

## Sun Pharma

### Performance Highlights

(` cr)	1QFY2018	4QFY2017	% chg (qoq)	1QFY2017	% chg (yoy)
<b>Net sales</b>	<b>6,167</b>	<b>6,825</b>	<b>(9.6)</b>	<b>8,007</b>	<b>(23.0)</b>
Other income	194	536	(63.8)	393	(50.7)
Gross profit	4,489	4,630	(3.0)	6,160	(27.1)
Operating profit	1,054	1,235	(14.7)	2,685	(60.8)
<b>Adj. Net profit</b>	<b>526</b>	<b>1,385</b>	<b>(62.0)</b>	<b>2,268</b>	<b>(76.8)</b>

Source: Company, Angel Research

Sun Pharmaceuticals posted poor set of numbers for 1QFY2018. Sales came in at `6,167cr (`6,825cr expected) v/s. `8,007cr in 1QFY2017, a yoy de-growth of 23.0%, mainly driven by the Indian formulation sales dip and US (which was impacted on the back of pricing pressures and base effect). On operating front, the EBITDA margins came in at 17.1% (17.7% expected) v/s. 33.5% in 1QFY2017, mainly on the back of lower than expected sales during the quarter and base effect. Excluding the Modafinil settlement, its adjusted net profit was at `526cr, down 77% over 1QFY2017, with resulting adjusted net profit margin of 8.5%. Net profit for 1QFY2017 last year included the benefit of the 180-day exclusivity for Imatinib which expired in July-2016. **We maintain our Buy.**

**Results lower than expectations:** Sales came in at `6,167cr (`6,825cr expected) v/s. `8,007cr in 1QFY2017, a yoy de-growth of 23.0%, mainly driven by the Indian formulation sales dip and US (which was impacted on the back of pricing pressures and base effect). On operating front, the EBITDA margins came in at 17.1% (17.7% expected) v/s. 33.5% in 1QFY2017, mainly on the back of lower than expected sales during the quarter and base effect. Net profit for the quarter was adversely impacted by settlements with certain plaintiffs related to the Modafinil antitrust litigation in the US, with the settlement amounting to `950cr. Excluding the Modafinil settlement, its adjusted net profit for 1QFY2018 was at `526cr, down 77% over 1QFY2017 last year.

**Outlook and valuation:** Sun Pharma is one of the largest and fastest growing Indian pharmaceutical companies. We expect its net sales to post a CAGR of 2.5% (including Ranbaxy Laboratories) to `31,826cr and EPS to come in at `24.8 over FY2017–19E. **We recommend a Buy on the stock with a target price of `558.**

### Key financials (Consolidated)

Y/E March (` cr)	FY2016	FY2017	FY2018E	FY2019E
<b>Net sales</b>	<b>27,888</b>	<b>30,264</b>	<b>28,466</b>	<b>31,826</b>
% chg	2.2	8.5	(5.9)	11.8
<b>Adj. Net profit</b>	<b>6,248</b>	<b>7,846</b>	<b>5,101</b>	<b>5,949</b>
% chg	31.7	25.6	(35.0)	16.6
<b>EPS (`)</b>	<b>26.0</b>	<b>32.7</b>	<b>21.3</b>	<b>24.8</b>
EBITDA margin (%)	24.6	29.0	20.8	22.4
P/E (x)	18.7	14.8	22.8	19.6
RoE (%)	21.0	22.2	13.0	15.2
RoCE (%)	15.6	18.8	11.5	12.3
P/BV (x)	3.5	3.2	2.9	2.6
EV/Sales (x)	4.0	3.6	3.7	3.2
EV/EBITDA (x)	16.3	12.5	17.9	14.4

