



“SastaSundar Ventures Limited Q3 and 9-month FY26 Earnings Conference Call”

February 09, 2026



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MODERATOR: **MS. SOUMYA CHHAJED – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day and welcome to the Q3 and 9-month FY26 Earnings Con-Call for SastaSundar Ventures Limited hosted by Go India Advisors LLP.

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 ‘*’ then ‘0’ on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Soumya Chhajed from Go India Advisors LLP. Thank you and over to you ma'am.

Soumya Chhajed: Good day everyone and welcome to Q3 and 9-month FY26 Conference Con-Call of SastaSundar Ventures Limited. We have on call with us Mr. B.L. Mittal – Chairman and Executive Director, and Mr. Lokesh Agarwal – Chief Financial Officer.

We must remind you that the discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks pertaining to the business.

I now request the management to take us through the recent business update. Post that, we will open the floor for Q&A. Thank you and over to you sir.

B.L. Mittal: Thank you. Good evening, everyone and thank you for joining SastaSundar Ventures Limited's earnings call. We sincerely appreciate your continued interest and support as we progress through an important phase of our growth journey. Our philosophy has always been rooted in combining medical science, technology and **profitable** growth to make healthcare affordable and accessible. The core commitment continues to **shape** our strategy and execution.

During the year, after a steady revenue from the last 3-4 quarters due to automation, our growth came back and therefore from Q-to-Q our revenue has risen by 11% Q-to-Q and by YOY 22%. There is an expansion in gross margin also from last quarter 7.4% to this quarter 7.6% and from December 2024 6.1% to 7.6%.

During Q3F26 our business continued to demonstrate steady operation traction across both B2B and B2C verticals reflecting disciplined execution and sustained customer engagement. For the nine-month period ended F26 our performance remained resilient despite transitional challenges witnessed earlier in the year. Growth momentum was supported by improvement in resourcing, optimization in procurement processes and automation across fulfilment and supply chain operations. Both our key platforms Retailer Shakti and SastaSundar B2C continue to remain central to our growth strategy. Retailer Shakti maintained stock order volume supported by deeper retail penetration and enhanced supply chain efficiency. Meanwhile, SastaSundar B2C delivered robust growth supported by improved customer engagement, stronger repeat order behaviour and expanding product categories. Our performance continued to reflect the strength of our capital efficient model. Over nine months FY25-26 we maintained stable revenue growth

and improved profitability metrics supported by better product mix, improved vendor terms and disciplined cost control.

My dear friends, we have posted a very extensive presentation this time in Stock Exchange. I would request all of you to read very carefully each and everything about the business model how we are the most capital efficient company in the country, both in terms of capital efficiency, both in terms of working capital efficiency and a highly growth-oriented platform we have been able to build. I am pleased to say that we remain firmly on track to achieve our stated guidance. Retailer Shakti is progressing towards EBITDA break-even by Q4 FY26 and expected to deliver sustainable EBITDA positive performance in FY27. SastaSundar B2C is progressing towards contribution margin positive in FY27 with operating leverage improved as order density and customer acquisition efficiency strengthened.

As you have seen in the balance sheet how we are funding our growth which is required in a tech-oriented business that our total investment for futuristic technology is less than our treasury income and thereby the cash flow remains positive by virtue of treasury income.

For the future, our focus remains anchored on three key strategy priorities. One is technology and growth infrastructure. We continue to invest in building a high-tech AI-enabled platform that enhances customer experience, improves supply chain efficiency and strengthens personalized capabilities. These technology investments are expected to deliver measurable operating leverage benefits beginning FY27 as adoption scales.

Expansion across categories and geographies. We are actively expanding product categories, strengthening vendor partnerships and increasing penetration across unserved geographies. These initiatives are expected to support sustained growth momentum over the next 2-3 years. I am very happy to announce that we already launched our JITO brand. This JITO is a very progressive strategy to distribute generic-generic offerings under our own brand, and I am happy to announce that we are the only distributor, or we are the only healthcare platform which has a relationship with around 65,000 retail pharmacies. So quickly we will integrate all our pharmacy retailers to our JITO distribution network. So overall our vision remains to build a leading healthcare platform that combines innovation, empathy and technology to deliver affordable and accessible healthcare solutions across India. With strong platform engines, Retailer Shakti in B2B and SastaSundar B2C, we believe we are uniquely positioned to create a scalable and sustainable healthcare ecosystem.

With this, I will now request our CFO Mr. Lokesh Agarwal to take you through the financial performance for Q3 FY26.

Lokesh Agarwal:

Thank you Mr. Mittal. Good afternoon, everyone. This is Lokesh Agarwal. I will take you through the financial performance of the company for this quarter.

During this quarter, i.e., Quarter 3 Financial Year 2026, we marked a strong operating quarter for the company reflecting a healthy top-line growth, meaningful improvement in profitability. You would notice that our revenue from operation has increased to Rs. 341 crores for this quarter, registering a growth of 22% as compared to year-on-year growth of last quarter, which is driven by sustained traction across both B2C and B2B businesses. Gross profit for this quarter has increased by 55% year-on-year as compared to last quarter, while the gross margin has increased to 7.6% as compared to 6%, reflecting an improved product mix and operating efficiency. While employee benefit expenses increased year-on-year in line which is in line with our strategic investment for talent acquisition and investment in technology, while other expenses are moderate and remains in line with our revenue. EBITDA losses have significantly narrowed down to negative Rs. 14 crores which has improved year-on-year by 41%, while the EBITDA margin has improved by 4% compared to the corresponding quarter of last year. Supported by higher other income, the company reported a sharp turnaround at the operating level, wherein the EBIT turned positive at positive Rs. 1 crore compared to loss of (-) Rs. 37 crores of Quarter 3 of last year.

Further, you would notice 9-month financial performance has also improved drastically. The company reported a revenue of Rs. 928 crores approx., reflecting a 15% year-on-year growth driven by steady performance across core segments. Gross profit has increased 30% year-on-year to Rs. 70 crores, while gross margin has improved by 80 basis points. We ended up with 7.5% gross margin for 9-month period as compared to 6.7% of corresponding period last year. Improvement in our operating efficiency and higher other income supported a turnaround in our profitability, with the company reporting a PAT of (+) Rs. 11 crores as compared to loss of (-) Rs. 151 crores in 9-month FY25.

Overall, the performance reflects the company's focus on scaling revenue while improving operating efficiency. We are continuously investing in technology, talent and in our platform capabilities to translate into stronger margin, profitability and positioning the business for sustainable growth ahead. Thank you.

