

Zydus Wellness Ltd

Zydus Wellness manufactures an innovative range of health and wellness products across three manufacturing facilities one in Gujarat and two in Sikkim that are distributed and marketed pan-India. The company's brands are Complian, Nutralite, Glucon-D, Actilife and few others.

Its revenue CAGR over 5 years stand at a healthy 15.9%. Over the years the growth momentum has been speeding up with 3 years CAGR coming up to 28.6%. During 1QFY19 the company's sales quadrupled to ₹620cr. This was volume led and the major volume sales happened in the newly acquired Heinz portfolio. This new acquisition is expected to be further revenue accretive.

The Heinz portfolio acquisition has brought the balance sheet under a little stress with debt-equity going up to 0.4x. Nonetheless, the working capital was undisturbed and is at a safe zone. The company delivers an ROE of 8.4% and its stocks trade at a P/E of 45.6. Zydus also pays dividend of average 20%. Hence, BUY.

BUY

CMP ₹1,769

Stock Info

Sector	FMCG
Market Cap (₹ cr)	10,201
Beta	0.5
52 Week High / Low	1860/1088
Avg. Daily Volume	1,017
Face Value (₹)	10
BSE Sensex	36,564
Nifty	10,849
Reuters Code	ZYDS.BO
Bloomberg Code	ZYWL IN

Shareholding Pattern (%)

Promoters	67.6
MF / Banks / Indian FIs	19.2
FII / NRIs / OCBs	4.3
Indian Public / Others	9.0

Abs. (%)	3m	1yr	3yr
Sensex	(6.4)	(1.9)	27.7
ZYDUSWELL	33.5	12.0	96.4

Jaikishan Parmar

022 – 3935 7600 Ext: 6810

jaikishan.parmar@angelbroking.com

Research Team Tel: 022 - 39357600

 E-mail: research@angelbroking.com

 Website: www.angelbroking.com

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Disclosure of Interest Statement

Zydus Wellness Ltd

1. Financial interest of research analyst or Angel or his Associate or his relative	No
2. Ownership of 1% or more of the stock by research analyst or Angel or associates or relatives	No
3. Served as an officer, director or employee of the company covered under Research	No
4. Broking relationship with company covered under Research	No

Ratings (Based on expected returns over 12 months investment period):

Buy (> 15%)

Accumulate (5% to 15%)
Reduce (-5% to -15%)

Neutral (-5 to 5%)
Sell (< -15)