

High R&D spending drags Biocon Q3 net

In the process of listing its subsidiary Syngene

OUR BUREAU

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Higher spending on R&D has brought down Biocon's net profit for the third quarter.

The Bengaluru-based biotechnology company posted a net profit of ₹91 crore for the December 2014 quarter, 13 per cent down compared with ₹105 crore in the year-ago period.

Biocon spent ₹47 crore on R&D in the quarter, up 134 per cent compared with ₹20 crore in the same period last year. The company's Chairperson and Managing Director Kiran Mazumdar-Shaw said in a conference call that Biocon has had significant ramp-up of its R&D capabilities in the quarter.

Revenue came in at ₹779 crore, up 8 per cent from ₹719 crore it posted in the December 2013 quarter.

On Friday, Biocon's stock closed at ₹412.70, down 3.16 per



Kiran Mazumdar-Shaw, Chairperson and Managing Director, Biocon

cent from the previous day's close on the BSE. The company has also announced the process of listing its subsidiary Syngene and is looking to appoint merchant bankers.

"Syngene will be listed by the first half of the 2016 fiscal year,"

said Shaw. With the listing, Biocon plans to offload 10-15 per cent from its majority stake via an offer for sale.

Biocon said its EBITDA margin has gone up by 22 per cent and profit after tax margin has risen by 12 per cent. The company re-

ported growth across all its three service lines —biopharmaceuticals, branded formulations and contract research.

Biopharma clocked a revenue of ₹436 crore, or a 4 per cent year-on-year growth.

Similarly, the branded formulations business posted a revenue of ₹105 crore, registering a 6 per cent yearly growth. The research services segment recorded sales of ₹220 crore, growing 20 per cent compared to the same period last year.

The company has also entered into an agreement recently with US-based Gilead Sciences to licence its chronic Hepatitis C, blockbuster product range including sofosbuvir and sofosbuvir/ledipasvir combination.

"We are also evaluating entering into new specialty segments in line with our focus on having a specialty formulations franchise," she added.

The Board also inducted former Teva chief executive Jeremy M Levin and Harvard Medical School professor Vijay K Kuchroo as additional independent directors.