

# Sun Pharmaceutical Industries | BUY



## Bolder and bigger bets ahead?

Sun's annual operating cash flows of USD 1bn+ and potential access to Taro's rich cash reserves (if the offer sails through) creates room for bolder and bigger bets (such as Concert), in our view. The key focus area is derma and eye-care in the US. We expect Sun's specialty sales to sustain double-digit growth momentum given Ilumya's upward trajectory and Deuruxolitinib launch likely next fiscal. Regulatory headwinds dented US generic sales and overall margins, which were partly mitigated by gRevlimid and favourable US dynamics. The Street seems to be underappreciating Sun's potential in generics – it has a robust pipeline and resolution of site issues could be a key positive trigger. Sun's India field force expansion and new launches/initiatives will continue to drive IPM outperformance. Given the robust specialty outlook, domestic leadership, strong cash position and risk-appetite for large M&As, we retain SUNP as our 'top pick' in the sector and reiterate BUY.

- Global specialty growth to sustain momentum:** Deuruxolitinib approval is a key near-term trigger. We expect it to rapidly scale up in the newly evolving Alopecia Areata market. The IL-23 shift in PsO and PsA is becoming increasingly visible as global peers also signal a positive commentary – this reaffirms our long-term growth thesis for Ilumya. The biosimilars of Humira, Stelara, etc. may not impact Ilumya's growth significantly. Levulan's 2H skew and Bromsite's Cigna formulary win could be immediate revenue drivers. Ilumetri's addition to China's National Reimbursement Drug List w.e.f. 1<sup>st</sup> Jan'24 (out-licensed to CMS in Jun'19) could incrementally yield milestone/ royalty benefits. We expect global specialty sales to deliver double-digit CAGR over FY23-26 and believe that it has achieved breakeven. Nidlegly, which recently completed Ph III studies in Europe, demonstrated positive data for skin cancer (not fully factored in to Street estimates).
- gRevlimid partly mitigates regulatory woes:** SUNP's specialty growth and gRevlimid contribution w.e.f. 4Q has mitigated the impact of Halol/ Mohali. Any resolution of site issues is a key positive. The Street seems to be underappreciating Sun's generic pipeline and execution capabilities.
- India dominance continues:** Sun's domestic leadership is unassailable - the company continues to guide for IPM-beating growth. The company continues to invest in field force expansion and new products/ initiatives, despite being a high EBITDAM and high cash flow generating business segment. In the last few quarters, its growth was sluggish partly due to lower anti-diabetic growth. A large part of the anti-diabetic growth was impacted by Istamet (sitagliptin patent expiry), which is now in the base.
- Bold M&As cannot be ruled out:** Sun's balance sheet strength is remarkable – it has net cash of USD 1.9bn (USD 660mn ex-Taro). Potential access to Taro's rich cash reserves (post minority buyout) will increase the risk appetite for more bolt-on acquisitions/deals. In addition to existing cash reserves, USD 1bn+ annual operating cash inflows create headroom for big-ticket M&A, in our view. These investments are likely to be in specialty assets in derma and eye-care segments in the US.

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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,440
Upside/(Downside)	10.9%
Previous Price Target	1,305
Change	10.3%

### Key Data – SUNP IN

Current Market Price	INR1,299
Market cap (bn)	INR3,115.7/US\$37.4
Free Float	41%
Shares in issue (mn)	2,399.0
Diluted share (mn)	2,399.0
3-mon avg daily val (mn)	INR2,229.8/US\$26.8
52-week range	1,305/922
Sensex/Nifty	71,357/21,517
INR/US\$	83.3

### Price Performance

%	1M	6M	12M
Absolute	5.5	25.7	28.7
Relative*	-0.3	14.9	10.5

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

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

Financial Summary					(INR mn)
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	3,84,264	4,32,788	4,77,911	5,36,816	6,05,808
Sales Growth (%)	16.0	12.6	10.4	12.3	12.9
EBITDA	1,03,977	1,16,467	1,26,993	1,46,996	1,70,170
EBITDA Margin (%)	26.9	26.5	26.2	27.0	27.7
Adjusted Net Profit	78,562	86,450	93,202	1,09,860	1,27,983
Diluted EPS (INR)	32.7	36.0	38.9	45.8	53.3
Diluted EPS Growth (%)	32.5	10.0	7.8	17.9	16.5
ROIC (%)	20.4	20.9	19.0	21.9	25.2
ROE (%)	16.6	16.6	15.8	16.8	17.5
P/E (x)	39.7	36.0	33.4	28.4	24.3
P/B (x)	6.5	5.6	5.0	4.5	4.0
EV/EBITDA (x)	29.1	26.3	23.7	20.0	16.9
Dividend Yield (%)	0.6	0.7	0.9	1.0	1.3

