

August 2, 2021

Listing Department

**BSE LIMITED**

P J Towers, Dalal Street, Fort,  
Mumbai-400 001

**Code: 531335**

Listing Department

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

Exchange Plaza, Bandra Kurla Complex,  
Bandra (E),  
Mumbai-400 051

**Code: ZYDUSWELL**

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sub: Transcript of the Investors' Call held on July 30, 2021.

Dear Sir / Madam,

With reference to our letter dated July 22, 2021 intimating you about the conference call with Analysts/Investors held on July 30, 2021, post announcement of unaudited financial results for the quarter ended on June 30, 2021, please find attached the transcript of the aforesaid conference call.

This is for your information and records.

Thanking you,

Yours faithfully,

For, **ZYDUS WELLNESS LIMITED**

**DHANRAJ P. DAGAR**

**COMPANY SECRETARY**

Encl.: As above



# “Zydus Wellness Limited Post Results Conference Call”

**July 30, 2021**

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**MANAGEMENT: DR. SHARVIL PATEL – CHAIRMAN, ZYDUS WELLNESS LIMITED**  
**MR. TARUN ARORA– CHIEF EXECUTIVE OFFICER, ZYDUS WELLNESS LIMITED**  
**MR. GANESH NAYAK – DIRECTOR, ZYDUS WELLNESS LIMITED**  
**MR. UMESH PARIKH – CHIEF FINANCIAL OFFICER, ZYDUS WELLNESS LIMITED**  
**MR. VISHAL GOR – SENIOR VICE PRESIDENT (CORPORATE FINANCE), CADILA HEALTHCARE LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Zydus Wellness Limited Post results Q & A session with analysts and investors. If a participant is connected on both the webcast and the audio bridge, you are requested to mute the audio from the webcast to avoid echo. To ask a question, participants are requested to click on the link for instructions to dial into the audio call. I now hand the conference over to Mr. Tarun Arora- CEO, Zydus Wellness Limited. Thank you and over to you sir.

**Tarun Arora:** Good afternoon and welcome to the post results teleconference of Zydus Wellness Limited. for Quarter 1 Financial Year 2021-22. We have with us Dr. Sharvil Patel – Chairman, Mr. Ganesh Nayak – Director, Mr. Nitin Parekh – Group CFO, Mr. Umesh Parekh – Zydus Wellness, CFO, Mr. Vishal Gor – Senior Vice President (Corporate Finance) at Cadila Healthcare Limited.

Onset of the first quarter of the financial year 2021-22, we witnessed a strong momentum getting built up with good traction for our summer season brands. Glucon-D and Nycil during the first half of the month of April' 21, but unfortunately for the second consecutive year, our business has, specifically our summer brands got impacted due to COVID-19 second wave followed by cyclone Yaas and Tauktae and onset of early monsoon. Even though we were ready to deal with the crisis at operations and logistics level, the country saw lockdowns and restrictions across global in most geographies leading to weak consumer sentiments and demand disruptions.

Third was with receding impact of second wave and gradual opening up of markets we see good traction on our brands followed by a demand revival across channels. Despite COVID induced setbacks, we posted a total income from operations snooded up 11.2% on year-on-year basis. Continuing commodity inflation in particular of refined palm oil has put pressure on our gross margins which were down by 87 basis points as percentage of net sales, compared to previous year's comparable quarter. Going forward we see some softening of refined palm oil prices in the second quarter.

Let me take you through the highlights of the consolidated financial performance of quarter 1 financial year 2021-22:

During the first quarter of financial year 2021-22, our total income from operations grew by 11.2% to Rs. 5976 million that includes onetime GST budgetary support of Rs. 52.2 million. EBITDA was up by 14.8% year-on-year to Rs. 1404 million. PBT before exceptional items was up by 57.3% year on year to Rs. 1308 million. Net profit was up by 46.6% year on year at Rs. 1308 million. With that, let me share some of the highlights of operations for the quarter gone by. We continued our stressed-on marketing initiatives to grow the categories and increase market share of our brands during the quarter.

To narrate a few:

On the Glucon-D front, the quarter gone by started on a strong note for the brand, however due to lockdowns starting from mid-April and adverse weather conditions in key states the brand

sales got impacted, again during its peak summer time. Glucon-D immune hold continued to deliver steady business.

On the Complian front, on the back of new communication of the brand promoting to its faster growth, proposition which was aired on TV across all India, the brand delivered a good double digit growth sale during the quarter. We also continued to invest behind the brands to customize consumers offers on selected scales in tough markets.

