

SYNGENE AGM 2021 TRANSCRIPT –21.07.2021 (3.30 PM)

Kiran Mazumdar Shaw: Namaskara! Welcome to the Syngene International Limited 28th Annual General Meeting Suswagatam. Good afternoon ladies and gentlemen I welcome all the shareholders to the 28th annual general meeting of Syngene International Limited . In view of the ongoing COVID 19 pandemic, this meeting is being held through video conference 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 AGM proceedings, let me introduce my colleague who have joined me on video conference or are with me on the Dias.

We have with us. **Mr. Jonathan Hunt**, Managing Director and Chief Executive Officer. **Mr. Paul Blackburn**, Independent Director and Chairman, Audit Committee and Risk management committee. **Professor Katherine Rosenberg**, Non executive director and Chairperson of Corporate Social Responsibility committee. **Miss Vinita Bali** Lead independent director and Chairman, Chairperson of the nomination and remuneration committee. **Dr. Carl Diccico**, Independent director, **Dr. Kush Parmar**, Independent director, **Sharmila Karve**, Independent director and chairperson of the stakeholders relationship committee. **Mr. Vijay kuchru**, Independent director, I have with me, **Mr. John Shaw**, Non independent director, and non executive director, **Mr. Sibaji Biswas**, Chief Financial Officer, and with me on the Dias **Miss priyadarshini mahapatra** Company secretary.

All directors are present at this AGM statutory auditors BSR and company LLP and secretarial auditors V. Shree Dhavan and associates are also joining this meeting. All directors are present at this AGM statutory auditors BSR and company LLP and secretarial auditor V. Shree Dhavan and associates are also joining this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circular issued by the NCA 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 28th annual general meeting and the annual report for 2020 2021 were sent through email to all shareholders whose email ids are registered with the company or the depository participants in compact 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 four 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 resolutions as said forth in the notice. 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 insta poll facility provided by As the notice is already circulated to the members, I take the notice as read. Today, there are four 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 resolutions as said forth in the notice. 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 insta poll facility provided by K Fin Technologies Private Limited. I now call upon our company Secretary Priyadarshini to provide general instructions to the members regarding participation in this meeting, and on casting of votes through the e voting facility. Over to you Priyadarshini.

Miss. Priyadarshini: Thank you chairperson. Good afternoon, everyone. The members may note that this meeting is being held through video conference in compliance with the provisions of the Companies Act and the circulars issued by the Ministry of Corporate affairs facility to join this meeting, through video conference, or other audiovisual means is being made available to the members on a first come first served basis. All the

members are kept on mute to enable the smooth flow of Proceedings of the meeting. The statutory registers and documents have been made available electronically for inspection by the Members during the AGM. Members who wish to inspect such documents can send the request to investors@sygeneninpl.com as the AGM is being held to video conference, the facility for appointment of proxies by the Members was not applicable, and hence the proxy register for inspection is not available. The company has received a request from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for all these members to ask questions or express their views. the MODERATOR will facilitate this session once the chairperson opens the floor for questions and answers. It may be noted that the company reserves the right to restrict the number of members asking questions depending on the availability of the time at the AGM. Now let me summarize the four resolutions placed before today's meeting.

Seeking members approval as set out in the notice of annual general meeting. The first three resolutions pertain to ordinary business, which are adoption of standalone and consolidated financial statements for the year ended March 31 2021. Appointment of Professor **Catherine Rosenberg**, who retires by rotation and being eligible, seeks reappointment as director. Reappointment of **Messers BSR and co LLP Chartered Accountants** as statutory auditors of the company and to fix the remuneration. Resolution for is a special business and it proposes the appointment of **Dr. Kush Parmar** as an independent director of the company until the conclusion of the 31st annual general meeting of the company proposed to be held in 2024. In compliance with the MCA circular, the items of special business in the AGM notice are considered unavoidable and hence are proposed for approval of the members. In compliance with the provisions of the Companies Act and the SEBI Regulations, the company has arranged for E-voting facility for all the members holding shares in the company as on the cutoff date of July 14 2021 through k FinTech technologies Private Limited on all the resolutions proposed at today's Annual General Meeting.

The remote e voting period commenced on Friday, July 16 2021, at 9am IST and concluded on Tuesday, July 20 2021, at 5pm IST. Members who have joined us today for this AGM through video conference facility and who have not exercised their voting rights during the remote voting period can still cast their vote on all the resolutions as set forth in the AGM notice through the insta poll facility provided by k FinTech Private Limited, members may click on the thumb option below the screen to cast their vote on the resolutions. The remote e-voting period commenced on Friday, July 16 2021, at 9am IST and concluded on Tuesday, July 20, 2021, at 5 pm IST. Members who have joined us today for this AGM through video conference facility and who have not exercised their voting rights during the remote e-voting period can still cast their vote on all the resolutions as set forth in the AGM notice through the insta poll facility provided by k FinTech Private Limited. Members may click on the thumb option below the screen to cast their vote on the resolutions. **Mr. V. Shreedharan** has been appointed as the scrutinizer for the e-voting process. has been appointed by the board as a scrutinizer for the voting process. Upon submission of the report by the scrutinizer the results of the voting and insta poll will be provided to the stock exchanges within 48 hours of the conclusion of this AGM and made available on the company's website and the website of K fin technologies Private Limited, company's registrar and share transfer agents. Statutory auditor's Messrs BSR and company LLP and secretarial auditor's Messrs. v Sreedharan and Associates has expressed an unqualified opinion on the respective reports for the financial year 2021. The auditor's report on the financial statements of the company for the year ended 31st March 2021 does not contain any qualification observations or adverse remarks on financial statements are matters which have been of material bearing on the functioning of the company. The statutory auditor's report on financial statements and being consolidated and standalone are available on page numbers 174 and 245 of the annual report respectively. The secretarial audit report is enclosed as an annexure six to the board's report on page number 104 of the annual report. The auditor's reports are already circulated as part of the annual report. We take the reports as read. I now request Kiran to address the shareholders.

Mrs. Kiran Mazumdar Shaw: Thank you Priyadarshini.

