November 7, 2026

Listing Department **Code: *531 335***
BSE LIMITED
P. J. Towers, Dalal Street,
Mumbai–400 001

Listing Department **Code: *ZYDUSWELL***
NATIONAL STOCK EXCHANGE OF INDIA LIMITED
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex,
Bandra (E),
Mumbai–400 051

Sub: **Transcript of the Earnings Conference call held on November 3, 2026**

Dear Sir / Madam,

Pursuant to Regulations 30 and 46(2)(oa)(iii) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached Transcript of the Company's Q2 FY2027 Earnings Conference call held at 4:00 p.m. (IST) on Tuesday, November 3, 2026.

Please find the same in order.

Yours faithfully,
For, **ZYDUS WELLNESS LIMITED**

NANDISH PRADIP JOSHI
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NANDISH P. JOSHI
COMPANY SECRETARY & COMPLIANCE OFFICER

Encl. As above

“Zydus Wellness Limited

Q2 FY27 Earnings Conference Call”

November 03, 2026

MANAGEMENT: **MR. GANESH NAYAK – NON-EXECUTIVE DIRECTOR – ZYDUS WELLNESS LIMITED**
MR. TARUN ARORA – CHIEF EXECUTIVE OFFICER – ZYDUS WELLNESS LIMITED
MR. UMESH PARIKH – CHIEF FINANCIAL OFFICER – ZYDUS WELLNESS LIMITED

MODERATOR: **MR. ASHUTOSH JOYTIRADITYA – ICICI SECURITIES**

Moderator: Ladies and gentlemen, good day, and welcome to Zydus Wellness Q2 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ashutosh Joytiraditya from ICICI Securities. Thank you, and over to you, sir.

Ashutosh Joytiraditya: Thank you. Hello, and good afternoon, everyone, present on the call. I, on behalf of ICICI Securities, welcome you on Zydus Wellness Limited's Q2 FY27 Earnings Call. I would like to thank the management for giving this opportunity of hosting the call to us. From the management, we have Mr. Ganesh Nayak, Non-Executive Director; Mr. Tarun Arora, CEO; and Mr. Umesh Parikh, CFO.

I will now hand the call over to the management for their opening remarks. Thank you, and over to you, sir.

Tarun Arora: Thank you, and good evening, everyone. Welcome to the post results teleconference of Zydus Wellness Limited for second quarter financial year 2026-27. I have with me Mr. Ganesh Nayak, Director; and Mr. Umesh Parikh, CFO, on the call from our side.

During the quarter, amid the high inflation, largely driven by commodities, consumption trends continue to reflect sustained positive momentum across categories, supported by a steady recovery in demand and an improvement in rural offline markets.

The gradual improvement in consumer demand, coupled with consistent performance across categories supported overall growth. E-commerce and quick-commerce continued to maintain strong momentum, steadily increasing their contribution to overall sales and further strengthening their role in the evolving consumption landscape.

Innovation remains a key growth driver with a focus on emerging consumer needs, new consumption occasions and differentiated offerings. During the quarter, key launches included Sugar Free entered the Monk Fruit Sweetener category with a No Erythritol formulation.

RiteBite Max Protein Crunchy cookies, featuring 10 grams of protein made without palm oil, maida or any added sugar. And of course, continued portfolio expansion in the Comfort Click business through the launch of Vitamin B Complex, Omega-3 Triglycerides and D3 and K2 under the WeightWorld brand.

To take you through the key highlights of the quarter and half year ending September 30, 2026. On the financial front, for second quarter financial year 2027, the company reported consolidated net sales of INR 11,227 million, reflecting a growth of 74.6% year-on-year.

On a half year basis, the company reported net sales of INR 25,526 million, reflecting 70.1% growth year-on-year. With regards to revenue performance, snapshot domestic portfolio

delivered robust growth of 29.2% on a year-on-year basis during the quarter, of which seasonal brands grew by 123.5% on a low base.

Skin and Hair care brands continued its growth momentum with 37.5% growth. And Food & Nutrition delivered a strong growth of 25.1%. On a half year basis, domestic portfolio registered growth of 13.3% in which skin and hair care grew by 35.8%, Food & Nutrition grew by 20.7%, while seasonal brands degrew by 8.7%.

