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Innovative Science Affordable Medicine



**Investor Presentation
November 2013**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which are subject to a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated in such forward-looking statements. Important factors that could cause actual results to differ materially from our expectations include, amongst others general economic and business conditions in India, our ability to successfully implement our strategy, our research and development efforts, our growth and expansion plans and technological changes, changes in the value of the Rupee and other currencies, changes in the Indian and international interest rates, change in laws and regulations that apply to the Indian and global biotechnology and pharmaceuticals industries, increasing competition in and the conditions of the Indian biotechnology and pharmaceuticals industries, changes in political conditions in India and changes in the foreign exchange control regulations in India. Neither the company, nor its directors and any of the affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after this date or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

Biocon: Who are we?

Growth Segments

- **Small Molecules**
- **Biosimilars**
- **Branded Formulations**
- **Research Services**
- **Novel Molecules**

Financials

Outlook



Biocon: Who are We?

Mission: *“To be an integrated biotechnology enterprise of global distinction”*

Value Creation along 3 axes:

Reducing therapy costs of **chronic diseases**. (*diabetes, cancer & auto-immune diseases*)

Strategic Research and marketing **partnerships** that provide global access

Leveraging the India advantage to deliver **high value, licensable R&D assets**

Evolving with the Times

An Enzymes Company
Revenue: ₹ 320 Million

1978 -
1999

Transforming into a
Biopharma company

Revenues: ₹ 5,490 Million
People: 700+

1999 -
2004

Building the India Business
and expertise in biologics
Revenue: ₹ 11,940 Million
People: 3,500+

2004 -
2009

Investment intensive phase with
focus on R&D, capacity
enhancement & partnership
execution
Revenue (FY 13): ₹ 25,380 Million
People: 6,700+

2009 -
2014

Poised for a global
platform with launch of
finished formulations &
biosimilars in regulated
markets

2014 &
Beyond

Unwavering focus through the years on Innovation & Difficult to make, niche products to create tangible differentiators for sustainable growth

H1 FY14 Highlights (1)

Financial Performance

- ❖ Group Revenue at ₹ 14,678 Million (19% YoY growth)
- ❖ YoY Growth* across verticals:

Business Vertical	Absolute Growth	Growth at CER [#]
Biopharma	21	16
Branded Formulations	13	13
Total Biopharma	19	15
Research Services	36	25
Total Sales	23	17

- ❖ EBITDA at ₹ 3,622 Million (EBITDA Margin: 25%)
- ❖ R&D Expense: ₹ 816 Million (9 % of Biopharma Revenue)
- ❖ PAT at ₹ 1,958 Million (PAT Margin: 13%)

H1 FY14 Highlights (2)

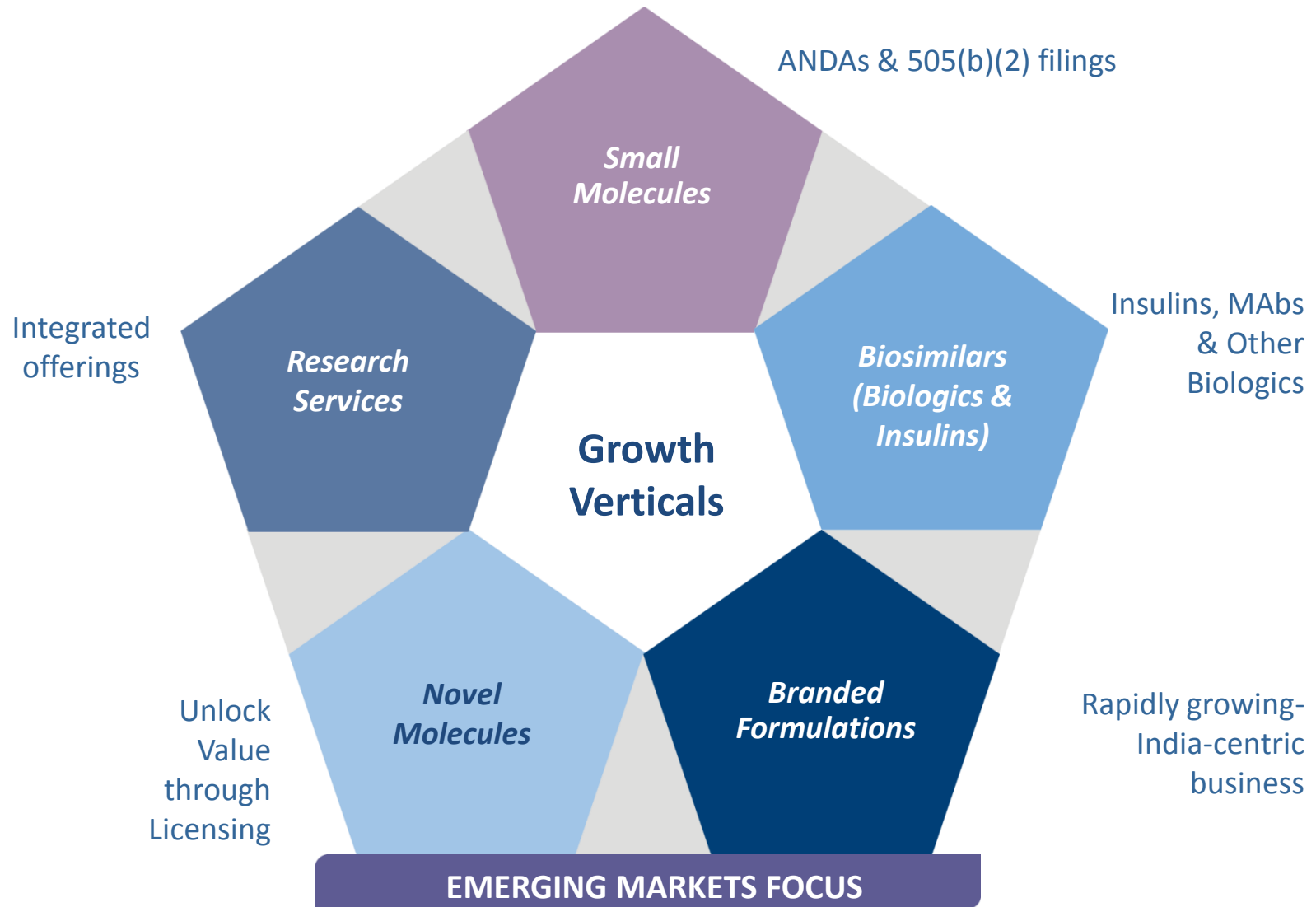
R&D Milestones

- ❖ Commercial Launch of Alzumab™, our indigenously developed first-in-class anti-CD6 indicated for Psoriasis
- ❖ Successfully completed India Phase III trial for Biosimilar Trastuzumab- filed with Indian Regulators for marketing approval

Corporate Milestones

- ❖ Ranked #6 in the Top 20 global biotech employer list (2013) by the Science Magazine

Growth Verticals: Aligned with Shifting Paradigms



Aligning For Growth: Reorganizing for greater synergy

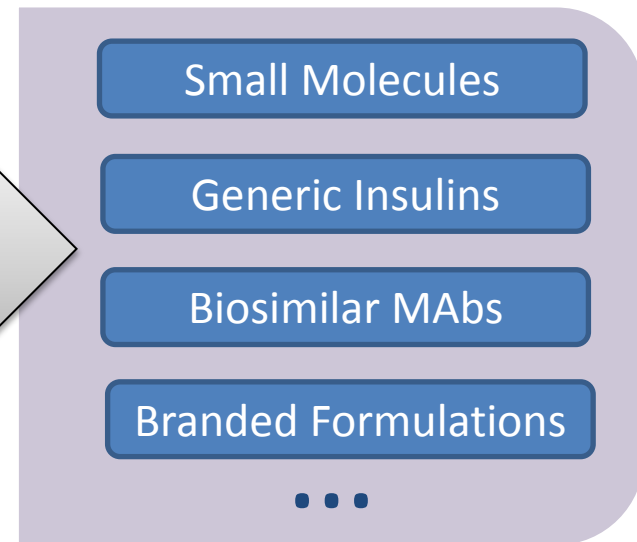
Function Based Organization -----> Business Units

- ⚡ Sustaining the Entrepreneurial Spirit: Agility in decision making
- ⚡ Responsibility with Accountability
- ⚡ Greater Synergy amongst functions: Aligning people to the greater goal