With this, I leave the floor open for your queries.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Amit from Robo Capital.

Amit: My first question is on Healthbuddy. What is the count currently and what do we expect the count to be next year for Healthbuddy, like next 2 years or so? And secondly, on Healthbuddy, what is the burn rate currently? And also, what are the top 2-3 items where there is a burn? Because I think on unit economics level, we may not be bleeding for Healthbuddy.

B.L. Mittal: Yes, you are very right. The Healthbuddy model itself is a positive at contribution level. We do not burn even a single penny out of the delivery. Right now, there are 293 Healthbuddies on the SastaSundar platform and we will grow around 50% to 60% year by year. By 31st March F27,

we should be around 400 Healthbuddies and then we grow continuously. And the top item of cash burning or cash investment is our salaries and advertisement. So, the salary part is around Rs. 15 crores for B2C platform building and around Rs. 11 crores is our revenue attachment. These two things are basically cash investing items. From the transition level, we are cash positive and we will continue to be cash positive. There is no cash burn in transition.

Amit: These salaries, these are essentially for the IT team or for building the platform or these also include the delivery salaries for those who deliver the product.

B.L. Mittal: We don't deliver the product because the products are delivered by Healthbuddy. So, there is no delivery cost attached to this. These are purely tech-oriented people who are building the futuristic tech capabilities. These we don't factor into our futuristic investment. We have a separate ecosystem building cost. SastaSundar, the B2C retail platform, we are building a unique platform to provide A) the personalized services by artificial intelligence using say counselling based upon our data. And B) is the quick health delivery model which we are launching. And C) is the JITO generic module by which we can provide a clear insight, how the generic-generic medicines may be cheaper for customers. And D) are the health records. These are the futuristic plans of which our team is building platforms. So, these are not related to current infrastructure or current offerings. These are purely futuristic offerings upon which we are very, very positive and these are very measured investments by us.

Amit: Secondly, on the Retailer Shakti, how do you see growth going forward, say a couple of years from now?

B.L. Mittal: Internally we have planned that we shall grow by (+) 30% year by year for next 5-10 years. That is how we plan the growth. But these are subject to so many variations upon Q-to-Q or even one year. So, there may be some quarter where we grow slowly. There may be some quarter we grow fast and rapidly. But if you ask me next five years to 10 years, then we target to grow by (+) 30% CAGR for 5-10 years.

Amit: Last question is on the corporate action. There is, I think, a merger planned. Maybe you can throw some light on the corporate action on what is the plan now?

B.L. Mittal: This is a very important agenda for all of us. Earlier SEBI has made a condition that there has to be a QIB to hold 25% equity post issue to maintain the public shareholding. So, we are working on that part. And after closing of this account for this Financial Year 2026, we will approach to our Board of Directors to grant the merger approval. And subject to that merger approval, we must be completing the merger and demerger process in the next financial year.

Moderator: The next question is from the line of Avnish Tiwari from Vaikarya Fund.

Avnish Tiwari: First question I had was this GST change which happened last year. All the inventory you had at a higher rate of GST, how did you consume that? How did the marketing companies compensate you for that?

- B.L. Mittal:** Marketing companies, I mean, pharmaceutical companies have not compensated. They have given one month extra credit to all the participants in the industry. We have in our books the GST credit which were into the inventory, and we hope to cover up in the next 2-3 years period of time.
- Avnish Tiwari:** Did it impact your gross margin for the 3rd Quarter? Because you had to consume this higher cost inventory.
- B.L. Mittal:** Gross margin right now is not enough to consume. We are not paying any GST. But going forward, our gross margin will enhance, and our revenue will also enhance. So, I think in next 3-4 years and then we are working very sincerely to increase our offering in terms of beauty care and personalized care where the GST rate is high. So, that we should compensate so that we don't have any other option other than to wait for adjustment through our revenue.
- Avnish Tiwari:** You are saying the GST you have already paid, to recover that you need to sell higher GST. In future, you plan to recover that through selling items which carry GST, so you can claim that input tax credit.
- B.L. Mittal:** Right. Out of these three things, one thing it can be that we sell other items and we increase our revenue. That is not a very big amount. It's a very moderate amount. So, we don't find any difficulty. I mean, this is a change and change is for good for country, good for the society, good for us also. The GST rate is decreased from 12% to 5%. But yes, some side effects are there, so we have to bear that kind of pressure on working capital, but that is not that much.
- Avnish Tiwari:** The only impact you have was on working capital, not on the gross profit or margin, because revenue and cost of goods both are excluding the GST, right?
- B.L. Mittal:** Yes. So, there is no effect on that, except that our working capital is plugged for some 3-4 years' time.
- Avnish Tiwari:** And to compensate for that, the marketing companies gave you one month extra payable. What was that?
- B.L. Mittal:** They gave us one month extra credit, but that has gone far. So, that we have availed, but right now the GST remains as it is.
- Avnish Tiwari:** Second question I had was that let's say your gross margins are about 7.5% to 7.6%. And in this industry of distribution, what are the typical gross margins? Some of your competitors have like reporting around 10%. Some of these other kinds of distributors, smaller ones have in that vicinity 8% to 10%. So, can you help us understand your gross margin versus what we see at larger companies gross margin who are into pharma distribution business?
- B.L. Mittal:** Yes, you are absolutely right. But you have to compare after discounting the credit part. So, we don't give credit. We started our model without giving any credit. Our margin of 7.6%, if you

adjust with credit, it is coming 1.5%. If you see the larger distribution companies, their credit is higher 60 days. So, 60 days credit means 2%. So, our credit is zero. So, 2% extra, I mean 7.6% to 2% 9.6% that is in line with the industry. As we grow more, I think this credit delta will be replaced by the digital delta. We have started taking charges for our data management from pharmaceutical companies. We have launched a SastaSundar digital platform, SastaSundar podcast on YouTube that has started monetizing. We firmly believe that this credit delta will be compensated by delta by data and platform revenue and then again, the platform fees that we charge from the retailer. So, taking together without even the credit delta, we should be able to reach around 9.5% to 10% growth margin. And then there will be substantial improvement by virtue of the JITO our own level brand. So, we hope that it will enhance as we grow.

Avnish Tiwari: Can you explain what do you do in data management for which your retailers will pay you about 2%?

B.L. Mittal: Not 2%, the data plus podcast plus the tech generic, three ability we are giving to the pharmaceutical companies. Data means we have the data because our entire distribution is through digital. So, we have the pin code-wise data that in which pin code which retailer is buying, in which area, which retailer is not buying, in which area, which retailer has what kind of inventory at their stores and which retailer, what kind of inventory they are returning. So, all those are digital data. Those are very valuable insights for pharmaceutical companies.

