



Equity Report – Healthcare & Pharmaceuticals

SYLVA INVESTMENTS



Table 1: Stock Price Data

Metric	Value
P/E Ratio	41.94
EPS - TTM (₹)	43.30
Div. Yield (%)	0.74
VWAP (₹)	1,819.50
MCap/Sales	8.02
52W H/L (₹)	1,837.0/1,068.3
P/B Ratio	6.51
MCap (₹ Cr.)	4,35,707
Face Value (₹)	1.00
Beta	0.00

Figure 1: SUNPHARMA

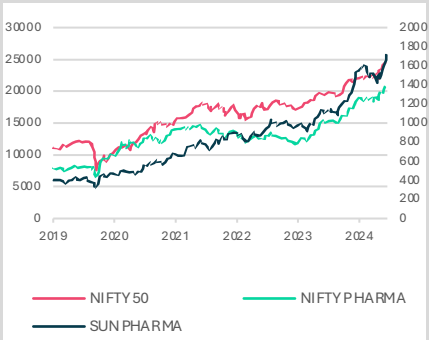


Table 2: Fundamental Ratios

Metric	FY 2024	FY 2023
ROE (%)	15.04	15.13
ROCE (%)	17.26	16.02
ROA (%)	11.20	10.49
Int. Cov. Ratio	60.29	71.40
Asset Turnover Ratio	0.58	0.58
EV/EBITDA (x)	26.75	19.51
EBITDA Margin (%)	29.64	27.98

Sun Pharma Industries Ltd. (NSE:SUNPHARMA)

Fundamentals:

- **Net Profit Margin:** Sun Pharma's margin of 19.89% surpasses the Indian pharma industry's 10.4%, showcasing robust financial performance.
- **Debt-to-Equity Ratio:** A remarkably low D/E ratio of 0.04% signals financial stability.
- **Liquidity:** With a Current Ratio of 2.56 and a Quick Ratio of 1.98, Sun Pharma displays strong liquidity, assuring investors of its financial health.
- **Return on Equity (ROE):** Sun Pharma's 15.04% ROE outperforms the industry average of 10.30%, highlighting efficient management.
- **Petroski Score:** A solid score of 7 indicates strong financials.

Growth:

- **Sales Growth:** With a 3-year Sales CAGR of 12.99% and annual growth of 10.51%, Sun Pharma outpaces sector averages.
- **Profit Growth:** A remarkable 3-year Profit CAGR of 48.26% and annual profit growth of 13.01% positions Sun Pharma as a growth leader.
- **Quarterly Profit Growth:** Q-o-Q growth of 6.82% and YoY growth of 40.20% further reflect robust earnings potential.

Valuation:

- **PEG Ratio:** At 10.26, the PEG ratio is reasonable, indicating fair pricing relative to growth.

Risks & Insights:

- **Volatility:** Sun Pharma's Beta of 0.76 (3M) and 0.87 (1Y) suggest moderate volatility in both the short and long term, making it a stable investment.
- **Cost Control:** Interest expenses were minimal, and employee costs were 19.44% of operating revenues in FY24.
- **Stock Performance:** The stock delivered a 3-year return of 136.03%, significantly outperforming Nifty 100's 54.68% return and Nifty Pharma's 64.02%.

Key Highlights:

- **Price Target:** We predict a 12-month median price target of ₹1,800, with a range of ₹1,291 to ₹2,080.
- **FY24 Performance:** Revenue reached ₹48,496.85 Cr., slightly below expectations, but EPS of ₹41.96 exceeded estimates by 6.34%.

Market & Outlook:

- **Global Pharma Market:** The Western European market is expected to grow at 3-6% CAGR, driven by speciality products.
- **India's Role:** As a leader in the generics market, India's cost advantage and quality standards position it as a key global player.



Table 1: Stock Price Data

Metric	Value
P/E Ratio	20.60
EPS - TTM (₹)	333.59
Div. Yield (%)	0.58
VWAP (₹)	6,896.93
MCap/Sales	3.67
52W H/L (₹)	7,107.4/5,205.5
P/B Ratio	4.15
MCap (₹ Cr.)	1,14,647
Face Value (₹)	5.00
Beta	0.75

Figure 1: DRREDDY

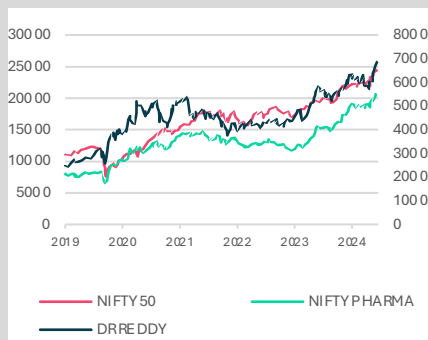


Table 2: Fundamental Ratios

Metric	FY 2024	FY 2023
ROE (%)	19.74	19.35
ROCE (%)	25.13	25.95
ROA (%)	14.35	13.96
Int. Cov. Ratio	51.59	51.85
Asset Turnover Ratio	0.79	0.80
EV/EBITDA (x)	11.62	10.32
EBITDA Margin (%)	31.51	30.01

Dr. Reddy's Laboratories Ltd.

