

## Sun Pharma

### Performance Highlights

(₹ cr)	1QFY2017	4QFY2016	% chg QoQ	1QFY2016	% chg yoy
<b>Net sales</b>	<b>8,007</b>	<b>7,414</b>	<b>8.0</b>	<b>6,527</b>	<b>22.7</b>
Other income	393	185	112.3	399	(1.3)
Gross profit	6,160	5,962	3.3	4,836	27.4
Operating profit	2,685	2,300	16.7	1,533	75.1
<b>Adj. Net profit</b>	<b>2,034</b>	<b>1,714</b>	<b>18.7</b>	<b>1,070</b>	<b>90.1</b>

Source: Company, Angel Research

The company's sales for 1QFY2017 came in higher than expected at ₹8,007cr V/s ₹7,414cr expected and V/s ₹6,526cr in 1QFY2016, a yoy growth of 22.7%, mainly driven by exports. On the operating front, the EBITDA margin came in at 33.5% V/s 29.5% expected and V/s 23.5% in 1QFY2016, mainly driven by gross margin expansion (76.9% in 1QFY2017 V/s 74.1% in 1QFY2016). Thus, the Adj. net profit came in at ₹2,034cr V/s ₹1,602cr expected and V/s ₹1,070cr in 1QFY2016. **We maintain our Buy rating.**

**Results outperform:** Company's sales for 1QFY2017 came in higher than expected at ₹8,007cr V/s ₹7,414cr expected and V/s ₹6,526cr in 1QFY2016, a yoy growth of 22.7%, mainly driven by exports. Export formulations (₹5,664cr) grew 25.6% yoy, while Indian formulations (₹1,854cr) grew 7.6% yoy. API sales (₹470cr) grew 73.1% yoy. On the operating front, the EBITDA margin came in at 33.5% V/s 29.5% expected and V/s 23.5% in 1QFY2016, mainly driven by gross margin expansion (76.9% in 1QFY2017 V/s 74.1% in 1QFY2016). R&D expenditure during the quarter was 9.1% of sales V/s 5.5% of sales in 1QFY2016. Thus, the Adj. net profit came in at ₹2,034cr V/s ₹1,602cr expected and V/s ₹1,070cr in 1QFY2016.

**Outlook and valuation:** Sun Pharma is one of the largest and fastest growing Indian pharmaceutical companies. We expect its net sales to post a 12.7% CAGR (including Ranbaxy Laboratories) to ₹35,258cr and EPS to post a 22.0% CAGR to ₹32.8 over FY2016–18E. **We recommend a Buy on the stock.**

#### Key financials (Consolidated)

Y/E March (₹ cr)	FY2015	FY2016	FY2017E	FY2018E
<b>Net sales</b>	<b>27,287</b>	<b>27,744</b>	<b>31,129</b>	<b>35,258</b>
% chg	70.6	1.7	12.2	13.3
<b>Adj. Net profit</b>	<b>4,743</b>	<b>5,306</b>	<b>6,735</b>	<b>7,895</b>
% chg	(10.0)	11.9	26.9	17.2
<b>EPS (₹)</b>	<b>22.9</b>	<b>22.0</b>	<b>28.0</b>	<b>32.8</b>
EBITDA margin (%)	28.6	26.2	30.0	30.9
P/E (x)	35.0	36.4	28.7	24.4
RoE (%)	21.1	18.3	18.7	18.9
RoCE (%)	21.1	16.6	17.7	33.1
P/BV (x)	7.3	5.3	4.4	3.7
EV/Sales (x)	6.0	6.8	5.8	5.0
EV/EBITDA (x)	20.8	25.9	19.5	16.1

Source: Company, Angel Research; Note: CMP as of August 16, 2016

## BUY

CMP	₹783
Target Price	₹944

Investment Period	12 months
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#### Stock Info

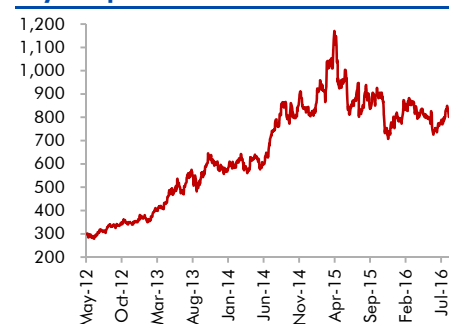
Sector	Pharmaceutical
Market Cap (₹ cr)	1,88,437
Net Debt (₹ cr)	(6,960)
Beta	0.7
52 Week High / Low	965/706
Avg. Daily Volume	4,13,072
Face Value (₹)	1
BSE Sensex	28,065
Nifty	8,643
Reuters Code	SUN.BO
Bloomberg Code	SUNP@IN