Dear shareholders on behalf of the Board of Directors, I once again extend a warm welcome to all of you to the 28th annual general meeting of the company. Last year I had expressed hope that we would be back at Biocon park for this AGM but unfortunately the covid 19 pandemic continues to prevent us gathering in person. So we have to meet via a virtual platform. However, we will follow the same pattern as a regular AGM and we will be happy to answer questions that you may have towards the end of the proceedings. 12 months ago who would have predicted the challenges that we have experienced as individuals and as a company because of Coronavirus. However, as we reflect on the year, the pandemic has shown with immense clarity, the critical role the life sciences sector plays in all our lives, preserving the things that we hold most dear Which is our health. In the past year we have witnessed the collective force of the global scientific community, regulators, policymakers and healthcare professionals worldwide uniting to combat the Coronavirus. This solidarity has driven the discovery, development and launch of vaccines in record time. Governments, hospitals, nonprofits, and many other stakeholders have worked in unison to provide widespread distribution and administration of an increasing range of COVID-19 diagnostics, vaccines and treatments. shareholders, I'm immensely proud, and I hope that you share my pride of the contribution that Syngene has made.

- Firstly, in keeping our employees safe.
- Secondly, in serving our clients so that important advances in medical research can continue.
- And thirdly in applying the skills and knowledge of our scientists and the technologies that we have available to combat the corona virus itself.

While others work from home, or did not work at all. Our laboratories were operating and our scientists cope with all the new safety measures to deliver results that changed people's lives whether with COVID-19 diagnostics and treatments, or with other diseases where new medicines are required just as much during the pandemic as before it started. Let me turn to the company performance. Despite the challenging environment, I'm happy to report that Syngene delivered continued growth and a creditable business and financial performance during FY 21. On the financial side, we reported revenue growth of 12% to rupees 2180 crores, excluding export incentives, profit after tax grew 4% to 382 crores. Operational highlights included the extension of several important client collaborations, strengthening of the integrated drug discovery portfolio, further expansion of our footprint in Hyderabad, and the addition of about 40 new clients. During the year we continue to invest in digitalization and automation aimed at further driving cost and resource optimization to ensure we retain our current global competitiveness. Our business continuity planning proved essential during the pandemic and allowed us to operate at close to normal levels throughout the year. It also helped us to take forward clients' scientific projects when they themselves weren't able to operate. Throughout the pandemic, the health safety and well being of our employees was our top priority. We were quick to implement comprehensive safety measures including a campus wide proactive employee COVID Testing Service, which we have sustained throughout the year. Following the government guidelines, we have offered free vaccinations to our employees and their families across the Biocon group and are also supporting the vaccination of local communities around our sites. Overall we have vaccinated a little over 20,000 people so far, including employees, their families, and the community. To help meet the demand for increased COVID testing. We set up a dedicated RT PCR testing laboratory at our Bangalore campus very early in the pandemic. We have manufactured and supplied reagents, primers and probes for COVID-19 diagnostic testing kits, as well as partnered with several organizations directly engaged in COVID-19 research. We have also joined an industry consortium to share knowledge and experience with other companies in the biopharma sector. At a local level, we also continued our broader CSR programs focused on underserved communities in health, education and the environment. As you will have noticed when you receive the notice to this AGM the company has published our first ESG summary report along with the annual report. A more detailed ESG report will be published later this year. The company's strategic intent is to deliver value to stakeholders by building an integrated research, development and manufacturing services organization serving clients around the

world. We are committed to achieving this while ensuring the value of our research is not offset by the societal and environmental impact of the work we do and the way we do it. The company has a well-established track record in pursuing social and environmental goals. Whether it is through the training and development of our staff, reducing our environmental footprint or through our CSR programs. We believe that reporting on both financial and non financial parameters will give a more complete picture of our commitment and our achievements. Turning to the board in this most difficult of years, I would like to thank my fellow directors for their valuable guidance and support. In addition at this AGM, the appointment of **Dr. Kush Parmar**, as an Independent director, will be proposed for shareholder approval. Dr. Parmar is a managing partner at a leading venture firm called Spyam ventures, which is a life sciences venture capital firm, headquartered in San Francisco, and **Dr. Parmar** brings with him a wealth of experience of healthcare industry. He also serves on the advisory boards of Harvard Medical School, Penn medicine, Princeton University's Department of molecular biology and the grey Science Foundation. I'm certain that **Dr. Parmar's** knowledge and depth of experience will bring enormous value to our board, as we continue to invest in people and technologies that enable us to work at the leading edge of scientific research with our clients and partners. And now, it is with deep regret that I wish to announce that **John Shaw**, my husband and non independent director on the board will retire due to health reasons. At the end of today's AGM proceedings 21 years ago, John was appointed to the board, and he has made noteworthy contributions to the company since then. His strong management and financial background helped Syngene John being on the board and I personally place on record our deep appreciation and gratitude for the many years of his stewardship and guidance.

In conclusion, I would like to say that the extraordinary challenges of the year demanded an extraordinary response. In this regard. I'm immensely proud of the commitment and resilience demonstrated by our company. I would like to thank **Jonathan** and his leadership team and their teams for their unrelenting efforts throughout the year. When I say the special effort was required, I can assure you that everyone stepped up to play that part. Finally, I offer my thanks to our clients, shareholders, and all our stakeholders for the trust they have placed. On behalf of the Board of Directors, I wish you all the best in these challenging times. Stay safe, stay well. And once again, I would like to thank my husband, **John Shaw**, for everything that he has done for syngene. Thank you.

Miss. Priyadarshani: I request Jonathan to address the shareholders on the company's performance during financial year 2020/21.

Mr. Jonathan Hunt: Thank you **Priya Darshini**. Thank you, **Kiran**. And let me add my welcome to all our shareholders to this virtual Annual General Meeting in the year defined by the covid 19 pandemics I'm pleased to report that the resilience and adaptability shown across the company enabled us to fulfill our commitments to clients, employee shareholders and communities and also deliver growth in both revenue and profits. During the year, we made meaningful progress on the strategic development of the company by adding to our integrated drug discovery portfolio, expanding our footprint in Hyderabad, completing the qualification of our manufacturing site in Mangalore and building our presence in the animal health sector. Pandemic has put great focus on the critical role of science and impacting healthcare, saving lives and enhancing the quality of life for millions around the world. As you heard syngenes played an active part, and I'm justifiably proud of the work of our staff. The work of our staff has done in combat in COVID-19, whether directly through the operation of the RT PCR testing center or through the work we've done in partnership with our scientific collaborators. After a heavily impacted first financial quarter, client projects were brought fully back on track. Our ability to move quickly introduced COVID safety protocols, and enable our staff to operate from our labs and from their homes, reassure clients and ensure that projects were delivered on time at Syngene.

