

# Sun Pharmaceutical Industries | BUY

## In-line quarter

SUNP's 2Q performance was in line with JMFe/ Street estimates. Revenue growth was led by India and RoW markets whereas US performance was muted. While increase in global specialty sales (USD 240mn; +19%YoY), gRevlimid (lower QoQ) and new launches (such as gVyvance) bring stability to the US business, impact of Halol/ Mohali site issues may keep near-term growth in check. The USFDA has accepted Deuruxolitinib 8mg filing for review - SUNP clarified that the launch could be post approval (key positive; FY25-end launch likely). We continue to believe that Deuruxolitinib will be a significant growth driver for SUNP with potential to scale up to USD 400-500mn revenue within 4-5 years of its launch. Domestic business grew 11% YoY (3% beat) and the management aims to deliver IPM-beating performance consistently over the long term. Big-ticket M&As can not be ruled out given SUNP's strong cash position. SUNP's domestic leadership, balance sheet strength and long-term specialty growth visibility reaffirm our positive stance on the stock. We increase our multiple to 26x (vs. 25x earlier) and reiterate SUNP as our top pick in the sector. We maintain BUY with a Sep'24 TP of INR 1,305.

- Specialty growth sustains strong momentum:** Global specialty grew 19% YoY to USD 240mn (in line) driven by Ilumya, Cequa and Winlevi. USFDA has accepted the company's NDA filing for Deuruxolitinib (8mg) which, in our view, is a meaningful opportunity in the Alopecia Areata market and is more effective than peers (Olumiant and Litfulo; Refer Exhibit). We expect this launch by end-FY25. Uncertainty remains over the 12mg dose. Ilumya PsA trials are progressing with faster enrolment and studies are expected to be completed in FY25 (first topline data by late-25). SUNP maintains its R&D guidance in FY24 as the specialty pipeline progresses in trials. The China opportunity for Ilumya could play out soon as approval is expected in 1-2 quarters.
- US regulatory challenges overshadowed by specialty/ gRevlimid:** US business ex-Taro grew 6% YoY to INR 28bn (5% miss) due to lower gRevlimid contribution QoQ (USD 25-30mn). Taro's earnings was impacted by one-offs pertaining to special committee cost, and its operations remain unaffected by the on-going Israel conflict. SUNP launched three generic products this quarter (ex-Taro) including gVyvance (TAM: USD 1bn+; currently under shortage). Notably, SUNP has resumed supplies from Mohali albeit normalcy will be achieved gradually. We believe that Halol IA and Mohali Consent Decree will keep near-term growth in check and, once that is resolved, growth could accelerate.
- FY24 guidance unchanged:** SUNP maintained its conservative guidance of high single-digit revenue growth (1H growth ~11%) for FY24. India revenue grew 11% YoY to INR 38.4bn (3% beat) despite softer acute season. SUNP launched eight new products in India during the quarter including Tylvalzi (Sovatel tide), a novel first-in-class treatment for acute cerebral ischemic stroke in licensed from Pharmazz Inc. The management remains confident of delivering IPM-beating growth and we believe 10-12% growth is achievable over the next few years. EM grew 13% YoY (in line) to INR 23.5bn while RoW grew 18% YoY to INR 17bn (7% beat). API business grew 5% YoY to INR 5bn (9% miss).



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,305
Upside/(Downside)	15.2%
Previous Price Target	1,255
Change	4.0%

### Key Data – SUNP IN

Current Market Price	INR1,133
Market cap (bn)	INR2,718.0/US\$32.6
Free Float	41%
Shares in issue (mn)	2,399.0
Diluted share (mn)	2,399.0
3-mon avg daily val (mn)	INR2,461.8/US\$29.6
52-week range	1,170/922
Sensex/Nifty	64,081/19,133
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	-2.2	16.4	7.7
Relative*	0.0	11.2	2.2

