

# Result Update

Q4 FY26

**Zydus Wellness Ltd.**

Institutional  
Research

## Strong Growth Across Core and Acquired Businesses, Seasonal Weakness Impacts Near Term Profitability

In Q4FY26, Zydus Wellness reported a strong operational performance, with consolidated net sales rising 62.1% YoY to Rs. 1,476.1 crores, driven by robust momentum in the recently acquired Comfort Click business, continued outperformance of RiteBite Max Protein, and healthy growth across skin care and nutrition categories. The international business, including Comfort Click, delivered a like-to-like growth of 31.4%, while domestic revenue grew 1.7%. Within the domestic portfolio, skin and hair care brands grew 39.7% and food and nutrition brands expanded 9.4%, partly offset by weakness in seasonal brands such as Glucon-D and Nycil due to delayed summer and unseasonal rainfall. Gross margins expanded sharply by 1,031 bps YoY to 65.4%, supported by a favorable product mix and increased contribution from the high-margin digital wellness portfolio. EBITDA grew 42.2% YoY to Rs. 270.1 crores; however, EBITDA margin declined 257 bps YoY to 18.3% due to elevated investments in innovation, advertising, and distribution expansion. Reported PAT declined 5.8% YoY to Rs. 162 crores, with PAT margin contracted 790 bps YoY to 11.0%, impacted by higher finance costs, amortization of acquired brands, and exceptional expenses related to recent acquisitions. Operationally, Sugar Free Green delivered its 20th consecutive quarter of double-digit growth, RiteBite Max Protein continued to scale profitably, and Comfort Click turned EPS accretive during the quarter, underscoring the strategic success of the company's recent acquisitions. Company declared a final dividend of Rs. 1.20 per share for FY26.

## Valuation and Outlook

Based on the Q4FY26 performance, Zydus Wellness appears well positioned to deliver sustained double-digit earnings growth over the medium term, supported by a significantly stronger and more diversified portfolio than in prior years. The company has successfully reduced its dependence on weather-sensitive seasonal brands through acquisitions such as RiteBite Max Protein and Comfort Click, which are scaling rapidly and operate in structurally attractive categories including protein snacking, vitamins, minerals and supplements, and digital wellness. Comfort Click continues to grow above 30% on a like-to-like basis across Europe, is performing in line with or slightly ahead of expectations, and has already become EPS accretive, while RiteBite is growing at more than double its historical trajectory with profitability improving toward double-digit EBITDA margins. Core brands including Sugar Free, Everyuth, Nutralite, and Complian are also benefiting from innovation, premiumization, and increasing penetration across quick commerce and e-commerce channels, which now account for a meaningful share of domestic sales. Although near-term profitability may remain affected by seasonal volatility, elevated brand investments, and acquisition-related amortization, management remains confident of achieving 17-18% EBITDA margins over the next two years through operating leverage, better mix, and scale benefits. With strong category leadership, improving digital capabilities, a healthy innovation pipeline, and exposure to high-growth wellness segments globally, Zydus Wellness is building a more resilient and profitable growth platform that should support steady expansion in earnings and shareholder value over the medium to long term.

## Key Highlights

Particulars (Rs. Crs.)	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)
<b>Net Sales</b>	<b>1,476</b>	<b>911</b>	<b>62.1%</b>	<b>963</b>	<b>53.2%</b>
Gross profit	965	501	92.5%	612	57.7%
<b>Gross margin (%)</b>	<b>65.4%</b>	<b>55.1%</b>	<b>1031 bps</b>	<b>63.5%</b>	<b>186 bps</b>
EBITDA	270	190	42.2%	61	342.8%
<b>OPM (%)</b>	<b>18.3%</b>	<b>20.9%</b>	<b>-257 bps</b>	<b>6.3%</b>	<b>1197 bps</b>
PAT	162	172	-5.8%	-33	-586.5%
<b>PAT Margin</b>	<b>11.0%</b>	<b>18.9%</b>	<b>-790 bps</b>	<b>-3.5%</b>	<b>1443 bps</b>