Avnish Tiwari: You give it to the marketing company, right? The data.

B.L. Mittal: Yes, pharmaceutical companies, we give without mentioning the name by categorizing the pin codes.

Avnish Tiwari: Second thing also you said, one is this activity will do to get additional revenues. You said second activity also, which will help you on a gross margin, what was that? Now, your own JITO brand.

B.L. Mittal: JITO brand. I must emphasize that we are the only distributor who can integrate the pharmaceutical shops into JITO private level brand. So, this is a very unique model. As of now, we are the only company which has 65,000 retailers on board in digital medium. We have launched them and we are making them enable to sell the generic-generic quality brand JITO. Because now there is sustained demand from customer side, because the new customers are coming to avail the benefits. And this model, we firmly believe that along with the separate channel in SastaSundar platform JITO, this will substantially increase our revenue, and this will substantially increase our gross margin also.

Avnish Tiwari: Typically, how much margins you make on your JITO gross margin or contribution margin, because there is some small cost in what is selling, you need to connect with these retailers. So, what is either gross or contribution margin of JITO?

B.L. Mittal: JITO, as you know, the platform, we have a variable expenses of around 5%. JITO, the gross margin will be around 30%. 30% will be the gross margin and out of that, 5% will be the cost as happened with other medical distribution costs. In JITO, we will be having a gross margin 30%, contribution margin around 25%.

Moderator: The next question is from the line of Aryamann from Prudent Investment Manager.

Aryamann: Basically, like you mentioned, we don't give credit. Doesn't this create a bottleneck during expansion, the expansion that we are currently doing? Because I'm assuming the distributor here give a decent amount of credit to the pharmacies. So, if we are going with no credit, does not this create a bottleneck in terms of growth and expansion?

B.L. Mittal: We don't find any bottleneck, rather, this is a USP. If you see the West Bengal geography where we launched first, we are the market leader, including all the credit giver players also. If this had been a bottleneck then we should not have been the market leader. Then, looking towards second geography, Noida. We are very rapidly expanding. We are the fastest growing distributor there in Noida. And then third geography, we went to the Northeast, we opened another fulfilment centre, Guwahati. There again, we are the leader. So, this is a choice to the retailers that they get a transparent price. They get the commitment to deliver next year for all the medicines. And I guess that we give them extra discount. And the discount is as high as 1.5% to 2% more than any other distributor. And the credit, if they get from banking channel or they get a credit from other NBFC, that credit cost is less than 1%. So, if they disintegrate this credit from that distribution, that will happen in due course of time, because this credit clubbed with the distribution is very costly affair for retailers as well as for distributors, because both are into trouble. So, this is an innovation and this is our USP and we got market leadership by virtue of that USP, and we don't find any bottleneck in growth.

Moderator: The next question is from the line of Dhairya Trivedi from DJT Investments.

Dhairya Trivedi: I wanted to get an update from you on the status of the new warehouses in Lucknow and Udaipur, and also on the capacity expansion in the existing warehouses. If you can give an update on that.

B.L. Mittal: As you have seen from the last four quarters our growth was very limited and that by virtue of the automation in Baruipur. We faced the demand expansion very rapidly and that made our warehouse very small in comparison to the demand. Now we are looking to the forecasting. We target first the entire eastern India and then northern India and then the entire north-east. So, from West Bengal, we will be serving to Bihar, Odisha, Jharkhand, and Chhattisgarh. So, we need extra warehouse. So, we have automated the warehouse to make the capacity double and then another additional fulfilment centres of around 80,000 square feet. That will be in addition to 156 existing. Noida, we are again building 1 lakh square feet new warehouse. And from Noida, we can go to Rajasthan, Jaipur, Haryana. And from this side, one part of the Uttar Pradesh. So, we have to build in Lucknow to service the cities like Banaras, Kanpur, Ayodhya. And then from Rajasthan, we can't reach to Udaipur side, Udaipur, Chittor, Bharatpur, Ahmedabad. Ahmedabad

is very near to Udaipur and Indore, which is also an 8-hour journey. So, these are the territorial thoughtful decision to build FCs so that we can cover a substantial part of the northern India and Eastern India, Northeast India and some part of Ahmedabad from Udaipur. Before we build a new warehouse in Ahmedabad, Maharashtra and Southern India, that we plan next year. But this year, as of now, we want to cover the entire distribution in the region in which we operate.

Dhairya Trivedi: When is this additional capacity likely to be completed?

B.L. Mittal: The additional capacity, we have started in West Bengal. First, West Bengal will be completed in next six months. And Noida, we will start in next quarter. So, it will take around 1.5 year. Guwahati, partially we have built and then we are building a new building there in Guwahati. That will take another 2 years' time. Lucknow, it will take 2 years. Udaipur, it will take 2 years. So, these are the 2 years' planning. In the meantime, we will continue to serve from 3 FCs because we have a very large scale of FCs. Those are automation process. So, it takes a lot of time before we build a new FC.

Dhairya Trivedi: If you can just give an update on what was the sales from JITO for this quarter?

B.L. Mittal: JITO, this quarter we have just launched. So, sales is not too much in lakhs of the rupees. But I can tell you the start is very good and inspiring.

Dhairya Trivedi: What are the projections for the next, say, 12 to 24 months from JITO?

B.L. Mittal: From 24 months, we must be reaching around 5% of the sales by JITO and it will rise. I think next year, we will be doing around 2% to 3% because initially one and two years takes a lot of time for building distribution, for building procurement capabilities, building brand, and then it enhances rapidly. So, we expect that next year it should be 2% of the revenue and then 5% and then for next 2-3 years 10%. But we are targeting in next 3-4 around 10% of our revenue from JITO.

Dhairya Trivedi: We are integrating this with our existing network of pharmacy, right?

B.L. Mittal: Yes, that is what the beauty is. We will build the JITO brand and JITO network absolutely new phenomena without any cost. So, there is no cost attached. We have the FC, we have the distribution, we have the technology, nothing. This is what's the beauty of any digital ecosystem is that we enhance capabilities, we enhance offering without any additional cost.

Moderator: The next question is from the line of Pulavarthi Sai Kiran from Pulavarthi Advisors.

Pulavarthi Sai Kiran: Just quickly understanding the working capital days looks like especially on the payable days, there is a lot of volatility. If you can help us understand how to think about working capital as percentage of revenue and working capital days.

