



## **AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2016**

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SI. No.	Particulars	3 months ended 31.03.2016	Preceding 3 months ended 31.12.2015	Corresponding 3 months ended 31.03.2015	Year ended 31.03.2016	Previous Yea ended 31.03.2015
		(Audited) [refer note 11 below]	(Unaudited)	(Audited) [refer note 11 below]	(Audited)	(Audited)
1	Income from operations					
	a) Net sales/ Income from operations (net of excise duty)	9,703	8,282	8,304	34,059	30,600
	b) Other operating income [refer note 9 below]	85	82	73	795	298
	Total income from operations (net)	9,788	8,364	8,377	34,854	30,898
2	Expenses					
	a) Cost of materials consumed	3,078	3,103	2,923	12,549	11,970
	b) Purchases of stock-in-trade	295	309	353	1,070	1,110
	<ul> <li>c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</li> </ul>	239	(285)	99	(318)	(519)
	d) Employee benefits expense	1,735	1,589	1,366	6,363	5,334
	e) Depreciation and amortisation expenses	628	621	586	2,423	2,210
	f) Other expenses	2,627	2,132	2,128	8,310	7,366
		8,602	7,469	7,455	30,397	27,471
	Less: Recovery of product development costs from co-development partners (net)	(317)	(375)	(344)	(1,320)	(1,321)
	Total expenses	8,285	7,094	7,111	29,077	26,150
3	Profit from operations before other income, finance costs and exceptional items (1-2)	1,503	1,270	1,266	5.777	4,748
4	Other income	247	197	169	845	531
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,750	1,467	1,435	6,622	5,279
3	Finance costs	14	15	-	102	89
7	Profit from ordinary activities after finance costs before exceptional items (5-6)	1,736	1,452	1,435	6,520	5.190
3	Exceptional items (net) [refer note 3, 5 and 6 below]	2,684		1,051	5,754	1,051
	Profit from ordinary activities before tax (7+8)	4,420	1,452	2,486	12,274	6,241
10	Tax expense	582	241	318	2,569	957
11	Net profit for the period / year (9-10)	3,838	1,211	2,168	9,705	5,284
12	Minority interest	(229)	(181)	(153)	(744)	(310)
13	Net profit after tax and minority interest (11+12)	3,609	1,030	2,015	8,961	4,974
14	Paid-up equity share capital (Face value of Rs. 5 each)	1,000	1,000	1,000	1,000	1,000
15	Reserve excluding revaluation reserves as per balance sheet	.,	,,,,,	.,	39,547	31,697
6	Earnings per share (of Rs. 5 each) (not annualised)				,	,
	(a) Basic	18.05	5.15	10.08	44.81	24.87
	(b) Diluted	18.05	5.15	10.08	44.81	24.87
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	SEGMENT DETAILS OF O QUARTER A	ONSOLIDATED AT ND YEAR ENDED I			E	(₹. in Million)
SI.	Particulars	3 months ended 31.03.2016	Preceding 3 months ended 31.12.2015	Corresponding 3 months ended 31.03.2015	Year ended 31.03.2016	Previous Year ended 31.03.2015
		(Audited) [refer note 11 below]	(Unaudited)	(Audited) [refer note 11 below]	(Audited)	(Audited)
	Segment revenue					
a.	Pharma	6,582	5,613	5,949	24,045	22,506
b.	Contract Research & Manufacturing Services	3,315	2,804	2,490	11,070	8,599
	Total	9,897	8,417	8,439	35,115	31,105
	Less: Inter-segment revenue	109	53	62	261	207
	Net sales / Income from continuing operations	9,788	8,364	8,377	34,854	30,898
	Segment results					
	Profit before interest, depreciation and tax from each segment					
a.	Pharma	3,038	2,507	2,476	10,615	9,481
b.	Contract Research & Manufacturing Services	1,208	1,012	925	3,977	2,971
	Total	4,246	3,519	3,401	14,592	12,452
	Less: Interest	14	15	-	102	89
	Depreciation and amortisation	628	621	586	2,423	2,210
	Unallocated corporate expenses	2,115	1,628	1,549	6,392	5,494
	Unallocated corporate income	(247)	(197)	(169)	(845)	(531)
	Profit before tax and before exceptional items	1,736	1,452	1,435	6,520	5,190
	Capital employed					
a.	Pharma	19,315	19,154	16,594	19,315	16,594
b.	Contract Research & Manufacturing Services	10,629	10,200	8,695	10,629	8,695
c.	Unallocable	13,724	11,320	9,139	13,724	9,139
d.	Minority interest	(3,112)	(3,261)	(1,722)	(3,112)	(1,722)
	Total capital employed	40,556	37,413	32,706	40,556	32,706

