

Zydus Wellness

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	ZYWL IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	133.3 / 1.5
52-Week Range (INR)	531 / 299
1, 6, 12 Rel. Per (%)	-9/-3/3
12M Avg Val (INR M)	169

Financials & Valuations (INR b)

Y/E March	FY26E	FY27E	FY28E
Sales	39.1	54.0	61.7
Sales Gr. (%)	44	38	14
EBITDA	5.3	7.9	9.6
Margins (%)	13.6	14.5	15.6
Adj. PAT	3.6	5.4	6.0
Adj. EPS (INR)	11.5	16.9	18.8
EPS Gr. (%)	7	48	11
BV/Sh. (INR)	183.8	189.9	202.2
Ratios			
RoE (%)	6.3	9.0	9.6
RoCE (%)	6.0	4.9	7.6
Payout (%)	14.8	13.0	13.0
Valuation			
P/E (x)	36.6	24.8	22.3
P/BV (x)	2.3	2.2	2.1
EV/EBITDA (x)	30.3	20.1	16.0

Shareholding Pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	69.6	69.6	69.6
DII	18.6	18.8	20.1
FII	3.3	3.4	3.4
Others	8.5	8.2	6.9

FII includes depository receipts

CMP: INR419

TP: INR575 (+37%)

Buy

Higher acquisition costs weigh on unseasonal quarter

- Zydus Wellness' (Zydus) consol. sales grew 109% YoY to INR9.6b (in line) in 3QFY26. Volumes, excluding the newly acquired Comfort Click (CC) business, grew in double digits. Sales for YTD FY26 (excl. CC business and seasonal brands) have seen strong growth in the high teens, supported by mid-teen volume growth. It is reflecting strong underlying growth for the non-seasonal portfolio, which can double the growth engines once seasonal portfolio sees traction. Management said that demand is steady, aided by a strong revival in rural demand, which continues to outpace urban demand.
- Consolidated EBITDA rose to INR610m (est. INR623m) from INR148m in 3QFY25. However, higher-than-expected depreciation and interest costs (acquisitions related), coupled with seasonally weak organic quarter, led to a reported loss of INR399m (est. loss of INR310m). Zydus guides for organic EBITDA margin of 16-17% (our est. 15%/16% for FY27/FY28). CC EBITDA margin is expected to remain at 14-15%; we model a similar margin.
- RiteBite Max Protein continued to deliver strong volume and value growth. Its EBITDA is now nearing double digits (from breakeven at the time of acquisition), supported by synergies, scale and margin efficiencies. CC is also doing well, in line with the company's internal expectations. Nycil, Glucon-D and Complan remained impacted over 9MFY26 given unfavorable weather conditions and category headwinds.
- The stock is at 20x FY27 and 16x FY28 EV/EBITDA, a 30%-35% discount to other FMCG peers. We model ~11% organic revenue CAGR and ~20% EBITDA CAGR over FY26-28E. On a consolidated basis, we model ~26% revenue CAGR and 35% EBITDA CAGR. Based on SoTP, we value the India business at 27x FY28E EV/EBITDA and International (Comfort Click) at 15x FY28E EV/EBITDA to arrive at a TP of INR575 (implied consolidated 22x EV/EBITDA and 30x P/E at FY28). Maintain BUY.

Operationally in line with double-digit volume growth (excl. CC)

- Volumes (ex-CC) grow in double digits:** Consol. sales grew 109% YoY to INR9.6b, in line with our est. of INR9.5b. Volumes (exc. CC) grew in double digits. Personal care business was down 1.4%, while RiteBite business doubled. Sales for YTD FY26 (excl. CC business and seasonal brands) saw strong double-digit growth, supported by mid-teen volume growth.
- Acquisition leads to strong GM gain:** Gross margins expanded from 49% to 63% (est. 60%), led by high GM CC acquisition and margin gain in organic business (most brands expanded margin). EBITDA margin improved 310bp YoY to 6.3% (est. 6.5%).
- High acquisition costs dent profitability:** Employee expenses rose 41% YoY and other expenses doubled largely because of acquisition. EBITDA grew from INR148m in 3QFY25 to INR610m (est. INR623m). Owing to seasonally weak organic quarter and higher acquisition costs (higher depreciation and interest), Zydus reported loss of INR399m (est. loss of INR310m). Adj. PAT (ex-amortization impact) rose 52% YoY to INR97m (est. INR120m).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