Our aim is to deliver scientific solutions that helped clients achieve their overall r&d goals. Our integrated drug discovery or IDD projects bring together the full range of our capabilities. And during the year, we grew our

IDB portfolio to 10 clients, including signing a five year r&d collaboration with Deerfield, discovery and Development Corporation, the drug discovery and development subsidiary of the DFL management company. Every day, our scientists are contributing to the development of new therapies for a wide range of diseases, with each offering the prospect of making a meaningful difference to the lives of people living with such conditions. And as an example, we're proud of our work to help Alberto pharmaceuticals develop a new treatment for genetic liver disease that affects children. The compound was approved in both Europe and the US this week, and it will be the first approved drug for such affected patients. During the year our scientists also worked on research projects that focused on leukemia, Parkinson's disease, inflammatory disorders and fibrotic disorders, demonstrating our growing capabilities across complex therapies. In addition to serving the pharmaceutical and biotechnology sectors, we also strengthened our position in animal health, and executed our first fully integrated development projects in this sector. Across the company, we acquired an additional 14 new clients taking the total client count to over 400. We also expanded the scope of engagement with many existing clients. A significant milestone was the extension of our strategic partnership with **Bristol Myers Squibb** to 2030.

The dedicated facility we have for BMS is its largest research facility outside of the United States, and the partnership has gone from strength to strength, since it was first set up in 2007. We continue to enhance our technical capabilities, as well as expand our infrastructure. The phase two expansion of our Hyderabad research facility was completed during the year and phase three expansion is currently underway. And towards the end of the financial year, we completed the qualification activities of our API manufacturing plant in Mangalore and the facility has been awarded GMP certification by the Indian regulatory authority. The focus is now on gaining key regulatory approvals over the next two years.

In the context of the ever present threat of cybercrime, our security measures continue to evolve. Robust roadmap has been developed to further enhance our IT security and ensure we maintain the confidentiality of data that's held in all of our IT systems. Operational Excellence continues to be an everyday priority at Syngene. In the last year, around 2000 employees were trained in lean process management tools. The use of productivity enhancing techniques such as Lean, Six Sigma and Kaizen have reduced waste, lowered the level of required inventory and reduced downtime while improving on time delivery. The adoption of the Japanese approach of gamble walks has ensured that managers have a greater awareness of day to day operational concerns and can make sure that appropriate solutions are quickly implemented.

Kiran has already mentioned the contribution that we've made to fighting COVID-19. But I can't present a review of the year without making a few further comments from an operational perspective. Throughout the year, our foremost concern was the health and safety of our staff. Detailed planning ingenuity, the willingness to overcome unexpected hurdles and agility were all features of the teams who played a role in keeping all of our sites open and our operations running safely. I'm immensely grateful for the efforts of so many staff, as our near normal operating levels are a testament to their commitment to the task. Entering the new financial year, our business divisions are performing well. We continue to take the necessary action to keep our employees safe, and operations fully functioning. During the year ahead, we plan to make further investments in new capabilities and expanded capacity. The pandemic will continue to be a feature of our planning, and we'll build on our experience of the last 12 months assuming that travel will be constrained, sanitation and social distances will continue to be required, and the virus may provide further challenges of a scientific and practical nature.

We'll continue on the digitization and automation journey to gain the benefits of shorter innovation cycles and improved operational efficiency. And we also plan to expand our global sales teams to take Syngene services to clients at a time when they cannot come easily to us. By being closer to our clients we believe will make it easier and more convenient for them to work with us. We'll also be focusing efforts on leveraging the

investments that we've made to build high specification biologics and API manufacturing units. As the construction and qualification phases come to an end, we'll be seeking to drive up utilization by adding new and existing client relationships. Our operations are underpinned by strong balance sheets. And we'll continue to prudent management practices of the last 12 months to ensure that we're prepared for any emerging uncertainty in the year ahead. In closing, I'm profoundly grateful to all send you employees who stepped up to the demands of this most challenging of years. Our commitment ensured that we were able to stay safe, resilient, and serve our clients. My executive team and the broader leadership teams across the organization have shown their mettle and I'd like to recognize their determination to ensure that our teams delivered high-quality work in difficult circumstances. Together, we're approaching this year in the knowledge that scientific research holds one of the keys to solving the pandemic, just as it does many other important challenges that impact the lives of people around the world. And we remain committed as ever to play our part. Thank you.

Priyadarshini: Thank you, **Jonathan**. I would now request we need our lead independent director to address the shareholders. She has expressed a desire to thank **Mr. John Shawn** for his immense contribution to this company. Over to you **Vinita**.

Vinita: Thank you Priya. And I speak on behalf of the entire board to express our profound gratitude and appreciation for the many many contributions that Mr. John Shaw has made over the last 20 years to Syngene. It was always his wise counsel, his stewardship and laying the foundation for the best standards of governance that have contributed immensely to where Syngene is and how well Syngene is recognized. On behalf of the entire board, John, we will miss you, we will miss your affable presence and your friendly demeanor. And we wish you all the best in the future. Thank you.

Priyadarshini: Dear members, before proceeding with the question and answer session, I would request you to kindly bear in mind a few points while participating during the session. Kindly unmute yourselves before you proceed to ask your questions. Please mention your name and Demat credentials. Each shareholder will have two minutes for his or her questions. Hence request you to please keep your questions brief and specific. I will now request the moderator to facilitate the question and answer session.

Moderator: Thank you chairperson there's a moderate Caston here. I'll bring speakers one by one who are currently available now. First speaker is **Mr. Arun Kumar**. I will request Mr. Arun Kumar to unmute your audio and switch on your camera to proceed with your query. Thank you.