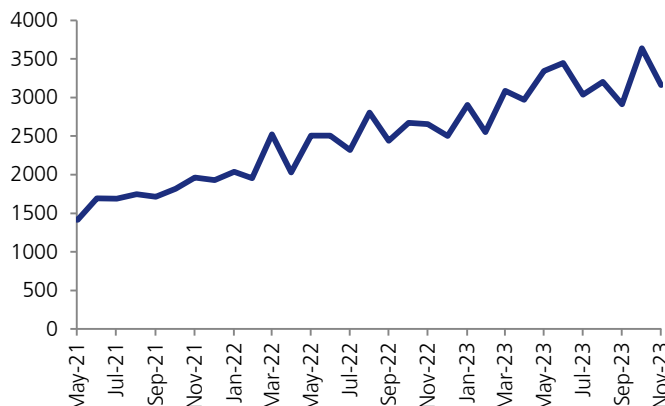
Source: Company data, JM Financial. Note: Valuations as of 03/Jan/2024

## Investments in specialty to accelerate

SUNP will generate operating cash flows of USD 1bn+ annually (per JMFe; 1H: ~690mn) and has a net cash balance of USD 1.9bn (USD 660mn ex-Taro). This, in our view, could propel more big-ticket acquisitions (such as Concert) or in-licensing deals that are likely to be focused on derma and eye-care segments, primarily in the US. We expect ~20% CAGR in global specialty sales over the next few years.

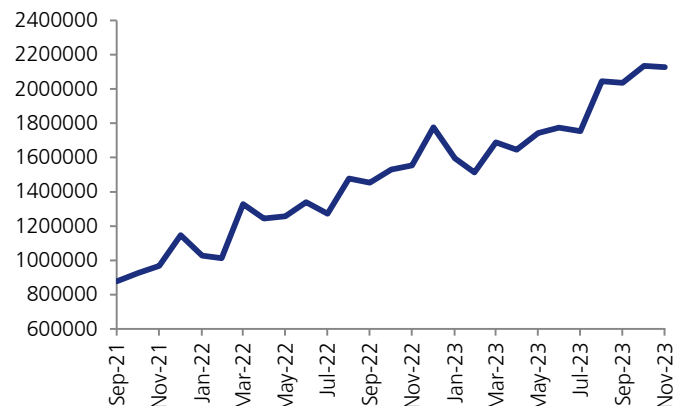
- **Ilumya:** Ilumya's PsA trials are likely to be completed by FY25. The shift to IL-23 treatment, as visible in psoriasis, is also increasingly seen in PsA. AbbVie's commentary (for Skyrizi) signals a bullish tone and increasing utilisation going forward. Ilumetri was included in Category B of China's National Reimbursement Drug List w.e.f. 1<sup>st</sup> Jan'24 (this was out-licensed to CMS for the Greater China market in Jun'19).
- **Cequa:** Cequa's prescription trends suggest a strong upward trajectory. gRestasis market has grown in mid-single digit this year vs. Cequa's growth of ~37%.
- **Winlevi:** Bloomberg Rx trends show stable volumes (may not depict the actual picture). The management is increasing its efforts to grow this product. SUNP also announced Winlevi's Canada launch recently.
- **Bromsite and Levulan:** Bromsite's addition (as a preferred brand) to Cigna's formulary w.e.f. CY24 and Levulan's 2H seasonality (35:65) will aid near-term growth.
- **Deuruxolitinib:** Deuruxolitinib is more effective than peers and has high potential in the newly-forming Alopecia Areata market. We build in USD 97mn from this in FY26. Pfizer's Litfulo has scaled up well within 2 quarters of launch. AVP-786, also acquired from Concert, can be a promising candidate for Alzheimer's (partnered with Otsuka; limited benefits for SUNP).
- **R&D:** Concert acquisition and as MM-II (Osteoarthritis) and GL0034 (Diabetes drug) progress in clinical trials, absolute R&D spend is likely to increase. Given these factors, the annual R&D guidance of 6-7% of sales has been maintained by the management (and factored in to our estimates).
- **Margin:** Specialty products have higher gross margins and have improved overall gross margin. We believe specialty portfolio has achieved breakeven.
- **Nidlegy:** SUNP and Philogen entered into an exclusive distribution, license and supply agreement for commercialising Nidlegy in Europe, Australia and New Zealand. Both companies will equally share post-commercialisation economics. Recently, SUNP announced Phase III data that showed statistically significant and clinically meaningful improvement in recurrence-free survival for patients with locally advanced fully resectable melanoma. Nidlegy can potentially surprise on the upside.

Exhibit 1. Ilumya's secular upward trajectory



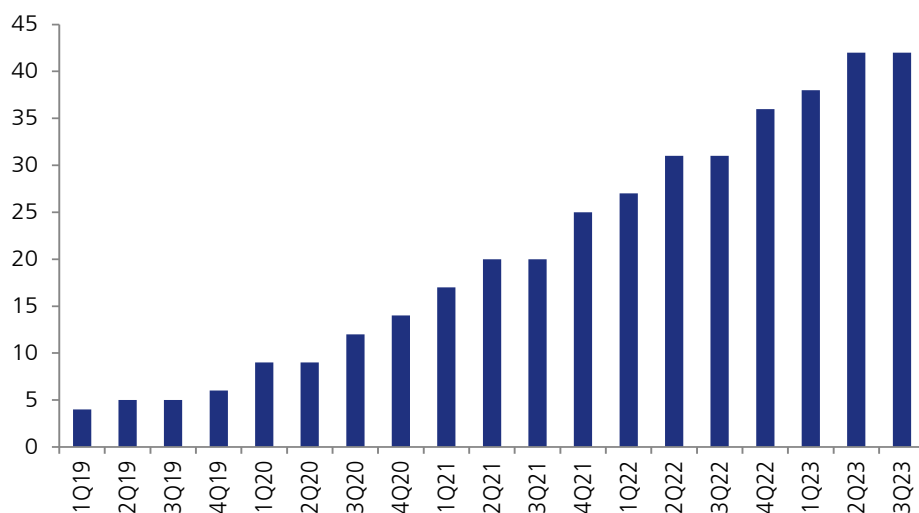
Source: Bloomberg, JM Financial; Based on Integrated Units

