

PHARMACEUTICALS Sun Pharma ₹845.40

Continue with prescription

Offers a decent hedge with growth drivers amidst uncertain times

SAI PRABHAKAR YADAVALLI BL Research Bureau

As investors brace for the third wave of the pandemic, defensive stocks can be in focus again led by pharmaceuticals which provide earnings visibility and Covid-19 therapies.

Branching into speciality products, Sun Pharma now has achieved a critical mass of 5-6 products in this segment, which may support the division's growth from hereon.

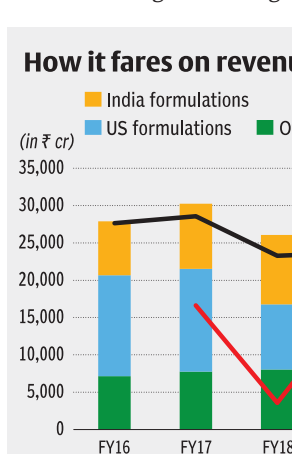
Key segments Sun Pharma's US formulations breached US\$ 2 billion in revenues in FY16 and has since been on a gradual decline clocking \$1.3 billion in FY21, as price erosion took its toll.

Going by HIFY22, Sun Pharma's US revenue of \$740 million is from US generics (29 per cent), Taro (38 per cent) and speciality sales (33 per cent - assuming US accounts for largest portion of global speciality).

Speciality products are those with patent protection, in Sun Pharma's context. The speciality portfolio consists of Odomzo, Levulan, Absorica, Ilumya, Cequa and Winlevi with the latter three being latest entrants, of which Winlevi was in-licensed in 2021.

The most prominent Ilumya (tildrakizumab), is a biologic in-licensed from Merck in 2014 and approved for moderate to severe plaque psoriasis.

Plaque psoriasis is close to US\$ 10 billion crowded market currently accommodating 11 products across old generation biologics and new pathways including Ilumya. Ilumya has beaten Enbrel (old generation) in head-to-head trials.



A glimpse of speciality products

Table with 3 columns: Brand name, Indication, Patent status. Rows include Odomzo, Levulan, Absorica, Ilumya, and Cequa.

in efficacy but scores on treatment convenience and longer-term efficacy. Ilumya reported sales of \$143 million in FY21 (52 per cent YoY growth). Even after being impacted by pandemic in ramp-up stage, Sun Pharma reported 70 per cent annualized growth in Sep-21.

Sun Pharma's first experience in competing against Big Pharma and their flagship products (JNJ's Tremfya, Abbvie's Humira, Novartis' Cosentyx and so on) may be an uphill battle. But even garnering a mid-single digit market share in a post-biologics, moderate to severe psoriasis market may imply a \$750 million market (in US) by 2024, with pricing rebates at 50 per cent.

Sun Pharma's ramp up in Ilumya post-Covid interruptions, will be a key monitorable in its march towards speciality dominated portfolio. Psoriatic arthritis is another indication Sun Pharma is exploring with Ilumya, the trial of which has been slowed owing to Covid related delays in clinical site on-boarding.

Cequa also competes with key products of established players - Restasis (Allergan) and Xiidra (Novartis) in a multi-billion market. Cequa's prospects may face impending generic competition as Restasis loses patent protection, but additional studies in Cequa's benefit profile may support a stronger launch trajectory.

Sun Pharma's sales portfolio in general dermatology segment carries Levulan, Ilumya, Absorica. It has now added Winlevi for acne. Launched in US in Q3FY21, the product has high expectations of peak sales ranging north of US\$ 150 - 200 million by FY25 as per analysts.

The generics portfolio on the other hand, is expected to be bolstered by a strong suite of pipeline including 13 advanced filings, a recently launched product with a 180-day exclusivity and generic Revlimid with unknown terms of launch but high expectations.

Sun Pharma expects a product wise but consistently high competition in US generics, stressing the importance of its speciality portfolio.

Financials and valuation India business accounting for 31 per cent of revenues reported Q2FY22 sales growth of 26 per cent with only a 2 per cent contribution from Covid portfolio.

Sun Pharma has refocused on this segment and is reflected in the improving market share of the leader and a 10 per cent increase in field staff.

The higher strength in a market that normally grows at 10 per cent, is expected to translate into even higher growth for Sun Pharma which focusses on product launches (28 launched in Q2FY22 alone)

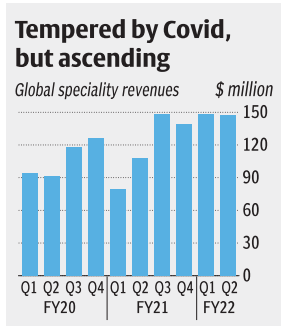
and in-licensing opportunities.

