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BIO/SECL/TG/2026-27/85

November 11, 2026

To, The Secretary **BSE Limited** Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	To, The Secretary **National Stock Exchange of India Limited** Corporate Communication Department Exchange Plaza, Bandra Kurla Complex Mumbai – 400 051
Scrip Code- 532523	**Scrip Symbol- BIOCON**

Dear Sir/Madam,

Subject: Transcript of Earnings Call Q2 FY27

This is further to our earlier letter dated November 04, 2026, regarding the presentation of Q2 FY27 Earnings Call held on November 04, 2026, please find enclosed herewith the Transcript of the Earnings Call.

The same is also available on the website of the Company at https://www.biocon.com/investor-relations/financial-information/earning-call-transcripts/.

Kindly take the above information on record.

Thanking You,

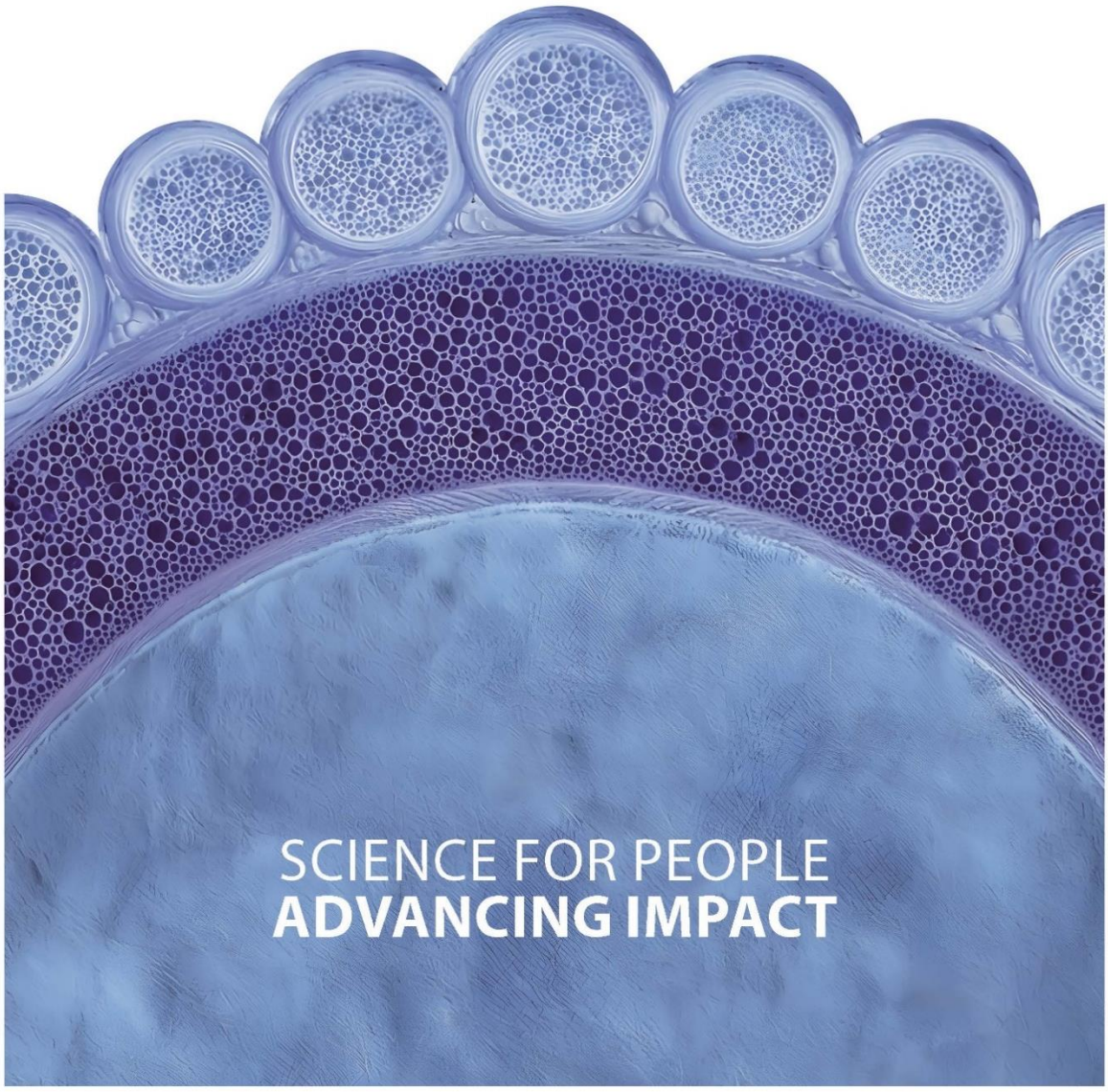
Yours faithfully,

For **Biocon Limited**

RAJESH UMAKANT SHANOY

Digitally signed by RAJESH UMAKANT SHANOY
Date: 2026.11.11 23:09:15 +05'30'

Rajesh U. Shanoy
Company Secretary and Compliance officer
ICSI Membership Number: A16328



Biocon Limited Q2 FY27 Earnings Conference Call Transcript

November 04th, 2026

Speakers and Participants from Biocon Limited

- **Dr. Kiran Mazumdar Shaw** – *Executive Chairperson, Biocon Group*
- **Mr. Shreehas Tambe** – *Chief Executive Officer & Managing Director, Biocon Limited*
- **Mr. Kedar Upadhye** – *Chief Financial Officer, Biocon Limited*
- **Mr. Anuj Goel** – *Chief Development Officer, Biocon Limited*
- **Mr. Joshua Salsi** – *Head of Commercial - North America, Biocon Limited*
- **Ms. Rhonda Duffy** – *Chief Operating Officer, Biocon Limited*
- **Mr. Susheel Umesh** – *Chief Commercial Officer – Emerging Markets, Biocon Limited*
- **Mr. Amit Kaptain** – *Head - Global API Commercials & FDF – EM, Biocon Limited*
- **Mr. Siddharth Mittal** – *Chief Executive Officer & Managing Director, Syngene International*
- **Mr. Prashant Nair** – *Head Investor Relations, Biocon Limited*

