

37th Annual General Meeting

Biocon Research Centre, Biocon Park, Bangalore



Exclusively
inclusive

July 24, 2015

Chairperson's Speech

Exclusively **inclusive**



Dear Shareholders,

It gives me great pleasure to welcome you to the 37th Annual General Meeting of your company, which marks yet another year of delivering on the promise of providing affordable access to complex lifesaving and life enhancing biopharmaceuticals for patients the world over.

The journey thus far has seen Biocon as a pioneer and an Industry leader that has played a crucial role in building India's global leadership profile in Biotechnology. Today, your company is recognized as Asia's largest and amongst the world's leading Biopharmaceutical companies. We are on a mission to create a world class Biopharma Company of global repute driven by a vision of enhancing global healthcare through innovative, affordable and high quality bio-medicines for chronic diseases such as cancer, diabetes and autoimmune disorders.

We have pursued an "Exclusively inclusive" business philosophy in our efforts to make a difference to global healthcare. We have chosen to be exclusive in the selection of our portfolio of complex biological drugs for debilitating diseases but with an inclusive social commitment that ensures affordable access to such essential drugs.

When we started our pharmaceutical journey, we had a choice to develop low-cost generic pharmaceuticals or complex, capital-intensive premium products. We chose the latter and opted for

biopharmaceuticals through disruptively innovative process engineering that could deliver affordable pricing and make a difference to global healthcare.

We consciously adopted a strategy of being profitably smart and socially good. Since then, we have consistently invested over 10% of our biopharma revenues in research and development. We have made long-term investments in creating 'best-in-class' complex biologics manufacturing capabilities. We have commissioned operations in locations where we can leverage the advantages of cost, scale and knowledge. Over time, we have emerged as a highly innovative biopharmaceuticals enterprise that operates across the value chain comprising of a diverse portfolio of essential and lifesaving drugs.

Through this 'Exclusively inclusive' business model, we strive to rationalize healthcare spends, enhance access to affordable bio-therapeutics, make a significant impact to global health and at the same time create value for our shareholders.



Our 'Exclusively inclusive' approach is aimed at making a difference to global health.

In Sync with Global Trends

It is our 'Exclusively inclusive' approach that has allowed us to challenge the western pharmaceutical model of creating monopolistic markets that deliver high margins at low volumes.

This model is now under threat because of sub-optimal drug innovation, imminent loss of patent protection of mega drug brands and pricing pressure from governments, insurers and payers.

As the pressure to sustain supernormal profits and high growth levels mounts, the global pharma industry is witnessing a frenzy of mergers and acquisitions at unrealistic valuations.

Whether these M&As will deliver synergistic growth and value-added profitability remains to be seen. However, one thing is clear: Big Pharma is beginning to realize that global priorities are shifting from providing exclusive and expensive drugs to more affordable drugs

which can help enhance access. There is also a realization that the opportunities are in the fast-growing emerging markets, where the old business model of expensive medicines targeted at niche populations of affluent patients will not work.

As a company that has always been ahead of the curve, Biocon has already set out to build global reach and economies of scale in order to deliver affordable drugs to global patient populations. We are steadfastly investing in developing a range of affordable therapies for diabetes, cancer and auto-immune diseases, most of which, were previously unaffordable and hence inaccessible to many.

In doing so, we are focused on revenue generating opportunities in emerging markets whilst working towards approvals in the developed markets.

Biosimilars: The Next Bolus of Growth

Growing pressure on healthcare expenditure is compelling governments, the world over, to adopt generics and now biosimilars. As global consensus builds around modified regulatory guidelines, the biotech industry is fast approaching its own patent cliff. Some recent biosimilars approvals are beginning to make a difference by increasing accessibility for a larger patient population.

Globally, 57 biosimilars programs are in

an advanced clinical development phase. With 10 approvals in the EU, one in the US and 37 programs in pivotal trials, the biosimilars opportunity has started unfolding. (*Source: Bernstein report*).

From US\$1.3 billion in 2013, the biosimilars market is expected to reach ~US\$24 billion in 2019 (*Source: Frost & Sullivan Global Biosimilars Report*) as these drugs increase their penetration in North America, Europe and Asia.

