

## UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014 (Rs. in Lakhs)					
Sl. No.	Particulars	3 months ended 30.06.2014 (Unaudited)	Preceding 3 months ended 31.03.2014 (Audited) (refer note 7 below)	Corresponding 3 months ended 30.06.2013 (Unaudited)	Previous Year ended 31.03.2014 (Audited)
<b>1</b>	<b>Income from operations</b>				
	a) Net sales/ Income from operations (Net of excise duty)	71,881	72,259	69,476	285,272
	b) Other operating income	651	594	593	2,459
	<b>Total income from operations (net)</b>	<b>72,532</b>	<b>72,853</b>	<b>70,069</b>	<b>287,731</b>
<b>2</b>	<b>Expenses</b>				
	a) Cost of materials consumed	25,879	24,245	26,982	107,036
	b) Purchases of stock-in-trade	1,834	2,461	2,327	11,507
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,395	2,557	1,057	58
	d) Employee benefits expense	12,549	12,240	11,530	46,626
	e) Depreciation and amortisation expenses	5,193	5,400	4,825	20,364
	f) Other expenses	15,272	18,354	15,326	70,676
		<b>62,122</b>	<b>65,257</b>	<b>62,047</b>	<b>256,267</b>
	Less: Recovery of product development costs from co-development partners (net)	(1,791)	(4,559)	(2,357)	(16,885)
	<b>Total Expenses</b>	<b>60,331</b>	<b>60,698</b>	<b>59,690</b>	<b>239,382</b>
<b>3</b>	<b>Profit from operations before other income and finance costs (1-2)</b>	<b>12,201</b>	<b>12,155</b>	<b>10,379</b>	<b>48,349</b>
4	Other income	1,663	1,724	2,248	5,588
<b>5</b>	<b>Profit from ordinary activities before finance costs (3+4)</b>	<b>13,864</b>	<b>13,879</b>	<b>12,627</b>	<b>53,937</b>
6	Finance costs	58	73	38	171
<b>7</b>	<b>Profit from ordinary activities after finance costs before tax (5-6)</b>	<b>13,806</b>	<b>13,806</b>	<b>12,589</b>	<b>53,766</b>
8	Tax expense	3,089	1,915	2,971	10,691
<b>9</b>	<b>Net profit for the period / year (7-8)</b>	<b>10,717</b>	<b>11,891</b>	<b>9,618</b>	<b>43,075</b>
10	Minority interest	(426)	(583)	(268)	(1,703)
<b>11</b>	<b>Net profit after tax and minority interest (9+10)</b>	<b>10,291</b>	<b>11,308</b>	<b>9,350</b>	<b>41,372</b>
12	Paid-up equity share capital (Face value of Rs.5 each)	10,000	10,000	10,000	10,000
13	Reserve excluding revaluation reserves as per balance sheet				292,581
<b>14</b>	<b>Earnings per share (of Rs 5 each) (not annualised)</b>				
	(a) Basic	5.24	5.76	4.77	21.08
	(b) Diluted	5.20	5.69	4.73	20.82
	See accompanying notes to the financial results				

**Notes:**

- The unaudited financial results of the Company and the unaudited consolidated financial results for the three months period ended June 30, 2014 have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on July 24, 2014. The above results have been subjected to limited review by the statutory auditors of the Company.
- During the year ended March 31, 2012, based on an evaluation of the prevalent regulatory framework, industry practices and ethics/governance requirements relating to clinical trials and the regulatory submissions already initiated / filed, Biocon SA, a wholly owned subsidiary of the Company (together referred to as 'Biocon'), had determined that it had continuing obligations to complete clinical development and regulatory activities relating to Biocon's Biosimilar Insulin portfolio comprising of Biosimilar Insulin and Biosimilar Insulin Analogs. Accordingly, pursuant to the termination of the customer contract in March 2012, Biocon deferred the remainder of the upfront amounts received from the customer, to be recognized in the consolidated statement of profit and loss in subsequent periods in line with costs incurred towards such clinical trials and development activities.