External Participants during Q&A session

- **Surya Patra** – *Phillip Capital (India) Private Limited*
- **Charul Agrawal** – *Bank of America Securities India Limited*
- **Damyanti Kerai** – *HSBC Securities and Capital Markets (India) Private Limited*
- **Rusmik Oza** – *9 Rays EquiResearch*
- **Kenil Mehta** – *Boring AMC*
- **Sidharth Negandhi** – *CWC Advisors*
- **Tushar Manudhane** – *Motilal Oswal Financial Services Ltd*

Prepared Remarks Session

Moderator:

Ladies and gentlemen, good day, and welcome to Biocon Limited Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Please note that this meeting is being recorded. I now hand the conference over to Mr. Prashant Nair, Head, Investor Relations at Biocon Limited. Thank you, and over to you, Mr. Nair.

Prashant Nair:

Thank you, Neerav, and good afternoon, everyone. Thank you for joining us today to discuss Biocon's second quarter results for financial year 2027. A press release and presentation related to the same have been sent to the exchanges and are uploaded on our website for your reference. Let me introduce the management team on this call.

We are joined by Biocon Chairperson, Dr. Kiran Mazumdar-Shaw; Mr. Shreehas Tambe, Managing Director and CEO; Mr. Kedar Upadhye, Chief Financial Officer, along with other senior members of our management team. We will begin with opening remarks from Kiran and Shreehas, following which we will open the call for questions. Please note that this call is being recorded. The recording will be made available on our website within a day, and the call transcript will be shared shortly thereafter.

Before we begin, I want to remind everyone about the Safe Harbor related to today's call. Comments made during the call may be forward-looking in nature and must be viewed in relation to the risks that our business faces that could cause our future results, performance, or achievements to differ significantly from what is expressed or implied by such forward-looking statements.

Now, I would like to hand over the call to Kiran for her opening remarks. Over to you, Kiran.

Kiran Mazumdar Shaw:

Thank you, Prashant, and good afternoon, everyone. Let me start by wishing all of you a very happy and prosperous Diwali next week.

I would like to start by saying that Biocon is at a defining inflection point, moving decisively from investment-led capability building to commercial acceleration, operating leverage, and value creation. I do believe that we stand at the forefront of the global biopharmaceutical industry's next growth cycle, with biosimilars driving commercial scale and Syngene's CDMO platform providing a powerful second engine of growth.

As the global generics industry pivots towards biosimilars and pharmaceutical companies increasingly outsource R&D and manufacturing, I firmly believe that Biocon is positioned well ahead of the curve. Nearly two decades of strategic investment in complex R&D, advanced manufacturing, regulatory capabilities, and global commercial infrastructure have created formidable entry barriers. While competitors are only beginning their capital-intensive journey in pursuing biosimilars, Biocon has already done so and commands a substantial global commercial portfolio, a competitive pipeline of future biosimilar launches and a scalable CDMO platform through Syngene.

I also want to emphasize that our fully integrated One Biocon model unlocks scale, synergies, and operational efficiencies, while Syngene's CDMO business provides an additional avenue for growth. Together, these businesses position Biocon to lead the next phase of biopharmaceutical growth, translating years of strategic investment into stronger margins, cash generation, and most of all, sustained shareholder value.

The first half of FY27 saw continued progress across several important areas of our business, especially in our established early biosimilar products, which continue to grow and hold market share. The momentum across our portfolio expanded insulin manufacturing capacity through the commissioning of a second fill-finish line in Malaysia, and important regulatory and commercial milestones that reinforce our outlook for a previously stated stronger second half, which we are very confident to deliver on.

A significant milestone during the quarter was the global settlement and license agreement with Genentech for Pebrilzo, our biosimilar Pertuzumab, and this agreement secures the earliest licensed launch dates for our product across key global markets, including the EU and U.K. from early calendar 2027, and the U.S. from Q3 calendar 2028. Subject to regulatory approvals, of course, and together with the positive CHMP opinion received during the quarter, this is an important milestone in our biosimilars journey and demonstrates our ability to execute across both the regulatory and intellectual property fronts to successfully commercialize complex biosimilars globally.

Now, let me provide you with an update on our key markets.

North America

When it comes to North America, this remains our largest and most strategically important market. Our focus continues to be on expanding patient access, strengthening market presence across key therapeutic areas, and building a more resilient commercial and supply network.

As I mentioned earlier, during the quarter, our established portfolio continued to demonstrate resilience with strong demand for Insulin Glargine, and Ogivri as well as Fulphila maintaining their leadership positions in their respective segments. We also saw very encouraging momentum for Yesintek, our biosimilar Ustekinumab, and we're particularly pleased with the initial response to Yesafili, our biosimilar Aflibercept, which is, of course, following its U.S. launch. In parallel, we added over $100 million in new contracts and major payor wins covering a majority of the U.S. population.

We received FDA approval for Yesintek single-dose prefilled autoinjector, further strengthening our immunology offering in the U.S. and Canada.

These developments demonstrate the breadth of our portfolio and our improving market access across important therapeutic areas, reinforcing our confidence in the long-term growth opportunity in North America.

