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Initiating Coverage

Biocon Ltd.

19-October-2020

RETAIL RESEARCH

Biocon Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	Rs 443.5	Buy on dips in the band of Rs 406-410 and add on dips to Rs 355-359	Rs 452	Rs 490	2 quarters

HDFC Scrip Code	BIOLTDEQNR
BSE Code	532523
NSE Code	BIOCON
Bloomberg Code	BIOS: IN
CMP Oct 19, 2020	443.5
Equity Capital (Rs cr)	600
Face Value (Rs)	5
Equity Share O/S (cr)	120
Market Cap (Rs cr)	53248
Book Value (Rs)	56
Avg. 52 Wk Volumes	4583749
52 Week High	477.9
52 Week Low	235.8

Share holding Pattern % (Sep, 2020)	
Promoters	60.67
Institutions	22.98
Non Institutions	15.33
Total	100.0

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Our Take

Biocon has a strong presence in the biopharma sector with diversified revenue streams across small molecules, active pharmaceutical ingredients (APIs), biologics (including branded formulations) and research services. The domestic business mainly focuses on chronic areas such as anti-diabetes, oncology, nephrology, immunotherapy. Company has presence in research services segment through its listed entity Syngene international in which Biocon holds 70.2% stake as on Jun-2020. Biocon is also one of the leading players in insulin in Asia, with its global capacities making it one of the leading insulin producer globally.

Biocon's long-term growth potential is expected to be led by its biosimilar and novel biologics segments, in both semi-regulated and regulated markets. While these emerging segments continue to require large investment for R&D and capex, the company is supported by steady cash flow from its established small molecules and branded formulations segments. Very few players in India have been able to scale up their biologics revenues, and Biocon is one of them. Biologics revenues have registered robust 39% CAGR led by new launches over FY16-20.

Management has laid out an aspirational US$ 1bn revenue target for the biologics segment by FY22. However as a matter of prudence, we expect revenues from Biologics to be ~US$ 550mn in FY22 vs. US$ 250mn in FY20. We believe strong traction in existing products along new planned launches like Insulin Glargine (US), Pegfilgrastim and Etanercept (EU), Insulin aspart (US & EU), Recombinant Human Insulin (US) and Bevacizumab (EU) to be the key growth drivers for biologics business.

Biocon raised Rs 750cr by selling a total of 3.3% stake in Biocon Biologics to two investors i.e. True North and Tata Capital (latest value $3.5 bn). The fund would be used to fund capex investments to further strengthen biologics segment. Further, Mylan plans to launch Bevacizumab in Europe in later part of the year; BLA (Biologics license application) for Bevacizumab has already been filed in US. New customer additions and an increased number of projects from existing customers would drive research services segment.

Valuation & View

Biocon has a strong pipeline of biosimilars to be launched over next 3-5 years across various markets. Given its record, the biosimilar products have good potential to garner market share despite the competition. Over FY20-22E, we forecast 22% revenue CAGR, led by 45% growth from Biologics and 9% in generic formulations and small molecules, with 470bps margin improvement. Healthy revenues coupled with strong margin improvement would drive robust 43% PAT CAGR over the same period. Being the leading player in the India-listed

space, and tie-ups for international business for biosimilars, we expect the company to deliver strong growth across its segments. New customer additions and an increased number of projects from existing customers would drive the Research Services segment. Also, Biocon is in the process of building a product pipeline in the Generics segment. Biocon has traded at around 28-30x 1-year forward PE over the past 8-10 years. Given strong outlook in the next 2-3 years from biologics and research division, valuation multiple has got re-rated significantly over the last 6 months.

We feel investors can buy the stock on dips to Rs 406-410 band (32.0x FY22E EPS) and further add in the band of Rs 355-359 (28.0x FY22E EPS) for base case fair value of Rs 452 (35.5x FY22E EPS) and bull case fair value of Rs 490 (38.5x FY22E EPS) over the next two quarters.

