



For immediate Press release

BIOCON REGISTERS 21% INCREASE IN REVENUES TO Rs: 213 CRORES IN Q1-FY07

Revenues at Rs: 213 crores. EBITDA at Rs: 55 crores. PAT at Rs: 39 crores

Bangalore, July 19th, 2006

Biocon Limited today announced its financial performance for the three months ended June 30th, 2006.

PERFORMANCE HIGHLIGHTS

- Consolidated Sales at Rs: 212 crores increased 22% over Q1-FY06 (Rs:174 crores). This is despite delayed entry of Simvastatin and Pravastatin into US market on account of 180 days exclusivity granted.
- EBITDA margins were at 26%, down 4% from Q1-FY06 (30%). This is attributable to an adverse impact of Rs: 3 crores due to Foreign Exchange movement, lower statin prices and a 50% increase in R&D spend, over Q1-FY06.
- PAT has been maintained at Rs: 39 crores despite higher fixed costs on account of Biocon Park .
- R&D expenditure increased by 50% to Rs: 6 crores over Q1-FY06 (Rs: 4 crores) to accelerate our discovery-led R&D programs.
- Biocon signed an exclusive agreement with Bayer HealthCare for marketing INSUGEN[®] to the China market. Registration in China is expected to be completed by the end of CY07 and sales are envisaged to commence in CY08. This heralds Biocon's entry into the International branded formulations market.
- Biocon received Indian Regulatory approval for marketing its first proprietary biotech molecule for the treatment of cancer, BIOMAb EGFR[®] partnered with CIMAB. Biocon's newly formed Oncology division expects to launch the product during Q2-FY07. This is a major development in Indian healthcare.
- Biocon has commenced Phase I human clinical trials for its Oral Insulin molecule, IN105. IND filings remain on track.
- Income from Research Services increased to Rs: 29 crores, a 52% growth over Q1-FY06.

OUTLOOK

Commenting on the results, **Kiran Mazumdar-Shaw, Chairman & Managing Director, Biocon Limited**, said:

"Our financial performance for Q1 FY 07 has generated good profitability despite challenges. This underpins our confidence in pursuing discovery-led research programs. We believe that our innovation led business initiatives have the potential to realize exponential growth in the long term and deliver superior shareholder value in the future.

The year ahead will continue to be challenging due to market conditions and the impact of depreciation at our new facilities at Biocon Park. The new growth drivers viz. Insulin, immuno-suppressants, branded formulations and monoclonal antibodies are building the bio-pharmaceuticals business in a more robust manner and reducing the dependence on Statins. Our marketing arrangement with Bayer HealthCare provides us with a large market opportunity for Insulin in China. New research contracts both at Syngene and Clinigene will deliver additional growth. The new capacities at Biocon Park will come fully on stream this fiscal and will also contribute to overall growth. We have focused our research efforts on the two most sought after disease segments: Diabetes and Oncology and we are confident that they will deliver on their promise with *BIOMAb EGFR*[®] being the first off the block. It is also important to highlight the fact that Diabetes is recognized as a 21st century pandemic and the market for diabetes drugs is forecast to double to \$35 billion by 2012 where Biocon expects to garner a significant share through its Insulin based portfolio."

CORPORATE DEVELOPMENTS

Biocon signs an exclusive marketing agreement with Bayer HealthCare

Biocon has signed a licensing agreement with multinational healthcare corporation Bayer HealthCare (BHC), a division of global pharma major, Bayer AG, for the exclusive marketing and trademark rights for **INSUGEN**[®] for the Chinese market. With this agreement Bayer HealthCare will also have an option to expand the marketing rights to other countries in Asia Pacific. After completion of necessary local registration trials, **INSUGEN**[®], a recombinant human insulin, is expected to be launched by Q1-FY08 in China. This is an important milestone for Biocon's foray into branded formulations in the international market.

BIOMAb EGFR[®] receives nod from DCGI for Indian market.

DCGI has granted approval for the marketing of *BIOMAb EGFR*[®] in the Indian market. The product will first be used in the treatment of head and neck cancers and later extended to other indications viz. Colorectal, Brain, Breast, Pancreatic and Lung cancers. This will be the first proprietary product to be marketed by Biocon. This demonstrates the success of Biocon's innovation led strategy.

