

Sun Pharma

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	SUNP IN
Equity Shares (m)	2399
M.Cap.(INRb)/(USDb)	3827.6 / 41.6
52-Week Range (INR)	1851 / 1547
1, 6, 12 Rel. Per (%)	-5/-10/-17
12M Avg Val (INR M)	4189

Financials & valuations (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	573.9	631.4	698.6
EBITDA	161.1	183.1	206.8
Adj. PAT	116.2	134.7	156.3
EBIT Margin (%)	23.1	24.5	25.4
Adj. EPS (INR)	48.4	56.1	65.1
EPS Gr. (%)	2.8	15.9	16.1
BV/Sh. (INR)	336.8	380.6	433.4

Ratios

Net D:E	-0.4	-0.5	-0.5
RoE (%)	15.2	15.6	16.0
RoCE (%)	15.2	15.6	16.0
Payout (%)	25.6	22.0	18.9

Valuations

P/E (x)	32.9	28.4	24.5
EV/EBITDA (x)	22.7	19.5	16.7
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	2.0	2.3	2.7
EV/Sales (x)	6.4	5.7	5.0

Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	54.5	54.5	54.5
DII	20.8	20.2	18.6
FII	16.1	16.6	18.1
Others	8.6	8.7	8.9

FII includes depository receipts

CMP: INR1,595 TP: INR1,940 (+22%) Buy

Innovation momentum supports growth

Strong DF execution, USD1b+ innovative sales cushion US pressure

- Sun Pharma (SUNP) posted in-line revenue (adj. for milestone income) and 6% better-than-estimated EBITDA in 3QFY26. Adj. PAT was in line with expectation. The superior execution in domestic formulation (DF) and innovative medicines segments was offset to some extent by inferior show in US generics.
- SUNP enhanced its innovative medicines offerings by launching Unloxcvvt recently. In 9MFY26, innovative medicine sales stood at USD1b+ (ex-milestone income).
- DF segment has been delivering robust double-digit YoY growth for past 10 quarters and has consistently outperformed the industry.
- US generics business remains impacted by regulatory issues at some sites.
- We largely maintain our estimates for FY26/FY27/FY28. We value SUNP at 32x 12M forward earnings to arrive at a TP of INR1,940.
- We remain positive on SUNP considering a) robust traction in innovative medicines, b) new launches and market share gain in existing products in DF, and c) steady execution in ROW/EM markets. Maintain BUY.

Healthy revenue growth/margin expansion; 19% YoY EBITDA growth

- SUNP sales grew 14.7% YoY to INR149.8b (vs our est: INR146.5b), adjusted for one-time milestone payment of USD55m.
- Gross margin expanded 130bp YoY to 80.3% for the quarter, driven by favorable product mix.
- EBITDA margin expanded 100bp to 28.4% (vs our est: 27.3%). EBITDA grew at 19% YoY to INR43.0b for the quarter (vs our est: INR39.7b).
- Adj. PAT was INR30.4b (our est: INR30.1b), up 4.7% YoY.
- For 9MFY26, revenue/EBITDA/PAT grew 11%/13%/5% YoY.

Branded segments drive revenue growth

- DF sales grew 16.2% YoY to INR50.0b (32% of sales).
- ROW sales rose 20.8% YoY to INR26.3b (17% of sales), including milestone income of USD55m. Excl. milestone, ROW sales grew 19.1% to INR21.5b.
- EM sales increased by 28.3% YoY to INR30.0b (19% of sales).
- US sales grew 6.2% YoY to INR42.5b (stable at USD337m in CC terms; 28% of sales).
- R&D spending was 5.8% of sales for the quarter (INR8.9b). Innovative R&D pipeline includes five novel entities in clinical stage.

Highlights from the management commentary

- Innovative medicine sales grew 23% YoY, adj. for milestone payment in 3QFY26/3QFY25 as well as a high base (~USD25m) in 3QFY25.
- Generics business was subdued YoY due to competition in some products. Compliance at sites is vital for recovery in this segment.
- GL0034 phase-IIb study would take 12-18 months.
- Leqselvi requires genetic testing. Such guideline is for all JAK inhibitors. Currently, SUNP facilitates these tests for the patient pool.
- SUNP would add field force for the launch of Semaglutide in India.