Financial Summary

Particulars (Rs cr)	Q1 FY21	Q1 FY20	YoY (%)	Q4 FY20	QoQ (%)	FY19	FY20	FY21E	FY22E
Total Revenues	1671	1466	14.0	1581	5.7	5,514	6,367	7,564	9,470
EBITDA	413	438	-5.5	319	29.6	1393	1603	2081	2825
Depreciation	167	124	34.5	152	9.7	448	552	659	741
Other Income	18	24	-24.1	63	-71.0	144	161	169	194
Interest Cost	13	17	-24.7	17	-26.5	71	65	58	53
Tax	80	85	-5.8	45	78.4	212	315	384	556
APAT	149	206	-27.6	123	21.5	905	748	1039	1521
EPS (Rs)						7.5	6.2	8.7	12.7
RoE (%)						16.1	11.7	14.4	18.0
P/E (x)						59.5	72.0	51.9	35.4
EV/EBITDA (x)						38.6	33.6	25.8	19.0

(Source: Company, HDFC sec)

Q1 FY21 result highlights

Biocon reported 14% yoy increase in revenue to Rs 1671cr in Q1FY21, primarily led by: i) 16% growth in generics (36% of sales) and ii) 19%/60% yoy/qoq increase in Biosimilars revenues to Rs 692cr (41% of sales). Growth was dragged down by flat Research Services at Rs 422cr (23% of sales). Gross Margin dipped 290bps yoy at 63.9%. EBITDA margin contracted 530bps at 24.7% on account of slower revenue

growth and change in product mix. Biocon witnessed healthy improvement in Biosimilars revenue on YoY as well as QoQ basis. The favorable demand scenario has led to better off-take of products in the generics category. Company guides for capex plan at US$ 200mn (ex-Syngene) for the next two years, split equally between Biosimilars and Generics. This would be utilized for the future product pipeline.

Key Triggers:

Strong and diversified revenue streams

Company derives revenues from across multiple streams such as biologics (~29% of revenue), contract research (31%), small molecules, generic formulations and APIs (32%) and branded formulations (~8%). It has signed a voluntary license agreement with Gilead to manufacture and supply Remdesivir in India and 127 other countries and indigenously developed ELISA testing kit, has been outsourced to a partner for manufacturing and distribution across the country.

Small molecules grew 18% in FY20, led by healthy demand, new product registrations and improved pricing scenario in regulated markets. In small molecules, Biocon has consolidated its position by leveraging its inherent strengths in fermentation technology and complex chemistry. The company is an established player in the branded formulations segment. Company guides for high single-digit to low teens revenue growth in this segment over the next two years. Currently, the API business contributes significantly to the small molecules business segment. However, going forward, the growth in this segment will be driven by generic formulations opportunity in the US. Company expects generic formulations business to increase from current level of ~20%, to higher levels over the next five years.

Biocon's long-term growth potential is expected to be led by its biosimilar and novel biologics segments, in both semi-regulated and regulated markets. Biologics business recorded strong 29% yoy growth in FY20 and 41% yoy rise during Q1FY21. In FY20 devloped market contributed 60% of biosimilar revenues. In partnership with Mylan, Biocon's three biosimilar assets were commercialised in the US and Europe. Fulphila (biosimilar pegfilgrastin) and Ogivri (biosimilar trastuzumab) have been launched in the US, and Semglee (biosimilar insulin glargine) and Ogivri along with the in-licenced biosimilar Adalimumab were launched in the Europe. Biocon has strong brands such as Insugen (rh-insulin), BASALOG (insulin glargine), BIOMab-EFGR (nimotuzumab), BLISTO (glimepiride + metformin), CANMAb (trastuzumab), KRABEVA (bevacizumab), Evertor (everolimus), TACROGRAF (tacrolimus), and ALZUMAb (itolizumab) across its biosimilar and novel biologic portfolio. As on FY20, Biocon has approvals for Trastuzumab in 60 countries, Pegfilgrastim in 36 countries, Bevacizumab in two countries, Insulin Glargine in 60 countries and rh-Insulin in over 40 countries.

Biocon announced on July 11, 2020 that it had received the Drug Controller General of India's (DCGI) approval to market Itolizumab (brand name - Alzumab) injection 25mg/5ml. This is approved for emergency use in India for the treatment of cytokine release syndrome (CRS) in moderate to severe ARDS (auto respiratory distress syndrome) patients due to COVID-19.

