

February 1, 2026

Q3FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	BUY		BUY	
Target Price	1,900		1,875	
Sales (Rs. m)	6,44,489	7,14,354	6,36,140	7,01,892
% Chng.	1.3	1.8		
EBITDA (Rs. m)	1,92,633	2,20,021	1,93,209	2,20,206
% Chng.	(0.3)	(0.1)		
EPS (Rs.)	57.4	66.1	58.2	66.8
% Chng.	(1.3)	(1.1)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. bn)	526	581	644	714
EBITDA (Rs. bn)	151	166	193	220
Margin (%)	28.7	28.6	29.9	30.8
PAT (Rs. bn)	109	113	138	159
EPS (Rs.)	49.2	48.6	57.4	66.1
Gr. (%)	17.6	(1.1)	18.0	15.1
DPS (Rs.)	18.7	19.9	21.1	21.1
Yield (%)	1.2	1.2	1.3	1.3
RoE (%)	16.1	14.9	16.6	17.1
RoCE (%)	17.8	17.9	19.4	20.1
EV/Sales (x)	7.1	6.3	5.6	4.9
EV/EBITDA (x)	24.7	22.2	18.8	16.1
PE (x)	32.4	32.8	27.8	24.1
P/BV (x)	5.3	4.9	4.4	3.9

Key Data

SUN.BO | SUNP IN

52-W High / Low	Rs.1,851 / Rs.1,547
Sensex / Nifty	82,270 / 25,321
Market Cap	Rs.3,828bn / \$ 41,609m
Shares Outstanding	2,399m
3M Avg. Daily Value	Rs.3944.43m

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	(7.2)	(6.5)	(8.5)
Relative	(3.9)	(8.4)	(13.8)

Param Desai

paramdesai@plindia.com | 91-22-66322259

Kushal Shah

kushalshah@plindia.com | 91-22-66322490

Strong quarter; growth across key segments

Quick Pointers:

- Global specialty sales adj for milestone income was up 13% YoY
- Net cash at \$3.2bn. Open to leverage balance sheet for strategic acquisitions.

Sun Pharma (SUNP) Q3FY26 EBIDTA growth of 13% YoY adjusted for milestone income was healthy and above our estimates. 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 scale up of Leqselvi and Unloxcyt along with progress of other pipelines will be key. Our FY27/FY28E EPS broadly remains unchanged. We maintain 'BUY' rating with TP of Rs.1,900 based on 30x Dec 2027E EPS. SUNP remains our top pick in large cap space.

Revenue growth led by milestone income and domestic biz: Revenues came in at Rs 155bn up 13% YoY vs our estimate of Rs 146bn. Domestic formulation growth was strong at 16% YoY. US sales stood at \$477mn (\$496mn in Q2FY26). We estimated \$484. Global specialty sales adj for milestone income were up 13% YoY and 11% QoQ to \$368mn. There was milestone income to the tune of \$55mn. RoW markets remained healthy up 21% YoY aided by milestone income while EMs growth was at 28% YoY. API sales declined 5% YoY.

EBITDA adj for milestone income was up 13% YoY: Reported EBIDTA came in at Rs 48bn up 14%. OPM came in at 30.9% up 20bps YoY and 260bps QoQ. GMs came in at 81%, up 170bps QoQ and 140bps YoY. Adj for milestone income EBIDTA growth was 13% YoY and GMs at 80.3%. Other expenses ex R&D were up 19% YoY at Rs 40bn. R&D spend came in at 5.8% of revenues up 8% YoY. Tax rate lower at 18.1% given deferred tax credit. Forex gain stood at Rs 1.5bn. Adj for forex gain, milestone income and one off; PAT came in at Rs 30bn; in line with our estimate.

Key concall takeaways:

Domestic formulation: Launched 12 new products during the quarter. Semaglutide (GLP-1) launch fully prepared for Day-1 post patent expiry in India. Got approval for both obesity and type 2 diabetic indications. Brand names: Noveltreat (obesity) and Sema Trinity (diabetes). Limited incremental field-force addition planned to support launch. No guidance provided on GLP-1 launches outside India.

US: Lenalidomide contribution negligible in Q3 (largely exhausted). Launched 3 new generic products during the quarter.

Global Specialty Sales: Unloxcyt launch execution on track with stocking completed and positive early formulary traction at major cancer centers; uptake initially focused on new patients.

