

# PICK OF THE WEEK

19<sup>th</sup> September, 2026

Biocon Ltd

Sector: Pharmaceutical

BUY

CMP

385

Target Price

424

Upside

10%

CMP as on 18<sup>th</sup> September, 2026 | Time horizon: 6-9 Months

## Why Biocon Ltd.

- Capacity Expansion & Utilization
- Profitability & Margin Trajectory
- Comprehensive Product Offerings & Therapeutic Mix

## About the Company

Biocon Limited is one of India's premier biopharmaceutical companies, offering high-quality biosimilars, complex small molecule APIs, and generic formulations globally. Equipped with state-of-the-art biomanufacturing facilities and advanced fermentation platforms, it consistently delivers affordable, life-saving biologic therapies across oncology, diabetes, and immunology. Beyond its core biopharma operations, its integrated ecosystem extends capabilities through Syngene for contract research and development services.

## Investment Rationale

### A. Capacity Expansion & Utilization

The company has achieved a major operational milestone with EMA approval for the second drug product line at its Malaysia insulin facility, effectively doubling manufacturing capacity and initiating commercial supplies from Q2FY27. Coupled with ongoing investments in fermentation and peptide platforms, overall facility utilization is set to scale significantly to satisfy global demand.

## B. Profitability & Margin Trajectory

Synergy realization across biopharma operations continues to drive OpEx rationalization and fiscal discipline. Biosimilars generated a healthy EBITDA margin of 25%, aligning with mid-20s guidance and expected to accelerate in H2FY27. With structured debt retired, interest expenses fell 23% YoY and 8% QoQ to Rs 213 Cr, supporting strong free cash flow generation prioritized strictly toward ongoing balance sheet deleveraging.

## C. Comprehensive Product Offerings & Therapeutic Mix

Biocon delivers a broad spectrum of advanced biopharmaceuticals, maintaining a balanced therapeutic mix spanning oncology, ophthalmology, bone health, and diabetes care. Growth is driven by recent commercial launches, including bAflibercept (Yesafili) in the U.S. and Malaysia, and bDenosumab (Bosaya/Okelso) in North America and Europe, supported by steady market share gains in Insulin Glargine and expanded payer coverage for Insulin Aspart (Kirsty). In Generics, GLP-1 growth is powered by generic Liraglutide expansion in global markets.

## Outlook & Valuation

Biocon enters FY27 operating from a position of strategic strength, supported by a simplified balance sheet, tapering CapEx, and expanding insulin capacity. Operating leverage and lower interest burdens will drive sustained revenue growth and margin expansion, led by key catalysts like bAspart, bDenosumab, GLP-1, and CalRx insulin partnerships. We value Biocon on an SOTP basis, assigning higher multiples to the fast-growing biosimilars segment.

## Analyst Insights

We recommend a **BUY** on the stock with a TP of Rs 424, implying an upside of 10% from the CMP.

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## Financial Summary

| (Rs. Cr)           | FY26   | FY27E  | FY28E  |
|--------------------|--------|--------|--------|
| Net Sales (Rs Cr)  | 16,927 | 20,971 | 22,344 |
| EBITDA (Rs Cr)     | 3,455  | 4,446  | 4,782  |
| Net Profit (Rs Cr) | 369    | 1,590  | 1,839  |
| EPS (Rs.)          | 2.3    | 9.8    | 11.3   |
| PER (x)            | 166.1  | 43.5   | 37.6   |
| EV/EBITDA (x)      | 21.3   | 16.6   | 14.9   |
| P/BV (x)           | 1.7    | 1.8    | 1.7    |
| ROE (%)            | 1.0%   | 4.2%   | 4.6%   |

## Market Data

|                    |        |
|--------------------|--------|
| No. of Shares      | 163 Cr |
| Market Cap (Rs Cr) | 62,743 |
| 52-week High       | 447    |
| 52-week Low        | 337    |
| PER(x)             | 37.6   |
| BSE Code           | 532523 |
| NSE Code           | BIOCON |

Source: Axis Securities Research

# About Pick of the Week

## | Product Objective



The **Pick of the Week (POW)** is our flagship high-conviction weekly investment recommendation, designed to identify companies that offer an attractive combination of **earnings visibility, strong business fundamentals, reasonable valuations, and identifiable near-to-medium-term catalysts**. The objective is to provide investors with **timely, actionable, and high-conviction investment ideas** that can generate superior risk-adjusted returns while maintaining a disciplined investment approach.

## | Why Pick of the Week?



Markets constantly create opportunities through earnings upgrades, valuation mismatches, sector rotation, policy developments, and company-specific catalysts. While hundreds of listed companies compete for investors' attention, only a select few offer the right balance of quality, growth, valuation, and timing.

Our **Pick of the Week** aims to simplify this selection process by identifying those companies where:

- Earnings visibility has materially improved.
- Business fundamentals continue to strengthen.
- Valuations remain attractive relative to growth prospects.
- Multiple positive catalysts are expected over the next few quarters.
- The risk-reward profile appears favourable versus peers and the broader market.

Each recommendation is therefore intended to represent one of our **highest-conviction investment ideas** available at that point in time.

## | Investment Horizon



The recommended investment horizon for **Pick of the Week** ideas is **6–9 months**, allowing sufficient time for business fundamentals and identified catalysts to be reflected in stock prices. However, depending on market conditions, earnings announcements, or company-specific developments, some recommendations may achieve their target returns over a shorter period.

## | Risk–Return Profile



Pick of the Week recommendations represent our **highest-conviction research ideas** and are selected based on an attractive balance between expected returns and investment risk.

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|--------------------------------------|----------------------------------------------------------------------------------------------------------------|
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