

05th August 2026

Close* – ₹1,964.00/-

View – Buy

Q1FY27 Performance

The company reported revenue growth of 10.1% YoY and 4.3% QoQ to ₹15,184crs, primarily driven by growth in the India formulations business and continued momentum in the Global Innovative Medicines portfolio. Gross profit increased 11.8% YoY to ₹12,337crs, with gross margin improving to 81.2%, supported by a favourable product mix led by branded generics and specialty products. EBITDA grew 2.7% YoY to ₹4,418crs, while EBITDA margin stood at 29%. On an adjusted basis, PAT remained healthy despite the absence of higher-margin Lenalidomide sales in the base quarter. Reported PAT increased 27% YoY to ₹2,895crs, while adjusted PAT remained flat at ₹3,099crs.

Important Statistics

Nifty	24,615
Sensex	78,429
Close* (₹)	1,964.00
M.CAP (₹ crs)	~4,65,614
52 Week H/L (₹)	2,046.90 / 1,548.00
NSE Code	SUNPHARMA
BSE Code	524715
Bloomberg Code	SUNP:IN

Close* as on 04th Aug 2026

Concall highlights

➤ India business continues to outperform the market

- India formulations grew 16% YoY to ₹5,475crs, accounted for 36.1% of revenue.
- Sun Pharma retained its No.1 position in the Indian pharmaceutical market with 8.5% market share (vs. 8.2% last year).
- The company outperformed the industry with 5.4% volume growth versus 2.0% for the IPM, driven by strong prescription generation, field-force expansion, and five new product launches during the quarter.
- Around 60% of domestic growth came from volume growth and new products, indicating healthy underlying demand.

➤ Semaglutide franchise gaining momentum

- Management highlighted semaglutide as a key growth driver. Sun Pharma has become the No.2 generic injectable semaglutide player in India and is the only company offering an auto-injector device, which has received encouraging feedback from physicians and patients.
- The company stated that demand remains strong and it is well prepared to meet requirements in India.
- The company received approval for South Africa and Brazil, it is supported by in-house API and formulation manufacturing along with secured device component supplies.

➤ Innovative medicines maintain double-digit growth

- Global Innovative Medicines division revenue increased 12.8% YoY to US\$351 million, accounted for 21.9% of sales. This growth is driven by Illumya, Cequa and Odomzo.
- Leqselvi crossed 1,000 prescribers during June and achieved majority payer coverage, while Unloxcyt continued to gain formulary additions across cancer centres due to its differentiated efficacy and favourable safety profile.
- Unloxcyt: Management stated that the product continues to receive positive feedback from healthcare professionals, with its durable efficacy and favourable safety profile supporting adoption. The company highlighted that more cancer centres and integrated health systems are adding Unloxcyt to their formularies, reflecting growing acceptance.
- Updated ASCO 2026 data showed that more than one in four patients achieved a complete tumour response, with a generally manageable safety profile. While management did not provide any product-specific revenue guidance, it indicated that growth should continue as formulary access expands, the prescriber base increases and repeat prescriptions improve, although no timeline was provided.
- Management indicated that both products remain in the early stages of commercialization and are expected to witness gradual revenue ramp-up.

Shareholding Pattern

	Dec'25	Mar'26	Jun-26
Promoter	54.50%	54.50%	54.50%
FII	16.10%	15.90%	14.50%
DII	20.80%	21.10%	22.20%
Public	8.60%	8.50%	8.80%

Financials

Particulars	FY25	FY26	FY27E	FY28E
Revenue	52041	58220	64059	70192
Growth %		12%	10%	10%
EBITDA	15272	17732	18136	19854
EBITDA margins %	29%	30%	28%	28%
PAT	11984	12465	12113	13270
PAT margins %	23%	21%	19%	19%
EPS	46	48	50	55
ROE %	15%	14%	13%	12%
P/E Ratio	43	41	39	35
EV/EBITDA (x)	29	25	23	21
Debt/ Equity	0.03	0.05	0.04	0.04

Source: Company, Way2Wealth Research

Relative Performance

Return (%)	1 Yr	3 Yr	5 Yr
SUNPHARMA	19%	81%	147%
Nifty 50	0.50%	26%	51%
Nifty Pharma	21%	74%	82%

Rupali Singh

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➤ US business remains under pressure

- US formulation sales declined 9.7% YoY to US\$427 million, primarily due to continued Lenalidomide erosion and increased competition in selected generic products. Sequential performance was also impacted by seasonal weakness in Levulan.
- The company launched five new generic products during Q1FY27, but the management expects recovery to be gradual through new launches rather than one large product.

➤ Emerging markets growth moderated

- Emerging Markets revenue increased 4.2% YoY to US\$311 million, while ROW revenue remained broadly stable at US\$218 million. Management attributed the slower growth to geopolitical issues and weak macroeconomic conditions in certain markets rather than pricing pressure. Innovative medicines, particularly Ilumya, continued to perform well across several international markets.