International business registered like-to-like growth of 12.4% during this quarter and 18.6% in the first half of financial year 2027. Gross margin expansion continued in the core business and was further higher margin of the Comfort Click business. On the EBITDA front, the company delivered growth of 271.7% during the quarter, reaching INR 855 million.

The results underscore robust EBITDA margin improvement across businesses, resulting in EBITDA expansion on a like-to-like basis. On a half year basis, company registered an EBITDA growth of 83.2%, reaching to INR 3,272 million.

Detailed brand performance and market share developments are covered in the investor presentation. Key highlights for the quarter are as follows:

Everyuth continued to deliver double-digit growth, led by the tan removal and peel-off franchises.

The brand continued to strengthen its position in facial cleansing with significant market share improvement supported by innovation and consumer acquisition initiatives. Nutralite delivered strong double-digit growth across the portfolio despite commodity headwinds.

Sugar Free brand replicated its double-digit growth performance from the previous quarters in the current quarter. RiteBite Max Protein sustained its strong growth trajectory, reinforcing its leadership in protein snacking through innovation-led category expansion and strong value and volume growth.

Cuticolor has been increasingly witnessing strong uptake, achieving positive consumer feedback across organized channels. During the quarter, the brand expanded its portfolio with the launch of Bright Brown, further strengthening its differentiated proposition in the safer hair color segment. Complan registered double-digit growth, outperforming the category trend.

Complan NutriGro maintained strong growth momentum supported by direct supply through newly set up own medical marketing team. We remain focused on driving innovation, digital transformation and disciplined growth. Our diversified portfolio and expanding market presence position us to deliver sustainable growth and further margin expansion.

Thank you. We will now begin the Q&A session. Over to the coordinator.

Moderator: Thank you, sir. We will now begin with the question-and-answer session. The first question comes from the line of Siddhesh Deshmukh with IIFL Capital.

Siddhesh Deshmukh: My first question is with respect to Comfort Click. You see the growth has moderated from 25% last quarter to 12% this quarter. So, could you explain what drove the slowdown? And what corrective actions are we taking for the growth to come back? And also, since the Q2 growth is below the aspirations which we had set at the time of acquisition, how do you see FY27 shaping up for Comfort Click?

Tarun Arora: So, at an overall level, I think there are normal business cycles that go through. There is a small shift in some of the Prime Day between June and July, which swing the number a little bit. Also, we are seeing some challenges in one of the markets as we shifted between the old website to the new website where we lost some momentum.

But we're quite hopeful that the double-digit growth that we've talked about will continue to move forward. This quarter has been slightly lower than our expectation, but some of the markets have also given us hope that we could build further on this.

So, we'll have to wait and watch. But if we really look at a moving average level, I think we've seen a consistency on the numbers. First half is at the international business is more than 18%. And therefore, we will take it as things come, but we remain consistent in our offer double-digit growth on this business as we stand today.

Siddhesh Deshmukh: Got it. Sir, my second question is with respect to Complan. We've delivered a double-digit growth this quarter, and we've outpaced the category growth. So, can you dig a little deep in what initiatives you have taken in this brand? And how do you see the growth going ahead?

Tarun Arora: So, I think we are also generally pleased with our Complan numbers the way it played out. But I don't think it's a 1-quarter performance. We've been able to do a positive momentum on Complan for now 3 quarters, and we are hopeful that we'll be able to maintain because the category has been under pressure generally, but last 3 quarters have given us hope that most of our initiatives will work.

To name a few, I think the fact that we've got very good celebrity who fits in very well, Vaibhav Sooryavanshi, and some of the campaigns that we work with them have had a very good response from the consumer.

Last quarter, we've also launched 50% lower sugar. I mean, we've relaunched with 50% less sugar. Also relaunched Complan NutriGro, which is a 2 to 6-year toddler initiative. Some of these things, plus some of the on-ground work and distribution and other pieces, all have come together and have given us now 3 quarters of continued momentum. So, fingers crossed, we'll continue to keep executing the way we have and hope that the momentum will continue to build on.

Moderator: The next question comes from the line of Ronak Shah with Equirus Securities.