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Consolidated - Quarterly Earning Model

Y/E March	FY25				FY26E				FY25	FY26	FY26	Var
INRm	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	%
Net Sales	1,25,245	1,32,642	1,30,569	1,28,156	1,37,861	1,44,052	1,49,790	1,42,219	5,16,612	5,73,921	1,46,486	2.3
YoY Change (%)	6.3	10.5	7.4	8.5	10.1	8.6	14.7	11.0	8.2	11.1	12.2	
EBITDA	35,298	37,837	35,738	32,816	40,073	40,235	42,530	38,257	1,41,689	1,61,095	39,991	6.3
Margins (%)	28.2	28.5	27.4	25.6	29.1	27.9	28.4	26.9	27.4	28.1	27.3	
Depreciation	6,551	6,259	6,306	6,638	7,006	7,295	7,323	6,841	25,754	28,465	6,703	
EBIT	28,747	31,578	29,433	26,178	33,067	32,940	35,207	31,415	1,15,936	1,32,629	33,288	
Interest	615	692	515	491	748	999	784	702	2,314	3,232	439	
Other Income	6,608	3,811	7,041	7,561	5,298	5,430	6,303	6,383	25,022	23,414	7,487	
PBT before EO expense	34,740	34,697	35,959	33,248	37,617	37,371	40,726	37,097	1,38,644	1,52,812	40,337	
Extra-Ord expense	505	-1,281	1,195	705	5,890	-4,305	-1,545	0	1,123	39	0.0	
PBT	34,235	35,978	34,764	32,543	31,728	41,676	42,272	37,097	1,37,520	1,52,772	40,337	
Tax	5,523	5,672	5,589	10,937	8,702	10,305	8,261	9,089	27,720	36,356	10,084	
Rate (%)	16.1	15.8	16.1	33.6	27.4	24.7	19.5	24.5	20.2	23.8	25	
MI & Profit/Loss of Asso. Cos.	356	-95	142	108	240	191	323	133	511	887	130	
Reported PAT	28,356	30,401	29,034	21,498	22,786	31,180	33,688	27,875	1,09,289	1,15,529	30,122	11.8
Adj PAT	27,494	29,052	27,637	28,891	29,961	27,939	30,425	27,875	1,13,075	1,16,201	30,123	1.0
YoY Change (%)	20.4	20.8	11.6	3.0	9.0	-3.8	4.7	0.9	13.4	2.8	3.7	
Margins (%)	22.0	21.9	21.2	22.5	21.7	19.4	20.3	19.6	21.9	20.2	20.6	

E: MOSL Estimates

Consolidated -KPIs

INRm	FY25				FY26				FY25	FY26		Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			3QE	
Domestic formulations	41,445	42,652	43,004	42,129	47,211	47,348	49,986	47,816	1,69,229	1,92,361	48,680	2.7
YoY Change (%)	16.4	11.0	13.8	13.6	13.9	11.0	16.2	13.5	13.7	13.7	13.2	
US sales	38,894	43,274	40,030	40,204	40,452	43,288	42,505	41,175	1,62,403	1,67,420	43,051	-1.3
YoY Change (%)	0.5	21.9	0.7	1.7	4.0	0.0	6.2	2.4	5.8	3.1	7.5	
ROW+EM	39,509	41,152	41,424	39,901	44,267	48,782	51,488	46,684	1,61,986	1,91,222	48,159	6.9
YoY Change (%)	5.4	1.7	6.9	8.9	12.0	18.5	24.3	17.0	5.7	18.0	16.3	
APIs	4,946	5,338	5,678	5,330	5,404	4,299	5,412	5,970	21,292	21,084	6,132	-11.8
YoY Change (%)	-8.3	7.4	21.8	28.2	9.3	-19.5	-4.7	12.0	11.0	-1.0	8.0	
Cost Break-up												
RM Cost (% of Sales)	21.4	20.3	21.0	20.6	20.4	20.7	19.7	20.8	20.8	20.4	20.7	
Staff Cost (% of Sales)	19.6	18.7	19.5	19.4	20.3	19.2	19.3	20.4	19.3	19.8	20.3	
R&D Expenses(% of Sales)	6.3	6.0	6.5	6.4	5.6	5.4	6.0	5.8	6.3	5.7	5.9	
Other Cost (% of Sales)	24.5	26.5	25.6	28.0	24.6	26.7	26.7	26.1	26.2	26.1	25.8	
Gross Margins(%)	78.6	79.7	79.0	79.4	79.6	79.3	80.3	79.2	79.2	79.6	79.3	
EBITDA Margins(%)	28.2	28.5	27.4	25.6	29.1	27.9	28.4	26.9	27.4	28.1	27.3	
EBIT Margins(%)	23.0	23.8	22.5	20.4	24.0	22.9	23.5	22.1	22.4	23.1	22.7	