Sun Pharma reported sales growth of 2.5 per cent in FY21 of ₹33,139 crore. In the build-up phase of FY18-20, the margins were impacted by higher

R&D expenses, under-leveraged sales force (new additions in India and US), a high direct to consumer (DTC) campaign cost in US (Ilumya and Cequa) apart from higher price erosion in US. The asset base can now generate optimal returns even as R&D and DTC campaigns remain, but lower than earlier peaks. Sun Pharma is reporting an average EBITDA margin of around

25 per cent in the last one year, which is more than the 20 per cent reported in FY18-20. The stock is trading at 25 times FY23 expected earnings (Bloomberg consensus), which is closer to its historical higher range. But from owning the stock at such levels, the potential long term re-

wards can outweigh the risks, in the form of a strong ramp up in the US and India. The pricing power from speciality laden portfolio (within sector) and a possible uptick in Covid portfolio (approved for generic molnupiravir) are factors which may weigh positively in the short-term, as well.



EMERALD JEWEL INDUSTRY INDIA LIMITED

CIN : U03691TZ2004PLC011255 Regd. Office : 230, Thiruvengatasamy Road (East), R.S.Puram, Coimbatore - 641 002, India. Phone: 0422- 4222200/88707 21133, Fax: 0422- 2555560. E-Mail: investorrelations@ejindia.com Web site: www.ejindia.com

INVITES FIXED DEPOSITS

Table with 2 main columns: SCHEME 'A' (Non-Cumulative) and SCHEME 'B' (Cumulative). Rows show Period (1 Year, 2 Years, 3 Years), Rate of interest per Annum, Minimum amount of Deposit, Amount payable on Maturity, and Effective Annual Yield.

Deposits will be Accepted / Renewed in multiples of ₹.1,000/- subject to a minimum of ₹.10,000/- for Scheme 'A' and Scheme 'B'. FORM DPT - 1 CIRCULAR OR CIRCULAR IN THE FORM OF ADVERTISEMENT INVITING DEPOSITS

1. GENERAL INFORMATION: A. Name, Address, Website and other contact details of the Company: Name : Emerald Jewel Industry India Limited CIN : U03691TZ2004PLC011255 Address : 230, Thiruvengatasamy Road (East), R.S.Puram, Coimbatore- 641 002 Website : www.ejindia.com

B. Date of Incorporation of the Company: 27th July, 2004 C. (i) Business carried on by the Company. The Company is engaged in manufacturing, trading, import, export of gold, silver, platinum and Diamond Jewellery and other precious metals and the Company is engaged in the business of selling of Gold, Silver, Diamond and Platinum Jewellery through its retail outlets across Tamilnadu, Pondicherry.

(ii) Subsidiaries and Units of the Company 1. Subsidiaries: a. India Jewellery Company Private Limited The Company engaged in the business of trading in Gold Bullions. b. Emerald Jewellers DMCC, Dubai (Foreign Company (Wholly owned Subsidiary)). The Company engaged in the business of Wholesale trading of Gold/Silver/ Diamond Jewellery.

2. Units Unit-I : 300, 301/1A, 1B, Mettupalayam Road, N.S.N.Palayam, Coimbatore, Tamil Nadu-641031. Unit-II : 817, Sullivan Street, Coimbatore, Tamil Nadu, 641 001 Unit-IV : 460,461/1,462/1C,462/2A, Kathiramaickenpalayam Road, Thoppampatti Post, Coimbatore, Tamil Nadu -641 017

D. Brief particulars of the management of the Company: The Company is managed by the Chairman and Managing Director, Joint Managing Director, and a team of professional Managers, subject to the Superintendence, control and Directions of the Board of Directors.

Table with 4 columns: SL. NO, NAME AND ADDRESS, DIN, OCCUPATION. Lists 8 directors with their details.

F. Management's perception of risk factors: •The Company is one of the leading Jewellery manufacturers in India. The net worth, revenues from operations and cash flows of the Company are strong enough to meet any repayment liability.

G. Details of default, including the amount involved, duration of default and present status, in repayment of:

Table with 2 columns: i) Statutory dues, ii) Debentures and interest thereon, iii) Loan from any bank or financial institution and interest thereon.

