



3R MATRIX

	+	=	-
Right Sector (RS)	✓	✗	✗
Right Quality (RQ)	✓	✗	✗
Right Valuation (RV)	✓	✗	✗
+ Positive = Neutral - Negative			

What has changed in 3R MATRIX

	Old		New
RS	✗	↑	✓
RQ	✓	↔	✓
RV	✓	↔	✓

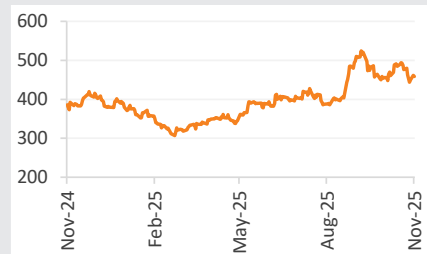
Company details

Market cap:	Rs. 14,591 cr
52-week high/low:	Rs. 531/299
NSE volume: (No of shares)	2.4 lakh
BSE code:	531335
NSE code:	ZYDUSWELL
Free float: (No of shares)	9.7 cr

Shareholding (%)

Promoters	69.6
FII	4.0
DII	18.8
Others	7.6

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	0.6	18.1	26.9	18.8
Relative to Sensex	-1.1	14.0	25.1	13.3

Source: Mirae Asset Sharekhan Research, Bloomberg

Zydus Wellness Ltd

Low profitability mars Q2; outlook better

Consumer Goods	Sharekhan code: ZYDUSWELL		
Reco/View: Buy	↔	CMP: Rs. 459 (as on Nov 11, 2025)	Price Target: Rs. 552 ↔

Summary

- Zydus Wellness Limited's (ZWL's) Q2FY26 was a mixed bag with strong 32% y-o-y revenue growth on consolidation of Comfort Click acquisition while higher overheads on acquisition and ad spends led to adjusted loss of Rs. 25 crore.
- Sugar Free and Glucon-D maintained leadership position in their respective categories with market shares of 96.2% and 58.7%, respectively. Complian improved its ranking from fifth to fourth position, with a 4.1% market share in nutrition drinks.
- Comfort Click acquisition to help widen global wellness footprint and aid entry into high-margin Vitamins, Minerals & Supplements (VMS) adjacencies.
- Stock trades at 46x/32x/29x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with an unchanged PT of Rs. 552.

ZWL delivered strong revenue growth in Q2FY26 despite early and extended monsoons and implementation of GST 2.0 aided by consolidation of newly-acquired UK-based Comfort Click Limited and strong sales of non-seasonal brands, while profitability was hit by increased overheads on the Comfort Click integration and higher ad spends.

Q2FY26 Snapshot

- Consolidated revenue grew by 32% y-o-y to Rs. 651 crore, beating our expectation of Rs. 515 crore.
- Food & nutrition grew 44% y-o-y, while personal care declined 27% y-o-y.
- Gross margin rose 515 bps y-o-y to 52.9% led by better mix and operating efficiencies, while OPM fell by 69 bps y-o-y to 3.3%, missing our expectation of 5.4%.
- Operating profit rose 9.2% y-o-y to Rs. 21 crore.
- Comfort Click acquisition drove up interest cost and while new brands' amortisation lifted depreciation.
- Hence, ZWL reported an adjusted loss of Rs. 25 crore, versus a Rs. 16 crore profit in Q2FY25. Exceptional items comprise one-time acquisition cost of Comfort Click and liquidation costs for Naturell (India) Pvt Ltd, with a reported loss of Rs. 53 crore.
- H1FY26 revenue grew 13.3% y-o-y to Rs. 1,511 crore, while OPM fell 142 bps y-o-y to 11.7% and adjusted PAT declined 28.6% y-o-y to Rs. 117 crore.

Key positives

- Sugar Free continued to lead sugar substitute space with a 96.2% market share, up 97.9 bps y-o-y. Sugar Free Green has maintained a double-digit growth trajectory for 18 consecutive quarters.
- Complan rose to fourth position, with a 4.1% market share in nutrition drinks.
- Max Protein continued its strong upward trajectory, with RiteBite Max Protein Daily Bars leading in healthy snacks.
- ZWL introduced Millet Wafer Protein Bar, made from Jowar with 10g protein with no maida, no palm oil, and zero added sugar.

Key negatives

- Nycil's market share fell to 32.9% versus 33.3% in Q1FY26.

Management Commentary

- Comfort Click acquisition, a first, strengthens international presence across the UK, EU, and the US and marks ZWL's entry into fast growing VMS category.
- Max Protein sustained strong growth post Naturell integration and continues to scale well across retail and D2C channels with Daily Bars portfolio driving traction and the Millet Wafer Protein Bar reinforcing the healthy snacking proposition.
- Everyuth leads with a 48.5% share in scrubs and 76.6% in peel-off masks, ranking fifth in facial cleansing, with a 7.9% share. Nycil continued to top in prickly heat powders with a market share of 32.9%.
- Nutralite delivered double-digit CAGR over 6 years on consistent volume performance across portfolio. Nutralite Activ Peanut Butter was launched.