Key takeaways from the management interaction

- Innovative R&D spend was low at 30.5% of total R&D spending for 3QFY26, though it is expected to increase based on the clinical programs, specifically related to GL0034.
- SUNP had 12/26 new launches in DF in 3QFY26/9MFY26. Higher contribution by volume and new launches helped SUNP outperform IPM for the quarter.
- The company enjoys No.1 ranking by prescriptions in 14 different doctor categories.
- EM grew 13% YoY in CC terms in 3QFY26.

Exhibit 1: Innovative medicines pipeline

Candidate	Indication	Current Phase	Next Milestone
Ilumya	❖ psoriatic arthritis	❖ Supplement filed with US FDA	❖ Approval
Fibromun	❖ soft tissue sarcoma	❖ 1st line (launching confirmatory Phase 3)	❖ Regulatory filing
	❖ glioblastoma	❖ 3rd line (Phase 2)	❖ Regulatory filing
	❖ type 2 diabetes	❖ Phase 2	❖ Regulatory filing
GL0034	❖ type 2 diabetes	❖ Phase 2	❖ Phase 3
NidleglyTM (EU, ANZ rights with Sun)	❖ locally advanced melanoma	❖ Phase 3 completed	❖ Filing with EMA
	❖ locally advanced BCC	❖ Phase 2	❖ Regulatory filing
	❖ locally advanced cSCC	❖ Phase 2	❖ Regulatory filing
MM-II	❖ pain in osteoarthritis	❖ Phase 2 completed	❖ To enter partnership for commercialization

Source: Company, MOFSL

Innovation-led strategy supports long-term growth outlook
Innovative medicines support momentum; pipeline execution continues

- In 9MFY26, SUNP's innovation medicine sales grew 15.7% YoY to USD1,067m, driven by both US and ex-US markets.
- Commercial execution was strengthened through recent launches, with Unloxcyt (US) and Ilumya (India) expanding the differentiated specialty portfolio and improving geographic balance.
- Pipeline visibility improved, with five novel entities in clinical development and multiple assets approaching regulatory filing or approval milestones over the medium term.
- Innovative R&D remains a priority for the company, accounting for 30.5% of total R&D spending and 7.2% of global innovative medicine sales, with spend expected to rise as new clinical trials progress.
- We expect 11% sales CAGR in the specialty portfolio to USD1.7b over FY25-28.

