSBC Liquid Plus Fund [Market Value Rs 100,381 (March 31, 2007 - Rs 75,169)]	100,381	75,169
Nil units (March 31, 2007 - 272,878) of Rs 10 each in HSBC Liquid Fund [Market Value Rs Nil (March 31, 2007 - Rs 2,942)]	-	2,733
54,880,236 units (March 31, 2007 - Nil) of Rs 10 each in Templeton Floating Rate Fund [Market Value Rs 549,357 (March 31, 2007 - Rs Nil)]	549,357	-
2,029,909 units (March 31, 2007 - Nil) of Rs 10 each in HSBC Flexi Debt Fund [Market Value Rs 20,299 (March 31, 2007 - Rs Nil)]	20,299	-
56,042 units (March 31, 2007 - Nil) of Rs 10 each in ICICI Prudential Liquid Plan [Market Value Rs 560 (March 31, 2007 - Rs Nil)]	560	-
41,846,818 units (March 31, 2007 - Nil) of Rs 10 each in ING Liquid Plus Fund [Market Value Rs 418,606 (March 31, 2007 - Rs Nil)]	418,606	-
47,443,051 units (March 31, 2007 - Nil) of Rs 10 each in Lotus India Liquid Plus [Market Value Rs 475,175 (March 31, 2007 - Rs Nil)]	475,175	-
194,118 units (March 31, 2007 - Nil) of Rs 1,001 each in Reliance Liquid Plus Fund [Market Value Rs 194,338 (March 31, 2007 - Rs Nil)]	194,337	-
4,033,100 units (March 31, 2007 - Nil) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs 40,363 (March 31, 2007 - Rs Nil)]	40,331	-
50,301units (March 31, 2007 - Nil) of Rs 1,000 each in UTI Liquid Plus Fund [Market Value Rs 50,312 (March 31, 2007 - Rs Nil)]	50,312	-
13,122,113 units (March 31, 2007 - Nil) of Rs 10 each in Sundaram BNP Liquid Plus [Market Value Rs 131,549 (March 31, 2007 - Rs Nil)]	131,533	-
2,854,677 units (March 31, 2007 - Nil) of Rs 10 each in ICICI Flexible [Market Value Rs 30,184 (March 31, 2007 - Rs Nil)]	30,184	-
48,920,390 units (March 31, 2007 - Nil) of Rs 10 each in JM Money Manager Fund [Market Value Rs 489,404 (March 31, 2007 - Rs Nil)]	489,404	-
50,238 units (March 31, 2007 - Nil) of Rs 1,000 each in Mirae Asset Liquid Plus [Market Value Rs 50,308 (March 31, 2007 - Rs Nil)]	50,238	-
4,040,196 units (March 31, 2007 - Nil) of Rs 10 each in Kotak Flexi Debt Scheme [Market Value Rs 40,528 (March 31, 2007 - Rs Nil)]	40,528	-
10,000,000 units (March 31, 2007 - Nil) of Rs 10 each in ING Mutual Fund - FMP [Market Value Rs 100,484 (March 31, 2007 - Rs Nil)]	100,484	-
56,015 units (March 31, 2007 - Nil) of Rs 10 each in Reliance Liquidity Fund [Market Value Rs 560 (March 31, 2007 - Rs Nil)]	560	-
30,116,289 units (March 31, 2007 - Nil) of Rs 10 each in Tata Mutual Fund - FMP [Market Value Rs 301,475 (March 31, 2007 - Rs Nil)]	301,475	-
61,893 units (March 31, 2007 - Nil) of Rs 1,000 each in DSP Liquid Plus Fund [Market Value Rs 61,930 (March 31, 2007 - Rs Nil)]	61,917	-
20,395,756 units (March 31, 2007 - Nil) of Rs 11 each in Birla Dynamic Bond Fund [Market Value Rs 214,904 (March 31, 2007 - Rs Nil)]	214,674	-
35,000,000 units (March 31, 2007 - Nil) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs 350,532 (March 31, 2007 - Rs Nil)]	350,000	-
26,915,214 units (March 31, 2007 - Nil) of Rs 10 each in DWS Credit Opportunities Fund [Market Value Rs 270,627 (March 31, 2007 - Rs Nil)]	270,010	-
29,000,000 units (March 31, 2007 - Nil) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs 290,487 (March 31, 2007 - Rs Nil)]	290,000	-
10,000,000 units (March 31, 2007 - Nil) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs 101,097 (March 31, 2007 - Rs Nil)]	100,000	-
	4,280,365	**117,922**
	4,772,602	**470,238**

Aggregate value of unquoted investments	4,682,024	469,553
Aggregate value of quoted investments (cost)	90,578	685
Aggregate value of quoted investments (market value)	1,447,108	1,631,240

The following investments were purchased and sold during the year :	March 31, 2008	March 31, 2007
Purchase and sale of 46,000,000 units (March 31, 2007 - Nil) of Rs.10 each in ABN Amro	460,001	-
Purchase and sale of 43,005,712 units (March 31, 2007 - Nil) of Rs.10 each in ABN Amro Money Plus	430,059	-
Purchase and sale of 64,873,497 units (March 31, 2007 - Nil) of Rs.10 each in Birla Cash Plus Fund	650,000	-
Purchase and sale of 74,968,767 units (March 31, 2007 - Nil) of Rs.10 each in Birla Sunlife Liquid Plus Fund	750,197	-
Purchase and sale of 237,993 units (March 31, 2007 - Nil) of Rs.1001 each in DSP Liquid Plus Inst	238,122	-
Purchase and sale of 48,031,044 units (March 31, 2007 - Nil) of Rs.10 each in DWS Credit Opportunities Cash Fund	482,788	-
Purchase and sale of 74,850,299 units (March 31, 2007 - Nil) of Rs.10 each in DWS Insta Cash Plus Fund	750,000	-
Purchase and sale of 29,979,993 units (March 31, 2007 - Nil) of Rs.10 each in DWS Monay Plus Fund	300,046	-
Purchase and sale of 87,499,125 units (March 31, 2007 - Nil) of Rs.10 each in Fidelity Cash Fund	875,000	-
Purchase and sale of 87,514,175. units (March 31, 2007 - Nil) of Rs.10 each in Fidelity Liquid Plus	875,233	-
Purchase and sale of 5,499,557 units (March 31, 2007 - Nil) of Rs.10 each in Grindlays FRF	55,012	-
Purchase and sale of 54,988 units (March 31, 2007 - Nil) of Rs.1000 each in Grindlays Liquidity Manager	55,000	-
Purchase and sale of 140,823,674 units (March 31, 2007 - 66,473,550) of Rs.10 each in HSBC Cash Fund	1,409,025	665,108
Purchase and sale of 165,187,063 units (March 31, 2007 - 104,368,496) of Rs.10 each in HSBC Institutional Liquid Plus	1,653,946	1,045,000
Purchase and sale of 47,270,636 units (March 31, 2007 - Nil) of Rs.11 each in ICICI Flexible Income Plan	499,816	-
Purchase and sale of 124,993,750 units (March 31, 2007 - Nil) of Rs.10 each in ICICI Prudential Institutional Liquid Plan	1,250,000	-
Purchase and sale of 45,944,407 units (March 31, 2007 - Nil) of Rs.10 each in ING Liquid Fund	460,000	-
Purchase and sale of 29,137,540 units (March 31, 2007 - Nil) of Rs.10 each in ING Liquid Plus	291,472	-
Purchase and sale of 29,950,582 units (March 31, 2007 - Nil) of Rs.10 each in JM High Liquidity	300,000	-
Purchase and sale of 14,991,108 units (March 31, 2007 - Nil) of Rs.10 each in JP Morgan	150,045	-
Purchase and sale of 38,335,504 units (March 31, 2007 - Nil) of Rs.10 each in Kotak Flexi Debt	384,547	-
Purchase and sale of 34,756,013 units (March 31, 2007 - Nil) of Rs.12 each in Kotak Liquid	425,000	-
Purchase and sale of 83,490,531 units (March 31, 2007 - Nil) of Rs.10 each in Lotus India Liquid Fund	835,011	-
Purchase and sale of 97,344,072 units (March 31, 2007 - Nil) of Rs.10 each in Lotus India Liquid Plus	974,969	-
Purchase and sale of 859,644 units (March 31, 2007 - Nil) of Rs.1,001 each in Reliance Liquid Plus Fund	860,586	-
Purchase and sale of 98,613,398 units (March 31, 2007 - Nil) of Rs.10 each in Reliance - Liquidity Fund	986,440	-
Purchase and sale of 9,995,502 units (March 31, 2007 - Nil) of Rs.10 each in Reliance Monthly Interval Fund	100,006	-
Purchase and sale of 24,999,000 units (March 31, 2007 - Nil) of Rs.10 each in Reliance Quarterly Interval Fund	250,005	-
Purchase and sale of 9,425,515 units (March 31, 2007 - Nil) of Rs.11 each in Reliance Short Term Fund	99,406	-
Purchase and sale of 4,835,148 units (March 31, 2007 - Nil) of Rs.10 each in Sundaram Bnp Liquid Plus Super Inst	48,467	-
Purchase and sale of 49,046 units (March 31, 2007 - Nil) of Rs.1019 each in UTI Liquid Cash Plan	50,000	-

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

10. Inventories	March 31, 2008	March 31, 2007
Raw materials	593,749	506,373
Goods-in-bond/goods-in-transit (Raw materials)	137,438	164,787
Packing materials	20,711	25,367
Work-in-progress	801,492	717,276
Finished goods	123,960	92,786
	1,677,350	**1,506,589**

11. Sundry debtors (unsecured)	March 31, 2008	March 31, 2007
Debts outstanding for a period exceeding six-months		
Considered good	80,435	237,949
Considered doubtful	40,454	29,555
Other debts		
Considered good	2,176,194	2,510,577
	2,297,083	2,778,081
Less: Provision for doubtful debts	40,454	29,555
	2,256,629	**2,748,526**

12. Cash and bank balances	March 31, 2008	March 31, 2007
Cash on hand	4,568	4,262
Balances with scheduled banks:		
In current accounts	44,534	42,058
In deposit accounts	32,142	29,993
	81,244	**76,313**

(a) Balances with scheduled banks in current accounts include balance in unclaimed dividend account of Rs 1,410 (March 31, 2007 - Rs 1,034).

(b) Balances with scheduled banks in current accounts and deposit account include the balances of the ESOP Trust of Rs 41,719 (March 31, 2007 - Rs 39,927) and Rs 2,142 (March 31, 2007 - Rs 29,993), respectively.

13. Loans and advances (Unsecured and considered good, unless otherwise stated)	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received	142,083	155,118
Intercorporate deposits to Subsidiary / Joint Venture Company	581,540	316,447
Other Receivables	36,255	-
Duty drawback receivable, net of provision of Rs 1,984 (March 31, 2007 - Rs 1,646)	14,371	14,269
Deposits	69,708	49,550
Balances with Customs, Excise and Sales Tax Authorities	281,568	173,149
Advance income-tax, net of provision	109,932	22,527
MAT Credit entitlement	-	52,481
	1,235,457	**783,541**

(a) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of Rs 6,428 (March 31, 2007 - Rs 19,530)

(b) Included under advance tax is Rs 13,998 (March 31, 2007 - Rs 8,998) and provision for taxation of Rs 9,031 (March 31, 2007 - Rs 436) of the ESOP Trust.

(c) Included under Intercorporate deposits are amounts due from :

	March 31, 2008	March 31, 2007
(i) Subsidiary		
Clinigene	299,923	164,380
Maximum amount outstanding at any time during the year	329,177	266,803
(ii) Joint Venture Company		
BBPL	281,617	152,067
Maximum amount outstanding at any time during the year	300,025	761,283

14. Current liabilities and provisions	March 31, 2008	March 31, 2007
Liabilities		
Sundry Creditors		
Capital	301,351	370,630
Others	1,030,374	1,105,800
Advances from customers	58,271	52,900
Book overdraft	21,089	-
Interest accrued but not due	338	296
Investor Education and Protection Fund		
- Unclaimed dividend	1,410	1,034
Other liabilities	250,681	228,771
	1,663,514	**1,759,431**
Current liabilities does not include any amount to be credited to Investor Education and Protection Fund and shall be credited as and when due.		
Provisions		
Proposed dividend	500,000	300,000
Tax on proposed dividend	84,975	50,985
Provision for Contingencies (See note No. 27)	50,000	-
Leave encashment	42,945	52,365
Gratuity	641	(1,539)
Superannuation	2,536	2,536
Fringe benefit tax, net of advance tax	555	664
	681,652	**405,011**
	2,345,166	**2,164,442**

(a) Other liabilities include Rs 559 (March 31, 2007 - Rs 599) due to Ms Kiran Mazumdar Shaw, Managing Director and the maximum amount outstanding at any time during the year was Rs 3,556 (March 31, 2007 - Rs 4,519).

(b) Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act).

	March 31, 2008	March 31, 2007
(i) Principal amount	15,982	9,944
Interest due thereon remaining unpaid as at the end of year	139	55
(ii) Interest, if any paid in terms of Section 16 of the MSMED Act, 2006, during the year	-	-
(iii) Interest due and payable for the period of delay in making payment, during the year	856	704
(iv) Interest accured and remaining unpaid at the end of the year	194	55
(v) Interest remaining due and payable in succeeding years	194	55

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.

15. Other income	March 31, 2008	March 31, 2007
Interest income from investments [(gross of tax deducted at source - Rs 2,112 (March 31, 2007 - Rs 10,601)]	9,324	47,116
Dividend earned		
On Current investments, trade	138,746	2,922
Gain on investments sold, net	729	-
Gain on fixed assets sold, net	-	275
Miscellaneous income	373,953	70,792
	522,752	**121,105**

16. Manufacturing, contract research and other expenses	March 31, 2008	March 31, 2007
Raw materials, packing materials consumed, net of duty drawback of Rs 14,810 (March 31, 2007 - Rs.16,198)	3,742,542	4,211,240
Purchase of goods for resale	291,344	165,824
Employee costs		
Salaries, wages and bonus	571,936	474,656
Group's contribution to provident fund	29,909	24,312
Gratuity and leave encashment	(6,802)	1,150
Employee stock compensation expense	27,637	50,317
Directors' sitting fees	570	680
Welfare expenses	73,013	52,620
Operation and other expenses:		
Royalty and technical fees	11,882	7,995
Rent	9,667	3,618
Communication expenses	31,274	26,649
Travelling and conveyance	120,737	100,988
Professional charges	107,772	93,067
Power and fuel, net of recoveries of Rs Nil (March 31, 2007 - Rs 17,675)	761,171	620,715
Insurance	22,748	24,783
Rates, taxes and fees, net of refunds of taxes Rs.10,257 (March 31,2007- Rs Nil)	(4,529)	6,625
Lab consumables	87,483	43,347
Repairs and maintenance		
Plant and machinery	116,037	103,535
Buildings	16,008	16,188
Others	77,880	46,777
Selling expenses		
Freight outwards and clearing charges	65,208	79,075
Sales promotion expenses	134,993	73,184
Commission and brokerage (other than sole selling agents)	114,045	74,156
Excise duty on closing stock	(4,212)	62
Bad debts written off	97	-
Provision for bad and doubtful debts	10,899	9,770
Exchange fluctuation (net)	(18,683)	(26,394)
Loss/(gain) on forward / option contracts, net	(28,085)	(68,588)
Printing and stationery	10,498	7,005
Loss on fixed assets sold, net	36	-
Research and development expenses	191,169	159,738
Miscellaneous expenses	66,709	102,597
	6,630,953	**6,485,691**
(Increase)/decrease in inventories of finished goods and work-in-progress:		
Opening inventories:		
Finished goods, net of excise duty	86,557	62,530
Work-in-progress	717,276	522,302
	803,833	584,832
Closing inventories:		
Finished goods, net of excise duty	(121,943)	(86,557)
Work-in-progress	(801,492)	(717,276)
	(923,435)	(803,833)
	(119,602)	(219,001)
	6,511,351	**6,266,690**

17. Research and development expenses

Research and development expenses aggregate to Rs 646,459 (March 31, 2007 - Rs 478,729) and include Rs 170,335 (March 31, 2007 - Rs 97,668) on research and development equipment and Rs 5,003 (March 31, 2007 - Rs 616) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

18. Interest and finance charges	March 31, 2008	March 31, 2007
Interest paid on :		
Packing credit, cash credit from banks	22,010	72,367
	22,010	72,367
Less : Interest received from suppliers	(2,227)	(4,006)
	19,783	68,361
Bank charges	8,915	9,257
	28,698	77,618

19. Employee stock compensation

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries. A compensation committee has been constituted to administer the plan through a trust specifically established for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).
The Trust shall purchases equity shares of Biocon by using proceeds from loans obtained from Biocon, other cash inflows from allotment of shares to employees under the ESOP Plan and will subscribe 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 purposes of issuance to the employees under the ESOP Plan. The Compensation Committee shall determine the exercise price which will not be less than the face value of the shares.

