Sector: Pharmaceuticals | **RESULT REVIEW Q2FY27** | **Declared On: 30 Oct 2026**

Sun Pharmaceutical Industries Limited

RECOMMENDATION SNAPSHOT				
*CMP	Target	Potential Upside	MCap (Rsbn)	Recommendation
Rs1768	Rs2200	24%	4242	Accumulate

**as on 02nd Nov, 2026*

About the Company:

Sun Pharmaceuticals Limited (SUNP) is a leading global specialty generics company with a presence in specialty, generics and consumer healthcare products. SUNP has forayed into regulated markets by acquiring a majority stake in Caraco Pharma and has strengthened its presence by acquiring Taro and Ranbaxy. It is among the first few Indian pharma players to have shifted focus to specialty from generics. Within specialty, dermatology and ophthalmology are the key investment areas. SUNP manufactures and markets a large basket of pharmaceutical formulations in India, the US and several other markets across the world. However, US and Indian formulations are by far the core strengths and growth drivers of the company. It has a global presence with 40 manufacturing facilities and R&D centers.

Results: Quick Glance:

- The total revenue grew by 11.9% to Rs161.99bn as compared to Rs144.78bn in the same quarter last year
- The Ebitda margin for the quarter stood at 29.3% as against 31.3% in the corresponding quarter of last year
- The company reported a net profit of Rs19.89bn as compared to Rs31.18bn in the comparative quarter
- There is an exceptional item of Rs12.7bn reported during the quarter; adjusting for which the PAT grew by 4% y-o-y
- The EPS for the quarter under review stood at Rs8.30 as against Rs13.0 in Q2FY26
- For H1FY27, the revenues came in at Rs314.98bn as compared to Rs283.30bn; growth of 11.2% while the PAT stood at Rs48.83bn as against Rs53.97bn. The EPS came in at Rs20.40 as against Rs22.50 in H1FY26

Conference Call Highlights:

- **India Business:** Sale of branded formulations in India for Q2FY27 was at Rs55.52bn, up by 17.3% and accounts for 34.5% of total sales. For H1FY27, the sales stood at Rs110.27bn; growth of 16.6%. SUNP continues to be No. 1 and holds a market share of 8.6% in the IPM as per Pharmarack MAT Sept-2026 report. As per SMSRC (July-Sept 2026) report, it enjoys No.1 ranking by prescriptions in 12 different doctor categories. For Q2FY27, the company launched 14 new products in the Indian market and 19 YTD. Volume growth stood at 6.7% in Q2FY27, well ahead of IPM volume growth of 1.8%. The Management stated that around 50-60% of growth came from volume and new products, with the balance coming from pricing. The company voluntarily recalled 11 ophthalmology products and initiated a temporary cessation of manufacturing at the concerned plant. The Indian regulator has been informed, and remedial actions are underway
- **US Formulations:** sales were USD455mn lower by 8.2% contributing 27.0% of total consolidated sales. For H1FY27, the sales stood at USD882mn. The y-o-y decline was largely due to lenalidomide erosion. Excluding lenalidomide, US sales were slightly up y-o-y in Q2FY27. The q-o-q growth was driven by new generic launches
- The **global Innovative medicines** sales stood at USD356mn, up 6.9% and accounted for 21.1% of sales. Growth was driven by both the US and international markets, led by Ilumya (ex-US), Cequa and Odomzo. For H1FY27, sales stood at USD707mn, up 9.8% y-o-y. Ilumya is now approved in the US for the treatment of adults with active psoriatic arthritis. The company plans a soft launch in Nov'26, followed by a full launch in the following months. Ilumya sales in the US slowed in Q2FY27 due to a mix of market and execution factors. Management has put interventions in place and expects it to return to more typical growth patterns over the next few quarters. SUNP launched five generic products in the US. With regard to various pipeline updates: (i) **Nidlegy**: has been filed with the EMA for locally advanced melanoma and is awaiting approval. The locally advanced BCC indication is in Phase 3 and the locally advanced cSCC indication is in Phase 2. Management stated that Nidlegy will not be a comparable opportunity to Unloxcyt, as it is licensed only for EU and a few other markets (ii) **Ilumya**: the current phase is that this drug is approved in the US with the next milestone set for launch, (iii) **Fibromun**: has completed Phase 2 for soft tissue sarcoma, and the next milestone is the start of Phase 3. The glioblastoma indication is in Phase 2, with regulatory filing as the next milestone. (iv) **GL0034**: the topline data is expected during H2CY27, (v) **MM-II**: has completed Phase 2 for pain in osteoarthritis and is expected to enter partnership for commercialization
- For **Leqselvi**, the new data showed durability of efficacy, in addition to its speed of response
- **Unloxcyt** was elevated to a category 2A preferred recommendation in the NCCN guidelines for advanced CSCC. Long-term data showed complete responses in 34% of locally advanced and 17-21% of metastatic patients, with a very low level of high-grade immune-related adverse events. Management stated that Unloxcyt is gaining market share m-o-m