2. PARTICULARS OF THE DEPOSIT SCHEME:

a. Date of Passing of board resolution : 21.10.2021 b. Date of passing of resolution in the General Meeting authorizing the invitation of such deposits : 29.12.2018 c. Type of deposits i.e.whether secured or unsecured : Unsecured

Table with 2 columns: Sl. No, Particulars, Amount (₹ in Lakhs). Lists 5 items related to the deposit scheme.

e. Terms of raising of deposits: 1. Duration: Deposits are proposed to be accepted for a term of 1 year, 2 years and 3 years. 2. Rate of Interest:

Table showing interest rates for Scheme 'A' and Scheme 'B' for 1 Year, 2 Years, and 3 Years terms.

Auditor's Certificate on DPT-1 We, M/s. B. Thiagarajan & Co., Statutory Auditors of M/s Emerald Jewel Industry India Limited ("the company") having its registered office at 230, Thiruvengatasamy Road (East), R. S. Puram, Coimbatore, Tamilnadu - 641 002, do hereby certify that the Company has not committed default in the repayment of deposits or in the payment of interest on such deposits accepted either before or after payment of interest on such deposits accepted either before or after the commencement of the Companies Act, 2013.

3. Mode of Payment and Repayment: 1 [Mode of Payment] Cheque/Demand Draft/NEFT/RTGS 2 [Mode of Repayment] Cheque/Demand Draft/NEFT/RTGS

f. Proposed time schedule mentioning the date of opening of the Scheme and the time period for which the circular or advertisement is valid; f. Filing with Registrar of Companies. This circular is being issued to continue to accept subscriptions during the balance period of FY2021-22 & till the date of publication of the New Circular in FY 2022-23. This circular shall be valid till 30.09.2022 or the date of the Company's AGM in 2022, whichever is earlier. To facilitate working capital requirements of the Company.

g. Reasons or objects of raising the deposits; h. Credit Rating Obtained; I. Name of the Credit Rating Agencies : CRISIL LIMITED II. Rating obtained : FA III. Meaning of the rating obtained : Stable IV. Date on which rating was obtained : 03.06.2021

i. Short Particulars of the charge created or to be created for securing such deposits, if any; j. Any financial or other material interest of the directors, promoters or key managerial personnel in such deposits and the effect of such interest in so far as it is different from the interests of other persons: Company does not propose to pay differential interest to any person placing deposit with the Company if the directors, Promoters Key Managerial Personnel have placed any deposit or if any deposit is placed by any such person, the applicable rate of interest would be as per the prevalent Scheme.

Table with 2 columns: a. Amount Outstanding as on 31.03.2021, b. Date of Acceptance, c. Total amount accepted, d. Rate of Interest, e. Total Number of Depositors as on 31.03.2021, f. Default, if any, in repayment of deposits and payment of interest thereon, g. Any waiver by the depositors, of interest accrued on deposits.

4. FINANCIAL POSITION OF THE COMPANY:

Table with 3 columns: Year, Profit Before Tax (₹. in Lakhs), Profit After Tax (₹. in Lakhs). Shows data for 2018-19, 2019-20, and 2020-21.

Table with 3 columns: Year, 2018-19, 2019-20, 2020-21. Shows Dividend declared (%) and Interest Coverage Ratio.

c. A summary of the financial position of the company as in the three audited Balance Sheets immediately preceding the date of issue of Circular or advertisement: (₹. in Lakhs)

Table with 8 columns: Liabilities, As on 31st March 2021, As on 31st March 2020, As on 31st March 2019, Assets, As on 31st March 2021, As on 31st March 2020, As on 31st March 2019. Lists various assets and liabilities.

d. Audited Cash Flow Statement for the three years immediately preceding the date of issue of circular or advertisement: (₹. in Lakhs)

Table with 4 columns: Particulars, 31.03.2021, 31.03.2020, 31.03.2019. Shows Cash flow from operating activities, investing activities, financing activities, and Net increase/decrease in cash and cash equivalents.

e. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company: The financial statements of the Company are prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 with effect from 01.04.2018

5. DECLARATION BY THE DIRECTORS THAT:

a. the company has not defaulted in the repayment of deposits accepted either before or after the commencement of the Act or Payment of interest on such deposits and where a default had occurred, the company made good the default and a period of five years had lapsed since the date of making good the default; b. the board of directors have satisfied themselves fully with respect to the affairs and prospects of the company and that they are of the opinion that having regard to the estimated future financial position of the company, the company will be able to meet its liabilities as and when they become due and that the company will not become insolvent within a period of one year from the date of issue of the circular or advertisement;

Place : Coimbatore Date : 21-10-2021 By Order of Board Emerald Jewel Industry India Limited Mr.G.Karthik - Company Secretary