B.L. Mittal: The working capital volatility remains because of the nature of the business and because of this GST environment also. Some quarter have up and down, but as a business model, say for next 3-4 years, the working capital in our business should be almost negative or 10 days working capital, you can say, because we are building a model whereby through our technology, our inventory will be around 21 to 22 days and that will be funded by our receivable. So, fundamentally, the business will not need any capital. But yes, as of now, we need capital until we achieve that kind of cycle. And the JITO brand will be needing some working capital and that is a working capital intensity because we depend upon contract manufacturing, we don't have our own plant to manufacture. So, that will require another 60 days working as far as the JITO brand is concerned. So, yes, quarter-to-quarter, as I said earlier also, there will be some volatility, but fundamentally this is an efficient working capital model.

Pulavarthi Sai Kiran: As of December 2025, what is the cash in books?

B.L. Mittal: There are two parts of our company. One is SastaSundar Ventures Limited. One is the financial part. There is one NBFC called Microsec Resources. And one is SastaSundar Healthbuddy Limited. As on 31st March, SastaSundar Healthbuddy Limited is around Rs. 403 crores of treasury. And SastaSundar Ventures, other NBFC business has around Rs. 100 crores treasury. So, the total treasury in the company level is around Rs. 500 crores and SastaSundar Healthbuddy Limited is Rs. 400 crores.

Pulavarthi Sai Kiran: One last question. If you remember, you also mentioned that SastaSundar, which was like a erstwhile Flipkart Health business, has dropped from Rs. 510 crores to Rs. 135 crores, and then currently this quarter we have been at Rs. 44 crores. How do you see this growing, probably in the next 18-24 months?

B.L. Mittal: SastaSundar business, I think from this year to next year, we must be growing around 100%. And the growth is coming very nicely. We are very happy. And I believe in next 12 months' time, we shall reach at the level where we handed over to Flipkart. So, in 2 years' time, we will be happy to see that we are fully capitalized as a company. And we got the capital. From that capital, from treasury income, we are building business. And whatever we have lost, we gained again at the same level. So, SastaSundar in next one year, I'm completely hopeful, we'll reach at the level where we have handed over to Flipkart.

Pulavarthi Sai Kiran: To confirm, in your opening remarks, you mentioned that Retailer Shakti will be EBITDA positive starting from next year. And at this point of time, SastaSundar is positive towards the contribution margin level. Is my understanding right?

B.L. Mittal: Yes, absolutely right. I'm very happy to say that if you see the January month, then January month Retailer Shakti is already EBITDA positive. And SastaSundar is already a contribution margin positive. So, I am firmly hopeful that the next quarter, Retailer Shakti should be a bit of positive. By EBITDA positive, I mean, there will not be loss, 0.1% EBITDA. But next year, Retailer Shakti we are hoping to have 1% EBITDA. And SastaSundar, we are already

contribution margin positive company in the month of January. And next year, certainly, we will be contribution margin positive company. And SastaSundar also, this cost of futuristic cost, we are incurring with a purpose. I just told you the example of how Retailer Shakti and why SastaSundar. So, I tell you that the case margin, case generation capability in Retailer Shakti is 4% of the revenue for, say, after five years when it develops, say, a turnover at that point of time is 5000 crores. Say, for just for an example, the Retailer Shakti business model will generate 4% of the case. So, that is around 200 crores. But the SastaSundar case generating capacity will be 8%. That is 4% more. So, say, SastaSundar revenue is Rs. 2000 crores. So, we will generate case Rs. 160 crores. Against that Rs.160 crores for next 3-4 years if we are investing Rs. 125 crores, that's a wise decision. And this is basically, purely a trading profit loss. And then the type of evolution which is coming into artificial intelligence and the type of composite logistic model, you can compare any other company in India, and I would be happy to gain my knowledge. I mean, we have given in the presentation on Page #14, that our total capital raise is 352 crores and I have posted a 9% post-tax cost of capital raise for Rs. 431 crores. The total capital deployed is Rs. 783 crores. Out of that Rs. 100 crores we repaid to the Mitsubishi. Net capital out of buy back is Rs. 683 crores and treasury is Rs. 403 crores. Net asset is Rs. 197 crores. So, the IPR business, the capital deployed is only Rs. 83 crores. This Rs. 83 crores, if I composite, say, for next five years with cost of capital becomes double Rs. 200 crores. This Rs. 200 crores I realized in one year in SastaSundar alone. And SastaSundar when we partnered with Flipkart, we realized out of 75% stock, Rs. 800 crores so any one IP, I mean, the SastaSundar health and happiness podcast itself, a YouTube channel, can generate this kind of profits in next 3-4 years' time frame. So, this is our business. Only Rs. 83 crores we have invested in building the entire company, IPs, including Retailer Shakti and SastaSundar. And you can compare any other digital company in India, which can demonstrate this kind of capital efficiency and working capital efficiency. I will be happy to learn. Even a small startup, which raised Rs. 83 crores or Rs. 100 crores burn that money in three months' time.

Moderator: The next question is from the line of Jatin Jadhav from Sahasrar Capital.

Jatin Jadhav: I have two questions. The first one is, how should we think about the capital management between Retailer Shakti and SastaSundar B2C over the next 2-3 years?

B.L. Mittal: Both businesses are one for us. Large part of the capital goes into the fulfilment centre building or technology building where the capital goes on. And Retailer Shakti, as I already said, is almost breakeven at the corporate level, including its corporate cost. So, Retailer Shakti we don't find any major capital outlay for the next 2-3 years. It is self-sustainable level. And SastaSundar, as I have already said, we mark Rs. 150 crores to spend for building new technology. Out of that, around Rs. 50 crores to 60 crores we have already spent. So, another 100 crores that will be funded to the treasury income for next 2-3 years' timeframe. So, the company's capital and treasury will be intact. And out of the treasury income, we'll be investing for building futuristic success in the platform, including JITO. So, if you find there are some companies which are building their own brand, a brand-specific retail distribution channel, and you see their capital investment, and that kind of company in the company itself will be able to build without any

investment. So, that kind of efficiency we bring on table, that absolutely distribution of generic brand is being launched, is being scaled up without any capital outlay.

Jatin Jadhav: My next question is, what advantages does Retailer Shakti have versus peers like Entero or any regional distributor, especially if competition starts increasing?

