"SastaSundar Ventures Limited

Q2 FY'24 Earnings Conference Call"

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MODERATOR: **MR. RONAK JAIN -- ORIENT CAPITAL, INVESTOR RELATIONS PARTNER**

Moderator: Ladies and gentlemen, good day and welcome to SastaSundar Ventures Limited Q2 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Ronak Jain from Orient Capital, investor relations partner. Thank you and over to you, sir.

Ronak Jain: Hello everyone and welcome to the Q2 FY24 Earnings Conference Call of SastaSundar Ventures Limited. Today on this call we have Mr. Banwari Lal Mittal sir, Founder and Executive Chairman along with Mr. Ravi Kant Sharma, Founder and CEO of 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. Actual results may differ materially. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. A detailed safe-harbour statement is given on page two of the company's investor presentation, which has been uploaded on the stock exchange 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, my dear shareholders. I am B.L. Mittal, Chairman and Executive Director of SastaSundar Ventures Limited, as well as SastaSundar Healthbuddy Limited, the subsidiary of the company. My dear shareholders, the detailed presentation about the company's vision and company's performance has been uploaded on the stock exchange. I won't take much of your time, rather utilize the time for addressing your questions.

So, I am not repeating the materials which have been given on the detailed presentation. This is with reference to our call of Q1. After that, the performance of the business is going on as per the plan and as described in the call of Q1 and the business is going as per the planned vision of creating the largest digital distribution ecosystem in the healthcare in India.

My dear shareholders, as you are aware that it was a very difficult period for Indian startup, whereby though -- this is a very large opportunity, but as I said earlier also the digital is not fashion statement, we have to implement a profitable and efficient model which ensures that there is an innovation which is coupled with profitability and growth and the sustainability is the key area.

There cannot be a solution to any problem without economic sustainability and that is the beauty of SastaSundar business that we have been able to create an ecosystem which is innovation in digital distribution system which presents a very large opportunity along with profitability, cash flow from operations and a sustained high degree growth.

The businesses which has been described in the PowerPoint presentation also, the revenue for the quarter reached INR355.5 crores showing growth of 40% compared to INR253.9 crores in Q2 FY23. The quarter-on-quarter revenue grown by 8% increase. Gross profit for Q2 FY24 stood at INR35.1 crores making 86% growth from INR18.9 crores in Q2 FY23.

Gross profit margin increased throughout the year due to efficiency in the system and growth. We are working just not about maintainability of profitability, but to create a high degree of return on capital employed with a problem solving in mind. The company recorded positive EBITDA of INR0.3 crores, a positive shift from Q2 FY23. The EBITDA margin stood at 1%.

Profit after tax, excluding the share of associates, amounted to INR13.1 crores in Q2 FY24. H1 FY24, the company recorded a revenue of approximately INR686 crores in H1 FY24 reflecting a robust growth of 54% year-on-year. Gross profit for H1 FY24 more than doubled reached INR70.1 crores compared to INR31.2 crores. EBITDA for H1 FY24 stood at INR3.7 crores. PAT for H1 FY24 excluding the share of joint ventures tripled to INR37.6 crores from INR9.7 crores.

In the Healthbuddy supply chain segment, revenue reached INR251.6 crores showing a solid growth of approximately 21% year-on-year. Healthbuddy supply chain reported a profit before tax of INR4.3 crores in Q2 FY24. The RetailerShakti business generated a revenue of around INR103 crores, more than doubling from INR42 crores in Q2 FY23.

The company remains focused on achieving profitability for both the RetailerShakti and Genu Path Limited businesses and both the businesses, we are sure, will achieve the positive cash-flow operation and profitability in next one year's timeframe.

My dear shareholders, I would request you to particularly refer to the slide which has been given on the return on capital employed first time in this quarter, which clearly replicates that, how the company is transforming the digital platform business to generate a sustainable cash from operation which gives the shareholders high return on capital employed.

Now, Mr. Ravi Kant Sharma, our CEO is here. He will be happy to answer all your questions. We are ready to take your questions. Thank you.

Moderator: The first question is from Vilina Jain from Perpetuity Ventures. Please go ahead.

