Auditors' Report

To The Members of Syngene International Limited

1. We have audited the attached Balance Sheet of Syngene International Limited ('the Company') as at March 31, 2010 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, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 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, 2010;

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
Firm registration number: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. 208382

Bangalore
April 28, 2010

Annexure referred to in paragraph 3 of our report of even date

Re: Syngene International Limited

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification 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.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) As informed, the Company has neither granted nor taken loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 ('the Act').

(iv) In our opinion and according to the information and explanations given to us, as well as taking into consideration the management representation that certain items of fixed assets are of a special nature for which alternate quotations are not available, 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) (a) 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.

(b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were 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) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Act, we are not in the position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable 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 undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) 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 in thousands)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	143,406*	PY 2006-2007	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	82,011*	PY 2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	52,580*	PY 2004-2005	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	36,013*	PY 2002-2003	Commissioner of Income Tax (Appeals)

*Net of Rs. 194,591 paid.

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

(xi) Based on our audit procedures and as per 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) In our opinion, 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 not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used funds raised on short term basis for long – term investment. The Company has obtained short term loans amounting to Rs. 1,322,498 thousands as of March 31, 2010. These loans, repayable within six months, have been used for the purchase of fixed assets.

(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 Act.

(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
Firm registration number: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2010

Balance Sheet as at March 31, 2010

(All Amounts are in Indian Rupees Thousands)

	Notes	March 31, 2010	March 31, 2009
Sources of Funds			
Shareholder's Funds			
Share Capital	3	28,750	28,750
Reserves and Surplus	4	1,932,776	1,624,632
		1,961,526	**1,653,382**
Loan Funds			
Secured loans	5	2,004,882	2,421,370
Deferred Tax Liability	6	97,902	55,843
		4,064,310	**4,130,595**
Application of Funds			
Fixed Assets	7		
Cost		5,073,668	3,242,050
Less : Accumulated depreciation		1,052,337	607,767
Net book value		**4,021,331**	**2,634,283**
Capital Work-in-Progress [including capital advances of Rs 15,266 (March 31,2009 - Rs 79,829)]		70,729	1,332,989
		4,092,060	**3,967,272**
Investments	8	**108,710**	**396,667**
Current Assets, Loans & Advances			
Inventories	9	118,735	59,999
Sundry debtors	10	327,610	449,761
Other current assets	11	35,728	35,394
Cash and Bank Balances	12	66,260	462
Loans and Advances	13	397,863	309,769
		946,196	**855,385**
Less : Current Liabilities and Provisions	14		
Current liabilities		1,044,054	1,059,955
Provisions		38,602	28,774
		1,082,656	**1,088,729**
Net Current Assets		**(136,460)**	**(233,344)**
		4,064,310	**4,130,595**

The accompanying Notes 1 to 26 form an integral part of the balance sheet.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No. 208382

Bangalore
April 28, 2010

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M. B. Chinappa
President - Finance

Prateek Hiremath
Company Secretary

Profit and Loss Account for the year ended March 31, 2010

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

	Notes	March 31, 2010	March 31, 2009
Income			
Contract research and manufacturing services income		2,639,222	2,031,377
Gain on sale of Investments, net		-	313
Dividend income		6,435	20,827
Other income		30,003	12,298
		2,675,660	**2,064,815**
Expenditure			
Contract research and other operating expenses	15	1,798,095	1,458,080
Interest and finance charges	16	76,490	32,034
		1,874,585	**1,490,114**
Profit Before Depreciation, Exceptional Items and Tax		**801,075**	**574,701**
Depreciation	7	450,872	230,692
Profit Before Tax and Exceptional Item		**350,203**	**344,009**
Provision for taxation			
Current tax		9,617	-
Less : MAT credit entitlement		(9,617)	-
Deferred tax	6	42,059	13,966
Fringe benefits		-	3,245
Profit After Taxes and Before Exceptional Item		**308,144**	**326,798**
Exceptional item, net of tax of Rs Nil (Refer Note 19)		-	(551,761)
(Refer Note 21 to financial statements)			
Profit/(Loss) After Taxes		**308,144**	**(224,963)**
Balance brought forward from previous year		1,578,839	1,803,802
Balance, End of the year		**1,886,983**	**1,578,839**
Earnings/(loss) per share (Equity shares, par value Rs 10 each)			
Basic and diluted (in Rs)		107.18	(78.25)
Weighted average number of shares used in computing earnings/(loss) per share, basic and diluted		2,875,000	2,875,000

The accompanying Notes 1 to 26 form an integral part of the profit and loss account.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2010