Source: Company, Angel Research; Note: CMP as of August 16, 2017

## BUY

CMP	₹485
Target Price	₹558

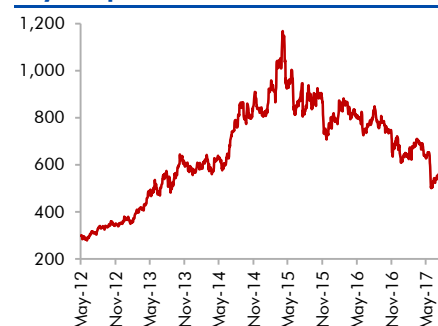
Investment Period	12 months
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Stock Info	
Sector	Pharmaceutical
Market Cap (₹ cr)	1,16,414
Net Debt (₹ cr)	(8,242)
Beta	0.7
52 Week High / Low	818/433
Avg. Daily Volume	4,49,346
Face Value (₹)	1
BSE Sensex	31,771
Nifty	9,897
Reuters Code	SUN.BO
Bloomberg Code	SUNP@IN

Shareholding Pattern (%)	
Promoters	54.4
MF / Banks / Indian FIs	17.1
FII / NRIs / OCBs	20.1
Indian Public / Others	8.4

Abs. (%)	3m	1yr	3yr
Sensex	8.0	13.2	20.4
Sun Pharma	(28.4)	(38.0)	(40.5)

### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 1QFY2018 performance (Consolidated)**

Y/E March (` cr)	1QFY2018	4QFY2017	% chg QoQ	1QFY2017	% chg yoy	FY2017	FY2016	% chg
<b>Net sales</b>	<b>6,167</b>	<b>6,825</b>	<b>(9.6)</b>	<b>8,007</b>	<b>(23.0)</b>	<b>30,264</b>	<b>27,888</b>	<b>8.5</b>
Other income	194.1	536.4	(63.8)	393.4	(50.7)	1,902	1,847	3.0
<b>Total income</b>	<b>6,361</b>	<b>7,362</b>	<b>(13.6)</b>	<b>8,400</b>	<b>(24.3)</b>	<b>32,166</b>	<b>29,735</b>	<b>8.2</b>
<b>Gross profit</b>	<b>4,489</b>	<b>4,630</b>	<b>(3.0)</b>	<b>6,160</b>	<b>(27.1)</b>	<b>22,133</b>	<b>21,558</b>	<b>2.7</b>
<b>Gross margin (%)</b>	<b>72.8</b>	<b>67.8</b>		<b>76.9</b>		<b>73.1</b>	<b>77.3</b>	
Operating profit	1,054	1,235	(14.7)	2,685	(60.8)	8,810	6,874	28.2
<b>Operating margin (%)</b>	<b>17.1</b>	<b>18.1</b>		<b>33.5</b>		<b>29.1</b>	<b>24.6</b>	
Interest	109	45	143.2	135	(18.7)	400	523	(23.6)
Depreciation	347	338	2.5	316	9.7	1,265	1,038	21.9
Extraordinary item loss/ ( gain)	951	0		0		0	590	
<b>PBT</b>	<b>792</b>	<b>1,389</b>	<b>(43.0)</b>	<b>2,628</b>	<b>(69.9)</b>	<b>9,048</b>	<b>7,161</b>	<b>26.4</b>
Provision for taxation	162	44.3	265.2	352.7	(54.1)	1,212	914	32.6
<b>PAT before extra-ordinary item</b>	<b>630</b>	<b>1,344</b>	<b>(53.2)</b>	<b>2,275</b>	<b>(72.3)</b>	<b>7,836</b>	<b>6,247</b>	<b>25.4</b>
Minority interest(MI)	(2)	(41)	-	7		(10)	1	
<b>Reported PAT</b>	<b>526</b>	<b>1,385</b>	<b>(62.0)</b>	<b>2,268</b>	<b>(76.8)</b>	<b>7,846</b>	<b>6,248</b>	<b>25.6</b>
<b>Adj. PAT</b>	<b>(323)</b>	<b>1,385</b>	<b>-</b>	<b>2,268</b>	<b>-</b>	<b>7,846</b>	<b>5,658</b>	<b>38.7</b>
<b>Adj. EPS (`)</b>	<b>2.2</b>	<b>5.8</b>		<b>9.4</b>		<b>32.6</b>	<b>26.0</b>	