Exhibit 2. Cequa's vols have been ramping up well



Source: Bloomberg, JM Financial; Based on Integrated Units

## Exhibit 3. Ilumetri sales ramp-up



Source: Company, JM Financial; Amount in EUR mn, period in CY terms

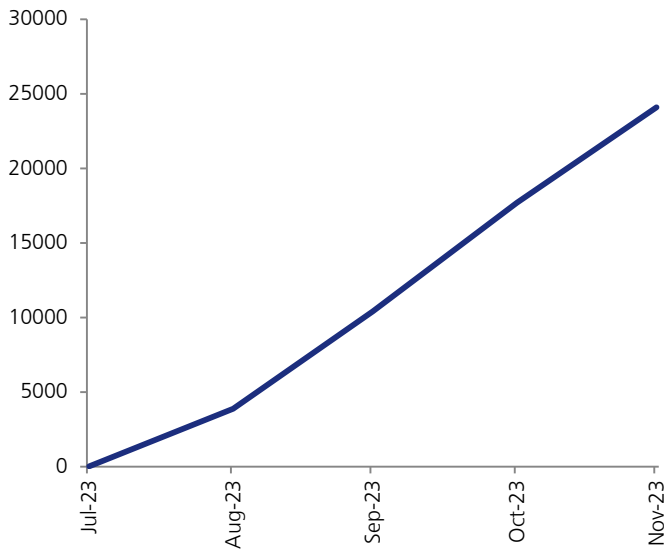
As is prima facie visible, 8mg is a more promising strength than 12mg, which has been ruled out. This does not impact our estimates. Clinical trials for other indications may still be under consideration. Uncertainty looms over the unfavourable outcome in the patent dispute (vs. Incyte) although SUNP has clarified that it will launch the drug post approval (PDUFA: Jul'24).

## Exhibit 4. 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	50mg
Efficacy	<b><u>Trial AA1</u></b> 2mg- 22% 4mg-35% Placebo- 5%	<b><u>THRIVE-AA1</u></b> 8mg- 42% 12mg-30% Placebo- 1%	<b><u>ALLEGRO Phase 2b/3 trial</u></b> 50mg-23% Placebo- 2%
	<b><u>Trial AA2</u></b> 2mg- 17% 4mg-32% Placebo- 3%	<b><u>THRIVE-AA2</u></b> 8mg- 38% 12mg-33% Placebo- 1%	

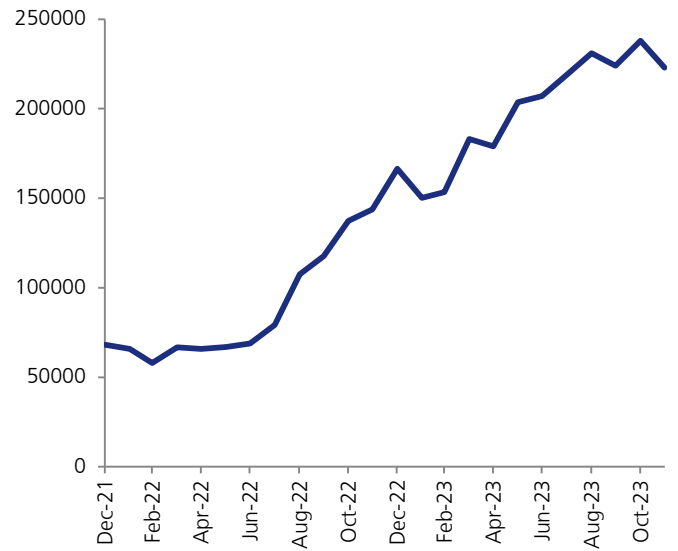
Source: Industry, JM Financial

**Exhibit 5. Litfulo is swiftly ramping up**



Source: Bloomberg, JM Financial; Based on TRx Qty

**Exhibit 6. Olumiant maintains its upward trajectory**



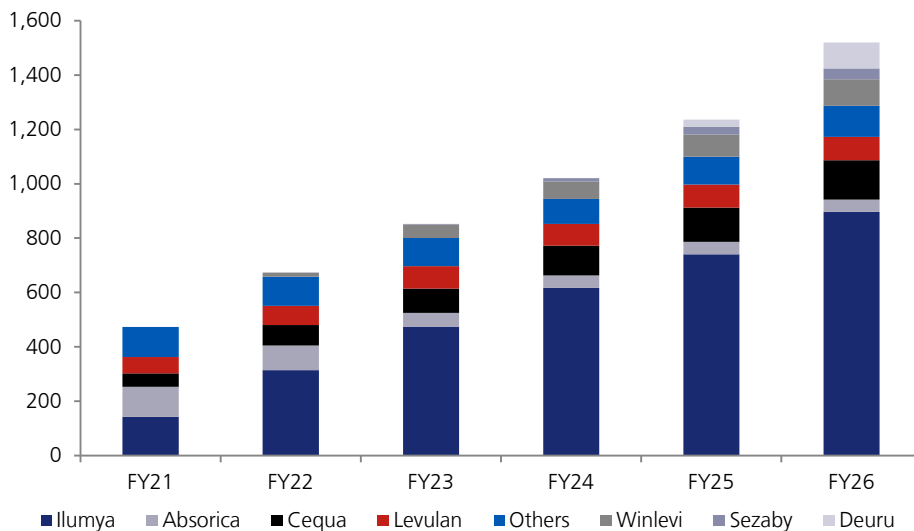
Source: Bloomberg, JM Financial; Based on TRx Qty