Biocon has commenced Phase I human clinical trials for IN105

Biocon has commenced Phase I human clinical trials of its oral insulin molecule, IN105 to establish Proof of concept of its proprietary oral delivery technology, recently acquired

from Nobex. The studies are expected to be completed by Q3-FY07 and will be used to support IND filings with International Regulatory Authorities.

Note: The discussions in this release reflect the audited financial performance of Biocon Limited based on Indian GAAP on a consolidated basis. This considers the financial performance of Biocon Limited, its wholly owned subsidiaries Syngene International Private Limited and Clinigene International Private Limited and its 51% joint venture Biocon Biopharmaceuticals Private Limited.

About Biocon Ltd:

Established in 1978, Biocon Limited is one of India's premier biotechnology companies. The company has a robust product portfolio of recombinant biotherapeutics, statins and immunosuppressants with strongly growing sales and profits. We employ more than 600 highly qualified scientists at our campus in Bangalore. Biocon and its three subsidiary companies, Syngene International Pvt Ltd., Clinigene International Pvt. Ltd and Biocon Biopharmaceuticals Pvt Ltd form a fully integrated biopharmaceutical company, specializing in custom research, clinical research, biopharmaceuticals and enzymes. With successful initiatives in clinical development, bioprocessing and global marketing, Biocon delivers products and solutions to partners and customers across the globe. Many of these products have USFDA and EMEA acceptance. Biocon launched world's first human recombinant human insulin, INSUGEN™ in November 2004 using Pichia expression.

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For immediate Press release

BIOCON, BAYER HEALTHCARE SIGN EXCLUSIVE MARKETING AGREEMENT FOR INSUGEN™ FOR THE CHINESE MARKET

Bangalore, 19 July 2006

Biocon Limited, India's premier Biotechnology Company today announced a licensing agreement with multinational healthcare corporation Bayer HealthCare (BHC) for the exclusive marketing and trademark rights for **INSUGEN®** for the Chinese market. It is envisaged that the collaboration will be expanded to other countries in Asia Pacific. After completion of necessary local registration trials, **INSUGEN®**, a recombinant human insulin, is expected to be launched within the next two to three years in China.

Dr. Kiran Mazumdar-Shaw, Chairman & Managing Director, Biocon Ltd said, **INSUGEN®** has already achieved critical mass in the Indian market with substantial market share gained since launch, and increasing. The agreement with Bayer reiterates our commitment to providing biotechnology solutions to diabetes – the 21st century pandemic. We believe that Bayer is strongly positioned to achieve significant market share for **INSUGEN®** in China. This also signals Biocon's entry into branded formulations in the International market".

Dr. Jean-Luc Lowinski, Senior Vice President, Bayer HealthCare Asia Pacific said, "The agreement with India's premier biotechnology company Biocon, is pursuant to Bayer HealthCare's local strategy to strengthen its Diabetes franchise, and at the same time, our presence in China. This deal is the first of its kind in the prescription pharmaceutical market in China and we are delighted to partner with an expert in the field of insulin to deliver a state-of-the-art product."

The exclusive marketing rights and trademark agreement covers three formulations of insulin: Fast-acting (R), intermediate-acting (N), and mixed-acting, in both vials and cartridges. These apply to both Type 1 and Type 2 diabetes. This investment will create a platform for complete diabetes management and an excellent growth potential in the future for Biocon and Bayer HealthCare in China and other markets.

The incidence of Diabetes is rapidly increasing in China, especially in urban areas. Currently, 40 million people in China suffer from diabetes and there are estimated 3000 new cases each day.

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For more information, visit us at www.biocon.com

About Bayer HealthCare:

Bayer HealthCare, a subsidiary of Bayer AG, is one of the world's leading, innovation companies in the healthcare and medical products industry and is based in Leverkusen, Germany. Bayer HealthCare generated sales amounting to some 9.4 million euros and employed 33,800 people worldwide in 2005.

The company combines the global activities of the Animal Health, Consumer Care, Diabetes Care, diagnostics and Pharmaceuticals divisions. The new Pharmaceutical Division was established in January, 2006, and comprises the former Biological Products and Pharmaceutical divisions. Pharmaceuticals now has three business units: Hematology/Cardiology, Oncology and Primary Care. Bayer HealthCare's aim is to discover and manufacture products that will improve human and animal health worldwide.

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For more information, visit us at www.bayerhealthcare.com

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