

# InvestPro

## Top Idea Picks

**March 2025**

## High Conviction Stocks Idea Attributes

- **Company:** a) Sound / resilient business; b) Consistent strong financials; c) High growth potential; and d) High return on invested capital
- **Industry:** a) Market leaders / Strong brand value; b) High growth opportunities; c) Strong entry barriers
- **Management:** a) Visionary Leadership; b) Strong & Effective Management; and c) High corporate access, including promoters and CXOs
- **DevenChoksey Differentiators:** a) Analytics that predicts market movements; and b) High quality actionable research

### Divis Laboratories Ltd

**Strong growth outlook with Custom Synthesis expansion and margin improvement**

**ACCUMULATE | Target Price: 6,435 | Upside: 16.2%**

[Read Report](#)

### HDFC AMC Ltd.

**Resilient performance despite market volatility**

**BUY | Target Price: 5,095 | Upside: 37.2%**

[Read Report](#)

### Shree Cement Ltd

**Higher capacity to drive growth**

**ACCUMULATE | Target Price: 30,619 | Upside: 10.6%**

[Read Report](#)

### Tech Mahindra Ltd

**Solid TCV growth, margin improvement remains on track**

**ACCUMULATE | Target Price: 1,801 | Upside: 20.6%**

[Read Report](#)

### Varun Beverages Ltd

**Strong volume growth led by International expansion**

**BUY | Target Price: 657 | Upside: 43.8%**

[Read Report](#)

### Zydus Lifesciences Ltd

**Sustained growth ahead with geographic expansion**

**BUY | Target Price: 1,201 | Upside: 38.0%**

[Read Report](#)

Note: Prices as on 03<sup>rd</sup> March 2025; Source: FactSet, DevenChoksey Research

## Strong growth outlook with Custom Synthesis expansion and margin improvement

<b>CMP</b> INR 5,540	<b>Target</b> INR 6,435	<b>Potential Upside</b> 16.2%	<b>Category</b> Large Cap.	<b>Market Cap (INR Mn)</b> 1,468,174	<b>Recommendation</b> ACCUMULATE	<b>Sector</b> Pharmaceuticals
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Divi's Laboratories Ltd. is a leading pharmaceutical company in India, specializing in the development and manufacturing of active pharmaceutical ingredients (APIs), intermediates, and nutraceutical ingredients. The company is recognized for its expertise in custom synthesis and contract manufacturing for global pharmaceutical innovators. Divi's caters to diverse therapeutic areas, including cardiovascular, anti-inflammatory, anti-viral, central nervous system (CNS), pain management, and oncology.

### Q3FY25 revenue soars on Custom Synthesis growth

For Q3FY25, the revenue increased 25.0% YoY, supported by robust growth in Custom Synthesis segment and high single digit growth in Generic API segment. Revenue from Custom Synthesis (53.0% of revenue) segment grew 44.0% YoY led by growing pipeline of Custom Synthesis projects with some in Phase 3 trials, others undergoing validations, and a few already in the commercialization stage. Additionally, the company has reported an increase in business opportunities, partly influenced by US biosecurity concerns, leading to new client engagements. Revenue from Generic API (39.7% of revenue) segment grew 8.4% YoY, driven by higher volumes, a normalized demand cycle, and strong market positioning in key APIs which was partially offset by pricing pressure.

### Margin momentum to continue with operational efficiencies and backward integration

EBITDA margin expanded 568 bps YoY (+142 bps QoQ) to 32.0%, due to high-value, complex projects in Custom Synthesis, better operating leverage, stable raw material costs and well-managed logistics expenses. Adj. Net profit increased 64.5% YoY supported by better operating performance and one-time tax benefit as the company opted for new corporate tax regime, along with adjustments made for previous quarters. Increased operational efficiencies and backward integration will enhance margins and cost competitiveness in the generic segment.

### Expansion drives high-value API growth and enhances Custom Synthesis pipeline.

With the commissioning of Phase 1 of the Kakinada Unit III facility in January 2025, the company has begun shifting the production of starting materials from its existing plants (Unit I and II) to Kakinada. This has freed up capacity at its GMP-certified plants, allowing for increased production of high-value generic APIs. In Custom Synthesis, the company expects sustained double-digit growth, backed by a strong pipeline of new projects and increasing customer engagements. The company expects some projects to scale up significantly once regulatory clearances are obtained. The company is working on Contrast Media products, specifically iodine-based compounds and gadolinium compounds, and is at different stages with innovators, including undergoing qualifications and commercial discussions.

