

## SIMPLE MODEL: EPS ACCRETIVE /DILUTIVE DEAL ANALYSIS WITH DIFFERENT SCENARIOS

EPS Accretive/Dilutive Deal Calculation									
INPUT DATA		Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6		
(figures in INR)	SUN Pharma	Advanced Enzyme							
		No Premium				Premium offered per Share		50% cash + 50% stock payment	
						18.25	36.50		
Share price before announcement of	1607.90	365.00	365	365.00	365	383	402	383	402
Net Operating Income	9092350000.00	3112800000.00	3112800000.00	3,11,28,00,000	3,11,28,00,000	3,11,28,00,000	3,11,28,00,000	3,11,28,00,000	#####
Earning per share-EPS	38	28	28	28	28	28	28	28	28
Price/earning -P/E ratio	43	13	13	13	13	14	14	14	14
Number of shares outstanding	2403571429.00	11,18,00,000	11,18,00,000	11,18,00,000	11,18,00,000	11,18,00,000	11,18,00,000	11,18,00,000	11,18,00,000
Increase in Net income due to synergy gains		-	-	-	1,00,00,00,000	-	-	-	-

### Scenario-1

Acquirer acquires target firm at Market price and pays through stock

P/E ratio of Target > P/E ratio of Acquirer

Exchange ratio more than one

	Acquirer	Target	Post M&A
Share price before announcement	1,608	131	
P/E ratio	43	273	
EPS Next year	38	12	39
Shares outstanding	2,40,35,71,429	24,94,00,000	2,42,38,90,727
Net Income next years	90,92,35,00,000	3,11,28,00,000	94,03,63,00,000
Equity Offer value(No. of shares X Offer price)			32,67,14,00,000
Exchange ratio (Price of Target/P	0.08		
New shares issued to Target Firm	2,03,19,298		
Total shares Of combined firm, Post M&A			2,42,38,90,727
Net Income of combined firm post M&A			94,03,63,00,000
EPS of combine firm post M&A			39
EPS of Acquirer firm Before M&A			38
Accretion(dilution) % to Acquirer post M&A			0.03

### Scenario-2

Acquirer acquires target firm at Market price and pays through stock

P/E ratio of Target < P/E ratio of Acquirer

Exchange ratio more than one

	Acquirer	Target	Combined
Share price before announcement	1,608	131	
P/E ratio	43	10	
EPS Next year	38	12	39
Shares outstanding	2,40,35,71,429	24,94,00,000	2,42,38,90,727
Net Income	90,92,35,00,000	3,11,28,00,000	94,03,63,00,000
Equity Offer value(No. of shares X Offer price)			32,67,14,00,000
Exchange ratio (Price of Target/P	0		
New shares issued to Target Firm	2,03,19,298		
Total shares Of combined firm, Post M&A			2,42,38,90,727
Net Income of combined firm post M&A			94,03,63,00,000
EPS of combine firm post M&A			39
EPS of Acquirer firm Before M&A			38
Accretion(dilution) % to Acquirer post M&A			2.56%

### Scenario-3

Acquirer acquires target firm at Market price and pays through stock

P/E ratio of Target < P/E ratio of Acquirer

Exchange ratio is Close to one.

	Acquirer	Target	Combined
Share price before announcement	1,608	131	
P/E ratio	43	5	
EPS Next year	38	28	39
Shares outstanding	2,40,35,71,429	11,18,00,000	2,41,25,15,429
Net Income next years	90,92,35,00,000	3,11,28,00,000	94,03,63,00,000
Equity Offer value(No. of shares X Offer price)			14,64,58,00,000
Exchange ratio (Price of Target/P	0		
New shares issued to Target Firm	89,44,000		
Total shares Of combined firm, Post M&A			2,41,25,15,429
Net Income of combined firm post M&A			94,03,63,00,000
Increase in Net income due to sy	-		
Net Income of combined firm adjusted with synergy gain			94,03,63,00,000
EPS of combine firm post M&A			39
EPS of Acquirer firm Before M&A			38
Accretion(dilution) % to Acquirer post M&A			3.04%

