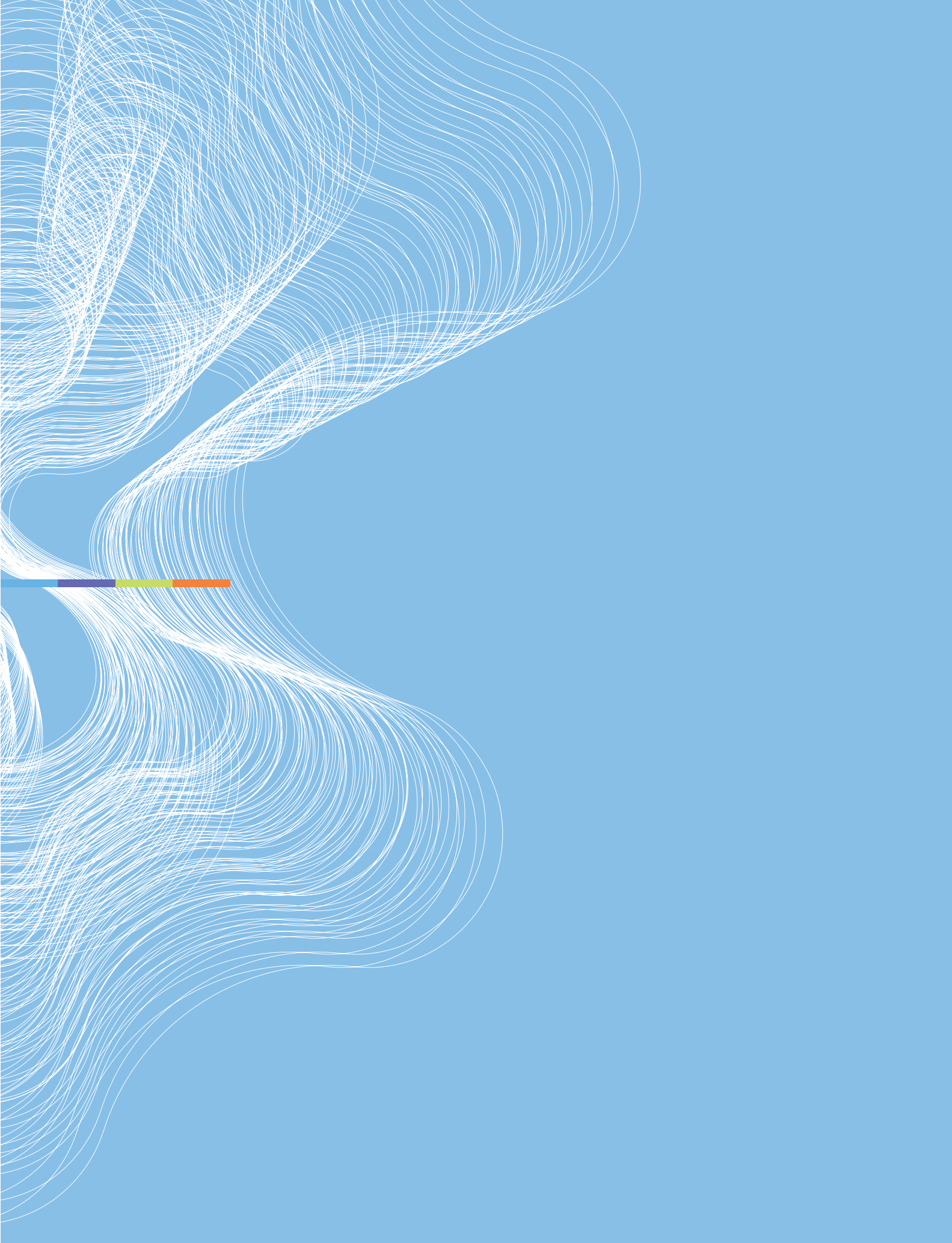




EMERGE

NEW OPPORTUNITIES FOR BIOPHARMACEUTICALS

ANNUAL REPORT 2010



*The global biopharmaceutical landscape has undergone tectonic change. Complex challenges of drug development and evolving market dynamics have caused the industry to make **paradigm shifts** through reduction, acquisition, diversification and expansion. By reformulating business strategies and cost matrices, the industry is **recalibrating**. **Emerging** from this global reboot are **new opportunities** and exciting directions for **sustained growth**.*

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New Opportunities for Biopharmaceuticals

When markets experience churn, new opportunities often emerge. To leverage the unfolding possibilities, biopharmaceutical companies need to have in place business strategies that are open to change.

