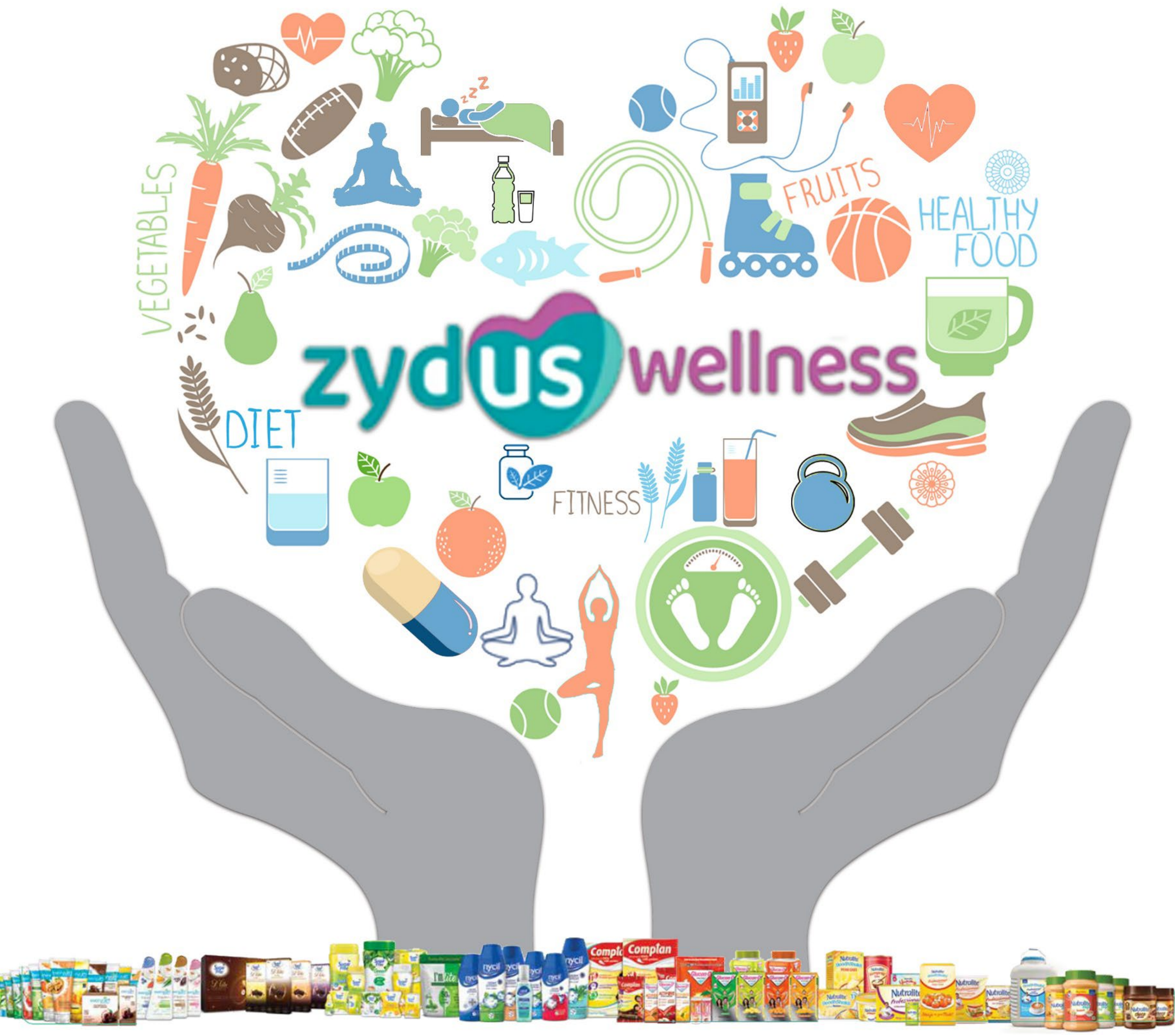
December 2025

Initiating Coverage | Sector: Consumer

Zydus Wellness



Scaling up the wellness brand equity

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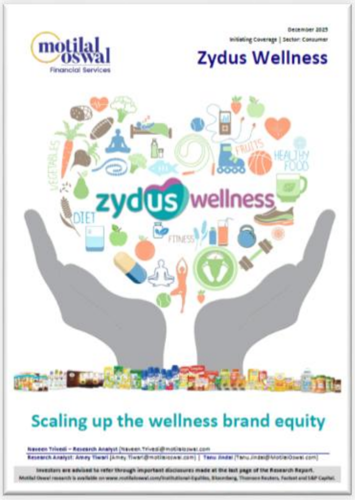


Scaling up the wellness brand equity

- Zydus Wellness is a diversified health and nutrition company (~INR40bn revenue) with leadership in several consumer wellness categories. The company's core portfolio consists of sugar substitutes (Sugar Free), glucose powders (Glucon-D), skincare (Everyuth), functional foods (Nutralite), prickly-heat powder (Nycil), and nutritional beverages (Complan). Zydus maintains dominant positions in its core categories. Recent acquisitions, including Naturell (RiteBite Max Protein) and Comfort Click (VMS portfolio), have expanded the company's presence across emerging consumption trends such as high-protein snacks, preventive health, and digital-first nutrition.
- Zydus has one of the best risk-reward profiles among peers with a similar market cap (<INR150b). With 70% promoter holding, professional leadership, best corporate background, and presence in futuristic relevant categories, we believe the company deserves a better valuation multiple. The valuation multiple is currently low given its low earnings growth in the past decade (10-year CAGR of 7-8%). With stability in the core portfolio (took initial period for stabilizing sizable acquisition) and promising new growth engines, we expect Zydus to deliver much superior earnings growth than it delivered in the past. We model 14% organic EBITDA CAGR and 36% consolidated EBITDA CAGR during FY25-28E. The stock is at 22x P/E and 16x EV/EBITDA FY28E, a 30%-35% discount to other FMCG peers, and offering the best risk-reward profile in the sub-INR150b market-cap consumer universe.
- 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 initiate coverage on Zydus with a BUY rating.

Zydus Wellness

BSE SENSEX	S&P CNX
84,675	25,939

Stock Info

Bloomberg	ZYWL IN
Equity Shares (m)	318
M.Cap.(INRb)/(USDb)	136.3 / 1.5
52-Week Range (INR)	531 / 299
1, 6, 12 Rel. Per (%)	-3/0/3
12M Avg Val (INR M)	144

Financials Snapshot (INR b)

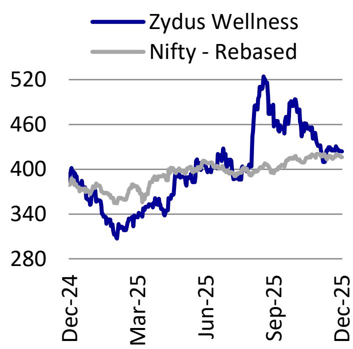
Y/E March	FY26E	FY27E	FY28E
Sales	39.1	54.0	61.7
Sales Gr. %	44	38	14
EBITDA	5.4	7.9	9.6
EBITDA margin %	13.8	14.5	15.6
Adj. PAT	3.7	5.4	6.0
EPS (INR)	11.7	17.0	18.9
EPS Gr. (%)	9	45	11
BV/Sh. (INR)	184.4	190.9	203.6
Ratios			
RoE (%)	6.5	9.1	9.6
RoIC (%)	5.9	5.0	7.6
Payout (%)	14.5	12.9	12.9
Valuations			
P/E (x)	36.1	24.8	22.4
P/BV (x)	2.3	2.2	2.1
EV/EBITDA (x)	30.0	20.2	16.1

Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	69.6	69.6	69.6
DII	18.8	19.3	20.4
FII	3.4	3.3	3.4
Others	8.2	7.8	6.7

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR424 | TP: INR575 (+35%) | Buy

Scaling up the wellness brand equity

Relevant presence in health and wellness megatrends

- **Zydus Wellness is a diversified health and nutrition company (~INR40bn revenue) with leadership in several consumer wellness categories. The company's core portfolio consists of sugar substitutes (Sugar Free), glucose powders (Glucon-D), skincare (Everyuth), functional foods (Nutralite), prickly-heat powder (Nycil), and nutritional beverages (Complan). Zydus maintains dominant positions in its core categories. Recent acquisitions, including Naturell (RiteBite Max Protein) and Comfort Click (VMS portfolio), have expanded the company's presence across emerging consumption trends such as high-protein snacks, preventive health, and digital-first nutrition.**
- **The company's portfolio is aligned with global consumption megatrends, e.g., low/no sugar, high protein, preventive wellness, high energy and on-the-go functional nutrition. Unlike FMCG peers, which are facing user-addition constraints in several core categories, Zydus can leverage its portfolio to keep expanding its user base, particularly for youth and affluent consumers.**
- **Zydus has one of the best risk-reward profiles among peers with a similar market cap (<INR150b). With 70% promoter holding, professional leadership, best corporate background, and presence in futuristic relevant categories, we believe the company deserves a better valuation multiple. The valuation multiple is currently low given its low earnings growth in the past decade (10-year CAGR of 7-8%). With stability in the core portfolio (took initial period for stabilizing sizable acquisition) and promising new growth engines, we expect Zydus to deliver much superior earnings growth than it delivered in the past. We model 14% organic EBITDA CAGR and 36% consolidated EBITDA CAGR during FY25-28E. The stock is at 22x P/E and 16x EV/EBITDA FY28E, a 30%-35% discount to other FMCG peers, and offering the best risk-reward profile in the sub-INR150b market-cap consumer universe.**
- **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 initiate coverage on Zydus with a BUY rating.**

Gearing up for scale-up; revenue reached to ~INR40b vs. <INR5b in 2018

- In FY19, with revenue of less than INR5b, Zydus decided to buy the Heinz portfolio, which was twice its size. It was a challenging decision, as it took several years to stabilize the sizable acquired portfolio amid multiple headwinds such as Covid, seasonality, etc. As a result, historical earnings growth is not inspiring but it does not reflect the true potential of the company.
- In order to achieve a meaningful scale, Zydus acquired Naturell India (RiteBite, Max Protein) in Dec'2024 in the fast-growing functional and protein nutrition segment and Comfort Click in Sep'25 (Weigh World, maxmedix, Animigo), a UK and European online-first wellness brand, to expand its international footprint.

Zydus's portfolio is increasingly well aligned with the structural shifts in global food and nutrition **consumption trends**.

Category choices suitable for global consumption megatrends

- Zydus's portfolio is increasingly well aligned with the structural shifts in global food and nutrition **consumption trends**. The company now has a presence across low- and no-sugar categories, high-protein and functional snacks, and products that support energy and preventive wellness. These segments are witnessing strong consumer adoption worldwide.
- Growing usage of digital and D2C channels is helping Zydus build deeper consumer understanding, sharpen targeting, and enhance relevance among younger, lifestyle-focused and health-conscious users. It can drive long-term premiumization opportunities and strengthen the company's position with evolving global demand trends.

The company has been keeping its portfolio relevant to evolving consumer needs and aligned with modern health and wellness trends.

Innovation funnel improving aided by large portfolio basket

- The company has been keeping its portfolio relevant to evolving consumer needs and aligned with modern health and wellness trends. The continuous science-backed upgrades and new formats such as Sugar Free Green (stevia-based), Glucon-D Activors RTD, ImmunoVolt, and the Nutralite DoodhShakti dairy range are some notable recent launches by Zydus.
- Its strong capabilities in creating and scaling category extensions allow Zydus to broaden consumption occasions and drive premiumization through adjacent offerings such as Choco spreads, processed cheese (professional segment), protein snacks, and immunity-focused products.

The current distribution backbone is robust and well diversified, supported by 1,950+ distributors, 2,800+ strong field force, and 25 warehouses (including 21 cold-storage facilities)

Distribution evolved from niche play to more broad-based

- Zydus has transformed its distribution architecture from a primarily urban, chemist-centric model into a pan-India, omnichannel network. Early initiatives such as EnReach have improved its direct reach and launch execution, while the Heinz India acquisition significantly accelerated its scale, taking its outlet coverage from 0.8 million to ~2.8 million by FY24 and more than doubling its direct reach under Project Vistaar.
- The current distribution backbone is robust and well diversified, supported by 1,950+ distributors, 2,800+ strong field force, and 25 warehouses (including 21 cold-storage facilities). Organized channels' contribution increased from 14.5% in FY21 to ~23% in FY25, driven by strong traction in e-commerce, modern trade, and quick commerce (which accounts for ~40% of online sales).
- Ongoing rural and digital expansion, along with strengthened warehousing and omnichannel capabilities, enhances execution of new launches, deepens market penetration, and supports steady market share gains across categories.

With steady core, Zydus can leverage margin improvement

- Zydus has been focusing on faster scalability for its core business and acquired business; hence, the company has been in the investment phase. Heinz portfolio was sizable (2x of core) and required higher attention of brand investment to grow the business. In this tenure, the company had seen multiple headwinds such as Covid and weak seasonal demand. Thereby, EBITDA margin has seen consistent contraction and reached 14% in FY25 from 18% seen after the Heinz acquisition in 2019 and 24% recorded before the Heinz acquisition.

- The company has been focusing on multiple cost initiatives such as streamlining the manufacturing setup (five plants to four plants) backed by flexible outsourcing (now 18 third-party partners), supply chain efficiency, and distribution leveraging. Besides, a steady shift to premiumization and operating leverage will drive EBITDA margin expansion for the organic business.
- We model organic EBITDA margin of nearly 16% in FY28, while the company aims to achieve ~17%. Thereby, there is an upside risk in our operating margin assumption for the organic business.

Valuation and view

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 initiate coverage on Zydus with a BUY rating.

- Zydus has been working to stabilize its large acquisition over the last couple of years. India business has reached to INR25bn with multiple core and non-core business. Max Protein and Rite Bites certainly increase growth opportunities in the rising affluent youth and health-focused consumers. Comfort Click has superior growth history (>50% CAGR), and if the business can deliver 15-20% growth over the next three years, it will accelerate overall growth of Zydus.
- The company has one of the best risk-reward profiles as compared to its similar market cap consumer peers (<INR150b market cap). With promoter holding of 70%, professional leadership, best corporate background, and presence in futuristic categories, we believe the company deserves a better valuation multiple.
- 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 ~10% organic revenue CAGR and ~14% EBITDA CAGR over FY25–28E, with margins expansion to 15-16% (vs. management target of 17%, implying upside risk). Comfort Click has delivered >50% revenue growth over the last four years and the company is confident of achieving >25% CAGR; however, given global sensitivity, we model ~20% CAGR. During FY25-28, we estimate a ~30% revenue CAGR and ~35% EBITDA CAGR.
- **The stock is at 22x P/E and 16x EV/EBITDA FY28E, a 30%-35% discount to other FMCG peers, and offering the best risk-reward profile in the sub-INR150b market-cap consumer universe.**
- **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 initiate coverage on Zydus with a BUY rating.**
- **Key downside risks**: a) high dependence on seasonality; b) input cost volatility; c) underperformance in the HFD category; and d) increase in competitive intensity.