**We expect the revenue to grow at 25.2% CAGR and PAT to grow at 36.5% CAGR over FY24-FY27E. Currently, the stock is trading at PE multiple of 49.5/36.2 based on FY26E/FY27E EPS, respectively. We assign a PE multiple of 42.0x to arrive at a target price of INR 6,435, which will have an upside potential of 16.2%. We have an ACCUMULATE rating on the stock since 05<sup>th</sup> February 2025.**

## Key Financials

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	77,675	78,450	96,174	120,438	154,093
EBITDA	23,678	22,050	29,763	38,540	51,621
Adj PAT	18,234	16,000	22,203	29,706	40,674
Adj. EPS (INR)	68.7	60.3	83.6	111.9	153.2
EBITDA Margin	30.5%	28.1%	30.9%	32.0%	33.5%
Adj. NPM	23.5%	20.4%	23.1%	24.7%	26.4%

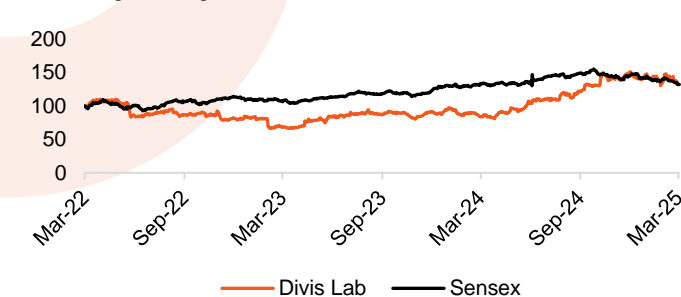
Source: DevenChoksey Research

## Shareholding Pattern (%)

Particulars	Dec-24	Sep-24	Jun-24
Promoters	51.9	51.9	51.9
FIIIs	20.5	17.3	16.1
DIIIs	18.0	21.1	21.7
Others	9.6	9.8	10.3
Total	100.0	100.0	100.0

Source: BSE

## Share price performance



Source: BSE

## Resilient performance despite market volatility

<b>CMP</b> INR 3,713	<b>Target</b> INR 5,095	<b>Potential Upside</b> 37.2%	<b>Category</b> Mid Cap.	<b>Market Cap (INR Mn)</b> INR 793,927	<b>Recommendation</b> BUY	<b>Sector</b> Financials
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HDFC Asset Management Company Ltd (HDFCAMC) is the investment manager of HDFC Mutual Fund. HDFCAMC is renowned for being one of the leading houses for actively managed equity-oriented assets under management. Its strong distribution reach is one of the significant drivers of growth.

**AUM growth remains resilient despite market volatility leading to improvement in market share:** As of December 31, 2024, the Quarterly Average Assets Under Management (QQAUM) was INR 7,874 Bn, representing a 42.8% YoY and 3.0% QoQ growth. This growth represents an 11.5% market share (vs. 11.2% a year ago), highlighting its strong position in the industry. Equity-oriented funds made up 64.9% of HDFC AMC's AUM, significantly higher than the industry average of 57.0%. Equity fund inflows were supported by a record-breaking net new flow of INR 1,573 Bn in Q3FY25. Systematic Investment Plans (SIPs) contributed INR 38.2 Bn in Q3FY25, up from INR 26.3 Bn in Q3FY24, driven by growing investor confidence in disciplined, long-term investment approaches. The company's expansion into Tier 2 and Tier 3 cities (B-30 markets) played a crucial role, with a 12.0% market share in these regions. Opening 25 new offices in early January 2025 further boosted its presence in underserved areas. Diversification through products like thematic and sector-specific funds, including the successful manufacturing fund, attracted significant inflows. Despite an 8.0% QoQ decline in NIFTY during the quarter, HDFC AMC maintained strong inflows, demonstrating investor resilience and confidence in mutual funds. The company leveraged SIP and hybrid fund offerings to counter market volatility. Three funds in the company's GIFT subsidiary collectively surpassed INR 150 Mn in AUM, with plans to launch two new products in the coming quarter. Initiatives to deepen partnerships with HDFC Bank and HDFC Securities have provided synergistic benefits, including enhanced distribution channels and cross-sell opportunities. HDFC AMC is optimizing its digital platforms and fintech partnerships to cater to the increasing demand for direct investments.

**Improving operating leverage resulting in margin expansion despite some impact of market fluctuation on the yields:** Revenues for Q3FY25 reached INR 9,344 Mn, a 39.0% YoY increase, primarily driven by the increase in Assets Under Management (AUM), as the company benefitted from higher equity and debt inflows and expanded its market share in key segments like SIPs and B30 markets. The company implemented a commission rationalization strategy starting in August 2024, which had a short-term impact on yields but is expected to improve over time. The company expects yields to stabilize as its commission rationalization comes to full effect. With higher AUM and a focus on passive funds and lower-cost strategies, yields are expected to trend downward, but this will be offset by volume growth and better operational efficiency. For FY25E, HDFCAMC expects annual operating expenses to grow between 12.0-15.0% depending on market conditions, new product launches, and regional expansions.

