

Sun Pharmaceuticals (SUNP) – ADD

Result Update

Current Market Price (CMP)

Rs. 675

Target Price

Rs. 740

Our price target of Rs.740 offers upside of 10% from current market price.

Rationale:

- Strong domestic business growth of 13% yoy; Ilumya ramp-up remains on track.
- Specialty ramp up to continue in FY22-23E driving strong earnings growth.
- Continued execution in specialty provides potential for further re-rating.
- Raise FY22-23E estimates by 4-5% factoring lower marketing spend. Retain ADD
- Risks to specialty business ramp-up receding; Raise multiple to 24X; FV Rs740.

Q4FY21 Result update:

👍 Positives:

- Strong recovery in domestic chronic segment after weak 1HFY21.
- Adj. for one-offs, net profit is 7% above expectation due to lower depreciation.
- Continued specialty ramp-up in FY21 despite Covid impact in 1HFY21.
- Operating leverage to drive profitability over FY22-23E.

👎 Negatives:

- Q4FY21 sales below estimate by 3% due to lower sales across Ex-India segments
- Booked exceptional charge of Rs 670 cr for ongoing antitrust matters.

[Click here](#)

For detailed report dated 28 May 2021. Note: CMP & valuation may differ due to difference in dates.



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