On October 8, 2001, the Company issued 12,153 equity shares of Rs 100 each to the ESOP Trust under an Employee Stock Option Plan ('ESOP Plan') and the ESOP Trust acquired 350 equity shares of Rs 100 each from certain individuals. On May 9, 2002, the Company has further issued 15,870 equity shares of Rs 10 each to the Trust under the ESOP Plan. The Trust, on October 20, 2003 ,acquired 2,500 equity shares of Rs 10 each from certain individuals. The total shares issued to the Trust were 7,023,100 equity shares of Rs 5 each, of which grants have been made for 3,814,385 equity shares as at March 31, 2006 and 7,023,100 equity shares as at March 31, 2007.

Grant I

On September 27, 2001, the Company granted 71,510 options under the ESOP Plan 2000 to be excerised at a grant price of Rs 10 (pre-bonus and pre-split). The options will vest with the employees equally over a four year period.

Grant II

Effective January 1, 2004, the Company granted 142,100 options (shares of Rs 5 each) under the ESOP Plan 2000 to be exercised at a price of Rs 5 per share. The options vest with the employees equally over a four year period.

Details of Grant II

Particulars	March 31, 2008		March 31, 2007	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	27,440	5	63,700	5
Granted during the year	-	-	-	-
Forfeited during the year	490	5	1,225	5
Exercised during the year	16,170	5	35,035	5
Expired during the year	-	-	-	-
Outstanding at the end of the year	10,780	5	27,440	5
Exercisable at the end of the year	10,780	5	-	-
Weighted average remaining contractual life (in years)	-		1	
Weighted average fair value of options granted (Rs)	226		226	

Grant III

On January 18, 2004, the Board of Directors announced the Biocon Employees Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employees of the Company, pursuant to which, the Compensation Committee on March 19, 2004 granted 422,000 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 315 being the issue price determined for the IPO through the book building process. The options will vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2008		March 31, 2007	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	76,000	315	171,500	315
Granted during the year	-	-	-	-
Forfeited during the year	17,250	315	40,875	315
Exercised during the year	-	-	54,625	315
Expired during the year	-	-	-	-
Outstanding at the end of the year	58,750	315	76,000	315
Exercisable at the end of the year	58,750	315	-	-
Weighted average remaining contractual life (in years)	3		4	
Weighted average fair value of options granted (Rs)	-		-	

Grant IV

On July 19, 2006, the Company approved the grant of 3,478,200 stock options 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 the first, second and third year from July 18, 2006, with an exercise period of two years for each grant. The vesting conditions include completion of two years of service and performance and grade of the employees. These options are exercisable at a discount of 20% on the market price of the Company's shares on the date of grant.

Details of Grant IV

Particulars	March 31, 2008		March 31, 2007	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	3,251,640	278	-	-
Granted during the year	311,821	395	3,478,200	278
Forfeited during the year	484,262	275	226,560	275
Exercised during the year	151,900	275	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,927,299	289	3,251,640	278
Exercisable at the end of the year	201,025	275	-	-
Weighted average remaining contractual life (in years)	3.92		3.69	
Weighted average fair value of options granted (Rs)	161.15		156.83	

The details of the exercise price for stock options outstanding at March 31, 2008 are :

Range of exercise prices	March 31, 2008	March 31, 2007
Exercise price	275/- to 463/-	275/- to 300/-
Weighted Average Remaining Contractual Life in options (Yrs)	3.92	3.69
Weighted Average Exercise Price	289	278
Expected volatility	37.62%	34.29%
Historical volatility	34.29%	34.29%
Life of the options granted (vesting and exercise period) in years	6.20	5.12
Expected dividends	2.45	2.59
Average risk-free interest rate	7.80%	7.85%
Expected dividend rate	0.57%	0.66%

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

Since the enterprise uses the intrinsic value method, the impact on the reported net profit and earnings per share under the fair value approach is as given below:

Particulars	March 31, 2008	March 31, 2007
Net profit after taxes	4,349,245	1,583,502
Add: Employee stock compensation under intrinsic value	27,637	50,317
Less : Employee stock compensation under fair value	54,167	103,835
Proforma profit	4,322,715	1,529,984
Earnings per Shares - Basic		
- As reported	45.02	16.97
- Proforma	44.75	15.83
Earnings per Shares - Diluted		
- As reported	43.67	16.88
- Proforma	43.40	15.75

A summary of movement in respect of the shares held by the Trust is as follows :

Particulars	March 31, 2008	March 31, 2007
Opening balance of equity shares available with the Trust	3,355,080	4,432,567
Add: Shares purchased by the trust	216,749	-
Less: Shares allotted to the employees	(168,070)	(1,077,487)
Closing balance of shares available with the Trust	**3,403,759**	**3,355,080**
Options granted and eligible for exercise at end of year	270,555	-
Options granted but not eligible for exercise at end of year	2,726,274	3,355,080
Total employee stock compensation cost as at end of year (Rs)	**313,950**	**324,318**

20. Reconciliation of basic and diluted shares used in computing earning per share	March 31, 2008	March 31, 2007
Basic outstanding shares	96,596,241	96,644,920
Add: Effect of dilutive shares in respect of ESOPs	2,996,829	495,215
Weighted average shares outstanding and potential shares outstanding	**99,593,070**	**97,140,135**

21. Exceptional items, net

Exceptional items, net, for the year ended March 31, 2008 comprise of the following:

	Gross	Tax effect	Net
i. Net gain on sale of net assets of discontinued operations	3,297,546	758,670	2,538,876
ii. Impairment of intellectual property	(220,000)	(74,778)	(145,222)
Total	3,077,546	683,892	2,393,654

(i) Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464 million to a third party for a consideration of Rs 3,958 million, and recorded a gain of Rs 3,297 million net of expenses incidental and attributable to the sale of the business.

(ii) In December 2007, the Company recorded a total impairment of Rs 220 million, in respect of one of its intellectual property acquired by the Company in the year ended March 31, 2006 for the development of a drug. The Company decided to write off the intangible asset in view of the recent adverse reports and recent decline in sales trends of Natrecor/Neseritide, a competing drug.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

22. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2007 to March 31, 2008	Balance as at March 31, 2008 (Payable)/receivable	April 1, 2006 to March 31, 2007	Balance as at March 31, 2007 (Payable)/receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(11,592)	(559)	(10,319)	(599)
2	JMM Shaw	Director	Salary and perquisites	(7,662)	-	(7,091)	-
3	Syngene	Subsidiary	Rent income	2,704	-	1,553	-
			Rent deposit received	(1,085)	(2,135)	-	(1,050)
			Recovery of Power and facility charges	104,104	-	45,315	-
			Sale of goods	104	-	9,870	1,134
			ESOP Compensation recovery	19,115	-	20,959	-
			Management charges received	2,400	-	2,400	-
4	Clinigene	Subsidiary	Power charges received	280	-	480	-
			Rent income	140	-	240	240
			Management charges received	1,200	-	600	600
			Fees for research services	(46,677)	(9,669)	(34,565)	(23,397)
			ESOP Compensation recovery	4,096	-	3,069	-
			Health Check up	(1,938)	-	-	-
			Unsecured Loan	135,543	299,923	97,965	164,380
5	BBPL	Subsidiary	Interest income on unsecured loan	9,324	-	47,116	-
			Rent income	942	-	857	-
			Rent deposit received	-	(590)	-	(590)
			Management charges received	1,200	-	600	-
			Insurance Charges	-	-	256	-
			Reimbursement of Personnel Deputation Charges	(3,323)	-	(3,758)	-
			Unsecured Loan	129,550	281,617	401,833	152,067
			Vialling Charges	5,649	-	937	-
			ESOP Compensation recovery	46	-	898	898
			Power and Facility charges paid	(51,690)	-	-	-
			Purchase of materials	(93,285)	(7,666)	(43,629)	-
			Recovery of Power and Facility charges	54,649	-	40,077	-
6	Glentec International	Shareholder	Lease Rentals	(1,400)	(1,400)	-	-
7	P K Associates	Properietary firm of Relative of Director	Lease Rentals	(207)	(14)	189	-

(a) The Company has given corporate guarantees of Rs 217,500 (March 31, 2007 - Rs 217,500) to the Customs and Excise department ('CED') on behalf of Syngene and Syngene has furnished a corporate guarantee of Rs 465,000 (March 31, 2007 - Rs 465,000) on behalf of the Company to the CED.

(b) Effective January 1, 2004, the Company has entered into an agreement with Syngene, Clinigene and BBPL to provide general management support, for which an agreed upon management charge has been levied.

(c) The Company has given corporate guarantee of Rs 131,352 (March 31, 2007 - Rs 131,352) to the Customs and Excise Department ('CED') and on behalf of BBPL a corporate guarantee of Rs 650,000 (March 31, 2007- Rs 650,000) to State Bank of India (SBI) Overseas branch towards term loan granted, to BBPL.

(d) The Company has given corporate guarantee of Rs 27,205 (March 31, 2007 - Rs 27,205) to the Customs and Excise Department ('CED') on behalf of Clinigene.

(e) The Company has entered into an agreement with Clinigene to provide professional services in the nature of clinical trials for its projects.

(f) Effective October 1, 2006, the Company's SEZ Developer has entered into service contracts with SEZ Unit of BBPL and SEZ Unit of Syngene for provision of certain facilities and services.

(g) The Company has taken a office premises on lease for a term of 1 year at a monthly rental of Rs 207 from Glentec International effective from October 1, 2007.

23. Supplementary profit and loss data	March 31, 2008	March 31, 2007
(i) Payments to auditors (included in professional charges)		
a) Statutory audit	1,450	1,625
b) Tax audit	125	125
c) Other matters (certification and other services)	200	150
d) Reimbursement of out-of-pocket expenses	269	132
	2,044	**2,032**
(ii) Managerial remuneration		
a) Remuneration to Managing Director		
Salary and Bonus	8,236	8,657
Perquisites	2,897	1,244
Contribution to provident fund	459	418
	11,592	**10,319**
b) Remuneration to whole-time Director		
Salary and Bonus	6,705	6,221
Perquisites	957	870
	7,662	**7,091**
c) Computation of net profits in accordance with Section 349 of the Companies Act, 1956 ('the Act')		
Net profit for the year before tax (Excluding Exceptional Income, net)	2,061,975	1,710,491
Add:		
Depreciation provided in the accounts	689,980	576,060
Managerial remuneration	19,254	17,410
Provision for bad and doubtful debts	10,899	9,770
	2,782,108	**2,313,731**
Less:		
Depreciation under Section 350 of the Act	689,980	576,060
Profit on sale of assets	-	275
	689,980	**576,335**
Net Profit for Section 198 of the Act	2,092,128	1,736,700
Maximum remuneration payable to Directors	209,213	173,670
Remuneration paid to Managing Director	11,592	10,319
Remuneration paid to whole time Director	7,662	7,091

As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

(iii) Information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI of the Companies Act, 1956 ('the Act'):

a) Licenced capacity, installed capacity and actual production :

Class of goods	Licenced Capacity Kg.	Installed Capacity Kg.	Actual Production March 31, 2008 Kg.	Actual Production March 31, 2007 Kg.
Biochemicals:				
Enzymes (Also refer note 27)	*	**	2,132,314	5,419,066
Pharmaceutical	*	**	7,234,395	8,846,450

* Exempted from the licensing provisions of the Industries (Development and Regulation) Act, 1951 in terms of notification No.S.O.477(E) dated July 25, 1991.

** Installed capacity has not been disclosed as these are variable and subject to changes in product mix, and utilisation of manufacturing facilities, given the nature of operations.

b) Inventories and sales

Description	Opening Stock Quantity Kg.	Opening Stock Value Rs.	Sales Quantity Kg.	Sales Value Rs.	Closing Stock Quantity Kg.	Closing Stock Value Rs.
March 31, 2008						
Biochemicals						
Manufacturing:						
Enzymes	28,982	3,055	2,161,296	482,195	-	-
Pharmaceutical	124,521	57,375	7,335,456	7,559,273	23,460	56,255
Trading:						
Enzymes	11,906	2,950	31,595	11,696	-	-
Bio Pharmaceuticals	11,807,323 (Nos)	29,406	66,820,919 (Nos)	534,332	25,784,953 (Nos)	67,705
		92,786		**8,587,496**		**123,960**
March 31, 2007						
Biochemicals						
Manufacturing:						
Enzymes	14,885	1,519	5,404,969	1,158,974	28,982	3,055
Pharmaceutical	15,414	31,116	8,737,525	7,213,454	124,521	57,375
Trading:						
Enzymes	3,763	595	44,545	12,697	11,906	2,950
Bio Pharmaceuticals	20,644,770 (Nos)	35,591	39,805,628 (Nos)	213,994	11,807,323 (Nos)	29,406
		68,821		**8,599,119**		**92,786**

c) Purchase of traded goods:

		March 31, 2008 Quantity	March 31, 2008 Value	March 31, 2007 Quantity	March 31, 2007 Value
Biopharmaceuticals & Enzymes	Units - Kgs	19,689	291,344	52,688	165,824
	Units - Nos	80,798,549		30,968,181	

d) Details of consumption of raw materials, packing materials and stores:

	March 31, 2008 Quantity (Kg)	March 31, 2008 Amount	March 31, 2007 Quantity (Kg)	March 31, 2007 Amount
Enzymes & Chemicals	32,765,282	3,672,283	27,838,197	4,160,359
Packing materials	-	70,259	-	50,881
	32,765,282	**3,742,542**	**27,838,197**	**4,211,240**

Consumption quantities and values have been derived on the basis of opening stock plus purchases less closing stock and therefore include adjustments ascertained during physical count, write off of obsolete items etc.

