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ADynamicEvolution

Corporate Profile

Our Vision

To become an integrated biopharmaceutical company of global distinction through proprietary products and technologies.



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Highlights of 2003

Sales	Sales increased by 58% from Rs.1790mn in 2001-02 to Rs.2820mn in 2002-03. (Rs. 2584mn for the period Apr - Sep 2003).	Exports increased to 48% of the total revenues in 2002-03 from 36% in 2001- 02 (60% for the period Apr - Sep 2003).	API sales grew by 79% from Rs.1143mn in 2001-02 to Rs. 2047mn in 2002- 03 (Rs. 2093mn for the period Apr - Sep 2003). Custom research services contributed to 10% of the total revenues.	Simvastatin sales of Rs.682mn contributed to 27% of the total turnover in 2002-03 (Rs.989mn for the period Apr - Sep 2003).	Sales of APIs to European markets grew by 1342% from Rs.35mn in 2001-02 to Rs.505mn in 2002-03 (Rs. 584mn for the period Apr - Sep 2003).
Profit	EBITDA increased from Rs. 414mn in 2001-02 to Rs. 745mn in 2002-03 increasing the EBITDA margin from 23% in 2001-02 to 26% in 2002-03 (34% for the period Apr - Sep 2003).	Profit after tax (PAT) grew from Rs. 203mn in 2001-02 to Rs. 444mn in 2002-03. The PAT margin stood at 16% of the total turnover (PAT - Rs. 603mn and PAT margin 23% for the period Apr - Sep 2003).	Return on capital employed (ROCE) increased from 16% in 2001-02 to 24% in 2002-03 (24% annualised for the period Apr - Sep 2003).	Return on networth (RONW) increased from 24% in 2001-02 to 34% in 2002-03 (62% annualised for the period Apr - Sep 2003).	Earning per share (EPS) grew from Rs.130 in 2001-02 to Rs.195 in 2002-03 (Rs. 657 annualised for the period Apr - Sep 2003).
R&D	100th patent filed during the year.	Promoted a new joint venture which will engage in the manufacture of life saving drugs.			

Mapping the Biocon Genome

1978 Biocon India is incorporated as a joint venture between Biocon Biochemicals Ltd. Ireland and an Indian entrepreneur, Kiran Mazumdar.	1989 Unilever Plc. acquires Biocon Biochemicals Ltd. in Ireland and merges it with its subsidiary, Quest International.	1990 The company scales up its in-house research programme based on a proprietary solid substrate fermentation technology, from pilot to plant level.	1993 Biocon's R&D and manufacturing facilities receive ISO9001 certification from RWTUV, Germany.	1994 Biocon India sets up Syngene International Pvt. Ltd. as a CRO, to cater to the growing need for outsourced R&D in the pharmaceutical sector.	1996 The commercial success of Biocon's proprietary fermentation plant leads to a 3-fold expansion.	1997 Biocon spearheads initiatives in human health-care through a dedicated manufacturing facility.	1998 Unilever inks a deal with ICI to sell its speciality chemicals division of which Quest International is a part. Unilever agrees to sell its shareholding in Biocon India to the Indian promoters. Biocon India becomes an independent entity.	2000 Biocon India commissions its first fully automated submerged fermentation plant to produce speciality pharmaceuticals. Clinigene International is set up to pursue clinical research.	2001 Biocon India is the first Indian company to be approved by US FDA for the manufacture of lovastatin, a cholesterol lowering molecule. Biocon's proprietary bio-reactor, the PlaFractor™ is granted a US patent.	2002 Clinigene is the first Indian laboratory to receive CAP accreditation.
									2003 Biocon aims to be the first company world-wide to develop Human Insulin on a Pichia expression system. Biocon aims to be India's first company to venture into monoclonal antibodies.	

A Dynamic Evolution

"A Dynamic Evolution" represents Biocon's growth story. It reflects our spiralling progress in biotechnology from an enzyme-manufacturing company to a fully integrated bio-pharmaceutical enterprise.

Report

At Biocon, our core expertise is our fermentation skills. Over the past two decades, we have developed, diversified and scaled up our fermentation technologies to produce high value products. Simultaneously, we have acquired new knowledge in the adjacent domains of genetic engineering and gene expression, and translated it to commercial advantage. Today, we leverage our fermentation expertise and innovative research skills in drug synthesis to focus on the biopharmaceutical opportunity, from small molecules to biologicals. Our thrust for the future is to develop, manufacture and market leading edge drugs for human healthcare.

