

November 5, 2025

Q2FY26 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,875		1,875	
Sales (Rs. m)	6,36,140	7,01,892	6,36,140	7,01,892
% Chng.	-	-	-	-
EBITDA (Rs. m)	1,93,209	2,20,206	1,93,209	2,20,206
% Chng.	-	-	-	-
EPS (Rs.)	58.2	66.8	58.2	66.8
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	526	577	636	702
EBITDA (Rs. bn)	151	162	193	220
Margin (%)	28.7	28.1	30.4	31.4
PAT (Rs. bn)	109	114	140	160
EPS (Rs.)	49.2	47.6	58.2	66.8
Gr. (%)	17.6	(3.2)	22.2	14.9
DPS (Rs.)	18.7	19.9	21.1	21.1
Yield (%)	1.1	1.2	1.2	1.2
RoE (%)	16.1	15.0	16.8	17.2
RoCE (%)	17.8	17.6	19.7	20.3
EV/Sales (x)	7.6	6.8	6.1	5.4
EV/EBITDA (x)	26.5	24.3	20.1	17.2
PE (x)	34.6	35.8	29.3	25.5
P/BV (x)	5.7	5.2	4.7	4.1

Key Data

SUN.BO | SUNP IN

52-W High / Low	Rs.1,910 / Rs.1,547
Sensex / Nifty	83,459 / 25,598
Market Cap	Rs.4,091bn / \$ 46,142m
Shares Outstanding	2,399m
3M Avg. Daily Value	Rs.3931.46m

Shareholding Pattern (%)

Promoter's	54.48
Foreign	16.55
Domestic Institution	20.12
Public & Others	8.85
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.5	(6.8)	(5.7)
Relative	1.7	(10.1)	(11.0)

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Strong growth across key segments

Quick Pointers:

- US specialty sales surpassed generic sales. Global specialty sales up 16% YoY
- Unloxcyt US launch guided for H2FY26

Sun Pharma (SUNP) Q2FY26 EBIDTA (+7% YoY) in line with our estimates aided by higher specialty and RoW sales. Over last few years SUNP dependency on US generics has reduced and company's growth is more functional on specialty, RoW and domestic pharma that has strong growth visibility. Though FY26 expenses (an additional \$100mn spend) is likely to remain elevated given company are in investment phase to ramp up specialty pipeline; successful launch of Unloxcyt, scale up of Leqselvi along with progress of other pipelines will be key. Our FY27/FY28E EPS remains unchanged. We maintain 'BUY' rating with TP of Rs.1,875 based on 30x Sept 2027E EPS. SUNP remains our top pick in large cap space.

Revenue growth backed by higher RoW & US specialty: Revenues came in at Rs 145bn up 9% YoY vs our estimate of Rs 142.5bn. Domestic formulation growth was at 11% YoY. US sales came to \$496mn (\$473mn in Q1FY26). We estimated \$485. Global specialty sales were up 16% YoY and 7% QoQ to \$333mn. RoW markets remained healthy up 23% YoY while EMs growth stood at 16% YoY. API sales declined 19% YoY.

In line EBITDA; higher tax led to PAT miss: Reported EBITDA came in at Rs 41bn up 7% YoY in line our estimates. OPM came in at 28.3% down 40bps YoY and 90bps QoQ. GMs came in at 79.3%, flat QoQ and YoY. Other expenses ex R&D was up 6% YoY and 18% QoQ at Rs38.5bn. R&D spend came in at Rs 7.8bn (5.4% of revenues) flat YoY. Tax rate higher at 27.6%. Forex gain stood at Rs 4.3bn. Adj for forex gain PAT came in at Rs 27bn (down 8% YoY) below our estimate of Rs 28.4bn.