Source: Company, Angel Research

**Exhibit 2: 1QFY2018 – Actual V/s Angel estimates**

(` cr)	Actual	Estimates	Variance (%)
<b>Net sales</b>	<b>6,167</b>	<b>6,825</b>	<b>(9.6)</b>
Other income	194	500	(61.2)
Operating profit	1,054	1,211	(13.0)
Tax	162	44	265.2
<b>Adj. Net profit</b>	<b>526</b>	<b>1,324</b>	<b>(60.3)</b>

Source: Company, Angel Research

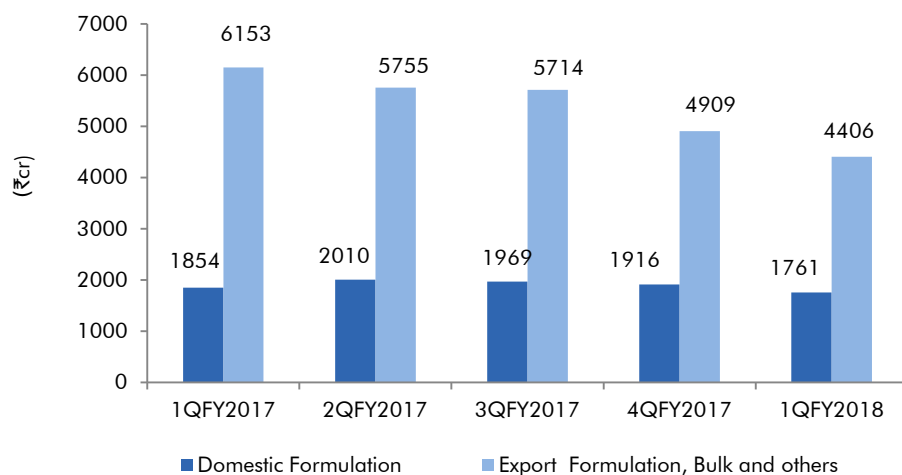
**Sales lower than expectations:** Sales came in at `6,167cr (`6,825cr expected) v/s. `8,007cr in 1QFY2017, a yoy de-growth of 23.0%, mainly driven by the Indian formulation sales dip and US (which was impacted on back of pricing pressures and base effect). India sales at `1,761cr (which accounted for 29% of sales), was down by 5% yoy, mainly on back of GST implementation.

Sales in the US were US\$351mn for the quarter; de-growth of 42% yoy over same period last year and accounted for 37% of total sales. Sales for 1QFY2017 included the benefit of generic Imatinib exclusivity, which expired in July 2016. Besides Imatinib, the overall pricing pressure in the US generics market also impacted the yoy growth. Sales in emerging markets were at US\$168mn for 1QFY2018; a growth of 9% compared to the same quarter last year and accounted for 18% of total sales. The growth was partly boosted by the consolidation of the Biosintez acquisition in Russia.

Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$115mn in 1QFY2018, a growth of 37% from 1QFY2017 and accounting for approximately 12% of revenues. The growth was partly boosted by the consolidation of revenues from the acquisition of 14 brands from Novartis.

The company had a total of 433 ANDAs filed with the USFDA. Currently, ANDAs for 151 products await USFDA approval, including 16 tentative approvals. For the quarter, 5 ANDAs were filed and 8 approvals were received. Additionally, the pipeline includes 37 approved NDAs while 5 NDAs await USFDA approval.