B.L. Mittal: Very good questions. I would request to please see page #5 of my presentation on the stock exchange, where we have clearly demonstrated that how value additions, we give to retail pharmacies. So, there are four factors which are main. One is the reliable fulfilment of all medicine needs. So, any retail pharmacy wants to procure out of 50,000 SKUs, they have to depend upon 15-20 distributors. There is no one distributor. That is very inefficient. The distributor takes around 10 to 15 days' time to fulfilment. There is no certainty. As a retailer Shakti, today, any retailer gives order online. Next day, there is a guaranteed delivery that thereby they ensure that guaranteed delivery is there. They are able to reduce their inventory level by ensuring that identity. Then we are only company which give them clear discount scheme, absolute transparency on the screen without any discrimination. Our margins are certainly better that we give instead of credit. But again, the credit cost also that becomes more superior for them. And there is an absolute easy to return policy that they just need to put into a screen next day, leave them good materials on them. So, these are the five clear-cut benefits. One is reliable fulfilment of all medicine needs, better margin instead of credit, help reducing inventory level, clear discount schemes, transparent pricing, and simple return process for unsold high inventory. So, these are the clear things. And then I am very happy to inform all of you that soon we will be launching a Retail Air that will be the AI-driven SaaS platform that will be given to all the retailers free of cost. From there, they can manage the inventory. They can manage their billings and they can automate, put order into Retailer Shakti. So, this we will be launching in another 3-4 months' time. And we have invested around Rs. 10 crores into this Retail Air and this will be available without any cost to all the retailers who are attached with the Retailer Shakti platform.

Moderator: The next question is from the line of Dipesh J. Sancheti from Maanya Finance.

Dipesh J. Sancheti: You guided for PAT positive next year supported by treasury income. How should investors think about core operating PAT excluding treasury?

B.L. Mittal: Let me discuss the presentation. Every quarter-to-quarter presentation we show separately how the treasury income is and how is the operating profit. And as per Indian accounting standard also, the balance sheet, profit and loss account, quarterly, we also give separately. So, if you see the presentation which has been posted to the stock exchange, given separately.

Deepesh J. Sancheti: I am talking about when will we get PAT positive without treasury income?

- B.L. Mittal:** So, PAT positive, there are two components. One part is the Retailer Shakti and one part is the SastaSundar. So, Retailer Shakti, the next year we will be PAT positive for which we are working. And SastaSundar, we aim to be PAT positive sometimes in year '28-'29 or '29-'30.
- Deepesh J. Sancheti:** And this JITO, which you have launched, is it connected to the Jain International Trade Organization? Is it similar to this and are we leveraging that JITO also?
- B.L. Mittal:** No, we don't find any connection with the Jain International. JITO is our registered trademark and it's for medical and medicine. This is our registered trademark.
- Deepesh J. Sancheti:** And what specific strategies in your inventory management or receivable collections are optimizing this working capital cycle? Because those are the two key variables for us to get a positive cash flow.
- B.L. Mittal:** So, we are the best company in terms of the capital efficiency. So, we don't give any credit. So, there is no headache for managing the receivables. Of our inventory, we have demonstrated and developed a AI-driven algorithm whereby we can predict our demand very nicely, very happily. And we have built a direct relationship with almost all the pharmaceutical companies in India. And going forward in the next 5 years, we think that we will be a negative working capital company because our inventory will be at 22-23 days' time, which will be funded by pharmaceutical companies by giving similar kind of credit. So, we are working towards that and this company will be running without any working capital need.
- Moderator:** The next question is from the line of Abhishek Singhal, from Perpetuity.
- Abhishek Singhal:** Sir, thank you for taking my question. I just want to understand, because I was hearing from you the fact that the model you are building is very capital efficient. And we might either have a negative working capital at best 10 days or with some investment in JITO a bit more, which essentially means not more than 5% of sales is your net working capital requirement. Now, in that scenario, when you start hitting Rs. 5,000-7,000 crores kind of a top line, the total deployment required will still be significantly less than the cash that you have in hand. And plus, in our journey towards that Rs. 5,000-7,000 crores, we actually start generating cash. So, technically, the cash that is lying in our books at this point of time, a part of that might not be required for growth. So, I am just thinking aloud, sir, given there is some change now with the government proposing for buybacks and the way our stock is today valued at around 0.5X EV to sales and stuff. So, is there a thought process inside that there could be some distribution of cash through the buyback route?
- B.L. Mittal:** Yes, why not Abhishek? As you have demonstrated the current year, we bought back capital of Mitsubishi from the same thought. So, Rs. 100 crores we paid to Mitsubishi. And because this is step down subsidiary, so first action we have to complete the merger in the holding company for which we are working. So, first merger and yes, this will help that there is a government initiative to make the buyback free. So, we don't intend to hold case unnecessarily which belongs

to shareholders. So, and by that time, I think from 2 years now onwards, our merger will be completed. Our capital investment in SastaSundar will be almost over. We can see that whether we can do the buyback and I can recommend to our board of directors. And yes, there is a very thought upon which we can work upon.

Moderator: The next question is from the line of Saket Kapoor from Kapoor & Co.

Saket Kapoor: Firstly, if you could just explain the merger process and where are we and post the merger, how will the entity look like? I am new to the company. So, pardon me there.

B.L. Mittal: The post-merger, the SastaSundar Ventures Limited, first thing is that we are changing the name. So, next 10 days, the name will be changed from SastaSundar Ventures Limited to Health X Platform Limited. So, in Health X Platform Limited, this healthcare company, SastaSundar and HealthBuddy will be merged. So, Health X Platform Limited will have all the business of Sastasundar HealthBuddy Limited, which is a digital healthcare platform business. And then there is a NBFC company, which is called Microsec Resources, that will be demerged and will be listed separately. That will be a NBFC company and that will be listed separately. So, every shareholder who are right now is the shareholder of SastaSundar Ventures Limited will have shares of SastaSundar HealthBuddy Limited. The 80% holding of SastaSundar Ventures into HealthBuddy Limited will be distributed among the shareholders of SastaSundar Ventures. And SastaSundar Ventures Limited shareholder will get another share of NBFC company Microsec Resources. That is how it will look like.

Saket Kapoor: There will be two different entities for the nature of different activities that we do. That is how it could be.

B.L. Mittal: The two focus entities.

Saket Kapoor: And when we look at our peer comparison, Entero would be the only organization where we can look at a like-to-like comparison or depending upon the business model. Since it is mentioned that we procure medicines in bulk from the manufacturer. So, if you could just give us some more understanding on our peer comparison.

