

November 7, 2025

Q2FY26 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,020		970	
Sales (Rs. m)	2,76,152	2,98,594	2,63,367	2,85,715
% Chng.	4.9	4.5		
EBITDA (Rs. m)	69,144	76,198	61,206	69,364
% Chng.	13.0	9.9		
EPS (Rs.)	41.2	47.4	39.9	45.9
% Chng.	3.3	3.2		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,32,415	2,57,908	2,76,152	2,98,594
EBITDA (Rs. m)	68,951	68,484	69,144	76,198
Margin (%)	29.7	26.6	25.0	25.5
PAT (Rs. m)	45,255	46,356	41,492	47,664
EPS (Rs.)	45.0	46.1	41.2	47.4
Gr. (%)	18.0	2.4	(10.5)	14.9
DPS (Rs.)	11.0	11.0	11.0	11.0
Yield (%)	1.2	1.2	1.2	1.2
RoE (%)	20.7	18.1	14.4	14.9
RoCE (%)	25.1	19.2	16.9	17.5
EV/Sales (x)	4.1	3.8	3.5	3.1
EV/EBITDA (x)	13.7	14.3	13.9	12.3
PE (x)	20.8	20.3	22.7	19.8
P/BV (x)	3.9	3.4	3.1	2.8

Key Data ZYDU.BO | ZYDUSLIF IN

52-W High / Low	Rs.1,059 / Rs.795
Sensex / Nifty	83,311 / 25,510
Market Cap	Rs.943bn / \$ 10,635m
Shares Outstanding	1,006m
3M Avg. Daily Value	Rs.955.43m

Shareholding Pattern (%)

Promoter's	74.99
Foreign	7.34
Domestic Institution	10.86
Public & Others	6.80
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.8)	6.4	(5.9)
Relative	(7.5)	3.0	(9.2)

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US sales and margins to taper off

Quick Pointers:

- Enabling resolution to raise Rs50bn through QIP
- Margin guidance maintained at 26% for FY26E.

Zydu Lifesciences (ZYDUSLIF) Q2 EBITDA was largely in line with our estimates. We believe base business remains steady with mild erosion; gRevlimid volumes likely to further tapering off. Though, company is working on a robust pipeline of complex products, including injectables, 505(b)2, transdermals, NCE, biosimilars and vaccines, they are expected to materialize over the next 2–3 years. We expect US sales to decline in FY27E given sales erosion in some of key products and thereby expect 7% EPS CAGR decline over FY25-27E. Mgmt have guided for 2-3 high value launches over FY27E/28E, timely launch will be key to sustaining momentum in US sales. Our FY27/28E EPS stands increased by 3%. We maintain our 'Accumulate' rating with TP of Rs1,020, valuing at 23x Sept 2027E EPS.

- Strong revenue growth YoY across geographies:** ZYDUSLIF showed revenue growth of 18% YoY to Rs60.4bn, in line with our estimate. The YoY growth was aided by MedTech and Comfort click consolidation. Domestic formulation delivered growth of 8.5% YoY. Consumer business grew by 31% YoY. Recently acquired Comfort click was consolidated for 1month. US sales came in at \$315mn vs \$372mn in Q1FY26. EM markets were up by 40% YoY to Rs 7.5bn. API revenues delivered growth of 23% YoY. Medtech business reported revenues of Rs1.6bn (consolidated for 2 months).
- OPM lower at 26.2%, EBITDA in line:** EBITDA, including other operating income, came in at Rs16bn; up 13% YoY. OPM stood at 26.2%, down 90bps YoY. GMs were flat QoQ to 72%. R&D expenses came in at Rs4.82bn (8% of revenue), flat YoY. Other expenses ex R&D were 33% YoY and 4% QoQ. Other operating income came at Rs 850mn. There was forex gain of Rs 4.1bn. Tax rate stood at 26%. Reported PAT of Rs 12.6bn. Adj for forex PAT was flat YoY. EPS adj for forex came in at Rs 8.5

Key Conference Call Highlights

- India formulation:** Branded formulations outpaced market growth in Q2FY26. Growth led by chronic therapies (cardiology, gynaecology, oncology) and innovation-driven launches. Chronic segment share rose to 44.5% Oncology continued to maintain leadership in super-specialty. Launched VaxiFlu, India's first trivalent influenza vaccine per WHO recommendations.
- Consumer health:** Acquired UK-based Comfort Click Ltd (CCL), marking first international consumer acquisition. CCL operates in the fast-growing VMS (vitamins, minerals, supplements) space with D2C presence across UK, EU, and US. Portfolio includes Weight World, Maxmedix (pediatric gummies), and Animigo (pet supplements). Strategy is to expand digital reach beyond Europe to Middle East and US; asset-light model with strong brand retention.