Source: Company, BP Equities Research

## Sector Outlook

Positive

## Stock

CMP (Rs.)	496
BSE code	531335
NSE Symbol	ZYDUSWELL
Bloomberg	ZYWL IN
Reuters	ZYDS.BO

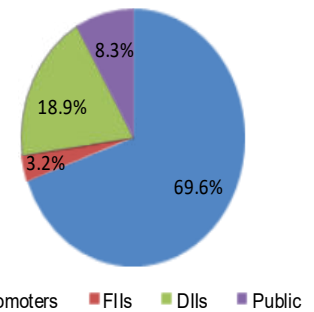
## Key Data

Nifty	23,650
52 Week H/L (Rs.)	552/359
O/s Shares (Crs.)	32
Market Cap (Rs. Crs.)	15,773
Face Value (Rs.)	2

## Average Volume

3 months	30,30,878
6 months	16,47,008
1 year	9,04,588

## Share Holding Pattern (%)



## Relative Price Chart



## Research Analyst

**Vyom Chheda**

vyom.chheda@bpwealth.com  
022-61596158

## Key Concall Highlights

### Expansion & Outlook

Management is entering FY27 with a clear focus on innovation, portfolio scale-up and margin expansion.

AI-led consumer targeting and data-driven media allocation are being used to improve marketing efficiency.

Comfort Click, RiteBite Max Protein and newer launches such as Glucon-D Recharge are expected to be major future growth drivers.

Management remains confident of delivering sustainable profitable growth and achieving medium-term margin expansion targets.

*“Management remains focused on innovation-led growth and achieving sustainable margin expansion in FY27.”*

### Financial Performance & Margins

Operating leverage is expected to play out across the business excluding Comfort Click.

Management reiterated its target of achieving 17–18% EBITDA margins over the next couple of years.

*“Management reiterated its medium-term EBITDA margin target of 17–18%.”*

### Demand Environment

Rural demand recovery continued to outpace urban markets, supporting stable consumption trends across categories.

Quick commerce and e-commerce remained strong growth drivers, with organized trade contribution increasing to 30% of domestic sales in FY26 from 24% in FY25.

Quick commerce now contributes 7-8% of total company sales and nearly 44–45% of e-commerce sales.

*“Quick commerce now contributes 7–8% of total sales, reflecting strong channel momentum.”*

Geopolitical disruptions have had limited impact, with proactive supply chain mitigation measures in place.

### New Launches and Brand Updates

Under RiteBite Max Protein, the company launched Ultimate Protein Boost (Ready-to-Drink), Roots Ghee Jaggery Protein Bar and Korean-flavoured chips.

Sugar Free D'lite expanded with the launch of Choco Stick, strengthening the brand's presence in better-for-you dessert categories.

Glucon-D entered the performance hydration segment with the launch of Glucon-D Recharge in liquid and sachet formats.

*“The company launched multiple new products across RiteBite, Sugar Free, Glucon-D, Everyuth and Comfort Click.”*

Everyuth launched Tan Removal Face Wash, enhancing its functional skincare portfolio.

Comfort Click introduced seven new products across WeightWorld and Animigo.

WeightWorld and MaxMedix expanded to Amazon UAE and Boots.com in the UK.

CutiColor, a premium Korean-origin dermatologically supported hair color brand, is witnessing strong consumer traction and repeat purchases.

### Comfort Click

Growth remains broad-based across core European markets including Germany, Italy, Spain, France and the UK.

The business continues expanding into Portugal, Finland and other European markets.

US and UAE remain early-stage strategic bets with medium- to long-term growth potential.

Management indicated that the business is performing in line with or slightly ahead of expectations.

*“Comfort Click is performing slightly ahead of expectations and became EPS accretive in Q4FY26.”*

Comfort Click became EPS accretive in Q4FY26. The business maintains healthy margins and is expected to remain a key growth driver.

### RiteBite - Max Protein

RiteBite continues to outperform expectations and is growing at more than double its pre-acquisition CAGR.

The brand maintains leadership in protein snacking while delivering strong value, volume and margin growth.