Syngene International enhances revenue diversity with its sustained healthy growth and profitability. Syngene accounted for one-third of the consolidated revenue and operating profit of Biocon for FY20. Company has more than 360 clients in the research business. It recorded ~10% yoy growth during FY20. With commercialisation of the recently completed capex and expected ramp-up of operations, Syngene is expected to sustain its operating performance and revenue contribution over the medium term. To meet the growing demand, the business continued to make technology and infrastructure investments commissioning new research facilities in Bengaluru and Hyderabad. The construction of the API manufacturing facility in Mangaluru has been completed and it will go through the process of qualification and validation during FY21 and then scale up the commercial operations.

Continued momentum in Biologics

FY20 was a great year for the Biologics business with 29% yoy growth in revenues. Company became the first Indian player to launch biosimilar Trastuzumab, Ogivri, in the US through its partner Mylan, and recently received US FDA approval for Insulin Glargine, Semglee, paving the way for its launch by the partner. A key development for the Biologics business in FY20 was the investment of US$ 75mn for a 2.44% stake by Activ Pine LLP, an affiliate of the True North Fund; this valued the Biologics business at ~US$ 3bn. This unlocking of value enabled to fund capex investments to further strengthen business. In Novel Biologics portfolio, the company has progressed phase-I trial for novel first-in-class oral insulin molecule Tregopil. In Jul-2020, Tata Capital announced its investment of Rs 225cr for 0.85% stake in Biocon's biosimilar business Biocon Biologics, valuing the company at US$ 3.5bn. Company said that with this equity infusion and through prudent investments in R&D and high-quality manufacturing infrastructure, management is confident of achieving aspiration of serving 5 million patients through biosimilars portfolio and achieving target revenue of US$ 1bn by FY22.

The company has a partnership with Sandoz, a Novartis division and a global leader in biosimilars, for an exclusive portfolio of next-generation biosimilars in the area of immunology and oncology. This synergistic partnership will leverage the capabilities of both partners for an ‘end to end’ play encompassing development, manufacturing, regulatory approval and commercialization globally. This collaboration addresses some of the long term biosimilars opportunities beyond the near term opportunities being addressed by existing partnership with Mylan.

Over the next 10 years, ~US$ 280bn worth of biosimilars will be available for development. Biocon is developing 28 biosimilar programmes, of which 11 are partnered with Mylan, a few with Sandoz and the rest it expects to do on its own. In the next five years, Biocon should be in the markets on its own. Company said that they don't see the kind of competitive landscape that is visible in generics would be in biosimilars. Biocon is targeting to have 8 different biosimilars to be sold by FY22 thereby addressing market size of US$ 33bn, further it is planning to deliver at least 3 additional molecules between FY23 and FY25. New customer additions and an increased number of projects from existing customers would drive research services segment.

Healthy pipeline of biosimilar products

Biocon has strong R&D capability, and has several biosimilars and novel biologic products in development in the diabetes, oncology, and autoimmune therapeutic segments. In partnership with Mylan, Biocon's three biosimilar assets received approvals from various regulators and were launched in regulated and semi-regulated markets. The scaling up of revenue from the key biosimilar assets (trastuzumab, pegfilgrastin and insulin glargine) in the US and Europe will be a key rating sensitivity factor. Biocon launch pipeline for FY21 comprises of Insulin Glargine in US along with Pegfilgrastim and Etanercept in EU markets. Also in FY22, as per the management, new launches includes Insulin Aspart (US & EU), Recombinant Human Insulin (US) and Bevacizumab (EU).

Biosimilars to be key growth driver

24% of new drugs approved by USFDA in the last 10 years were biologics. In CY18, biologics accounted for ~36% of the US Pharma market. Several large biologic brands in the US to face loss of patent exclusivity in the next decade. In May 2019, FDA provided guidance on scientific considerations for demonstrating interchangeability with a reference product, which is a significant step towards interchangeable biosimilars in the US. Biocon (along with partner Mylan) is the only one to commercialize biosimilars in US/EU.