Biocon, with its rich pipeline of biosimilars under development, is at the right place at the right time. As the number of biosimilars increase and the confidence in their safety and efficacy gains broader acceptance, we are seeing our biosimilars strategy playing out with greater credibility and traction.

Today, Biocon probably has one of the largest portfolios of generic insulins and biosimilar drugs in advanced stages of development with six molecules in Phase III clinical trials, viz. Recombinant Human Insulin, Glargine, Pegfilgrastim, Adalimumab, Bevacizumab and Trastuzumab. Biocon is confident that, together with our partners around the world, we can build a strong global presence in biosimilars to address the huge need for affordable access to these life-saving and life-enhancing biologics.

The unfolding biosimilars opportunity in emerging markets in the near term and developed markets subsequently, will provide Biocon with the next big bolus of growth.

Biocon has one of the largest portfolios of generic insulins and biosimilar drugs in advanced stages of development with six molecules in Phase III clinical trials

Building Global Scale

Biocon has, over the years, built global-scale and cost-competitive, complex manufacturing capabilities to address the needs of patients worldwide. Today, we already have leadership in microbial fermentation-based products like statins, immunosuppressants and insulins. We are confident that we can build similar leadership in monoclonal antibodies.



We are driven by our passion to develop pharmaceuticals which can potentially benefit a billion patients.

Insulins: Strong Leadership

We are the largest producers of insulins in Asia. Over the past decade, more than a million patients have benefited from Biocon's inclusive diabetes management portfolio.

The on-time commissioning of the Malaysia plant, designed as Asia's largest integrated insulins manufacturing facility, has put us on track to become one of the world's largest insulin producers.

Our aim over the next 10 years is to provide Biocon's Insulin products to one in five diabetic patients in need of insulin-based therapy, anywhere in the world.

Oncology: Making Cancer Care Affordable

Biocon's contribution to bringing affordable oncology therapeutics like BIOMAb EGFR[®] and CANMAb[™] to the Indian market has already made a significant impact in the realm of cancer care. Our expanding portfolio has gained us recognition as a leading Oncology Company. In less than a decade since the launch of our Oncotherapeutics division in India, we have made a difference to the lives of over 20,000 cancer patients and have built significant brand equity across our customer base.

CANMAb[™], our Trastuzumab for treating HER2-positive metastatic breast cancer, has been one of the most successful

launches of an oncology product in India.

Currently, patient recruitment is in progress across more than 100 sites in several countries for global Phase III trials of our Trastuzumab.

Our goal is to make Biocon's Trastuzumab available to at least one in ten HER2-positive breast cancer patients globally.

By capturing a sizeable and profitable share of the biosimilars market, Biocon aims to unleash accelerated growth in a sustainable manner over the foreseeable future.



We believe our biotechnology business is a humanitarian engagement.

Transformational R&D

Your company has been consistently scaling up investments in research and development. As an innovation-led company, we invest on an average 10% of our Biopharma revenues annually in Research and Development. Our efforts in developing cutting-edge novel molecules are now generating encouraging and exciting data. The ultimate success of these programs will bring transformational growth to our business.

Oral Insulin

I am happy to share with you that we have completed the first set of clinical trials with our Oral Insulin candidate IN-105 in the US. The data from these studies are compelling and we intend to rapidly progress to the next phase of clinical development of this game-changing molecule with the hope of delivering commercial success in the near future.

As a prandial insulin IN-105 can prove to be a powerful weapon in the battle against diabetes, especially considering that the number of patients worldwide is expected to increase from 390 million in 2013 to nearly 600 million by 2035 (Source: World Health Organisation).

As an innovation-led company, we invest on an average 10% of our Biopharma revenues annually in Research and Development.

Itolizumab

Itolizumab, an anti-CD6 targeting monoclonal antibody has a unique mechanism of action which provides an enhanced safety and remission profile that gives it a distinct and superior edge over competing drugs. This has been validated through the use of ALZUMAb™ for the treatment of psoriasis, benefiting nearly 500 patients till date.

