

Rating: ACCUMULATE | CMP: Rs887 | TP: Rs1,020

February 11, 2026

Q3FY26 Result Update

☐ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current	Previous		
	FY27E	FY28E	FY27E	FY28E
Rating	ACCUMULATE	ACCUMULATE		
Target Price	1,020	1,020		
Sales (Rs. m)	2,85,870	3,05,497	2,76,152	2,98,594
% Chng.	3.5	2.3		
EBITDA (Rs. m)	73,777	78,492	69,144	76,198
% Chng.	6.7	3.0		
EPS (Rs.)	43.4	47.0	41.2	47.4
% Chng.	5.2	(0.8)		

Key Financials - Consolidated

Y/e Mar	FY25	FY26E	FY27E	FY28E
Sales (Rs. m)	2,32,415	2,64,494	2,85,870	3,05,497
EBITDA (Rs. m)	68,951	69,525	73,777	78,492
Margin (%)	29.7	26.3	25.8	25.7
PAT (Rs. m)	45,255	47,599	43,660	47,296
EPS (Rs.)	45.0	47.3	43.4	47.0
Gr. (%)	18.0	5.2	(8.3)	8.3
DPS (Rs.)	11.0	11.0	11.0	11.0
Yield (%)	1.2	1.2	1.2	1.2
RoE (%)	20.7	18.5	15.1	14.7
RoCE (%)	25.1	19.4	18.0	17.7
EV/Sales (x)	3.8	3.5	3.2	2.9
EV/EBITDA (x)	13.0	13.4	12.3	11.2
PE (x)	19.7	18.8	20.4	18.9
P/BV (x)	3.7	3.3	2.9	2.6

Key Data

ZYDU.BO | ZYDUSLIF IN

52-W High / Low	Rs.1,059 / Rs.795
Sensex / Nifty	84,274 / 25,935
Market Cap	Rs.893bn / \$ 9,857m
Shares Outstanding	1,006m
3M Avg. Daily Value	Rs.696.37m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	7.06
Domestic Institution	11.08
Public & Others	6.86
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(0.8)	(5.2)	(8.0)
Relative	(1.7)	(10.2)	(15.6)

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US sales hinges on timely high value launches

Quick Pointers:

- Looking for 3-4 sizeable low competition opportunities in US in CY26.
- R&D spend guidance of 7.5–8% of revenue for FY26.

Zydus Lifesciences (ZYDUSLIF) Q3 EBITDA was largely in line with our estimates. We believe base business remains steady with mild erosion. 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 flat EPS CAGR over FY25–28E. 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 broadly remain unchanged. We maintain our 'Accumulate' rating with TP of Rs1,020, valuing at 22x FY28E EPS.

- **Strong revenue growth YoY across geographies:** ZYDUSLIF showed revenue growth of 32% YoY to Rs67.8bn, 7% above our estimate. The YoY growth was aided by MedTech and Comfort click consolidation. Domestic formulation delivered growth of 13% YoY. Consumer business grew by 113% YoY. There was full quarter of Comfort click consolidation. Mgmt cited adj for comfort click volume growth was at double digit. US sales came in at \$315mn flat QoQ. EM markets were up by 38% YoY to Rs 7.2bn. API revenues delivered growth of 26% YoY. Medtech business reported revenues of Rs2.9bn.
- **In line EBITDA, OPM declined to 24.1%:** EBITDA, including other operating income, came in at Rs16.5bn; up 37% YoY, in line with our estimates. OPM stood at 24.1%, up 120bps YoY. GMs were up 380bps YoY and 90bps QoQ to 73%. R&D expenses came in higher at Rs6.1bn (9% of revenue), up 20% YoY. Other expenses ex R&D were up 58% YoY and 24% QoQ given new business consolidation. Other operating income came at Rs 841mn. There was forex gain of Rs 1.6bn. Tax rate stood at 27%. Reported PAT of Rs 10.5bn. Adj for forex PAT was up 14% YoY.