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M. B. Chinappa
President - Finance

Prateek Hiremath
Company Secretary

Statement of Cash Flows for the year ended March 31, 2010

(All amounts in Indian Rupees thousands)

		March 31, 2010	March 31, 2009
I	**Cash Flows from Operating Activities :**		
	Net profit/(loss) before tax after exceptional item	350,203	(207,752)
	Adjustments for		
	Add: Non cash item/items required to be disclosed separately:		
	Depreciation	450,872	230,692
	Unrealised exchange (gain)/loss	(46,508)	4,363
	Unrealised mark to market loss on foreign exchange forward contracts	-	167,267
	Interest expense	74,459	30,127
	Dividend earned	(6,435)	(20,827)
	Gain on sale of investment	-	(313)
	Loss on sale of assets	951	-
	Changes in working capital and other provisions		
	Inventories	(58,736)	10,314
	Sundry debtors (Including unbilled revenue)	117,749	(207,758)
	Loans and advances	(10,007)	(41,049)
	Current liabilities and provisions (including book overdraft)	250,349	247,766
	Cash generated from operations	**1,122,897**	**212,830**
	Tax paid (net of refunds)	**(78,089)**	**(97,740)**
	Net cash provided by operating activities	**1,044,808**	**115,090**
II	**Cash Flows from Investing Activities :**		
	Purchase of Fixed Assets	(823,606)	(1,886,998)
	Proceeds from sale of fixed assets	100	-
	Dividend received	6,435	20,827
	Sale of investments	3,715,893	2,341,312
	Purchase of investments	(3,427,936)	(2,586,376)
	Net cash used for investing activities	**(529,114)**	**(2,111,235)**
III	**Cash Flows from Financing Activities :**		
	Long term borrowings from banks /(payments) net	(50,859)	355,272
	Short term borrowings from banks/(payments) net	(321,230)	1,657,920
	Interest paid	(77,807)	(23,036)
	Net cash (used for)/generated from financing activities	**(449,896)**	**1,990,156**
IV	**Net Change in Cash and Cash Equivalents (I + II + III)**	65,798	(5,989)
V	**Cash and Cash Equivalents at the Beginning of the year**	**462**	**6,451**
VI	**Cash and Cash Equivalents at the end of the year (IV + V)**	**66,260**	**462**
	Components of Cash and Cash Equivalents as at the end of the year		
	Cash on hand	**30**	**68**
	Balance with Banks		
	In current accounts	**54,343**	**394**
	In exchange earners foreign currency account	**11,887**	**-**
		66,260	**462**

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2010

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M. B. Chinappa
President - Finance

Prateek Hiremath
Company Secretary

Notes to the Financial Statements for the year ended March 31, 2010

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

1. Background

Syngene International Limited ('Syngene' or 'the Company') was promoted by Biocon Limited ('Biocon') and Ms Kiran Mazumdar Shaw, a promoter of Biocon, and was incorporated at Bangalore in 1993. On March 30, 2002, the Company became the subsidiary of Biocon.

The Company is engaged in providing customised research and development services in early stage drug discovery and development to pharmaceutical and biotechnology companies worldwide. Syngene's services include discovery chemistry and biology services, toxicology, pharmaceutical development, process development /manufacture of advanced intermediates, active pharmaceutical ingredients and bio-therapeutics.

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, 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.

(ii) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

b. Fixed assets and depreciation

Fixed assets are stated at cost less impairment loss, if any, and accumulated depreciation. The Company capitalises all costs relating to the acquisition and installation of fixed assets. Fixed assets are depreciated pro rata to the period of use, on the straight line method at the annual rates based on the estimated useful life of the assets, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher, as follows.

	Percent
Buildings	4.00
Plant and machinery	11.11 - 33.33
Furniture and fixtures	16.67
Vehicles	16.67

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. Inventories

Inventories comprise chemicals, reagents and consumables are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis.

Net realisable 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.

Consumables in the nature of column are amortised over a period of twelve months from the date of issue for consumption.

e. Revenue recognition

Contract research and manufacturing services income

In respect of contracts involving research services, contract research fees are recognised as services are rendered, in accordance with the terms of the contracts in case of services performed on "time and material basis". Revenues relating to fixed price contracts are recognised based on the percentage of completion method determined based on efforts expended as a proportion to total estimated efforts.

In respect of contracts involving sale of compounds after research activities, revenue is recognised when the significant risks and rewards of ownership of the compounds have passed to the buyer, and comprise of amounts invoiced for compounds sold.

f. 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.

g. Retirement benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the government funds are due.

(ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The gratuity benefit of the Company is administered by a trust formed for this purpose through the group gratuity scheme. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(iii) Leave encashment liability is in accordance with the rules of the Company. Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method made at the end of each financial year.

h. 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, in respect of accounting periods commencing on or after December 7, 2006, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, and in other cases, are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" in the financial statements and amortized over the balance period of such long-term asset/ liability but not beyond accounting period ending on or before March 31, 2011.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

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. However, exchange difference in respect of accounting period commencing on or after December 7, 2006 arising on the forward exchange contract undertaken to hedge the long-term foreign currency monetary item, in so far as they relate to the acquisition of depreciable capital asset, are added to or deducted from the cost of asset and in other cases, are accumulated in "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term asset / liability but not beyond March 31, 2011.

i. 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 year timing differences between taxable income and accounting income for the year 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.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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.

j. 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.

k. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. 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 year. The weighted average numbers of equity shares outstanding during the year 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 year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

l. 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.

m. Segment reporting

Identification of segments:

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

Inter-segment Transfers:

The Company generally accounts for inter-segment sales and transfers made to third parties at current market prices.

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.

Segment policies:

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

n. 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.

o. 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.

p. Cash & Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand.

q. Derivative Instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the profit and loss account. Net gains are ignored.

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Schedules forming part of Balance sheet as at 31st March 2010

	March 31, 2010	March 31, 2009
3. Share capital		
Authorised:		
3,500,000 (March 31, 2009 - 3,500,000) equity shares of Rs 10 each	35,000	35,000
Issued, subscribed and paid up :		
2,875,000 (March 31, 2009 - 2,875,000) equity shares of Rs 10 each fully paid	**28,750**	**28,750**
Of the above, 2,874,830 (March 31, 2009 - 2,874,830) equity shares are held by Biocon Ltd., the holding company.		
4. Reserves and surplus		
General Reserve	45,600	45,600
Securities Premium	193	193
Balance in profit and loss account	1,886,983	1,578,839
	1,932,776	**1,624,632**
5. Secured loans		
From banks		
Long Term		
Buyer's credit	332,328	383,187
[Amount payable within one year - Rs 45,451 (March 31, 2009 - Rs 7,071)]		
Short term		
Pre-shipment credit and buyer's credit	1,672,554	2,038,183
	2,004,882	**2,421,370**

(i) The Company has obtained foreign currency denominated pre-shipment credit loan facility from State Bank of India (SBI) for Rs 700 Million (March 31, 2009 - Rs 800 Million), which is secured by a pari passu charge on the present and future current assets comprising inventory, receivables and other current assets and fixed assets. The Company has utilised Rs 681,085 (US$15.15 Million) as of March 31,2010, [March 31, 2009 - Rs 702,481 (US$ 13.75 Million)].

(ii) The Company has obtained foreign currency denominated buyer's credit loans (short and long term) of Rs 1,026,932 (US$ 22.85 Million) as of March 31,2010, [March 31, 2009 - Rs 755,707 (US$ 14.85 Million)] and pre-shipment credit loan of Rs Nil as of March 31, 2010 [March 31, 2009 - Rs 686,745 (US$13.50 Million)] with Hongkong and Shanghai Banking Corporation (HSBC), which are secured by a pari passu charge on the present and future movable plant and machinery and current assets.

(iii) The Company has obtained foreign currency denominated buyer's credit loans (short and long term) of Rs 72,115 (US$ 1.60 Million) as of March 31, 2010 [March 31, 2009 - Rs 51,437 (US$ 1.01 Million)] and pre-shipment credit loans (foreign currency) of Rs 224,750 (US$ 5.00 Million) [March 31, 2009 - Rs Nil] as of March 31, 2010 and pre-shipment credit loans (INR) of Rs Nil (March 31, 2009 - Rs 225,000) from ABN Amro Bank, secured by a pari passu charge on the present and future current assets and fixed assets including inventory, receivables and plant and machinery.

6. Deferred tax liability

	Deferred tax (asset)/liability as at April 1, 2009	Current year charge/(credit)	Deferred tax (asset)/liability as at March 31, 2010
Depreciation	65,624	45,400	111,023
Employee retirement benefits	(9,781)	(3,340)	(13,121)
	55,843	**42,060**	**97,902**
Year ended March 31, 2009	*41,877*	*13,966*	*55,843*

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 respect of timing differences which originate in the reporting period but is expected to reverse after the tax holiday period.