Key concall takeaways: Domestic formulation: Market share sustained at 8.3% (vs 8% YoY). Volume followed by new product launches led to growth ahead of IPM. It launched 9 products during the quarter. **US:** Revenues declined on lower generic sales due to increased competition and lower gRevlimid volumes. Three new generic launches during the quarter. **Global Specialty Sales:** Innovative portfolio (Ilumya, Cequa, Odomzo) grew well. Leqselvi launched in Q2; initial access and prescriber response positive. US specialty sales exceeded generics for the first time. Ilumya now commercialized across 35 markets. Unloxcyt US launch on track for H2FY26 post FDA label update. Ilumya psoriatic arthritis filing planned in H2FY26. **EMs:** Delivered 10.9% growth YoY in CC terms, driven by broad-based gains in generics and innovative business. South Africa and Brazil delivered strong growth. **RoW:** Growth seen in both generic and innovative businesses. RoW share at 14.2% of revenue. **R&D:** 38% directed to innovative R&D. Focus areas: dermatology, ophthalmology, onco-derma. **GLP-1:** India launch to be in the first wave post LOE; no update for Canada. No comment on capacity/manufacturing yet. **Tariffs:** Management noted the tariff environment remains fluid and uncertain; no immediate impact on generics or innovative portfolio. **Other:** ETR at 25% for FY26E. Net cash: \$2.9bn post checkpoint acquisition and MDL settlement.

Exhibit 1: 2QFY26 Result Overview (Rs mn): In line EBITDA, domestic and specialty sales growth continue

Y/e March	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var	Q1FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Net Sales	1,44,783	1,32,914	8.9	1,42,568	1.6	1,38,514	4.5	2,83,297	2,59,441	9.2
Raw Material	29,827	26,942	10.7	28,880	3.3	28,148	6.0	57,975	53,696	8.0
<i>% of Net Sales</i>	<i>20.6</i>	<i>20.3</i>		<i>20.3</i>		<i>20.3</i>		<i>20</i>	<i>20.7</i>	
Personnel Cost	27,648	24,777	11.6	27,998	(1.3)	28,017	(1.3)	55,665	49,323	12.9
<i>% of Net Sales</i>	<i>19.1</i>	<i>18.6</i>		<i>19.6</i>		<i>20.2</i>		<i>19.6</i>	<i>19.0</i>	
Others	46,342	43,086	7.6	45,241	2.4	41,624	11.3	87,966	81,733	7.6
<i>% of Net Sales</i>	<i>32.0</i>	<i>32.4</i>		<i>31.7</i>		<i>30.1</i>		<i>31.1</i>	<i>31.5</i>	
Total Expenditure	1,03,817	94,805	9.5	1,02,118	1.7	97,788	6.2	2,01,605	1,84,752	9.1
EBITDA	40,966	38,109	7.5	40,450	1.3	40,726	0.6	81,692	74,689	9.4
<i>Margin (%)</i>	<i>28.3</i>	<i>28.7</i>		<i>28.4</i>		<i>29.4</i>		<i>28.8</i>	<i>28.8</i>	
Depreciation	7,295	6,259	16.6	6,760	7.9	7,006	4.1	14,301	12,810	11.6
EBIT	33,671	31,850	5.7	33,690	(0.1)	33,721	(0.1)	67,392	61,879	8.9
Other Income	4,699	3,540	32.7	5,133	(8.5)	4,645	1.2	9,344	8,866	5.4
Interest	999	692	44.4	700	42.7	748	33.5	1,448	(1,307)	(210.8)
PBT	37,371	34,698	7.7	38,123	(2.0)	37,617	(0.7)	75,287	69,438	8.4
Total Taxes	10,305	5,672	81.7	9,531	8.1	9,707	6.2	20,012	11,195	78.8
<i>ETR (%)</i>	<i>27.6</i>	<i>16.3</i>		<i>25.0</i>		<i>25.8</i>		<i>26.6</i>	<i>16.1</i>	<i>64.9</i>
PAT	27,066	29,026	(6.8)	28,592	(5.3)	27,911	(3.0)	55,276	58,243	(5.1)
Minority Interest	191	(95)	(301.7)	200	(4.3)	240	NA	431	261	65.0
Share in loss of associates	-	-	-	-	-	-	-	-	-	-
Reported PAT	26,875	29,121	(7.7)	28,392	(5.3)	27,671	(2.9)	54,844	57,982	(5.4)
Exceptional items	(4,305)	(1,281)	-	-	-	4,885	-	580	(776)	(174.7)
Adj Pat	31,180	30,402	2.6	28,392	9.8	22,786	36.8	54,264	58,758	(7.6)