Profitability has improved to near double-digit EBITDA margins.

Expansion into adjacencies such as RTD beverages and healthy chips is broadening the addressable market.

Quick commerce and online channels are contributing significantly to growth.

*“RiteBite continues to outperform and has improved profitability to near double-digit EBITDA margins.”*

### Seasonal Portfolio

Management expects recovery from May onwards if summer intensity remains favorable.

Seasonal brands continue to be highly profitable and remain strategically important to the portfolio.

Over the medium term, management expects the seasonal portfolio to deliver double-digit growth.

*“Management expects seasonal brands to recover and deliver double-digit growth over the medium term.”*

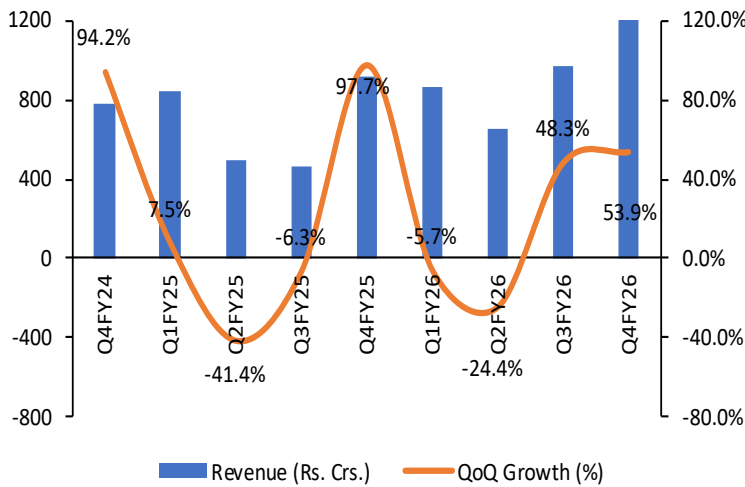
### Taxation

Effective tax rate is expected to normalize at around 25% from FY28 onward.

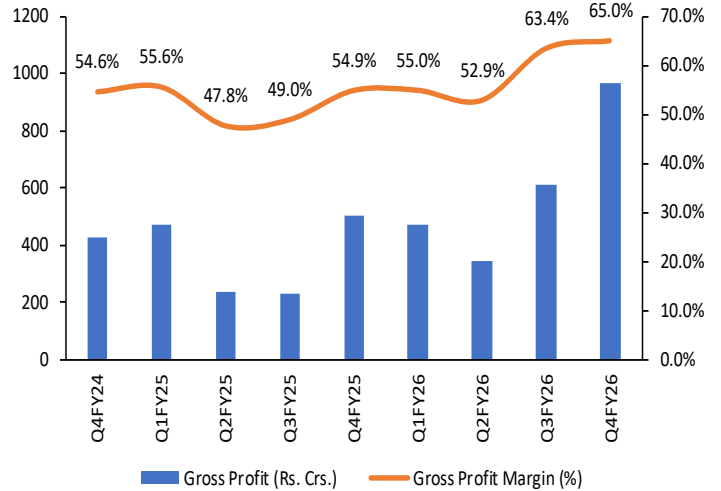
FY27 will include a combination of cash tax and deferred tax adjustments.