Revision in earnings estimates – We have adjusted our earnings estimates for FY26E and FY27E to factor in acquisition of RiteBite and Comfort Click. We have introduced FY28 estimates through this note.

Our Call

View – Maintain Buy with an unchanged PT of Rs. 552: ZWL's Q2FY26 numbers were a mixed bag. The management is confident of double-digit revenue growth and improvement in margins in FY26. Recent acquisitions aid the company in expanding its total addressable market and provide scope for better margins going ahead. In the medium term, focus is largely on achieving consistent double-digit revenue growth through distribution expansion, doing consumer-centric innovations, and higher marketing campaigns. Stock trades at 46x/32x/29x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with an unchanged PT of Rs. 552.

Key Risks

Slowdown in key categories or disruptions by weakening of consumer sentiments/ seasonal vagaries.

Valuation (Consolidated)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,328	2,709	3,819	5,130	5,833
OPM (%)	13.2	14.0	14.6	15.8	16.2
Adjusted PAT	277	342	319	454	506
% YoY growth	-13.4	23.4	-6.9	42.6	11.4
Adjusted EPS (Rs.)	8.7	10.8	10.0	14.3	15.9
P/E (x)	52.6	42.6	45.8	32.1	28.8
P/B (x)	2.7	2.6	2.5	2.4	2.3
EV/EBITDA (x)	46.8	38.1	25.7	17.6	14.7
RoNW (%)	5.3	6.2	5.6	7.7	8.1
RoCE (%)	5.4	6.3	7.1	9.7	11.4

Source: Company; Mirae Asset Sharekhan estimates

Results (Consolidated)

Particulars	Q2FY26	Q2FY25	y-o-y (%)	Q1FY26	Rs cr q-o-q (%)
Net Revenue	650.5	492.9	32.0	860.9	-24.4
Material cost	306.3	257.5	19.0	387.8	-21.0
Employee cost	66.4	52.2	27.2	68.2	-2.6
Advertisement & Sales Promotion	93.5	63.4	47.5	132.5	-29.4
Other expenditure	162.9	100.2	62.6	117.1	39.1
Total expenditure	629.1	473.3	32.9	705.6	-10.8
Operating profit	21.4	19.6	9.2	155.3	-86.2
Other Income	3.0	4.0	-25.0	3.3	-9.1
Interest Expense	15.7	0.9	-	2.5	-
Depreciation & Amortisation	25.1	4.9	-	10.8	-
PBT	-16.4	17.8	-	145.3	-
Tax	9.0	1.6	-	2.8	-
Adjusted PAT	-25.4	16.2	-	142.5	-
Exceptional item	-27.4	4.7	-	-14.6	-
Reported PAT	-52.8	20.9	-	127.9	-
Adjusted EPS (Rs.)	-4.0	2.5	-	22.4	-
			bps		bps
GPM (%)	52.9	47.8	515	55.0	-204
OPM (%)	3.3	4.0	-69	18.0	-
NPM (%)	-3.9	3.3	-719	16.6	-
Tax rate (%)	-55.1	9.1	-	1.9	-

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Multiple factors to aid pick up in volumes and margins

Most consumer companies are expected to pass on the benefits of GST rate reduction to the consumers either through increased grammage or price reductions. In the near term, there may be some trade related challenges, however, these steps are structural changes that will boost consumption. Consumer demand is expected to improve from H2FY26 with reduction in tax on consumer goods, further supported by the festive season. Market share gains, distribution expansion, and new product launches should help volume growth to improve in the medium to long run. We expect margins to have bottomed out in Q1 and see margins rise from H2FY26 aided by easing raw material price inflation, new inventory coming in and better operating leverage through higher volumes. Focus on improving product mix, operating efficiencies and cost saving initiatives will help to improve OPM in the medium to long term.