On sweeteners fronts, the brand continued its good momentum for the quarter and delivered a decent growth over our huge base of last year comparable quarter. We continued with our investments on mainline media as well as on digital. Need to drive the brand on option with sugar free, a massive influencer program #Iamsugarfree was activated on Instagram and more than 100 influencers advocating the brand.

On this Nycil front, the brand witnessed a de-growth during the quarter gone by as we missed the season sales induced by second wave lockdowns and curbs. We hope to see some recovery in the second quarter, Nycil bought soothing body mist was last in April' 21 and was supported by TV and digital media campaigns, all the launch got impacted due to second wave of COVID-19.

On the Everyuth front, the brand continued to grow in strong double digits though on a lower base of previous year's comparable quarter with ATL campaigns and flagship club portfolio in digital inputs on the entire range. On the Nutralite front, the brand delivered strong growth both in institutional and retail business during the quarter despite lockdown in key markets. Nutralite Mayo business also continued its strong performance. Nutralite Choco spread which is currently available in modern trade and e-commerce channels faced slowdown because of closure of further modern trade outlets due to lockdown.

As per the MAT June'21 report of Nielsen, Glucon-D has maintained its number 1 position with a market share of 58.2% in the glucose powder category. Complian has a market share of 5.5% in the MFD category, Nycil has maintained its number 1 position, with a market share of 35.2% in the prickly heat powder category, which is an increase of 161 basis points over the same period last year. Everyuth scrub has maintained its number 1 position with a market share of 36.9% in the facial scrub category, which is an increase of 289 basis points over the same period last year. Everyuth peel off has maintained its number 1 position with a market share of 77.6% in the peel off category. Everyuth brand has achieved a market share of 6.3% at the overall facial cleansing segment level.

We have started on the next phase of transformation journey post recognition, which could also be referred as transformation 2.0. We intend to become leaner and more efficient to business projects including dis-intermediation and digitization of our processes across the value chain. We have initiated number of projects from sales, supply chain to people function that would help us become more agile riding on the digital wave working. As we progress towards the next quarter with Covid related curves and restrictions being lifted, we see positive consumer

sentiments and return of normalcy for our business. We remain optimistic about the growth of our business and brands going forward. Thank you and we will now start the Q & A session. Over to the coordinator for the Q & A.

**Moderator:** Thank you, Ladies and gentlemen we will now begin the question-and-answer session. We have the first question from the line of Alok Shah. Please go ahead.

**Alok Shah:** Yes, hi thank you for giving me an opportunity. Tarun, can you share some granular information with respect to this transformation 2.0 journey and any operational and financial targets that you would have set out for say, FY23, FY24, something on both lineages can please disclose, thank you.

**Tarun Arora:** Yes, we have operational and financial targets as well. We are expecting this to give us more than Rs. 10 crore of saving in the next financial year because this year is working part and this happens over the next couple of quarters and expense of that amount could come through in terms of cost savings or in cash release, it can happen on two or three accounts; one like I talked about this disintermediation which itself is a, which will lead to direct servicing of modern-trade team which was our intended project and we intend to take e-commerce with directly. Modern-trade we want to take it to our 80% levels at all the large **accounts are** serviced directly and therefore there will be an improved realization by servicing from there. We also see business in enhancement in terms of getting better co-ordination with these accounts. The other benefit that I see is, cash release like I mentioned, we have a project, which is the implementation of IBP concept, the indicative business planning which is a supply training planning and demand forecasting tool which we are working into, which we are implementing that will restive the entire supply planning ease and more into continuous replenishment which should reduce our stock levels as we envisage and therefore have a cash release. There are other projects also, which include projects related to credit management and in future some automation of manufacturing processes. Some the processes we have already implemented which are related to sales or IT.

**Alok Shah:** Got it, so, this would also mean some kind of a portfolio better breadth into modern trade e-Commerce, so anything that you are sensing from the topline perspective also?

**Tarun Arora:** So, like I mentioned in the first part, which I talked about disintermediation, narratively small or large scale but still a valuable one where it will lead to higher realization on the portfolio which gets out directly because the margins go away which are only a buffer in the system. And also, when we work closely with them, we could also improve our service levels and higher availability, some of those numbers we are putting together but we are not putting as a target.

**Alok Shah:** My second question was, on the internal guidance with respect to some of the launches' extension, so would you be sharing something because as we see the brands always have a lot of potential in terms of extensions, like how this quarter you did Nycil, body mist, so are you gunning for one new launch in a brand per quarter or something of that sort is on the anvil?