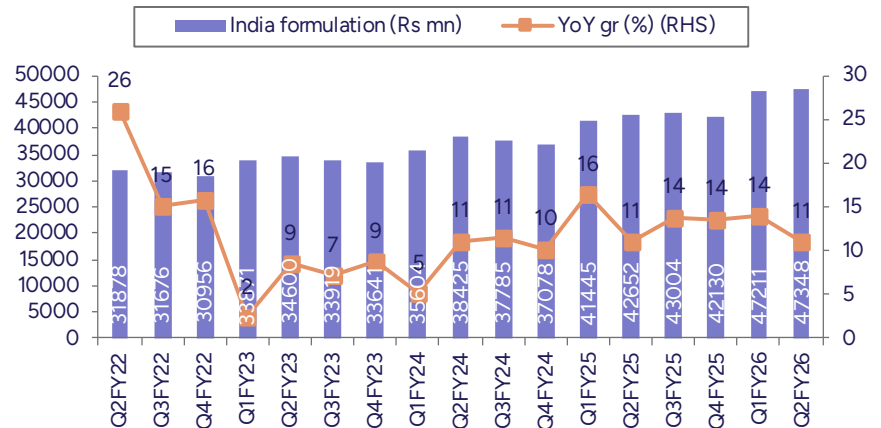
Source: Company, PL

Exhibit 2: Witnessed growth due to specialty & RoW formulations

Major sources of income	Q2FY26	Q2FY25	YoY gr. (%)	Q1FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
API	4,299	5,338	(19.5)	5,404	(20.4)	9,702	10,284	(5.7)
<i>% of Net Sales</i>	<i>3.0</i>	<i>4.0</i>		<i>3.9</i>		<i>3.4</i>	<i>4.0</i>	
Formulation	1,39,418	1,27,078	9.7	1,31,930	5.7	2,71,348	2,46,926	9.9
<i>% of Net Sales</i>	<i>96.8</i>	<i>95.8</i>		<i>95.7</i>		<i>96.3</i>	<i>95.7</i>	
India	47,348	42,652	11.0	47,211	0.3	94,559	84,097	12.4
<i>% of Net Sales</i>	<i>32.9</i>	<i>32.2</i>		<i>34.2</i>		<i>33.5</i>	<i>32.6</i>	
International	92,070	84,426	9.1	84,719	8.7	1,76,789	1,62,829	8.6
<i>% of Net Sales</i>	<i>63.9</i>	<i>63.6</i>		<i>61.5</i>		<i>62.7</i>	<i>63.1</i>	
US formulations	43,288	43,274	0.0	40,452	7.0	83,740	82,169	1.9
<i>% of Net Sales</i>	<i>30.1</i>	<i>32.6</i>		<i>29.3</i>		<i>29.7</i>	<i>31.9</i>	
ROW formulations	48,782	41,152	18.5	44,267	10.2	93,049	80,661	15.4
<i>% of Net Sales</i>	<i>33.9</i>	<i>31.0</i>		<i>32.1</i>		<i>33.0</i>	<i>31.3</i>	
Others	336	226	48.5	527	(36.2)	863	677	27.3
Total Sales	1,44,052	1,32,642	8.6	1,37,861	4.5	2,81,913	2,57,888	9.3

