



“SastaSundar Ventures Limited Q2 FY '25 Earnings
Conference Call”

November 18, 2024



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MODERATOR: **MR. RONAK JAIN – ORIENT CAPITAL**

Moderator: Ladies and gentlemen, good day, and welcome to the SastaSundar Ventures Limited Earnings Conference Call.

As a reminder, all participants' 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 “**”, then “0” on your touchtone phone. Please note that the conference is being recorded.

I now hand the conference over to Mr. Ronak Jain from Orient Capital, their Investor Relations. Thank you, and over to you, sir.

Ronak Jain: Hello. Good afternoon, everyone and welcome to the Q2 FY '25 Earnings Conference Call of SastaSundar Ventures Limited.

Today, on this call we have Mr. Banwari Lal Mittal – Founder and Executive Chairman; along with Mr. Sachin Mittal – Chief Operating Officer; and Mr. Lokesh Agarwal – Chief Financial Officer at SastaSundar Healthbuddy Limited.

Before we begin the call, I would like to give a short disclaimer:

This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions and expectations as of today. The actual results may differ materially. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed Safe Harbor statement is given on Page 2 of the company's investor presentation which has been uploaded on the stock exchanges and the company's website as well.

With this, I will hand over the call to Mr. Banwari Lal Mittal, Sir, for his opening remarks. Over to you, sir.

Banwari Lal Mittal: Good afternoon, friends. I am happy to talk to you on this Earnings Call. Along with me, my Chief Operating Officer – Mr. Sachin Mittal is here; CFO, Mr. Lokesh Agarwal is here.

As I am speaking, after the letter which we have written in the presentation, that from the last six months to 12 months, it was a very challenging time when there were material uncertainties in our deal with Flipkart and those material uncertainties are over now. We have peacefully settled the proposition. And after peacefully settling the proposition, we have started our own SastaSundar APP under the 100% owned subsidiary. Though, we have learned so many things from Flipkart Health, and the positive side is also that during this deal we are now fully capitalized. And another positive side is that both channel B2B and B2C are on the high growth path.

I am happy to announce that because of these uncertainties, our entire focus came to RetailerShakti, and we really knew that RetailerShakti can be the game changer along with the B2C SastaSundar. So, what I can say today is that we have an exciting opportunity before us, and there are exciting times before us. And we have the wonderful opportunity to create both value and our contribution in terms of growth of India, and in terms of providing accessible affordable healthcare to all

Indians. And I can say that this quarter ended was the quarter which ended all the uncertainties, and worst is behind us, and now we are again looking for growth.

So, I will just give you the revenue figure for '23 - '24. '23 - '24 the B2C platform generated Rs. 863 crores of revenue, and RetailerShakti Rs. 489 crores of revenue. During the current year, that is '24, '25 financial year, we expect that the RetailerShakti should end around Rs. 992 crores to Rs. 1,000 crores revenue. And SastaSundar Healthbuddy Limited, since we have just launched, it will take a certain amount of time to gain those customers on other platforms to SastaSundar platform. So, we expect to achieve around Rs. 200 crores revenue from SastaSundar. So, journey of RetailerShakti, which was from '23 to '24, was around Rs. 489 crores is Rs. 1,000 crores. So, we are double. And SastaSundar Healthbuddy Limited, the journey from Rs. 863 crores is reduced to Rs. 200 crores. Totally, if you find that '23 - '24, we had a revenue of Rs. 1,352 crores, while the current year we are expecting Rs. 1,191 crores revenue.

Now, if you see the year-to-year comparison, then you will find that the de-growth has been controlled by the substantial growth in RetailerShakti. That shows the strength of the model and that shows the efficiency of the organization which we are building. Now we are building a very efficient organization in terms of our competitive moat or competitive strength. We are very much efficient in all three parameters, that is capital efficiency, there is operating efficiency and there is consumer preference in terms of consumer experience.

We have the proven model that in last year, '23 - '24, we reported a positive EBITDA in both our SastaSundar and RetailerShakti at the strength of the volume. And 2% we had our EBITDA margin in the SastaSundar business while around 0.9% we had in RetailerShakti and at blended it was 1.7%. That proves that at an appropriate volume this business is profitable at EBITDA level and at PAT level also. And these are very, very exciting times.

