




Sun Pharmaceutical Industries Ltd.

BUY

Sector: Pharmaceuticals

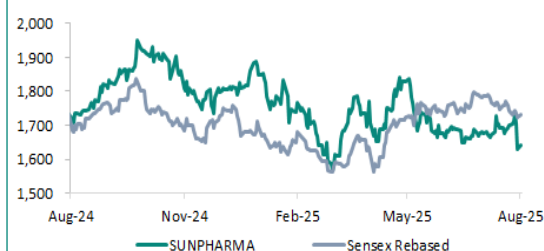
05th August, 2025

Key Changes		Target 	Rating 	Earnings 		Target	Rs. 1,830
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 1,632
Large Cap	SUNP:IN	80,710	SUNPHARMA	524715	12 Months	Return	+12%

Data as of: 05-August-2025, 17:00 hrs

Company Data			
Market Cap (Rs.cr)	391,454		
52 Week High — Low (Rs.)	1,960 - 1,555		
Enterprise Value (Rs. cr)	382,494		
Outstanding Shares (cr)	239.9		
Free Float (%)	44.0		
Dividend Yield (%)	1.0		
6m average volume (lakhs)	25.3		
Beta	0.7		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	54.5	54.5	54.5
FII's	18.1	18.0	17.3
MFs/Institutions	18.6	18.7	19.5
Public	5.9	5.9	5.8
Others	3.0	3.0	3.0
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-10.3%	-7.1%	-5.3%
Absolute Sensex	0.6%	3.1%	0.0%
Relative Return	-10.9%	-10.2%	-5.3%

*over or under performance to benchmark index



Y.E March (Rs.cr)	FY25A	FY26E	FY27E
Sales	52,041	56,465	63,241
Growth (%)	9.0	8.5	12.0
EBITDA	15,086	16,262	18,795
EBITDA Margin (%)	29.0	28.8	29.7
PAT Adjusted	11,421	11,941	13,722
Growth (%)	13.8	4.5	14.9
Adjusted EPS	47.6	49.8	57.2
Growth (%)	13.8	4.5	14.9
P/E	36.5	33.0	28.7
P/B	5.8	5.0	4.4
EV/EBITDA	27.0	23.6	20.4
ROE (%)	15.2	14.0	15.5
D/E	0.0	0.0	0.0

Innovation engine powers future

Sun Pharma is India's top drugmaker and the world's fifth-largest specialty generics company. It develops, manufactures and markets branded and generic formulations and active pharmaceutical ingredients (API) in India and globally.

- In Q1FY26, consolidated revenue grew 10.1% YoY to Rs. 13,786cr, driven by the company's India business strength and 16.9% YoY growth in the high-margin Innovative Medicines segment, which contributed to 19.3% of sales.
- India Formulations revenue grew 13.9% YoY to Rs. 4,721cr, led by strong volume growth across therapies and launches of five new products in the domestic market.
- US Formulations revenue grew 4.0% YoY to Rs. 4,045cr, driven by growth in innovative products like Ilumya, Cequa, Winlevi, Odomzo and new launch Leqselvi.
- API external sales rose 9.3% YoY to Rs. 540cr, supported by robust demand from internal formulation requirements.
- EBITDA grew 11.3% YoY to Rs. 4,073cr and EBITDA margin expanded 30bps YoY to 29.5%, supported by strong growth in consolidated top line.
- Sun Pharma had an exceptional cost of Rs. 818cr in Q1FY26, mainly owing to impairment of the SCD-044 development and settlement of the GxMDL legal case.