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7. 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				
Buildings	661,570	339,136	-	1,000,706
Plant and machinery	2,531,752	1,487,886	7,251	4,012,387
Furniture and fixtures	47,285	9,828	102	57,011
Vehicles	1,443	2,121	-	3,564
	3,242,050	**1,838,971**	**7,353**	**5,073,668**
Year ended March 31, 2009	*1,801,517*	*1,440,533*	-	*3,242,050*
Accumulated depreciation				
Buildings	46,219	37,828	-	84,047
Plant and machinery	534,304	405,806	6,200	933,910
Furniture and fixtures	26,564	6,971	102	33,433
Vehicles	680	267	-	947
	607,767	**450,872**	**6,302**	**1,052,337**
Year ended March 31, 2009	*377,075*	*230,692*	-	*607,767*
Net book value				
Buildings	615,351			916,659
Plant and machinery	1,997,448			3,078,477
Furniture and fixtures	20,721			23,578
Vehicles	763			2,617
	2,634,283			**4,021,331**
Year ended March 31, 2009	*1,424,442*			*2,634,283*

Note:-

a. Foreign exchange gain of Rs 43,768 for the year ended March 31, 2010 (March 31, 2009 Rs 35,270 loss) on long term foreign currency monetary liabilities relating to acquisition of a depreciable capital asset has been adjusted with the cost of such asset and is being depreciated over the balance life of the assets.

b. Additions to fixed assets and capital work in progress during the year ended March 31, 2010, include Rs 9,603 (March 31, 2009 - Rs 43,177) being interest and Rs (13,403) (March 31,2009 - Rs 73,201) being foreign exchange loss/(gain), incurred on foreign currency denominated loans capitalised/adjusted under AS-16 -Borrowing costs.

c. Additions to fixed assets and capital work in progress during the year ended March 31, 2010 include direct expenses of power, utility expenses amounting to Rs 10,325 [March 31, 2009 - Rs 28,016] and Rs 8,076 [March 31, 2009 - Rs 2,537], respectively, attributable to the construction of the assets.

d. The Company has entered into an agreement with a customer, which grants the latter an option to purchase fixed assets with gross block of Rs 1,544,027 (March 31,2009 - Rs 1,314,320) as at March 31,2010 relating to a particular project, upon satisfaction of certain terms and conditions.