Symbolically, Biocon's dynamic evolution is reflected in the building block of life itself – the DNA. In its infinite, outward spiral, the double helix inspires our vision to grow into a leading biopharmaceutical enterprise of global distinction.



Chairman's Review

Dear Friends,

The year 2003 marks the 25th anniversary of our company. Over the last 25 years, Biocon has dynamically evolved from an enzyme manufacturer to a technology-driven biopharmaceutical company. Together with our subsidiaries, Syngene and Clinigene, we today constitute a truly integrated biopharmaceutical enterprise of global distinction.

An Ethos of Innovation and Intellect

At Biocon, our success has been our ability to develop innovative technologies and products, and to rapidly leverage them to adjacent domains. This has been made possible by the outstanding quality and capability of our people. Today, our intellectual capital is provided by 900+ bioscientists, engineers and business managers. Biocon's strong R&D focus on innovation and invention has created high value intellectual assets which have earned us a prominent position in PCT patent filings in the country. Our patented invention, the PlaFactor™ has been a resounding commercial success and has played a key role in Biocon's foray into the production of immunosuppressants – critical drugs for organ transplants.

Statins: A Quality Advantage

Statins, a group of cholesterol-lowering drugs, are referred to as "the wonder drugs of the 21st century" with an estimated market size of \$20 billion. At Biocon, our capability to manufacture the complete range of statins has given us a vantage position to gain significant share in the US and European markets, as patents for these APIs expire. Furthermore, US FDA and EDQM qualifications of our statin facilities have raised our profile and propelled our market presence in the USA for lovastatin and Europe for simvastatin. Our strong statin strategy will provide us with robust growth in the foreseeable future.

The Road Ahead: Biologicals

Biocon's research programme on recombinant human insulin has made satisfactory progress and is in the process of being scaled up to plant level. In the very near future, we aim to establish the largest facility for recombinant human insulin in the Asia-Pacific region. We plan to enter the branded formulations market in India through a range of products for the diabetic segment, of which recombinant human insulin will be the carrier brand. An additional development in the insulin programme has been the initiation of a collaborative research project with a Scottish company, Ffast Solutions, to develop oral insulin. The past year has also seen encouraging progress being made on the Biologicals JV, Biocon Biopharmaceuticals.

Syngene

Biocon's flagship custom research company in drug discovery, Syngene International, has witnessed impressive growth both in terms of enrolling new customers as well as expanding its existing client business. Syngene has earned an enviable reputation of consistently providing its customers with high levels of value addition. The demand for additional research infrastructure has necessitated the construction of a 3-fold expansion of current facilities on a new site.

Clinigene

Biocon's clinical development arm, Clinigene International, has extended its research activities in Type II Diabetes. On the strength of its 3-year old diabetic registry, Clinigene signed two research collaborations with Strand Genomics and the Indian Institute of Science. Both collaborations have already seen early success by way of patents for predictive diagnosis of diabetic nephropathy. These programmes will now focus on validating their findings. Clinigene has also enabled Biocon to conduct its own clinical development programme for recombinant human insulin and other products.

R&D Investment

In keeping with our ethos of innovation, Biocon continues to invest incrementally in R&D programmes across the enterprise. Our commitment to intellectual asset creation has earned us a prominent position on the IP landscape where our R&D investment levels are amongst the highest in the country.

Finally, I am pleased to share with you the financial performance of our company for the year ended 31st March, 2003 and half yearly results for the period ended 30th September 2003. It demonstrates strong growth in biopharmaceuticals, driven largely by statins. I am confident that the coming year will witness dynamic growth in our business.

We celebrate our silver jubilee year with a sense of pride and accomplishment. We now look forward to the year ahead with a greater sense of confidence and determination.

Yours sincerely,

Kiran Mazumdar-Shaw
Chairman

Board of Directors



Ms. Kiran Mazumdar-Shaw Chairman & Managing Director

- First generation entrepreneur with more than 25 years experience in biotechnology and industrial enzymes
- Post Graduate in Malting and Brewing, Melbourne University, Australia
- Awarded the Padmashri, one of India's highest civilian awards, for her pioneering efforts in biotechnology, 1989

Mr. John Shaw Vice Chairman, International Business Development

- 27 years experience with Coats Viyella plc. • Served as Managing Director in various locations around the world

