

BIOCON Transcript

Good afternoon ladies and gentlemen.

Welcome to all the shareholders to our 42nd Annual General Meeting of Biocon limited. In view of the continuing Covid 19 pandemic. This meeting is being held through video content In accordance with the circulars issued by the Ministry of Corporate affairs, in order to comply with the social distancing norms and considering the travel restrictions, the directors are available from their respective locations through video conference. Before we initiate the ATM proceedings, let me introduce fellow directors who have joined us on video conference and those who are with me on the Dias. Let me start with my colleague,

Siddharth Mittal, Managing Director and Chief Executive Officer.

Mr. JOHN Shaw, Vice Chairman and non executive director

Mr. Bobby Parekh, Independent director and Chairman, Audit Committee and risk management committee and also representing stakeholders relationship committee.

Miss Mary Harney, independent director and chairperson of the CSR and nomination and remuneration committee.

She has not joined us yet. Miss

Dr. Vijay Kachroo, Independent director,

Mr. M Damodaran, independent director,

Professor Ravi Mazumdar non Executive Director

and

Mr. Daniel Bradberry is not able to attend this meeting due to the time zone difference as he lives in California.

I would also like to introduce Mr. Mayank Varma, company Secretary.

BSR & company, Statutory Auditors and V Sridharan & Associates Secretarial Auditors have also joined this meeting.

Participation of members through video conference is being reckoned for the purpose of quorum as per the circular issued by the MCA, and section 103 of the Companies Act 2013. As the requisite quorum is present for the annual general meeting, I call this meeting to order.

Notice of the 42nd annual general meeting and the annual report for FY 20 (19-20) was sent through email to all the shareholders whose email ids were registered with the company of the depository participants in compliance with the MCA and SEBI circulars. As the notice is already circulated to the members I take the notice as read.

Today, there are eight resolutions proposed to be passed, as set out in the notice of the AGM. The company has taken all necessary steps required as per the provisions of the Companies Act 2013 and

the circulars issued by MCA, to enable the members to participate and vote on the resolution as set forth in the notice. This is being pre conducted as per the regulatory guidelines. Members who have not cast their vote through remote e voting and who are participating in this meeting will have the opportunity to cast their votes through the instant poll facility provided by KFin technologies Private Limited.

I now call upon our company Secretary Mayank Varma to provide general instructions to the members regarding the participation in this meeting and on casting of votes through the voting facility. Over to you Mayank.

Thank you, Kiren. Good afternoon, everyone. The members may note that this meeting is being held through video conference and compared with the company that 2013 and circular issued by Ministry of Corporate affairs. Facility to join this meeting through video conference is being made available to all the members on the first come first serve basis. All the members are kept on mute enable seamless conduct of the meeting. The statutory register and documents have been made available electronically for inspection by the members during the AGM. Members who wish to seek inspection of those documents can send their request to co.secretary@biocon.com

At the meeting is being held through video conference. The facility for appointment of proxies by the Members was not applicable and hence the proxy resistor for inspection is not available. The company received requests from few members to register them as a speaker at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The Moderator will facilitate this session once the chairperson opens the floor for Q&A. It may be noted that the company reserves the right to restrict the number of members asking the questions depending on the availability of time at the meeting.

Now, let me summarize the eight resolutions placed before today's meeting, seeking members approval, as set out in the notice of annual general meeting.

The first resolution pertains to the ordinary business, which are adoption of standalone and consolidated financial statements for the year ended March 31 2020.

Appointment of Mr. John Shaw who retires by rotation and being eligible seeks reappointment as director.

Resolution number three to eight our special business

Resolution Number three, pertains to the reappointment of Mr. Kiran Mazumdar Shaw as executive director, designated as executive chairperson of the company.

Resolution four pertains to appointment of Mr. Siddharth Mittal as managing director of the company.

Resolution five pertains to approve increase in the authorised share capital and consequent amendment to the Memorandum of the Associations of the company.

Resolution six raise to approve Biocon RFU long term incentive plan FY 2020-24 and grant of RFUs to eligible employees of the company.

Resolution seven pertains to approve grant of RFUs to eligible employees of present and future subsidiaries of the company under Biocon, RFU long term incentive plan FY 2020-24.

The final resolution number eight pertains to a defy the payment of remuneration to the Cost Auditor for FY 21.

The text of the resolutions along with the explanatory statement is provided in the notice circulated to the members. In compliance with MCA regular item of special witness is in the notice are considered unavoidable and hence proposed for members approval.