	March 31, 2008 Value	March 31, 2008 Per cent	March 31, 2007 Value	March 31, 2007 Per cent
Imported	2,445,663	65	2,392,856	57
Indigenous	1,296,879	35	1,818,260	43
	3,742,542	**100**	**4,211,240**	**100**

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2008	March 31, 2007
(iv) Value of imports calculated on C.I.F. basis :		
Raw materials	2,518,296	2,375,579
Packing materials	20,723	15,051
Capital goods	300,946	188,097
	2,839,965	**2,578,727**
(v) Earnings in foreign currency:		
(on accrual basis)		
Export of goods on FOB basis	4,776,275	4,489,161
Recovery of freight, insurance etc on exports	1,480	1,814
Licensing and development fees	448,413	272,352
	5,226,168	**4,763,327**
(vi) Dividend to non-resident shareholders :		
(remitted in foreign currency)		
Final Dividend		
Number of shareholders	17	18
Number of shares held	21,390,007	21,438,448
Dividend remitted (Rs in thousands)	64,170	53,596
Year to which it relates	2007	2006
(vii) Expenditure in foreign currency :		
(on accrual basis)		
Sales commission	80,325	50,263
Interest on Packing credit	18,303	36,097
Travel and Conveyance	42,710	10,485
Professional Charges	60,263	59,212
Others	171,410	94,735
	373,011	**250,792**
(viii) Research & Development Expenses (other than on equipments and buildings)		
Salaries, wages and bonus	118,411	78,954
Employee stock compensation expense	5,622	12,363
Lab consumables	87,483	43,347
Travel and Conveyance	12,557	15,834
Patent and Informatic search fees	38,909	7,778
Amortisation of IP Assets	16,000	9,138
Others	192,138	213,031
	471,121	**380,445**

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

24. Commitments

(a) Capital commitments	March 31, 2008	March 31, 2007
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances .	391,260	400,600

(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 September 2016. Gross rental expenses for the year aggregates to Rs 8,267 (March 31, 2007 - Rs 2,218). The committed lease rental in future are as follows:

	March 31, 2008	March 31, 2007
Not later than one year	10,735	4,946
Later than one year and not later than five years	21,331	11,420
Later than five years	4,273	1,320

(ii) Vehicles

The Company has taken vehicles for certain employees under operating leases, which expire in February 2011. Gross rental expenses for the year aggregate to Rs 7,517 (March 31, 2007 - Rs 4,744). The committed lease rental in the future are:

	March 31, 2008	March 31, 2007
Not later than one year	6,697	6,238
Later than one year and not later than five years	11,529	8,978

Where the Company is a Lessor:

(i) Rent

The Company has leased out certain parts of its building and land on an operating lease, which expire over a period upto 2011. Gross rental income for the year aggregate to Rs 14,858 (March 31, 2007 - Rs 2,650). Further, minimum lease receipts under operating lease are as follows:

	March 31, 2008	March 31, 2007
Not later than one year	24,464	2,977
Later than one year and not later than five years	98,365	12,111
Later than five years	3,188	6,281

25. Contingent liabilities	March 31, 2008	March 31, 2007
(a) Taxation matters under appeal	44,336	20,960
(b) Corporate guarantees		
(i) Corporate guarantee given in favour of the Central Excise Department (CED) in respect of certain performance obligations of Syngene. The Company has informed that necessary terms and conditions have been complied with and no liabilities have arisen.	217,500	217,500
(ii) Corporate guarantee given by Syngene in favour of the CED in respect of certain performance obligations of Biocon.	465,000	465,000
(c) Corporate guarantees given in favour of the CED in respect of certain performance obligations of BBPL. BBPL has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	131,352	131,352
(d) Corporate guarantees given in favour of the CED in respect of certain performance obligations of Clinigene. Clinigene has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	27,205	27,205
(e) Corporate guarantees given in favour of State Bank of India (SBI), towards Term loan granted to BBPL BBPL has informed that the necessary terms and conditions have been complied with and no liabilities have arisen.	650,000	650,000
(f) Claims against the Company not acknowledged as debts.	-	2,170
(g) The Company has provided a letter of committment to fund the operations of its wholly owned subsidiary Clinigene.		

26. Foreign exchange forward contracts and unhedged foreign currency exposure

The Company has entered into foreign exchange forward contracts to hedge highly probable forcasted forex transactions. As at March 31, 2008, the Company has forward exchange contracts to sell US$ 58 Million in respect of the forcasted transactions.

As at March 31, 2008, the Company has unhedged foreign currency receivables of Rs 218,712 (March 31, 2007- Rs Nil) and unhedged foreign currency payables of Rs 507,782 (March 31, 2007 - Rs Nil).

27. Discontinuing Operations

On July 18, 2007, the Board of Directors of Biocon approved the sale of the Company's Enzymes business along with its assets and liabilities to a third party. On September 3, 2007, the shareholders of the Company approved the sale by way of a postal ballot.

Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464 million for a consideration of Rs 3,958 million and recorded a gain of Rs 3,297 million net of expenses incidental and attributable to the sale of the business, including provision for contingencies of Rs 50,000.

As part of the sale agreement, the Company also entered into an agreement to lease certain fixed assets to such third party to carry on manufacturing activities out of such facilities, and to provide certain specified support services, effective October 1, 2007.

The net assets of the Enzymes Business as on the date of transfer are as follows. Comparative information for the Enzymes Business is disclosed in accordance with Accounting Standard 24 – Discontinuing Operations issued by the Institute of Chartered Accountants of India.

	As at October 1, 2007	As at March 31, 2007
Fixed assets	50,417	56,001
Current assets	445,350	575,230
Current liabilities	104,093	199,550
Net assets	**391,674**	**431,681**

The net cash flows attributable to the Enzymes business are as follows:

	March 31, 2008	March 31, 2007
Operating	72,097	75,451
Investing	3,060,718	(4,345)
Financing	(1,427)	(9,286)
Net inflow/(outflows)	**3,131,388**	**61,820**

The following are the disclosures pertaining to the operating activities of the discontinued operations:

	March 31, 2008	March 31,2007
Revenues	477,247	1,151,789
Operating costs	437,025	785,473
Profit/(Loss) from operating activities	40,222	366,316
Finance cost	1,427	9,286
Profit/(Loss) before tax	38,795	357,030
Income tax expense	10,533	96,691
Profit/(Loss) after tax	**28,262**	**260,339**

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

28. Employee Benefit Plans

A summary of the gratuity plan is as follows

Fund balance

	March 31, 2008	March 31, 2007
Defined benefit obligation	49,081	58,412
Fair value of plan assets	48,440	59,951
Plan (Asset) / Liability	641	(1,539)
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	58,413	63,058
Current Service cost	7,041	11,123
Past Service cost	-	717
Interest cost	4,250	2,865
Benefits paid	(16,350)	(6,784)
Actuarial (gain) / loss	(4,273)	(12,568)
Benefit obligation at the end of the year	49,081	58,412
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	59,952	51,377
Return on plan assets	4,838	3,853
Actuarial gain / (loss)	-	(177)
Actual contribution	-	11,681
Benefits paid	(16,350)	(6,784)
Fair value of plan assets at end of the year	48,440	59,951
Net gratuity cost and year ended is as follows:		
Components of net benefit cost		
Current Service cost	7,041	11,123
Past Service cost	-	717
Interest cost	4,250	2,865
Expected return on plan assets	(4,838)	(3,853)
Net actuarial (gain) / loss recognised during the year	(4,273)	(12,391)
Net gratuity cost	2,180	(1,539)
The assumptions used in accounting for the gratuity plan are as below:		
Interest rate	8.20%	7.50%
Discount rate	8.20%	7.50%
Return on Plan Assets	8.20%	7.50%
Salary increase	9.00%	8.00%
Attrition rate upto age 44	17.00%	2.00%
Attrition rate above age 44	16.00%	1.00%
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, 2009, is approximately Rs 641.

The nature of allocation of the fund is only in debt based funds of high credit rating.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

29. Segmental information

Business segments

The primary reporting of the Company has been performed on the basis of business segment. The Company is organised into two business segments, enzymes and active pharmaceutical ingredients ('Pharma'). 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. Also refer note 27.

April 1, 2007 to March 31, 2008

Particulars	Discontinued Operations	Pharma	Unallocated	Eliminations	Total
Revenues					
External sales, net	457,016	8,312,236	-	-	8,769,252
Inter-segment transfers	20,231	-	-	(20,231)	-
Total revenues	477,247	8,312,236	-	(20,231)	8,769,252
Costs					
Segment costs	(358,734)	(5,056,771)	-	-	(5,415,505)
Inter-segment transfers	-	(20,231)	-	20,231	-
Result					
Segment result	118,513	3,235,234	-	-	3,353,747
Corporate expenses	-	-	(1,095,846)	-	(1,095,846)
Other income	-	-	513,428	-	513,428
Interest income	-	-	9,324	-	9,324
Operating profit					2,780,653
Depreciation	(7,984)	(681,996)	-	-	(689,980)
Interest expense	-	-	(28,698)	-	(28,698)
Income taxes	-	-	(106,384)	-	(106,384)
Net profit before Exceptional Item					1,955,591
Exceptional Item	-	-	3,297,546	-	3,297,546
Impairment Losses	-	(220,000)	-	-	(220,000)
Income Tax on Exceptional Item	-	-	(683,892)	-	(683,892)
Profit after Taxes					4,349,245
Other information					
Segment assets	-	12,029,589	-	-	12,029,589
Unallocated corporate assets	-	-	5,434,630	-	5,434,630
					17,464,219
Total assets					
Segment liabilities	-	3,149,044	-	-	3,149,044
Unallocated corporate liabilities	-	-	1,033,212	-	1,033,212
Total liabilities					4,182,256
Capital expenditure	-	595,401	-	-	595,401

April 1, 2006 to March 31, 2007

Particulars	Discontinued Operations	Pharma	Unallocated	Eliminations	Total
Revenues					
External sales	1,086,911	7,422,843	-	-	8,509,754
Inter-segment transfers	64,878	-	-	(64,878)	-
Total revenues	1,151,789	7,422,843	-	(64,878)	8,509,754
Costs					
Segment costs	(700,822)	(4,544,252)	-	-	(5,245,074)
Inter-segment transfers	-	(64,878)	-	64,878	-
Result					
Segment result	450,967	2,813,713	-	-	3,264,680
Corporate expenses	-	-	(1,021,616)	-	(1,021,616)
Other income	-	-	73,989	-	73,989
Interest income	-	-	47,116	-	47,116
Operating profit					2,364,169
Depreciation	(31,822)	(544,238)	-	-	(576,060)
Interest expense	-	-	(77,618)	-	(77,618)
Income taxes - Current and deferred	-	-	(126,989)	-	(126,989)
Net profit after taxes					1,583,502
Other information					
Segment assets	631,231	11,552,605	-	-	12,183,836
Unallocated corporate assets	-	-	862,313	-	862,313
Total assets					13,046,149
Segment liabilities	199,550	2,656,306	-	-	2,855,856
Unallocated corporate liabilities	-	-	773,888	-	773,888
Total liabilities					3,629,744
Capital expenditure	13,841	4,933,670	-	-	4,947,511

Geographical segments

Secondary segmental reporting is performed on the basis of the geographical location of customers. The management views the Indian market and export markets as distinct geographical segments. The following is the distribution of the Company's sale by geographical markets.

Revenues, net	March 31, 2008	March 31, 2007
India	3,544,564	3,748,241
Exports	5,224,688	4,761,513
Total	**8,769,252**	**8,509,754**

The following is the carrying amount of segment assets by geographical area in which the assets are located:

Carrying amount of segment assets	March 31, 2008	March 31, 2007
India	15,787,045	11,447,734
Outside India	1,677,174	1,598,415
	17,464,219	**13,046,149**

All additions to fixed assets and intangible assets are in India.

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.

Inter-segment transfers

Segment revenue, segment costs and results include transfers between business segments. Such transfers have been made at cost. The inter-segment transfers have been eliminated on consolidation of the segments.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets, investments and current assets. Segment liabilities comprise of loan funds 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.

30. Prior years' comparatives

The previous years' figures have been re-grouped, where necessary to conform to current years' classification.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No: 35141

Bangalore
April 22, 2008

For and on behalf of the Board of Directors

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All amounts in thousands of Rupees)

(a)	**REGISTRATION DETAILS**	
	Registration No.	3417
	State Code	08
	Balance Sheet Date	March 31, 2008
(b)	**CAPITAL RAISED DURING THE YEAR**	
	Public Issue	-
	Right Issue	Nil
	Bonus Issue	Nil
	Private Placement	Nil
(c)	**POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**	
	Total Liabilities and shareholders funds	17,464,219
	Total Assets	17,464,219
	Sources of Funds	
	Paid up Capital	500,000
	Reserves	12,781,963
	Secured Loans	892,634
	Unsecured Loans	546,219
	Deferred tax liability	398,237
	Application of Funds	
	Net Fixed Assets	6,794,596
	Capital work in progress	646,341
	Long term Investments	4,772,602
	Net Current Assets	2,905,514
(d)	**PERFORMANCE OF THE COMPANY**	
	Turnover	9,292,004
	Total expenditure	7,230,029
	Profit before tax	5,139,521
	Profit after tax	4,349,245
	Earnings per share in Rupees (basic)	45.02
	Dividend rate %	100
(e)	**GENERIC NAME OF PRINCIPAL PRODUCTS OF THE COMPANY**	
	Item Code No. (ITC Code)	350790
	Product Description	Enzymes for Pharmaceutical use
	Item Code No.(ITC Code)	280000 & 290000
	Product Description	Organic & Inorganic Chemicals

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

BIOCON LIMITED & SUBSIDIARIES - IGAAP

AUDITORS' REPORT

To the Board of Directors of Biocon Limited

We have audited the attached Consolidated Balance Sheet of Biocon Limited ('Company') and its subsidiaries and joint venture [together referred to as 'the Group'], as at March 31, 2008, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2008;
(b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S.R. BATLIBOI & ASSOCIATES
Chartered Accountants

per Sunil Bhumralkar
Partner
Membership No.: 35141

Bangalore
April 22, 2008

BIOCON LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008

(All amounts in Indian Rupees thousands)

	Notes	March 31, 2008	March 31, 2007 (Note 30)
SOURCES OF FUNDS			
Shareholders' Funds			
Capital	3	500,000	500,000
Reserves and surplus	4	14,341,476	10,186,069
		14,841,476	10,686,069
Minority Interest	5	(73,218)	(7,989)
Loan Funds			
Secured loans	6	1,350,434	737,331
Unsecured loans	7	1,200,121	1,130,392
		2,550,555	1,867,723
Deferred Tax Liability	8	464,984	448,310
		17,783,797	**12,994,113**
APPLICATION OF FUNDS			
Fixed Assets			
Cost	9(i)	11,547,886	10,149,058
Less: Accumulated depreciation		2,511,059	1,712,101
Net book value		9,036,827	8,436,957
Capital work-in-progress [including capital advances of Rs 252,265 (March 31, 2007 - Rs 33,003)]		1,382,108	708,282
		10,418,935	9,145,239
Intangible Assets	9(ii)	276,000	512,000
Investments	10	4,747,673	790,868
Current Assets, Loans And Advances			
Inventories	11	1,789,783	1,613,206
Sundry debtors	12	2,591,254	3,065,219
Cash and bank balances	13	96,165	87,324
Loans and advances	14	869,203	529,656
		5,346,405	5,295,405
Less: Current Liabilities And Provisions			
Liabilities	15	2,300,282	2,324,277
Provisions		704,934	425,122
		3,005,216	2,749,399
Net Current Assets		2,341,189	2,546,006
		17,783,797	**12,994,113**

The accompanying notes 1 to 30 form an integral part of the Balance Sheet.