- **US markets:** Base business stable with single-digit price erosion. gRevlimid contribution significantly lower vs Q1; to taper off from Q3. Mirabegron continues to gain market share. Filed 6 ANDAs, received 4 approvals (incl. 1 tentative), and launched 7 products in Q2. Guided for +25 new launches in FY26 (10 done so far). gCopaxone launch in near term.
- **Specialty & 505b(2)** – Specialty strengthened with Beizray (human solubilized docetaxel injection, 505(b)(2)) launch in Oct'25. Continued focus on 505(b)(2) and paediatric rare disease assets. Saroglitazar (PBC): Phase III met primary endpoint; NDA filing by Q4FY26E. Targeting US launch in 14–15 months; estimated ~60–80-person US field force. CUTX-101 (Wilson's disease): launch expected Jan–Jun 2026. Actively evaluating strategic acquisitions in US and Europe specialty (GI, CNS, cardiology, rare disease); leverage ratio capped at 2x short-term / 1x long-term.
- **GLP-1:** Present in the first wave of semaglutide launch in India. Continues to work on Sitagliptin 505(b)(2).
- **International markets:** Broad-based growth across emerging markets and Europe. Continued therapy-led approach in EMs; Europe focus on market expansion and portfolio depth. Acquired full Amplitude Surgical (orthopedics); now 100% subsidiary. Focus on Ortho, Nephro, and Cardio medtech verticals.
- **Vaccines:** Expect vaccines to become meaningful contributor by FY27E/28E.
- **Others:** Opex increase due to acquisitions (Amplitude, CCL) and project-specific costs; steady-state Opex at Rs 15–15.5bn. Capex focus: dialyzer facility, med-tech scaling, vaccine capacity. R&D intensity to remain at ~8–9% of sales. Margin guidance maintained at 26%+ for FY26E. Company has taken enabling resolution to raise Rs50bn through QIP with key focus on US/EU specialty acquisition and Medtech business.

Exhibit 1: Performance driven by US and international markets, EBITDA in line

Y/e March (Rs mn)	Q2FY26	Q2FY25	YoY gr. (%)	Q2FY26E	% Var	Q1FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Net Sales	61,232	52,370	16.9	58,020	5.5	65,737	(6.9)	1,26,969	1,14,445	10.9
Raw Material	16,905	14,714	14.9	16,762	0.9	17,895	(5.5)	34,800	30,575	13.8
% of Net Sales	27.6	28.1		28.9		27.2		27.4	26.7	
Personnel Cost	10,342	8,792	17.6	10,111	2.3	10,052	2.9	20,394	17,627	15.7
% of Net Sales	16.9	16.8		17.4		15.3	10.5	16.1	15.4	
Others	17,968	14,704	22.2	16,616	8.1	17,476	2.8	35,444	30,991	14.4
% of Net Sales	29.3	28.1		28.6		26.6		27.9	27.1	
Total Expenditure	45,215	38,210	18.3	43,488	4.0	45,423	(0.5)	90,638	79,193	14.5
EBITDA	16,017	14,160	13.1	14,532	10.2	20,314	(21.2)	36,331	35,252	3.1
Margin (%)	26.2	27.0		25.0		30.9		28.6	30.8	
Depreciation	3,019	2,336	29.2	2,400	25.8	2,381	26.8	5,400	4,489	20.3
EBIT	12,998	11,824	9.9	12,132	7.1	17,933	(27.5)	30,931	30,763	0.5
Other Income	5,231	1,136	360.5	1,000	423.1	2,120	146.7	7,351	1,516	384.9
Interest	1,013	251	303.6	800	26.6	847	19.6	1,860	573	224.6
PBT	17,216	12,709	35.5	12,332	39.6	19,206	(10.4)	36,422	31,706	14.9
Extra-Ord. Inc./Exps.	342	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	342	-	#DIV/0!
Total Taxes	4,540	3,731	21.7	2,836	60.1	4,340	4.6	8,880	8,092	9.7
ETR (%)	26.4	29.4		23.0		22.6		24.4	25.5	
Minority interest	252	131		(100)	(352.0)	(198)		54	(306)	
Reported PAT	12,586	9,109	38.2	9,396	34.0	14,668	(14.2)	27,254	23,308	16.9