#### Shareholding Pattern (%)

Promoters	55.0
MF / Banks / Indian Fls	12.9
FII / NRIs / OCBs	25.1
Indian Public / Others	7.0

Abs. (%)	3m	1yr	3yr
Sensex	9.4	(0.0)	50.9
Sun Pharma	8.3	67.0	609.0

#### 3-year price chart



Source: Company, Angel Research

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**Exhibit 1: 1QFY2017 performance (Consolidated)**

Y/E March (₹ cr)	1QFY2017	4QFY2016	% chg QoQ	1QFY2016	% chg yoy	FY2016	FY2015	% chg
<b>Net sales</b>	<b>8,007</b>	<b>7,414</b>	<b>8.0</b>	<b>6,527</b>	<b>22.7</b>	<b>27,744</b>	<b>27,287</b>	<b>1.7%</b>
Other income	393.4	185.3	112.3	398.8	(1.3)	984.8	599.0	64.4
<b>Total income</b>	<b>8,400</b>	<b>7,599</b>	<b>10.5</b>	<b>6,926</b>	<b>21.3</b>	<b>28,729</b>	<b>27,886</b>	<b>3.0</b>
<b>Gross profit</b>	<b>6,160</b>	<b>5,962</b>	<b>3.3</b>	<b>4,836</b>	<b>27.4</b>	<b>21,261</b>	<b>20,547</b>	<b>3.5</b>
<b>Gross margin (%)</b>	<b>76.9</b>	<b>80.4</b>		<b>74.1</b>		<b>76.6</b>	<b>75.3</b>	
Operating profit	2,685	2,300	16.7	1,533	75.1	7,271	7,679	(5.3)
<b>Operating margin (%)</b>	<b>33.5</b>	<b>31.0</b>		<b>23.5</b>		<b>26.2</b>	<b>28.1</b>	
Interest	135	89	52.0	135	0.1	477	579	(17.6)
Depreciation	316	264	19.5	240	31.5	1,014	1,295	(21.7)
Extraordinary item loss/ ( gain)	0	0		685		-590	-204	
<b>PBT</b>	<b>2,628</b>	<b>2,132</b>	<b>23.2</b>	<b>872</b>	<b>201.3</b>	<b>6,765</b>	<b>6,404</b>	<b>5.6</b>
Provision for taxation	352.7	170.6	106.8	113	212.8	935	915	2.2
<b>PAT before extra-ordinary item</b>	<b>2,275</b>	<b>1,962</b>	<b>15.9</b>	<b>759</b>	<b>199.6</b>	<b>5,830</b>	<b>5,489</b>	<b>6.2</b>
Minority interest(MI)	241	248	(2.9)	203	18.5	1,114	949	17.5
<b>Reported PAT</b>	<b>2,034</b>	<b>1,714</b>	<b>18.7</b>	<b>1,070</b>	<b>90.1</b>	<b>4,716</b>	<b>4,540</b>	<b>3.9</b>
<b>Adj. PAT</b>	<b>2,034</b>	<b>1,714</b>	<b>18.7</b>	<b>556</b>	<b>265.8</b>	<b>5,306</b>	<b>4,743</b>	<b>11.9</b>
<b>Adj. EPS (₹)</b>	<b>8.4</b>	<b>7.1</b>		<b>2.3</b>		<b>22.0</b>	<b>19.7</b>	

Source: Company, Angel Research

**Exhibit 2: 1QFY2017 – Actual V/s Angel estimates**

(₹ cr)	Actual	Estimates	Variance (%)
<b>Net sales</b>	<b>8,007</b>	<b>7,414</b>	<b>8.0</b>
Other income	393	185	112.3
Operating profit	2,685	2,190	22.6
Tax	353	171	106.7
<b>Adj. Net profit</b>	<b>2,034</b>	<b>1,602</b>	<b>26.9</b>

Source: Company, Angel Research

**Better than expected performance:** Company's sales for 1QFY2017 came in higher than expected at ₹8,007cr V/s ₹7,414cr expected and V/s ₹6,526cr in 1QFY2016, a yoy growth of 22.7%, mainly driven by exports. Amongst key markets- India (₹1,854cr) posted a growth of 7.6% yoy, US (US\$609mn) posted a growth of 25% yoy, Emerging Markets (US\$154mn) were up 16% yoy and ROW (US\$84mn) was down 7.3% yoy.