There is a growing interest in developing this drug for other unmet medical indications in the domain of auto immunity. We are in discussion with several potential partners who can create exponential value for this asset.



Unlocking Value: Research Services

Over the years we have built a robust Research Services business through our subsidiary Syngene. I believe it is the right time for us to unlock the value of this business and generate funds that can accelerate Biocon's pursuit of innovation.

Syngene has championed the 'Exclusively inclusive' philosophy of Biocon by offering niche services to a large and diverse clientele. It has also established exclusively dedicated R&D centres for some of its anchor clients like Bristol Myers Squibb (BMS), Abbott and Baxter.

The Company has a proven track record of providing high quality discovery, development and manufacturing services for both small and large New Molecular Entities (NMEs). The strength of its

business model has been well recognized through equity participation from reputed investors over the years.

Biocon's 'Offer for Sale' of an 11% stake in Syngene through an IPO is an important and much-awaited event and sets the stage for significant value creation for the Research Services business.

Syngene has built a strong reputation of being the 'innovation partner' of choice for many of its clients and is well-positioned to tap the US\$67 billion global Contract Research Organization (CRO) opportunity for discovery and development services (*Source: Frost & Sullivan Report*).

Strengthening the Board

As a Company committed to innovation and excellence, Biocon has strengthened the composition of its Board through the induction of two eminent life sciences experts as Independent Directors.

Prof. (Dr.) Vijay K. Kuchroo, who is the Samuel L. Wasserstrom Professor of Neurology and Director of Evergrande Center for Immunologic Diseases at Harvard Medical School, joined us as Additional Independent Director in January 2015. Dr. Kuchroo is no stranger to Biocon as he has been a part of our Clinical Advisory Board, providing us valuable guidance for many of our novel programs in autoimmunity.



Dr. Vijay Kuchroo
Additional Independent Director

Dr. Jeremy M. Levin, former CEO of Teva Pharmaceuticals and Chairman of Ovid Therapeutics Inc., also joined Biocon as an Additional Independent Director this January. His experience of having worked with leading companies like BMS and Novartis, driving business development and company strategy, augurs well for Biocon.



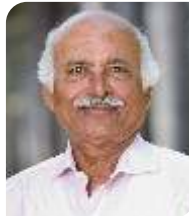
Dr. Jeremy Levin
Additional Independent Director

We will also see three of our oldest directors retire from our Board: **Prof. Charles Cooney, Mr. Suresh Talwar and Dr. Bala Manian**. They have all served your Company with unstinted commitment and have provided both thought leadership and guidance to steer your Company's advancement. Please join me in expressing our deep appreciation for their invaluable contribution over the years.

Retiring Directors:



Prof. Charles Cooney



Mr. Suresh Talwar



Dr. Bala Manian



Biocon. Reconciling an exclusive business model with an inclusive social commitment.

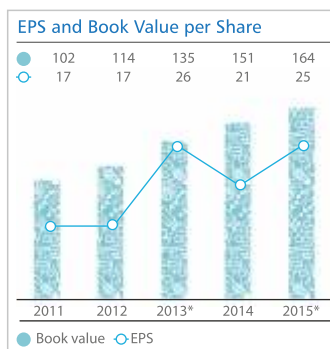
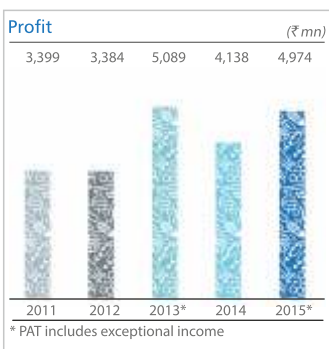
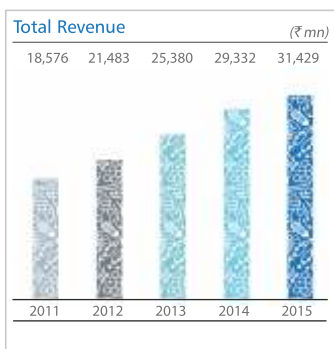


Financial Highlights

Biocon delivered a commendable consolidated performance in FY15 despite geopolitical challenges and capacity constraints. The top line grew 7% to reach ₹31.4 billion, driven by strong growth in research services (15% Y-O-Y). Our bottom-line increased 20% to reach ₹4.9 billion.