Vilina Jain: Hi, congratulations on a good set of numbers. My first question is regarding working capital cycle. So, the cycle for the company has improved significantly to 37 days versus 56 days in Q2 FY23.

And this, as per the presentation, has been majorly on back-off improvement in inventory days, which has gone down from 65 days to 42 days. So, what has structurally changed in the company's inventory management style that has led to such a sharp improvement in inventory days? And going forward, what is the sustainable working capital cycle one should look at?

Secondly, profitability for the company has improved. Gross margins are now around 10% and the business on a consol level is EBITDA of break-even. Are there any one-offs in the margins to sustain at these levels and improve from here on?

Ravi Kant Sharma: Hello, I am Ravi Kant Sharma, Co-Founder and CEO of Sasta Sundar. I will be taking this question. Coming to your first question of working capital cycle.

So, see, as we have started the call, by mentioning that we are building a digital distribution business, actually, that we will be focused on building the efficiency at every place. So, the first, you can say that the working capital efficiency that we have brought into the business, basically, has been driven by the lot of, I would say, the processes that have been put in place in the last couple of quarters to ensure that we would be basically running our inventories at close to anywhere between 35 to 40 days of the inventory requirement, actually, by having a very robust predictive tools on the technology side to assess the inventory requirement in the coming days.

So, that played a very critical role. Simultaneously, we are also basically working on managing the receivables and also on the payable side, we are negotiating with the pharmaceutical companies. The growth is playing a very critical role and once you are growing, actually, and you have a very good size of the business coming for the pharmaceutical companies from your side, you would be able to basically bargain on the good number of the payable days.

As you have asked for basically what would be the right number you would be looking at so it would be difficult to share any forward-looking statement, but I can say that efficiency is something that we are looking at and if you look at the last two quarters of the numbers, you can try that we are working at close to 36 days of your working capital days right now and we are basically targeting to maintain near to these numbers going forward in the future as well. So, this is about your first question.

Coming to the second question on the gross margin percentage and EBITDA positivity side. Gross margin, definitely you can look at that we would be maintaining the gross margin, if you look at this quarter, the gross margin was somewhere around 9.9% and the previous quarter it was 10% plus. So, in this range, you can expect the gross margin in the shorter period. But in the longer period, we are continuously working to enhance that by negotiating better procurement margins coming from the pharmaceutical companies.

So, there would be a good percentage of delta coming on that side in the coming future. EBITDA is the resultant of two factors. One is the improvement in the procurement margin that I have already addressed that we are working to negotiate with the pharmaceutical companies and in the coming years you will see a good percentage jump in that side, but simultaneously EBITDA is also the result of the efficiency on the cost perspective.

With the growth, our fixed cost and semi-fixed cost will be recovered and there would be a good delta that would be playing on improving the EBITDA side. If you look at the last quarter number, just to give you a ballpark number so that there would be a clarity when anybody is basically estimating the future cost and the numbers. So, if you look at the last quarter, our total cost on the healthcare network side was close to INR34 odd crores.

That was the quarterly cost. And in terms of the percentage number, that would be coming to close to 9.5% on the revenue side. If I will break this into the complete 100% variable and fixed or semi-fixed cost, so I would say that out of 9.5%, 5% are the variable, but 4.5% is the fixed or the semi-fixed cost. When I am mentioning the semi-fixed cost, that includes the cost related to the logistics, the packaging, and other kinds of services that we are availing from the third parties.

And when you have the growth, you are in a very strong negotiation position to negotiate on this cost. So, close to 4.5% would be fixed or the semi-fixed cost. These are not going to basically grow in tandem with the growth that would be coming in the future, and there would be a positive impact on the EBITDA side on the basis of the growth, we will be achieving in the coming future. I hope that answers your queries on the EBITDA margin side.

Vilina Jain: Yes, thank you. And on the specific businesses, so the RetailerShakti Business has crossed INR100 crores quarterly rate, and can we expect this as the new base on which the company will grow from here on? And for the Healthbuddy Business, revenue for the last three quarters have been stable at INR250 crores. What has led to this, and how do you see the segment growing from here on?