\* To the BSE Sensex

Financial Summary	(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	3,84,264	4,32,788	4,81,665	5,39,141	6,09,043
Sales Growth (%)	16.0	12.6	11.3	11.9	13.0
EBITDA	1,03,977	1,16,467	1,29,931	1,49,810	1,71,067
EBITDA Margin (%)	26.9	26.5	26.6	27.4	27.7
Adjusted Net Profit	78,562	86,450	95,841	1,11,648	1,29,252
Diluted EPS (INR)	32.7	36.0	40.0	46.5	53.9
Diluted EPS Growth (%)	32.5	10.0	10.9	16.5	15.8
ROIC (%)	25.8	24.9	22.3	24.9	27.6
ROE (%)	16.6	16.6	16.2	16.9	17.4
P/E (x)	34.6	31.4	28.4	24.3	21.0
P/B (x)	5.7	4.9	4.4	3.9	3.4
EV/EBITDA (x)	25.3	22.9	20.2	17.1	14.6
Dividend Yield (%)	0.7	0.8	1.1	1.2	1.2

Source: Company data, JM Financial. Note: Valuations as of 02/Nov/2023

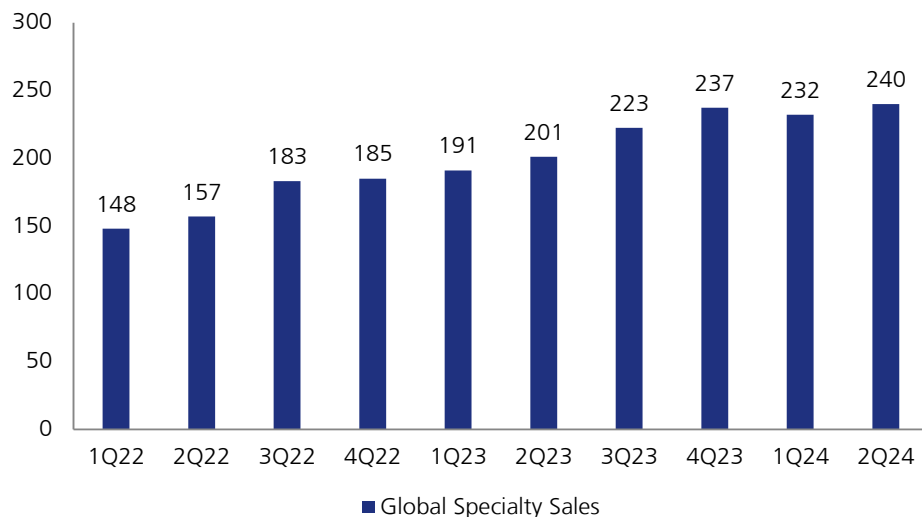
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Key financials:** Sun's Revenue/EBITDA/Adj. PAT of INR 121.9bn/ 31.8bn/ 23.8bn grew +11%/+8%/+5% YoY and were broadly in line with our estimates and 0%/ -2%/ +1% vs. consensus estimates. Gross margin improved ~190bps YoY to c. 77% (JMFe: 76%), primarily due to change in product mix and contribution of higher specialty sales. EBITDA margin declined 90bps YoY to 26.1% (JMFe: 26.2%). We estimate Revlimid contribution of USD 25-30mn, adjusted for which margin was ~25% whereas ex-Taro ex-Revlimid margin was ~28%. Forex loss for the quarter stood at INR 341mn vs. INR 2.4bn (loss) in 2Q23. R&D expenses stood at INR 7.7bn of which global specialty constituted c. 38%. The management reiterated its R&D guidance for FY24, as the clinical studies for Illumya and other specialty products progress.