**We have rolled over our valuation to FY27E assigning a P/E multiple to 35x on FY27E EPS of INR 145.6 to arrive at a target price of INR 5,095 per share (unchanged). We have a BUY rating on the shares of HDFCAMC Ltd since 15<sup>th</sup> January 2024. The remaining potential upside is 37.2% as of today.**

## Key Financials

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	21,668	25,844	35,484	39,731	45,287
EBITDA	16,179	19,615	27,642	30,751	35,052
PAT	14,239	19,459	24,826	27,591	31,116
EPS (INR)	66.7	91.1	116.1	129.1	145.6
EBITDA Margin	74.7%	75.9%	77.9%	77.4%	77.4%
NPM	65.7%	75.3%	70.0%	69.4%	68.7%
Price to Earnings (x)	25.6	44.4	31.8	28.6	25.4

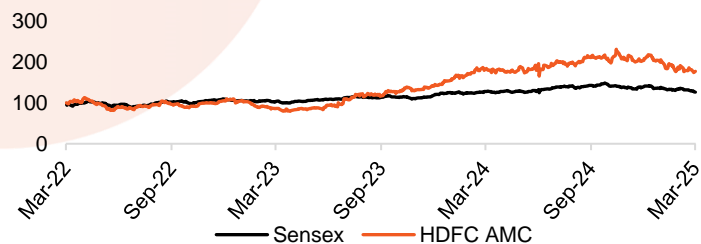
Source: DevenChoksey Research

## Shareholding Pattern

Particulars	Dec-24	Sep-24	Jun-24
Promoters	52.5	52.5	52.2
FIIIs	21.3	21.6	20.0
DIIIs	17.0	16.9	17.7
Others	9.2	9.0	10.1
Total	100.0	100.0	100.0

Source: BSE

## Share price performance



Source: BSE

## Higher capacity to drive growth

<b>CMP</b> INR 27,679	<b>Target</b> INR 30,619	<b>Potential Upside</b> 10.6%	<b>Category</b> Mid Cap.	<b>Market Cap (INR Mn)</b> 993,314	<b>Recommendation</b> ACCUMULATE	<b>Sector</b> Cement
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Shree Cement is an India-based company that produces and sells cement and cement-related products. The company operates many cement plants and has a large production capacity. Shree Cement's product portfolio includes various grades of cement, such as Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), and Portland Slag Cement (PSC), catering to different construction needs. The company is known for its focus on sustainability and energy efficiency, often incorporating green practices in its manufacturing processes.

### Q3FY25 volume improved sequentially, however weak realization and higher depreciation costs drag YoY performance

Shree Cement revenue for Q3FY25 stood at INR 45,727 Mn, down 12.0% YoY (+12.8% QoQ). In Q3FY25, sales volume grew to 8.8 MT, down 1.3% YoY (+15.4% QoQ). Realization declined to INR 4,830/Ton, down 11.9% YoY (-1.5% QoQ). The YoY decline in realization can be attributed to reduced government spending and sector consolidation. EBITDA declined by 23.7% YoY (+57.3% QoQ) to INR 9,648 Mn; EBITDA margin stood at 21.1% (-324bps YoY/+597bps QoQ). Operating EBITDA/Ton declined to INR 1,079/Ton (-22.2% YoY/+38.4% QoQ). The YoY decline in EBITDA/Ton can be attributed to weaker realization, and higher raw material cost per Ton, partially offset by lower power & fuel expenses and other expenses. PAT declined by 72.4% YoY (+153.0% QoQ) to INR 1,934 Mn. PAT margin stood at 4.2% (-929bps YoY/+234bps QoQ).

Raw material/Ton stood at INR 616/Ton, up 3.9% YoY/+14.3% QoQ (INR 593/Ton in Q3FY24/ INR 539/Ton in Q2FY25). Power & Fuel cost/Ton decreased to INR 1.042/Ton (-26.5% YoY/-20.9% QoQ), owing to SRCM's continued efforts of increasing its green power energy mix and alternate fuel usage. Freight cost/Ton stood at INR 1,131/Ton in Q3FY25 from 1,095/Ton in Q3FY24 (INR 1,173/Ton in Q2FY25), up 3.3% YoY (-3.6% QoQ). Depreciation cost increased by 80.0% YoY to INR 7,991 Mn, owing to capacity addition.