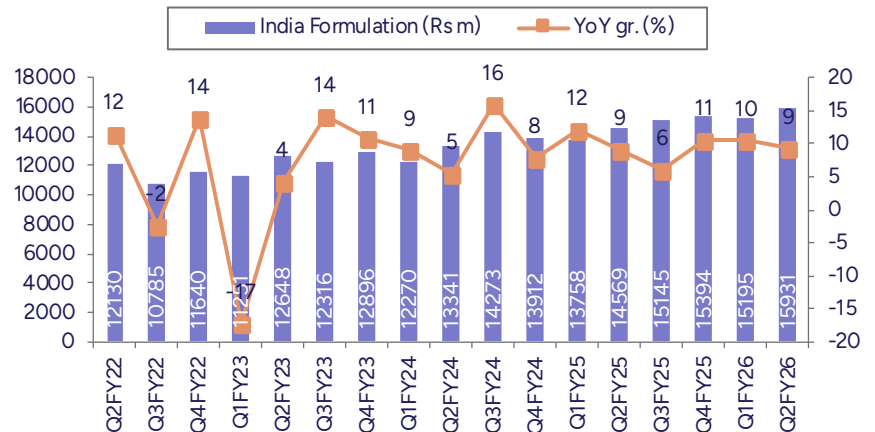
Source: Company, PL

Exhibit 2: EMs and API continue to outperform

Major Sources of Revenues	Q2FY26	Q2FY25	YoY gr. (%)	Q1FY26	QoQ gr. (%)	H1 FY26	H1 FY25	YoY gr. (%)
Domestic	22,305	19,444	14.7	23,744	(6.1)	46,049	41,568	10.8
% of Net Sales	36.9	38.0		36.7		36.8	37.2	
Formulation	15,931	14,569	9.3	15,195	4.8	31,126	28,327	9.9
% of Net Sales	26.4	28.5		23.5		24.9	25.4	
Consumer HC & Others	6,374	4,875	30.7	8,549	(25.4)	14,923	13,241	12.7
% of Net Sales	10.6	9.5		13.2		11.9	11.9	
Exports	36,542	31,692	15.3	40,926	(10.7)	77,468	70,033	10.6
% of Net Sales	60.5	62.0		63.3		62.0	62.8	
Formulation	34,950	29,557	18.2	39,082	(10.6)	74,032	65,795	12.5
% of Net Sales	57.9	57.8		60.4		59.2	59.0	
North America	27,437	24,168	13.5	31,817	(13.8)	59,254	55,097	7.5
EU & LatAM	7,513	5,389	39.4	7,265	3.4	14,778	10,698	38.1
API	1,472	1,194	23.3	1,575	(6.5)	3,047	2,609	16.8
JV	120	941	(87.2)	269	(55.4)	389	1,629	(76.1)