In compliance with the provisions of Companies Act and SEBI regulation, the company is arranged the eVoting facility for all the members holding shares in the company as on the cut-off date of July 17, 2020 through KFin Technologies Private Limited on all the resolutions proposed in today's AGM. The remote eVoting period commenced on Sunday July 19, and ended on Thursday July 23, at 5 pm. Members who have joined us today for this AGM through this video conference facility and we have not cast your vote during remote eVoting period can still cast their vote on all the resolutions as proposed in the AGM notice through instable facility provided by KFin technologies Private Limited, our RTA agents. Members may click on the thumb option below the screen to cast your vote on the resolutions.

Mr. V Sridharan practicing Company Secretary have been appointed by the board as scrutiniser for the eVoting process. Upon submission of report by the scrutinizer the results of the voting and the Instapoll will be intimated to the stock exchanges within 48 as of the conclusion of the AGM and made available on the website of the company and RTA agent. Statutory Auditors M/s BSR & Co LLP and Secretarial Auditors M/s V Sridharan & Associates have expressed unqualified opinion on their respective reports for the financial year FY 19-20. The Statutory auditor's report and on standalone basis, and unconsolidated results are made available on page number 181 and 243 of the annual report respectively. The Secretarial audit report is on page number 112 of the annual report. As reports are already circulated to the members and part of AGM annual report, we take the reports as read.

Now I request Kiren to please address the shareholders.

Thank you Mayank can before I do that, I'd like to also introduce our independent director, Mrs. Mary Harney, who is also the chairperson of the CSR and NRC committees.

Dear shareholders, Biocon's philosophy of affordable innovation to make life saving medicines accessible to everyone, anywhere on the planet has never been more relevant than it is today. We are in the throes of a global pandemic. And the world is looking up to the healthcare industry to develop vaccines, treatments, diagnostics and products that will see it through the COVID-19 crisis. The novel Corona virus outbreak has demonstrated that if humanity is to survive as a species, it is imperative that there is equitable access to all essential health products and technologies without distinction of race, religion, political belief and economic or social conditions. Universal access to quality health care for all is non-negotiable. The future will call for a new approach to prevention, screening, diagnosis, therapy, monitoring and management of disease. Demand for therapies that are patient focused data driven and digitally enabled will also increase. There will be a reprogramming of national economic priorities towards universal health care and providing social safety nets for the most vulnerable sections of society.

The COVID-19 emergency has spurred a re- discovery of bias of India's capabilities in both high end scientific research as well as mass production. The Indian healthcare industries swiftly responded to the crisis with innovative and innovative solutions. Indian companies have also tied up with international vaccine developers to offer their global scale infrastructure to produce potential COVID-19 vaccines in bulk. This has led to a strong Atmanirbhar approach by our Prime Minister. As a company led by innovation and global scale manufacturing capacity to take complex generics and biosimilars to the maximum number of people. Biocon is contributing to global efforts to tackling

COVID-19 through innovative science. I'm extremely proud to share that Biocon has succeeded in repurposing its novel anti-CD6 monoclonal antibody for COVID-19 patients.

We had actually received approval from the drug controller way back in 2013 for this drug, which we branded Alzumab to treat plaque psoriasis. We have used the mechanism of action which is very unique to tackle the complications related to cytokine release syndrome caused in the COVID-19 disease. We have received restricted emergency use approval for Alzumab that is Itolizumab from the Drugs Controller General of India for the treatment of cytokine release syndrome in COVID-19 Patients with moderate to severe acute respiratory distress syndrome or ARDS.

We now have the label extension of Alzumab for a successful pivotal phase two study conducted at a multiple centres in India. Alzumab we believe is truly an Indian innovation from Biocon's lab, which is showing great promise to how to save human lives, especially those hospitalized patients, who are in moderate to severe stage of COVID-19 related complications. Alzumab, developed, manufactured and marketed by Biocon has proven safety over seven years. Based on the encouraging study results our US based partner Equillum is planning to conduct a global randomized controlled clinical trial for Itolizumab in COVID-19 patients for which it will file a US investigational new drug application very soon.

In addition to Itolizumab, Biocon has also received US FDA approval for an innovative device for Cytosorb, currently approved in India for emergency use to treat COVID-19 patients admitted to the intensive care unit with confirmed or imminent respiratory failure. This is a product that we have licensed from a US company and we are also using putting it to good use in the COVID crisis.