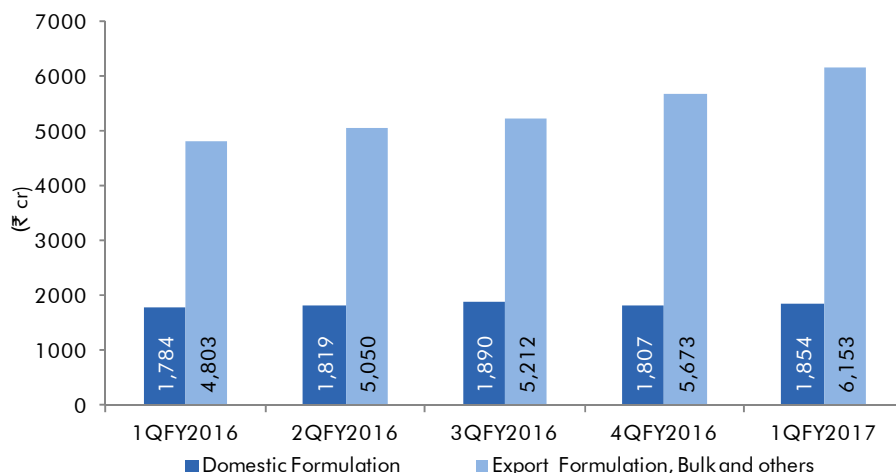
Sale of branded formulations in India for 1QFY2017 stood at ₹1,854cr, up 7.6% yoy and accounted for 23% of total sales. Withdrawal of bonus offers continues to adversely impact sales in the acute segment. Sun Pharma is ranked No. 1 and holds ~8.7% market share in the ₹1,00,000cr pharmaceutical market as per the March-2016 AIOCD-AWACS report.

Sales in the US came in at US\$609mn for the quarter (accounting for 51% of the company's total sales) boosted primarily due to the benefit of the 180-day exclusivity for Imatinib which commenced from 01-Feb-2016. At the same time, Taro posted 1QFY2017 sales of US\$234mn, up 9.0% over 1QFY2016.

Sales in Emerging markets were at US\$154mn for 1QFY2017, up 16% yoy, and accounted for 13% of total sales. Formulation sales in Rest of World (ROW) markets excluding US and Emerging Markets were US\$84mn in 1QFY2017, a de-growth of 7.3% yoy. ROW markets accounted for ~7% of revenues for 1QFY2017.

The company had a total of 417 ANDAs filed with the USFDA. Currently, ANDAs for 150 products await USFDA approval, including 15 tentative approvals.