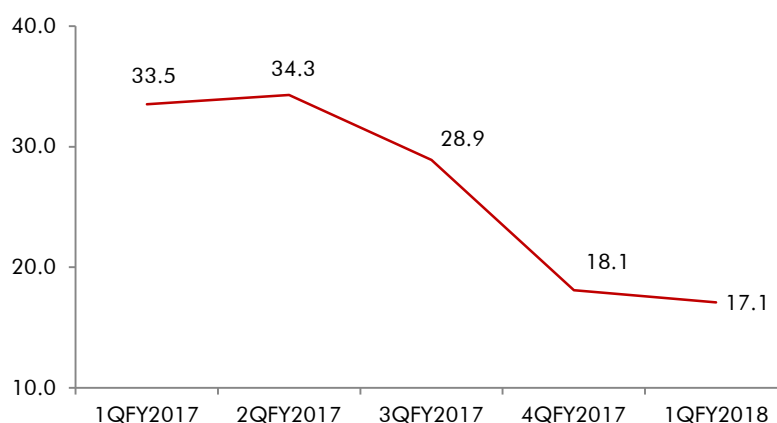
**Exhibit 3: Sales trend**



Source: Company, Angel Research

**OPM at 17.1%, lower than expected:** On operating front, the EBITDA margins came in at 17.1% (17.7% expected) v/s. 33.5% in 1QFY2017, mainly on the back of lower than expected sales during the quarter and base effect. Gross margins came in at 72.8% v/s. 76.9% in 1QFY2017, while R&D expenses were at 8.5% of sales, mainly on the back of lower sales while it dipped 28% yoy. Also, the last year operating profitability included the benefit of the 180-day exclusivity for Imatinib.

**Exhibit 4: OPM trend (%)**

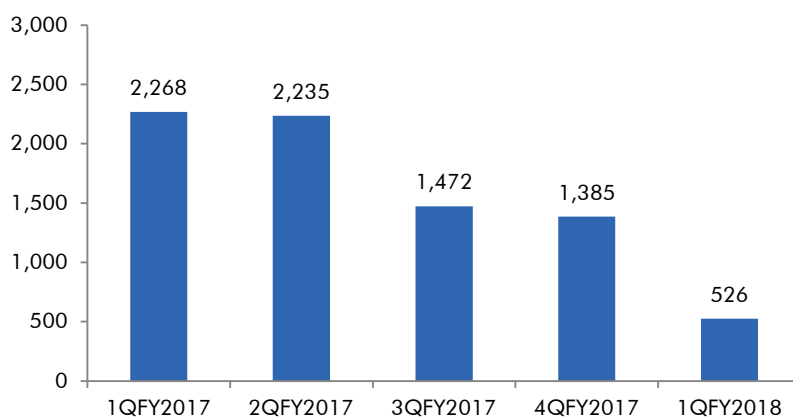


Source: Company, Angel Research,

**Net profit below expectations:** Net profit for the quarter was adversely impacted by settlements with certain plaintiffs related to the Modafinil antitrust litigation in the US, with the settlement amounting to `950cr. Excluding the Modafinil settlement, its adjusted net profit for 1QFY2018 was at `526cr, down 74% over 1QFY2017 last year,

with resulting adjusted net profit margin of 8.5%. Net profit for 1QFY2017 last year included the benefit of the 180-day exclusivity for Imatinib which expired in July 2016.

#### Exhibit 5: Adjusted Net profit trend (₹ cr)



Source: Company, Angel Research

#### Concall takeaways

- Ranbaxy Lab integration benefits of US\$300mn by end of FY2018E.
- Revenue may decline due to challenges in the US (assuming no new approval from Halol and no disruption at Dadra).
- Remediation measures at Halol over; awaiting USFDA inspection.
- 2HFY2018E EBITDA margin to be ~20-22%.
- Tildrakizumab NDA launch expected by early 2019.

#### Investment arguments

**Strongest ANDA pipeline:** Sun Pharma, with the recent acquisitions of DUSA, URL Pharma and Ranbaxy Laboratories, has now become strong in the US region, with the geography accounting for 37% of its sales in FY2017. In terms of ANDAs, the company cumulatively has 433 products, out of which 151 products now await USFDA approval, including 16 tentative approvals. With the merger of Ranbaxy Laboratories, the company is now the fifth-largest specialty generics company in the world (behind Teva, Sandoz, Actavis and Mylan). However, the near term performance of the company has been impacted on the back of supply constraints at the Halol facility although the company has taken redemption measures including site transfers. Also, during FY2018, the company like other generic players in the US is expecting the pricing dip on back of the consolidation in the buyers chain (4 players hold now 90% market share). Overall, we expect the region to post a CAGR of (10.4)% in sales over FY2017-19E, accounting for almost 34% of the overall sales in FY2019E.

