

# Research Report

**Zydus Lifesciences Ltd.**



Prepared By-

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# About

In 1995, the group was restructured and thus was formed Cadila Healthcare under the aegis of the Zydus group. From a humble turnover Rs. 250 crores in 1995 the group witnessed a significant financial growth and registered a turnover of over Rs. 14,253 crores in FY20. Adhering to its brand promise of being dedicated to life in all its dimensions, Zydus continues to innovate with an unswerving focus to address the unmet healthcare needs. Simultaneously it rededicates itself to its mission of creating healthier, happier communities across the globe

## Business Segments

**1) US Formulations (51% in Q1 FY25 vs 38% in FY22):** The company distributes over 200 generic products in the U.S. market, holding leadership positions in more than **20% of its product families** and ranking among the top three in approximately 60% of its products.

**2) India Business (37% in Q1 FY25 vs 45% in FY22):**

**The segment is split into:**

a) Formulations (23% in Q1 FY25 vs 32% in FY22)  
 b) Consumer Wellness (14% in Q1 FY25 vs 13% in FY22):

**3) International Markets Formulations (9% in Q1 FY25 vs 10% in FY22):**

**4) API (2% in Q1 FY25 vs 4% in FY22):**

**5) Alliances & Others (1% in Q1 FY25 vs 3% in FY22)**

## Synopsis of Financials

### Q3 FY26 Snapshot: Growth, Profitability, and Mix Shifts

- Consolidated revenue: ₹68.6 bn (+30% YoY).
- EBITDA: ₹18.2 bn (+31% YoY); margin 26.5% (+20 bps YoY). 9M FY26 EBITDA margin: 30.3%
- Adjusted net profit: ₹11.1 bn (+9% YoY)

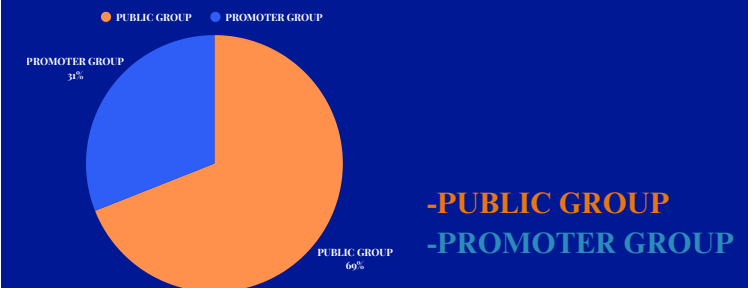
## Stock data (as 30th March 2026)

Nifty Price	: 22,331.40
52 week High (in Rs.)	: 1,059.05
52 week Low (in Rs.)	: 795.00
Market Cap. (in Crore)	: 88,437.91
NSE Code	: INE010B01027

### Stock data



### Shareholding Pattern (December 2025)



### Financial Summary

Particular	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Sales -	15,102	15,265	17,237	19,547	23,242
Sales Growth %	5.96%	1.08%	12.92%	13.40%	18.90%
Expenses +	11,758	11,923	13,378	14,163	16,183
Operating Profit	3,344	3,342	3,860	5,384	7,058
OPM %	22%	22%	22%	28%	30%
Net Profit +	2,185	4,618	2,092	3,973	4,673
EPS in Rs	20.84	43.83	19.37	38.36	44.97
Dividend Payout %	17%	6%	31%	8%	24%

# Quarterly Results

Particular	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Sales -	6,208	5,237	5,269	6,528	6,574	6,123	6,864
YOY Sales Growth %	20.78%	19.87%	16.96%	17.96%	5.90%	16.92%	30.28%
Expenses -	4,124	3,776	3,882	4,402	4,485	4,107	5,048
Material Cost %	25.55%	28.10%	30.05%	26.00%	27.22%	27.61%	26.75%
Employee Cost %	14.23%	16.79%	17.96%	14.88%	15.29%	16.89%	16.60%
Operating Profit	2,084	1,461	1,388	2,126	2,088	2,016	1,816
OPM %	34%	28%	26%	33%	32%	33%	26%
Other Income -	63	68	57	-139	155	75	26
Other income normal	63	68	58	81	155	109	111
Interest	32	25	32	77	85	101	130
Depreciation	215	234	229	238	238	302	360
Profit before tax	1,900	1,271	1,184	1,672	1,921	1,687	1,353
Tax %	23%	29%	15%	25%	23%	27%	29%
Net Profit +	1,482	920	1,026	1,244	1,521	1,239	1,023

Source: Screener

## Key Ratios

Sr. No	Ratio	Numerator	Denominator	FY 24-25	FY 23-24	% Change
1	Current Ratio (\$)	Current Assets	Current Liabilities	1.95	3.11	-37.3%
2	Debt-Equity Ratio	Total Debt	Shareholder's Equity	0.39	0.39	0.2%
3	Debt Service Coverage Ratio	Earnings available for debt service @	Finance costs + Repayment of debt	3.47	4.60	-24.6%
4	Return on Equity Ratio (#)	Net Profits after taxes @@	Average Shareholder's Equity	31.3%	23.5%	33.1%
5	Inventory turnover ratio (*)	Net Sales	Average Inventory	8.02	5.95	34.8%
6	Trade Receivables turnover ratio	Net Sales	Average Trade Receivables	2.26	2.50	-9.6%
7	Trade payables turnover ratio	Net Purchases and Other Expenses	Average Trade Payables	5.19	4.91	5.7%
8	Net capital turnover ratio	Net Sales	Average Working Capital	2.27	2.12	7.3%
9	Net profit ratio	Net Profits after taxes @@	Net Sales	39.6%	33.4%	18.4%
10	Return on Capital employed (#)	Earnings before interest and taxes	Average Capital Employed	30.6%	22.9%	34.1%

