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BIOCON'S 28TH ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS, BANGALORE JULY 19, 2006

INVESTING IN FUTURE THERAPEUTICS

Dear Shareholders,

Welcome to the 28th Annual General Meeting of Biocon. I would like to reflect on Biocon's voyage that began in 1978 as one that continues to navigate uncharted waters, choppy markets, stormy competition and exciting opportunities. Today our ship has reached an inflection point akin to Vasco da Gama landing at the Cape of Good Hope on his historic voyage of discovery to India. It represents the start of a global journey where our approach to growth and strategy is about combining innovation with scale. It is about leveraging India's globally competitive cost base to deliver intellectual value. It is also about managing and mitigating risk in order to build a strong and sustainable business for the long term.

Over the years, your Company has systematically leveraged its technical and scientific skills to build a de-risked business model that represents a unique approach to the business of Science. Our blend of services and products based business model provides an interesting balance between all-round revenue growth and risk mitigation. Whilst Generic Biopharmaceuticals, Research Services and Enzymes provide stable and predictable growth in the medium term, our exciting innovation led business initiatives have the potential to realize large, exponential growth in the long term. This, we believe will deliver superior shareholder value in the future.

Your company's discovery-led research programs are focused on the most sought after sectors in healthcare: viz. Diabetes and Oncology. Morgan Stanley recently published a report on Diabetes describing it as a 21st century epidemic and forecasts a doubling of the current market size to a \$35 billion business segment by 2012. The report recognizes that this sector offers the most attractive opportunities of growth and value for investors in the healthcare sector. What is even more relevant, is that Biocon's Oral Insulin program is perceived to have a blockbuster potential of a magnitude that can affect the market share of inhaled insulin.

In oncology, our first research program focused on an EGFR antibody for head and neck cancers has received Indian regulatory approval, heralding India's first indigenously developed novel bio-therapeutic. BIOMAb EGFR® , Biocon's brand name for this novel antibody will be launched shortly and will provide a new therapeutic regime for thousands of cancer patients in India.

BIOCON PARK

Since its IPO, your Company made the single largest investment in its history to set up the Rs 700 crore 'Biocon Park'. Spread over 90 acres, this integrated biopharmaceutical hub, meets international regulatory standards and represents a significant advancement in sophistication and automation. Besides multiple manufacturing blocks, laboratories and related infrastructure, Biocon Park is where India's first Antibody manufacturing facility is located. We believe this far-sighted investment in infrastructure and capabilities will enable us to meet global demand and seize opportunities for future growth. -

Biocon Park has also established a zero discharge Effluent Treatment Facility that incorporates some of the most advanced automation and monitoring systems, with a view to meet tomorrow's environmental challenges today.

RESEARCH SERVICES

The mounting pressure on the global pharma sector to bring down the cost of drug development has opened up large global opportunities to Indian companies in the R&D arena. Syngene has been a front runner in contract research and continues to maintain its leadership position with a sustained 50% annual growth rate. Clinigene, which provides services in clinical development, is now poised for large scale growth in its business. Clinigene is uniquely positioned to garner a strong share of the emerging global CRO opportunity through the current and growing customer base both at Syngene and at Biocon. Biocon's research services business has also catalyzed partnering opportunities across the board, adding value to the company's innovation strategy.

BIOCON'S FINANCIAL PERFORMANCE

Revenues from Research Services grew 52% to Rs. 100 crores from Rs. 66 crores, contributing 13% to operating revenues in FY 2006. Revenues from the biopharmaceuticals and enzymes business grew 6% to Rs. 688 crores from Rs. 647 crores, contributing 87% to operating revenues in FY 2006.

I am pleased that we have sustained a healthy 30% operating margin for the Financial Year 2005-06 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 R&D efforts. Further, to continue our efforts to enhance our IP and technology platform, we have made an investment of over Rs 76 crores in R&D, which is a 75% increase over the previous fiscal.

OUTLOOK

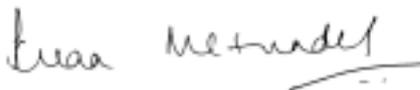
The year ahead will continue to be challenging due to market conditions and the impact of depreciation at our new facilities at Biocon Park. The new growth drivers viz. Insulin, immunosuppressants and branded formulations are building the bio-pharmaceuticals business in a more robust manner and reducing the dependence on Statins. **In this context I am pleased to announce that we have entered into an exclusive marketing arrangement for our recombinant Human Insulin product, INSUGEN® with Bayer Healthcare, a subsidiary of German Pharmaceutical major, Bayer AG for the China market. This heralds your company's entry into branded formulations in the International market.**

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. Our discovery-led research programs are beginning to deliver on their promise, with BIOMAb EGFR® being the first off the block.

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 move forward to greater accomplishments.

Investing in Biocon is about investing in innovation. Investing in Biocon is about investing in new medicine. Above all, investing in Biocon is about investing in India's scientific and technological future.

Thank you



KIRAN MAZUMDAR-SHAW

Bangalore

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