Adjusting for an exceptional income from the sale of Syngene shares by Biocon to a

strategic private equity investor, the Profit After Tax stood at ₹4.02 billion. Our EBITDA for the year rose marginally to reach ₹7.49 billion, with a healthy margin of 24%. We managed to hold on to our margins despite the huge increase in R&D spends in the year. Biocon's R&D spends at a gross level doubled to ₹3.29 billion during the fiscal.



Beyond Business: CSR

Our underlying ethos of access and affordability goes beyond our business. It represents the focus of the initiatives by Biocon Foundation, our Corporate Social Responsibility (CSR) wing, in the areas of health, education and infrastructure.

I am proud to say that the Foundation's CSR initiatives are receiving considerable recognition. WHO India has recently recognized Biocon Foundation as a 'Public Health Champion' for providing sustainable solutions in the area of public health with a focus on cancer, diabetes and hypertension. Biocon Foundation's mobile-based program for early detection

and prevention of oral cancer was awarded a 'Certificate of Appreciation' at the NASSCOM Social Innovation Forum 2015.

Biocon Academy, our flagship CSR initiative aimed at developing high-end talent for the Indian biotech industry, is already delivering on its intended objectives. Over 90 young biotech professionals have benefited from an intensive 16-week 'Biocon-KGI Certificate Program in Biosciences' and have readily found employment in various biotech companies. The feedback from employers is extremely positive.

Looking Ahead

We believe that the geopolitical challenges that we faced in the Middle East markets are behind us as our efforts in other emerging economies begin to deliver lucrative business. We also expect added capacity from Malaysia and contract manufacturing to drive growth this fiscal.

Syngene has delivered a stellar performance last fiscal and is well positioned for its upcoming IPO which is scheduled in the imminent future. Syngene's unique offering of integrated discovery and development services coupled with contract manufacturing opportunities that are coming on stream, will drive strong and sustained growth in the foreseeable future.

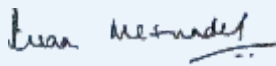
Finally, I am proud to say that our technology platforms built on the core values of quality, affordability, reliability and innovation have differentiated us in the marketplace.

We believe we are well aligned with the emerging paradigm where drug innovation and therapy costs interact effectively in a new financial matrix. This will enable us to drive long-term value creation for our shareholders.

Before I conclude, I would once again like to thank our retiring directors: Prof. Charles Cooney, Mr. Suresh Talwar and Dr. Bala Manian for their valuable contribution to your Company.

In closing, I would like to thank all our shareholders for extending their unstinted support to us which has truly enabled Biocon to pursue the path of differentiation, in its quest to be 'Exclusively inclusive.'

Thank You



Kiran Mazumdar-Shaw

Chairperson



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Disclaimer

Syngene International Limited is proposing, subject to receipt of requisite approvals, market conditions and other considerations, to make an initial public offering of its Equity Shares and has filed a Draft Red Herring Prospectus with the Securities and Exchange Board of India ("SEBI"). The Draft Red Herring Prospectus is available on the website of the SEBI and the websites of Axis Capital Limited, Credit Suisse Securities (India) Private Limited and Jefferies India Private Limited. Investors should note that investment in Equity Shares involves a high degree of risk and for details should refer to the Red Herring Prospectus/Prospectus which may be filed with the Registrar of Companies, Bangalore in the future, including the section titled "Risk Factors".

This document is not an offer of securities for sale in the United States. Any public offering in the United States may be made only by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the issuer and management, as well as financial statements.

The Equity Shares have not been, and will not be, registered under the Securities Act or any other applicable law of the United States and, unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A under the Securities Act and referred to in the Draft Red Herring

Prospectus as "U.S. QIBs", for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in the Draft Red Herring Prospectus as "QIBs") in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in reliance on Regulation S under the Securities Act.