

May 21, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	970		1,050	
Sales (Rs. m)	2,49,213	2,52,667	2,44,477	2,50,312
% Chng.	1.9	0.9		
EBITDA (Rs. m)	66,864	58,794	66,099	58,043
% Chng.	1.2	1.3		
EPS (Rs.)	45.0	40.0	45.2	40.2
% Chng.	(0.5)	(0.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	1,95,474	2,32,415	2,49,213	2,52,667
EBITDA (Rs. m)	53,033	68,951	66,864	58,794
Margin (%)	27.1	29.7	26.8	23.3
PAT (Rs. m)	38,365	45,255	45,252	40,208
EPS (Rs.)	38.1	45.0	45.0	40.0
Gr. (%)	96.4	18.0	0.0	(11.1)
DPS (Rs.)	3.0	11.0	11.0	11.0
Yield (%)	0.3	1.2	1.2	1.2
RoE (%)	20.5	20.7	17.7	14.1
RoCE (%)	23.1	25.1	19.9	15.4
EV/Sales (x)	4.5	3.8	3.5	3.4
EV/EBITDA (x)	16.7	12.9	13.1	14.6
PE (x)	23.2	19.7	19.7	22.1
P/BV (x)	4.5	3.7	3.3	3.0

Key Data ZYDU.BO | ZYDUSLIF IN

52-W High / Low	Rs.1,324 / Rs.795
Sensex / Nifty	81,186 / 24,684
Market Cap	Rs.890bn/ \$ 10,392m
Shares Outstanding	1,006m
3M Avg. Daily Value	Rs.1382.16m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	7.31
Domestic Institution	10.95
Public & Others	6.74
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	6.4	(6.7)	(19.9)
Relative	2.9	(10.8)	(27.0)

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High product concentration risk

Quick Pointers:

- Reiterated its single digit growth guidance in the US market in FY26E.
- OPM guidance to 26% in FY26 vs 30% in FY25 factoring gRevlimid erosion, R&D increase, gAsacol loss.

Zydu Lifesciences (ZYDUSLIF) Q4 EBITDA including other operating income beat our estimates by 8%. We believe gRevlimid + gMirabegron contributes +45% to total FY25E EPS which will see erosion from FY27. 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 FY27 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 FY27/28, timely launch will be key to sustaining momentum in US sales. Our FY26/27E EPS broadly remains unchanged. We maintain our 'Accumulate' rating with TP of Rs970, valuing at 24x FY27E EPS.

- US revenues aided revenue growth YoY:** ZYDUSLIF showed revenue growth of 18% YoY to Rs65.2bn, against our estimate Rs 64bn. Domestic formulation delivered growth of 11% YoY. Consumer business grew by 17% YoY. US sales came in at \$363mn vs \$285mn in Q3FY25. Mgmt cited QoQ improvement was aided by new launches and products like gMirabegron. EM markets were up by 12% YoY to Rs 5.5bn. API revenues came in lower YoY; down 10%.
- Improved GMs and other operating income supported:** EBITDA, including other operating income, came in at Rs21.7bn; up 33% YoY. OPM stood at 33%, up 380bps QoQ. GMs improved 400bps QoQ to 73% due to change in product mix in US markets. R&D expenses came in at Rs4.8bn (7.6% of revenue), up 49% YoY. Other operating income came in higher at Rs 2.4bn. There was forex loss of Rs 394mn. There was one time impairment charges to the tune of Rs 2.1bn. EPS adjusted for forex came in at Rs 13.7/share.
- Key concall takeaways: India formulation:** Key therapies such as Cardiology, CNS, Gastro-Intestinal and Respiratory outperformed industry growth. Chronic portfolio share has increased consistently and now at 43%. In consumer health segment both the personal care segment and food & nutrition segment performed well aided by higher volumes. **US markets:** The performance was largely driven by base portfolio, gMyrbetriq and recent launches. During Q4FY25 it launched 5 new products. Filed 3 ANDAs and received approval for 6 new products. **gRevlimid:** Reported negligible growth in revenues on YoY basis in Q4FY25 as company was under negotiations with respect to quantities and pricing which has pushed sales to Q1. In FY26 gRevlimid sales are expected to spread across 2–3 quarters. Mgmt cited contribution from gRevlimid has peaked in FY25. On **gMyrbetriq** it mentioned that litigation is ongoing and supply continues with lesser chances for it to get interrupted. **Sitagliptin (Zituvio franchise):** Doing far better than initial expectations across private and tender market. Will be a meaningful

