Retail Equity Research

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Company Update

Sun Pharmaceutical Industries Limited

BUY

Sector: Pharmaceuticals

21st September, 2026

Key Changes	Target		Rating		Earnings
Stock Type	**Bloomberg Code**	**Sensex**	**NSE Code**	**BSE Code**	**Time Frame**
Large Cap	SUNP:IN	74,295	SUNPHARMA	524715	12 Months

Target	**Rs. 2,070**
CMP	**Rs. 1,836**
Return	**+13%**

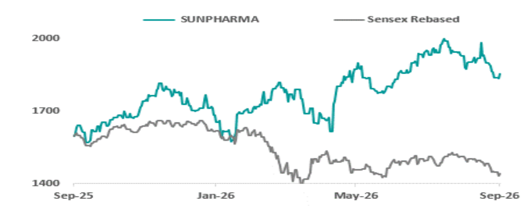
Data as of: 18-Sep-2026, 18:00 hrs

Company Data	
Market Cap (Rs.cr)	440,456
52 Week High — Low (Rs.)	2,048-1,547
Enterprise Value (Rs. cr)	433,479
Outstanding Shares (cr)	239.9
Free Float (%)	44.9
Dividend Yield (%)	0.8
6m average volume (cr)	0.3
Beta	0.5
Face value (Rs.)	1.0

Shareholding (%)	Q3FY26	Q4FY26	Q1FY27
Promoters	54.5	54.5	54.5
FII's	16.1	15.9	14.5
MFs/Institutions	20.8	21.1	22.2
Public	5.8	5.7	5.9
Others	2.8	2.7	2.9
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	3.4%	4.7%	16.3%
Absolute Sensex	-3.0%	-2.9%	-9.6%
Relative Return	6.4%	7.6%	25.9%

***over or under performance to benchmark index**



Y.E March (cr)	FY26A	FY27E	FY28E
Sales	58,462	65,206	82,241
Growth (%)	*11.2*	*11.5*	*26.1*
EBITDA	16,491	18,935	24,428
EBITDA Margin (%)	*28.2*	*29.0*	*29.7*
PAT Adjusted	11,547	13,305	16,558
Growth (%)	*1.1*	*15.2*	*24.5*
Adjusted EPS	48.1	55.5	69.0
Growth (%)	*1.1*	*15.2*	*24.5*
P/E	38.4	33.4	26.8
P/B	5.3	4.8	4.2
EV/EBITDA	26.5	23.1	17.9
ROE (%)	13.8	14.2	15.8
D/E	0.1	0.1	0.0

Strengthening Specialty-Led Growth Momentum

Sun Pharmaceutical is India's largest pharmaceutical company and a leading global specialty generics company. It develops, manufactures and markets branded and generic formulations, and active pharmaceutical ingredients.

- In Q1FY27, consolidated revenue from operations rose 10.5% YoY to Rs. 15,300cr, on strong growth in the India formulations business and sustained momentum in the Innovative Medicines portfolio. The company expects high single digit growth in the business this year led by speciality and domestic segments.
- The Global Specialty business (22% of sales) delivered broad-based growth, led by strong performance from ILUMYA and ODOMZO, while recent launches such as Leqselvi and Unloxcyt continue to gain traction, supporting growth prospects.
- Sun Pharma continued to strengthen its leadership position in the Indian pharmaceutical market (8.4% Market share), with growth largely driven by volumes and new product launches.
- EBITDA increased 5.5% YoY to Rs. 4296cr, while EBITDA margin moderated to 28.1%, primarily reflecting the absence of the one-off uplift from Lenalidomide sales seen in Q1FY26.

Outlook and Valuation

Sun Pharmaceutical continues to strengthen its position globally through the growing contribution of the Innovative Medicines portfolio and its sustained leadership position in the domestic market. The company has also maintained strong traction in key geographies, including market share gains in India, and continued expansion of its specialty portfolio. The recent approval of semaglutide in multiple markets, steady performance of its flagship brands such as Ilumya and progress in the commercialisation of new specialty products highlight its focus on innovation-led growth. The proposed Organon acquisition is expected to broaden its therapeutic presence through the Women's Health and Biosimilars portfolios while further enhancing its global reach. Hence**, we retain our BUY rating on the stock, with a revised target price of Rs. 2,070, based on 30x FY28E adj. EPS.**

