Retail Equity Research

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Company Update

Biocon Limited

REDUCE

Sector: Biotechnology

03rd October, 2025

Key Changes	Target	Rating	Earnings

Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	BIOS:IN	80,983	BIOCON	532523	12 Months

Target	**Rs. 312**
CMP	**Rs. 347**
Return	**-10%**

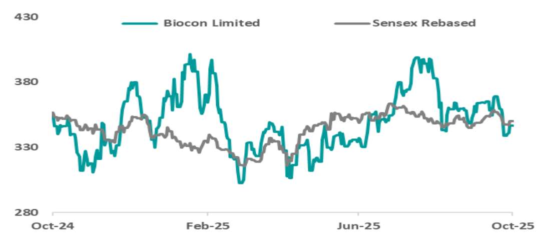
Data as of: 01-October-2025, 18:00hrs

Company Data	
Market Cap (Rs.cr)	46,974
52 Week High — Low (Rs.)	406 - 291
Enterprise Value (Rs. cr)	69,158
Outstanding Shares (cr)	133.7
Free Float (%)	44.8
Dividend Yield (%)	0.1
6m average volume (lakhs)	39.8
Beta	1.3
Face value (Rs.)	5.0

Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	60.6	60.6	54.5
FII's	5.7	5.7	6.0
MFs/Institutions	15.4	15.7	22.8
Public	15.2	14.8	13.7
Others	3.1	3.2	3.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	-7.5%	5.7%	-2.8%
Absolute Sensex	-2.7%	7.5%	-1.8%
Relative Return	-4.8%	-1.8%	-1.0%

***over or under performance to benchmark index**



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	15,262	17,534	20,629
Growth (%)	*5.9*	*14.9*	*17.7*
EBITDA	3,166	3,739	4,866
EBITDA Margin (%)	*20.7*	*21.3*	*23.6*
PAT Adjusted	-140	623	1,343
Growth (%)	*-191.5*	*545 .0*	*115.6*
Adjusted EPS	-1.2	4.7	10.0
Growth (%)	*-191.5*	*499.7*	*115.6*
P/E	n.m.	73.0	33.8
P/B	1.9	2.1	1.9
EV/EBITDA	20.5	18.5	14.4
ROE (%)	*6.6*	*4.0*	*7.2*
D/E	0.8	0.7	0.7

Approvals Offer Hope But Debt Sours Prospects

Biocon Ltd is a biopharmaceutical company that develops therapies for chronic diseases such as autoimmune, cancer and diabetes. The company has developed and introduced novel biologics, biosimilars, differentiated small molecules and affordable recombinant human insulin and analogues.

- In Q1FY26, Biocon's consolidated revenue grew 14.8% YoY to Rs. 3,942cr, driven by continued gains in biosimilars and CRDMO.
- The gross margins declined by 110 bps on a YoY basis and 230 bps on a QoQ basis because of weakness in the generic division.
- The biosimilar segment grew 18% YoY Rs. 2,458cr, driven by robust demand across markets, supported by market share gains for Fulphila and Ogivri, along with the recent launch of Stelara, however sequential performance was subdued.
- The generic segment revenue increased 5.6% YoY to Rs. 697cr, but exhibited a sequential decline of 33% due to an adverse product mix .
- Biocon launched Yesafili during the quarter and received USFDA approval for interchangeable insulin Aspart (Kirsty™), as well as for Bosaya™ and Aukelso™, its Denosumab biosimilars.
- The company also completed its first equity raise of ₹4,500 crore via QIP, which was used to buy back Goldman Sachs' OCDs in Biocon Biologics.

Outlook & Valuation

Biocon's strategic focus includes advancing its GLP-1 capabilities, launching oncology and insulin biosimilars, and expanding its CRDMO offerings into complex modalities. The company has been incurring substantial capital expenditures in the generics and CDMO segments. However, margin pressure from initial ramp-up costs and intense competition in key therapeutic areas may weigh on near-term profitability. Additionally, the company continues to be impacted by its heavy debt burden. Therefore, **we revise our rating to 'Reduce' on the stock, with a revised target price of Rs.312, based on 31x FY27E adjusted EPS**.

