

Biocon Limited

ACCUMULATE

Sector: Pharmaceuticals

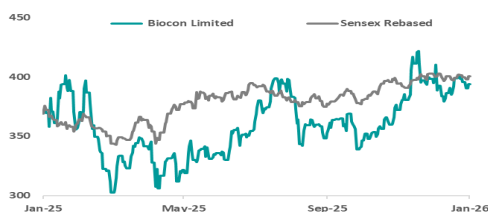
2nd January, 2026

Key Changes	Target	Rating	Earnings	Target	Rs. 439
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Mid Cap	BIOS:IN	85,189	BIOCON	532523	12 Months
				CMP	Rs. 388
				Return	+13%

Data as of: 01-01-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	51,841		
52 Week High — Low (Rs.)	425 - 291		
Enterprise Value (Rs. cr)	69,271		
Outstanding Shares (cr)	133.7		
Free Float (%)	44.8		
Dividend Yield (%)	0.1		
6m average volume (cr)	0.4		
Beta	1.3		
Face value (Rs.)	5.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	60.6	54.5	54.5
FII's	5.7	6.0	6.6
MFs/Institutions	15.7	22.8	22.1
Public	14.8	13.7	13.8
Others	3.2	3.0	3.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	13.7%	5.2%	6.8%
Absolute Sensex	5.2%	2.4%	8.6%
Relative Return	8.5%	2.8%	-1.7%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	15,262	17,938	21,104
Growth (%)	5.9	17.5	17.6
EBITDA	3,166	3,659	4,704
EBITDA Margin (%)	20.7	20.4	22.3
PAT Adjusted	-140	640	1,364
Growth (%)	-191.6	557.1	113.1
Adjusted EPS	-1.2	4.8	10.2
Growth (%)	-192.3	500.0	112.5
P/E	n.m.	85.6	40.2
P/B	1.9	2.5	2.3
EV/EBITDA	20.5	21.3	16.5
ROE (%)	6.6	4.0	6.8
D/E	0.8	0.7	0.7

Robust Pipeline to Drive Future Growth

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.

- Consolidated revenue in Q2FY26 increased 19.6% YoY to Rs. 4,296cr aided by growth in biosimilars, generics and CRDMO.
- Adjusted EBITDA increased 21.9% YoY to Rs. 835cr and margin grew 40bps YoY to 19.4% driven by strong topline expansion.
- Revenue from biosimilars grew 24.7% YoY to Rs. 2,721cr, fuelled by market share gains and new product launches.
- Biocon launched Kirsty™, the first and only FDA approved interchangeable biosimilar to NovoLog® (insulin aspart), strengthening its diabetes portfolio.
- Biocon has proposed to acquire the remaining minority investors stake in Biocon Biologics (23.3%), making Biocon Biologics a wholly owned subsidiary of the company, using a combination of equity swaps and QIP to fund the transaction.

Outlook & valuation

Biocon has strengthened its financial position by settling structured debt obligations resulting in a notable reduction in interest costs that is expected to support margins going forward. The company has also simplified its corporate structure, enhancing operational efficiency and governance transparency. Its strong biosimilars portfolio, led by insulin and recently launched oncology products, is poised to drive growth, while the generic business is expected to gain momentum in 2HFY26 through new product launches, capitalizing on the Ozempic opportunity and global expansion. Although margins remain impacted by new facilities and the lower-margin formulation business, interest cost savings and operating leverage from biosimilars should aid recovery over time. Hence, **we upgrade our stance to ACCUMULATE from Reduce with a target price of Rs. 439, based on 43x FY27E adjusted EPS.**

Quarterly Financials Consolidated

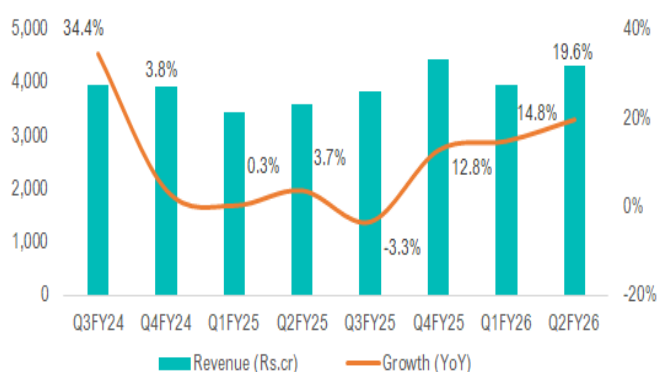
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	4,296	3,590	19.6	3,942	9.0	8,237	7,023	17.3
Adj EBITDA	835	685	21.9	766	9.0	1,601	1,306	22.6
Margin (%)	19.4	19.1	36bps	19.4	1bps	19.4	18.6	84bps
EBIT	455	298	52.8	391	16.5	846	1,648	-48.7
PBT	171	98	74.1	97	76.8	268	1,244	-78.4
Rep. PAT	133	27	390.0	89	48.9	222	889	-75.0
Adj PAT	96	-42	328.6	49	98.4	145	-472	130.7
Adj. EPS (Rs)	0.72	-0.35	305.7	0.4	98.4	1.1	-3.9	128.2