Europe

When it comes to Europe, this remains an important market where we continue to build our position through portfolio expansion, market access, and a combination of retail and tender-based commercial strategies.

During the quarter, we made multiple launches across several important therapeutic areas, including Ustekinumab autoinjector, Denosumab, and Aflibercept across several European markets. We also secured approximately 20 tender awards across key markets that included Italy, Spain, France, and Denmark.

Regulatory momentum remains strong. Our Pertuzumab biosimilar received positive CHMP opinion, becoming the first monoclonal antibody biosimilar recommended under the EMA's tailored clinical development approach. We also secured EMA and U.K. MHRA approval for our new Insulin Glargine fill and finish line in Malaysia, which of course expands our ability to support the growing demand that we see across these markets.

Emerging Markets

Emerging markets continue to represent an important long-term growth opportunity driven by expanding healthcare access and demand for affordable biologics and generic medicines. During the quarter, we launched 13 new products across APAC, Latin America, and AFMET-CIS, while continuing to expand our portfolio through regulatory approvals and market access initiatives.

A significant development is our 10-year Pertuzumab partnership in Brazil with Bahiafarma and Bionovis. The consortium received 100% allocation under Brazil's PDP program, providing access to the country's public healthcare market and supporting the phased localization of the product. We are also working with Biomm in Brazil on semaglutide, further extending our partnership-led approach into the growing GLP-1 opportunity. The potential to manufacture locally should strengthen our positioning in this important market for this product.

These developments reflect our broader strategy of combining our global capabilities with long and strong local partnerships to expand access, strengthen supply resilience, and build sustainable positions in key markets.

I now hand it over to Shreehas for further business commentary.

Shreehas Tambe:

Thank you, Kiran. Before I walk you through the financials, let me start with some leadership updates. As Biocon enters its next phase of growth, we are strengthening our organization and leadership team through carefully planned transitions that ensure continuity. Rhonda Duffy, our Chief Operations Officer, will retire from her current role in March 2027, having built a phenomenal team and significantly strengthened our commercial capabilities. George Kaliviotis has already joined us and will succeed her as COO starting April 2027. George and Rhonda are working closely to ensure continuity.

On the technology front, Mukesh Rathi has joined us and will take over as the Chief Technology Officer starting January of 2027 from Mandar Ghatnekar. Mandar successfully led the technology integration post the acquisition of the Viatris biosimilars business and has also recently been responsible for establishing our Office of AI. Mandar will continue to be with us until March of 2027 to ensure a smooth handover.

We have also streamlined our commercial organization to make it leaner and bring us closer to our customers. Our commercial heads from North America, Europe, and emerging markets will now report directly to me. Matthew Erick, our Chief Commercial Officer for advanced markets, has decided to pursue opportunities outside Biocon. Matt and I worked closely for over the past 5 years to build our Biologics business in advanced markets. I am

delighted that Joshua Salsi, who has successfully led our North American Biologics business, will now take on an expanded role leading both our Biologics and Generics businesses in North America.

I would like to thank Rhonda, Mandar, and Matt for their significant contributions in building our business and capabilities. I wish them all the very best.

I am confident that these changes will strengthen leadership, sharpen accountability, and build a more agile and future-ready Biocon.

Financial Highlights

Let me now turn to financials for the quarter and the first half of fiscal '27. In **Q2FY27**, the group delivered a **2%** year-on-year growth in operating revenues. The biopharmaceutical business grew **5%** year-on-year, while the services revenues improved **13%** quarter-on-quarter.

EBITDA was at **INR865 crores**. The meaningful improvement in Generics profitability and sequential improvement in the Services business revenues helped support our overall performance.

Interest costs continued to trend lower during the quarter, declining **12%** year-on-year to **INR240 crores**, following the actions taken to strengthen our balance sheet. A stronger financial position gives us the comfort on our leverage and financing cost, even against the backdrop of the higher interest rate environment that we see around us. The benefit of interest cost reduction in the P&L has been visible since quarter 3 of fiscal '26 and should continue hereafter.

Reported net profit for the quarter before exceptionals was at **INR44 crores**.

For the H1FY27, our consolidated operating revenues grew **6%** year-on-year to **INR8,725 crores**, and EBITDA stood at **INR1,767 crores**, translating to an EBITDA margin of **20%** on a consolidated basis.

We witnessed a one-off deferral in revenue recognition on certain biosimilar shipments this quarter on account of logistics issues, including those related to the ongoing geopolitical situation. These amounted to approximately 5% of the revenues for the quarter. The associated revenues and sales have subsequently been booked in October already.

The underlying business remains strong, and we expect the second half of this fiscal to be stronger than the first half, as we have indicated earlier.

I would now like to discuss the business performance in a segmental manner.

Biosimilars Q2FY27 Update

Let me start with our Biosimilars business, which continues to be our core growth engine and is well-positioned for the next phase of growth, supported by the recent launches and the expanded manufacturing capacity for insulins.

- Biosimilars revenue for Q2 FY27 stood at **INR2,809 crores**, with an EBITDA for the quarter at **INR623 crores**.
- Our investments in R&D stood at 7% of revenues.

- For H1FY27, biosimilars revenue grew at **9%** year-on-year, and the biosimilars EBITDA margin stood at **24%** for the first half.

As I mentioned earlier, reported revenues and margins for the current quarter were impacted by the one-off deferral of the revenue recognition on account of these logistics-related challenges. These revenues have since been booked in the current month. Importantly, the underlying business momentum continues to remain strong.