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	March 31,2010	March 31, 2009
8. Investments		
Short term		
Current and unquoted (at lower of cost and fair market value) (Non Trade)		
10,819,613 units (March 31, 2009 - Nil) of Rs 10.05 each in Kotak Mutual Fund Flexi Debt Scheme	108,710	-
[Market Value Rs 108,710 (March 31, 2009 - Rs Nil)]		
Nil units (March 31, 2009 - 5,487,927) of Rs 10 each in Tata Floater Fund	-	55,075
[Market Value Rs Nil (March 31, 2009 - Rs 55,075)]		
Nil units (March 31, 2009 - 16,140,657) of Rs 10 each in ICICI Flexible Income Plan	-	170,663
[Market Value Rs Nil (March 31, 2009 - 170,663)]		
Nil units (March 31, 2009 - 17,039,269) of Rs 10 each in HDFC Cash Management Fund	-	170,929
[Market Value Rs Nil (March 31, 2009 - Rs 170,929)]		
	108,710	396,667
Aggregate amount of unquoted investments	**108,710**	**396,667**
The following investments were purchased and sold during the year		
Purchase and sale of Nil units (March 31, 2009 - 16,978,607) of Rs 10 each in HSBC - Mutual Fund	-	170,000
Purchase and sale of 3,231,366 units (March 31, 2009 - 4,976,362) of Rs 19 each in Kotak Mutual Fund-Inst Premium	60,000	50,000
Purchase and sale of 1,105,156 units (March 31, 2009 - Nil) of Rs 18 each in Kotak Mutual Fund-Liquid Inst Growth	20,000	-
Purchase and sale of 12,921,059 units (March 31, 2009 - Nil) of Rs 12 each in Kotak Mutual Fund-Liquid Inst Premium	158,000	-
Purchase and sale of 12,870,046 units (March 31, 2009 - Nil) of Rs 10 each in Kotak Flexi Debt Scheme Institutional	129,312	-
Purchase and sale of Nil units(March 31 2009 - 21,998,301) of Rs 10 each in ABN Amro Mutual Fund	-	220,000
Purchase and sale of 6,975,783 units (March 31 2009 - 16,010,256) of Rs 10 each in TATA Floater Fund	70,006	160,672
Purchase and sale of 85,238 units (March 31 2009 - 49,349) of Rs 1,115 each in TATA Liquid Super High Investment Fund	95,000	55,000
Purchase and sale of 48,946,269 units (March 31 2009 - 39,187,867) of Rs 11 each in ICICI Prudential Flexible Income Plan	517,533	414,353
Purchase and sale of Nil units(March 31 2009 - 30,028,789) of Rs 10 each in ICICI Prudential FMP	-	300,288
Purchase and sale of 27,994,186 units (March 31 2009 - 10,999,450) of Rs 10 each in ICICI Prudential LP - Super Inst.	280,000	110,000
Purchase and sale of 4,023,246 units (March 31 2009 - Nil) of Rs 106 each in ICICI Prudential Flexible Income Plan Premium	425,403	-
Purchase and sale of 4,399,031 units (March 31 2009- Nil) of Rs 100 each in ICICI Prudential - Super Inst. DD	440,000	-
Purchase and sale of Nil units (March 31, 2009 - 5,000,000) of Rs 10 each in Kotak Mutual Fund-FMP	-	50,000
Purchase and sale of Nil units (March 31, 2009 - 4,992,112) of Rs 10 each in Lotus Mutual Fund	-	50,000
Purchase and sale of Nil units (March 31, 2009 - 10,000,000) of Rs 10 each in Lotus Mutual Fund FMP	-	100,000
Purchase and sale of 74,122,132 units (March 31, 2009 - 44,598,065) of Rs 10 each in HDFC Mutual Fund Saving Plus	747,520	448,571
Purchase and sale of Nil units (March 31, 2009 - 39,999) of Rs 1000 each in Bharati AXA Treasury Plan	-	40,000
Purchase and sale of 18,489,038 units (March 31, 2009 - Nil) of Rs 10 each in Birla Sunlife Savings Fund Instl. D Div	185,016	-
Purchase and sale of 1,851,458 units (March 31, 2009 - Nil) of Rs 11 each in Birla Sunlife Cash Plus Instl. DD re-invest	20,000	-
Purchase and sale of 16,467,888 units (March 31, 2009 - Nil) of Rs 10 each in Birla Sunlife Cash Plus Instl. Premium	165,000	-
9. Inventories		
Chemicals,reagents and consumables	**118,735**	**59,999**
10. Sundry debtors (unsecured and considered good)		
Debts outstanding for a period exceeding six-months	4,547	3,888
Other debts	323,063	445,873
	327,610	**449,761**
11. Other Current Assets		
Unbilled Revenues	35,728	35,394
	35,728	**35,394**
12. Cash and bank balances		
Cash on hand	30	68
Balances with scheduled banks:		
In current accounts	54,343	394
In exchange earners foreign currency account	11,887	-
	66,260	**462**

	March 31,2010	March 31, 2009
13. Loans and advances (Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	27,398	35,030
Balances with Customs, Excise and Sales Tax Authorities	84,463	76,561
Deposits	2,335	2,215
Advance income-tax, net of provision	253,543	175,456
Fringe Benefit Tax - Net of Provision	1,353	1,353
MAT Credit entitlement	28,771	19,154
	397,863	**309,769**
Included under Deposits of Rs 2,135 (March 31, 2009 - Rs 2,135) paid to Biocon Limited, the holding company.		
14. Current liabilities and provisions		
Current liabilities		
Sundry Creditors		
Capital	145,974	371,175
Others	318,721	197,743
Advances from customers	129,955	35,002
Deferred revenues	329,734	161,633
Balance in current account with bank represents book overdraft	41,783	82,382
Interest accrued but not due on loans	3,743	7,091
Other liabilities	74,144	204,929
	1,044,054	**1,059,955**
Provisions for		
Leave encashment	23,757	23,649
Gratuity	14,845	5,125
	38,602	**28,774**
	1,082,656	**1,088,729**
(a) Disclosure required as per section 22 of the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act)		
(i) Principal amount due	5,995	15,512
Interest due thereon remaining unpaid as at the end of the year	97	338
(ii) Interest, if any paid in terms of Section 16 of the MSMED Act, during the year	-	-
(iii) Interest due and payable for the period of delay in making payment, during the year	325	354
(iv) Interest accrued and remaining unpaid at the end of the year	-	-
(v) Interest remaining due and payable in succeeding years	-	-

The above disclosures are provided by the Company based on the information available with the Company in respect of the registration status of its vendor/ suppliers.