Leqselvi: Early physician traction including JAK-refractory patients; SUNP funds genetic testing, with competition aiding diagnosis and market expansion.

EMs: Broad-based growth across generic and innovative portfolios. Key markets performing well: Romania, South Africa, Brazil.

RoW: It contributed 17.1% of consolidated revenue. Milestone income of US\$55 mn recorded in the quarter (non-recurring)

R&D: Innovative R&D formed 30% of total R&D, equivalent to 7.2% of specialty sales. Temporary moderation in innovative R&D due to trial phasing; spend expected to rise with new trials. Biosimilars under evaluation; decision dependent on development cost.

Other: Mgmt cited comfortable using debt if required for strategic acquisitions. Net cash stands at \$3.2bn

Exhibit 1: 3QFY26 Result Overview (Rs mn): EBITDA above est, Milestone income & domestic business aided growth

Y/e March	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var	Q2FY26	QoQ gr. (%)	9M FY26	9M FY25	YoY gr. (%)
Net Sales	1,55,205	1,36,755	13.5	1,46,003	6.3	1,44,783	7.2	4,38,503	3,96,196	10.7
Raw Material	29,451	27,405	7.5	30,202	(2.5)	29,827	(1.3)	87,426	81,102	7.8
<i>% of Net Sales</i>	<i>19.0</i>	<i>20.0</i>		<i>20.7</i>		<i>20.6</i>		<i>20</i>	<i>20.5</i>	
Personnel Cost	28,920	25,523	13.3	28,075	3.0	27,648	4.6	84,585	74,846	13.0
<i>% of Net Sales</i>	<i>18.6</i>	<i>18.7</i>		<i>19.2</i>		<i>19.1</i>		<i>19.3</i>	<i>18.9</i>	
Others	48,889	41,903	16.7	46,093	6.1	46,342	5.5	1,36,854	1,23,635	10.7
<i>% of Net Sales</i>	<i>31.5</i>	<i>30.6</i>		<i>31.6</i>		<i>32.0</i>		<i>31.2</i>	<i>31.2</i>	
Total Expenditure	1,07,260	94,831	13.1	1,04,370	2.8	1,03,817	3.3	3,08,865	2,79,583	10.5
EBITDA	47,946	41,924	14.4	41,633	15.2	40,966	17.0	1,29,638	1,16,613	11.2
<i>Margin (%)</i>	<i>30.9</i>	<i>30.7</i>		<i>28.5</i>		<i>28.3</i>		<i>29.6</i>	<i>29.4</i>	
Depreciation	7,323	6,306	16.1	7,200	1.7	7,295	0.4	21,624	19,116	13.1
EBIT	40,622	35,618	14.0	34,433	18.0	33,671	20.6	1,08,014	97,497	10.8
Other Income	5,788	4,656	24.3	4,588	26.2	4,699	23.2	15,132	13,522	11.9
Interest	784	515	52.1	650	20.6	999	(21.5)	2,530	1,822	38.9
PBT	45,627	39,759	14.8	38,371	18.9	37,371	22.1	1,20,616	1,12,841	6.9
Total Taxes	8,261	5,589	47.8	9,593	(13.9)	10,305	(19.8)	28,273	16,783	68.5
<i>ETR (%)</i>	<i>18.1</i>	<i>14.1</i>		<i>25.0</i>		<i>27.6</i>		<i>23.4</i>	<i>14.9</i>	<i>57.6</i>
PAT	37,367	34,171	9.4	28,778	29.8	27,066	38.1	92,344	96,058	(3.9)
Minority Interest	323	142	128.0	191	68.7	191	NA	754	403	87.1
Share in loss of associates	-	-		-		-		-	-	
Reported PAT	37,044	34,029	8.9	28,587	29.6	26,875	37.8	91,590	95,655	(4.2)
Exceptional items	(1,539)	4,995		-		(4,305)		(959)	4,219	(122.7)
Adj Pat	38,583	29,034	32.9	28,587	35.0	31,180	23.7	92,549	91,436	1.2