Biocon has astutely developed a business model that is both flexible and risk balanced. We have identified critical growth drivers based on evolving strategic directions. Addressing the challenges of our times, we have judiciously recalibrated to continue delivering medically vital, better medicine.

Biopharmaceuticals are the promise of future therapeutics. The demand for new and existing biologics has never been greater than now. Within the biopharmaceuticals offering, the journey to market for novel biologics continues to be expensive and slow. However, cost competitive biogenerics or biosimilars are rapidly emerging as a powerful, alternate growth driver, especially in the wake of EU opening its doors to biosimilars in 2004 and the US formulating key legislation to clear a biosimilar regulatory pathway. Add to that the impending patent cliff where many big-selling biologics will lose patent protection between 2014-16 and the stage is set for an unrelenting decade of biosimilar competition.

Growth potential for the research services business, especially in India, continues to be promising. Global pharmaceutical and biotechnology majors are increasingly outsourcing a number of core functions, from discovery to clinical trials and manufacturing as an effective cost-cutting strategy. In view of the fact that outsourcing can accelerate the drug development process and effectively lower the cost of innovation, value added research services are forecast to be strong business accelerators for Indian research service providers.

Another significant growth driver for the industry is forecast to be the emerging market peer set. Countries like India, China, Brazil, Mexico, South Korea, Turkey and Russia are home to a burgeoning middle class with rising disposable income. They carry the dual burden of disease (infectious and chronic), and are increasingly investing in healthcare/insurance. Together, these nations represent the ascendancy of 'pharmerging' markets and their exponentially growing influence on biopharmaceutical sales in the coming years.

Whether to revive the research base, bolster the product pipeline or make inroads into new markets, biopharmaceutical companies are increasingly recognizing the strength of partnerships. Through licensing of advanced discovery programs, marketing alliances and strategic research collaborations, companies share the risks and costs associated with drug development by leveraging complementary skills and combining capabilities along the drug value chain. Collaboration is proving to be the most prudent and effective way to boost productivity, cut time to market and sustain growth.

Biocon is among those farsighted biopharmaceutical companies that have been mindful of change, agile to adapt and intuitive about opportunities for growth. Our strategic location in the heart of a pharmerging market has enabled us to fully leverage the India advantage and evolve a resilient business strategy that is powered by strong and differentiated growth drivers. Affordable innovation was our mantra long before markets fully recognized its significance. We built world class research outsourcing capabilities, US FDA compliant biomanufacturing facilities and a self-financed R&D pipeline when the global industry was still grappling with strategies to mitigate escalating drug development costs. Our forward looking biosimilar strategy was in place prior to the industry realizing its potential to sustain expensive discovery and become a powerful revenue driver. By the time synergistic collaborations became inevitable, we had already entered into strategic co-development alliances and symbiotic marketing partnerships. So today, as the industry restructures to seize opportunities, Biocon could perhaps lead the way as a model, risk balanced company well positioned to harness the biopharmaceutical emerge.