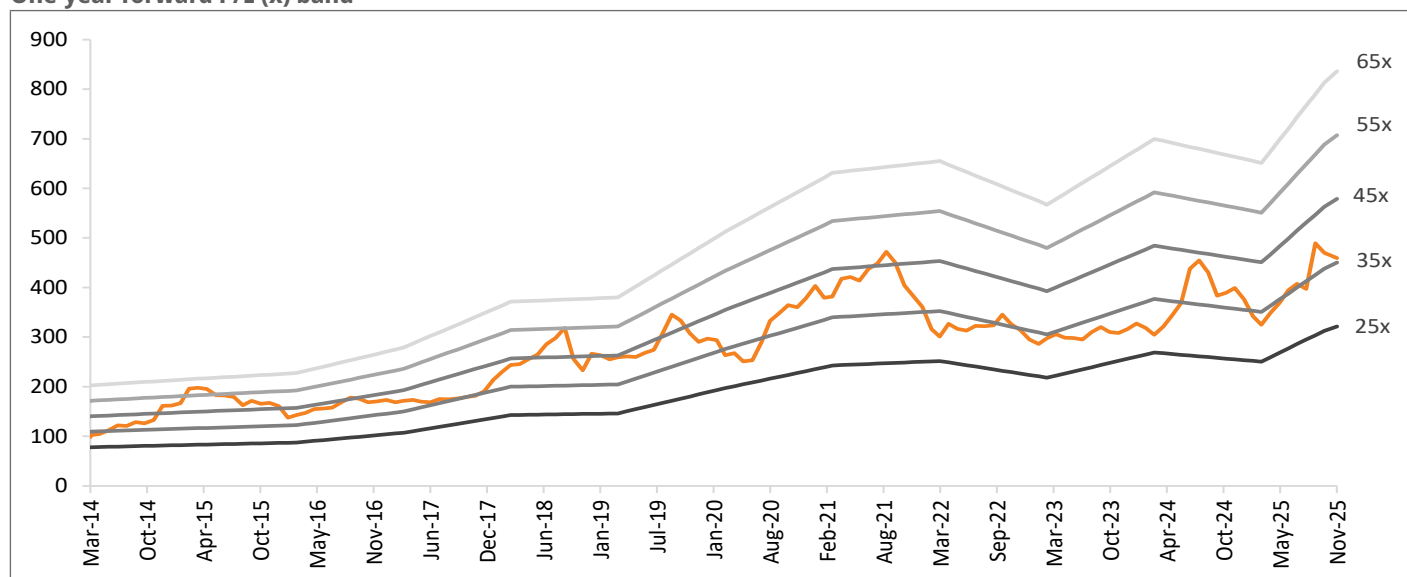
■ Company Outlook – Strong growth ahead driven by multiple levers

ZWL posted soft performance in Q2 due to sharp decline in profitability. However, management remains optimistic about restoring margins in the coming quarters and is focused on driving growth through e-commerce, international expansion, and new product launches. In the medium term, ZWL banks on three pillars – accelerating growth of core brands, building international presence, and significantly growing scale – to drive growth. Scale-up of the international business and some of new launches maturing will improve growth prospects in the long run. Key brands maintain their strong leadership position and gain market share consistently. Margins are expected to improve with the correction in prices of key input materials and better operating efficiencies. We expect revenue and PAT to report a CAGR of 29% and 14%, respectively, during FY25-FY28E.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 552

ZWL's Q2FY26 numbers were a mixed bag. The management is confident of double-digit revenue growth and improvement in margins in FY26. Recent acquisitions aid the company in expanding its total addressable market and provide scope for better margins going ahead. In the medium term, focus is largely on achieving consistent double-digit revenue growth through distribution expansion, doing consumer-centric innovations, and higher marketing campaigns. Stock trades at 46x/32x/29x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with an unchanged PT of Rs. 552.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

Peer Comparison

Particulars	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Dabur India	55.4	49.1	43.6	41.9	37.6	33.6	19.5	20.8	22.1
Zydus Wellness	42.6	45.8	32.1	38.1	25.7	17.6	6.3	7.1	9.7

Source: Company; Mirae Asset Sharekhan Research

About company

ZWL is the listed entity of Zydus Group and one of the leading companies in the fast-growing Indian consumer wellness market. With the launch of India's first zero calorie replacement of sugar, called Sugar Free, in 1988, ZWL began its journey as India's leading consumer wellness company. Since then, the company has grown into a larger business, spanning the entire wellness spectrum with seven power brands – Complian, Sugar Free, I'm lite, Glucon-D, Everyuth, Nycil, and Nutralite. The company is the market leader in most of its product categories.

Investment theme

ZWL has a strong brand portfolio that leads its respective categories. Sugar Free brand has a ~96% market share in the artificial sweetener category, while Glucon-D has a ~59% market share. Over the past three years, the company has consolidated and grown its market share across categories, launched multiple innovations, doubled its direct distribution reach, made significant strides in growing business ahead of the category in both online and offline organised trade, reduced cost, and simplified the organisation, leading to synergy benefits. Recently acquired Comfort Click marks the company's entry into digital-first VMS brands and positions ZWL to leverage global VMS tailwinds.

Key Risks

- ♦ ZWL is largely present in niche categories, which are discretionary in nature. Any slowdown in the macro environment would affect growth of these categories.
- ♦ ZWL is facing stiff competition in skin care products such as face wash and scrubs from multinationals, which has affected revenue growth of these categories.

Additional Data

Key management personnel

Name	Designation
Sharvil Pankaj Patel	Chairman
Tarun Gian Arora	Chief Executive Officer
Umesh Parikh	Chief Financial Officer
Nandish P. Joshi	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	PPFAS Asset Management	6.91
2	Nippon Life India AMC Ltd.	5.76
3	Quant Money Managers Ltd.	4.37
4	Vanguard Group Inc.	1.24
5	Bajaj Finserv Mutual Fund	0.40
6	Bharti AXA Life Insurance Co. Ltd.	0.36
7	Dimensional Fund Advisors LP	0.33
8	Norges Bank	0.28
9	Blackrock Inc	0.14
10	Motilal Oswal AMC Ltd.	0.10

Source: Bloomberg

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Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

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