- Tarun Arora:** You could say that practically that is really what is working, last financial year has seen a large number of launches, from our perspective it is very important to see some of these launches taken to the next level. So, we have new launches in the pipeline and some of them you will see in the coming quarter as well, but my biggest priority will be to also ensure that the launches which are on the, already in the market place they are taken to the next level. We see good success of, when we persist through a launch and we keep building it even if initially there are challenges, a good example is Sugarlite which is in the third year of launch and every year it has doubled. There is importance in persisting with what we have, so I would say a substantial portion of our effort will go in ensuring our existing launches go up but we do have couple of big launches in next two quarters as we move forward.
- Alok Shah:** Got it and I just have a very small third question, if I may squeeze in, I was just doing some calculation as to what would be the potential loss sales because Glucon-D and Nycil could not be sold throughout the quarter. Would that be anywhere, I am not asking for a nearby estimate but if you can just say that, according to my estimate it is more like Rs. 120 crore, would it be far less than that, more than that, any ball park that if you can share?
- Tarun Arora:** It is hard for me to comment but it is not less than that.
- Moderator:** Thank you. We have the next question from the line of Tejas Shah from Spark Capital. Please go ahead.
- Tejas Shah:** Just first wanted to start with your general observation on demand uptake or demand scenario, post the second wave?
- Tarun Arora:** So, at an overall level we have seen especially the non-seasonal brands are showing good resilience in demand. So, Sugarfree continues on its momentum and at a 2-year CAGR level, both Sugarfree and Complian are showing consistent growth at a decent level. So, therefore that gives us a belief that the demand for essential products is safe and building up. We have also seen in the wave 2, the quarter gone by, much faster recovery on numbers on Everyuth and Nutralite because it took much longer recovery last year, so the resilience and recovery of demand have been far better on these brands and I mean on just one year basis, I believe we have seen some phenomenal growth but the base was much slower, so for us the concern has largely been related to the seasonal impact if I were to say, otherwise we are really positive at the overall the way the demand is building up. And it is broad based, e-commerce is building up, modern trade is also coming back in reasonable terms. Horeca has seen faster recovery this year versus last year.
- Tejas Shah:** And Tarun, you spoke about Complian market share, last year 1-Q we started sharing market share from 2-Q, so just wanted to understand the trajectory there of market share, a) and b) are we gaining market share disproportionately or higher in a particular channel versus competition or in a particular geography versus competition, if you can comment on that part as well?

**Tarun Arora:** I will just try and give you a broad outline of how market share for Complian is about. So, we have had this plan for about 2.5 years, the first 6-8 months we had seen a substantial drop, after that our market share has stabilized at closer to 5.5 and despite our expectations, the numbers are similar level, my personal view is that the market shares are, I mean our internal growths reflect a slightly better number but third-party numbers hold us at a similar level at 5.5, sooner or later it will catchup because our distribution levels are also at 4-year high. So, we have touched 5.72 lakh as reported by Nielsen, when we got the business, it was close to 4.2-4.3 lakh, so distribution has gone up, we are seeing resilience, our internal growth numbers exceed what Nielsen reports, therefore we are, if you ask me, quite optimistic on the way Complian is building up and it is responding to our initiatives but from this pure market share point of view. It is stable at 5.5 at an annualized MAT level.

**Sharvil Patel:** Tarun he was asking about channels also in terms of distribution of shares.

**Tarun Arora:** Yes, sure I can add. So, we have seen Nielsen does not capture it, even e-commerce has been very responsive to Complian and as for the platform, we have seen a substantial pickup of our shares on Complian, we have also seen that couple of states, especially UP, Bihar have responded to and seen increase of market share for Complian, we were under pressure in Tamil Nadu but for the last 6-8 months we have seen that recovery is there. So, that whole thing needs to catchup into overall share improvement but we are seeing huge opportunities which are responding well, all the merging channels responding well without moving momentum around the base channels of modern trade.

**Sharvil Patel:** No, I said is modern trade obviously we had a higher share on Complian versus our overall share and I think we are seeing good trajectory on ecommerce road.

**Tejas Shah:** yes, and just staying with Complian and Dr. Sharvil's one of the earlier commentaries you made in one of the earlier calls, these are planning to actually leverage on advocacy platform through our Pharma connects and Pharma relationships, so any update on that to expedite Complian's journey there?