**Domestic business:** Sun Pharma's domestic formulation business is among the fastest growing in the Indian pharmaceutical industry. It contributed 23% to the

company's total turnover in FY2014. Sun Pharma, with Ranbaxy Laboratories' merger, is now the segment leader with a market share of 8.7% in the domestic formulation market, followed by Abbott India, which has a market share of 6.5%. This is a significant gap considering that the segment is highly fragmented. We expect the domestic formulation business to post a CAGR of 15.0% over FY2017-19E, contributing 32% to the overall formulation sales of the company in FY2019.

**Healthy balance sheet:** Sun Pharma has one of the strongest balance sheets in the sector with cash of ~₹15,000cr. The same can continue to support the Management in inorganic growth and in scouting for acquisitions, especially in the US and in emerging markets.

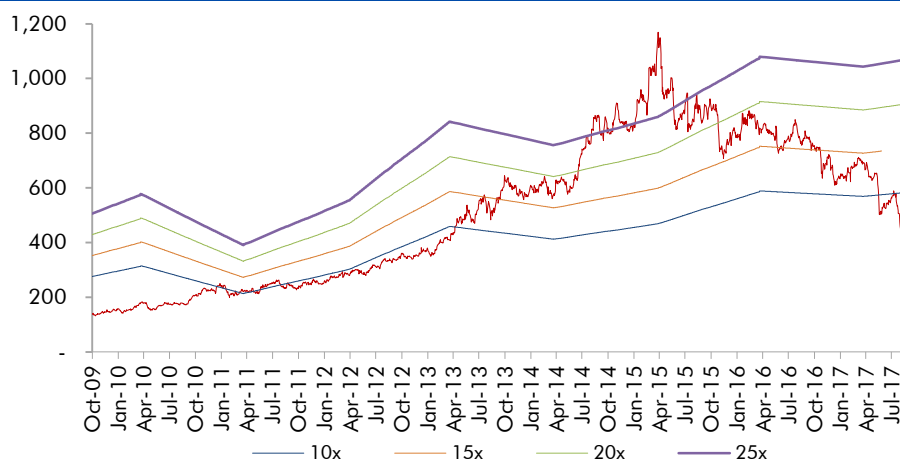
**Outlook and valuation:** Sun Pharma is one of the largest and fastest growing Indian pharmaceutical companies. We expect its net sales to post a CAGR of 2.5% (including Ranbaxy Laboratories) to ₹31,826cr and EPS to post a CAGR of 8.0% to ₹24.8 over FY2017–19E. **We recommend a Buy rating on the stock with a target price of `558.**

#### Exhibit 6: Key assumptions

	FY2018E	FY2019E
Domestic Formulation sales growth (%)	12.0	18.0
Export Formulation sales growth (%)	(11.8)	9.9
Growth in employee expenses (%)	15.0	15.0
Operating margins (%)	20.8	22.4
Tax as % of PBT	15.0	15.0

Source: Company, Angel Research

#### Exhibit 7: One-year forward PE band



Source: Company, Angel Research

**Exhibit 8: Valuation summary**

Company	Reco	CMP (₹)	Tgt. Price (₹)	Upside		FY2019E		FY17-19E	FY2019E	
				%	PE (x)	EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Buy	515	600	16.5	18.9	2.1	11.0	12.8	24.3	20.6
Aurobindo Pharma	Buy	714	823	15.3	13.9	2.1	9.7	14.2	25.3	22.7
Cadila Healthcare	Reduce	484	426	(11.9)	22.7	3.7	18.0	21.0	17.3	22.9
Cipla	Sell	590	458	(22.4)	24.5	2.5	15.7	38.7	10.9	13.1
Dr Reddy's	Accumulate	1,999	2,219	11.0	18.0	2.0	11.2	23.6	11.2	13.0
Dishman Pharma	Under Review	293	-	-	18.9	1.3	10.1	(7.2)	2.9	2.5
GSK Pharma	Neutral	2,365	-	-	40.4	5.4	30.3	30.6	28.9	26.5
Indoco Remedies	Sell	193	153	(20.9)	15.2	1.5	10.1	23.0	11.3	15.6
Ipca labs	Buy	420	620	47.6	16.7	1.3	8.5	27.9	12.8	11.2
Lupin	Buy	962	1,467	52.5	14.4	2.0	8.4	8.2	20.5	17.5
Sanofi India*	Reduce	4,127	3,845	(6.8)	26.8	2.8	16.5	9.2	23.9	25.8
<b>Sun Pharma</b>	<b>Buy</b>	<b>485</b>	<b>558</b>	<b>15.0</b>	<b>19.6</b>	<b>3.2</b>	<b>14.4</b>	<b>8.0</b>	<b>12.3</b>	<b>15.2</b>

