

Zydus Lifesciences Limited

BUY

Sector: Pharmaceuticals

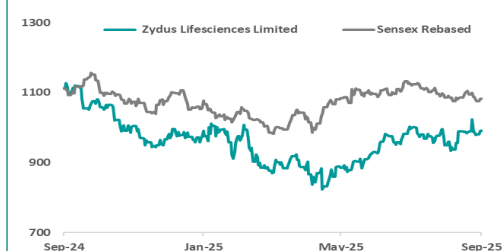
03rd September, 2025

Key Changes	Target	Rating	Earnings	Target	Rs. 1,121
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Large Cap	ZYDUSLIF:IN	80,158	ZYDUSLIFE	532321	12 Months
				CMP	Rs. 996
				Return	+13%

Data as of: 02-Sep-2025, 18:00 hrs

Company Data			
Market Cap (Rs.cr)	1,01,015		
52 Week High — Low (Rs.)	1,136 - 797		
Enterprise Value (Rs. cr)	1,03,915		
Outstanding Shares (cr)	100.6		
Free Float (%)	24.7		
Dividend Yield (%)	1.1		
6m average volume (cr)	13.0		
Beta	0.6		
Face value (Rs.)	1.0		
Shareholding (%)	Q3FY25	Q4FY25	Q1FY26
Promoters	75.0	75.0	75.0
FII's	7.5	7.3	7.1
MFs/Institutions	10.7	11.0	11.1
Public	5.9	5.9	5.9
Others	0.9	0.8	0.8
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	6.8%	13.7%	-10.8%
Absolute Sensex	-1.2%	10.1%	-2.7%
Relative Return	8.0%	3.6%	-8.2%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	23,242	25,632	26,598
Growth (%)	18.9	10.3	3.8
EBITDA	7,059	6,993	6,572
EBITDA Margin (%)	30.4	27.3	24.7
PAT Adjusted	4,745	4,570	4,257
Growth (%)	22.5	-3.7	-6.8
Adjusted EPS	45.0	45.4	42.3
Growth (%)	22.5	-3.7	-6.8
P/E	19.7	21.8	23.4
P/B	3.7	3.6	3.2
EV/EBITDA	13.3	14.9	15.8
ROE (%)	19.3	16.6	13.6
D/E	0.1	0.1	0.1

MedTech platform adds revenue streams

Zydus Lifesciences Ltd (Zydus) is one of India's leading, vertically integrated pharmaceutical companies. It operates across the value chain, from manufacturing finished dosages to active pharmaceutical ingredients, as well as animal healthcare and wellness products.

- Zydus' revenue increased 5.9% YoY to Rs. 6,574cr in Q1FY26 driven by 6.5% YoY rise in pharmaceuticals to Rs. 5,716cr and a 2.3% YoY increase in consumer products to Rs. 858cr.
- The Indian formulations business grew 8.0% YoY to Rs. 1,520cr, driven by chronic portfolio growth (43.7% share) and leadership in oncology and key therapies like cardiology, respiratory, pain and anti-infection.
- EBITDA was nearly flat at Rs. 2,089cr; however, EBITDA margin contracted by 180bps YOY to 31.8%, due to increase in employee benefits expenses (+13.8% YoY) and other expenses (+2.2% YoY).
- Zydus said the US pharmaceutical tariffs are uncertain and the impact is still being assessed, but it would continue to provide generic access, which makes up ~90% of the US market volumes and supports affordability.
- Zydus reported positive topline results from EPICS-III trial of Saroglitazar Magnesium in Patients with Primary Biliary Cholangitis and is planning for regulatory filing.

Outlook & Valuation

The company delivered a good, broad-based performance, driven by market share gains in key therapies, strong growth in international markets, and momentum in high-value specialty launches. Management anticipates sustained growth in the US, robust emerging market expansion, and scale-up in the differentiated 504(b)(2) portfolio. Strategic priorities include the launch of Semaglutide, Desidustat commercialisation in China, and the rollout of CE-approved robotic surgery. Continued operational efficiency measures and capacity expansion are expected to strengthen competitive positioning. Considering these factors, we remain positive and **reiterate our BUY rating on the stock, with a revised target price of Rs. 1,121, based on a 27x FY27E adj. EPS.**

Quarterly Finance Consol.

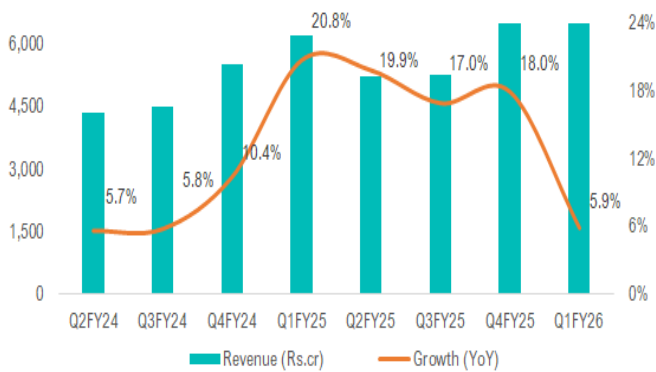
Rs.cr	Q1FY26	Q1FY25	YoY Growth (%)	Q4FY25	QoQ Growth (%)
Sales	6,574	6,208	5.9	6,528	0.7
EBITDA	2,089	2,084	0.2	2,126	-1.7
Margin (%)	31.8	33.6	-180bps	32.6	-80bps
EBIT	1,850	1,869	-1.0	1,888	-2.0
PBT	1,921	1,900	1.1	1,672	14.9
Rep. PAT	1,487	1,464	1.6	1,249	19.0
Adj PAT	1,467	1,420	3.3	1,391	5.5
Adj. EPS (Rs)	14.6	14.1	3.3	13.8	5.5



