



Dedicated To Life

January 11, 2023

<b>BSE Limited</b> 1 <sup>st</sup> Floor, P J Towers, Dalal Street, Mumbai-400001 <b>Code: 532321</b>	<b>National Stock Exchange of India Limited</b> Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai-400051 <b>Code: Zyduslife</b>
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**Sub.:** Intimation of Credit Ratings pursuant to the provisions of regulation 30 of The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations")

Dear Sir / Madam,

Pursuant to regulation 30 of the Listing Regulations, we would like to inform CRISIL Ratings Limited vide their letters dated January 10, 2023 reviewed various instruments / fund facilities credit ratings of the Company, as per below details:

Sr. No.	Facility / Instrument	Amount (Rs. in crores)	Ratings
1.	Various Bank Facilities	4,724	Long term rating CRISIL AA+/Positive (reaffirmed) Short term rating CRISIL A1+ (Reaffirmed)
2.	Commercial Papers (CPs) *	200	CRISIL A1+ (reaffirmed)
3.	Non-Convertible Debentures	50	CRISIL AA+/Positive (reaffirmed)
4.	(NCDs) *	75	CRISIL AA+/Positive (reaffirmed)

\* There are no outstanding NCDs / CPs as on date.

All the above credit rating letters along with rationale are enclosed herewith.

Please bring the aforesaid news to the notice of the members of the exchange and the investors' at large.

Thanking you,

Yours faithfully,  
For, **ZYDUS LIFESCIENCES LIMITED**

**DHAVAL N. SONI**  
**COMPANY SECRETARY**

**Encl.:** As above

**Zydus Lifesciences Limited** (formerly known as Cadila Healthcare Limited)

Regd. Office : 'Zydus Corporate Park', Scheme No. 63, Survey No. 536, Khoraj (Gandhinagar), Nr. Vaishnodevi Circle, S. G. Highway, Ahmedabad-382 481, Gujarat, India. | Phone : +91-79-71800000, +91-79-48040000  
website : www.zyduslife.com | CIN : L24230GJ1995PLC025878



# Ratings

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# CRISIL

An S&P Global Company

RL/CAHEALT/308216/BLR/0123/50487  
January 10, 2023

Mr. Yatin Desai  
General Manager - Corporate Finance  
Zydus Lifesciences Limited  
Zydus Corporate Park,  
Scheme No. 63, Khoraj (Gandhinagar),  
536, S.G. Hwy, Near Vaishnodevi Circle,  
Ahmedabad - 382481  
9725503969



Dear Mr. Yatin Desai,

**Re: Review of CRISIL Ratings on the bank facilities of Zydus Lifesciences Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please find in the table below the ratings outstanding for the debt instruments/facilities of the company, and the rating actions by CRISIL Ratings on the ratings as on date.

Total Bank Loan Facilities Rated	Rs.4724 Crore
Long Term Rating	CRISIL AA+/Positive (Reaffirmed)
Short Term Rating	CRISIL A1+ (Reaffirmed)

(Bank-wise details as per Annexure 1)

As per our Rating Agreement, CRISIL Ratings would disseminate the ratings, along with the outlook, through its publications and other media, and keep the ratings, along with the outlook, under surveillance over the life of the instrument/facility. CRISIL Ratings reserves the right to withdraw, or revise the ratings, along with the outlook, at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the ratings. Please visit [www.crisilratings.com](http://www.crisilratings.com) and search with the name of the rated entity to access the latest rating/s.

In the event of the company not availing the proposed facilities within a period of 180 days from the date of this letter, a fresh letter of revalidation from CRISIL Ratings will be necessary.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Aditya Jhaver  
Director - CRISIL Ratings

Nivedita Shibu  
Associate Director - CRISIL Ratings



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CRISIL Ratings Limited  
(A subsidiary of CRISIL Limited)  
Corporate Identity Number: U67100MH2019PLC326247

