



“SastaSundar Ventures Limited
Q2 & H1 FY '26 Earnings Conference Call”
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LIMITED**
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MODERATOR: **MS. PRACHI AMBRE – MUFG INTIME INVESTOR
RELATIONS**

Moderator:

Ladies and gentlemen, good day, and welcome to Sastasundar Ventures Limited Q2 and H1 FY '26 Earnings Conference Call. As a reminder, all participants' lines will be in listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Now I hand over the call to Ms. Prachi Ambre, MUFG Intime from Investor Relations team. Thank you, and over to you, ma'am.

Prachi Ambre:

Good afternoon, everyone, and welcome to Q2 and H1 FY '26 Earnings Conference Call of Sastasundar Ventures Limited. Today on the call, we have Mr. Banwari Lal Mittal, Founder and Executive Chairman; and Mr. Lokesh Agarwal, Chief Financial Officer, to provide insights on the operational and financial performance.

Before we begin the call, I would like to give a short disclaimer. This call may contain some of the forward-looking statements, which are completely based upon our beliefs and expectations as of today. The statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties.

With this, I would like to hand over the call to Mittal sir for his opening remarks. Over to you, sir. Thank you.

Banwari Lal Mittal:

Good afternoon, ladies and gentlemen. On behalf of Sastasundar Ventures Limited, I am Mr. B.L. Mittal, along with our CFO, Mr. Lokesh Agarwal and Company Secretary Mr. Pratap Singh extend a warm welcome to all participants on our quarter 2 and half year ended financial year '26 financial results discussion call.

I hope you all have had an opportunity to review our financial results and our investor presentation, both of which have been uploaded on the stock exchanges and website of the company. We began quarter 2 financial year '26 with positive progress. Our revenue from operations stood in this quarter at INR307.9 crores, up 16.9% year-on-year and 10.6% quarter-on-quarter, reflecting our disciplined execution and steady momentum.

Gross profit was INR22.9 crores, up 34.2% year-on-year and 9.8% quarter-on-quarter. Our gross profit margin expanded by 100 basis points to 7.5% this quarter as compared to 6.5% in quarter 2 financial year '25. We continue to advance our mission of building a profitable, scalable and sustainable health care distribution platform across B2B and B2C, anchored in capital efficiency, automation and targeted geographic expansion.

Both RetailerShakti and Sastasundar B2C remain our core growth engines, delivering Q2 revenue in RetailerShakti INR267.8 crores and in Sastasundar, INR39.4 crores, respectively. This reflects year-on-year growth of approximately 13% in RetailerShakti and around 60% in B2C, backed by disciplined vendor sourcing, streamlined procurement and automated fulfilment operations.

The strengthened mix is enhancing order density and repeat engagement, supporting a durable scale-up across our platform. We are preparing for profitable growth. RetailerShakti is expected

to be breakeven at EBITDA level in March '26 quarter and 1% EBITDA positive for next full year. While Sastasundar is expected to have contribution margin positive next year, that is covering of our entire cost, except tech cost and fixed cost, corporate cost and advertisement expenses.

We plan to invest in Sastasundar B2C AI tech development less than our treasury income. So next year, we should be PAT positive company, considering EBITDA margin, positive margin from RetailerShakti and considering contribution positive margin from Sastasundar, considering treasury income directed by all our fixed costs, all our depreciation, we should be a PAT positive company.

Our purpose is to build a great leading enterprise that uses innovation, empathy and technology to make health care affordable for every income group, accessible to every town and village and personalized for every individual's unique health needs. We have two unique platforms, 1 for B2C, that is Sastasundar app and 1 for B2B, that is RetailerShakti.

We are among the very few companies capable of creating a scalable, sustainable and purpose-driven platform business with high efficient capital utilization. Just for giving you the purpose of capital utilization, some data for our health care platform business in our material subsidiary, Sastasundar Healthbuddy Limited till date, we raised total capital of INR322 crores that includes capital contribution by our company, Sastasundar Venture Limited, out of which we have returned the sum in the form of buyback of INR100 crores to Mitsubishi Corporation.

Therefore, net capital raise is INR222 crores. The free treasury in the same Sastasundar Healthbuddy Limited is INR445 crores apart from business assets. So, the net treasury is almost double to the capital raise and the business is separately running very well. This clearly demonstrates our efficiency in capital utilization. The total treasury in Sastasundar Healthbuddy Limited is INR445 crores and other fellow subsidiary companies is INR120 crores, totaling to INR565 crores. This is apart from INR100 crores given for buyback.

So, we are fully capitalized, fully capital-based company to fund our growth. Our business model is highly efficient, enabling strong operating leverages, robust cash flow generation and potential return on capital employed at 50% to 60% as scale over the next 4, 5 years. This is an opportunity to build impactful business with innovation, which drive both purpose and profitability. This quarter, we worked in a very focused agenda.

I'll relate those agenda. First agenda was to simplify corporate structure. We have completed buyback of part holding of Mitsubishi Corporation now for holding in Sastasundar Healthbuddy Limited has increased from 72.14% to 78.89%. This will facilitate the scheme for merger and demerger with holding company, and we are preparing to present the scheme to our Board for consideration in the -- at the financial year end 31st March 2026.

Second agenda is to accelerate growth. We have given the growth map in our presentation, and that covers our planning to prepare for growth, including building high-tech stack, fulfillment capacity, AI tools for our customers, product expansion, category expansion and market expansion. So we have took out the growth plan in all four corners of the work.

