



DALAL & BROACHA
STOCK BROKING PVT. LTD.

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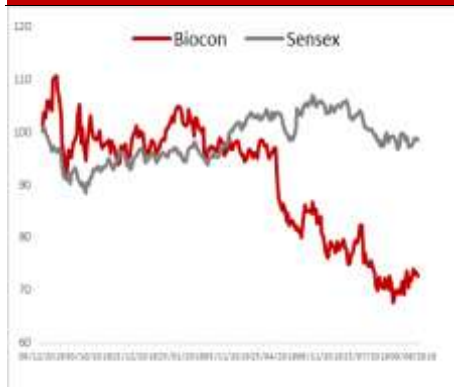
BUY

Current Price	232
Target Price	343
Upside/Downside	48%
52 Week Range	230/359

Key Share Data

Market Cap (Rs.bn)	278
Market Cap (US\$ mn)	3971
No of o/s shares (mn)	1200
Face Value	5
Monthly Avg.vol (BSE+NSE) Nos'000	4592
BSE Code	532523
NSE Code	BIOCON
Bloomberg	BIOS:IN

Price performance



Biocon has signed a 10 years agreement with China Medical Systems for three generic formulations. Under the agreement, Biocon will be responsible for development, manufacturing and supply of the products. China Medical Systems will be responsible for registration and commercialization of the products in the Chinese market. The three products have a market size of \$0.8 bn.

The Chinese regulator, National Medical Products Evaluation (NMPE) has recently introduced the Quality Consistency and Evaluation (QCE) system.

We expect it will take 12-15 months for registration and approvals from China.

Outlook & Valuation

Biocon's foray into the Chinese market is a positive step to growth. We strongly believe Biocon is well positioned to benefit from the biosimilar launches in US, Europe and other markets. At CMP, Biocon trades at 18x FY21E EPS of Rs 13. We recommend investors to BUY Biocon with a target price of Rs 343.

% Shareholding

	Jun-19	Mar-19
Promoters	60.67	60.67
FII	16.43	17.9
DII	4.3	4.37
Others	18.6	17.06
Total	100	100

Key Financials

Year	Net sales	% Growth	EBIDTA	OPM (%)	PAT ex EI	PAT incl EI	% Growth	EPS*	PE (x)	RoE (%)	RoCE (%)
FY17	39,216.0	17.5	9,795.0	25.0	6,121.0	6,121.0	150.8	30.6	7.6	13.9	9.5
FY18	41,297.0	5.3	8,354.0	20.2	3,787.0	3,787.0	(39.2)	6.3	36.8	8.5	6.0
FY19	55,144.0	33.5	13,937.0	25.3	7,107.0	9,053.0	90.8	11.8	19.6	13.2	13.1
FY20E	74,702.7	35.5	20,185.1	27.0	10,728.4	10,728.4	51.0	8.9	25.9	17.2	15.6
FY21E	92,299.5	23.6	27,506.9	29.8	15,718.4	15,718.4	46.5	13.1	17.7	20.7	19.8

*Adjusted for bonus in the proportion of 2:1 in FY18 and 1:1 in FY20



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