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Highlights from the management commentary

- Personal care performance (revenue down 1.4% YoY) was impacted primarily by Nycil, with some softness in Everyuth; however, Everyuth delivered double-digit growth in FY26 YTD.
- Zydus guides for consol. GM of 66-67% and organic EBITDA margin of 16-18%.
- CC continues to perform in line with expectations. Management guided double-digit revenue growth and ~14% EBITDA margins. The acquisition is cash EPS-accretive, excluding one-time acquisition-related costs, and is expected to become EPS-accretive from next year.
- GM of RiteBite is in line with the core business (~50–52%). Repeat purchase rates are improving across both organized trade and general trade, with strong growth in existing outlets and continued expansion into new outlets.

Valuation and view

- We broadly maintain our EPS estimates for FY27 and FY28.
- The valuation multiple is currently low given its low earnings delivery in the past decade (10-year CAGR of 7-8%). With stability in the core business (took initial period for stabilizing sizable acquisition) and exciting new growth engines, we expect Zydus to deliver superior earnings growth than it delivered in the past.
- We model ~11% organic revenue CAGR and ~20% EBITDA CAGR over FY26-28E. The company guides organic EBITDA margin of 16-17% (our est. 15%/16% for FY27/FY28). CC EBITDA margin is expected to remain at 14-15%; we model a similar margin. On a consolidated basis, we model ~26% revenue CAGR and 35% EBITDA CAGR.
- The stock is trading at 20x and 16x EV/EBITDA FY27 and FY28, a 30%-35% discount to other FMCG peers. Based on SoTP, we value the India business at 27x EV/EBITDA FY28E and International (Comfort Click) at 15x EV/EBITDA FY28E to arrive at a TP of INR575 (implied consolidated 22x EV/EBITDA and 30x P/E at FY28). We maintain BUY on Zydus Wellness.

Quarterly Performance (Consolidated)											(In m)		
Y/E March	FY25					FY26E				FY25	FY26E	FY26	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	3QE				
Total revenues	8,410	4,929	4,619	9,131	8,609	6,505	9,649	14,340	27,089	39,103	9,522	1.3%	
YoY change (%)	19.8	12.0	14.6	16.7	2.4	32.0	108.9	57.0	16.4	44.3	106.2		
Gross Profit	4,677	2,354	2,263	5,014	4,731	3,442	6,118	9,369	14,308	23,660	5,713	7.1%	
Margin (%)	55.6	47.8	49.0	54.9	55.0	52.9	63.4	65.3	52.8	60.5	60.0		
EBITDA	1,553	196	148	1,900	1,556	230	610	2,908	3,798	5,304	623	-2.0%	
Margins (%)	18.5	4.0	3.2	20.8	18.1	3.5	6.3	20.3	14.0	13.6	6.5		
EBITDA growth (%)	51.8	16.7	16.5	17.1	0.2	17.3	312.2	53.0	23.2	39.6	320.7		
Depreciation	51	49	52	132	108	114	125	126	284	473	115		
Amortisation						137	430	458		1,025	430		
Interest	36	9	33	42	25	157	412	410	120	1,004	369		
Other income	50	40	38	8	30	14	8	3	136	55	6		
PBT	1,516	178	101	1,734	1,453	-164	-349	1,917	3,530	2,857	-285		
Tax	39	28	37	15	174	22	-16	60	119	240	25		
Rate (%)	2.6	15.7	36.6	0.9	12.0	-13.4	4.6	3.1	3.4	8.4	-8.8		
Adj. PAT	1,477	150	64	1,719	1,279	-49	97	2,381	3,413	3,642	120		
YoY change (%)	18.5	154.2	2,033.3	14.4	-13.4	-132.9	51.6	38.5	21.3	6.7	86.9		
Extraordinary inc/(Exp)	0	-59	0	0	0	479	496	458	-57	1,367	430		
Reported PAT	1,477	209	64	1,719	1,279	-528	-399	1,923	3,470	2,275	-310.4		

