

October 30, 2025

Biocon Biologics Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term Term Loans	916.00	350.00	[ICRA]AA+(Stable); Reaffirmed
Short-term Working Capital Facilities	1566.70	1901.00	[ICRA]A1+; Reaffirmed
Long-term/ Short-term Unallocated Limits	117.30	349.00	[ICRA]AA+(Stable)/ [ICRA]A1+; Reaffirmed
Total	2,600.00	2,600.00	

*Instrument details are provided in Annexure I

Rationale

The reaffirmed ratings continue to consider Biocon Biologics Limited's (BBL) strong business profile, its established research and development (R&D) capabilities, early-mover advantage in biosimilars and its healthy revenue growth over the past two to three years, partly owing to the consolidation of the biosimilar business of Viartis acquired in November 2022. ICRA expects the company's base revenues (excluding one-offs such as sale of brands) to continue to grow at a healthy rate, supported by new product launches and further growth in the market share of its biosimilars launched in different geographies. BBL also benefits from the financial support available to it from its parent, Biocon Limited (Biocon, rated [ICRA]AA+ (Stable)/[ICRA]A1+), and ICRA expects Biocon to continue providing need-based funding support, whenever required. ICRA also derives comfort from the refinancing exercise taken up by the company in FY2025, which resulted in a sizeable reduction in repayments for the company over the near-to-medium term.

As on date, BBL has received approvals for 11 biosimilars and has a strong product pipeline. Given the product and manufacturing complexity, long development cycle and high costs involved, the entry barriers for biosimilars are high, giving BBL the advantage of an early mover. In FY2025, BBL witnessed a healthy YoY growth of 14% in its revenues, supported by sale of its branded formulations business to Eris Lifesciences Ltd., resulting in a gain of Rs. 1,057 crore. Supported by the sizeable sale consideration and improvement in the base business, the operating profit margin (OPM) rose to 30.8% in FY2025 from 22.8% in FY2024. Going forward, the company's market share trajectory for its existing and new products, its ability to obtain new product approvals in a timely manner and the extent of performance improvement through the launch of products across geographies remain key monitorables.

Following the partially debt-funded acquisition of Viartis, the company earlier had sizeable repayment obligations in FY2026 and FY2027. However, the company refinanced its long-term debt in FY2025 via a new syndicated term loan of \$320 million (Rs. 2,697 crore as on March 31, 2025) and \$800 million senior secured notes (Rs. 6,695 crore as on March 31, 2025) in FY2025. This has helped BBL reduce its repayment obligations in the near term as the new syndicated term loan has 24 months of moratorium with repayment beginning in FY2027 and the senior secured notes are repayable as a bullet payment in FY2030. Further, BBL also repaid the entire deferred consideration for the Viartis acquisition in FY2025. Post the refinancing, the company's Net Debt/OPBDITA improved to 4.3 times as on March 31, 2025 from 6.5 times as on March 31, 2024. Further, in Q1 FY2026, Biocon Limited raised Rs. 4,500 crore equity through QIP, which was also used to purchase Optionally Convertible Debentures (OCDs) from Goldman Sachs worth Rs. 1,607 crore. Subsequently, debt of Rs. 1,607 crore remains in the books of BBL but as a related party debt. While BBL's return on capital employed (RoCE) improved to 6.2% in FY2025 from 3.8% in FY2024, the same continues to remain low due to the sizeable acquisition of Viartis' biosimilars portfolio. However, RoCE is

expected to improve gradually over the medium-to-long term with healthy accruals, supported by the launch of new products. Given the industry's growth prospects, several players are expanding their presence in the biosimilars space. This is likely to increase competition and pricing pressure for BBL, going forward. However, the company's robust product portfolio and global footprint are likely to mitigate competitive threats to a large extent. Further, BBL is exposed to increasing regulatory scrutiny and uncertainties in the approval pathway for molecules under development and the consequent volatility in launch timelines and revenues.

The Stable outlook on the long-term rating reflects ICRA's expectation that BBL is likely to sustain its operating metrics even as competitive intensity in the sector is on the rise. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to continue to improve its debt protection metrics.

Key rating drivers and their description

Credit strengths

Strong parentage – BBL is a 71.4% subsidiary (on a fully diluted basis, as on March 31, 2025) of Biocon and accounted for 62% of the parent's consolidated revenues and 71% of Biocon's consolidated OPBDITA in FY2025 (supported by a gain of Rs. 1,057 crore on account of a stake sale to Eris). BBL enjoys financial and operational flexibility by virtue of its parentage. It also benefits from the financial support available to it from its parent, Biocon. ICRA expects Biocon to continue providing need-based funding support, whenever required.