Key Conference Call Highlights

- **India formulation:** Key therapies (cardiology, gynaecology, oncology) outperformed the market. Chronic portfolio contribution at 45.3%. Strong outlook with sustained double-digit growth over next 2–3 years.
- **Consumer health:** This was full quarter performance of Comfort Click. Strong product launches including gummies, probiotics, resin products etc. Expanded further in EU region (Poland, Finland, Portugal). Mgmt cited margins remain lower than pharma base business.
- **GLP – 1:** India launch planned from Day-1 launch post IP clearance. Will be in first wave of launches in India. Partnering with 2–3 companies for

commercialization. Targets entry in international markets in next ~12m (not first wave globally).

- **US markets:** Base business volume continue to grow. gRevlimid contribution remains negligible. Mgmt cited about no contribution from next quarter onwards. Filed 18 NDAs and received 8 approvals. 4 products launched during the quarter. Planned 40-45 products in FY27E with multiple exclusive products. The company has 4-5 sizeable low competition launches including gAdempas, gImbrance. On gMirabegron management refrained from guidance on competitive landscape/likely settlement.
- **Specialty & 505b(2)** – Launched Beizray (albumin-bound docetaxel) — first oncology 505(b)(2) product in the US; received FDA approval for Zycubo (copper histidinate), first and only approved therapy for Menkes disease.
- **International markets:** Strong performance in emerging markets (therapy-led strategy). Market reach improves followed by portfolio expansion in Europe. Guided for +20% growth sustainable in near future. Medtech: 1st full quarter consolidation of Amplitude surgical. Growth remains in high single digit.
- **Vaccines:** Witnessed strong traction in Rabies and Flu vaccines. Targets Rs 10bn vaccine business in 3–4 years.
- **Others:** Q4FY26 EBITDA margin guidance of 23%+ (ex gRevlimid). Capex incurred in Q3FY26 was Rs 4.6bn Net debt of Rs 28.7bn. R&D spend guidance of 7.5–8% of revenue for FY26. Opex ex-R&D run-rate targeted at Rs 17.50–18bn.

Exhibit 1: Performance across business, EBITDA in line

Y/e March (Rs mn)	Q3FY26	Q3FY25	YoY gr. (%)	Q3FY26E	% Var	Q2FY26	QoQ gr. (%)	9M FY26	9M FY25	YoY gr. (%)
Net Sales	68,645	52,691	30.3	64,395	6.6	61,232	12.1	1,95,614	1,67,136	17.0
Raw Material	18,363	15,834	16.0	17,779	3.3	16,905	8.6	53,163	46,409	14.6
% of Net Sales	26.8	30.1		27.6		27.6		27.2	27.8	
Personnel Cost	11,397	9,465	20.4	11,169	2.0	10,342	10.2	31,791	27,092	17.3
% of Net Sales	16.6	18.0		17.3		16.9	(1.7)	16.3	16.2	
Others	22,365	15,342	45.8	19,178	16.6	17,968	24.5	57,809	46,333	24.8
% of Net Sales	32.6	29.1		29.8		29.3		29.6	27.7	
Total Expenditure	52,125	40,641	28.3	48,125	8.3	45,215	15.3	1,42,763	1,19,834	19.1
EBITDA	16,520	12,050	37.1	16,270	1.5	16,017	3.1	52,851	47,302	11.7
Margin (%)	24.1	22.9		25.3		26.2		27.0	28.3	
Depreciation	3,596	2,290	57.0	3,200	12.4	3,019	19.1	8,996	6,779	32.7
EBIT	12,924	9,760	32.4	13,070	(1.1)	12,998	(0.6)	43,855	40,523	8.2
Other Income	2,758	2,401	14.9	550	401.5	5,231	(47.3)	10,109	3,917	158.1
Interest	1,299	320	305.9	1,100	18.1	1,013	28.2	3,159	893	253.8
PBT	14,383	11,841	21.5	12,520	14.9	17,216	(16.5)	50,805	43,547	16.7
Extra-Ord. Inc./Exps.	849	-	#DIV/0!	-	#DIV/0!	342	148.2	1,191	-	#DIV/0!
Total Taxes	3,883	1,795	116.3	2,880	34.8	4,540	(14.5)	12,763	9,887	29.1
ETR (%)	27.0	15.2		23.0		26.4		25.1	22.7	
Minority interest	770	192		200	285.0	252		824	(114)	
Reported PAT	10,421	10,238	1.8	9,840	5.9	12,586	(17.2)	37,675	33,546	12.3