In Q4FY20, segmental performance was dented due to the delayed off-take of products on account of COVID-19. However, the easing of lockdown across geographies and capacity expansions in place are expected to drive revival in Biologics sales. In fact, Q1FY21 performance already reflects part recovery with 19% YoY and 60% QoQ sales growth to Rs 692cr. Furthermore, i) positive development on patent litigation, ii) receipt of EIR at its facilities, and iii) recent approvals from the US FDA have increased visibility of strong traction from the launch of Insulin Glargine. Bevacizumab biosimilar filing (under review) is also progressing on track. Considering the steady stream of new launches and strong traction from existing products, we expect 45% CAGR in revenues to ~Rs 4100cr over FY20-22E.

Biocon is looking forward to launch of biosimilar Trastuzumab in the US which will be a very important growth driver over the next 2 years. Going forward, Company is looking for having Malaysia facility qualified which would further strengthen US revenues. In Jun-2020, the company got US FDA approval for insulin glargine injection Semglee. It is co-developed by Biocon Biologics and its partner Mylan, is a biosimilar to Sanofi's Lantus SoloSTAR. Company said that this would strengthen resolve to provide a high quality affordable Insulin Glargine to diabetic patients in the US and generate savings for their healthcare system. Company said that it expects to file biosimilar Bevacizumab dossier by the end of the year which hopefully would mean that sometime in late FY21 will get approval. In Nov-2019, Sandoz also got approval for biosimilar pegfilgrastim, where Biocon has a presence in the market. With the approval, three players are there in the market and company believes that it is an attractive market for all as any of the three players are not going for price war because every company looks market opportunity in a different and segmented way.

Biocon's portfolio, partnerships and market opportunity opening up more in FY24 onwards provide a large runway of growth for Biocon.

R&D investments to rise in FY21

R&D remains an integral part of the business for the company and the company will continue to invest in the R&D pipeline. Biocon has a rich pipeline of 28 molecules in Biosimilars business which will require investments. Company said that it continues to build portfolio of complex generic products in-line with long term growth strategy. Absolute spends on R&D programs are expected to increase in FY21 over FY20 levels. Gross R&D expenditure is expected to remain between 12-14% of revenues ex-Syngene.

Generics / Small Molecules Business

Biocon delivered 16% YoY growth in this segment, led by favorable demand for API during the quarter. It is building a fermentation-based API capacity with an investment of Rs 600cr. It is also building a product pipeline in the formulations space. Company has focus on therapeutic areas such as anti-diabetic, cardiology, nephrology, immunology and oncology in the generic formulations space. Company has built a pipeline of niche, difficult to make molecules with high barriers to entry. Company plans to grow geographic footprint in the coming year and has identified 10-15 key emerging and developed markets where it will establish a presence either directly or through a business partner. In FY20, Biocon entered China through a license and supply agreement for three generic formulation products with China Medical System Holdings. The total addressable market size for the three products in China is little under US$ 1bn as per IQVIA data.

Small molecules revenues grew 18% in FY20, led by healthy demand, new product registrations and improved pricing scenario in regulated markets. Company guides for high single-digit to low teens revenue growth in this segment over the next two years. Biocon is amonsgt one of the leading producers of various fermentation based statins and immunosuppressant APIs in india and across the world. Currently, as on Q1FY21 the API business contributed ~80% while formulations comprised of remaining 20% of the small molecules business segment. Higher growth in the API segment was mainly driven by favourable price realisation coupled with better product mix. In order to ensure consistant growth in the fermentation-derived APIs segment, Biocon has commenced construction work on a greenfield, fermentation-based manufacturing facility in Visakhapatnam, Andhra Pradesh in FY20 with an overall capex outlay of Rs. 600 crore. This is an extention to its core strategy to deliver vertically integrated development and commercializing own Generic Formulations and service the needs of its global API customers. As per the management, this facility is likely to be operational over the next three years followed by commercialization which would be dependent on timelines as per regulatory approvals in major markets.Going forward, the growth in this segment will be driven by generic formulations opportunity in the US. Company expects generic formulations business to increase from current level of ~20%, to higher levels over the next five years. We estimate 10% CAGR in sales from small molecules business over FY20-22E.