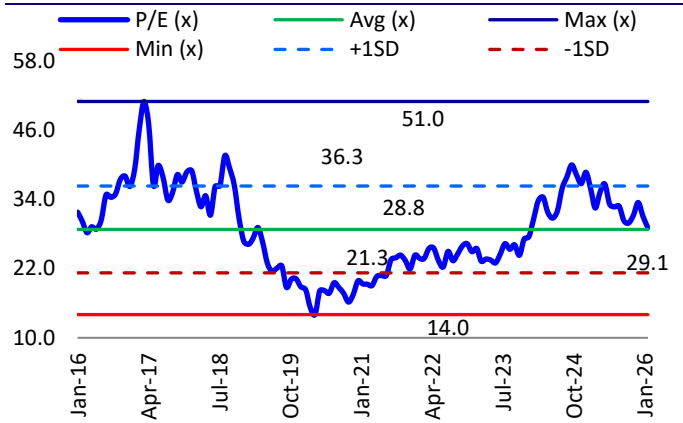
India and EM momentum remains strong

- In 9MFY26, DF sales grew 13.7% YoY to INR144.5b, supported by strong execution and new launches.
- Product pipeline remains active, with 12 launches in 3Q and 26 launches YTD, sustaining domestic momentum.
- Management has reiterated plans for a day-one generic semaglutide launch in India after patent expiry, with regulatory approvals secured for chronic weight management and type-2 diabetes, supporting near- to medium-term growth.
- Over FY25-28, we expect DF sales to reach INR236b at a 12% CAGR.
- In 9MFY26, EM sales grew 17.2% YoY to INR84bn (USD749m), driven by broad-based growth across generics and innovative medicines.
- ROW sales increased 20.1% YoY (ex-milestone) to INR61b, led by strong constant-currency growth across key markets.
- Overall, we expect EM+ROW revenues to grow to INR230b at a 12% CAGR over FY25-28, reinforcing SUNP's ex-US growth profile.

Reiterate BUY

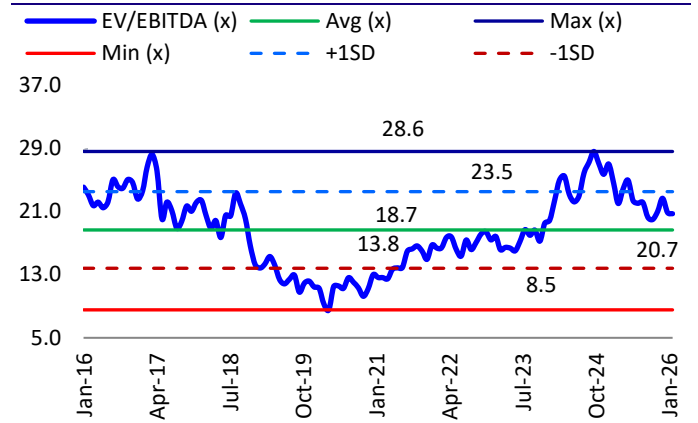
- We largely maintain our estimates for FY26/FY27/FY28. We value SUNP at 32x 12M forward earnings to arrive at a TP of INR1,940.
- We remain positive on SUNP on the back of a) robust traction in innovative medicines, b) new launches and market share gain in existing products in DF segment, and c) steady execution in ROW/EM markets. Maintain BUY.

Exhibit 2: P/E chart



Source: MOFSL, Company, Bloomberg

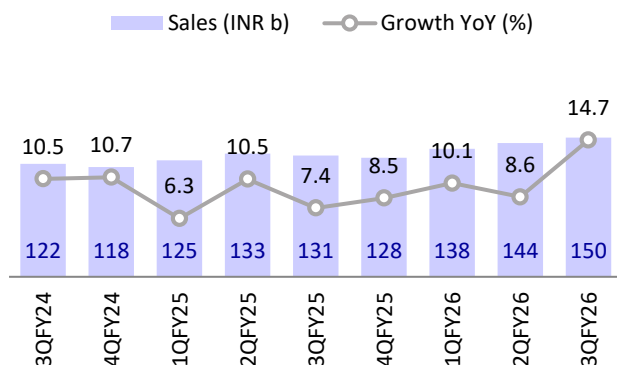
Exhibit 3: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