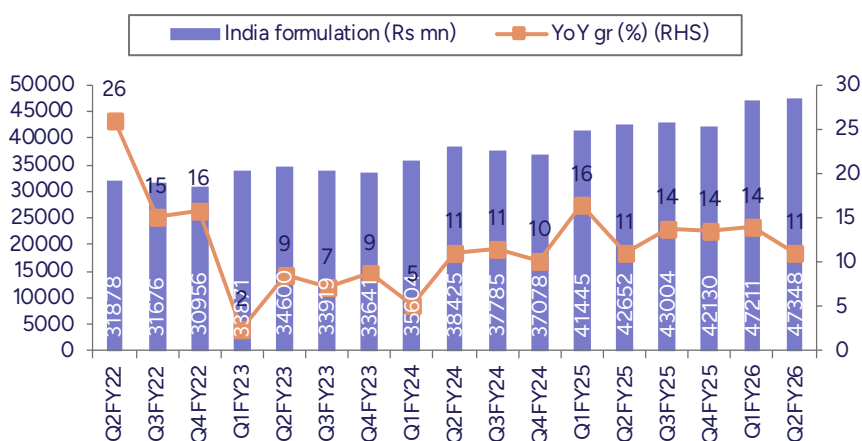
Source: Company, PL

Exhibit 2: Witnessed growth due to domestic & RoW formulations

Major sources of income	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	9M FY26	9M FY25	YoY gr. (%)
API	5,412	5,678	(4.7)	4,299	25.9	15,114	15,962	(5.3)
% of Net Sales	3.5	4.2		3.0		3.5	4.1	
Formulation	1,48,880	1,28,258	16.1	1,39,418	6.8	4,20,228	3,75,185	12.0
% of Net Sales	96.2	95.5		96.8		96.2	95.6	
India	49,986	43,004	16.2	47,348	5.6	1,44,545	1,27,101	13.7
% of Net Sales	32.3	32.0		32.9		33.1	32.4	
International	98,894	85,254	16.0	92,070	7.4	2,75,683	2,48,084	11.1
% of Net Sales	63.9	63.4		63.9		63.1	63.2	
US formulations	42,505	40,030	6.2	43,288	(1.8)	1,26,245	1,22,199	3.3
% of Net Sales	27.5	29.8		30.1		28.9	31.2	
ROW formulations	56,389	45,224	24.7	48,782	15.6	1,49,438	1,25,885	18.7
% of Net Sales	36.5	33.7		33.9		34.2	32.1	
Others	399	434	(8.0)	336	18.7	1,261	1,111	13.5
Total Sales	1,54,690	1,34,370	15.1	1,44,052	7.4	4,36,603	3,92,258	11.3