SI.		3 months ended	Preceding 3 months ended	Corresponding 3 months ended	Year ended	Previous Yea
No.	Particulars	(Audited) [refer note 11 below]	31.12.2015 (Unaudited)	31.03.2015 (Audited) [refer note 11 below]	31.03.2016 (Audited)	31.03.2015 (Audited)
1	Income from operations	11 belowj		11 below]		
١	a) Net sales/ Income from operations (net of excise duty)	6,133	5,056	5,605	21,611	21,418
	b) Other operating income [refer note 9 below]	277	274	229	1,625	998
	Total income from operations (net)	6,410	5,330	5,834	23,236	22,416
2	Expenses					
_	a) Cost of materials consumed	2,279	2,293	2,256	9,478	9.565
	b) Purchases of stock-in-trade	230	181	282	760	880
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	141	(218)	143	(288)	(392)
	d) Employee benefits expense	798	815	697	3,187	2,844
	e) Depreciation and amortisation expenses	332	334	323	1,310	1.281
	f) Other expenses	1,833	1,418	1,434	5,754	5,239
	, outsi superiose	5,613	4,823	5,135	20,201	19,417
	Less: Recovery of product development costs from co-development partners (net)	(27)	(7)	(5)	(48)	(19)
	Total expenses	5,586	4,816	5,130	20,153	19,398
3	Profit from operations before other income, finance costs and exceptional items (1-2)	824	514	704	3,083	3,018
4	Other income [refer note 8 below]	781	323	139	1,841	1,491
5	Profit from ordinary activities before finance costs and exceptional items (3+4)	1,605	837	843	4,924	4,509
6	Finance costs	5	1	2	9	8
7	Profit from ordinary activities after finance costs before exceptional items (5-6)	1,600	836	841	4,915	4,501
8	Exceptional items [refer note 5(b), 6(b) and 6(c) below]	99	-	(218)	5,230	(218)
9	Profit from ordinary activities before tax (7+8)	1,699	836	623	10,145	4,283
10	Tax expense	317	151	145	2,057	671
11	Net profit for the period / year (9-10)	1,382	685	478	8,088	3,612
12	Paid-up equity share capital (Face value of Rs. 5 each)	1,000	1,000	1,000	1,000	1,000
13	Reserve excluding revaluation reserves as per balance sheet				31,876	24,835
14	Earnings per share (of Rs. 5 each) (not annualised)					
	(a) Basic	6.91	3.43	2.39	40.44	18.06
	(b) Diluted	6.91	3.43	2.39	40.44	18.06
	See accompanying notes to the financial results					

		As at March 31, 2016 (Audited)	<u>As at</u> <u>March 31, 2015</u> (Audited)
Α	EQUITY AND LIABILITIES		
1	Shareholders' funds		
	(a) Share capital	1,000	1,000
	(b) Reserves and surplus	39,556	31,706
	Sub total-Shareholders' funds	40,556	32,706
2	Minority interest	3,112	1,722
3	Non-current liabilities		
	(a) Long-term borrowings	20,724	7,696
	(b) Deferred tax liability (net)	346	417
	(c) Other long-term liabilities	3,503	5,516
	(d) Long-term provisions	299	150
	Sub total-Non-current liabilities	24,872	13,779
4	Current liabilities	,	
	(a) Short-term borrowings	3,949	2,610
	(b) Trade payables	5,471	4,293
	(c) Other current liabilities	5,979	7,062
	(d) Short-term provisions	877	1,582
	Sub total-Current liabilities	16,276	15,547
	TOTAL - EQUITY AND LIABILITIES	84,816	63,754
В	ASSETS		
1	Non-current assets		
	(a) Fixed assets and intangibles assets, net	38,837	32,801
	(b) Goodwill on consolidation	264	264
	(c) Long-term loans and advances	4,123	3,693
	(d) Other non-current assets	1,660	1,370
	Sub total-Non-current assets	44,884	38,128
2	Current assets		
	(a) Current investments	4,285	2,303
	(b) Inventories	5,114	4,527
	(c) Trade receivables	8,229	7,705
	(d) Cash and cash equivalents	19,213	9,375
	(e) Short-term loans and advances	1,853	758
	(f) Other current assets	1,238	958
	Sub total-Current assets	39,932	25,626
	TOTAL - ASSETS	84,816	63,754