As per our report of even date
For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

per Sunil Bhumralkar
Partner
Membership No: 35141

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 22, 2008

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008

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

	Notes	March 31, 2008	March 31, 2007 (Note 30)
INCOME			
Gross sales		8,600,699	8,589,248
Less Excise Duty		266,657	361,717
Net sales		8,334,042	8,227,531
Contract research		1,755,486	1,357,345
Licensing and development fees		448,413	272,435
Other income	16	364,108	38,868
		10,902,049	9,896,179
EXPENDITURE			
Manufacturing, contract research and other expenses	17	7,551,950	7,023,165
Interest and finance charges	19	101,801	97,563
		7,653,751	7,120,728
PROFIT BEFORE, DEPRECIATION , EXCEPTIONAL ITEMS AND TAXES		3,248,298	2,775,451
Depreciation and Amortisation	9 (i), 9 (ii)	940,805	667,089
Less: Amount transferred from revaluation reserve	4	1,601	1,606
		939,204	665,483
PROFIT BEFORE TAXES AND EXCEPTIONAL ITEMS		2,309,094	2,109,968
[Includes Rs 38,795 (March 31, 2007 - Rs 357,030) respectively, from discontinued operations]			
Provision for income-tax			
Current tax	22	116,297	59,923
Less : MAT Credit Entitlement		(19,154)	(52,481)
Deferred taxes	8	16,674	150,986
Fringe Benefit tax		15,066	10,691
[Includes Rs 10,532 (March 31, 2007 - Rs 96,691) respectively, pertaining to discontinued operations]			
PROFIT AFTER TAXES, BEFORE EXCEPTIONAL ITEMS		2,180,211	1,940,849
[Includes Rs 28,263 (March 31, 2007 - Rs 260,339) respectively, from discontinued operations]			
Minority interest	5	65,229	61,767
		2,245,440	**2,002,616**
Exceptional items, net		3,077,546	-
Less : Provision for Tax		683,892	-
(refer note - 22 to financial statements)			
PROFIT AFTER TAXES		4,639,094	2,002,616
Balance brought forward from previous year		5,627,185	4,133,905
PROFIT AVAILABLE FOR APPROPRIATION		10,266,279	6,136,521
Proposed dividend on equity shares		500,000	300,000
Tax on proposed dividend		84,975	50,985
Transfer to general reserve		434,925	158,351
BALANCE, TRANSFERRED TO BALANCE SHEET		**9,246,379**	**5,627,185**
Earnings per share (equity shares, par value of Rs 5 each)			
Basic (in Rs)		48.03	21.47
Diluted (in Rs)		46.58	21.35
Weighted average number of shares used in computing earnings per share			
Basic	21	96,596,241	96,644,920
Diluted		99,593,070	97,140,135

The accompanying notes 1 to 30 form an integral part of the Profit and Loss Account

As per our report of even date
For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

per Sunil Bhumralkar
Partner
Membership No: 35141

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 22, 2008

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2008

(All amounts in Indian Rupees thousands)

			March 31, 2008	March 31, 2007 (Note 30)
I	CASH FLOWS FROM OPERATING ACTIVITIES :			
	Net profit before tax		5,386,640	2,109,968
	Adjustments for			
	Add: Non cash item/items required to be disclosed separately:			
	Depreciation / Amortisation	939,204		665,483
	Exceptional Income	(3,077,546)		-
	Unrealised exchange (gain)/loss	(5,097)		11,514
	Provision for bad and doubtful debts	10,899		9,770
	Interest expense	103,655		101,559
	Interest income (gross)	(1,854)		(4,608)
	Dividend earned (gross)	(162,165)		(37,072)
	Employee stock compensation expense	50,894		75,242
	Gain on sale of investment in mutual funds	(952)		(740)
	Gain / (loss) on assetssold	4,333		685
	Bad debts written off	372	(2,138,257)	821,833
			3,248,383	2,931,801
	Changes in working capital and other provisions			
	Inventories	(176,577)		(508,350)
	Sundry debtors	464,753		(841,039)
	Loans and advances	(208,218)		(179,001)
	Current liabilities and provisions (including book overdraft)	92,032		276,536
			171,990	(1,251,854)
	Cash generated from operations		3,420,373	1,679,947
	Tax paid (net of refunds)		(242,678)	(132,373)
	Net cash provided by operating activities		3,177,695	1,547,574
II	CASH FLOWS FROM INVESTING ACTIVITIES :			
	Fixed assets			
	Purchase	(2,325,289)		(1,723,421)
	Sale	-		1,485
	Income from sale of business, net of taxes	2,668,447		-
	Acquisition of Intangible assets	-		(182,597)
	Change in minority Interest	-		21,560
	Interest received	1,896		(19,932)
	Dividend received	162,165		37,072
	Sale of investment	19,588,245		3,019,449
	Movement in reserves of ESOP trust	47,166		79,817
	Purchase of investment			
	Long term	(48,415)		-
	Current	(23,495,683)		(3,145,113)
	Net cash used for investing activities		(3,401,168)	(1,911,680)
III	CASH FLOWS FROM FINANCING ACTIVITIES :			
	Short term borrowings from banks, net	697,149		(90,218)
	Repayment of secured loans	(80,000)		799,990
	Unsecured Loans	69,729		107,475
	Interest paid	(103,655)		(101,299)
	Dividend paid	(300,000)		(250,000)
	Dividend tax paid	(50,985)		(35,063)
	Net cash used for financing activities		232,238	430,885
IV	NET CHANGE IN CASH AND CASH EQUIVALENTS (I+II+III)		8,465	66,779
V	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		86,290	19,511
VI	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (IV + V)		94,755	86,290
	COMPONENTS OF CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR			
	Cash on Hand		7,095	4,339
	Balances with Banks - in current accounts (excluding Unclaimed Dividend)		49,531	51,958
	Balances with Banks - in deposit accounts		38,129	29,993
			94,755	**86,290**

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

per Sunil Bhumralkar
Partner
Membership No: 35141

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 22, 2008

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

BIOCON LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2008

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

1. Background

a. Incorporation and history

Biocon Limited ('Biocon' or 'the Company'), was incorporated at Bangalore in 1978 for manufacture of biotechnology products. Syngene International Limited ('Syngene'), promoted by KMZ, was incorporated at Bangalore in 1993. In March 2002, Biocon acquired 99.99 per cent of the equity shares of Syngene and, resultantly, Syngene became the subsidiary of Biocon. Clinigene International Limited ('Clinigene') was incorporated on August 4, 2000 at Bangalore and became a wholly owned subsidiary of Biocon on March 31, 2001. Biocon entered into an Agreement to set up a Joint Venture Company with CIMAB SA ('CIMAB'), a company organised and existing under the laws of Cuba to manufacture and market products using technology and to carry out research activities. Accordingly, Biocon Biopharmaceuticals Private Limited ('BBPL') was incorporated on June 17, 2002. On April 18, 2003, Biocon acquired a 51 per cent shareholding in BBPL.

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

b. Operations

Biocon, its subsidiaries and joint venture company ("the Group") are engaged in the manufacture of biotechnology products in the pharmaceutical through fermentation based technology and are also engaged in the formulation business. The Group is also engaged in providing contract research services to overseas customers in the field of synthetic chemistry and molecular biology, sale of products arising from research activities and undertakes clinical research activities on discovering new biomarkers and is extending its activity to discovering new diseases subsets and novel data based on pharmacogenomics.

2. Statement of significant accounting policies

a. (i) Basis of presentation and consolidation

The consolidated financial statements have been prepared under the historical cost convention except in case of assets for which provision for impairment is made and revaluation is carried out, on an accrual basis. The consolidated financial statements have been prepared to comply in all material respects with accounting standards, as applicable, notified by the Companies Accounting Standards Rules, 2006 to reflect the financial position and the results of operations of Biocon together with its subsidiary companies, Syngene, Clinigene, BBPL and NeoBiocon

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous year except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

The consolidated financial statements of the Group have been prepared based on a line-by-line consolidation of the balance sheet, statement of profit and loss and cash flows of Biocon, Syngene, Clinigene and BBPL.

In accordance with the Accounting Standard 27, 'Financial Reporting of Interests in Joint Ventures', ('AS 27'), BBPL, a joint venture company has been accounted as a subsidiary effective April 1, 2004, and computed minority interest.

The interest in NeoBiocon has been accounted in accordance with the Accounting Standard 27, 'Financial Reporting of Interests in Joint Ventures', ('AS 27').

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated.

In accordance with the Employee Stock Option Scheme and Stock Purchase Guidelines, 1999 ('SEBI guidelines') issued by Securities and Exchange Board of India ('SEBI'), the Company has also consolidated the ESOP Trust.

(ii) Changes in Accounting Policies

Accounting for foreign exchange differences

Effective April 1, 2007, foreign exchange gains or losses on liabilities pertaining to acquisition of fixed assets from outside India are recorded in the profit and loss account. Until March 31, 2007, such foreign exchange gains or losses were adjusted with the cost of the respective fixed assets.

Consequent to the Announcement made by the Institute of Chartered Accountants of India at its Council meeting held between March 27-29, 2008, based on the principles of prudence, the Company has recorded the losses on the derivatives entered into by the Company and outstanding as at the balance sheet date except in cases where foreign exchange forward contracts are considered to be a hedge of the underlying after taking into consideration factors like the amount hedged, maturity dates of the instrument, price protection arrangements with customers etc. Such losses are determined based on a portfolio of each separate class of derivatives by marking the derivatives to market.

Accordingly, during the year ended March 31, 2008, the Group recorded a loss of Rs 27,822 on its foreign exchange forward contracts outstanding at March 31, 2008. The Group does not have any other derivative instruments as at the balance sheet date. In case of foreign exchange forward contracts to which Accounting Standard (AS) 11 – The Effects of Changes in Foreign Exchange Rates applies, the Company accounts for the same under the requirements of AS 11.

b. Fixed assets and depreciation

Fixed assets are stated at cost, except for revalued freehold land and buildings, which are shown at estimated replacement cost as determined by valuers less impairment loss, if any, and accumulated depreciation. The Group capitalises all costs relating to the acquisition and installation of fixed assets.

Fixed assets, other than freehold land, but including revalued buildings, are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful lives, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as follows:

	Per cent
Buildings	4.00
Plant and machinery	9.09 - 33.33
Research and development equipment	11.11
Furniture and fixtures	16.67
Vehicles	16.67

Leasehold land on a lease-cum-sale basis are capitalised at the allotment rates currently charged by the Municipal Authorities. Leasehold improvements are being depreciated over the lease term or useful life whichever is lower.

The depreciation charge over-and-above the depreciation calculation on the original cost of the revalued assets is transferred from the revaluation reserve to the consolidated profit and loss account.

Assets individually costing less than Rs 5 are fully depreciated in the year of purchase.

c. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

d. Intangible assets

Intellectual Property rights

Costs relating to intellectual property rights which are acquired are capitalized and amortized on a straight-line basis over their estimated useful lives or ten years whichever is lower.

Research and Development Costs

Research and development costs, including technical know-how fees, incurred for development of products are expensed as incurred, except for development costs which relate to the design and testing of new or improved materials, products or processes which are recognised as an intangible asset to the extent that it is expected that such assets will generate future economic benefits. Research and development expenditure of a capital nature is added to fixed assets. Development costs carried forward is amortised over the period of expected future sales from the related project, not exceeding ten years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, and otherwise when events or changes in circumstances indicate that the carrying value may not be recoverable.

e. Inventories

Inventories are valued as follows:

Raw materials, chemicals & reagents and packing materials	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a first-in-first out basis. Customs duties on imported raw materials (excluding stocks in the bonded warehouse) are treated as part of the cost of the inventories.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

f. Revenue recognition

Sale of pharmaceuticals, enzymes and compounds

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and are recorded net of excise duty, sales tax and other levies. For the purpose of disclosure in these consolidated financial statements, sales are reflected gross and net of excise duty in the consolidated profit and loss account.

Contract research agreements

The Group enters into two basic types of contract research agreements and the revenues therefrom are recognised on the following basis:

i. Time and material management

Revenues are recognised as services are rendered, in accordance with contractual agreements.

ii. Fixed price arrangements

Revenues relating to fixed price contracts are recognised based on the percentage of completion method.

iii. The Group enters into certain dossier sales, licensing and supply agreements and revenue from such agreements are recognised in the period in which the Group completes all its performance obligations.

g. Investments

Investments that are readily realisable and intended to be held for not more than twelve months are classified as current investments. All other investments are classified as long-term investments. Long term investments are stated at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. Current investments are carried at lower of cost and fair value and determined on an individual investment basis.

h. Retirement benefits

Effective April 1, 2006, the Group adopted the revised accounting standard on employee benefits. The Group has schemes of retirement benefits for provident fund and gratuity. Provident fund is a defined contribution scheme and the contributions are charged to the Profit & Loss Account of the period when the contributions to the government funds are due.

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made as at the balance sheet date. The gratuity benefit of the Group is administered by a trust formed for this purpose through the group gratuity scheme with Birla Sun Life Insurance Company Limited ('Birla Sunlife').

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

Liability for leave encashment is in accordance with the rules of the Company. Short term compensated absences are provided based on estimates. Long term compensated absences are provided based on an actuarial valuation as at the balance sheet date.

i. Foreign currency transactions

Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of monetary items or on the Group's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations.

Exchange differences relating to the acquisition of fixed assets are recorded in the Profit and Loss Account.

Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

Foreign Currency Options Contracts not intended for trading or speculation purposes

The Company enters into foreign currency option contracts to hedge its risks with respect to realisation of future receivables. The cost of these contracts, if any, is expensed over the period of the contract. The Company recognises the loss/gain on the Expiry or Cancellation, whichever is earlier, of the Options Contracts.

Translation of Integral and Non-integral foreign operation

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the company itself.

In translating the financial statements of a non-integral foreign operation for incorporation in financial statements, the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the closing rate; income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions; and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

On the disposal of a non-integral foreign operation, the cumulative amount of the exchange differences which have been deferred and which relate to that operation are recognised as income or as expenses in the same period in which the gain or loss on disposal is recognised.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

j. Income tax

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each balance sheet date the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

k. Borrowing costs

Borrowing costs that are attributable to the acquisition and construction of a qualifying asset are capitalised as a part of the cost of the asset. Other borrowing costs are recognised as an expense in the year in which they are incurred.

l. Deferred employee stock compensation costs

Deferred employee stock compensation costs for stock options are recognised on the basis of generally accepted accounting principles and in accordance with the guidelines of Securities and Exchange Board of India, and, are measured as the excess of the fair value of the Company's stock on the stock options grant date over the amount an employee must pay to acquire the stock and recognised in a graded manner on the basis of weighted period of services over the vesting period of equity shares. The fair value of the options is measured on the basis of an independent valuation performed or the market price in respect of stock options granted.

m. Earnings per share (EPS)

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. Operating lease

Where the Company is a Lessee:

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Where the Company is a Lessor:

Assets subject to operating leases are included in fixed assets. Lease income is recognised on a straight line basis over the lease term. Costs, including depreciation are recognised as an expense. Initial direct costs such as legal costs, brokerage costs, etc are recognised immediately.

o. Segment reporting

Identification of segments:

The Group's operating businesses are organized and managed separately according to the nature of products manufactured/traded, with each segment representing a strategic business unit that offers different products to different markets. The analysis of geographical segments is based on the areas in which the Group's products are sold.

Inter-segment Transfers:

The Group generally accounts for intersegment 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 includes general corporate income and expense items which are not allocated to any business segment.

p. Provisions

A provision is recognised for a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best management estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income earned during construction period is deducted from the total of the indirect expenditure. All direct capital expenditure on expansion is capitalized. As regards indirect expenditure on expansion, only that portion is capitalized which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

r. Cash & Cash Equivalents

Cash and cash equivalents comprise cash on hand and at bank in current accounts and deposit accounts excluding amounts held in Unclaimed Dividend Accounts.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2008	March 31, 2007
3. Share capital		
Authorised:		
120,000,000 (March 31, 2007 - 120,000,000) equity shares of Rs 5 each (March 31, 2007 - Rs 5 each)	600,000	600,000
Issued, subscribed and paid-up:		
100,000,000 (March 31, 2007 - 100,000,000) equity shares of Rs 5 each (March 31, 2007 - Rs 5 each), fully paid	**500,000**	**500,000**

(a) Of the above equity shares:

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

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

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

(b) Also refer note 20

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

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

	March 31, 2008	March 31, 2007
4. Reserves and surplus		
Capital Reserve	17,094	17,094
Revaluation Reserve		
Balance	11,089	12,695
Less: Transfer to Profit and Loss Account	1,601	1,606
	9,488	**11,089**
Securities Premium		
Balance	3,288,478	3,288,478
	3,288,478	**3,288,478**
General Reserve		
Balance	981,630	823,279
Add: Transfer from Profit and Loss Account	434,925	158,351
	1,416,555	**981,630**
ESOP trust		
Dividend and interest income, net	104,037	27,963
Income from exercise of ESOPs, for the year	41,819	70,727
	145,856	**98,690**
Stock compensation adjustment (Refer Note 20)		
Stock options outstanding	324,318	91,790
Additions during the year	-	242,699
Deletions during the year	(10,368)	(10,171)
	313,950	324,318
Less: Deferred employee stock compensation expense	96,324	162,415
	217,626	**161,903**
Balance in Profit and Loss Account	9,246,379	5,627,185
	14,341,476	**10,186,069**

	March 31, 2008	March 31, 2007
(i) Deferred employee stock compensation expense (See Note 20):		
Stock compensation expense outstanding	162,415	5,130
Stock options granted during the year	-	242,699
Stock options cancelled/ forfeited during the year	(10,368)	(10,171)
Stock compensation expense amortised during the year*	(55,723)	(75,243)
Closing balance of deferred employee stock compensation expense	**96,324**	**162,415**

* Including a sum of Rs 4,829, being the cost pertaining to employees of the discontinued operations for the year ended March 31, 2008.

5. Minority interest

Minority interest represents that part of the net results of operations and of the net assets of Syngene to the extent of 170 shares (0.01 per cent) and BBPL to the extent of 8,976,000 shares (49 per cent) of the share capital, which are attributable to interests which are not owned, directly or indirectly by Biocon.