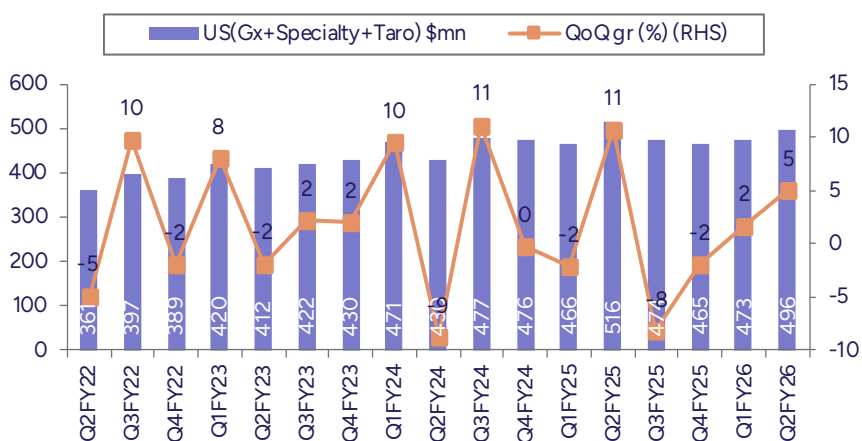
Source: Company, PL

Exhibit 3: Sustained growth from domestic business YoY



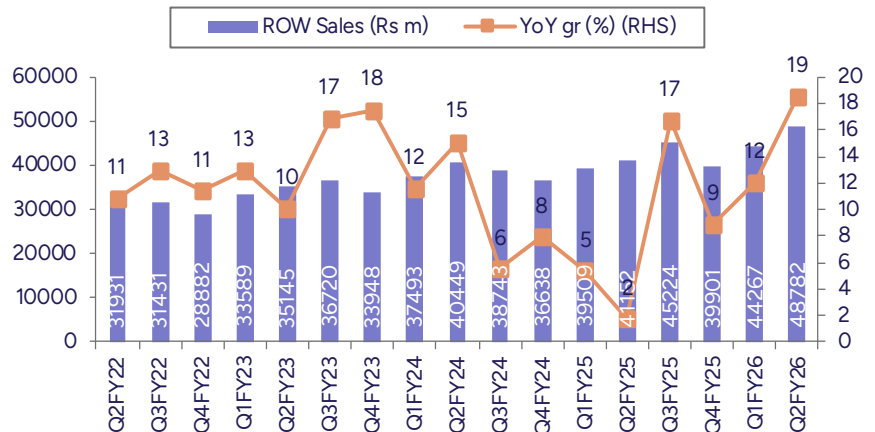
Source: Company, PL

Exhibit 4: Specialty sales adj for milestone income was up 13% YoY



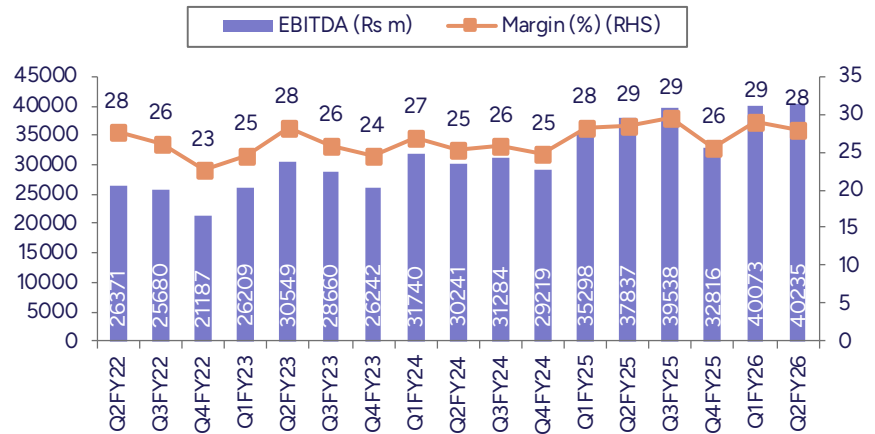
Source: Company, PL

Exhibit 5: Continued growth momentum YoY



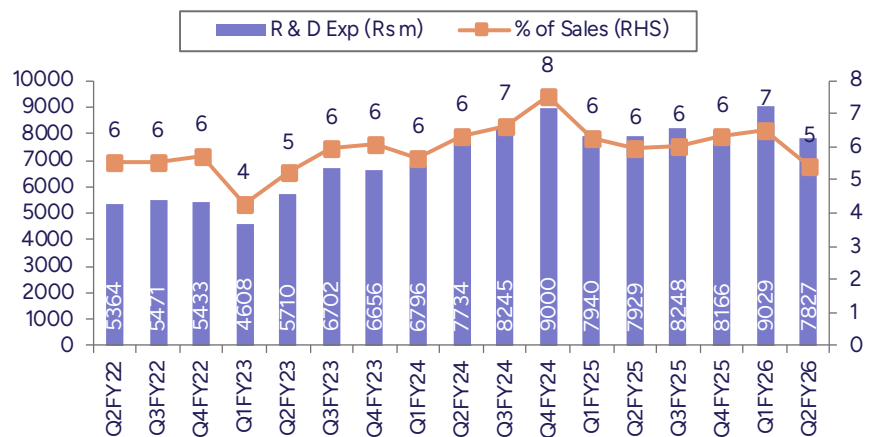
Source: Company, PL

Exhibit 6: Healthy EBITDA with improved margins



Source: Company, PL

Exhibit 7: R&D spend maintained at ~6% of revenues



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	5,25,784	5,81,283	6,44,489	7,14,354
YoY gr. (%)	8.4	10.6	10.9	10.8
Cost of Goods Sold	1,07,474	1,16,545	1,31,037	1,46,708
Gross Profit	4,18,311	4,64,737	5,13,452	5,67,646
Margin (%)	79.6	80.0	79.7	79.5
Employee Cost	99,731	1,12,198	1,22,295	1,32,079
Other Expenses	1,67,718	1,86,465	1,98,524	2,15,545
EBITDA	1,50,862	1,66,075	1,92,633	2,20,021
YoY gr. (%)	16.2	10.1	16.0	14.2
Margin (%)	28.7	28.6	29.9	30.8
Depreciation and Amortization	25,754	28,819	30,668	32,639
EBIT	1,25,108	1,37,257	1,61,964	1,87,382
Margin (%)	23.8	23.6	25.1	26.2
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	1,54,657	1,82,366	2,09,784
Margin (%)	27.1	26.6	28.3	29.4
Total Tax	23,946	37,205	43,876	50,457
Effective tax rate (%)	16.8	24.1	24.1	24.1
Profit after tax	1,18,499	1,17,452	1,38,490	1,59,327
Minority interest	357	600	600	600
Share Profit from Associate	(154)	(200)	(200)	(200)
Adjusted PAT	1,09,290	1,12,717	1,37,690	1,58,527
YoY gr. (%)	14.1	3.1	22.2	15.1
Margin (%)	20.8	19.4	21.4	22.2
Extra Ord. Income / (Exp)	8,698	3,935	-	-
Reported PAT	1,17,988	1,16,652	1,37,690	1,58,527
YoY gr. (%)	17.6	(1.1)	18.0	15.1
Margin (%)	22.4	20.1	21.4	22.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,17,988	1,16,652	1,37,690	1,58,527
Equity Shares O/s (m)	2,399	2,399	2,399	2,399
EPS (Rs)	49.2	48.6	57.4	66.1

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	2,66,703	2,97,371	3,30,010
Tangibles	1,62,479	1,82,162	2,03,109	2,25,402
Intangibles	75,405	84,541	94,262	1,04,608
Net fixed assets	1,90,565	1,96,746	2,01,078	2,03,439
Tangibles	1,16,515	1,19,622	1,21,467	1,21,965
Intangibles	74,050	77,124	79,611	81,474
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	1,15,657	1,28,198	1,42,071
Trade receivables	1,30,461	1,44,571	1,60,247	1,77,589