Ravi Kant Sharma: So, as I said, we would not be able to share any forward-looking statement on this one, but yes, there are two segments of the revenue for the company. One is your Healthbuddy Supply Chain segment, where the company has posted a revenue of close to INR251 crores. If we compare the same with the previous quarter, so it would be near to the same level.

And the RetailerShakti has posted a revenue of more than INR100 crores in this quarter and has grown substantially by close to, I would say that more than double, actually, in comparison to the previous year numbers, where we have closed at INR42 crores. So, RetailerShakti is definitely doing very well, and we are seeing the very good response from the retailers that have been on-boarded on the platform.

We have been able to basically fulfil the, I would say the needs or the requirements of the retailers in terms of, number one, the availability of the product. Actually, we are providing the entire basket to the retailer where they can have any kind of medicines of any pharma companies being sold in India.

Second is basically in terms of the services, like the committed deliveries within the defined timeline. And third, whatever after-sales services are required, actually, that is being taken care of, and that is resulting in a kind of trust building with the retailers. It's a business that one should see from a perspective of gaining the more wallet share coming from the retailer side.

If you look at the Indian pharmaceutical industries, we have close to 900,000 retailers today, pharmacies that are operating in India and they are taking care of their requirements coming from the different distributors operating in the industry. If -- on an average, just giving you a ballpark figure, I think if we go to the unorganized retailers, the mom-and-pop stores, the average sales of these retailers would be somewhere around INR4 lakhs to INR5 lakh per month that they would be actually doing at their individual shop. And if we take care of, say, 20% of the requirement of their monthly needs of their store, that comes to close to INR1 lakh per month kind of the number from the RetailerShakti side.

So, from the aspiration side, actually, I would say that the company is working towards gaining 10% to 20% of the wallet share of the retailers. That is the aspiration that is driving the entire company and entire team and the entire force, and we are basically working towards that.

Vilina Jain: My questions are answered. Thank you.

Moderator: Thank you. Next question is from the line of Mr. Milind Karmarkar from Dalal & Broacha. Please go ahead.

Milind Karmarkar: Hello, Mr. Sharma. Hello, Mr. Mittal. How are you?

Ravi Kant Sharma: Hello, Mr. Milind.

Milind Karmarkar: Well, I had a couple of questions. The first one was that how much turnover can the current infrastructure and fixed cost support?

Management: Current infrastructure and the fixed cost?

Milind Karmarkar: Fixed cost. How much turnover can they support?

Banwari Lal Mittal: From existing warehouse, from where we can reach?

Ravi Kant Sharma: So, see, basically, I will take this, I will just give you some idea of working actually at our end so that the listeners at large can see the multiplication of the capabilities that we can build at our end. So, today, at some of the facilities, we are working in a single shift. And at some of the facilities, we are working in double shift. And we can very well basically utilize the triple shift kind of the work out.

So, ultimately, if you look at the order processing side, if suppose we are getting, say, 10,000 orders in one fulfilment centre, we may basically be operating at 1.5 kind of the shift right now. And in some FCs (fulfilment centres), we are getting, say, 4,000, 5,000 orders. We may be working on, say, one shift or something like that.

So, in terms of the infrastructure capabilities, I think the current seven warehouses of the company has enough capabilities or the capacities, basically, to take care of at least 3x to 4x kind of the order processing from the current level. So, that would be one.

Yes, in terms of the cost, our major cost that would be basically coming to serve that kind of capacity at the existing fulfilment centres would be the variable cost, in terms of the warehouse operational manpower, the people who are working on the inward and outward side. So, that would be the major cost that would be occurring there.

Milind Karmarkar: Okay. My second question was on the current pharma market. In your opinion, how much of the pharma market is chronic and out of the total market? How much of the pharma market is chronic medicine? Can you give me a brief idea?

Ravi Kant Sharma: So, a rough idea. It would not be the exact number, but a rough idea would be in Indian pharma market, chronic would be somewhere around 40% to 45% of the entire market.

Milind Karmarkar: Okay. And do you think that as affordability goes up, the overall chronic spike can go up?