	March 31, 2008	March 31, 2007
The share of the net results of operations attributabe to the minority shareholders is as follows:		
As per last balance sheet	(7,989)	32,218
Additional capital issued during the year	-	21,560
Profit/(loss) for the year	(65,229)	(61,767)
	(73,218)	**(7,989)**

	March 31, 2008	March 31, 2007
6. Secured loans		
From banks		
Cash credit, packing credit, etc.	1,280,434	587,331
Term loans	70,000	150,000
	1,350,434	**737,331**

(a) Cash credit, packing credit, etc.

(i) Biocon has rupee and foreign currency denominated fund based working capital facilities with State Bank of India (SBI) .These facilities are repayable on demand, secured by a pari-passu first charge on current assets. As on March 31, 2008, Biocon has utilised Rs 443,148 (March 31, 2007 - Rs 490,895) inclusive of foreign currency loans of Rs 432,944 (US$ 10,841) [(March 31, 2007 - Rs 36,764) (US$ 802 & Euro 31)].

(ii) Biocon has fund and non fund based working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand, secured by pari-passu first charge on current assets of Biocon. As on March 31, 2008, Biocon has utilised fund based limits of Rs 242,737 (March 31,2007 - Rs 4,249), inclusive of foreign currency denominated loans of Rs 239,820 (US$ 6,000) [March 31, 2007 - Rs Nil (US$ Nil)].

(iii) Biocon has working capital facilities with Canara Bank ('CB') . These facilities are repayable on demand,secured by a pari-passu first charge on current assets of Biocon. As on March 31, 2008, Biocon has utilised Rs 206,748 (March 31, 2007 - Rs 32,026) inclusive of foreign currency denominated loans of Rs 196,372 (US$ 4,913) [March 31, 2007 - Rs 31,981 (US$ 734)].

(iv) Biocon has fund and non fund based working capital facility with ABN Amro Bank . These facilities are repayable on demand,secured by a pari passu second charge on the fixed assets of Biocon. As on March 31, 2008, Biocon has utilised Rs Nil (March 31, 2007 - Rs 60,161) inclusive of foreign currency denominated loans of Rs Nil (US$ Nil) [March 31, 2007 - Rs 60,161 (US$ 1,380)].

(v) All the above banks have entered into an inter-se agreement for operational convenience for the above working capital limits effecting the modification of the above charge and creation of a pari passu charge on the current assets of Biocon in favour of all the above banks.

(vi) Syngene has entered into an agreement with State Bank of India (SBI) to avail a rupee and foreign currency denominated fund based working capital facilities. These facilities are repayable on demand, and are secured by hypothecation of all present and future current assets and fixed assets (Machinery) by way of first charge. As on March 31, 2008, Syngene has utilised Rs 119,910 (March 31, 2007 - Rs Nil) inclusive of foreign currency denominated loans of Rs 119,910 (US$ 3,000) [March 31, 2007 - Rs Nil, (US$ Nil)].

(vii) Syngene has obtained fund and non fund based working capital facilities with Hongkong and Shanghai Banking Corporation (HSBC). These facilities are repayable on demand and are secured by exclusive charge on plant & machinery . As on March 31, 2008, Syngene has utilised fund based limits of Rs 119,910 (March 31,2007 - Rs Nil), inclusive of foreign currency denominated loans of Rs 119,910 (US$ 3,000) [March 31, 2007 - Rs Nil (US$ Nil)].

(viii) Syngene has obtained working capital facilities from ABN Amro Bank (ABN) payable on demand and secured by a pari passu charge on the present and future movable assets. Syngene obtained buyer's credit for import facility from ABN payable on demand and secured by a pari passu charge on movable fixed assets of Syngene. Syngene has utilised Rs.119,910 and Rs 28,071 of working capital facilities and Buyer's credit respectively as at March 31, 2008.

(b) Term Loan

(i) Clinigene entered into an agreement with Citibank N.A. for a long term rupee loan facility of Rs 150,000. The loan is repayable in eight quarterly installments commencing June 30, 2007 and secured by an equitable mortgage on the immovable property. The loan carries an interest rate of 8.08% per annum payable at monthly rests. Amount payable within one year Rs 70,000 (March 31, 2007- Rs Nil).

7. Unsecured loans	March 31, 2008	March 31, 2007
Deferred payment liability	543,039	477,582
State Bank of India	650,000	649,990
Loan from Neo pharma	3,902	-
NMITLI - CSIR Loan	3,180	2,820
	1,200,121	**1,130,392**

(i) Under the Industrial Policy of the Government of Karnataka, the Company on November 18, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 8 years with respect to sales from its Bommasandra manufacturing facility for an amount not exceeding Rs 24,375. As at March 31, 2008, the Company has utilised Rs 354 net of repayments (March 31, 2007 - Rs 1,050).

(ii) Under the Agro Food Processing Industrial Policy of the Government of Karnataka, the Company on November 18, 2000 obtained an order from the Karnataka Sales Tax Authority for allowing deferment of sales tax (including turnover tax) for a period upto 12 years with respect to sales from its Hebbagodi manufacturing facility for an amount not exceeding Rs 648,938. As at March 31, 2007, the Company has utilised Rs 542,685 (March 31, 2007 - Rs 477,228).

(iii) On March 31, 2005, the Company entered into an agreement with the Council of Scientific and Industrial Research ('CSIR'), for an unsecured loan of Rs 3,180 for carrying out part of the research and development project under the New Millenium Indian Technology Leadership Initiative ('NMITLI') Scheme. The loans are repayable over 10 annual equal installments starting from October 1, 2008 and carry an interest rate of 3 percent per annum. The amount repayable within one year is Rs 318.

(iv) BBPL borrowed Rs 650,000 for a tenure of three years carrying an interest rate of 9% per annum from State Bank of India, against Corporate Guarantee given by Biocon Limited. Amount repayable within one year is Rs Nil.

8. Deferred tax liability	**Deferred tax (asset)/ liability as at April 1, 2007**	**Current year charge/(credit)**	**Deferred tax (asset)/ liability as at March 31, 2008**
Depreciation	480,756	21,305	502,061
Employee retirement benefits	(22,293)	2,127	(20,166)
Provision for doubtful debts	(10,046)	(3,557)	(13,603)
Others	(107)	(3,201)	(3,308)
	448,310	**16,674**	**464,984**
Year ended March 31, 2007	297,324	150,986	448,310

The Company has export oriented units which claim deduction of income under the provisions of the Income tax Act, 1961. Deferred tax asset/liability is recognised in repect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

8. (i) Fixed assets

	Balance at the beginning of the year	Additions during the year	Deletions during the year	Balance at the end of the year
Cost/Valuation				
Land				
Freehold (revalued)	8,967	-	-	8,967
Freehold (others)	94,331	-	-	94,331
Leasehold	226,420	-	-	226,420
Buildings (revalued)	16,561	-	-	16,561
Buildings (others)	2,270,659	181,442	39	2,452,062
Leasehold improvements	5,153	-	1,962	3,191
Plant and machinery	6,796,197	1,176,184	166,387	7,805,994
Research and development equipment	606,138	170,342	15,564	760,916
Furniture and fixtures	110,554	51,162	3,115	158,601
Vehicles	14,078	7,617	852	20,843
	10,149,058	**1,586,747**	**187,919**	**11,547,886**
Year ended March 31, 2007	4,069,319	6,100,257	20,518	10,149,058
Accumulated depreciation				
Buildings (revalued)	15,241	1,320	-	16,561
Buildings (others)	152,528	96,406	-	248,934
Leasehold improvements	1,412	646	1,581	477
Plant and machinery	1,321,932	725,498	114,405	1,933,025
Research and development equipment	172,149	74,020	6,492	239,677
Furniture and fixtures	43,552	24,049	2,634	64,967
Vehicles	5,287	2,866	735	7,418
	1,712,101	**924,805**	**125,847**	**2,511,059**
Year ended March 31, 2007	1,059,455	659,876	7,230	1,712,101
Net book value				
Land				
Freehold (revalued)	8,967			8,967
Freehold (others)	94,331			94,331
Leasehold	226,420			226,420
Buildings (revalued)	1,320			-
Buildings (others)	2,118,131			2,203,128
Leasehold improvements	3,741			2,714
Plant and machinery	5,474,265			5,872,969
Research and development equipment	433,989			521,239
Furniture and fixtures	67,002			93,634
Vehicles	8,791			13,425
	8,436,957			**9,036,827**
Year ended March 31, 2007	3,009,864			8,436,957

Notes :

(a) Certain freehold land and buildings were revalued on November 1, 1994, based on the estimated replacement cost after considering depreciation upto that date, as per valuers reports and the resultant surplus of Rs 34,529 was credited to revaluation reserve. Of this reserve, Rs 25,040 (March 31, 2007 - Rs 23,439) has been transferred to the profit and loss account for depreciation on these assets or adjusted on the sale of these assets.

(b) During the year ended March 31, 2007, the Groups adjusted net foreign exchange gain of Rs 2,327 in capital work in progress / fixed assets capitalised. Also refer note 2(a)(ii).

(c) On December 5, 2002, Karnataka Industrial Areas Development Board ('KIADB') allotted land aggregating 26.75 acres to Biocon for Rs 64,200 on a lease-cum sale basis for a period of 6 years. In addition, during the year ended March 31, 2005, Biocon acquired an additional 41.25 acres of land for Rs 99,417 from KIADB. One of the key conditions include commencement of commercial operations by Biocon within 24 months of taking possession, which Biocon believes has been complied with by the commencement of operations by Syngene on this land on October 21, 2004. During the quarter ended June 30, 2005, the Company paid an advance of Rs 56,320 towards allotment of additional 19.68 acres of land, offered to the Company by KIADB on December 20, 2003. The Company has received the possession certificate from KIADB in January 2006 and entered into an agreement with KIADB to acquire this plot of land on lease cum sale basis for a period of 6 years, during the year ended March 31, 2007.

(d) During the period ended September 30,2007 the Company has been alloted land measuring approximately 50 acres at the Jawaharlal Nehru Pharma City Vishakapatnam, Andra Pradesh, to be obtained on a long term lease basis , for a consideration of Rs 260,100. As at January 31, 2008 , the Company has paid an advance of Rs 130,050 towards the acquisition of this land and is in the process of completing the formalities for registration of lease.

(e) Capital work in progress includes a sum of Rs.1,963 (March 31, 2007 - Rs Nil) including related foreign exchange loss of Rs 938 (March 31, 2007- Rs Nil) on borrowings capitalised under AS-16 Borrowing Costs.

9 (ii) Intangible Assets	**Opening Balance as at April 1,2007**	**Additions during the year**	**Amortisation during the year**	**Impairment losses during the year**	**Closing Balance as at March 31, 2008**
Intellectual Properties from Nobex					
- Under development and commercialisation	440,000	-	-	220,000	220,000
- Under commercialisation	72,000	-	16,000	-	56,000
	512,000	**-**	**16,000**	**220,000**	**276,000**
Year ended March 31, 2007	-	521,138	9,138	-	512,000

The Company acquired patents relating to certain technologies for oral insulin, oral BNP and Apaza (collectively Intangibles) for a total cost of Rs 521,138.

In the Board meeting of October 18, 2006 , the Company decided to license one of its intangible (Apaza) and certain other IP's for further development and commercialisation and amortised Apaza over a period of 5 years effective October 2006.

In December 2007, the Company recorded a total impairment of Rs 220,000, in respect of one of it's intellectual property acquired by the Company during the year ended March 31, 2006 for drug development. The Company decided to expense the intangible assets in view of the recent adverse reports and decline in sales trend of Natrear / Neseritide, a competing drug.

The following is the movement of the accumulated amortisation:

	March 31, 2008	**March 31, 2007**
Balance at April 1	9,138	-
Amortization for the year, including impairment	236,000	9,138
Balance at end of the year	245,138	9,138

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

10. Investments (At cost)	March 31, 2008	March 31, 2007
Long term investments		
A) Non trade:		
National Savings Certificates	13	13
	13	13
B) Trade investments:		
In Other Companies:		
Unquoted and fully paid up		
3% Series B Convertible Promissory Notes (March 31, 2007 - US$ 3,000,000) in Vaccinex Inc, USA	-	131,930
2,722,014 (March 31, 2007 - 645,161) Series B1 Preferred Stock at US$ 1.55 each, fully paid, par value US$ 0.001 each of Vaccinex Inc., USA	185,795	45,100
1,428,571 (March 31, 2007 - Nil) Series B1 Preferred Stock at US$ 0.70 each, fully paid, par value US$ 0.01 each of IATRICa Inc., USA [Refer Note (ii)]	39,650	-
C) Other		
Shares held by ESOP Trust (Quoted)	90,578	685
	316,023	**177,715**

(i) The Company has entered into a 'Securities Purchase Agreement' with Vaccinex Inc., USA ('Vaccinex') on November 3, 2004 to invest an amount of US$ 4 million (US$ 1 million in Series B1 Convertible Preferred Stock and US$ 3 million in Series B Convertible Promissory Notes). Further, the Company has entered into a 'Research and Collaboration Agreement' to discover, develop, and commercialize human therapeutic monoclonal antibodies.

Vaccinex has incurred a loss of US$ 7.7 million for the year ended December 31, 2007 . However, Vaccinex has received funding from certain investors and has also received commitment for funding upto US$ 8.9 Million . As Vaccinex is a development stage enterprise and of strategic importance to the Company, it believes that there is no temporary diminution in the value of this investment.

(ii) The Company has entered into a ' Secutities Purchase Agreement' with IATRICa Inc, USA ('IATRICa') on January 18, 2008 to invest an amount of US$ 3 Million in Series A Convertible Preferred Stock. Further, the Company has entered into a 'Development and License Agreement' to research,develop and commercialize novel immunoconjugates for treatment of cancer and infectious disorders.

(iii) As on March 31, 2008 the ESOP trust held 3,403,769 shares (March 31, 2007- 3,355,080) in the Company towards grant of shares to employees of the group in terms of ESOP plan. During the year, the Company has purchased 216,749 shares from the market. Also refer note 20.