Mr. Arun Kumar: Camera is now video is not coming on.

Moderator: Hello, sir, it will come so you can proceed?

Mr. Arun Kumar: How will it come over? Do you consider cross mark on the video or will it come?

Moderator: It is unlocked. Sir Come one second wait.

Mr. Arun Kumar: Yeah. It come it's coming up. Yes, yes, it come.

Priyadarshini: Yeah. We can see you.

Mr. Arun Kumar: Why so late? We're good afternoon, everybody. This is my maiden attendance to Syngene thanks to pay the National Audit here for ensuring the participation. They kept IIT simple and and they left it pleasant. They made my day today. Thank you **Priya** and **Aditya** compliments to the management for extension of strategic partnership with Bristol Myers Squibb to 2030. And for strengthening animal health

sector for introduction of AI and machine learning for innovation. My questions the life and death were in every breath during the last 15 to 18 months. Did we lose any staff? So what did we do for the loved ones and the remaining ones? United State holds the top spot in innovation. Tena is to continue to dominance in the raw material. Intermediate from India is welcome to reduction on dependent China is welcome. What as Indians' plans, what is the target to go net carbon zero, even to go ahead of the target set of energy majors across the world, what is Syngene's plan? And Syngene Does it have any interest or foray into transdermal drug delivery through skin for cancer, palliative therapy, LCMS, etc. Either a JV or marketing setup or the own technology? I believe I can help in this. In conclusion, Kiran, the self effort and magical for Syngene with all our own success and power. You prove leadership is not an assertion of oneself, but of fulfilling everyone's aspirations. You have done congratulations. Currently, we are related to the former UPNP Thank you very much. I wish you all the best. Okay.

Moderator: We will go to the next speaker. The next speaker is

Priyadarshini: Bala, we are going to answer the questions of the shareholder then we'll proceed to the next speaker. Thank you.

Kiran: I think I will let **Jonathan** answer most of the questions, but thank you for introducing yourself Mr. Arun. And, you know, reference to the old connection. Nice to see you. I will now let my colleague answer and respond to your other questions.

Jonathan: Thank you **Kiran**. Um, yeah, so I think your first question around the impact on the pandemic is one of the more poignant ones, despite going to extraordinary lengths in terms of making sure that our operations on our campuses were highly COVID secure. As you probably all are aware, we set in place testing, not only for our own staff but also for the local community. We are immensely proud of the work we've done to help those around us in the hospital system in Bangalore. Regrettably, members of staff have died from the consequences of COVID-19 during the year. And our hearts go out to their families, off course. But what we can do beyond that is also support them and try to support those families. So we have a comprehensive range of benefits for staff, they get life insurance benefits, insurance policy. But we've gone beyond that. And I hope this gains your support, I know matter the shareholders, which is we took the decision that where we can will offer employment to family members will try and support them to get jobs were offered voluntarily to pay school fees where there were children still have school age, all the way through until their 18th birthday. So we're trying to break that chain that the, you know, a horrible consequence in one generation doesn't feed through to the next generation. And we also offered financial support for two years after the bereavement effectively continuing to pay salaries for the bereaved family. So we've done what we can. I don't think any of that is ever going to fully mitigate the impact on the family of the loss of a young one and in our case, we have quite a young workforce. So this is sadly a young life cut short in most cases.

The general levels of COVID infection within our staff are lower than you see in the community. We're lucky in that we've got a highly scientifically trained staff that are very used to taking precautions using PP. and then latterly very proud of our ability to roll out a vaccination program to our staff. And we've got over 90% of the staff, and I've taken that up the vaccination, I'm pretty sure we'll get very close to 100% soon. And we're also extending that to lead direct families. And once we've done that, we will start to offer that to local communities around where our sites and operations. So quite a long answer, but it is you'll understand it to an important question. I'm looking at your other questions on the supply chain. We're a global organization, we try very much to source and supply the best quality raw materials and inputs from wherever we can get them in the world. Some of the scientific equipment we use is so rarified and bespoke that there's maybe only one or two manufacturers of it in the world. So we tend to be reliant on them for globalized supply chain. But what we do do, where we can invest in the local communities where we operate, so an awful lot of the support

investment that keeps our sites running, we source within x many kilometers of the location. And it's putting money back into local economies, in our case into the local Indian communities and economy. So we try and think carefully about where we supply and source things from. But it's globalized in its nature because so is our business. I think the third question was around carbon footprints, we've only just put out a very, very first ESG report, we're trying very hard to integrate that into the normal operations of the business, maybe one of the facts that I should share with you. And I'm immensely proud of this. If you look at the source of energy of our operations. In Bangalore, and our main campus, we're already over 90% renewable. So we're using wind or solar power. That's a phenomenally high penetration to have moved off. Direct carbon based power sourcing, and that's one of the ways we're contributing towards managing our carbon footprint. There's many other programmes like that water reclamation and recycling is another one. It's particularly important for us, and I look forward to updating you later in the year on specific targets. There's still a work in progress. And we've committed that within the next 12 months, we'll put a full force. report out there, and that will include many of the targets that you discussed, but I hope you're happy with the progress we're making with solar and wind power in the company. And on the last question around transdermal technologies. It's not it's one of the few areas that we don't have a deep seated capability. And it's a very specialized area. But I'm sure that's something that we could take a look at. Thank you.

Moderator: We will move towards next speaker **Mr. S P Bamanshar** to unmute the audio and switch on the camera to proceed with your query.

Moderator: Mr. S P Bamanshar!

Moderator: Since the speaker SP is not available currently, we will move to the next speaker with your permission. The next speaker is **Miss Elizabeth**.

Moderator: I would request you to unmute your audio and switch on your camera to proceed with your question. Thank you.

Moderator: You are muted. I would request you to unmute your audio to proceed further. Since there is no response from the speaker, we will move to the next speaker. The next speaker is **Mr. Peter**, I would request you to unmute your audio and switch on your camera to proceed with your question.

Moderator: Mr: Peter

Moderator: Mr. Speaker, **Mr: Peter** is not available currently we will move to the next speaker with your permission.

Moderator: The next speaker is **Mr. Yusuf Yunus**. I would request you to proceed with your question, sir.