	STANDALONE STATEMENT OF ASSETS AND LIABILITIES (All amounts in Indian Rupees in Million)				
		As at March 31, 2016 (Audited)	As at March 31, 2015 (Audited)		
Α	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	(a) Share capital	1,000	1,000		
	(b) Reserves and surplus	31,885	24,844		
	Sub total-Shareholders' funds	32,885	25,844		
2	Non-current liabilities				
	(a) Long-term borrowings	1,365	114		
	(b) Deferred tax liability (net)	297	368		
	(c) Other long-term liabilities	1,239	1,364		
	(d) Long-term provisions	95	-		
	Sub total-Non-current liabilities	2,996	1,846		
3	Current liabilities				
	(a) Short-term borrowings	2,255	561		
	(b) Trade payables	3,943	3,008		
	(c) Other current liabilities	1,404	603		
	(d) Short-term provisions	506	1,468		
	Sub total-Current liabilities	8,108	5,640		
	TOTAL - EQUITY AND LIABILITIES	43,989	33,330		
В	ASSETS				
1	Non-current assets				
	(a) Fixed assets and intangible assets, net	11,100	9,719		
	(b) Non-current investments	4,587	804		
	(c) Long-term loans and advances	4,748	5,435		
	(d) Other non-current assets	531	13		
	Sub total-Non-current assets	20,966	15,971		
2	Current assets				
	(a) Current investments	1,521	843		
	(b) Inventories	4,675	4,063		
	(c) Trade receivables	5,731	5,551		
	(d) Cash and cash equivalents	9,883	6,212		
	(e) Short-term loans and advances	950	497		
	(f) Other current assets	263	193		
	Sub total-Current assets	23,023	17,359		
	TOTAL - ASSETS	43,989	33,330		