➤ Gross margins supported by favourable product mix

- Gross margin improved to 80.5%, supported by a higher contribution from branded generics and innovative medicines. EBITDA stood at ₹4,418crs, with an EBITDA margin of 28.9%. Management noted that the margin profile remained healthy despite the absence of higher-margin Lenalidomide sales that had benefited the base period.

➤ R&D investment remains focused on innovation

- R&D expenditure stood at ₹826crs (5.4% of sales), with 30% allocated to innovative medicines and the remaining 70% towards global generics and India-focused products. Management expects full-year R&D spending to remain in line with its guidance despite lower spending during Q1 due to the timing of clinical studies.

➤ Organon acquisition progressing on schedule

- The proposed Organon acquisition remains on track, with shareholder approval received and regulatory approvals progressing across various markets. The transaction is expected to close in Q4FY27, and the company has already established an integration management office for Day-1 readiness. Sun Pharma recorded ₹167crs of acquisition-related expenses during the quarter and indicated that additional one-time costs will be incurred before closing.

Valuation & Outlook

- Management reiterated its high single-digit revenue growth guidance for FY27 despite reporting 10.1% YoY revenue growth in Q1. The company expects continued strength in the India business, steady expansion of the innovative medicines portfolio, increasing contribution from semaglutide, and completion of the Organon acquisition to support long-term growth, while the US generics business is expected to recover gradually through new product launches.
- Going forward, we expect revenue to grow at a 10% CAGR from ₹58,220crs in FY26 to ₹70,192crs in FY28E, driven by sustained momentum across key businesses. EBITDA is projected to increase from ₹17,732crs to ₹19,854crs, a 6% CAGR, with margins moderating to around 28% from the elevated FY26 level. Reported PAT is estimated to rise from ₹11,479crs to ₹13,270crs, translating into an 8% CAGR, while PAT margins are expected to remain healthy at 19–20%.
- Key markets such as India and the Specialty business continue to deliver strong growth. Over the past few years, Sun Pharma has significantly reduced its dependence on the US generics business, with growth increasingly driven by its Specialty portfolio, RoW markets, and domestic formulations, all of which offer strong long-term visibility. The recent all-cash acquisition of Organon provides an

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entry into the biosimilars segment and further diversifies the company's branded generics portfolio. The transaction is expected to be EPS accretive from the first year, with meaningful earnings accretion over the medium term.

- Sun Pharma continues to command a premium valuation due to its strong specialty portfolio, innovative medicines business, and market-leading domestic franchise. Successful integration of Organon and faster growth in the acquired portfolio will be key drivers of future earnings and valuation. At the current market price, Sun Pharma is trading at 35x FY28E EPS and 21x FY28E EV/EBITDA, broadly in line with its five-year average valuation multiples of 33x P/E and 21x EV/EBITDA. We believe the premium valuation is justified by the company's strong specialty portfolio, market-leading India franchise, robust cash generation, and long-term growth opportunities from innovative medicines and the Organon acquisition. Accordingly, **we maintain our BUY rating on the stock.**

Consolidated Quarterly Performance

(₹ crs)					
Quarterly Performance	Q1FY27	Q1FY26	YoY%	Q4FY26	QoQ %
Net sales	15184	13786	10%	14560	4%
Other operating income	116	65	78%	52	122%
Total Income	15300	13851	10%	14612	5%
cost of goods sold	2963	2815	5%	2801	6%
Gross profit	12337	11037	12%	11811	4%
Gross profit margins %	81%	80%		81%	
Employee benefits expense	3227	2802	15%	2960	9%
Other expenses	4814	4162	16%	5323	-10%
Forex (gain)/loss	-122	-229	-47%	-427	-71%
Total Expenditure	10882	9550	14%	10658	2%
EBITDA	4418	4302	3%	3955	12%
EBITDA margins %	29%	31%		27%	
Depreciation	739	701	5%	775	-5%
EBIT/ Operating Profit	3679	3601	2%	3179	16%
EBIT/ operating margins %	24%	26%		22%	
Interest	100	75	33%	86	16%
Other income	724	464	56%	459	58%
PBT before exceptional	4303	3991	8%	3552	21%
Exceptional Items	-204	-818	-75%		#DIV/0!
PBT	4099	3173	29%	3552	15%
Provision for current tax	1197	971	23%	791	51%
Provision for Deferred Tax	-9	-101	-91%	37	-125%
PAT	2911	2303	26%	2724	7%
share of profit/ (loss) of associates & JV	-10	-10	-2%	-14	-32%
Minority interest	-6	-14	-55%	4	-247%
reported PAT	2895	2279	27%	2714	7%
PAT margin %	19%	17%		19%	
adjusted PAT	3099	3097	0%	2714	14%
No. of Shares	240	240	0%	240	0%
EPS (Basic & diluted)	12	9	27%	11	7%