## Annexure 1 – Bank-wise details of various facility classes (outstanding facilities)

S.No.	Bank Facility	Bank	Amount (Rs. In Crore)	Outstanding Rating
1	Bank Guarantee	ICICI Bank Limited	50	CRISIL A1+
2	Bank Guarantee	HDFC Bank Limited	50	CRISIL A1+
3	Bank Guarantee	DBS Bank Limited	50	CRISIL A1+
4	Bank Guarantee	Bank of Baroda	50	CRISIL A1+
5	Bank Guarantee	MUFG Bank Limited	50	CRISIL A1+
6	Cash Credit	Mizuho Bank Limited	165.62	CRISIL AA+/Positive
7	Cash Credit	Standard Chartered Bank Limited	65	CRISIL AA+/Positive
8	Cash Credit	YES Bank Limited	100	CRISIL AA+/Positive
9	Cash Credit	Citibank N. A.	8.29	CRISIL AA+/Positive
10	Cash Credit	BNP Paribas Bank	8.29	CRISIL AA+/Positive
11	Cash Credit	IDBI Bank Limited	50	CRISIL AA+/Positive
12	Cash Credit	The Hongkong and Shanghai Banking Corporation Limited	41.41	CRISIL AA+/Positive
13	Cash Credit	Bank of America N.A.	1540.27	CRISIL AA+/Positive
14	Cash Credit	JP Morgan Chase Bank N.A.	124.22	CRISIL AA+/Positive
15	Cash Credit	DBS Bank Limited	250	CRISIL AA+/Positive
16	Cash Credit	HDFC Bank Limited	550	CRISIL AA+/Positive
17	Cash Credit	Bank of Baroda	50	CRISIL AA+/Positive
18	Cash Credit	MUFG Bank Limited	400	CRISIL AA+/Positive
19	Cash Credit	ICICI Bank Limited	250	CRISIL AA+/Positive
20	Long Term Loan	The Hongkong and Shanghai Banking Corporation Limited	165.6	CRISIL AA+/Positive
21	Long Term Loan	MUFG Bank Limited	276	CRISIL AA+/Positive
22	Proposed Term Loan	—	429.3	CRISIL AA+/Positive
	<b>Total</b>		<b>4724</b>	

1-5. Interchangeable with letter of credit facility

6-14. Interchangeable with bank guarantee and letter of credit facility

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RL/CAHEALT/308216/CP/0123/50489

January 10, 2023

**Mr. Yatin Desai**

General Manager - Corporate Finance

**Zydus Lifesciences Limited**

Zydus Corporate Park,

Scheme No. 63, Khoraj (Gandhinagar),

536, S.G. Hwy, Near Vaishnodevi Circle,

Ahmedabad - 382481

9725503969



Dear Mr. Yatin Desai,

**Re: Review of CRISIL Rating on the Rs. 200 Crore Commercial Paper of Zydus Lifesciences Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL A1+ (pronounced as CRISIL A one plus rating) rating on the captioned debt instrument. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of captioned commercial paper programme, this letter is valid for 30 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid (unless revised) throughout the life of the captioned Commercial Paper Programme with a maximum maturity of one year.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating through its publications and other media, and keep the rating under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL Ratings believes, may have an impact on the rating. Please visit [www.crisilratings.com](http://www.crisilratings.com) and search with the name of the rated entity to access the latest rating/s.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Aditya Jhaver  
Director - CRISIL Ratings

Nivedita Shibu  
Associate Director - CRISIL Ratings



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# Ratings

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# CRISIL

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January 10, 2023

Mr. Yatin Desai

General Manager - Corporate Finance

Zydus Lifesciences Limited

Zydus Corporate Park,

Scheme No. 63, Khoraj (Gandhinagar),

536, S.G. Hwy, Near Vaishnodevi Circle,

Ahmedabad - 382481

9725503969



Dear Mr. Yatin Desai,

**Re: Review of CRISIL Rating on the Rs.50 Crore Non Convertible Debentures of Zydus Lifesciences Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL AA+/Positive (pronounced as CRISIL double A plus rating with Positive outlook) rating on the captioned debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit [www.crisilratings.com](http://www.crisilratings.com) and search with the name of the rated entity to access the latest rating/s.

As per SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at [debtissue@crisil.com](mailto:debtissue@crisil.com). This will enable CRISIL Ratings to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us at [debtissue@crisil.com](mailto:debtissue@crisil.com) for any clarification you may need.

