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UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016						
(₹. in Million, except per equity share data)						
Sl. No.	Particulars	Three months ended 31.12.2016	Three months ended 30.09.2016	Three months ended 31.12.2015	Nine months ended 31.12.2016	Nine months ended 31.12.2015
		Previous Year ended 31.03.2016				
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	<b>Income from operations</b>					
	a) Sale/ Income from operations	5,932	5,840	4,976	18,324	15,476
	b) Other operating income	618	419	301	1,539	1,419
	<b>Total income from operations</b>	<b>6,550</b>	<b>6,259</b>	<b>5,277</b>	<b>19,863</b>	<b>16,895</b>
2	<b>Expenses</b>					
	a) Cost of materials consumed	2,676	2,523	2,294	7,327	7,200
	b) Purchases of stock-in-trade	215	219	181	718	530
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(362)	(330)	(311)	(111)	(515)
	d) Excise duty on sales	68	83	72	247	219
	e) Employee benefits expense	953	892	823	2,746	2,413
	f) Depreciation and amortisation expenses	382	378	357	1,125	1,041
	g) Other expenses	1,470	1,553	1,418	4,293	3,921
		<b>5,402</b>	<b>5,318</b>	<b>4,834</b>	<b>16,345</b>	<b>14,809</b>
	Less: Recovery of product development costs from co-development partners (net)	-	(2)	(6)	(1)	(20)
	<b>Total expenses</b>	<b>5,402</b>	<b>5,316</b>	<b>4,828</b>	<b>16,344</b>	<b>14,789</b>
3	<b>Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>1,148</b>	<b>943</b>	<b>449</b>	<b>3,519</b>	<b>2,106</b>
4	Other income	332	255	301	881	970
5	<b>Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>1,480</b>	<b>1,198</b>	<b>750</b>	<b>4,400</b>	<b>3,076</b>
6	Finance costs	8	16	1	29	4
7	<b>Profit from ordinary activities after finance costs before exceptional items (5-6)</b>	<b>1,472</b>	<b>1,182</b>	<b>749</b>	<b>4,371</b>	<b>3,072</b>
8	Exceptional items [refer note 4(c) and 4(d) below]	-	-	-	-	962
9	<b>Profit from ordinary activities before tax (7+8)</b>	<b>1,472</b>	<b>1,182</b>	<b>749</b>	<b>4,371</b>	<b>4,034</b>
10	Tax expense	431	482	111	1,216	1,636
11	<b>Net profit for the period / year (9-10)</b>	<b>1,041</b>	<b>700</b>	<b>638</b>	<b>3,155</b>	<b>2,398</b>
12	Other comprehensive income	20	44	21	51	(8)
13	<b>Total comprehensive income (11+12)</b>	<b>1,061</b>	<b>744</b>	<b>659</b>	<b>3,206</b>	<b>2,390</b>
14	Paid-up equity share capital (Face value of Rs. 5 each)	1,000	1,000	1,000	1,000	1,000
15	Reserves i.e. Other equity					59,240
16	<b>Earnings per share (of Rs. 5 each) (not annualised)</b>					
	(a) Basic	5.30	3.57	3.25	16.08	12.21
	(b) Diluted	5.26	3.54	3.25	15.98	12.20
	See accompanying notes to the financial results					

Notes to the financial results:

1. The unaudited standalone financial results and the unaudited consolidated financial results for the quarter and nine months ended 31 December 2016 in respect of Biocon Limited ('the Company') have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on 24 January 2017. The above results have been subjected to limited review by the statutory auditors of the Company. The reports of the statutory auditors are unqualified.
2. These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI Circular dated 5 July 2016. The Company has not opted for the relaxation provided by SEBI in respect of disclosure requirements for corresponding figures for earlier periods. Accordingly, the figures for the year ended 31 March 2016 have been presented after incorporating the applicable Ind AS adjustments in addition to the figures for the quarter and nine months ended 31 December 2015.
- a) The Company has prepared a reconciliation of the net profit for the corresponding periods under the previously applicable Generally Accepted Accounting Principles ('Previous GAAP') with the total comprehensive income as reported in these financial results under Ind AS. The net profit reconciliations for the quarter and nine months ended 31 December 2015 and year ended 31 March 2016 for standalone and consolidated financials are presented below.