contributor in FY26. **GLP-1:** Novel formulation is ready. Planned for day-1 launch. Exploring licensing opportunities for global markets. **Vaccines:** Initiated development of world's first Shingolis + Typhoid combination vaccine with Gates Foundation support. Phase 2 trial for bivalent Typhoid Conjugate Vaccine approved. Growing participation in public tenders (India, UNICEF, PAHO). Expect FY26 vaccine contribution to be meaningful. **Tariff's:** Mgmt is evaluating opportunities to manufacture in US and Europe via partnerships or third-party manufacturing particularly for specialty products. Remains uncertain about the impact on generic pricing. **Other:** Expect Biologics to scale up from FY26E. R&D spend to rise in FY26 (~8% of revenues). Major focus areas includes NCE's, Vaccines, MedTech, peptides and biosimilars. Planned 14–15 critical launches in FY27E many in complex generics and injectables. FY26E **EBITDA margin guidance:** +26% factoring gRevlimid erosion, R&D increase, gAsacol loss. Impaired 2 assets in Q4FY25 Roflumilast (Teva-acquired product) due to litigation and goodwill from the Brazil business due to structural market challenges.

Exhibit 1: 4QFY25 Result Overview: Higher US revs aided EBITDA

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Net Sales	65,279	55,338	18.0	52,691	23.9	2,32,415	1,95,474	18.9
Raw Material	16,971	16,115	5.3	15,834	7.2	63,380	62,282	1.8
% of Net Sales	26.0	29.1		30.1		27.3	31.9	
Personnel Cost	9,714	8,370	16.1	9,465	2.6	36,806	31,376	17.3
% of Net Sales	14.9	15.1		18.0	(17.2)	15.8	16.1	
Others	16,945	14,601	16.1	15,342	10.4	63,278	48,783	29.7
% of Net Sales	26.0	26.4		29.1		27.2	25.0	
Total Expenditure	43,630	39,086	11.6	40,641	7.4	1,63,464	1,42,441	14.8
EBITDA	21,649	16,252	33.2	12,050	79.7	68,951	53,033	30.0
Margin (%)	33.2	29.4		22.9		29.7	27.1	
Depreciation	2,379	2,053	15.9	2,290	3.9	9,158	7,641	19.9
EBIT	19,270	14,199	35.7	9,760	97.4	59,793	45,392	31.7
Other Income	412	1,617	(74.5)	2,401	(82.8)	4,329	3,651	18.6
Interest	766	346	121.4	320	139.4	1,659	812	104.3
PBT	18,916	15,470	22.3	11,841	59.8	62,463	48,231	29.5
Extra-Ord. Inc./Exps.	2,196	-	#DIV/0!	-	#DIV/0!	2,196	142	1,446.5
Total Taxes	4,232	3,212	31.8	1,795	135.8	14,119	9,775	44.4
ETR (%)	22.4	20.8		15.2		22.6	20.3	
Minority interest	(779)	(467)		192		(893)	51	
Reported PAT	11,709	11,791	(0.7)	10,238	14.4	45,255	38,365	18.0