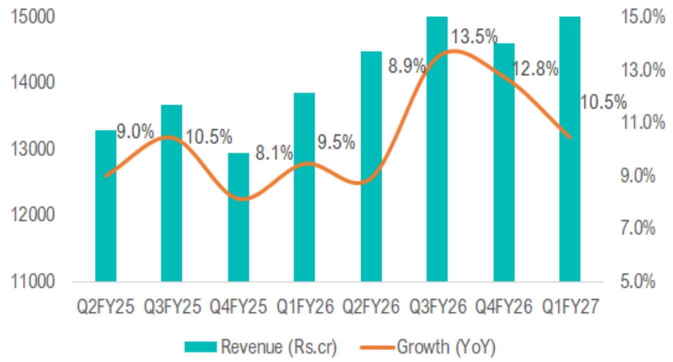
Quarterly Financials Consolidated

Rs.cr	Q1FY27	Q1FY26	YoY Growth (%)	Q4FY26	QoQ Growth (%)
Sales	15,300	13,851	*10.5*	14,612	*4.7*
EBITDA	4,296	4,073	*5.5*	3,527	*21.8*
Margin (%)	*28.1*	*29.4*	*-130bps*	*24.1*	*400bps*
EBIT	3,557	3,372	*5.5*	2,752	*29.3*
PBT	4,099	3,173	*29.2*	3,551	*15.4*
Rep. PAT	2,911	2,303	*26.4*	2,724	*6.9*
Adj PAT	2,977	2,868	*3.8*	2,287	*30.2*
Adj. EPS (Rs)	12.4	12.0	*3.3*	9.5	*30.5*

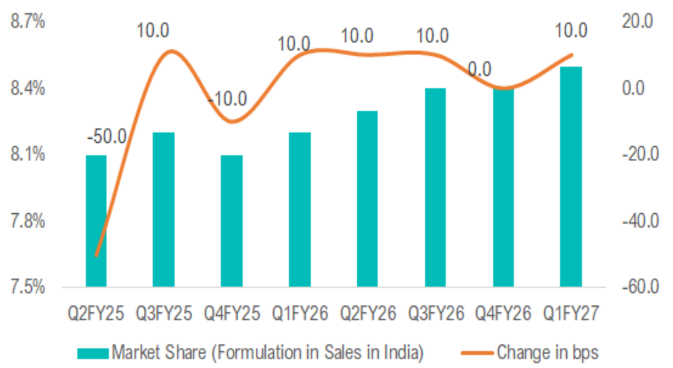
Key concall highlights

- The $11.75bn Organon acquisition is progressing as planned, with key approvals received and closure targeted by Q4FY27. This is likely to strengthen Sun Pharma's global scale and expand its Women's Health and Biosimilars portfolios.
- In Q1FY27, the company invested Rs. 826cr in research and development, representing 5.4% of sales, with a continued focus on innovative therapies and complex product development.
- Sun Pharma received investment-grade credit ratings from Moody's (Baa1/Stable) and S&P (BBB+/Stable), which should improve funding flexibility and support efficient financing of the proposed Organon & Co. acquisition.
- The company incurred Rs. 167cr of Organon-related transaction costs in Q1FY27, comprising due diligence, legal, filing and other acquisition-related expenses.
- Management highlighted semaglutide as a key growth driver, a differentiated auto-injector platform, in-house manufacturing capabilities and expansion into emerging markets such as South Africa and Brazil.
- The company also expanded its generics pipeline in the US, with 558 approved ANDAs and 119 pending filings, including 28 tentative approvals; it filed three ANDAs and secured approvals for six during the quarter.