E: MOFSL Estimate



Key takeaways from the management commentary

Business environment

- Consumption trends remained stable, supported by a sustained recovery in rural demand, which continued to outpace the gradual improvement in urban markets.
- Volume in 3QFY26 (excluding the newly acquired Comfort Click business) registered double-digit growth.
- E-commerce and quick-commerce channels maintained strong growth momentum.
- Personal care performance (revenue down 1.4%) was impacted primarily by Nycil, with some softness in Everyuth; however, Everyuth delivered double-digit growth in FY26 YTD.
- The company reported higher other expenses due to the Comfort Click acquisition, with no structural increase in the organic cost base.

Cost and Margins

- Commodity input costs remain mixed; except for milk, most raw material prices are under control for the upcoming season.
- Most brands recorded gross margin expansion, reflecting portfolio strength and further supported by the high-margin Comfort Click business.
- The company guided for consolidated gross margins of ~66–67%.
- Organic business EBITDA margin declined YoY in 3QFY26, impacted by ~INR90m related to GST budgetary support and higher employee costs.
- EBITDA margins are expected to remain in the 16–18% range.

Comfort Click

- Comfort Click continues to perform in line with expectations.
- Management guided double-digit revenue growth and ~14% EBITDA margins.
- The acquisition is cash EPS-accretive, excluding one-time acquisition-related costs, and is expected to become EPS-accretive from next year.
- CC growth is largely driven by existing European markets, with increasing focus on D2C performance, alongside expansion into new markets such as Poland, Finland, and Portugal; the US contribution remains small.
- Strong repeat purchase rate (>50%) across the top five markets, a brand rating of 4.6/5, and 8–10% market share indicate significant headroom for growth.
- The company plans to prioritize international expansion and currently has no near-term plans to launch Comfort Click products in India.
- Employee strength stands at 300+, largely based in India (Hyderabad and Baroda).
- Comfort Click strengthened its portfolio with the launch of four variants in gummies for adults, a probiotic gummy for kids, and pure Himalayan shilajit resin, reinforcing its presence in the high-growth wellness categories.
- The brand 'WeightWorld' advanced its expansion into the European markets by entering Poland, Finland and Portugal thereby strengthening Comfort Click's geographic footprint.

RiteBite

- RiteBite business has doubled its legacy performance on like to like basis.
- The brand strengthened its global footprint by entering two additional countries, taking its presence to nine international markets within the first year, supported by strong initial response.
- The business continues to outperform in protein snacking, improving EBITDA from breakeven at acquisition to near double-digit margins.

- Gross margins of RiteBite remain in line with the core business (~50–52%).
- Repeat purchase rates are improving across both organized trade and general trade, with strong growth in existing outlets and continued expansion into new outlets.
- The recently launched Wafer Bar continues to contribute to category's growth and market expansion of RiteBite – Max Protein.

Brand wise performance

- Sugar-free brands maintained leadership in the category with a market share of 96.3% (YoY gain of 80bp).
- Sugar Free D'lite Cookies have now been extended into multiple markets, and the entire D'lite range continues to witness strong growth.
- Sugar Free Green has registered sustained double-digit growth for 19 consecutive quarters.
- The marketing and distribution in the organized trade for Cuticolor, the No. 1 doctor-prescribed hair coloring brand, was initiated, adding to the company's portfolio.
- Nutralite delivered double-digit growth, supported by a strong six-year CAGR.
- Nutralite Professional expanded its range with the launch of Cheesy Delight and Slim Mayonnaise variants.