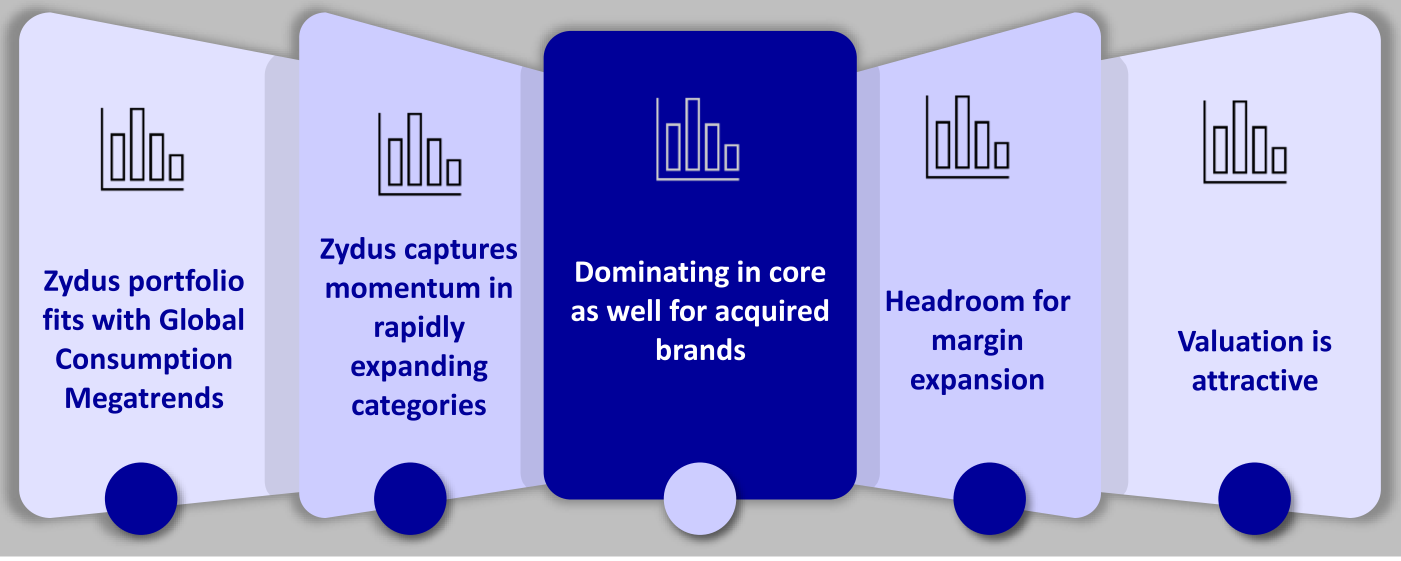
Comparative valuations

Company	CMP (INR)	TP (INR)	Reco	EPS (INR)			EPS Growth YoY (%)			P/E (x)			EV/EBITDA (x)			RoCE (%)
				FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E
Staples																
Zydus	**425**	**575**	**Buy**	**11.7**	**17.0**	**18.9**	**9**	**45**	**11**	**36**	**25**	**22**	**30**	**20**	**16**	**14.1***
BRIT	6,010	7,150	Buy	108.4	126.4	143.5	18	17	14	55	48	42	38	33	29	42.9
CLGT	2,053	2,850	Buy	51.9	57.8	63.0	1	11	9	40	36	33	28	25	23	86.7
DABUR	496	525	Neutral	10.8	12.2	13.4	7	12	10	46	41	37	31	28	25	15.9
HMN	529	675	Buy	20.3	21.9	23.6	0	8	8	26	24	22	22	20	18	34.8
GCPL	1,213	1,450	Buy	21.4	26.5	30.5	16	24	15	57	46	40	39	33	29	15.6
HUVR	2,290	3,050	Buy	45.8	52.1	56.4	3	14	8	50	44	41	34	31	28	28.9
ITC	401	515	Buy	16.8	18.5	19.8	5	10	7	24	22	20	17	16	15	29.1
JYL	277	350	Neutral	10.3	11.7	13.0	1	13	11	27	24	21	19	17	15	18.3
MRCO	739	850	Buy	13.6	16.3	18.1	10	20	11	54	45	41	41	33	30	38.9
NESTLE	1,274	1,300	Neutral	16.9	20.1	22.5	5	20	12	76	63	57	47	40	36	69.7
PG	13,022	14,000	Neutral	268.1	296.7	330.1	37	11	11	49	44	39	36	32	29	119.5

*Ex-Goodwill

Source: MOFSL

Zydus Wellness: Growth drivers

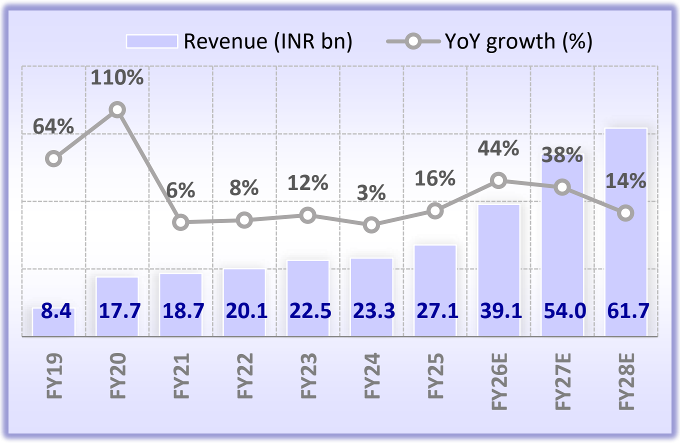


STORY IN CHARTS

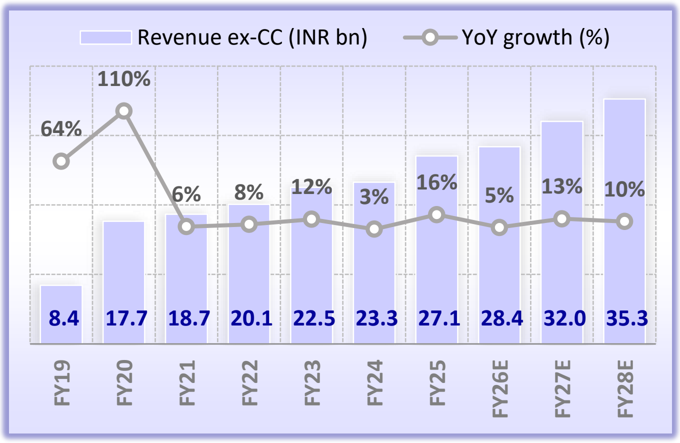
Zydus products have a strong presence in the emerging trends in health and wellness space

Source: Company

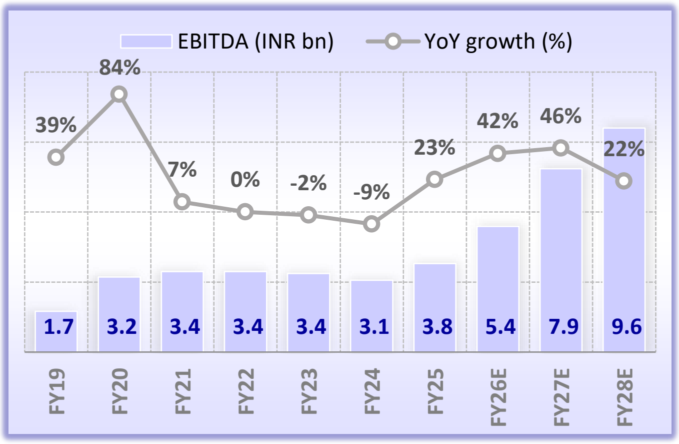
Total sales expected to deliver 30% CAGR over FY25-28...



...while ex-CC sales to grow at 10% CAGR over FY25-28

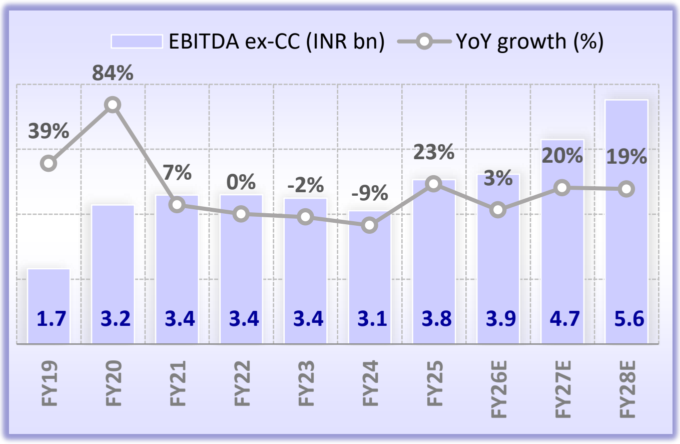


Consolidated EBITDA expected to post 35% CAGR over FY25-28



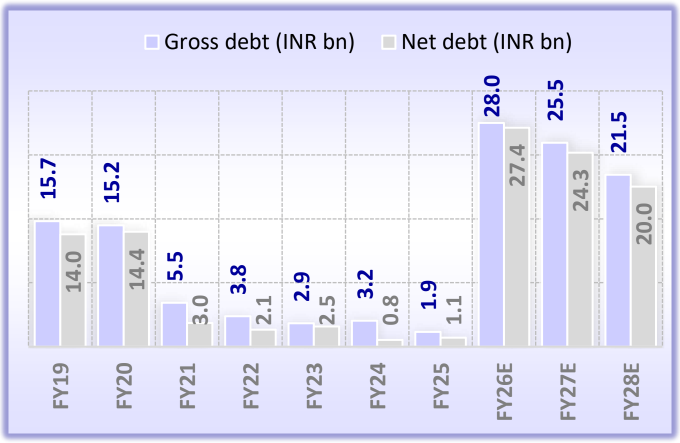
Source: Company, MOFSL

Organic business (ex-comfort click) expected to deliver 14% EBITDA CAGR

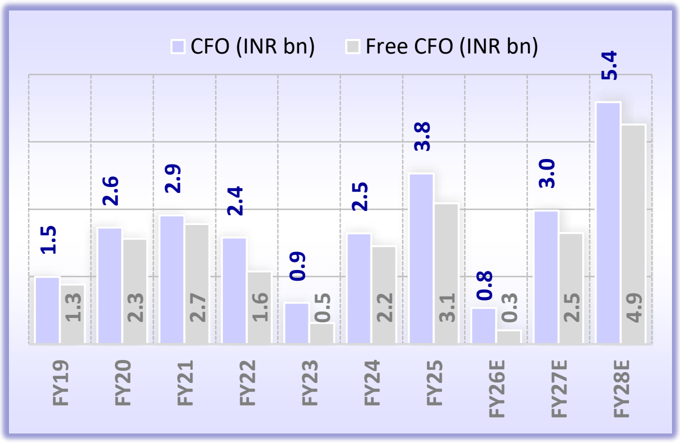


Source: Company, MOFSL

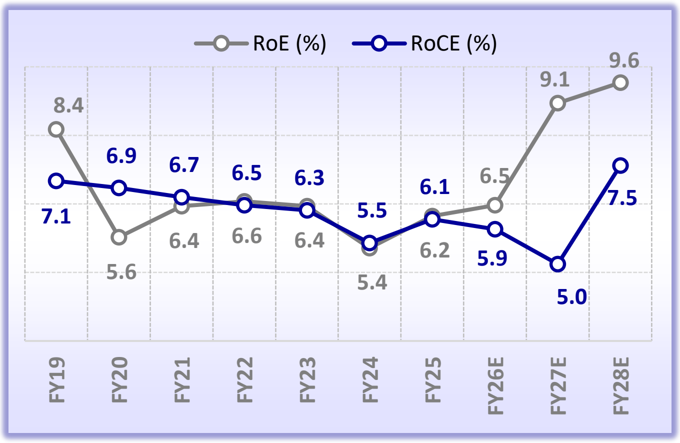
Zydus gross debt and net debt trajectory



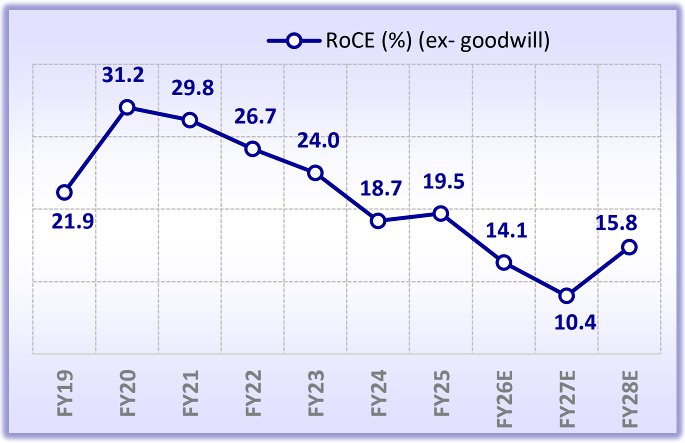
Zydus CFO and FCF generation



Zydus RoE and RoCE trajectory



Zydus RoCE (ex-goodwill) trajectory



Investment Rationale

The stock is at 22x P/E and 16x EV/EBITDA FY28E, a 30%-35% discount to other FMCG peers, and offering the best risk-reward profile in the sub-INR150b market-cap consumer universe.

- Zydus Wellness (Zydus) is a diversified health and nutrition company with leadership across several consumer wellness categories. The company's core portfolio comprises sugar substitutes (Sugar Free), glucose powders (Glucon-D), skincare (Everyuth), functional foods (Nutralite), prickly-heat powder (Nycil), and nutritional beverages (Complan). Zydus maintains dominant positions in its core categories. Its recent acquisitions, including Naturell (RiteBite Max Protein) and Comfort Click (VMS portfolio), have increased the company's presence in emerging consumption trends such as high-protein snacks, preventive health, and digital-first nutrition.
- Zydus is structurally aligned with global consumption shifts toward low/no sugar, high protein, preventive wellness, and on-the-go functional nutrition. Category dominance, portfolio diversification, a stronger digital presence, and rising premiumization provide visibility for steady growth and margin expansion over the medium term.
- The stock is at 22x P/E and 16x EV/EBITDA FY28E, a 30%-35% discount to other FMCG peers, and offering the best risk-reward profile in the sub-INR150b market-cap consumer universe.
- 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 initiate coverage on Zydus with a BUY rating.

Focus on niche but wants to scale up at a faster pace

- Zydus has steadily built its portfolio around high-potential wellness categories, deliberately avoiding broad, me-too segments. Over time, Zydus has built a "House of Wellness," unifying its nutrition, health, and personal care brands under a coherent wellness-led portfolio.
- The company has shown a strong appetite to scale up, reflected in its acquisition strategy that includes deals larger than its legacy business. The product portfolio expanded significantly with the acquisition of Heinz India in Jan'19 (adding Complan, Glucon-D, Nycil, Sampriti Ghee, etc.) and Naturell India in Dec'24 (RiteBite, Max Protein), strengthening its position in the functional and protein-based snacking segment. Recently, the company expanded its international footprint and digital-led wellness capabilities through the acquisition of Comfort Click in Sep'25 (Weigh world, maxmedix, Animigo), a UK and European online-first wellness brand.
- Through these acquisitions, Zydus underscores its long-term ambition of building a scale, diversifying its revenue streams, and participating in fast-growing wellness adjacencies. It also creates synergy extraction across manufacturing, sourcing, technology, and distribution.
- Its channel mix continues to improve, with modern trade, e-commerce, and quick-commerce channels showing meaningful acceleration (OT share up from 14.5% in FY21 to 23% in 25).

Exhibit 1: Zydus growth journey – creating a 'House of Wellness'

FY18	FY20 (Post Heinz India acquisition)	FY25 (Acquired Naturell)	FY26 (Acquired Comfort Click)
❖ Sugar Free ❖ Everyuth (Peel-off, Face wash, Scrub) ❖ Nutralite	❖ Sugar Free ❖ Everyuth (Peel-off, Face wash, Scrub) ❖ Nutralite	❖ Sugar Free ❖ Everyuth (Peel-off, Face wash, Scrub) ❖ Nutralite ❖ Complan ❖ Glucon D ❖ Nycil ❖ Sampriti Ghee	❖ Sugar Free ❖ Everyuth (Peel-off, Face wash, Scrub) ❖ Nutralite ❖ Complan ❖ Glucon D ❖ Nycil ❖ Sampriti Ghee ❖ Ritebite ❖ Max Protein
	Heinz India Brands ❖ Complan ❖ Glucon D ❖ Nycil ❖ Sampriti Ghee	Naturell (India) ❖ Ritebite ❖ Max Protein	Comfort Click ❖ Weight World ❖ Maxmedix ❖ Animigo
REVENUE, INR5.3b	REVENUE, INR16.8b	REVENUE, INR26.9b	REVENUE, INR42.6b

Source: Company, MOFSL

Portfolio fits with global consumption megatrends

- Zydus Wellness' portfolio is increasingly positioned to tap into structural shifts in global food and nutrition consumption. The company now has a presence across low- and no-sugar categories, high-protein and functional snacking, and products that support sustained energy and preventive wellness. These segments are witnessing strong consumer adoption worldwide.
- Increased usage of digital and D2C channels is helping Zydus to build deeper consumer understanding, sharpen targeting, and enhance relevance among younger, lifestyle-oriented, and health-conscious users. This alignment supports long-term premiumization opportunities and strengthens the company's fit with evolving global demand trends.

Exhibit 2: Portfolio fits with global trends

Global Trend	Consumer Need	Zydus Wellness Products	Remarks
Low/No Sugar	❖ Weight management, diabetic care	❖ Sugar Free Gold, Sugar Free Green	❖ Pioneer in sugar substitutes in India
High Protein	❖ Muscle health, active lifestyle	❖ Max Protein Bars, Max Protein Cookies	❖ Entered via Naturell acquisition (Dec'24)
High Energy/Nutrition	❖ Quick energy for active individuals/kids	❖ Glucon-D, Complan	❖ Glucon-D for instant energy, Complan for balanced nutrition
Immunity/Wellness Focus	❖ Preventive health, natural care	❖ Everyuth Naturals, Nutralite Probiotic Butter	❖ Skincare and fortified foods with health benefits
Youth/Active Lifestyle	❖ On-the-go, convenient, aspirational products	❖ Max Protein range, D2C-focused innovations	❖ Appeals to fitness-savvy and millennial audiences
D2C & Digital Channels	❖ Direct consumer connect, niche targeting	❖ Sugar Free Store, Max Protein online sales	❖ Leveraging e-commerce and social media outreach
Preventive Nutrition	❖ Daily micronutrient support, deficiency management	❖ Comfort Click (VMS portfolio)	❖ Acquired Comfort click in Sep'25

Source: Company, MOFSL

Core portfolio not out-of-date; growth-accretive recent acquisitions

- Zydus operates a well-balanced portfolio that combines enduring, category-leading legacy brands with new, high-growth platforms. Its core brands remain relevant and market-leading across most segments, with leadership positions in glucose powder (Glucon-D), sugar substitutes (Sugar Free), butter substitutes (Nutralite), prickly-heat powder (Nycil), and facial scrubs and peel-offs (Everyuth). While Complan currently holds a lower ranking in the health-food drink category, its strong brand recall and trust provide a solid base for revival as the category evolves into more functional and nutrition-focused offerings.
- Zydus has augmented this stable core with targeted acquisitions that add incremental growth engines. The acquisition of Naturell in end-2024 (RiteBite Max Protein) strengthens its presence in the fast-growing protein and nutrition snacking segment.
- The recent Comfort Click acquisition (mid-2025) extends Zydus's footprint to global vitamins, minerals and supplements (VMS) market across the UK, Europe and recently entering into the US.
- Together, this strategy ensures that Zydus's legacy brands continue to generate steady cash flows, while new platforms drive incremental growth, making the overall portfolio both resilient and growth-accretive over the medium to long term.