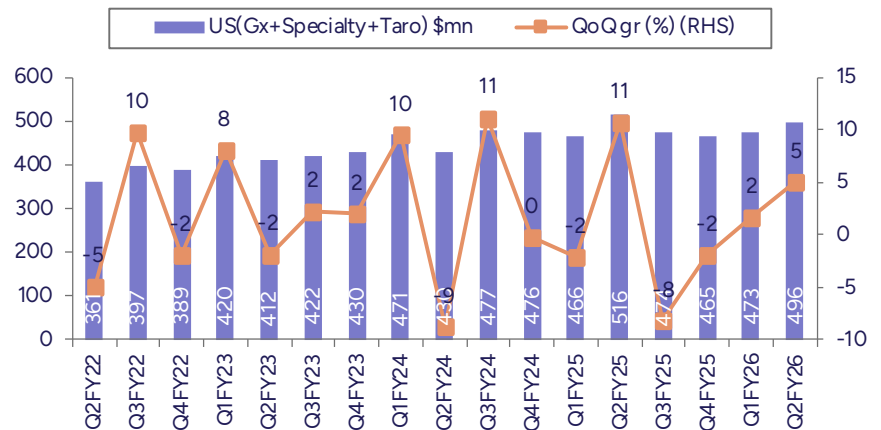
Source: Company, PL

Exhibit 3: Continued momentum YoY



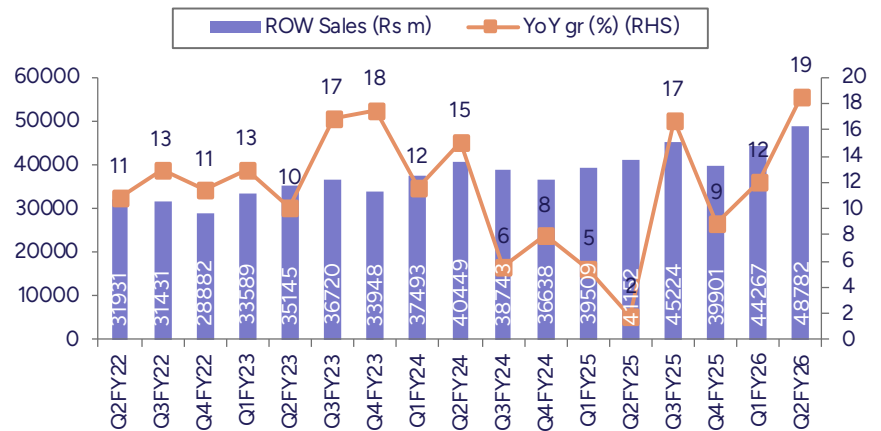
Source: Company, PL

Exhibit 4: Innovative medicines portfolio supported QoQ growth



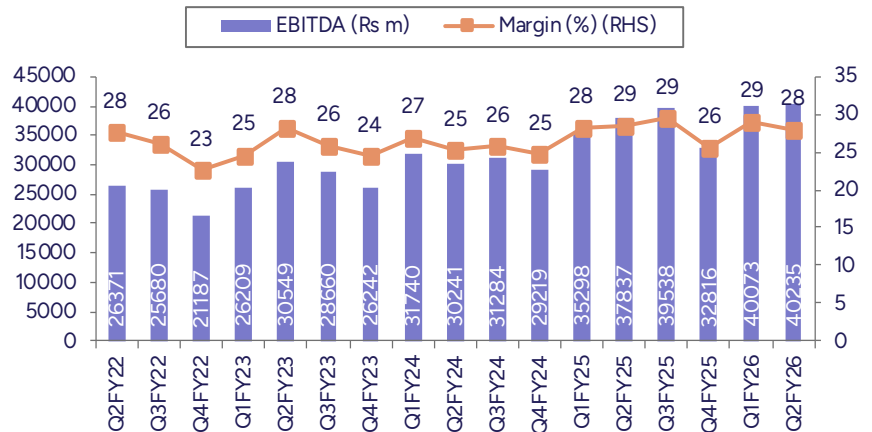
Source: Company, PL

Exhibit 5: Growth trajectory continues YoY



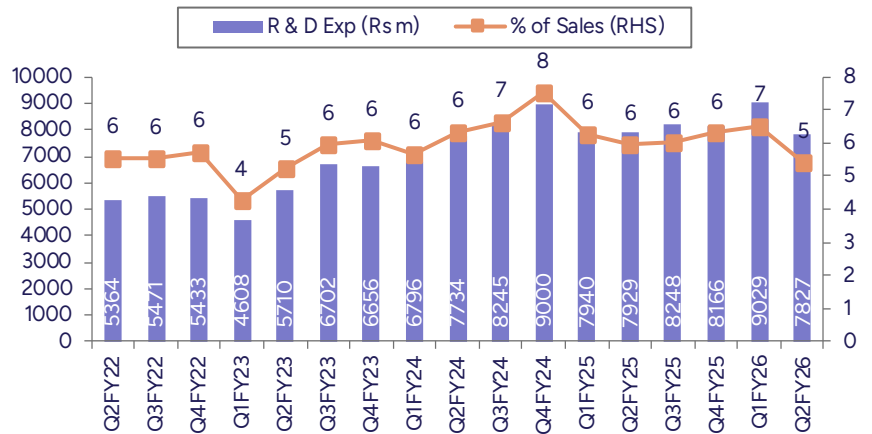
Source: Company, PL

Exhibit 6: Other expenses ex R&D remain elevated



Source: Company, PL

Exhibit 7: R&D cost remained flat YoY



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	5,25,784	5,76,885	6,36,140	7,01,892
YoY gr. (%)	8.4	9.7	10.3	10.3
Cost of Goods Sold	1,07,474	1,18,057	1,29,186	1,46,509
Gross Profit	4,18,311	4,58,829	5,06,954	5,55,383
Margin (%)	79.6	79.5	79.7	79.1
Employee Cost	99,731	1,09,704	1,18,481	1,27,959
Other Expenses	1,67,718	1,86,920	1,95,264	2,07,217
EBITDA	1,50,862	1,62,205	1,93,209	2,20,206
YoY gr. (%)	16.2	7.5	19.1	14.0
Margin (%)	28.7	28.1	30.4	31.4
Depreciation and Amortization	25,754	27,219	28,769	30,407
EBIT	1,25,108	1,34,985	1,64,441	1,89,799
Margin (%)	23.8	23.4	25.8	27.0
Net Interest	2,314	3,000	3,000	3,000
Other Income	19,650	20,400	23,402	25,402
Profit Before Tax	1,42,445	1,52,385	1,84,843	2,12,201
Margin (%)	27.1	26.4	29.1	30.2
Total Tax	23,946	37,377	44,470	51,034
Effective tax rate (%)	16.8	24.5	24.1	24.0
Profit after tax	1,18,499	1,15,008	1,40,373	1,61,167
Minority interest	357	600	600	600
Share Profit from Associate	(154)	(200)	(200)	(200)
Adjusted PAT	1,09,290	1,13,628	1,39,573	1,60,367
YoY gr. (%)	14.1	4.0	22.8	14.9
Margin (%)	20.8	19.7	21.9	22.8
Extra Ord. Income / (Exp)	8,698	580	-	-
Reported PAT	1,17,988	1,14,208	1,39,573	1,60,367