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Aditya Jhaver  
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RL/CAHEALT/308216/NCD/0123/50488/1081260  
January 10, 2023

**Mr. Yatin Desai**  
General Manager - Corporate Finance  
**Zydus Lifesciences Limited**  
Zydus Corporate Park,  
Scheme No. 63, Khoraj (Gandhinagar),  
536, S.G. Hwy, Near Vaishnodevi Circle,  
Ahmedabad - 382481  
9725503969



Dear Mr. Yatin Desai,

**Re: Review of CRISIL Rating on the Rs.75 Crore Non Convertible Debentures of Zydus Lifesciences Limited**

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

CRISIL Ratings has, after due consideration, reaffirmed its CRISIL AA+/Positive (pronounced as CRISIL double A plus rating with Positive outlook) rating on the captioned debt instrument. Instruments with this rating are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL Ratings will be necessary.

As per our Rating Agreement, CRISIL Ratings would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL Ratings reserves the right to withdraw, or revise the rating / outlook assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the rating. Please visit [www.crisilratings.com](http://www.crisilratings.com) and search with the name of the rated entity to access the latest rating/s.

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Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

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## Rating Rationale

January 09, 2023 | Mumbai

### Zydus Lifesciences Limited

Ratings reaffirmed at 'CRISIL AA+ / Positive / CRISIL A1+ '

#### Rating Action

<b>Total Bank Loan Facilities Rated</b>	<b>Rs.4724 Crore</b>
<b>Long Term Rating</b>	<b>CRISIL AA+/Positive (Reaffirmed)</b>
<b>Short Term Rating</b>	<b>CRISIL A1+ (Reaffirmed)</b>

<b>Rs.75 Crore Non Convertible Debentures</b>	<b>CRISIL AA+/Positive (Reaffirmed)</b>
<b>Rs.50 Crore Non Convertible Debentures</b>	<b>CRISIL AA+/Positive (Reaffirmed)</b>
<b>Rs.200 Crore Commercial Paper</b>	<b>CRISIL A1+ (Reaffirmed)</b>

*Note: None of the Directors on CRISIL Ratings Limited's Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.*

*1 crore = 10 million*

*Refer to Annexure for Details of Instruments & Bank Facilities*

#### Detailed Rationale

CRISIL Ratings has reaffirmed its 'CRISIL AA+/Positive/CRISIL A1+' ratings on the bank facilities and debt programme of Zydus Lifesciences Ltd (Zydus Life; a part of the Zydus group).

Consolidated revenue grew 5% on-year in fiscal 2022 (adjusted for the sales of the animal healthcare business), supported by growth in the domestic formulations and emerging markets even as revenue from the US degrew due to continued intense pricing pressure. With improved performance in the US formulations market (13% on-year growth) on the back of new product launches as well as growth in the consumer wellness segment after the pandemic, revenue grew by 4% in the first-half of fiscal 2023, constrained to some extent by the high one-off sales of Covid-related products in the domestic market in the previous fiscal. The recent resolution of the United States Food and Drug Administration (US FDA) warning letter to the group's plant at Moraiya (Gujarat) will pave way for higher number of product launches in the US market in the next fiscal. Revenue is expected to grow 9-11% annually over the medium term on the back of new product launches and ramp up in sales of biosimilars and new chemical entities. CRISIL Ratings notes the sales of the Zydus group's Covid-19 vaccine – ZyCoV-D – has been modest since its launch, as demand waned, resulting in lower than anticipated revenue growth in fiscal 2023 and 2024.

Consolidated operating margin remained healthy at 22.1% in fiscal 2022, supported by cost-control measures undertaken by the group. However, with sustained high input prices and provision of ~Rs 160 crore towards ZyCoV-D and other covid-related drugs, margin declined to 20.1% in the first-half of fiscal 2023. Going forward, the operating margin is expected to remain healthy at 20-22% supported by ability to pass on majority of input cost increase to customers, softening pricing pressure in the US market and price hikes in the domestic market.

The ratings continue to be supported by sustained improvement in financial risk profile with gross debt significantly reducing to Rs 2,419 crore as on September 30, 2022, from Rs 4,653 crore as on September 30, 2021, with strong cash accrual. Also, with high liquid surplus from the sale of the domestic animal healthcare business in the second quarter of fiscal 2022, net debt reduced below Rs 1,434 crore as on September 30, 2022, and net debt/Ebitda (earnings before interest, taxes, depreciation, and amortisation) was 0.4 time in the first-half of fiscal 2023. Financial risk profile is expected to remain strong, with net debt/Ebitda remaining at comfortable levels over the medium term, supported by strong cash accrual and moderate capital expenditure (capex) as well as inorganic growth plans.

