

Sun Pharmaceutical Industries Ltd.

BUY

Sector: Pharmaceuticals

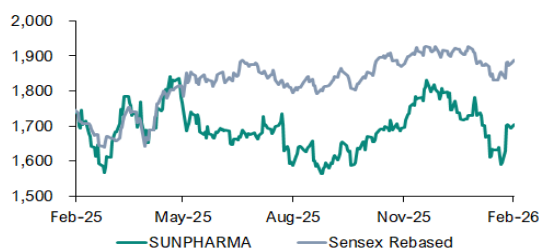
17th February, 2026

Key Changes	Target ▲	Rating ●	Earnings ▲	Target	Rs. 1,899
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	SUNP:IN	83,277	SUNPHARMA	524715	12 Months
				CMP	Rs. 1,700
				Return	+12%

Data as of: 16-Feb-2026, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	4,07,830		
52 Week High — Low (Rs.)	1,851 - 1,547		
Enterprise Value (Rs. cr)	403,126		
Outstanding Shares (cr)	239.9		
Free Float (%)	44.9		
Dividend Yield (%)	1.0		
6m average volume (cr)	0.2		
Beta	0.8		
Face value (Rs.)	1.0		
Shareholding (%)	Q1FY26	Q2FY26	Q3FY26
Promoters	54.5	54.5	54.5
FII's	17.3	16.6	16.1
MFs/Institutions	19.5	20.2	20.8
Public	5.8	5.8	5.8
Others	3.0	2.9	2.8
Total	100.0	100.0	100.0
Promoter Pledge	1.1	1.0	1.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	0.7%	7.4%	-2.6%
Absolute Sensex	1.0%	5.3%	8.0%
Relative Return	-0.3%	2.2%	-10.5%

*over or under performance to benchmark index



Y.E March (cr)	FY26E	FY27E	FY28E
Sales	58,026	64,757	71,492
Growth (%)	11.5	11.6	10.4
EBITDA	16,915	19,298	21,984
EBITDA Margin (%)	29.2	29.8	30.8
PAT Adjusted	12,266	13,727	15,463
Growth (%)	7.4	11.9	12.6
Adjusted EPS	51.1	57.2	64.4
Growth (%)	7.4	11.9	12.6
P/E	33.3	29.8	26.5
P/B	5.1	4.6	4.1
EV/EBITDA	23.8	20.8	18.1
ROE (%)	14.8	15.4	15.4
D/E	0.1	0.1	0.1

Better product mix driving growth

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 in India and globally.

- In Q3FY26, consolidated revenue grew 15.1% YoY to Rs. 15,469cr, driven primarily by strong performance in the branded business in India, emerging markets and the global innovative medicines business.
- Revenue from the India formulations segment rose 16.2% YoY to Rs. 4,999cr, supported by higher volume contribution and the introduction of 12 new products.
- Revenue from US formulations rose 6.2% YoY to Rs. 4,251cr, led by improved traction in the innovative business, which helped mitigate the decline in the generic business.
- Emerging market revenue surged 28.3% to Rs. 3,000cr on a YoY basis, fueled by a strong performance in generics and innovative medicines, aided by favorable currency trends.
- EBITDA grew 14.4% YoY to Rs. 4,795cr, although the EBITDA margin contracted by 20 bps YoY to 31.0%. This was mainly due to higher operating costs.

Outlook and Valuation

Sun Pharma demonstrated consistent execution in key business segments, driven by robust demand for chronic therapies in India formulations, improved traction in specialty and differentiated products in the US, and stable growth in emerging markets. Furthermore, the management emphasised a continued focus on enhancing the specialty portfolio, expanding presence in complex generics and scaling up innovation-led products. Additionally, ongoing investments in research and development (R&D) and manufacturing capabilities are anticipated to support new launches and portfolio upgrades across geographies. A healthy pipeline and consistent execution across key markets are expected to drive future growth. Therefore, **we retain our BUY rating on the stock with a rolled forward target price of Rs. 1,899, based on 30x FY28E Adj. EPS.**