Key Exhibits

Exhibit 1: Revenue up 109% YoY to INR9,649m in 3QFY26

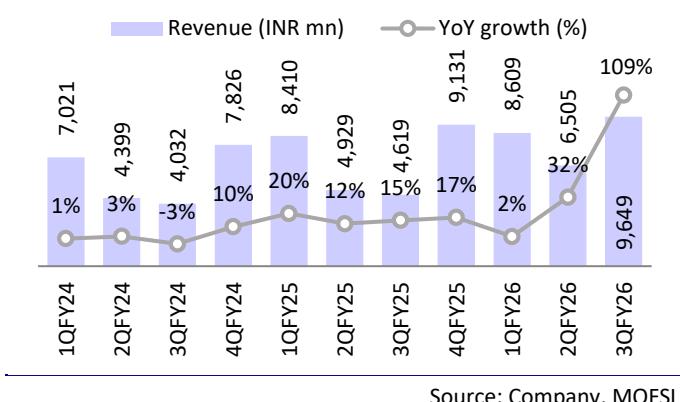


Exhibit 2: Gross margins jumped to 63.4% backed by CC acquisition

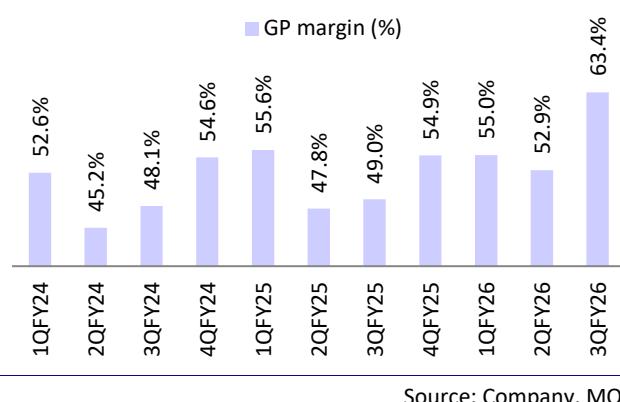


Exhibit 3: EBITDA margin grew 310bp to 6.3% YoY, while EBITDA came in at INR610m