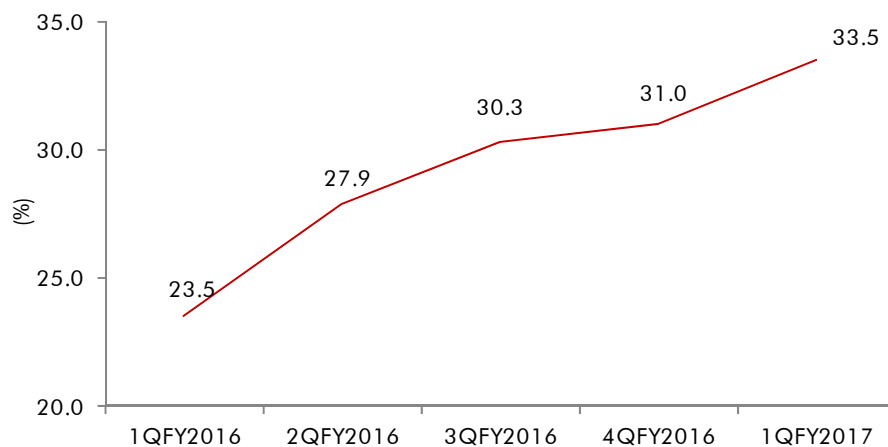
**Exhibit 3: Sales trend**



Source: Company, Angel Research

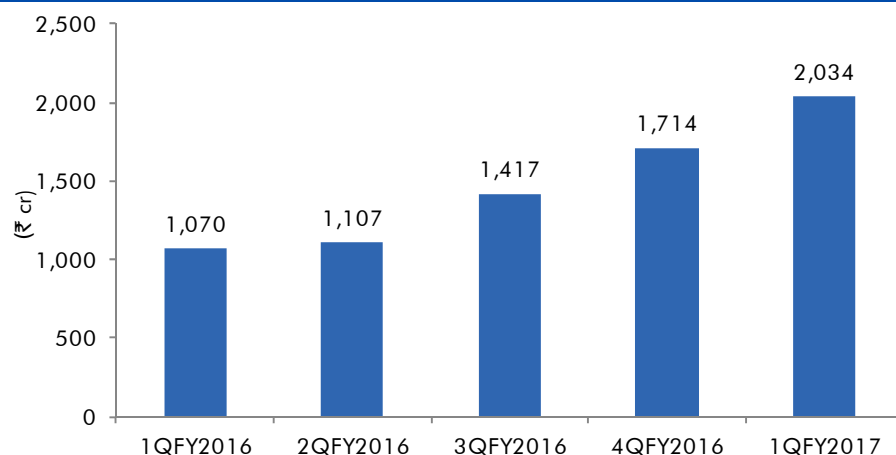
**OPM at 33.5%; higher than an expected 29.5%:** On the operating front, the EBITDA margin came in at 33.5% V/s 29.5% expected and V/s 23.5% in 1QFY2016, mainly driven by gross margin expansion (76.9% in 1QFY2017 V/s 74.1% in 1QFY2016). R&D expenditure during the quarter was 9.1% of sales in 1QFY2017 V/s 5.5% of sales in 1QFY2016.

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



Source: Company, Angel Research, Note- post 4QFY2015 numbers are of merged entity

**Net profit came in higher than our expectation:** Thus, the Adj. net profit came in at ₹2,034cr V/s ₹1,602cr expected and V/s ₹1,070cr in 1QFY2016.

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


Source: Company, Angel Research

**Concall takeaways**

- The company is on track to achieve US\$300mn from Ranbaxy synergies by FY2018E; a part of it will also be in FY2017.
- NLEM impact to be ~₹1,500cr in FY2017.
- Halol remediation over; the company has invited USFDA for re-inspection.
- Restructuring exercise in domestic business largely over; growth to recover from 2QFY2017.
- Tax rate guidance of 14-15% provided for FY2017.

**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 52% of its sales in FY2016. In terms of ANDAs, the company cumulatively has 417 products, out of which 150 products now await USFDA approval, including 15 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 back of supply constraints at the Halol facility, although the company has taken redemption measures including site transfers. Overall, we expect the region to post a 14.5% CAGR in sales over FY2016-18E, accounting for almost 49% of the overall sales in FY2018E.

**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 is ranked second and holds a market share of 5.4% in the domestic formulation market, with exposure to psychiatry, neurology, CVS, diabetic and gastroenterology segments. With Ranbaxy Laboratories' merger, the company is now the segment leader with a 9.2% market share 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 12.5% over FY2016-18E, thus contributing by 25% to the overall formulation sales of the company in FY2018.

**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.

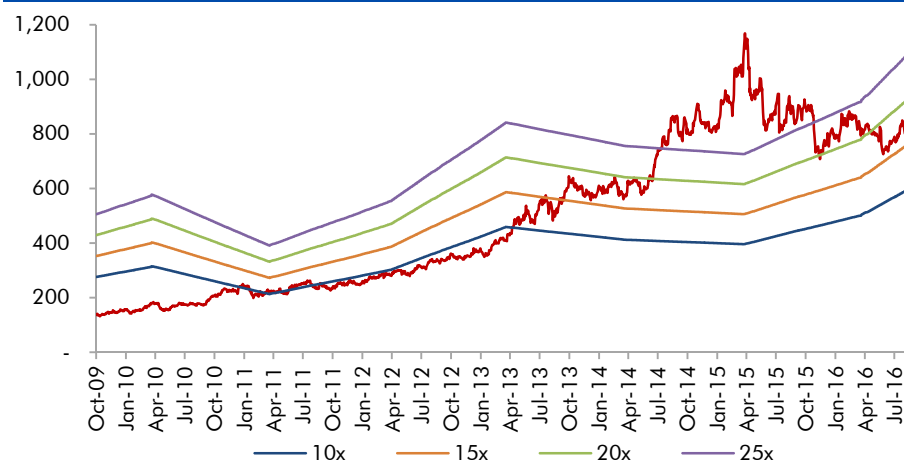
**Outlook and valuation:** Sun Pharma is one of the largest and fastest growing Indian pharmaceutical companies. We expect its net sales to post a 12.7% CAGR (including Ranbaxy Laboratories) to ₹35,258cr and EPS to post a 22.0% CAGR to ₹32.8 over FY2016–18E. **We recommend a Buy on the stock.**