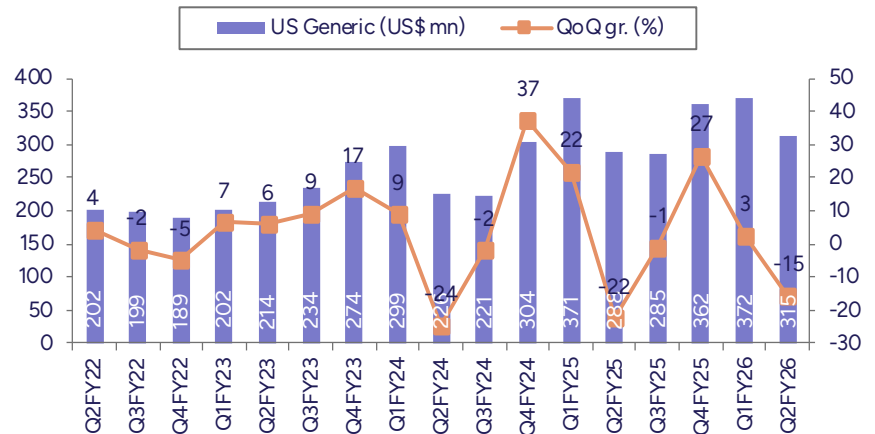
Source: Company, PL

Exhibit 3: Chronic portfolio share improved to 44.5%



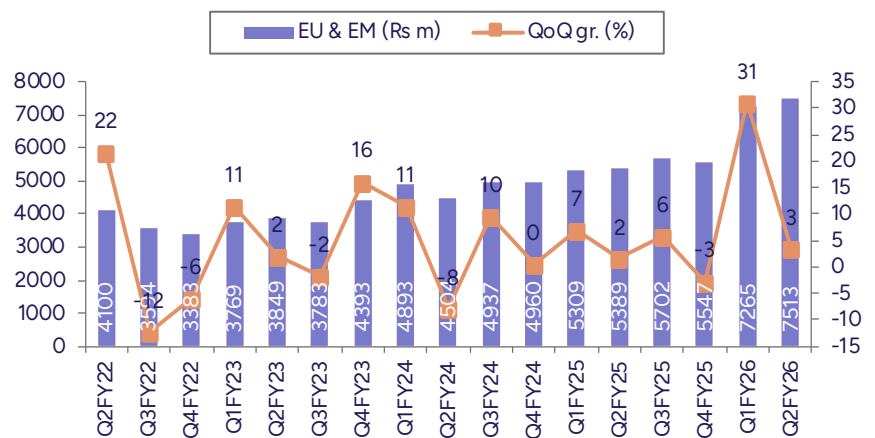
Source: Company, PL

Exhibit 4: Base business stable with single-digit price erosion



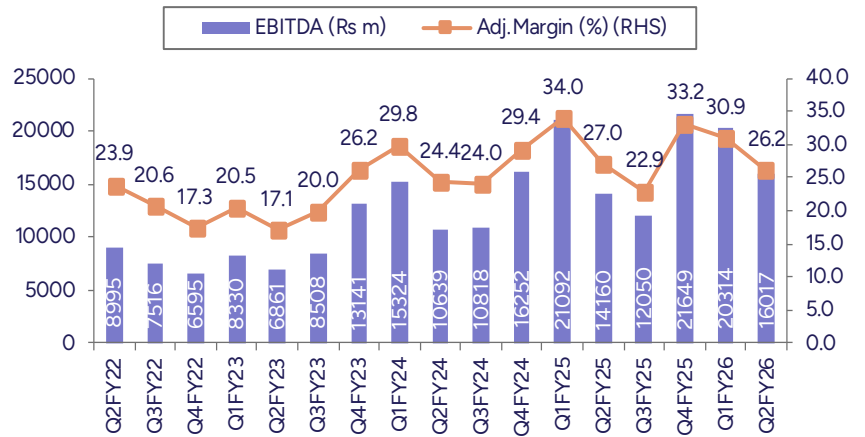
Source: Company, PL

Exhibit 5: Witnessed healthy growth across geographies YoY



Source: Company, PL

Exhibit 6: EBITDA YoY down given high base in US



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,32,415	2,57,908	2,76,152	2,98,594
YoY gr. (%)	18.9	11.0	7.1	8.1
Cost of Goods Sold	63,380	73,986	80,528	86,651
Gross Profit	1,69,035	1,83,922	1,95,624	2,11,944
Margin (%)	72.7	71.3	70.8	71.0
Employee Cost	36,806	40,487	44,940	48,985
Other Expenses	14,024	20,450	24,339	26,198
EBITDA	68,951	68,484	69,144	76,198
YoY gr. (%)	30.0	(0.7)	1.0	10.2
Margin (%)	29.7	26.6	25.0	25.5
Depreciation and Amortization	9,158	12,116	13,722	14,408
EBIT	59,793	56,368	55,423	61,790
Margin (%)	25.7	21.9	20.1	20.7
Net Interest	1,659	3,500	3,200	2,200
Other Income	4,329	8,512	2,800	3,500
Profit Before Tax	60,267	61,380	55,023	63,090
Margin (%)	25.9	23.8	19.9	21.1
Total Tax	14,119	14,424	12,930	14,826
Effective tax rate (%)	23.4	23.5	23.5	23.5
Profit after tax	46,148	46,956	42,092	48,264
Minority interest	1,471	1,300	1,300	1,300
Share Profit from Associate	578	700	700	700
Adjusted PAT	45,255	46,356	41,492	47,664
YoY gr. (%)	18.0	2.4	(10.5)	14.9
Margin (%)	19.5	18.0	15.0	16.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	45,255	46,356	41,492	47,664
YoY gr. (%)	18.0	2.4	(10.5)	14.9
Margin (%)	19.5	18.0	15.0	16.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	45,255	46,356	41,492	47,664
Equity Shares O/s (m)	1,006	1,006	1,006	1,006
EPS (Rs)	45.0	46.1	41.2	47.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Non-Current Assets				
Gross Block	2,27,884	2,98,521	3,14,521	3,30,521
Tangibles	1,16,871	1,53,098	1,61,303	1,69,509
Intangibles	1,11,013	1,45,423	1,53,218	1,61,012
Acc: Dep / Amortization	82,807	94,923	1,08,645	1,23,052
Tangibles	57,577	66,002	75,542	85,560