B.L. Mittal: So, the peer comparison I would request you. Definitely, we also see their balance sheet and performance. So, at the business level, we are similar to Keimed of Apollo Group or Entero of this nature. So, business buying medicine, storing and selling to the retailers' business by same. But the key differentiator you must factor into that what are the key differentiator. One is the credit-driven business. One is the business by building a case company. And second factor, once you build the case, you must also see that building business like Entero, how much capital they have to put to buy the rights of pharmaceutical companies, that is called the distribution rights. And you must recognize the fact that companies like Retailer Shakti, SastaSundar, we have not spent a single penny to acquire any right. And 95% medicine across geographies we buy directly from pharmaceutical companies. That is how there is a strong differentiation in the businesses.

You must also see that how much capital Entero has deployed, how much capital the business model like us can deploy. So, capital versus the cash generating capacity, in the next 4-5 years, you must build into two businesses. Then you will find very effectively the differentiation. So, business wise, you can definitely trade as far as the gross margin is concerned, as far as the growth is concerned. And then growth, again organic growth or bought-out growth. So, bought-out growth needs capital and then the shareholders' hard-earned money goes into that. And then value accreditation is difficult. So, that is how you can factor into. So, definitely you can follow those companies. But I would sincerely request you to study my presentation. In this time, I have given a very comprehensive presentation on the stock exchange. And you factor into capital efficiency, growth efficiency into that model. And then you factor into how much ROE, ROCE we are giving, how much ROCE this model can give. Then the comparison will be right.

Saket Kapoor: I will definitely go through and then come back again. But my second question was on the post-merger, what would be the promoters take in both the entities?

B.L. Mittal: So, as of now, the SastaSundar, Microsec Resources, NBFC promoters will be the same thing. And in SastaSundar HealthBuddy Limited, the promoter equity will be around 58% to 60%, depending upon the ratio.

Saket Kapoor: And for Microsec--

B.L. Mittal: So, the Microsec Resources will be 75% promoter and Health X, it will be 58%.

Saket Kapoor: I will join the queue. Who will be the remaining shareholders for 40%? That would have been my question. If you could answer that, I will join the queue.

B.L. Mittal: Yes, definitely. So, the one will be the Rohto Pharmaceutical Company, which holds around 16% in SastaSundar HealthBuddy Limited. This is a Japanese, one of the largest eye care companies in the world that will be holding. And then some FI, some QIB, and the balance public.

Saket Kapoor: Right, sir. Thank you, sir. I will do my due diligence.

Moderator: The next question is from the line of Athar Syed, from SmartSync Services.

Athar Syed: I wanted to understand, I am a little new to this company, first time attending your con-call. So, just wanted to know, what is the differentiator between us and our competitor in terms of, how we operate? Because if you see, we are just like a distributor. So, anyone can enter into this segment also. And also, the old players like PharmEasy and 1mg and other people also started their businesses. So, what is the key differentiator between us? If you could explain, it would be great.

B.L. Mittal: A very good question. So, I sincerely request you to please download my presentation from BSE, NSE website and see that we have given our X-Factor key differentiator. So, our core operating

capabilities, one key differentiator is our efficiency. So, we are the most efficient in terms of putting capital. We build the entire IPR business there by just putting 83 crores. We have given the detail on page #14.

Athar Syed: I actually heard these things. But apart from this, I wanted to understand, in Mumbai, government also started, there is something called as Jan Shakti Ayushman Kendra. Like, it is a government-backed medical store, basically. So, I also met some pharma companies also 2 years back. They also said that the biggest margin also to take by distributors like companies who distribute pharma products. So, government started this program where they directly cut off these distributors and directly taking these pharma products from the companies and selling it to the medical. So, it is not like, what we can say, very tough for us to maintain our business and maintain this industry.

B.L. Mittal: I mean, the government cannot deploy the technology into any type of business and cannot build the distribution network. That is not the government's job. So, whatever government does, government does for making access and affordable healthcare to retail public, to general public, not for distribution network. And even if the government does, definitely they will do because there is a very large market. So, we will also do, and the government is doing in West Bengal also, but we are the market leaders. So, that you see the competition builds more business. And the business where there is no competition, there is no growth also. So, this will keep on going.

Athar Syed: But it will slash our margin as well.

Moderator: The next question is from the line of Praneeth, an individual investor.

Praneeth: I was wondering in terms of, in the presentation, the company has laid out the fact that for health party, the contribution margin is going to be 0.5% to 1%, whatever is left over. So, I was wondering for SastaSundar, what is the split between online versus the HealthBuddy distribution channel? First question. And overall, how is the margin difference from both channels, HealthBuddy versus SastaSundar app? And how was it planning on scaling? I understand that you want to scale it up to, or it will be PAT positive by the end of '30. Could you just give some, what are the milestones that we need to keep tracking and how is it going to go there?

B.L. Mittal: I must explain to you that SastaSundar app and HealthBuddy is the same kind of model. They are not two differentiated models. HealthBuddy are the local partners or pin code wise who handle the prescriptions, checking compliance and last mile delivery. So, the SastaSundar as a company, we receive all the 100% orders through digital medium. Substantial more than 50% orders come directly through app. Some orders come from the dashboard which we install in the HealthBuddy service centre. So, these are only one model. And the contribution margin, which we are talking about HealthBuddy is the integrated margin of SastaSundar app and HealthBuddy.

Praneeth: So, we will only have 1% contribution margin from this particular business, that's the idea?

B.L. Mittal: As of now yes. And from next 2-3 years, this 1%, we expect to rise around 8%.

- Praneeth:** One more question regarding, you mentioned the fact that the previous participant that a lot of distributed companies spend a lot of money in acquiring the pharmaceutical rights. Could you explain why SastaSundar doesn't need to spend it? And how much are we saying because we don't need to spend and why don't we need to spend?
- B.L. Mittal:** So, we have not spent any single penny of acquiring any rights. Whatever money we are spending and building our technology and building our brand. So, that are paying off to us and will continue to pay in future.
- Praneeth:** But why don't we need to acquire those rights because we are just taking it from the pharmaceutical companies because as far as I am aware, you need to get the code from the pharmaceutical companies to distribute in a particular area. So, do we need to pay for it or how does that work?
- B.L. Mittal:** So, that much I am telling you that we acquire those rights based on our efficiency, based on our capabilities, based on our fulfilment centres quality. So, they work with us initially through distributors, then they have seen us, they have seen our terms of payment, they have seen our goodwill, they have seen our working capital, and they are happy to work with us without any payment of distribution rights.
- Praneeth:** So, basically, your goodwill is your payment to them, basically is that the right understanding.
- B.L. Mittal:** Yes, I must tell you that we never in our history of the company, we have not delayed a single day payment to any pharmaceutical companies. Our track record is absolutely 100% tight. We have not disputed any kind of any single paisa with any pharmaceutical company.
- Praneeth:** I understood. But if you were to spend that money, how much do you think you are saved by having such a strong brand presence in the market? So, over the geographies, you already are in right now.
- Lokesh Agarwal:** Sorry, please repeat your question. We didn't get your point.
- Praneeth:** So, basically, I understand that goodwill is saving a lot of cost. By having the goodwill, you are getting a pharmaceutical company's distribution without paying any rights. I was just wondering for us to understand as shareholders, how much did the company save by having that goodwill versus another distributor coming into the market newly for the existing geographies like, what percentage is it?
- B.L. Mittal:** That you can compare any benchmark of the market. Other markets are purchasing around 30% of the revenue for right. So, our revenue of retailers is 1,000 crores. So, 30% of that is coming around 300 crores. So, we are going to buy the distribution rights from an offline distributor. We have to pay Rs. 300 crores.
- Praneeth:** This payment you are talking about just acquiring the distribution.