Ronak Shah: Sir, my first question is on the skin and hair care. So, whether we see from the second quarter or the first half perspective, very stellar show 35% plus sort of growth rate. So, what is driving this kind of the growth ex of the Cuticolor, how the Everyuth shaping? Can you highlight on that?

Tarun Arora: I think while we don't give a brand-to-brand separate performance, I can tell you that Everyuth has been a brand which over the last 5, 7 years has seen a very consistent high double-digit growth and really moved the needle in especially the spaces which are strength areas where it is not just gaining market share, but focused on category development.

And that's really what has driven the whole numbers, whether you look at peel-offs, scrubs, even the new proposition Tan Removal, which has really built up meaningfully in the last 4 to 5 years. Each one has contributed. And we do believe that it will continue to be a growth driver for significant double-digit momentum on the business.

Ronak Shah: Got it. Sir, my second question is on the RiteBite. So, when we see to the plethora now a number of the players plus larger players are also coming into the functional food play with healthy snacking and all. So, despite all this, we are seeing sustained strong growth rate into the RiteBite. So, can you highlight a few initiatives which we have taken last 2, 3 months to sustain the growth and how we are seeing the business shaping up considering the sizable contribution now coming from this franchise?

Tarun Arora: So, all I can say is that this is a space which is you're right, attracting a lot of attention and a lot of new players are coming in and investing big money. And there are larger players who are getting interested in this as the category grows. We are focused on the basics.

We are not losing sight of the fact that we have to execute every day on the fundamentals. So, we are, at the first level, somebody who's in hunger for growth, not discounting, which keeps us on our business being built sustainably, profitably.

Secondly, I think we have focused a lot of energies around sales and marketing to build this right, where our brand-building efforts and distribution across channels, omnichannel, I think they are working very well with the support of Zydus Wellness to be supporting this, not necessarily just making larger distribution, but the right outlets, right channels.

Lastly, iterating at a very fast pace where we are not saying that how do I get into the category, but how do I keep adding more products to the franchise based on what consumer is wanting. These things come together and help us build it in the right direction.

Ronak Shah: Got it. Got it. Sir, my last question is on the profitability. So, now when you are highlighting in your opening remarks wherein the macro challenges include your inflationary environment, and we are likely to have an overlapping base of the Comfort Click acquisition.

So, from the near to medium-term perspective, how we are expecting our operating margins to perform and specifically from the mid- to long-term perspective, wherein we are aspiring like mid- to high teens sort of EBITDA margin, how much we are confident considering the current volatile macros?

Tarun Arora: So, as far as, let me start with the gross margin. I think I'll first start with the core business because that really is where a lot of work has to happen in terms of ensuring those margins. So,

when I really look at half year 1 between the 2 quarters, despite significant inflationary situations and the commodity moving up, we've been able to increase our gross margin product by product.

It would have been, the outcomes would have been sweeter if our mix was more positive with the summer products, which are even higher than our average numbers. But the fact is that we've been able to do that.

So, our focus is that if the input costs go up, we would pass on some of these. We have a pricing power across our brand portfolio, and we'll pass on these. Sometimes there could be a lag because we don't lead with the price increases. We lead with what is right for the consumer and wherever there is a need for passing on, we do it. So, sometimes there could be a lag.

But essentially, we will continue to manage our portfolio in a way that we remain profitable and keep moving our margins up. So, gross margins will continue to be driven up in our core portfolio. As far as RiteBite is concerned, that anyway, sorry, Comfort Click is concerned, that's significantly higher than our core portfolio. So, core portfolio, including RiteBite is clearly moving up the margins. On a quarter-to-quarter basis is what we will continue to look at.

How does it impact our EBITDA margins? I think we are looking at in our core business to improve our EBITDA margins through gross margin improvement, which I already explained earlier and operating leverage as we scale up.

I think this scaling up the last quarter being a significant growth driver has given us the opportunity to be able to provide operating leverage to the business where our fixed costs do not necessarily go up in sync with our top line, and that will give us an improvement in EBITDA margin. So, from a medium-term perspective, I'm quite confident that despite inflation, we will be able to move the EBITDA margins as desired, and we've talked in detail in the past.