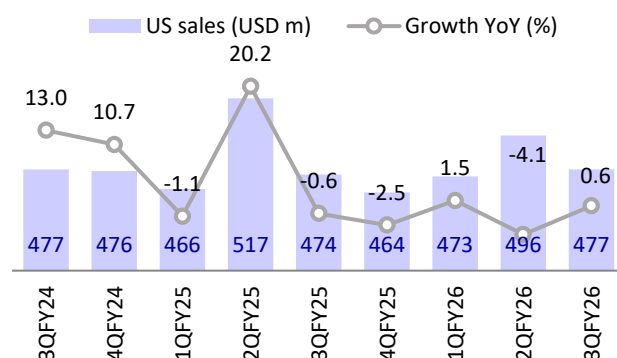
Story in charts

Exhibit 4: Revenue rose 14.7% YoY in 3QFY26



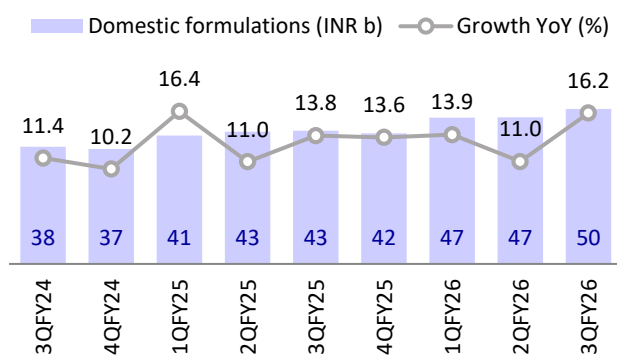
Source: Company, MOFSL

Exhibit 5: US sales were stable YoY in CC terms



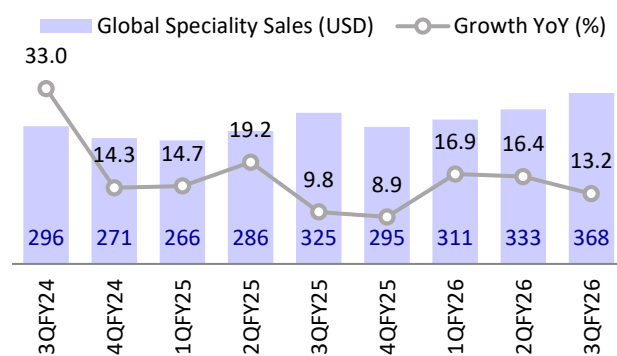
Source: Company, MOFSL

Exhibit 6: DF sales grew 16.2% YoY in 3QFY26



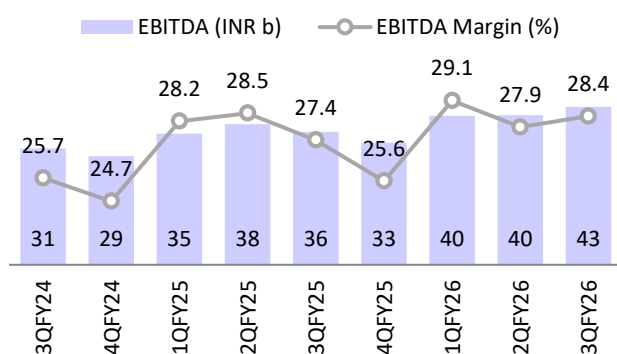
Source: Company, MOFSL

Exhibit 7: Specialty sales rose 13.2% YoY in 3QFY26



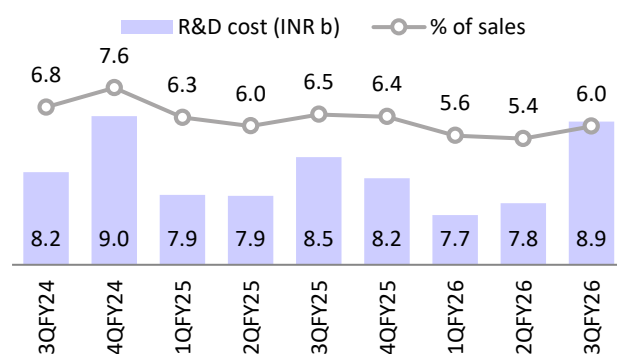
Source: Company, MOFSL

Exhibit 8: EBITDA margin contracted 100bp YoY in 3QFY26



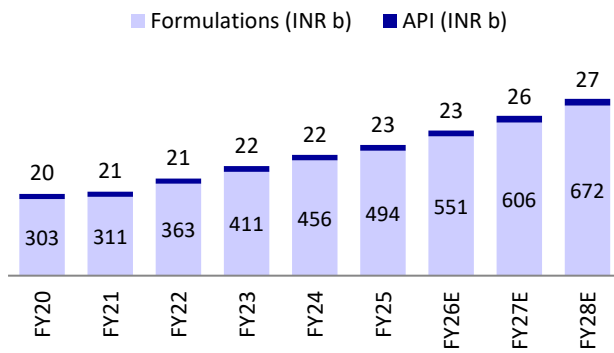
Source: Company, MOFSL

Exhibit 9: R&D costs stood at 6% of sales in 3QFY26



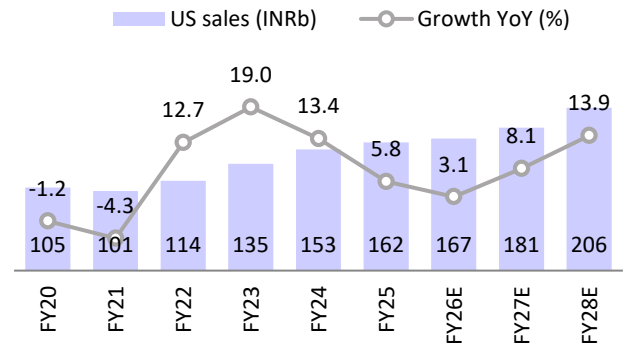
Source: Company, MOFSL

Exhibit 10: Expect 10.6% revenue CAGR over FY25-28



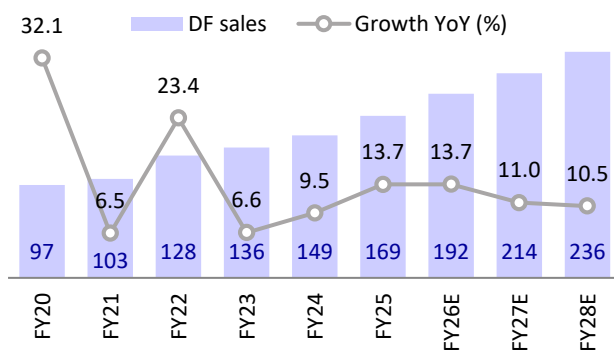
Source: Company, MOFSL

Exhibit 11: Expect 8.3% CAGR in US sales over FY25-28



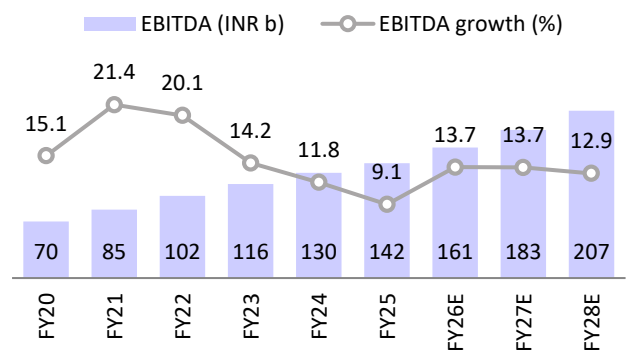
Source: Company, MOFSL

Exhibit 12: Expect DF sales CAGR of 11.7% over FY25-28



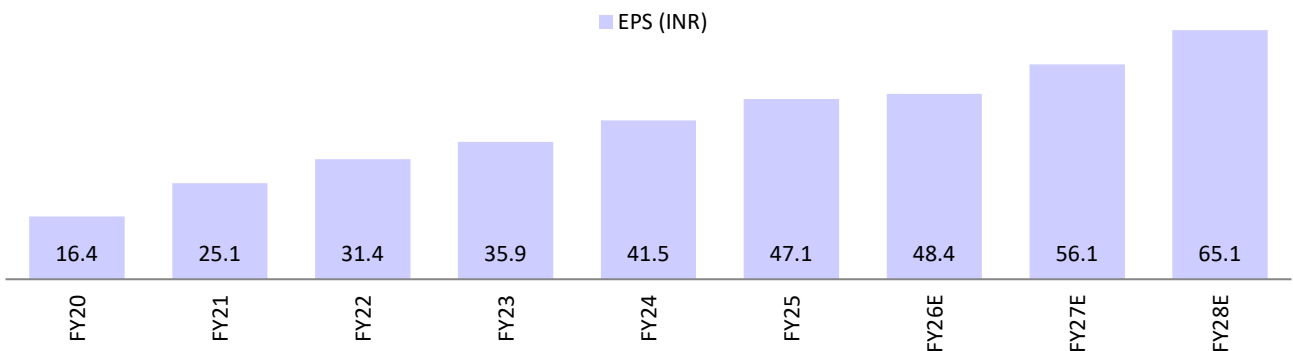
Source: Company, MOFSL

Exhibit 13: Expect EBITDA CAGR of 13.4% over FY25-28



Source: Company, MOFSL

Exhibit 14: Expect 11.4% EPS CAGR over FY25-28



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Total Income from Operations	3,84,264	4,32,789	4,77,585	5,16,612	5,73,922	6,31,429	6,98,635
