US BIOSECURE ACT

SECTOR UPDATE

nuvama institutional equities

US Biosecure Act back under discussion

The Biosecure Act is back under consideration in the US as per the draft bill, which we have reviewed. The draft is a diluted version of its predecessor. However, if approved, it can prohibit certain biotech companies of concern of Chinese origin. The bill mentions a separate list of companies without alluding to Wuxi group companies.

The past, unapproved version of the Biosecure Act led to increased inquiries and project wins by Indian CDMOs. The renewed push on the Act can again bring the focus back on the supply chain security for innovators, potentially benefitting Indian companies once more. Reiterate 'BUY' recommendation on our CDMO coverage: i) Divi's Laboratories; ii) Neuland Laboratories; and iii) Jubilant Pharmova.

Renewed push for US Biosecure Act

According to the US Congress website, the US Biosecure Act is back under discussion after Senators Bill Hagerty and Gary Peters submitted a revised version under the National Defense Authorization Act (S.2296 NDAA, section 881). This is likely to be proposed in fiscal year 2026. The draft version prohibits federal agencies from procuring/contracting with/using biotech equipment or services from companies of concern originating from China.

Diluted version avoids Wuxi mention

The 2025 version of the Biosecure Act has been diluted compared with the 2024 version, as it avoids specific mention of WuXi AppTec, WuXi Biologics, BGI, MGI, and Complete Genomics as biotechnology companies of concern. In its place, the Act refers to the list of companies under Section 1260H of the William M Thornberry National Defense Authorization Act. This list—published in Jan-25—mentions names such as BGI, Forensic Genomics International, MGI and Origincell Technology (no mention of Wuxi companies). All the above-mentioned companies are engaged in high-end biotechnology business. The revised version also provides a five-year window from the effective date of the bill to allow decoupling from companies of concern for contracts already in place. The list is updated annually.

Valuations may rise again; reiterate 'BUY' on our CDMO coverage

The earlier version of the Biosecure Act has been under consideration since 2021. After several amendments, it was passed in the House with bipartisan support (306–81) in Sep-24. However, it got stalled in the Senate and was not included in the 2025 NDAA. This draft Act however raised supply chain security concerns for innovators, raising inquiries (RFPs) with contract manufacturers outside China. We observed a few manufacturing project wins by Indian firms over the past 2–3 years. Given the bill is again under discussion, we reckon similar trends. **Considering this, we reiterate 'BUY' on Divi's Lab (capex-driven growth + GLP-1 focus), Jubilant Pharmova (US CDMO line 3 commissioning in H2FY26E) and the recent addition to our CDMO coverage—Neuland. DRRD and BIOS subsidiaries (Aurigene, Syngene) and ARBP's upcoming biologics CMO unit also bolster CDMO exposure.**

All price charts cannot be included given the large of number of companies in our coverage. Specific charts may be available upon request

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