Quarterly Snapshot

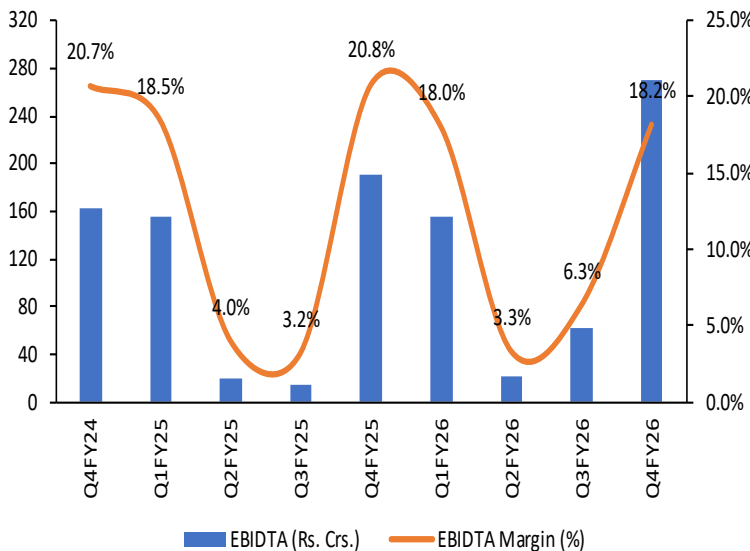
Robust revenue growth



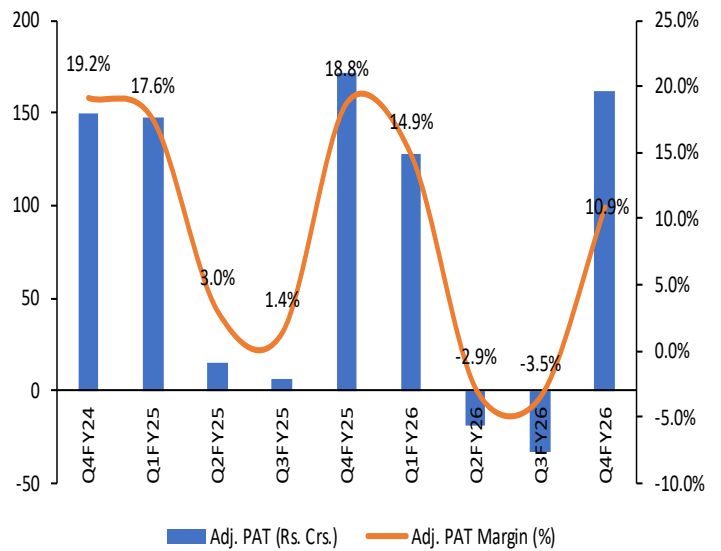
Gross margin improved significantly due to product mix



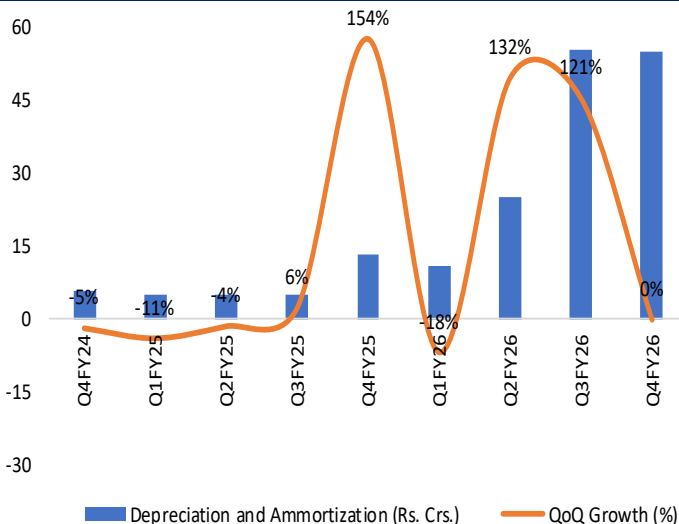
EBITDA margins contracted due to elevated spending in innovation



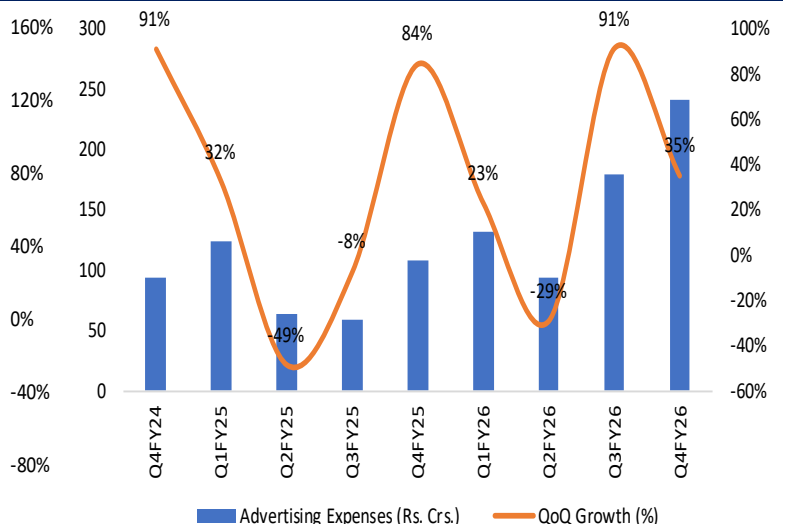
PAT margins dipped, impacted by elevated depreciation