And I would not take much of your time in my opening speech except that what we are building for 2030, I must brief you, so that you are well aware about that where we are heading. So, in 2030 we are targeting a total revenue of around Rs. 6,600 crores, out of that we expect that the platform revenue of SastaSundar will be around Rs. 2,000 crores, while the RetailerShakti revenue will be around Rs. 4,500 crores. So, this translates from Year '24, '25, that is current year, a 60% growth in SastaSundar platform while 36% growth in RetailerShakti. CAGR, this is a composite blend of 41% growth in both the businesses, and I must tell you, this is without raising any additional capital. So, out of our own capital which we raised, we got around Rs. 96 crores funds from Flipkart deal, and out of some treasury income we have to add around Rs. 55 crores only. So, around Rs. 145 crores we will be investing in SastaSundar and RetailerShakti, because of the volume increase in both SastaSundar and RetailerShakti, RetailerShakti business will grow profitably. And we expect that the next year, that is '25 - '26, financial in the last quarter we will be able to demonstrate the RetailerShakti at positive EBITDA level. And from '26 - '27 financial year, the EBITDA at the RetailerShakti must report 1%, 2%, 3% and this business in 2030 we expect that at blended level, this business should be reporting between 4% to 5% EBITDA level profitability.

So, this is a very solid foundation, and I have narrated in my letter to all the shareholders that there are country tailwinds in terms of high healthcare spending from the government, there is a sector

tailwinds and there is a remarkable applications of growth opportunity in terms of platform business. If you compare the platform business of various categories, then you will find that healthcare is out of one very unique opportunity where you can monetize both in terms of delivery of the product and delivery of the services.

If you look at the financial platforms, then there is only the possibility of services, there is hardly any delivery of the goods. If you like the platform of food delivery business, then you will find that there is substantially business is only delivery of the products. But if you come to healthcare, the equal amount of opportunity lies in terms of services and where the applications of artificial intelligence will be really remarkable in terms of delivery of the services. And then, the another opportunity which is coming is about quick commerce, which will translate into quick health at SastaSundar. We are preparing for the launch of quick health.

There is a fundamental difference between quick commerce and quick health is that the selling of medicine is not selling potatoes. The selling of medicine requires vertical expertise, whereas the buying decision at quick commerce lies at impulse, while the decision of quick health lies at symptoms. Both are quite different, and one needs a vertical focus, vertical expertise in addressing the issues of quick health and we are fully capitalized because of our unique Healthbuddy model. Practically every corner we have a service center and from there we will be launching our quick health very soon.

So, taken together, we are very excited, and I hope that this company will deliver a substantial value to the shareholders and substantial value to the society and community. Now, thank you so much. I request all of you to ask me the questions so that I along with Sachin and Lokesh can answer all of your questions. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Milind from Dalal & Broacha Portfolio Managers. Please go ahead.

Milind Karmarkar: Mr. Mittal. I had a few questions on the deal which we have done, so just wanted to know, did we have to pay anything to Flipkart?

Banwari Lal Mittal: No, we have not to pay anything to Flipkart, rather in entirety of the deal we got around Rs. 96 crores, fresh capital.

Milind Karmarkar: My second question would be, what is the current cash and near cash assets in our portfolio?

Banwari Lal Mittal: The current cash in our portfolio before the deal was around Rs. 500 crores, Rs. 100 crores we got new. So, Rs. 600 crores we got the funds. And out of that Rs. 145 crores we have embarked for fresh investment. So, Rs. 100 crores we are expecting three years' treasury income. So, Rs. 50 crores out of this will go to the new investment. And still after the profitability of the SastaSundar platform, we will be having Rs. 550 crores, so you can say the treasury will be as it is

Milind Karmarkar: Now that we have separated from Flipkart, I think there are some non-compete clauses as well, isn't it?