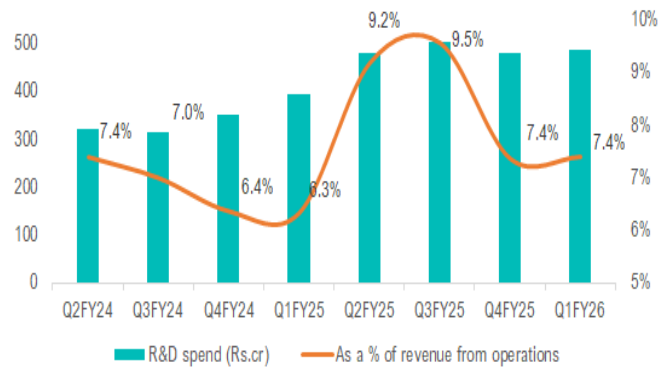
Key concall highlights

- Zydus received marketing authorisation from the Drugs Controller General of India for Rituximab and Afibercept biosimilars, and obtained Phase III trial approval for a second antibody drug conjugate.
- The company acquired an 85.6% stake in Amplitude Surgical SA, adding advanced lower-limb orthopedic technologies and a robotic surgery system to strengthen its MedTech portfolio.
- The company partnered with Braile Biomédica to commercialise Transcatheter Aortic Valve Implantation (TAVI) technology in Europe, India, and select markets, expanding into interventional cardiology.
- Zydus is building a dialyzer facility and investing Rs. 300cr in MedTech capital expenditure over the next 12-18 months.
- Zydus aims to file over 25 products in 505(b)(2) pipeline, with 15 already filed, thereby enhancing specialty portfolio depth.
- Management anticipates Desidustat approval in China within 12 months, targeting a significant Chronic Kidney Disease (CKD) anemia treatment market opportunity. (The market size of the CKD molecule in China is ~\$1 billion and growing.)
- The company expects CUTX-101 approval in FY26, expanding its rare treatment portfolio.
- Management continues to guide for high-teen to mid-20s growth in the international market.

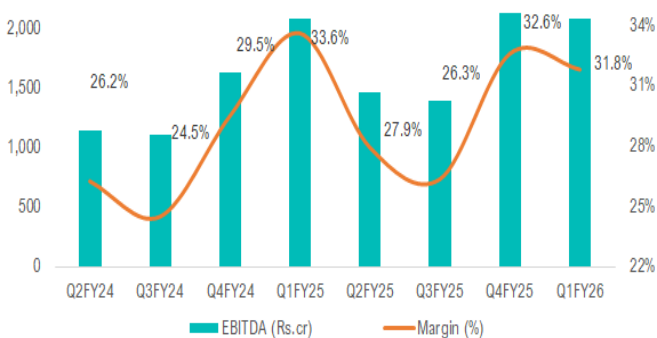
Revenue



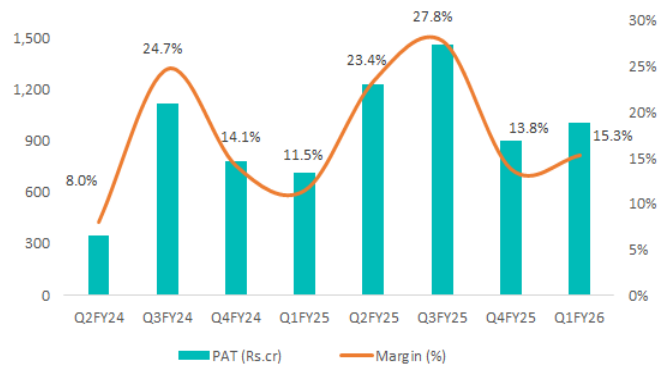
R&D spend



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change -%	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	24,654	25,333	25,632	26,598	4.0	5.0
EBITDA	6,977	6,359	6,993	6,572	0.2	3.4
Margins (%)	28.3	25.1	27.3	24.7	-100bps	-40bps
Adj. PAT	4,885	4,456	4,570	4,257	-6.5	-4.5
EPS	48.5	44.3	45.4	42.3	-6.4	-4.5