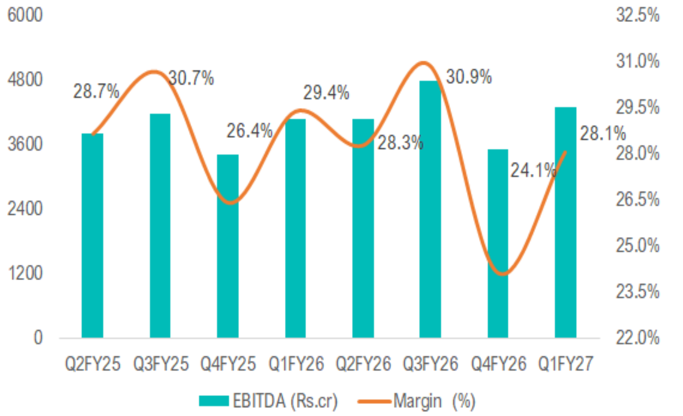
Revenue



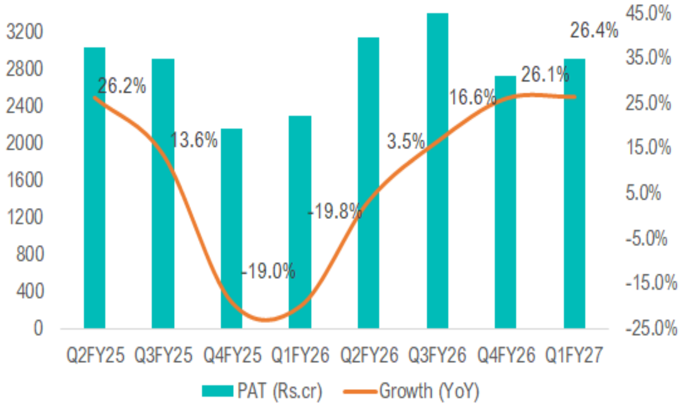
Market Share (in India)



EBITDA



PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY27E**	**FY28E**	**FY27E**	**FY28E**	**FY27E**	**FY28E**
Revenue	64,757	71,492	65,206	82,241	*0.7*	*15.0*
EBITDA	19,298	21,984	18,935	24,428	*-1.9*	*11.1*
Margins (%)	*29.8*	*30.8*	*29.0*	*29.7*	*-80bps*	*-110bps*
Adj. PAT	13,727	15,463	13,305	16,558	*-3.1*	*7.1*
EPS	57.2	64.4	55.5	69.0	*-3.1*	*7.1*

Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	**48,497**	**52,578**	**58,462**	**65,206**	**82,241**
% change	*10.5*	*8.4*	*11.2*	*11.5*	*26.1*
EBITDA	**12,987**	**15,086**	**16,491**	**18,935**	**24,428**
% change	*10.3*	*16.2*	*9.3*	*14.8*	*29.0*
Depreciation	2,557	2,575	2,938	3,359	3,983
EBIT	**10,430**	**12,511**	**13,553**	**15,576**	**20,445**
Interest	238	231	339	344	351
Other Income	896	1,473	1,904	2,180	1,710
PBT	**11,088**	**13,752**	**15,119**	**17,411**	**21,804**
% change	*17.9*	*24.0*	*9.9*	*15.2*	*25.2*
Tax	1,439	2,772	3,554	4,093	5,126
Tax Rate (%)	*13.0*	*20.2*	*23.5*	*23.5*	*23.5*
Reported PAT	**9,610**	**10,965**	**11,509**	**13,256**	**16,600**
PAT att. to common sharehold-	**9,576**	**10,929**	**11,479**	**13,222**	**16,558**
Adj.*	458	492	67	82	-
Adj. PAT	**10,035**	**11,421**	**11,547**	**13,305**	**16,558**
% change	*14.4*	*13.8*	*1.1*	*15.2*	*24.5*
No. of shares (cr)	239.9	239.9	239.9	239.9	239.9
Adj EPS (Rs.)	**41.8**	**47.6**	**48.1**	**55.5**	**69.0**
% change	*14.4*	*13.8*	*1.1*	*15.2*	*24.5*
DPS (Rs.)	13.5	16.0	16.0	15.4	19.3