50.20 : 50:30 (voice cut)

Moderator: Yes, **Mr. Yusuf**. There's a network issue we are not able to hear you properly.

Priyadarshini: Please connect **Mr. Aspi**.

Moderator: Yes, **Mr. Aspi Bomshell**. I would request you to unmute your audio and switch on the camera to proceed further. Thank you.

Moderator: Mr. Aspi.

Mr. Aspi Bomshell: Sir can you hear me and see me? Sir I am Aspi Bhasania from Bombay. I welcome **Dr. Parmar**. And I hope he contributes to the company very well. his biodata is very good. For him first quarter EBITDA margin has reduced quarter and quarter and year on year. What are the reasons for reduction in margins? And when can we expect margins to bounce back? where and what is the guidance for the current year for Syngene? I appreciate the Board's decision to not give any dividend and plough back the money when IPO unclaimed refunds are of 10.93 lakhs please try to locate the persons before August when 2022 so that the rightful owner gets his money. Please ask RV to relax the requirements of submitting documents. I'm talking from my own experience to get a duplicate dividend Warrant is very troublesome. If the amount is small, I literally ignore it. When we got very good appreciation in share price in Syngene I hope we get the same appreciation in Biocon biologics however,

Moderator: Hello

Mr. Aspi Bomshell: Can you hear me?

Moderator: Yes.

52:35 53:46 (audio cut)

Mr. Aspi Bomshell: Yeah. Can you hear me yes good directly with the listing without IPO by giving shares to shareholders of Biocon reliance had done it earlier. This is a precedent since buyer Syngene also is biologics manufacturing facility. Will this also be transferred to Biocon biologics? Thank you and see you next day after tomorrow. Thank you, madam.

Miss.Kiran: Thank you, **Mr. Aspi**. I will leave all the financial questions that you ask about syngene to my colleagues in Syngene, **Mr. Jonathan Hunt** and **Mr.Sibaji Biswas**. As far as Biocon questions are concerned, I don't think it's appropriate to answer those questions at this AGM, but suffice to tell you that I think we, as a company, as a group company is very committed to creating shareholder value. And I thank you for your other complimentary remarks. So over to you, Jonathan.

Mr. Jonathan Hunt: Thank you. So the first couple of questions. One was around margins in the first quarter. All right. Yeah, the first couple of questions were margins and guidance related to do with the current quarter's trading. You're absolutely right. First Quarter EBITDA margins were down about 300 basis points, compared to last year. The good news is that reflects, I think, some positive things and some positive decisions within the business. So it's not something structurally that worries me. The first driver of that is the strong performance we had in the quarter manufacturing remdesivir, specifically linked to the COVID situation in India and wave two, it's a manufactured product. It has a much higher proportion of cost of goods than say our more traditional services business. So it just structurally changes the margin. But that's explicable in its growth that wasn't there in the prior year, quarter. So I think net it's Positive. The other bit, the other driver, there is just our decision to hold higher higher levels of stock and inventory. You'll probably read it as you look across industries, that many industries, many companies are concerned because of the pandemic about disruptions in supply chains and distribution chains. And one of the ways that we manage that is to make sure that we keep a higher buffer of raw materials, consumables, and other inventory. It keeps us robust, it means we can continue to operate. And I'd expect that to normalize through the year so it reflects management apart looks positive on guidance for the year we'd said mid chains growth expectations with the caveat that nobody knows what the impact from second and third waves of COVID-19 could be. But that's a positive uplift from last year. Before the year last year, we were low teens 12% for the year growth. So the growth outlook for the year ahead is stronger than it was last year. And I think that that's a positive trajectory. I'm picking through some of the other questions. Syngene's biologics capacity, it's an independent business and we have different clients.

So I, I don't envisage a circumstance where our capacity would in biologics would be moved over to Biocon biologics. But I am envisaging a circumstance where we continue to invest in that business. We added a new microbial plant this quarter, we're seeing good traction and good demand. So it's a strong business, in and of itself. Thank you for your questions.

Moderator: Thank you, sir. **Mr. Yusuf Yunus** speaker has joined back I would request **Mr. Yusuf** to unmute your audio and switch on your camera to proceed. Thank you. **Mr. Yusuf.**

Moderator: **Mr Yusuf**, please unmute your audio and proceed with the query. Since there is no response from **Mr. Yusuf**, we will move to the next speaker with your permission. The next speaker is **Miss Vasuda** because I would request you to unmute your audio and switch on your camera to proceed. Thank you.

Moderator: You have muted again. turn your camera on first.

Miss. Vasuda: Hello

Miss. Vasuda: Can you hear me?

Moderator: Yes mam we can hear you.

Miss. Vasuda: In between that Yusuf's voice is coming. I don't know whether I have to speak or he have to speak.

Moderator: No you can proceed further.

Miss. Vasuda: So thank you for giving me the opportunity to speak. Very good afternoon to all members. I would like to ask, what is the impact of covid 19 pandemic situation on our current staff, those who are working from home as well as those who are on a casual and contract basis. Secondly, I would like to ask on page number 220 miscellaneous expenses are so high comparatively last year, please throw some light. With this, I support all the reservations and I wish the company all the best for coming years. Thank you, sir.

Moderator: Thank you mam

Miss. Kiran: Thank you. I Request my colleague, **Jonathan Hunt** to answer both your questions.

Miss. Vasuda: Thank You Mam.

Mr. Jonathan Hunt: If you could sort of just look at the accounting related question that will come to you on the impact of COVID-19 on our current staff, is we think as I said in my remarks, we're operating at normal levels. I don't think we're operating in a normal environment. We've put in an awful lot of controls to try and keep people safe. So weekly COVID testing free of charge to all of our staff, vaccinations free of charge to our staff and their families. We've zoned our campuses into discrete zones and we stopped people moving between them so we've minimized the circulation. We've moved pretty much the whole company to operating in shifts that means we can keep half the number of people in any given building or laboratory at any given space at any given time, it gives them more space reduces contact. So normal business performance, very unusual ways of operating. We currently got about 10% or so of the staff are working from home, those that can work from home, we try and encourage it. We've invested a lot in the last year with digital technologies to allow them to do it, put in issuing them with new laptops, where necessary, but making sure we can do it in a way where we keep the data secure. And then the last thing I would say is actually the staff numbers have grown, despite the pandemic, we're very happy to have created more than 500 new jobs. And I think that that

creates real opportunity that not all businesses are doing that many people's many industries experienced as being one of the real economic challenges, people losing employment, we've been very happy during that period to create new jobs. And in the main our jobs are high quality and well paying. So hopefully that gives you a flavor of the COVID experience and send you some magic.