Our research services subsidiary Syngene, has repurposed one of its high end laboratories to conduct RTPCR tests for COVID-19 and is helping to scale up the testing capacity in Bengaluru by offering their services for free to government hospitals across Karnataka. You will be pleased to know that Syngene has been recognized as the premier lab providing the largest number of tests to the Government of Karnataka. To date we have already crossed 30,000 tests from Syngene Labs. Syngene has also partnered with Pune based MyLab to supply reagents for use in its indigenously developed COVID-19 testing kits. Additionally, Syngene has also indigenously developed it for COVID-19 and is collaborating with high media laboratories to manufacture and distribute these kits. An additional point I'd like to make is that Syngene has recently received a voluntary license from Gilead to manufacture and market remdesivir which as you know, is a very important antiviral in treating COVID-19 patients.

Having completed a very successful 40 year journey, Biocon is now looking ahead to the next four decades to and we have drawn up a manifesto to deliver on our commitment to universal health care. We will leverage our science scale and expertise to reduce disparities in access to essential drugs. We will develop innovative solutions to resolve issues of affordability. We will ensure availability of our farm biopharmaceuticals to the maximum number of people. We will assure continuous supplies of quality products while demonstrating the highest levels of ethics, compliance and governance.

Our impact manifesto reinforces our commitment to ensure that everyone anywhere on the planet can realize the right to a healthy life in ensuring access to affordable quality assured complex therapies that significantly improve patient outcomes and are available to all. Biocon will help build a healthier world. Unlocking universal access to affordable insulin is a big commitment. And in the run up to the hundredth anniversary of the discovery of insulin as a treatment for diabetes. We are embarked on a mission to unlock universal access to high quality insulin, guided by the conviction that such an essential therapy needs to be accessible to patients globally. More than hundred million people

require insulin therapy for the management of their diabetes. The Silent pandemic that currently affects almost half a billion people worldwide. At a time when the world is seeking viable long term solutions to improve insulin access and affordability, our mission 10 cents is offering recombinant human insulin at less than 10 cents per day for direct procurement by governments in low and middle income countries where millions of people cannot access insulin, as it is unaffordable. This initiative coincides with WHOS first ever insulin pre-qualification program. Biocon biologics is talking to several governments for ways to disintermediate the supply of insulin.

We had a strong year in FY 20 despite economic weaknesses in some emerging markets, including India, and the significant turmoil of the COVID-19 crisis, which has produced unprecedented uncertainty and an immense economic fallout the world over. An effective business continuity plan allowed us to run essential and critical manufacturing and quality operations with reduced staffing, thus minimizing the impact on patients and partners. At the same time, we prioritize the health and safety of our employees and implemented additional safety measures at our facilities.

During the crisis, Biocon is reinforced its reputation of resilience and reliability by continuing to supply lifesaving therapies worldwide, despite lock downs and other production and supply chain disruptions caused by COVID-19.

On a consolidated basis, we delivered a robust 14% growth in revenue to end FY 20 at Rs 65,286 million. EBITDA also grew 15% to 17.645 million at a margin of 27% similar to the previous year. Core EBITDA margins improved from 32% last year to 33% this year. Net profit before exceptional items grew 4% to 7600 million at a margin of 12% for the year. In FY 20 our small molecules business revenues grew by 18% to 2937 million crossing the 20 billion revenue milestone. This small molecules business in the US was the main driver of this growth, backed by consistent client acquisitions and increased market share for our key API's. FY 20 was yet another great year for the biologics business, which grew 29% in revenues to end the year at 19513 million.

We became the first Indian company to launch biosimilar trastuzumab Ogivri in the US through our partner Mylan, and recently received US FDA approval for insulin glargine sanofi, paving the way for its launch by our partner. Our key development for the biologics business in FY 20 was the investment of \$75 billion against a 2.44% equity stake by Active Pine LLP, an affiliate of the true north fund. This unlocking of value enables us to fund capex investments to further strengthen our business. In our novel business, our subsidiary Bicara therapeutics is focusing on a novel immuno oncology program, which has made significant progress with its novel fusion monoclonal antibody program, and the first patient was dosed with BCA101 as a part of the phase one / one B open label study on the safety and tolerability of this molecule. This we believe is a very important milestone. In FY 20, our research services arm Syngene recorded a revenue growth of 10% closing the year at 20,119 million, once again crossing the 2000 crore milestone. Driven by growth in discovery, development and manufacturing services to meet the growing demand the business continued to make technology and infrastructure investments, commissioning new research facilities in both Bengaluru and Hyderabad.