Research Services

Biocon is the promoter of Syngene International, through which it operates into contract research services business. It undertakes R&D activities on a contract basis for other organizations providing integrated research solutions spanning the discovery, development and manufacturing continuum for small and large molecules, antibody drug conjugates, and oligonucleotides. Research Services' revenue grew 10% yoy in FY20 while it was flat yoy at Rs 420cr in Q1 FY21. The segment posted strong 17% CAGR over FY16-20. Syngene accounted for one-third of the consolidated revenue and operating profit of Biocon for FY20. Company has more than 360 clients in the research business. With commercialisation of the recently completed capex and expected ramp-up of operations, Syngene is expected to sustain its operating performance and revenue contribution over the medium term. The construction of the API manufacturing facility in Mangaluru has been completed and it will go through the process of qualification and validation during FY21 and then scale up the commercial operations. An increase in the number of customers and better traction from existing customers are expected to drive 16% CAGR in Research Services revenue over FY20-22E.

Branded Formulations Business

Branded Formulations business underperformed during FY20 with revenues declining 18% to Rs 536cr. India business was challenged with pricing pressure which led to a decline in revenues. There were also logistics and distribution disruptions in March-2020 which led to further decline in revenues for full year.

Branded Formulations business in the UAE through joint-venture (JV) entity NeoBiocon faced significant business challenges resulting from mandated price reductions from the Ministry of Health, UAE. In the domestic branded formulations, company derives around 56% from anti-diabetic while 21% from anti-neoplastics and 9% and 6% each from blood related and anti-infectives respectively. The positive performance of the nephrology, Immunotherapy and critical care divisions of the India business was offset by pressure in metabolics, oncology and market access divisions. Among the flagship brands, Insugen continued to hold its position among the Top-3 human insulin brands in India while Basalog was the no. 2 brand of Insulin Glargine in the country. CANMAb retained its position as the no.1 brand of biosimilar Trastuzumab in India, giving firm foothold in Oncotherapeutics.

Key Concerns

Uncertainty in payoffs from a high R&D driven model in biosimilars and novel biologic segments, especially for regulated markets

The company will continue to spend extensively on R&D for developing new molecules and biosimilars, particularly for the US and Europe. It remains exposed to long gestation period and uncertainty regarding timing and extent of return on investments on new molecules. Gross R&D and net R&D (net of capitalisation) were at 12% and 10%, respectively of operating revenues, ex Syngene, for FY20. R&D expenditure will continue to remain around the same levels over the medium term, driven by expenses on clinical trials. The uncertainty regarding revenue visibility with huge dependence on Biosimilar segment for overall growth and return on R&D expense exposes company to investment risk. However, the company has achieved critical milestones in the past two fiscals on the back of approvals for biosimilars and launch in regulated and semi-regulated markets in partnership with Mylan. The extent of ramp up, particularly in the regulated markets, will be a key monitorable.

Susceptibility to regulatory uncertainties

Company faces the regulatory scrutiny and inspections by regulatory authorities, including the US FDA, European Medical Agency, and those in Asian and Latin American markets. In its API facility at Bengaluru, the company has addressed the observations raised by the US FDA and the inspection has been closed with Voluntary Action Initiated (VAI) status.

Intense competition

The company also faces intense competition in the regulated markets, which is marked by aggressive defence tactics by innovator companies through introduction of authorised generics, and the presence of several cost-competitive Indian players. Consequently, Biocon's small molecule segment has witnessed pricing pressure in the past. In the branded formulations segment, additions to lists under Drug Price Control Order impacts product pricing and profitability.

Adverse currency movement may impact its profitability as a large part of its sales are from US and other export markets.