- Moderator:** The next question is from the line of Avnish Tiwari from Vaikarya Fund.
- Avnish Tiwari:** Two questions. One question is this. When you are supplying your own trade generic JITO to pharmacies, wouldn't that be a conflict with your pharmaceutical or marketing companies who are supplying medicines to you because it will undercut them? That was the first question. The second question is combined with what you have tight schedule here. The second was that when you are talking about somebody else, your competitor growing through acquiring distribution rights, is it just that you are able to grow organically at a high rate or if you were to also grow at a high rate, you also need to do some acquisition. Like in 30% growth aspiration which you have, can you do that organically or without acquiring these rights? That's the second part of it.
- B.L. Mittal:** Yes. So, second question, we are fully confident that we can grow (+30%) year by year for next 10 years without acquiring any distribution rights. That is number one. And number two, we don't find any conflict between JITO, generic-generic, and branded medicine. Both these are two segments. There are two separate kinds of customers. The people who will buy the branded generic, they will continue to buy the branded generic. The people who will buy the JITO generic-generic, they will buy the JITO generic-generic. And this conflict between branded generic and JITO generic or any other generic-generic, we don't find any merit from the perspective that 100 crores new Indians are coming to buy the medicine, hitherto but not having any access. So, there are 100 crores people. Out of that, around 20 crores people are suffering from either one of the chronic disease, diabetic blood pressure, heart disease. They don't take medicine because they don't have access to medicine. Now, India is rising. It is the fourth largest economy. It's going to be a developed country by 2047. And thereby, a whole bunch of 100 crores people will come in the medicine bracket. They will need medicine. And because they have the limited capacity of paying, this generic-generic will grow very rapidly. And we want to capture that state in a very calculated move. And both markets are different markets. Both are different customer-based markets. And there is already generic-generic medicine which are selling into the market, something not new. From initial, from last 50 years, there is a market. But that is growing very rapidly nowadays because of the new customers who are coming. So, I hope this addressed your questions.
- Avnish Tiwari:** Yes. So, you are going to sell to the same retailer or will it be two different kind of retailers in which you will market branded generic versus JITO?
- B.L. Mittal:** So, all four formats, we will go aggressively. I mentioned in the presentation about all four formats.
- Avnish Tiwari:** No, I meant to ask you that one pharmacy retailer is there. Will you sell in both JITO and the branded generic which you have purchased?
- B.L. Mittal:** Yes. Both are available at the digital platform. They can buy both. So, this is another medicine like any other medicine. So, we don't go to retail pharmacies to sell. They make order online.

- Avnish Tiwari:** Okay, sir. They purchase online only. Thank you.
- Moderator:** The next question is from the line of Saket Kapoor from Kapoor & Co.
- Saket Kapoor:** Slide #20 when we have mentioned about warehousing and the expansion that we are doing. What is the cost involvement in this and which medicines, which region-wise requirement? How do we work out? How much will we be needing to invest in the technology? Second question was regarding at what valuation did the investors which you mentioned, I think the Japanese and the biggest retailer from Japan, at what valuation invested in the company which will be demerged? Which will be merged with SastaSundar and then getting demerged?
- B.L. Mittal:** The Rohto Pharmaceutical invested around at Rs. 225 crores valuation; the Mitsubishi invested around 700 crores valuation. And second question is about building your new warehouse additional investments. So, the additional investment in building new warehouses, we are still working at what kind of facility we require. But I can tell you the West Bengal where we have placed the order. So, West Bengal, we will be investing around Rs. 10 crores for additional capacity of 80,000 square feet warehouse. And Noida, we are working. So, I am not able to give you the exact figure. So, these are the things. And the AI automation, yes, this will be a good part because, but any automation cost, we recover in 18 months of time. But we believe that going forward because of the substantially improvement in the AI technology. So, this picking process, the raking process, the dispatch process, all will be run by the AI, the route channelling, the delivery part. So, payment receipt part, AI will play the major role. And we have a complete team. As I have said that we already marked 25 crores per year budget on the artificial intelligence studio team that will be building both for SastaSundar and Retailer Shakti. And we don't find any additional expenses on any part of it.
- Saket Kapoor:** You mentioned Rs. 10 crores investment.
- B.L. Mittal:** Yes Rs. 10 crores.
- Saket Kapoor:** I will join the queue. So, if I may add only one part when you were mentioning about the differentiating aspect, in the aspect of the legal aspect, are there any big entry barriers that our model cannot be replicated by other people since everything is in the public domain and we are giving more insights on how we work? What would be the key enabler or the key entry barrier that makes us a differentiator and it will be a trouble for the other people or to replicate our model? Because as you mentioned that the volumes will grow substantially over a period of time.
- B.L. Mittal:** You see, the first entry barrier is building the relationship with all pharmaceutical companies. So, either you have to buy the distribution rights from the existing distributor, there is a very cascading effect, will take 10 years' time frame and you have to spend say Rs. 2,000 crores to buy those rights. Second is the building technology. So, building technology, anybody has to spend 5 years' time frame. And third is bringing the warehouse in the efficiency. There is again

a 5-year job. So, it's not an easy task. It is not only tech company where I build the technology and start. It's a technology plus fulfilment capacity plus relationship with pharmaceutical companies which works in a very tight zone. And then bringing all sorts of retailers, all sorts of consumers. So, I must say that like, Zomato, like Blinkit, these are open mode, everybody knows. But I mean, it's not meaning that everybody can start something like Blinkit or something like Swiggy. So, I mean, these are the things, every business there is nothing to hide upon. So, it's an execution. Idea is not new, execution is new. So, execution is a differentiating factor.

