



## 3R MATRIX

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	✓	■	■

+ Positive = Neutral - Negative

## What has changed in 3R MATRIX

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

## Company details

Market cap:	Rs. 4,28,045 cr
52-week high/low:	Rs. 425/291
NSE volume: (No of shares)	39.0 lakh
BSE code:	532523
NSE code:	BIOCON
Free float: (No of shares)	54.6 cr

## Shareholding (%)

Promoters	54.5
FII	6.6
DII	22.1
Others	16.9

## Price chart



Source: NSE India, Mirae Asset Sharekhan Research

## Price performance

(%)	1m	3m	6m	12m
Absolute	11.2	18.4	-0.1	11.9
Relative to Sensex	7.7	10.9	-10.4	5.3

Source: Mirae Asset Sharekhan Research, Bloomberg

## Biocon Ltd

## Execution holds key post merger

Pharmaceuticals	Sharekhan code: BIOCON		
Reco/View: Buy	↑	CMP: Rs. 399	Price Target: Rs. 462 ↑

## Summary

- We retain a Buy rating on Biocon and rollover valuation to FY28E, and arrive at a PT of Rs. 462.
- Debt restructuring has helped improve cash flows. No major capex expected in the coming quarters.
- Synergy benefits on account of integration, strong product pipeline to drive topline and bottomline.
- Leaner balance sheet and comprehensive product portfolio warrant premium valuations.

**Biocon plans to acquire the full 23.3% minority stake in Biocon Biologics from Viatris (Mylan Inc.), Serum Institute, True North, and Tata Capital for \$1.173 billion, rendering it a wholly-owned subsidiary and establishing a \$5.5 billion valuation for the arm. The payment includes issue of Biocon shares valued at \$773 million, with the remaining \$400 million disbursed in cash to Viatris. Issuing additional shares will lead to a substantial dilution for promoters - from ~54% to ~44% - and for non-promoters from about 46% to 37%.**

**The Viatris story:** Biocon Biologics had raised \$1.2 billion in initial debt for the \$3.3 billion Viatris biosimilars deal in November 2022, increasing its debt from \$300 million to \$1.5 billion pre-synergy. By FY24, Biocon cut \$250 million of the debt led by revenue growth, refinancing such as Rs. 4,500 crore for Viatris payouts, and ongoing repayments like Edelweiss structured debt by January 2026.

**QIP to fund transaction:** Biocon's board approved Rs 4,500 crore (\$535 million) qualified institutional placement (QIP), which focuses on repayment of specific obligations: Commercial papers (CPs), \$400 million in cash to Viatris, and the full Edelweiss structured debt by January 31, 2026. S&P expects consolidated adjusted debt to drop sharply from Rs. 248 billion (March 2025) to ₹120 billion by March 2026, mainly by eliminating debt-like instruments like \$1 billion worth of CCPs and optionally convertible debentures via equity proceeds. Post the merger, the capital structure retains senior secured notes (e.g. \$800 million bonds due 2029), bilateral loans, and working capital facilities, preserving leverage for operations while improving the profile. ICRA confirms BBL-level leverage stays materially unchanged excluding structured debt. Net debt/EBITDA stands at 2.5x as of H1FY26.

**Biosimilars power Q2FY26:** Biocon reported strong Q2FY26 results marking a significant turnaround with consolidated net profit surging to around Rs. 133 crore, up 390% year-on-year from Rs. 27 crore. Revenue grew robustly by ~21% YoY to ~Rs4,297 Cr, driven by biosimilars (up 25% to Rs. 2,721 crore), generics (up 24% to Rs. 774 crore), and steady CRDMO growth via Syngene. EBITDA rose 29% to Rs. 928 crore with margins at 21%, while profit before tax jumped 74-153% to Rs. 171-183 crore. Biosimilars contributed 61% of revenue, on account of US market share gains and new launches in the biosimilars category.