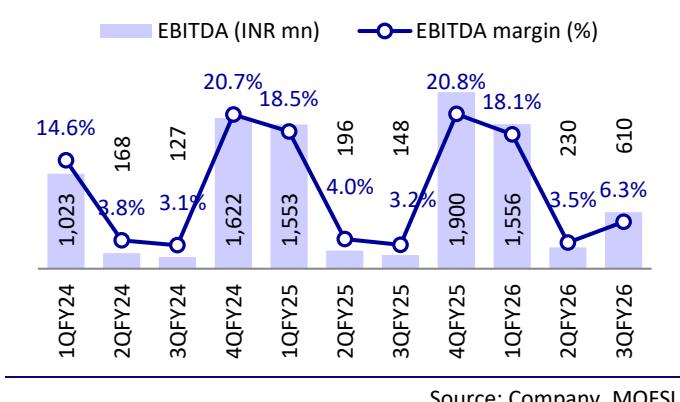


Exhibit 4: Adjusted profit came in at INR97m in 3QFY26

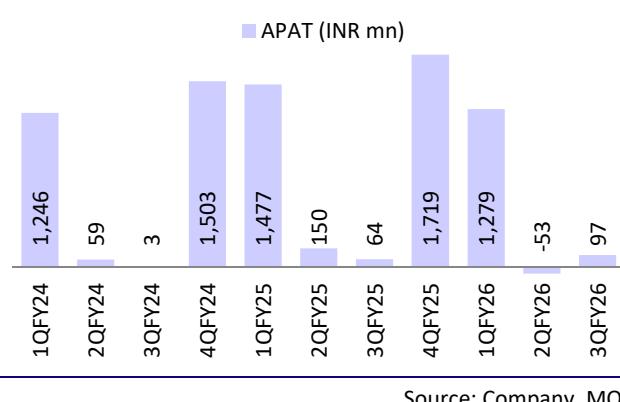
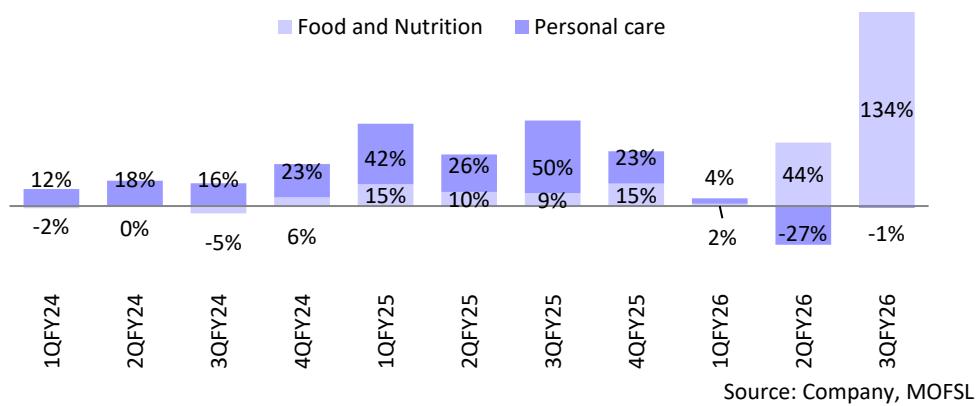
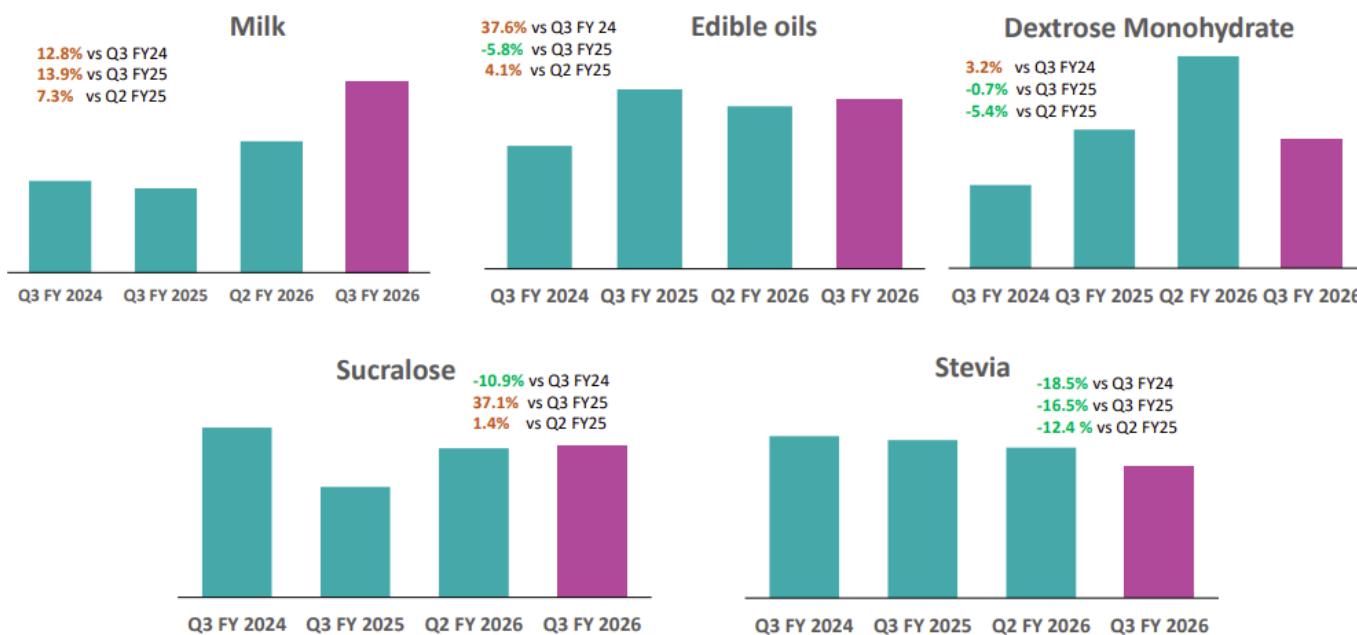


Exhibit 5: Food & Nutrition grew 134% YoY in 3QFY26 while Personal care declined ~1%



