# Sun Pharmaceutical Industries Ltd

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**.**

## 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.

## 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*

## 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

*(₹ crs)*

| 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% |

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W2W Lighthouse - A Quick Perspective

- **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

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*

## 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 |

(₹ crs)

| Balance sheet | FY25 | FY26 | FY27E | FY28E |
|---|---|---|---|---|
| **Equity & Liabilities** | | | | |
| Share Capital | 240 | 240 | 240 | 240 |
| Reserves & Surplus | 71978 | 83330 | 95443 | 108713 |
| Shareholders' Funds | 72218 | 83570 | 95683 | 108953 |
| Minority Interest | 268 | 310 | 310 | 310 |
| *Non-Current Liabilities* | | | | |
| total Debt | 1219 | 1905 | 2000 | 2000 |
| Total Liabilities | 73714 | 85785 | 97992 | 111262 |
| | | | | |
| **Assets** | | | | |
| *Non-current Assets* | | | | |
| 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 |
| Net working capital | | | | |
| 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 |
| Loans | | | | |
| 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*

05th August 2026 | Close* – ₹1,964.00/- | View – **Buy**



**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<br>Financial Interest<br>Analyst :<br>Analyst's Relative : Yes / No<br>Analyst's Associate/Firm : Yes/No | NIL<br><br><br>No<br>No<br>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 |