Yesafili, our biosimilar Aflibercept, has had an encouraging start in the U.S. Yesintek continues to perform well, and the insulins demand remains strong, with additional capacity now available to support growth. These growth drivers that we have been building towards are gaining momentum and will continue to drive growth in the second half.

Our confidence is also supported by the progress that we have made on the broader portfolio. Kiran just mentioned about the global settlement for Pebrilzo, which removes an important IP uncertainty towards launch and gives a clear visibility for commercialization across key markets and adds another significant growth driver to our Biosimilars business. We are excited to bring biosimilar Pertuzumab to patients in Brazil. Biocon Biologics was recently awarded a landmark 10-year contract with a total contract value of $400 million under the Brazilian government's Productive Development Partnership, or the PDP program, as it is called, in partnership with Bahiafarma and Bionovis, as Kiran talked about earlier. Supplies to this program are scheduled to begin in Q4FY27.

This win is a powerful validation of Biocon's large deal capability and strongly endorses our science, manufacturing, and commercial infrastructure at a massive scale. Furthermore, this major enterprise agreement underscores the accelerating demand for our high-quality biosimilars portfolio on a global stage.

The $400 million total contract value provides a stable, high-visibility revenue stream over the next 10 years. Commercial supplies will begin in Q4FY27, and the full annual run rate will begin to show in the numbers for the full financial year, fiscal '28. We expect a much stronger second half as our growth drivers scale, while the opportunities such as Pertuzumab provide visibility beyond FY27. We also remain comfortable with biosimilars delivering EBITDA margins in the mid-20s range that we have indicated earlier and improving on that as revenues scale and operating leverage improves.

Generics Q2FY27 Update

Turning to our Generics business, our Generics business continued to make progress during the quarter, combining year-on-year growth with sustained improvement in profitability. This reflects the benefits of disciplined execution, improving asset utilization, and the continued focus on fiscal discipline and cost efficiency.

- Revenue stood at **INR774 crores**.
- **EBITDA** for the quarter was at **INR64 crores**, as compared to INR7 crores in Q2 of last year.
- EBITDA margin was at **8%**, up from 1% in the same quarter last year.
- For H1FY27, Generics business grew at **15%** year-on-year, and the EBITDA stood at **INR120 crores** against an EBITDA loss of **INR28 crores** for the same period last year.

The improvement in profitability is particularly encouraging and builds on the progress that we made for the Generics business in Q1. Higher utilization, operating leverage, and disciplined cost management are increasingly translating our earlier investments into stronger financial performance.

We continue to prioritize R&D investments towards peptides, fermentation, and other complex formulations to provide a strong platform for next phase of growth. Our GLP-1 portfolio remains an important growth driver, with liraglutide contributing across multiple markets and growing as per plan in the United States, as one of the few integrated players who continue to succeed.

Building on this strong foundation, we also intend to progressively move our semaglutide opportunity forward as we continue to work with partners in several key markets, including Brazil, where we look to localize this opportunity with our partners.

Services Q1FY27 Update

Moving then to the Services business.

Syngene's performance improved significantly on a sequential basis during the current quarter, with both revenues and EBITDA margins strengthening over the previous quarter.

- Revenue stood at **INR833 crores**, representing a **13%** sequential improvement.
- EBITDA was at **INR175 crores**, and EBITDA margin improved to **20%** from 15% in Q1 of FY27.
- So, for the H1FY27, services revenue and EBITDA stood at **INR1,569 crores** and **INR291 crores** respectively.

The sequential improvement is encouraging and provides an early indication of the progress that is being made at Syngene. FY27 remains a transition year for Syngene as it continues to navigate the impact of reduced demand for a large biologics client, but we expect the trajectory of the business to improve as the year progresses.

To conclude, as we enter the second half of the year, we expect a stronger operating trajectory across our businesses. We expect H2 to be stronger than H1, supported by improving biosimilars momentum, as I talked about earlier, continued profitability improvement in generics, which we have demonstrated for the last couple of quarters and a progressive recovery at Syngene, which is demonstrated in Q2 over Q1. We remain focused on margins, free cash flows, debt reduction, which will lead to an improvement in the ROCE.

Our priority remains disciplined execution and translating our global capabilities and recent investment into strong earnings and cash generation for sustainable shareholder value. I would also like to wish all of you a happy Diwali. And with that, I open it up for questions. Over to you, Prashant.

Q&A Session

Prashant Nair: Thanks, Shreehas. Neerav, we can open up for questions.

Moderator: Thank you very much. We will now begin the question and answer session. First question is from the line of Surya Narayan Patra. Announce your company name and proceed with your question.

Surya Patra: **So, this is Surya Patra from Phillip Capital. My first question was a clarification about the $100 million kind of new contracts that we have gained in the U.S. about**

multiple products. So, is it a kind of a renewal of the existing contract, or is it indicating about fresh revenue opportunity starting from the second half? If you can clarify that first?

Shreehas Tambe: So, Surya, let me respond to that question first. I think the $100 million from new product launches that Kiran referred to in her opening comments is, we've had new products launching in several markets. And then particularly in the U.S., we've had these launches, Yesintek driven quite a few of these numbers. Market share for that is now at 34% in the U.S. alone. It has actually surpassed the originators. So new product launches have also started to show in the numbers. That is what this is about.

Surya Patra: **Okay. And one more thing, sir. In your opening remark, you mentioned about kind of a spill over sale of around 5%, whether it is the 5% of the quarterly kind of a run rate that is being spilled over to the next quarter, or how is it?**

Shreehas Tambe: Not run rate, Surya. For this particular quarter, we had a one-off situation where products were shipped, but they could not get revenue recognition because there were delays in the shipments for the quarter. Those moved past September, and hence those revenues were booked in the month of October. Hence, that is a one-off situation, which you will see those revenues in Q3, which is why we quantified it and have said very clearly that those are Q2 revenues which you'll see in Q3.