Source: Company, MOFSL

Exhibit 6: Key RM prices remained a mixed bag in 3QFY26 with Milk and Sucralose seeing inflation



Source: Company, MOFSL

Valuation and view

- We broadly maintain our EPS estimates for FY27 and FY28.
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Exhibit 7: We broadly maintain our EPS estimates for FY27 and FY28

	New			Old			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Sales	39,103	54,009	61,651	39,103	54,009	61,651	-	-	-
EBITDA	5,304	7,856	9,600	5,391	7,856	9,600	-1.6	-	-
PAT	3,642	5,377	5,986	3,728	5,416	6,018	-2.3	-0.7	-0.5

Source: Company, MOFSL

Exhibit 8: ZYDUSWELL's P/E (x)

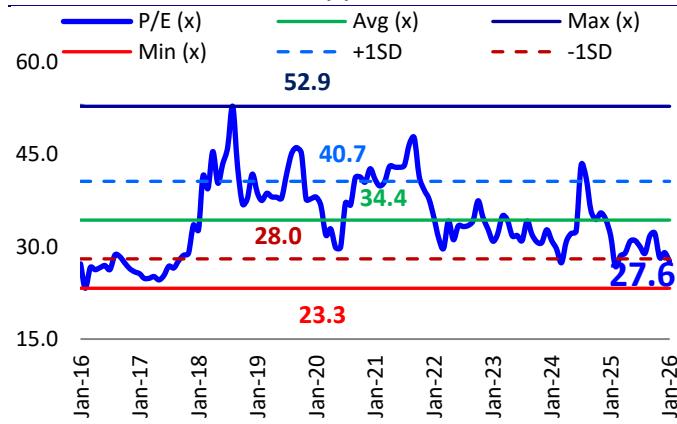
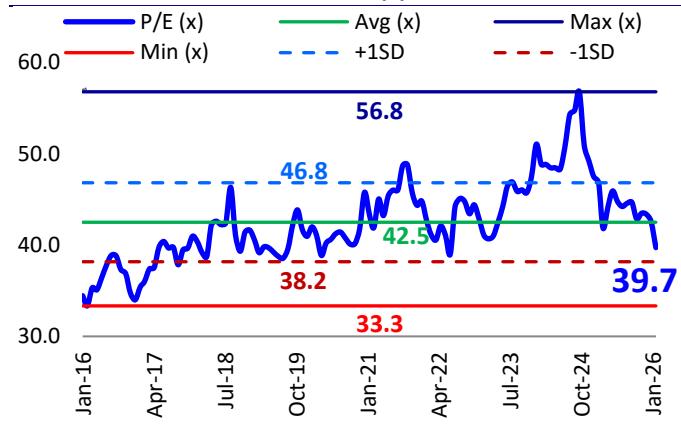


Exhibit 9: Consumer sector's P/E (x)



Financials and valuations

Income Statement									(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Net Sales	17,668	18,667	20,091	22,548	23,278	27,089	39,103	54,009	61,651
Change (%)	109.6	5.7	7.6	12.2	3.2	16.4	44.3	38.1	14.2
Gross Profit	9,881	10,218	10,287	11,088	11,894	14,308	23,660	35,050	40,678
Margin (%)	55.9	54.7	51.2	49.2	51.1	52.8	60.5	64.9	66.0
Other expenditure	6,670	6,775	6,840	7,717	8,812	10,510	18,356	27,194	31,078
EBITDA	3,211	3,444	3,448	3,372	3,082	3,798	5,304	7,856	9,600
Change (%)	84.1	7.3	0.1	-2.2	-8.6	23.2	39.6	48.1	22.2
Margin (%)	18.2	18.4	17.2	15.0	13.2	14.0	13.6	14.5	15.6
Depreciation	264	252	236	250	238	284	473	506	538
Amortisation							1,025	1,722	1,722
Int. and Fin. Charges	1,399	838	255	161	240	120	1,004	1,345	1,140
Other Income - Recurring	107	89	104	49	139	136	55	35	60
Profit before Taxes	1,655	2,443	3,060	3,009	2,743	3,530	2,857	4,319	6,260
Change (%)	-3.0	47.7	25.2	-1.7	-8.8	28.7	-19.1	51.2	44.9
Margin (%)	9.4	13.1	15.2	13.3	11.8	13.0	7.3	8.0	10.2
Tax	-27	0	0	0	2	119	240	663	1,995
Deferred Tax	-178	-65	-29	-195	-70	0	0	1,017	-431
Tax Rate (%)	-12.4	-2.7	-0.9	-6.5	-2.5	3.4	8.4	38.9	25.0
Reported PAT	1,417	1,187	3,089	3,104	2,669	3,470	2,275	2,639	4,695
Adjustments	517	1,398	-	107	146	-57	1,367	2,739	1,292
APAT	1,934	2,585	3,089	3,211	2,815	3,413	3,642	5,377	5,986
Change (%)	12.9	33.7	19.5	4.0	-12.3	21.3	6.7	47.7	11.3
Margin (%)	10.9	13.9	15.4	14.2	12.1	12.6	9.3	10.0	9.7