I don't see a big risk. I'm more worried about inflation, a continued inflation could impact consumer confidence and reduce the consumption, which right now in the environment looks good. If that impacts, that has a differential impact. So, I'm more worried about that, but our actions are in place to keep moving the margins up.

Moderator: The next question comes from the line of Kinjal Mota with Banyan Tree Advisors.

Kinjal Mota: My first question is on Comfort Click growth. While you alluded to it that there was a shift in one of the, there was a challenge in 1 of the market. I wanted to understand that Comfort Click majority of revenue comes from marketplace like Amazon. Is there any slowdown on Amazon as well?

Tarun Arora: So, yes, 1 or 2 markets have seen slowdown in Amazon, but those are like temporary ones. At an overall level, we don't expect a significant shift because the opportunity for business to move towards online is much higher because we are really talking, and we've given this number last year when we bought the business, more than $11 billion is estimated to be a VMS market in our address market in Europe.

And there is opportunity for a lot of it to move online. So, we remain steadfast in our view that the business will keep shifting more online. So, some bit of, some markets have seen a little bit of slowdown in Amazon, but that may be a temporary thing. It is not a systemic number.

So, I believe that will continue to build up. The good thing is we are now also moving on to other platforms, other marketplaces like Boots. There a couple of other ones, which we've also listed ourselves, while they are not as large as Amazon, but they give us a good cover for and growth opportunity as we went forward.

Kinjal Mota: Got it. My second question is on seasonal brands, which grew by almost 120% in the current quarter. But if you were to look at half year's number, they are still down at 8.7%. If you were to look at H1 FY27, could you compare Glucon-D and Nycil with FY25, which was a normal summer year for us?

Tarun Arora: So, I can't give you any specific Glucon-D numbers, but I can tell you that, yes, the fact is that I take out two things. One, of course, the first quarter of a financial year, fourth quarter and first quarter are the big quarters for the summer brands. And if I really look at FY27, first quarter was really impacted significantly because of summers, and that's why half year 1 still stays negative.

The two takeouts that I would want you to look at is the fact we've always talked about double-digit growth for our domestic business. This year is first year where our summer brands have had a struggle in the first quarter, but half year 1 has delivered a double-digit growth in, for domestic business at 13%-plus.

So, that's bets the fact that while we will have ups and downs cyclical impact of summer brands, but our business is becoming immune to seasonality. I mean it's a good thing in a way because a lot of concerns come back.

When I look at summer brands in specific that you asked, I think while I will not have a specific ready number from FY25, but the fact is that like-for-like, we are seeing a good momentum moving up, especially in second quarter. We hope that we can build it further, but I can't give you a specifics on detail.

Kinjal Mota: Sure. And my last question is, we have seen gross margin improvement and that continues. But we also continue to invest back in the business in terms of advertisement. I wanted to understand what should be the steady state A&P as a percentage of sales that we should target for the longer term? And when do you expect it to start slowing down?

Tarun Arora: So, the way I look at it, we've managed our P&L where our domestic business spends about 12.5% to 13% on A&P. And Comfort Click typically spends about 23% -- 23%, 24% on A&P. And that's, I think, a very disciplined trend that we will continue to build on. In domestic business, which is where we are leaders, we have to build the category. And therefore, the task is to build the category and that also helps us grow our business.

And therefore, I do believe that this is a model which we want to retain. We will look at gross margin enhancement and other operating leverage to improve our EBITDA margin rather than

to cut the investments on marketing because this is important for a consumer acquisition space. So, in short to medium term, I think we'll remain consistent about 12% to 13%, 0.5% any time we have an opportunity, we'll take out, but not a significant shift.

As far as Comfort Click investments on marketing are concerned, they operate at 23% to 24%. They are more variable because it's a lot of performance marketing and as well as some middle of the funnel marketing. But there also, part of it is very disciplined in terms of percentage to sales. And we looked at some optimization in last 1 year, and that's really helped us. So, we will continue to maintain the same mix for these.

Moderator: The next question comes from the line of Simran Kumari with Narnolia Financial Services.

Simran Kumari: My question is specifically regarding the margin. Could you just provide the margin outlook for RiteBite as well as Comfort Click during this quarter? And...