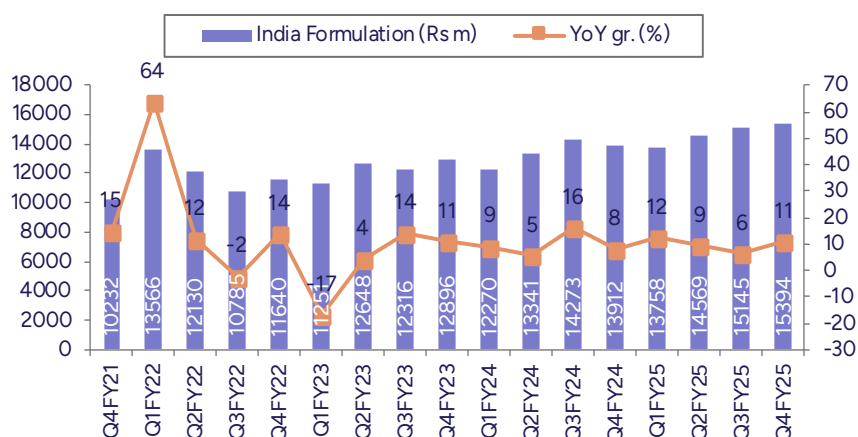
Source: Company, PL

Exhibit 2: Growth backed by higher US revenues

Major Sources of Revenues	Q4FY25	Q4FY24	YoY gr. (%)	Q3FY25	QoQ gr. (%)	FY25	FY24	YoY gr. (%)
Domestic	24,475	21,667	13.0	19,633	24.7	85,676	76,813	11.5
% of Net Sales	38.9	40.4		38.3		38.0	40.4	
Formulation	15,394	13,912	10.7	15,145	1.6	58,866	53,796	9.4
% of Net Sales	24.5	25.9		29.6		26.1	28.3	
Consumer HC & Others	9,081	7,755	17.1	4,488	102.3	26,810	23,017	16.5
% of Net Sales	14.4	14.5		8.8		11.9	12.1	
Exports	38,427	31,997	20.1	31,602	21.6	1,40,062	1,13,402	23.5
% of Net Sales	61.1	59.6		61.7		62.0	59.6	
Formulation	36,854	30,195	22.1	29,798	23.7	1,32,447	1,06,145	24.8
% of Net Sales	58.6	56.3		58.2		58.7	55.8	
North America	31,307	25,235	24.1	24,096	29.9	1,10,500	86,851	27.2
EU & LatAM	5,547	4,960	11.8	5,702	(2.7)	21,947	19,294	13.8
API	1,290	1,436	(10.2)	1,703	(24.3)	5,602	5,658	(1.0)
JV	283	366	(22.7)	101	180.2	2,013	1,599	25.9