Balance Sheet									(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Share Capital	577	636	636	636	636	636	636	636	636
Reserves	34,030	45,042	47,804	50,590	52,939	56,080	57,814	59,753	63,669
Net Worth	34,607	45,678	48,440	51,227	53,575	56,716	58,450	60,389	64,305
Minority Interest	0	0	0	0	0	0	0	0	0
Loans	15,191	5,498	3,815	2,925	3,240	1,850	28,000	25,500	21,500
Deferred Tax liabilities	0	0	0	0	0	0	6,200	5,770	5,339
Lease liabilities	8	0	58	47	47	33	48	66	75
Capital Employed	49,805	51,175	52,314	54,199	56,862	58,599	92,698	91,725	91,219
Net Fixed Assets	2,047	1,996	2,445	2,704	2,467	2,904	3,024	3,111	3,165
Goodwill	39,200	39,200	39,200	39,200	39,200	40,105	48,455	48,455	48,455
Intangibles	5,488	5,478	5,455	5,420	5,408	8,240	31,122	29,308	27,493
Capital WIP	35	37	119	130	97	151	151	151	151
Investments	1,104	0	270	700	776	364	7	7	7
Curr. Assets, L&A	8,022	9,953	9,433	10,177	13,536	12,655	19,585	22,529	25,172
Inventory	2,923	3,647	3,616	4,575	4,676	5,175	9,316	11,016	12,533
Account Receivables	1,182	943	1,423	2,078	2,833	3,670	5,919	7,340	7,798
Cash and Bank Balance	545	1,737	1,154	370	800	667	484	1,115	1,361
Bank balance	279	790	544	11	1,595	72	72	72	72
Deferred tax assets	1,208	1,265	1,298	1,493	1,563	1,447	1,447	0	0
Others	1,885	1,571	1,397	1,650	2,069	1,624	2,347	2,985	3,408
Curr. Liab. and Prov.	6,092	5,489	4,608	4,132	4,622	5,820	9,646	11,835	13,223
Trade Payables	5,045	4,386	3,643	3,133	3,629	4,288	7,432	8,774	9,729
Provisions	259	312	347	410	446	658	951	1,315	1,501
Other current liabilities	789	791	619	589	547	874	1,263	1,746	1,994
Application of Funds	49,805	51,175	52,314	54,198	56,862	58,599	92,698	91,725	91,219