Going beyond business, we are addressing the needs of the disadvantaged and underserved populations through our corporate social responsibility initiatives. Biocon foundation continues to make consistent long term impact in improving the public health system through its various programs. The foundation touched nearly 230,000 lives in FY 20 through its various health care programs, such as a large smart clinics, NCD clinics and oral cancer screening camps. The sustainability ethos of Biocon foundation drives our efforts to resuscitate Bengaluru, dying lakes. After reviving the Hebbagodi lake, the Foundation has started work on rejuvenating the polluted Yarandahalli lake in this vicinity. The Foundation has also responded to the plight of daily wage earners and migrant laborers affected by

the economic fallout of the COVID-19 crisis and provided dry ration food kits to thousands of migrants in Bengaluru, Hyderabad and Vishakhapatnam. Biocon and its employees also contributed to the PM cares fund. Through Biocon Academy, we are helping to upskill life science graduates and post graduate students with world class training. In FY 20, 120 students successfully graduated from the academy and found jobs with leading biotech and biopharma companies in India. Over 20 faculty members from more than 10 universities and colleges across India and Malaysia also received training under the Biocon Academy's certificate program in faculty development.

Now, let me talk about some management and Board changes.

Dr. Arun Chandavarkar, retired as Chief Executive Officer and Joint Managing Director of Biocon in November 2019, after 29 years of outstanding contribution to the evolution and success of the company.

Siddharth Mittal, who was President Finance and a core member of the leadership team since May 2013, succeeded him. I'm confident that our CEO and Managing Director of Biocon limited he will continue to build immense value for Biocon and its stakeholders.

Starting first April 2020, I have decided to take on the responsibility of steering the company as executive chairperson for a period of five years. During the financial year under review, Dr. Jeremy Levin resigned as an independent director from the board, owing to his expanding commitments in the US, and Russell Walls stepped down as an independent director on attaining the age of 75 years. I wish to thank both of them for their valuable contribution to the company.

Coming to dividend declaration, given the cash requirements of the business and uncertainties associated with COVID-19, the Board of Directors has deemed it prudent not to declare a dividend for FY 20 in order to preserve cash and maintain liquidity. As the business environment evolves around the coming months, the board will review the proposal for dividends as proof as appropriate for FY 21.

Looking ahead we believe that global growth prospects and business confidence has suffered, as evidenced by the volatility and capital flight in financial markets. Spending on medicines across the globe for non COVID diseases has been reprioritized with healthcare systems strained due to the pandemic. As the situation improves and spending returns, there will be tremendous opportunity for a ramp up in generics and biosimilar sales. However, having said that, our products are still in demand as they address a large number of chronic conditions. To make a significant impact amidst a challenging backdrop, companies will need to focus on developing innovative and differentiated products whilst monitoring costs and establishing new engines for growth measures, which have long been the mainstay of our strategy at Biocon. Our differentiated offerings across segments, positions as well make a significant impact in a post COVID world.

Finally, I would like to thank our esteemed shareholders, partners, and other stakeholders for putting their faith in us.

I would certainly like to thank my entire team at Biocon for their excellent contribution for our growth in FY 20. We are confident of emerging stronger together from this global crisis.

Thank you.

Now, I would like to basically play for you a small video, which one of the survivors of COVID-19 has asked has permitted us to share with all our shareholders as he is a beneficiary of our drug itolizumab.

I would like to now play this video.

Within the COVID storm cytokine storm in medical parlance. Dr. Billani 66 years treated in Breach Candy Hospital in Mumbai. I walked out of the lion's den unscathed. Dr. Gaurav Gupta, my primary treating physician told me after I was extubated. That is to say when I came off the ventilator, that in as much as our common friend and colleague Dr. Om Shrivastav specialists in infectious diseases in this country, very eminent doctor had readied plasma for infusion. The need for plasma was mitigated by administration of lizumab, as you may have foiled the sinister and life threatening impact of cytokine storm my turnaround has been a miracle. I cannot thank my treating doctors who work tirelessly, and the dedicated team of ICU doctors and nurses in Breach Candy hospital, enough for the best endeavour to turn me around. I'm also blessed to have a loving family, who, in spite of the trauma, kept their heads on their shoulders and to query hard decisions during this uncertain time.