**Exhibit 7. 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

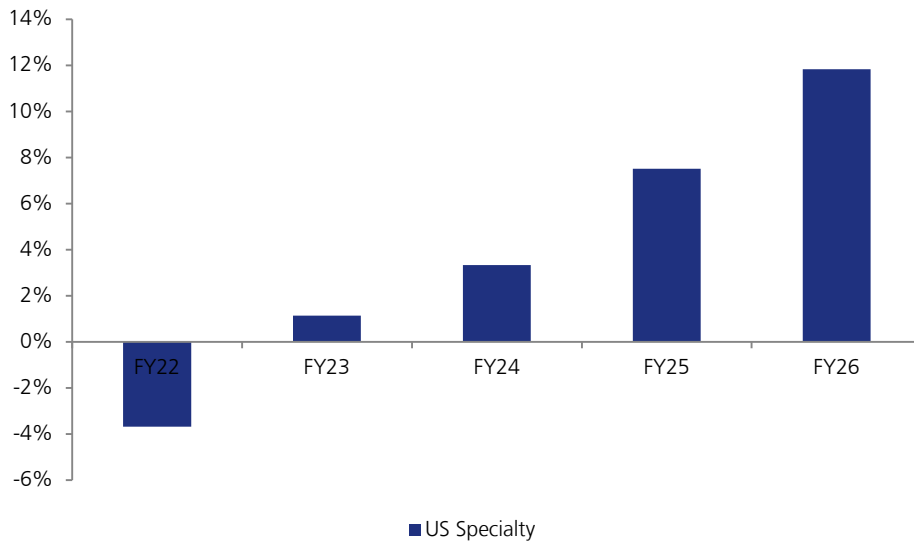
Source: Company, JM Financial

**Exhibit 8. Global specialty sales to grow in healthy double digits**



Source: Company, JM Financial

**Exhibit 9. Specialty margins likely to improve**

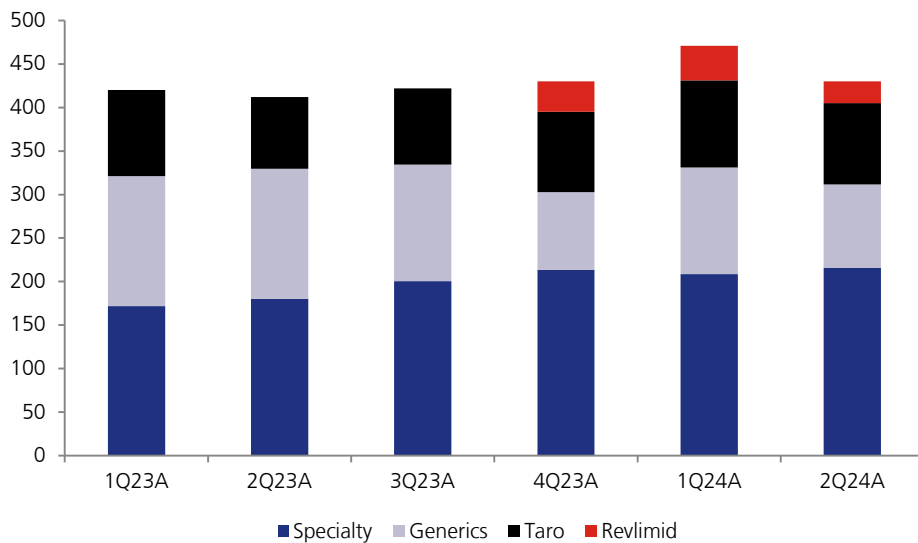


Source: JM Financial

**Generics overshadowed by specialty performance but still significant**

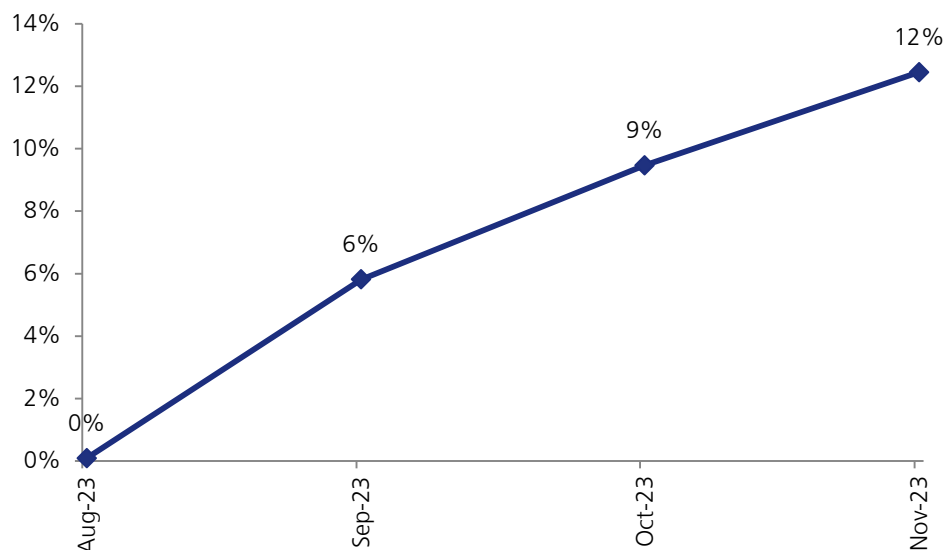
SUNP's earnings have been subdued due to Halol/ Mohali disruptions mitigated by specialty scale-up and gRevlimid. While these issues may take time to resolve (FY25/26), there is a healthy pipeline ahead. The Street seems to be extrapolating the impact of Mohali supply disruption (which had stopped completely and has now resumed) and underappreciating new launches. One such instance is gVyvanse (TAM USD 1bn+; shortage at present but there are many players) wherein SUNP has gained 12-13% market share within 3 months of launch. The resolution of any site compliance issues (before FY26) could be a key positive trigger. SUNP's pipeline includes blockbuster drugs such as Xtandi, Sprycel, Vraylar, Forteo, Tasigna, etc. We have not built-in much growth in this segment. Taro integration will also bring in synergies and cash that can potentially be deployed for big-ticket acquisitions, as alluded to earlier.

**Exhibit 10. Quarterly US sales build-up**



Source: Company; JM Financial

## Exhibit 11. gVyanse market share trend



Source: Bloomberg, JM Financial