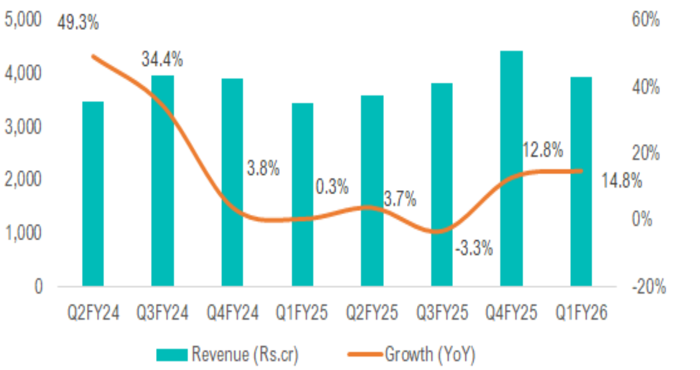
Quarterly Financials Consol.

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	3,942	3,433	*14.8*	4,417	*-10.8*
Adj. EBITDA	749	620	*20.7*	1,078	*-30.5*
Margin (%)	*19.0*	*18.1*	*90bps*	*24.4*	*-540bps*
EBIT	294	215	*36.7*	642	*-54.2*
PBT	97	1,146	*-91.5*	487	*-80.1*
Rep. PAT	89	862	*-89.6*	459	*-80.6*
Adj PAT	31	-430	*107.2*	324	*-90.3*
Adj. EPS (Rs)	0.2	-3.6	*105.6*	2.7	*-92.6*

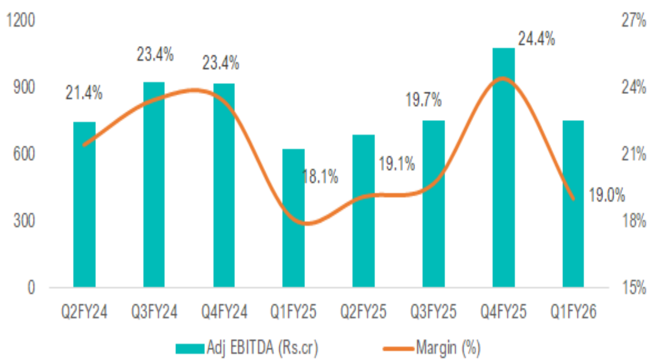
Key concall highlights

- The company foresees reduced interest costs from Q2FY26 as $200 million Goldman Sachs OCD repayment lowers 5% coupon burden, with further declines after similar repayments for Kotak and Edel, later in the fiscal.
- Biocon oncology biosimilar Ogivri and Fulphila maintained 27% US market share, retaining value in Part B segment.
- Biocon commissioned GLP-1 focused injectable facility in Bengaluru, with commercial supply expected from FY27, expanding manufacturing for vials, cartridges, pre-filled syringes and drug-device combination products.
- Biocon focused on eight high-impact self-led emerging markets, securing a multi-year RH insulin and insulin glargine contract with Malaysia's Ministry of Health and competitive tender wins in APAC, AFMET and LATAM.
- Biocon plans to launch Bevacizumab in the US around October, aiming to expand its oncology market share.
- Management targets ~75% advanced markets and 25% emerging markets biosimilars revenue mix in FY26, with the US accounting for over 40% of the advanced market share.
- Management anticipates higher utilisation rates of new manufacturing facilities from Q2FY26, improving ROCE and lowering per unit costs, which can enhance operational efficiency and shareholder values.