Change (%)	15.6	12.6	10.4	8.2	11.1	10.0	10.6
EBITDA	1,01,688	1,16,142	1,29,871	1,41,689	1,61,095	1,83,114	2,06,796
Margin (%)	26.5	26.8	27.2	27.4	28.1	29.0	29.6
Depreciation	21,437	25,294	25,566	25,754	28,465	28,654	29,317
EBIT	80,250	90,847	1,04,305	1,15,936	1,32,630	1,54,461	1,77,479
Int. and Finance Charges	1,274	1,720	2,385	2,314	3,232	1,145	795
Other Income	7,528	6,345	13,542	25,022	23,414	25,430	31,420
PBT bef. EO Exp.	86,504	95,473	1,15,462	1,38,644	1,52,812	1,78,746	2,08,104
EO Items	-43,191	-1,389	-4,581	-1,123	39	0	0
PBT after EO Exp.	43,313	94,084	1,10,881	1,37,520	1,52,852	1,78,746	2,08,104
Total Tax	10,755	8,476	14,395	27,720	36,356	43,435	51,194
Tax Rate (%)	24.8	9.0	13.0	20.2	23.8	24.3	24.6
Minority Interest	1,331	873	721	511	887	650	620
Reported PAT	31,227	84,735	95,766	1,09,289	1,15,608	1,34,661	1,56,291
Adjusted PAT	75,265	86,066	99,688	1,13,075	1,16,201	1,34,661	1,56,291
Change (%)	24.9	14.4	15.8	13.4	2.8	15.9	16.1
Margin (%)	19.6	19.9	20.9	21.9	20.2	21.3	22.4

Consolidated - Balance Sheet

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	2,399	2,399	2,399	2,399	2,399	2,399	2,399
Total Reserves	4,77,713	5,57,555	6,34,268	7,19,781	8,05,788	9,10,848	10,37,537
Net Worth	4,80,112	5,59,954	6,36,668	7,22,180	8,08,187	9,13,247	10,39,936
Minority Interest	30,549	33,201	34,392	2,679	3,566	4,216	4,836
Total Loans	12,903	68,859	32,737	18,696	13,196	9,696	6,196