Earlier Organization Structure



New Organization Structure



Amongst the Top 20 Global Biotech Employers Worldwide

Top Twenty Employers*

2013 RANK	2012 RANK	EMPLOYER (GLOBAL HEADQUARTERS)	Innovative leader in the industry	Treats employees with respect	Is socially responsible	Has loyal employees	Has a clear vision	Does important, quality research
1	1	Regeneron Pharmaceuticals, Inc. (Tarrytown, NY)	•			•	•	
2	3	Genentech (South San Francisco, CA)	•			•	•	
3	2	Vertex (Cambridge, MA)	•	•			•	
4	-	AbbVie (North Chicago, IL)		•		•	•	
5	-	Eli Lilly and Company (Indianapolis, IN)		•	•		•	
6	19	Biocon Limited (Bengaluru, Karnataka, India)		•		•	•	
7	6	Millennium: The Takeda Oncology Company (Cambridge, MA)			•	•	•	
8	11	Novartis (Basel, Switzerland)	•			•	•	
9	7	Boehringer Ingelheim (Ingelheim, Germany)			•	•	•	
10	9	Biogen Idec (Weston, MA)	•			•	•	

Only Asian Company to appear in the list

– 2 years in a row now

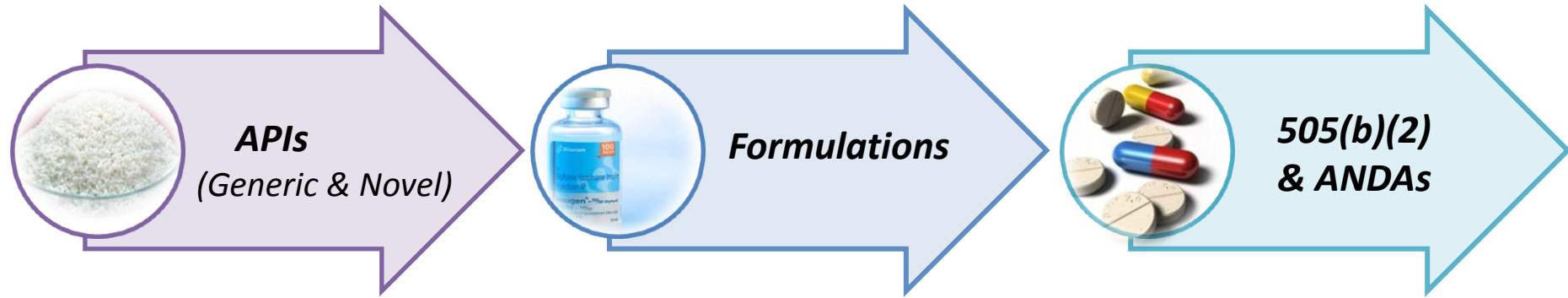


Debuted at # 19 last year



Growth Segments: Snapshot

Small Molecules



- ❖ Product Portfolio which leverage our core fermentation capabilities and have a high degree of complexity
- ❖ Early mover in niche products coupled with economies of scale.
- ❖ Portfolio based Approach

Current Portfolio	Constituents
Statins	Simvastatin, Atorvastatin, Lovastatin, Rosuvastatin, Fluvastatin & Pravastatin
Immuno suppressants	Tacrolimus, MMF & MPA
Other Biopharma	Orlistat, Fidaxomicin, 50+ other molecules

Biosimilars: Demystifying

**A
biosimilar
is...**

*“a **biological product** that is **highly similar** to the reference product notwithstanding minor differences in clinically inactive components, and.. **no clinically meaningful differences against the reference product** in terms of the safety, purity and potency.”*

**Unlike a
small
molecule...**

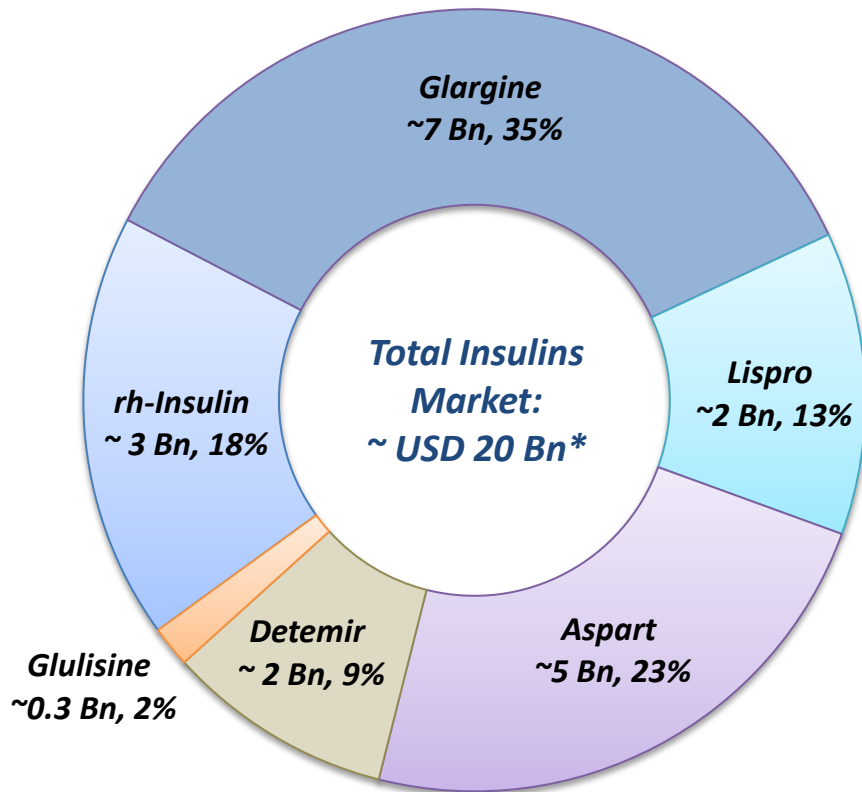
*Large Molecules (proteins): greater complexity
Very difficult to make and demonstrate bio-similarity; Extensive development process
Process development and Capacity constraints*

**Current
Portfolio**

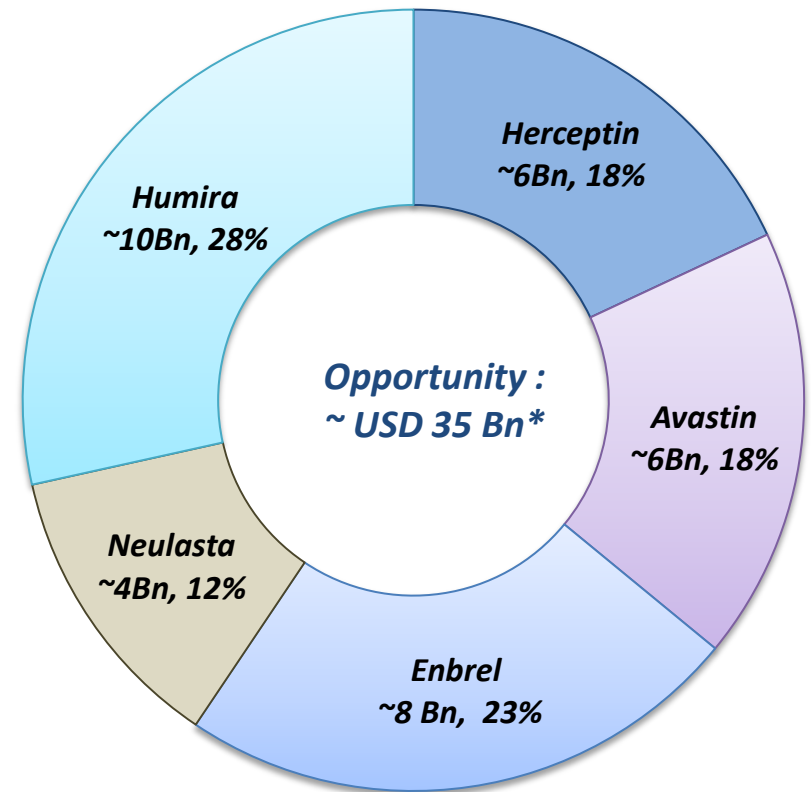
*Insulin & Insulin Analogs (4)
Monoclonal Antibodies (3)
Other Biologics (2)*