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Basic (INR)									
EPS	6.7	8.1	9.7	10.1	8.9	10.7	11.5	16.9	18.8
Cash EPS	7.6	8.9	10.5	10.9	9.6	11.6	12.9	18.5	20.5
BV/Share	120.0	143.6	152.3	161.0	168.5	178.4	183.8	189.9	202.2
DPS	1.0	1.0	1.0	1.0	1.0	1.2	1.7	2.2	2.5
Payout %	14.9	12.3	10.3	9.9	11.3	11.2	14.8	13.0	13.0
Valuation (x)									
P/E	62.5	51.6	43.2	41.5	47.3	39.0	36.6	24.8	22.3
Cash P/E	55.0	47.0	40.1	38.5	43.6	36.0	32.4	22.6	20.4
EV/Sales	7.6	7.3	6.8	6.0	5.8	4.9	4.1	2.9	2.5
EV/EBITDA	41.8	39.8	39.4	40.1	43.8	35.3	30.3	20.1	16.0
P/BV	3.5	2.9	2.8	2.6	2.5	2.3	2.3	2.2	2.1
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.3	0.4	0.5	0.6
Return Ratios (%)									
RoE	5.6	6.4	6.6	6.4	5.4	6.2	6.3	9.0	9.6
RoCE	6.9	6.7	6.5	6.3	5.5	6.1	5.9	4.9	7.5
RoCE (Ex-goodwill)	62.0	58.0	47.3	39.2	28.0	31.3	38.3	33.3	46.8
RoIC	7.2	6.9	6.7	6.5	5.7	6.3	6.0	4.9	7.6
RoIC (Ex-goodwill)	37.4	35.2	30.7	26.6	20.5	21.2	14.7	10.5	16.4
Working Capital Ratios									
Inventory days	54	64	66	66	73	66	68	69	70
Debtor (Days)	22	21	21	28	39	44	45	45	45
Payables days	93	92	73	55	53	53	55	55	55
Cash conversion days	-17	-7	15	40	58	57	58	59	60
Inventory turnover (x)	6.7	5.7	5.5	5.5	5.0	5.5	5.4	5.3	5.2
Asset Turnover (x)	0.4	0.4	0.4	0.4	0.4	0.5	0.4	0.6	0.7
Leverage Ratio									
Net Debt/Equity (x)	0.4	0.1	0.1	0.0	0.0	0.0	0.5	0.4	0.3

Cash Flow Statement

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INR m) FY28E
OP/(loss) before Tax	1,213	1,122	3,060	2,909	2,601	3,588	2,515	4,319	6,260
Int./Div. Received	-54	-68	-93	-32	-110	-31	-55	-35	-60
Depreciation & Amort.	21	39	236	250	238	284	1,498	2,228	2,260
Interest Paid	1,399	838	255	161	240	120	1,004	1,345	1,140
Direct Taxes Paid	-16	2	-41	-13	-27	29	-240	-1,680	-1,565
Incr in WC	-230	-658	-1,063	-2,399	-438	-268	-3,287	-1,571	-1,009
CF from Operations	2,593	2,865	2,369	917	2,464	3,800	1,435	4,606	7,026
Incr in FA	-246	-197	-754	-450	-285	-663	-500	-500	-500
Free Cash Flow	2,346	2,669	1,614	468	2,179	3,137	935	4,106	6,526
Investments	-	-	-259	-414	-44	510	357	-	-
Purchase of non current subsidiary	-	-	-	-	-	-3,690	-24,000	-	-
Goodwill	-	-	-	-	-	-	-8,350	-	-
Others	75	93	154	15	-1,448	1,607	-	-	-
CF from Invest.	-171	-104	-860	-848	-1,777	-2,236	-32,438	-465	-440
Issue of Shares	-	9,866	-	-	-	-	-0	-0	-0
Incr in Debt	-502	-11,014	-1,683	-890	315	-1,390	26,150	-2,500	-4,000
Dividend Paid	-694	-2	-319	-319	-319	-318	-541	-700	-779
Interest paid	-1,401	-1,012	-325	-159	-235	-136	-1,004	-1,345	-1,140
Others	-	-	-12	-17	-18	-19	6,215	1,035	-421
CF from Fin. Activity	-2,597	-2,162	-2,338	-1,385	-257	-1,863	30,820	-3,510	-6,341
Incr/Decr of Cash	-176	599	-829	-1,316	430	-299	-183	631	246
Add: Opening Balance	2,104	1,928	2,527	1,698	370	966	667	484	1,115
Closing Balance	1,928	2,527	1,698	382	800	667	484	1,115	1,361

E: MOFSL Estimates

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