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	March 31, 2010	March 31, 2009
15. Contract research and other operating expenses		
Research material costs		
Chemicals and reagents consumed	688,117	524,175
Employee costs		
Salaries, wages, bonus and incentives	583,696	453,980
Contribution to provident fund	24,448	21,322
Gratuity and leave encashment	15,387	14,320
Employee stock compensation expense	3,600	11,996
Welfare expenses	39,112	25,336
Directors sitting fees	150	120
Selling, general and administrative expenses		
Rent	3,309	3,090
Communication	11,152	9,916
Travelling and conveyance	26,806	18,322
Professional charges	17,623	19,732
Power and water charges [Net of amounts capitalised to fixed assets Rs 10,325] (March 31, 2009 Rs 28,016)	162,618	91,267
Facility Charges [Net of amounts capitalised to fixed assets Rs 8,076] (March 31, 2009 Rs 2,537)	52,392	19,682
Insurance	4,980	2,731
Rates, taxes and fees	3,839	1,914
Repairs and maintenance		
Plant and machinery	29,156	26,477
Buildings	7,465	4,936
Others	34,530	23,279
Selling expenses		
Freight outwards and clearing charges	10,826	8,171
Sales promotion	9,113	15,378
Commission	406	-
Membership and Subscription	25,614	25,417
Printing and stationery	5,353	6,336
Loss on sale of assets, net	951	-
Exchange fluctuation (net)	9,222	112,504
Miscellaneous expenses	28,230	17,679
	1,798,095	**1,458,080**
16. Interest and finance charges		
Interest expense [Net of amounts capitalised to fixed assets Rs 9,603] (March 31, 2009 - Rs 43,177)	74,459	30,127
Bank charges	2,031	1,907
	76,490	**32,034**

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17. Related party transactions

Sl. No.	Name of the related party	Relationship	Description	April 1, 2009 to March 31, 2010 Expense/ (Income)	Balance as at March 31, 2010 Payable/ (Receivable)	April 1,2008 to March 31, 2009 Expense/ (Income)	Balance as at March 31, 2009 Payable/ (Receivable)
(a)	Biocon Limited	Holding Company					
			Rent expense	3,309	737	3,090	-
			Management charges [Note (ii)]	-	-	2,400	2,400
			Other expenses cross charged	11,650	3,421	-	-
			Rent deposit paid	-	(2,135)	-	(2,135)
			Advance received	-	42,300	-	-
			Software License fee	4,782	3,193	-	-
			Purchase of Assets	15,163	15,163	-	-
			Purchase of goods	1,919	1,281	14,935	9,828
			Sale of goods and services	(118,877)	(46,907)	-	-
			Loans and advances	-	64,974	-	-
			ESOP compensation expense	3,600	3,600	11,996	-
			Power and facility charges [Note (ii)]	232,831	56,812	156,131	54,525
(b)	Clinigene International Limited	Fellow Subsidiary Company	Research Services Received	2,256	151	2,512	-

(i) Biocon has given corporate guarantees of Rs 217,500 (March 31, 2009 - Rs 217,500) to the Customs and Excise department ('CED') on behalf of the Company and the Company has furnished a corporate guarantee of Rs 465,000 (March 31, 2009 - Rs 465,000) on behalf of Biocon to the CED.

(ii) Effective January 1, 2004, Biocon has entered into an agreement with the Company to provide general management support, for which an agreed upon management charge has been levied. Effective from October 1, 2006, the Company has entered into service agreement with 'Biocon SEZ Developer' of Biocon Limited for providing of certain facilities and and services to its SEZ unit. The facility charges of Rs 60,468 (March 31, 2009- Rs 36,848) and power charges of Rs 172,363 (March 31, 2009 - Rs 119,283) have been charged by Biocon Limited for the year ended March 31, 2010.

(iii) Fellow subsidiary companies with whom the Company did not have any transactions during the year - Biocon Biopharmaceuticals Private Limited, Biocon SA. AxiCorp GmbH and Biocon Research Limited.