### SRCM intends to increase its capacity to 80.0 MTPA by FY28E

Shree Cement Ltd. (SRCM) continues to advance its strategic expansion initiatives across multiple regions, with key projects in Jaitaran (Rajasthan - 6.0 MTPA), Kodla (Karnataka - 3.0 MTPA), Baloda Bazar (Chhattisgarh - 3.4 MTPA), and Etah (Uttar Pradesh - 3.0 MTPA) on track for commissioning by Q1FY26E. Upon completion of these expansions, SRCM's total capacity will increase from 56.4 MTPA to 71.8 MTPA by Q1FY26E, with an ongoing strategic focus to exceed 80.0 MTPA by FY28E. For FY25E, SRCM has earmarked a capital expenditure (Capex) of INR 40.0 Bn to support these growth initiatives. In terms of sustainability, SRCM's green power capacity reached 522 MW by the end of Q3FY25, a 9.0% increase from FY24, contributing to 55.1% of the company's total electricity consumption in Q3FY25. Additionally, SRCM operates seven Ready-Mix Concrete (RMC) plants. Over the next 3-5 years, the company aims to scale its RMC operations to a network of 100 plants, enhancing its presence in the growing construction sector.

We expect Revenue/ EBITDA/ PAT to grow at a CAGR of 8.3%/18.9%/16.2% over FY23-FY27E. We assign an EV/EBITDA multiple of 19.0x on FY27E EBITDA of INR 59,124 Mn to arrive at a target price of INR 30,619 per share. This implies a leftover upside of 10.6% from current levels. Accordingly, we have an ACCUMULATE rating on the shares of SRCM since 31<sup>st</sup> Jan 2025.

## Key Financials

Particulars (INR Mn)	FY24	FY25E	FY26E	FY27E
Revenue	2,05,210	1,99,640	2,31,552	2,45,915
EBITDA	45,167	39,025	53,961	59,124
EBITDA Margin	22.0%	19.5%	23.3%	24.0%
Adj Net Profit	23,957	8,972	19,928	23,160
Adj PAT Margin	11.7%	4.5%	8.6%	9.4%
Adj EPS	664	249	552	642

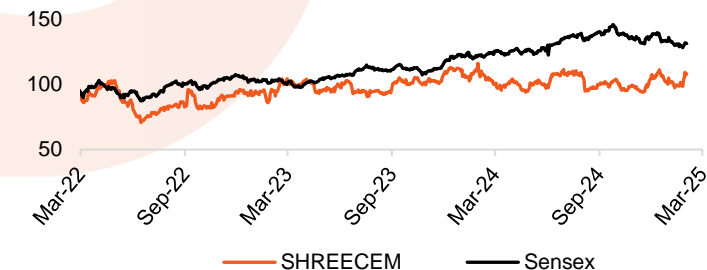
Source: DevenChoksey Research

## Shareholding Pattern (%)

Particulars	Dec-24	Sep-24	Jun-24
Promoters	62.6	62.6	62.6
FIIIs	9.9	10.4	11.8
DIIIs	14.8	14.4	13.0
Others	12.7	12.6	12.6
Total	100.0	100.0	100.0

Source: BSE

## Share Price Chart



Source: BSE

## Solid TCV growth, margin improvement remains on track

<b>CMP</b> INR 1,493	<b>Target</b> INR 1,801	<b>Potential Upside</b> 20.6%	<b>Category</b> Large Cap.	<b>Market Cap (INR Mn)</b> 14,60,057	<b>Recommendation</b> ACCUMULATE	<b>Sector</b> IT
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Tech Mahindra is a multinational information technology (IT) services and consulting firm headquartered in Pune, India. Part of the Mahindra Group, the company offers a range of services including digital transformation, consulting, and business reengineering solutions. Known for its strong expertise in telecom and enterprise solutions, Tech Mahindra serves clients across various industries such as BFSI, healthcare, retail, and manufacturing.

### Strong growth in BFSI and Healthcare, weakness in manufacturing amid macro headwinds

Tech Mahindra's revenue for Q3FY25 stood at INR 132,856 Mn, up 1.4% YoY (-0.2% QoQ). In terms of constant currency, revenue grew by 1.3% YoY CC (+1.2% QoQ CC). EBIT stood at INR 13,502 Mn, up 92.1% YoY (+5.5% QoQ), resulting in margin expansion by 480bps YoY (+55bps QoQ) to 10.2%. PAT stood at INR 9,832 Mn, up 92.6% YoY (-21.4% QoQ). The QoQ decline was attributable to one-time gain on the sale of land in Q2FY25. PAT margin stood at 7.4% (+350bps YoY/-199bps QoQ).

BFSI (16.1% of revenue) grew by 9.5% YoY CC (+2.7% QoQ CC), driven by demand for core banking, analytics, and digital transformation. Healthcare & Lifesciences (7.7% of revenue) grew by 2.7% YoY CC (+4.5% QoQ CC), led by strong client demand in life sciences and payer solutions.

Communications (32.5% of revenue) declined by 2.4% YoY CC (+0.4% QoQ CC), attributed to industry-wide pressures, including consolidation-focused deals and cost-optimization efforts by clients.

