

# RIL's Mukesh Ambani is Richest Indian Again as Sun Pharma Stock Crashes 9%

Sun Pharma owner Dilip Shanghvi's net worth falls to \$18.8 b, from \$20.3 b on Friday

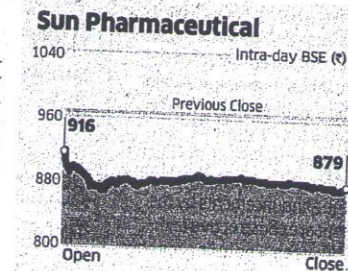
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**Mumbai:** Sun Pharmaceutical took a severe beating on the bourses on Monday following the company's weaker-than-expected fourth quarter results, helping Reliance Industries' Mukesh Ambani re-emerge as the richest Indian. Sun shares dropped 9% on Monday as leading brokerages downgraded their ratings on the stock due to the earnings disappointment. Institutional investors, which bought the stock in the recent share sale where Daiichi sold its stake, are sitting on losses of about 6% after the share declined below the 200-day moving average (DMA) — a key sentiment indicator — on Monday.

The net worth of Dilip Shanghvi, owner of Sun Pharma, fell to \$18.8 billion on Monday from \$20.3 billion on Friday after the fall in the stock price. Ambani's net worth was \$21.2 billion on Monday, according to Bloomberg data.

Sun shares closed at ₹878 after the company profits in the March quarter fell 44%. Its share price has dropped nearly 27% from its highs made in early April.

Investors in Sun Pharma received a similar jolt on April 21 when the stock fell about 10% in a day after Daiichi Sankyo sold its 9% stake in the company worth



₹20,000 crore to foreign institutional investors including Goldman Sachs, the Government of Singapore, and Aranda Investments. The stock was sold to these investors at a discount then.

Brokerages including Bank of America Merrill Lynch, Axis Capital, HSBC, Jefferies and ICICI Securities among others have cut their price targets for the stock.

"We have revised our price target downwards on Sun Pharma to ₹1,043, from ₹1,220 earlier," said Girish Bakhru, analyst at HSBC Securities. "Adjusted EBITDA margin at 24% is 800 basis point lower than estimates due to significant impact of negative operating leverage."

Derivative traders have built bearish

bets on Sun Pharma. The open interest, or outstanding positions, have increased about 22%, or 35.25 lakh shares, on Monday, which are mostly short positions.

"Stock has slipped below the 200-day moving average, weakness in the Sun Pharma may continue with major support at ₹800," said Chandan Tapparla, derivative analyst at Anand Rathi Securities. "Investors should avoid the counter till the stock decisively closes above ₹920 levels." A fall below the 200-DMA indicates weakness.

Some analysts said weakness in quarterly earnings due to integration of Ranbaxy operations is temporary in nature, and one may buy the stock on declines, with long-term investment goal.

"We expect Sun Pharma to maintain its sales momentum and outperform industry on the back of new product launches and increased market share in existing products," said Daljeet Singh Kohli, head of research at IndiaNivesh. "We have a 'hold' rating on the stock."

Shares of wind turbine maker Suzlon, another company where Shanghvi owns a stake, also slipped 5.3% to close at ₹23.85 on disappointing quarterly results. Shanghvi owns 23% stake in the company, which he had bought for ₹1,800 crore in February.

Company