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	17,237	19,547	23,242	25,632	26,598
% change	14.1	13.4	18.9	10.3	3.8
EBITDA	3,860	5,384	7,059	6,993	6,572
% change	15.1	39.0	32.1	1.2	-4.6
Depreciation	723	764	916	1,021	1,142
EBIT	3,137	4,620	6,143	5,971	5,430
Interest	130	81	166	158	150
Other Income	187	284	270	364	455
PBT	2,590	4,809	6,027	6,177	5,735
% change	-8.8	85.7	25.3	2.5	-7.2
Tax	588	978	1,412	1,544	1,434
Tax Rate (%)	22.7	20.3	23.4	25.0	25.0
Reported PAT	2,002	3,831	4,615	4,633	4,301
PAT att. to common shareholders	1,960	3,860	4,526	4,570	4,257
Adj.*	604	14	220	-	-
Adj. PAT	2,565	3,874	4,745	4,570	4,257
% change	-41.4	51.1	22.5	-3.7	-6.8
No. of shares (cr)	101.2	100.6	100.6	100.6	100.6
Adj EPS (Rs.)	19.3	38.1	45.0	45.4	42.3
% change	-40.7	51.9	22.5	-3.7	-6.8
DPS (Rs.)	6.0	3.0	11.0	7.5	7.5

Cashflow

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	2,725	4,596	5,531	5,654	5,444
Non-cash adj.	543	-602	337	-1,493	-872
Other adjustments	-	-	-	-	-
Changes in W.C	-579	-797	910	-560	-314
C.F. Operation	2,689	3,196	6,777	3,602	4,257
Capital exp.	-992	-883	-1,661	-1,922	-2,021
Change in inv.	2,449	-721	-6,367	-654	-1,182
Other invest.CF	78	129	-344	-	-
C.F - Investment	1,535	-1,475	-8,372	-2,576	-3,203
Issue of equity	-	-	-	-	-
Issue/repay debt	-4,007	-1,117	2,406	-	-
Dividends paid	-267	-621	-303	-754	-756
Other finance.CF	-126	-41	-90	-158	-150
C.F - Finance	-4,400	-1,779	2,014	-912	-905
Chg. in cash	-177	-58	419	114	148
Closing Cash	488	413	827	940	1,089

Balance Sheet

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	488	413	827	940	1,089
Accts. Receivable	4,417	5,220	4,025	4,422	4,575
Inventories	3,413	3,442	3,944	4,371	4,858
Other Cur. Assets	1,699	2,426	8,251	9,320	9,932
Investments	927	968	1,557	1,620	1,718
Gross Fixed As-sets	7,807	8,465	8,654	10,576	12,597
Net Fixed Assets	5,697	5,803	6,042	6,443	6,822
CWIP	1,130	1,112	1,318	1,818	2,318
Intangible Assets	5,895	7,877	8,466	9,057	10,140
Def. Tax -Net	1,262	1,644	2,344	3,089	3,584
Other Assets	829	375	429	457	486
Total Assets	25,756	29,281	37,202	41,536	45,523
Current Liabilities	4,356	4,563	5,861	6,147	6,473
Provisions	272	310	384	392	399
Debt Funds	1,195	804	3,213	3,054	2,903
Other Liabilities	246	1,503	1,386	1,445	1,418
Equity Capital	101	101	101	101	101
Res. & Surplus	17,415	19,729	23,853	27,827	31,480
Shareholder Funds	17,516	19,830	23,953	27,928	31,580
Minority Interest	2,173	2,272	2,405	2,571	2,748
Total Liabilities	25,756	29,281	37,202	41,536	45,523
BVPS	173	197	238	278	314

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	22.4	27.5	30.4	27.3	24.7
EBIT margin (%)	18.2	23.6	26.4	23.3	20.4
Net profit mgn.(%)	11.4	19.7	19.5	17.8	16.0
ROE (%)	11.4	19.3	19.3	16.6	13.6
ROCE (%)	15.0	20.2	20.8	17.8	14.6
W.C & Liquidity					
Receivables (days)	93.5	97.5	63.2	63.0	62.8
Inventory (days)	197.4	201.7	227.1	226.2	224.5
Payables (days)	122.9	124.6	132.8	133.0	133.8
Current ratio (x)	1.8	2.2	1.9	2.1	2.2
Quick ratio (x)	1.0	1.2	1.3	1.4	1.4
Turnover & Leverage					
Gross asset T.O (x)	2.3	2.4	2.7	2.7	2.3
Total asset T.O (x)	0.6	0.7	0.7	0.7	0.6
Int. covge. ratio (x)	24.2	56.9	37.0	37.9	36.3
Adj. debt/equity (x)	0.1	0.0	0.1	0.1	0.1
Valuation					
EV/Sales (x)	3.1	5.3	4.0	4.1	3.9
EV/EBITDA (x)	13.6	19.3	13.3	14.9	15.8
P/E (x)	25.5	26.4	19.7	21.8	23.4
P/BV (x)	2.8	5.1	3.7	3.6	3.2



Recommendation Summary - (last 3 years)



Dates	Rating	Target
19-Aug-21	BUY	632
09-Feb-22	BUY	465
31-May-22	BUY	440
17-Feb-23	ACCUMULATE	528
22-Aug-23	BUY	750
29-May-24	ACCUMULATE	1,196
16-Apr-25	BUY	975
03-Sep-25	BUY	1,121

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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