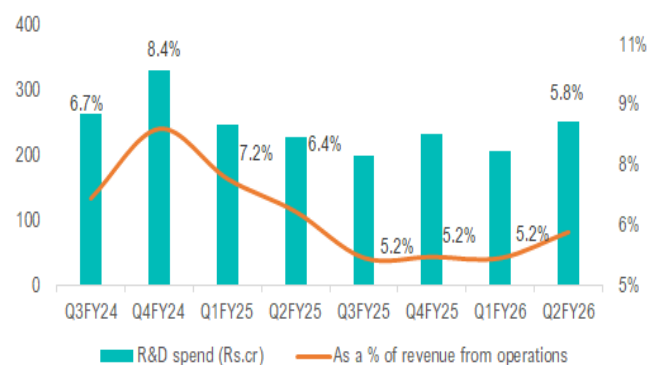
Key concall highlights

- In Q2FY26, biosimilars accounted for 61% of the total revenue, CRDMO 21% and generics 18%.
- Biocon's first oral solid dosage (OSD) manufacturing facility was inaugurated in the US, marking a significant step towards expanding the vertically integrated portfolio for patients in the region.
- During the quarter, the company received 13 new approvals and successfully launched 19 products across major markets.
- It achieved a milestone with its first global phase III clinical trial from a US-based biotech company, with patients recruited across India and US clinical sites. Syngene also broadened its clinical trials footprint to Australia, New Zealand, the UK, Sri Lanka and Eastern Europe.
- The management expects biosimilars R&D spend to continue in the 7-9% range of revenue for the full year.
- It expects the R&D spend for generics to remain in 8-10% range of revenue, with gross margin expected to improve from the current mid-40s levels.

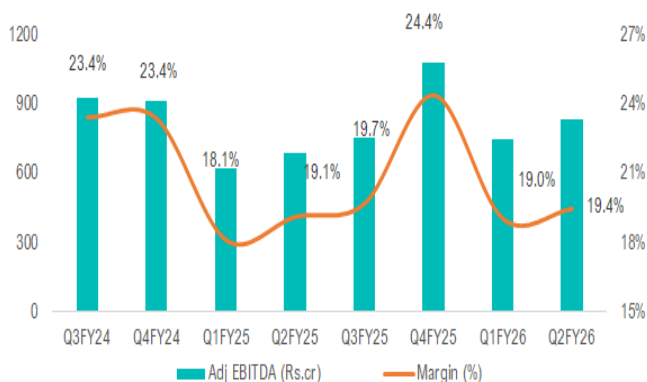
Revenue



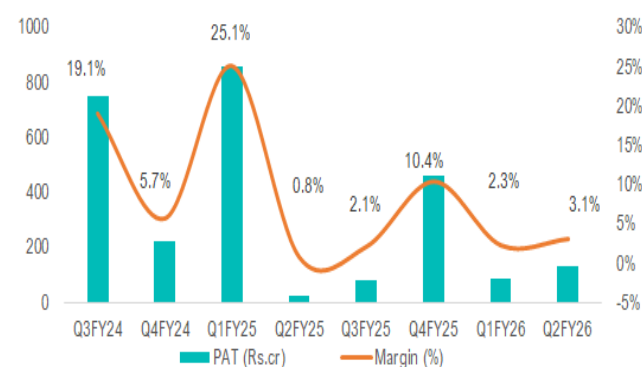
R&D Spend



Adj EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	17,534	20,629	17,938	21,104	2.3	2.3
EBITDA	3,739	4,866	3,659	4,704	-2.1	-3.3
Margins (%)	21.3	23.6	20.4	22.3	-90bps	-130bps
Adj. PAT	623	1,343	640	1,364	2.8	1.6
EPS	4.7	10.0	4.8	10.2	1.9	2.0