Tarun Arora: Yes, go on, please.

Simran Kumari: And the strategy and target for maintaining this growth for the coming year?

Tarun Arora: Sorry, just one second. You want to know the margin for second quarter?

Simran Kumari: Yes, margin. Comfort Click as well as RiteBite portfolio and the outlook for the same for the coming year?

Tarun Arora: So, we don't share individual brand or business-wise margins.

Simran Kumari: Okay. Like I just wanted to get an idea like how much our core business has contributed this quarter. Is there, and what kind of pricing that we took from this quarter? Like as you said, there was huge inflation during this quarter. So, I just want to get an idea what was the pricing we took in this quarter?

Tarun Arora: So, let me just give you something which we have said in the earlier calls. Our EBITDA margins for Comfort Click, we expect between 14% and 15%, and that's a plan or that's the steady state that we have envisaged. Anything else, we are not able to share. As far as this quarter is concerned, we have taken some calibrated price increases wherever there were direct impacts on those products so that our profitability, our gross margins are protected.

And therefore, we've been able to deliver. There is work at hand because some costs are going up as we speak and could make an impact in future. So, we are already looking at how do we manage those price increases. But looking at margins, you will not be able to separate out the price increases anyway.

Simran Kumari: Is there any plan for further price increase during this quarter like 3Q FY27?

Tarun Arora: Over half year 2, yes, we will take calibrated price increases, like I mentioned, depending upon what commodity is going up. And because it's a very volatile environment and different commodities are going up in a different way, like we've seen some stabilization on palm oil, so

may not need to act on that immediately. But if milk or something else goes up, we will respond accordingly or PET or any plastic for packaging.

So, we'll respond accordingly. But I mean, like you would know that it's a volatile environment and very hard to predict. So, we are tracking individual commodities and acting accordingly. So, we will take some price increases, but it's not across the portfolio.

Simran Kumari: And my second question is regarding the same RiteBite portfolio. Like what was our revenue outlook for this RiteBite portfolio?

Tarun Arora: So, we do not give an individual product portfolio-wise answer. But I think like we have maintained, we have more than doubled our historical growth rates on this product and exceeded those estimates is all I can say.

Moderator: The next question comes from the line of Ajay Thakur with Anand Rathi Securities.

Ajay Thakur: Am I audible?

Tarun Arora: Yes.

Ajay Thakur: So, first question was more on the Everyuth. Like the earlier participants had kind of checked out on growth. I want to get more sense because we are growing ahead of the category growth rates. So, are we gaining market share in the sub-segments and also the overall facial cleansing segment if you were to kind of look at it from that perspective.

So, maybe more color on the Everyuth growth, what is kind of driving will help us understand the sustainability of this growth given the fact that it has been growing at a very fast pace over the last many quarters now. That's the first question.

Tarun Arora: So, on Everyuth, you're right, we are growing faster than the category, and we've been, so we define facial cleansing with face wash, scrubs, 3 types of masks, peel-off mask, sheet mask and wash-off mask, etc. So, all facial cleansing products, which is close to about INR 4,500 crores category. We've been gaining share. About a few years back, we used to be number 7, then we became number 5 in the space.

We have now this year become number 4. So, we are actually gaining share and rank in this space. So, each of these initiatives that are, we've been taking is adding up to our momentum on this. So, you're right, it has helped us improve market share in this overall facial cleansing category.

Ajay Thakur: And is it like any specific markets that we are targeting, which is helping us grow in the Everyuth, or is it like broad-based or any segments which has kind of surprised in terms of the upside, any new launches, which has performed way better than our expectations? For Everyuth specifically?

Tarun Arora: So, it's a broad-based growth, and it has come over the years. I think it is a validation of our strategy of continuous investment behind category building, which is really helping us move this forward. So, it is not about just that we've got something windfall 1 year off.

But I think year after year, our focus on investing behind developing the segments that we play in, premiumizing, innovating, launching new products, expanding our portfolio. I think each of our actions have come together, and this is just a validation of our approach to get.

Ajay Thakur: Understand. Helpful. Second question was more on the gross margin. If you were to look at the gross margin consol level, it is slightly over tracking at below the 65% kind of a level that we have been doing say, for the past 2 quarters, on an average basis also, it would have been more like 65% kind of a level for the past 2, 3 quarters.