- Banwari Lal Mittal:** Yes, there were non-compete clauses, but those have been relaxed substantially. So, now the non-compete clause exists only with the competitors of Flipkart that includes Amazon and 1mg and Netmeds. So, with these three companies, we cannot do any business, other than that everything has been relaxed.
- Milind Karmarkar:** And my last question would be that, in our earlier interactions we used to say that B2C business is an extremely tough business and most of these platforms are losing money heavily. There are a lot of government restrictions also. So, how come we decided to get into B2C and spend about Rs. 145 crores for that?
- Banwari Lal Mittal:** No, now the position has been substantially changed, while we have to deal with Flipkart was because of the heavy discounts. So, if you see before 2020, the toughest period I think in E-pharmacy and at all start-ups or E-commerce level, you will find that the capital was centrally available for burning. And from 2022 onwards, after the Ukraine war, the funding to burning has been practically stopped. So, now there is things have fundamentally completely changed and so we firmly believe that now the capital is not available for burning, capital is available only for sustainable business. Several of us have realized that and therefore we decided to again launch in a favorable atmosphere as far as the efficiency is concerned. And you said the regulatory risk, so I would say that partly the regulatory risk has been cleared, we have now the clear judgment from Madras High Court and Delhi High Court, and again the new Drugs Act will further clarify about the regularities. But yes, to a certain extent the regularities remain, and for that we are preparing ourselves to modify according to regulatory plan.
- Milind Karmarkar:** The reason I am asking this is because Rs. 145 crores is a very large amount. So, no doubt we have money in our pocket, but we have always maintained that we will not while away the money or we will not risk that money. Now spending Rs. 145 crores on something which there is a lot of uncertainty around. Why is this change of strategy?
- Banwari Lal Mittal:** No, this is not a spending of Rs. 140 crores, the question is that can we build a business along with the same infrastructure. So, RetailerShakti, there are all three warehouses the same, physical backend is the same and the frontend we need to create. So, what we ourselves have deeply analyzed is that is it right to go for SastaSundar or it is right only to focus on RetailerShakti. Because we have a deep experience so we can say that by investing Rs. 140 crores from 2030, we will be generating Rs. 140 crores every year. So, that much of clear-cut visibility is there for SastaSundar platform business. And in three years we can turn around it to be profitable. And therefore, after deep analysis and calculations we have decided to relaunch.
- Milind Karmarkar:** And our Japanese investors are with us on this?
- Banwari Lal Mittal:** Yes, they are, obviously without their consent we cannot go into it. They are key stakeholders and key marquee investors, so they fully agree with this decision.
- Milind Karmarkar:** And one more last question on my side. The SastaSundar Healthbuddy, I could not get the balance sheet, so just wanted to know the auditors remain the same, right? Or there is a change in auditors?

- Banwari Lal Mittal:** BSR & Co. that is the network firm of KPMG, they are the auditors.
- Milind Karmarkar:** Yes, I know that. So, they continue to be the auditors for Healthbuddy, right?
- Banwari Lal Mittal:** Yes, yes, they are continuing as auditors.
- Moderator:** Thank you. The next question is from the line of Darshana Shah from ABC Capital. Please go ahead.
- Darshana Shah:** I just wanted to know with the e-pharmacy market expanding rapidly, multiple major players are competing for market share. So, how does SastaSundar intend to set itself apart and maintain a competitive edge, particularly now that its strategic partnership with Flipkart has concluded and what are the key growth priorities for the company in both the B2C and B2B segments going forward?
- Banwari Lal Mittal:** So, the first answer I would say that the key strength of SastaSundar lies into its efficiency. That we are capital efficient, we are operating efficient, and we are efficient in terms of consumer experience. And if you see the past also, from 2016 to 2020, we built this business very efficiently and that competitive edge remains with us. The second competitive edge is that now almost all the pharma companies, we are regularly buying medicine directly from them and we have built a particular volume. And third, the very beautiful competitive strength in us is, we are elastically scalable. So, if you look at one geography like West Bengal, then in 80% of the area we operate, no e-commerce player is there and it's very difficult for them to expand to Town-B and villages where all models through Healthbuddy scales very rapidly in an elastic manner.
- So, with this core strength in place, and we have demonstrated that core strength in the past also when there was no Flipkart deal, and during the Flipkart time also. And that demonstration is on the balance sheet and that demonstration shows the adequacy of the capital and our efficiency playing. So, efficiency is our core competency that we can operate out of that. And you said the key priority, the key priority is to again regain the volume. So, the volume increase is the key priority, revenue increase. And with a contribution margin positive so that we can bring EBITDA level profitability very big by building the SastaSundar platform at the 2023, '24 level. So, '23 - '24 we had around Rs. 863 crores revenue and we expect this revenue to come back in the year '26 - '27.
- Darshana Shah:** One follow-up from my side would be, what are the key risks that the company faces in the near-term, especially with the increasing competition, regulatory changes and the evolving consumer behavior? So, I just wanted to understand how prepared is the company to mitigate these risks.
- Banwari Lal Mittal:** I thank you; this is a very good question. That the key risk as we find that the consumer preferences changing will be very positive for SastaSundar, because SastaSundar as an organization is very dynamic to fulfill the needs of the consumer preference. So, any change in consumer preference will be very dynamically positive for SastaSundar. And as far as the regulatory risk is concerned, so, yes, we fully agree that there were say 100 regulatory risks, now it is 50 only because of the favorable court judgment. And now, government and both industry has accepted the e-pharmacy

as a play. But yes, the regulatory risks remain, and we are prepared to adopt any regulatory changes. As of now, our business is fully compliant. But if any regulatory change comes in, we have to comply with it.