Mr.Sibaji Biswas:Thanks, **Jonathan**. Yes, I looked at page 220. The miscellaneous expenses have moved up from 8.4, crores to 12.8. Crores, essentially, we capture a few items under this head. One of them is basically scientific database and journals. Now, we have been growing very well in our research side of the business and our employees are also expanding, we're also expanding locations. So that cost has gone up year on year. We also capture some of the digital licenses under this light line. And as you know, we are in digitization more quickly, rolling out a lab notebook and taking other digitization initiatives. Those license costs are also moving up. So these two essential capture and it's actually moving with the modernization of the business that we are doing. I hope I answered your question. Thank you.

Moderator: Thank you sir.

Moderator: We will move towards our next speaker. Our next speaker is **Mr. Vikas Chandrakant takway**. I would request you to unmute the audio and switch on the camera to proceed further.

Moderator: Mr. Vikas Chandrakant

Moderator: The speaker **Mr. Vikas Chandrakant** is not available currently. We will move to the next speaker with your permission. The next speaker is **Miss. Surekha Sharad Kumar** Shah, I would request you to unmute your audio and switch on your camera to proceed with your query.

Moderator: Miss. Surekha

Moderator: Since the speaker is not available currently, we will move towards our next speaker. Our next speaker is **Mr. K Sadananda Shastri**.

Moderator: I would request you to unmute your audio and switch on your camera to proceed with your query. Thank you.

Mr. K Sadananda Shastri: Am I audible?

Moderator: Yes you are audible.

Mr. K Sadananda Shastri: Sir

Moderator: You are audible sir.

Mr. K Sadananda Shastri: Are you seeing me?

Moderator: Not yet sir.

Mr. K Sadananda Shastri: Hello!

Miss Kiran: Please go ahead.

Mr. K Sadananda Shastri: Hello mam! Can I start?

Miss Kiran: Ya. Please start.

Mr. K Sadananda Shastri: Okay. Okay. Good afternoon. I am Sadananda Shastri from Bangalore. My number is 1170220. This virtual meeting is worthless, madam. Neither we can approach you properly. Nor you can reach us. However, with the help of your company secretary that is **Priyadarshini** Madam, I'm participating in the absence of your physical report, I have minimized my observation. Madam, Syngene as a research institute is helping other r&d units, researchers innovation units, but it should maintain that its own popularity and individuality. Syngene being a worldwide note company not cater to the needs of COVID vaccine. Is it a setback to the r&d field? Is there any attempt to manufacture COVID vaccine, which is need of the our? Bharat Bio Tech has quite a large field, why not Syngene? Syngene would have encash these prevailing needs coming to the report, Page Number 23 in your research you have talked about collectiveness What about the Syngene's internality page number 53. It seems a major thrust is given the herbalife Is it a change or a diversification lot of difference we find herbal and Syngene activity page 87 financial overview company's performance is satisfactory, but PBT profit before tax is showing a negative sign that is increasing profit influencer by your exceptional item which is not a permanent in nature page number 89 dividend. However, a company has made a profit the company should have attempted to declare a small dividend or at least to save its image page number 96 subsidiary. company has invested 50,000 million in subsidiary but subsidiary has earned only 12 million profit is it a worth? Page number 62 profit growth is showing a negative growth by 2%. It allowed me the other supervisory page number 184 SBS standalone balance sheet investment increase 2500 million all at a time. What was the need? Page number 252. Again, comprehensive income has played a vital role in profit position, how the company take a strategy to increase its individual profit. Page Number 280 was unsecured portion is more than secured. No classification done. Already 16 million. Take a note as a bad debt. What is the step the company takes for its recovery? As far as CSR is concerned madam? I am quite neutral. There is no comment. Thank you very much. See you next year in the auditorium. Thank you very much madam.

Miss Kiran: Thank you, **Mr. Saddananda Shastri**. Let me answer the first part of your questions by saying that Syngene has actually supported a number of vaccine companies in their effort to develop vaccines. Additionally, it is also helping to develop vaccines using new platforms. So I think that they will, of course, continue with their research efforts in many of these fields. But also suffice to say that, you know, we are a research services company, so we can only support companies and offer Research Services. But I can also tell you that many of the vaccines that have been entered in, you know, released into the market have received a lot of support from Syngene. in many, many ways. I will now leave my colleagues to answer the rest of your queries, which were financial in nature.

Mr. Jonathan Hunt: Thank you Kiran. Let me make a couple of points and then **Sibaji** over to you just to try and tick off a comment on each one of the page number questions. Just to reiterate what **Kiran** said on the COVID-19 I think you've really got to do what you know you're good at and in the space of COVID-19. What Syngene is particularly good at is that early discovery research around understanding the nature of the vaccine, the virus, rather than the vaccine. So what we've done is we've worked very hard to make sure that we understand you've read about the different variants of the virus, and that viruses have a habit of changing over time. And the each point of that we've worked to understand the nature of those changes and then share that information with the vaccine manufacturers and that allows them to keep checking that the vaccine They're working on our right for the variant that is emerging. So it's a symbiotic sort of circular relationship. We do that early understanding and that equips them to be able to manufacture the right vaccine at the right time. So it works well together. On some of your other questions, if I can make one or two comments before handing over to **Sibaji** Herbalife, you probably know them. I mean, they're a well known branded organization that produce herbal remedies and other forms of sort of lifestyle medications. What we do for them is bringing

the science that their real expertise is understanding consumers and branding and global distribution. But underpinning that is we can offer a depth of scientific capability that they don't have in their own organization. And again, together, it produces what I think's for them a successful business and some very well known brands. So we're delighted to continue to have that partnership relationship with Herbalife, the company. So **Sibaji** over to you on some or the other financial related questions. If I could just make one you mentioned about the dividend. I think that's a matter really, for the board. But the board's considered opinion given that we're in the center of the pandemic was that financial prudence was very much in order to make sure that the company was financially strong, would continue to invest. And I'll point you to some of the comments I made earlier around the growth in job opportunities we've created in India during the year. And the extra investments we've made in new capabilities, new infrastructure, we can do that because we're financially strong. And one of the reasons we're financially strong is because of the measured and I think prudent way in which we look at cash and cash distribution. Now **Sibaji**.