Moderator: The next question is from the line of Athar Syed from SmartSync Services.

Athar Syed: Thank you for the follow-up. I just wanted to know two aspects of your business. One is working capital, like how we don't give any credit to our medical store and all, retailers basically. And second is, what is the average EBITDA margin in this business? Like in terms of Entero, it is 4%. But our EBITDA margin is very much fluctuating. Sometimes it is 3%, sometimes it is 1%. So, what is the on an average EBITDA margin in this business?

B.L. Mittal: So, first if you compare with the Entero, you must compare that how much capital they have deployed. 9% post-tax return on equity and then calculate their EBITDA margin. Then you will find that they are EBITDA negative. If you deploy your excel sheet from the day one, how much capital they have taken from the shareholders, put 8%-9% CAGR on that and then bring how much money is coming. So EBITDA itself showing is maybe a misleading factor. There is no return on equity and if there is no economic value addition. So, our company, you must see that from economic value addition perspective, we have given the detail working, how capital has been efficient and we have given the detail IRR on the capital also. So that you must see. And the EBITDA positive will be the cash generating capability and EBITDA itself we don't see. I personally see the case flow. They come from the PAT. So, my company is making 4% EBITDA positive. So, what 2%-3% you will find is the depreciation. 2% is the interest and the net cashflow will be less than 10% of the return on equity. So, if I am building a company whereby the return on equity after depreciation and after tax and everything is 10%, what is fun of making that business? We are building a business which can generate return on capital employed by more than 50% year by year, which can generate the case flow and which can really build a great company without much of the capital. So, these are the two differentiating points and I must request you that you must analyze in your deep research and then we can make another debate.

Moderator: We will take a last question from Saket Kapoor from Kapoor & Co.

Saket Kapoor: Only a concluding point about our relation with the pharma companies and we getting an edge on other companies. So how we were able to model it out in a way that we did not have to pay those registration fees and as you were mentioning when comparing with other players in the same space, what correct steps have we taken that we have been able to do so?

B.L. Mittal: I think the first part is the hygiene of the warehouse and hygiene of the fulfilment centre. So if you see in India, most of the distributors warehouse if you visit, those are in old kind of structure

with tin on the roof and not very clean, not very hygiene, not very cold storage, the fulfilment centres are all international standards, all are absolutely modernized, absolutely air conditioned and with a good hygiene practices, all employees are fully paid employees and then one, if you see the very prominent figure is the purchase return. So, you must be aware that all pharmaceutical companies accept the return of expiry drugs. The industry average of those returns is more than 2% while SastaSundar's return is less than 1%. So that is how they save. In SastaSundar's history, we never delayed any payment to any pharmaceutical company by even for a one day. So absolutely timely payment and absolutely predictive demand and absolutely cooperation as far as the distribution is concerned. And then the second factor, we give them reach to Tier II cities, even villages where they were not able to reach. So, if you see, if you make the West Bengal area in 30% of the area, they don't have any distributors, but they have the retailer through which they can reach to anyone, anywhere in 24 hours. So that kind of the reach to pharmaceutical companies and with the efficiency model, with a goodness in terms of inventory, this is a strong value addition we add to them and for that, they are happy.

Moderator: The next question is from the line of Amit from Robo Capital.

Amit: Thank you for the follow up. So, my question is on Retailer Shakti. I was looking at some numbers. I think last year, we did about Rs. 950 crores of revenue. And this year, if I calculate, I seem to miss the number if it is in PPT. But the number could be in the range of Rs. 1,100 or 1,200 crores or so. So, we haven't grown much this year compared to last 3-4 years. Earlier we were growing, you know, above 100% CAGR. I understand the CAGR can come down, but this looks fairly lower growth this year.

B.L. Mittal: I fully understand. I am aware about, as I mentioned in my opening remark also, that this year, due to the automation issue in our Baruipur area, the growth was not that much as happened in the past year, but that was sorted out. And if you see in this quarter, that growth has come back. So, we grew by around 10% Q-to-Q. And I am happy that January, February, March, may be the, one of the best quarters in the company and looking to the January trend. So that growth has come back.

Amit: We are confident. I mean, you think that...

B.L. Mittal: We are comfortable by growing 30% year-year, CAGR for next 10 years. In between some quarter, there may be some issues.

Moderator: The next question is from the line of Avnish Tiwari from Vaikarya Fund.

Avnish Tiwari: If you were to compare your reach in terms of number of retailers you are reaching out to and the revenue you generate compared to Entero, how would you compare that matrix? I understand capital efficiency and all other things you described are really good at your end.

B.L. Mittal: The availability is the key issue. So, any retailer who is opening or running the shop, he has to deal with 20 distributors. So instead of 20 distributors, he can deal with one distributor only. So

that is the most part. And on an average, any retailer has to keep 40-day inventory because of the uncertainties in terms of the fill rate. By retailer safety, that can come down from 40 days to 10 days because there is guaranteed next day delivery. So, his inventory level is substantially low. So, these are the critical things which we hold as a competitive advantage.

Avnish Tiwari: I meant to ask you that your revenue from Retailer Shakti and number of retailers you are reaching out to compared to Entero's revenue, which is much higher, and number of retailers they are reaching out to. Is it right to find that they are generating more revenue from a similar number of per retailer they are reaching out to compare to you or there is other way to analyze this?

B.L. Mittal: There is no other way because they are a credit-oriented company. So, their relationship with few retailers will be very deep because they give the credit. So, per retailer-wise margin, because of the credit orientation, the retailer safety is a superior model, Entero is a superior model.

Avnish Tiwari: Not only margin per retailer, revenue also you can deliver higher because they are giving credit.

B.L. Mittal: Revenue higher, but at the end of the day by making revenue higher by giving more retailers credit, what I am making there is very important. So, you see that whether that model will give you 15% ROE for next two, three years. If the 15% ROE any company cannot make, then what is the purpose of the business?

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

B.L. Mittal: So, my dear friends, I thank you very much. I would again request you to go through my presentation, which we have posted in the stock exchange that we made a very detailed presentation giving our business model as well as our futuristic plans. And please bear with me any sort of quarterly fluctuation because we are a startup company. We are still building the great company for India. Thank you.

Moderator: Thank you very much. On behalf of GoIndia Advisors LLC, that concludes this conference. Thank you all for joining us today and you may now disconnect your lines.