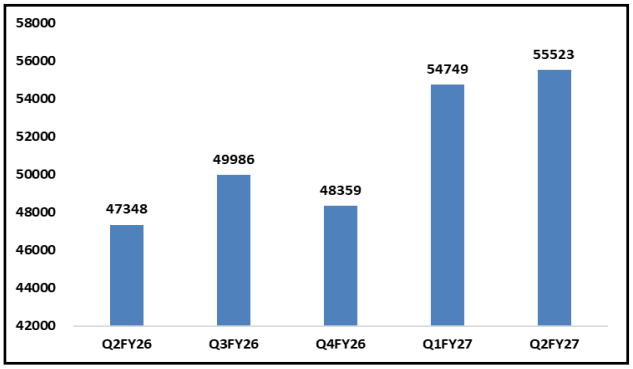
Conference Call Highlights (contd.):

- The comprehensive pipeline for US generics business consists of approved ANDAs for 561 products while filings for 120 ANDAs including 26 tentative approvals await USFDA approvals. Additionally, the portfolio includes 58 approved NDAs while 12 NDAs await USFDA approvals. 4 ANDAs were filed in Q2FY27 and the company received approval for 3 ANDAs
- SUNP has signed an agreement with the US govt. to prioritize access to affordable medicines. Under the agreement, the company will extend most favoured nation pricing to state Medicaid programs. The agreement delays Section 232 tariffs on innovative products for over two years and exempts SUNP from the GLOBE and GUARD Medicare models
- **Emerging Markets:** sales were at USD350mn for Q2FY27 higher by 7.6% on a y-o-y basis; accounting for about 20.7% of total consolidated sales. For H1FY27, the sales stood at USD661mn; growth of 6%. CC growth stood at 7.4%. Branded generics continued to grow, while Innovative Medicine was an important growth driver, with Ilumya doing well in markets such as Romania and Brazil. The company's partner launched generic semaglutide in Brazil during the quarter
- **Rest of World Markets (RoW):** sales were at USD241mn in Q2FY27; and accounted for 14.3% of total consolidated sales. For H1FY27, the sales stood at USD460mn; marginal growth of 1.5%
- **API:** For Q2FY27, external sales of API were at Rs4889mn, up by 13.7% while for H1FY27 the growth was 11.9%
- **Semaglutide** is in its first year of commercialization in India. Management stated that a new product typically takes three to four years to build
- **Organon**: Integration planning for the Organon acquisition continues to progress across functions and workstreams, in line with plan. Regulatory approvals have now been secured in majority of regions, with the remaining jurisdictions tracking on schedule. The acquisition is expected to close in Q4FY27. The Q2 numbers includes Organon-related acquisition costs of Rs3.46bn under exceptional items (Rs5.13bn in H1FY27). Acquisition-related costs will continue until closure, and some of these could be back-ended. SUNP allotted its non-convertible debentures of Rs78.2bn. The NCD proceeds are for repaying existing borrowings and are not part of the acquisition financing
- **Other highlights:** (i) the gross margins for the quarter came in at 80.9% higher as compared to Q2FY26 led by improved product mix, (ii) forex gain stood at Rs785mn, (iii) the exceptional item of Rs12.7bn included a) charge of Rs3.5bn towards due diligence, legal and filing fees related to the acquisition of all outstanding shares of Organon b) Rs9.2bn towards a settlement agreement with a plaintiff in the Generic Pharmaceuticals Pricing Antitrust Litigation in the Eastern District of Pennsylvania, US, (iv) ETR stood at 28.3% as against 24.7% in Q2FY26, (v) net cash at consolidated levels stood at USD3.3bn, (vi) R&D spend stood at Rs7.8bn; 4.8% of sales. The innovative R&D accounted for 32.4% of the total R&D spends. The R&D guidance for the full year continues to remain intact at 6-7% of the total sales. The Management expects spending to catch up in H2FY27 after lower-than-planned expenditure in H1FY27

Financials:

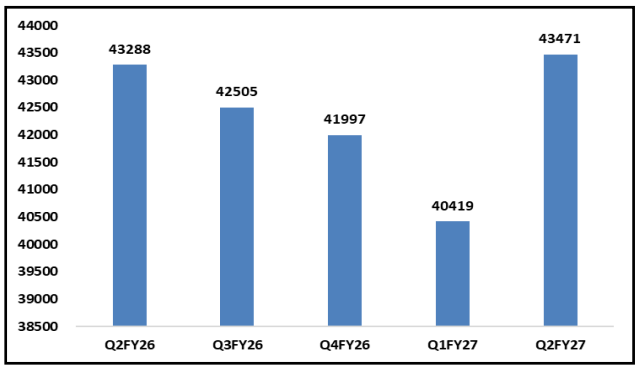
Performance (Q2FY27)									
Q2FY27 Result (Rs mn)	**Sept-26**	**Sept-25**	**y-o-y**	**Jun-26**	**q-o-q**	**H1FY27**	**H1FY26**	**y-o-y**	**FY27E**
Total Revenue	161987	144783	11.9%	152999	5.9%	314986	283297	11.2%	627519
EBITDA	47439	45271	4.8%	44177	7.4%	91616	88287	3.8%	174302
Other Income	5173	4699	10.1%	7236	(28.5%)	12409	9344	32.8%	22238
Interest	747	999	(25.2%)	997	(25.1%)	1743	1747	(0.2%)	3806
Depreciation	7583	7295	4.0%	7387	2.7%	14971	14301	4.7%	30360
Exceptional Items	(12688)	-	-	(2041)	-	(14729)	(8180)	-	(14729)
Tax	11578	10305	12.4%	11880	(2.5%)	23458	19007	23.4%	37346
Net Profit before JV and NCI	**20016**	**31371**	**(36.2%)**	**29108**	**(31.2%)**	**49124**	**54397**	**(9.7%)**	**110299**
Share of JV	(65)	(121)	-	(96)	-	(161)	(219)	-	(501)
PAT after share of JV	**19951**	**31250**	**(36.2%)**	**29012**	**(31.2%)**	48963	**54178**	**(9.6%)**	**109798**
NCI	(65)	(70)	-	(64)	-	(130)	(212)	-	(331)
PAT for the period	**19886**	**31180**	**(36.2%)**	**28948**	**(31.3%)**	**48834**	**53966**	**(9.5%)**	**109468**

Exhibit 1: Indian Formulations Sales Trend (Rs mn)



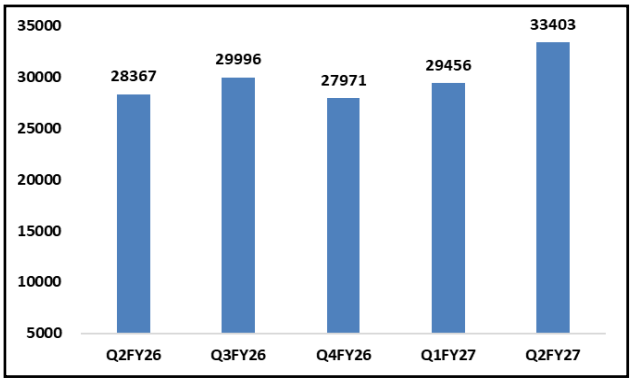
Source: Company Press Release, Progressive Research

Exhibit 2: US Formulations Sales Trend (Rs mn)



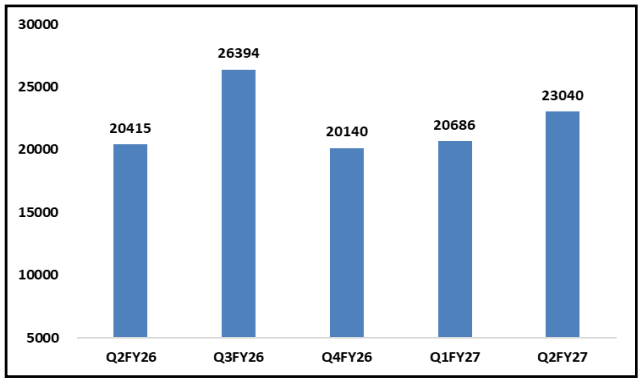
Source: Company Press Release, Progressive Research

Exhibit 3: Emerging Markets Revenue Trend (Rs mn)