Biosimilars: Opportunity

The Insulin Pie

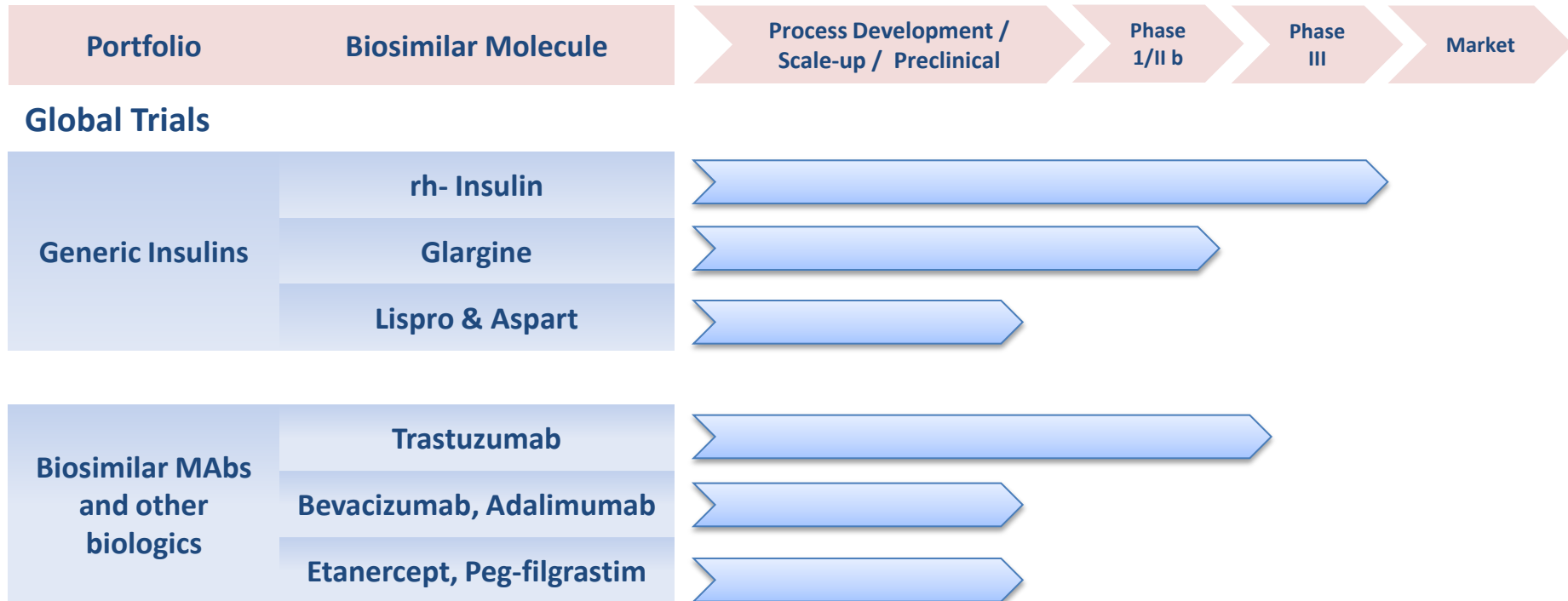


Biosimilar MABs & Other Biologic



*Market Size of innovator products MAT June 2013, All figures rounded off to nearest USD Billion, %ages on absolute numbers

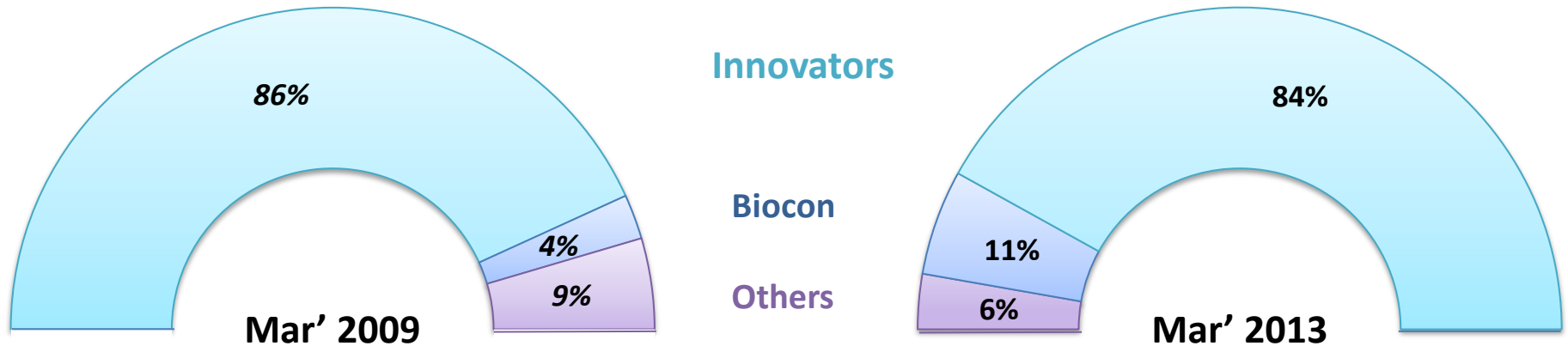
Biosimilars: Pipeline



- ⚡ **Emerging Markets First strategy** coupled with a **regional partnership** commercialization approach
- ⚡ Biosimilar Trastuzumab: India Phase III trial completed, Application Filed with Indian Regulators
- ⚡ Generic rh Insulin registered in 50+ countries; generic insulin glargine registered in 10+ nations

Biosimilars: Key Emerging Market Footprint

rh-Insulin Volume Market Share: Evolution



2009 – 2013	Key Emerging Markets	Innovators	Biocon	Others
CAGR over 5 year	11%	10%	32%	-

*IMS MAT for respective years in Key emerging markets where we have a presence

Biosimilars: Collaboration

Co-Development & Commercialization Partnership



Seeing
is believing

Combines Biocon's R&D and manufacturing prowess of biologics with Mylan's regulatory & commercialization capabilities in the US and Europe

	Generic Insulin Analogs	Biosimilar MABs & other Biologics
Global Market Size *	~ USD 15 Bn	~ USD 35 Bn
Portfolio Constituents	Glargine, Lispro & Aspart	Trastuzumab, Bevacizumab, Adalimumab, Eterncept, Peg-filgrastim
Mylan's <i>Exclusive Commercialization</i> Regions	US, Canada, Europe, Australia & New Zealand	All regulated markets
Upfront Received	\$ 20 Mn	\$ 18 Mn

Structure: Upfront Payment + Cost Sharing + Supplies + Profit Sharing[#]

Mylan and Biocon to share development and capital costs

#Profit Sharing Arrangement in regions where Mylan has exclusive commercialization rights

*Biocon and Mylan have **co-exclusive commercialization** rights in other markets.*

Biosimilars: Malaysia Insulin Facility

Key Highlights

Biocon's First Manufacturing expansion overseas : Iskandar, Johor

Asia's largest integrated Insulins manufacturing facility

Investment to the tune of ~\$ 160 Mn in the first phase

Development on-going at full steam

1st Phase expected to be completed by 2014



Branded Formulations: Snapshot

- An India Centric Business with Global Ambitions
- Front Ending of our vertically integrated API & Biologics pipeline
- Portfolio highlights:
 - Insugen & Basalog: India's largest selling generic insulin & analog
 - BioMAb EGFR: India's 1st indigenous novel MAb for head & neck cancer

Branded Formulations: Sustained Growth

India's Fastest growing Insulin company

- ⚡ Biocon: 26% | Sanofi: 9% | Novo: -5%
- ⚡ #4 in overall insulin market
- ⚡ #3 in the 40 IU Insulin market
- ⚡ #1 in the Glargine vial market

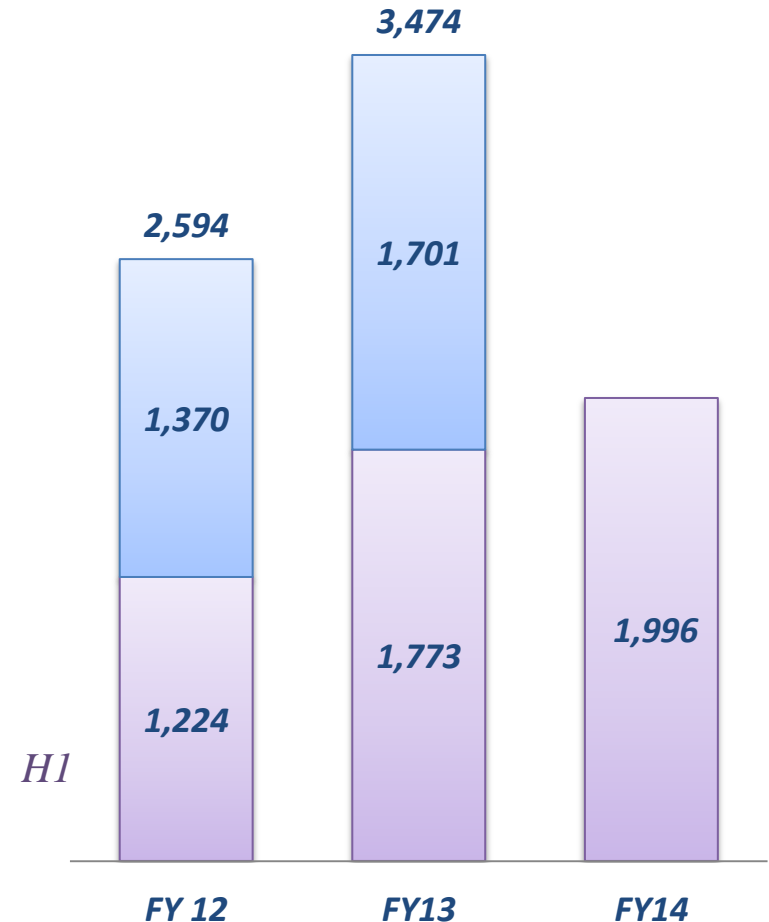
Biocon's Volume Market share#

- ⚡ 100 IU Insulin: 16%
- ⚡ Glargine vials: 92%

Market Share # of other flagship brands:

- ⚡ BioMAb EGFR: 50%
- ⚡ Evertor: 46%
- ⚡ Picon: 33%
- ⚡ Calpsor C: 34%

Revenues in ₹ Million



Branded Formulations: Alzumab™

Key Differentiators

First-in-Class Therapy :Novel MOA with an excellent safety profile

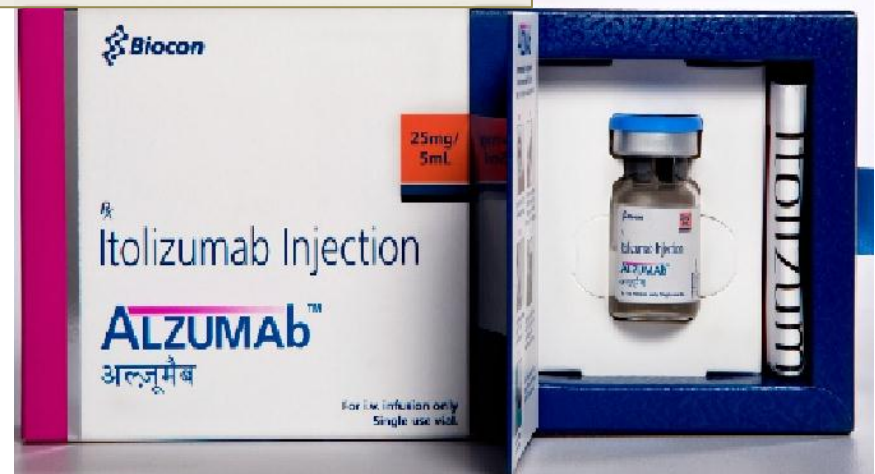
Very low Infection rates vis-à-vis other approved therapies

Modulates TH17 Pathway: Frontrunner in the hot bed of research in auto immune space

Commercialised in India post a successful Phase III trial in Psoriasis (200+ patients);

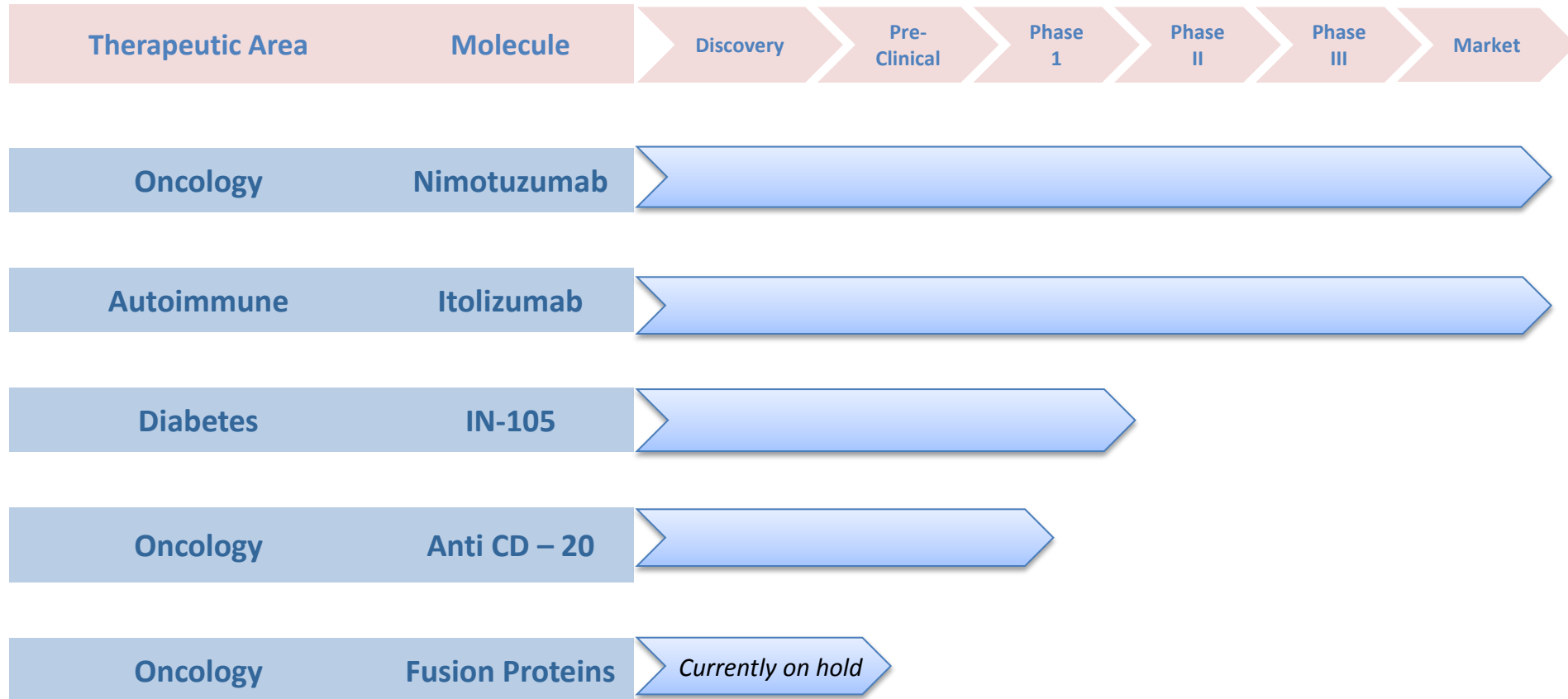
Excellent clinical remission & safety data in phase III for Psoriasis

Promising preclinical and clinical efficacy data in **other auto immune diseases** (Rheumatoid Arthritis, Psoriatic Arthritis etc)



Novel Molecules: Pipeline

India Trials



Novel Molecules: Collaboration

IN-105 Option Agreement: BMS (First-in-Class Oral Prandial Insulin)



Bristol-Myers Squibb
Together we can prevail.®

Combines Biocon's novel asset and development experience with BMS' novel drug development, regulatory & commercialization capabilities.

*Biocon will **continue global development** of the molecule through Phase II via redesigned trials.*

*Partnership encompasses **Financial, Strategic and Clinical Support** throughout the development phase*

*BMS will have an **exclusive option post phase II** to further develop & commercialise the asset worldwide (excl. India)*

*Biocon will receive **licensing fee in addition to potential regulatory & commercialization milestones**, when BMS exercises its option*



An investment of ~\$20 Mn supported by 100+ scientists focused on building a world class CRO

2000

Today

India's largest CRO with 1,500 + scientists, working with 16 of the Top 20 pharma companies in the world.
Capital Investment of ~\$120 Mn

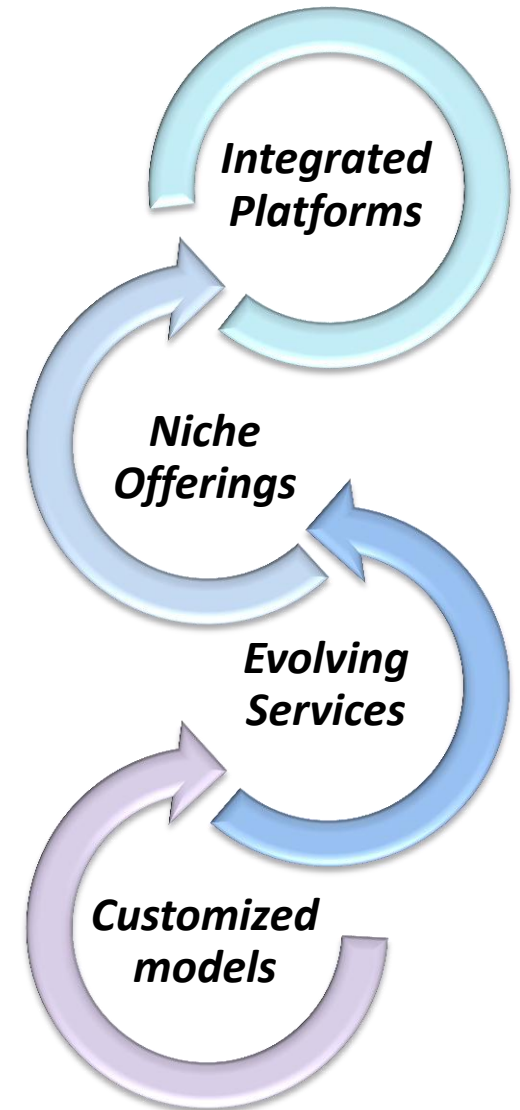
Research Services: Capabilities & Collaboration Models

- Integrated Drug Discovery and Development
- Biologics Discovery and Development
- ***Syngene- Clinigene axis***

- Bioanalytical testing of small and large molecules
- Antibody Drug Conjugate (ADC) development
- Unique *In-Vivo* Models- Human tumour tissue Xenograft
- Early and rapid toxicology evaluation (Cardiomyocytes)

- Commercial scale production of NCEs
- High potency (cytotoxic) API manufacturing
- Formulation development

