

### SUN PHARMACEUTICAL INDUSTRIES LTD

Mar-21

**Industry: Pharma**

**Target Rs: 723**

**Recommendation: Accumulate**

**Accumulation range Rs: 600-620**

#### Key Data

Date	4.3.21
BSE Code	524715
NSE Code	SUNPHARMA
52 Week High (Rs)	654
52 Week Low (Rs)	315
Market Cap (Rs Cr)	144568
Face Value	1
Cmp Rs	624

#### Q3FY21 Result Update:

**Sun Pharmaceutical Industries Ltd in Q3FY21 has delivered good results mainly in line with our expectations.**

#### Increasing share for key speciality products:

Sun Pharma's specialty sales in the US witnessed robust growth in Q3FY21. Revenues jumped to US\$ 148mn against US\$108mn in 2QFY21. This was supported by increasing sales from Ilumya, Cequa and Absorcia LD. Levulan (dermatology) has recovered from H1 levels but is yet to fully normalise. Good sales momentum from Ilumya in the US for 9MFY21 shows strong drug demand. Overall it sales have crossed FY20 annual figure. Ilumya sales are also benefitting from the launch in Japan, which according to the company is a well received launch. Moreover the ongoing ramp up in Ilumya and Cequa should absorb the decline on account of Absorica. Specialty R&D stood at 27% of R&D spent for the quarter.

#### Consistent profitability and returns:

Revenue's came at Rs 8837 Cr for the Q3FY21 supported by growth across geographies in formulation segment. Chronic segment helped the Indian formulation segment whereas speciality biz supported the US formulation biz. Emerging markets showed an improved performance by 5% whereas RoW jumped by 11.7%. Gross margins improved marginally on YoY basis due to better product mix and cost control activities due to lower marketing & travel spend in US, India and other markets. During the quarter 27 new products were launched and more product launches are in pipeline in coming quarter. On operational front margins expanded by 450bps YoY basis. Bottomline came at Rs 1913 Cr vs Rs 1019 Cr in the same period last year.

#### Industry Snapshot

Customers	Open
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

#### Shareholding Dec 2020

Promoters	54.48%
Public	45.52%

#### Promoters/ Management

Mr. Israel Makov	Chairman
Mr. Dilip Sanghvi	MD
Mr. C S Muralidharan	CFO
Mr. Vivek Sehgal	Director
Mr. Gautam Doshi	Director

#### Key Ratios

P/E	48.83
ROE	11.66%
P/Bv	5.69

#### Price Chart



#### Mview:

Sun Pharmaceutical reported strong operational performance in Q3FY21 and were in line with street estimates as it has continued profitable business growth in a market that is gradually recovering from the impact of the global pandemic. Sun Pharma stands tall as the world's fourth largest specialty generic pharmaceutical company and in Q3FY21, the company launched 27 new products in the Indian market. Global specialty sales has seen a strong recovery with 37% QoQ rise in revenue, largely driven by higher Ilumya sales. Ilumya sales in 9MFY21 crossed the FY20 mark of US\$94mn. We remain positive on sun Pharma long-term business outlook considering strong domestic business which contributes 31% and management focus on margin expansion by better revenue mix and operational competence. Hence advice investors hold & add more on dips with a Target Rs 723 with potential upside of 16% for next 6-12 months.

#### About the Company:

Sun Pharmaceuticals Ltd is the world's fourth largest specialty generic pharmaceutical company and India's top pharmaceutical company. It has a vertically integrated business and a skilled team that enables it to deliver high quality products in over 100 countries across the world. Its global presence is supported by manufacturing facilities with spread across 6 continents and approved by multiple regulatory agencies. It has strong R&D capabilities across multiple R&D centers which

#### Research Team

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### QUARTERLY FINANCIAL OVERVIEW

#### Profit & Loss Statement (Rs Cr)

Particulars	Q3FY21	Q3FY20	YoY	Q2FY21	QoQ	9MFY21	9MFY20	YoY
Revenue from operations	8837	8155	8.36%	8533	4%	24975	24652	1%
<b>Expenses</b>								
Cost of raw materials	1428	1496	-5%	1460	-2%	4406	4306	2%
change in inventories	905	704		687		2043	2620	
employee benefit expense	1720	1549	11%	1705	1%	5185	4710	10%
Forex (gain)/ loss	-72	-82		116		-34	-158	
other expenses	2448	2646	-7%	2392	2%	6933	7547	-8%
<b>Total expenses</b>	<b>6429</b>	<b>6313</b>	<b>2%</b>	<b>6360</b>	<b>1%</b>	<b>18533</b>	<b>19025</b>	<b>-3%</b>
<b>EBITDA</b>	<b>2408</b>	<b>1842</b>	<b>31%</b>	<b>2173</b>	<b>11%</b>	<b>6442</b>	<b>5627</b>	<b>14%</b>
<b>EBITDA %</b>	<b>27.24%</b>	<b>22.59%</b>		<b>25.47%</b>		<b>25.79%</b>	<b>22.83%</b>	
depreciation	532	547	-3%	499	7%	1526	1477	3%
other income	315	120	163%	256	23%	724	534	36%
finance cost	26	63	-59%	33	-21%	111	251	-56%
<b>PBT</b>	<b>2165</b>	<b>1352</b>	<b>60%</b>	<b>1897</b>	<b>14%</b>	<b>5529</b>	<b>4433</b>	<b>25%</b>
tax	245	328		-31		460	740	
<b>PAT</b>	<b>1920</b>	<b>1024</b>	<b>87.46%</b>	<b>1928</b>	<b>0%</b>	<b>5069</b>	<b>3693</b>	<b>37%</b>
<b>PAT %</b>	<b>21.72%</b>	<b>12.56%</b>		<b>22.59%</b>		<b>20.30%</b>	<b>14.98%</b>	
<b>EPS</b>	<b>7.72</b>	<b>3.81</b>		<b>7.56</b>		<b>8.38</b>	<b>14.03</b>	

Source: bseindia.com

### TECHNICAL TREND





# MSEARCH

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### **Msearch's Recommendation (Absolute Performance)**

**Buy : > 20% within the next 12 Months**

**Accumulate : 5% to 20% within the next 12 Months**

**Sell : < -20% within the next 12 Months**

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