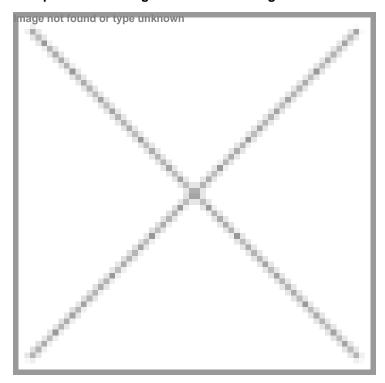


## Geo-political challenges mute Biocon's fiscal growth

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## Geo-political challenges mutes Biocon's growth



The company's biopharma segment recorded revenues of Rs 442 crore in Q2 FY15.

"The biopharma business continues to be impacted by various factors like geo-political challenges in terms of credit risk in the MENA region, reduced off-take of specialty API, and capacity constraints, affecting the growth of this business. The outlook for the biopharma business remains challenging for the remaining part of this fiscal," the company said in a statement.

Commenting on the quarterly performance and highlights, Dr Kiran Mazumdar-Shaw, CMD, Biocon, stated, "The growth of our core biopharma business this quarter has been muted largely due to capacity constraints and geo-political challenges in the Middle-East. However, clinical progress in our key global programs for generic Insulin Glargine and Trastuzumab is indicative of the value accretion that is realizable in the foreseeable future. The strategic investment by Silver Leaf Oak in Syngene validates the strength of our research services business and sets a good valuation benchmark. Whilst we continue to invest in R&D and capacity building for our insulins and antibodies portfolio, we expect Branded formulations and research services businesses to drive growth in the interim."

According to Biocon, the Malaysia insulin facility remains on track to be commissioned in H2 FY15. "The commercialization of products from Malaysia will commence post validation and regulatory approvals from respective countries," it held.

It also revealed that its partner Mylan has initiated multicenter phase III trials for insulin glargine in the United States. "Two

trials, both for 24 weeks, comprising a total of 1100 patients (500 type-1 diabetes mellitus patients and 600 type-2 diabetes mellitus patients) are expected to be completed by June 2016," said Biocon.

The Branded formulations business of Biocon recorded revenues of Rs 116 crore and its research services segment recorded revenues of Rs 192 crore respectively.

Commenting on this performance, Mr Peter Bains, director, Syngene International, said, "Research services delivered a sequential revenue growth of 11 per cent in Q2 FY15 reflecting steady business traction for our services. Our recent capacity additions have come online and we have a strong order book to support these in the near term. We continue to invest further across new and existing service platforms to sustain our growth curve and support the developing pipelines of our clients. A key highlight this quarter was the successful completion of a USFDA pre-approval inspection of one of our manufacturing facilities. We have, in the past 12 months, cleared two successive FDA audits with no 483s, underpinning the quality of our systems and processes."

This quarter, Biocon, through its wholly owned subsidiary Biocon Research Limited (BRL), purchased the 7.69 percent stake held by GE Equity International Mauritius in Syngene International Limited (Syngene) for an agreed consideration of Rs 215.38 crore.

Subsequently, Silver Leaf Oak (Mauritius) Limited, an investment vehicle advised by India Value Fund Advisors (IVFA) agreed to acquire a minority 10 percent stake in Syngene from BRL at a valuation of Rs 3,800 crore.