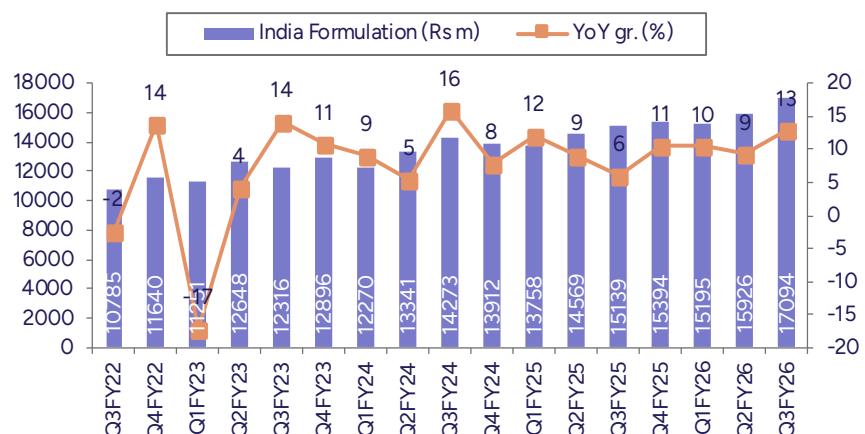
Source: Company, PL

Exhibit 2: Domestic formulations and EU supports growth YoY

Major Sources of Revenues	Q3FY26	Q3FY25	YoY gr. (%)	Q2FY26	QoQ gr. (%)	9M FY26	9M FY25	YoY gr. (%)
Domestic	26,672	19,627	35.9	22,300	19.6	72,716	61,636	18.0
% of Net Sales	39.3	38.3		36.9		37.7	37.9	
Formulation	17,094	15,139	12.9	15,926	7.3	48,215	43,907	9.8
% of Net Sales	25.2	29.5		26.4		25.0	27.0	
Consumer HC & Others	9,578	4,488	113.4	6,374	50.3	24,501	17,729	38.2
% of Net Sales	14.1	8.8		10.6		12.7	10.9	
Exports	38,136	31,601	20.7	36,547	4.3	1,15,609	1,01,193	14.2
% of Net Sales	56.2	61.7		60.5		59.9	62.1	
Formulation	35,924	29,798	20.6	34,950	2.8	1,09,956	95,593	15.0
% of Net Sales	53.0	58.2		57.9		57.0	58.7	
North America	28,043	24,096	16.4	27,437	2.2	87,297	79,193	10.2
EU & LatAM	7,881	5,702	38.2	7,513	4.9	22,659	16,400	38.2
API	2,143	1,703	25.8	1,472	45.6	5,190	4,312	20.4
JV	69	100	(31.0)	125	(44.8)	463	1,288	(64.1)
MedTech	2,996	7		1,532		4,528	7	
Total	67,804	51,235	32.3	60,379	12.3	1,92,853	1,62,836	18.4