Mr.Sibaji Biswas: Hope I am audible now. Thank you, **Jonathan**. I take all the questions one by one. The first question was about why profitability has not grown or has dropped. It's an essentially, we have seen a modest growth in profit after tax 366 close to 382 crores It was a pandemic here and we had flat revenue growth in quarter one. And also the fact that we in the previous year we invested a lot in building up our infrastructure, particularly the Mangalore plant that added to the depreciation. So, yes, we are, if we had a full year, profitability would have grown much faster, but because we had a relatively low growth or zero growth quarter in, in the first quarter, our profitability grew only by a modest 16. crores. So so that's one question. Second one is that what is the increase in investment Where is coming from the investment increase is coming is in the fixed deposits that we put with banks. This is essentially the surplus cash flow that we generated even in a pandemic year, we could manage our cash flows very, very well. And we generated very strong cash flows, which we then invested in, in fixed deposits. So that's good because our effect balance sheets strength from a liquidity perspective and amount of cash we are holding, which can help us in further investments has significantly strengthened. So that is a quick answer on the investment increase. The other question on receivables, why there are unsecured receivables, most of our clients actually pay us within the time frame 30 days 60 days. And historically, we have seen very low bad debts or bad debt percentage is only 0.3%. And our collection number of days also have significantly improving during the year. So while they are unsecured receivables, they are not at risk because we manage that to actively manage that very well. And we are very confident because our client profile of the clientele is very, very strong. So as a CFO, I don't see any risk over there is actually improved during the year in terms of overall performance. There was a question on subsidiary I think that unit read was wrong. We have invested in our subsidiary interesting gene USA, only 50,000 US dollars. So the investment is not much it's a it's a token investment and that that is basically to house our employees to do activities in us, USA. So it's not a big investment. So the question of what is the right investment sound investment is not important. It's more structure is technical in nature to allow us to operate in USA. And there is one last question which is other comprehensive income. We carry up six big hedge book, our hedge book is \$600 million, approximately. And any movement in that hedge book, which is not realizing the immediate here is essentially that other comprehensive income and is carried correctly into the balance sheet. This is the nature of our business because most of our receivables in the future years are in forex currencies, so we have to hedge them to kind of secure the receivables at a later point in time. So that's very sound practice. The effect of that, however, goes in unceasing OCI. So last year, it was a negative one, because our exchanges really moved up this time as of 31st of March, the exchanges who are better than 31st Of March 2020. So we got the credit over there. Essentially, not underlying business is just managing the hedge book through that line. This is pure accounting, but it does not reflect anything about the underlying business. Those are the questions. Thank you.

Moderator: Thank you, sir. Now, I will bring the speakers who couldn't speak earlier, one by one, the first speaker is **Mr. Yusuf Yunus**. I would request you to unmute your audio and switch on your camera to proceed. Thank you.

Mr. Yusuf Yunus Am I audible?. Good evening, Madam. Ckear my voice

Miss. Kiran: Yeah. Yes.

Moderator: Mr. Yusuf, you've muted yourself. I request you to unmute your audio and proceed with queries.

Mr. Yusuf Yunus: Hello. Am I audible?

Miss. Kiran: Yes, we can hear you.

1.17.04 to 1.17.40 (audio unclear)

Miss. Priyadarshini: We can't hear you.

Mr. Yusuf Yunus: Now. It is okay. Madam.

Miss. Priyadarshini: Perfect. Yes, yes, it is much better.

1:18.00 to 1.18.36 (Audio Unclear)

Miss. Priyadarshini: Thank you

Miss. Kiran: Thank you Mr. Yusuf Hello, as our CEO and managing director has explained to you because of COVID we decided not to issue any dividends this year because we felt that we should conserve cash in case there is any eventuality and I think we will definitely revisit dividend payment in the coming fiscal. Thank you.

Moderator: Thank you, mam. We'll move to the next speaker. **The next speaker is Miss Celestion Elizabeth**, I will request you to unmute your audio and switch on your camera to proceed with the query.

Celestion Elizabeth: My voice coming there?

Miss. Kiran: We can hear you please.

Celestion Elizabeth: You can hear me.

Miss Kiran and Miss. Priyadarshini: Yes.

Celestion Elizabeth: You can hear me. Because this online we are not at all comfortable. Respected chairperson **Mrs. Kiran Majumdar and other** honourable directors, attending this virtual meet my shareholders in the virtual meeting. My name is **Mrs. C Mascarenhas**. I am attending from Bombay. First of all before going ahead, I also give a big thanks to **John Shawn** for all his contributions to our companies. Now I thank the company secretary for sending me the invite of the AGM, and also the K FinTech for registering me as a shareholder. But madam, I am very comfortable with a physical copy. I found very difficult to read online especially I'm a senior citizen, and my eyes start watering when I look in front of the screen. So please in future send me a physical copy. Now, I of course, I like the way a company performs. I must thank Madam for I was a shareholder of Biocon and she gave us the preferential allotment as and when this Syngene came and that is

how I am a shareholder. I am also looking forward for Biocon biology in that same pattern to give us I am a shareholder of Biocon also still. Now, I have some queries, how much we saved because of working from home in the cost. Then to a second question we do third party r&d, how much is our cram business. next is we our API manufacturing plant is in Mangalore and it has I think, gone into production. So, Madam, what is the capacity utilisation there? And do we have any supply chain problems? Are some supplies coming from China? Please throw some light. Number four, can you draw light on our animal health sector? sector because it appears very, very much prominent nowadays on health sector especially the wealth created by the sequence scientific. Next one is our discovery research team, World potential, how about the animal? Our discovery team has done some good discovery on the inflammatory disorders in dogs, please throw some light on this matter. Next one, our company provides for early discovery and development to commercial manufacturing for small and large molecule discovery services. How much margin do we enjoy in this sort of work? Next is are we eligible to apply under the PLI scheme of the Government of India which gives a lot of trust for Atmanirbhar? How have we developed? I'm not asking about vaccines, how we developed any medicine only for COVID I am waiting for that because this COVID appears to be staying and it will not vanish. So, early. Rest I have supported all the reservations, I wish the company All the best. I hope we get again other Biocon biology, even if dividend is not given ploughing back for further growth. I am very happy. Thank you so much, Madam, you have really created a lot of wealth to the shareholders. I wish you a very good health and wealth. And may our all the three companies grow from strength to strength with this. Thanks a lot.

