

SUN PHARMACEUTICAL INDUSTRIES LTD

Jun-21

Industry: Pharma

Target Rs: 790

Recommendation: Accumulate

Accumulation range Rs: 640-660

Key Data

Date	7.6.21
BSE Code	524715
NSE Code	SUNPHARMA
52 Week High (Rs)	722
52 Week Low (Rs)	445
Market Cap (Rs Cr)	161483
Face Value	1
Cmp Rs	673

Q4FY21 Result Update:

India business continues to outperform:

Overall sun pharma delivered a decent sales growth of 4.4% on YoY basis which came at Rs 8530 Cr. On geographical front India biz showed a growth of 12.9% outperforming the average industry growth whereas Emerging markets and RoW jumped by 2.8% and 5.5% respectively. However US finished dosage sales declined 1.3% in the same period. Its global specialty sales have continued to show an improving trend while Global Ilumya sales for the year have grown by 51% to US\$ 143 mn. On operational front EBITDA was up by 55.8% which came at Rs 1957 Cr. Net profit for quarter was at Rs. 1343 Cr, up by 103.3% YoY, after excluding the exceptional items of Rs 673 Cr. We believe despite challenges Sun pharma was able to maintain business continuity and record positive overall growth.

Increasing R&D spends:

Consolidated R&D investment for Q4FY21 was Rs 5571 Cr against Rs 5350 Cr in the same period last year or 6.6% of sales. They continue to invest in building the pipeline for various markets including the US, Emerging Markets, RoW Markets and for India by doing R&D effort which spans across both specialty and generic businesses. For the quarter, 8 ANDAs were filed and 5 approvals were received. Additionally, the portfolio includes 55 approved NDAs while 9 NDAs await US FDA approval. Overall their comprehensive product offering in the US market consists of approved ANDAs for 501 products while filings for 94 ANDAs await US FDA approval, including 23 tentative approvals.

Industry Snapshot

Customers	Open
Market Presence	Global
Govt Regulations	Medium
Msearch View	Positive

Shareholding March 2021

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	56.56
ROE	11.66%
P/Bv	6.60

Price Chart



Research Team

Prashanth Tapse

022-61507123

prashanth.tapse@mehtagroup.in

Mview:

We continue to remain confident on Sun Pharma after delivering results broadly in line with street estimates with healthy growth in India compared to growth in other markets. With cost normalisation we expect the coming quarter EBITDA margin to improve. However the management expects COVID-led uncertainties to stay and hence has refrained from giving growth guidance. Improved growth prospects over the longer term, healthy balance sheet position would be key positives. The company in management commentary said it is evaluating to develop a new pipeline of biosimilars as its R&D (research and development) focus. It has also requested for an inspection of the Halol site in Gujarat. At current levels, we see a stock is available at decent trading range with a healthy margin of safety on downside and hence we advise investors to "ACCUMULATE" in the range of Rs 640-660 for the medium to long term.

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 helps it foster excellence through innovation.

QUARTERLY FINANCIAL OVERVIEW

Profit & Loss Statement (Rs Cr)

Particulars	Q4FY21	Q4FY20	YoY	Q3FY21	QoQ	FY21	FY20	YoY
Revenue from operations	8530	8185	4.22%	8837	-3%	33499	32837	2%
Expenses								
Cost of raw materials	1747	1210	44%	1428	22%	6153	5515	12%
change in inventories	494	1096		905		2537	3715	
employee benefit expense	1677	1652	2%	1720	-3%	6862	6323	9%
Forex (gain)/ loss	11	142		-72		-24	-15	
other expenses	2545	2723	-7%	2448	4%	9478	10271	-8%
Total expenses	6474	6823	-5%	6429	1%	25006	25809	-3%
EBITDA	2056	1362	51%	2408	-15%	8493	7028	21%
EBITDA %	24.10%	16.64%		27.25%		25.35%	21.40%	
depreciation	553	574	-4%	532	4%	2080	2053	1%
other income	92	102	-10%	315	-71%	835	636	31%
finance cost	30	52	-42%	26	15%	141	303	-53%
exceptional item	673	261		0		4306	261	1550%
PBT	892	577	55%	2165	-59%	2801	5047	-45%
tax	55	83		245		515	823	
PAT	837	494	69.43%	1920	-56%	2286	4224	-46%
PAT %	9.81%	6.04%		21.73%		6.82%	12.86%	
EPS	3.70	1.70		7.72		12.10	15.70	

TECHNICAL TREND





MSEARCH

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Disclosure of Interest Statement: Analyst ownership of the stock: No

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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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BSE: - Membership Clearing No. 122 - SEBI Regn. No. INB010683856, NSE: - Membership Clearing No. 13512- SEBI Regn. No. INB231351231, NSE FO SEBI Regn. No. INF231351231, CIN No: U65990MH1994PLC078478

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SEBI registered RA Reg No INH000000552

Mehta Equities Limited, 903, 9th Floor, Lodha Supremus, Dr.E.Moses Road, Worli Naka, Worli,
Mumbai 400 018, India

Tel: +91 22 6150 7101, Fax: +91 22 6150 7102

Email: info@mehtagroup.in, Website: www.mehtagroup.in