(NSE: DRREDDY)

Fundamentals:

- Net Profit Margin:** Dr. Reddy's net profit margin of 19.86% significantly outpaces the Indian pharma industry average of 10.4%.
- Debt-to-Equity Ratio:** With a D/E ratio of just 0.06%, Dr. Reddy's has minimal debt compared to its equity. This reflects the company's strong financial stability and low reliance on borrowed capital, reducing financial risk for investors.
- Liquidity:** A **Current Ratio of 2.59** means the company has more than double the assets needed to cover its short-term liabilities, indicating excellent liquidity.
- Return on Equity (ROE):** Dr. Reddy's ROE of 19.74% significantly exceeds the industry average of 10.30%. Dr. Reddy's high ROE suggests efficient capital usage, driving higher returns for investors.

Growth:

- Sales Growth:** with a **3-year sales CAGR of 13.57%** and **annual growth of 13.54%**, both higher than the pharma sector average. This reflects consistent revenue growth over time, indicating that the company is expanding its market share or launching successful new products.
- Profit Growth:** The **3-year profit CAGR of 41.42%** and **annual profit growth of 23.75%** indicate significant profit expansion, far exceeding sector averages.

Valuation:

- PEG Ratio:** Dr. Reddy's **P/E ratio of 21.08** is lower than the industry average of 36.17, indicating that the stock is relatively undervalued compared to its peers.

Risks & Insights:

- Dr. Reddy's **Beta of 0.7023** over three months shows that the stock is moderately less volatile than the broader market.
- Over the longer term, Dr. Reddy's **Beta of 0.4019** suggests that the stock is less volatile than the overall market, making it a relatively stable investment.

Insights:

- Return on Equity (ROE):** Dr. Reddy's achieved an impressive 19.74% ROE in FY24, which surpassed its 5-year average ROE of 15.62%.
- Recent Share Price Decrease:** Dr. Reddy's share price recently decreased by **2.27%**, closing at ₹6,872.15. This could be due to short-term market factors, but it may also present a buying opportunity for investors who believe in the company's long-term potential.



Table 1: Stock Price Data

Metric	Value
P/E Ratio	30.90
EPS - TTM (₹)	53.29
Div. Yield (%)	0.79
VWAP (₹)	1,653.70
MCap/Sales	4.68
52W H/L (₹)	1,681.6/1,132.0
P/B Ratio	4.99
MCap (₹ Cr.)	1,32,970
Face Value (₹)	2.00
Beta	-0.43

Figure 1: CIPLA

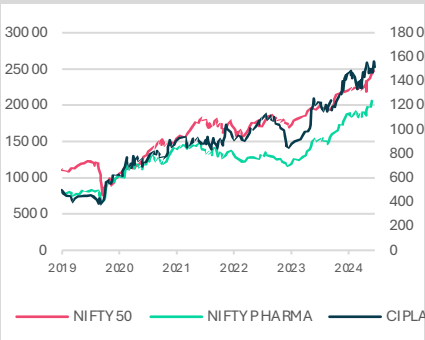


Table 2: Fundamental Ratios

Metric	FY 2024	FY 2023
ROE (%)	15.43	11.96
ROCE (%)	21.79	17.78
ROA (%)	12.59	9.50
Int. Cov. Ratio	78.30	50.23
Asset Turnover Ratio	0.83	0.58
EV/EBITDA (x)	17.07	13.08
EBITDA Margin (%)	27.30	24.18

Cipla Limited (NSE: CIPLA)

Fundamentals:

- Net Profit Margin:** Cipla's net profit margin of 16.12% significantly outperforms the Indian pharma industry average of 10.4%. This indicates that Cipla is more efficient at converting revenue into profit, suggesting a strong operational model and cost management strategy.
- Debt-to-Equity Ratio:** With a D/E ratio of 0.01%, Cipla has almost no debt. This low debt level is a sign of financial strength, as it reduces the company's financial risk and limits the burden of interest payments.
- Liquidity:** Cipla's **Current Ratio of 3.71** means it has more than three times the current assets needed to cover its short-term liabilities, ensuring a strong liquidity position.
- Return on Equity (ROE):** Cipla's ROE of 15.43% is significantly higher than the industry average of 10.30%. This shows that Cipla is using its shareholders' equity efficiently to generate profits, which is a positive indicator for investors.
- Petroski Score:** Cipla has a Pitroski Score of 8 out of 9, which suggests strong financial health.

Growth:

- Sales Growth:** Cipla's **3-year sales CAGR of 10.28%** and **annual sales growth of 13.27%** both exceed the sector average
- Profit Growth:** Cipla's **3-year profit CAGR of 19.46%** and **annual profit growth of 47.10%** show a significant increase in profitability.
- Quarterly Profit Growth:** Cipla's quarterly profit growth is impressive, with a **QoQ increase of 25.41%** and **YoY growth of 18.27%**. This shows that the company is continuously improving its profitability on both short- and long-term bases.

Valuation:

- Price-to-Earnings (P/E) Ratio (31.05):** Cipla's **P/E ratio of 31.05** is lower than the industry average of 36.17, suggesting that the stock is slightly undervalued compared to its peers.

Risks & Insights:

- Volatility:** Cipla's **3-month beta of 0.545** indicates that the stock is less volatile than the broader market in the short term.

Key Highlights:

- Price Target:** We predict a median price target of ₹1,612.50, with a high estimate of ₹1,900 and a low of ₹1,180. This suggests a wide range of potential future stock prices, reflecting some uncertainty in the market's outlook for Cipla.