

Biocon net dips 13%; board approves listing of Syngene

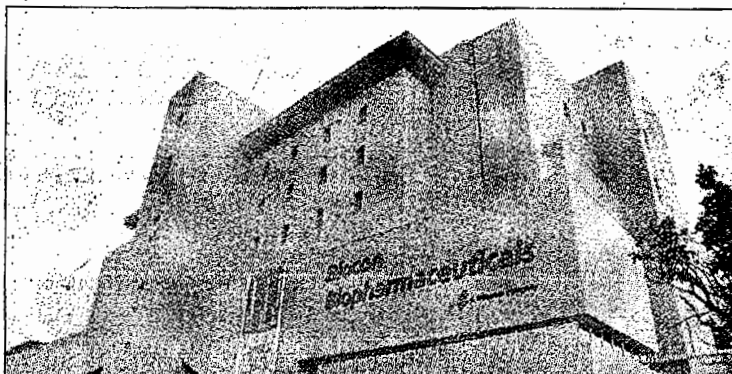
fe Bureau

Bengaluru, Jan 23: Biopharmaceutical company Biocon has posted a 13% year-on-year decline in net profit for the December quarter to Rs 91 crore, lower than street estimates, largely because of a higher research and development (R&D) spend on global clinical trials. India's largest biotechnology firm also announced that its board of directors has approved the initiation of the process to list its contract research services arm, Syngene, by selling 10-15% stock via an offer for sale.

Biocon's total revenue for the quarter came in at Rs 779 crore, a year-on-year increase of 8%, helped by Syngene that saw its best quarter to date. The contract research unit's revenue grew 20% over the year-ago period to Rs 220 crore.

The Biocon stock lost 3.16% to close at Rs 412.70 on the BSE on Friday.

Biocon currently holds 85.54% in Syngene, following the sale of 10% last week to IVF Trustee Company, a fund advised by India Value Fund Advisors. The stake purchase put Syngene's valuation at Rs 3,800 crore compared to around Rs 2,800 crore at the time of GE Capital's exit on September 9, 2014. GE Capital had invested Rs 125 crore for a 7.69% stake in Syngene in 2012.



"The Syngene listing will be through an offer for sale by Biocon to the extent of 10-15%. The process will now start by selecting the bankers and preparing the red herring prospectus and we expect that this listing will happen in the first half of next fiscal," Kiran Mazumdar-Shaw, chairman and managing director of Biocon, told reporters.

Biocon's core business of biopharmaceuticals grew 5% year-on-year during the December quarter to post revenue of Rs 541 crore, of which Rs 436 crore came from biopharma and Rs 105 crore from the India-focused branded formulations business. Mazumdar-Shaw said that the company's earnings before interest, taxes, depreciation and amortisation (Ebitda), at Rs 170 crore, were impacted by the higher R&D spend and, to a lesser extent, by a foreign currency loss.

"If you were to correct for R&D spend and licensing in-

come and others, you will see that Ebitda has been maintained at the 25% margin level and this again is a strong indicator that at an operational level our business is very robust," she said. She added that licensing income was higher this quarter at Rs 10 crore on account of various licensing deals largely in emerging markets.

Biocon said its two programmes, trastuzumab and glargine, were progressing well in global Phase III clinical trials while two other biosimilar programmes have entered the clinical stage globally.

Biocon also announced the appointment of Jeremy M Levin, a former CEO of Teva Pharmaceuticals and currently the chairman of the New York-based Ovid Therapeutics Inc, and Vijay K Kuchroo, professor of neurology at Harvard Medical School, as additional independent directors on the company's board.

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