Surya Patra: **Sure, sir. Just now, my first question is on the Yesafili. So obviously, it is a kind of interesting opportunity in various market, more so in, obviously, in U.S. So, there are various conflicting kind of this thing, aspect that is there. So, if you can possibly give some better clarity about it. So, when we talk about this as in kind of a key opportunity, is it fair to consider that this is a limited competition product opportunity, given the relatively first mover advantage that we have got to commercialize the product?**

That is one. Secondly, considering the high dose thing that is there, which is the innovator aggressively kind of shifting the patient towards the high dose one. So, what should be the kind of a TAM out of the innovator's product that we should be considering in the initial phase of the commercialization for Yesafili in the U.S.? And just third point about Yesafili is that whether one should consider even the competition with ranibizumab? Given all this, what is the sense that you are likely to provide for this opportunity for the U.S. market, sir?

Shreehas Tambe: Yes. Thanks, Surya. And if I've heard you right, I'll respond to those 3 questions, but I'm going to have Josh weigh in on certain specifics that you have asked us because he's closer to the customer and the market. But let me respond to you. Typically, when you have a launch of a product like this, we are in a very good place for Yesafili because you're right, we are the second biosimilar to have launched, and we have a relatively uncrowded space today because there hasn't been another launch since we've launched it.

There will be competition coming, so it is something that we should be aware of. It's a reality. But having said that, it is right now lesser crowded than it is for most products. Now, typically, these products start showing in revenues over a period of time. So, it's not like a small molecule where you launch it and you see market share, but they are also with durable margins.

So, they stay profitable for longer, and that's why you are expecting them to play out over a longer period of time. I want Josh to give you specific visibility into what is it that we are seeing in terms of the TAM. There is always innovator action to move patients to another product, and which we have seen with other innovators as well. But I will let Josh talk about it before I come back to your ranibizumab question. Josh.

Joshua Salsi: Thank you, Shreehas. Just to answer that question, we see aflibercept 2 mg remaining a durable opportunity in the market, even as percentage of the patients will be transitioned to newer novel therapies. The ranibizumab space will continue to consolidate, and there'll be additional opportunities for aflibercept biosimilars, specifically Yesafili, in that category.

Additionally, Yesafili remains a meaningful growth platform in retina, and we're well-positioned to establish a significant presence in that market. We've already established greater than 50% market access.

We've established key strategic partnerships to support that commercialization with the largest GPO in the category, and we have a significant commercial engine that's engaged with priority accounts to drive sustainability and profitable growth across that business. Shreehas?

Shreehas Tambe: Yes. Thanks, Josh. I think that was clear. In terms of the question that you asked, Surya, about the opportunity, before I get into what happens on the biosimilar front, just the opportunity between the 2 brands that existed even before biosimilars came in, the aflibercept opportunity has always been much larger due to the superior outcomes that patients have seen.

And I think that's really the answer to your question. There have been biosimilars to ranibizumab as well in the past, but we haven't seen them gain traction once the biosimilars to aflibercept have started to come in. So that's really the response, Surya, to your question.

Surya Patra: **Okay. Next question was about the Pertuzumab, sir. So, if considering the kind of a contracting cycle and all those, so practically, when should that be a kind of a realistic revenue-contributing opportunity for us? Whether it is mid-FY28 or something like that, or how is it?**

Shreehas Tambe: Look, so the way we have announced it, and you heard Kiran talk about it, and then I talked about it in the opening remarks as well, Pertuzumab opportunity for us opens now, and there's a sizable opportunity that exists right now for us with the $400 million

10-year deal that we've signed off with the Brazilian government. That opportunity begins in Q4 of the current financial year. So that's the first piece that will begin.

The opportunity in Europe opens up again in Q4 of this financial year, and that takes off from them as we open up into other markets in Europe. So, there are 27 markets that it will open up right away. So that's where it is. The U.S. opens up in the subsequent year, so it does allow us time to prepare for a U.S. launch.

And enough time for contracting before we get on to the U.S. patients and customers. So, I think it's a good tiered negotiation that we've reached, a global settlement that sets up clear drivers for growth in the coming quarters for us, starting this fiscal year.

Moderator: Thank you very much. Next question is from the line of Charul Agrawal. Kindly accept the prompt. Announce your company name and proceed with your question.

Charul Agrawal: **This is Charul from Bank of America. My first question is on the deferrals that we saw in biosimilars. Is it fair to assume that these deferrals are largely for either new molecules or for the U.S. market? Is that the reason why our ex-R&D EBITDA margins are materially lower Q-o-Q? And how should we see this panning out in 2H, given that you have maintained the full-year margins for 25%?**

Shreehas Tambe: I will let Kedar respond to that. Kedar, would you want to go to that?

Kedar Upadhye: Sure. Charul, typically, these sales cutoffs or spillovers are not uncommon. In our company, we see it about 1% or so. This time, the quantum is high. That is the reason we called it out. These are not for new products. These are largely for insulin and mAbs, and that sales has been booked in the month of October already. So, it is a sort of shift from September to October, wherever customer order was there, product was available. It is just that it reached in October. That is what we have counted.

So, in that sense, the margins of either gross or EBITDA margins for the quarter need to be adjusted to that extent. To that extent, this quarter is an aberration since second half is expected to see strong growth compared to first half, we are holding onto margins, and the visibility on that is strong. That is the reason you will see inventory buildup.