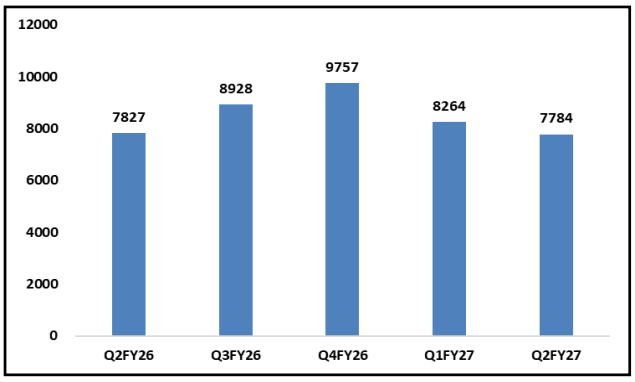
Source: Company Press Release, Progressive Research

Exhibit 4: RoW Markets Revenue Trend (Rs mn)



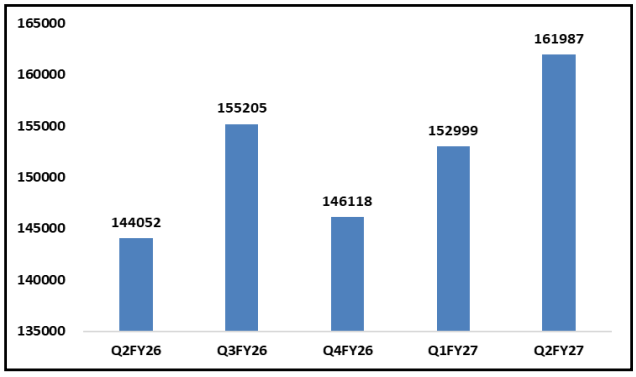
Source: Company Press Release, Progressive Research

Exhibit 5: R&D Spend Quarterly Trend (Rs mn)



Source: Company Press Release, Progressive Research

Exhibit 6: Revenue Trend (Rs mn)



Source: Company Press Release, Progressive Research

Outlook and Recommendations:

The company has reported better than expected earnings backed by performance in the India, US and Emerging Markets businesses alongwith lower than expected R&D costs. The revenues grew by 11.9% y-o-y. Gross margins stood at 80.8% in Q2FY27, up from 79.4% in Q2FY26, supported by a better product mix and favourable currency. The Ebitda margin stood at 29.3%, down from 31.3% in Q2FY26, as the base quarter benefited from lenalidomide sales. The exceptional items stood at Rs12.7bn in Q2FY27, adjusting for which the PAT reported growth of 4.5% y-o-y. **India** growth of 17.3% y-o-y was well ahead of IPM, supported by volume growth and market share gains. SUNP's volume growth of 6% was higher than IPM growth of 1.6% y-o-y in the DF segment with ~50-60% of its growth led by volumes and new product launches, and the balance coming from pricing. Growth was broad-based across all 12 major therapy areas. It was supported by brand building, scientific promotion, field-force expansion, a larger prescriber base and new launches ahead of competition. The **US sales** stood at USD455mn, declining 8.2% y-o-y but growing 6.6% q-o-q in USD terms. The y-o-y decline was primarily attributable to slower growth in the Innovative Medicine business and erosion in gRevlimid sales. The US government agreement reduces near-term tariff uncertainty on the innovative portfolio. The company plans to launch its licensed PCSK9 inhibitor across markets outside the US and China, with approval already secured in Europe. The company has commercialized **semaglutide** in India, South Africa, and Brazil. The **EM** segment exhibited a gradual revival in y-o-y growth, while ROW y-o-y growth remained muted in CC terms for the quarter. **Innovative Medicine** growth moderated to 6.9% y-o-y due to the slowdown in Ilumya in the US. Going forward, the psoriatic arthritis indication and lerodalcibep will add new growth levers. However, a recovery in Ilumya in the US remains a key monitorable. The company licensed lerodalcibep, a once-monthly PCSK9 inhibitor, from Leap Therapeutics for markets outside the US and China. The product is approved in EU, and pre-launch activities have started across the EU. Country-wise pricing and reimbursement approvals typically take 6-12 months. The company will leverage its existing cardiology field force in emerging markets and add capabilities where required. In terms of the pipeline products, **Nidlegy** approval in EU is the nearest-term pipeline trigger. However, its opportunity is smaller than Unloxcyt given the limited geographic rights. The **Organon** acquisition remains on track for closure in Q4FY27. However, acquisition-related exceptional costs are likely to weigh on reported PAT until closure. In terms of **guidance**, the Management has reiterated its overall revenue growth guidance of high single digits for FY27E and R&D in the range of 6-7% of sales; significant ramp up expected in H2. We have tweaked our numbers to factor in lower US sales and higher interest cost and maintain accumulate on the stock for a target of Rs2200

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