### Scenario-4

Acquirer acquires target firm at Market price and pays through stock

P/E ratio of Target > P/E ratio of Acquirer

Exchange ratio less than one

Increase in Net income due to synergy Gains

	Acquirer	Target	Combined
Share price before announcement	1,608	365	
P/E ratio	43	13	
EPS Next year	38	28	39
Shares outstanding	2,40,35,71,429	11,18,00,000	2,42,89,50,495
Net Income next years	90,92,35,00,000	3,11,28,00,000	94,03,63,00,000
Equity Offer value(No. of shares X Offer price)			40,80,70,00,000
Exchange ratio (Price of Target/P	0		
New shares issued to Target Firm	2,53,79,066		
Total shares Of combined firm, Post M&A			2,42,89,50,495
Net Income of combined firm post M&A			94,03,63,00,000
Increase in Net income due to sy	1,00,00,00,000		
Net Income of combined firm adjusted with synergy gain			95,03,63,00,000
EPS of combine firm post M&A			39
EPS of Acquirer firm Before M&A			38
Accretion(dilution) % to Acquirer post M&A			3.43%

### Scenario-5

Acquirer acquires target firm at Preium over market price and pays through stock

P/E ratio of Target > P/E ratio of Acquirer

Exchange ratio more than one

Offers premium on share price(paid through stock)

	Acquirer	Target	Combined		
100% Acquisition of target with stock			No premium	With premium	
				INR 18.25 /share	INR 36.5 /share
Share price before announcement	1,608	365	365	383	402
P/E ratio	43	13			
EPS Next year	38	28	39	39	39
Shares outstanding	2,40,35,71,429	11,18,00,000	2,42,89,50,495	2,43,02,19,448	2,43,14,88,401

Net Income	90,92,35,00,000	3,11,28,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000
Equity Offer value(No. of shares X Offer price)			40,80,70,00,000	42,84,73,50,000	44,88,77,00,000
Exchange ratio (Price of Target/Price of Acquirer)			0	0	0
New shares issued to Target Firm SHs			2,53,79,066	2,66,48,019	2,79,16,972
Total shares Of combined firm, Post M&A			2,42,89,50,495	2,43,02,19,448	2,43,14,88,401
Net Income of combined firm post M&A			94,03,63,00,000	94,03,63,00,000	94,03,63,00,000
Increase in Net income due to synergy gains			-	-	-
Net Income of combined firm adjusted with synergy gain			94,03,63,00,000	94,03,63,00,000	94,03,63,00,000
EPS of combine firm post M&A			39	39	39
EPS of Acquirer firm Before M&A			38	38	38
Accretion(dilution) % to Acquirer post M&A			2.34%	2.29%	2.24%

### Scenario-6

Acquirer acquires target firm with 50% cash and 50% stock payment

P/E ratio of Target > P/E ratio of Acquirer

Exchange ratio more than one

Offers premium on share price(paid through stock)

	Acquirer	Target	Combined no premium			With premium			
100% Acquisition of target with stock					INR 18.25 /share		INR 36.5 /share		
			100% stock	50% stock	100% stock	50% stock	100% stock	50% stock	
Share price before announcemen	1,608	365	365	365	383	383	402	402	
P/E ratio	43	13							
EPS Next year	37.83	27.84	38.71	38.92	38.69	38.91	38.67	38.90	
Shares outstanding	2,40,35,71,429	11,18,00,000	2,42,89,50,495	2,41,62,60,962	2,43,02,19,448	2,41,68,95,439	2,43,14,88,401	2,41,75,29,915	
Net Income next years	90,92,35,00,000	3,11,28,00,000	#####	#####	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	
Equity Offer value(No. of shares X Offer price)			40,80,70,00,000	40,80,70,00,000	42,84,73,50,000				
Exchange ratio (Price of Target/Price of Acquirer)			0.23	0.23	0.24	0.24	0.25	0.25	
New shares issued to Target Firm SHs			2,53,79,066	1,26,89,533	2,66,48,019	1,33,24,010	2,79,16,972	1,39,58,486	
Total shares Of combined firm, Post M&A			2,42,89,50,495	2,41,62,60,962	2,43,02,19,448	2,41,68,95,439	2,43,14,88,401	2,41,75,29,915	
Net Income of combined firm post M&A			94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	
Increase in Net income due to synergy gains			-	-	-	-	-	-	
Net Income of combined firm adjusted with synergy gain			94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	94,03,63,00,000	
EPS of combine firm post M&A			38.71	38.92	38.69	38.91	38.67	38.90	
EPS of Acquirer firm Before M&A			37.83	37.83	37.83	37.83	37.83	37.83	
Accretion(dilution) % to Acquirer post M&A			2.34%	2.88%	2.29%	2.85%	2.24%	2.83%	