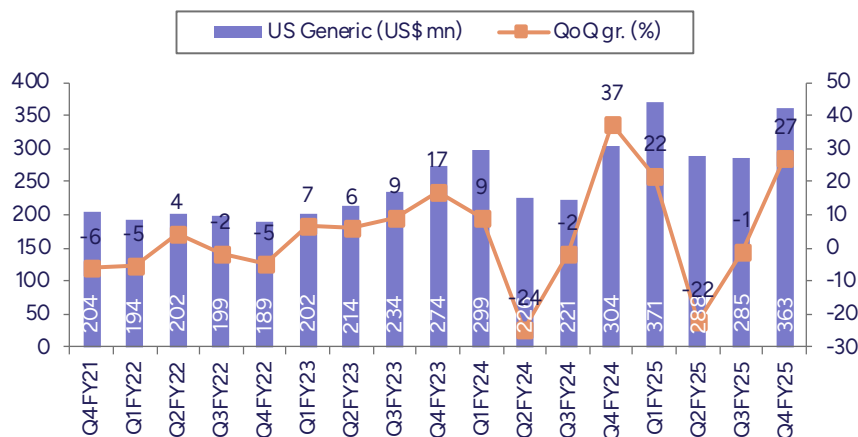
Source: Company, PL

Exhibit 3: Chronic portfolio share increased to 43%



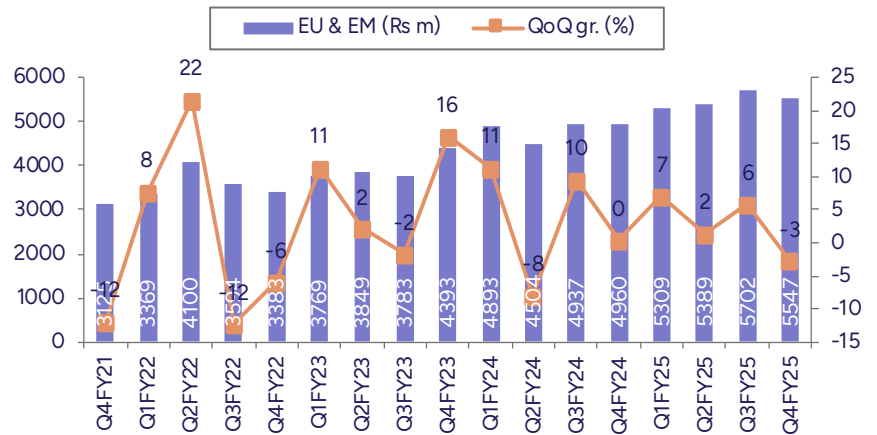
Source: Company, PL

Exhibit 4: Base portfolio + new launches aided growth



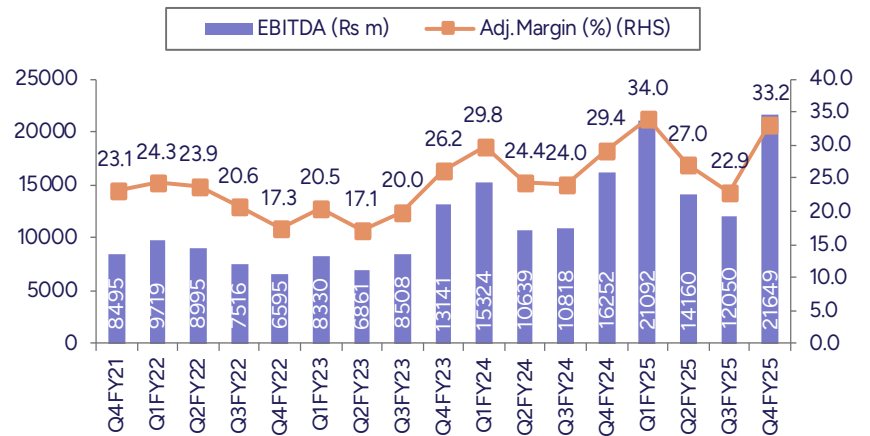
Source: Company, PL

Exhibit 5: Sustained growth momentum YoY



Source: Company, PL

Exhibit 6: Higher GMs and other operating income supported margins



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	1,95,474	2,32,415	2,49,213	2,52,667
YoY gr. (%)	13.4	18.9	7.2	1.4
Cost of Goods Sold	62,282	63,380	73,663	79,164
Gross Profit	1,33,192	1,69,035	1,75,550	1,73,503
Margin (%)	68.1	72.7	70.4	68.7
Employee Cost	31,376	36,806	40,487	43,321
Other Expenses	8,895	14,024	15,200	16,051
EBITDA	53,033	68,951	66,864	58,794
YoY gr. (%)	48.3	30.0	(3.0)	(12.1)
Margin (%)	27.1	29.7	26.8	23.3
Depreciation and Amortization	7,641	9,158	9,616	10,097
EBIT	45,392	59,793	57,249	48,697
Margin (%)	23.2	25.7	23.0	19.3
Net Interest	812	1,659	1,000	700
Other Income	3,651	4,329	3,300	5,000
Profit Before Tax	48,089	60,267	59,549	52,997
Margin (%)	24.6	25.9	23.9	21.0
Total Tax	9,775	14,119	13,696	12,189
Effective tax rate (%)	20.3	23.4	23.0	23.0
Profit after tax	38,314	46,148	45,852	40,808
Minority interest	1,133	1,471	1,300	1,300
Share Profit from Associate	1,184	578	700	700
Adjusted PAT	38,365	45,255	45,252	40,208
YoY gr. (%)	95.3	18.0	0.0	(11.1)
Margin (%)	19.6	19.5	18.2	15.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	38,365	45,255	45,252	40,208
YoY gr. (%)	95.3	18.0	0.0	(11.1)
Margin (%)	19.6	19.5	18.2	15.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	38,365	45,255	45,252	40,208
Equity Shares O/s (m)	1,006	1,006	1,006	1,006
EPS (Rs)	38.1	45.0	45.0	40.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	2,10,452	2,27,884	2,42,884	2,57,884
Tangibles	1,07,931	1,16,871	1,24,564	1,32,257
Intangibles	1,02,521	1,11,013	1,18,320	1,25,627
Acc: Dep / Amortization	73,649	82,807	92,423	1,02,520
Tangibles	51,209	57,577	64,263	71,284
Intangibles	22,440	25,230	28,160	31,236
Net fixed assets	1,36,803	1,45,077	1,50,461	1,55,364
Tangibles	56,722	59,294	60,301	60,973
Intangibles	80,081	85,783	90,160	94,391
Capital Work In Progress	11,115	13,179	13,179	13,179
Goodwill	-	-	-	-
Non-Current Investments	12,205	64,078	64,078	64,078
Net Deferred tax assets	11,977	18,312	18,312	18,312
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	34,419	39,440	43,823	44,356
Trade receivables	52,202	40,247	47,194	47,769
Cash & Bank Balance	11,051	29,568	45,508	64,505
Other Current Assets	-	-	-	-
Total Assets	2,76,366	3,48,579	3,82,933	4,09,810
Equity				
Equity Share Capital	1,006	1,006	1,006	1,006
Other Equity	1,97,289	2,38,525	2,71,145	2,98,720
Total Network	1,98,295	2,39,531	2,72,151	2,99,726
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	7,045	8,353	8,353	8,353
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	7,686	31,695	31,695	30,695
Trade payables	21,267	23,058	24,792	25,094
Other current liabilities	31,329	40,201	40,201	40,201
Total Equity & Liabilities	2,76,366	3,48,579	3,82,933	4,09,810