#### Exhibit 6: Key assumptions

	FY2017E	FY2018E
Domestic Formulation sales growth (%)	10.0	15.0
Export Formulation sales growth (%)	14.3	13.5
Growth in employee expenses (%)	15.0	20.0
Operating margins (%)	30.0	30.9
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 %	PE (x)	FY2018E		FY16-18E	FY2018E	
						EV/Sales (x)	EV/EBITDA (x)	CAGR in EPS (%)	RoCE (%)	RoE (%)
Alembic Pharma	Neutral	647	-	-	21.3	2.8	13.3	(10.8)	27.5	25.3
Aurobindo Pharma	Buy	735	877	19.3	15.5	2.6	10.8	18.1	22.5	26.1
Cadila Healthcare	Accumulate	364	400	9.9	18.2	2.7	12.4	15.8	24.3	26.6
Cipla	Reduce	554	490	(11.5)	20.4	2.6	14.0	20.4	13.5	15.2
Dr Reddy's	Neutral	3,008	-	-	19.1	2.8	11.2	6.9	18.1	17.1
Dishman Pharma	Sell	170	45	(73.6)	15.1	1.8	7.7	3.1	10.3	10.9
GSK Pharma*	Neutral	3,049	-	-	51.3	6.6	35.1	15.9	35.8	31.8
Indoco Remedies	Sell	306	225	(26.5)	19.6	2.3	12.5	31.5	19.1	19.2
Ipca labs	Buy	517	613	18.6	26.2	1.8	11.9	36.5	8.8	9.4
Lupin	Accumulate	1,590	1,809	13.8	22.9	3.8	14.1	17.2	24.4	20.9
Sanofi India	Neutral	4,343	-	-	25.7	3.2	18.5	21.2	24.9	28.4
<b>Sun Pharma</b>	<b>Buy</b>	<b>783</b>	<b>944</b>	<b>20.6</b>	<b>23.9</b>	<b>4.8</b>	<b>15.5</b>	<b>22.0</b>	<b>33.1</b>	<b>18.9</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)	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Gross sales</b>	<b>16,200</b>	<b>27,652</b>	<b>28,110</b>	<b>31,412</b>	<b>35,578</b>
Less: Excise duty	195	366	366	283	320
<b>Net sales</b>	<b>16,004</b>	<b>27,287</b>	<b>27,744</b>	<b>31,129</b>	<b>35,258</b>
Other operating income	76	147	526	526	526
<b>Total operating income</b>	<b>16,080</b>	<b>27,433</b>	<b>28,270</b>	<b>31,655</b>	<b>35,784</b>
% chg	42.3	70.6	3.0	12.0	13.0
Total expenditure	9,081	19,470	20,473	21,799	24,348
Net raw materials	2,779	6,739	6,483	7,274	8,239
Other mfg costs	699	1,192	1,212	1,360	1,540
Personnel	2,074	4,430	4,797	5,382	6,459
Other	3,528	7,109	7,981	7,782	8,109
<b>EBITDA</b>	<b>6,923</b>	<b>7,817</b>	<b>7,271</b>	<b>9,330</b>	<b>10,910</b>
% chg	41.1	12.9	-7.0	-23.2	-19.3
(% of Net Sales)	43.3	28.6	26.2	30.0	30.9
Depreciation & amort.	409	1,195	1,014	1,214	1,414
<b>EBIT</b>	<b>6,514</b>	<b>6,622</b>	<b>6,783</b>	<b>8,642</b>	<b>10,022</b>
% chg	42.5	1.7	2.4	(20.7)	16.0
(% of Net Sales)	40.7	24.3	24.4	27.8	28.4
Interest & other charges	44	579	477	477	477
Other income	552	451	1,050	1,050	1,050
(% of PBT)	7.8	6.8	14.3	11.4	9.9
Share in profit of Asso.			-	-	-
<b>Recurring PBT</b>	<b>7,098</b>	<b>6,641</b>	<b>7,356</b>	<b>9,215</b>	<b>10,595</b>
% chg	44.9	-6.4	10.8	-15.6	0.0
Extraordinary expense/(inc.)	2,517	237.8	590.5	-	-
<b>PBT (reported)</b>	<b>7,098</b>	<b>6,641</b>	<b>6,765</b>	<b>9,231</b>	<b>10,595</b>
Tax	702.2	914.7	934.9	1,384.6	1,589.3
(% of PBT)	9.9	13.8	13.8	15.0	15.0
<b>PAT (reported)</b>	<b>6,396</b>	<b>5,726</b>	<b>5,830</b>	<b>7,846</b>	<b>9,006</b>
Add: Share of earnings of asso.		(13)	(2)	-	-
Less: Minority interest (MI)	738	936	1,111	1,111	1,111
Prior period items			-	-	-
<b>PAT after MI (reported)</b>	<b>3,141</b>	<b>4,539</b>	<b>4,716</b>	<b>6,735</b>	<b>7,895</b>
<b>ADJ. PAT</b>	<b>5,273</b>	<b>4,743</b>	<b>5,306</b>	<b>6,735</b>	<b>7,895</b>
% chg	52.6	(10.0)	11.9	(12.6)	17.2
(% of Net Sales)	19.6	16.6	0.0	1.0	2.0
<b>Basic EPS (`)</b>	<b>25.5</b>	<b>22.9</b>	<b>22.0</b>	<b>28.0</b>	<b>32.8</b>
<b>Fully Diluted EPS (`)</b>	<b>25.5</b>	<b>22.9</b>	<b>22.0</b>	<b>28.0</b>	<b>32.8</b>
% chg	52.6	(10.0)	(3.7)	(24.8)	17.2