Exhibit 3: Dominating in core and acquired brands

Brands	Category	2016 Mkt Position	2023 Mkt Position	2024 Mkt Position	2025 Mkt Position
Sugar Free	Sweetener	1	1	1	1
Nutralite	Fat spread	1	1	1	1
Everyuth	Scrub	1	1	1	1
	Peel-off	1	1	1	1
	Facial Cleansing	6	5	5	5
Glucon-D	Glucose	**Acquired in FY20 (Heinz India)**	1	1	1
Complan	MFD		4	5	5
Nycil	Prickly		1	1	1
Rite bite, Max protein	Nutrition and protein Bar	**Acquired in FY25 (Naturell)**			1
	Protein Cookies				1
	Protein Chips				1

Source: Company, MOFSL

Exhibit 4: Zydus market share in core and acquired brands

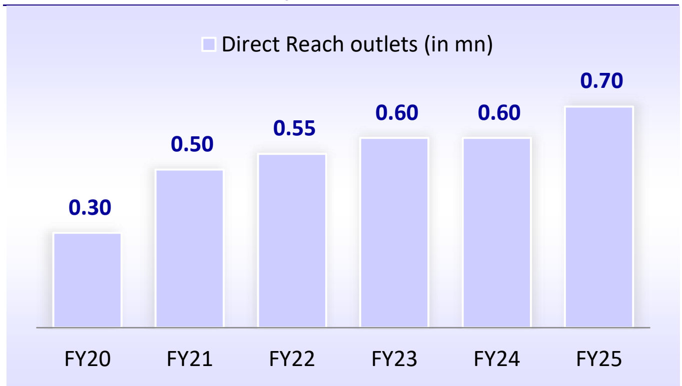
Brands	Category	TAM Mkt Size (INR m)	Mkt Share (%) 2016	2022	2023	2024	2025
Sugar Free	Sweetener	3,650	94	96	95	95	96
Nutralite	Fat spread	2,500	40				
Everyuth	Scrub	3,800	31	41	42	45	49
	Peel-off	1,650	92	77	78	78	78
	Facial Cleansing	45,000	6	7	6	7	8
Glucon-D	Glucose	10,500		59	60	60	59
Complan	MFD	68,000		5	4	4	4
Nycil	Prickly	8,500		34	35	35	34

Source: Company, MOFSL

Distribution evolved from niche play to more broad-based

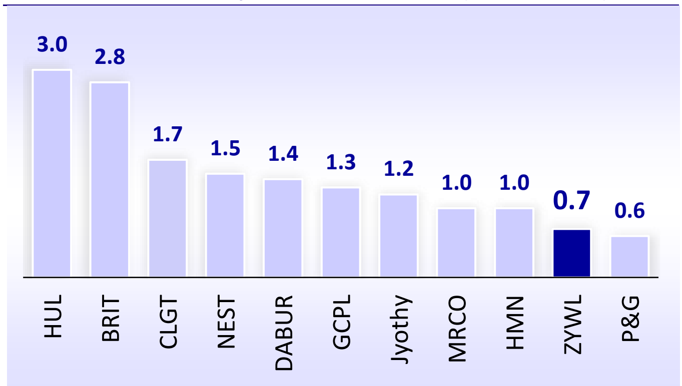
- Zydus has transformed its distribution from a niche, urban and chemist-focused network into a broad, pan-India omnichannel system. Before FY19, the distribution reach was concentrated in cities, supported by programs like EnReach that expanded direct coverage and strengthened readiness for new launches. After acquiring Heinz India, Zydus has rapidly scaled up its footprint from 0.8 million to ~2.8 million outlets by FY24 while more than doubling its direct reach through Project Vistaar.
- Currently, the company operates with 1,950+ distributors, a 2,800-plus field force, and 25 warehouses, including 21 cold-storage facilities. Its presence across general trade, modern trade, e-commerce and quick commerce has deepened, with organized channels contributing ~23% of revenue. Digital-first brands like RiteBite and Comfort Click are further strengthening its online and D2C momentum.
- Zydus aims to expand availability to ~3.5 million outlets over the medium term, reinforcing a strong, future-ready distribution backbone. The brand is still under-indexed and underpenetrated, and hence, touchpoint expansion can lead to better category penetration-driven growth.

Exhibit 5: Direct reach expanded to 0.7mn outlets



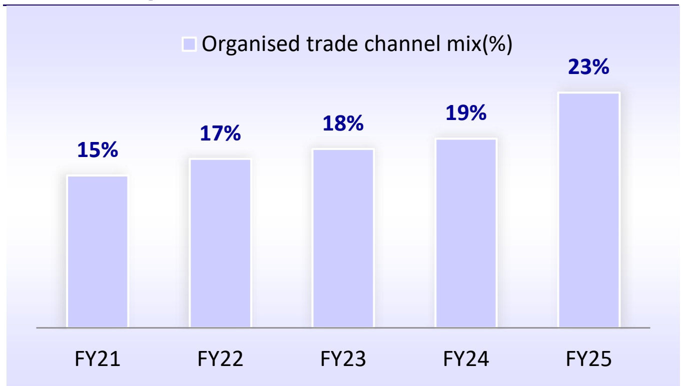
Source: Company, MOFSL

Exhibit 6: FMCG companies' direct reach (in m outlets)



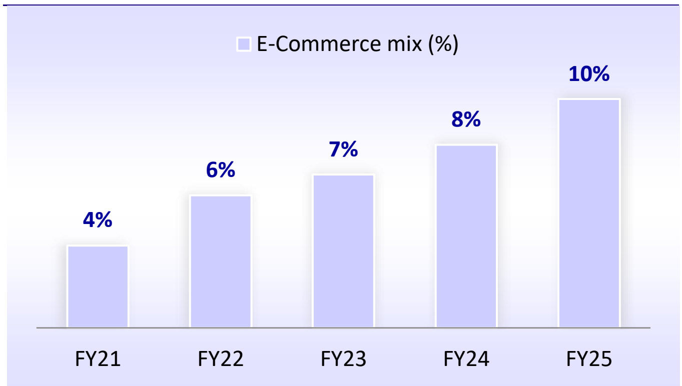
Source: Company, MOFSL

Exhibit 7: Organized trade mix stood at 23%



Source: Company, MOFSL

Exhibit 8: E-commerce contributes 10%

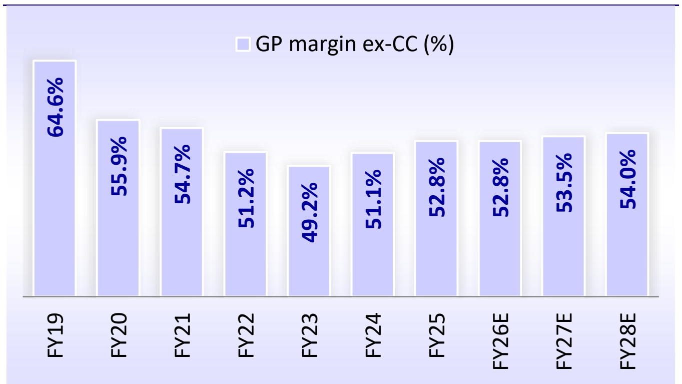


Source: Company, MOFSL

Unlike many FMCG peers, Zydus has enough headroom for margin improvement

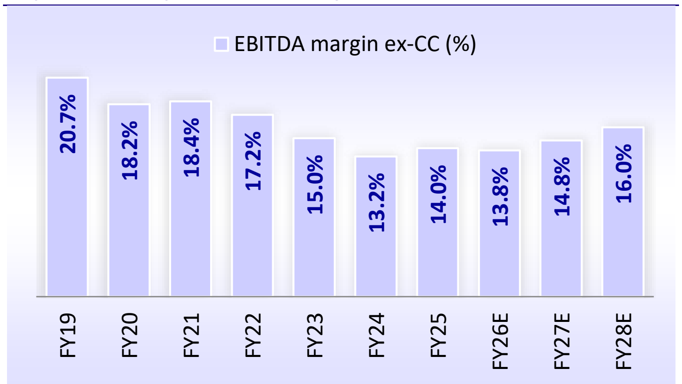
- Zydus has been focusing on faster scalability for its core business and acquired business; hence, the company has been operating under an investment phase. Heinz portfolio was sizable and needed higher attention of brand investment to grow the business. In this tenure, the company had seen multiple headwinds such as Covid and weak seasonal demand. The company has been focusing on multiple cost initiatives driven by streamlining manufacturing setup (five plants to four plants) backed by flexible outsourcing (now eighteen third-party partners), supply chain efficiency, distribution leveraging, etc. Besides, a steady premiumization shift and operating leverage will keep the organic EBITDA margin expansion.
- For many FMCG peers, operating margin has been expanding consistently and was already high before they were impacted by key commodities, whereas Zydus still operates at a much lower operating margin band.
- We model organic EBITDA margin of 15-16% in FY28, while the company aims to achieve ~17% margin. Thereby, there is an upside risk to our operating margin assumption for the organic business.

Exhibit 9: Organic business GM expected to remain in range of 53-54%



Source: Company, MOFSL

Exhibit 10: Organic business EBITDA margin expected to expand ~200bp in next three years



Source: Company, MOFSL

Exhibit 11: Zydus margin comparison with other FMCG peers

Companies name	Gross margins (%)	EBITDA margins (%)
Zydus Wellness	**52.8**	**14.0**
Britannia	40.9	17.8
Colgate	69.9	32.4
Dabur	48.0	18.4
Emami	68.6	26.9
Godrej Consumer	54.5	19.8
HUL	51.6	23.5
ITC	58.1	34.4
Jyothy	50.1	17.5
Marico	50.3	19.7
Nestle	56.7	24.0
P&G Hygiene	62.8	25.8

*FY25 Margins; Source – Company, MOFSL

Our model assumptions – Organic margin still has upside risk

- Zydus has delivered a steady 7% EPS CAGR over the decade ending FY25. Although earnings growth is not inspiring, it does not reflect the true potential of the company. Zydus was engaged in settling down the large Heinz acquisition (large business stability, big competition and heavy balance sheet). That was the phase when Zydus became the INR25b revenue company from less than INR5b.
- We model 10% revenue CAGR during FY25-28E for the organic business (including Max Protein). However, management guides for mid-teen growth. Organic business growth in 1HFY26 was muted, with revenue largely flat due to a weak summer season.
- Max Protein enhances Zydus's exposure to the fast-growing functional nutrition segment, providing an additional growth driver. The brand is growing at 25% pace and clocking an annual revenue rate of INR2.0b vs. INR1.5b at the time of the acquisition.
- EBITDA for the organic business is projected to grow at a ~14% CAGR over FY25-28, with margins expanding from ~14.0% in FY25 to ~16% by FY28. Although Zydus aims for EBITDA margin of 17%, there is an upside risk in our estimates.
- We estimate ~20% revenue CAGR for Comfort Click (acquired in Sep'25). It clocked >50% revenue growth over the last four years. Management aspires for >25% growth in CC. The company has strong positioning in global VMS (vitamin minerals and supplements) market. It has well diversified its presence across UK, Germany, Spain, France and Italy (combined revenue contribution of >80%). We model ~18% EBITDA CAGR over FY25-28E.
- At a consolidated level, the company is expected to deliver robust ~30% revenue CAGR and 35% EBITDA CAGR over FY25-28E. APAT is expected to clock ~20% CAGR, moderated by higher amortization of acquired intangibles and increased interest costs arising from the ~INR28b debt incurred for the Comfort Click acquisition.

Exhibit 12: Zydus growth journey

INR m	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue											
Organic	5,126	8,428	17,668	18,667	20,091	22,548	23,278	27,089	28,416	32,026	35,271
CC	-	-	-	-	-	-	-	-	10,686	21,983	26,380
Consolidated	**5,126**	**8,428**	**17,668**	**18,667**	**20,091**	**22,548**	**23,278**	**27,089**	**39,103**	**54,009**	**61,651**
Revenue Growth (%)											
Organic	19	64	110	6	8	12	3	16	5	13	10
CC										106	20
Consolidated	**19**	**64**	**110**	**6**	**8**	**12**	**3**	**16**	**44**	**38**	**14**
Gross Profit											
Organic	3,517	5,445	9,881	10,218	10,287	11,088	11,894	14,308	15,004	17,134	19,047
CC									8,656	17,916	21,632
Consolidated	**3,517**	**5,445**	**9,881**	**10,218**	**10,287**	**11,088**	**11,894**	**14,308**	**23,660**	**35,050**	**40,678**
Gross Margin (%)											
Organic	68.6	64.6	55.9	54.7	51.2	49.2	51.1	52.8	52.8	53.5	54.0
CC									81.0	81.5	82.0
Consolidated	**68.6**	**64.6**	**55.9**	**54.7**	**51.2**	**49.2**	**51.1**	**52.8**	**60.5**	**64.9**	**66.0**
EBITDA											
Organic	1,253	1,744	3,211	3,444	3,448	3,372	3,082	3,798	3,921	4,724	5,643
CC									1,469	3,133	3,957
Consolidated	**1,253**	**1,744**	**3,211**	**3,444**	**3,448**	**3,372**	**3,082**	**3,798**	**5,391**	**7,856**	**9,600**
EBITDA margin (%)											
Organic	24.4	20.7	18.2	18.4	17.2	15.0	13.2	14.0	13.8	14.8	16.0
CC									13.8	14.3	15.0
Consolidated	**24.4**	**20.7**	**18.2**	**18.4**	**17.2**	**15.0**	**13.2**	**14.0**	**13.8**	**14.5**	**15.6**

INR m	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
EBITDA Growth (%)											
Organic	26	39	84	7	0	-2	-9	23	3	20	19
CC										113	26
Consolidated	**26**	**39**	**84**	**7**	**0**	**-2**	**-9**	**23**	**42**	**46**	**22**
PBT											
Organic	1,497	1,706	1,654	2,443	3,060	3,009	2,743	3,530	3,471	4,274	5,186
CC	-	-	-	-	-	-	-	-	-313	207	1,239
Consolidated	**1,497**	**1,706**	**1,654**	**2,443**	**3,060**	**3,009**	**2,743**	**3,530**	**3,158**	**4,481**	**6,425**
Adjustment											
Organic	-	-	517	1,398	-	107	146	-57	342	-	-
CC (amortisation)	-	-	-	-	-	-	-	-	933	2,647	1,200
Consolidated	**-**	**-**	**517**	**1,398**	**-**	**107**	**146**	**-57**	**1,275**	**2,647**	**1,200**
APAT											
Organic	1,365	1,712	1,934	2,585	3,089	3,211	2,815	3,413	3,263	4,061	3,889
CC	-	-	-	-	-	-	-	-	465	1,355	2,129
Consolidated	**1,365**	**1,712**	**1,934**	**2,585**	**3,089**	**3,211**	**2,815**	**3,413**	**3,728**	**5,416**	**6,018**
APAT Growth (%)											
Organic	22	25	13	34	19	4	-12	21	-4	24	-4
CC										191	57
Consolidated	**22**	**25**	**13**	**34**	**19**	**4**	**-12**	**21**	**9**	**45**	**11**
EPS (INR)											
Organic	7.0	5.9	6.7	8.1	9.7	10.1	8.9	10.7	10.3	12.8	12.2
CC	-	-	-	-	-	-	-	-	1.5	4.3	6.7
Consolidated	**7.0**	**5.9**	**6.7**	**8.1**	**9.7**	**10.1**	**8.9**	**10.7**	**11.7**	**17.0**	**18.9**

*Organic business included Max protein; APAT is adjusted of Deferred tax liabilities, exceptional items and amortization; Comfort Click (CC); Source: Company, MOFSL

Valuation: Best profiling company in <INR150b mkt cap group

- Zydus has been working to stabilize its large acquisition over the last couple of years. India business has reached to INR25bn with multiple core and non-core business. Max Protein and RiteBites certainly add growth opportunities in the rising affluent youth and more health-focused consumers. Comfort Click has superior growth history (50% CAGR); if the business can deliver 20% growth over the next three years, it will help the company in overall growth acceleration.
- Organic business also has headroom for margin expansion with such a large scale.
- In our opinion, Zydus has not yet delivered its best operating performance given multiple challenges historically (Covid, seasonality, large size acquisition). The earnings growth band certainly looks much better than its FMCG peers in the medium term. In the long term, Zydus can benefit from the best synergy and operating leverage.
- Zydus owns one of the best risk reward profiles as compared to its consumer peers with a similar market cap (<INR150b). With 70% of promoter holding, professional leadership, best promoter group background, and presence in relevant categories, we believe Zydus has a far superior growth profile.
- The valuation multiple is low given its subdued earnings delivery in the past. If Zydus can deliver superior earnings, we expect the valuation multiple to see re-rating. The stock is at 22x P/E and 16x EV/EBITDA FY28E, a 30%-35% discount to other FMCG peers, and offering the best risk-reward profile in the sub-INR150b market-cap consumer universe.
- 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 initiate coverage on Zydus with a BUY rating.**

- **Key downside risks**: a) high dependence on seasonality; b) input cost volatility; c) underperformance in the HFD category; and d) increase in competitive intensity.