Moderator: Thank you. The next question is from the line of Gaurang from HSBC. Please go ahead.

Gaurang Sakare: I just wanted to ask you just mentioned that you are getting into quick commerce or quick health. And many quick commerce players such as Swiggy and other players are sort of targeting this segment. So, what I wanted to ask is, what are some of the challenges that you think are there in terms of scale-up in this segment, like regulatory challenges or some logistical challenges that you can highlight? Possibly these challenges are better overcome by you, and others may face difficulty in overcoming them. I mean, what are your thoughts broadly on this subject?

Banwari Lal Mittal: So, thank you. It's a very good question. So, first of all, we have both B2B and B2C, so our strength lies on procurement, technology, warehousing, and distribution. So, any player who is coming into quick commerce, open for medicine delivery they have to open their dark stores, or we can say the dark stores or fulfillment centers. So, we are fully prepared to supply them. So, we look for companies like Swiggy and Zomato as our customers. We do not find any challenge as far as that is concerned, because the business will come to RetailerShakti. We want to fulfill their requirements if they want to create any extra market, or not to create, but as a customer, we are ready for that.

The second question comes in that what are the differences where we live in that the challenge in quick health is that buying medicine is not buying potatoes. So, if you buy the grocery, that first decision comes from your impulse that you feel hungry, you want to eat, or that commodity is not in your kitchen, you just make an order. But quick health is symptoms. So, if any pain starts, then you may not be able to decide what to buy. The decision needs the help of a doctor or help of an expert, then maybe a diagnostic. So, quick health is not just selling medicine, but quick health is about providing an ecosystem of availability of doctor in say 10 minutes, availability of diagnostic reports in three hours, and availability of medicine say next 30 minutes.

So, that is why a composite ecosystem has to be there. And then, availability of the medicine. So, in medicine, you find that there are around 50,000 SKUs. So, maintaining 50,000 SKUs with prescriptions at fingertips requires a vertical expertise. It's not an easy task for a horizontal player. And that is the only reason I must say that no horizontal player in India has been successful in the last 10 years in pharmacy business. So, that is what is giving us a great opportunity that a vertical expertise organization will be able to build this business.

Gaurang Sakare: And you mentioned that the regulatory challenges have started to abate, or was that our company specific? I missed that point.

Banwari Lal Mittal: There is no company-specific regulatory challenge. We are fully compliant as of now, whatever the regulations. And in the last 10 years of our operation, there has not been a single incident where we have to face any regulatory challenge. Business is going on smoothly and we are continuously

in touch with government authorities. But I must tell you that any healthcare business, be it hospital or pharmaceutical business, will always have a regulatory scrutiny in a greater details.

And particularly in pharmacy, it was a gray area where certain court rulings were not favorable. But those court rulings are now favorable. So, as far as the court intervention is concerned, there is no challenge. And the government is under process to frame a prescribed e-guideline for E-pharmacy business and we are waiting for that. So, any guideline comes in, we are prepared to amend ourselves if any requirement comes in and make a registration there.

So, yes, I would say that three years back, if the regulatory challenge degree was 100, it is 50 now but 50 remains. And there may be some regulatory guidelines from the government. And not guideline, not only in connection with E-pharmacy, but guidelines may come, a generalized guideline for FDI, guidelines may come, a generalized guideline for data privacy, and the guideline come for data privacy. Then for financial services and healthcare, the data are very, very scarce data. And though we have to be prepared more so that there is more firewalls for data security. So, these are the regulatory preparations we are doing.