- Dedicated/customized infrastructure
- End-to-end services
- Risk sharing: Milestone based
- Incubation: IP sharing



Research Services: Key Customers



Bristol-Myers Squibb

Together we can prevail.®

- Dedicated Infrastructure: ***BMS Biocon Research Centre***
- BMS' largest research facility outside the US
- **7 years contract**, currently in its 4th year of operations
- **425 FTEs** committed to integrated (end-to-end) research in a variety of therapeutic areas



Abbott Nutrition

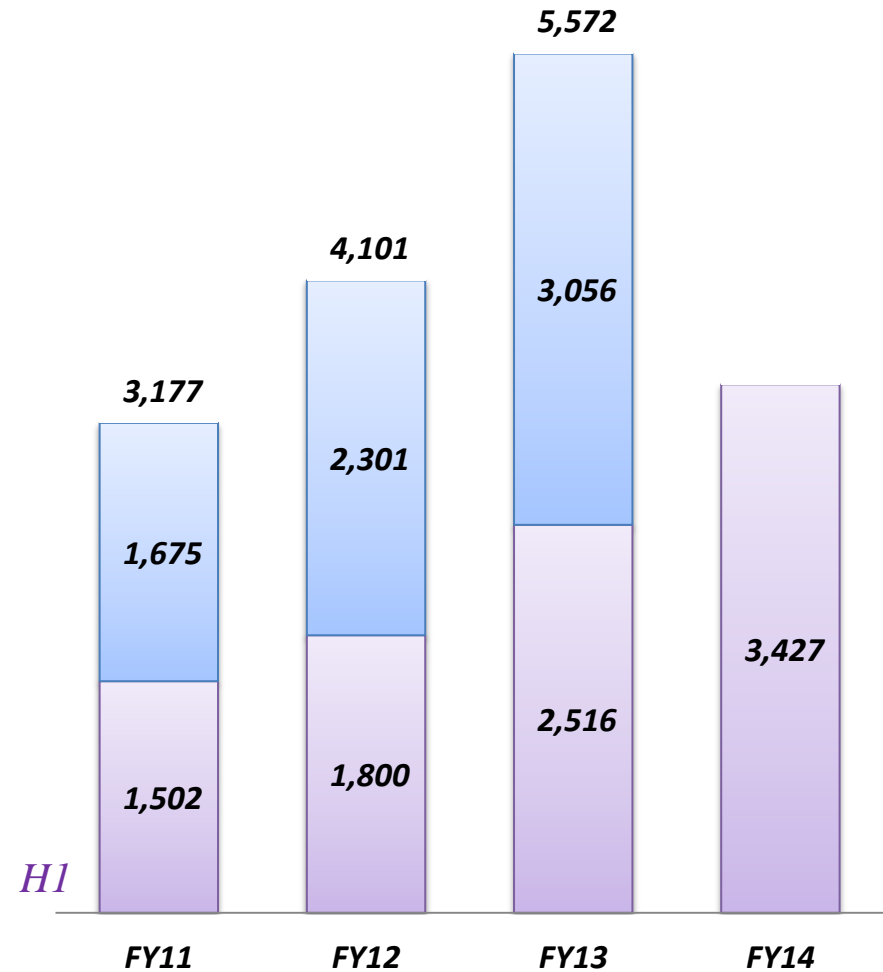
- Dedicated Infrastructure: ***Abbott Nutrition and R&D Centre***
- ***India focused product development*** addressing local needs with customized offerings tailored to local taste & texture preferences
- **Long term contract for 50+ FTEs** focused on:
 - Maternal & Child Nutrition
 - Diabetes Care



GE Capital

- PE Investment of ₹ 1,250 Million for a 7.69% stake, assigning Syngene a **post money valuation of ₹16,250 Million**
- Investment earmarked for enhancing Syngene's service offerings, capacities & fund future growth
- GE brings in corporate best practices along with avenues for capability enhancement and new offerings

Revenues in ₹ Million





Financials

Financial Performance

All Figures in ₹ Millions / USD Mn except EPS

	FY09		FY10		FY11		FY12		FY13	
Revenue	11,937	260	14,930	318	18,579	407	21,483	445	25,380	467
R&D Spend	598	13	785	17	1,183	26	1,366	28	1,640	30
EBITDA	3,715	81	4,551	97	5,733	125	5,791	120	5,957	110
Net profit*	2,338	52	2,729	58	3,399	74	3,384	70	3,108	57
EPS (FV: ₹ 5)	11.9		13.6		17.0		16.9		25.4	

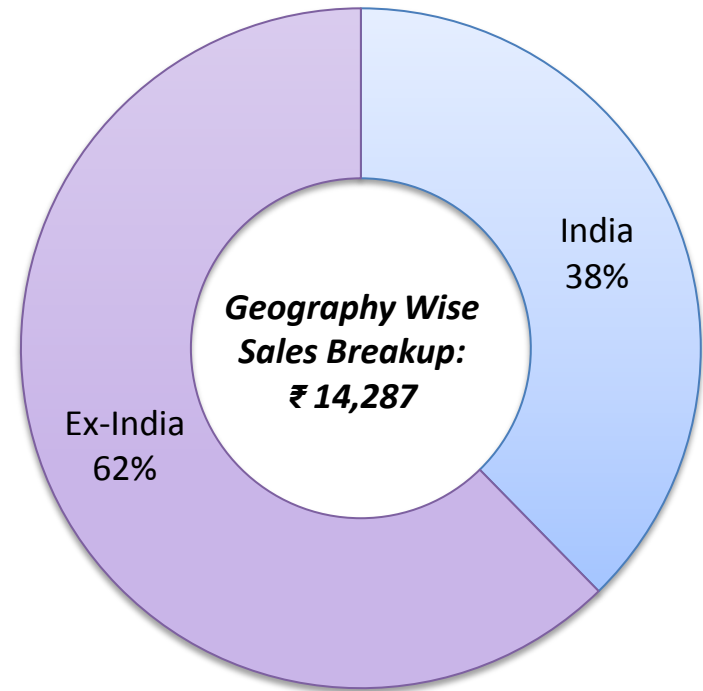
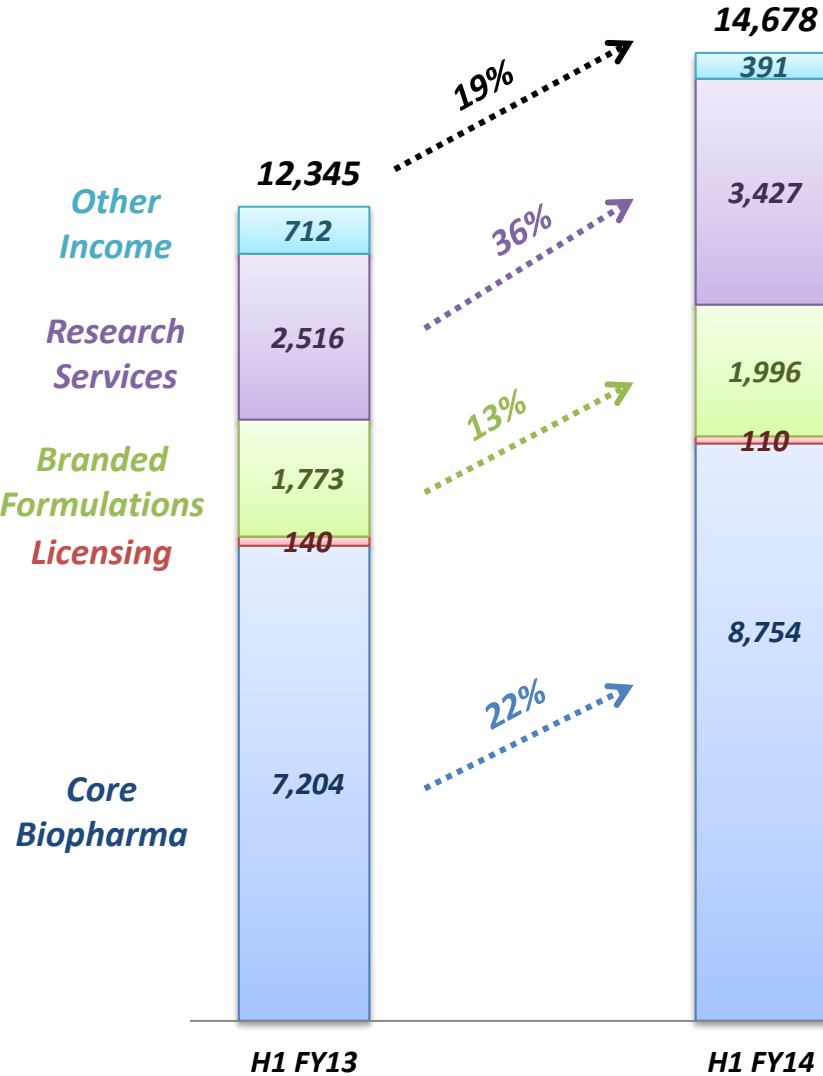
	H1 FY14	H1 FY13
Revenue	14,678 250	12,345 225
R&D Spends	816 14	785 14
<i>% of Biopharma Sales #</i>	9%	11%
EBITDA	3,622 62	3,047 55
<i>EBITDA Margin</i>	25%	25%
Net Profit	1,958 33	1,685 31
<i>PAT Margin</i>	13%	14%
EPS	9.8	8.5