## India dominance continues

Sun's domestic leadership and scale also brings cash flow stability to the business – Sun Pharma Laboratories, which contributes ~73% to domestic sales, reported EBITDAM of 52% and CFO of INR 39bn in FY23. However, it's not a 'cash cow' as SUNP continues to invest in this business. It has expanded its field force (20% increase), taking new initiatives and focusing on growth (guiding for IPM outperformance).

- **Anti-diabetic impact:** Recent growth figures have shown moderation – this is due to NLEM impact and sitagliptin patent expiry. Anti-diabetic contributes ~7% to IQVIA MAT Nov'23 sales and has grown at 2% CAGR over the last 3 years. A part of the tepid growth can be attributable to Istamet (sitagliptin; 12% of anti-diabetic sales) – MAT Nov'23 growth was -33%YoY.
- **Tyvalzi:** Sovateltide is a selective endothelin-B receptor agonist, a new first-in-class drug recently approved for the treatment of cerebral ischemic stroke and can be administered up to 24 hours post cerebral strokes. No new drug other than recombinant TPA has been approved for this treatment for more than 2 decades. The initial response has been encouraging.

## Exhibit 12. Sun Pharma Laboratories reports EBITDAM &gt;50%

Sun Pharma Laboratories Limited	FY21	FY22	FY23
Revenue	68,802	87,533	99,687
Gross Profit	53,709	68,302	78,154
Gross Margin (%)	78%	78%	78%
EBITDA	36,158	47,644	51,950
EBITDA Margin (%)	53%	54%	52%
APAT	18,615	28,578	34,726
CFO	35,677	40,136	39,174

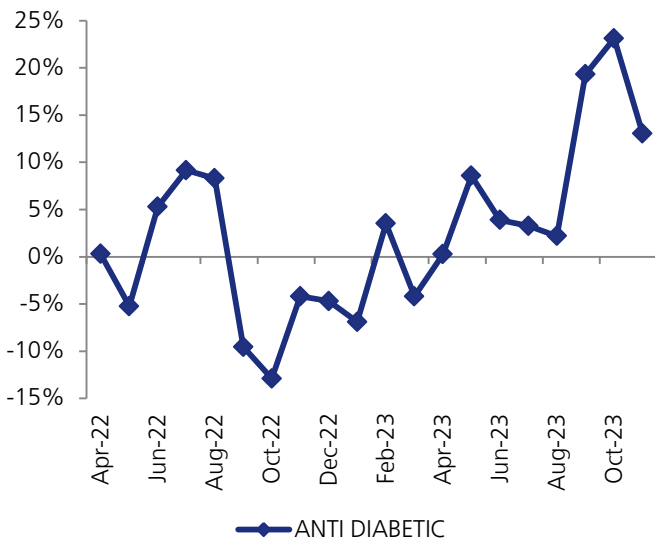
Source: Company, JM Financial; Amount in INR mn