The ratings continue to reflect the established position of the Zydus group in the branded generics market in India and the expected benefits from growth in the wellness segment; the ratings also factor in the growing presence in international markets, particularly the US, and strong financial risk profile. These strengths are partially offset by exposure to risks related to unfavourable regulatory changes, increasing competition and price erosions in the regulated generics US market.

#### Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of Zydus Life and its 42 subsidiaries and stepdown subsidiaries (collectively referred to as the Zydus group) as all these entities operate in the pharmaceutical and related space, and have significant operational linkages and a common management. For three joint ventures (JVs), CRISIL Ratings follows a moderate integration approach; specifically factoring in the share of profit from JVs and of any incremental investment required by them. CRISIL Ratings has amortised intangible assets and goodwill consolidated on earlier acquisitions over five fiscals and on Heinz India Pvt Ltd (HIPL) acquisition over 10 years. Both profit after tax (PAT) and networth are adjusted to that extent.

*Please refer Annexure - List of a Consolidated, which captures the list of entities considered and their analytical treatment of consolidation.*

## **Key Rating Drivers & Detailed Description**

### **Strengths**

#### **Established market position**

The Zydus group is one of the top five players in the domestic formulations market, and domestic sales formed 32% of consolidated revenue in fiscal 2022. The group is ranked among the top 3 players in the high-growth segments such as respiratory, pain management, gynaecology and dermatology, which account for about 11%, 10%, 6% and 5%, respectively, of its domestic formulation sales. It has strengthened its marketing team over the past few years, putting greater thrust on market strategies such as growth in the categories, integration of channel partners, supply chain and procurement to improve revenue and cost synergies. The group also has established presence in rest-of-the-world markets of Brazil, Mexico, Sri Lanka and South Africa where it reported healthy revenue growth despite geopolitical challenges and adverse macro environment. Rest-of-the world segment (including Latin America) formed 8% of the consolidated revenue in fiscal 2022. The company also has a healthy pipeline of complex molecules and biosimilars in the domestic and emerging markets, which will be the growth drivers over the medium term.

#### **Growing presence in the regulated generics markets**

Business prospects are supported by growing presence in regulated generics markets such as the US and Europe, which together formed 41% of consolidated revenue in fiscal 2022. In the US, the group had 326 approvals and filed 431 abbreviated new drug application (ANDAs), as on September 30, 2022. Healthy pace of filings and approvals in the US, also reflected in the strong ANDA pipeline of over 100, will strengthen the US business. The Zydus group was the fifth-largest pharmaceutical company in the US generics market as per IQVIA MAT March 2022. The US FDA reinspected and cleared the warning letter on the Moraiya plant in November 2022 that will pave way for higher number of product launches, thereby leading to expected revenue growth in the US market next fiscal.

#### **Strong financial risk profile**

Financial risk profile is marked by healthy capital structure and debt protection metrics. Adjusted gearing improved to 0.2 time as on September 30, 2022, while net debt/Ebitda and interest coverage ratio improved to 0.4 time and 25 times, respectively, in the first-half of fiscal 2023 due to debt reduction from its strong cash accrual. With the sale of the animal healthcare business in fiscal 2022, liquidity improved sharply to Rs 3,460 crore as on March 31, 2022, part of which was utilised to fund the equity buyback of Rs 750 crore in the first-half of fiscal 2023 as well as to lower working capital debt. Financial risk profile is expected to remain strong with net debt/Ebitda sustaining at comfortable levels over the medium term, after factoring in moderate capex and inorganic growth plans. Any material debt-funded acquisition or investment in group companies could adversely impact debt metrics and liquidity and would remain a key monitorable.