Intangibles	25,230	28,921	33,102	37,492
Net fixed assets	1,45,077	2,03,598	2,05,876	2,07,469
Tangibles	59,294	87,096	85,761	83,949
Intangibles	85,783	1,16,502	1,20,115	1,23,520
Capital Work In Progress	13,179	13,179	13,179	13,179
Goodwill	-	-	-	-
Non-Current Investments	64,078	64,078	64,078	64,078
Net Deferred tax assets	18,312	18,312	18,312	18,312
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	39,440	44,581	47,116	50,926
Trade receivables	40,247	48,010	50,741	54,843
Cash & Bank Balance	29,568	2,330	20,211	35,837
Other Current Assets	-	-	-	-
Total Assets	3,48,579	3,94,465	4,21,759	4,48,946
Equity				
Equity Share Capital	1,006	1,006	1,006	1,006
Other Equity	2,38,525	2,72,248	3,01,108	3,36,140
Total Network	2,39,531	2,73,254	3,02,114	3,37,146
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	8,353	8,353	8,353	8,353
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	31,695	41,695	38,695	28,695
Trade payables	23,058	25,220	26,655	28,810
Other current liabilities	40,201	40,201	40,201	40,201
Total Equity & Liabilities	3,48,579	3,94,465	4,21,759	4,48,946

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	71,646	72,284	71,944	79,698
Add. Depreciation	9,158	12,116	13,722	14,408
Add. Interest	1,659	3,500	3,200	2,200
Less Financial Other Income	4,329	8,512	2,800	3,500
Add. Other	(11,992)	(10,904)	(16,922)	(16,608)
Op. profit before WC changes	70,471	76,996	71,944	79,698
Net Changes-WC	15,315	(10,741)	(3,832)	(5,757)
Direct tax	(18,019)	(14,424)	(12,930)	(14,826)
Net cash from Op. activities	67,767	51,830	55,182	59,115
Capital expenditures	(20,816)	(70,637)	(16,000)	(16,000)
Interest / Dividend Income	-	-	-	-
Others	(45,336)	-	-	-
Net Cash from Inv. activities	(66,152)	(70,637)	(16,000)	(16,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	25,601	8,301	(4,869)	(12,056)
Dividend paid	(3,025)	(13,233)	(13,233)	(13,233)
Interest paid	(1,659)	(3,500)	(3,200)	(2,200)
Others	(4,015)	-	-	-
Net cash from Fin. activities	16,902	(8,432)	(21,301)	(27,488)
Net change in cash	18,517	(27,238)	17,881	15,627
Free Cash Flow	50,641	35,830	39,182	43,115