Dr. Neville Bain

- Chairman, Hogg Robinson plc. • Board Member, Scottish Newcastle plc. • Formerly Group CEO, Coats Viyella plc.
- Formerly Deputy Group Chief Executive, Cadbury Schweppes plc. • Author of several management books on corporate governance and people management

Prof. Charles L. Cooney

- Professor of Chemical & Biochemical Engineering at MIT, USA • Director, Genzyme Inc. and Cuno Inc. • Recipient of prestigious awards, including Gold Medal of the Institute of Biotechnology Studies and Distinguished Service Award from the American Chemical Society • PhD (MIT)

Mr. Suresh Talwar

- Partner, Crawford Bayley & Co. • Director of Cadbury India, Blue Star Ltd., BPL Communications Ltd. and several other companies of repute

Prof. Ravi Mazumdar

- Professor of Electrical and Computer Engineering, Purdue University, USA • Fellow of the Royal Statistical Society
- PhD (UCLA)

Prof. Catherine Rosenberg

- Professor of the School of Electrical and Computer Engineering, Purdue University, USA • Director, Center for Wireless Systems and Applications • PhD (Paris)

Ms. Ada K.H. Tse

- Managing Director, Direct Investment, AIG Global Investment Corporation (Asia) Limited • BA in Applied Mathematics, Harvard University and a JD, Harvard Law School • Alumna of the Stanford Business School Executive Program

Scientific Advisory Board



Prof. Charles L. Cooney Chairman, Scientific Advisory Board
Professor of Chemical & Biochemical Engineering, MIT, USA

Dr. C.N.R. Rao
Linus Pauling Research Professor
Honorary President, Jawaharlal Nehru Centre for Advanced Scientific Research, India

Dr. Sam Pasternack
PhD in Aeronautics from Stanford University, USA
Partner, Choate, Hall & Stewart – Patent Attorneys, USA

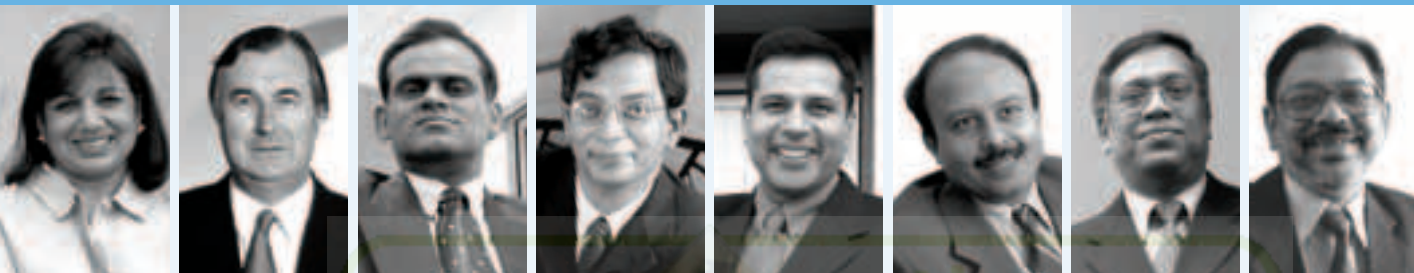
Dr. Bala Manian
Chairman and Co-Founder, Reamatrix Inc.
Co-Founder, Quantum Dot Corporation and Surromed Corporation, USA

Dr. Ashok Ganguly
Director, ICICI Knowledge Park, Hyderabad, India
Director, WIPRO, India
Retired Worldwide Director of R&D, Unilever plc.

Dr. Anthony Allison
Distinguished Scientist at SurroMed Corporation, USA
Former Vice President Research Syntex Corporation
Inventor of Mycophenolate Mofetil

Ms. Kiran Mazumdar-Shaw Chairman & Managing Director, Biocon
Board Member of Science Foundation, Ireland

Key Management Team



Ms. Kiran Mazumdar-Shaw Chairman & Managing Director
Founder entrepreneur, 1978

Mr. John Shaw Vice Chairman, International Business Development
With Biocon since 1999

Mr. Murali Krishnan President, Finance
With Biocon since 1981

Mr. Shrikumar Suryanarayan President, Research & Development
With Biocon since 1984

Mr. Ajay Bhardwaj President, Marketing
With Biocon since 1986

Dr. Arun Chandavarkar President, Operations & Technology
With Biocon since 1990

Dr. Goutam Das Chief Operating Officer, Syngene
With Biocon since 1994

Dr. A.S. Arvind Chief Operating Officer, Clinigene
With Biocon since 2000