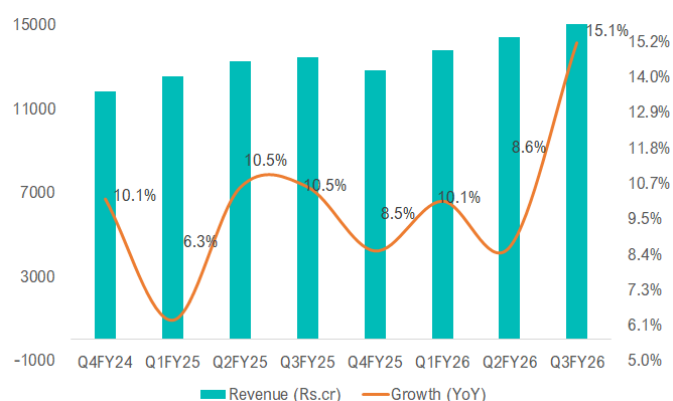
Quarterly Financials Consolidated

Rs.cr	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Sales	15,469	13,437	15.1	14,405	7.4	43,660	39,226	11.3
EBITDA	4,795	4,192	14.4	4,097	17	12,964	11,661	11.2
Margin (%)	31	31.2	-20bps	28.4	260bps	29.7	29.7	0bps
EBIT	4,062	3,562	14	3,367	20.6	10,801	9,750	10.8
PBT	4,227	3,476	21.6	4,168	1.4	11,568	10,498	10.2
Rep. PAT	3,381	2,913	16.1	3,125	8.2	8,799	8,811	0.1
Adj PAT	3,704	3,403	8.9	2,687	37.8	9,259	9,201	0.6
Adj. EPS (Rs)	15.4	14.2	8.9	11.2	37.8	38.6	38.3	0.6

Key concall highlights

- Consolidated R&D investments for Q3FY26 were Rs. 893cr, accounting for 5.8% of sales, with innovation-related R&D making up 30.5% of the total expenditure.
- The company launched three generic products in the US and started global Phase II trials for GL0034 in Type 2 diabetes. The company launched Unloxcyt, receiving encouraging feedback from physicians.
- In Q3FY26, the company introduced 12 new products in India and plans to launch semaglutide (Noveltreat and Sematrinity) for chronic weight management and Type 2 diabetes after patent expiry, having obtained regulatory approval and set up a simultaneous generic launch with adequate supplies and a specialised field force.
- Sun Pharma has 550 approved abbreviated new drug applications (ANDAs), with 116 ANDA filings pending approval from the US Food and Drug Administration, including 28 tentative approvals. In Q3FY26, it filed two ANDAs and received approval for two.
- The US generics business saw a slight decline in Q3FY26 because of competition for certain products, indicating pricing pressure.

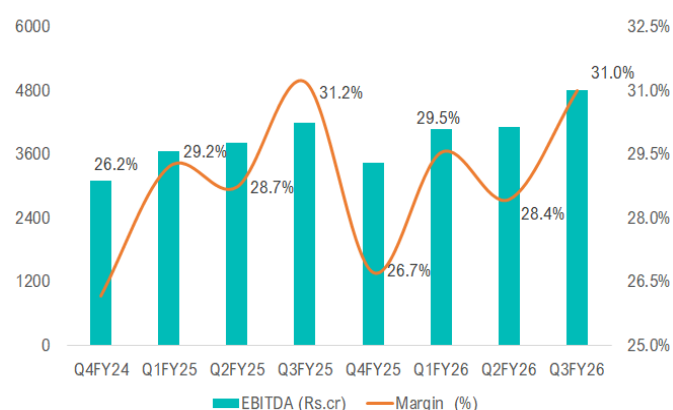
Revenue



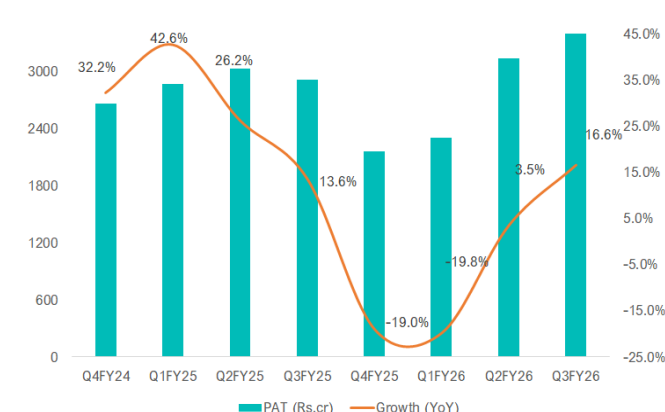
Market Share (in India)



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)		
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	56,465	63,241	58,026	64,757	71,492	2.8	2.4	-
EBITDA	16,262	18,795	16,915	19,298	21,984	4.0	2.7	-
Margins (%)	28.8	29.7	29.2	29.8	30.8	40bps	10bps	-
Adj. PAT	11,941	13,722	12,266	13,727	15,463	2.7	0.0	-
EPS	49.8	57.2	51.1	57.2	64.4	2.7	0.0	-



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Sales	47,758	52,041	58,026	64,757	71,492
% change	10.4	9.0	11.5	11.6	10.4
EBITDA	12,987	15,086	16,915	19,298	21,984
% change	10.3	16.2	12.1	14.1	13.9
Depreciation	2,557	2,575	2,739	3,155	3,730
EBIT	10,430	12,511	14,175	16,142	18,254
Interest	238	231	289	294	299
Other Income	896	1,473	928	1,425	1,501
PBT	11,088	13,752	14,814	17,273	19,456
% change	17.9	24.0	7.7	16.6	12.6
Tax	1,439	2,772	2,986	3,482	3,922
Tax Rate (%)	13.0	20.2	20.2	20.2	20.2
Reported PAT	9,610	10,965	11,811	13,772	15,513
PAT att. to common shareholders	9,576	10,929	11,772	13,727	15,463
Adj.*	458	492	494	-	-
Adj. PAT	10,035	11,421	12,266	13,727	15,463
% change	14.4	13.8	7.4	11.9	12.6
No. of shares (cr)	239.9	239.9	239.9	239.9	239.9
Adj EPS (Rs.)	41.8	47.6	51.1	57.2	64.4
% change	14.4	13.8	7.4	11.9	12.6
DPS (Rs.)	13.5	16.0	16.4	17.2	18.0

