

# Investment Memo – Healthcare Sector

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## Company: Sun Pharmaceutical Industries Ltd.

### 1. Executive Summary

Sun Pharmaceutical Industries Ltd. is a leading global pharmaceutical company with a diversified portfolio across generics, specialty drugs, and emerging markets. The company benefits from strong domestic leadership, increasing specialty focus, and stable global operations.

**Investment View:** Moderately Attractive – driven by specialty growth and stable margins

### 2. Business Overview

- 1 One of India's largest pharma companies by market capitalization
- 2 Strong presence in US generics, India branded formulations, and specialty pharmaceuticals
- 3 Key therapeutic areas include cardiology, dermatology, neurology, and oncology

### 3. Investment Rationale

- 1 **Shift Towards Specialty Portfolio:** Improving margin profile and reducing pricing pressure
- 2 **Strong Domestic Franchise:** Stable and predictable cash flows from chronic therapies
- 3 **Global Diversification:** Revenue from US and emerging markets provides resilience

### 4. Financial Analysis (Illustrative)

Metric	Value
Revenue Growth	10–12% CAGR
EBITDA Margin	25–28%
Net Profit Margin	15–18%
ROCE	~18–20%
Debt/Equity	<0.2

### 5. Valuation Analysis

DCF methodology applied with 5-year forecast, ~10% revenue growth, ~26% EBITDA margin, WACC ~11%, and terminal growth ~4%.

**Implied Upside:** ~10–15%

### 6. Key Risks

- 1 USFDA regulatory observations
- 2 Pricing pressure in generics
- 3 Execution risk in specialty pipeline
- 4 Currency volatility

### 7. Conclusion

Sun Pharma represents a balanced investment opportunity with strong fundamentals, improving margins, and stable cash flows.