Other Investments	March 31, 2008	March 31, 2007
C) Current and unquoted (at lower of cost and fair market value)		
Nil units (March 31, 2007 - 272,878) of Rs 10 each in HSBC Liquid Fund [Market Value Rs Nil (March 31, 2007 - Rs 2,942)]	-	2,733
54,880,236 units (March 31, 2007 - Nil) of Rs 10 each in Templeton Floating Rate Fund [Market Value Rs 549,357 (March 31, 2007 - Rs Nil)]	549,357	-
2,029,909 units (March 31, 2007 - Nil) of Rs 10 each in HSBC Flexi Debt Fund [Market Value Rs 20,299 (March 31, 2007 - Rs Nil)]	20,299	-
56,042 units (March 31, 2007 - Nil) of Rs 10 each in ICICI Prudential Liquid Plan [Market Value Rs 560 (March 31, 2007 - Rs Nil)]	560	-
41,846,818 units (March 31, 2007 - Nil) of Rs 10 each in ING Liquid Plus Fund [Market Value Rs 418,606 (March 31, 2007 - Rs Nil)]	418,606	-
47,417,352 units (March 31, 2007 - Nil) of Rs 10 each in Lotus India Liquid Plus [Market Value Rs 474,918 (March 31, 2007 - Rs Nil)]	475,156	-
194,118 units (March 31, 2007 - Nil) of Rs 1,001 each in Reliance Liquid Plus Fund [Market Value Rs 194,338 (March 31, 2007 - Rs Nil)]	194,337	-
4,033,100 units (March 31, 2007 - Nil) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs 40,363 (March 31, 2007 - Rs Nil)]	40,331	-
50,301 units (March 31, 2007 - Nil) of Rs 1,000 each in UTI Liquid Plus Fund [Market Value Rs 50,312 (March 31, 2007 - Rs Nil)]	50,312	-
13,122,113 units (March 31, 2007 - Nil) of Rs 10 each in Sundaram BNP Liquid Plus [Market Value Rs 131,533 (March 31, 2007 - Rs Nil)]	131,533	-
2,854,677 units (March 31, 2007 - Nil) of Rs 10 each in ICICI Flexible [Market Value Rs 30,184 (March 31, 2007 - Rs Nil)]	30,184	-
48,920,390 units (March 31, 2007 - Nil) of Rs 10 each in JM Money Manager Fund [Market Value Rs 489,404 (March 31, 2007 - Rs Nil)]	489,404	-
50,238 units (March 31, 2007 - Nil) of Rs 1,000 each in Mirae Asset Liquid Plus [Market Value Rs 50,308 (March 31, 2007 - Rs Nil)]	50,238	-
4,040,196 units (March 31, 2007 - Nil) of Rs 10 each in Kotak Flexi Debt Scheme [Market Value Rs 40,528 (March 31, 2007 - Rs Nil)]	40,528	-

Other Investments (Contd.)	March 31, 2008	March 31, 2007
10,000,000 units (March 31, 2007 - Nil) of Rs 10 each in ING Mutual Fund - FMP [Market Value Rs 100,484 (March 31, 2007 - Rs Nil)]	100,484	-
56,015 units (March 31, 2007 - Nil) of Rs 10 each in Reliance Liquidity Fund [Market Value Rs 560 (March 31, 2007 - Rs Nil)]	560	-
30,116,289 units (March 31, 2007 - Nil) of Rs 10 each in Tata Mutual Fund - FMP [Market Value Rs 301,475 (March 31, 2007 - Rs Nil)]	301,475	-
61,893 units (March 31, 2007 - Nil) of Rs 1,000 each in DSP Liquid Plus Fund [Market Value Rs 61,930 (March 31, 2007 - Rs Nil)]	61,917	-
20,395,756 units (March 31, 2007 - Nil) of Rs 11 each in Birla Dynamic Bond Fund [Market Value Rs 214,674 (March 31, 2007 - Rs Nil)]	214,674	-
35,000,000 units (March 31, 2007 - Nil) of Rs 10 each in UTI Mutual Fund - FMP [Market Value Rs 350,532 (March 31, 2007 - Rs Nil)]	350,000	-
26,915,214 units (March 31, 2007 - Nil) of Rs 10 each in DWS Credit Opportunities Fund [Market Value Rs 270,627 (March 31, 2007 - Rs Nil)]	270,010	-
29,000,000 units (March 31, 2007 - Nil) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs 290,487 (March 31, 2007 - Rs Nil)]	290,000	-
10,000,000 units (March 31, 2007 - Nil) of Rs 10 each in Lotus Mutual Fund - FMP [Market Value Rs 101,097 (March 31, 2007 - Rs Nil)]	100,000	-
Nil units (March 31, 2007 - 3,000,000) of Rs 10 each in Reliance Mutual Fund [Market Value Rs Nil (March 31, 2007 - Rs 30,000)]	-	30,000
5,097,457 units (March 31, 2007 - 2,665,165) of Rs 10 each in ABN AMRO Liquid Fund [Market Value Rs 50,976 (March 31, 2007 - Rs 26,652)]	50,976	26,652
Nil units (March 31, 2007 - 7,393,385) of Rs 10 each in Deutsche Mutual Fund [Market Value Rs Nil (March 31, 2007 - Rs 73,934)]	-	73,934
Nil units (March 31, 2007 - 5,238,573) of Rs 10 each in Kotak Mutual Fund - FMP Market Value Rs Nil (March 31, 2007 - Rs 52,386)]	-	52,386
9,550,985 units (March 31, 2007 - Nil) of Rs 10 each in Tata Mutual Fund - FMP Market Value Rs 100,480 (March 31, 2007 - Rs Nil)]	100,315	-
Nil units (March 31, 2007 - 3,254,649) of Rs 10 each in HSBC Mutual Fund - Cash Fund [Market Value Rs Nil (March 31, 2007 - Rs 32,565)]	-	32,565
Nil units (March 31, 2007 - 1,884,189) of Rs 10 each in HSBC Mutual Fund - Liquid Fund [Market Value Rs Nil (March 31, 2007 - 18,828)]	-	18,828
Nil units (March 31, 2007 - 42,906) of Rs 10 each in ING Vysya Liquid Fund [Market Value Rs Nil (March 31, 2007 - Rs 430)]	-	430
Nil units (March 31, 2007 - 7,009,374) of Rs 10 each in Lotus India Mutual Fund [Market Value Rs Nil (March 31, 2007 - Rs 70,094)]	-	70,094
Nil units (March 31, 2007 - 3,025,410) of Rs 10 each in Standard Chartered Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 30,254)]	-	30,254
Nil units (March 31, 2007 - 2,000,460) of Rs 10 each in HDFC Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 20,005)]	-	20,005
Nil units (March 31, 2007 - 3,838,292) of Rs 10 each in HDFC Cash Fund [Market Value Rs Nil (March 31, 2007 - Rs 400,020)]	-	40,020
1,025,462 units (March 31, 2007 - 7,512,740) of Rs 10 each in HSBC Liquid Plus Fund [Market Value Rs 100,381 (March 31, 2007 - Rs 75,169)]	100,381	75,169
Nil units (March 31, 2007 - 14,007,203) of Rs 10 each in ABN AMRO Mutual Fund - FMP [Market Value Rs Nil (March 31, 2007 - Rs 140,070)]	-	140,070
	4,431,637	**613,140**
	4,747,673	**790,868**

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

11. Inventories	March 31, 2008	March 31, 2007
Raw materials	677,071	612,990
Goods-in-bond / goods-in-transit (Raw materials)	137,438	164,787
Packing materials	20,711	25,367
Work-in-progress	828,678	717,276
Finished goods	125,885	92,786
	1,789,783	**1,613,206**

12. Sundry debtors (Unsecured)		
Debts outstanding for a period exceeding six-months		
Considered good	86,917	241,301
Considered doubtful	40,454	29,555
Other debts		
Considered good	2,504,337	2,823,918
	2,631,708	3,094,774
Less: Provision for doubtful debts	40,454	29,555
	2,591,254	**3,065,219**

Other debts include unbilled revenues of Rs 10,963 (March 31, 2007 - Rs 15,089) with respect to services rendered to customers.

13. Cash and bank balances		
Cash on hand	7,095	4,339
Balances with scheduled banks:		
In current accounts	50,941	52,992
In deposit accounts	38,129	29,993
	96,165	**87,324**

(a) Balances with scheduled banks in current accounts include balance in unclaimed dividend account of Rs 1,410 (March 31, 2007 - Rs 1,034).

(b) Balances with scheduled banks in current accounts and deposit account include the balances of the ESOP Trust of Rs 41,719 (March 31, 2007 - Rs 39,927) and Rs 2,142 (March 31, 2007 - Rs 29,993), respectively.

14. Loans and advances (Unsecured and considered good, except as stated)	March 31, 2008	March 31, 2007
Advances recoverable in cash or in kind or for value to be received	174,514	174,600
Duty drawback receivable, net of provision of Rs 1,984 (March 31, 2007 - Rs 1,646)	14,371	14,269
Other Receivables	36,255	-
Deposits	75,129	52,887
Balances with Customs, Excise and Sales tax Authorities	351,009	200,552
MAT Credit entitlement	19,154	52,481
Advance income-tax, net of provision	198,771	34,867
	869,203	**529,656**

(a) Advances recoverable in cash or in kind or for value to be received include amounts due from employees to the ESOP Trust of Rs 6,428 (March 31, 2007 - Rs 19,530)

(b) Included under advance tax is Rs 13,998 (March 31, 2007 - Rs 8,998) and provision for taxation of Rs 9,031 (March 31, 2007 - Rs 436) of the ESOP Trust.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

15. Current liabilities and provisions	March 31, 2008	March 31, 2007
Liabilities		
Sundry creditors		
Capital	554,954	678,379
Others	1,168,880	1,258,638
Advances from customers	203,420	73,441
Balance in current account with bank represents book overdraft	54,679	60,348
Interest accrued but not due	338	296
Investor Education and Protection Fund to be credited by :-		
- Unclaimed dividend	1,410	1,034
Other liabilities	316,601	252,141
	2,300,282	**2,324,277**
Provisions		
Proposed dividend	500,000	300,000
Tax on proposed dividend	84,975	50,985
Contingencies	50,000	-
Leave encashment	63,721	69,042
Gratuity	2,938	1,692
Superannuation	2,645	2,645
Provision for fringe benefit tax, net of advance tax	655	758
	704,934	**425,122**
	3,005,216	**2,749,399**

(a) Other liabilities include Rs 559 (March 31, 2007 - Rs 599) due to Ms Kiran Mazumdar Shaw, Managing Director and the maximum amount outstanding at any time during the year was Rs 3,556 (March 31, 2007 - Rs 4,519).

16. Other income	March 31, 2008	March 31, 2007
Dividend income, on current investment, trade	162,165	37,072
Gain on investment sold	979	740
Miscellaneous income	200,964	1,056
	364,108	**38,868**

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

17. Manufacturing, contract research and other expenses	March 31, 2008	March 31, 2007
Raw materials consumed, net of duty drawback of Rs 14,810 (March 31, 2007 - Rs 16,198)	4,273,451	4,560,875
Purchase of goods for resale	225,688	165,824
Employee costs		
Salaries, wages and bonus	942,171	729,500
Group's contribution to provident and other fund	48,074	36,762
Gratuity and leave encashment	(405)	6,959
Employee stock compensation expense (See Note 4 & 20)	50,894	75,242
Directors' sitting fees	690	820
Welfare expenses	85,357	60,636
Operation and other expenses:		
Royalty and technical fees	11,882	7,995
Rent	8,624	4,160
Communication expenses	45,354	31,640
Travelling and conveyance	145,380	121,039
Professional charges	123,261	107,564
Power and fuel	765,631	619,567
Insurance	27,043	27,662
Rates, taxes and fees, net of refunds of taxes Rs.10,257 (March 31,2007- Rs Nil)	(2,080)	10,630
Lab consumables	87,483	43,347
Repairs and maintenance		
Plant and machinery	147,047	118,332
Buildings	22,676	18,110
Others	63,521	56,713
Selling expenses		
Freight outwards and clearing charges	70,757	82,311
Sales promotion expenses	140,375	76,906
Commission and brokerage	114,184	74,202
Excise duty on closing stock, net	(4,212)	62
Bad debts written off	372	-
Provision for bad and doubtful debts	10,899	9,770
Exchange fluctuation (net)	(9,366)	(28,361)
Loss/(gain) on forward cover contracts, net	(13,255)	(68,588)
Printing and stationery	17,508	10,846
Loss on sale of assets (net)	4,332	685
Research and development expenses	144,492	168,743
Miscellaneous expenses	152,835	112,213
	7,700,663	**7,242,166**
(Increase)/decrease in inventories of finished goods and Work-in-progress:		
Opening inventories:		
Finished goods	86,557	62,530
Work-in-progress	717,276	522,302
	803,833	584,832
Closing inventories:		
Finished goods	(123,868)	(86,557)
Work-in-progress	(828,678)	(717,276)
	(952,546)	(803,833)
	(148,713)	(219,001)
	7,551,950	**7,023,165**

18. Research and development expenses

Research and development expenses aggregate to Rs 646,459 (March 31, 2007 - Rs 478,729) and include Rs 170,335 (March 31, 2007 - Rs 97,668) on research and development equipment and Rs 5,003 (March 31, 2007 - Rs 616) on buildings and the remaining expenses incurred by the Company have been disclosed under the appropriate account heads.

19. Interest and finance charges	March 31, 2008	March 31, 2007
Interest paid on :		
Packing credit, cash credit from banks	92,218	88,180
[net of amounts capitalised to fixed assets Rs 1,025 (March 31, 2007 - Rs Nil)]	92,218	88,180
Less : Interest received from suppliers	(1,854)	(1,190)
	90,364	86,990
Bank charges	11,437	10,573
	101,801	**97,563**

20. Employee stock compensation

On September 27, 2001, Biocon's Board of Directors approved the Biocon Employee Stock Option Plan ('ESOP Plan 2000') for the grant of stock options to the employees of the Company and its subsidiaries. A compensation committee has been constituted to administer the plan through a trust specifically established for this purpose, called the Biocon India Limited Employee Welfare Trust (ESOP Trust).

The Trust shall purchases equity shares of Biocon by using proceeds from loans obtained from Biocon, other cash inflows from allotment of shares to employees under the ESOP Plan and will subscribe 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 purposes of issuance to the employees under the ESOP Plan. The Compensation Committee shall determine the exercise price which will not be less than the face value of the shares.

On October 8, 2001, the Company issued 12,153 equity shares of Rs 100 each to the ESOP Trust under an Employee Stock Option Plan ('ESOP Plan') and the ESOP Trust acquired 350 equity shares of Rs 100 each from certain individuals. On May 9, 2002, the Company has further issued 15,870 equity shares of Rs 10 each to the Trust under the ESOP Plan. The Trust, on October 20, 2003 ,acquired 2,500 equity shares of Rs 10 each from certain individuals. The total shares issued to the Trust were 7,023,100 equity shares of Rs 5 each, of which grants have been made for 3,814,385 equity shares as at March 31, 2006 and 7,023,100 equity shares as at March 31, 2007.

Grant I

On September 27,2001, the Company granted 71,510 options under the ESOP Plan 2000 to be excerised at a grant price of Rs 10 (pre-bonus and pre-split). The options will vest with the employees equally over a four year period.

Grant II

Effective January 1, 2004, the Company granted 142,100 options (shares of Rs 5 each) under the ESOP Plan 2000 to be exercised at a price of Rs 5 per share. The options vest with the employees equally over a four year period.

Details of Grant II

Particulars	March 31, 2008		March 31, 2007	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	27,440	5	63,700	5
Granted during the year	-	-	-	-
Forfeited during the year	490	5	1,225	5
Exercised during the year	16,170	5	35,035	5
Expired during the year	-	-	-	-
Outstanding at the end of the year	10,780	5	27,440	5
Exercisable at the end of the year	10,780	5	-	-
Weighted average remaining contractual life (in years)	-		1	
Weighted average fair value of options granted (Rs)	226		226	

Grant III

On January 18, 2004, the Board of Directors announced the Biocon Employees Stock Option Plan (ESOP Plan 2004) for the grant of stock options to the employes of the Company, pursuant to which, the Compensation Committee on March 19, 2004 granted 422,000 options under the ESOP Plan 2004 to be exercised at a grant price of Rs 315 being the issue price determined for the IPO through the book building process. The options will vest with the employees equally over a four year period.

Details of Grant III

Particulars	March 31, 2008		March 31, 2007	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	76,000	315	171,500	315
Granted during the year	-	-	-	-
Forfeited during the year	17,250	315	40,875	315
Exercised during the year	-	-	54,625	315
Expired during the year	-	-	-	-
Outstanding at the end of the year	58,750	315	76,000	315
Exercisable at the end of the year	58,750	-	-	-
Weighted average remaining contractual life (in years)	3	-	4	
Weighted average fair value of options granted (Rs)	-	-	-	-

Grant IV

On July 19, 2006, the Company approved the grant of 3,478,200 stock options 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 the first, second and third year from July 18, 2006, with an exercise period of two years for each grant. The vesting conditions include completion of two years of service and performance and grade of the employees. These options are exercisable at a discount of 20% on the market price of the Company's shares on the date of grant.