YoY gr. (%)	17.6	(3.2)	22.2	14.9
Margin (%)	22.4	19.8	21.9	22.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,17,988	1,14,208	1,39,573	1,60,367
Equity Shares O/s (m)	2,399	2,399	2,399	2,399
EPS (Rs)	49.2	47.6	58.2	66.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	4,28,449	4,63,449	4,98,449	5,33,449
Tangibles	2,78,994	3,01,785	3,24,576	3,47,367
Intangibles	1,49,455	1,61,664	1,73,873	1,86,082
Acc: Dep / Amortization	2,37,884	2,65,104	2,93,872	3,24,279
Tangibles	1,62,479	1,81,070	2,00,719	2,21,488
Intangibles	75,405	84,034	93,153	1,02,791
Net fixed assets	1,90,565	1,98,346	2,04,577	2,09,170
Tangibles	1,16,515	1,20,715	1,23,856	1,25,879
Intangibles	74,050	77,631	80,720	83,291
Capital Work In Progress	12,343	12,343	12,343	12,343
Goodwill	89,394	89,394	89,394	89,394
Non-Current Investments	1,83,538	1,83,538	1,83,538	1,83,538
Net Deferred tax assets	42,151	42,151	42,151	42,151
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,02,433	1,14,377	1,26,228	1,39,278
Trade receivables	1,30,461	1,42,971	1,57,785	1,74,098
Cash & Bank Balance	1,13,316	1,44,750	2,11,538	2,98,928
Other Current Assets	54,368	54,368	54,368	54,368
Total Assets	8,76,930	9,40,650	10,40,390	11,61,798
Equity				
Equity Share Capital	2,399	2,399	2,399	2,399
Other Equity	7,19,781	7,85,684	8,74,725	9,84,559
Total Network	7,22,180	7,88,083	8,77,124	9,86,959
Non-Current Liabilities				
Long Term borrowings	25	25	25	25
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	18,671	3,671	3,671	3,671
Trade payables	61,843	71,486	78,893	87,049
Other current liabilities	1,13,682	1,16,056	1,18,549	1,21,166
Total Equity & Liabilities	8,76,930	9,40,650	10,40,390	11,61,798