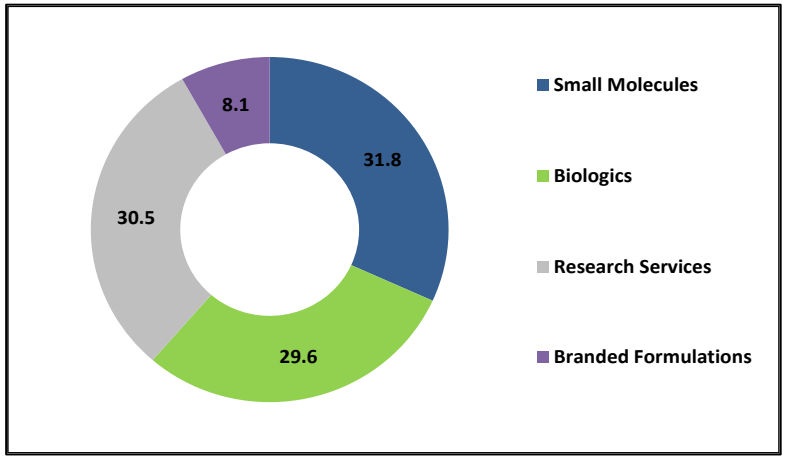
Delay in approvals of its facility/products may postpone revenue growth for the company.

Company Background

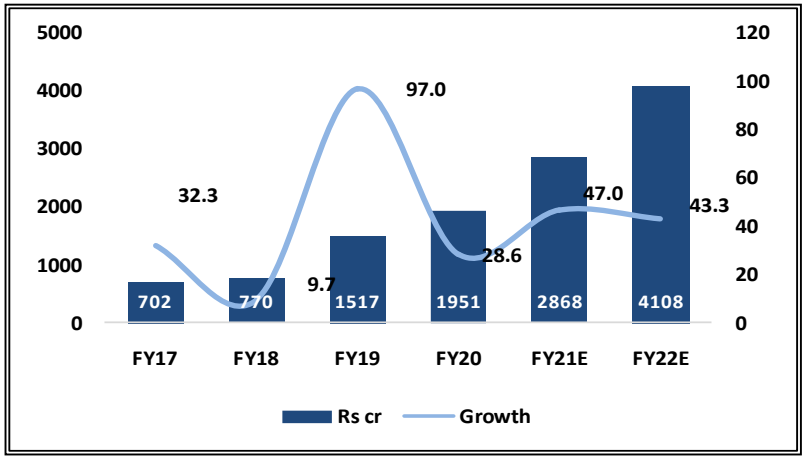
Biocon was established by Dr. Kiran Mazumdar Shaw in 1978. Company had come out with an IPO in 2004. Unlike most pharma companies that are chemical based, Biocon has carved out its niche in the more complex biotechnology field. Over the decades, Biocon has successfully evolved into an emerging global biopharma enterprise, serving its partners and customers in 75+ countries. As a fully integrated biopharma company, it delivers innovative biopharmaceutical solutions, ranging from discovery to development & commercialisation. The company has initiated filings and launches of biosimilars in the US, EU, Australia, Canada, Japan besides some developing markets. It has entered into a partnership with Mylan for six biosimilar programs (Trastuzumab, Pegfilgrastim, Adalimumab, Bevacizumab, Etanercept and Filgrastim) and three insulin analogue programmes (Glargine, Lispro and Aspart). In the biopharma segment, the company has presence in India, regulated and semi-regulated markets. In the domestic formulations market, it is a biologics-focused specialty products company, mainly in chronic therapy areas like anti-diabetic, anti-neoplastics, blood related and dermatology. Company derived 22% of its revenues from domestic market while 78% from International markets and key being US and Europe. Biocon is a leading supplier of complex, small molecule APIs across cardiac, anti-obesity and immune-suppressants therapeutic areas. It has signed a voluntary license agreement with Gilead to manufacture and supply Remdesivir in India and 127 other countries and indigenously developed ELISA testing kit, has been outsourced to a partner for manufacturing and distribution across the country. Company has target to reach US$ 1bn revenues from Biologics segment in FY22.

Biocon Ltd.