### **Weaknesses**

#### **Exposure to risks related to unfavourable regulatory changes**

The Zydus group remains exposed to regulatory risks, both in the domestic and international markets, particularly the US. For instance, in October 2019, a warning letter was issued by the US FDA for the Moraiya plant, which impacted new product launches. While the USFDA has recently cleared this warning letter, any such regulatory issues on any of the group's facilities in the future could impact revenue and profitability. The ongoing litigation by the anti-trust division of the US Department of Justice on industry generic players regarding price-collusion allegations remains a monitorable. Furthermore, any price-control measures of the government in the branded segment may weaken the domestic formulation growth.

#### **Exposure to competition, volatility in foreign exchange rates and stretched working capital cycle**

The group faces intense competition in regulated markets, where innovator companies engage in aggressive defence tactics by launching authorised generics, and there are several cost-competitive Indian players present. Furthermore, generics players in regulated markets are affected by severe price erosions, as witnessed in the US in fiscal 2022, given the commoditised nature of products, and government pressure to lower prices. Strong bargaining power of distributors in the US leads to large working capital requirement: gross current assets remained at around 232 days as on March 31, 2022. However, ample liquidity and high financial flexibility are likely to meet incremental working capital requirement.

#### **Liquidity: Strong**

Healthy cash and cash equivalents (including investments in mutual funds) of nearly Rs 985 crore as on September 30, 2022, and strong annual cash generation support liquidity. Besides, the company has sanctioned fund-based bank limit of about Rs 4,000 crore, which remains moderately utilised at about 50% for the 12 months through October 2022, adding to liquidity. Annual cash accrual of Rs 2,500 crore will suffice sufficient to meet annual capex of Rs 900-1,000 crore and fund expected moderate inorganic growth plans, besides long-term debt obligation of ~Rs 520 crore in fiscal 2023, and ~Rs 200 crore in fiscal 2024.



**Environment, social, and governance (ESG) profile**

CRISIL Ratings believes the environment, social, and governance (ESG) profile of Zydus Life supports its already strong credit risk profile.

The pharmaceutical sector can have a significant impact on the environment on account of greenhouse gas emissions, water use and waste generation. The social impact of the sector is characterised by impact on the health and wellbeing of its consumers on account of its products and on employees and local community on account of its operations.

Key ESG highlights:

- The Zydus group has undertaken focused efforts towards water recycling and reuse. It reused 46% of the total water consumed in fiscal 2022 while dependence on ground water reduced to 34% from over 55% previous year.
- The group has been reusing its hazardous waste by the activity of recycling and co-processing. While total waste generation for the group increased in fiscal 2022 due to execution of new projects and capacity expansion, recycling of hazardous waste increased to 51% from 40% in the previous year.
- The group has a track record of customer grievance redressal and resolution of sexual harassment cases. However, the gender diversity remained marginally lower than industry peers, with women employees forming just 7% of the total workforce in fiscal 2022. The group is committed to increasing this to 15% by 2025.
- Governance structure is adequate, with half of the board comprising independent directors. The group also has in place an investor grievance redressal mechanism, whistleblower policy and extensive disclosures.

There is growing importance of ESG among investors and lenders. The commitment of the group to ESG principles will play a key role in enhancing stakeholder confidence and ensure ease of raising capital from markets where ESG compliance is a key factor.

**Outlook Positive**

The group will maintain its diversified revenue profile across geographies and healthy cash accrual over the medium term. Financial risk profile is expected to remain strong with healthy capital structure and significant improvement in operating performance and debt protection metrics.

**Rating Sensitivity factors****Upward factors**

- Healthy revenue growth of 15-20% annually with operating margin improving to ~22-24% on a sustained basis, thereby supporting healthy cash generation
- Prudent capital spend and working capital management resulting in net debt/Ebitda sustaining at comfortable levels

**Downward factors**

- Sharp decline in operating margin due to increased competition, unfavourable regulatory developments or lower-than-expected sales across business segments
- Higher-than-expected debt levels to fund large acquisitions, capex, and sizeable stretch in working capital cycle resulting in net debt/Ebitda rising above 1.5 times
- Any significant payout towards the ongoing anti-trust litigation or any other adverse regulatory developments impacting liquidity as well as debt metrics

**About the Company**

Cadila Laboratories was founded in 1952 by Mr Raman Patel and Mr Indravadan Modi. Cadila Healthcare was incorporated in 1995 following the split of Cadila Laboratories, with Mr Modi and his family's share being moved to a new company. The division that was managed by Mr Raman Patel's son, Mr Pankaj Patel, was renamed Cadila Healthcare, which was again renamed Zydus Life in February 2022. Zydus Life got listed on the Bombay Stock Exchange in 2000. Over the years, Zydus Life has grown to become one of the top five pharmaceutical companies in India. It also has growing presence in the regulated markets, particularly the US, and is one of the top 5 players in the US generic market. Other segments include emerging markets formulations, consumer wellness, animal healthcare and bulk drugs.