And of course, my friends, all of them who prayed for me for a speedy and complete recovery. Above all, I wish to acknowledge my sincere gratitude to the chairperson of Biocon Madam Kiran Mazumdar Shaw for giving me the elixir of life. Itolizumab.

I would now like to also share with you - we have recently decided to revamp our Biocon website and we would like to give you a glimpse of the beta version of this particular website which we are only sharing with our shareholders.

So just give me a few minutes to take you to this new revamped website and after which we will take questions.

So, before we move on to any fiction,

we would request you to kindly bear in mind few points.

Moderator will announce the name of each shareholder who has registered themselves as a speaker, shareholder. Finally, unmute yourself before you proceed to ask you a question. please mention your name and the Demat credentials. Each shareholder will have two minutes for his or her question. And hence please keep your question brief and very specific.

Speaker : Mr Ikshit Naredi

My client ID is 10398639. Good afternoon everyone.

My first question is the how much capital you are planning to do next one to two years. And my second question is all the demand of biologics, generics are impacted in pandemic and the current situation on this.

Chairman :

if I understand your question, right, because I think you're using two instrumental.

But if I understand it right you want to know what his plans for over the one or two years the Capex spend. And the second question was demand and supply or biologics, generics and biosimilars during the COVID times. Let me ask my colleague, Siddharth to answer both questions.

Mr Siddharth :

So, thanks for that question. So, let me start with capex first. As you know, we have a very, very exciting pipeline of molecules which is in different stages of development. And in order to get these drugs to the market, we will be investing in creating additional capacities between Biocon and Biocon biosimilars we are looking at investing roughly 3000 crores over the next few years, that's roughly \$400 million, of which half would be invested in creating incremental capacities in our biosimilars business and the other half in our generics business. In addition to this Syngene, which is again, our subsidiary, Research Services subsidiary is going to invest over \$100 million or 700 Crores in expanding Research Services facilities. If I come to the second question in terms of demand and supply for both our generics, as well as biosimilar products, we both our businesses continue to see a very strong demand from various customers in US, in Europe and various parts of the world or most of the world as we say. Since most of our drugs address either acute or chronic therapies. We've seen the normalized demand as a result of COVID we have not seen any specific increase however, We have seen certain customers who used to stop lesser inventory is willing to go up and stop more inventory. So to that extent, they will buy more but, you know, once the normalcy hopefully normalcy comes back soon, we will see them going back to their earlier inventory days. So over all there is a very strong demand for both biosimilars and generics. Our customers continue to buy more to ensure that they are not out of supplies. And we continue to see a huge growth coming in from biologics, which has been our main good driver for the next couple of years.

Next Speaker : Mr. Kaushik Narendra

Chairman :

We cannot hear you at all. Please email your question that we get back to you.

Next Speaker : Mr. Sadananda Sastry

Good afternoon Madam. I am Sadananda Sastry, from Bangalore No is 11702201.

I congratulate you madam, for gaining another feather in your cap.

The first Women in India and second Women in the world to get prestigious EY entrepreneur award.

As I told you yesterday, this video conference doesn't serve any purpose on the shareholders point of view, I have reduced my comment to the barest minimum only two or three. Moderator must cooperate.

The very first question, you know very well what is the status and state of oral insulin

Second Covid vaccine. It is deemed that the Biocon is ready with COVID vaccine and striving hard to get the first rank with a cost of rupees 32,000 per course, that to use level at the extensive stage not from the preliminary stage, but yesterday, Britain vaccine is announced for a cost of 1000 rupees in this condition, how the Biocon can assist common man? And especially this thing, the Cine music director, Mr. Manohar has adversely commentated it in social media.

Next, even though the COVID influence of worst effect on world economy, Biocon products are being essential for human life might not have affected much. And as such, there is a good growth in revenue. But the net result is running on negative growth, say some minus 17% or so. I think it seems that mainly due to the increase in employee cost depreciation and R&D expenditures. How do you justify this, madam? And why can't the company evidence the R&D expenditure? 790 million of the