Cash & Bank Balance	1,13,316	1,43,358	2,09,041	2,95,486
Other Current Assets	54,368	54,368	54,368	54,368
Total Assets	8,76,930	9,40,538	10,38,826	11,58,909
Equity				
Equity Share Capital	2,399	2,399	2,399	2,399
Other Equity	7,19,781	7,84,772	8,71,930	9,79,925
Total Networkth	7,22,180	7,87,172	8,74,329	9,82,324
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	72,285	80,124	88,794
Other current liabilities	1,13,682	1,16,056	1,18,549	1,21,166
Total Equity & Liabilities	8,76,930	9,40,538	10,38,826	11,58,909

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	1,42,445	1,54,657	1,82,366	2,09,784
Add. Depreciation	25,754	28,819	30,668	32,639
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)	(3,935)	-	-
Op. profit before WC changes	1,48,725	1,82,540	2,16,035	2,45,423
Net Changes-WC	(3,236)	(14,568)	(17,943)	(19,988)
Direct tax	(4,768)	(37,205)	(43,876)	(50,457)
Net cash from Op. activities	1,40,721	1,30,767	1,54,216	1,74,978
Capital expenditures	(24,014)	(35,000)	(35,000)	(35,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Inv. 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	30,042	65,683	86,445
Free Cash Flow	1,19,435	95,767	1,19,216	1,39,978

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	1,29,588	1,38,514	1,44,783	1,55,205
YoY gr. (%)	8.1	9.5	8.9	13.5
Raw Material Expenses	26,372	28,148	29,827	29,451
Gross Profit	1,03,217	1,10,366	1,14,956	1,25,754
Margin (%)	79.6	79.7	79.4	81.0
EBITDA	34,249	40,726	40,966	47,946
YoY gr. (%)	10.8	11.3	7.5	14.4
Margin (%)	26.4	29.4	28.3	30.9
Depreciation / Depletion	6,638	7,006	7,295	7,323
EBIT	27,611	33,721	33,671	40,622
Margin (%)	21.3	24.3	23.3	26.2
Net Interest	491	748	999	784
Other Income	6,129	4,645	4,699	5,788
Profit before Tax	33,248	37,617	37,371	45,627
Margin (%)	25.7	27.2	25.8	29.4
Total Tax	7,162	9,707	10,305	8,261
Effective tax rate (%)	21.5	25.8	27.6	18.1
Profit after Tax	26,086	27,911	27,066	37,367
Minority interest	108	240	191	323
Share Profit from Associates	-	-	-	-
Adjusted PAT	21,499	22,786	31,180	33,688
YoY gr. (%)	(19.0)	(19.6)	2.6	16.0
Margin (%)	16.6	16.5	21.5	21.7
Extra Ord. Income / (Exp)	4,479	4,885	(4,305)	3,356
Reported PAT	25,978	27,671	26,875	37,044
YoY gr. (%)	(7.6)	(4.1)	(7.7)	8.9
Margin (%)	20.0	20.0	18.6	23.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	25,978	27,671	26,875	37,044
Avg. Shares O/s (m)	2,399	2,399	2,399	2,399
EPS (Rs)	10.8	11.5	11.2	15.4