FY09-13: Avg.exch.rate in that fiscal ; 1H FY13: USD 1 = ₹ 54.95; 1H FY14: USD 1= ₹ 58.82

Biopharma Sales excluding branded Formulations | * Net Profit Pre exceptionals

Revenue: Detailed

All Figures in ₹ Millions unless otherwise specified



Core Business Margins: Detailed

All Figures in ₹ Millions

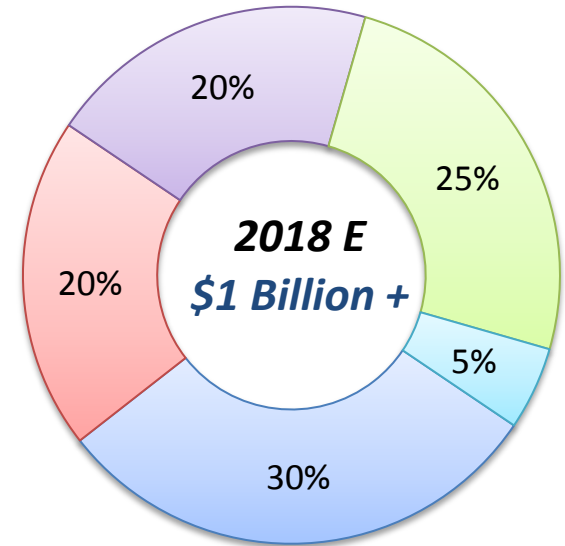
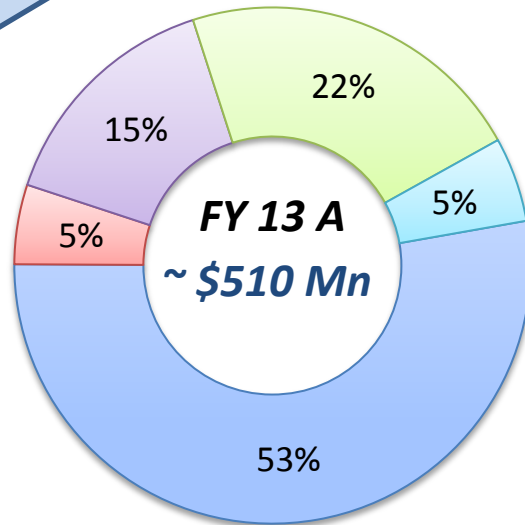
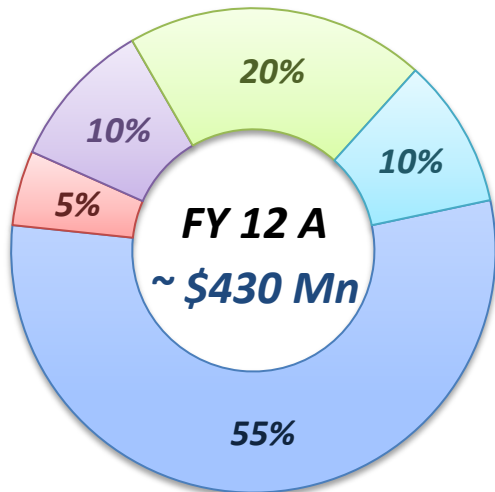
	FY 09	FY 10	FY 11	FY 12	FY 13	H1 FY14
Revenue	11,937	14,930	18,579	21,483	25,380	14,678
Less: Other Income	544	324	516	993	1,103	391
Less: Licensing Income	123	507	1,525	1,266	246	110
Core Revenues	11,270	14,099	16,538	19,224	24,031	14,177
EBITDA	3,715	4,551	5,733	5,791	5,957	3,622
Add: R&D Expense	598	785	1,183	1,366	1,640	816
Less: Other Income	544	324	516	993	1,103	391
Less: Licensing Income	123	507	1,525	1,266	246	110
Net EBITDA	3,646	4,505	4,875	4,899	6,248	3,937
EBITDA Margin	32%	32%	29%	25%	26%	28%








Outlook

Revenue Growth Trajectory

Estimated Growth CAGR: 18%

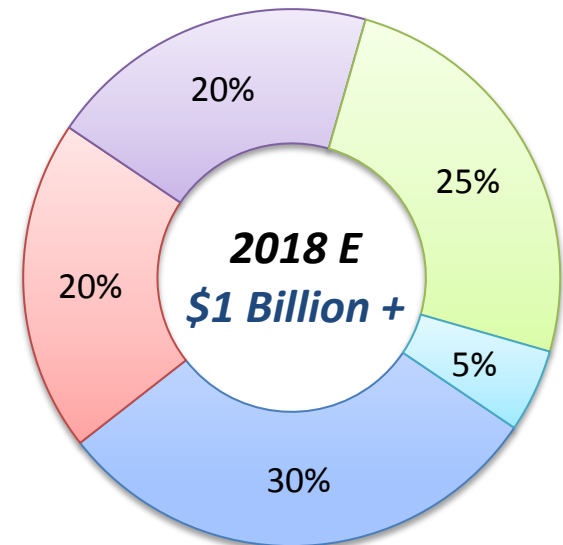


-  **Small Molecules**
-  **Biosimilars (Insulins + MABs)**
-  **Branded Formulation**
-  **Research Services**
-  **Licensing & Other Income**

Key Focus Areas

- **Small Molecules** - Improved product Mix
- **Bio-similars** - Geographical Expansion in semi regulated and regulated markets
- **Branded Formulations** - Differentiated Value offerings
- **Research Services** - Sustained Growth Momentum
- **Novel Molecules** - Out-licensing and Global Development

Growth drivers supplemented by addition of new offerings (products, services & partnerships)



Interim Milestones

Biosimilars: Global Development & Commercialization

- Increased global footprint for our generic insulin's portfolio led by
 - Accelerated commercialization of rh-Insulin across regulated and semi-regulated markets
 - Launch of generic insulin glargine in large semi-regulated markets; clinical development for regulated markets
- Commercialization of biosimilar trastuzumab in India & other emerging markets

Capacity Enhancement

- Augmenting capacities for bio-similars (Malaysia, India)
- Capacity and capability additions in Research Services to deliver end to end development and manufacturing services

Partnerships

- Development/Commercialization partnership in developed markets: generic rh-insulin, Itolizumab
- Emerging Market partnerships for small molecules & biosimilars


Biosimilars & Novel Molecules: Regulatory Clarity

- Continuous evolution of the biosimilar & therapeutic regulatory landscape in major regulated markets
- Regulatory approvals, Patient enrollment, R&D development, process refinement etc. determine the pace and quantum of the R&D activities

R&D Outsourcing: Research Services

- Relationship management: New Contracts, Contract Renewal & Scope Expansion

Partnership Management

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Innovative Science Affordable Medicine



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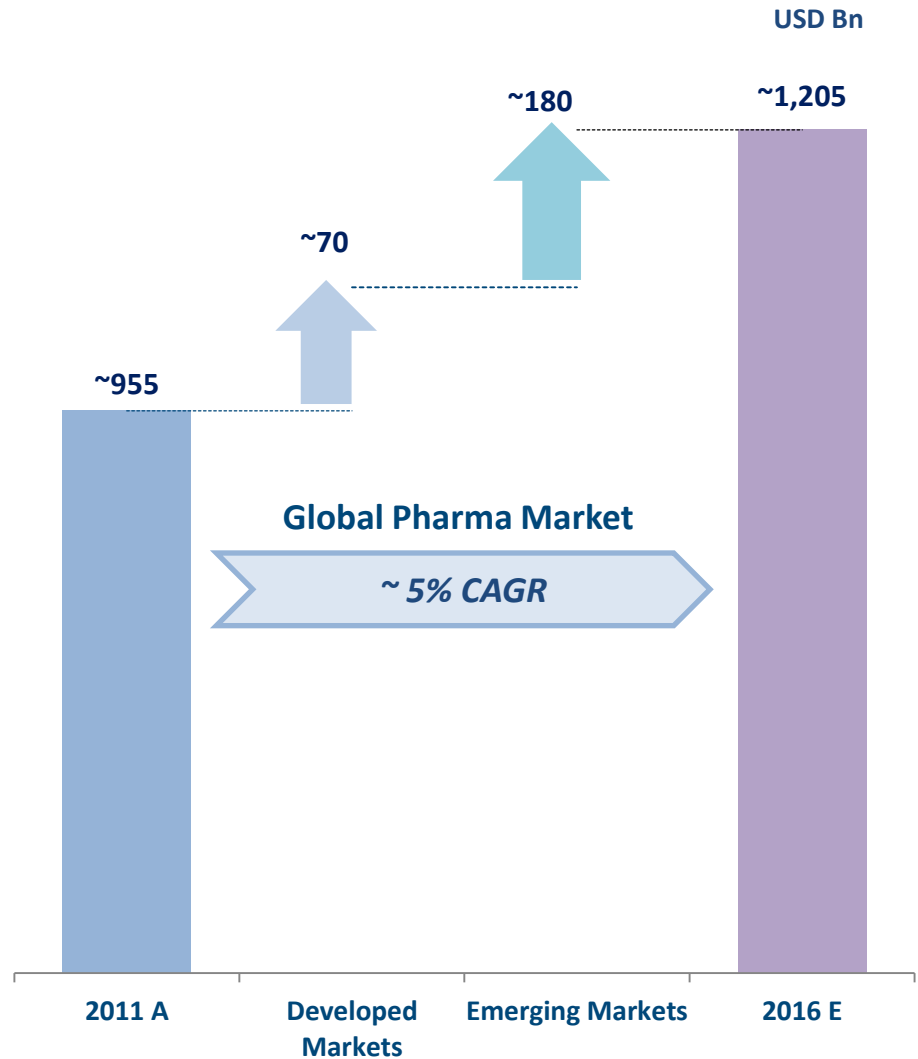
Sweta Pachlangiya
sweta.pachlangiya@syngeneintl.com