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	55,874	71,646	70,164	63,794
Add. Depreciation	7,641	9,158	9,616	10,097
Add. Interest	812	1,659	1,000	700
Less Financial Other Income	3,651	4,329	3,300	5,000
Add. Other	(10,490)	(11,992)	(10,616)	(10,797)
Op. profit before WC changes	53,837	70,471	70,164	63,794
Net Changes-WC	(9,016)	15,315	(9,597)	(806)
Direct tax	(12,858)	(18,019)	(13,696)	(12,189)
Net cash from Op. activities	31,963	67,767	46,872	50,799
Capital expenditures	(9,066)	(17,126)	(15,000)	(15,000)
Interest / Dividend Income	-	-	-	-
Others	(3,173)	(45,336)	-	-
Net Cash from Inv. activities	(12,239)	(62,462)	(15,000)	(15,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(4,274)	25,601	(1,699)	(2,869)
Dividend paid	(6,210)	(3,025)	(13,233)	(13,233)
Interest paid	(812)	(1,659)	(1,000)	(700)
Others	(2,255)	(4,015)	-	-
Net cash from Fin. activities	(13,551)	16,902	(15,932)	(16,801)
Net change in cash	6,173	22,207	15,940	18,997
Free Cash Flow	22,897	50,641	31,872	35,799

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	62,075	52,370	52,691	65,279
YoY gr. (%)	20.8	19.9	17.0	18.0
Raw Material Expenses	15,861	14,714	15,834	16,971
Gross Profit	46,214	37,656	36,857	48,308
Margin (%)	74.4	71.9	69.9	74.0
EBITDA	21,092	14,160	12,050	21,649
YoY gr. (%)	37.6	33.1	11.4	33.2
Margin (%)	34.0	27.0	22.9	33.2
Depreciation / Depletion	2,153	2,336	2,290	2,379
EBIT	18,939	11,824	9,760	19,270
Margin (%)	30.5	22.6	18.5	29.5
Net Interest	322	251	320	766
Other Income	632	682	575	806
Profit before Tax	19,249	12,255	10,015	19,310
Margin (%)	31.0	23.4	19.0	29.6
Total Tax	4,361	3,731	1,795	4,232
Effective tax rate (%)	22.7	30.4	17.9	21.9
Profit after Tax	14,888	8,524	8,220	15,078
Minority interest	437	(131)	(192)	779
Share Profit from Associates	-	-	-	-
Adjusted PAT	14,451	8,655	8,412	12,103
YoY gr. (%)	29.6	20.3	12.6	3.1
Margin (%)	23.3	16.5	16.0	18.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	14,451	8,655	8,412	12,103
YoY gr. (%)	29.6	20.3	12.6	3.1
Margin (%)	23.3	16.5	16.0	18.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	14,451	8,655	8,412	12,103
Avg. Shares O/s (m)	1,025	1,025	1,025	1,025
EPS (Rs)	13.9	8.9	10.0	11.4