Biocon's Growth Drivers

01

Biosimilar Insulin & MAbs Portfolio

- Diabetes
- Oncology
- Immune-mediated Diseases

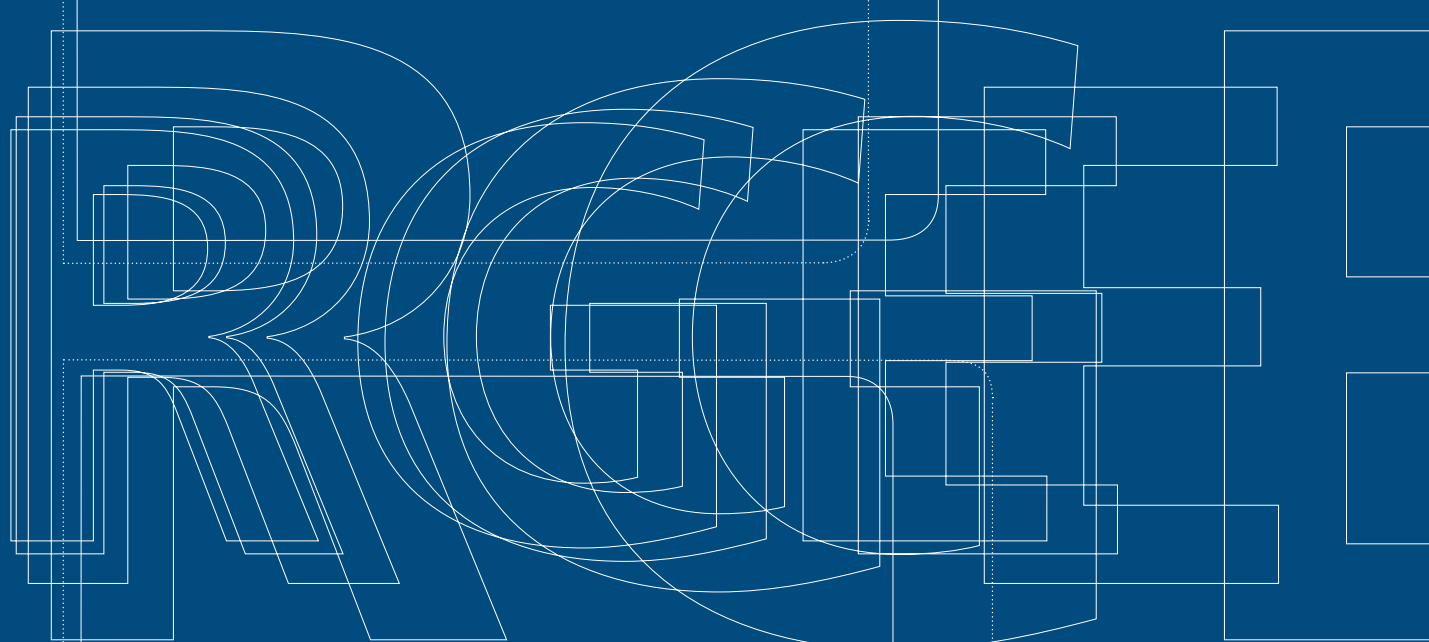
02

Research Services

- Syngene:
Discovery Research Services
- Clinigene:
Clinical Research Services

03 High Value R&D Assets

- Oral Insulin
- Anti-CD6
- Peptide Hybrid
- Bio-better MAb
- Immuno-conjugated MAb



04 India & Emerging Markets

- Latin America
- Asia
- Middle East & North Africa
- The Commonwealth of Independent States

01

BIOCON'S
GROWTH DRIVERS

Biosimilar Insulin + MAbs Portfolio



The global biosimilars market is expected to be worth \$19 billion by 2014.*

\$19 billion

BIOCON HAS THE REQUISITE TECHNICAL AND OPERATIONAL EXPERTISE TO DEVELOP AND TAKE TO MARKET AN INNOVATIVE, AFFORDABLE INSULIN AND MAb PORTFOLIO, AS PROVEN BY THE SUCCESS OF INSUGEN®, BASALOG™ AND BIOMAb EGFR®.

As patents of first-generation biological products start to expire, and governments/insurers/patient groups mount the pressure on global pharma to reduce drug costs, generic versions of biologics or biosimilars are emerging as powerful new growth drivers.

Biocon has a clearly defined biosimilar strategy that includes development and manufacturing. In India and SAARC, we have established our own marketing and distribution network for our biosimilar products. For emerging markets, we operate via alliances with regional partners. In terms of geographical reach, Biocon has adopted a common go-to-market pathway for all its products. This comprises launching in India first, then moving into emerging markets and eventually, entering developed markets.

For the highly demanding insulin market, Biocon has already begun to deliver affordable insulin therapies. Our recombinant human insulin, INSUGEN®, has revolutionized the Indian diabetes market and several emerging markets. The competitively priced BASALOG™ (insulin glargine) has garnered significant market share within its first year of launch. Superior manufacturing technology, cost-optimized development and regulatory expertise continue

to enable Biocon to realize a scientifically significant, cost effective insulin portfolio for global markets.

Biocon's MAb pipeline is also progressing rapidly. We have the requisite technical and operational expertise in developing MAb as seen in our success with BIOMAb EGFR®. Additionally, we have significant advantages in process/formulation development, characterization and clinical development. Our state-of-the-art MAb manufacturing facilities are US FDA compliant and Asia's largest. Biocon has also strategically entered into research alliances with synergistic biopharma companies and forged licensing deals with key marketing leaders in established and emerging markets.

We believe our well developed insulin portfolio and promising MAb programs will drive future growth for Biocon enabling us to strongly leverage emerging biosimilar opportunities.

*Pricewaterhouse Coopers

02

BIOCON'S
GROWTH DRIVERS

Research Services