So, obviously, we have the input cost pressures, which is kind of being down. But what kind of level of gross margins will you be comfortable with? And how are you likely to kind of defend it given the inflationary cost pressures? And if you can throw some light on the domestic gross margins versus the international gross margins as well, which will help in terms of understanding product mix over there?

Tarun Arora: Ajay, I can tell you that for half year 1, our gross margins individually in the domestic portfolio are mostly are higher, 1 or 2 spaces may be same as year earlier. So, I can tell you that our gross margins for the half year 1 has only got better than earlier year. If you're comparing it to 2 sequential quarters earlier, the fact is fourth quarter, first quarter tend to be higher margins because of higher seasonal brand mix, which is disproportionate to this quarter.

And therefore, they move the averages much higher. So, you may find on a sequential level, a gross margin drop. But as a company at individual level, we continue to track in the right direction. So, like-for-like over last year same quarter, I would, I can assure you that our gross margins are better off.

It is that sequentially, it may look different because like I explained, the seasonal portfolio moves it up. It is much higher than the average domestic gross margins and Glucon-D and Nycil will affect, impact the averages. So, therefore, we remain focused on the delivery on gross margin on a continuous basis despite the inflationary pressure.

Ajay Thakur: Understood. Sir, just one last question was on the cookies launch that we had under the Max Protein. Is it a pan-India kind of a launch? And secondly, what channels are we kind of focusing? D2C channel? And in terms of the price point also, if you can share how it is kind of priced versus the competition?

Tarun Arora: So, it's a pan-India launch. We are launching both in, across channels. It's an omnichannel approach that we follow. We are on online channels. We are launching in offline channels. We do believe that there is enough and more opportunity on building around it. It's a premium play.

So, most of the categories, you will find us playing to the premium. We are not comparing ourselves with the mass players in the cookies because we really can't do that game. It's a product

which is built around the seven super grains. There is a fair amount of protein in the mix. So, it will be a significant premium to the mass product.

Moderator: Yes, Mr. Ajay, does that answer your question?

Ajay Thakur: Yes.

Moderator: The next question comes from the line of Binay Shukla with Phillip Capital India.

Binay Shukla: Just on CCL business. So, is it possible to share what was the...

Tarun Arora: Sorry, I am not able to hear. Sorry. Could you just...

Binay Shukla: Can you hear me now?

Tarun Arora: Yes.

Binay Shukla: So, it was on Comfort Click business. So, just wanted to know the quantum of impact on growth because of the demand shifted from July to June and also because of website integration what was the impact on growth in terms of percentage during the quarter?

Tarun Arora: Sorry, I could make out the July to June piece. I didn't understand the other piece. I think July to June is a small number. It's not like a big number. I'm referring to 2 or 3 events which happened.

One was July to June Prime Day shift. One was a website shift in 1 of the countries and a general slowdown on marketplaces in a couple of places. But not a significant number for me to pick up on or we can't detail it out, but some of those things have contributed to the mix.

But if you really look at half year 1, we are at 18% growth, and that, I think, is in line with what we expect. If there was some part of the second half that you were asking, I couldn't get that. So, maybe you could...

Binay Shukla: Just on how was the October month for Comfort Click business? Is that slowdown still continued in October also or have you seen some improvement in the business?

Tarun Arora: It's a good question, but we really do not share the next quarter numbers.

Binay Shukla: Okay. Sir, just on CCL only, what was the contribution is coming from the repeat purchase customer in terms of contribution and secondary new launches contribution for CCL business?

Tarun Arora: What is the contribution coming from repeat purchase in CCL?

Binay Shukla: New launches.

Tarun Arora: New launches. I think this year, we seem to have a very good response from the new launches. So, I don't have a specific number, but we are seeing a sustenance of some of the new launches at a very differential level.

So, we're quite excited with the possibilities it will take us through, but I do not, so overall products launched in last 3 to 4 years, the numbers will be closer to 4%, but just 2% on the last products launched in last 1 year will be share of growth..

Binay Shukla: Okay. Just a second on the seasonal brands. So, can you please help us to understand what was the contribution of summer portfolio during the Q2 of domestic?