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,42,445	1,52,385	1,84,843	2,12,201
Add. Depreciation	25,754	27,219	28,769	30,407
Add. Interest	2,314	3,000	3,000	3,000
Less Financial Other Income	19,650	20,400	23,402	25,402
Add. Other	(21,787)	(580)	-	-
Op. profit before WC changes	1,48,725	1,82,025	2,16,611	2,45,608
Net Changes-WC	(3,236)	(12,489)	(16,821)	(18,651)
Direct tax	(4,768)	(37,377)	(44,470)	(51,034)
Net cash from Op. activities	1,40,721	1,32,159	1,55,320	1,75,922
Capital expenditures	(24,014)	(35,000)	(35,000)	(35,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invst. activities	(24,014)	(35,000)	(35,000)	(35,000)
Issue of share cap. / premium	(28,999)	-	-	-
Debt changes	(11,167)	(15,000)	-	-
Dividend paid	(36,140)	(47,725)	(50,532)	(50,532)
Interest paid	(2,314)	(3,000)	(3,000)	(3,000)
Others	(29,979)	-	-	-
Net cash from Fin. activities	(1,08,597)	(65,725)	(53,532)	(53,532)
Net change in cash	8,109	31,434	66,788	87,390
Free Cash Flow	1,19,435	97,159	1,20,320	1,40,922

