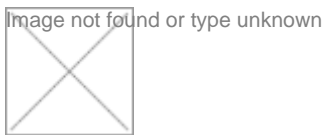


Biocon Ltd

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Stunted Growth

Biocon Ltd's biotech business records 6.44 percent growth.

Biocon has been the No. 1 company for the past three surveys. However, in this year's survey, Biocon loses its top position to Serum Institute of India by Rs 15 crore. Biocon reported a total sales of Rs 688 crore for the year ending March 2006 from the sale of biopharmaceuticals and enzymes. This figure does not include the business of its other arms Syngene International, Clinigene and Biocon Biopharmaceuticals. As a group, the company ended the year at Rs 793 crore.

Biocon, an integrated biotechnology enterprise, reported a single digit growth in FY 2005-06. This has been challenging year due to pricing pressure on the statins market. The company's total sales from the biopharmaceuticals business was Rs 603 crore compared to the previous year's business of Rs 557 crore, up by 8 percent. Its enzymes business came down from Rs 90 crore in 2004-05 to Rs 85 crore in 2005-06. This was due to the capacity constraints it had because its new facilities were not up and this had, in a way, eaten into its enzymes capacity in order to deliver on its pharmaceutical products. But going forward, it expects to see better growth as a new biologics facility has been commissioned.

Its new biologics facility in its 100-acre Biocon Park will manufacture a range of products encompassing monoclonal antibodies and other recombinant therapeutics. This facility, Biocon hopes, will put it in a strong position in the biomanufacturing and bioprocessing area. It aims to be a large-scale producer of antibodies and other cell culture products in India, and using all these capabilities, Biocon hopes to see itself as being an extremely attractive alliance partner for new molecule development.

The company's focus has increased on innovation-led molecules as well as on biogenerics like insulin. A clear signal has been the acquisition of Nobex's technology platforms for \$5 million. It intends to leverage this platform through co-development, outlicensing, and its own development. It entered into an MoU with the prestigious Karolinska Institute, Sweden to collaborate on joint research programs among other things.

According to Kiran Mazumdar-Shaw, chairman and managing director, Biocon, the company is embarking on a very strong innovation discovery led pathway, which entails a lot of R&D investment. The R&D investment has gone up by 76 percent to Rs 76 crore. Newer segments like the insulin, branded formulations, and research services business have shown strong growth. These segments registered a 52 percent growth to touch Rs 100 crore from Rs 66 crore, the previous year.

Oncology is another very important segment for Biocon. Its first molecule, the anti-EGFR antibody is expected to at least get into the Indian market in this fiscal. Biocon has a strategic partnership with Rochester-based biotechnology company Vaccinex Inc. for antibodies. Vaccinex's human antibody platform provides a strong IP protection for its discovery programs. Its Vaccinex and Nobex investments as of March 2006 were about Rs 52 crore.

Its insulin, INSUGEN, launched in 2004, is being marketed in about 16 states across India with a strength of around 150 people. And it plans to double this strength by the end of this year, with the objective of making INSUGEN one of the top brands. It believes it has close to 10 percent share of the insulin business in the country.

During the next fiscal, Biocon is hopeful of achieving healthy sales growth, despite the pricing pressure on its statins business. The company is on track in its efforts to transition itself from a generics to an innovation-led business.