Tarun Arora: Sorry, your voice is, I think I missed some of the points. What is the contribution of summer portfolio to?

Binay Shukla: Summer portfolio contribution during the Q2, sir?

Tarun Arora: So, we don't share separate salience of these. We've given you what is the growth for each of these segments. But what was the contribution, we'll not be able to share in specifics.

Binay Shukla: Okay. And third is on rural demand, sir, how things are demand is shaping out in rural demand? Do you see any kind of slowdown in terms of sentiment in rural market or is it still resilient for you?

Tarun Arora: So, rural demand continues to be robust. While we have slightly, significantly lower than larger FMCGs in terms of rural portfolio. But whatever we have, Glucon-D, Nycil, or even a Complan, Sugar Free, Everyuth, we do see that rural is holding rather well. In fact, growth rates are slightly higher than urban.

Binay Shukla: Okay. And last question was on total price hike we have taken so far versus on the case of commodity inflation?

Tarun Arora: So, it's a mixed bag. Overall value, we may not be able to share, but the fact is that we have taken it on specific products and SKUs where we have a direct impact of the cost of, from the cost inflation from the input point of view.

Binay Shukla: So, I am keen to know the blended price hike?

Tarun Arora: Would be about less than a couple of percentage, right? Less than 2%?

Binay Shukla: Commodity inflation will be in mid-single digits?

Tarun Arora: Yes, it will be in single digits because some part has obviously has been much higher, and we've taken it on, but there are some products like dextrose and several other products, which we do annual tie-up. So, they remain fairly stable through the quarter and the year.

Moderator: The next question comes from the line of Nandan Vartak with Wealth Managers.

Nandan Vartak: Actually, while you...

Moderator: I'm sorry to interrupt sir, could you please use your handset?

Nandan Vartak: Is it okay now?

Moderator: Better.

Nandan Vartak: While you...

Tarun Arora: I think he's got disconnected.

Moderator: The current participant has been disconnected. The next question comes from the line of Devang Sarawgi, an Individual Investor.

Devang Sarawgi: Am I audible?

Tarun Arora: Yes.

Devang Sarawgi: Sir, my question is on Comfort Click. If Comfort Click growth returns to 20%, can consolidated gross margin get back to 65% range in non-seasonal quarters?

Tarun Arora: So, it's a hypothetical question because I mean, we could do those mixes. But end of it, I think what we've given is fairly, I mean, it will be in a similar zone. I mean I'll have to put a math together and come back to you, but I think this is what it is right now.

Devang Sarawgi: And second, can we expect growth to normalize from third quarter for Comfort Click? Any projections for that business?

Tarun Arora: We believe that we'll continue to be on a double-digit growth that we've talked about. And half year 1, we have delivered 18%. We do believe that we will stay on course to get to a double digit for half year 2 as well.

Moderator: The next question comes from the line of Nandan Vartak with Wealth Managers.

Nandan Vartak: Sorry, my line got dropped off. Am I audible now?

Tarun Arora: Yes.

Nandan Vartak: Yes. So, sir, actually, I was asking that while you gave an indication that profitability continues to be stable to improving at gross margin levels even for the domestic market. But last year, H2 was very strong in terms of our, in terms of our gross margin deliverables.

And given the inflationary pressure, which we see currently, do you believe that H2 of this year, we will be able to continue this trend of improving gross margins or stable gross margins even in H2? Or you believe that the high base effect will have some impact there?

Tarun Arora: I do believe that we'll be able to hold on to our gross margin levels. But of course, it will mean a lot of effort in terms of ensuring that we are managing our costs rather well and taking price increases wherever required. So, our endeavor is to match or improve gross margins, but only time will tell how well we are able to do because it's a volatile environment, hard to predict, but our intent and actions is what I can commit to.

Nandan Vartak: Right. Great. Great to hear that, sir. Sir, second is on the Comfort Click again. Sir, we have the numbers in terms of a broad directionally, we understand, right? I, just to, because given, one is the seasonality impacts of products and segments which come on the companies and the second is now we have added international.