Depreciation at higher levels because of brand acquisitions



Increased advertising expenses for market penetration



Source: Company, BP Equities

## Key Financials

YE March (Rs. Crs.)	FY24	FY25	FY26	FY27E	FY28E	FY29E
<b>Revenue</b>	<b>2,328</b>	<b>2,709</b>	<b>3,961</b>	<b>5,312</b>	<b>6,058</b>	<b>6,852</b>
<i>Revenue Growth (Y-o-Y)</i>	3.2%	16.4%	46.2%	34.1%	14.0%	13.1%
<b>EBITDA</b>	<b>308</b>	<b>379</b>	<b>516</b>	<b>788</b>	<b>944</b>	<b>1,088</b>
<i>EBIT Growth (Y-o-Y)</i>	(8.6%)	23.0%	36.2%	52.7%	19.8%	15.2%
<b>Net Profit</b>	<b>267</b>	<b>347</b>	<b>197</b>	<b>380</b>	<b>491</b>	<b>617</b>
<i>Net Profit Growth (Y-o-Y)</i>	(14.0%)	30.0%	(43.2%)	92.8%	29.1%	25.6%
<b>Diluted EPS</b>	<b>8.4</b>	<b>10.9</b>	<b>6.2</b>	<b>12.0</b>	<b>15.4</b>	<b>19.4</b>
<i>Diluted EPS Growth (Y-o-Y)</i>	(14.0%)	30.0%	(43.2%)	92.8%	29.1%	25.6%

## Profitability Ratios

<b>EBITDA (%)</b>	<b>13.2%</b>	<b>14.0%</b>	<b>13.0%</b>	<b>14.8%</b>	<b>15.6%</b>	<b>15.9%</b>
NPM (%)	11.5%	12.8%	5.0%	7.2%	8.1%	9.0%
<b>ROE (%)</b>	<b>4.7%</b>	<b>6.1%</b>	<b>3.4%</b>	<b>6.3%</b>	<b>7.8%</b>	<b>9.1%</b>
ROCE (%)	5.9%	6.2%	4.1%	6.8%	8.7%	10.4%

## Valuation Ratios

<b>P/E (x)</b>	<b>59.1x</b>	<b>45.5x</b>	<b>80.0x</b>	<b>41.5x</b>	<b>32.1x</b>	<b>25.6x</b>
EV/EBITDA	50.9x	41.5x	36.2x	22.9x	18.6x	15.8x
<b>P/BV (x)</b>	<b>2.8x</b>	<b>2.8x</b>	<b>2.7x</b>	<b>2.6x</b>	<b>2.5x</b>	<b>2.3x</b>
Market Cap. / Sales (x)	6.8x	5.8x	4.0x	3.0x	2.6x	2.3x

Source: Company, BP Equities, Bloomberg Estimates

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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**Corporate Office:**

4th floor,  
Rustom Bldg,  
29, Veer Nariman Road, Fort,  
Mumbai-400001  
Phone- +91 22 6159 6138  
Fax-+91 22 6159 6160  
Website- [www.bpwealth.com](http://www.bpwealth.com)

**Registered Office:**

24/26, 1st Floor, Cama Building,  
Dalal street, Fort,  
Mumbai-400001  
BP Wealth Management Pvt. Ltd.  
CIN No: U67190MH2005PTC154591  
BP Equities Pvt. Ltd.  
CIN No: U67120MH1997PTC107392