Ravi Kant Sharma: No. So, basically, again, it is very difficult to say, whether the chronic segment would be basically growing more than the acute. But I think there would be the mix of both the things that would be playing on the growth side.

Milind Karmarkar: Okay. And our focus predominantly would be on chronic, if I am not mistaken, or correct me if I am wrong?

Ravi Kant Sharma: No. So, basically, as you know that we have two businesses vertical. One is the Healthbuddy supply chain business. And second is the RetailerShakti, where we are supplying to the normal pharmacies. So, in the normal pharmacy side, we are taking care of the entire portfolio, whether it is acute or it is on the chronic. But yes, you are right, in the Healthbuddy supply chain segment, the majority of the revenue is coming from the chronic segment.

Milind Karmarkar: Okay. Thank you and all the best.

Ravi Kant Sharma: Thank you, Mr. Milind.

Moderator: Next question is from the line of Dixit from Scienvest, please go ahead.

Dixit: Hi, sir. Sorry, I joined the call late. So, I do not know if you have answered these questions. I am going to ask them again. So, I see Myjoy as a seller on the Healthplus platform. That is one of our subsidiaries, right?

Banwari Lal Mittal: Healthbuddy is a subsidiary, yes.

Dixit: Sir, can you give us…

Banwari Lal Mittal: Myjoy is not our subsidiary.

Dixit: Myjoy is not one of our…

Banwari Lal Mittal: Myjoy is a seller on the Flipkart platform. So, Myjoy is a healthbuddy, which is our franchisee arrangement. So, Myjoy is our customer. Myjoy is a customer of SastaSundar Healthbuddy Limited. Like, there are 500 customers like Myjoy. Because you are in Mumbai, so Myjoy must be your supplier.

Dixit: Okay. That's clear. So, can you give us the gross margin split between our RetailerShakti and the Myjoy supply chain? How do the gross margins look like and do they vary?

Banwari Lal Mittal: So, the blended gross margin, we are disclosing in the presentation, which is 9.9%. And Mr. Ravi Kant Sharma has already explained also. So, that applies on every customer. So, it's very difficult to give because there are 500 such healthbuddies. So, individually, healthbuddy-wise gross margin giving is difficult to give on call.

Dixit: No, no. I was asking on the healthbuddy supply chain of the cumulative business, like you report on the breakup of revenue and RetailerShakti has a separate line item. So, the gross margins are the same in both the businesses or are they different in both of these businesses?

Ravi Kant Sharma: No. So, basically, when you are looking at the number, it is a combined number that we are reporting actually till now. And last quarter, it was 9.9%. But your suggestions are being taken. And we will basically plan to include in the coming quarters the breakdown of our gross profit margin level as well.

Dixit: Okay, sir. And sir, I see we've been reporting from quite some time on the Genu Path Labs expansion and the app delivery. So, can you talk a little bit about the specific geographies we are trying to target and our relationship with, you also mentioned Flipkart will be using our diagnostic platform. So, how does that look like? Where are we in the release stage?

Banwari Lal Mittal: So, we are in a very, very tinny initial stage at Genu Path Labs and Genu Health Apps. This is just -- we are experimenting it. So, definitely, we'll only focus in West Bengal at the first stage because, as I said in my earlier explanation, that we bring innovation, but we always bring innovation with efficiency. And there is a sustainability. We are not there to go all out. There is a big thinking, but once we act, we act in a very small manner.

So, this is a very, very innovative ecosystem of Genu Lab along with Genu Health Apps. But we will be experimenting it in first and only in West Bengal and not anywhere else other than West Bengal. So, anything about this financial figures, predictions, how this business shape up will depend upon our experience in West Bengal.

So, for next one year, we don't find any substantial revenue contribution in companies top line as well as bottom line. It will take at least three years, four years before any marketable and noticeable figures arrive in the books of accounts of SVL.

Dixit: Okay. My last question would be on our gross margin aspirations and the operational leverage therein. So, if I talk out, let's say, two years, three years out, given we've built quite a lot of warehouses in the last few years, seven, I think, and how will my operational leverage look out, let's say, if I'm growing at 25% rate over the years? And what will be my gross margin and operational margin? Not the exact numbers, but I just want, if you could give some colour on the story around it. What is your aspiration as a company?