Details of Grant

Particulars	March 31, 2008		March 31, 2007	
	No. of Options	Weighted Average Exercise Price (Rs)	No. of Options	Weighted Average Exercise Price (Rs)
Outstanding at the beginning of the year	3,251,640	278	-	-
Granted during the year	311,821	395	3,478,200	278
Forfeited during the year	484,262	275	226,560	275
Exercised during the year	151,900	275	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,927,299	289	3,251,640	278
Exercisable at the end of the year	201,025	275	-	-
Weighted average remaining contractual life (in years)	3.92		3.69	
Weighted average fair value of options granted (Rs)	161.15		156.83	

The details of the exercise price for stock options outstanding at are as follows:

	March 31, 2008	March 31, 2007
Exercise price (Rs)	275/- to 463/-	275/- to 300/-
Weighted Average Remaining Contractual Life in options (Yrs)	3.92	3.69
Weighted Average Exercise Price	289	278
Expected volatility	37.62%	34.29%
Historical volatility	34.29%	34.29%
Life of the options granted (vesting and exercise period) in years	6.20	5.12
Expected dividends	2.45	2.59
Average risk-free interest rate	7.80%	7.85%
Expected dividend rate	0.57%	0.66%

Since the enterprise uses the intrinsic value method, the impact on the reported net profit and earnings per share under the fair value approached is as given below:

Particulars	March 31, 2008	March 31, 2007
Net profit after taxes	4,639,094	2,002,616
Add: Employee stock compensation under intrinsic value	50,894	75,242
Less : Employee stock compensation under fair value	104,085	156,540
Proforma profit	4,585,903	1,921,318
Earnings per Shares - Basic		
- As reported	48.03	21.47
- Proforma	47.47	20.60
Earnings per Shares - Diluted		
- As reported	46.58	21.35
- Proforma	46.05	20.49

A summary of movement in respect of the shares held by the trust is as follows:

Particulars	March 31, 2008	March 31, 2007
Opening balance of equity shares available with the Trust	3,355,080	4,432,567
Add: Acquired by the Trust	-	-
Add : shares purchased by the Trust	216,749	-
Less: Shares allotted by the employees	(168,070)	(1,077,487)
Closing balance of equity shares with the Trust	3,403,759	3,355,080
Options granted and exercised at end of the year	270,555	-
Options granted but not eligible for exercise at end of the year	2,726,274	3,355,080
Total employee stock compensation cost as at end of the year	**313,950**	**324,318**

21. Reconciliation of basic and diluted shares used in computing EPS	March 31, 2008	March 31, 2007
Basic weighted average shares outstanding	96,596,241	93,289,840
Add: Effect of dilutive shares granted but not exercised / not eligible for exercise	2,996,829	495,215
Weighted average shares outstanding and potential shares outstanding	99,593,070	93,785,055

22. Exceptional items, net

Exceptional items, net, for the year ended March 31, 2008 comprise of the following:

	Gross	Tax effect	Net
i. Net gain on sale of net assets of discontinued operations	3,297,546	758,670	2,538,876
ii. Impairment of intellectual property	(220,000)	(74,778)	(145,222)
Total	3,077,546	683,892	2,393,654

i. Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464 million to a third party for a consideration of Rs 3,958 million, and recorded a gain of Rs 3,297 million net of expenses incidental and attributable to the sale of the business.

ii. In December 2007, the Company recorded a total impairment of Rs 220 million, in respect of one of its intellectual property acquired by the Company in the year ended March 31, 2006 for the development of a drug. The Company decided to write off the intangible asset in view of the recent adverse reports and recent decline in sales trends of Natrecor/Neseritide, a competing drug.

23. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2007 to March 31, 2008	Balance as at March 31, 2008 (Payable)/ receivable	April 1, 2006 to March 31, 2007	Balance as at March 31, 2007 (Payable)/ receivable
1	Kiran Mazumdar Shaw	Managing Director	Salary and perquisites	(11,592)	(559)	(10,319)	(599)
2	JMM Shaw	Director	Salary and perquisites	(7,662)	-	(7,091)	-
3	CIMAB	Joint Venture Partner	Purchase of vials	(31,148)	(31,148)	(9,387)	-
			Sales to CIMAB	14,957	14,957	-	-
			R & D fees	-	-	9,005	(233)
4	Glentec International	Promoter - Shareholder	Lease of Premises	(1,400)	(1,400)	-	-
5	P K Associates	Proprietary firm of Relative of Director	Lease Rentals	(207)	(14)	(189)	-

24. Commitments

(a) Capital commitments	March 31, 2008	March 31, 2007
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	1,243,396	655,499

(b) Operating lease commitments

(i) Rent :

The Group has entered into lease agreements for lease of premises which expires between 2008 to 2015. Gross rental expenses for the year aggregate to Rs 8,667 (March 31, 2007 - Rs 2,698) The committed lease rentals in the future are:

	March 31, 2008	March 31, 2007
Not later than one year	10,735	5,276
Later than one year and not later than five years	21,331	11,690
Later than five years	4,273	1,320

(ii) Vehicles :

The Group has taken vehicles for certain employees under operating leases, which expire from December 2008 to August 2010. Gross rental expenses for the year aggregate to Rs 10,694 (March 31, 2007 - Rs 6,485). The committed lease rental in the future are:

	March 31, 2008	March 31, 2007
Not later than one year	10,285	8,672
Later than one year and not later than five years	17,720	12,303

Where the Company is a Lessor:

(i) Rent

The Company has leased out certain parts of its building and land on an operating lease, which expire over a period upto 2011. Gross rental income for the year aggregate to Rs 10,152 (March 31, 2007 - Rs Nil). Further, minimum lease receipts under operating lease are as follows:

	March 31, 2008	March 31, 2007
Not later than one year	20,304	-
Later than one year and not later than five years	81,216	-

(c) Excise duty on sales amounting to Rs 266,657 (March 31, 2007 - Rs 361,717) has been reduced from sales in Profit & Loss Account and excise duty on increase/decrease in stock amounting to Rs 2,017 (March 31, 2007 - Rs 6,449) has been considered as expense in Schedule 17 of financial statements.

25. Contingent liabilities	March 31, 2008	March 31, 2007
(a) Taxation matters under appeal		
- Income Tax	161,505	20,960
- Service Tax	5,843	7,136
(b) Corporate guarantees	841,057	841,057
The necessary terms and conditions have been complied with and no liability has arisen.		
(c) Claims against the Group not acknowledged as debts	-	2,170

26. Foreign exchange option contracts and unhedged foreign currency exposure

The Group entered into foreign exchange forward contracts to hedge highly probable forcasted foreign exchange transactions. As at March 31, 2008, the Group has outstanding forward exchange contracts to sell US$ 98 Million in respect of the forcasted transactions.

As at March 31, 2008, the Group has unhedged foreign currency receivables of Rs 267,626 (March 31, 2007- Rs Nil) and unhedged foreign currency payables of Rs 568,406 (March 31, 2007 - Rs Nil).

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

27. Discontinuing Operations

On July 18, 2007, the Board of Directors of Biocon approved the sale of the Company's Enzymes business along with its assets and liabilities to a third party. On September 3, 2007, the shareholders of the Company approved the sale by way of a postal ballot.

Effective October 1, 2007, the Company transferred the net assets of the Enzymes business amounting to Rs 464 million for a consideration of Rs 3,958 million and recorded a gain of Rs 3,297 million net of expenses incidental and attributable to the sale of the business, including provision for contingencies of Rs 50,000.

As part of the sale agreement, the Company also entered into an agreement to lease certain fixed assets to such third party to carry on manufacturing activities out of such facilities, and to provide certain specified support services, effective October 1, 2007.

The net assets of the Enzymes Business as on the date of transfer are as follows. Comparative information for the Enzymes Business is disclosed in accordance with Accounting Standard 24 – Discontinuing Operations issued by the Institute of Chartered Accountants of India.

	As at October 1, 2007	As at March 31, 2007
Fixed assets	50,417	56,001
Current assets	445,350	575,230
Current liabilities	104,093	199,550
Net assets	391,674	431,681

The net cash flows attributable to the Enzymes business are as follows:

	March 31, 2008	March 31, 2007
Operating	72,097	75,451
Investing	3,060,718	(4,345)
Financing	(1,427)	(9,286)
Net inflow/(outflows)	3,131,388	61,820

The following are the disclosures pertaining to the operating activities of the discontinued operations:

	March 31, 2008	March 31, 2007
Revenues	477,247	1,151,789
Operating costs	437,025	785,473
Profit/(Loss) from operating activities	40,222	366,316
Finance cost	1,427	9,286
Profit/(Loss) before tax	38,795	357,030
Income tax expense	10,532	96,691
Profit/(Loss) after tax	28,263	260,339

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

28. Employee Benefit Plans

A summary of the gratuity plan is as follows:

Fund balance

	March 31, 2008	March 31, 2007
Defined benefit obligation	69,328	75,106
Fair value of plan assets	66,391	73,415
Plan Liability	2,938	1,692
The change in benefit obligation and funded status of the gratuity plan is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	75,106	77,496
Current Service cost	11,228	13,648
Past Service cost	-	1,009
Interest cost	5,464	3,793
Benefits paid	(16,976)	(7,981)
Actuarial (gain) / loss	(5,494)	(12,859)
Benefit obligation at the end of the year	69,328	75,106
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	73,415	61,677
Return on plan assets	6,721	4,625
Actuarial (gain) / loss	-	(726)
Actual contribution	3,231	15,820
Benefits paid	(16,976)	(7,981)
Fair value of plan assets at end of year	66,391	73,415
Net gratuity cost is as follows:		
Components of net benefit cost		
Current Service cost	11,228	13,648
Past Service cost	-	1,009
Interest cost	5,464	3,793
Expected Return on plan assets	(6,721)	(4,625)
Net actuarial (gain) / loss recognised during the year	(5,494)	(12,133)
Net gratuity cost	4,477	1,692
The assumptions used in accounting for the gratuity plan is as follows:		
Interest rate	8.20%	7.50%
Discount rate	8.20%	7.50%
Expected Return on Plan Assets	8.20%	7.50%
Salary increase	9.00%	8.00%
Attrition rate upto age 44	17.00%	2.00%
Attrition rate above age 44	16.00%	1.00%
Retirement age	58	58

The Group evaluates these assumptions based on its long-term plans of growth and industry standards and the expected contribution to the fund during the year ending March 31, 2009, is approximately Rs 2,938.

The nature of the asset allocation of the fund is only in debt based mutual funds of high credit rating.

(THIS SPACE HAS BEEN INTENTIONALLY LEFT BLANK)

29. Segmental information

Business segments

The primary reporting of the Group has been performed on the basis of business segment. The Group is organised into three business segments, enzymes, active pharmaceutical ingredients ('Pharma') and contract research services. 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. Also refer note 27.

April 1, 2007 to March 31, 2008

Particulars	Discontinued Operations/Enzymes	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues						
External sales/Income, Net	457,016	8,325,439	1,755,486	-	-	10,537,941
Inter-segment transfers	20,231		52,291	-	(72,522)	-
Total revenues/Income	477,247	8,325,439	1,807,777	-	(72,522)	10,537,941
Costs						
Segment costs	(358,734)	(5,019,354)	(1,229,567)	-	-	(6,607,655)
Inter-segment transfers	-	(72,522)	-	-	72,522	-
Result						
Segment result	118,513	3,233,563	578,210	-	-	3,930,286
Corporate expenses	-	-	-	(944,295)	-	(944,295)
Other income	-	-	-	364,108	-	364,108
Operating profit						3,350,099
Depreciation	(7,984)	(746,446)	(184,774)	-	-	(939,204)
Interest expense	-	-	-	(101,801)	-	(101,801)
Income taxes	-	-	-	(128,883)	-	(128,883)
Minority Interest	-	-	-	65,229	-	65,229
Net profit before Exceptional Items						2,245,440
Exceptional Income	-	-	-	3,297,546	-	3,297,546
Impairment Losses	-	(220,000)	-	-	-	(220,000)
Income Tax on Exceptional Items	-	-	-	(683,892)	-	(683,892)
Net profit after taxes						4,639,094
Other information						
Segment assets	-	11,260,118	3,248,181	-	-	16,108,293
Unallocated corporate assets	-	-	-	4,680,120	-	4,680,120
Total assets						20,789,013
Segment liabilities	-	3,873,604	1,109,284	-	-	4,982,888
Unallocated corporate liabilities	-	-	-	1,037,867	-	1,037,867
Minority Interest	-	-	-	(73,218)	-	(73,218)
Total liabilities						5,947,537
Capital expenditure	-	561,940	1,024,807	-	-	1,586,747

April 1, 2006 to March 31, 2007

Particulars	Discontinued Operations/Enzymes	Pharma	Contract Research	Unallocated	Eliminations	Total
Revenues						
External sales/Income, Net	1,086,911	7,413,055	1,357,345	-	-	9,857,311
Inter-segment transfers	64,878	-	49,932	-	(114,810)	-
Total revenues/Income	1,151,789	7,413,055	1,407,277	-	(114,810)	9,857,311
Costs						
Segment costs	(700,822)	(4,546,676)	(782,821)	-	-	(6,030,319)
Inter-segment transfers	-	(114,810)	-	-	114,810	-
Result						
Segment result	450,967	2,751,569	624,456	-	-	3,826,992
Corporate expenses	-	-	-	(992,846)	-	(992,846)
Other income	-	-	-	38,868	-	38,868
Operating profit						2,873,014
Depreciation	(31,822)	(549,281)	(84,380)	-	-	(665,483)
Interest expense	-	-	-	(97,563)	-	(97,563)
Income taxes	-	-	-	(169,119)	-	(169,119)
Minority Interest	-	-	-	61,767	-	61,767
Net profit						2,002,616
Other information						
Segment assets	631,231	12,403,838	2,336,803	-	-	15,371,872
Unallocated corporate assets	-	-	-	371,640	-	371,640
Total assets						15,743,512
Segment liabilities	199,550	3,383,387	705,381	-	-	4,288,318
Unallocated corporate liabilities	-	-	-	777,114	-	777,114
Minority Interest	-	-	-	(7,989)		(7,989)
Total liabilities						5,057,443
Capital expenditure	13,841	5,805,266	281,150	-	-	6,100,257

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	**March 31, 2008**	**March 31, 2007**
India	3,570,542	4,031,270
Exports on FOB basis	6,967,399	5,826,041
Total	**10,537,941**	**9,857,311**

Assets and additions to fixed assets by geographical area - The following is the carrying amount of segment assets by geographical area in which the assets are located:

Carrying amount of segment assets	**March 31, 2008**	**March 31, 2007**
India	18,830,536	13,848,317
Outside India	1,958,477	1,895,195
	20,789,013	**15,743,512**

Carrying amount of segment assets outside India represents receivables from export sales.

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.

Inter-segment transfers

Segment revenue, segment costs and results include transfers between business segments. Such transfers have been made at cost. The inter-segment transfers have been eliminated on consolidation of the segments.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets, current assets, Segment liabilities comprise of loan funds 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.

30. Prior period comparatives

The previous years' figures have been re-grouped/ reclassified, where necessary to conform to current years' classification.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board of Directors

per Sunil Bhumralkar
Partner
Membership No: 35141

Kiran Mazumdar Shaw
Managing Director

John Shaw
Director

Bangalore
April 22, 2008

Murali Krishnan K N
President - Group Finance

Kiran Kumar
Company Secretary

Summarised statement of financials of Subsidiary Companies

All amounts in Rupees thousands

	Syngene International Limited	**Clinigene International Limited**	**Biocon Biopharmaceuticals Private Limited**
Capital	28,750	500	176,000
Reserves	1,849,595	(30,204)	(325,611)
Total Assets	2,816,101	441,747	874,656
Total Liabilities	937,756	471,451	1,024,267
Investments (except in subsidiaries)	151,290	-	-
Turnover	1,580,614	227,163	82,044
Profit before tax	354,652	24,357	(134,120)
Profit after tax	331,772	23,739	(133,121)
Dividend	Nil	Nil	Nil

The Company has obtained exemption from the Ministry of Company affairs, Government of India, from attaching the financial accounts of the subsidiary companies to this Report. The members can, however, obtain the copy of the detailed annual accounts of the subsidiary companies and related information by making a request to that effect. A copy of the same shall also be available for inspection at the registered office of the Company.