Exhibit 13. Oct-Nov growth trending at ~12%

BRANDS	THERAPY	MAT NOV'23	MAT NOV'23 % YoY	OCT'23	NOV'23	OCT'23 % YoY	NOV'23 % YoY
<b>SUN</b>		<b>1,63,705</b>	<b>10%</b>	<b>14,301</b>	<b>14,117</b>	<b>17%</b>	<b>7%</b>
ROSUVAS	CARDIAC	4,049	24%	354	357	27%	16%
LEVIPIL	NEURO / CNS	3,923	11%	353	339	21%	10%
VOLINI	PAIN / ANALGESICS	3,454	-3%	320	310	8%	-3%
GEMER	ANTI DIABETIC	3,316	10%	268	269	4%	-3%
SUSTEN	GYNAEC.	2,882	6%	232	232	14%	7%
PANTOCID	GASTRO INTESTINAL	2,798	10%	238	255	14%	18%
PANTOCID-D	GASTRO INTESTINAL	2,574	7%	215	228	12%	11%
MONTEK-LC	RESPIRATORY	2,462	14%	229	264	15%	21%
MOXCLAV	ANTI-INFECTIVES	2,279	13%	220	210	12%	-6%
SOMPRAZ-D	GASTRO INTESTINAL	2,131	18%	186	185	19%	11%
RIFAGUT	GASTRO INTESTINAL	1,902	18%	149	157	20%	15%
REVITAL H	VITAMINS/MINERALS/NUTRIENTS	1,848	-7%	178	172	22%	3%
ROZAVEL	CARDIAC	1,703	14%	146	140	16%	3%
SPORIDEX	ANTI-INFECTIVES	1,649	5%	151	139	16%	6%
URSOCOL	HEPATOPROTECTIVES	1,616	20%	148	143	25%	13%
<b>Top 15</b>		<b>38,584</b>	<b>10%</b>	<b>3,387</b>	<b>3,400</b>	<b>16%</b>	<b>8%</b>
<b>Top 16-25</b>		<b>13,336</b>	<b>6%</b>	<b>1,169</b>	<b>1,157</b>	<b>18%</b>	<b>8%</b>
<b>Top 26-50</b>		<b>21,914</b>	<b>12%</b>	<b>1,928</b>	<b>1,911</b>	<b>14%</b>	<b>8%</b>

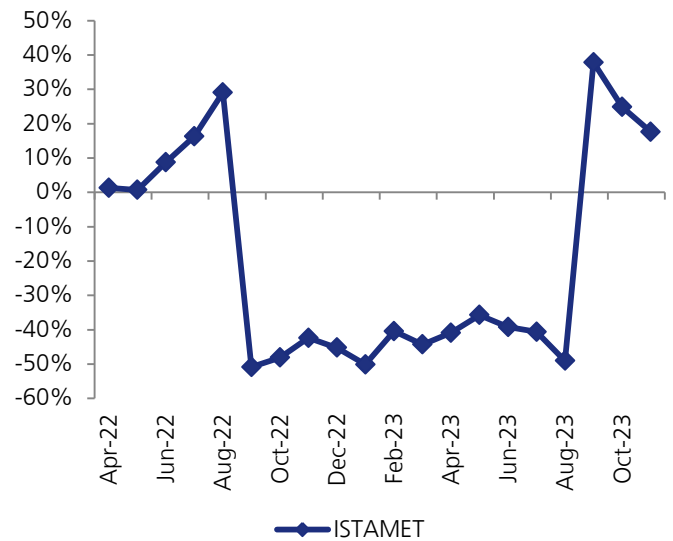
Source: IQVIA, JM Financial; Amount in INR mn

Exhibit 14. SUNP's anti-diabetic growth



Source: IQVIA, JM Financial

Exhibit 15. Istamet – base now reset



Source: IQVIA, JM Financial

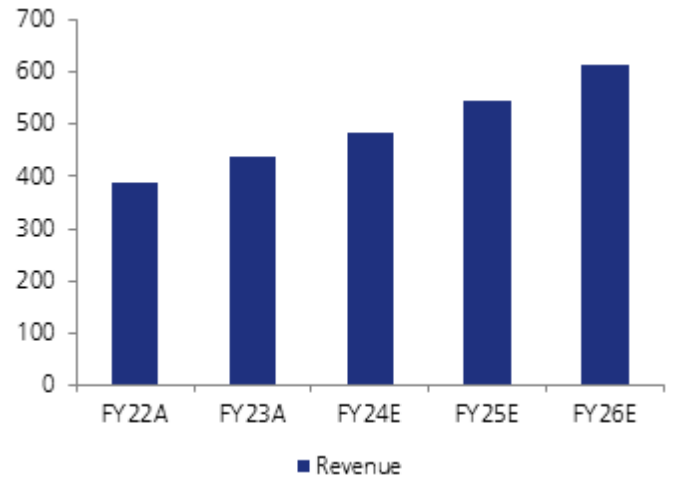
Key financial charts

Exhibit 16. Global specialty in driver's seat



Source: Company, JM Financial; Amount in USD mn

Exhibit 17. Healthy revenue growth..



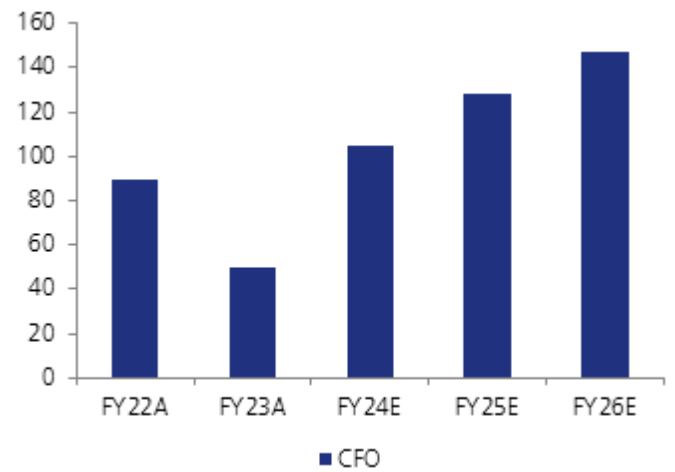
Source: Company, JM Financial; Amount in INR bn

Exhibit 18. ..driving improvement in EBITDAM..