Outlook & Valuation

Sun Pharma performed resiliently, driven by strong prescription momentum in India, strategic rural field force expansion and focused execution in its US specialty business. The management is actively steering pipeline progression with regulatory filings across key therapy areas backed by sustained research and development intensity. The company maintains a calibrated stance on US manufacturing, given adequate capacity and exemption from the current tariff measures. Notably, its first-mover positioning in India's GLP-1 space and accelerated launch of readiness for high-science assets reinforce strategic intent. Therefore, **we revise our rating to BUY on the stock with a target price of Rs. 1,830, based on 32x FY27E Adj. EPS.**

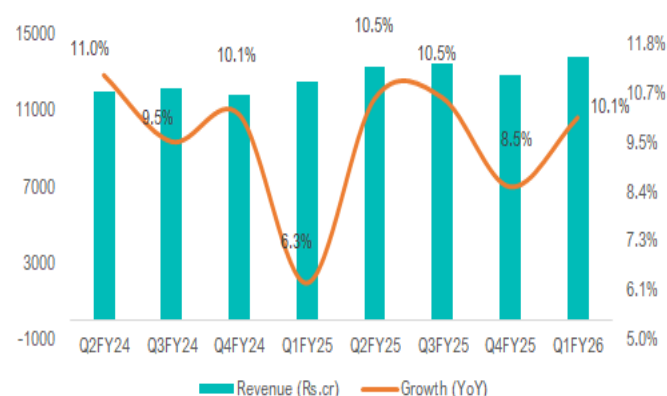
Quarterly Finance Consol.

Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	13,786	12,525	10.1	12,816	7.6
EBITDA	4,073	3,658	11.3	3,425	18.9
Margin (%)	29.5	29.2	30bps	26.7	280bps
EBIT	3,372	3,003	12.3	2,761	22.1
PBT	3,173	3,424	-7.3	3,254	-2.5
Rep. PAT	2,303	2,871	-19.8	2,161	6.6
Adj PAT	3,097	2,836	9.2	2,512	23.3
Adj. EPS (Rs)	12.9	11.8	9.2	10.5	23.3

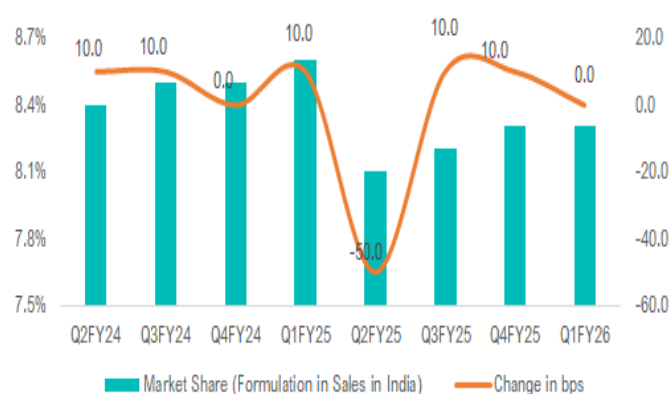
Key concall highlights

- Sun Pharma expects to file for approval for Ilumya for psoriatic arthritis by CY25-end, targeting 30% of psoriasis patients who develop joint symptoms, expanding its share in the specialty immunology market.
- Sun Pharma plans to launch Unloxcyt in H2FY26, following the FDA-label update, it is the only approved PD-L1 treatment for advanced cutaneous squamous cell carcinoma and expected enhance the company's oncology pipeline.
- Sun Pharma plans to invest \$100 million as marketing spend (excluding amortisation) for Lexelvi and Unloxcyt in FY26, which reflects the scale of commitment to innovative US launches.
- The company invested Rs. 903cr (6.5% of sales) in Q1FY26 in research and development, with 41% allocated to innovative assets, advancing six novel molecules across diabetes, oncology and immunology.
- Sun Pharma has 542 approved ANDAs (abbreviated new drug application) and 119 pending with the USFDA, including 33 tentative approvals, sustaining the long-term generic launch pipeline.
- Management confirms no change in R&D intensity guidance, implying 5.5-7% of sales range for FY26 based on pipeline progression and upcoming trial initiations.