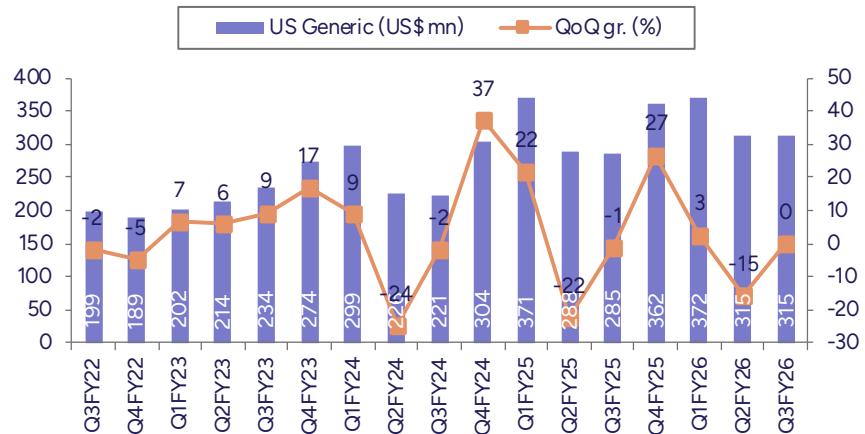
Source: Company, PL

Exhibit 3: Chronic contribution at 45.3%



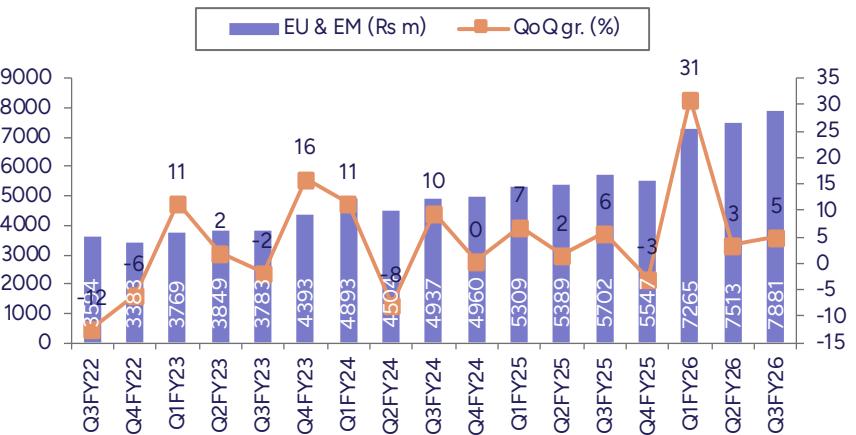
Source: Company, PL

Exhibit 4: Base business volume continues to grow



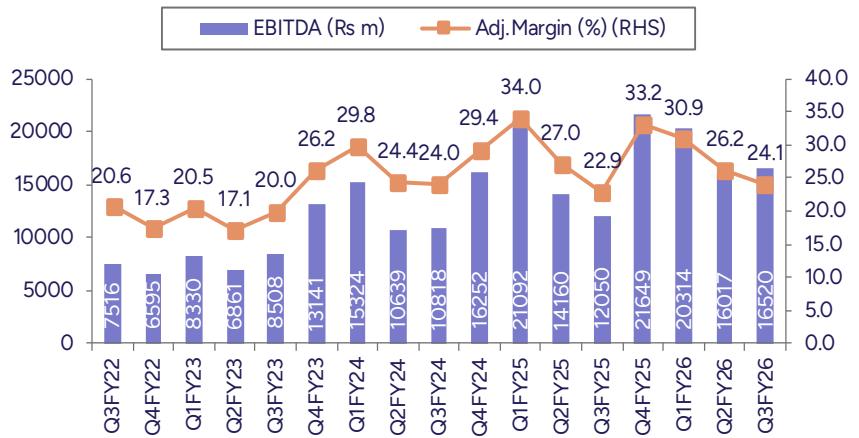
Source: Company, PL

Exhibit 5: Strong growth across geographies YoY



Source: Company, PL

Exhibit 6: EBITDA increased YoY



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
Net Revenues	2,32,415	2,64,494	2,85,870	3,05,497
YoY gr. (%)	18.9	13.8	8.1	6.9
Cost of Goods Sold	63,380	76,402	82,646	88,302
Gross Profit	1,69,035	1,88,092	2,03,225	2,17,195
Margin (%)	72.7	71.1	71.1	71.1
Employee Cost	36,806	41,223	45,757	49,875
Other Expenses	14,024	21,120	24,675	26,324
EBITDA	68,951	69,525	73,777	78,492
YoY gr. (%)	30.0	0.8	6.1	6.4
Margin (%)	29.7	26.3	25.8	25.7
Depreciation and Amortization	9,158	12,582	14,463	15,331
EBIT	59,793	56,943	59,314	63,161
Margin (%)	25.7	21.5	20.7	20.7
Net Interest	1,659	4,500	3,800	2,800
Other Income	4,329	11,156	3,500	3,500
Profit Before Tax	60,267	63,599	59,014	63,861
Margin (%)	25.9	24.0	20.6	20.9
Total Tax	14,119	15,900	14,753	15,965
Effective tax rate (%)	23.4	25.0	25.0	25.0
Profit after tax	46,148	47,699	44,260	47,896
Minority interest	1,471	800	1,300	1,300
Share Profit from Associate	578	700	700	700
Adjusted PAT	45,255	47,599	43,660	47,296
YoY gr. (%)	18.0	5.2	(8.3)	8.3
Margin (%)	19.5	18.0	15.3	15.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	45,255	47,599	43,660	47,296
YoY gr. (%)	18.0	5.2	(8.3)	8.3
Margin (%)	19.5	18.0	15.3	15.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	45,255	47,599	43,660	47,296
Equity Shares O/s (m)	1,006	1,006	1,006	1,006
EPS (Rs)	45.0	47.3	43.4	47.0