## Our Call

**Valuation - Upgrade to Buy with a PT of Rs. 462:** Biocon's restructured capital structure allows room for further expansion plans. We await clarity on the drug approvals particularly in the oncology and the Diabetes segments which should further improve top and bottomline. Backed by a strong product pipeline in the coming years, we retain Buy rating with a revised price target of Rs. 462.

## Key Risks

- 1) Adverse regulatory changes.
- 2) Delay in product approvals.

## Valuation (Consolidated)

Particulars	Rs cr				
	FY24	FY25	FY26E	FY27E	FY28E
Net sales	14,756	15,262	16,912	20,172	22,475
EBITDA	3261	2997	3227	4148	4949
EBITDA (%)	22.1%	19.6%	19.1%	20.6%	22.0%
PAT	1,272	1,163	911	1,171	1,791
EPS (Rs)	8.3	7.2	4.8	6.7	11.6
PER (x)	36.1	42.6	82.0	58.9	34.2
EV/Ebitda (x)	15.2	17.0	18.9	14.9	13.1
ROCE (%)	5.3	4.2	2.7	3.6	5.9
RoCE (%)	5.7	5.7	4.6	5.3	7.0

Source: Company; Mirae Asset Sharekhan estimates

### One of the Most Comprehensive Portfolios in the Industry

	Biocon Biologics	alvotech	PRESENIUS KABI	SAMSUNG BIOEPIB	CELLTRION	AMGEN	Pfizer	SANDOZ
Trastuzumab	✓			✓	✓	✓	✓	✓
Bevacizumab	✓		✓	✓	✓	✓	✓	✓
Pegfilgrastim	✓		✓				✓	✓
Pertuzumab	✓							✓
Pembrolizumab	✓	✓	✓	✓	✓	✓		✓
Nivolumab	✓		✓			✓		✓
Adalimumab	✓	✓	✓	✓	✓	✓	✓	✓
Etanercept	✓		✓	✓	✓			✓
Ustekinumab	✓	✓	✓	✓	✓	✓		✓
Aflibercept	✓	✓	✓	✓	✓	✓		✓
Denosumab	✓	✓	✓	✓	✓			✓
Insulin Glargine	✓							
Insulin Aspart	✓							
rH-Insulin	✓							
Liraglutide	✓		✓					✓
Semaglutide	✓		✓					✓

Vertically integrated and offers a unique combination of Insulins, GLP-1s and mAbs