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	1,36,755	1,29,588	1,38,514	1,44,783
YoY gr. (%)	10.5	8.1	9.5	8.9
Raw Material Expenses	27,405	26,372	28,148	29,827
Gross Profit	1,09,349	1,03,217	1,10,366	1,14,956
Margin (%)	80.0	79.6	79.7	79.4
EBITDA	41,924	34,249	40,726	40,966
YoY gr. (%)	25.1	10.8	11.3	7.5
Margin (%)	30.7	26.4	29.4	28.3
Depreciation / Depletion	6,306	6,638	7,006	7,295
EBIT	35,618	27,611	33,721	33,671
Margin (%)	26.0	21.3	24.3	23.3
Net Interest	515	491	748	999
Other Income	4,656	6,129	4,645	4,699
Profit before Tax	39,759	33,248	37,617	37,371
Margin (%)	29.1	25.7	27.2	25.8
Total Tax	5,589	7,162	9,707	10,305
Effective tax rate (%)	14.1	21.5	25.8	27.6
Profit after Tax	34,171	26,086	27,911	27,066
Minority interest	142	108	240	191
Share Profit from Associates	-	-	-	-
Adjusted PAT	29,034	21,499	22,786	31,180
YoY gr. (%)	15.0	(19.0)	(19.6)	2.6
Margin (%)	21.2	16.6	16.5	21.5
Extra Ord. Income / (Exp)	4,995	4,479	4,885	(4,305)
Reported PAT	34,029	25,978	27,671	26,875
YoY gr. (%)	37.8	(7.6)	(4.1)	(7.7)
Margin (%)	24.9	20.0	20.0	18.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	34,029	25,978	27,671	26,875
Avg. Shares O/s (m)	2,399	2,399	2,399	2,399
EPS (Rs)	14.2	10.8	11.5	11.2

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	49.2	47.6	58.2	66.8
CEPS	56.3	58.7	70.2	79.5
BVPS	301.0	328.5	365.6	411.4
FCF	49.8	40.5	50.1	58.7
DPS	18.7	19.9	21.1	21.1
Return Ratio(%)				
RoCE	17.8	17.6	19.7	20.3
ROIC	16.4	17.0	19.8	22.0
RoE	16.1	15.0	16.8	17.2
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.2)	(0.3)
Net Working Capital (Days)	119	118	118	118
Valuation(x)				
PER	34.6	35.8	29.3	25.5
P/B	5.7	5.2	4.7	4.1
P/CEPS	56.3	58.7	70.2	79.5
EV/EBITDA	26.5	24.3	20.1	17.2
EV/Sales	7.6	6.8	6.1	5.4
Dividend Yield (%)	1.1	1.2	1.2	1.2

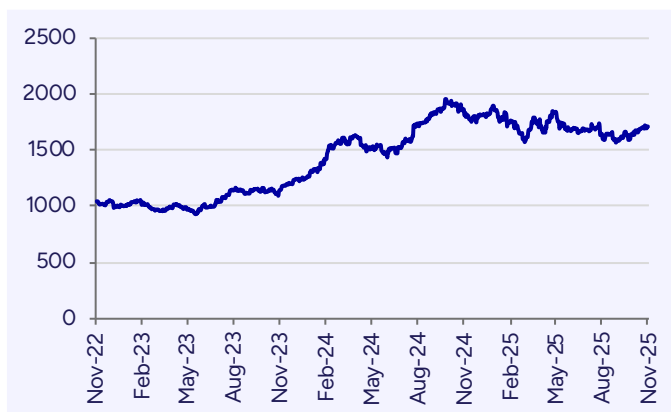
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
India Formulations	1,69,230	1,90,384	2,11,326	2,34,572
US Formulations	1,62,403	1,72,902	1,89,310	2,08,265
ROW Formulations	1,65,786	1,83,306	2,02,682	2,22,950
APIs	21,292	23,421	25,764	28,340

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	BUY	1,875	1,653
2	01-Aug-25	BUY	1,875	1,707
3	08-Jul-25	BUY	2,000	1,680
4	23-May-25	BUY	2,000	1,719
5	08-Apr-25	BUY	2,275	1,677
6	01-Feb-25	BUY	2,275	1,744
7	08-Jan-25	BUY	2,100	1,853

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,700
3	Aster DM Healthcare	BUY	700	662
4	Aurobindo Pharma	BUY	1,300	1,092
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	6,550	6,105
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,000	1,042
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,657
14	Jupiter Life Line Hospitals	BUY	1,720	1,521
15	Krishna Institute of Medical Sciences	BUY	815	706
16	Lupin	BUY	2,400	1,925
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,653
21	Suntech Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,000	3,539
23	Zydus Lifesciences	Accumulate	970	987

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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