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	11,174	14,406	15,262	17,938	21,104
% change	36.5	28.9	5.9	17.5	17.6
EBITDA	2,512	2,949	3,166	3,659	4,704
% change	34.2	33.3	27.0	20.0	33.1
Depreciation	1,113	1,569	1,687	1,812	1,978
EBIT	1,399	1,380	1,479	1,847	2,725
Interest	419	974	897	879	862
Other Income	-83	1,120	1,305	230	249
PBT	897	1,525	1,887	1,197	2,112
% change	-8.7	70.0	23.7	-36.6	76.5
Tax	254	227	457	299	528
Tax Rate (%)	28.3	14.9	24.2	25.0	25.0
Reported PAT	643	1,298	1,429	898	1,584
PAT att. to common shareholders	463	1,023	1,013	628	1,364
Adj.*	291	-869	-1,154	12	-
Adj. PAT	754	153	-140	640	1,364
% change	-0.7	-79.7	-191.6	557.1	113.1
No. of shares (cr)	120.1	120.1	120.1	133.7	133.7
Adj EPS (Rs.)	6.3	1.3	-1.2	4.8	10.2
% change	-0.7	-79.4	-192.3	500.0	112.5
DPS (Rs.)	1.5	1.8	1.3	0.8	1.2

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,756	2,867	3,116	2,710	3,562
Non-cash adj.	1,356	455	-184	2,666	913
Other adjustments	-	-	-	-	-
Changes in W.C	-1,259	-367	1,129	452	623
C.F. Operation	1,853	2,954	4,061	5,828	5,098
Capital exp.	-1,723	-1,908	-2,343	-3,587	-3,632
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	-3,621	-3,671
Issue of equity	1,202	31	10	-	-
Issue/repay debt	12,405	-1,313	434	-500	-300
Dividends paid	-72	-203	-83	-107	-157
Other finance.CF	-486	-847	-2,216	-886	-844
C.F - Finance	13,049	-2,333	-1,854	-1,493	-1,301
Chg. in cash	619	-383	1,973	714	126
Closing Cash	1,324	1,234	3,227	3,941	4,068

Balance Sheet

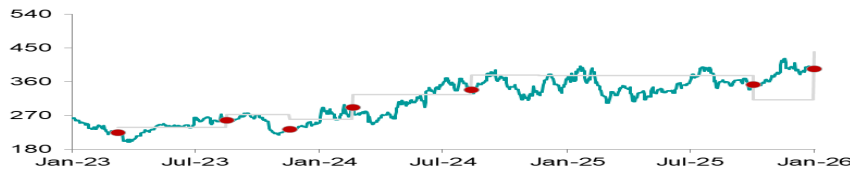
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	1,324	1,234	3,227	3,941	4,068
Accts. Receivable	3,573	6,231	5,488	5,561	5,698
Inventories	4,244	4,944	4,931	6,773	7,008
Other Cur. Assets	3,194	2,771	2,640	2,342	2,416
Investments	742	684	680	695	700
Gross Fixed As-sets	12,843	14,439	16,120	18,256	20,570
Net Fixed Assets	6,419	8,791	8,800	9,180	10,215
CWIP	3,445	2,613	4,010	4,132	4,137
Intangible Assets	26,662	26,659	27,058	28,330	28,944
Def. Tax -Net	301	317	258	259	262
Other Assets	2,139	1,828	1,706	1,656	1,670
Total Assets	52,043	56,071	58,797	62,868	65,116
Current Liabilities	6,031	12,562	8,984	12,994	14,175
Provisions	227	238	261	276	304
Debt Funds	22,599	17,295	21,123	20,516	20,111
Other Liabilities	698	702	718	578	596
Equity Capital	600	600	600	600	600
Res. & Surplus	17,267	19,183	21,044	21,565	22,772
Shareholder Funds	17,867	19,784	21,644	22,166	23,373
Minority Interest	4,622	5,491	6,069	6,338	6,558
Total Liabilities	52,043	56,071	58,797	62,868	65,116
BVPS	149	165	180	166	175

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	22.5	20.5	20.7	20.4	22.3
EBIT margin (%)	12.5	9.6	9.7	10.3	12.9
Net profit mgn.(%)	4.1	7.1	6.6	3.5	6.5
ROE (%)	3.6	6.6	6.6	4.0	6.8
ROCE (%)	3.1	3.2	3.0	3.8	5.4
W.C & Liquidity					
Receivables (days)	116.7	157.9	131.2	113.2	98.6
Inventory (days)	422.9	368.4	346.3	345.2	328.5
Payables (days)	382.8	467.4	459.9	459.9	474.5
Current ratio (x)	1.4	1.0	1.1	1.0	1.0
Quick ratio (x)	0.7	0.5	0.6	0.5	0.5
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	2.1	3.2
Adj. debt/equity (x)	1.0	0.7	0.8	0.7	0.7
Valuation					
EV/Sales (x)	4.5	3.7	4.3	4.3	3.7
EV/EBITDA (x)	20.2	18.1	20.5	21.3	16.5
P/E (x)	32.9	206.7	n.m.	85.6	40.2
P/BV (x)	1.4	1.6	1.9	2.5	2.3






Recommendation Summary (Last 3 years)



Dates	Rating	Target
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
02-Jan-26	ACCUMULATE	439

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.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

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

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