	Standalone			Consolidated		
	Three months ended 31.12.2015	Nine months ended 31.12.2015	Year ended 31.03.2016	Three months ended 31.12.2015	Nine months ended 31.12.2015	Year ended 31.03.2016
<b>Net profit reconciliation</b>						
Net Profit attributable to shareholders of the Company as per previous GAAP	685	6,706	8,088	1,030	5,352	8,961
Exceptional items (net of taxes)	-	(4,089)	(4,167)	-	(2,028)	(4,589)
<b>Net Profit attributable to shareholders of the Company before exceptional items as per previous GAAP [A]</b>	<b>685</b>	<b>2,617</b>	<b>3,921</b>	<b>1,030</b>	<b>3,324</b>	<b>4,372</b>
<b>Ind AS adjustments</b>						
Difference on account of revenue recognition, net of related costs	(56)	(128)	(230)	(56)	(128)	(230)
Impact of derivative accounting and exchange gain/loss	(30)	(96)	(149)	61	13	3
Impact of borrowing cost				-	-	(152)
Other adjustments	(2)	(19)	(22)	(15)	(26)	(59)
Income tax impact of above adjustments	41	104	120	21	69	60
<b>Subtotal [B]</b>	<b>(47)</b>	<b>(139)</b>	<b>(281)</b>	<b>11</b>	<b>(72)</b>	<b>(378)</b>
<b>Net Profit attributable to shareholders of the Company before exceptional items as per Ind AS [C = A + B]</b>	<b>638</b>	<b>2,478</b>	<b>3,640</b>	<b>1,041</b>	<b>3,252</b>	<b>3,994</b>

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016						
(₹. in Million, except per equity share data)						
Sl. No.	Particulars	Three months ended 31.12.2016	Three months ended 30.09.2016	Three months ended 31.12.2015	Nine months ended 31.12.2016	Nine months ended 31.12.2015
		Previous Year ended 31.03.2016				
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	<b>Income from operations</b>					
	a) Sale/ Income from operations	10,293	9,404	7,962	29,513	23,463
	b) Other operating income	151	137	109	392	780
	<b>Total income from operations</b>	<b>10,444</b>	<b>9,541</b>	<b>8,071</b>	<b>29,905</b>	<b>24,243</b>
2	<b>Expenses</b>					
	a) Cost of materials consumed	3,808	3,260	3,103	9,819	9,471
	b) Purchases of stock-in-trade	481	556	308	1,626	775
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(610)	(361)	(452)	(405)	(885)
	d) Excise duty on sales	68	83	72	247	218
	e) Employee benefits expense	1,942	1,804	1,522	5,531	4,436
	f) Depreciation and amortisation expenses	703	683	639	2,047	1,839
	g) Other expenses	2,373	2,242	2,045	6,450	5,599
		<b>8,765</b>	<b>8,267</b>	<b>7,237</b>	<b>25,315</b>	<b>21,453</b>
	Less: Recovery of product development costs from co-development partners (net)	(379)	(443)	(375)	(1,155)	(1,003)
	<b>Total expenses</b>	<b>8,386</b>	<b>7,824</b>	<b>6,862</b>	<b>24,160</b>	<b>20,450</b>
3	<b>Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>2,058</b>	<b>1,717</b>	<b>1,209</b>	<b>5,745</b>	<b>3,793</b>
4	Other income	474	384	216	1,267	632
5	<b>Profit from ordinary activities before finance costs and exceptional items (3+4)</b>	<b>2,532</b>	<b>2,101</b>	<b>1,425</b>	<b>7,012</b>	<b>4,425</b>
6	Finance costs	88	65	15	210	88
7	<b>Profit from ordinary activities after finance costs before exceptional items (5-6)</b>	<b>2,444</b>	<b>2,036</b>	<b>1,410</b>	<b>6,802</b>	<b>4,337</b>
8	Exceptional items (net) [refer note 4(a), 4(b) and 4(f) below]	-	-	-	-	(1,078)
9	<b>Profit from ordinary activities before tax (7+8)</b>	<b>2,444</b>	<b>2,036</b>	<b>1,410</b>	<b>6,802</b>	<b>3,259</b>
10	Tax expense	544	417	218	1,513	876
11	<b>Net profit for the period / year (9-10)</b>	<b>1,900</b>	<b>1,619</b>	<b>1,192</b>	<b>5,289</b>	<b>2,383</b>
12	Share of profit of Joint venture	8	46	26	108	164
13	Non-controlling interest	(195)	(198)	(177)	(551)	(373)
14	<b>Net profit after taxes, minority interest and share of profit from associates(11+12+13)</b>	<b>1,713</b>	<b>1,467</b>	<b>1,041</b>	<b>4,846</b>	<b>2,174</b>
15	Other comprehensive income	246	396	107	481	(105)
16	Non-controlling interest	(44)	(80)	(6)	(101)	8
17	<b>Total comprehensive income attributable to Shareholders (14+15+16)</b>	<b>1,915</b>	<b>1,783</b>	<b>1,142</b>	<b>5,226</b>	<b>2,077</b>
	<b>Total comprehensive income attributable to:</b>					
	Shareholders of the Company	1,915	1,783	1,142	5,226	2,077
	Non-controlling interest	239	278	183	652	365
	<b>Total comprehensive income</b>	<b>2,154</b>	<b>2,061</b>	<b>1,325</b>	<b>5,878</b>	<b>2,442</b>
18	Paid-up equity share capital (Face value of Rs. 5 each)	1,000	1,000	1,000	1,000	1,000
19	Reserves i.e. Other equity					39,577
20	<b>Earnings per share (of Rs. 5 each) (not annualised)</b>					
	(a) Basic	8.72	7.48	5.30	24.69	11.07
	(b) Diluted	8.65	7.42	5.30	24.55	11.06
	See accompanying notes to the financial results					