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	49.2	48.6	57.4	66.1
CEPS	56.3	59.0	70.2	79.7
BVPS	301.0	328.1	364.4	409.4
FCF	49.8	39.9	49.7	58.3
DPS	18.7	19.9	21.1	21.1
Return Ratio(%)				
RoCE	17.8	17.9	19.4	20.1
ROIC	16.4	17.2	19.5	21.7
RoE	16.1	14.9	16.6	17.1
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	32.4	32.8	27.8	24.1
P/B	5.3	4.9	4.4	3.9
P/CEPS	56.3	59.0	70.2	79.7
EV/EBITDA	24.7	22.2	18.8	16.1
EV/Sales	7.1	6.3	5.6	4.9
Dividend Yield (%)	1.2	1.2	1.3	1.3

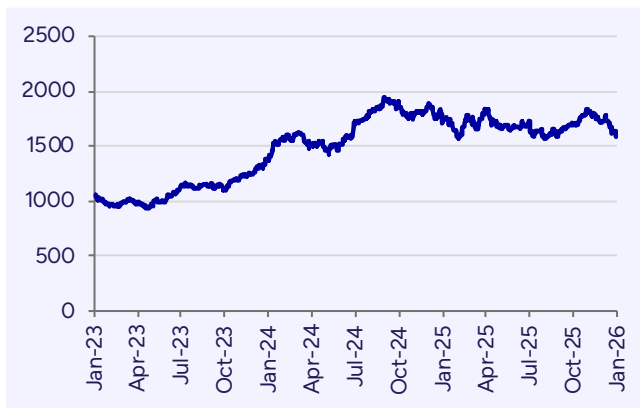
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
India Formulations	1,69,230	1,91,568	2,14,557	2,38,158
US Formulations	1,62,403	1,69,013	1,86,488	2,08,920
ROW Formulations	1,65,786	1,95,177	2,15,786	2,37,365
APIs	21,292	20,653	22,099	23,646

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-26	BUY	1,875	1,783
2	06-Nov-25	BUY	1,875	1,703
3	08-Oct-25	BUY	1,875	1,653
4	01-Aug-25	BUY	1,875	1,707
5	08-Jul-25	BUY	2,000	1,680
6	23-May-25	BUY	2,000	1,719
7	08-Apr-25	BUY	2,275	1,677

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,854
2	Apollo Hospitals Enterprise	BUY	8,600	7,087
3	Aster DM Healthcare	BUY	775	615
4	Aurobindo Pharma	BUY	1,300	1,235
5	Brigade Enterprises	BUY	1,045	843
6	Cipla	Accumulate	1,440	1,315
7	Divi's Laboratories	Accumulate	7,050	6,643
8	Dr. Reddy's Laboratories	Reduce	1,300	1,157
9	Eris Lifesciences	BUY	1,900	1,553
10	Fortis Healthcare	BUY	1,120	915
11	Global Health	BUY	1,375	1,238
12	HealthCare Global Enterprises	BUY	850	657
13	Indoco Remedies	Hold	325	225
14	Ipca Laboratories	BUY	1,600	1,514
15	J.B. Chemicals & Pharmaceuticals	BUY	2,300	1,927
16	Jupiter Life Line Hospitals	BUY	1,750	1,393
17	Krishna Institute of Medical Sciences	BUY	810	654
18	Lupin	BUY	2,400	2,214
19	Max Healthcare Institute	BUY	1,350	1,051
20	Narayana Hrudayalaya	BUY	2,100	1,901
21	Oberoi Realty	Accumulate	1,820	1,647
22	Prestige Estates Projects	BUY	1,880	1,500
23	Rainbow Children's Medicare	BUY	1,550	1,179
24	Sun Pharmaceutical Industries	BUY	1,875	1,783
25	Sunteck Realty	BUY	550	374
26	Torrent Pharmaceuticals	Accumulate	4,200	4,092
27	Zydus Lifesciences	Accumulate	1,020	928

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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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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