Manufacturing (16.8% of revenue) declined by 6.5% YoY CC (-2.5% QoQ CC) driven by persistent pressures in the European automotive sector. Challenges include lower discretionary spending and ongoing macroeconomic headwinds impacting the broader manufacturing ecosystem.

However, the company is targeting Japanese automotive players and exploring opportunities in Asia-Pacific markets, where demand shows signs of stabilization. Technology, Media & Entertainment (TME) (14.3% of revenue) grew by 3.9% YoY CC (-0.9% QoQ CC). Retail (8.0% of revenue) declined by 0.6% YoY CC (+1.1% QoQ CC).

### Headcount declines sequentially, attrition inches upwards, delivers strong cash flow

Total headcount increased 4,238 YoY (-3,785 QoQ) to 150,488, while attrition inched up 60bps sequentially to 11.2%. The utilization (including trainees) for the quarter stood at 85.6% (-200bps YoY/-70bps QoQ). Tech Mahindra (TECHM) has announced a wage increase for Q4FY25E, which is expected to exert a 100-150 basis point pressure on margins. The free cash flow generated during the quarter was USD 199 Mn, representing 172.0% of PAT. Cash and cash equivalents at the end of the quarter totaled USD 799 Mn, equivalent to INR 68,408 Mn.

We expect Revenue/ EBITDA/ PAT to grow at a CAGR of 7.1%/49.8%/43.7% over FY24-FY27E. We assign a PE of 22.7x on FY27E EPS of INR 79.3 to arrive at a target price of INR 1,801 per share. This implies a leftover upside of 20.6% from current levels. Accordingly, we have an ACCUMULATE rating on the shares of TechM since 20<sup>th</sup> Jan 2025.

## Key Financials

Particulars (INR Mn)	FY24	FY25E	FY26E	FY27E
Revenue	5,19,955	5,33,063	5,72,882	6,38,208
EBIT	26,892	51,876	73,301	90,415
EBIT Margin	5.2%	9.7%	12.8%	14.2%
Adj Net Profit	23,578	42,786	57,512	70,027
Adj PAT Margin	4.5%	8.0%	10.0%	11.0%
Adj EPS	26.7	48.5	65.2	79.3

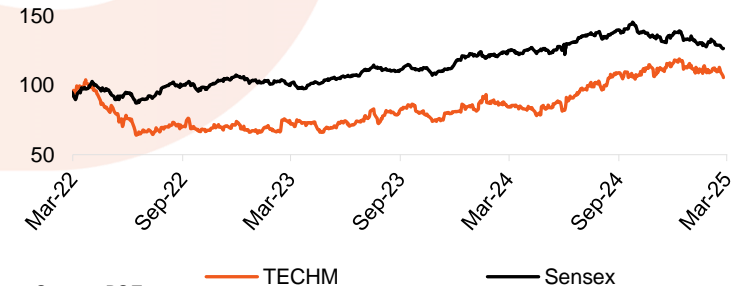
Source: DevenChoksey Research

## Shareholding Pattern (%)

Particulars	Dec-24	Sep-24	Jun-24
Promoters	35.0	35.0	35.1
FIIIs	23.7	23.3	24.2
DIIIs	30.9	30.7	29.5
Others	10.4	11.0	11.2
Total	100.0	100.0	100.0

Source: BSE

## Share Price Chart



## Strong volume growth led by International expansion

CMP*	Target	Potential Upside	Category	Market Cap (INR Mn)	Recommendation	Sector
INR 457	INR 657	43.8%	Large Cap.	15,43,097	BUY	FMCG

Varun Beverages is a leading bottling company in India, primarily known for manufacturing and distributing a wide range of carbonated and non-carbonated beverages. As a franchisee of PepsiCo, it plays a significant role in the beverage industry, offering popular products like Pepsi, Mountain Dew, and Tropicana across various markets.

### Strong volume growth drives revenue growth

In Q4CY24 VBL's, consolidated revenue (Incl. BevCo) stood at INR 36,888 Mn, growing 38.3% YoY, driven by domestic volume growth of 5.3% YoY and international volume growth of 128.6% YoY. In CY24, consolidated sales volume rose 23.2% YoY to 1,124.4 Mn cases (vs. 912.9 Mn in CY23), led by 11.4% growth in India and 6.3% organic international growth. The quarter included 43.0 Mn cases from South Africa and 7.8 Mn from the Democratic Republic of the Congo (DRC). Low/No Sugar products contributed 53.0% of total volumes (vs. 42.0% in CY23). Management remains committed to double-digit annual growth. The net realization for Q4CY24 was flat at INR 172/case (+0.3% YoY), while CY24 realization stood at INR 178/case (+1.4% YoY).