Exhibit 13: SoTP Valuation on FY28

Particulars (INR b)	FY26	FY27	FY28	EV/ EBITDA (x)	EV (INR b)
EBITDA					
India	3.9	4.7	5.6	27x	152
International	1.5	3.1	4	15x	59
Total	**5.4**	**7.9**	**9.6**	**22x**	**212**
Debt					28
Cash					1
Market Cap					**184**
No of shares					318
TP					**575**
CMP					425
Upside					35%

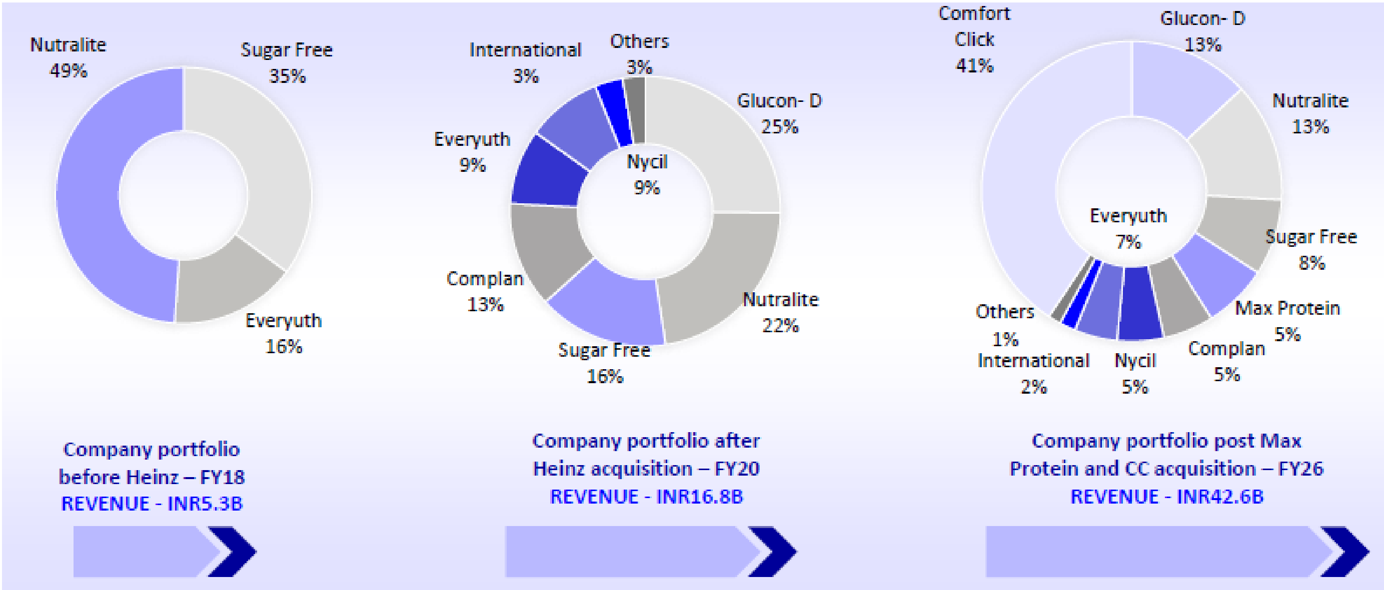
Source: Company, MOFSL

Zydus business mix

Notable acquisitions:
FY06 – Nutralite
FY19 – Heinz (Complan, Glucon-D, and Nycil)
FY25 – RiteBite Max Protein
FY26 – Comfort Click

- Zydus's product portfolio covers a broad range of health, nutrition and personal care categories. In the nutrition and wellness segment, it includes Sugar Free (sugar substitutes), Glucon-D (instant-energy/glucose powder), Complan (health & nutrition drink), Nutralite (table-spreads/butter substitute/healthier dairy-alternate spreads), and the recent acquisition of RiteBite and Max Protein (healthy snacks, protein bars, protein-rich foods).
- In personal care and skincare, its portfolio includes Everyuth (facewash, scrubs, peel-offs, packs, body lotions, etc.) and Nycil (prickly-heat/cooling powders and related products).
- Recently, in Aug'25, Zydus acquired Comfort Click, which provided an asset-light, digital-first entry into global VMS market, extending its footprint across the UK, EU, and USA.

Exhibit 14: Zydus growth journey - expansion of portfolio



Source: MOFSL

Exhibit 15: Zydus revenue and EBITDA profile before and after the Heinz acquisition

Particulars (INR m)	Pre-Acquisition	Heinz India	Post Heinz acquisition
Revenue	5,300	11,500	16,800
EBITDA	1,250	2,250	3,500
EBITDA margin (%)	23.6%	19.6%	20.8%

Exhibit 16: Zydus revenue and EBITDA profile before and after the Comfort click acquisition

Particulars (INR m)	Pre-Acquisition (FY25)	Comfort Click	Post CC acquisition
Revenue	27,089	15,525	42,614
EBITDA	3,798	2,415	6,213
EBITDA margin (%)	14.0%	15.6%	14.6%

Exhibit 17: Heinz India acquisition (in FY19) Valuation

Heinz India Valuation	(INR m)
Particulars	Amount
Consideration (I)	45,950
Sales	11,500
EBITDA	2,250
EBITDA margin (%)	19.6%
EV/Sales (x)	**4.0**
EV/EBITDA (x)	**20.4**

Source: Company, MOFSL

Exhibit 18: Max Protein acquisition (in FY25) valuation

Naturell India Valuation	(INR m)
Particulars	Amount
Consideration	3,900
Sales	1,289
EBITDA	24
EBITDA margin (%)	1.9%
EV/Sales	**3.0**
EV/EBITDA	**162.2**

Source: Company, MOFSL

Exhibit 19: Company portfolio's key highlights

Brand	Launch year	Category Size (INR b)	Market share	Seasonality	Key Remarks
Sugar Free	1988	3.65	96.2%	Low	❖ Sugar Free with Aspartame was launched in 1988, pioneering India's modern sugar substitute category. It is one of the company's flagship brands, and the brand is synonymous with the sugar substitute category. ❖ Historically, the sugar substitute market was niche, largely limited to diabetics and distributed mainly through pharmacies and chemists. The positioning has since shifted from a 'doctor-prescribed' necessity to a lifestyle choice catering to calorie-conscious consumers, fitness enthusiasts, and home cooks. ❖ The sugar substitute category remains niche but has been growing significantly, riding on the fitness wave. ❖ The portfolio is diversified across formats and sweetener systems to address varied consumer needs and reduce dependence on artificial sweeteners. Key offerings include Sugar Free Gold (now upgraded to Sucralose + Chromium), Sugar Free Natura (Sucralose-based for culinary use), and Sugar Free Green, the 100% natural Stevia variant that is growing double-digit and is central to future category expansion. ❖ Core sweeteners lead in chemist channel, while variants like I'm Lite portfolio target sugar users in grocers and modern trade, with rural markets contributing ~25% of sales. **Key Challenges** ✓ Growth is constrained by diabetic-only perception, global concerns on artificial sweeteners, and past trademark issues in the blended-sugar segment (addressed via I'm Lite).
Everyuth	1991	45	7.9%	Low	❖ In the broader INR45b facial cleansing segment, which includes face washes, scrubs, peel-offs, and masks, Everyuth ranks fifth overall, holding a market share of ~7.9% (MAT Sep'25). ❖ Everyuth continues to command category leadership in its two primary focus areas Peel-Off Masks and Facial Scrubs. In the Peel-Off Mask category, the brand holds an unmatched 76.6% market share (MAT Sep'25) in a market worth ~INR1.65b, sustaining its leadership for more than 15 years. ❖ In Facial Scrubs, Everyuth commands a 48.5% market share in a segment valued at INR3.8b, cementing its position as India's No.1 facial scrub brand. ❖ Everyuth's innovation strategy evolved from pioneering core formats (scrubs and peel-offs) and maximizing accessibility (LUPs) to incorporating advanced scientific delivery systems (Hydrogel, Pink Clay & Charcoal blends) and expanding into high-growth, modern skincare delivery systems like Body Lotions, Gels, and Sheet Masks. ❖ The brand maintains a value-for-money positioning, particularly in scrubs and peel-off masks, where its offerings are priced relatively lower than its peers. **Key Challenges** ✓ Despite its strong category leadership, Everyuth faces the challenge of maintaining relevance in a hyper-competitive and rapidly evolving personal care market. The growing presence of direct-to-consumer (D2C) skincare brands and an aspirational consumer shift toward derma-cosmetic and clinical formulations have intensified competition.
Nutralite	1996			Low	❖ Nutralite was originally acquired in 2006 with the acquisition of Carnation Nutra Analogue Foods (CNAFL). ❖ Nutralite is known for offering premium table spreads that are cholesterol-free and contain no hydrogenated fat or trans fats. ❖ Historically skewed toward the HoReCa channel (60–70% of business), Nutralite has strategically diversified to strengthen its retail footprint. Key portfolio extensions include Nutralite Mayonnaise (across Retail and Professional lines) and the Nutralite DoodhShakti dairy range, leveraging Zydus's milk sourcing capabilities. ❖ The strategic expansion into the DoodhShakti dairy portfolio (butter, ghee, and new segments) is expected to create a more balanced portfolio, leading to a lesser impact from Edible oil pricing and improving overall Nutralite portfolio profitability going forward. ❖ Nutralite operates at comparatively lower profitability than other core brands like Glucon-D and Sugar Free.

Brand	Launch year	Category Size (INR b)	Market share	Seasonality	Key Remarks
					Key Challenges ✓ Majority of sales derived from the HoReCa exposes the brand to cyclical or macroeconomic downturns that affect restaurants and catering businesses. ✓ Nutralite operates in a complex category where competition is strong, particularly from major domestic players in the dairy and spread segments.
Glucon-D	1933	10.5	58.7%	High	❖ Acquired in FY19 as the largest brand within the Heinz India portfolio, Glucon-D is the category leader in the glucose powder category in India. The brand is fundamentally a glucose-based beverage in powder form positioned as an effective energy booster. ❖ Prior to the acquisition, the category growth was in low single digits, which improved significantly after the acquisition to~1.5-2x of its historical growth rate. Zydus aspires double-digit growth annually. ❖ The strategic focus for Glucon-D, given its market dominance, has been on growing the entire category rather than focusing solely on market share gains. To mitigate its highly seasonal nature (4Q and 1Q), the brand has been strategically expanded into various functional formats, constituting the Glucon-D portfolio. ❖ These extensions include the popular ImmunoVolt energy bites/tablets, fortified with Vitamin C, Vitamin D, and Zinc to boost immunity, and the recently launched ready-to-drink product Glucon-D Activors Electrolyte Energy Drink for on-the-go consumption. **Key Challenges** ✓ The most significant inherent risk for Glucon-D is its reliance on seasonal demand, making it vulnerable to short-term disruptions like early monsoons or unseasonal rains.
Nycil	1951	8.5	32.9%	High	❖ Nycil acquired through the Heinz India portfolio in FY19, remains the undisputed category leader in the INR8.5b prickly heat talc market. With a market share of ~33% (MAT Sep'25), it is a bellwether in a highly seasonal segment, where over 75% of sales occur during summer months. ❖ Nycil's enduring proposition revolves around germ protection through anti-bacterial ingredients. Its product range includes popular variants such as Cool Herbal, Fresh Aloe, and Germ Expert. ❖ In FY25, Nycil expanded internationally with soap variants. ❖ Nycil has been witnessing strong growth ahead of the category, despite intensive competitive scenario building around the category. ❖ Over 75% of annual sales occur in summer months (4Q and 1Q); its seasonality extends slightly beyond Glucon-D due to linkages with perspiration and humidity. ❖ In terms of profitability, Nycil operates at above-company-average margins, making it one of the most profitable brands in the Zydus portfolio. **Key Challenges** ✓ High reliance on a strong summer season; early monsoons or cooler periods can impact primary sales and lead to inventory build-up. ✓ Overall talcum powder category growth remains muted (low single digits) with structural concerns on long-term relevance. ✓ Zydus faces strong competition from Emami (Dermicool/Navratna) and new entrants.
Complan	1964	68	4.1%	High	❖ Complan was acquired by Zydus in FY19 as part of the Heinz India portfolio. It is the second largest brand after Glucon-D. ❖ After the acquisition, Complan was repositioned as a protein-first health drink vs. earlier positioning as high-quality milk protein content. Further, the brand continues to leverage its clinically supported claims such as 2X faster growth and cognitive benefits (improvement in memory and concentration).

Brand	Launch year	Category Size (INR b)	Market share	Seasonality	Key Remarks
					❖ The portfolio has been strategically diversified to expand relevance across life stages and health needs, including Complan Nutrigro for toddlers (2–6 years) through doctor-led promotion, Complan VieMax for adults with protein, prebiotics, and probiotics, and Complan Immuno-Gro piloted with immunity-focused Ayurvedic ingredients. ❖ Lower-unit-price (INR5/INR30) sachets have been introduced for penetration, though they remain a low-margin, defensive play. ❖ Zydus believes that while the category may continue to deliver sustainable low single-digit growth over the medium to long term, its recovery will depend on targeted innovation and segmentation. ❖ Zydus aims to focus on playing in the right segments and offering differentiated, superior nutrition to deliver growth. They aspire to outperform the category by continuously innovating and adapting to evolving consumer behaviors. **Key Challenges** ✓ The most significant challenge is muted growth of the traditional HFD category. ✓ Complan is highly sensitive to milk prices because its primary ingredient is skim milk powder (SMP). ✓ Inability to take adequate price increases due to intense competitive intensity. This leads to gross margin pressure specifically on the Complan brand.
Rite Bite	2006			Low	❖ RiteBite Max Protein operates in the Nutrition & Protein Bar, Protein Cookies, and Protein Chips category, and is recognized as the largest brand in bars in this space. The core positioning is protein-first, focusing on urban and out-of-home consumption. ❖ The brand is heavily urban-centric, with the top 10 cities contributing 70-80% of the business. ❖ RiteBite brand has historically grown at 25% and Zydus envisages a 25%+ growth over next 4 to 5 years. Management alluded that at gross margin level, the NIPL business is largely in line with Zydus's overall gross margins (ex-Comfort Click). Prior to acquisition, NIPL generated breakeven EBITDA. ❖ Management expects this transaction to be EPS-accretive FY26 onward.
Comfort Click	2005			Low	❖ The acquisition marks Zydus's first overseas acquisition and strategic foray into the Vitamins, Minerals and Supplements (VMS) segment, further strengthening its presence in the global wellness space. ❖ CCL is one of the fastest-growing digital consumer healthcare platforms in Europe, with operations across the UK and EU and expansion plans in the USA. ❖ The company reported a turnover of GBP134mn in FY25 (Jun'25), registering a 5-year revenue CAGR of ~57% and an EBITDA of GBP21m (15% margin). ❖ Its portfolio comprises three key brands – WeightWorld (plant-based supplements, vitamins, probiotics, and sports nutrition for adults), maxmedix (pediatric-focused VMS gummies), and Animigo (natural pet health supplements). ❖ The acquisition provides Zydus with immediate access to high-growth digital and D2C channels in developed markets and complements its strategic intent to expand its global footprint in consumer health and personalized wellness. ❖ Management expects the transaction to be cash EPS accretive and will help accelerate the company's digital transformation and innovation capabilities.

Comfort Click UK Acquisition – VMS portfolio

- Zydus, through its wholly owned subsidiary Alidac UK, acquired Comfort Click UK for a total cash consideration of GBP239m (INR28b). After the acquisition, Comfort Click has become a wholly owned step-down subsidiary of Zydus. This transaction marks Zydus's first overseas acquisition and strategic foray into the VMS segment, further strengthening its presence in the global wellness space.
- Comfort Click is one of the fastest-growing digital consumer healthcare platforms in Europe, with operations across the UK and EU and expansion plans in the US. The company reported a turnover of GBP134m in FY25 (Jun'25), registering a five-year revenue CAGR of ~57% and EBITDA of GBP21m (15% margin). Its portfolio comprises three key brands, WeightWorld (plant-based supplements, vitamins, probiotics, and sports nutrition for adults), Maxmedix (pediatric-focused VMS gummies), and Animigo (natural pet health supplements).
- The acquisition provides Zydus with immediate access to high-growth digital and D2C channels in developed markets and complements its strategic intent to expand its global footprint in consumer health and personalized wellness.
- Management highlighted that the transaction is expected to be cash EPS-accretive and will help accelerate the company's digital transformation and innovation capabilities.

