



ZYDUS LIFESCIENCES LTD.

Sector

Sept 28, 2026

Buy at CMP: Rs 1204 | Target: Rs 1359 (13%) | SL: Rs 1130

Healthcare

Zydus Lifesciences is a pharmaceutical companies with presence across the pharmaceutical value chain of innovating, manufacturing, marketing and selling of finished dosage human formulations, APIs, animal healthcare products and consumer wellness products.

Investment Rationale

- ♦ **Strategic Shift from Commodity Generics to a High-Margin business:** Zydus maintains a top-3 ranking in the US generic market with a sustainable quarterly US base revenue run-rate of \$300+ million (~\$1.2+ billion annually. US branded/specialty offerings currently generate 10% of total US revenues and are targeted to cross 15%+ as new platforms scale. USFDA granted Priority Review for its New Drug Application (NDA) in Primary Biliary Cholangitis (PBC). Management conservatively projects peak sales potential of \$200-\$300 million (optimistically \$400+ million). Expanded into US specialty biologics with the launch of Nufymco (Ranibizumab biosimilar) and clinical progress on FYB206 (in-licensed Pembrolizumab/Keytruda biosimilar).
- ♦ **Sustained Market Outperformance in India Driven by Chronic Mix & Breakthrough Innovation:** Zydus' Indian branded formulations business has repeatedly outperformed the broader Indian Pharmaceutical Market (IPM), delivering 14%-20% YoY quarterly revenue growth. Zydus is the largest Indian oncology player, with oncology revenues crossing ₹800+ crore. Growth is driven by first-to-market launches and affordable biologics, including Tishtha™ (the world's first biosimilar Nivolumab, priced at ~1/4th the innovator cost). Targeting a ₹1,000+ crore vaccine business within 3-4 years, backed by domestic leadership in flu (VaxiFlu™ trivalent vaccine) and rabies, alongside winning public tenders for MR vaccines in India.
- ♦ **Resilient Operating Margins, Expanding Global Footprint, and Prudent Balance Sheet:** As high-margin branded formulations expand to exceed two-thirds (>66%) of total consolidated revenues (up from >55% in Q1 FY27), Zydus aims to expand group EBITDA margins into the 28%-30% range over the 5-year horizon. cquired UK-based Comfort Click Limited (CCL), expanding into the £11 billion European vitamins, minerals, and supplements (VMS) digital D2C market (brands like Weight-World), generating immediate EPS accretion.
- ♦ **Valuations:** We model a Revenue/PAT CAGR of 16%/17% and estimate ZYDUSLIFE to clock PAT of Rs 7,181 Cr by FY28E. ZYDUSLIFE is trading at forward P/E(x) of 16.4 and we value at 18.5(x) FY28E and Recommend BUY on ZYDUSLIFE with TP Price of Rs. 1,359 (13%).

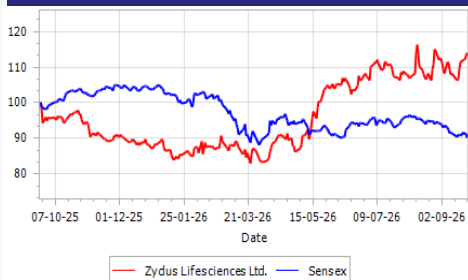
Script Details

BSE Group	A
BSE Code	532321
NSE Code	ZYDUSLIFE
Bloomberg Code	ZYDUSLIF IN
Market Cap (INR Cr.)	1,17,705
Free Float (%)	25.0%
52wk Low/High	1206/836
Beta (1yr Nifty 50)	0.66
Face Value (INR)/ D. Yield (%)	1/0.1
Total paid Up Shares (Mn.)	997.5

Share Holding Pattern (%)

FII's	DII's	Public
45.0%	20.8%	34.2%

Share Price Relative Performance



Invest Now

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY24	19,547	5,297	3,860	30.5	24.7
FY25	23,242	7,013	4,526	26.0	18.6
FY26	27,148	7,416	5,040	23.4	17.6
FY27E	31,221	9,366	6,244	18.9	14.0
FY28E	35,904	10,771	7,181	16.4	12.1

Source: Company Data, Ace Equity, GEPL Research

Observation

- ZYDUSLIFE remains in a robust uptrend, forming higher tops and higher bottoms on the higher timeframe while sustaining well above its 12-month EMA, indicating a strong bullish structure.
- On the weekly timeframe, the stock has remained range bound with a positive bias despite broader market volatility, reflecting strong relative strength. The Nifty Pharma Index is also outperforming, providing additional sectoral support to the stock.
- The RSI has witnessed a bullish crossover and currently stands at 65, highlighting strengthening momentum and potential acceleration in the upside move.
- The stock appears well-positioned to extend its upmove towards the 1359 level. Traders may consider maintaining a closing-basis stop loss at 1130 to manage downside risk.

TECHNICAL VIEW



TradingView

Source: Tradingview.in, GEPL Research

Inference & Expectations

- Considering these factors, it can be inferred that ZYDUSLIFE stock is set to continue uptrend.
- Going ahead we expect the prices to move higher till 1359 level.
- The stop loss must be at 1130 level, strictly on the closing basis.



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