



## **BIOCON'S FY 2005-06 PERFORMANCE IN LINE WITH EXPECTATIONS IN A VERY COMPETITIVE YEAR**

**Revenues Rs. 793 crs : EBITDA Rs. 234 crs : PAT Rs. 174 crs**

**Bangalore, April 20th, 2006**

Biocon Limited today announced its financial performance for the financial year ended March 31, 2006.

*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.*

### **PERFORMANCE HIGHLIGHTS**

FY 2006 (April 2005 - March 2006) v/s FY 2005 (April 2004 - March 2005)

- Total income increases by 9 % to Rs. 793 crores.
- Operating profits decline marginally by 2% to Rs. 234 crores.
- Operating margins at 30% for the year.
- PAT declines 12% to Rs. 174 crores.
- Earnings per share at Rs.17.40 for the year.
- R&D investment increases by 76% to Rs. 76 crores.
- Dividend increase from 40% to 50% (Rs. 2.50 per share) recommended by the Board.
- Q4 2005-06 shows a 20% top line growth (Rs. 215 vs 178 crores) and 13% growth in PAT (Rs. 48 vs 42 crores) over the corresponding quarter for the last fiscal.

### Revenue analysis

- 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.
- Revenues from Research Services grew 52% to Rs. 100 crores from Rs. 66 crores . contributing 13% to operating revenues in FY 2006.

### Outlook



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

"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. The recent acquisition of the NOBEX portfolio has significantly enhanced our IP assets both in terms of patents as well as proprietary technologies which will play a key role in our innovation strategy for the future. The year ahead is also expected to see us entering the Oncology market with our novel antibody product, *BIOMAB-EGFR* for the treatment of head and neck cancers.

We believe our balanced portfolio of products and services will deliver superior shareholder value over the medium and long term.

The year ahead will continue to be challenging due to uncertainties in market conditions and the impact of depreciation at our new facilities at Biocon Park. However, we expect Insulin to gain market share both in India and overseas markets. This, together with branded formulations and research services, will drive growth.

It is important to reiterate that the Biotechnology sector needs to be evaluated on a medium to long term basis given the gestational nature of R&D investments and regulatory time lines.

Biocon is rapidly transforming itself from a generics API manufacturer into an innovator company that is developing a robust pipeline of new molecules. We believe that this strategy will deliver strong and sustainable growth in the future."

## **CORPORATE DEVELOPMENTS**

### **Biocon acquires NOBEX IP assets**

Biocon acquired the assets of Nobex Corporation for US\$5 million in March 2006. This strategic acquisition provides Biocon with a valuable IP platform and full ownership of the Oral Insulin and Oral BNP programs. It also provides the Company, access to 300+ patents related to a novel platform technology focused on oral peptide delivery in the metabolic and cardiovascular segments. Biocon plans to leverage these proprietary assets through a combination of licensing and co-development partnerships.

### **Management Appointments**

Dr. Arun Chandavarkar has been appointed Chief Operating Officer of Biocon Limited effective 1<sup>st</sup> April, 2006.

Mr. Ajay Bhardwaj, President , Marketing will be leaving Biocon shortly to pursue personal interests. Biocon wishes him all success.

Mr. Rakesh Bamzai has been appointed President, Marketing of Biocon Limited effective 1<sup>st</sup> April, 2006.

### **Biocon signs MOU with Karolinska Institute, Sweden**



Biocon entered into an MOU with the prestigious Karolinska Institute, Sweden to collaborate on the following:

1. Partnering in product development
2. Joint PhD studies at Karolinska Institute
3. Joint Research programs between Karolinska Institute and Biocon
4. Scientific symposia in India sponsored by Biocon in association with Karolinska Institute

### **Clinigene to move to a dedicated new facility in Electronics City**

Clinigene will move to a state of the art new 65,000 sft facility that is being established at Electronics City, Bangalore. This will enable Clinigene to expand its current operations.

### **Biocon Biopharmaceuticals inaugurated**

Shri P Chidambaram, Union Minister of Finance inaugurated a state of the art multi-product Biologics facility on 17<sup>th</sup> April 2006. Commercial operations will commence in Q2 of FY 2007. The plant will manufacture a range of products encompassing monoclonal antibodies and other recombinant therapeutics.

### **About Biocon**

Established in 1978, Biocon Limited is one of India's premier biotechnology companies. Biocon and its two subsidiary companies, Syngene International Pvt Ltd and Clinigene International Pvt Ltd form a fully integrated biotechnology enterprise, specializing in biopharmaceuticals, custom research, clinical research and enzymes. With successful initiatives in clinical development, bioprocessing and global marketing, Biocon delivers products and solutions to partners and customers across 50 countries. Visit us at [www.biocon.com](http://www.biocon.com)

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 currency changes, 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 our company, our directors, any member of the syndicate nor any of their respective 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.

### **Encl: Summarised Consolidated Profit & Loss Statement**

**BIOCON LIMITED (CONSOLIDATED)**
*(Rs. crores)*
**PROFIT & LOSS STATEMENT**

Particulars	Q4	Q4	Variance	Full Year	Full Year	Variance
	FY 2006	FY 2005	Q4 FY 06 vs Q4 FY 05	ended March 31, 2006	ended March 31, 2005	FY 06 vs FY 05
<b><u>INCOME</u></b>						
Sales-Biopharmaceuticals	157	132	20%	603	557	8%
Sales- Enzymes	25	24	2%	85	90	-5%
Contract research	32	19	70%	100	66	52%
<b>Total Sales</b>	<b>214</b>	<b>175</b>	<b>23%</b>	<b>788</b>	<b>713</b>	<b>11%</b>
Other income	1	3		5	15	
<b>Total Income / Revenues</b>	<b>215</b>	<b>178</b>	<b>20%</b>	<b>793</b>	<b>728</b>	<b>9%</b>
<b><u>EXPENDITURE</u></b>						
Material & Power Costs	122	100	22%	434	383	13%
Staff costs	15	13	16%	62	57	9%
Other expenses	17	12	37%	63	49	31%
Manufacturing, staff & other exps	<b>154</b>	<b>125</b>	<b>23%</b>	<b>559</b>	<b>489</b>	<b>14%</b>
<b>PBDIT /EBIDTA</b>	<b>61</b>	<b>53</b>	<b>15%</b>	<b>234</b>	<b>239</b>	<b>-2%</b>
Interest and finance charges	1	-		2	2	
<b>PBDT</b>	<b>60</b>	<b>53</b>	<b>13%</b>	<b>232</b>	<b>237</b>	<b>-2%</b>
Depreciation	8	7		29	22	
<b>PBT</b>	<b>52</b>	<b>46</b>	<b>13%</b>	<b>203</b>	<b>215</b>	<b>-6%</b>
Taxes	5	4		31	18	
<b>PROFIT FOR THE PERIOD</b>	<b>47</b>	<b>42</b>	<b>12%</b>	<b>172</b>	<b>197</b>	<b>-12%</b>
Add/(less): Minority interest	1	-		2	1	
<b>PAT</b>	<b>48</b>	<b>42</b>	<b>13%</b>	<b>174</b>	<b>198</b>	<b>-12%</b>
<b>EPS on issued capital (Rs)</b>	<b>4.8</b>	<b>4.2</b>	<b>13%</b>	<b>17.4</b>	<b>19.8</b>	<b>-12%</b>

*Note: Figures are rounded off to nearest crores, percentages are based on absolute numbers*