Cashflow

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	12,167	13,540	14,550	16,928	19,243
Non-cash adj.	-1,233	1,790	-232	-1,182	-519
Other adjustments	-	-	-	-	-
Changes in W.C	1,201	-1,258	-4,121	-2,591	-2,255
C.F. Operation	12,135	14,072	10,197	13,155	16,469
Capital exp.	-2,171	-2,068	-3,656	-2,590	-2,860
Change in inv.	789	-4,137	-2,113	-1,591	-2,173
Other invest.CF	692	898	-3,254	-2,744	-4,029
C.F - Investment	-690	-5,306	-9,022	-6,926	-9,063
Issue of equity	-77	-2,900	-	-	-
Issue/repay debt	-3,656	-1,117	3,493	102	104
Dividends paid	-2,901	-3,617	-3,944	-4,118	-4,330
Other finance.CF	-76	-272	-289	-294	-299
C.F - Finance	-6,710	-7,906	-739	-4,310	-4,525
Chg. in cash	4,735	860	436	1,919	2,881
Closing Cash	10,521	11,332	11,767	13,686	16,567

Balance Sheet

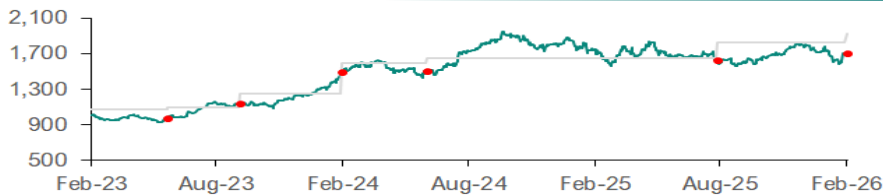
Y.E March (Rs. Cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	10,521	11,332	11,767	13,686	16,567
Accts. Receivable	11,249	13,046	15,493	17,484	19,446
Inventories	9,868	10,243	13,472	15,297	16,476
Other Cur. Assets	11,837	18,003	22,314	24,694	27,275
Investments	6,441	4,698	4,762	5,018	5,488
Gross Fixed Assets	21,805	22,555	26,210	28,801	31,660
Net Fixed Assets	10,192	10,036	10,841	9,738	7,926
CWIP	1,108	1,234	1,345	1,884	2,825
Intangible Assets	17,302	17,960	21,214	23,958	27,987
Def. Tax -Net	4,104	4,408	4,180	5,223	5,490
Other Assets	2,878	1,141	1,147	1,153	1,160
Total Assets	85,500	92,101	106,536	118,135	130,640
Current Liabilities	14,140	16,327	19,220	20,962	22,151
Provisions	414	465	442	420	399
Debt Funds	2,846	1,880	5,374	5,475	5,579
Other Liabilities	974	942	1,148	1,271	1,321
Equity Capital	240	240	240	240	240
Res. & Surplus	63,427	71,978	79,807	89,416	100,549
Shareholder Funds	63,667	72,218	80,046	89,656	100,789
Minority Interest	3,459	268	306	351	402
Total Liabilities	85,500	92,101	106,536	118,135	130,640
BVPS	265	301	334	374	420

Ratio

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	27.2	29.0	29.2	29.8	30.8
EBIT margin (%)	21.8	24.0	24.4	24.9	25.5
Net profit mgn.(%)	20.1	21.0	20.3	21.2	21.6
ROE (%)	15.1	15.2	14.8	15.4	15.4
ROCE (%)	14.9	16.8	16.5	16.9	17.1
W.C & Liquidity					
Receivables (days)	86.0	91.5	97.5	98.6	99.3
Inventory (days)	337.8	347.9	343.1	339.5	335.8
Payables (days)	193.5	210.0	197.1	198.9	200.8
Current ratio (x)	2.6	2.9	2.6	2.8	2.9
Quick ratio (x)	1.8	2.1	1.8	1.9	2.0
Turnover & Leverage					
Gross asset T.O (x)	2.2	2.3	2.4	2.4	2.4
Total asset T.O (x)	0.6	0.6	0.6	0.6	0.6
Int. covge. ratio (x)	43.7	54.1	49.0	55.0	61.0
Adj. debt/equity (x)	0.0	0.0	0.1	0.1	0.1
Valuation					
EV/Sales (x)	8.1	7.8	6.9	6.2	5.6
EV/EBITDA (x)	29.6	27.0	23.8	20.8	18.1
P/E (x)	38.7	36.5	33.3	29.8	26.5
P/BV (x)	6.1	5.8	5.1	4.6	4.1



Recommendation Summary - (last 3 years)



Dates	Rating	Target
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
17-Feb-26	BUY	1,899

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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