### Stable EBITDA margin driven by operational efficiencies

Gross margins for Q4CY24 declined 56bps YoY to 56.1%. However, for CY24, the gross margin improved by 165bps YoY, driven by lower PET prices and a higher share of low/no sugar products. EBITDA margin remained flat at 15.7% for the quarter, supported by operational efficiencies. Net profit surged 40.3% YoY to INR 1,851 Mn, driven by strong sales growth, positive operating leverage, and higher other income. Management anticipates long-term margin expansion through increased backward integration and efficiency gains from newly commissioned plants, optimizing cost structures and enhancing profitability.

### Strategic expansion, margin growth, and new investments to strengthen market position

In CY24, the company maintained a 21.0% margin in India, while international margins, especially in South Africa, are expected to improve in CY25 with backward integration. A capex of INR 31 Bn is planned for CY25E, with INR 16.5 Bn spent as of Dec 2024, including new plants in India and DRC. South Africa volumes grew 12.5% YoY, with a shift towards higher-margin general trade. The company acquired Tanzania Bottling & SBC Beverages Ghana (USD 169.56 Mn). Production capacity expanded by 25.0% YoY and is set to grow further. The company also expands into snacks in Morocco, Zimbabwe, and Zambia, expecting USD 25-30 Mn revenue in CY25E, while further retail expansion continues across India.

The company is driving capacity expansion, product diversification, and international growth, targeting higher margins through backward integration and general trade while sustaining double-digit growth across beverages, snacks, and new markets like Ghana and Tanzania with strong financial backing and sustainability initiatives.

**We expect Revenue/EBITDA/Adj. PAT to grow by 22.1%/23.2%/27.9% CAGR over CY24-26E. We apply a P/E multiple of 52.0x on CY26E EPS of INR 12.6, resulting in a target price of INR 657/share. This implies a left-over upside of 43.8% from the CMP. We have a 'BUY' rating on Varun Beverages Ltd since 11<sup>th</sup> Feb 2025.**

## Key Financials

Particulars (INR Mn)	CY23	CY24	CY25E	CY26E
Revenue	1,60,426	2,00,077	2,49,546	2,91,695
EBITDA	36,095	47,111	61,446	71,502
PAT	20,559	25,946	36,714	42,982
EPS	6.3	7.7	10.9	12.7
EBITDA Margin	22.5%	23.5%	24.6%	24.5%
NPM	12.8%	13.0%	14.7%	14.7%

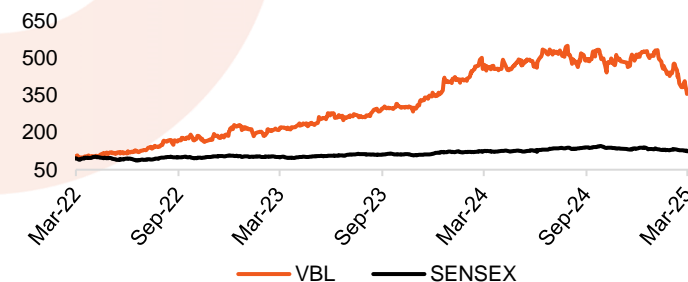
Source: DevenChoksey Research

## Shareholding Pattern (%)

Particulars	Dec-24	Sep-24	Jun-24
Promoters	60.2	62.7	62.7
FIIIs	25.3	24.2	25.3
DIIIs	7.0	5.0	4.5
Others	7.5	8.2	7.5
Total	100.0	100.0	100.0

Source: BSE

## Share price performance



Source: BSE

## Sustained growth ahead with geographic expansion

<b>CMP</b> INR 870	<b>Target</b> INR 1,201	<b>Potential Upside</b> 38.0%	<b>Category</b> Large Cap.	<b>Market Cap (INR Mn)</b> 8,77,486	<b>Recommendation</b> BUY	<b>Sector</b> Pharmaceuticals
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Zydus Lifesciences Ltd. is one of the leading innovation-driven life sciences companies in India with product portfolio includes active pharmaceutical ingredients (APIs), formulations, wellness products, animal health products, biosimilars, and vaccines. The company's products cater to various therapeutic areas such as gastrointestinal, cardiovascular, respiratory, pain management, cancer, inflammation, neurology, and women's health. The company was founded in 1950 by Ramanbhai B. Patel. Currently, the company has manufacturing footprint of 35 facilities.

### Broad-based growth across geographies boosts Q3FY25 revenue

For Q3FY25, the revenue increased 17.0% YoY, supported by growth across geographies. Revenue from US Formulations (47.0% of revenue) grew 30.8% YoY, driven by volume expansion in the base business, strategic product launches, and formulary inclusion. Revenue from International Formulation (15.5% of revenue) grew 15.5% YoY, fuelled by strong demand, expansion into key therapeutic areas, and strategic leveraging of the global product portfolio. Revenue from Indian Formulation (29.2% of revenue) grew 5.0% YoY (+2.8% QoQ) to INR 14,982 Mn, driven by strong chronic segment performance, and market share gains in key therapies. Revenue from Consumer Wellness (8.8% of revenue) grew 12.9% YoY due to mid-single-digit volume growth, and double-digit growth in personal care.