difference from the last year this one to capitalization to what I'm asking. Finally, lastly, lastly, as far as the CSR is concerned, no doubt the company is doing fantastic work. I am bit annoyed not with the company or yourself but on Biocon foundation Secretariat personnel's. Of course, companies on MOU with the government but last year I requested you to make a separation or reservation for government and others. Madam, I have visited viewer and witnessed the two of you are assisted the Government PHCs i.e. primary health centre and dispensaries. One at Kalkunte near Chikka Tirupati. Biocon's beautiful blue board was hanging by the side of rested, torned, faded PHC board. Premises was also not clean, it distorts the respect of the image of the company you have to look it for better. Madam I am a media person, freelance press reporter and a social worker at all India level naturally NGO people approaching me for help with most affection on Biocon I have referred some cases. That is still now, there is no clearance for that one. I feel there may be a some disorder or a problem or resentments among the foundation Secretariat personnel's or functionaries. They need not assist. Atleast sanction or help them at least they can go and visit that particular unit to please them. Sanction or helping is immaterial, but they have to go to bear and to please them what they are doing actually they must get annoyed what is that is a particularly their area, their area or location or a premises or the building what they are using may be helpful to the Biocon. The company also for the extension of service to popularize their efforts of Biocon and that's what made them Secretariat personnel's to shock scant attitude towards those I do not know how many times I have been misled and insulted also. Thank you so much.

Chairman :

Thank you very much, Mr. Sadanand. Sastry, it's good to see you on this virtual video conference.

Let me answer your questions as far as the insulin business is concerned, I think we see ourselves as becoming a very dominant insulin supplier to the world. And as you know, we recently got approval from US FDA for our insulins glargine. And we also expect our insulin, recombinant human insulin to also enter the US and also our insulin as part to enter the US in the coming years. So with all this, we expect to be a very, very strong player in insulin market. We've also recently tied up with a digital platform company, which is called Digital therapeutics platform. And the company is called Volantis. We expect to actually you know, deliver very, very high end mass diabetes management, personalized services through this digital platform which will help us to serve the needs of the patients and the prescribers very well. Now coming to your comments on the pricing of our drug. You know alzumab, I would like to basically distinguish and differentiate between a vaccine and a therapeutic drug. There is a very big difference Mr. Shastri. A vaccine is a one time shot that you take to immunize yourself. A therapeutic drug is one that actually is used when there is a serious condition of a patient and you're trying to save that patient. So there's a big difference between the cost of producing a therapeutic drug and producing a vaccine. So I hope you understand that there will be a difference in the cost when you try to develop those two very different products. Secondly, if let me also mention to you mentioned Why are you spending so much money on R&D? If we don't spend money on R&D, we will not have any growth in the future. Our business depends on R&D. And our business is a very R&D lead business. R&D takes many years to basically realize into commercial opportunities. So we will continuously have to invest in R&D and create this pipeline. So that every year and every then subsequent year, we will have something to grow our business in a nonlinear way. So, for instance, if we had not invested in a product like Azuma or itolizumab, many years ago, we would not have this big breakthrough opportunity and this big global opportunity of being a really important you know, pathbreaking drug for the treatment of COVID. So I think research and innovation is really very important for a company like ours, and I hope you will always realize that this is an important

investment to be made both by the company and our shareholders in us. As far as the Kalkunte, you know, incident is concerned, I will definitely let our foundation people know, because you're right, we shouldn't have our primary health centres in this shape in this shape. And as far as the NGOs are concerned, I will certainly ask our foundation people to go and have a discussion with the NGO that you mentioned. Thank you very much.

Next Speaker : Mr Aspi Bamanshaw

At the outset You're welcome.

So the digital therapeutics is a very interesting in group segment provides personalized.

You know, it's a personalized digital platform, which allows you to manage diabetes better, and it allows both the patient and the Doctor to manage the disease better so that obviously you are in better health and you don't get other comorbidities. That is the intent. This is something which we are going to roll out across the world. And of course India is also going to be one of those countries where we roll it out as a pilot, and most probably we will roll it out in the metros to begin with. So we certainly plan to roll this out in India as well.

Madam EPs for last year was only 6.30 How can price a 416 be justified? PF66 to compensate the shareholders, I request you to give shares of Biocon biologics free to our shareholders and listed company. If you go to any merchant banker he will see IPO is compulsory. If there is no expenses

then first of all money raised tell merchant banker how reliance had given shares free to the shareholders of reliance and got the companies listed. You demo president of reliance. And Madam how many more speakers are there? Because there's so many meetings going on, I would like to go and come back to your meeting.

