

29TH ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS, BANGALORE JULY 18, 2007

SCALING NEW HEIGHTS

Dear Shareholders,

Welcome to the 29th Annual General Meeting of Biocon.

The year gone by has seen your company achieve several significant milestones in a pioneering journey that is transforming us into a highly reputed biopharmaceutical enterprise of global standing. Today, we are committed to leveraging India's cost base and scientific talent pool to develop affordable biotherapeutics for patients across the world. This is a mission that inspires us to deliver superior shareholder value in the future.

Today, the pharmaceutical industry worldwide is experiencing unprecedented challenges both in terms of research and commercialization. Whilst large pharma majors grapple with expanding their research pipelines, small biotech companies struggle to finance their research programs. Added to this are regulatory challenges that demand greater safety and efficacy data that is leading to extended timelines to commercialization. Big pharma is also threatened with generic competition as it loses patent protection or a \$100 billion market for its blockbuster products in the foreseeable future.

Against this backdrop, Biocon remains committed to developing affordable therapeutics for the world's most debilitating diseases that include cancer, diabetes as well as inflammatory and autoimmune diseases. We have demonstrated early success in this mission by commercializing INSUGEN®, a Recombinant Human Insulin in 2004 and more recently, in 2006, a proprietary cancer targeting monoclonal antibody, BIOMAb EGFR™. These programs have enabled us to move up the value chain, both technologically and commercially, and have given us the confidence to expand our research and marketing efforts that will build strong and sustainable shareholder value for the long term.

Our journey continues to be exciting and challenging and with each passing milestone, we are inspired to take the next bold step on the path ahead.

MILESTONE 1: BIOCON PARK

Biocon Park is an important milestone for your company as it represents the country's first SEZ in the biotechnology sector and the largest investment in biotechnology to the tune of Rs. 750 crores. Spread over 90 acres, this integrated biopharmaceutical hub, incorporates state-of-the-art research laboratories, USFDA qualified fermentation based manufacturing plants and India's first antibody manufacturing facility. We are committed to global excellence in research and manufacturing and all our facilities have been designed to meet the highest of International regulatory and quality standards.

Biocon Park brings global scale in our manufacturing and research operations incorporating tax efficiency that provides your company with a strong competitive edge that will deliver sustainable growth.

MILESTONE 2: BIOMAb EGFR™

In September 2006, Biocon launched India's first indigenously developed monoclonal antibody for cancer, catapulting Biocon into an innovator status, a key milestone for your company. Antibodies are powerful, new ammunition in man's war against cancer. Antibodies are adding years to survival timelines. However, the cost of delivering such ammunition to patients is simply unaffordable. So much so that many National Health Insurance Programs are refusing to provide reimbursement.

Biocon is committed to developing affordable antibodies for patients across the globe. Since its launch in September 2006, BIOMAb EGFR™ has already attained leadership in its segment in the Indian market and has provided affordable access to cancer patients across the country.

MILESTONE 3: ONCOTHERAPEUTICS & NEPHROLOGY DIVISIONS

In 2004, Biocon created its first Branded Products division to market its flagship product INSUGEN® and other Cardio-Diabetes products. In 2006, it started an Oncotherapeutics division to market BIOMAb EGFR™ and a select portfolio of cancer drugs that include EPO, GCSF and other Oncology products. In March 2007, your company launched a Nephrology division to offer a range of immuno-suppressants and EPO to patients with transplanted kidneys as well as kidney disease.

MILESTONE 4: BMS-SYNGENE

In February 2007, Syngene announced an enhanced partnership with its valued customer of over 9 years, Bristol Myers Squibb. Under this new arrangement, Syngene will create a dedicated, custom-built facility to accommodate over 400 scientists for the exclusive use of BMS. Syngene's advancing capabilities in providing high-end services in discovery research has enabled the company to earn a distinctive reputation in the research services segment. This new model is a significant milestone that paves the way to increased global partnerships.

MILESTONE 5: CLINIGENE AT SEMICON PARK

Established in 2000, Clinigene has been a front-runner in India's CRO segment and has the distinction of being the country's first CAP accredited Clinical Laboratory. Over the years, this subsidiary of your company has meticulously built its business with a focus on regulatory compliance and high quality service. The business has now grown to a size that requires a four-fold expansion of its current operations. Your company has invested in a new state-of-the-art facility at Semicon Park in Electronic City Phase II, to enable Clinigene to expand its business exponentially, both in terms of existing and new services. As the global pharma industry explores new ways to reduce cost of drug development, India is well positioned to be the preferred destination for clinical trials with Clinigene being at the forefront of this opportunity.

MILESTONE 6: LICENSING INNOVATION

The year gone by saw licensing revenues making a significant contribution to profits. Biocon licensed its unique Pichia based Insulin to Bayer Healthcare for the China market and to a leading international pharmaceutical company for the US market. Biocon also licensed its BIOMAb EGFR™ to a leading Oncology company in Pakistan. The year ahead will see your company converting many of its innovative R&D programs into highly profitable licensing arrangements that will demonstrate the promising path ahead for Biocon's innovation led business strategy.

RESEARCH PIPELINE

Your company has developed an enviable research pipeline with a strong focus on developing high value Intellectual Property. Biocon's most advanced research programs include Oral Insulin (IN 105), which has recently completed 'Proof of Concept' Phase I Human Clinical trials and T1h, a novel anti-CD6 monoclonal antibody for the treatment of Rheumatoid Arthritis. Other programs that are expected to enter pre-clinical development later this year are BVX 10, (a novel, fully human anti-TNF ∞ monoclonal antibody), BVX 20 (a novel, fully human anti-CD20 monoclonal antibody) and oral BNP (BN 054) for the treatment of acute Congestive Heart Failure. Your company also has a growing pipeline of bio-similar products viz. Streptokinase, GCSF, Glargine, Reteplase, HGH etc.

FINANCIAL PERFORMANCE

Revenues from Research & Licensing Fees grew 60 % to Rs. 163 crores from Rs.102 crores, contributing 17% to operating revenues in FY 2007. Revenues from the biopharmaceuticals and enzymes business grew 20% to Rs. 823 crores from Rs. 687 crores, contributing 83% to operating revenues in FY 2007.

I am pleased that we have a healthy 29% operating margin for the Financial Year 2006-07 despite a fiercely competitive environment. This enables us to continue to invest in our discovery led research programs. Consistent with our long-term growth strategy, we continue to build our Biotherapeutics franchise through our own innovation led R&D efforts.

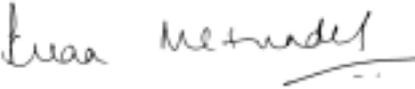
OUTLOOK

The year ahead will continue to be arduous especially on account of a depreciating dollar that poses a serious challenge to our dollar denominated businesses that include exports and Syngene's research services. Added to this are increased research expenditure and higher depreciation. Despite this we expect to deliver growth in all our business verticals. Our new businesses viz. Insulin, Immunosuppressants, Branded Formulations and Research and Clinical services are allowing us to grow in a robust manner.

Our strong matrix of research and manufacturing capabilities and cost effective drug development platforms enable us to scale new heights in frontier science and achieve new milestones in delivering affordable medicines to global markets.

Finally, we thank our shareholders and business partners for the trust they have placed in us. We believe your faith is well-founded and that together we will impact global healthcare and make a difference to patients across the world.

Thank you

A handwritten signature in cursive script, appearing to read "Kiran Mazumdar-Shaw", with a horizontal line underneath the name.

KIRAN MAZUMDAR-SHAW

Bangalore

18th July, 2006