Exhibit 20: Comfort Click portfolio

Source: Company, MOFSL

Exhibit 21: Comfort Click acquisition valuation

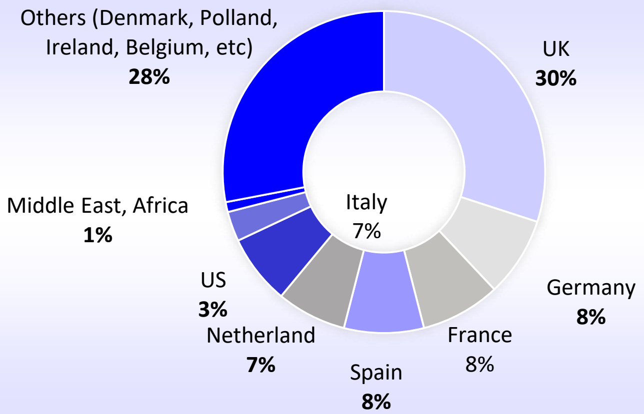
Comfort Click Ltd UK	GBP m	INR m
Cash consideration	239	28,429
Revenue	134	15,939
EBITDA	21	2,498
EBITDA margin (%)	15.7%	15.7%
EV/sales (x)	1.8	1.8
EV/EBITDA (x)	11.4	11.4

Exhibit 22: Comfort Click performance

Comfort click - P&L (GBP m)	FY21	FY22	FY23	FY24	FY25
Total Revenues	**24.2**	**38.0**	**54.4**	**84.6**	**135.0**
YoY growth (%)		57%	43%	55%	60%
Cost of Sales	6.6	11.0	14.8	15.3	
Gross profit (INR m)	**17.6**	**27.0**	**39.6**	**69.3**	
Gross Margins %	**72.6%**	**71.1%**	**72.8%**	**81.9%**	
Distribution cost	1.4	2.8	2.6	4.7	
YoY growth (%)		**95.0%**	**-8.5%**	**84.5%**	
-% of sales	**5.9%**	**7.4%**	**4.7%**	**5.6%**	
Administrative Expenses	14.2	22.6	31.6	53.0	
YoY growth (%)		**58.9%**	**39.4%**	**68.1%**	
-% of sales	**58.8%**	**59.6%**	**58.0%**	**62.7%**	
Total Expenses	**22.3**	**36.4**	**48.9**	**73.1**	
Operating Profit	**1.9**	**1.6**	**5.5**	**11.5**	**21.0**
Operating profit margins (%)	7.9%	4.1%	10.1%	13.6%	15.6%
Int payable and similar expenses	0.0	0.0	0.0	0.0	
PBT	1.9	1.5	5.5	11.5	
PBT Margin (%)	**7.9%**	**4.0%**	**10.1%**	**13.6%**	
YoY growth (%)	**0%**	**-20%**	**257%**	**111%**	
Tax on Profit	0.4	0.3	1.1	3.0	
Total Tax	**0.4**	**0.3**	**1.1**	**3.0**	
Reported PAT	**1.5**	**1.2**	**4.4**	**8.5**	
Growth %	**0%**	**-19%**	**256%**	**94%**	

- Comfort Click derives a majority of its revenue from international markets, with Europe contributing nearly 75-80% of total sales, led by the UK as the largest single market, followed by strong positions in Germany, France, Italy, Spain, and other Western European countries. The company has also expanded into the US, which currently contributes in low single digits but is scaling up rapidly, supported by strong traction on Amazon and digital-first marketing. A small but growing share also comes from the Middle East and other international e-commerce markets.
- Comfort Click's asset-light online business model generates 75-80% of sales via Amazon and the rest through owned D2C websites. It also enables Comfort Click to efficiently operate across multiple geographies, supporting consistent double-digit global growth with minimal incremental infrastructure investment.

Exhibit 23: Comfort Click's country-wise revenue contribution



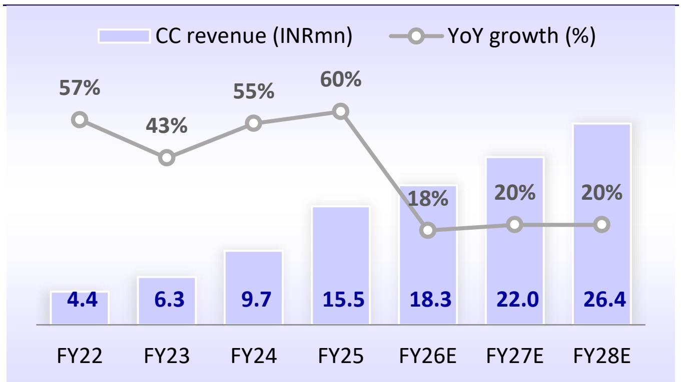
*Our estimates, Source: MOFSL

Exhibit 24: Strengthening the global footprint

Source: Company, MOFSL

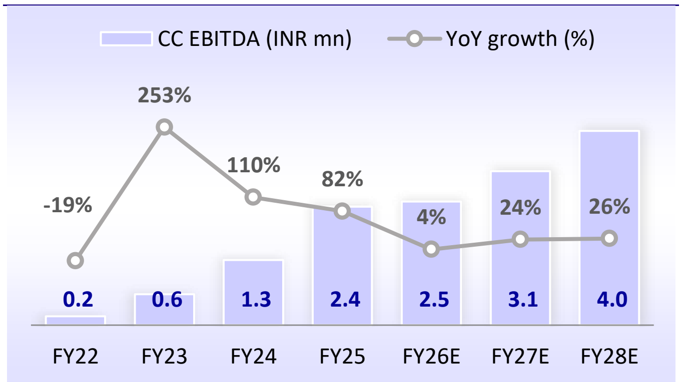
- Comfort Click has delivered a strong performance, recording a revenue CAGR of over 50% during FY21-25. For FY25-28E, we model a more normalized yet healthy revenue CAGR of ~20%, reflecting continued scale-up and category expansion.
- EBITDA has also grown rapidly at ~80% CAGR over FY21-25, with margins expanding to 15% from 8% in FY21. Going forward, we expect an EBITDA CAGR of ~18% over FY25-28E.

Exhibit 25: CC revenue expected to deliver 20% revenue CAGR over FY25-28



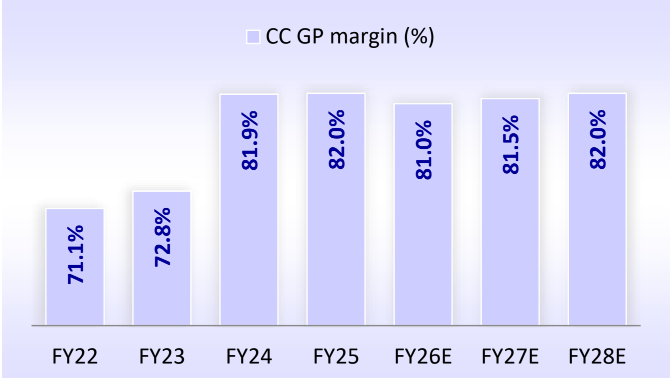
Source: Company, MOFSL

Exhibit 26: CC revenue expected to deliver 18% EBITDA CAGR over FY25-28



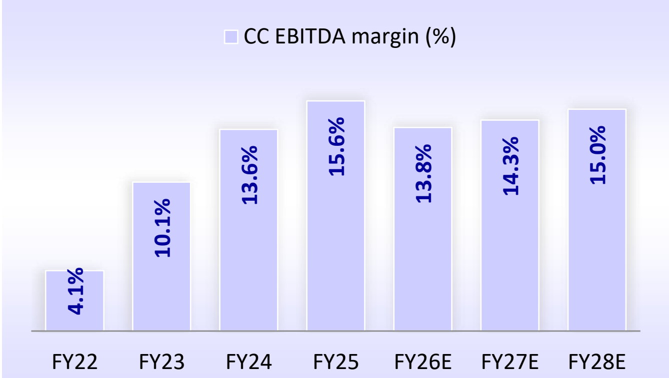
Source: Company, MOFSL

Exhibit 27: CC GP margin expected to remain steady at current levels



Source: Company, MOFSL

Exhibit 28: CC EBITDA margin expected to maintain at 15% level

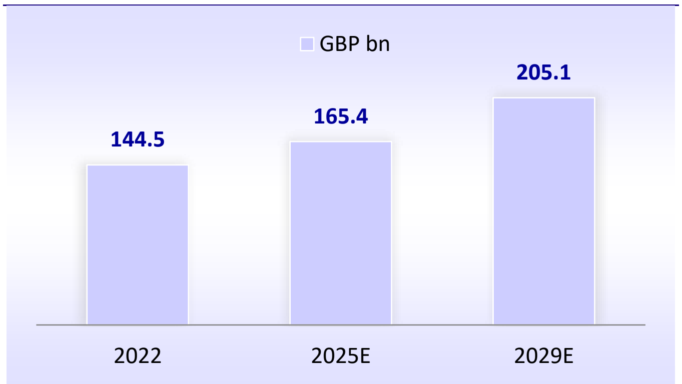


Source: Company, MOFSL

Global VMS industry

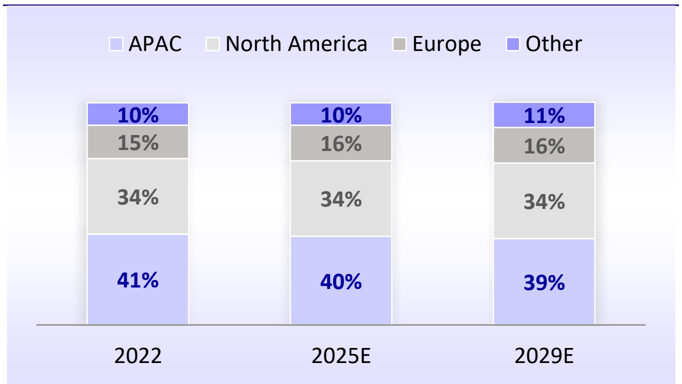
- The global VMS market remains a structurally attractive and fast-growing consumer health category, supported by strong and durable secular trends. The market, valued at ~GBP144b in CY22, is expected to expand to ~GBP205b by CY29, translating into a healthy 5.1% CAGR over the period. Europe contributes roughly 15-16% of global VMS consumption, underscoring its relevance as a key regional market.

Exhibit 29: Global VMS market expected to reach GBP205b



Source: Houlihan Lokey research, MOFSL

Exhibit 30: Region-wise Global VMS market



Source: Houlihan Lokey research, MOFSL

Robust manufacturing ecosystem built over the years

Zydus has significantly expanded and subsequently optimized its manufacturing footprint through a series of strategic decisions over the years:

- **Pre-acquisition operation:** Before the Heinz India acquisition, the company operated three manufacturing facilities, one in Ahmedabad (Gujarat) and two in Mamring (Sikkim).
- **Post-acquisition expansion:** The acquisition of Heinz India in Jan'19 added two large-scale plants at Aligarh (Uttar Pradesh) and Sitarganj (Uttarakhand), expanding the total owned facilities to five and significantly strengthening capacity across key categories.
- **Optimization under 'Transformation 2.0':** To drive operational efficiency, reduce risk, and ensure production closer to key markets, Zydus rationalized its network. Operations at the Sitarganj plant were discontinued from Jun'22, resulting in a one-time charge of INR100.5m in FY23. Production from Sitarganj was consolidated into the Ahmedabad, Aligarh, and Sikkim facilities. The current footprint comprises four owned plants: Ahmedabad, Aligarh, and two units in Sikkim.
- **Flexible capacity via third-party manufacturing:** To manage seasonal spikes, demand variability, and category expansion, Zydus supplements its own network with outsourced manufacturing. Moreover, Zydus gets third-party manufacturing for Nycil and Ritebite Max Protein. For example, Glucon-D production was temporarily outsourced in 4QFY23 to meet peak summer demand. As of FY25, Zydus works with 18 third-party/global co-packers (three international and 15 domestic).

Exhibit 31: Zydus manufacturing facilities in India and outside India

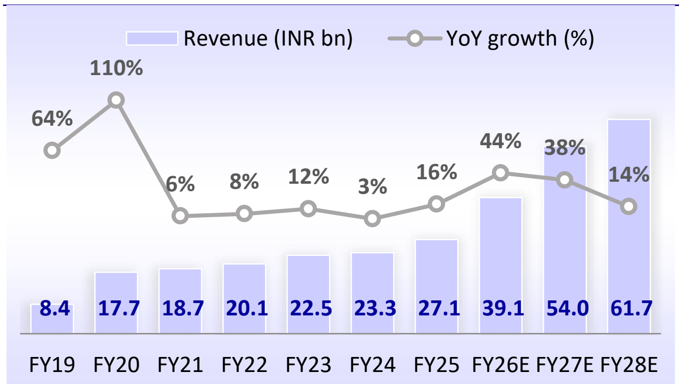
Source: Company

Financials

Revenue outlook – Core growth steady; acquisitions drive growth

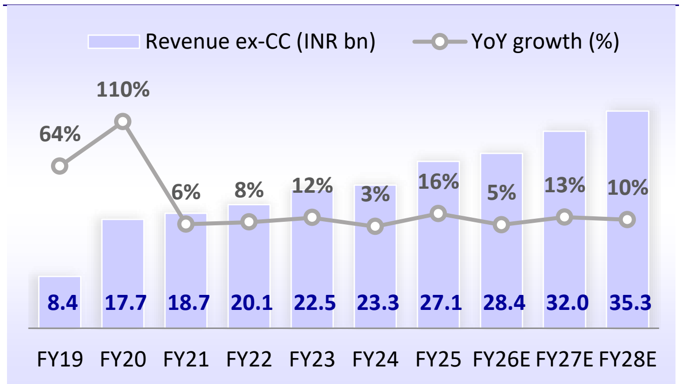
- We expect Zydus organic business (excluding Comfort Click) to report a ~10% revenue CAGR over FY25-28E, supported by consistent performance across key categories:
  - Sugar Free is expected to grow in mid-to-high single digits, broadly in line with category trends and supported by selective product innovations.
  - Nutralite is poised for high single-digit growth, supported by new formats and continued B2B channel expansion.
  - Nycil and Glucon-D will remain seasonal, with a soft base in FY26 enabling a stronger recovery in FY27.
  - Complan is likely to remain subdued, with limited visibility of meaningful share recovery in the near term.
  - Everyuth should act as a key growth driver, expected to deliver low double-digit expansion.
  - Naturell (RiteBite Max Protein) is projected to maintain strong momentum, growing over 30% CAGR.
- After the consolidation of Comfort Click from Sep'25, consolidated revenue is expected to clock a ~30% CAGR over FY25-28E.