	Standalone			Consolidated		
	Three months ended 31.12.2015	Nine months ended 31.12.2015	Year ended 31.03.2016	Three months ended 31.12.2015	Nine months ended 31.12.2015	Year ended 31.03.2016
<b>Net profit reconciliation - (Continued)</b>						
Exceptional items, net of tax as per previous GAAP [X]	-	4,089	4,167	-	2,028	4,589
<b>Ind AS adjustments</b>						
Impact on Profit on sale of Syngene Shares, net of tax [Y]	-	(4,169)	(4,169)	-	(3,106)	(3,106)
<b>Total [D = X + Y]</b>	<b>-</b>	<b>(80)</b>	<b>(2)</b>	<b>-</b>	<b>(1,078)</b>	<b>1,483</b>
<b>Net Profit attributable to shareholders of the Company as per Ind AS [E= C+D]</b>	<b>638</b>	<b>2,398</b>	<b>3,638</b>	<b>1,041</b>	<b>2,174</b>	<b>5,477</b>
<b>Other comprehensive income (OCI):</b>						
Effective portion of cash flow hedges	25	1	2	114	(82)	(26)
Actuarial loss on defined benefit obligations – Gratuity	(4)	(9)	(11)	(7)	(23)	(31)
Minority Interest				(6)	8	(9)
<b>Sub-total [F]</b>	<b>21</b>	<b>(8)</b>	<b>(9)</b>	<b>101</b>	<b>(97)</b>	<b>(66)</b>
<b>Total Comprehensive income attributable to Shareholders of the Company [E + F]</b>	<b>659</b>	<b>2,390</b>	<b>3,629</b>	<b>1,142</b>	<b>2,077</b>	<b>5,411</b>

In addition to the above, the consolidated financial results also include the financial results in respect of Biocon India Limited Employee Welfare Trust and Syngene Employees Welfare Trust. The Company has also accounted for its share of interest in the joint venture NeoBiocon FZ-LLC under the equity method. Biocon Limited, its subsidiaries and a joint venture are collectively referred to as 'the Group'.

4. Exceptional items comprise the following:

- a) Consequent to an agreement with a customer which resulted in changes to the nature of the Group's future obligations on the r h-insulin program, deferred revenue of ₹ 2,684 relating to the program has been recognized as income in the consolidated financial results for the year ended 31 March 2016 and has been disclosed under exceptional items.
- b) Pursuant to the uncertainty in respect of the ability of the Group to license a product for development and commercialization in certain territories, Biocon SA recorded an impairment of the carrying value of the intangible asset amounting to ₹ 1,078. The impairment has been recognized as an exceptional item in the consolidated financial results for the nine months ended 31 December 2015 and for the year ended 31 March 2016.
- c) The gain arising from sale of equity shares in respect of Syngene, net of related expenses and cost of equity shares amounting to ₹ 962 has been accounted as an exceptional gain in the standalone financial results for the nine months ended 31 December 2015 and for the year ended 31 March 2016.
- d) During the year ended 31 March 2016, the Company sold its investment in the equity shares of Biocon SDN. BHD., a wholly owned subsidiary to Biocon Biologics Limited (UK), another wholly owned subsidiary of the Company for a sum of ₹ 811. Gain arising from such sale of equity shares, net of cost of such equity shares, amounting to ₹ 99 is recorded as an exceptional item in the standalone financial results.
- e) Consequential tax charge recorded in respect of exceptional items is ₹ 123 for the year ended 31 March 2016 in the consolidated financial results. Consequential tax charge recorded in respect of exceptional items is ₹ 1,042 for the nine months ended 31 December 2015 and ₹ 1,063 for the year ended 31 March 2016 in the standalone financial results.
- f) Pursuant to a fire incident on 12 December 2016 at Syngene, certain fixed assets, inventory and other contents in one of the buildings was damaged. Syngene has lodged an initial estimate of loss with the insurance company and the survey is currently ongoing. During the quarter ended 31 December 2016, Syngene has written off the net book value of assets aggregating to ₹ 798 and recognised a minimum Insurance claim receivable for an equivalent amount. This has been presented under Exceptional items.