### Exhibit 1. Global specialty sales



Source: Company, JM Financial; Amount in USD mn

### Exhibit 2. Break-up of US sales

	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
US Sales	380	361	397	389	420	412	422	430	471	430
of which										
Taro (US)	99	88	93	96	99	82	88	92	100	93
Specialty (c.90% US)	133	141	165	167	172	181	203	213	209	216
Generic	148	131	139	127	149	149	132	124	162	121

Source: Company, JM Financial; Amount in USD mn

### Exhibit 3. Core margin profile remains strong

	Case 1	Case 2
Revlimid Revenue	25	30
Revenue (INR)	2050	2460
EBITDA %	60%	65%
EBITDA	1230	1599
Revenue (ex-Revlimid)	1,19,874	1,19,464
<b>Adj. EBITDA (ex-Revlimid)</b>	<b>30,564</b>	<b>30,195</b>
<b>EBITDAM %</b>	<b>25.5%</b>	<b>25.3%</b>
<b>Ex-Taro ex-Revlimid EBITDA</b>	<b>30,185</b>	<b>29,816</b>
<b>Ex-Taro ex-Revlimid EBITDA %</b>	<b>27.9%</b>	<b>27.7%</b>

Source: JM Financial

## Exhibit 4. 2Q24 review

Sun Pharma P&L	2Q23A	2Q24A	% YoY	2Q24E	% vs JMFe	2Q24E (cons)	% vs cons	1Q24A	% QoQ	1H23A	1H24A	% YoY
(in INR mn)												
<b>Total sales</b>	1,08,091	1,20,031	11%	1,19,529	0%			1,17,852	2%	2,14,531	2,37,883	11%
<b>Other op. income</b>	1,431	1,893	32%	1,574	20%			1,557	22%	2,609	3,450	32%
<b>Total revenue from operations</b>	<b>1,09,522</b>	<b>1,21,924</b>	<b>11%</b>	<b>1,21,103</b>	<b>1%</b>	<b>1,21,380</b>	<b>0%</b>	<b>1,19,408</b>	<b>2%</b>	<b>2,17,140</b>	<b>2,41,333</b>	<b>11%</b>
<b>Expenses</b>												
Raw material	27,081	27,871	3%	29,065	-4%			27,582	1%	56,083	55,453	-1%
Gross Profit	82,441	94,053	14%	92,038				91,827		1,61,057	1,85,880	15%
% Gross Margin	75%	77.1%	187bps	76.0%				77%	24bps	74%	77%	285bps
Staff cost	20,046	23,644	18%	24,221	-2%			24,020	-2%	40,794	47,664	17%
Other expenses	32,831	38,616	18%	36,089	7%			34,489	12%	61,854	73,104	18%
<b>EBITDA</b>	<b>29,565</b>	<b>31,794</b>	<b>8%</b>	<b>31,729</b>	<b>0%</b>	<b>32,510</b>	<b>-2%</b>	<b>33,318</b>	<b>-5%</b>	<b>58,409</b>	<b>65,112</b>	<b>11%</b>
% EBITDA Margin	27.0%	26.1%	-92bps	26.2%	-12bps	26.8%	-71bps	27.9%	-183bps	26.9%	27.0%	8bps
Other income	852	2,936	245%	1,934	52%			2,044	44%	874	4,981	470%
Finance Costs	194	493	154%	600	-18%			809	-39%	330	1,302	294%
Depreciation	6,100	6,328	4%	6,700	-6%			6,513	-3%	11,980	12,841	7%
Profit Before Tax (PBT)	24,123	27,909	16%	26,363	6%			28,040	0%	46,973	55,949	19%
Tax	1,523	3,901		2,636				4,681		3,413	8,582	151%
% Tax rate	6%	14%		10%				17%		7%	7%	
Minority Interest & JVs	(21)	253		50				(95)		329	158	-52%
Exceptional income (expense)	0	-		0				(3,229)		-	-3,229	
<b>Reported Net Profit</b>	<b>22,621</b>	<b>23,755</b>		<b>23,677</b>				<b>20,225</b>	<b>17%</b>	<b>43231</b>	<b>43981</b>	<b>2%</b>
<b>Reported EPS (INR)</b>	<b>9.4</b>	<b>9.9</b>	<b>5%</b>	<b>9.9</b>				<b>8.4</b>	<b>17%</b>	<b>18.0</b>	<b>18.3</b>	
<b>Net Profit - Adjusted</b>	<b>22,621</b>	<b>23,755</b>	<b>5%</b>	<b>23,677</b>	<b>0%</b>	<b>23,630</b>	<b>1%</b>	<b>23,454</b>	<b>1%</b>	<b>43231</b>	<b>47209</b>	<b>9%</b>
<b>EPS (INR) - Adjusted</b>	<b>9.4</b>	<b>9.9</b>	<b>5%</b>	<b>9.9</b>	<b>0%</b>			<b>9.8</b>	<b>1%</b>	<b>18.0</b>	<b>19.7</b>	
<b>% Cost Ratios</b>												
Raw Materials	24.7	22.9	-187bps	24.0	-114bps			23.1	-24bps	26.1	23.3	-283bps
Staff Cost	18.3	19.4	109bps	20.0	-61bps			20.1	-72bps	19.0	20.0	102bps
Other expenses	30.0	31.7	170bps	29.8	187bps			28.9	279bps	28.8	30.7	190bps
<b>Sales Break-up</b>												
Domestic Formulations	34,600	38,425	11%	37,403	3%	37,690	2%	35,604	8%	68,471	74,029	8%
US	32,913	35,504	8%	36,825	-4%			38,709	-8%	65,350	74,213	14%
- US (ex-Taro)	26,349	27,848	6%	29,169	-5%			30,500	-9%	59,668	58,348	-2%
Emerging Markets	20,704	23,449	13%	23,189	1%			21,452	9%	39,615	44,901	13%
RoW Formulations	14,441	17,000	18%	15,885	7%			16,041	6%	29,119	33,041	13%
APIs	4,730	4,972	5%	5,439	-9%			5,396	-8%	10,717	10,368	-3%
Others	704	680	-3%	789	-14%			650	5%	1,260	1,331	6%
<b>Total sales</b>	<b>1,08,092</b>	<b>1,20,031</b>	<b>11%</b>	<b>1,19,529</b>	<b>0%</b>			<b>1,17,851</b>	<b>2%</b>	<b>2,14,532</b>	<b>2,37,883</b>	<b>11%</b>