Chairman :

I think there are just a few more speakers. So I don't think you'll have time to go back and come back. But I take your questions. We obviously have to do what's right for the business. We will definitely listing this company. And we will take whatever is an appropriate decision at the time. It is almost two years more for us to think about all these things. Thank you.

Next Speaker : Dipankar Purkayastha

I just a few questions. First of all, the New Venture that you have started in China license and supply agreement. What has been the experience so far? last year and as well as Q1 of this year, any revenues generated and stuff like that. Second question Syngene bring up at a Vizag, which is being set up. Why is this being set up to a subsidiary and not in Biocon itself? Is this because of tax related reasons? Or there some other reasons if you could clarify. And relatedly you are now having two new API plants, one is set up in Mangalore under the roof of Syngene and this API plant which is going to come up at Vizag. So why are these API plants being housed in two different companies? And my last question is that two years down the road your annual report says that you are going to list a Biocon biologics which will encompass the biosimilar business and the branded formulation business. The Clinical Research part has already been spun off under Syngene. So, Biocon per se will be left with only the small molecules, which currently account for 32% of the total business. And given that the growth

trajectory, the projected growth trajectories of biologics and clinical research are going to be materially high are expected to be materially higher, this 32% will probably shrink to below 30. So, essentially, after two years Biocon, India will become a kind of holding company with limited operating income and most of it by financial income by way of dividends. So, what is the ultimate planning? I know, it's not an urgent issue, you have two years to think about this. But ultimately, do you plan to spin off everything into one holding company, list all these businesses and had just retained by Biocon as a holding company? Or is there any other thought process in the process because the markets the stock markets, don't like holding companies they apply a holding company discount and valuation suffer. So, I would suggest that even the molecule business you spin off into a separate operating company and retain Biocon purely as a holding company and there are various option permutation and combination, you can talk to the bankers, but I would be grateful if some clarity is, I mean this the thinking on this starts now, that's all. Thank you.

MD :

Dipankar - Let me take your questions starting with a collaboration with CMS. This collaboration in China was announced in September of 2019. For three molecules of China's a very, very large and very strategic market for us and for any other farmer are given that China is the second largest pharma market in the world after United States this collaboration with CMS will provide us access to the Chinese markets for the three molecules that we are developing with them. Now, we have had very good experience dealing with a partner, CMS, you know, they it's an established company with a very experienced staff and they have, you know, more than 15,000 people on the ground who understand these therapies. They also have a very strong regulatory experience. So we have already started filing our molecules in China. Now the Chinese regulatory process does take time, I cannot give you specific guidelines in terms of when the revenue would start. But typically the experience of foreign companies entering China, it's taken them anywhere between two to five years. So whenever we launch our drug in China, we will definitely let you know.

Moving on to Vizag - This is a plan that we are EPF plant we're setting up for our immunosuppressants business we have our current immunosuppressants plant in Bangalore, that plant is fully running, running at full capacity. And as we grow this segment immunosuppressants is a very, very important growth segment for Biocon. We thought we have to de risk and diversify from a geography risk perspective and hence we chose Vizag, which as you know is a very large pharma cluster. There are many, many companies there. We have set up ourselves in Ramki pharma city, which has many, many multinational as well as large generic companies. And there is a large ecosystem of skills available in in that market. And the reason it's been set up in the separate subsidiary as you know that the Government of India had announced a lower tax rate of 15% for new manufacturing entities at 15% which is significantly lower than even the seasoned benefits which are there after considering the mat cash outflow we used to have. So, we thought in a long run this makes much better sense to set up as a subsidiary in the new legal entity, which is the Biocon biosphere limited. It's a wholly owned subsidiary. So, the numbers are obviously consolidated with Biocon limited and reported under the generics segment or was reported in the small molecules segment last year. Now, Mangalore Syngene had set up the synthetic EPF facility in Mangalore as a part of their expansion plans were able they are looking at servicing customer's needs for contract manufacturing. Now, these two are very independent decisions, we probably look at what skills are required, what infrastructure is required and accordingly choose a location depending on the underlying business. The last question on listing Biocon biologics as a separate subsidiary, I think the point you make is valid we have considered all these points. We have already consulted the top bankers, both internationally and India and looking at the cash requirements of the business looking at the value on locking we think that this is something