Exhibit 32: Consolidated revenue expected to post 30% CAGR over FY25-28



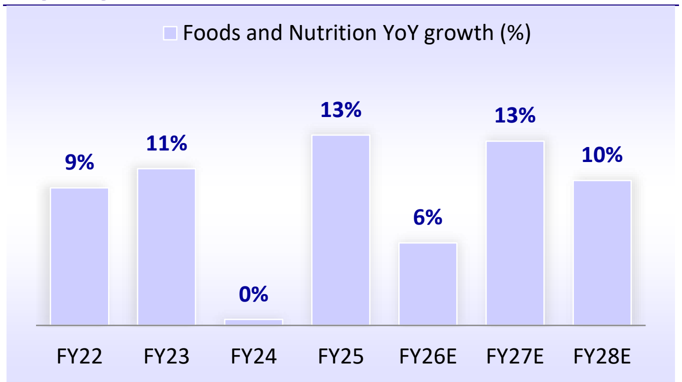
Source: Company, MOFSL

Exhibit 33: Organic business (ex-comfort click) expected to deliver 10% revenue CAGR



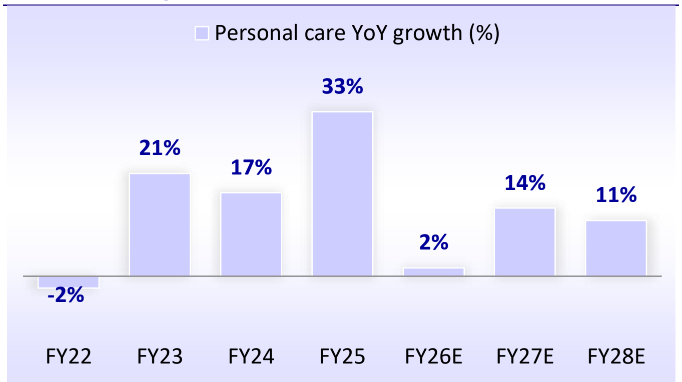
Source: Company, MOFSL

Exhibit 34: Food and nutrition expected to deliver high single digit revenue CAGR over FY25-28



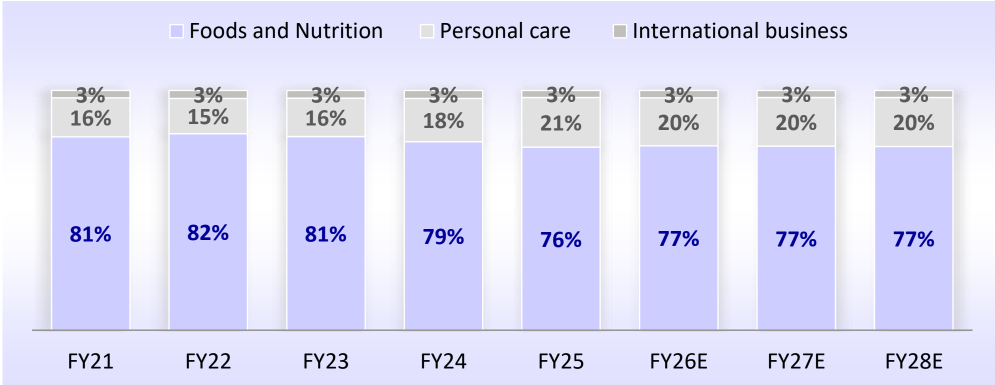
Source: Company, MOFSL

Exhibit 35: Personal care expected to deliver high single to low double-digit revenue CAGR over FY25-28



Source: Company, MOFSL

Exhibit 36: Zydus organic business revenue break-up

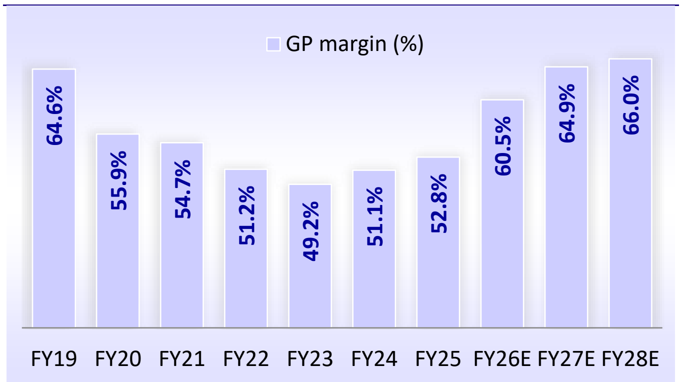


Source: Company, MOFSL

Margin profile and outlook – Consolidation to drive structural improvement

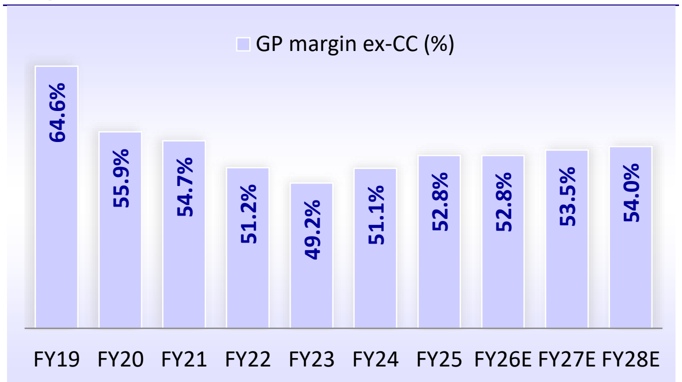
- Historically, Zydus Wellness operated at gross margins of 68–70% prior to the Heinz acquisition. Post the integration of brands such as Complan, Nycil and Glucon-D, consolidated gross margins settled in the 50–55% range, reflecting the inclusion of lower-margin categories in the portfolio.
- Within the business, Sugar Free, Everyuth, Nycil and Glucon-D continue to generate superior profitability, while Complan and Nutralite operate at comparatively lower margin levels.
- The Naturall (RiteBite Max Protein) portfolio, acquired in Dec'24 delivers gross margins of around 45–50%, reflecting its current scale and category dynamics.
- Comfort Click stands out as a highly accretive addition, operating at 70-75% gross margin (in CC terms).
- While the core organic business is expected to maintain margins in the 53-54% range, the consolidation of Comfort Click and the increasing contribution of high-margin food & nutrition brands should drive a steady improvement in blended gross margins, taking consolidated margin from 52.8% in FY25 to 66% by FY28, marking a structural step-up in profitability.

Exhibit 37: Consolidated GM will expand >1,200bp over FY25-28



Source: Company, MOFSL

Exhibit 38: Organic business GM expected to remain in range of 53-54%

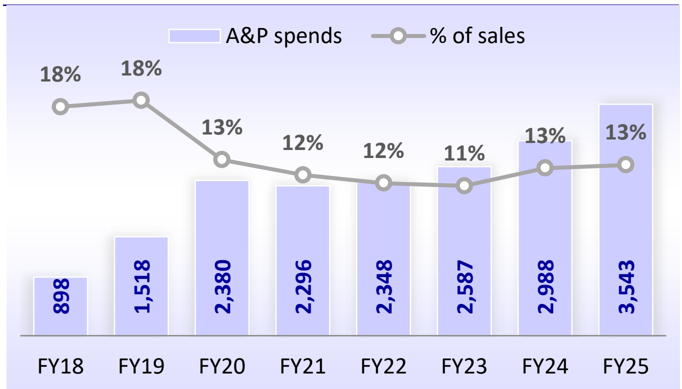


Source: Company, MOFSL

- Zydus has historically maintained industry-leading brand investments, with A&P spends at 12-13% of sales and an additional 2-3% on other marketing initiatives. Organic EBITDA margins are expected to expand from 14% in FY25 to 16% in FY28, supported by operating leverage, improved scale efficiencies, and disciplined cost management. The recently acquired Comfort Click business is also projected to deliver healthy EBITDA margins of 14-15% over FY25-28.

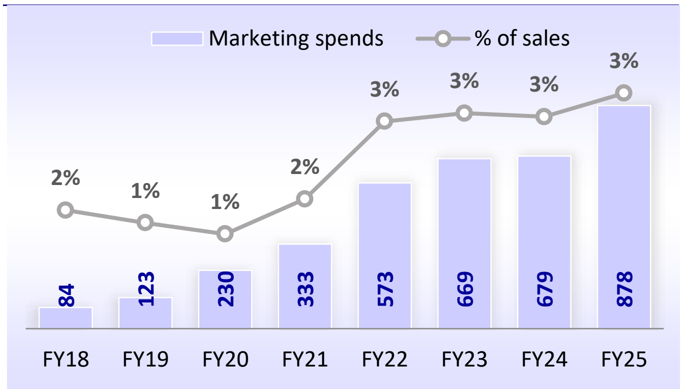
- Management has guided for EBITDA margins of 17% over next two years, driven by gross margin improvement and operating leverage.

Exhibit 39: A&P spends maintained in range of 12-13%...



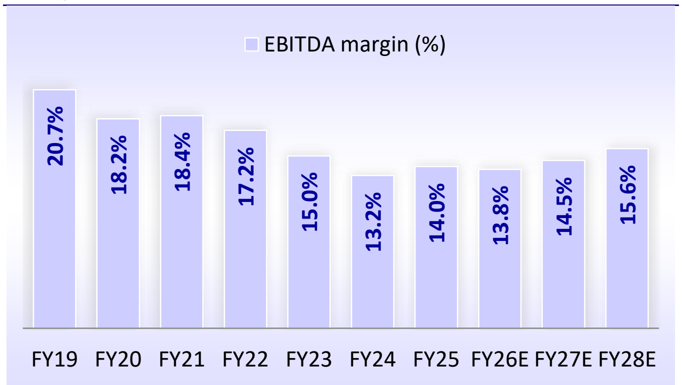
Source: Company, MOFSL

Exhibit 40: ...and marketing spends in range of 2-3%



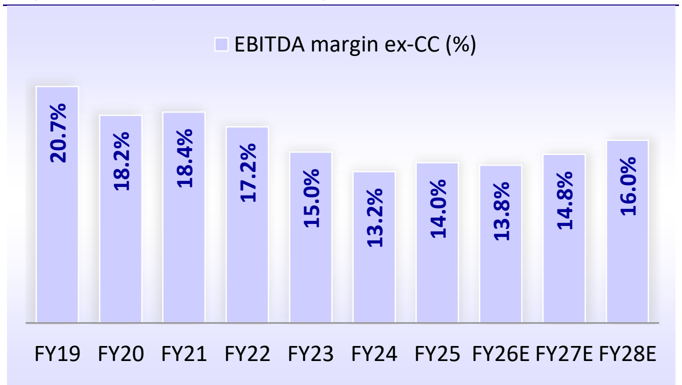
Source: Company, MOFSL

Exhibit 41: Consolidated EBITDA margin expected to expand 160bp over FY25-28



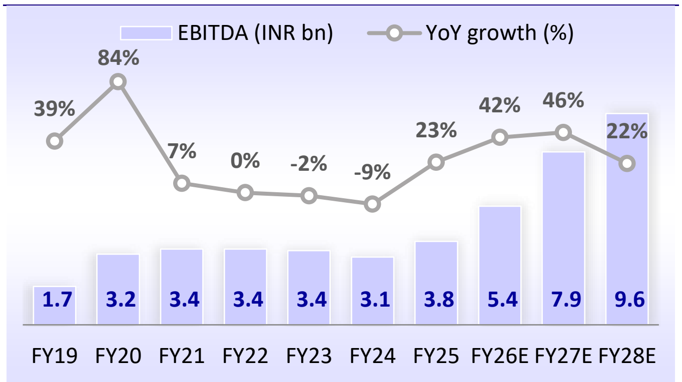
Source: Company, MOFSL

Exhibit 42: Organic business EBITDA margin expected to expand 200bp in next three years



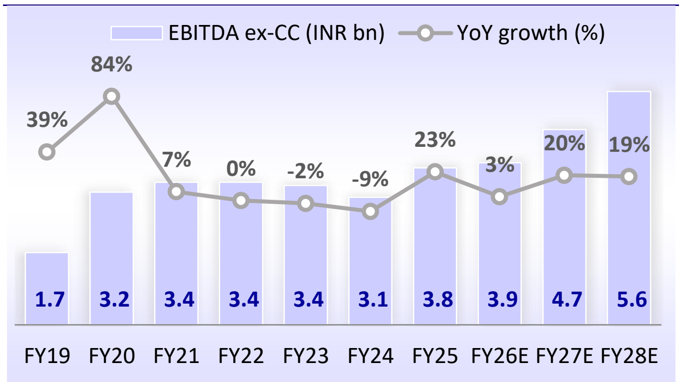
Source: Company, MOFSL

Exhibit 43: Consolidated EBITDA expected to post 35% CAGR over FY25-28



Source: Company, MOFSL

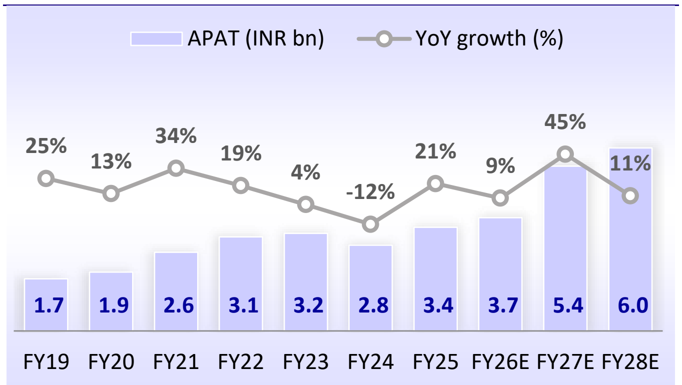
Exhibit 44: Organic business (ex-comfort click) expected to deliver 14% EBITDA CAGR



Source: Company, MOFSL

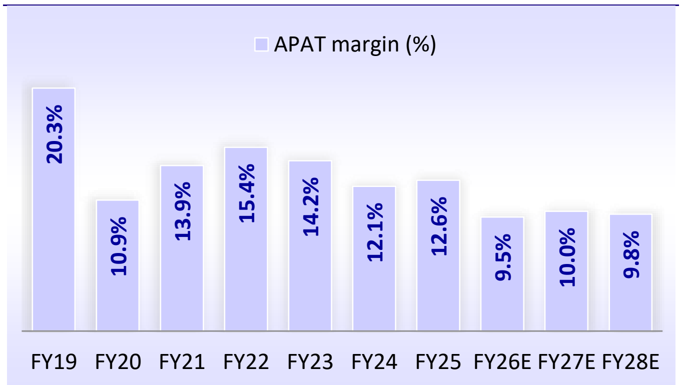
- Management expects Comfort Click to be cash EPS-accretive in the first year, with overall reported EPS to be accretive thereafter. APAT is expected to post ~20% CAGR, affected by higher amortization of acquired intangibles and increased interest costs arising from the ~INR28b debt incurred for the Comfort Click acquisition.

Exhibit 45: Consolidated APAT expected to post 20% CAGR over FY25-28



Source: Company, MOFSL

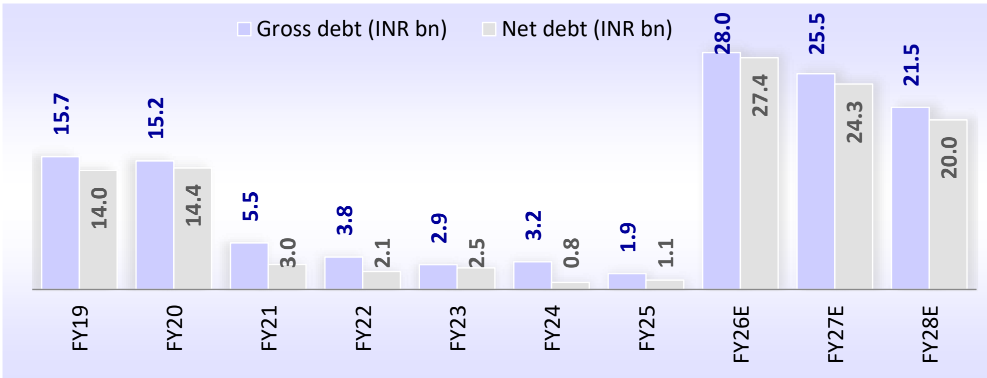
Exhibit 46: APAT margin expected to remain in range of 9-10%



Source: Company, MOFSL

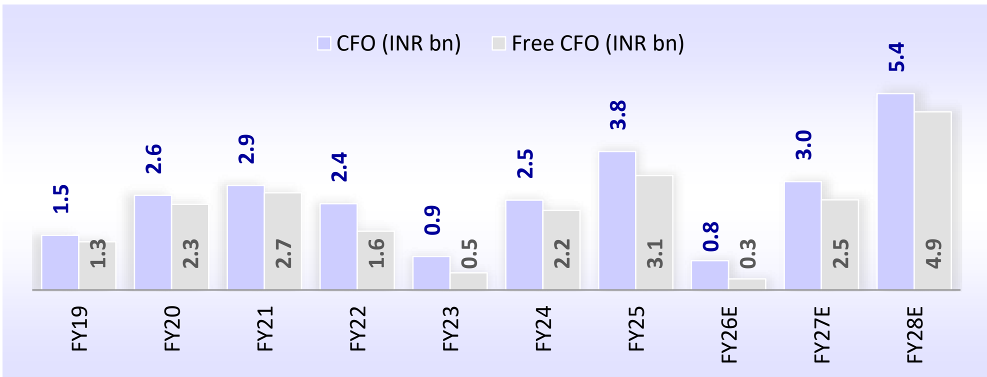
- The company is carrying debt of INR1.9b in FY25, primarily to support working capital requirements. In FY26, it has additionally raised ~INR28b of debt to fund the acquisition of Comfort Click. We expect that the company will reduce its debt going forward as it generates cash flow.

Exhibit 47: Zydus gross debt and net debt trajectory



Source: Company, MOFSL

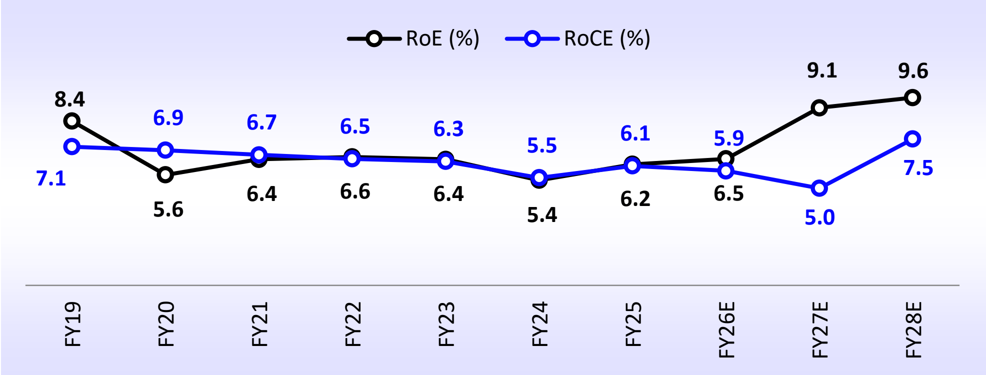
Exhibit 48: Zydus CFO and FCF generation



Source: Company, MOFSL

- Zydus's return ratios remain subdued, largely due to the significant goodwill and intangible assets arising from the Heinz and Comfort Click acquisitions, which have inflated the capital deployed. As a result, RoE and RoCE appear lower than pure-play FMCG peers.