Source: Company, JM Financial

## Exhibit 5. Global specialty pipeline

Candidate	Indication	Current phase	Next milestone
Deuruxolitinib	Alopecia areata	Filed with US FDA	PDUFA date in Jul-24
Nidlegy	Skin cancer	First Phase-3 topline reported	Partner to disclose at appropriate time
Ilumya	Psoriatic arthritis	Phase-3	First topline data by late-25
MM-II	Pain in osteoarthritis	Phase-2 completed	Phase-3 to start in early-24
SCD-044	Psoriasis, atopic dermatitis	Phase 2	First topline data by end-24 (atopic dermatitis)
GL0034	Type-2 diabetes	Phase-1 completed	Phase-2 to start by early-24

Source: Company, JM Financial

## Exhibit 6. Deuruxolitinib has better efficacy than peers

Particulars	Eli Lilly	Concert	Pfizer
Name	Baricitinib (Olumiant)	Deuruxolitinib	Ritlecitinib (Litfulo)
Status	Approved in Jun'22	NDA filing in CY23	Approved in 2QCY23
Duration	36 weeks	24 weeks	24 weeks
Dosage	2mg, 4mg	8mg, 12mg	50mg
Efficacy	<b>Trial AA1</b> 2mg- 22% 4mg-35% Placebo- 5%	<b>THRIVE-AA1</b> 8mg- 42% 12mg-30% Placebo- 1%	<b>ALLEGRO Phase 2b/3 trial</b> 50mg-23% Placebo- 2%
	<b>Trial AA2</b> 2mg- 17% 4mg-32% Placebo- 3%	<b>THRIVE-AA2</b> 8mg- 38% 12mg-33% Placebo- 1%	