GLOSSARY

ANDA	Abbreviated New Drug Application
Mab	Monoclonal Antibodies
API	Active Pharmaceutical Ingredient
BSE	Mumbai Stock Exchange
CAP	College of American Pathologists
cGMP	Current Good Manufacturing Practices
COS	Certificate of Suitability
CRC	Custom Research Company
CRO	Contract Research Organisation
DMF	Drug Master File
DPCO	Drug Price Control Order
EDQM	European Directorate for Quality of Medicines
EGFR	Epidermal Growth Factor Receptor
EPS	Earnings Per Share
ESOP	Employees Stock Options Plan
ETP	Effluent Treatment Plant
FTE	Full Time Equivalent
GCC	Gulf Co-operation Council
GCP	Good Clinical Practice
ICAI	Institute of Chartered Accountants of India
ICH	International Conference on Harmonisation
IGAAP	Indian Generally accepted Accounting principles
IPO	Intial Public Offering
IPR	Intellectual Property Rights
MMF	Mycophenolate Mofetil
MRP	Mutual Recognition Procedure
NCEs	New Chemical Entities
NSE	National Stock Exchange
OHSAS	Occupational Health Safety Assesment Series
OTC	Over the Counter
PCT	Patent Co-operation Treaty
PK / PD	Pharmaco Kinetic / Pharmaco Dynamic
R&D	Research and Development
ROW	Rest of the world
SEBI	Securities Exchange Board of India
TGA	Therapeutics Good Adminstration
TRIPS	Trade Related Aspects of Intellectual Property Rights
US GAAP	United States Generally Accepted Accounting Principles
USFDA	United States Food and Drug Aminstration
WTO	World Trade Organisation

Biocon

Group Companies

Syngene

Clinigene

Biocon Biopharmaceuticals

NeoBiocon

AXICORP PHARMA

COMPANY SECRETARY:
co.secretary@biocon.com

CORPORATE COMMUNICATIONS:
corporate.communications@biocon.com

INVESTOR RELATIONS:
investor.relations@biocon.com

Above: Panoramic view of Biocon Park

Biocon Corporate Communications I **tsk** DESIGN info@tsk-design.com
Photography: Senthil Mallikarjun Katakol Ryan Lobo

Biocon Limited
20th KM Hosur Road
Electronic City
Bangalore 560 100 India
T 91 80 2808 2808
F 91 80 2852 3423

www.biocon.com

Notice

NOTICE is hereby given that the Thirtieth Annual General Meeting of the members of Biocon Limited will be held on Thursday, July 17, 2008, at 3.30 p.m. at the Trinity Hall, Taj Residency, 41/3 Mahatma Gandhi Road, Bangalore - 560 001 to transact the following business:

Ordinary Business:

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2008 and audited Profit & Loss Account for the year ended on that date together with the reports of the Directors and the Auditors thereon.
2. To approve payment of dividend of 60% i.e. Rs. 3/- per equity share of Rs. 5/- each for the year ended March 31, 2008 and a special dividend of 40% i.e. Rs. 2/- per equity share of Rs. 5/- each.
3. To appoint a director in place of Dr. Bala S Manian who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Dr. Neville C Bain who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The retiring auditors M/s S R Batliboi & Associates, Chartered Accountants are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

Special Business:

6. Increase in the Authorised Share Capital and Alteration of the Memorandum of Association of the Company

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 16, 94 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) and Article 20 of the Articles of Association of the Company, the Authorised Share Capital of the Company of Rs. 60,00,00,000 (Rupees Sixty Crores) divided into 12,00,00,000 (Twelve Crore) equity shares of Rs. 5 (Rupees Five) each be and is hereby increased to Rs. 110,00,00,000 (Rupees One Hundred and Ten Crores) divided into 22,00,00,000 (Twenty Two Crore) equity shares of Rs. 5 (Rupees Five) each.

   RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following Clause V:

   V. The Authorised Share Capital of the Company is Rs. 110,00,00,000 (Rupees One Hundred and Ten Crores Only) divided into 22,00,00,000 (Twenty Two Crores Only) equity shares of Rs. 5 (Rupees Five) each

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

7. Increase in the Authorised Share Capital and Alteration of the Articles of Association of the Company

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the existing Articles of Association of the Company be and is hereby altered by substituting the existing Article 7 with the following Article:

   7. The Authorised Share Capital of the Company is Rs. 110,00,00,000 (Rupees One Hundred and Ten Crores) divided into 22,00,00,000 (Twenty Two Crores Only) equity shares of Rs. 5 (Rupees Five) each

   RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all such steps and actions and give such directions as may be in its absolute discretion deem necessary and to settle any question that may arise in this regard."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a SPECIAL RESOLUTION for issue of Bonus Shares to the equity shareholders of the Company:

"RESOLVED THAT pursuant to the relevant provisions of the Companies Act, 1956, the Foreign Exchange Management Act, 1999, guidelines issued by the Securities and Exchange Board of India, other applicable statues and provisions, if any, the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where shares of the Company are listed, recommendations of the Board of Directors and subject to the approvals, if any, required from the regulatory authorities, consent of the members be and is hereby accorded to the Board of Directors of the Company for capitalization of such sum standing to the credit of the Company's Profit and Loss Account/ General Reserve Account/Securities Premium account as may be necessary, for the purpose of issue of fully paid up bonus shares of Rs. 5/- each to the members whose names appear on the Register of members as on such Record date to be hereafter fixed by the Board, in the proportion of one bonus share for every one existing fully paid up equity share held by or allotted to such member as on the record date.

RESOLVED FURTHER THAT all such new shares as and when issued shall rank pari passu in all respects, with the existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings as may be required and as it may in its sole and absolute discretion deem necessary, expedient or incidental in regard to issue of Bonus Shares, including but without limitation to filing of any documents with the Registrar of Companies, Securities and Exchange Board of India, Stock Exchanges where shares of the Company are listed, Depositories and/or other concerned authorities, applying and seeking necessary listing approvals from the Stock Exchanges."

By Order of the Board of Directors
For Biocon Limited

Kiran Mazumdar-Shaw
Chairman and Managing Director

Place: Bangalore
Date: April 22, 2008.

Registered office:
20th KM, Hosur Road
Electronics City P.O.
Bangalore- 560 100
India

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY, SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. Members/proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.

3. The Register of Directors Shareholding, maintained under Section 307 of the Companies Act, 1956 will be available for inspection by the members at the AGM.

4. The Register of Contracts, maintained under Section 301 of the Companies Act, 1956 and all documents as mentions in the resolutions and or explanatory statement will be available for inspection by the members at the registered office of the Company.

5. The Register of Members and Share Transfer Books of the Company will remain closed from July 5, 2008 to July 12, 2008 (both days inclusive).

6. Subject to the provisions of Section 206A of the Companies Act, 1956 dividend as recommended by the Board of Directors of the Company, if declared at the meeting, will be payable on or after July 23, 2008 to those members whose name appear on the Register of Members as on the opening of July 5, 2008.

7. Payment of dividend through ECS:

   Members holding shares in Electronic (demat) form are advised to inform the particulars of their bank account and change of address to their respective Depository Participants only and not to the Company or to the Registrars.

8. Members holding shares in physical form are advised to submit particulars of their bank account, viz. Name and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number and any change of address to the share transfer agents of the Company viz. Karvy Computershare Private Ltd. (Unit: Biocon Ltd), Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034.

9. Members are requested to address all correspondences, including dividend matters to the Share Transfer Agents, Karvy Computershare Private Ltd. (Unit: Biocon Ltd), Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034.

10. Members seeking any information relating to the Accounts may write to the Company at 20th KM, Hosur Road, Electronics City P.O., Bangalore- 560 100 for the attention to Company Secretary at least seven days before the date of the thirtieth annual general meeting.

11. Members are requested to note that the recorded for issue of bonus shares shall be decided by the Board of directors and intimated to the stock exchanges.

Explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

Item Nos. 6 & 7:

The current authorised share capital of the company is Rs 60,00,00,000 (Rupees Sixty Crores Only). The Company is proposing to issue bonus shares which would result in the paid up capital of the Company exceeding its authorised capital. Therefore, in order to enable the Company to proceed with the issue of the bonus shares, it is proposed to increase the authorised share capital of the Company.

The Board of Directors recommend the resolution under Item No. 6 & 7 of the Notice of the Annual General Meeting for approval of members. None of the Directors of the Company is in any way concerned or interested in the Resolution.

Item No. 8:

The Board of Directors at its meeting held on April 22, 2008 recommended the issue of Bonus Shares in proportion of one equity shares for every one equity share held by the members on a date to be fixed by the Board of Directors, by capitalizing such sum standing to the credit of the Company's Profit and Loss Account / General Reserve Account/ Securities Premium account and distribution of the sum so capitalized as Bonus Share requires approval of the members of the Company. As on March 31, 2008, the general reserves of the Company including all free reserves stood at Rs. 1321 crores which is about 26 times the paid up capital of the Company. Since the Capital to Free Reserves ratio currently stands over 1:25, it is proposed to issue bonus shares in the ratio of one bonus share for every one equity share held in the Company.

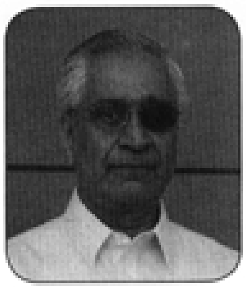
The new equity shares shall rank pari passu in all respects with the existing equity shares of the Company, including in relation to rights to dividend for the financial year in which shares are allotted.

Your Directors recommend the resolution under Item No. 8 of the Notice of the Annual General Meeting for approval of members.

The Directors of the Company are interested in the said resolution to the extent of their shareholding in the Company.

Information pursuant to Revised Clause 49 of the listing agreement regarding the re-appointment of Directors:

Dr. Bala S Manian



Dr. Bala S Manian, 63 years, has been a part of the Silicon Valley entrepreneurial community over the last three decades and is responsible for successfully starting several life science companies. Dr. Manian is a co-founder and director of Quantum Dot Corporation and a co-founder of SurroMed Corporation. He was also chairman of Entigen Corporation, a Bioinformatics company. He was the founder and Chairman of Biometric Imaging, Inc. Prior to founding Biometric Imaging, Inc., Dr. Manian founded Digital Optics Corporation, an optical instrumentation and systems development Company in 1980 and two other Companies, Lumisys and Molecular Dynamics in June 1987. Dr Manian is presently the CEO of ReaMetrix Inc. An expert in the design of electro-optical systems, Dr. Manian holds more than 35 patents, many of which have resulted in successful commercial products. Additionally, Dr. Manian has authored more than 30 peer reviewed scientific publications. He has been recognized through several awards for his contributions as an educator, inventor and an entrepreneur. In February 1999 the Academy of Motion Picture Arts and Sciences awarded a Technical Academy Award to Dr. Manian for advances in digital cinematography. He has a B.S. in Physics from the University of Madras, a M.S. in Applied Optics from the University of Rochester and a Ph.D. in mechanical engineering from Purdue University. He was a faculty member of the University of Rochester's Institute of Optics for four years, teaching courses in optical fabrication and testing, optical instrumentation and holography. At present he serves as a member of the Board of Trustees of University of Rochester.

Other details:

Date of Birth	15/07/1945
Date of Appointment on the Board	20/10/2004
Directorship of other companies	ReaMetrix Inc., USA ReaMetrix India Private Limited ICICI Knowledge Park Vaccinex Inc
Membership in the Committees	None
Shareholding in Equity shares of the Company and percentage of holding in share capital.	1,250 (0%)

Dr. Neville C Bain

Dr. Neville Bain, 68 years, has vast experience in the field of finance, strategy and general management. He graduated from Otago University, New Zealand, with a Master of Commerce (Hons) degree and double Bachelor degrees in Accounting and Economics. He has also been awarded the degree of Doctor of Law, is a Fellow Chartered Accountant, a Fellow Cost and Management Accountant, a Fellow Chartered Secretary and a Fellow of the Institute of Directors. He spent 27 years with the Cadbury Schweppes group, having responsibility for the world-wide confectionery business and then as Deputy Chief Executive and Finance Director. This was followed by a six-year term as Chief Executive Officer of Coats Viyella plc, and then as Chairman and Director of various organisations. He was Chairman of the Institute of Directors, Director of Hogg Robinson plc, and also a board member of Scottish Newcastle plc. He has published books on Corporate Governance, Strategy, and the effective utilisation of people in organisations.

Other Details:

Date of Birth	14/07/1940
Date of Appointment on the Board	08/08/2000
Directorship of other companies	Farnborough Holdings Plc
	Scottish & Newcastle Plc
	Syngene International Limited
	Neville Bain Developments Limited
	Provexis Limited
Membership in the Committees	Audit Committee of Biocon Limited
	Remuneration Committee of Biocon Limited
	Investor Grievance Committee of Biocon Limited
Shareholding in Equity shares of the Company and percentage of holding in share capital.	500,000 (0.50%)

PROXY FORM

Regd. Folio No. / DP ID/Client ID ______________________________

Affix 1 rupee Revenue Stamp

I/We ________________________ of ______________________ being a member/members of Biocon Limited hereby appoint ________________ of ____________________ as my/our Proxy or failing him/her __________________ of _______________ as my/our proxy to vote for me/ us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held on Thursday, July 17, 2008 at 3.30 pm at Trinity Hall, Taj Residency, 41/3, Mahatma Gandhi Road, Bangalore - 560 001, India and at any adjournment(s) thereof.

Signed this ______________ day of ________________ 2008

Note: The proxy form in order to be effective, should be duly stamped, completed and deposited at the Registered Office of the Company at 20th KM, Hosur Road, Electronics City P.O., Bangalore- 560 100 not less than 48 hours before the time for holding the meeting.

BIOCON LIMITED

Registered office: 20th K M, Hosur Road, Electronics City P.O., Bangalore – 560 100.

Cut Here

ATTENDANCE SLIP

Thirtieth Annual General Meeting – July 17, 2008

Regd. Folio No. /DP ID/Client ID ____________________

No. of shares held _______

I certify that I am registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Thirtieth Annual General Meeting of the Company to be held on Thursday, July 17, 2008 at 3.30 pm at Trinity Hall, Taj Residency, 41/3, Mahatma Gandhi Road, Bangalore - 560 001.

Name of the member/proxy
(in BLOCK letters)

Signature of member/proxy

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Shareholders are informed that no duplicate attendance slips will be issued at the venue of meeting. Members are requested to bring their copies of the Annual Report to the meeting.

BIOCON LIMITED

Registered office: 20th K M, Hosur Road, Electronics City P.O., Bangalore – 560 100.

Biocon

Dear Shareholder,

RE: PAYMENT OF DIVIDEND THROUGH ECS

As per Securities and Exchange Board of India (SEBI) circular No. DCC/FITT/CIR 3/2001, all companies should make mandatory use of **Electronic Clearing Services (ECS)** facility wherever available which is introduced by Reserve Bank of India for distributing dividends, wherein dividend amount would be directly credited to shareholders' Bank account. As of date the ECS facilities are available at Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Trivandrum.

We wish to inform you that all your relevant records are maintained by your Depository Participants (DP). The companies retrieve the data maintained by DPs through NSDL/CDSL.

Hence, you are advised to intimate any changes in your Bank details immediately to your DP. **THE INFORMATION SHOULD ONLY BE SENT TO YOUR DP AND NOT TO THE COMPANY OR TO THE REGISTRAR OF THE COMPANY.**

After remitting the dividend to your Banks directly, an intimation of payment of dividend will be sent to you.

In case of absence of ECS facility, Company will send the dividend through Dividend Warrants/Demand Drafts payable at the Branch of the Dividend Banker which is nearest to the registered address of the member. The company is required to print the bank account details on the Dividend Warrants for distribution of dividends. Hence existing bank details are required to be filed with your DP, even when the payments are made through Dividend warrants.

Please send these details to your DP together with any other document requested by your DP immediately.

NOTE: The Company or its Registrars cannot act on the Mandate. Hence you are requested to get the Mandate registered with your DP and not send the same to the Company or Registrar. Format of letter/mandate to the DP is enclosed for this purpose.

.... **Cut Here** ....

MANDATE FORM- ELECTRONIC CLEARING SERVICE (ECS)

To

______________________ (Name of the Depository Participant)

______________________ (Address of the Depository Participant)

Please register the following details for receipt of Dividend:

Type of Instruction **Remittance of amount through Electronic Clearance Service**

Name ______________________

DP ID ______________________

Client ID ______________________

Bank Details Bank Name : ______________________

Bank Address : ____

____

Account Type and No.: SB/ CA/ CC No.: ______________________

9 Digit MICR Code : ______________________

Please find enclosed a photocopy of cancelled blank cheque for your verification.

Signature of the shareholder(s) and date