- Moderator:** Thank you. The next question is from the line of Vishal from Systematix. Please go ahead.
- Vishal Manchanda:** Sir, with respect to your online foray, the B2C foray, the SastaSundar Healthbuddy network that you had created, does that come along with this transaction or that stays with Flipkart?
- Banwari Lal Mittal:** No, that has come along with this transaction. So, Flipkart is not operating out of Healthbuddy network. We are exclusively dealing with it.
- Vishal Manchanda:** So, Flipkart does not have access to this network any longer?
- Banwari Lal Mittal:** I cannot say they do not have an access. If they want to connect with any retailer, see, HealthBuddy is an independent retailer, he can work with SastaSundar, he can work with anybody else. If they want, they can have an access. But individual transactions depend upon Healthbuddy and anybody else. As of now, Flipkart is not operating under this model.
- Vishal Manchanda:** And large majority of these Healthbuddies continue to stay, they have not shut down, basically.
- Banwari Lal Mittal:** No, they have not shut down. So, before the transaction, we had around 530 Healthbuddies. Out of that, 150 Healthbuddies have been active. It takes time to, again, sign up the contacts, bringing them on technology, bringing them on platform. So, it's a process that we will complete in the next three months. In next three months, we hope to build from 100 to 150 Healthbuddies. And from 150 Healthbuddies to 200. And in the next two years' time frame, we will close around 500 Healthbuddies.
- Vishal Manchanda:** And you would initially, again, focus on your core areas that you have presence in and then gradually build outside of the core areas?
- Banwari Lal Mittal:** Yes, we will continue to build out of three logistics centers. One in NCR Noida, one in West Bengal, Kolkata, and the third is our northeast in Assam. So, from three areas we will service

around six, seven states. And once we build the profitable business in these areas, we will move outside these.

Vishal Manchanda: And you still believe this is the best model to kind of do the retail business over signing up with the already existing retail pharmacies?

Banwari Lal Mittal: I think this is the best model. If you want to build a growth-oriented business in a profitable manner. But if we decide to go pan-India, then obviously we require, again, like any other E-commerce company, we require to raise \$500 million, \$1 billion that kind of capital investing. So, that becomes a very big challenge and our mind-set does not allow to burn unnecessary capital.

Vishal Manchanda: And so, in terms of the investment that you are proposing about Rs. 150 crores, would that be through the P&L or would that be through the balance sheet?

Banwari Lal Mittal: No, no, it will be from P&L because those are basically largely expenses are on either on build-up of technology. So, we have to pay salary to our engineers because it is a self-developed product, we are not outsourcing so we cannot capitalize. Second is our advertisement and communication. So, those have to be coming in profit and loss account. So, nothing will be capitalized, these expenses will go in profit and loss.

Vishal Manchanda: So, we will have some pressure on EBITDA that might go down in absolute terms because of the higher expenses.

Banwari Lal Mittal: It is separately disclosed to the investors that this is how the things are picked up, how the RetailerShakti will be profitable very soon. And in any case, if you see the Flipkart deal also, those losses, 25% of losses are coming from the Flipkart balance sheet as an associate company. So, all losses will be much, much lower than Flipkart losses as an associate company. So, if you see the Rs. 140 crores was 25% of loss in one year as a portion of our associate company loss. And in three years this will be there. The silver lining is that there will be no loss which will be clubbed into profit and loss from an associate company. So, that will compensate that.

Vishal Manchanda: And how should we look at the gross margins going forward maybe in the next year. So, this quarter, it was 6.5% versus annual of around 9%. So, FY '25 any, sir, next year FY '26 any guidance on the gross margin?

Banwari Lal Mittal: FY'25, current year, I can say that, at SastaSundar level, the gross margin we are expecting is around 11.6%.

Banwari Lal Mittal: RetailerShakti we are expecting 5.7% while the blended gross margin we are expecting 6.7%. And we are building a business to have in 2030. The gross margin is somewhere around 14.7% and in RetailerShakti 9.2%. So, at the blended level we expect in 2030 the gross margin around 11%.

Vishal Manchanda: In RetailerShakti how will they expand the gross margin?