Balance Sheet

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	10,521	11,332	11,603	12,339	11,874
Accts. Receivable	11,249	13,046	15,510	17,164	21,513
Inventories	9,868	10,243	11,493	14,096	19,191
Other Cur. Assets	11,837	18,003	25,286	27,546	30,294
Investments	6,441	4,698	3,789	4,041	4,477
Gross Fixed Assets	21,805	22,555	25,270	27,854	30,949
Net Fixed Assets	10,192	10,036	11,114	9,788	7,932
CWIP	1,108	1,234	1,381	1,933	2,899
Intangible Assets	17,302	17,960	23,379	26,563	30,298
Def. Tax -Net	4,104	4,408	4,046	6,140	7,176
Other Assets	2,878	1,141	1,185	1,194	1,204
Total Assets	**85,500**	**92,101**	**108,785**	**120,805**	**1,36,858**
Current Liabilities	14,140	16,327	18,572	20,749	24,640
Provisions	414	465	512	487	462
Debt Funds	2,846	1,880	4,712	4,800	4,889
Other Liabilities	974	942	1,109	1,336	1,469
Equity Capital	240	240	240	240	240
Res. & Surplus	63,427	71,978	83,330	92,850	1,04,772
Shareholder Funds	63,667	72,218	83,570	93,090	1,05,012
Minority Interest	3,459	268	310	343	385
Total Liabilities	**85,500**	**92,101**	**108,785**	**120,805**	**1,36,858**
BVPS	265	301	348	388	438

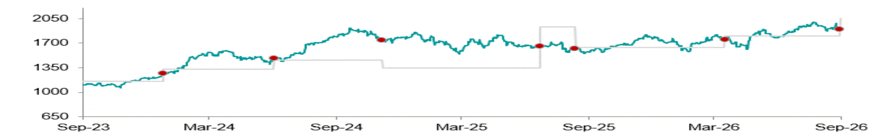
Cashflow

Y.E March (Rs. Cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	**12,167**	**13,540**	**14,447**	**16,615**	**20,583**
Non-cash adj.	-1,233	1,790	-1,024	-1,507	-813
Other adjustments	-	-	-	-	-
Changes in W.C	1,201	-1,258	-1,004	-2,508	-6,019
C.F. Operation	**12,135**	**14,072**	**12,419**	**12,600**	**13,751**
Capital exp.	-2,171	-2,068	-3,513	-2,585	-3,094
Change in inv.	789	-4,137	-8,595	-2,135	-2,490
Other invest.CF	692	898	764	-3,184	-3,735
C.F - Investment	**-690**	**-5,306**	**-11,344**	**-7,905**	**-9,319**
Issue of equity	-77	-2,900	-4	-	-
Issue/repay debt	-3,656	-1,117	1,641	88	89
Dividends paid	-2,901	-3,617	-3,938	-3,702	-4,636
Other finance.CF	-76	-272	-212	-344	-351
C.F - Finance	**-6,710**	**-7,906**	**-2,513**	**-3,959**	**-4,898**
Chg. in cash	4,735	860	-1,437	736	-466
Closing Cash	**10,521**	**11,332**	**11,603**	**12,339**	**11,874**

Ratio

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	26.8	28.7	28.2	29.0	29.7
EBIT margin (%)	21.5	23.8	23.2	23.9	24.9
Net profit mgn.(%)	19.7	20.8	19.6	20.3	20.1
ROE (%)	15.1	15.2	13.8	14.2	15.8
ROCE (%)	14.9	16.8	15.3	15.9	18.5
W.C & Liquidity					
Receivables (days)	84.7	90.6	96.8	96.1	95.5
Inventory (days)	337.8	347.9	363.4	360.3	358.4
Payables (days)	193.5	210.0	231.9	232.1	233.6
Current ratio (x)	2.6	2.9	2.8	2.9	2.9
Quick ratio (x)	1.8	2.1	2.1	2.1	2
Turnover &Leverage					
Gross asset T.O (x)	2.3	2.4	2.4	2.5	2.8
Total asset T.O (x)	0.6	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	43.7	54.1	40.0	45.3	58.3
Adj. debt/equity (x)	0.0	0.0	0.1	0.1	0
Valuation					
EV/Sales (x)	9.6	8.8	7.5	6.7	5.3
EV/EBITDA (x)	35.9	30.6	26.5	23.1	17.9
P/E (x)	46.9	41.2	38.4	33.4	26.8
P/BV (x)	7.4	6.5	5.3	4.8	4.2

Recommendation Summary - (Last 3 years)



Dates	Rating	Target
10-Nov-22	HOLD	1,078
31-May-23	BUY	1,101
12-Sep-23	BUY	1,255
07-Feb-24	HOLD	1,600
10-Jun-24	HOLD	1,655
05-Aug-25	BUY	1,830
10-Feb-26	BUY	1,933
21-Sep-26	BUY	2,070

Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%
Not rated/Neutral			

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition: ▲ Upgrade ● No Change ▼ Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

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Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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