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	45.0	46.1	41.2	47.4
CEPS	54.1	58.1	54.9	61.7
BVPS	238.1	271.6	300.3	335.1
FCF	50.3	35.6	38.9	42.9
DPS	11.0	11.0	11.0	11.0
Return Ratio(%)				
RoCE	25.1	19.2	16.9	17.5
ROIC	18.7	14.4	13.8	15.0
RoE	20.7	18.1	14.4	14.9
Balance Sheet				
Net Debt : Equity (x)	0.0	0.1	0.1	0.0
Net Working Capital (Days)	89	95	94	94
Valuation(x)				
PER	20.8	20.3	22.7	19.8
P/B	3.9	3.4	3.1	2.8
P/CEPS	17.3	16.1	17.1	15.2
EV/EBITDA	13.7	14.3	13.9	12.3
EV/Sales	4.1	3.8	3.5	3.1
Dividend Yield (%)	1.2	1.2	1.2	1.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY25	Q4FY25	Q1FY26	Q2FY26
Net Revenue	52,691	65,279	65,737	61,232
YoY gr. (%)	17.0	18.0	5.9	16.9
Raw Material Expenses	15,834	16,971	17,895	16,905
Gross Profit	36,857	48,308	47,842	44,327
Margin (%)	69.9	74.0	72.8	72.4
EBITDA	12,050	21,649	20,314	16,017
YoY gr. (%)	11.4	33.2	(3.7)	13.1
Margin (%)	22.9	33.2	30.9	26.2
Depreciation / Depletion	2,290	2,379	2,381	3,019
EBIT	9,760	19,270	17,933	12,998
Margin (%)	18.5	29.5	27.3	21.2
Net Interest	320	766	847	1,013
Other Income	2,401	412	978	(3,051)
Profit before Tax	11,841	18,916	18,064	8,934
Margin (%)	22.5	29.0	27.5	14.6
Total Tax	1,795	4,232	4,340	4,540
Effective tax rate (%)	15.2	22.4	24.0	50.8
Profit after Tax	10,046	14,684	13,724	4,394
Minority interest	(192)	779	198	(252)
Share Profit from Associates	-	-	-	-
Adjusted PAT	10,238	11,709	13,526	4,304
YoY gr. (%)	37.0	(0.2)	(4.7)	(52.8)
Margin (%)	19.4	17.9	20.6	7.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	10,238	11,709	13,526	4,304
YoY gr. (%)	37.0	(0.2)	(4.7)	(52.8)
Margin (%)	19.4	17.9	20.6	7.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	10,238	11,709	13,526	4,304
Avg. Shares O/s (m)	1,025	1,025	1,025	1,025
EPS (Rs)	10.0	11.4	14.3	12.3

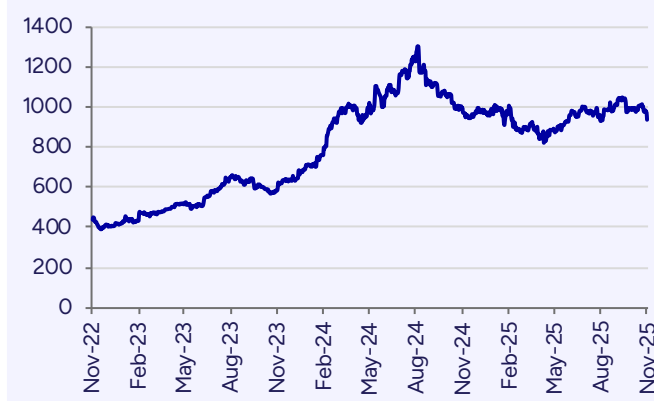
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
US Formulations	1,10,500	1,09,117	1,01,554	1,04,778
Domestic Formulations	59,315	65,247	71,771	78,948
Consumer Healthcare	26,810	37,949	49,166	55,558
Export Formulations (ex-US)	21,947	27,434	30,726	34,413
API	5,602	6,162	6,655	7,188
Income from JVs	1,564	1,000	1,080	1,166

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Oct-25	Accumulate	970	987
2	13-Aug-25	Accumulate	970	956
3	08-Jul-25	Accumulate	970	999
4	21-May-25	Accumulate	970	884
5	08-Apr-25	Accumulate	1,050	841
6	06-Feb-25	Accumulate	1,050	977
7	08-Jan-25	Accumulate	1,050	1,001
8	13-Nov-24	Accumulate	1,050	949

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,539
2	Apollo Hospitals Enterprise	BUY	9,300	7,700
3	Aster DM Healthcare	BUY	700	662
4	Aurobindo Pharma	BUY	1,300	1,092
5	Cipla	Accumulate	1,675	1,541
6	Divi's Laboratories	Accumulate	6,550	6,105
7	Dr. Reddy's Laboratories	Reduce	1,270	1,284
8	Eris Lifesciences	BUY	1,975	1,590
9	Fortis Healthcare	BUY	1,000	1,042
10	HealthCare Global Enterprises	BUY	620	651
11	Indoco Remedies	Hold	325	290
12	Ipca Laboratories	Accumulate	1,525	1,360
13	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,657
14	Jupiter Life Line Hospitals	BUY	1,720	1,521
15	Krishna Institute of Medical Sciences	BUY	815	706
16	Lupin	BUY	2,400	1,925
17	Max Healthcare Institute	BUY	1,355	1,131
18	Narayana Hrudayalaya	BUY	2,000	1,783
19	Rainbow Children's Medicare	BUY	1,725	1,331
20	Sun Pharmaceutical Industries	BUY	1,875	1,703
21	Suntech Realty	BUY	600	432
22	Torrent Pharmaceuticals	Accumulate	4,000	3,539
23	Zydus Lifesciences	Accumulate	970	987

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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