Source: Company; Mirae Asset Sharekhan Research

### Expansive Portfolio with Complementarity across High Growth Therapy Areas

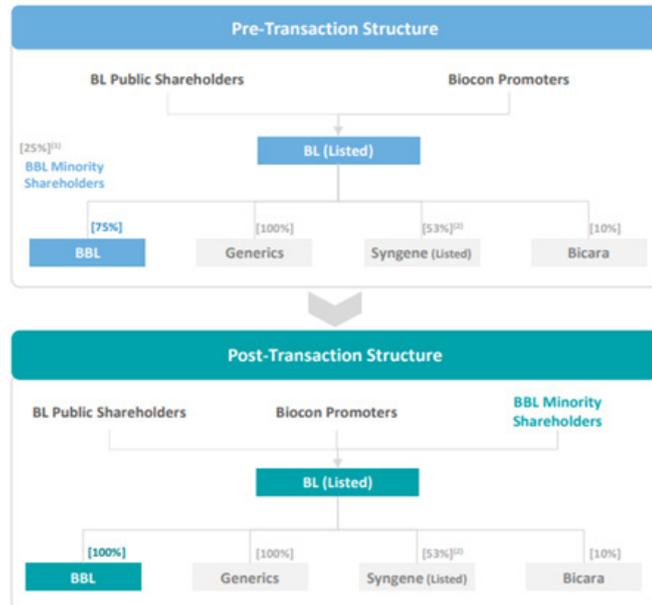
✓ Biosimilars    ✓ Generics Examples

	Approved			Pipeline	
<b>Oncology</b>	<ul style="list-style-type: none"> <li>✓ Pegfilgrastim</li> <li>✓ Trastuzumab</li> </ul>	<ul style="list-style-type: none"> <li>✓ Denosumab</li> <li>✓ Bevacizumab</li> </ul>	<ul style="list-style-type: none"> <li>✓ Dasatinib</li> <li>✓ Lenalidomide</li> </ul>	<ul style="list-style-type: none"> <li>✓ Pertuzumab</li> <li>✓ Pembrolizumab</li> <li>✓ Nivolumab</li> </ul>	<ul style="list-style-type: none"> <li>✓ Trastuzumab SC</li> <li>✓ Palbociclib</li> <li>✓ 9 Undisclosed BS</li> </ul>
<b>Immunology</b>	<ul style="list-style-type: none"> <li>✓ Adalimumab</li> <li>✓ Etanercept</li> </ul>	<ul style="list-style-type: none"> <li>✓ Tacrolimus</li> <li>✓ Ustekinumab</li> </ul>	<ul style="list-style-type: none"> <li>✓ Everolimus</li> <li>✓ Mycophenolate</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sirolimus</li> </ul>	<ul style="list-style-type: none"> <li>✓ 6 Undisclosed BS</li> </ul>
<b>Diabetes</b>	<ul style="list-style-type: none"> <li>✓ Glargine U100</li> <li>✓ rh-Insulin</li> </ul>	<ul style="list-style-type: none"> <li>✓ Liraglutide</li> <li>✓ Aspart</li> </ul>	<ul style="list-style-type: none"> <li>✓ Dapagliflozin</li> </ul>	<ul style="list-style-type: none"> <li>✓ Semaglutide</li> <li>✓ Glargine U300</li> </ul>	<ul style="list-style-type: none"> <li>✓ Tirzepatide</li> </ul>

Comprehensive and differentiated portfolio with 30+ biosimilars, peptides and complex generics across key therapy areas

Source: Company; Mirae Asset Sharekhan Research

### Change in Ownership Structure



Proposed Cap Table		
Shareholders	Pre-Transaction % Holding	Post-Transaction % Holding
BL Promoters	54.45%	44.44%
BL non-promoters	45.55%	37.17%
BBL minority shareholders	-	10.48%
Trusts / RSUs / Individuals	-	1.20%
Proposed Fundraise (upto \$500Mn) <sup>3</sup>	-	6.72%
	100%	100%

**Next Steps**

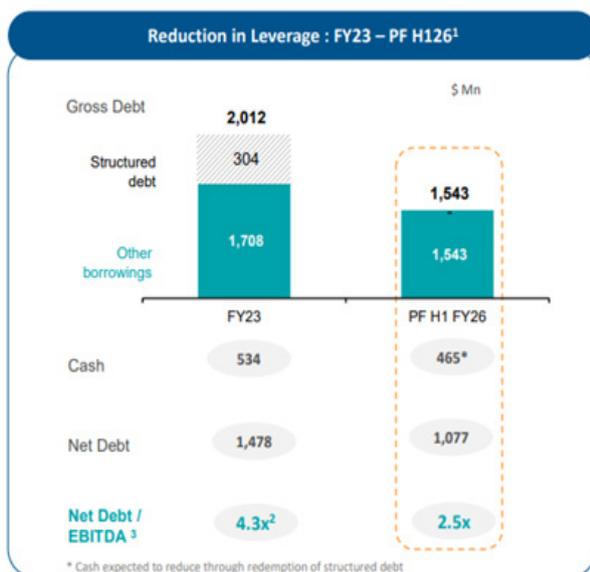
- EGM Approval
- Swap of BL shares with Minority shareholders of BBL
- Equity fund raise

Streamlined group structure and strategic alignment of all stakeholders

1. Fully diluted basis  
 2. 52.68% as of September 30, 2025  
 3. ₹ 405.78 per share

Source: Company; Mirae Asset Sharekhan Research

### Deleveraged and Strengthened Balance Sheet through Acquisition Re-financing, QIP and EBITDA Growth



- Highlights**
- H1FY26 structured debt lower vs. FY25 due to redemption of GS OCD
  - Proforma H1 FY26: Net Debt/EBITDA at 2.5x :
    - Deleveraging initiatives; proforma factors Kotak and Edelweiss settlement
    - Robust EBITDA growth from the core business
  - Gross Interest Cost<sup>4</sup>: Significant reduction on account deleveraging translating to a savings of ₹ 300 Cr. (\$34 Mn) p.a.