Source: Company, Angel Research; Note: \* December year ending

### Company background

Sun Pharma is an international specialty pharma company, with a large presence in the US and India, and a footprint across 40 other markets. In India and rest of the world markets, the key chronic therapy areas for the company are cardiology, psychiatry, neurology, gastroenterology, diabetology, etc. The company is a market leader in specialty therapy areas in India. In India, the company has emerged as a leading pharma company, where it is the third largest player. Also, in the US, a key geography, the company has expanded significantly through both in-organic and organic routes.

**Profit & Loss statement (Consolidated)**

Y/E March (₹ cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Gross sales</b>	<b>27,652</b>	<b>28,254</b>	<b>30,536</b>	<b>28,724</b>	<b>32,115</b>
Less: Excise duty	366	366	272	259	289
<b>Net sales</b>	<b>27,287</b>	<b>27,888</b>	<b>30,264</b>	<b>28,466</b>	<b>31,826</b>
Other operating income	147	599	1,314	1,314	1,314
<b>Total operating income</b>	<b>27,433</b>	<b>28,487</b>	<b>31,578</b>	<b>29,780</b>	<b>33,140</b>
% chg	70.6	3.8	10.9	(5.7)	11.3
Total expenditure	19,470	21,014	21,489	22,537	24,699
Net raw materials	6,739	6,330	8,131	7,686	8,550
Other mfg costs	1,192	1,218	1,322	1,244	1,390
Personnel	4,430	4,772	4,902	5,638	6,483
Other	7,109	8,693	7,134	7,970	8,275
<b>EBITDA</b>	<b>7,817</b>	<b>6,874</b>	<b>8,775</b>	<b>5,928</b>	<b>7,127</b>
% chg	12.9	-12.1	(27.5)	-56.0	3.7
(% of Net Sales)	28.6	24.6	29.0	20.8	22.4
Depreciation & amort.	1,195	1,038	1,265	1,465	1,665
<b>EBIT</b>	<b>6,622</b>	<b>6,436</b>	<b>8,825</b>	<b>5,778</b>	<b>6,777</b>
% chg	1.7	(2.8)	(18.7)	(34.5)	17.3
(% of Net Sales)	24.3	23.1	29.2	20.3	21.3
Interest & other charges	579	523	400	400	400
Other income	451	1,248	623	623	623
(% of PBT)	6.8	17.4	6.9	10.4	8.9
Share in profit of Asso.		-	-	-	-
<b>Recurring PBT</b>	<b>6,641</b>	<b>7,161</b>	<b>9,048</b>	<b>6,001</b>	<b>7,000</b>
% chg	-6.4	7.8	(16.8)	0.0	0.1
Extraordinary expense/(inc.)	237.8	589.9	-	-	1.0
<b>PBT (reported)</b>	<b>6,641</b>	<b>7,161</b>	<b>9,048</b>	<b>6,001</b>	<b>6,999</b>
Tax	914.7	913.8	1,211.6	900.1	1,049.8
(% of PBT)	13.8	12.8	13.4	15.0	15.0
<b>PAT (reported)</b>	<b>5,726</b>	<b>6,247</b>	<b>7,836</b>	<b>5,101</b>	<b>5,949</b>
Add: Share of earnings of asso.	(13)	1	10	-	-
Less: Minority interest (MI)	936	-	-	-	-
Prior period items		-	-	-	-
<b>PAT after MI (reported)</b>	<b>4,539</b>	<b>5,658</b>	<b>7,846</b>	<b>5,101</b>	<b>5,949</b>
<b>ADJ. PAT</b>	<b>4,743</b>	<b>6,248</b>	<b>7,846</b>	<b>5,101</b>	<b>5,949</b>
% chg	(10.0)	31.7	65.4	(35.0)	16.6
(% of Net Sales)	16.6	0.0	1.0	2.0	3.0
<b>Basic EPS (₹)</b>	<b>22.9</b>	<b>26.0</b>	<b>32.7</b>	<b>21.3</b>	<b>24.8</b>
<b>Fully Diluted EPS (₹)</b>	<b>22.9</b>	<b>26.0</b>	<b>32.7</b>	<b>21.3</b>	<b>24.8</b>
% chg	(10.0)	13.4	42.8	(35.0)	16.6