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18. Employee Benefit Plans

	March 31, 2010	March 31, 2009
The Company has defined benefit gratuity plan as per Payment of Gratuity Act 1972.		
A summary of the gratuity plan is as follows:		
Fund balance		
Defined benefit obligation	35,649	24,905
Fair value of plan assets	(20,804)	(19,780)
Less: Unrecognised past service costs	-	-
Plan Liability	**14,845**	**5,125**
The change in present value of the defined benefit obligation and funded status of the gratuity plan for the year ended March 31, 2010 and 2009 is as follows:		
Change in benefit obligation		
Benefit obligation at the beginning of the year	24,905	17,887
Current Service cost	6,800	4,173
Past Service cost	-	-
Interest cost	1,743	1,770
Benefits paid	(679)	(952)
Actuarial (gain) / loss on obligation	2,880	2,027
Defined benefit obligation at the end of the year	**35,649**	**24,905**
Change in fair value of plan assets		
Fair value of plan assets at beginning of the year	19,780	15,362
Expected Return on plan assets	1,555	1,393
Actuarial gain / (loss)	148	1,452
Actual contribution	-	2,525
Benefits paid	(679)	(952)
Fair value of plan assets at end of year	**20,804**	**19,780**
The Company expects to contribute Rs 11,664 to Gratuity fund in 2010-11 (March 31, 2009 Rs 5,500)		
Net gratuity cost for the year ended March 31, 2010 and year ended March 31, 2009 are as follows:		
Components of net benefit cost		
Current Service cost	6,800	4,173
Past Service cost	-	-
Interest cost	1,743	1,770
Expected return on plan assets	(1,555)	(1,393)
Net actuarial (gain) / loss recognised during the year	2,732	575
Net gratuity cost	**9,720**	**5,125**
Actual return on plan assets	1,702	2,845
Defined benefit obligation	35,649	24,905
Plan assets	(20,804)	(19,780)
Surplus/ (Defecit)	14,845	5,125
Experience adjustments onplan liabilities gain/ (loss)	(2,666)	(1,536)
Experience adjustments on plan assets gain/ (loss)	147	1,453
The principal assumptions used in determining the gratuity plan is shown below:		
Discount rate	7.00%	7.00%
Expected return on plan assets	8.00%	8.00%
Salary increase	8.00%	8.00%
Attrition rate upto age 44	14.00%	20.00%
Attrition rate above age 44	10.00%	15.00%
The Company evaluates these assumptions based on its long-term plans of growth and industry standards. The nature of assets allocation of the Fund is only in debt based mutual funds of high credit rating.		

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19. Exceptional items

Exceptional items for the year ended March 31, 2009 comprise of the following:	Gross	Tax effect	Net
Mark to market losses in respect of foreign exchange forward contracts	551,761	-	551,761

During the year ended March 31, 2009, the Company had entered into foreign exchange forward contracts to hedge highly probable forecasted transactions. The Company recorded mark to market losses in respect of foreign exchange contracts including realised gains/losses on termination/cancellation of said contracts.

20. Supplementary profit and loss data

a. Payment to auditors (included in professional charges)	March 31, 2010	March 31, 2009
Statutory audit	550	400
Tax audit	75	75
Out of Pocket Expenses	50	47
	675	**522**

b. Consumption of laboratory chemicals	March 31, 2010		March 31, 2009	
	Quantity	**Amount**	**Quantity**	**Amount**
Chemicals and reagents	*	688,117	*	524,175
	Per cent	**Amount**	**Per cent**	**Amount**
Imported	46	313,983	34	178,933
Indigenous	54	374,134	66	345,242
		688,117		524,175

* Due to numerous items classified thereunder, it is not practical to quantify consumption of individual items.

Consumption 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.

c . Value of imports on CIF basis	March 31, 2010	March 31, 2009
Chemicals and reagents	339,810	156,616
Capital goods	407,239	956,791
	747,049	**1,113,407**
d. Expenditure in foreign currency (on accrual basis)		
Travel	7,210	3,436
Interest Expense, including amounts capitalised	83,275	68,094
Others	55,060	70,795
	145,545	**142,325**
e. Earnings in foreign exchange		
Contract research and manufacturing services income	2,514,670	2,031,377
Other income	26,366	4,986
	2,541,036	**2,036,363**

21. Commitments

	March 31, 2010	March 31, 2009
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances	49,301	34,692
(b) Operating lease commitments		
(i) Rent		
The Company has entered into lease agreements which expires over a period ranging upto 2013. Gross rental expenses for the year aggregate to Rs 3,309 (March 31, 2009 - Rs 3,090). The committed lease rental in the future are:		
Not later than one year	3,590	3,345
Later than one year and not later than five years	6,939	10,528
Later than five years	-	-
(ii) Vehicles		
The Company has taken vehicles for certain employees under operating leases, which expire over a period ranging upto October 2013.		
Gross rental expenses for the year aggregate to Rs 6,910 (March 31, 2009 - Rs 5,054). The committed lease rental in the future are:		
Not later than one year	6,696	5,906
Later than one year and not later than five years	8,877	10,059
Later than five years	-	-

22. Derivative Instruments

The Company has entered into foreign exchange forward contracts and option contracts to hedge highly probable forecasted transactions in foreign currency.