See, the order visibility on aflibercept, aspart, ustekinumab, pertuzumab is very high. I think we are getting ready in terms of inventory buildup and all the commercial efforts. So, consider margins for second half in that context.

Charul Agrawal: **Got it. And sir, given you mentioned that you have good order visibility on the new launches, could you help us understand a few drivers that you see? You did talk about aflibercept, but if you could talk a bit more about the other launches, including aspart, deno, as well as beva?**

Kedar Upadhye: Yes. Maybe Josh can take the call. But Charul, there is no specific details customer-wise, et cetera, we can provide, but the visibility is strong. Josh, maybe you can pick up the question.

Joshua Salsi: Sure. Thanks, Kedar. I will cover a few high-level points as it relates to the new launches, in addition to what was mentioned on Yesafili. On the insulin side, we are deeply engaged across the customer segment, having had Glargine market for several years now, and are viewed as a reliable supplier. We have strong portfolio demand from both reporting and non-reporting or private channel customers across both assets.

And our focus continues to be, as Shreehas alluded to previously, on maximizing the franchise, you will see growth across both segments as our payer coverage increases through the second half of the current fiscal for both products. As it relates to bevacizumab and denosumab, launching into both of those established biosimilar markets, the share growth is a thoughtful process, and we are seeing month-over-month growth as we continue with that evolution.

As alluded to on previous earnings calls, the lowest price does not guarantee share growth, and the goal in the oncology medical benefit space is to balance profitability and volume with a continued focus on value maximization. That is why we have a very specific and segmented channel and customer strategy that is accentuated through our sales team and our account teams and our deep customer relationships.

We look forward to continuing to pull that through, leveraging our market leadership with both Fulphila and Ogivri. Maybe one final comment on the bevacizumab and denosumab space. We continue to explore all commercial options and innovative models in these categories, given these market constructs. As those transpire, we will be able to share those further into the future.

Charul Agrawal: **Got it, sir. When should we start seeing this in terms of market share traction and secondary data, or maybe in revenues, I am guessing, from next quarter? But how should we think about the market share ramp-up, and when do we start seeing this in the secondary data?**

Shreehas Tambe: Charul, 2 things that I will state on this particular question. I have said this before that market share is not necessarily a good proxy for a Part B product in terms of how it is performing, because market share and ASP are typically inversely proportional. I have said this before, I am saying it again. We typically look for a proxy for success. The focus has always been for us to be profitable rather than just chase market share.

You could chase market share and then erode value very quickly on the average selling price, which then essentially has happened. We have seen some competition, some product just get out of the market very quickly because they get unattractive to the end customer. The lowest price does not necessarily win you the business, and I think that is something you have to be very careful about.

That is point number 1. Point number 2, we've also seen not every product is being reported in terms of full numbers, both in volumes and revenues, including by the innovator themselves and by the payers. So that's something to be mindful of. We will continue to give you guidance in terms of where these numbers are progressing, but we've had strong launches, and our new products will continue to perform as expected.

Moderator: Next question is from the line of Damayanti Kerai.

Damayanti Kerai: **This is Damayanti Kerai from HSBC Securities and Capital Markets Limited. My first question is on your insulin franchise, which I understand is sizable, like maybe $300 million or $350 million kind of annual run rate. So there, again, contribution is largely from your legacy product of Glargine, then human insulin.**

So just wanted to understand for Aspart, how contract is looking for next year after the recent negotiation cycles. Will Aspart be a significant opportunity for next year, given the kind of visibility which you may have on the contracts? So that's my first question.

Shreehas Tambe: Yes. Damayanti, thank you for that question. I think you are absolutely right. Insulin is a space that is very unique for Biocon. It is a very limited competition space. It is just the innovators and us. So, demand here, we do not see a problem. It is as much as we can make. I think there is a good reception from customers, and we continue to add capacity to see that these products are picked up by customers. We are seeing that grow that franchise was sub-100 million, went to 200 million, 250 million. You are right, it is exceeding 300 million, which continues to grow as more capacity comes online. Now your question regarding Aspart, I think that is another product that we have continued to grow in select customer base. Some of it is not reported because these are closed-door networks. We will continue to get into the commercial space at some point, but our demand for Glargine continues to grow as well.

So, we will have to balance in terms of what we do for the U.S. But for Europe, you have seen most recently, EMA has approved our new line in Malaysia for supplies, and you will see that those supplies have commenced starting Q2 of this year, which is the quarter that has gone by. That will start showing in the numbers first before U.S. opens up in a few quarters from now. And then you will start seeing more capacity and more Aspart numbers show as well.

Damayanti Kerai: **Sure. Shreehas, just a clarification. We have been supplying aspart mostly to closed-door network since entry in market. Just wanted to understand the progress on the commercial channel, whether it will take some more time before we see meaningful pickup in that channel as well.**

Shreehas Tambe: I mean, it is going to be a cautious approach in terms of more capacity coming on board. We have significant capacity that's moving towards U.S. You could do it towards Glargine, you could do it towards human insulin, you could do it towards Aspart. The

realizations are similar, and I think we are seeing that we are actually not able to meet the full demand for Glargine.

So, before we take on more commercial payers on Aspart, we have to be careful. That is why we have taken an approach of moving in a manner whereas capacity builds up, we supply and bring in more customers.