Miss Kiran: Thank you, Mrs. Mascarenhas. Thank you for all your good wishes. I just want to basically assure you that, you know, as a group, we will continue to create value for our shareholders. I will now request my colleague, **Jonathan Hunt** to basically answer all your questions.

Jonathan Hunt: So thank you, Kiran. Thank you for the question. There's some a full range of topics there. I'll do my best to give you a brief answer on each one. And so badly, I'm going to call for your help on some of the financial questions. The first one I thought was interesting how much money we saved working from home. And the answer is nothing really, if anything, COVID has increased our operating costs, but it's an investment that I think proved to be very worthwhile. So we've invested much more into creating this COVID secure environment at work. We've also then invested in technology to allow people from to work from home, so much more expansion and things like our office 365 digital platform that allows our staff to access that computer at work while doing it from home and be able to work on things that way. So if anything, it's put our costs up, not brought them down. But it has allowed us to operate at near normal levels and continue to grow the business. So it's a good investment to make on the crams bit of the business. The best way I think to understand it, think about Syngene is having four or three different divisions, dedicated centers, discovery services, and then development and manufacturing. And they're pretty much equal in size. So if you look at our annual report and look at our revenue, then you split it 1/3 1/3 1/3 you'd be pretty close to how it breaks out. So it then depends on what you categorize as crams. Simplistically, I'd say, dedicated centers and discovery services, our discovery contract research type businesses. So that gets you to two-thirds is crowns 1/3 development and manufacturing Mangalore, we, it's taken us as we expected a number of years to build it. It's a sophisticated site, sophisticated infrastructure. Those things don't get built overnight. It's very high quality building, it's taken us a number of years, we got to the point where the construction is completed, we've done one year of verification with the regulators to get the first step of approval. We're now open for business. Utilization rates are well below 10% of capacity, which is what you'd expect for such a brand new facility. My expectation is that it'll take us about 24 months to complete the key regulatory approvals, I would expect maybe to double the utilization over that period up towards maybe 20%. And then beyond that, we'll start to see an acceleration in that business. But I wouldn't particularly worry about it investments, like a manufacturing business, play out over 20 30 years of the asset lifecycle rather than over, you know, 20 or 30 weeks or months. So where it's going progressing to plan. I think the next two questions I can probably club together, which was about animal health. It's, it's less than 10% of our total business, we do a lot more in

human health than we do in animal health. But if you go far enough into the research environment, scientifically, they've become the same thing. So you highlighted inflammatory disorders in dogs, the fundamental science of understanding inflammation and inflammatory responses, whether it's in dogs, or humans, or any other animal, all converges in the research stage to be very similar scientific problems. And that really explains why we've got capability that will help both Animal Health companies but also human health companies that do detailed scientific understanding of the very early, in this case, inflammatory processes, helps us apply that in both spheres. So the end, patient, whether it's a dog or a human doesn't really matter so much as understanding the sides. But it's an area that is starting to grow a good reputation in it. I think the other questions so bad, you're probably yours around margins, and the Indian government. Over to you Sibaji.

Mr. Sibaji Biswas: Yes. And Jonathan, first, let me agree with you on the savings from work from home. Actually, we spent more than we saved our saving was mainly because there was not not much of travelling happening. We largely walk out of campus. So most of our more than 80% of the people who are in campus and we actually move from one shift operation to multi shift operation, why do we have to spend more to run multi shift operation which definitely would be beneficial in the long run, but our spending to keep the operations running was higher than the savings. So fully we agree with you on that. On the PLI scheme, we obviously evaluated that and we are continuously evaluating it. There is a specific investment required for next five years under that scheme in manufacturing. Now our investment pathway based on our internal strategy does not completely align with that. So at this point of time, we have decided not to go for it. However, we are always open. We look at everything scheme that the government brings out and anything that works for us economically, we'll definitely look at it positively and do the right thing for the organization. Thanks.

Moderator: Thank you, sir. We'll move to the next speaker. The next speaker is Mr. Allay S Peter, I would request you to unmute your audio and switch on your camera. Thank you.

Mr. Peter: Hello. Hello. Can you hear me?

Moderator: You are audible.

Mr. Peter: Yeah. Members of the Board. Hello, shareholder. Good evening. My name **Lycian minus**, at the outset, the management our company Secretary under registers for sending him a balance sheet. I like to speak so well. Our results are good. But unfortunately, we have not got a dividend at the company where this economic barometer and dividend track record are very well. Ours is a company and Biocon under one invent, I'm very happy that we are. Future and since many questions is what is

Audio unclear

Miss. Priyadarshini We can't hear you and your camera.

Audio unclear

Your voice is not clear. You can reach out to Mr. Peter on the email. I'll respond to you.

Moderator, we can do this. We have

Moderator:- we this we have Completed the q&a session with the register speakers who are available in the AGM and handing over the stage back to you to the chairperson. Thank you.

Thank you. Before we conclude, I just like to maintain a minute's silence for all our colleagues who gave who lost their lives during the covid 19 pandemic. So may I request everyone to maintain a minute's silence.

Thank you. With this, we conclude this annual general meeting. Thank you for attending this meeting, although virtually, members may note that the e voting will be available for the next 30 minutes on the K fin technologies Private Limited website. Please stay safe and take good care of yourselves and your families. Thank you until we meet up in this next AGM. Namaskara!