Deferred Tax Liabilities	-28,177	-34,872	-39,486	-42,153	-42,153	-42,153	-42,153
Capital Employed	4,95,387	6,27,141	6,64,311	7,01,403	7,82,797	8,85,007	10,08,816
Gross Block	3,21,161	3,47,419	3,56,848	4,27,042	4,49,417	4,74,891	5,02,336
Less: Accum. Deprn.	1,60,422	1,90,345	2,10,723	2,36,477	2,64,942	2,93,596	3,22,913
Net Fixed Assets	1,60,739	1,57,074	1,46,124	1,90,565	1,84,474	1,81,295	1,79,424
Goodwill on Consolidation	65,913	83,580	85,990	89,394	89,394	89,394	89,394
Capital WIP	12,868	49,732	53,539	12,343	14,969	16,494	17,549
Total Investments	1,28,486	1,48,243	1,50,258	1,83,538	1,83,538	1,83,538	1,83,538
Curr. Assets, Loans&Adv.	3,01,576	3,33,617	3,77,682	4,01,088	5,06,840	6,30,614	7,77,541
Inventory	89,251	1,05,131	98,683	1,02,433	1,19,889	1,33,880	1,46,878
Account Receivables	1,04,846	1,14,385	1,12,494	1,30,461	1,46,232	1,64,344	1,81,837
Cash and Bank Balance	50,334	57,703	1,05,207	1,13,316	1,79,752	2,65,314	3,74,613
Loans and Advances	57,146	56,399	61,299	54,878	60,966	67,075	74,214
Curr. Liability & Prov.	1,74,195	1,45,106	1,49,282	1,75,525	1,96,417	2,16,328	2,38,629
Account Payables	50,898	59,860	60,172	61,843	70,124	77,380	84,893
Other Current Liabilities	26,372	25,185	27,279	47,480	52,747	58,032	64,209
Provisions	96,925	60,060	61,832	66,202	73,546	80,915	89,527
Net Current Assets	1,27,381	1,88,512	2,28,400	2,25,563	3,10,423	4,14,286	5,38,912
Appl. of Funds	4,95,387	6,27,141	6,64,311	7,01,403	7,82,798	8,85,007	10,08,816