Source: Annual Report

# Yearly Results

Particulars	March 2021	March 2022	March2023	March2024	March2025
Equity Capital	102	102	101	101	101
Reserves	12,890	16,897	17,415	19,729	23,852
Borrowings	4,584	4,221	1,195	804	3,213
Other Liabilities	6,189	6,421	6,851	8,201	9,523
Total Liabilities	23,765	27,642	25,562	28,834	36,689
Fixed Assets	12,133	12,253	11,521	12,368	13,134
CWIP	783	661	1,201	2,423	2,692
Investments	830	3,288	1,547	1,220	6,408
Other Assets	10,019	11,439	11,294	12,822	14,456
Total Assets	23,765	27,642	25,562	28,834	36,689

# Synopsis Quarter Results

## Concall Notes - Feb-2026: Key Highlights

### Q3 FY26 Snapshot: Growth, Profitability, and Mix Shifts:

- Consolidated revenue: ₹68.6 bn (+30% YoY). Management emphasized that “excluding acquisitions too, the base sustained double-digit growth with all key businesses delivering ahead of expectations.”
- EBITDA: ₹18.2 bn (+31% YoY); margin 26.5% (+20 bps YoY). 9M FY26 EBITDA margin: 30.3% (implies margin normalization in Q3 vs 9M, consistent with mix/acquisition consolidation and R&D lumpiness discussed later).
- Adjusted net profit: ₹11.1 bn (+9% YoY), adjusted for exceptional expense from new labor code impact and acquisition-related costs.
- Total revenues registered robust 30% YoY growth
- EBITDA margin stood at 26.5%, up 20 bps YoY.
- Capex (organic) for the quarter: Rs. 4,637 mn .
- Net debt: Rs. 28,728 mn (at 31-Dec’25) vs Rs. ( -)48,880 mn (at 31 -Mar’25)

### Capital allocation / QIP

- ₹5,000 cr QIP approval is opportunistic: fundraising is “mostly contingent” on a “meaningful acquisition,” not required for current plans given internal accruals/cash flows.

### Net debt:

- Stated **net debt ~₹3,000 cr**, driven by recent acquisitions; management said they are “**more than comfortable**” with leverage.

# Highlights



## Q3 FY26: At a Glance

### Revenues from Operations

**Rs. 68,645 mn**  
↑ 30% YoY

### EBITDA & Margin %

**Rs. 18,164 mn**  
26.5% of revenues  
↑ 31% YoY

### Adjusted Net Profit

**Rs. 11,109 mn**  
↑ 9% YoY

### R&D

**Rs. 6,074 mn**  
8.8% of revenues

# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Lupin	2312.70	21.34	105731.82	0.51	1180.51	75.99	7167.52	24.27	21.30
Dr Reddy's Labs	1254.65	18.86	104720.23	0.63	1189.60	-14.42	8753.40	4.44	22.69
Cipla	1223.05	20.83	98795.91	1.07	674.25	-43.70	7074.48	0.02	22.72
Zydus Lifesci.	871.20	17.24	87663.10	1.24	1022.90	7.70	6864.50	30.28	24.31

Source: Screener

# Final Outlook

**ZYDUSLIFE: HOLD | LTP: 878.90**

## **Summary:**

Zydus Lifesciences Ltd. is a fundamentally strong pharmaceutical company showing consistent revenue growth and improving profitability, driven mainly by its expanding US generics business and strong product portfolio. The company has delivered solid sales growth and margin expansion over the years, with recent quarters reflecting robust momentum.

## **Key Highlights:**

### **1. Strong Revenue Growth**

- Sales increased from ₹15,102 Cr (FY21) » ₹23,242 Cr (FY25)
- Consistent growth, especially ~19% in FY25
- Q3 FY26 revenue grew 30% YoY » very strong momentum

### **2. Improving Profitability:**

- Operating margins improved from 22% » 30%
- EBITDA margin remains strong (~26–30%)
- Profit growth is stable, but slightly volatile in some years

## **Overall Analysis:**

- Company is fundamentally strong
- Growth is visible and consistent
- Profitability is improving

## **Conclusion:**

Zydus Lifesciences is a strong pharma company with good growth potential. Zydus Lifesciences presents a balanced investment case with strong growth potential supported by its expanding global presence, improving margins, and focus on the high-value US market. However, near-term challenges such as profit volatility, increased debt from acquisitions, and margin fluctuations may limit immediate upside. Therefore, while the company remains a solid long-term player in the pharmaceutical sector

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