Strong business profile owing to established R&D capabilities; relatively high entry barriers in biosimilars space – BBL has a healthy biosimilar portfolio in oncology, diabetes, and autoimmune segments. Three oncology biosimilars (biosimilars Trastuzumab, Pegfilgrastim, Bevacizumab), three immunology biosimilars (biosimilar Etanercept, Ustekinumab and Adalimumab), three diabetes biosimilars (insulin Glargine, insulin Aspart and insulin rHI) and one ophthalmology biosimilar (biosimilar aflibercept), have been commercialised as on date. In April 2025, Biocon also received USFDA¹ approval for Bevacizumab (Jobevene) (biosimilar Avastin) for treating various forms of cancer. Further, the company has biosimilars Pertuzumab and Denosumab for oncology and bone health and six other undisclosed biosimilars are under various stages of development. Going forward, BBL's revenue growth is expected to be supported by new launches, expansion in new geographies and increase in the market share of its existing products. The company has two R&D facilities in Bengaluru and Chennai. Like other players in the industry, BBL periodically invests in R&D for clinical trials and development. Its average net R&D expense stood at 7% of its revenues in FY2025. Given the complexity, the long development cycle and high costs involved, entry barriers for the biosimilar segment are relatively higher than generics, giving BBL the advantage of an early mover.

Healthy scale-up of operations – In FY2025, BBL witnessed a healthy YoY revenue growth of 14%, supported by Rs. 1,057 crore gain from the divestiture of metabolics, oncology, and critical care diagnostic divisions of branded formulations of the India (BFI) business to Eris Lifesciences Limited on a slump-sale basis. The healthy scale-up in revenues led to an improvement in BBL's OPM to 30.8% in FY2025 from 22.8% in FY2024 mainly due to stake sale gain to Eris. The healthy growth prospects for biosimilars, new product launches and expansion into new geographies for the existing products are expected to support BBL's margins, going forward.

Credit challenges

High leverage and low RoCE; recent refinancing has reduced near-term repayments and improved DSCR metrics – BBL's total debt remained high at Rs. 16,164.3 crore as on March 31, 2025. The company's adjusted net debt (net debt excluding intra-group and structured debt)/OPBDITA stood at 3.1 times as on March 31, 2025 against 5.4 times as on March 31, 2024, even as the leverage remained high. Its RoCE is expected to improve gradually over the medium-to-long term with healthy accruals, supported by the launch of new products. ICRA notes that the company has refinanced its long-term debt in FY2025 via a new

¹ USFDA: The United States Food and Drug Administration is a federal agency of the Department of Health and Human Services

syndicated term loan of \$320 million (Rs. 2,697 crore as on March 31, 2025) and \$800 million senior secured note (Rs. 6,695 crore as on March 31, 2025) in FY2025. This has helped BBL reduce its repayment obligations over the near-to-medium term as the new syndicated term loan has 24 months of moratorium with repayment beginning in FY2027 and the senior secured notes are repayable as a bullet payment in FY2030. The refinancing is also expected to lead to a significant improvement in DSCR in FY2026 and FY2027 against the earlier expectations. ICRA further derives comfort from the management's intention of deleveraging its balance sheet in the near term.

Growing competition in the biosimilar space and lower traction in one of the key products in the US market – With the biosimilar industry poised for a healthy growth over the next few years, several players are expanding their presence in this space. This is likely to increase competition and pricing pressure for BBL, going forward. However, the company's robust product portfolio and global footprint are likely to mitigate competitive threats to an extent. In FY2024, the company launched its biosimilar, Adalimumab, in the US market, which experienced slower-than-expected traction. The originator (brand name Humira) retained a preferred or exclusive status on payor formularies and offered high rebates, providing no incentive for prescribers or pharmacies to switch to biosimilars. As a result, the originator retained over 98% of the market by volume.

Regulatory risks – Like other industry players, BBL is exposed to increasing regulatory scrutiny and uncertainties in the approval pathway for molecules under development and the consequent volatility in launch timelines and revenues. Also, with more than 90% of its revenues coming from overseas markets, the company's revenues and margins are susceptible to adverse forex movements. However, the hedging mechanism adopted by BBL mitigates the risk to an extent.