**Balance Sheet (Consolidated)**

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>SOURCES OF FUNDS</b>					
Equity share capital	207	207	241	241	241
Preference capital					
Reserves & surplus	18,318	26,300	31,164	37,617	45,231
<b>Shareholders' funds</b>	<b>18,525</b>	<b>26,507</b>	<b>31,404</b>	<b>37,858</b>	<b>45,472</b>
<b>Minority interest</b>	<b>1,921</b>	<b>2,851</b>	<b>4,085</b>	<b>5,196</b>	<b>6,307</b>
Total loans	2,561	7,596	8,338	8,338	8,338
Deferred tax liability	(911)	(1,752)	(2,126)	(2,126)	(2,126)
Other Long Term Liabilities	9	9	10	10	11
Long Term Provisions	2,602	2,710	2,293	2,287	2,554
<b>Total liabilities</b>	<b>24,707</b>	<b>37,922</b>	<b>44,005</b>	<b>51,563</b>	<b>60,555</b>
<b>APPLICATION OF FUNDS</b>					
Gross block	6,389	15,041	18,621	19,621	20,621
Less: Acc. depreciation	3,668	4,863	6,102	7,315	8,729
<b>Net block</b>	<b>2,721</b>	<b>10,179</b>	<b>12,519</b>	<b>12,306</b>	<b>11,892</b>
Capital work-in-progress	842	842	842	303	1,144
Goodwill	4,097	3,701	4,181	4,181	4,181
<b>Investments</b>	<b>2,786</b>	<b>2,716</b>	<b>1,309</b>	<b>1,551</b>	<b>1,388</b>
Long term long & adv.	1,051	2,736	3,032	3,402	3,854
Current assets	16,688	27,005	30,149	38,366	47,641
Cash	<b>7,590</b>	<b>10,998</b>	<b>13,989</b>	<b>20,005</b>	<b>27,173</b>
Loans & advances	3,774	2,193	2,006	2,480	2,481
<b>Other</b>	<b>3,816</b>	<b>13,813</b>	<b>14,154</b>	<b>15,881</b>	<b>17,987</b>
Current liabilities	3,477	9,256	8,026	8,546	9,545
<b>Net current assets</b>	<b>13,211</b>	<b>17,748</b>	<b>22,123</b>	<b>29,820</b>	<b>38,096</b>
Others	-	-	-	-	-
<b>Total assets</b>	<b>24,707</b>	<b>37,922</b>	<b>44,005</b>	<b>51,563</b>	<b>60,555</b>