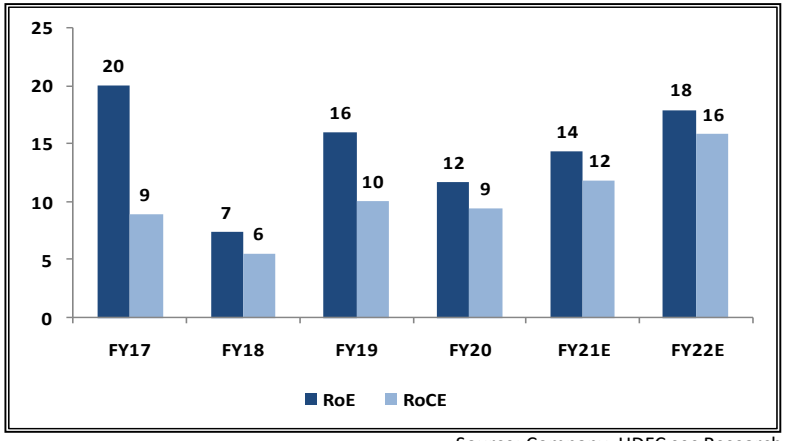
Revenues Mix (%)



Biologics revenues to see robust 45% CAGR



Strong Return Ratios (%)



Source: Company, HDFC sec Research

Biocon Ltd.

Income Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E
Total Revenues	**4123**	**5514**	**6367**	**7564**	**9478**
Growth (%)	6	33.7	15.5	18.8	25.3
Operating Expenses	3294	4121	4764	5483	6646
EBITDA	**829**	**1393**	**1603**	**2081**	**2832**
Growth (%)	-15.3	68	15.1	29.8	36.1
EBITDA Margin (%)	**20.1**	**25.3**	**25.2**	**27.5**	**29.9**
Depreciation	385	448	552	659	741
EBIT	444	945	1051	1423	2091
Other Income	206	144	161	169	194
Interest expenses	62	71	65	58	53
PBT	610	1215	1186	1536	2234
Tax	157	212	315	384	558
RPAT	**372**	**905**	**748**	**1039**	**1527**
Growth (%)	-39.2	143.2	-17.3	38.8	47
EPS	**3.1**	**7.5**	**6.2**	**8.7**	**12.7**

Balance Sheet

As at March	FY18	FY19	FY20	FY21E	FY22E
SOURCE OF FUNDS					
Share Capital	300	300	600	600	600
Reserves	4881	5798	6106	7133	8620
Shareholders' Funds	**5181**	**6098**	**6706**	**7733**	**9220**
Long Term Debt	1790	1526	1222	1137	978
Net Deferred Taxes	-321	-494	-580	-580	-580
Long Term Provisions & Others	410	921	1801	1763	1688
Minority Interest	468	609	677	677	677
Total Source of Funds	**7528**	**8660**	**9826**	**10729**	**11982**
APPLICATION OF FUNDS					
Net Block (incl. CWIP)	4409	5540	7098	7330	7789
Intangible Assets	594	830	1069	1069	1069
Long Term Loans & Advances	518	439	342	356	380
Total Non-Current Assets	**5521**	**6810**	**8509**	**8755**	**9238**
Current Investments	611	829	858	892	972
Inventories	723	1032	1436	1540	1914
Trade Receivables	1064	1292	1224	1496	1890
Cash & Equivalents	1323	1057	999	1412	1637
Other Current Assets	429	679	809	833	875
Total Current Assets	**4149**	**4889**	**5319**	**6182**	**7297**
Short-Term Borrowings	130	261	668	635	558
Trade Payables	1005	1198	1325	1496	1810
Other Current Liab & Provisions	960	1498	1906	1963	2061
Total Current Liabilities	**2141**	**3039**	**4002**	**4208**	**4553**
Net Current Assets	2007	1850	1317	1974	2744
Total Application of Funds	**7528**	**8660**	**9826**	**10729**	**11982**

Biocon Ltd.