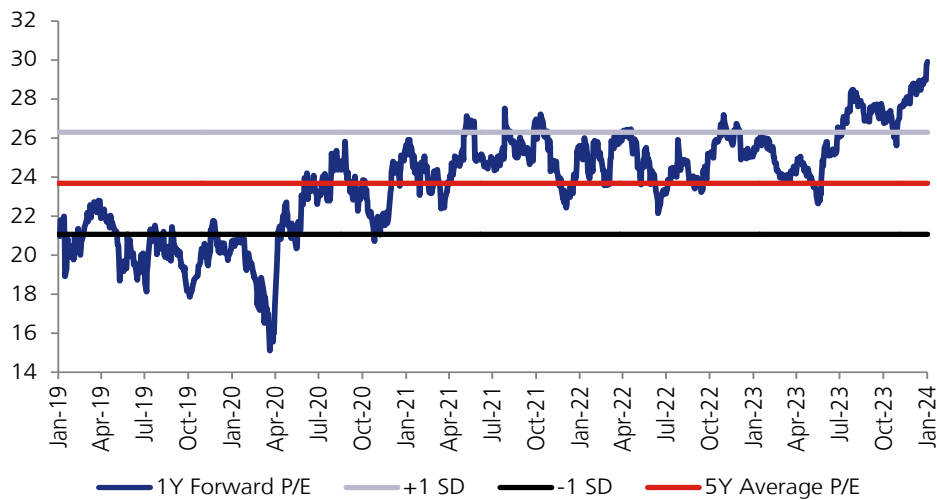
Source: Company, JM Financial; Amount in INR bn