Ravi Kant Sharma: So, as I taken this in the earlier question as well, like, if you look at the capacities that we have built at our end, we can easily basically take care of the 3x to 4x of the business being managed from the existing infrastructure or the warehouses that has been already built by the company. So, that will definitely provide a very strong operational leverage to the company in terms of the cost. As I explained earlier, that if you look at the last quarter, healthcare network has a cost of close to INR34 crores.

In terms of the percentage, that's somewhere around 9.5%. If I break down into variable and fixed or semi-fixed, variable would be 5%, and fixed or semi-fixed would be 4.5%. So, with the growth, Growth will be, I would say that, the major catalyst for us to, number one, reduce the cost and increase the, you can say that, our EBITDA margin, and number two, basically, for the capital efficiency. So, 4.5% of the fixed or semi-fixed cost, we would be getting a very strong operating leverage going forward in the future, coming from that.

Just to add, basically, we are in digital business, and we are building this business with a very, very strong differentiating factor in terms of efficiency everywhere. If you look at the core of the Sasta Sundar group. Do it with less actually has always been a driving factor for us, and we have always, basically, tried to build efficiency in everything we do at our end. So, today, also, basically, we can say firmly that we are the most efficient company in terms of the capital and in terms of the cost in the similar line of the digital business being run by the other companies.

The business that you are seeing today, actually, has been built at a comparatively very, very less capital as compared to the capital that has been deployed or employed or invested by the other peer group companies, and the focus was, is, and will always be on remaining efficient in terms of the cost and the capital.

Dixit: Sir, for the next presentation, I have a suggestion. Can you also publish the number of Health Buddy that are registered with us in every quarter and how they are changing? That will also help us.

Ravi Kant Sharma: So, thanks for your suggestion. We will definitely look at that, how to basically structure and build in the coming quarter's presentation.

Dixit: Sir, can you give us the number of the current Healthbuddy that we have on our platform and what it was last quarter? A rough idea will work, if you have any.

Ravi Kant Sharma: No, as that is not being covered in the presentation. As I said, your suggestion is good, and we will definitely look at how to imbibe that into the coming quarter's presentation.

Banwari Lal Mittal: Actually, the Healthbuddy are resellers on Flipkart Health, and that is our associate company. So, we have certain NDAs with them. So, disclosing the information relating to platforms becomes very, very difficult. But, yes, for listed companies, there are some information on how we can embark upon these numbers. We will definitely examine in this quarter.

Dixit: Thank you.

Moderator: Thank you. Next question is from the line of Milind from Dalal & Broacha. Please go ahead.

Milind Karmarkar: I had one more question. Part of it was similar to what the previous participant asked, which was, I think, adding Healthbuddy would be one of the key growth drivers for our business. So, what kind of growth do you see on a Y-o-Y basis over a longer period of time in Healthbuddy? Because in RetailerShakti, besides Healthbuddy, I'm sure you're supplying to other pharmacies as well. So, also, I wanted to understand, what is the benefit which a pharmacy would get associating with Sasta Sundar as compared to another pharmaceutical distributor?

Ravi Kant Sharma: So, basically, as I said, Sasta Sundar has built a very robust digital-led distribution, pharma distribution platform, RetailerShakti. And RetailerShakti provides the opportunity for the retailers to get their all requirements fulfilled at their own hand. So, we have a very robust app and mobile site and the website that has been deployed. We have very strong tech backbone that provides real-time inventory visibility to the retailers.

So, say, the benefit for the retailer is, if they have come across with a prescription where the medicines are not available at their store. So, they can immediately, basically, search in the RetailerShakti app or the site and they can book the order and they can get the delivery next day and can supply to the customer. So, that provides a very strong edge to the retailer to satisfy or, I would say that, basically, to fulfil the needs and requirements of their customer.