Cash Flow Statement

(Rs Cr)	FY18	FY19	FY20	FY21E	FY22E
Reported PBT	610	1215	1186	1536	2234
Non-operating & EO items	-206	-144	-161	-169	-194
Interest Expenses	62	71	65	58	53
Depreciation	385	448	552	659	741
Working Capital Change	639	-107	474	-235	-545
Tax Paid	-157	-212	-315	-384	-558
OPERATING CASH FLOW (a)	**1333**	**1269**	**1801**	**1465**	**1730**
Capex	-901	-1818	-2315	-900	-1200
Free Cash Flow	432	-548	-411	565	530
Investments	42	-94	-18	-14	-24
Non-operating income	206	144	161	169	194
INVESTING CASH FLOW (b)	**-652**	**-1768**	**-2171**	**-745**	**-1030**
Debt Issuance / (Repaid)	-302	247	606	-124	-234
Interest Expenses	-62	-71	-65	-58	-53
FCFE	69	-373	130	383	243
Share Capital Issuance	292	141	368	0	0
Dividend	-60	-30	0	-125	-188
FINANCING CASH FLOW (c)	**-132**	**287**	**909**	**-307**	**-475**
NET CASH FLOW (a+b+c)	549	-211	539	413	225

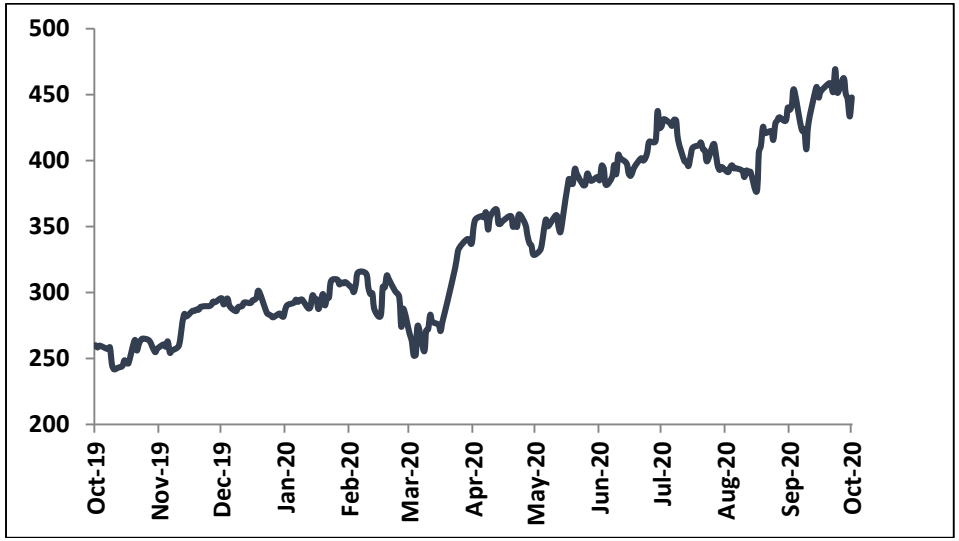
Key Ratios

	FY18	FY19	FY20	FY21E	FY22E
EBITDA Margin	20.1	25.3	25.2	27.5	29.9
EBIT Margin	10.8	17.1	16.5	18.8	22.1
APAT Margin	11	18.2	13.7	15.2	17.7
RoE	7.4	16.1	11.7	14.4	18
RoCE	5.6	10	9.5	11.9	15.9
Solvency Ratio					
Net Debt/EBITDA (x)	0	-0.1	0	-0.3	-0.4
D/E	0.4	0.3	0.3	0.2	0.2
Net D/E	0	0	0	-0.1	-0.1
PER SHARE DATA					
EPS	3.1	7.5	6.2	8.7	12.7
CEPS	12.6	22.6	10.8	14.1	18.9
BV	43.2	50.8	55.9	64.4	76.8
Dividend	1	0.5	0	1	1.5
Turnover Ratios (days)					
Debtor days	94	86	70	72	73
Inventory days	60	58	71	74	74
Creditors days	145	136	132	125	125
VALUATION					
P/E	144.7	59.5	72	51.9	35.3
P/BV	10.4	8.8	8	7	5.8
EV/EBITDA	64.8	38.6	33.5	25.8	19
EV / Revenues	13	9.8	8.4	7.1	5.7
Dividend Payout	32.2	6.6	0	11.6	11.8

Source: Company, HDFC sec Research

Biocon Ltd.

One Year Price Chart



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