



Duration: 6-9 Months

CMP (Rs)	Target (Rs)	Potential Upside (%)
319	351	10%

MARKET DATA

No. of Shares	120 Cr
Market Cap	38,720 Cr
52-week High / Low	405/269
BSE Code	532523
NSE Code	BIOCON

Why Biocon Ltd?

- ✓ **Healthy Product Pipeline and Innovation Track Record**
- ✓ **Incremental Topline with GLP-1**
- ✓ **Favourable Integration**
- ✓ **Strong Cash Flows from Operations**

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About the Company

Biocon Limited is an innovation-led, global biopharmaceutical company dedicated to enhancing affordable access to complex therapies for chronic conditions such as diabetes, cancer, and autoimmune diseases. The company has developed and commercialised novel biologics, biosimilars, complex small-molecule APIs in India and key global markets, and generic formulations in the US and Europe. Additionally, it has a pipeline of promising novel assets in immunotherapy under development.

Investment Rationale

- Launch of Niche Drug GLP-1:** Biocon Limited has signed an exclusive licensing and supply deal to commercialise Liraglutide in South Korea with Handok. Liraglutide, an injection in a pre-filled pen, is used for chronic weight management as an adjunct to a reduced-calorie diet and increased physical activity. Under the agreement, Biocon will handle the drug product's development, manufacturing, and supply. At the same time, Handok will be responsible for obtaining regulatory approval and commercialisation in the South Korean market. The total addressable market opportunity for Liraglutide in Korea is approximately \$47 Mn, according to IQVIA MAT Q4FY23. Also, in Feb'2 they have announced the launch of its GLP-1 peptide this drug-device combination will be marketed in the U.K. under the brand names Liraglutide Biocon for diabetes (gVictoza®) and Biolide for chronic weight management (gSaxenda®).
- Balance Sheet Getting Stronger by Reducing Debt:** Biocon has had a standout year with several impressive achievements. It has successfully integrated its new biosimilar business, positioning itself for future growth. Additionally, the company has crossed the \$1 Bn revenue mark, reflecting strong performance and demand for its products. Its market share has increased, particularly in the key U.S. market, indicating a strengthening position. Financially, Biocon has prudently paid off \$250 Mn in debt from its acquisition, enhancing financial stability. These factors collectively make Biocon a promising investment opportunity with substantial potential for future growth.
- Strong Performance in Previous Quarter:** Biocon Biologics is reporting strong traction following the vertical integration of its biosimilar business across various geographies. Major drugs such as gTrastuzumab, gPegfilgrastim, and Semglee have gained market shares of 22%, 23%, and 15% in the US markets, respectively. Hulio and Avebmy biosimilars are also gaining market share in Europe. The company has a robust pipeline, with plans to launch bUstekinumab in the US market and YESAFILI in the Canadian market. The Generic business faced challenges due to pricing pressures and demand issues in the API sector, along with the impact of certain regulatory delays, reflecting prudent investments in building formulations capabilities, capacities, and product range over the past few years. Statin and immunosuppressant formulations drove this growth, which was evident across all major geographies. During the fiscal year, the share of product sales in formulations increased to approximately 35% from 25% last year, and it is expected to continue growing and eventually overtake APIs as a larger portion of the business mix in the coming years.
- Outlook:** Biosimilars are continuously gaining market share across the geographies. Launching products like gLiraglutide in Generics and a strong pipeline of upcoming Biosimilars like Stellara and YESFILI provides a strong outlook for business in the upcoming quarters. The industry is continuously supporting the Biocon Business. **We recommend BUY with TP of Rs 351, which implies an upside of 10% from the current market price (CMP).**

Financial Summary

Y/E	Net Sales	EBITDA	Net Profit	EPS	PER	EV/EBITDA	P/BV	ROE
March	(Cr)	(Cr)	(Cr)	(Rs.)	(x)	(x)	(x)	(%)
FY24	14,756	3,299	1,298	11	30	16.0	1.5	5.13%
FY25E	15,310	3,062	525	4	74	17.1	1.5	2.05%
FY26E	18,239	3,921	1,375	11	28	12.9	1.4	5.13%
FY27E	21,188	4,767	2,000	17	19	10.1	1.4	6.99%

Source: Axis Securities Research. CMP as on 2nd May, 2025

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