Exhibit 49: Zydus RoE and RoCE trajectory



Source: Company, MOFSL

- RoCE (ex-goodwill) is expected to moderate from FY26 onward, due to an increase in debt by ~INR28b taken to fund the Comfort Click acquisition.

Exhibit 50: Zydus RoCE (ex- goodwill)

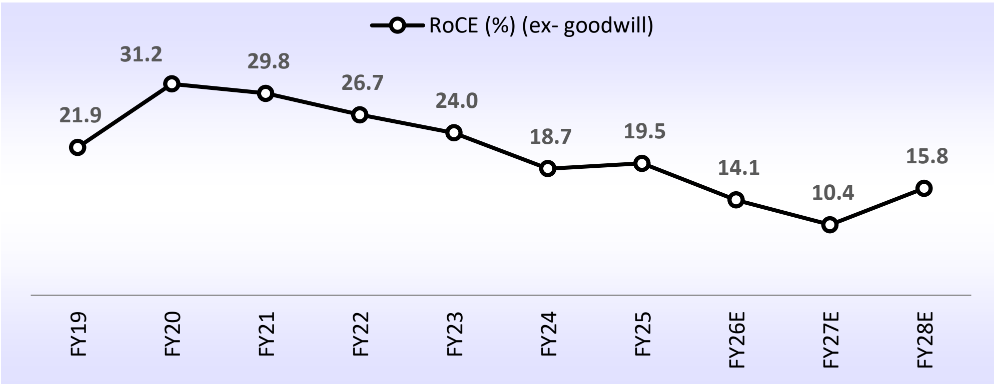
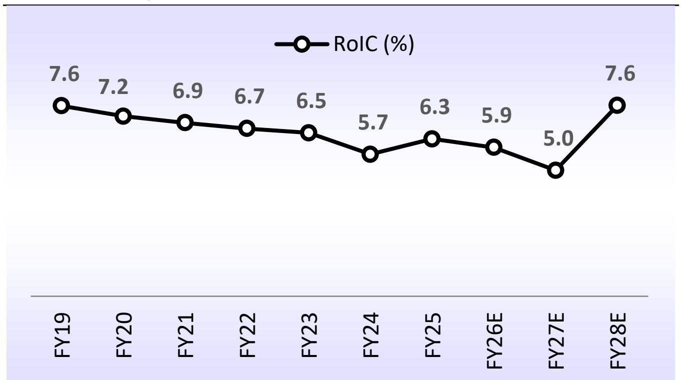
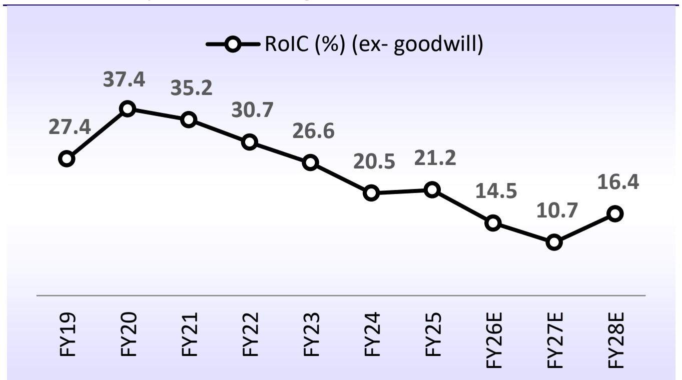


Exhibit 51: Zydus RoIC



Source: Company, MOFSL

Exhibit 52: Zydus RoIC (ex-goodwill)



Source: Company, MOFSL

Company background

Key brands are Sugar Free, Complan, Glucon-D, Nutralite, RIteBite, RIteBite Max Protein, I'm Lite, Everyuth, and Nycil.

- Established in 1988, Zydus is a leading Indian consumer health and wellness company. It is steadily evolving into a diversified wellness powerhouse. Zydus operates in two key segments, Food & Nutrition and Personal Care. It focuses on consumer-centric innovation. The company today anchors India's wellness landscape, holding leadership positions in five of its six core categories. Beyond India, Zydus's international presence spans 25 countries across the Middle East, Asia, Africa, and Oceania, providing a growing platform for its expanding wellness portfolio.
- Originally carved out from Cadila Healthcare, Zydus began its journey focusing on niche category dominance through brands like Sugar Free (sugar substitutes) and Everyuth (skincare) and entered the fat spreads space with the acquisition of Carnation Nutra (Nutralite) in FY06. Over the recent years, Zydus has strategically repositioned itself as a dual-engine growth platform, integrating both domestic wellness leadership and global digital capabilities. A major inflection point came in FY19 with the acquisition of Heinz India's portfolio, which brought iconic mass-market brands such as Complan, Glucon-D, and Nycil under its umbrella. This acquisition led to more than doubling the company's revenue and broadening its consumer base. It was followed by the acquisition of Naturell India (RiteBite Max Protein) in Dec'24, marking its foray into the fast-growing healthy snacking category. Further, in FY26, Zydus's acquisition of Comfort Click provided an asset-light, digital-first entry into the global VMS market, extending its footprint across the UK, EU, and the US. These moves collectively position Zydus as a future-ready wellness enterprise with a balanced mix of domestic scale and global reach.
- Zydus's brands collectively reach over 70m households, supported by a robust network of 2.8m retail outlets with ~0.6m direct reach, serviced by 1,950 distributors and more than 2,800 field representatives. The company's omnichannel presence continues to strengthen, with organized trade contributing 23% of FY25 sales (10% from e-commerce and 13% from modern trade). Quick commerce channels now account for 41.4% of total e-commerce sales, highlighting Zydus's agility in adapting to evolving consumer shopping behaviors.

Exhibit 53: Zydus journey – most of the inorganic growth kicked in after FY19

*added CCL in FY26 Source: Company, MOFSL

Key risks

- **High seasonality:** Zydus's core and high-margin brands, Glucon-D and Nycil, are structurally dependent on a strong summer season (4Q & 1Q). Any shift or delay in weather patterns such as early monsoons, prolonged rains, heatwaves, or cyclones can impact category demand, resulting in subdued performance and potential channel inventory build-up.
- **Input cost volatility:** The business remains exposed to fluctuations in critical raw materials such as milk, refined palm oil, sugar, dextrose monohydrate (DMH), and high-intensity sweeteners (sucralose/stevia). These inputs are influenced by government policy changes, inflation trends, and forex movements. Sharp spikes create challenges in passing on costs, particularly in sensitive segments like Nutralite's food service portfolio.
- **Underperformance in the HFD Category:** Complan continues to face structural challenges with flat to declining sales, market share loss, and a fifth-ranked position within the HFD segment. Additionally, the category itself has been sluggish. Zydus's stance often leans toward protecting share rather than driving aggressive growth in Complan, with strategic focus skewed toward stronger categories.
- **Evolving consumer preferences and category-level headwinds:** Shifts in consumer behavior necessitate continuous innovation. Failure to adapt increases the risk of relevance loss. Key examples include:
  - Talcum powders (Nycil) facing a structural decline among young consumers.
  - Sugar Free navigating rising consumer preference for natural sugars, and clean-label sweeteners.
  - Nutralite requiring long-term behavior change as mass consumers continue to prefer traditional dairy fats like butter and ghee.

Bull and Bear cases

Bull case

- In our bull case, we assume a revenue CAGR of 37% over FY25-28E on steady growth in organic business and strong growth in Comfort Click.
- We expect EBITDA margin to expand ~250bp from the current level to ~16.5% by FY28E, led by favorable operating leverage, supply chain efficiencies and premiumization.
- EPS would register a robust CAGR of 30% over FY25-28E, led by strong revenue growth and margin improvements.

Bear case

- In our bear case, we assume a revenue CAGR of 22% over FY25-28E.
- Margin would expand by 70bp to 14.7% by FY28E.
- EPS would register a CAGR of 7% over FY25-28E.

Exhibit 54: Scenario analysis

INR m	Bull				Base				Bear			
Scenario Analysis	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E	FY25	FY26E	FY27E	FY28E
Revenue	27,089	41,130	59,182	70,010	27,089	39,103	54,009	61,651	27,089	38,061	45,146	49,046
YoY growth (%)		52%	44%	18%		44%	38%	14%		41%	19%	9%
EBITDA	3,798	5,840	9,173	11,552	3,798	5,391	7,856	9,600	3,798	5,252	6,411	7,210
Margins (%)	14.0%	14.2%	15.5%	16.5%	14.0%	13.8%	14.5%	15.6%	14.0%	13.8%	14.2%	14.7%
EPS	10.7	13.0	19.6	23.5	10.7	11.7	17.0	18.9	10.7	11.3	14.2	13.3
YoY growth (%)		21%	51%	20%		9%	45%	11%		6%	25%	-7%
EV/EBITDA				25				22				20
TP				760				575				360
CMP				425				425				425
Return				80%				36%				-15%

Annexure

Brands and Price Comparison

Exhibit 55: Sugar Free is priced at a premium to its peers

Company	Brand	Segment	Variant	No. of pellets	Price as on Dec -25	Price per pellet
Zydus Wellness	Sugar Free	Natural Sweetener	❖ Gold+ Low Calorie Sweetener	500	300	0.60
Zydus Wellness	Sugar Free	Natural Sweetener	❖ Natura Sweetener- Zero Calories	200	145	0.73
Zydus Wellness	Sugar Free	Natural Sweetener	❖ Natura Sweetener - Zero Calories - 1pc	500	320	0.64
Zydus Wellness	Sugar Free	Natural Sweetener	❖ Green Sweetener - With Natural Stevia, Zero Calories - 1pc	300	330	1.10
The Merisant Co.	Equal	Natural Sweetener	❖ Stevia Plant Based Natural Sweetener - Zero Calories, ❖ Tastes Like Sugar	500	355	0.71
The Merisant Co.	Equal	Natural Sweetener	❖ Original Low-Calorie Sweetener - Great Taste, ❖ Naturally Gluten Free	500	270	0.54

Exhibit 56: Zydus's Everyuth is priced at a discount to its peers

Company	Brand	Segment	Variant	Weight (g)	Price as on Dec -25	Normalized weight (100g)
Zydus Wellness	Everyuth Naturals	Peel-Off Mask	❖ Golden Glow Peel-Off Mask	100	195	195
Zydus Wellness	Everyuth Naturals	Peel-Off Mask	❖ Tan Removal Orange Peel-Off Mask	50	95	190
Himalaya	Himalaya	Peel-Off Mask	❖ Himalaya Tan Removal Orange Peel-Off Mask	100	180	180
Wipro	Soulflower	Peel-Off Mask	❖ Herbal Charcoal Peel Off Mask With Pure Lavender Oil	100	350	350
The Carlyle Group	VLCC	Peel-Off Mask	❖ 7X Ulltra Whitening & Brightening Charcoal Peel Off Mask	100	420	420
Zydus Wellness	Everyuth Naturals	Face Scrub	❖ Hydrating & Exfoliating Walnut Apricot Scrub, No Harmful Chemicals	100	210	210
Zydus Wellness	Everyuth Naturals	Face Scrub	❖ Anti-Pollution Pink Clay & Charcoal Scrub	100	260	260
Mamaearth	Mamaearth	Face Scrub	❖ CoCo Face Scrub With Coffee & Cocoa For Rich Exfoliation	100	349	349
Himalaya	Himalaya	Face Scrub	❖ Tan Removal Orange Face Scrub	100	200	200
Biotique	Biotique	Face Scrub	❖ Papaya Tan Removal Brightening & Revitalizing Face Scrub	100	299	299
Zydus Wellness	Everyuth Naturals	Face Wash	❖ Purifying Neem Face Wash	150	225	150
Zydus Wellness	Everyuth Naturals	Face Wash	❖ Everyuth Anti-Pollution Pink Clay & Charcoal Face Wash	150	280	187
HUL	Ponds	Facewash	❖ Ponds Bright Beauty Facewash - With Niacinamide	200	452	226
HUL	Lakme	Facewash	❖ Lakme Blush & Glow Cream Face Wash - With Strawberry Extracts, Rich In Anti-Tanning Properties	100	269	269
HUL	Pears	Facewash	❖ Pears Pure & Gentle Daily Cleansing Facewash - Ultra Mild, 98% Pure Glycerine	150	535	357
Kenvue	Clean & Clear	Facewash	❖ Clean & Clear Foaming Face Wash	150	285	190
Himalaya	Himalaya	Face Wash	❖ Himalaya Herbals Purifying Neem Face Wash | For Acne & Pimple Relief | Paraben and Soap Free Face Care Product	200	449	225
Himalaya	Himalaya	Face Wash	❖ Himalaya Dark Spot Clearing Turmeric Face Wash	100	220	220

Exhibit 57: Zydus Nutralite fat spread is priced at a premium, while butter and mayonnaise is priced in line with peers

Company	Brand	Segment	Variant	Weight (g) Carton	Price as on Dec -25	Normalized weight (100g)
Zydus Wellness	Nutralite	Fat Spread	❖ Nutralite Healthier & Delicious Fat Spread	500	300	60
Zydus Wellness	Nutralite	Fat Spread	❖ Nutralire Activ Plant based buttery spread - Olive	200	200	100
GCMMF	Amul	Fat Spread	❖ Amul Delicious	500	105	21
Zydus Wellness	Nutralite	Butter	❖ DoodhShakti Butter	500	310	62
GCMMF	Amul	Butter	❖ Pasteurised Butter	500	285	57
NDDB	Mother Dairy	Butter	❖ Pasteurised Table Butter	500	285	57
Britannia	Britannia	Butter	❖ Pasteurised Butter	500	335	67
Milky Mist	Milky Mist	Butter	❖ Cooking Butter - Unsalted	500	340	68
Parag Milk Foods Ltd.	Gowardhan	Butter	❖ Pasteurised Table Butter	500	340	68
Zydus Wellness	Nutralite	Mayonnaise	❖ Veg Eggless Mayonnaise, With Vitamin A, D2 & E-25g extra	300	115	38
Oetker Group	Dr. Oetker	Mayonnaise	❖ FunFoods Veg Mayonnaise - Original	250	93	37
Wingreens Farms	Wingreens Farms	Mayonnaise	❖ Wingreens Farms Veg Mayo Dip & Spread	180	70	39
VRB Consumer Products Pvt Ltd	Veeba	Mayonnaise	❖ Veeba Tandoori Veg Mayonnaise	250	102	41

Exhibit 58: Glucon D is priced lower than its immediate competitor

Company	Brand	Segment	Variant	Weight (g/ml)	Price as on Dec -25	Normalized weight (100g)
Zydus Wellness	Glucon - D	Energy Drink	❖ Instant Energy Glucose Powder - Regular	500	140	28
Zydus Wellness	Glucon - D	Energy Drink	❖ Instant Energy Glucose Powder - Tangy Orange	450	219	49
Zydus Wellness	Glucon - D	Energy Drink	❖ Instant Energy Glucose Powder - Mango Blast	450	219	49
Zydus Wellness	Glucon - D	Energy Drink	❖ Instant Energy Glucose Powder - Nimbu Pani	450	209	46
Dabur	Dabur	Energy Drink	❖ Glucoplus-C Instant Glucose - Juicy Lemon Flavour	400	255	64
Dabur	Dabur	Energy Drink	❖ Glucoplus C Instant Glucose - Juicy Orange Flavour	400	235	59

Exhibit 59: Nycil is priced competitively vs peers

Company	Brand	Segment	Variant	Weight (g)	Price as on Dec -25	Normalized weight (100g)
Zydus Wellness	Nycil	Talcum	❖ Germ Expert Prickly Heat Powder - Cool Herbal	400	280	70
Zydus Wellness	Nycil	Talcum	❖ Nycil Germ Expert Prickly Heat Powder Classic	50	50	100
Zydus Wellness	Nycil	Talcum	❖ Nycil Germ Expert Cool Aloe Prickly Heat Powder	150	149	99
Himalaya	Himalaya	Talcum	❖ Himalaya Baby Powder | Keeps Baby's Skin Soft & Dry | Paraben-Free	400	340	85
Wipro	Santoor	Talcum	❖ Santoor Beauty Talc with Sandalwood Extracts	400	340	85
GCPL	Cinthol	Talcum	❖ Cinthol Refreshing Deo Talc - Lime	300	175	58
GCPL	Cinthol	Talcum	❖ Godrej Cinthol Deo Talcum Powder Superior Germ Protection	300	160	53
ITC	Shower to Shower	Talcum	❖ Shower To Shower Prickly Heat Powder, Mint	150	145	97
HUL	Ponds	Talcum	❖ Ponds Magic Freshness Talc Powder with Acacia Honey	400	408	102
HUL	Ponds	Talcum	❖ Ponds Dreamflower Fragrant Talc	400	369	92
Emami	Dermi Cool	Talcum	❖ Dermi Cool Menthol Regular Prickly Heat Powder	400	260	65
Emami	Dermi Cool	Talcum	❖ Dermi Cool Dermicool Prickly Heat Powder	150	159	106
Emami	Navratna	Talcum	❖ Navratna Cool Talc Arctic Blossom	200	133	67
Biotique	Biotique	Talcum	❖ Refreshing Body Powder - Basil & Sandalwood	150	160	107
Beiersdorf Global AG	Nivea	Talcum	❖ Musk Talcum Powder For Men & Women - Fragrance & Protection Against Body Odour	100	115	115
Beiersdorf Global AG	Nivea	Talcum	❖ Pure Talcum Powder For Men & Women - For Gentle Fragrance & Reliable Protection Against Body Odour	400	299	75