Number two is, basically, transparency. Transparency in terms of the pricing, transparency in terms of the offers. RetailerShakti app and website displays very transparently all the pricing structures as well as any kind of offer that is being running on any medicines right now. So, if the retailer would like to, basically, avail that benefit, definitely, retailers are a B2B player. So, they work on the margins. So, this transparency plays a very critical role for them to have the clarity on if they are buying, say, five or six strip of any medicine, If they buy ten strip and they get 10% extra, so they can, basically, plan their procurement accordingly. Number three is the services, as I said, Retailers are very sure that they are going to get the medicines, whatever they have ordered, because it's a real-time inventory that is being exposed to them. So, that gives a kind of comfort to them in terms of the fulfilment of the entire requirement of the retailers and the delivery of the medicines. And, after sales, basically, services or support, whatever is required for the retailers.

So, that is playing a very critical role in terms of retailers, actually, being growing and being trusted by the existing retailers who have been on boarded with it.

Milind Karmarkar: Okay. And how do you, typically, how do you, sort of include these pharmacies in your network? Do we have a marketing team which goes to the pharmacies, or how does it work? And yes.

Ravi Kant Sharma: So, we have, basically, the sales team or the development team in the different geographies. They go and their task is, basically to (i) to onboard the retailers, and (ii) to assist the retailers in placing the order online. 100% of the orders that we are getting today on the RetailerShakti is online, digitally, placed by the retailers.

It's a business model, where we don't have to keep the people to seek the order from the retailers or to go to the retailer's place to take the order or to take the phone call to take the order. It's 100% digitally online order. Every addition or the growth that is coming to the platform is not entailing any cost for the company in terms of generating that order or in terms of managing that order.

Milind Karmarkar: Okay. And I also, sort of, endorse the suggestion that if you could give the total touch points which we have, may not be only Healthbuddy, but total touch points that we have and how they are growing quarter-over-quarter or even year-over-year is fine. That's a suggestion from my side. Thank you.

Ravi Kant Sharma: So, thanks for your suggestion. we'll definitely evaluate this.

Milind Karmarkar: Thank you.

Moderator: Thank you. Next follow-up question is from the line of Dixit from Scienvestwist. Please go ahead.

Dixit: So, sir, Retailer Shakti has been our strongest growth engine. Can you talk about the geographies in which we're very strong and where we're looking to expand?

Ravi Kant Sharma: Yes. So, basically, right now, we are majorly operating in West Bengal region and we are operating in Noida NCR, UP and NCR region, Delhi, and we are operating in the northeast till Guwahati. So, these are the three locations at which we are operating.

If you look at the entire pharmaceutical market, we have got INR2.5 lakh crores plus market. And if you look at the individual states like state of Uttar Pradesh or Delhi or West Bengal or the northeast, these four states itself basically have the market share of close to INR40,000 to INR50,000 crores. So, right now, we are basically growing our base on these territories first.

Simultaneously, we have initiated the plan to open the Retailer Shakti in the other regions as well where we have the fulfilment capabilities to fulfil the orders of the retailer on the next day. So, like we have four more warehouses. One is in Maharashtra, in Karnataka, in your Hyderabad, three warehouses actually through which we would be operating.

So, we are planning to start from there. But still, a country like India, individual state gives you an excellent opportunity basically to have a very strong kind of market share actually. So, as I said, INR40,000 to INR50,000 crores of the market lies in the existing areas where Retailer Shakti is operating right now.

Dixit: Okay. Thanks for that. And if I talk about the supply chain that, starting from the pharma company, then there will be somebody like you as a contract with the pharma company and then there are distributors and sub-distributors and then there could be the retailer.

So, if I talk about your model, then starting from you and in between the retailer, how many distributors or sub-distributors would you be replacing in the value chain right now? If you can give some average number, is it two, three distributors, layer of, range of distributors that you are replacing in the value chain?

Ravi Kant Sharma: So, I will take this differently. Our model has always been a kind of inclusive model actually and we have never thought of excluding any intermediaries in between. In the earlier question, when I shared about the Retailer Shakti growth aspiration for the group as a whole, I have talked about taking the 10% to 20% of the wallet of the retailers and that would always be basically the focus, so that the retailers have the opportunity actually to have the business from the other players as well.

And simultaneously, there is no harm of, you can say that, enrolling the sub-distributor or the sub-wholesalers as well in the future to be the, taking their delivery from the Retailer Shakti as their supplier.