Financials and valuations

Ratios

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)							
EPS	31.4	35.9	41.5	47.1	48.4	56.1	65.1
Cash EPS	40.3	46.4	52.2	57.9	60.3	68.1	77.4
BV/Share	200.1	233.4	265.4	301.0	336.8	380.6	433.4
DPS	10.0	11.5	13.5	10.5	10.5	10.5	10.5
Payout (%)	90.3	41.6	39.7	27.1	25.6	22.0	18.9
Valuation (x)							
P/E	50.8	44.5	38.4	33.8	32.9	28.4	24.5
Cash P/E	39.6	34.4	30.6	27.6	26.5	23.4	20.6
P/BV	8.0	6.8	6.0	5.3	4.7	4.2	3.7
EV/Sales	9.9	8.9	7.9	7.2	6.4	5.7	5.0
EV/EBITDA	37.3	33.0	28.9	26.3	22.7	19.5	16.7
FCF per share	31.5	12.1	41.5	50.0	31.2	36.6	43.4
Return Ratios (%)							
RoE	15.9	16.6	16.7	16.6	15.2	15.6	16.0
RoCE	13.2	15.8	15.8	16.0	15.2	15.6	16.0
RoIC	19.3	24.5	25.0	24.8	25.4	28.4	31.4
Working Capital Ratios							
Fixed Asset Turnover (x)	1.2	1.2	1.3	1.2	1.3	1.3	1.4
Inventory (Days)	85	89	75	72	76	77	77
Debtor (Days)	100	96	86	92	93	95	95
Creditor (Days)	48	50	46	44	45	45	44
Leverage Ratio (x)							
Current Ratio	1.7	2.3	2.5	2.3	2.6	2.9	3.3
Net Debt/Equity	-0.3	-0.2	-0.3	-0.4	-0.4	-0.5	-0.5

Consolidated - Cash Flow Statement

Y/E March	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	44,813	94,084	1,10,879	1,37,520	1,52,852	1,78,746	2,08,104
Depreciation	21,437	25,294	25,566	25,754	28,465	28,654	29,317
Interest & Finance Charges	-4,260	-2,125	-7,844	2,314	3,232	1,145	795
Direct Taxes Paid	9,692	-15,098	-15,694	-4,768	-36,356	-43,435	-51,194
(Inc)/Dec in WC	15,591	-56,618	10,621	-3,235	-24,947	-24,847	-22,977
CF from Operations	87,273	45,537	1,23,528	1,57,584	1,23,246	1,40,262	1,64,045
Others	2,572	4,057	-2,178	-16,864	-23,414	-25,430	-31,420
CF from Operating incl EO	89,845	49,593	1,21,350	1,40,721	99,832	1,14,832	1,32,625
(Inc)/Dec in FA	-14,344	-20,646	-21,710	-20,648	-25,000	-27,000	-28,500
Free Cash Flow	75,501	28,948	99,640	1,20,073	74,832	87,832	1,04,125
(Pur)/Sale of Investments	-34,333	-9,119	10,900	-28,912	0	0	0
Others	-8,571	-49,671	3,908	-3,501	6,523	6,546	7,650
CF from Investments	-57,248	-79,436	-6,902	-53,061	-18,477	-20,454	-20,850
Issue of Shares	0	0	0	0	0	0	0
Inc/(Dec) in Debt	-27,654	50,283	-35,130	-9,821	-5,500	-3,500	-3,500
Interest Paid	-732	-1,325	-2,190	-2,238	20,182	24,286	30,625
Dividend Paid	-21,692	-25,197	-29,007	-36,173	-29,601	-29,601	-29,601
CF from Fin. Activity	-51,935	23,761	-67,102	-79,058	-14,919	-8,816	-2,476
Inc/Dec of Cash	-19,337	-6,082	47,347	8,602	66,436	85,562	1,09,298
Opening Balance	64,456	50,334	57,703	1,05,207	1,13,316	1,79,752	2,65,314
Other Bank Balances	5,215	13,451	157	-492	0	0	0
Closing Balance	50,334	57,703	1,05,207	1,13,316	1,79,752	2,65,314	3,74,613

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