Source: JM Financial, Industry

## Exhibit 7. Growth largely led by chronic therapies

BRANDS	THERAPY	MAT SEP'23	% YoY	1H24	% YoY	2Q24	% YoY	SEP'23	% YoY
SUN		160,383	10%	83,033	9%	42,522	8%	14,375	9%
ROSUVAS	CARDIAC	3,925	24%	2,073	24%	1,054	23%	355	21%
LEVIPIL	NEURO / CNS	3,829	9%	2,010	12%	1,045	15%	353	20%
VOLINI	PAIN / ANALGESICS	3,440	-3%	1,800	-2%	931	-1%	306	-4%
GEMER	ANTI DIABETIC	3,314	11%	1,726	11%	854	9%	284	6%
SUSTEN	GYNAEC.	2,838	6%	1,479	4%	711	6%	230	3%
PANTOCID	GASTRO INTESTINAL	2,730	9%	1,426	8%	726	7%	241	6%
PANTOCID-D	GASTRO INTESTINAL	2,528	6%	1,323	6%	675	5%	230	9%
MONTEK-LC	RESPIRATORY	2,386	15%	1,073	9%	585	1%	212	5%
MOXCLAV	ANTI-INFECTIVES	2,268	19%	1,012	-3%	585	-3%	209	3%
SOMPRAZ-D	GASTRO INTESTINAL	2,082	19%	1,109	18%	572	16%	194	13%
RIFAGUT	GASTRO INTESTINAL	1,857	17%	1,015	15%	507	13%	167	14%
REVITAL H	VITAMINS/MINERALS/NUTRIENTS	1,810	-11%	930	-9%	474	-4%	164	-2%
ROZAVEL	CARDIAC	1,678	14%	881	14%	444	12%	149	12%
SPORIDEX	ANTI-INFECTIVES	1,620	3%	854	8%	468	11%	161	17%
URSOCOL	HEPATOPROTECTIVES	1,570	19%	862	20%	450	20%	154	23%
Top 15		37,875	10%	19,575	9%	10,082	8%	3,409	9%
Top 16-25		13,098	3%	6,665	1%	3,392	0%	1,170	12%
Top 26-50		21,509	13%	11,120	11%	5,748	11%	1,956	11%