which will enhance value for our shareholders. If you step back and see Syngene used to be 100% subsidiary at one point in time and then we did a private equity raise and Syngene ultimately listed that entity and today it is at a valuation of almost 18,000 crores if it would have been a part of Biocon as an unlisted subsidiary, I'm sure you will appreciate the value of Biocon stock, the inherent value of Syngene in box on Biocon stock would have been much lower. So, we feel that we will definitely take all the steps which are in the best interest of our shareholders. Now, Biocon limited, you know, while, as you said is 32% of the businesses, small molecules business, we are investing in R&D pipeline, we are investing in capex, and that business will also grow over the next couple of years and we also have a very rich pipeline of novel molecules including eculizumab and Biocon limited and as I think Kiran mentioned this, there is a huge unlocking opportunity for eternity map under the current circumstances and even on a go forward basis. After we are out of this pandemic situation, and we think that that again could be a game changer for Biocon to have that molecule. Thank you.

Next Speaker : Mr. Mukesh V Ajmera

Good afternoon to everybody. We are in unprecedented times which mankind has never seen in human history of mankind itself. And the lot of people in recent past have suffered like anything. So let us pray for the departed souls and pray for millions of those who are suffering in many, many countries across the globe. At the outset I would like to congratulate as usual. Mrs Kiran on the continuing journey towards getting various awards. Some of them being the Australia's highest civilian award ICMR Lifetime Achievement Award by ILCs Woman of the Year award recently and also the EY World intrapreneur for the year 2020 and I feel you should have an encyclopaedia of all your awards very soon. I would like to find out as to in these difficult times, are we planning to have some kind of a I mean, should we not think of in terms of vaccine manufacturing, because this pandemic has shown that eventually there could be many such coming up, God knows when, but then this is part of today's life and the way the world has been going. So will it be not prudent or thinking if not short term, even long term, eventually, we are in a similar business. So eventually Can you not get into direct vaccine manufacturing, which will be also our mission to impact a billion lives instead of that mission to impact billions of lives across the globe. And it could be a good business proposition as well as a social and ethical proposition as well. And my last question is, with the recent sentiments that are happening and with the China business that we are planning to have, would that planning be impact, negatively or otherwise, either from both the government's or whichever way, it may end up going. Thank you very much.

Chairman :

Thank you Mr Mukesh for your kind wishes. Let me comment on your question on vaccines as you know, any biopharmaceutical you know, effort takes time. We cannot just simply jump into vaccines because it's an opportunity. I think we are not an opportunistic company in that sense. We have to be very strategic about what we do. I think what we have chosen to do is very, very important as well. This is a very unforeseen unprecedented time when as I agree with you that, you know, vaccines are the need of the hour. But as you also know, India is one of the largest producers of vaccines. We produce on an annually 3 billion doses of vaccines amongst all our vaccine companies. And we certainly believe that they are doing a great job. And I believe that it is an opportunity that we will look at if we have a novel vaccine to develop. But at this point in time, I don't think we would like to just get into contract manufacturer of vaccines unless we have something very meaningful to offer.

So when we develop a novel vaccine, or if we have an opportunity to partner and develop a novel vaccine, maybe that's something which we could consider, but right now we're focusing on this opportunity that we have unleashed for itolizumab, which is also a lifesaving drug. And in terms of your comments on China, certainly there is a very difficult and challenging geopolitical standoff between, you know, various countries and China. I for one believe that China cannot afford to have these kind of standoffs with the world. And I'm sure they will have to retreat in terms of their very aggressive behaviour. And I'm sure in in in due course, we will find China again becoming open for business. And we also being willing to go into China for business. At this point in time, obviously, our business in China is very miniscule. So I don't think it impacts our business at all. But obviously, it gives you a huge opportunity in the future because China is a big market. I don't think the world can ignore the Chinese market. So I for one believe that China has to make up its mind China has to realize that it cannot flex its muscles. And it must realize that if the world is against China, then China has to do something to improve its image so that the world is ready to again reconnect with China in terms of business. So I'm very optimistic that this geopolitical tensions will ease and that we will again be looking at opportunities in China.

Chairman :

With that we, of course conclude the Q&A sessions. I thank all the shareholders who asked questions for their questions and those who could not ask questions. We will certainly respond to your emails, please send us emails. As you know, this is the first time we're trying this virtual meeting. So there are bound to be technical snags, but we will be very happy to take this offline and answer your questions. Members may note that the EVoting will be available for the next 30 minutes on the KFin technologies website. Kindly stay safe and take care of yourselves and your families. I would request now that all the directors invitees and others participating at this shareholders AGM to please log off and thank you so much for your participation.

Thank you so much.