Exhibit 60: HFD players are priced in similar range

Company	Brand	Segment	Variant	Weight (g)	Price as on Dec -25	Normalized weight (100g)
Zydus Wellness	Complan	Nutritional Drink	❖ Royale Chocolate	500	292	58.4
Zydus Wellness	Complan	Nutritional Drink	❖ Creamy Classic	500	309	61.8
Zydus Wellness	Complan	Nutritional Drink	❖ Pista Badam	500	360	72.0
Zydus Wellness	Complan	Nutritional Drink	❖ Nutrigro	400	612	152.9
Mondelēz International	Bournvita	Nutrition Drink	❖ Chocolate Nutrition Drink - Pouch	500	249	49.8
Mondelēz International	Bournvita	Nutrition Drink	❖ 5 Star Magic Nutrition Drink - Pouch	500	305	61.0
Mondelēz International	Bournvita	Nutrition Drink	❖ Womens Nutrition Drink - Bournvita	400	290	72.5
HUL	Horlicks	Nutrition Drink	❖ Nutrition Drink Powder	750	459	61.2
HUL	Horlicks	Nutrition Drink	❖ Chocolate Delight Flavour Nutrition Drink	500	229	45.8
HUL	Horlicks	Nutrition Drink	❖ Womens Plus - Caramel	400	355	88.8
HUL	Horlicks	Nutrition Drink	❖ Junior Horlicks Nutrition Drink - Chocolate Flavour, 2 To 6 Y	500	330	66.0
Danone India	Protinex	Nutrition Drink	❖ Chocolate	230	345	150.0
Abbott	Ensure	Nutrition Drink	❖ Clinically Proven Nutritional Drink For Adults-Vanilla	375	800	213.3

Exhibit 61: RiteBite's pricing is in similar range

Company	Brand	Segment	Variant	Weight (g)	Price as on Dec'25	Normalized weight (100g)
Zydus Wellness	RiteBite	Healthy Bar	❖ Max Protein Bars Choco Classic 10g Daily Protein Bar - Healthy Protein Snacks	50	71	142
Zydus Wellness	RiteBite	Healthy Bar	❖ Max Protein Daily Choco Almond Bar	50	71	142
Zydus Wellness	RiteBite	Healthy Bar	❖ Max Protein Bars Choco Berry, 10 g Protein Bar - Sugar Free Healthy Protein Snacks	50	80	160
ITC	Yoga Bar	Healthy Bar	❖ Blueberry Pie Breakfast Protein Bar	45	53	118
ITC	Yoga Bar	Healthy Bar	❖ 10 g Protein Bar - Blueberry Blast, Gluten-Free, Raw Cold Pressed, Date Unsweetened, Premium Whey	50	75	150
Think9 consumer	Superyou	Healthy Bar	❖ Chocolate Protein Wafer Bar	40	60	150
Fitshit Health Solutions Pvt. Ltd	The Whole Truth	Healthy Bar	❖ Protein Bars - Peanut Cocoa, No Added Sugar, All Natural	52	90	173

ESG initiatives

Environmental initiatives

- **Carbon neutral by 2040:** Zydus has committed to achieving carbon neutral operations by 2040 (CY40). By 2030 (CY30), targets include a 50% reduction in energy consumption through optimization, 50% renewable energy contribution, and a 25% reduction in freshwater consumption. The GHG emission intensity (Scope 1 and Scope 2) decreased significantly from 1.7 tCO_2e/INR million in FY24 to 0.8 tCO_2e/INR million in FY25.
- **Renewable energy adoption:** The use of cleaner energy sources is a high priority. In FY25, 88.3% of manufacturing energy needs were met by green fuel.
- **Water management:** Zydus achieved 7.35% reduction in specific water consumption over FY23-24. As of FY24, three out of four plants operate under zero liquid discharge (ZLD) protocols. Zydus aims to implement ZLD across all sites by 2030.
- **Sustainable packaging:** Zydus aims to transition to fully recyclable multi-layer plastic packaging by FY28 and targets decreasing packaging material by 1,000 tons over three years, starting FY24. Zydus has also integrated ESG criteria into its supply chain, evaluating 34 critical vendors (~29% of business value) on ESG parameters in FY25.

CSR initiatives

- **Workforce well-being:** Zydus has been certified as a Great Place to Work for the third consecutive year (as of FY25). The company achieved zero reportable safety incidents and zero fatalities during FY 2023-24. OHS is governed by the Sankalp framework, and all facilities are certified to ISO 45001:2018 (Occupational Health and Safety).
- **Community Development and healthcare:** CSR initiatives are focused on inclusive growth through the Zydus Foundation. A key initiative is the support for the Zydus Medical College and Hospital in Dahod, which provides free advanced medical services, treating over 5 lakh outpatients annually (as of FY25).
- **Employee training:** In FY23-24, the company invested 2,183 man-hours in safety-related employee trainings.

Governance

- **Enhanced ESG oversight:** The Board officially transformed the CSR Committee into the CSR and ESG Committee in FY23. This committee's mandate includes providing strategic guidance and oversight on ESG initiatives and practices, and responding to climate change challenges.
- **High transparency and improved ESG score:** Zydus demonstrates commitment to transparency through its ESG performance, reporting a significant increase in its S&P Global ESG score from 58 in FY23 to 79 in FY24. This achievement secured Zydus position in the 99th percentile amongst 390 peers in its peer group, supported by a 96% disclosure rate.
- **Mandatory compliance and auditing:** The company requires all Board members and Senior Management Personnel to affirm compliance with the Code of Conduct annually. Zydus is compliant with applicable environmental regulations and laws, and its manufacturing facilities hold key certifications such as FSSC 22000 and ISO 14001:2015.

SWOT analysis

- ☑ Dominates in key categories such as sugar substitutes, glucose powders, prickly heat powder, and fat spreads.
- ☑ Heinz and recent digital-first acquisitions provide scale and new high-growth adjacencies.
- ☑ Pan-India reach across 2.8m+ outlets with integrated warehousing.
- ☑ Strong R&D enables continuous innovation, category extensions, and new launches.

- ☑ Heavy reliance on summer-related categories leads to skewed quarterly profitability.
- ☑ Rural throughput remains low (~30%) despite wide distribution footprint.
- ☑ Complan continues to struggle with low market share and requires revival.
- ☑ High goodwill and intangibles from past acquisitions depress RoCE and RoE.

- ☑ High growth potential across sugar substitutes, health foods, and broader FMCG penetration.
- ☑ Scope to broaden Complan's consumer base to adolescents and adults.
- ☑ Rising e-commerce and Q-commerce penetration enables faster scale-up.
- ☑ Opportunity to enter guilt-free foods, snacking, and breakfast adjacencies using existing brands.
- ☑ Geographical expansion in international markets.

- ☑ Raw materials and forex fluctuations pose margin risks.
- ☑ Strong price and share pressure from established players, especially in HFD.
- ☑ Weak summers or delayed monsoons can materially impact Glucon-D and Nycil demand.

Management team

Dr. Sharvil P. Patel

Chairman; Non-Executive Director

Dr. Patel has over two decades of experience in the pharma industry. He holds a bachelor's degree and a doctorate in pharmaceutical science from the University of Sunderland, UK. He also serves as Managing Director of Zydus Lifesciences.

Mr. Tarun Arora

CEO & Whole-Time Director

Mr. Arora has 30 years of experience in strategy, innovation, and brand building. He led Danone Waters India and held key roles at Godrej, Sara Lee, Bharti Walmart, and Wipro. He is a Harvard (AMP) and IMT Ghaziabad (PGDBM) alumnus.

Mr. Ganesh Nayak

Non-Executive Director

Mr. Nayak has over four decades of experience in the pharmaceuticals industry. He is a Harvard General Manager Program graduate. He is a Director of Zydus Lifesciences and has been with Zydus Group since 1977.

Mr. Kulin S. Lalbhai

Independent Director

Mr. Lalbhai holds a bachelor’s in Electrical Engineering from Stanford University and an MBA from Harvard Business School. He is the Executive Director of Arvind, Chairman of Arvind SmartSpaces and has previously worked with McKinsey & Co. in Mumbai. He holds a leadership position in several industry bodies.

Mr. Akhil Monappa

Independent Director

Mr. Monappa holds degrees from Harvard and Georgia Tech. He also serves as a Director at YAZZ, Zydus Lifesciences, Alidac UK and Comfort Click. With a background in tech investments and governance, he previously worked with Generation Investment Management, Atlas Venture, and C-Bridge Internet Solutions.

Mr. Srivishnu Raju Nandyala

Independent Director

Mr. Nandyala holds a degree in engineering and is a Harvard alumnus. He is Chairman and CEO of Exciga Group, which oversees investment companies in financial markets and real estate.

Ms. Dharmishtaben N. Raval

Independent Director

Ms. Raval is a distinguished lawyer with a master's in Commercial Laws. Practicing since 1980, she has served as SEBI's Executive Director - Legal and now practices at the Gujarat High Court and NCLT, Ahmedabad. She is empanelled as Panel Advocate with organizations like UTI, SBI, SEBI, GPCB, and IRDA.

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	18,269	27,194	31,078
EBITDA	**3,211**	**3,444**	**3,448**	**3,372**	**3,082**	**3,798**	**5,391**	**7,856**	**9,600**
Change (%)	84.1	7.3	0.1	-2.2	-8.6	23.2	41.9	45.7	22.2
Margin (%)	18.2	18.4	17.2	15.0	13.2	14.0	13.8	14.5	15.6
Depreciation	264	252	236	250	238	284	435	465	495
Amortisation							933	1,600	1,600
Int. and Fin. Charges	1,399	838	255	161	240	120	919	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**	**3,158**	**4,481**	**6,425**
Change (%)	-3.0	47.7	25.2	-1.7	-8.8	28.7	-10.5	41.9	43.4
Margin (%)	9.4	13.1	15.2	13.3	11.8	13.0	8.1	8.3	10.4
Tax	-27	0	0	0	2	119	363	665	2,006
Deferred Tax	-178	-65	-29	-195	-70	0	0	1,047	-400
Tax Rate (%)	-12.4	-2.7	-0.9	-6.5	-2.5	3.4	11.5	38.2	25.0
Reported PAT	**1,417**	**1,187**	**3,089**	**3,104**	**2,669**	**3,470**	**2,453**	**2,769**	**4,818**
Adjustments*	517	1,398	-	107	146	-57	1,275	2,647	1,200
APAT	**1,934**	**2,585**	**3,089**	**3,211**	**2,815**	**3,413**	**3,728**	**5,416**	**6,018**
Change (%)	12.9	33.7	19.5	4.0	-12.3	21.3	9.2	45.3	11.1
Margin (%)	10.9	13.9	15.4	14.2	12.1	12.6	9.5	10.0	9.8

***Adjusted Deferred tax liabilities, exceptional items and amortisation**

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	57,992	60,061	64,100
Net Worth	**34,607**	**45,678**	**48,440**	**51,227**	**53,575**	**56,716**	**58,628**	**60,697**	**64,736**
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	5,800	5,400
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**	**92,876**	**92,063**	**91,712**
Net Fixed Assets	**2,047**	**1,996**	**2,445**	**2,704**	**2,467**	**2,904**	**3,053**	**3,172**	**3,260**
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	31,222	29,538	27,854
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**	**19,634**	**22,575**	**25,208**
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	533	1,162	1,397
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**	**92,876**	**92,063**	**91,712**

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**	**11.7**	**17.0**	**18.9**
Cash EPS	7.6	8.9	10.5	10.9	9.6	11.6	13.1	18.5	20.5
BV/Share	120.0	143.6	152.3	161.0	168.5	178.4	184.4	190.9	203.6
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	14.5	12.9	12.9
Valuation (x)									
P/E	63.1	52.1	43.6	41.9	47.8	39.4	36.1	24.8	22.4
Cash P/E	55.5	47.4	40.5	38.9	44.1	36.4	32.3	22.9	20.7
EV/Sales	7.7	7.4	6.8	6.1	5.9	5.0	4.1	2.9	2.5
EV/EBITDA	42.2	40.2	39.7	40.5	44.2	35.6	30.0	20.2	16.1
P/BV	3.5	2.9	2.8	2.6	2.5	2.4	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	6.5	9.1	9.6
RoCE	6.9	6.7	6.5	6.3	5.5	6.1	5.9	5.0	7.5
RoCE (Ex-goodwill)	31.2	29.8	26.7	24.0	18.7	19.5	14.1	10.4	15.8
RoIC	7.2	6.9	6.7	6.5	5.7	6.3	5.9	5.0	7.6
RoIC (Ex-goodwill)	37.4	35.2	30.7	26.6	20.5	21.2	14.5	10.7	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 coversion 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 (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(loss) before Tax	1,213	1,122	3,060	2,909	2,601	3,588	2,816	4,481	6,425
Int./Div. Received	-54	-68	-93	-32	-110	-31	-55	-35	-60
Depreciation & Amort.	21	39	236	250	238	284	1,369	2,065	2,095
Interest Paid	1,399	838	255	161	240	120	919	1,345	1,140
Direct Taxes Paid	-16	2	-41	-13	-27	29	-363	-1,712	-1,606
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**	**1,399**	**4,573**	**6,985**
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**	**899**	**4,073**	**6,485**
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
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	-919	-1,345	-1,140
Others	-	-	-12	-17	-18	-19	6,215	1,065	-391
CF from Fin. Activity	**-2,597**	**-2,162**	**-2,338**	**-1,385**	**-257**	**-1,863**	**30,905**	**-3,479**	**-6,310**
Incr/Decr of Cash	**-176**	**599**	**-829**	**-1,316**	**430**	**-299**	**-134**	**629**	**235**
Add: Opening Balance	**2,104**	**1,928**	**2,527**	**1,698**	**370**	**966**	**667**	**533**	**1,162**
Closing Balance	**1,928**	**2,527**	**1,698**	**382**	**800**	**667**	**533**	**1,162**	**1,397**

E: MOFSL Estimates

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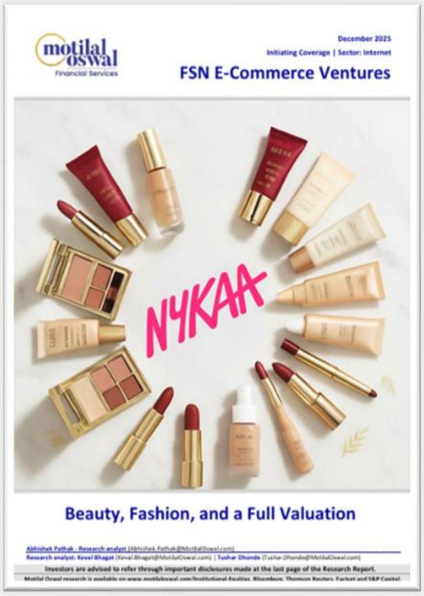
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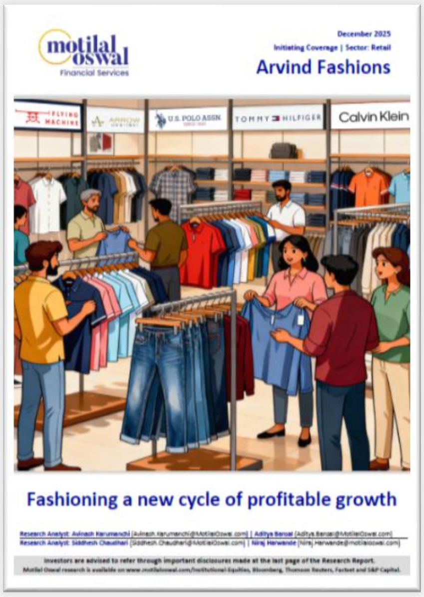
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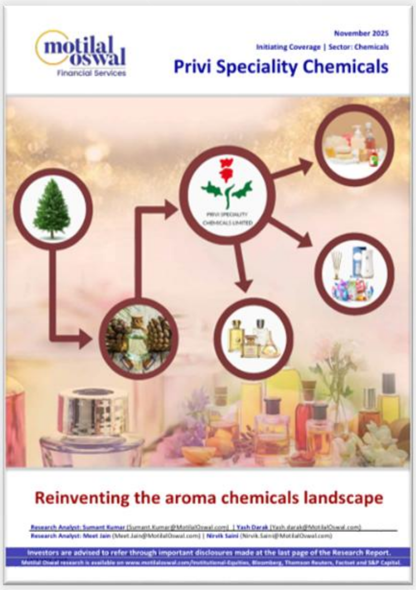
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NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
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