### Gross margin expansion driven by favorable mix and high-margin therapies

Gross margins expanded 254 bps YoY (-195 bps QoQ) to 69.9%, driven by a favourable geographical mix and growth in high-margin chronic therapies. In Q3FY25, R&D investments increased to INR 5,031 Mn, accounting for 9.5% of revenue, compared to INR 3,146 Mn in Q3FY24, which was 7.0% of revenue. The 59.9% YoY increase in R&D cost was primarily driven by Investments in high-value 505(b)(2) and specialty drug development, advancements in NCE and biosimilar pipelines, and clinical trials for innovative treatments in oncology, ALS, and metabolic disorders.

### New US launches and chronic therapy gains drive future growth

The company launched five new products in the US market, including three brands of Sitagliptin 505(b)(2) franchise such as Zituvio™, Zituvimet™, and Zituvimet™ in Q3FY25. In domestic business, chronic therapies such as Cardiology, Respiratory, and Oncology saw significant market share gains. ZYDUSLIF expects its US business to maintain a high single-digit growth trajectory in the near term, with stronger growth projected in FY27E due to exclusive product launches. In domestic business, strong volume growth, and chronic segment expansion will drive sustained performance. Super specialty leadership in Oncology and Nephrology, along with a growing innovation pipeline, will support future growth.

**We expect the revenue to grow at 16.2% CAGR and PAT to grow at 18.0% CAGR over FY24-FY27E. Currently, the stock is trading at a PE multiple of 16.7x/13.7x based on FY26E/FY27E EPS, respectively. We assign a PE multiple of 18.9x to arrive at a target price of INR 1,201 which will have an upside potential of 38.0%. We have a BUY rating on the stock since 07<sup>th</sup> February 2025.**

## Key Financials

Particulars (INR Mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	172,374	195,474	229,679	259,845	306,591
EBITDA	38,599	53,843	63,580	75,276	92,804
Adj PAT	25,599	38,967	43,218	52,495	63,985
Adj. EPS (INR)	25.2	38.5	42.7	52.2	63.6
EBITDA Margin	22.4%	27.5%	27.7%	29.0%	30.3%
Adj. NPM	14.9%	19.9%	18.8%	20.2%	20.9%

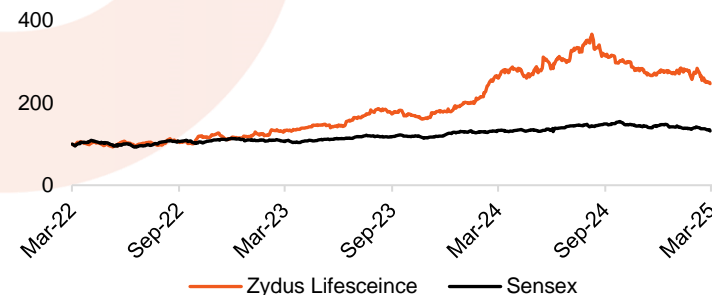
Source: DevenChoksey Research

## Shareholding Pattern (%)

Particulars	Dec-24	Sept-24	Jun-24
Promoters	75.0	75.0	75.0
FIIIs	7.5	7.5	5.6
DIIIs	10.7	10.7	12.5
Others	6.9	6.9	6.9
Total	100.0	100.0	100.0

Source: BSE

## Share price performance



Source: BSE



# Past Performance Summary: For Investment Period Achieved\*

Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Investpro January 2024</b>		
Happiest Minds Technologies Ltd	18%	6.5%
HDFC Bank Ltd	22%	6.0%
Persistent Systems Ltd.	9%	31.0%
Rossari Biotech Ltd	13%	6.8%
The Ramco Cements Ltd	10%	2.4%
Varun Beverages Ltd	19%	32.6%
<b>Investpro April 2024</b>		
Granules	7.6%	62.5%
ICICI Bank	15.6%	25.9%
IndusInd Bank Ltd.	25.1%	1.1%
Minda Corporation Ltd	17.9%	58.1%
Uno Minda Ltd.	12.3%	81.3%
Zyudus Lifesciences Ltd	11.5%	33.3%
<b>Investpro July 2024</b>		
Bajaj Finance Ltd.	12.6%	10.1%
Balaji Amines Ltd.	9.8%	5.9%
DCX Systems Ltd.	16.9%	1.4%
SBI Life Insurance Company Ltd	13.1%	28.3%
Shree Cement Ltd.	11.7%	4.3%
Tata Consultancy Service Ltd	4.3%	14.0%

Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Investpro February 2024</b>		
Ashok Leyland	24.2%	45.5%
Credit Access Grameen	21.2%	2.7%
HCL Tech	8.1%	4.5%
HDFC AMC	9.9%	17.9%
SBI Life Insurance	15.5%	21.3%
Sun Pharma	8.8%	16.7%
<b>Investpro May 2024</b>		
ACC Cement Ltd.	15.5%	12.3%
Axis Bank Ltd.	17.8%	17.3%
Gujarat Fluorochemicals	8.5%	36.1%
Laurus Labs Ltd.	12.5%	15.9%
Lupin Ltd.	7.4%	39.7%
Maruti Suzuki Ltd	19.9%	9.5%
<b>Invest Pro August 2024</b>		
Ashok Leyland Ltd.	16%	8.5%
Bajaj Finserv Ltd.	23%	29.4%
Happiest Minds Ltd.	15%	7.5%
Nestle India Ltd.	8%	10.6%
Pitti Engineering Ltd.	21%	32.1%
Poonawalla Fincorp Ltd.	32%	19.5%

Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Investpro March 2024</b>		
Cipla Ltd.	8.2%	14.2%
Fineotex Chemical Ltd.	40.6%	4.5%
Pitti Engineering Ltd.	28.7%	81.5%
Supriya Lifescience Ltd.	8.7%	56.1%
Tata Consumer Products Ltd.	12.5%	4.3%
Tata Motors Ltd	7.4%	19.5%
<b>Investpro June 2024</b>		
Aurobindo Pharma Ltd.	8.2%	33.0%
Bajaj Auto Ltd.	11.0%	38.1%
Glenmark Pharmaceuticals Ltd.	25.0%	63.1%
HDFC Bank Ltd.	15.6%	23.9%
State Bank of India Ltd.	25.8%	16.9%
Varun Beverages Ltd.	22.6%	20.9%
<b>Invest Pro September 2024</b>		
Archean Chemical Industries Ltd	31%	4.5%
Axis Bank Ltd.	13%	7.5%
Cholamandalam Investment & Finance Company Ltd.	7%	10.0%
Maruti Suzuki India Ltd.	14%	9.2%
PI Industries Ltd.	14%	5.8%
UltraTech Cement Ltd	6%	6.0%

**Notes:** 1. \*Investment Period for stock picks is 6 months from the date of the recommendations provided; and Return calculated on 6 months highest price.

2. Green depicts Outperformance, Yellow depicts Achieved(range -3% till potential upside), White depicts Partially Achieved & Red depicts Not achieved.

# Performance Summary: For Investment Period Open\*

Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Invest Pro October 2024</b>		
ACC Cement Ltd.	16%	1.3%
Glenmark Pharmaceuticals Ltd.	13%	9.3%
Godrej Consumer Ltd	11%	1.2%
Rossari Biotech Ltd	14%	0.9%
State Bank of India Ltd.	28%	11.1%
Tata Motors	19%	2.3%
Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Invest Pro January 2025</b>		
Archean Chemical	33%	0.9%
Aurobindo Pharma Ltd.	18%	1.2%
Bajaj Finance Ltd.	9%	18.2%
Cholamandalam Invt & Fin Co. Ltd.	20%	13.5%
Maruti Suzuki Ltd	13%	13.4%
Pitti Eng. Ltd	15%	3.5%

Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Invest Pro November 2024</b>		
Cyient DLM Ltd	33%	17.4%
HDFC Asset Management Company Ltd.	26%	7.4%
ICICI Bank Ltd	17%	5.7%
Laxmi Organic Industries Ltd.	10%	5.1%
Lupin Ltd	12%	9.8%
Varun Beverages Ltd	24%	11.7%
Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Invest Pro Febuary 2025</b>		
Adani Wilmar Ltd	9%	1.1%
Cipla Ltd.	10%	3.6%
HDFC Life Insurance Company Ltd	31%	2.4%
Kotak Mahindra Bank Ltd	12%	3.4%
Laurus Labs Ltd	12%	5.6%
UltraTech Cement Ltd	11%	2.1%

Companies	Potential Upside Expected (%)	Return on Highest Price (%)
<b>Invest Pro December 2024</b>		
Gujarat Fluorochemicals Ltd.	12%	20.2%
Minda Corp Ltd.	10%	29.5%
Sun Pharma Ltd.	9%	8.4%
Tata Consumer Ltd.	19%	31.0%
Uno Minda Ltd	21%	22.6%
UPL Ltd.	6%	8.0%

**Notes:** 1. \*Investment Period for stock picks is 6 months from the date of the recommendations provided; and Return calculated on 6 months highest price.

2. Green depicts Outperformance, Yellow depicts Achieved(range -3% till potential upside), White depicts Partially Achieved & Red depicts Not achieved.

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