Source: IQVIA, JM Financial; Amount in INR mn

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	3,84,264	4,32,788	4,81,665	5,39,141	6,09,043	
Sales Growth	16.0%	12.6%	11.3%	11.9%	13.0%	
Other Operating Income	2,281	6,068	6,796	7,612	8,525	
<b>Total Revenue</b>	<b>3,86,545</b>	<b>4,38,856</b>	<b>4,88,461</b>	<b>5,46,753</b>	<b>6,17,569</b>	
Cost of Goods Sold/Op. Exp	1,03,515	1,06,622	1,12,834	1,25,206	1,41,423	
Personnel Cost	73,008	82,960	94,273	1,03,883	1,15,485	
Other Expenses	1,06,044	1,32,807	1,51,423	1,67,853	1,89,594	
<b>EBITDA</b>	<b>1,03,977</b>	<b>1,16,467</b>	<b>1,29,931</b>	<b>1,49,810</b>	<b>1,71,067</b>	
EBITDA Margin	26.9%	26.5%	26.6%	27.4%	27.7%	
EBITDA Growth	22.5%	12.0%	11.6%	15.3%	14.2%	
Depn. & Amort.	21,437	25,294	25,400	28,431	31,496	
EBIT	82,540	91,173	1,04,531	1,21,379	1,39,571	
Other Income	7,942	4,625	7,843	9,490	11,885	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	90,482	95,798	1,12,373	1,30,869	1,51,456	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	90,482	95,798	1,12,373	1,30,869	1,51,456	
Taxes	10,755	8,476	15,732	18,322	21,204	
Extraordinary Inc./Loss(-)	-45,668	-1,715	-3,229	0	0	
Assoc. Profit/Min. Int.(-)	1,331	873	800	900	1,000	
Reported Net Profit	32,728	84,735	92,612	1,11,648	1,29,252	
<b>Adjusted Net Profit</b>	<b>78,562</b>	<b>86,450</b>	<b>95,841</b>	<b>1,11,648</b>	<b>1,29,252</b>	
Net Margin	20.3%	19.7%	19.6%	20.4%	20.9%	
Diluted Share Cap. (mn)	2,399.0	2,399.0	2,399.0	2,399.0	2,399.0	
<b>Diluted EPS (INR)</b>	<b>32.7</b>	<b>36.0</b>	<b>40.0</b>	<b>46.5</b>	<b>53.9</b>	
Diluted EPS Growth	32.5%	10.0%	10.9%	16.5%	15.8%	
Total Dividend + Tax	21,692	25,197	33,869	38,103	39,514	
Dividend Per Share (INR)	7.7	8.9	12.0	13.5	14.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	44,813	94,084	1,12,373	1,30,869	1,51,456	
Depn. & Amort.	23,093	25,521	25,400	28,431	31,496	
Net Interest Exp. / Inc. (-)	-4,261	-2,125	1,926	1,445	1,084	
Inc (-) / Dec in WCap.	15,591	-56,618	-27,088	-22,087	-27,462	
Others	917	3,830	5,606	-2,034	-1,226	
Taxes Paid	9,692	-15,098	-15,732	-18,322	-21,204	
<b>Operating Cash Flow</b>	<b>89,845</b>	<b>49,593</b>	<b>1,02,485</b>	<b>1,18,302</b>	<b>1,34,143</b>	
Capex	-14,950	-20,856	-19,267	-21,566	-24,362	
Free Cash Flow	74,895	28,738	83,219	96,737	1,09,781	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	-42,297	-58,581	-24,560	0	-19,171	
<b>Investing Cash Flow</b>	<b>-57,247</b>	<b>-79,437</b>	<b>-43,827</b>	<b>-21,566</b>	<b>-43,533</b>	
Inc / Dec (-) in Capital	-1,857	0	1,483	4,517	3,529	
Dividend + Tax thereon	-21,692	-25,197	-33,869	-38,103	-39,514	
Inc / Dec (-) in Loans	-27,099	50,304	-11,000	-2,000	-2,000	
Others	-1,287	-1,346	-18,020	10,935	12,969	
<b>Financing Cash Flow</b>	<b>-51,935</b>	<b>23,761</b>	<b>-61,406</b>	<b>-24,651</b>	<b>-25,016</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-19,337</b>	<b>-6,083</b>	<b>-2,748</b>	<b>72,086</b>	<b>65,594</b>	
Opening Cash Balance	64,453	50,334	57,703	54,955	1,27,041	
Closing Cash Balance	50,333	57,703	54,955	1,27,041	1,92,635	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	4,80,112	5,59,954	6,20,179	6,98,241	7,91,508	
Share Capital	1,200	1,200	1,200	1,200	1,200	
Reserves & Surplus	4,78,913	5,58,754	6,18,980	6,97,042	7,90,309	
Preference Share Capital	0	0	0	0	0	
Minority Interest	30,549	33,201	9,441	10,341	11,341	
Total Loans	9,307	61,979	50,979	48,979	46,979	
Def. Tax Liab. / Assets (-)	0	0	0	0	0	
<b>Total - Equity &amp; Liab.</b>	<b>5,19,968</b>	<b>6,55,134</b>	<b>6,80,599</b>	<b>7,57,561</b>	<b>8,49,828</b>	
Net Fixed Assets	2,32,573	2,93,933	3,12,359	3,05,494	3,17,531	
Gross Fixed Assets	2,65,634	2,91,118	3,24,885	3,63,532	4,07,065	
Intangible Assets	1,20,884	1,80,396	1,65,895	1,48,813	1,48,813	
Less: Depn. & Amort.	1,61,920	1,87,214	2,12,614	2,41,045	2,72,541	
Capital WIP	7,975	9,634	34,194	34,194	34,194	
Investments	1,91,616	2,08,396	2,08,396	2,08,396	2,08,396	
Current Assets	2,73,810	3,05,107	3,22,853	4,23,844	5,25,455	
Inventories	89,968	1,05,131	1,06,652	1,18,346	1,33,674	
Sundry Debtors	1,05,929	1,14,385	1,31,963	1,47,710	1,66,861	
Cash & Bank Balances	50,334	57,703	54,955	1,27,041	1,92,635	
Loans & Advances	0	0	0	0	0	
Other Current Assets	27,580	27,889	29,283	30,747	32,285	
Current Liab. & Prov.	1,78,031	1,52,302	1,63,009	1,80,173	2,01,554	
Current Liabilities	57,827	72,026	64,037	69,391	76,408	
Provisions & Others	1,20,204	80,276	98,972	1,10,782	1,25,146	
Net Current Assets	95,780	1,52,805	1,59,844	2,43,671	3,23,901	
<b>Total - Assets</b>	<b>5,19,968</b>	<b>6,55,134</b>	<b>6,80,599</b>	<b>7,57,561</b>	<b>8,49,828</b>	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	20.3%	19.7%	19.6%	20.4%	20.9%	
Asset Turnover (x)	0.7	0.7	0.7	0.7	0.8	
Leverage Factor (x)	1.1	1.2	1.2	1.1	1.1	
RoE	16.6%	16.6%	16.2%	16.9%	17.4%	