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	95,389	1,09,852	1,25,183
Tangibles	57,577	66,326	76,382	87,042
Intangibles	25,230	29,063	33,470	38,141
Net fixed assets	1,45,077	2,03,132	2,04,669	2,05,338
Tangibles	59,294	86,772	84,921	82,467
Intangibles	85,783	1,16,360	1,19,748	1,22,871
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	45,734	48,871	52,172
Trade receivables	40,247	49,252	52,630	56,185
Cash & Bank Balance	29,568	1,797	21,678	38,628
Other Current Assets	-	-	-	-
Total Assets	3,48,579	3,95,860	4,25,663	4,52,194
Equity				
Equity Share Capital	1,006	1,006	1,006	1,006
Other Equity	2,38,525	2,72,992	3,04,020	3,38,683
Total Networth	2,39,531	2,73,998	3,05,026	3,39,689
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	25,873	27,648	29,515
Other current liabilities	40,201	40,201	40,201	40,201
Total Equity & Liabilities	3,48,579	3,95,860	4,25,663	4,52,194

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY25	FY26E	FY27E	FY28E
PBT	71,646	74,325	77,277	81,992
Add. Depreciation	9,158	12,582	14,463	15,331
Add. Interest	1,659	4,500	3,800	2,800
Less Financial Other Income	4,329	11,156	3,500	3,500
Add. Other	(11,992)	(10,726)	(18,263)	(18,131)
Op. profit before WC changes	70,471	80,681	77,277	81,992
Net Changes-WC	15,315	(12,484)	(4,741)	(4,989)
Direct tax	(18,019)	(15,900)	(14,753)	(15,965)
Net cash from Op. activities	67,767	52,298	57,782	61,038
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)	(4,500)	(3,800)	(2,800)
Others	(4,015)	-	-	-
Net cash from Fin. activities	16,902	(9,432)	(21,901)	(28,088)
Net change in cash	18,517	(27,771)	19,881	16,950
Free Cash Flow	50,641	36,298	41,782	45,038

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
Per Share(Rs)				
EPS	45.0	47.3	43.4	47.0
CEPS	54.1	59.8	57.8	62.3
BVPS	238.1	272.4	303.2	337.7
FCF	50.3	36.1	41.5	44.8
DPS	11.0	11.0	11.0	11.0
Return Ratio(%)				
RoCE	25.1	19.4	18.0	17.7
ROIC	18.7	14.5	14.7	15.3
RoE	20.7	18.5	15.1	14.7
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	19.7	18.8	20.4	18.9
P/B	3.7	3.3	2.9	2.6
P/CEPS	16.4	14.8	15.4	14.3
EV/EBITDA	13.0	13.4	12.3	11.2
EV/Sales	3.8	3.5	3.2	2.9
Dividend Yield (%)	1.2	1.2	1.2	1.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY25	Q1FY26	Q2FY26	Q3FY26
Net Revenue	65,279	65,737	61,232	68,645
YoY gr. (%)	18.0	5.9	16.9	30.3
Raw Material Expenses	16,971	17,895	16,905	18,363
Gross Profit	48,308	47,842	44,327	50,282
Margin (%)	74.0	72.8	72.4	73.2
EBITDA	21,649	20,314	16,017	16,520
YoY gr. (%)	33.2	(3.7)	13.1	37.1
Margin (%)	33.2	30.9	26.2	24.1
Depreciation / Depletion	2,379	2,381	3,019	3,596
EBIT	19,270	17,933	12,998	12,924
Margin (%)	29.5	27.3	21.2	18.8
Net Interest	766	847	1,013	1,299
Other Income	412	978	(3,051)	(530)
Profit before Tax	18,916	18,064	8,934	11,095
Margin (%)	29.0	27.5	14.6	16.2
Total Tax	4,232	4,340	4,540	3,883
Effective tax rate (%)	22.4	24.0	50.8	35.0
Profit after Tax	14,684	13,724	4,394	7,212
Minority interest	779	198	(252)	(770)
Share Profit from Associates	-	-	-	-
Adjusted PAT	11,709	13,526	4,304	7,133
YoY gr. (%)	(0.2)	(4.7)	(52.8)	(30.3)
Margin (%)	17.9	20.6	7.0	10.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	11,709	13,526	4,304	7,133
YoY gr. (%)	(0.2)	(4.7)	(52.8)	(30.3)
Margin (%)	17.9	20.6	7.0	10.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	11,709	13,526	4,304	7,133
Avg. Shares O/s (m)	1,025	1,025	1,025	1,025
EPS (Rs)	11.4	14.3	12.3	10.2