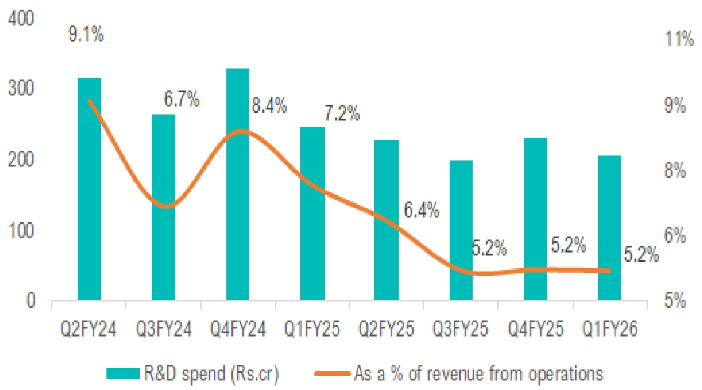
Revenue



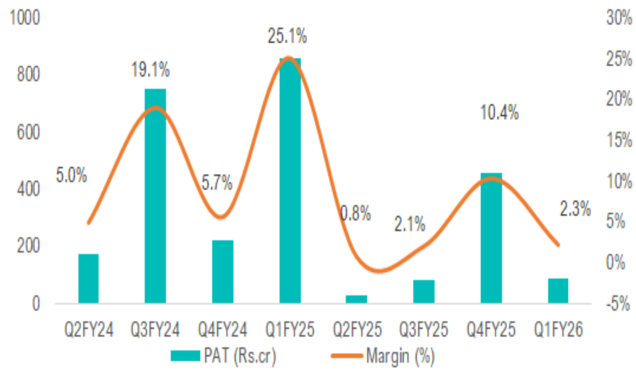
R&D spend



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	19,053	-	17,534	20,629	*-8.0*	-
EBITDA	5,959	-	3,739	4,866	*-37.3*	-
Margins (%)	*31.3*	-	21.3	23.6	*-1,000bps*	-
Adj. PAT	1373	-	623	1,343	*-54.6*	-
EPS	11.4	-	4.7	10.0	*-58.8*	-

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**11,174**	**14,406**	**15,262**	**17,534**	**20,629**
% change	*36.5*	*28.9*	*5.9*	*14.9*	*17.7*
EBITDA	**2,512**	**2,949**	**3,166**	**3,739**	**4,866**
% change	*34.2*	*17.4*	*7.4*	*18.1*	*30.1*
Depreciation	1,113	1,569	1,687	1,950	2,083
EBIT	**1,399**	**1,380**	**1,479**	**1,789**	**2,783**
Interest	419	974	897	808	747
Other Income	-83	1,120	1,305	175	203
PBT	**897**	**1,525**	**1,887**	**1,156**	**2,239**
% change	*-8.7*	*70.0*	*23.7*	*-38.7*	*93.7*
Tax	254	227	457	266	560
Tax Rate (%)	*28.3*	*14.9*	*24.2*	*23.0*	*25.0*
Reported PAT	**643**	**1,298**	**1,429**	**890**	**1,679**
PAT att. to common shareholders	463	1,023	1,013	623	1,343
Adj.*	291	-869	-1,154	-	-
Adj. PAT	**754**	**153**	**-140**	**623**	**1,343**
% change	*-0.7*	*-79.7*	*-191.5*	*545 .0*	*115.6*
No. of shares (cr)	120.1	120.1	120.1	133.7	133.7
Adj EPS (Rs.)	**6.3**	**1.3**	**-1.2**	**4.7**	**10.0**
% change	*-0.7*	*-79.7*	*-191.5*	*499.7*	*115.6*
DPS (Rs.)	1.5	1.8	1.3	0.7	1.2

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	1,324	1,234	3,227	3,470	2,341
Accts. Receivable	3,573	6,231	5,488	6,249	7,280
Inventories	4,244	4,944	4,931	5,887	6,485
Other Cur. Assets	3,194	2,771	2,640	2,342	2,416
Investments	742	684	680	670	660
Gross Fixed Assets	12,843	14,439	16,120	18,256	20,676
Net Fixed Assets	6,419	8,791	8,800	9,153	9,649
CWIP	3,445	2,613	4,010	4,127	4,127
Intangible Assets	26,662	26,659	27,058	28,202	29,342
Def. Tax -Net	301	317	258	260	263
Other Assets	2,139	1,828	1,706	1,656	1,670
Total Assets	**52,043**	**56,071**	**58,797**	**62,015**	**64,233**
Current Liabilities	6,031	12,562	8,984	11,825	12,803
Provisions	227	238	261	287	316
Debt Funds	22,599	17,295	21,123	20,816	20,491
Other Liabilities	698	702	718	578	596
Equity Capital	600	600	600	600	600
Res. & Surplus	17,267	19,183	21,044	21,573	22,756
Shareholder Funds	17,867	19,784	21,644	22,174	23,356
Minority Interest	4,622	5,491	6,069	6,336	6,671
Total Liabilities	**52,043**	**56,071**	**58,797**	**62,015**	**64,233**
BVPS	149	165	180	166	175