Liquidity position: Adequate

As on March 31, 2025, the company had consolidated free cash and bank balance and liquid investments of Rs. 2,753 crore and unutilised working capital limits of around Rs. 568 crore. BBL's capex is expected to be \$100 million per annum for the next two years. The repayment obligations (excluding lease liabilities) for FY2026 and FY2027 stand at Rs. 25 crore and Rs. 407 crore, respectively, on its existing loans. Overall, BBL's liquidity position is expected to remain adequate over the medium term, supported by its healthy accruals, exceptional financial flexibility, and lender/investor comfort.

Rating sensitivities

Positive factors – The long-term rating could be upgraded if BBL demonstrates significantly higher-than-expected deleveraging, coupled with improvement in profitability and liquidity position on a sustained basis. The rating could also be upgraded with the strengthening of the parent company's (Biocon) credit profile.

Negative factors – Pressure on ratings could emerge if the company is unable to achieve timely material deleveraging and/or is unable to scale up earnings on a sustained basis. The impact of adverse regulatory developments, if any, would be evaluated on a case-to-case basis. Deterioration in the parent's (Biocon) credit profile, or BBL's operational/financial linkages with the parent, could also impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Pharmaceuticals
Parent/Group support	The ratings assigned to BBL factor in the high likelihood of its parent, Biocon, (rated [ICRA]AA+ (Stable) / [ICRA]A1+) extending financial support to it because of close business linkages between them. ICRA also expects Biocon to be willing to extend financial support to BBL to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of BBL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

Biocon Biologics Limited (formerly Biocon Biologics India Limited; BBL), a subsidiary of Biocon, was incorporated on June 8, 2016. BBL acquired the business related to manufacturing and commercialisation of biosimilars, insulins and drug substances on a going-concern basis by way of slump sale from Biocon, as on May 01, 2019. The company also acquired branded formulations Indian business on a going concern basis on a slump sale from Biocon on August 01, 2019. BBL acquired the biosimilar assets of Viartis Inc. in November 2022, and the operations were fully integrated by December 2023.

Key financial indicators (audited)

BBL Consolidated	FY2024	FY2025
Operating income	8,824	10,074
PAT	218.2	889.6
OPBDIT/OI	22.8%	30.8%
PAT/OI	2.5%	8.8%
Total outside liabilities/Tangible net worth (times)	1.3	1.2
Total debt/OPBDIT (times)	7.0	5.2
Interest coverage (times)	2.3	3.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs crore)	Oct 30, 2025	Date	Rating	Date	Rating	Date	Rating
Unallocated-Unallocated	Long Tem/ Short Term	349.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	Aug 30, 2024	[ICRA]AA+ (Stable)/ [ICRA]A1+	Aug 04, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Jun 30, 2022	[ICRA]AA+&/ [ICRA]A1+&
				-	-	Oct 09, 2023	[ICRA]AA+ (Stable)/ [ICRA]A1+	Nov 17, 2022	[ICRA]AA+&/ [ICRA]A1+
Fund Based-Term Loan	Long Term	350.00	[ICRA]AA+ (Stable)	Aug 30, 2024	[ICRA]AA+ (Stable)	Aug 04, 2023	[ICRA]AA+ (Stable)	Jun 30, 2022	[ICRA]AA+&
				-	-	Oct 09, 2023	[ICRA]AA+ (Stable)	Nov 17, 2022	[ICRA]AA+&
Fund Based-Working Capital Term Loan	Short Term	1,901.00	[ICRA]A1+	Aug 30, 2024	[ICRA]A1+	Aug 04, 2023	[ICRA]A1+	Jun 30, 2022	[ICRA]A1+&
				-	-	Oct 09, 2023	[ICRA]A1+	Nov 17, 2022	[ICRA]A1+

&: under rating watch with developing implications

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term term loans	Simple
Short-term Working Capital Facilities	Simple
Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loans*	FY2019	NA	Apr-2026	350.00	[ICRA]AA+ (Stable)
NA	Working Capital Facilities	NA	NA	-	1901.00	[ICRA]A1+
NA	Unallocated Limits	NA	NA	-	349.00	[ICRA]AA+ (Stable)/ [ICRA]A1+