Net Debt / EBITDA reduced by ~2x due to systemic debt reduction plan and improved EBITDA performance

Source: Company; Mirae Asset Sharekhan Research

**Outlook and Valuation**

**■ Sector Outlook – Efforts to improve product mix is taking shape**

The Indian Pharmaceutical Market (IPM) is growing with increased consumer spends and awareness. Additionally, Indian pharmaceutical companies with a large market share in IPM and a strong pipeline of speciality products will help them gain market share in the U.S. and thereby partially offset any impact of competitive pricing pressure in that market. Moreover, other factors such as faster approvals and resolutions by the USFDA regarding plant observations and strong growth prospects in domestic markets and emerging opportunities in the API space would be key growth drivers. This would be complemented by strong capabilities developed by Indian companies (leading to a shift towards complex molecules, biosimilars, and injectables) and commissioning of expanded capacities by select players in the medium term. Collectively, this indicates a strong growth potential going ahead for Indian pharma companies.

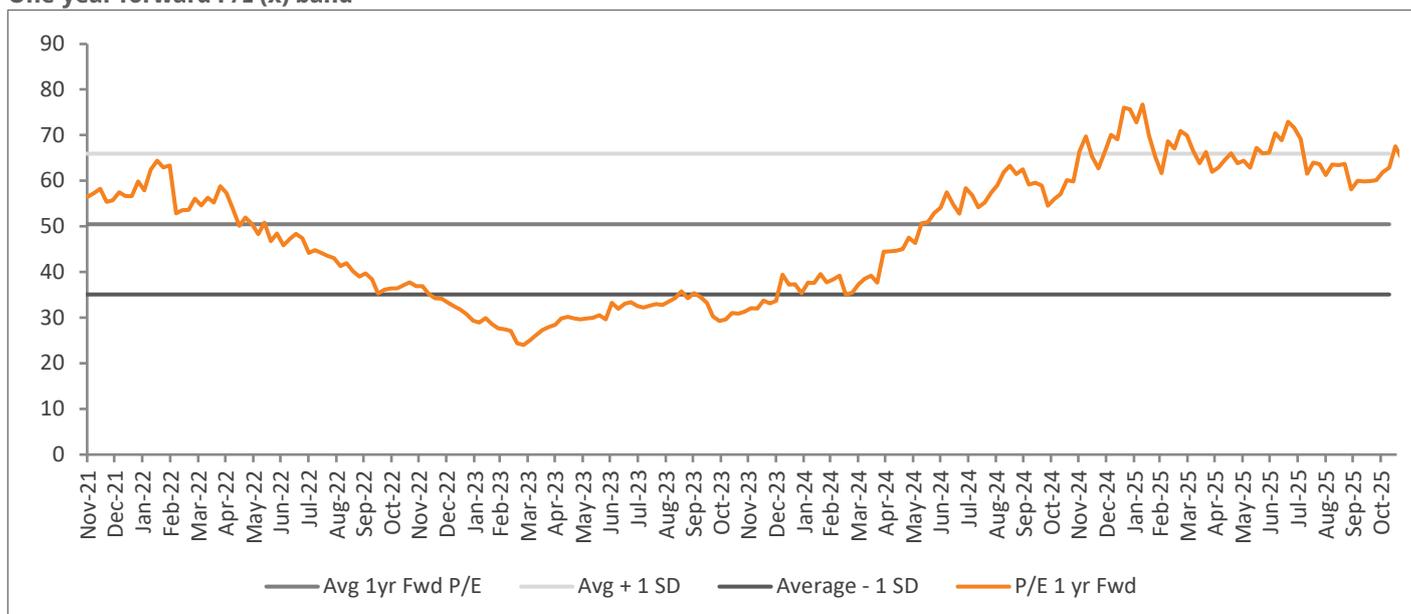
**■ Company Outlook – Margins continue to rise**