Dixit: Thanks for that. And sir, I was discussing with the retailer in Northern India, the Haryana State, and I was discussing the requirements from him. So, one of the questions that had come up is, he was looking for a lot of generic medicines.

We have a lot of branded medicines on our Retailer Shakti platform and he was very happy with the discounts and the PTRs that were being offered to him. Do we have a large number, a plan to introduce a generic portfolio also? Because they make a lot of margin, retailers would make a lot of margin there, so they are looking for that also?

Ravi Kant Sharma: So, that's a very good question actually. So, in terms of the growth strategies, we have already taken the initiative to start digging on the generic side. But on the generic actually, we are working on it in a very planned manner. We are going with the generic medicines of the reputed companies operating in India. And we are keeping certain, you can say that the range of the brands of say, Abbott or the Cipla, these brands right now. And definitely, depending upon the demand that is coming from the market, we have the aspiration to increase the basket of the generic.

But we will always be very, very cautious in terms of selecting the brand of the generic as well and we would be focusing on keeping the good name or the good brand generic products only in the future.

Dixit: Okay, sir. Thank you. That answers my question.

Moderator: Thank you. Next question is from the line of Manish Shah, Individual Investor. Please go ahead.

Manish Shah: Hi, this is Manish. I'm an individual investor. I have two questions. One is about the merger, demerger of SastaSundar Venture with SastaSundar HealthBuddy. When this will be completed and when this will be finished? Second question is about Flipkart Health platform in which the company holds, I think, 24% or 18% stake, right?

Ravi Kant Sharma: Yes, absolutely right.

Manish Shah: Yes, yes. How this shareholding will be transferred to the current shareholders or any plans regarding this platform? Because as per my understanding, platform valuation is more than backend work. So, can you throw some light on this platform share status of this platform?

Banwari Lal Mittal: So yes, the merger process has already been started. We've applied to the stock exchange.

Manish Shah: Yes, yes.

Banwari Lal Mittal: We are in the permission. Now we have gone to the SEBI for taking some exemption about the public shareholding of our shareholders, Mitsubishi and Rohto. So, the SEBI reply is awaited. So, we expect that subject to -- this is all regulatory process, but we expect that next 18 months.

Manish Shah: Okay.

Banwari Lal Mittal: The regulatory process must be completed but depends upon the law. And second part is under this process, there is no plan to distribute the shareholding of our platform company Flipkart Health. The Flipkart Health shareholding will continue to be hold by SastaSundar Ventures Ltd. It's a holding company. SastaSundar Healthbuddy Ltd. which is currently holding the shares will be transferred to the ultimate holding company. This will not be distributed to the shareholders.

The distribution will entail to the NBFC business, which is Microsec Resources Ltd. Those shares will be distributed to the shareholders. And apart from this platform shareholding, there is another subsidiary called Retailer Shakti which is growing as well. And then there is a business called Genu Health Business. That will also be a substantial business going forward.

Manish Shah: Okay. Flipkart holding will stay in the company, right?

Banwari Lal Mittal: Right. Right.

Manish Shah: Okay. Okay. Thank you. Thanks. Yes.

Banwari Lal Mittal: Thank you.

Moderator: Thank you. Next follow-up question is from Dixit from Scienvest. Please go ahead.

Dixit: So, sir, what is the, I wanted to confirm more about the returns in the expiry in the Retailer Shakti business. Did we get any pushback on that side? And what is the economics there for the retailer?

Ravi Kant Sharma: So, if you look at the expiry policy, it's already there on the platform of Retailer Shakti where the retailers can basically hand over close to 4% of their purchase to us on the expiry prospective side. It's already there actually in the policies, written policies published on the Retailer Shakti website and app.

Dixit: Okay. Thanks. That's all from me then.

Moderator: Thank you very much. As there are no further questions, I will now hand the conference over to the management for closing comments.

Banwari Lal Mittal: So, we hope we have explained it properly and we are very positive about the business and very optimistic about India's story and the story of Sasta Sundar. Thank you so much.

Moderator: Thank you very much. On behalf of SastaSundar Ventures Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.