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014 (Rs. in Lakhs)					
Sl. No.	Particulars	3 months ended 30.06.2014 (Unaudited)	Preceding 3 months ended 31.03.2014 (Audited) (refer note 7 below)	Corresponding 3 months ended 30.06.2013 (Unaudited)	Previous Year ended 31.03.2014 (Audited)
<b>1</b>	<b>Income from operations</b>				
	a) Net sales/ Income from operations (Net of excise duty)	53,460	53,757	52,289	209,807
	b) Other operating income	2,409	3,386	2,247	10,443
	<b>Total income from operations (net)</b>	<b>55,869</b>	<b>57,143</b>	<b>54,536</b>	<b>220,250</b>
<b>2</b>	<b>Expenses</b>				
	a) Cost of materials consumed	21,572	20,169	22,757	88,757
	b) Purchases of stock in trade	1,553	2,047	2,068	10,387
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,316	2,469	1,122	131
	d) Employee benefits expense	7,009	6,935	6,578	26,645
	e) Depreciation and amortisation expenses	3,074	3,394	2,898	12,444
	f) Other expenses	12,779	13,342	10,554	47,413
		<b>47,303</b>	<b>48,356</b>	<b>45,977</b>	<b>185,777</b>
	Less: Recovery of product development costs from co-development partners (net)	-	(37)	-	(409)
	<b>Total expenses</b>	<b>47,303</b>	<b>48,319</b>	<b>45,977</b>	<b>185,368</b>
<b>3</b>	<b>Profit from operations before other income and finance costs (1-2)</b>	<b>8,566</b>	<b>8,824</b>	<b>8,559</b>	<b>34,882</b>
4	Other income	1,174	1,110	2,686	6,058
<b>5</b>	<b>Profit from ordinary activities before finance costs (3+4)</b>	<b>9,740</b>	<b>9,934</b>	<b>11,245</b>	<b>40,940</b>
6	Finance costs	27	25	22	89
<b>7</b>	<b>Profit from ordinary activities after finance costs before tax (5-6)</b>	<b>9,713</b>	<b>9,909</b>	<b>11,223</b>	<b>40,851</b>
8	Tax expense	2,250	1,235	2,450	8,420
<b>9</b>	<b>Net profit for the period / year (7-8)</b>	<b>7,463</b>	<b>8,674</b>	<b>8,773</b>	<b>32,431</b>
10	Impact of scheme of merger for earlier period (refer note 3 below)	-	-	-	554
<b>11</b>	<b>Profit for the period / year after giving impact of scheme of merger for earlier year (9+10)</b>	<b>7,463</b>	<b>8,674</b>	<b>8,773</b>	<b>32,985</b>
12	Paid-up equity share capital (Face value of Rs.5 each)	10,000	10,000	10,000	10,000
13	Reserve excluding revaluation reserves as per balance sheet				231,680
<b>14</b>	<b>Earnings per share (of Rs 5 each) (not annualised)</b>				
	(a) Basic (after giving impact of scheme of merger for earlier year)	3.80	4.42	4.48	16.81
	(b) Diluted (after giving impact of scheme of merger for earlier year)	3.77	4.37	4.44	16.62
	(c) Basic (before giving impact of scheme of merger for earlier year)	3.80	4.42	4.48	16.53
	(d) Diluted (before giving impact of scheme of merger for earlier year)	3.77	4.37	4.44	16.34
	See accompanying notes to the financial results				

In February 2013, Biocon SA entered into an agreement with another customer for the global development and commercialization of Biosimilar Insulin Analogs (the Agreement), granting the customer exclusive rights to commercialize Biosimilar Insulin Analogs in certain countries. The clinical development and regulatory activities in respect of such Biosimilar Insulin Analogs is now being carried out in accordance with the Agreement. As such, Biocon has therefore determined that it does not have continuing obligations for clinical trials and development activities in respect of Biosimilar Insulin Analogs. Accordingly, based on an allocation in proportion of estimated future development spends on these programs, Rs 21,501 lakhs of deferred revenues allocated to Biosimilar Insulin Analogs (net of amounts already recognized in the consolidated statement of profit and loss) was recognized as an exceptional income in the consolidated statement of profit and loss for the year ended March 31, 2013. Considering that Biocon has continuing obligations in respect of Biosimilar Insulin, the remainder of deferred amounts as at March 31, 2013, of Rs 28,001 lakhs, continues to be recognized in the consolidated statement of profit and loss in line with costs to be incurred towards clinical trials and development activities of Biosimilar Insulin. For the quarter ended June 30, 2014 and March 31, 2014, of the deferred amounts, Rs 646 lakhs and Rs 902 lakhs respectively have been netted off against expenses incurred towards such clinical trial and development activities.