**Sharvil Patel:** So the product did get launched Complian Nutrigro, which is currently launched through our large media division. So, it is tracking well obviously for this last 3-4 months new products successes have been difficult because of non-availability of meeting doctors and all, but if you look from June onwards there is a good significant uptrend and on the prescriptions also, so I think in a way, I would say we are delayed by almost 9 months because of the all lockdowns it has been very difficult to get new products prescription but you can at least from the last 2 months and trending forward, I think we are on a good track to now really start doing what we needed to do which was last year but now we will get to see it in this year, the ramp up.

**Tejas Shah:** Great and last one if I may squeeze in, our gross margin tracked well despite all the margin pressure that we are seeing in the system level or macro level also, so any interventions you made in terms of pricing, price hikes or this was product mix beneficiary also margins this time?

**Tarun Arora:** no, we have taken about a little higher than 2% price increase on our portfolio effectively for the last quarters that will reflect, we are also running several cost reduction programs across our products, so some of which may not have fully come in but because we do acknowledge that this commodity cycle may have a longer inflationary trend, so these projects are extremely crucial for us to build out, so some intervention from the price perspective and some projects which we are working on to reduce costs on a prolonged basis.

**Sharvil Patel:** And I think if I can generally talk about the overall gross margin side, I think that we will, we have two products, one is Complian and the other is Nutralite where we have some challenges. Complian is manageable and I think we can continue to do better on that but on Nutralite once we have a portfolio which is more balanced and not completely oil based but have more products which are like in the Ghee, butter and also some new segments that we are trying to build, I think that overall portfolio will have a lesser impact on the oil pricing that is there today, so it is not something that will happen in the short term but in terms of 3-4 years we can see that the whole Nutralite portfolio becoming fare more attractive in terms of its net margins profile, which currently is struggling as it has high dependence on oil.

**Moderator:** Thank you. We have the next question from the line of Kaustubh Pawaskar from ShareKhan. Please go ahead.

**Kaushik Pawaskar:** Sir my question is again on the raw material inflation, so for this quarter how much was the raw material inflation for us, so we have taken 2% price increase and we are also focusing on cost saving initiatives or efficiencies to mitigate the impact but in terms of inflation, how much was the inflation?

**Umesh Parekh:** Except for RPO, we have been able to neutralize the inflation for all other products, RPO we have seen a bit of a good amount of inflation and here we taken some price increase but it is not fully adequate to absorb the full price increase of the raw material prices.

**Sharvil Patel:** Yes, RPO over the period of last 3-4 years has gone up more than 90%, so that is an unsustainable level but once we have the product mix better and the cooling off on that, we should see some improvement but as Umesh said rest of the things we have been able to balance.

**Umesh Parekh:** On Complian also, we have like we have accumulated SMP when the milk prices were low, so we have been able to manage the price increase of milk as well. RPO is the only commodity where there is a substantial price increase of around 90% in the commodity.

**Kaushik Pawaskar:** And my second question is on our international business, in the press release you have mentioned that international business is performing well for you and it has grown in strong double digits, so what is the current contribution and if you could throw some more highlight on the international front?

**Tarun Arora:** So, our international business on an annualized level is close to about 3-3.1% and it is growing, if I were to look at trailing 4 quarters, it is doubling itself every year. The major market top 7-8



markets contribute to more than 80% of our business, which includes markets like Nigeria, Nepal, GCC, Bangladesh and the two key products that we sell in these markets is Complian and Sugar free, including Sugar free extensions. Of course, we are building the other parts of the portfolio but these two take the most of the share and are hugely based in most markets that we operate, with few exceptions. And we are quite positive about building it forward.

**Kaushik Pawaskar:** And sir one clarification, sir you mentioned about some one-offs in the revenues, could you just explain that?

**Umesh Parekh:** Yes sure. So, one off in the revenue is onetime GST budgetary support of around Rs.5.2 crore which was received in the Q1 and that is reflected in the other operating income.

**Moderator:** Thank you. We have the next question from the line of Pritesh Chheda from Lucky investments. Please go ahead.

**Pritesh Chheda:** Sir what would be our two-year CAGR on Complian and Sugar Free, I missed this, if you would have mentioned that initially?

**Tarun Arora:** So, both are in good growth levels for my two-year CAGR, closer to double digits.

**Pritesh Chheda:** Okay. My second question is on Complian, we were on the distribution expansion side, especially on the General trade, so what is the progress there because that is also one of the legs for growth and the progress on variant launches because competition seems to have much more variants versus what we have?

