

Pharma stocks gain for second straight day; Sun Pharma surges 12% in 2 days

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SI Reporter | Mumbai March 04, 2020 Last Updated at 12:01 IST



Shares of

pharmaceutical companies were trading higher for the second straight day in an otherwise weak market. Sun Pharmaceutical Industries, Cipla, Dr Reddy's Laboratories, Glenmark Pharmaceuticals, Aurobindo Pharma, Lupin, Indoco Remedies, FDC, Shilpa Medicare and Caplin Point Laboratories from the Nifty Pharma and S&P BSE Healthcare index were up in the range of 3 per cent to 6 per cent at the bourses.

At 11:33 am, Nifty Pharma index, the sole gainer among the sectoral indices, was up 2.3 per cent, as compared to a 0.37 per cent decline in the Nifty50 index. In the past two days, pharma index has rallied 7.5 per cent, as against a 1.1 per cent rise in the benchmark index.

According to CARE Ratings, pharma exports from India are estimated to rise by about 11 to 12 per cent on a year on year (y-o-y) basis to reach the level of about \$ 21.3 billion to \$ 21.5 billion during FY20, backed by demand for generics and branded generics.

“The impact of coronavirus on the Indian pharma industry is likely to be seen in the first quarter of FY21 as the pharma companies are expected to face a shortage and witness price rise of intermediates or bulk drugs

given the extension of holidays and closure of facilities in China due to the virus. The shortage and increase in price of APIs/bulk drugs and drug intermediates may extend to the second quarter of FY21 depending on how the virus is contained in China”, CARE Ratings said in a sector report dated February 27, 2020.

Among individual stocks, Sun Pharma was the top gainer in the Nifty Pharma index, up 5 per cent at Rs 413 today. The stock has rallied 12 per cent in the past two days after promoter Group Company bought nearly 2 million shares from the open market.

Shanghvi Finance Private Limited, the promoter group company of Sun Pharma, has acquired 1.98 million shares or 0.08 per cent stake of the drug maker for Rs 77.65 crore from open market on the NSE on Tuesday, the stock exchange data shows.

Last week, Shanghvi Finance Private Limited had purchased 600,000 shares at an average price of Rs 385 per share, data shows. Shanghvi Finance held 40.2 per cent stake in Sun Pharma at the end of the quarter ending December 2019. Overall, promoter and promoter group held 54.6 per cent in Sun Pharma as of December 31, 2019.