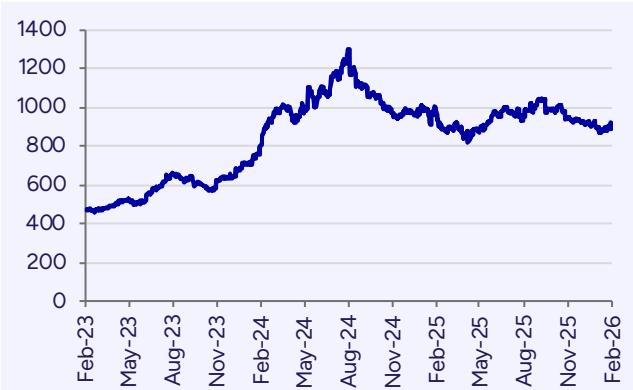
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY25	FY26E	FY27E	FY28E
US Formulations	1,10,500	1,14,686	1,10,364	1,10,669
Domestic Formulations	59,315	65,247	71,771	78,948
Consumer Healthcare	26,810	38,486	49,772	56,242
Export Formulations (ex-US)	21,947	27,434	30,726	34,413
API	5,602	6,442	6,958	7,514
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-Jan-26	Accumulate	1,020	928
2	07-Nov-25	Accumulate	1,020	937
3	08-Oct-25	Accumulate	970	987
4	13-Aug-25	Accumulate	970	956
5	08-Jul-25	Accumulate	970	999
6	21-May-25	Accumulate	970	884
7	08-Apr-25	Accumulate	1,050	841

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ajanta Pharma	BUY	3,200	2,768
2	Apollo Hospitals Enterprise	BUY	8,600	7,087
3	Aster DM Healthcare	BUY	715	558
4	Aurobindo Pharma	BUY	1,300	1,124
5	Brigade Enterprises	BUY	1,045	843
6	Cipla	Accumulate	1,440	1,315
7	Divi's Laboratories	Accumulate	7,050	6,643
8	Dr. Reddy's Laboratories	Reduce	1,300	1,157
9	Eris Lifesciences	BUY	1,900	1,553
10	Fortis Healthcare	BUY	1,120	915
11	Global Health	BUY	1,375	1,108
12	HealthCare Global Enterprises	BUY	850	586
13	Indoco Remedies	Hold	325	225
14	Ipca Laboratories	BUY	1,600	1,514
15	J.B. Chemicals & Pharmaceuticals	BUY	2,300	1,927
16	Jupiter Life Line Hospitals	BUY	1,600	1,251
17	Krishna Institute of Medical Sciences	BUY	810	647
18	Lupin	BUY	2,400	2,214
19	Max Healthcare Institute	BUY	1,300	1,040
20	Narayana Hrudayalaya	BUY	2,100	1,901
21	Oberoi Realty	Accumulate	1,820	1,647
22	Prestige Estates Projects	BUY	1,880	1,500
23	Rainbow Children's Medicare	BUY	1,550	1,179
24	Sun Pharmaceutical Industries	BUY	1,900	1,595
25	Sunteck Realty	BUY	550	374
26	Torrent Pharmaceuticals	Accumulate	4,200	4,092
27	Zydus Lifesciences	Accumulate	1,020	928

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

ANALYST CERTIFICATION

(Indian Clients)

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