**Tarun Arora:** Sorry I did not understand the first part, general trade, what?

**Pritesh Chheda:** Distribution expansion in General Trade for Complian?

**Tarun Arora:** So, at an overall direct distribution level, we have crossed 0.5 million outlets which was our plan, we have actually exceeded that by 10%, which in last, we have started in July when we had post integration reached about 3.3 lakh outlets, we have now crossed about 5.5 lakh outlets, so that is from our direct distribution. If we really look at Complian in specific, which will not just be a benchmark from our internal direct distribution but availability as measured by Nielsen. There when we got the business 2.5 years back, it was little over 4 lakh, about 4.2-4.3 lakh outlets, we have already exceeded that number of last 4 years which is 5.7 lakh outlets. And hence we are better equipped to take on competition from General Trade perspective of our competitors as well.

**Pritesh Chheda:** This 5.7 is total distribution for us because I think our total distribution is 2 million, right? Or this is 5.7 for Complian?

- Tarun Arora:** Complan, I thought you were asking only on Complan. So overall direct is 0.5 million, total will be 2 million availability and specifically getting onto Complan 5.72 was reported by Nielsen availability.
- Pritesh Chheda:** And where are we on the variants launches?
- Tarun Arora:** So, we had launched last year variants of Complan, we launched Complan Nutri Grow which is focused on toddler segment which is based on a superior nutrition and a better protein formula and which we are promoting through the expert healthcare professional.
- Pritesh Chheda:** And on the sachets?
- Tarun Arora:** So, sachets we launched last year, we launched two sachets one is 18 grams at Rs. 5/-, focused in Southern East part of the country and 75 grams at Rs. 30/- focused in Northern West part of the country as the markets are structured for the sachets and we are seeing good traction of sachets, they are meeting all the milestones that we have set for them. So, we are quite satisfied with the expansion of sachet business.
- Pritesh Chheda:** So, can we see some market share expansion in Complan in the current year?
- Tarun Arora:** Yes, that is what we are hoping to see, it is also a disrupted year, it is not just our problem, but Nielsen also has been picking up data and I will go with what they report rather than my point of view but, I hope so where we see some expansion of market share for us in this year itself.
- Pritesh Chheda:** And on our 5-year Rs. 3000 crore revenue aspiration that we have and the margin expansion side if you could give some color or some milestones of processes update there?
- Tarun Arora:** So, the growth rate that we have envisaged, we have really missed some part of it in 2020-21, I mean two financial years if you were to look at on calendar years. So, we have missed some numbers but we are hopeful that if we do not see the kind of extreme disruptions that we have seen in the last two summers we could be back on those trajectories and also see coming closer to the numbers that we have envisaged for 5 years. On the margin side, we continue to drive despite the topline challenges, continue to drive very hard on the cost side, so as the volumes catchup, I think you will see the operating leverage delivering superior EBITDA margins.
- Pritesh Chheda:** Any 5-year target on the margins?
- Tarun Arora:** So, we would say 2023, we will cross the 20%, if we are lucky maybe earlier but 2023 for sure we should cross 20% margins at EBITDA level?
- Pritesh Chheda:** Last year the debt on the book and the interest cost, do we see a case where the interest cost will not be there as you progress towards the end of the year?
- Umesh Parekh:** So, last year we repurchased our NCD to the extent of Rs. 1500 crore and that has got down our debt level to only Rs. 565 crore gross debt level, that was further reduced by again about Rs. 130

crore, so the current debt level is just about Rs. 435 crore and net debt level is about Rs. 225 crore, so we have been able to further reduce it and maybe in 1.5 years' time, you will see that there will be hardly any interest cost.