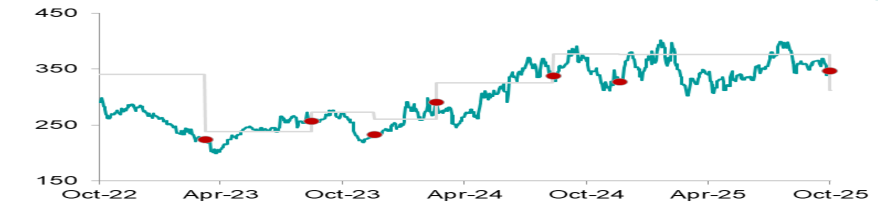
Cashflow

Y.E March(Rs.Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,756	2,867	3,116	2,841	3,762
Non-cash adj.	1,356	455	-184	2,629	814
Other adjustments	-	-	-	-	-
Changes in W.C	-1,259	-367	1,129	-520	-835
C.F. Operation	**1,853**	**2,954**	**4,061**	**4,949**	**3,740**
Capital exp.	-1,723	-1,908	-2,343	-3,564	-3,719
Change in inv.	2,983	1,312	1,992	-35	-39
Other invest.CF	-15,541	-409	117	-	-
C.F - Investment	**-14,282**	**-1,005**	**-234**	**-3,599**	**-3,758**
Issue of equity	1,202	31	10	-	-
Issue/repay debt	12,405	-1,313	434	-200	-220
Dividends paid	-72	-203	-83	-93	-161
Other finance.CF	-486	-847	-2,216	-814	-729
C.F - Finance	**13,049**	**-2,333**	**-1,854**	**-1,108**	**-1,111**
Chg. in cash	619	-383	1,973	243	-1,128
Closing Cash	1,324	1,234	3,227	3,470	2,341

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	22.5	20.5	20.7	21.3	23.6
EBIT margin (%)	12.5	9.6	9.7	10.2	13.5
Net profit mgn.(%)	4.1	7.1	6.6	3.6	6.5
ROE (%)	3.6	6.6	6.6	4.0	7.2
ROCE (%)	3.1	3.2	3.0	3.6	5.5
W.C & Liquidity					
Receivables (days)	116.7	157.9	131.2	130.1	128.8
Inventory (days)	422.9	368.4	346.3	345.2	342.5
Payables (days)	382.8	467.4	459.9	460.5	462.2
Current ratio (x)	1.4	1.0	1.1	1.1	1.0
Quick ratio (x)	0.7	0.5	0.6	0.6	0.6
Turnover &Leverage					
Gross asset T.O (x)	0.9	1.1	1.0	1.0	1.1
Total asset T.O (x)	0.3	0.3	0.3	0.3	0.3
Int. covge. ratio (x)	3.3	1.4	1.6	2.2	3.7
Adj. debt/equity (x)	1.0	0.7	0.8	0.7	0.7
Valuation					
EV/Sales (x)	4.5	3.7	4.3	3.9	3.4
EV/EBITDA (x)	20.2	18.1	20.5	18.5	14.4
P/E (x)	32.9	206.7	n.m.	73.0	33.8
P/BV (x)	1.4	1.6	1.9	2.1	1.9

Recommendation Summary - (last 3 years)



Dates	Rating	Target
10-Aug-22	HOLD	340
09-Mar-23	HOLD	238
16-Aug-23	HOLD	273
17-Nov-23	ACCUMULATE	260
19-Feb-24	ACCUMULATE	325
12-Aug-24	ACCUMULATE	377
20-Nov-24	ACCUMULATE	376
03-Oct-25	REDUCE	312

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: Upgrade No Change Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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