Global Pharma Growth Catalyst: Emerging Markets

Emerging Markets to contribute ~ 75% of the Total Pharma Growth by 2016

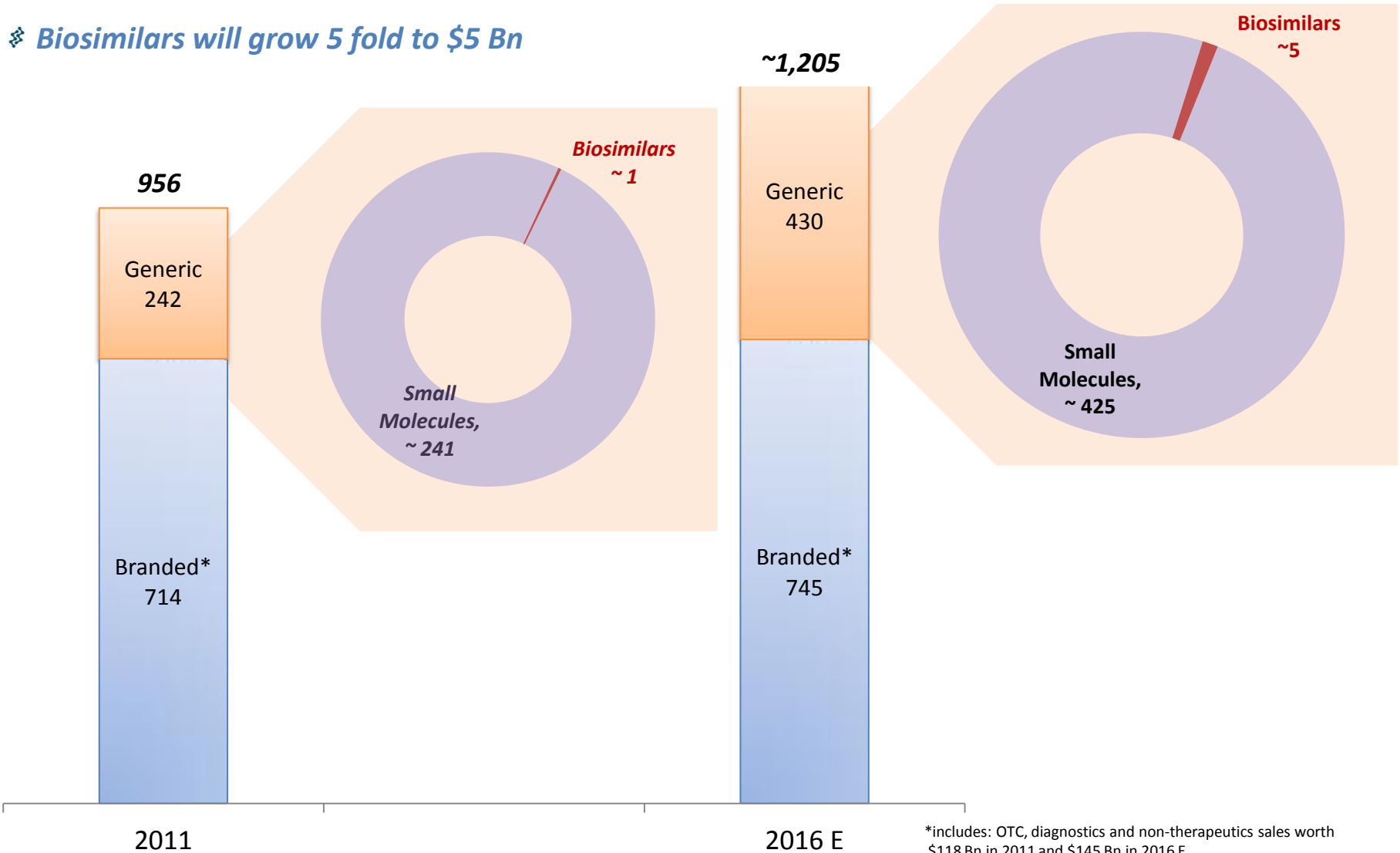
- ❖ Global Pharma Spending expected to cross **\$1.2 Trillion by 2016**
- ❖ Emerging Markets projected growth CAGR: **~10%**
- ❖ Developed Markets expected growth CAGR: **~2%**
- ❖ Emerging Markets growth driven by:
 - ❖ Increased Government Healthcare Spending
 - ❖ Growing Affluence



Global Pharma Growth Catalyst: Generics & Biosimilars

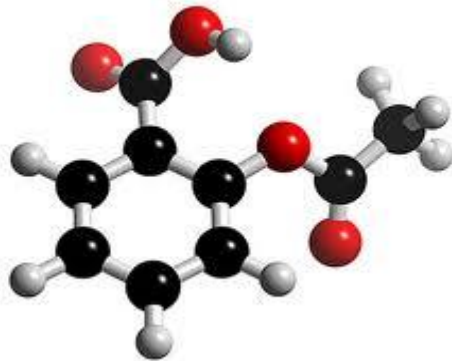
⚡ *Generic Spending to Increase by ~75% in the next 5 years vs. Branded drugs' growth of 9%* USD Bn

⚡ *Biosimilars will grow 5 fold to \$5 Bn*



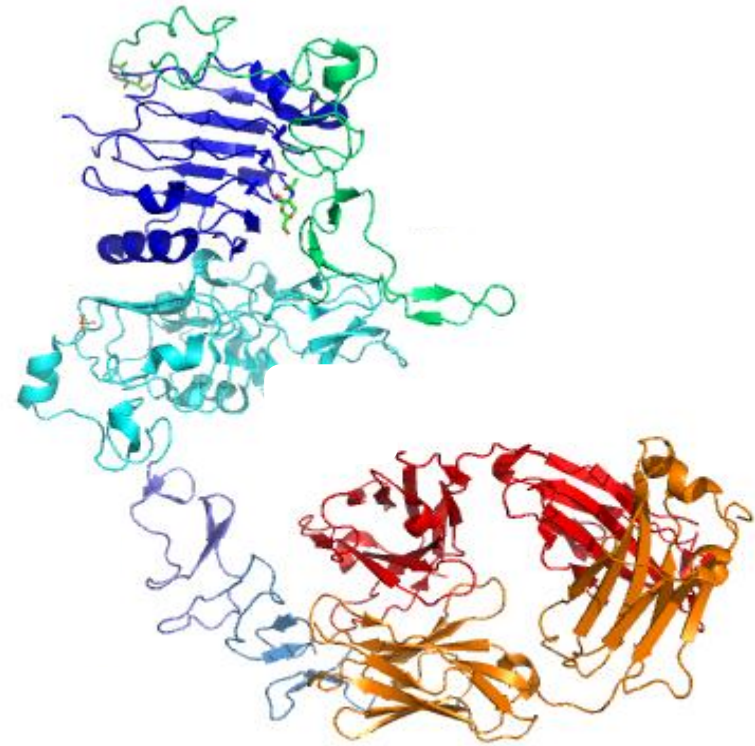
*includes: OTC, diagnostics and non-therapeutics sales worth \$118 Bn in 2011 and \$145 Bn in 2016 E

Small Molecules & Biosimilars: Comparison (1)



Small Molecules

Molecular Weight: Less than 700 Daltons
Synthetic, Organic compounds
[Chemistry based products]
Well defined structure & relatively stable