- Pritesh Chheda:** So, you reduced it by further Rs. 130 crore and gross debt is Rs. 440 crore?
- Umesh Parekh:** Yes.
- Pritesh Chheda:** And net debt is Rs. 250 crore.
- Umesh Parekh:** Between Rs.225 crore to Rs.250 crore, yes.
- Pritesh Chheda:** Okay and this debt is at what cost sir?
- Umesh Parekh:** It is at 5.01%, 5%.
- Pritesh Chheda:** 5%, so what we are reporting is about Rs. (+8) crore quarterly.
- Umesh Parekh:** Yes, that is a primary factor lending, what I have talked about is the long-term debt, that is a primary sector lending for working capital that will just go out towards the end of the year.
- Pritesh Chheda:** Sir, keeping FY22 aside but let us say Nycil and Glucon-D, what you think should be the growth rates in these two brands?
- Tarun Arora:** Growth rates for FY22, right?
- Pritesh Chheda:** No, keeping 22 aside, in a normal year what is the ..
- Tarun Arora:** Yes, we are quite focused on a double-digit growths on both these brands and we have enough initiative and there is room for growing both these categories, we being the leader and I think we see good recovery on these numbers as well as things stayed normal, so it is good to expect a double-digit growth on both these brands and Nycil, I am particularly still very optimistic about and so can be Glucon-D.
- Pritesh Chheda:** And any other launches apart from the dark chocolate that you would have done in the last, what I heard was dark chocolates but anything other than that, that we have launched?
- Tarun Arora:** We have launched 11 products in last financial year, which includes on Everyuth we launched Aloe Vera, on Nutralite we launched Chocolate spread and Nutralite DoodhShakti Butter Spread, with probiotics Nutralite Doodh Shakti Ghee. On Complian we launched sachets, on Glucon-D we launched tablets with immunity benefits ImmunoVolt, Nycil we launched sanitizers and later on we also tested sanitizing wipes and we have launched body mist. So, we have launched several products in last few quarters and some of them are really building up win for us.

**Moderator:** Thank you. We have the next question from the line of Malini Gupta from Ashika Stock Broking. Please go ahead.

**Malini Gupta:** Sir I had one question on the raw material. In the last conference call, you had said that basically all raw material increases, etc. are passed on immediately in your, in the margarine brand, so but you were having a problem in passing on milk price increases and this year, I mean in this quarter you are saying just the opposite, so what has changed between last quarter and this quarter?

**Tarun Arora:** So, let me explain. First of all I think milk prices are harder to pass on because Complian prices are stable and for almost 3 years we maintain the same prices, same Complian prices, despite the fact that these prices have strengthened over the years. We believe as the equity of Complian is building stronger, we will have better pricing power, but having said that the swings are not substantial, so even if, you know and what we have seen over last 2-3 years. And swings are not so substantial, so when Dr. Sharvil mentioned, the milk or Complian we can still handle. On the other side, when we look at Palm Oil, normally in last 4-5 years we have a clear strategy. We wait for some time, if the prices go up and are not coming down, we pass on and if required if they come down, we are also able to take it back and this is largely got to do with the institutional segment, the food service part of the Nutralite. Now, this time there has been a very disproportionate increase in RPO which is beyond, I think we have not seen those kind of increases at least in a decade and I do not have beyond that data, while we have taken substantial price increases on that particular thing we have not been able to pass it on completely and that is something which is bothering us and that is the reflection of our view, we were expecting it to cool down but if you see our commodity cycle, the way it is shaping up, all oils are moving up. So, at some point of time, either we will have to continue taking prices up or something has to give in and that is the reflection of the concern what Dr. Sharvil when he was explaining the concern on the palm oil. At a fundamental level nothing has changed, our pricing power in Nutralite remains strong, we are usually able to pass on but this is something we have not seen in a decade at least, if not longer.

**Malini Gupta:** And sir if you could just explain whether the milk prices, whether they have come down or they are on a Y-o-Y level and Q-o-Q level, whether they are the same, if you could just talk about the milk prices?

**Tarun Arora:** Sure, I will just give you a jest of quick high level and more details you can pick it up on a separate meeting but on a Y-o-Y level post 2018, we have seen milk prices getting stronger and therefore their prices have gone up on a Y-o-Y level. And therefore, I expect on a Y-o-Y level this year to be almost in-line with the last year but they have substantially head-on, if I look at 3-4-year CAGRs. On the quarter-on-quarter levels, there are swings but they are not comparable because we try to, as a practice increase our purchase of milk and convert it to SMP when the prices are lower, sometimes we may not get it right but more often than not, we are able to handle it and that is why it may not be so clearly comparable but annual levels, this year and last year will be reasonably similar, a difference of about Rs. 1-1.5 per liter or so.

**Malini Gupta:** And sir what did you mean when you said RPO, RPO is what?

**Tarun Arora:** Refined Palm Oil, that we use for Nutralite.

**Umesh Parekh:** Over to Tarun Arora for closing comments.

**Tarun Arora:** Sure. Thank you everyone for all the questions and interest in our business. We remain quite positive on our demand for our business and stay focused on delivering better results for following quarters. All the best and see you next quarter.

**Moderator:** Thank you gentlemen. Ladies and gentlemen, on behalf of Zydus Wellness Limited, that concludes this conference call. Thank you for joining us and you may now disconnect your lines. Thank you.