In addition, the Group is in the process of determining its claim for Business Interruption and has accordingly not recorded any claim arising therefrom at this stage.

5. Segment Reporting in Consolidated financial results: Based on the "management approach" as defined in Ind AS 108-Operating Segments, the Chief Operating Decision Maker evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along these business segments. The accounting principles used in the preparation of these financial results are consistently applied to record revenue and expenditure in individual segments.
6. Prior period/ year figures have been reclassified wherever required to conform to the classification of the current period/ year.

Place : Bangalore  
Date: January 24, 2017

SEGMENT DETAILS OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2016						
	(₹. in Million)					
Particulars	Three months ended 31.12.2016	Three months ended 30.09.2016	Three months ended 31.12.2015	Nine months ended 31.12.2016	Nine months ended 31.12.2015	Previous Year ended 31.03.2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue</b>						
a. Small Molecules	4,069	4,034	3,209	12,457	10,528	14,583
b. Biologics	2,224	1,555	1,425	5,385	3,764	5,296
c. Branded formulations	1,233	1,366	1,045	4,179	3,360	4,409
d. Research services	3,322	3,030	2,804	9,097	7,755	11,070
Total	10,848	9,985	8,483	31,118	25,407	35,358
Less: Inter-segment revenue	(404)	(444)	(412)	(1,213)	(1,164)	(1,548)
<b>Net sales / Income from continuing operations</b>	<b>10,444</b>	<b>9,541</b>	<b>8,071</b>	<b>29,905</b>	<b>24,243</b>	<b>33,810</b>
<b>Segment results</b>						
Profit before interest and tax from each segment						
a. Small Molecules	970	949	434	3,076	2,041	2,506
b. Biologics	623	253	283	1,338	450	764
c. Branded formulations #	52	101	141	364	627	804
d. Research services	920	914	772	2,563	1,878	2,810
<b>Total</b>	<b>2,565</b>	<b>2,217</b>	<b>1,630</b>	<b>7,341</b>	<b>4,996</b>	<b>6,884</b>
Less: Interest	20	38	4	64	15	171
Other un-allocable expenditure / (income), net	93	97	190	367	480	791
<b>Profit before tax and before exceptional items #</b>	<b>2,452</b>	<b>2,082</b>	<b>1,436</b>	<b>6,910</b>	<b>4,501</b>	<b>5,922</b>
<b>Segment Assets</b>						
a. Small Molecules	15,161	14,845	13,955	15,161	13,955	14,831
b. Biologics	32,285	30,674	19,941	32,285	19,941	28,758
c. Branded formulations	2,145	2,401	2,237	2,145	2,237	1,698
d. Research services	25,240	25,290	14,836	25,240	14,836	23,575
	74,831	73,210	50,969	74,831	50,969	68,862
e. Unallocable	17,323	15,518	12,626	17,323	12,626	15,928
<b>Total segment assets</b>	<b>92,154</b>	<b>88,728</b>	<b>63,595</b>	<b>92,154</b>	<b>63,595</b>	<b>84,790</b>
<b>Segment Liabilities</b>						
a. Small Molecules	3,735	2,993	2,534	3,735	2,534	2,906
b. Biologics	6,994	6,351	2,896	6,994	2,896	5,527
c. Branded formulations	1,513	1,334	653	1,513	653	601
d. Research services	12,386	13,408	4,780	12,386	4,780	13,328
	24,628	24,086	10,863	24,628	10,863	22,362
e. Unallocable	17,722	17,158	11,407	17,722	11,407	18,989
<b>Total segment liabilities</b>	<b>42,350</b>	<b>41,244</b>	<b>22,270</b>	<b>42,350</b>	<b>22,270</b>	<b>41,351</b>
<b>Capital employed</b>						
a. Small Molecules	11,426	11,852	11,421	11,426	11,421	11,925
b. Biologics	25,291	24,323	17,045	25,291	17,045	23,231
c. Branded formulations	632	1,067	1,584	632	1,584	1,097
d. Research services	12,854	11,882	10,056	12,854	10,056	10,247
	50,203	49,124	40,106	50,203	40,106	46,500
e. Unallocable	(399)	(1,640)	1,219	(399)	1,219	(3,061)
<b>Total capital employed</b>	<b>49,804</b>	<b>47,484</b>	<b>41,325</b>	<b>49,804</b>	<b>41,325</b>	<b>43,439</b>
'# includes share of profit of Joint venture						