Damayanti Kerai: **Sure. My second question is for Kedar. So Kedar, we have been seeing interest expense in the range of, say, INR230 crores, INR240 crores kind of number. Did I understand correctly that going to second half, we should be seeing further reduction in this number, this run rate? And then, the other question is on the depreciation amortization expense, which went up notably during the quarter. How should we look at that trend ahead? These 2 questions, please.**

Kedar Upadhye: Thanks, Damayanti. See on the interest line, what we have been communicating when we had all the structured instruments on the balance sheet, we had a run rate of INR280 crores to INR300 crores per quarter, and that was in quarter 1 of last year. As we have started retiring, you will notice from Q2, Q3, Q4 of last year and Q1, Q2 of this year, we already booked a substantial reduction.

The sequential increase of INR10 crores, INR20 crores from Q1 is partly on currency, partly on account of working capital investments. So unlikely that there will be a large increase hereafter. And as we start retiring debt in the subsequent quarters, in fact, it should come down. So, yes, there is no intention to increase it further. The increase is largely for the working capital, which is required to fund the new launches.

So that's on interest. Depreciation and amortization is in line with the intangibles that get capitalized for the new launches and the depreciation for the Malaysia line too. I think largely it should be in that line. There should not be a very large increase hereafter.

Damayanti Kerai: **Sure. Kedar, as and when new products are launched in the market, we will be adjusting for the amortization, right? For that particular product.**

Kedar Upadhye: Yes, yes. I mean, whichever product are in the list, I think most of the products are covered now. Each product will have a useful life of about 10 to 12 years. So, the amortization will get spread over that period. I think most of the products are done, to my knowledge.

Damayanti Kerai: **Okay. So 2Q should be representative of how this line item will look in coming quarters, as well.**

Kedar Upadhye: Yes, very much. Look, once a while, subject to capacity addition, but that will be accretive. Like we referred to insulin capacity addition, both internal and external, through CMO network. I think multiple capacities are coming up on stream, and that will be visible in the revenue line. But yes, I think large change in both these lines hereafter is very unlikely.

Moderator: Next question is from the line of Rusmik Oza.

Rusmik Oza: **I am Rusmik from 9 Rays EquiResearch LLP. I just wanted a clarification on the 5% deferment of revenue. Since the shipment had already been done in Q2, has the proportionate expenses been booked in Q2, or is it that the revenue will completely flow into the EBITDA in this Q3, or proportionate EBITDA margins will flow in Q3?**

Kedar Upadhye: See, whatever expenditure is required for the shipping, that will get deferred, but everything else is in the nature of operating expense and a period cost. So that gets booked in quarter 2 itself. So, the incremental EBITDA pertaining to these shipments, Rusmik, will flow into quarter 3. And also, the shipping and freight, et cetera, that will come in Q3. But all the other normal operating expense stays in Q2.

Rusmik Oza: **Okay. No, because I was just looking at the presentation. The amount comes to around some INR135 crores or so, that the 5% of your Biosimilar business. So maybe INR138 crores minus the shipping freight cost, whatever, balance should flow to the EBITDA in Q3. Is that correct assessment?**

Kedar Upadhye: Yes, yes. That's true.

Rusmik Oza: **Okay.**

Kedar Upadhye: The quantum is roughly $20 million or so.

Moderator: Next question is from the line of Kenil Mehta.

Kenil Mehta: **Kenil Mehta from Boring AMC. Several of our competitors in semaglutide have launched through chemical synthesis route, due to which they have got a faster approval cycle. So, can you give me -- can you quantify and give technical details on what cost advantages we have by fermented route over chemical synthesis route? And, as the market sees higher price erosion, will we see higher fermented route players gathering market share over them over next 1 or 2 years?**

Shreehas Tambe: So, Kenil, let me respond to that question, and we can have a more detailed discussion offline. But for the purposes of this call and for your question, Biocon has the capability to do both, the synthetic route as well as the fermentation route. Both capabilities exist. The quantum of product that you would need once you go from injectable to oral is significantly higher. And when you need that, the way to do that is through a fermentation process.

That's something that we have the capability to do. We have the process. It also significantly reduces the cost of the drug substance or the API that is needed to make that product. That requires special capability on the scientific front and on the manufacturing front. Both of those capabilities are limited in terms of how many companies can do it.

So, while there are a number of players that you see today in the injectable space, as you see that move to oral, you might find that there are limited suppliers of the fermentation-based API. And Biocon, of course, is a fermentation company, very strong in that space. It does differentiate us. We can have a more detailed discussion if you'd like it.

Kenil Mehta: **Okay. Understood. But as we launch, do we have advantages in gaining market share due to our cost differences will be higher than the chemical synthesis due to higher yield impurities in the chemical synthesis route**

Shreehas Tambe: Yes. That is the expectation, Kenil.

Kenil Mehta: **Okay, understood. On the second, some of our peers like Sandoz and Teva are monetizing through a Part B route in U.S., due to which they have a higher margin as they have a lower SG&A expenses and gaining a higher volume share through PBM private labels. What will your net realized risk-adjusted margin in our direct commercial model and Part B model versus the Part D when we see they have a higher volume share on the start, but as we improve our Part B supply, would we have higher margins and ROICs compared to them?**

Shreehas Tambe: I think you are now not referring to semaglutide because that is not a U.S.

Kenil Mehta: **No, on the Part D and Part B for biosimilars.**

Shreehas Tambe: Yes. So, on the biosimilars front, there are a bunch of products, particularly all of the oncology products fall in the Part B or the medical benefit space, and that follows a model of ASP, and then how do you position yourself. It has more than one stakeholder. It's not just the payer, but it is also the IDNs, which make a determination. They have different incentives, so not just the lowest price wins, like you heard Josh talk about it earlier on the call.

The Part D space is fairly straightforward. It is the pharmacy benefit space, very familiar to most of us on the generic side, where price is clearly the winner. The lowest price generally wins all, or at least most of it. And some biosimilars do fall in that category, although it is not as dramatic change in terms of the prices. We have seen price erosion over the years happen on the Part D space more steeply than before.