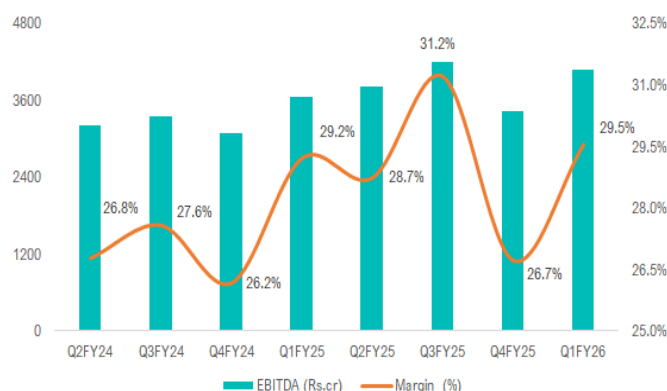
Revenue



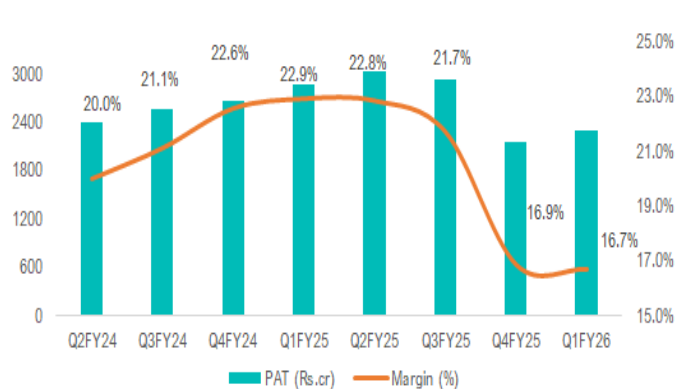
Market Share (in India)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change - (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	55,814	-	56,465	63,241	-2.9	-
EBITDA	16,298	-	16,262	18,795	-2.9	-
Margins (%)	29.2	-	28.8	29.7	0bps	-
Adj. PAT	12,222	-	11,941	13,722	-6.9	-
EPS	50.9	-	49.8	57.2	-6.8	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	43,279	47,758	52,041	56,465	63,241
% change	12.6	10.4	9.0	8.5	12.0
EBITDA	11,773	12,987	15,086	16,262	18,795
% change	14.9	10.3	16.2	7.8	15.6
Depreciation	2,529	2,557	2,575	2,605	2,638
EBIT	9,243	10,430	12,511	13,657	16,157
Interest	172	238	231	224	220
Other Income	337	896	1,473	565	1,328
PBT	9,408	11,088	13,752	13,997	17,265
% change	109.9	17.9	24.0	1.8	23.3
Tax	848	1,439	2,772	2,821	3,480
Tax Rate (%)	9.0	13.0	20.2	20.2	20.2
Reported PAT	8,513	9,610	10,965	11,159	13,766
PAT att. to common shareholder-	8,474	9,576	10,929	11,123	13,722
Adj.*	298	458	492	818	-
Adj. PAT	8,771	10,035	11,421	11,941	13,722
% change	11.9	14.4	13.8	4.5	14.9
No. of shares (cr)	239.9	239.9	239.9	239.9	239.9
Adj EPS (Rs.)	36.6	41.8	47.6	49.8	57.2
% change	11.9	14.4	13.8	4.5	14.9
DPS (Rs.)	11.5	13.5	16.0	16.2	17.2

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	11,042	12,167	13,540	13,765	16,404
Non-cash adj.	-5,110	-1,233	1,790	-3,108	-4,439
Other adjustments	-	-	-	-	-
Changes in W.C	-973	1,201	-1,258	-2,240	-2,191
C.F. Operation	4,959	12,135	14,072	8,417	9,774
Capital exp.	-2,065	-2,171	-2,068	-2,259	-2,435
Change in inv.	-6,329	789	-4,137	-1,203	-1,294
Other invest.CF	450	692	898	-505	-559
C.F - Investment	-7,944	-690	-5,306	-3,967	-4,288
Issue of equity	-	-77	-2,900	-	-
Issue/repay debt	5,159	-3,656	-1,117	-225	-198
Dividends paid	-2,520	-2,901	-3,617	-3,893	-4,116
Other finance.CF	-263	-76	-272	-224	-220
C.F - Finance	2,376	-6,710	-7,906	-4,342	-4,534
Chg. in cash	-608	4,735	860	108	952
Closing Cash	5,770	10,521	11,332	11,440	12,391