**Cash Flow Statement (Consolidated)**

Y/E March (₹ cr)	FY2014	FY2015	FY2016	FY2017E	FY2018E
Profit before tax	7,098	6,641	7,356	9,215	10,595
Depreciation	409	1,195	1,014	1,214	1,414
(Inc)/Dec in working capital	(1,782)	(4,322)	(1,680)	(4,815)	(14,776)
Direct taxes paid	702	915	935	1,385	1,589
<b>Cash Flow from Operations</b>	<b>5,024</b>	<b>2,598</b>	<b>5,754</b>	<b>4,229</b>	<b>(4,357)</b>
(Inc.)/Dec.in Fixed Assets	681	(8,653)	(3,580)	(3,141)	(1,842)
(Inc.)/Dec. in Investments	(374)	70	1,408	1,165	163
Other income	-	-	-	-	-
<b>Cash Flow from Investing</b>	<b>306</b>	<b>(8,583)</b>	<b>(2,172)</b>	<b>(1,975)</b>	<b>(1,679)</b>
Issue of Equity	-	-	-	-	-
Inc./(Dec.) in loans	(548)	(4,928)	(1,157)	(1,165)	268
Dividend Paid (Incl. Tax)	(606)	-	(282)	(282)	(282)
Others	(645)	14,320	847	(1,404)	13,217
<b>Cash Flow from Financing</b>	<b>(1,799)</b>	<b>9,392</b>	<b>(592)</b>	<b>(2,850)</b>	<b>13,204</b>
Inc./(Dec.) in Cash	3,531	3,408	2,991	(596)	7,168
<b>Opening Cash balances</b>	<b>4,059</b>	<b>7,590</b>	<b>10,998</b>	<b>20,601</b>	<b>20,005</b>
<b>Closing Cash balances</b>	<b>7,590</b>	<b>10,998</b>	<b>13,989</b>	<b>20,005</b>	<b>27,173</b>

**Key Ratios**

Y/E March	FY2014	FY2015	FY2016	FY2017E	FY2018E
<b>Valuation Ratio (x)</b>					
P/E (on FDEPS)	31.5	35.0	36.4	28.7	24.4
P/CEPS	46.8	29.0	33.7	24.3	20.7
P/BV	9.0	7.3	5.3	4.4	3.7
Dividend yield (%)	0.3	0.4	0.1	0.1	0.1
EV/Sales	10.1	6.0	6.8	5.8	5.0
EV/EBITDA	23.2	20.8	25.9	19.5	16.1
EV / Total Assets	6.5	4.3	4.3	3.5	2.9
<b>Per Share Data (₹)</b>					
EPS (Basic)	25.5	22.9	22.0	28.0	32.8
EPS (fully diluted)	25.5	22.9	22.0	28.0	32.8
Cash EPS	17.1	27.7	23.8	33.0	38.7
DPS	2.5	3.0	1.0	1.0	1.0
Book Value	89.4	110.2	151.6	182.8	219.5
<b>Dupont Analysis</b>					
EBIT margin	40.7	24.3	24.4	27.8	28.4
Tax retention ratio	90.1	86.2	86.2	85.0	85.0
Asset turnover (x)	1.1	1.2	1.0	1.1	1.1
ROIC (Post-tax)	40.5	26.1	20.9	26.2	26.6
Cost of Debt (Post Tax)	2.9	9.8	5.2	5.1	9.7
Leverage (x)	0.0	0.0	0.0	0.0	0.0
Operating ROE	40.5	26.1	20.9	26.2	26.6
<b>Returns (%)</b>					
ROCE (Pre-tax)	32.0	21.1	16.6	17.7	33.1
Angel ROIC (Pre-tax)	57.4	38.3	28.6	36.0	71.4
ROE	32.3	21.1	18.3	18.7	18.9
<b>Turnover ratios (x)</b>					
Asset Turnover (Gross Block)	2.3	2.6	1.7	1.8	1.8
Inventory / Sales (days)	98	58	78	88	97
Receivables (days)	80	50	77	88	97
Payables (days)	49	61	94	72	72
WC cycle (ex-cash) (days)	91	82	96	91	56
<b>Solvency ratios (x)</b>					
Net debt to equity	(0.3)	(0.1)	(0.2)	(0.3)	(0.4)
Net debt to EBITDA	(0.7)	(0.4)	(0.8)	(1.3)	(1.7)
Interest Coverage (EBIT/Int.)	-	-	-	-	-

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### 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	No
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)