So, there is some, it becomes very difficult to get the complete hang of everything. So, I just would request you to have some concerns, which if you can be a little more specific on the question I have is, sir, we have around INR 500 crores broadly give and take for a quarterly run rate for Comfort Click. It has been in the last year. And it's an 18%, 20% growth segment, which has been broadly.

Combine that, you also indicated that it's a 14%, 15% EBITDA margin kind of business, which is there. When we look at the last year of Q2, because only 1 month of Comfort Click was added there, when we look at the math in terms of domestic sales being so strong in this quarter of almost 29%, the math actually tells us that the Comfort Click would have been actually, the margins would have been in low single digits, if at all.

And also the fact that the growth on the international side, you just mentioned like-to-like, but if we do the numbers after doing that, it would be a very, a bigger impact than what the qualitative indications. Will it be a fair way to say that this is, how did the quarter went by?

Tarun Arora: So, all I can tell you is that I think margins, Comfort Click is holding rather well. We have given you a reasonable view of Comfort Click's growth, which I think in, you can look at it. As far as domestic business is concerned, we've grown our business gross margins have also improved, but we've also invested back on the business.

And that also has an impact on the overall bottom line. Overall, we've balanced our bottom lines between both domestic and international, where we are focused on building growth and preparing for the future. And those things have been balanced, and that's how we've been able to deliver what we wanted to.

Nandan Vartak: So, sir, Comfort Click on a like-to-like basis also would have seen some pressure on the margin this quarter is what I get it right?

Tarun Arora: No, that's what I, like I explained, not really. They've been consistent. And we've invested also on brand building in the domestic business.

Nandan Vartak: Okay Sir, will do the numbers again and come back. Thank you.

Moderator: The next question comes from the line of Jaymin with Ardeko Asset Management.

Jaymin: Two questions on the Comfort Click…

Tarun Arora: We are not able to hear you clearly.

Jaymin: Can you hear me?

Tarun Arora: Not clear.

Jaymin: Am I audible?

Tarun Arora: Better.

Jaymin: Sir, it has been a year since the Comfort Click acquisition…

Tarun Arora: It's not clear.

Moderator: Sir, could you please use your handset and come in a better network area? The voice is getting cut off in between.

Jaymin: Am I audible now?

Tarun Arora: Yes.

Jaymin: So, sir, it's been 1 year since the Comfort Click acquisition, and we understand integration by normally bring few surprises. So, while looking back, are you surprised by underlying the seasonality of the sales or the competitive intensity in the core market?

Tarun Arora: Sorry, are we surprised by what?

Jaymin: Underlying seasonality of the sales or the competitive intensity in your core markets?

Tarun Arora: For Comfort Click?

Jaymin: Comfort Click, right.

Tarun Arora: Yes. So, I think I think when we look at Comfort Click and you're right, it's been a year. There has been a higher intensity than we did imagine, but that's okay. That's expected because when you do well and when you actually set a path in this kind of space, some of those competition is pretty much expected and that's playing out. That's not so much of a problem.

A little bit of highs and lows happens across markets. So, some bit of cyclicality. I think we're watching and I think not a big surprise. We obviously remain very optimistic about these businesses.

And when I look at first half year growth, it's in line with the double-digit growth that we envisaged. We'll just see how it plays out in the future quarters and then decide if there's any surprises or if there are any different takes on this.

Jaymin: Understood, sir. And sir, given the size and the opportunity size of the VMS market and the underlying fragmented nature of the industry, how are we thinking about stepping up the marketing spend at the Comfort Click to gain the market share in key of the marketplace?

Tarun Arora: So, one of the things we are doing is, and we do, the team understands it rather well. They're very good with performance marketing and bottom of the funnel. We are stepping up our

investments on the middle funnel and top funnel spaces. We're also looking at some markets where we will build it a bit differently.

So, we are preparing ourselves for the future where we will see a lot more competition, but we've also enhanced some of our capabilities on more brand building. And I think we are well prepared to take on the future growth from that agenda as the market expands and we want to play in the larger space and the more players come.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing comments.

Tarun Arora: Thank you, everyone. Wishing you and your families a festival filled with good health, happiness, well-being and safety. We'll see you next quarter. Thank you.

Moderator: Thank you, sir. On behalf of ICICI Securities, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.