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

3. During the quarter ended September 30, 2013, the Honorable High Court of Karnataka ('the Court') approved the scheme of amalgamation ('the Scheme') of Biocon Biopharmaceuticals Limited ('BBL'), a wholly owned subsidiary, with the Company under the Companies Act, 1956, with Appointed Date as April 1, 2012.

The Scheme was accounted by the Company under the Pooling of Interest method as prescribed by Accounting Standard 14 - Accounting for Amalgamation.

Post receipt of the requisite approvals, the Company considered the operations of BBL from April 1, 2012 as its own operations and accordingly, profit after tax amounting to Rs 554 lakhs (net of tax of Rs 579 lakhs), relating to

SEGMENT DETAILS OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2014 (Rs. in Lakhs)				
Particulars	3 months ended 30.06.2014	Preceding 3 months ended 31.03.2014	Corresponding 3 months ended 30.06.2013	Previous Year ended 31.03.2014
	(Unaudited)	(Audited) (refer note 7 below)	(Unaudited)	(Audited)
<b>Segment revenue</b>				
a. Pharma	54,901	53,677	54,341	215,125
b. Contract Research & Manufacturing Services	17,862	19,490	16,034	74,119
<b>Total</b>	<b>72,763</b>	<b>73,167</b>	<b>70,375</b>	<b>289,244</b>
Less: Inter-segment revenue	231	314	306	1,513
<b>Net sales / Income from continuing operations</b>	<b>72,532</b>	<b>72,853</b>	<b>70,069</b>	<b>287,731</b>
<b>Segment results</b>				
Profit before interest, depreciation and tax from each segment				
a. Pharma	23,071	22,771	21,813	88,469
b. Contract Research & Manufacturing Services	5,907	6,658	5,394	27,097
<b>Total</b>	<b>28,978</b>	<b>29,429</b>	<b>27,207</b>	<b>115,566</b>
Less: Interest	58	73	38	171
Depreciation and amortisation	5,193	5,400	4,825	20,364
Unallocated corporate expenses	11,584	11,874	12,003	46,853
Unallocated corporate income	(1,663)	(1,724)	(2,248)	(5,588)
<b>Profit before tax</b>	<b>13,806</b>	<b>13,806</b>	<b>12,589</b>	<b>53,766</b>
<b>Capital employed</b>				
a. Pharma	158,507	146,111	133,267	146,111
b. Contract Research & Manufacturing Services	72,116	69,088	54,113	69,088
c. Unallocable	91,441	95,705	100,773	95,705
d. Minority interest	(8,659)	(8,233)	(6,796)	(8,233)
<b>Total capital employed</b>	<b>313,405</b>	<b>302,671</b>	<b>281,357</b>	<b>302,671</b>

operations of BBL for the year ended March 31, 2013, were accounted for in the standalone results for the year ended March 31, 2014.

4. During the quarter ended June 30, 2014, the Group evaluated the requirement of Schedule II of the Companies Act, 2013 ('the Act') in respect of estimates of useful lives of its fixed assets. The management of the Group concluded that the impact of such change on the current quarter results is not material. Further, in accordance with the transitional provision specified in Schedule II of the Act, an amount of Rs. 292 lakhs (net of deferred taxes) has been adjusted in the standalone and consolidated opening balance of retained earnings.

5. Segment Reporting:

a. Standalone financial results: The Company operates in a single business segment of pharmaceuticals.  
b. Consolidated financial results: The primary segment reporting has been performed on the basis of business segments. Segments have been identified and reported based on the nature of products, risks and returns, organizational structure and internal financial reporting systems.

6. Information on investor complaints:

	3 months ended 30.06.2014
Pending at the beginning of the quarter	-
Received during the quarter	02
Disposed during the quarter	02
Remaining unresolved at the end of the quarter	-

7. The figures for quarter ended March 31, 2014 are the balancing figures between audited figures in respect of the full financial year ended March 31, 2014 and the unaudited published year-to-date figures up to December 31, 2013, being the end of the third quarter of the financial year, which were subjected to limited review.

8. Prior period / year figures have been reclassified wherever required to conform to the classification of the current period.

Place: Bangalore  
Date: July 24, 2014

For and on behalf of the Board of Directors  
Sd/-  
**Kiran Mazumdar Shaw**  
Chairman & Managing Director