As at March 31, 2010 and 2009, the Company had the following outstanding contracts (in thousands):

In respect of highly probable forecasted sales/export collection:	March 31, 2010	March 31, 2009
Foreign exchange forward contracts	USD 54,000	USD 90,000
European style option contracts with periodical maturity dates upto September 2015	USD 138,000	USD 64,000
In respect of foreign currency loans:		
Foreign exchange forward contracts	Nil	USD 24,000
European style option contracts with maturity upto April 2010	USD 45,000	Nil

The impact of mark to market of forward exchange contracts is a loss of Rs Nil (March 31, 2009 - Rs 551,761) which has been recognised in the Profit and Loss account in accordance with the Company's accounting policy. Also refer Note 19 above.

Unhedged foreign currency exposure as at the Balance Sheet date is as given below

	March 31, 2010	March 31, 2009
Sundry Debtors	60,366	41,444
Sundry Creditors	138,096	192,217
Secured Loans	-	972,471

23. Contingent liabilities

(a) The Company has given two corporate guarantees in favour of the CED in respect of certain performance obligations of Biocon aggregating to Rs 465,000 (March 31, 2009 - Rs 465,000). The Company has informed that the necessary terms and conditions have been complied with and no liability has arisen till date. Biocon has given corporate guarantees of Rs 217,500 (March 31, 2009 - Rs 217,500) to the Customs and Excise department ('CED') on behalf of the Company.

	March 31, 2010	March 31, 2009
(b) Taxation matters under appeal	508,601	269,182

24. Segmental Information

Business segments

The Company is primarily engaged in a single business segment of providing contract research services and in some instance as per the terms of the agreement, separately invoices for the resultant sale of compounds arising out of the contract research services, and is managed as one entity, governed by similar sets of risks and returns.

Geographical segments

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

Contract research and manufacturing services income	April 1, 2009 to March 31, 2010	April 1, 2008 to March 31, 2009
India	135,445	12,713
Exports	2,503,777	2,018,664
Total	2,639,222	2,031,377

Carrying amount of segment assets debtors (including unbilled revenue)

	March 31, 2010	March 31, 2009
India	52,102	4,246
Exports	311,236	480,909
Total	**363,338**	**485,155**

Note

All fixed assets of the Company are located in India

25. Employee Stock Incentive Plan

Selected employees are granted stock options of Biocon Limited, the holding company based upon performance, criticality to business and long-term potential to the Company. The options vest ratably over a period of 4 years.

The Institute of Chartered Accountants of India has issued a Guidance Note on Accounting for Employee Share-based Payments, which is applicable to employee share based payment plans, the grant date in respect of which falls on or after April 1, 2005. The management is of the opinion that the schemes detailed above are managed and administered by Biocon for its own benefit and do not have any settlement obligations on the Company. Further the aforesaid schemes pertain to shares of Biocon. The compensation benefits in respect of such schemes is paid by the Company based on the cross charge from Biocon. Accordingly, the Company is of the opinion that there is no further accounting treatment/ disclosure required under the said Guidance Note.

26. Prior year comparatives

The previous years' figures have been re-grouped / reclassified, wherever necessary to conform to the current years' classification.

As per our report of even date

For **S.R. BATLIBOI & ASSOCIATES**
Firm registration no.: 101049W
Chartered Accountants

per Aditya Vikram Bhauwala
Partner
Membership No.: 208382

Bangalore
April 28, 2010

For and on behalf of the Board of Directors of
Syngene International Limited

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M. B. Chinappa
President - Finance

Prateek Hiremath
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

(All amounts in thousands of Rupees)

(a) **REGISTRATION DETAILS**	
Registration No.	14937
State Code	08
Balance Sheet Date	March 31, 2010
(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	4,064,310
Total Assets	4,064,310
Sources of Funds	
Paid up Capital	28,750
Reserves	1,932,776
Secured Loans	2,004,882
Unsecured Loans	-
Deferred tax liability	97,902
Application of Funds	
Net Fixed Assets	4,021,331
Capital work-in-progress	70,729
Investments	108,710
Net Current Assets	(136,460)
(d) **PERFORMANCE OF THE COMPANY**	
Turnover	2,675,660
Total expenditure	2,325,457
Profit before tax	350,203
Profit after tax	308,144
(e) **GENERIC NAME OF PRINCIPAL PRODUCTS OF THE COMPANY**	
Item Code No. (ITC Code)	381500
Product Description	Catalytic Preparation
Item Code No. (ITC Code)	294200
Product Description	Other Organic Compounds

For and on behalf of the Board of Directors of Syngene International Limited

Bangalore
April 28, 2010

Kiran Mazumdar Shaw
Director

JMM Shaw
Director

M. B. Chinappa
President - Finance

Prateek Hiremath
Company Secretary