Biocon is a leading manufacturer of biosimilars in India and is one of the few global companies to receive approvals for products across the regulated markets such as the US, EU, Japan and other developed markets. A robust opportunity lies ahead in the biosimilars segment for Biocon, as some key global brands would lose patent exclusivity in the medium to long term. Price erosion in biosimilars is much lower than that in the other segments as of now and this works to the company's advantage. Scientific expertise in developing and manufacturing complex biosimilars together with commercialisation strength of partner companies would further strengthen Biocon's presence globally in biosimilars. Moreover, with the possible listing of Biocon Biologics, there exists a significant value unlocking opportunity going ahead.

**■ Valuation – Maintain Buy with a revised PT of Rs. 462:**

Biocon's restructured capital structure allows room for further expansion plans. Backed by a strong product pipeline in the coming years, we retain Buy rating with a revised price target of Rs. 462.

**One-year forward P/E (x) band**



Source: Company; Mirae Asset Sharekhan Research

## About company

Established in 1978, Bengaluru-based Biocon is India's premier biotechnology company. Biocon is now a fully integrated biopharma player with API manufacturing facilities, strong capabilities in biologics, innovative drug development, and a branded generics business in India. With over 25 years of expertise in fermentation technology, the company has built a strong presence in lucrative high-growth segments such as statins, immuno-suppressants, and anti-diabetes drugs. Biocon is among the few companies globally to have received approvals for its biosimilars from developed countries such as the U.S., EU, Australia, and Japan.

## Investment theme

Biocon has one of the largest global biosimilars portfolios, spanning from recombinant human Insulin (rh-Insulin), insulin analogs, monoclonal antibodies, and other biologics for diabetes, oncology, and immunology. Thus, Biocon has the early-mover advantage as global markets have begun to accept biosimilars and the role they are expected to play in increasing access to high-quality and yet affordable drugs and improve quality of life for patients around the world. The company is expected to benefit substantially from the opportunities in the lucrative biosimilars space, as some key global brands would lose patent exclusivity in the medium to long term. Scientific expertise in developing and manufacturing complex biosimilars together with the commercialisation strength of partner companies would further strengthen Biocon's presence globally in biosimilars. Moreover, with the possible listing of Biocon Biologics, there exists a significant value unlocking opportunity going ahead.

## Key Risks

- ◆ Adverse regulatory changes
- ◆ Delay in product approvals

## Additional Data

### Key management personnel

Name	Designation
Kiran Mazumdar Shaw	Executive Chairperson Biocon Limited
Siddharth Mittal	CEO and Managing Director - Biocon Ltd.
Mukesh Kamath	Interim CFO

Source: Company Website

### Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Shaw Kiran Mazumdar	36.25
2	GLENTEC INTERNATIONAL	17.74
3	SBI Funds Management Ltd	5.78
4	Life Insurance Corp of India	4.90
5	Vanguard Group Inc/The	1.80
6	Nippon Life India Asset Management	1.79
7	Kotak Mahindra Asset Management Co	1.58
8	Chandavarkar Arun Suresh	0.99
9	ICICI Prudential Asset Management	0.89
10	Franklin Resources Inc	0.73

Source: Bloomberg

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## Understanding the Mirae Asset Sharekhan 3R Matrix

<b>Right Sector</b>	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
<b>Right Quality</b>	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
<b>Right Valuation</b>	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai - 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

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Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: [complianceofficer@sharekhan.com](mailto:complianceofficer@sharekhan.com)

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