Exhibit 19. ..along with strong cash flow generation



Source: Company, JM Financial; Amount in INR bn

Exhibit 20. PE re-rating



Source: Bloomberg, JM Financial



## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	3,84,264	4,32,788	4,77,911	5,36,816	6,05,808	
Sales Growth	16.0%	12.6%	10.4%	12.3%	12.9%	
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>4,84,707</b>	<b>5,44,428</b>	<b>6,14,334</b>	
Cost of Goods Sold/Op. Exp	1,03,515	1,06,622	1,11,967	1,25,218	1,41,297	
Personnel Cost	73,008	82,960	94,518	1,04,530	1,15,495	
Other Expenses	1,06,044	1,32,807	1,51,229	1,67,684	1,87,372	
<b>EBITDA</b>	<b>1,03,977</b>	<b>1,16,467</b>	<b>1,26,993</b>	<b>1,46,996</b>	<b>1,70,170</b>	
EBITDA Margin	26.9%	26.5%	26.2%	27.0%	27.7%	
EBITDA Growth	22.5%	12.0%	9.0%	15.8%	15.8%	
Depn. & Amort.	21,437	25,294	25,689	27,766	30,717	
EBIT	82,540	91,173	1,01,304	1,19,230	1,39,454	
Other Income	7,942	4,625	7,768	9,988	11,817	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	90,482	95,798	1,09,072	1,29,218	1,51,271	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	90,482	95,798	1,09,072	1,29,218	1,51,271	
Taxes	10,755	8,476	15,270	18,607	22,388	
Extraordinary Inc./Loss(-)	-45,668	-1,715	-3,229	0	0	
Assoc. Profit/Min. Int.(-)	1,331	873	600	750	900	
Reported Net Profit	32,728	84,735	89,973	1,09,860	1,27,983	
<b>Adjusted Net Profit</b>	<b>78,562</b>	<b>86,450</b>	<b>93,202</b>	<b>1,09,860</b>	<b>1,27,983</b>	
Net Margin	20.3%	19.7%	19.2%	20.2%	20.8%	
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>38.9</b>	<b>45.8</b>	<b>53.3</b>	
Diluted EPS Growth	32.5%	10.0%	7.8%	17.9%	16.5%	
Total Dividend + Tax	21,692	25,197	33,586	38,384	47,980	
Dividend Per Share (INR)	7.7	8.9	11.9	13.6	17.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	44,813	94,084	1,09,072	1,29,218	1,51,271	
Depn. & Amort.	23,093	25,521	25,689	27,766	30,717	
Net Interest Exp. / Inc. (-)	-4,261	-2,125	1,926	1,445	1,084	
Inc (-) / Dec in WCap.	15,591	-56,618	-16,754	-11,482	-13,448	
Others	917	3,830	0	0	0	
Taxes Paid	9,692	-15,098	-15,270	-18,607	-22,388	
<b>Operating Cash Flow</b>	<b>89,845</b>	<b>49,593</b>	<b>1,04,663</b>	<b>1,28,339</b>	<b>1,47,235</b>	
Capex	-14,950	-20,856	-19,116	-21,473	-24,232	
Free Cash Flow	74,895	28,738	85,547	1,06,867	1,23,003	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	-42,297	-58,581	0	0	0	
<b>Investing Cash Flow</b>	<b>-57,247</b>	<b>-79,437</b>	<b>-19,116</b>	<b>-21,473</b>	<b>-24,232</b>	
Inc / Dec (-) in Capital	-1,857	0	0	0	0	
Dividend + Tax thereon	-21,692	-25,197	-33,586	-38,384	-47,980	
Inc / Dec (-) in Loans	-27,099	50,304	-15,000	-15,000	-15,000	
Others	-1,287	-1,346	-1,926	-1,445	-1,084	
<b>Financing Cash Flow</b>	<b>-51,935</b>	<b>23,761</b>	<b>-50,512</b>	<b>-54,829</b>	<b>-64,064</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-19,337</b>	<b>-6,083</b>	<b>35,034</b>	<b>52,038</b>	<b>58,939</b>	
Opening Cash Balance	64,453	50,334	57,703	92,737	1,44,775	
Closing Cash Balance	50,333	57,703	92,737	1,44,775	2,03,714	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	4,80,112	5,59,954	6,19,569	6,91,046	7,71,049	
Share Capital	1,200	1,200	1,200	1,200	1,200	
Reserves & Surplus	4,78,913	5,58,754	6,18,370	6,89,846	7,69,849	
Preference Share Capital	0	0	0	0	0	
Minority Interest	30,549	33,201	33,801	34,551	35,451	
Total Loans	9,307	61,979	46,979	31,979	16,979	
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>7,00,349</b>	<b>7,57,576</b>	<b>8,23,479</b>	
Net Fixed Assets	2,32,573	2,93,933	2,87,360	2,81,067	2,74,582	
Gross Fixed Assets	2,65,634	2,91,118	3,25,024	3,62,921	4,05,566	
Intangible Assets	1,20,884	1,80,396	1,65,606	1,49,181	1,30,769	
Less: Depn. & Amort.	1,61,920	1,87,214	2,12,904	2,40,669	2,71,386	
Capital WIP	7,975	9,634	9,634	9,634	9,634	
Investments	1,25,825	1,44,407	1,44,407	1,44,407	1,44,407	
Current Assets	3,39,601	3,69,096	4,30,445	5,11,803	6,05,324	
Inventories	89,968	1,05,131	1,13,501	1,25,218	1,39,361	
Sundry Debtors	1,05,929	1,14,385	1,30,935	1,47,073	1,65,975	
Cash & Bank Balances	50,334	57,703	92,737	1,44,775	2,03,714	
Loans & Advances	0	0	0	0	0	
Other Current Assets	93,371	91,878	93,272	94,736	96,274	
Current Liab. & Prov.	1,78,031	1,52,302	1,61,863	1,79,701	2,00,835	
Current Liabilities	57,827	72,026	63,662	69,396	76,353	
Provisions & Others	1,20,204	80,276	98,201	1,10,305	1,24,481	
Net Current Assets	1,61,570	2,16,794	2,68,582	3,32,102	4,04,489	
<b>Total - Assets</b>	<b>5,19,968</b>	<b>6,55,134</b>	<b>7,00,349</b>	<b>7,57,576</b>	<b>8,23,479</b>	

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
Net Margin		20.3%	19.7%	19.2%	20.2%	20.8%
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%	15.8%	16.8%	17.5%

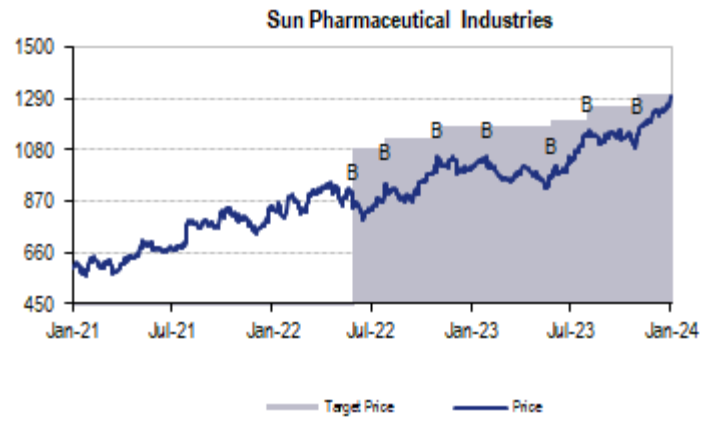
Key Ratios		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
BV/Share (INR)		200.1	233.4	258.3	288.1	321.4
ROIC		20.4%	20.9%	19.0%	21.9%	25.2%
ROE		16.6%	16.6%	15.8%	16.8%	17.5%
Net Debt/Equity (x)		-0.2	-0.2	-0.2	-0.3	-0.4
P/E (x)		39.7	36.0	33.4	28.4	24.3
P/B (x)		6.5	5.6	5.0	4.5	4.0
EV/EBITDA (x)		29.1	26.3	23.7	20.0	16.9
EV/Sales (x)		7.8	7.0	6.2	5.4	4.7
Debtor days		100	95	99	99	99
Inventory days		85	87	85	84	83
Creditor days		58	64	49	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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Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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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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