Balance Sheet

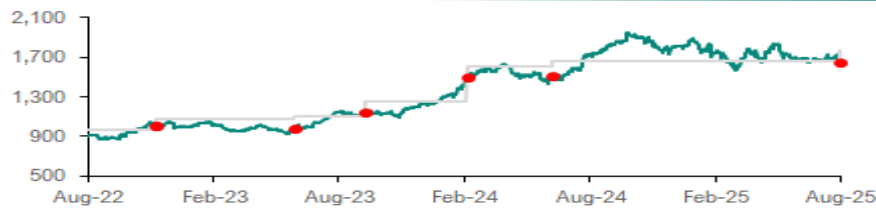
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	5,770	10,521	11,332	11,440	12,391
Accts. Receivable	11,439	11,249	13,046	14,105	15,684
Inventories	10,513	9,868	10,243	13,416	15,098
Other Cur. Assets	12,161	11,837	18,003	20,234	21,889
Investments	5,452	6,441	4,698	4,808	4,923
Gross Fixed As-sets	20,772	21,805	22,555	24,813	27,248
Net Fixed Assets	10,390	10,192	10,036	9,677	9,461
CWIP	963	1,108	1,234	1,247	1,259
Intangible Assets	17,685	17,302	17,960	18,465	19,024
Def. Tax -Net	3,519	4,104	4,408	5,643	9,048
Other Assets	2,851	2,878	1,141	1,147	1,153
Total Assets	80,744	85,500	92,101	100,181	109,931
Current Liabilities	13,709	14,140	16,327	17,187	17,424
Provisions	343	414	465	419	377
Debt Funds	6,202	2,846	1,880	1,656	1,458
Other Liabilities	1,174	974	942	1,168	1,270
Equity Capital	240	240	240	240	240
Res. & Surplus	55,755	63,427	71,978	79,208	88,813
Shareholder Funds	55,995	63,667	72,218	79,448	89,053
Minority Interest	3,320	3,459	268	304	349
Total Liabilities	80,744	85,500	92,101	100,181	109,931
BVPS	233	265	301	331	371

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	27.2	27.2	29.0	28.8	29.7
EBIT margin (%)	21.4	21.8	24.0	24.2	25.5
Net profit mgn.(%)	19.6	20.1	21.0	19.7	21.7
ROE (%)	15.2	15.1	15.2	14.0	15.5
ROCE (%)	14.1	14.9	16.8	16.8	17.8
W.C & Liquidity					
Receivables (days)	96.5	86.0	91.5	91.2	90.5
Inventory (days)	359.9	337.8	347.9	346.2	345.1
Payables (days)	194.5	193.5	210.0	211.0	211.3
Current ratio (x)	2.0	2.6	2.9	3.1	3.4
Quick ratio (x)	1.3	1.8	2.1	2.1	2.3
Turnover & Leverage					
Gross asset T.O (x)	2.1	2.2	2.3	2.4	2.4
Total asset T.O (x)	0.6	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	53.7	43.7	54.1	60.9	73.5
Adj. debt/equity (x)	0.1	0.0	0.0	0.0	0.0
Valuation					
EV/Sales (x)	5.5	8.1	7.8	6.8	6.1
EV/EBITDA (x)	20.4	29.6	27.0	23.6	20.4
P/E (x)	26.9	38.7	36.5	33.0	28.7
P/BV (x)	4.2	6.1	5.8	5.0	4.4



Recommendation Summary - (last 3 years)



Dates	Rating	Target
08-Nov-21	BUY	948
13-Jun-22	BUY	970
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

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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