- Banwari Lal Mittal:** See the gross margin in RetailerShakti, if you see the FY'24 year, year FY'23 - FY'24, then the gross margin was 4.9%. So, the RetailerShakti margin will expand as the volume increases at both RetailerShakti and SastaSundar. And certain parts of the gross margin will increase because of our own private-level brand in the name Aadhaar that we are launching. This is a trade-generic brand of RetailerShakti. So, by a mix of around 10% of that brand, the gross margin will increase. So, the primary incremental move is coming from the increase in the volume, and consequently increase in the margin, and then decrease in the OpEx, operation cost, and launch of private-level.
- Vishal Manchanda:** And you will continue to kind of do business on cash basis only and not kind of offer credit to retailers?
- Banwari Lal Mittal:** No, no, we are not building a business which is based upon credit. We are building a platform business which is largely on cash basis.
- Vishal Manchanda:** Right. And from a cash standpoint, how do you look at your balance sheet? So, would you leverage maybe the next two, three years, would you need to leverage, or the existing cash would only help you to build?
- Banwari Lal Mittal:** No, this is what we want to remain with us. We want to fully focus for the next three years in building the business. We find that this is the great opportunity before us and we should build this business with great care, and so we will fully focus on this.
- Vishal Manchanda:** And just one final one, in terms of any differentiation that you think you can bring versus the peer competitors on the retail, on the B2C side, like Flipkart or 1mg.com, how do you differentiate from them?
- Banwari Lal Mittal:** The differentiator is the Healthbuddy model. Healthbuddy is a very unique model where these E-commerce companies do not find relevant expertise and we have the relevant expertise to deal with the Healthbuddy model. So, Healthbuddy model is the key differentiator in B2C.
- Vishal Manchanda:** So, from a consumer standpoint, like why do they go to a SastaSundar online pharmacy versus a 1mg online pharmacy, like what's the difference?
- Banwari Lal Mittal:** See from a consumer perspective. The first thing is the service brand in terms of availability that all the medicines are available, that is one thing. And second thing that all the medicines which are available are genuine and authentic. So, the brand reliability has to be there. And third is the discount. So, are you able to operate at a low cost and offer more discount. So, if you compare now with other players, our discount is highest, and still we are making profit because of our efficiency in operations.
- So, and then these are the ready, as on today, the genuine medicine discount biggest and then availability largest. These are the today's atmosphere. What we tomorrow is, will be evaluation of the artificial intelligence that how by technology helps, we can help them by analyzing their past history, can we analyze their past history of the prescription we have with us, can we analyze the past history of their diagnostic reports we have with us and tell them that these are the things their

doctor is missing, they are missing and these are the things we've properly taken care of, their complications they can avoid.

And these things are changed that their lifestyle changes which they require. So, this evaluation of artificial intelligence, we firmly believe will be very much impactful in healthcare. And I'm sure that this medicine supply in B2C platform is only the start of SastaSundar, and we are gearing up that how this platform can be developed into the providing full service based platform based upon artificial intelligence. As I said earlier, that very less verticals have this opportunity of equally providing products and equally providing services. So, this is the beauty of this and we are very excited and we look forward.

- Vishal Manchanda:** Right. And sir, just on what sales level would RetailerShakti become profitable?
- Banwari Lal Mittal:** So, RetailerShakti, we expect that it will be profitable in '25 - '26 financial year around Rs. 2,000 crores revenue.
- Vishal Manchanda:** So, would you reach to that run rate by end of FY '26 on RetailerShakti?
- Banwari Lal Mittal:** In the last quarter, the monthly run rate will be near to that.
- Vishal Manchanda:** And are you adding stores consistently to your network?
- Banwari Lal Mittal:** Yes, we are adding consistently to the network.
- Vishal Manchanda:** And again, is this largely based in West Bengal, your RetailerShakti network or this is even outside of West Bengal?
- Banwari Lal Mittal:** No, no, out of West Bengal, I must tell you that we have got a good success in NCR. So, NCR, the numbers are very good, and we are getting good traction in Northeast also. So, RetailerShakti, all three warehouses are doing well.
- Moderator:** Thank you. The next question is from the line of Neeraj Seth, an individual investor. Please go ahead.
- Neeraj Shah:** I just have one question, probably also loosely modeled to what the participant before just asked. How do we intend to acquire customers on B2C platform and what is the sort of customer acquisition cost that you are building in?
- Banwari Lal Mittal:** The customer acquisition largely happens from A) from the Healthbuddy network that is existing a network and that had a turnover of Rs. 863 crores already. So, they have the access to the customer's contact points and they are helping us to acquire the customers on the platform. That is the first point to acquire the customer. And second is obviously, the full proof model of SastaSundar is to engage in customer. So, SastaSundar previously also used to organize the health camps to reach out to the customers through that. And then some sort of low-cost advertising also helps. So, all mixing, three largely from Healthbuddy, 50%, 25% through engagement and 25% through advertisement and communication.