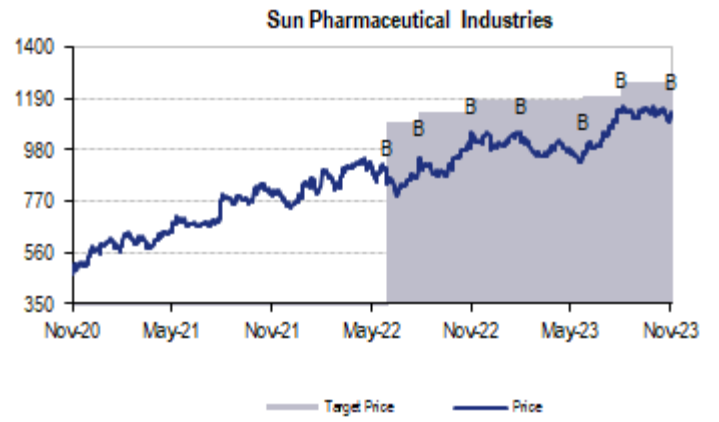
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	200.1	233.4	258.5	291.1	329.9	
ROIC	25.8%	24.9%	22.3%	24.9%	27.6%	
ROE	16.6%	16.6%	16.2%	16.9%	17.4%	
Net Debt/Equity (x)	-0.2	-0.2	-0.2	-0.2	-0.3	
P/E (x)	34.6	31.4	28.4	24.3	21.0	
P/B (x)	5.7	4.9	4.4	3.9	3.4	
EV/EBITDA (x)	25.3	22.9	20.2	17.1	14.6	
EV/Sales (x)	6.8	6.1	5.4	4.7	4.0	
Debtor days	100	95	99	99	99	
Inventory days	85	87	80	79	79	
Creditor days	58	64	50	50	50	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
31-May-22	Buy	1,090	
30-Jul-22	Buy	1,130	3.7
1-Nov-22	Buy	1,180	4.4
31-Jan-23	Buy	1,180	0.0
27-May-23	Buy	1,200	1.7
3-Aug-23	Buy	1,255	4.6
2-Nov-23	Buy	1,305	4.0

Recommendation History



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

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