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	38.1	45.0	45.0	40.0
CEPS	45.7	54.1	54.5	50.0
BVPS	197.1	238.1	270.5	297.9
FCF	22.8	50.3	31.7	35.6
DPS	3.0	11.0	11.0	11.0
Return Ratio(%)				
RoCE	23.1	25.1	19.9	15.4
ROIC	17.1	18.7	17.0	14.1
RoE	20.5	20.7	17.7	14.1
Balance Sheet				
Net Debt : Equity (x)	0.0	0.0	(0.1)	(0.1)
Net Working Capital (Days)	122	89	97	97
Valuation(x)				
PER	23.2	19.7	19.7	22.1
P/B	4.5	3.7	3.3	3.0
P/CEPS	19.3	16.4	16.2	17.7
EV/EBITDA	16.7	12.9	13.1	14.6
EV/Sales	4.5	3.8	3.5	3.4
Dividend Yield (%)	0.3	1.2	1.2	1.2

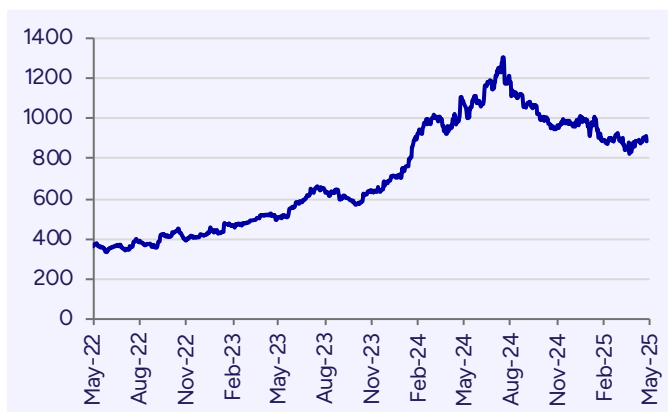
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
US Formulations	86,851	1,10,500	1,14,259	1,02,462
Domestic Formulations	53,690	59,315	65,840	73,082
Consumer Healthcare	23,017	26,810	30,295	34,234
Export Formulations (ex-US)	19,294	21,947	24,581	27,530
API	5,658	5,602	6,050	6,534
Income from JVs	1,705	1,564	1,689	1,824

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Apr-25	Accumulate	1,050	841
2	06-Feb-25	Accumulate	1,050	977
3	08-Jan-25	Accumulate	1,050	1,001
4	13-Nov-24	Accumulate	1,050	949
5	07-Oct-24	Accumulate	1,305	1,057
6	12-Aug-24	Accumulate	1,305	1,301
7	08-Jul-24	Accumulate	1,130	1,162

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,100	6,683
2	Aster DM Healthcare	BUY	620	476
3	Aurobindo Pharma	BUY	1,510	1,097
4	Cipla	BUY	1,730	1,520
5	Divi's Laboratories	Accumulate	6,800	6,280
6	Dr. Reddy's Laboratories	Reduce	1,225	1,156
7	Eris Lifesciences	BUY	1,740	1,444
8	Fortis Healthcare	BUY	760	636
9	HealthCare Global Enterprises	BUY	555	523
10	Indoco Remedies	Hold	325	233
11	Ipca Laboratories	Accumulate	1,700	1,316
12	J.B. Chemicals & Pharmaceuticals	BUY	2,030	1,641
13	Jupiter Life Line Hospitals	BUY	1,720	1,422
14	Krishna Institute of Medical Sciences	BUY	725	656
15	Lupin	BUY	2,400	2,073
16	Max Healthcare Institute	BUY	1,300	1,084
17	Narayana Hrudayalaya	BUY	1,560	1,644
18	Rainbow Children's Medicare	BUY	1,785	1,406
19	Sun Pharmaceutical Industries	BUY	2,275	1,677
20	Suntech Realty	BUY	650	401
21	Torrent Pharmaceuticals	Accumulate	3,750	3,234
22	Zydus Lifesciences	Accumulate	1,050	841

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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