As on September 30, 2022, the promoters held 74.98% stake in Zydus Life, 5.36% was held by mutual funds, and the balance was held by the public and others.

For the half-year ended September 30, 2022, the company reported a PAT of Rs 1,041 crore (Rs 3,590 crore in the corresponding period previous fiscal) on net sales of Rs 8,207 crore (Rs 7,762 crore).

**Key Financial Indicators**

Particulars	Unit	2022	2021
Operating income	Rs crore	15,110	15,102
Adjusted PAT*	Rs crore	3,716	1,387

<b>Adjusted PAT margin*</b>	<b>%</b>	<b>24.6</b>	<b>9.2</b>
<b>Adjusted debt/adjusted networth*</b>	<b>Times</b>	<b>0.26</b>	<b>0.36</b>
<b>Interest coverage</b>	<b>Times</b>	<b>27.8</b>	<b>20.9</b>

\*Adjusted for goodwill and intangibles amortization

**Any other information:** Not applicable

**Note on complexity levels of the rated instrument:**

CRISIL Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

CRISIL Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the CRISIL Ratings` complexity levels please visit [www.crisilratings.com](http://www.crisilratings.com). Users may also call the Customer Service Helpdesk with queries on specific instruments.

**Annexure - Details of Instrument(s)**

ISIN	Name of Instrument	Date of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs. Cr)	Complexity Level	Rating Assigned with Outlook
NA	Cash credit	NA	NA	NA	1500.00	NA	CRISIL AA+/Positive
NA	Cash credit^	NA	NA	NA	2103.10	NA	CRISIL AA+/Positive
NA	Bank guarantee*	NA	NA	NA	250.00	NA	CRISIL A1+
NA	Long-term loan	NA	NA	27-03-2023	276.00	NA	CRISIL AA+/Positive
NA	Long-term loan	NA	NA	23-01-2024	165.60	NA	CRISIL AA+/Positive
NA	Proposed long-term loan facility	NA	NA	NA	429.30	NA	CRISIL AA+/Positive
NA	Commercial paper	NA	NA	7-365 days	200.00	Simple	CRISIL A1+
NA	Non-convertible debentures @	NA	NA	NA	75.00	Simple	CRISIL AA+/Positive
NA	Non-convertible debentures @	NA	NA	NA	50.00	Simple	CRISIL AA+/Positive

^Interchangeable with bank guarantee and letter of credit facility

\*Interchangeable with letter of credit facility

@ Not placed

**Annexure – List of entities consolidated**

Name of entity	Extent of consolidation	Rationale of consolidation
Zydus Healthcare Limited	100.00%	Subsidiary
German Remedies Pharmaceuticals Private Limited	100.00%	Subsidiary
Zydus Wellness Limited	57.59%	Subsidiary
Zydus Wellness Products Limited	57.59%	Subsidiary
Liva Nutritions Limited	57.59%	Subsidiary
Liva Investment Limited	57.59%	Subsidiary
Zydus Animal Health and Investments Limited	100.00%	Subsidiary
Dialforhealth Greencross Limited	100.00%	Subsidiary
Dialforhealth Unity Limited	55.00%	Subsidiary
Violio Healthcare Limited	100.00%	Subsidiary
Zydus Pharmaceuticals Limited	100.00%	Subsidiary
Biochem Pharmaceutical Private Limited	100.00%	Subsidiary
Zydus Strategic Investments Limited	100.00%	Subsidiary
Zydus VTEC Limited	100.00%	Subsidiary
Zydus Lanka (Private) Limited	100.00%	Subsidiary
Zydus International Private Limited	100.00%	Subsidiary
Zydus Netherlands B.V.	100.00%	Subsidiary
Zydus France, SAS	100.00%	Subsidiary