Source: Company; *in the form of External Commercial Borrowings

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	BBL Ownership	Consolidation Approach
Biocon Biologics UK Limited	100%	Full Consolidation
Biosimilars Newco Limited	100% by Biocon Biologics Limited and Biocon Biologics UK Limited	Full Consolidation
Biosimilar Collaborations Ireland Limited		Full Consolidation
Biocon SDN BHD		Full Consolidation
Biocon Biologics Inc.		Full Consolidation
Biocon Biologics Healthcare Malaysia SDN BHD		Full Consolidation
Biocon Biologics Do Brasil Ltd, Brazil		Full Consolidation
Biocon Biologics FZ LLC		Full Consolidation
Biocon Biologics Canada Inc.		Full Consolidation
Biocon Biologics Germany GmbH		Full Consolidation
Biocon Biologics Spain S L U		Full Consolidation
Biocon Biologics Finland O.Y.		Full Consolidation
Biocon Biologics Belgium BV	100% by Biocon Biologics UK Limited	Full Consolidation
Biocon Biologics France S.A.S		Full Consolidation
Biocon Biologics Switzerland A.G.		Full Consolidation
Biocon Biologics Morocco, S.A.R.L.A.U. Morocco		Full Consolidation
Biocon Biologics Greece SINGLE MEMBER P.C		Full Consolidation
Biocon Biologics South Africa (PTY) Ltd.		Full Consolidation
Biocon Biologics Global Plc ,UK		
Biocon Biologics (Thailand) Co. Ltd.		Full Consolidation
Biocon Biologics Philippines Inc.		Full Consolidation
Biocon Biologics Italy SRL		Full Consolidation
Biocon Biologics Croatia LLC		Full Consolidation

Note: Company Annual Report FY2025

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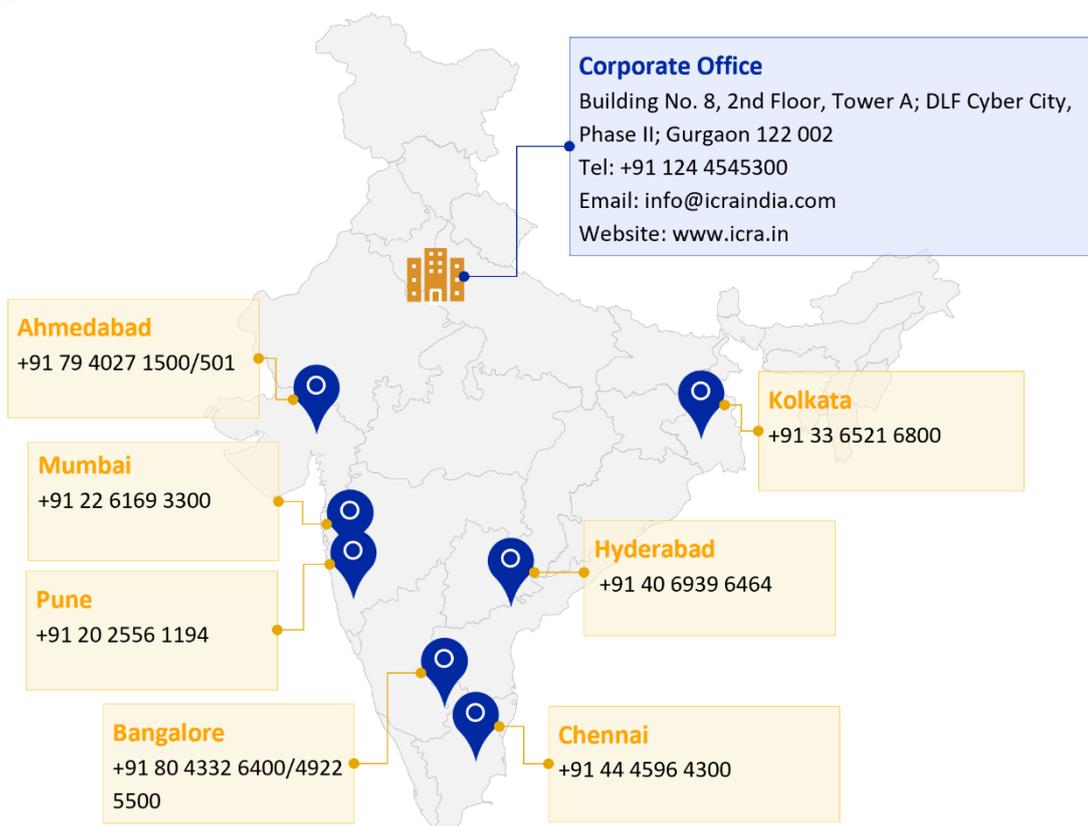
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