- Neeraj Shah:** Any rough idea in terms of, let's say I do not know how we want to call it, a monthly transacting user or an annual transacting user for you in two, three years. What is the kind of traffic that you want to see on your website or your app?
- Banwari Lal Mittal:** Those data we will be publishing after our March quarter because those are very, very competitive, sensitive data, you must understand, and it goes on the record for public viewing.
- Neeraj Shah:** Most of the platforms do give it. So, this is at least from people who matter those things are in public domain. So, that will be key. I am assuming in terms of size.
- Banwari Lal Mittal:** After March quarter results, we will start publishing. It is a very, very initial stage for us to publish.
- Moderator:** Thank you. The next question is from the line of Jagdish Sharma, an individual investor. Please go ahead.
- Jagdish Sharma:** Can you clarify two things, first one on cash, what is the cash in your hands? Can you repeat that line you just mentioned?
- Banwari Lal Mittal:** The cash before Flipkart deal, it was around Rs. 550 crores and we got another Rs. 95 crores. So, Rs. 550 crores plus Rs. 95 crores is around Rs. 675 crores.
- Jagdish Sharma:** Rs. 675 crores. Out of that, we will be spending Rs. 145 crores, right?
- Banwari Lal Mittal:** Yes, largely Rs. 145 crores will be treasury income. So, I expect that at the PAT level, taking other income after one year, it will be profitable.
- Jagdish Sharma:** And second is the guidance. What is the guidance you told FY '26 and '27, sir, can you repeat that?
- Banwari Lal Mittal:** No. I am afraid that '25 - '26 we are into building stage, but I can give you the guidance of 2030. In 2030, in the next five years, we will be building a composite platform of Rs. 6,600 crores turnover. Out of that, SastaSundar, we expect Rs. 2,000 crores, and in RetailerShakti, we expect Rs. 4,500 crores. This translates at SastaSundar a 60% growth from the current year. And current year, in SastaSundar, we expect Rs. 199 crores turnover, and around Rs. 1,000 crores turnover in RetailerShakti. From a base of Rs. 1,200 crores, we aspire to grow to Rs. 6,600 crores. And this translates at a blended level of 41% CAGR in revenue, 60% in SastaSundar, and 36% in RetailerShakti.
- Moderator:** Thank you. The next question is from the line of Arnav Sachdev from Krup Capital. Please go ahead.
- Arnav Sachdev:** My first question is, currently, how many SKUs are offered on the platform? And what is the strategy for expanding the product range?
- Banwari Lal Mittal:** I request Sachin, our Chief Operating Officer to address this.
- Sachin Mittal:** Hi, good evening. We currently offer close to 37,000 SKUs on our platform. These SKUs, the catalog has been built over a period of time, taking into account the customer feedback, the demand

we get from customers. So, the way we will expand the SKU portfolio is, one, pharma companies continue to launch new SKUs. So, among the top 100 companies, every year, 2,000 new SKUs are launched. So, those get added as and when they are launched based on our relationship with pharma companies. The second is that we will also add a decent portfolio of trade generics in future. And then we are also working with the D2C health companies to build the health and wellness products. But broadly, the portfolio we have of around 35,000-37,000 is the core portfolio, which I would say probably would do a 98% demand fulfillment in the regions where we operate.

Arnav Sachdev: And my other question is, many of our competitors are adopting an omnichannel strategy, combining online with physical retail stores. So, are we trying to do the same?

Banwari Lal Mittal: Not same, but largely our Healthbuddy model is omnichannel only, except that they do not keep inventory. So, inventory also we are planning at the start of our Q-commerce delivery system. So, we are launching our own trade generic brand called Aadhaar Pharma. So, we plan that they have Aadhaar Pharma of around 500 SKUs which practically cover each line of the prescription in terms of generics. And from there we are planning to deliver into Q-commerce. So, you can say it's an omnichannel model with a difference.

Moderator: Thank you. The next question is from the line of Chirag Malik from Malik Investments. Please go ahead.

Chirag Malik: Sir, my first question is what is our plan for expansion of RetailerShakti in our warehouse? What is the plan for the next two to three years?

Banwari Lal Mittal: The plan is to continue grow. In RetailerShakti, we do not need nothing except growing the markets. So, we have three ALC right now. In the next three years, we may open another one. So, total RetailerShakti will have four ALC. And in RetailerShakti, it is a very powerful tool and highly successful. If you see, we are growing 100% from last year to this year. And we will continue to grow. And we expect for the next five years to grow in RetailerShakti with a CAGR of 36%.