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>SOURCES OF FUNDS</b>					
Equity share capital	207	241	240	240	240
Preference capital					
Reserves & surplus	26,300	32,742	36,400	40,378	45,204
<b>Shareholders' funds</b>	<b>26,507</b>	<b>32,982</b>	<b>36,640</b>	<b>40,618</b>	<b>45,444</b>
<b>Minority interest</b>	<b>2,851</b>	<b>4,085</b>	<b>3,791</b>	<b>3,791</b>	<b>3,791</b>
Total loans	7,596	8,316	8,091	8,091	8,091
Deferred tax liability	(1,752)	(3,046)	(2,178)	(2,178)	(2,178)
Other Long Term Liabilities	9	-	-	-	-
Long Term Provisions	2,710	2,106	1,342	2,364	2,591
<b>Total liabilities</b>	<b>37,922</b>	<b>44,443</b>	<b>47,685</b>	<b>52,686</b>	<b>57,739</b>
<b>APPLICATION OF FUNDS</b>					
Gross block	15,041	15,084	18,162	19,162	20,162
Less: Acc. depreciation	4,863	7,139	8,404	9,869	11,534
<b>Net block</b>	<b>10,179</b>	<b>7,945</b>	<b>9,758</b>	<b>9,293</b>	<b>8,628</b>
Capital work-in-progress	842	842	303	303	303
Goodwill	3,701	9,261	10,417	10,417	10,417
<b>Investments</b>	<b>2,716</b>	<b>1,830</b>	<b>1,192</b>	<b>1,388</b>	<b>1,389</b>
Long term long & adv.	2,736	3,276	4,526	3,978	4,425
Current assets	27,005	29,227	32,723	35,822	41,907
Cash	<b>10,998</b>	<b>13,182</b>	<b>15,141</b>	<b>19,147</b>	<b>23,277</b>
Loans & advances	2,193	2,006	2,480	<b>2,344</b>	<b>2,608</b>
<b>Other</b>	<b>13,813</b>	<b>14,040</b>	<b>15,102</b>	<b>14,331</b>	<b>16,022</b>
Current liabilities	9,256	7,938	11,232	8,513	9,330
<b>Net current assets</b>	<b>17,748</b>	<b>21,290</b>	<b>21,491</b>	<b>27,308</b>	<b>32,577</b>
Others	-	-	-	-	-
<b>Total assets</b>	<b>37,922</b>	<b>44,443</b>	<b>47,685</b>	<b>52,686</b>	<b>57,739</b>