(₹ crs)					
Segment performance	Q1FY27	Q1FY26	YoY%	Q4FY26	QoQ %
India Formulations (₹ crs)	5475	4721	16%	4836	13%
API (₹ crs)	597	540	11%	674	-11%
(US\$ million)					
Global innovative medicines	351	311	13%	354	-1%
US Formulations	427	473	-10%	459	-7%
Emerging market	311	298	4%	306	2%
ROW formulations	218	219	0%	220	-1%

Source: Company, Way2Wealth Research

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Financials

	(₹ crs)			
Profit & Loss	FY25	FY26	FY27E	FY28E
Net sales	52041	58220	64059	70192
Other operating income	537	242	200	200
Total Income	52578	58462	64259	70392
growth %	8%	11%	10%	10%
Cost of goods sold	10747	11544	12812	14038
Gross profit	41831	46919	51447	56354
Gross profit margins %	80%	80%	80%	80%
Employee benefits expense	9973	11419	12812	14038
Other expenses	16772	19008	20499	22462
Forex (gain)/loss	-186	-1240	0	0
Total Expenditure	37307	40731	46122	50539
EBITDA	15272	17732	18136	19854
EBITDA margins %	29%	30%	28%	28%
Depreciation	2575	2938	3063	3177
EBIT/ Operating Profit	12696	14794	15074	16677
EBIT/ operating margins %	98%	25%	24%	24%
Interest	231	339	424	484
Other income	1965	1972	1500	1500
PBT before exceptional	14430	16427	16150	17693
Exceptional Items	-678	-1307	0	0
PBT	13752	15119	16150	17693
Provision for Tax	2017	4198	4038	4423
PAT	10980	11565	12113	13270
share of profit/ (loss) of associates & JV	-15	-56	0	0
Minority interest	-36	-29	0	0
reported PAT	10929	11479	12113	13270
PAT margin %	21%	20%	19%	19%
adjusted PAT	11984	12465	12113	13270
EPS (Basic & diluted)	46	48	50	55

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	(₹ crs)			
Balance sheet	FY25	FY26	FY27E	FY28E
<u>Equity & Liabilities</u>				
Share Capital	240	240	240	240
Reserves & Surplus	71978	83330	95443	108713
Shareholders' Funds	72218	83570	95683	108953
Minority Interest	268	310	310	310
<i>Non-Current Liabilities</i>				
total Debt	1219	1905	2000	2000
Total Liabilities	73714	85785	97992	111262
<u>Assets</u>				
<i>Non-current Assets</i>				
Fixed Assets				
Goodwill	8939	9833	9833	9833
Net Block	19,056	24,660	23,145	21,168
Capital WIP	1,234	1,381	1,200	1,200
Total Fixed Assets	29,230	35,874	34,178	32,201
Assets classified as held for sale	30	31	31	31
Non-current Investment	4,698	3,789	3,789	3,789
loans & other financial assets	180	68	68	68
Income tax asset	421	645	645	645
other non-current assets	540	471	471	471
<i>Net working capital</i>				
Inventories	10,243	11,493	12,812	14,038
Trade receivables	13,046	15,510	17,550	19,231
Cash & bank balances	11,332	11,603	23,636	37,482
Short term loans & advances	1,789	1,456	1,601	1,755
current investment	13,656	20,933	20,933	20,933
other current assets	2,528	2,865	3,139	3,439
<i>Loans</i>				
total current assets	52,594	63,860	79,672	96,879
Short term borrowings	1,867	4,050	4,050	4,050
Lease liabilities	137	184	205	225
Trade payables	6,184	7,334	8,424	9,231
Other current liabilities	3,851	5,110	5,445	5,966
Short term provision	6,155	5,944	6,406	7,019
total current liabilities	18,194	22,622	24,530	26,491
Net working capital	34,400	41,238	55,141	70,388
Net Deferred Tax	4,215	3,668	3,668	3,668
Total Assets	73,714	85,785	97,992	1,11,262

Cashflow statement	FY25	FY26	FY27E	FY28E
CFO	14072	12420	11767	13417
CFI	-5306	-11344	3196	3477
CFF	-7906	-2513	-424	-484

Key Ratio	FY25	FY26	FY27E	FY28E
P/E Ratio	43	41	39	35
EV/Net sales (x)	9	8	7	6
EV/EBITDA (x)	29	25	23	21
Return on equity (%)	15%	14%	13%	12%
Return on capital employed (%)	17%	17%	15%	15%
Interest coverage (x)	55	44	36	34
Total debt/Equity	0.03	0.05	0.04	0.04
Net debt/Equity	0.39	0.39	0.46	0.53
Netdebt/ EBITDA	1.82	1.82	2.44	2.93

Source: Company, Way2Wealth Research

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Disclosure of Interest Statement Sun Pharmaceutical Industries Ltd as on 5th August 2026

Name of the Security	Sun Pharmaceutical Industries Ltd
Name of the analyst	Rupali Singh
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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