Chirag Malik: Sir, have you finalized the location of the next warehouse?

Banwari Lal Mittal: Not yet. We are working upon that. Because in RetailerShakti, delivery time, we have the leverage because the retailers can keep the inventory. So, we are not in a hurry to open a new warehouse. Because one warehouse slightly say one-day delivery to two-day delivery still it is good for retailers.

Chirag Malik: My next question is, sir, how we are planning to expand our pathlab business, Genu Path Labs? How will model work?

Banwari Lal Mittal: Genu Path Labs, we want to integrate into our quick health. So, Genu Path Labs, we are working for some sort of strategic alliance with a bigger laboratory. And we are talking with two, three big laboratories. So, how we integrate the Genu Path with those and then integrate our quick health platform. Because as I said earlier that the quick health will require a doctor consultation and diagnostic quickly. And our centralized lab may not be sufficient to quickly deliver because those have to be near to the customer. So, we are launching a full-fledged diagnostic platform with in

mind to deliver the quick health, which starts from doctor consultation to quickly delivering the diagnostics report and quickly delivering the medicine. So, I think in the next six months' time, we will be able to present the plan of quick health. And along with that, we will present the full plan of Genu Diagnostic also.

Chirag Malik: So, we are planning to launch a separate app for this quick health?

Banwari Lal Mittal: No, no, it will not be a second app, but it will be part of SastaSundar which will have a button of, which is called green button. So, suppose I'm giving a very example suppose any of your relative is sick in Calcutta any of our operation area, you just need to put that Genu Health, green button at once. Everything else we will take care.

Chirag Malik: And sir my next question is about trade generics, the Aadhaar part. So, it will be for B2B or B2C, or both?

Banwari Lal Mittal: It will be for both.

Chirag Malik: Both. Then, sir, in B2C segment, how it will work, sir? Usually doctors in our India prescribe brand name. Then how it will work, sir?

Banwari Lal Mittal: No, it depends upon the customer choice. You want to give the choice to the customer, as far as the B2C is concerned. So, if the customer's choice is that we let them know that these medicines are available, and they can get it at a very substantially low prices. Now, getting the doctor's prescription, doctor's recommendations, is upon the customer. That is one thing. And second thing is very, very interesting. I must tell all the shareholders about the pharmaceuticals, that around 20% of the medicine customers buy from pharmacy shop about quick medicines, like those are without doctor's prescription. And they are like, can we get that 20% customers into quick health category? And when the doctors are there on the platform itself, and the quick health means the SKU has to be very, very less. Can they prescribe that medicine, which is quickly available? So, these are the things which artificial intelligence will help, and we are working upon that.

Chirag Malik: So, we can only give the medicine only on prescription, sir?

Banwari Lal Mittal: Definitely. Without prescription, we cannot do. And we cannot substitute the medicine in prescription. We need a valid prescription. So, but we can tell the customers. We can tell the doctors also. We can go and meet the doctor. Say, these are the medicines if they prescribe. Their customer will be benefited. So, at the end of the day, but the times are changing, because of the success of Jan Aushadhi Karyakram, where PM Modi himself is the brand ambassador. So, customers are realizing that they can opt for generics. And there is a new market for this. And we are seeing the upkeep of trade generics. So, if the choice is given, the customer can request to the doctor. And doctors are also writing generic medicine. So, we see the shift at ground level in these two counts.

Chirag Malik: So, we will only procure it from outside? We have no plan to manufacture it in the future?

Banwari Lal Mittal: No, no, absolutely we do not have any plans to manufacture. We will partner with good manufacturers and already some of the great companies are building manufacturing.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I now hand the conference over to the management for the closing comments.

Banwari Lal Mittal: So, thank you, my dear shareholders. I would request you to please have a patience with me. We are building a great company, and I mean, I would request you to align your expectation and purpose with the purpose and goal of SastaSundar management. And since you guys are meeting with various companies, please guide us about what others are doing innovative things in healthcare. Your guidance is invaluable for us, and we look forward to your suggestions. You can write to me at founder@sastasundar.com, all your suggestions and recommendations. Thank you so much.

Moderator: Thank you, members of the management team. Ladies and gentlemen, on behalf of SastaSundar Ventures Limited, that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.