## Notes:

- 1. The financial results of the Company and the consolidated financial results for year ended March 31, 2016 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on April 26, 2016. The above results have been audited by the statutory auditors of the Company.
- 2. On March 11, 2016, the Board of Directors, had declared an interim dividend of Rs 5 (100%) per equity share for the year ended March 31, 2016. The interim dividend has been paid.
- 3. Pursuant to the termination of a customer contract in March 2012, based on an evaluation of the prevalent regulatory framework, industry practices and ethics/governance requirements relating to clinical trials and the regulatory submissions already initiated/filed, Biocon SA, a wholly owned subsidiary of the Company, had determined that it had continuing obligations to complete clinical development and regulatory activities in relation to biosimilar insulin products. Accordingly, the Company deferred the remainder of the upfront amounts received from the said customer, to be recognized in the consolidated statement of profit and loss in subsequent periods in line with costs to be incurred towards such clinical trials and development activities. Accordingly, for the quarter and year ended March 31, 2016, of the deferred amounts, Rs. 55 and Rs. 152, respectively have been netted off against expenses incurred towards such clinical trial and development activities. In March 2016, Biocon SA entered into an agreement with Lab PiSA, Mexico ('PiSA'), granting a right to PiSA to become Biocon SA's exclusive Co-Development partner and Manufacturer for biosimilar rh-insulin ("Products") in United States of America ('the Territory'). As per this Agreement, on completion of certain preliminary development activities to be conducted by PiSA and exercise of the right by PiSA to continue with the development activity, Biocon SA and PiSA shall conduct the co-development program. Biocon SA and exclusive Conducts in the Territory, while PiSA while the Products at its facility. Biocon SA and PiSA shall share the cost of all development activities and share profits from commercialization of the Products in the Territory as per the terms of this Agreement. Consequent to the above agreement with PiSA which changes the nature of Biocon's future obligations on the rh-insulin program, the balance of deferred evenues of Rs 2,684 relating to this program has been recognized as income in the consolidated statement of profit and loss for
- During the quarter ended March 31, 2016, the Company established Biocon Biologics Limited, as a wholly owned subsidiary and invested a sum of Rs. 4,453 as at March 31, 2016.
- Exceptional items for the quarter and year ended March 31, 2015 comprise of the following: a. During the quarter ended September 30, 2014, Biocon Research Limited ("BRL"), a wholly owned subsidiary of the Company purchased from GE Equity International Mauritius, 7.69% equity stake in Syngene International Limited ("Syngene"), a research services subsidiary of the Company for a consideration of Rs 2,154 and also subscribed to additional equity shares in Syngene pursuant to Rights Issue thereby taking BRL's shareholding in Syngene to 10.93%. The resultant difference of Rs 1,664, between the aggregate consideration paid and the net assets of Syngene as on the date of purchase/Rights Issue was recorded as goodwill in the consolidated financial results for the quarter ended September 30, 2014. On September 18, 2014, BRL entered into a definitive agreement with Silver Leaf Oak (Mauritius) Limited ("Silver Leaf") to sell 10% equity stake in Syngene for a consideration of Rs 3,800. In January 2015, Silver Leaf assigned its rights and obligations to purchase the aforesaid 10% equity stake in Syngene to IVF Trustee Company Private Limited ("IVF"), a fund advised by India Value Fund Advisors. The gain arising on such sale of shares to IVF amounting to Rs 1,348, net of transaction cost, was recorded as exceptional item in the consolidated financial results. Tax incidence in the hands of BRL on the sale of shares has been fully offset against business losses of BRL had created deferred tax asset of Rs 99 as at December 31, 2014 which was utilised on consummation of such sale. b. Considering the financial position and uncertain future cash flows of Vaccinex Inc., in the standalone and consolidated financial statements. c. The Company transferred equity shares of Syngene constituting 1% of equity capital at cost to Biocon Limited Employees Welfare Trust formed for administration of a Scheme for the benefit of employees of the Group (excluding the employees of Syngene). Accordingly, the Company recorded a loss of Rs 79 in the
- Exceptional items for the quarter and year ended March 31, 2016 comprise of the following: a. In March 2010, Biocon SA, a wholly owned subsidiary of the Company, acquired marketing rights of T1H product for US and Canada region ('Territory') from M/s CIMAB, Cuba. Pursuant to ongoing efforts to license such product to potential partners in the USA, Biocon SA was informed of the need to obtain prior authorization from the Office of Foreign Assets Control, USA ('OFAC'). The US regulations restrict any U.S. company or a subsidiary of a U.S. company from engaging in any transaction in which a Cuban entity has at any time since July 1963 had any interest whatsoever, whether direct or indirect without prior authorization from OFAC. Biocon SA evaluated options to obtain waiver from this requirement. However, during the quarter ended September 30, 2015, the outcome was not favourable. Consequent to such developments and after evaluating the requirements of OFAC and related timelines, management concluded that the same has now created an uncertainty to license this product for development and commercialization in the Territory. Hence, during the quarter ended September 30, 2015, Biocon SA recorded an impairment of the carrying value of the aforesaid intangible asset amounting to Rs 1,078. The same has been recorded as an exceptional item in the consolidated financial results for the quarter ended September 30, 2015. The Company holds marketing rights in other territories including Europe where these restrictions do not apply and continues to develop the molecule for such territories. b. During the quarter ended September 30, 2015, Syngene completed its Initial Public Offering (IPO), through an offer for sale of 22,000,000 equity shares of Rs 10 each, by the Company's holding in equity shares of Syngene has reduced from 84.54% to 73.54%. The equity shares, net of related expenses and cost of equity shares, amounting to Rs 5,131 and Rs 4,148 was recorded as an exceptional item in the standalone and consolidated financial r
- 7. The Company acquired the business assets of the pharmaceutical manufacturing unit of M/s. Acacia Lifesciences Private Limited located at Vishakapatnam with effect from October 01, 2015 on a going concern basis.
- 8. Other income in the standalone results of the Company for the quarter and year ended March 31, 2016 includes dividend income of Rs 145 (Year ended March 31, 2015 Rs 997) and Rs 342 (March 31, 2015 Rs Nil) received from Syngene and NeoBiocon FZ LLC. a subsidiary company, respectively.
- 9. Other operating income for the year ended March 31, 2016 (standalone and consolidated) includes Rs 446 towards one time compensation from a customer to absolve the customer from capacity reservation fees.
- 10. Segment Reporting: a. Standalone financial results: The Company operates in a single business segment of biopharmaceuticals. b. Consolidated financial results: The primary segment reporting has been performed on the basis of business segments have been identified and reported based on the nature of products, risks and returns, organizational structure and internal financial reporting systems.
- 11. The figures for quarter ended March 31, 2016 and March 31, 2015 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2016 and March 31, 2015 respectively and the unaudited published year-to-date figures up to December 31, 2015 and December 31, 2014 respectively, being the end of the third quarter of the respective financial years, which were subjected to limited review.
- 12. The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2016 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated and effective March 30, 2016. The Company believes that the Rule 3(2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rules, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Hence, the Company has not applied the Companies (Accounting Standards) Rules, 2016 in preparation of financial results for the quarter and year ended March 31, 2016
- 13. Prior period/ year figures have been reclassified wherever required to conform to the classification of the current period/ year.