**Cash Flow Statement (Consolidated)**

Y/E March (` cr)	FY2015	FY2016	FY2017	FY2018E	FY2019E
Profit before tax	6,641	7,161	9,048	6,001	7,000
Depreciation	1,195	1,038	1,265	1,465	1,665
(Inc)/Dec in working capital	(4,322)	(1,898)	(2,505)	(12,139)	(2,341)
Direct taxes paid	915	914	1,212	900	1,050
<b>Cash Flow from Operations</b>	<b>2,598</b>	<b>5,386</b>	<b>6,596</b>	<b>(5,573)</b>	<b>5,273</b>
(Inc.)/Dec.in Fixed Assets	(8,653)	(43)	(1,682)	(1,000)	(1,000)
(Inc.)/Dec. in Investments	70	886	1,524	(196)	(1)
Other income	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>(8,583)</b>	<b>843</b>	<b>(157)</b>	<b>(1,196)</b>	<b>(1,001)</b>
Issue of Equity	-	-	-	-	-
Inc./(Dec.) in loans	(4,928)	(1,333)	(1,873)	1,022	227
Dividend Paid (Incl. Tax)	-	(282)	(1,123)	(1,123)	(1,123)
Others	14,320	(2,431)	(1,485)	10,876	754
<b>Cash Flow from Financing</b>	<b>9,392</b>	<b>(4,046)</b>	<b>(4,480)</b>	<b>10,775</b>	<b>(142)</b>
Inc./(Dec.) in Cash	3,408	2,184	1,959	4,006	4,130
<b>Opening Cash balances</b>	<b>7,590</b>	<b>10,998</b>	<b>13,182</b>	<b>15,141</b>	<b>19,147</b>
<b>Closing Cash balances</b>	<b>10,998</b>	<b>13,182</b>	<b>15,141</b>	<b>19,147</b>	<b>23,277</b>

**Key Ratios**

Y/E March	FY2015	FY2016	FY2017	FY2018E	FY2019E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	21.2	18.7	14.8	22.8	19.6
P/CEPS	17.5	17.4	12.8	17.7	15.3
P/BV	4.4	3.5	3.2	2.9	2.6
Dividend yield (%)	0.6	0.2	0.2	0.2	0.2
EV/Sales	3.6	4.0	3.6	3.7	3.2
EV/EBITDA	12.4	16.3	12.5	17.9	14.4
EV / Total Assets	2.6	2.5	2.3	2.0	1.8
<b>Per Share Data (₹)</b>					
EPS (Basic)	22.9	26.0	32.7	21.3	24.8
EPS (fully diluted)	22.9	26.0	32.7	21.3	24.8
Cash EPS	27.7	27.8	38.0	27.4	31.7
DPS	3.0	1.0	1.0	1.0	1.0
Book Value	110.2	137.1	152.3	168.8	188.9
<b>Dupont Analysis</b>					
EBIT margin	24.3	23.1	29.2	20.3	21.3
Tax retention ratio	86.2	87.2	86.6	85.0	85.0
Asset turnover (x)	1.2	1.0	1.1	0.9	1.0
ROIC (Post-tax)	26.1	19.7	27.5	15.5	17.6
Cost of Debt (Post Tax)	9.8	5.7	4.4	8.4	4.1
Leverage (x)	0.0	0.0	0.0	0.0	0.0
Operating ROE	26.1	19.7	27.5	15.5	17.6
<b>Returns (%)</b>					
ROCE (Pre-tax)	21.1	15.6	18.8	11.5	12.3
Angel ROIC (Pre-tax)	38.3	29.6	41.3	25.9	29.1
ROE	21.1	21.0	22.2	13.0	15.2
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block)	2.6	1.9	1.9	1.6	1.7
Inventory / Sales (days)	58	77	76	88	92
Receivables (days)	50	76	76	88	92
Payables (days)	61	91	95	69	69
WC cycle (ex-cash) (days)	82	95	71	50	96
<b>Solvency ratios (x)</b>					
Net debt to equity	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Net debt to EBITDA	(0.4)	(0.7)	(0.8)	(1.9)	(2.1)
Interest Coverage (EBIT/Int.)	-	-	-	-	-

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### Disclosure of Interest Statement

### Sun Pharma

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	Yes
4. Broking relationship with company covered under Research	No

**Ratings (Based on expected returns over 12 months investment period):**

Buy (> 15%)

Accumulate (5% to 15%)  
Reduce (-5% to -15%)

Neutral (-5 to 5%)  
Sell (< -15)