Laboratorios Combix S.L.	100.00%	Subsidiary
Etna Biotech S.R.L.	100.00%	Subsidiary
Zydus Healthcare (USA) LLC	100.00%	Subsidiary
Zydus Pharmaceuticals (USA) Inc.	100.00%	Subsidiary
Nesher Pharmaceuticals (USA) LLC	100.00%	Subsidiary
ZyVet Animal Health Inc.	100.00%	Subsidiary
Sentynl Therapeutics, Inc	100.00%	Subsidiary
Zydus Noveltech Inc., USA	100.00%	Subsidiary
Hercon Pharmaceuticals, LLC	100.00%	Subsidiary
Viona Pharmaceuticals Inc.	100.00%	Subsidiary
Zydus Therapeutics Inc.	100.00%	Subsidiary
Zydus Worldwide DMCC	100.00%	Subsidiary
Zydus Discovery DMCC	100.00%	Subsidiary
Zydus Wellness [BD] Private Limited	57.59%	Subsidiary
Zydus Wellness International DMCC	57.59%	Subsidiary
Zydus Nikkho Farmaceutica Ltda.	100.00%	Subsidiary
Zydus Healthcare SA (Pty) Ltd.	100.00%	Subsidiary
Simayla Pharmaceuticals (Pty) Ltd	100.00%	Subsidiary
Script Management Services (Pty) Ltd.	100.00%	Subsidiary
Zydus Healthcare Philippines Inc.	100.00%	Subsidiary
Alidac Healthcare (Myanmar) Limited	100.00%	Subsidiary
Zydus Pharmaceuticals Mexico SA De CV	100.00%	Subsidiary
Zydus Pharmaceuticals Mexico Service Company SA De CV	100.00%	Subsidiary
M/s. Recon Pharmaceuticals and Investments	100.00%	Subsidiary
Zydus Takeda Healthcare Private Limited	50.00%	JV (moderately consolidated)
Zydus Hospira Oncology Private Limited (JV)	50.00%	JV (moderately consolidated)
Bayer Zydus Pharma Private Limited (JV)	24.999998%	JV (moderately consolidated)

### Annexure - Rating History for last 3 Years

Instrument	Current			2023 (History)		2022		2021		2020		Start of 2020
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
<b>Fund Based Facilities</b>	LT	4474.0	CRISIL AA+/Positive		--	20-01-22	CRISIL AA+/Positive	30-11-21	CRISIL AA+/Positive	31-12-20	CRISIL AA+/Stable	CRISIL AA+/Stable
			--		--		--	20-05-21	CRISIL AA+/Stable	08-10-20	CRISIL AA+/Stable	--
			--		--		--		--	18-09-20	CRISIL AA+/Stable	--
			--		--		--		--	10-08-20	CRISIL AA+/Stable	--
<b>Non-Fund Based Facilities</b>	ST	250.0	CRISIL A1+		--	20-01-22	CRISIL A1+	30-11-21	CRISIL A1+	31-12-20	CRISIL A1+	CRISIL A1+
			--		--		--	20-05-21	CRISIL A1+	08-10-20	CRISIL A1+	--
			--		--		--		--	18-09-20	CRISIL A1+	--
			--		--		--		--	10-08-20	CRISIL A1+	--
<b>Commercial Paper</b>	ST	200.0	CRISIL A1+		--	20-01-22	CRISIL A1+	30-11-21	CRISIL A1+	31-12-20	CRISIL A1+	CRISIL A1+
			--		--		--	20-05-21	CRISIL A1+	08-10-20	CRISIL A1+	--
			--		--		--		--	18-09-20	CRISIL A1+	--

			--		--		--		--	10-08-20	CRISIL A1+	--
<b>Non Convertible Debentures</b>	LT	125.0	CRISIL AA+/Positive		--	20-01-22	CRISIL AA+/Positive	30-11-21	CRISIL AA+/Positive	31-12-20	CRISIL AA+/Stable	CRISIL AA+/Stable
			--		--		--	20-05-21	CRISIL AA+/Stable	08-10-20	CRISIL AA+/Stable	--
			--		--		--		--	18-09-20	CRISIL AA+/Stable	--
			--		--		--		--	10-08-20	CRISIL AA+/Stable	--

All amounts are in Rs.Cr.

#### Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Bank Guarantee <sup>&amp;</sup>	50	Bank of Baroda	CRISIL A1+
Bank Guarantee <sup>&amp;</sup>	50	HDFC Bank Limited	CRISIL A1+
Bank Guarantee <sup>&amp;</sup>	50	ICICI Bank Limited	CRISIL A1+
Bank Guarantee <sup>&amp;</sup>	50	MUFG Bank Limited	CRISIL A1+
Bank Guarantee <sup>&amp;</sup>	50	DBS Bank Limited	CRISIL A1+
Cash Credit <sup>@</sup>	165.62	Mizuho Bank Limited	CRISIL AA+/Positive
Cash Credit	50	Bank of Baroda	CRISIL AA+/Positive
Cash Credit	550	HDFC Bank Limited	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	100	YES Bank Limited	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	65	Standard Chartered Bank Limited	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	1540.27	Bank of America N.A.	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	41.41	The Hongkong and Shanghai Banking Corporation Limited	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	124.22	JP Morgan Chase Bank N.A.	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	8.29	BNP Paribas Bank	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	8.29	Citibank N. A.	CRISIL AA+/Positive
Cash Credit <sup>@</sup>	50	IDBI Bank Limited	CRISIL AA+/Positive
Cash Credit	250	ICICI Bank Limited	CRISIL AA+/Positive
Cash Credit	400	MUFG Bank Limited	CRISIL AA+/Positive
Cash Credit	250	DBS Bank Limited	CRISIL AA+/Positive
Long Term Loan	276	MUFG Bank Limited	CRISIL AA+/Positive
Long Term Loan	165.6	The Hongkong and Shanghai Banking Corporation Limited	CRISIL AA+/Positive
Proposed Term Loan	429.3	Not Applicable	CRISIL AA+/Positive

This Annexure has been updated on 09-Jan-2023 in line with the lender-wise facility details as on 06-Sep-2021 received from the rated entity

& - Interchangeable with letter of credit facility

@ - Interchangeable with bank guarantee and letter of credit facility

#### Criteria Details

Links to related criteria

[CRISILs Approach to Financial Ratios](#)

[Rating criteria for manufacturing and service sector companies](#)

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[Rating Criteria for the Pharmaceutical Industry](#)

[CRISILs Criteria for rating short term debt](#)

[CRISILs Criteria for Consolidation](#)

Media Relations	Analytical Contacts	Customer Service Helpdesk
<p><b>Aveek Datta</b> Media Relations <b>CRISIL Limited</b> M: +91 99204 93912 B: +91 22 3342 3000 <a href="mailto:AVEEK.DATTA@crisil.com">AVEEK.DATTA@crisil.com</a></p> <p><b>Prakruti Jani</b> Media Relations <b>CRISIL Limited</b> M: +91 98678 68976 B: +91 22 3342 3000 <a href="mailto:PRAKRUTI.JANI@crisil.com">PRAKRUTI.JANI@crisil.com</a></p> <p><b>Rutuja Gaikwad</b> Media Relations <b>CRISIL Limited</b> B: +91 22 3342 3000 <a href="mailto:Rutuja.Gaikwad@ext-crisil.com">Rutuja.Gaikwad@ext-crisil.com</a></p>	<p>Anuj Sethi Senior Director <b>CRISIL Ratings Limited</b> B:+91 44 6656 3100 <a href="mailto:anuj.sethi@crisil.com">anuj.sethi@crisil.com</a></p> <p>Aditya Jhaver Director <b>CRISIL Ratings Limited</b> B:+91 22 3342 3000 <a href="mailto:aditya.jhaver@crisil.com">aditya.jhaver@crisil.com</a></p> <p>Parth Shah Manager <b>CRISIL Ratings Limited</b> B:+91 22 3342 3000 <a href="mailto:Parth.Shah@crisil.com">Parth.Shah@crisil.com</a></p>	<p>Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 1301</p> <p>For a copy of Rationales / Rating Reports: <a href="mailto:CRISILratingdesk@crisil.com">CRISILratingdesk@crisil.com</a></p> <p>For Analytical queries: <a href="mailto:ratingsinvestordesk@crisil.com">ratingsinvestordesk@crisil.com</a></p>



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