Products like insulin are also in Part D, but they don't see that kind of a change on account of the fact that there is just the originators and Biocon. So, your margins are stable, the pricing is reasonably stable, but there are several other Part D products that will see erosion faster. And as more competition heats up in Part B, you will also see competition take away margins more than before, because pricing is always a factor of what you see in the market as competition.

Kenil Mehta: **So over longer term, we will have a higher growth than the Part D players compared to them having right now. Is that correct?**

Shreehas Tambe: It is a different archetype of the market, Kenil, and it requires a different approach. Price is not the only way to win in medical benefit. That's all I would say.

Moderator: Next question is from the line of Sidharth Negandhi.

Sidharth Negandhi: **This is Sidharth from CWC. On the Generics business, could you give us some color on the growth in terms of the base business, the API business, and the new launches? How did each of these 3 segments grow by? And given that there has been a rationalization of R&D spends, how should we think of the pipeline in that business?**

Shreehas Tambe: Thanks, Sidharth. I think what you have seen essentially is a steady growth across all of the segments that you just talked about. Our API business remains rock solid and that's something that has continued to contribute with the margins that we've talked about. So that remains very solid. We continue to partner with several players across geographies, and we can have a detailed discussion with you and Amit later to take it forward.

But then, we also have our formulations business that has been growing very steadily, very strong in terms of how we've performed in the U.S., particularly with liraglutide. You've seen several players start and then stop and exit. I think part of being a fully integrated player in the GLP-1 space is also the fact that you are able to endure the market, make the hard-to-manufacture products, and get it to market in a reliable manner.

That's something that Josh and team have been able to successfully do. So that franchise continues to drive growth for us in that segment. And then, if you look at how we've looked at our R&D portfolio, I think there are several investments that we had made in the past. What we are doing is we're looking to realize the investment and the efforts that were made in our Generics portfolio, that's starting to deliver now, rather than making new investments, which will be more commensurate with our revenues. And that's how we will go going forward as well.

Sidharth Negandhi: **Got it. Just to follow up on that, in terms of gross margins, given that kind of growth, are you seeing a pressure on account of crude-related inputs on gross margins? How has that played out in the Generics business? Because that is definitely a lot more inputs that are crude sensitive.**

Shreehas Tambe: Yes. I think, I will let Kedar talk to that, but you pointed in the right direction. Kedar, please.

Kedar Upadhye: Yes. Sidharth. So, I think, as you know, the solvents and other chemicals has some dependency on crude. So, in the first half, whatever numbers we have reported, those subsume 2 things. One is the higher freight costs, about $5 million for the first half, and higher solvents cost, another $5 million.

So, I think both gross and EBITDA margins are after subsuming these 2 things. But as you know, these things are easing now. We see a good amount of easing in both these items in the balance few quarters.

Sidharth Negandhi: **Right. So Kedar, this $5 million and $5 million, $10 million is, I am assuming, not for the Generics business only, it is for the entire business, right?**

Kedar Upadhye: Yes, but large part of this, the solvents are largely for Generics.

Sidharth Negandhi: **Sure.**

Kedar Upadhye: Freight is for both, so it is the combined biopharma business margins which has subsumed this $10 million.

Moderator: Next question is from the line of Tushar Manudhane.

Tushar Manudhane: **Yes, myself Tushar Manudhane from Motilal Oswal. So just one on this biosimilars with the number of molecules gaining market share, as well as the new contracts that are sort of expected to happen across several markets. If you could quantify the scale-up that is possible, let us say over next 12 months from the current size of the business?**

Shreehas Tambe: I think what we've said is that, I mean, right now, let me just state what we have said on the call. We've said basically that we've seen year-on-year growth right now of 9% in the first half of the fiscal year. The second half is going to be stronger than the first half, we've said that. And you heard part of what commentary we've made in the past. The last couple of years, we've had annualized growth of double-digit. We look forward to seeing how it goes in the current year as well. And the double-digit growth is something that we are focused on, Tushar.

Tushar Manudhane: **So, sir. How much would be the currency benefit in that?**

Shreehas Tambe: Kedar, would you want to comment?

Kedar Upadhye: Yes, about 6% to 8%, depending upon the quarter and time period, Tushar.

Tushar Manudhane: **So 9%, and let's say further getting to, correct me if I am wrong or if I heard it wrongly, like we are talking about 11% to 12% growth, but out of that, good amount of it is expected from currency benefit, is it?**

Kedar Upadhye: No, no, that's not what he is saying. I think, look the performance is tracked in dollars. The reported numbers will have that benefit.

Tushar Manudhane: **Okay. So how much is...**

Kiran Mazumdar-Shaw: I think let me clarify this. We are expecting a strong performance in H2, and as both Kedar and Shreehas have mentioned, it will be a strong double-digit growth, which will

be in dollars terms, but it will also obviously generate higher numbers in the rupee terms, if rupee is at these levels or depreciated further.

Moderator: That will be the last question for today. I will now hand the conference to Mr. Prashant Nair for closing comments.

Prashant Nair: Yes. Thanks, Neerav, and thanks everyone for joining the call. If you have any unanswered questions, please feel free to reach out to the Investor Relations team. I wish everyone a happy Diwali. That's it from us. Thank you.

Moderator: Thank you very much. On behalf of Biocon Limited, that concludes this conference. Thank you all for joining us, and you may now leave the meeting and disconnect your lines. Thank you.

-Ends-

Note: The contents of this transcript have been edited to improve accuracy and readability