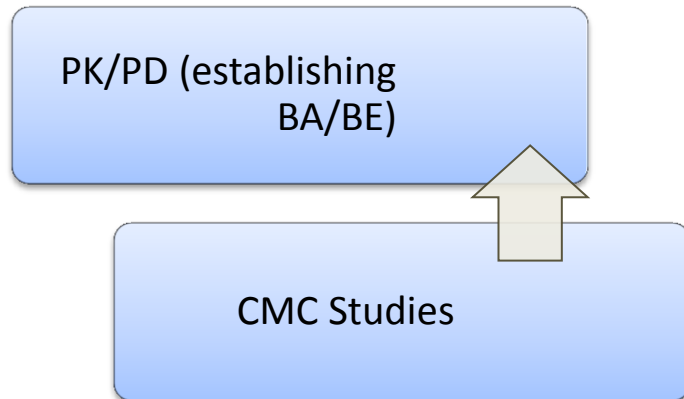


Monoclonal Antibody

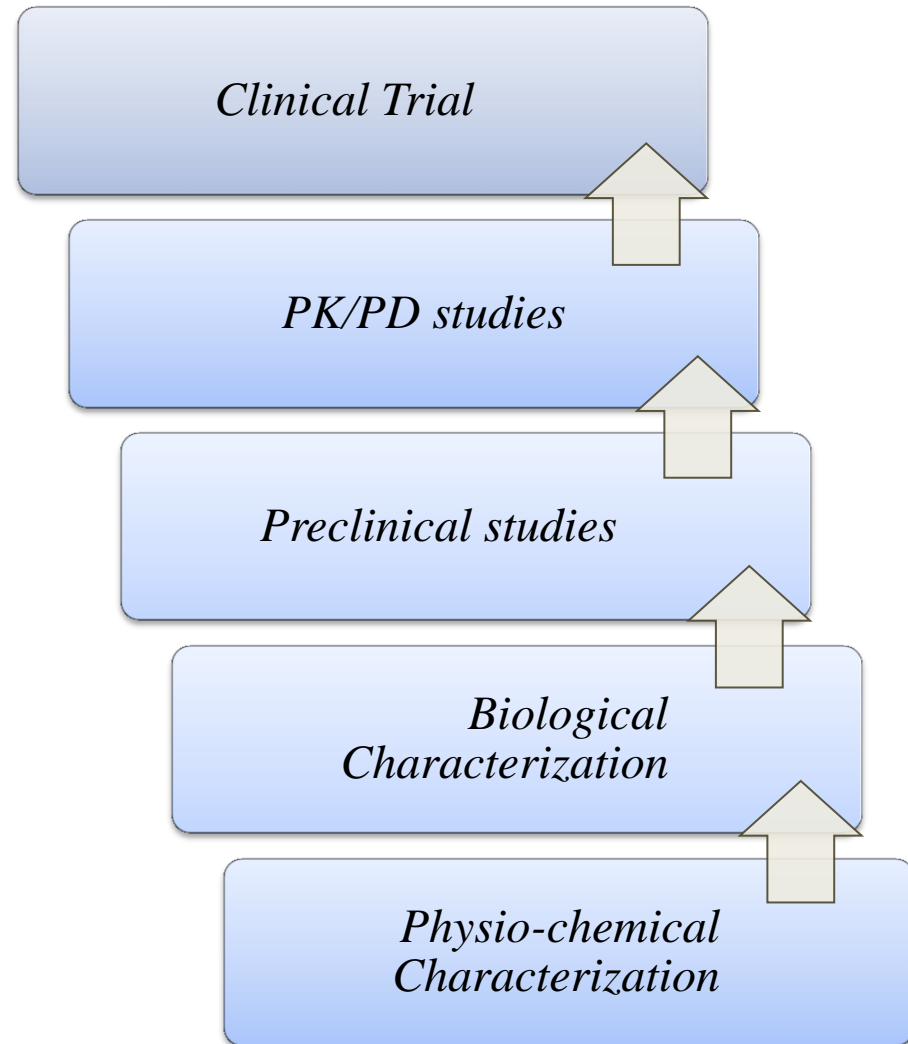
Molecular Weight: ~150,000 Daltons (~250x in size)
Biologics- prepared in living organisms
[Proteins]
Complex physiochemical characteristics & heat sensitive

Small Molecules & Biosimilars: Comparison (2)

Regulatory Requirements

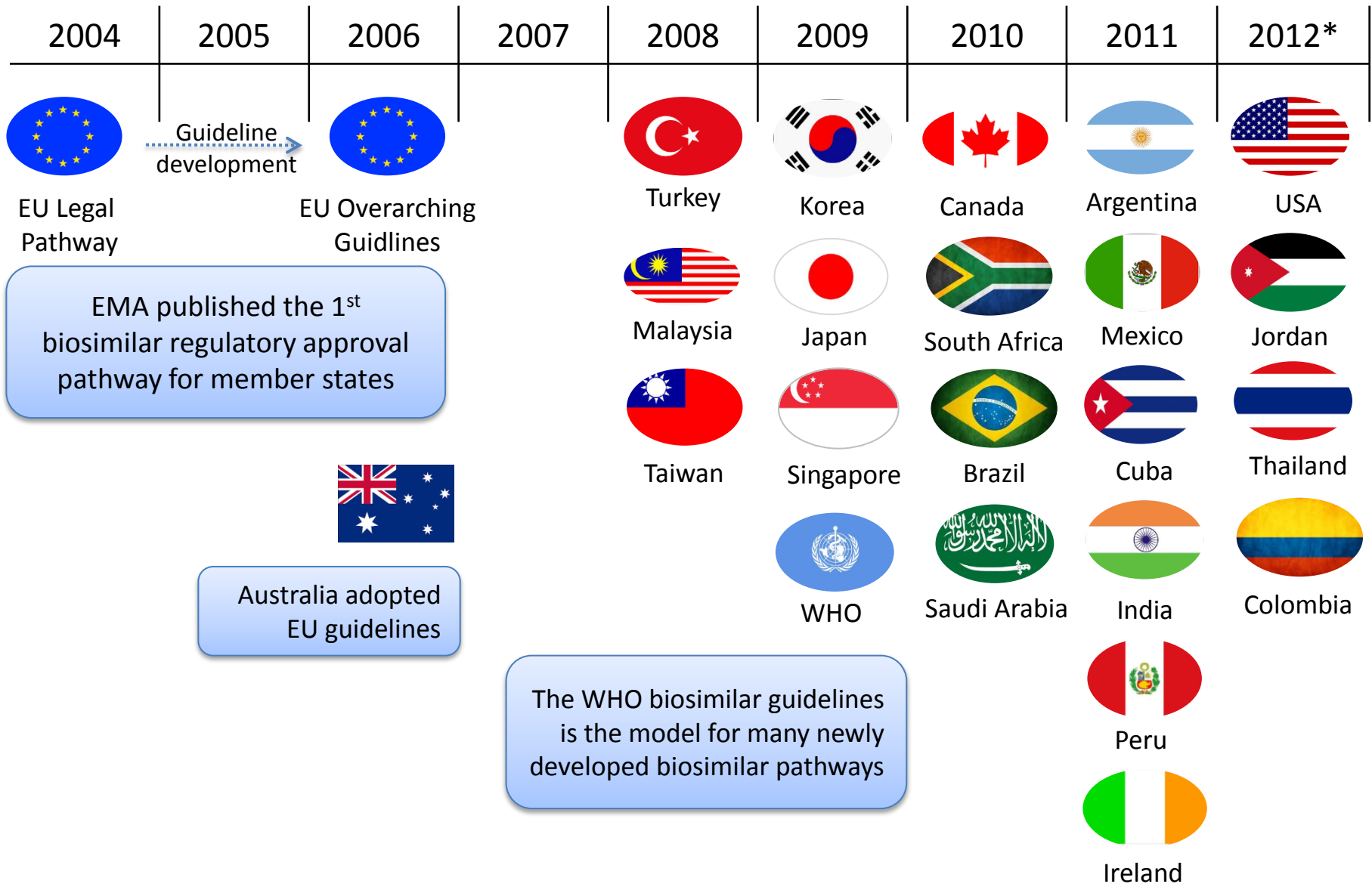


Generics: Small Molecules



Biosimilars

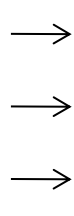
Biosimilars: Regulatory Guidelines



~61% | Promoters

~ 8 % | Employees & ESOP trust

~31 % | Public



Biocon

BIOPHARMA SUBSIDIARIES

Biocon Research , India | **100%**
R&D- Novel Molecules & Biosimilars

Biocon Sdn. Bhd, Malaysia | **100%**
Overseas subsidiary

Biocon SA, Switzerland | **100%**
Overseas subsidiary

NeoBiocon, UAE | **50%**
Overseas subsidiary

RESEARCH SERVICES

Syngene International, India | ~**88%**
Custom research, drug discovery



Clinigene International, India | **100%**
Clinical development

***Spanning the entire Value Chain with capabilities ranging from
discovery to manufacturing***