Very interesting third point is the launch of JITO brand. We have successfully launched our brand JITO, to give our customers choice to choose the alternative brand to save cost up to 60% and getting encouraging response. JITO will be further strengthened by our own private label JITO brand. This, on one hand, will save cost of customers and on the other hand, will expand our own margin.

Fourth is automation. We are in the process to implement automation at our FC and logistics, and this will expand our fulfillment capacity by double and reduce our cost. Fifth is very important Sastasundar Health & Happiness Podcast, we launched our YouTube channel Sastasundar Health & Happiness Podcast to give honest information about health. This has attracted good interest from reputed doctors, and they are now participating.

We have started getting revenues by building partnership with our pharmaceutical companies. We are working on unique offering for Quick Health with doctor consultation to Quick Diagnostic to Quick delivery of medicine. Our network of Healthbuddies and pharmacy of RetailerShakti, it will be very helpful in local support system. This will include the AI tools of counseling and data-driven analysis.

We have this unique opportunity before us to reach 140 crore Indians to provide them healthcare solutions with the motto of Shatayu Bhava, 100 Years Healthy Living, using Technology and Seva Bhav with empathy.

Thank you for your continued support. With this, I conclude my remarks and open the floor for questions. Thank you.

Moderator:

The first question is from the line of Mr. Vivek Gupta from Star Investments.

Vivek Gupta:

Sir, at the segment level, when do you expect RetailerShakti, which is B2B and Sastasundar that is B2C to turn the EBITDA positive on a sustainable basis? And also, what key operational or scale milestones in each segment will be the main triggers for the profitability?

Banwari Lal Mittal:

For RetailerShakti, we are already running at a breakeven, and this breakeven will further be strengthened by next quarter. So next quarter, it will be EBITDA positive RetailerShakti segment-wise. And next year, we should be generating 1% EBITDA at RetailerShakti. And so this is what about RetailerShakti.

Sastasundar we will be the margin positive company next year. Margin, I mean, contribution margin that covers all our variable cost. And we will continue to invest in Sastasundar for 2, 3 years. So we can say in the year '28, '29 financial year, we should be EBITDA positive in Sastasundar.

Vivek Gupta:

Okay. Okay, sir. I have a follow-up on this. So the B2C segment has delivered around 60% year-on-year growth in the quarter 2. Could you break down this growth between new customer acquisitions, increase in order frequency and also the improvement in ticket size? And also, sir, how should we think about this sustainability of this particular growth trajectory over the next 4 to 6 quarters?

- Banwari Lal Mittal:** So Sastasundar, as you are aware, it was our old brand. So I won't -- I am not very much happy with the growth because this was already our customers just switched on to the new customers. So the growth will continue because once we -- when we handed over to Flipkart, the revenue per year was around INR500 crores in Sastasundar App. So that same customer base will come very soon. And I hope to achieve this INR500 crores in next 18 months' time.
- So which should be same as we hand over to Flipkart in 18 months' time. So this growth will continue because all those customers exist, they just need to come back. But since B2C customer takes some amount of time before coming to the new app, their time is taking. But this is a great story, and we hope to have INR500 crore annual run rate in Sastasundar in next 18 months.
- Vivek Gupta:** Okay. Okay, sir. Sir, what is the revenue potential from existing warehouses? Like what is your internal outlook or aspiration for revenue growth and gross margin expansion over FY '26 and FY '27? And like is there any broad guidance range?
- Banwari Lal Mittal:** So as you must appreciate that we are in a platform business, whereby quarter-to-quarter guidance or year-to-year guidance will be very difficult. And this is a very highly scalable model. But as I have given the guidance for '29 to '30 year's, so I mean, I won't say guidance, but for the figure for which we are working for is INR2,930 crores. And INR2,930 crores we are working for a revenue of INR6,000 crores, INR4,000 to RetailerShakti and around INR2,000 in B2C Sastasundar. And this would generate around 4% to 5% EBITDA in the year, '29, '30. So this is what we are building for next 5 years.
- Moderator:** The next question is from the line of Vilina Jain from Perpetuity Ventures.
- Vilina Jain:** So sir, can you elaborate on the RetailerShakti growth? Like what's our outlook there? Where do we see this growing for the next 2, 3 years?
- Banwari Lal Mittal:** No, next 2, 3 years, it will grow very -- in a very good speed. So by 2030, if we are planning to reach by around INR4,000 crore revenue company. So next 2, 3 years, we must be growing by more than 30% compounding. But this is in a making stage. We are in a start-up company. So you must appreciate that some quarter-to-quarter or year-by-year, the growth may reset.
- But 2 things are very, very important that we will grow profitably and we will grow rapidly. So we have planned from all corners as we have given the complete map of our growth exploration program in our presentation. So if you read that, we have given the point by point about our preparation. And we are very excited about to build this company. And I'm sure this will again be a record-setting company that with least capital, we have made a company of a large size.
- Vilina Jain:** Absolutely, sir. Sir, in terms of profitability, you mentioned that we are already at breakeven in RetailerShakti and next -- like Q4 would be 1% margin. Is my understanding right, sir?
- Banwari Lal Mittal:** Q4 will be almost breakeven. We are working still. But next year -- next full year, that is financial year '25, '26, we'll be 1% EBITDA positive margin company for RetailerShakti.
- Vilina Jain:** Okay, sir. Okay. And sir, currently, how many retailers do we have?

- Banwari Lal Mittal:** We have more than 40,000 retailers in RetailerShakti.
- Vilina Jain:** And how do we see this number growing from here? Like what is our target addition per month for retailers?
- Banwari Lal Mittal:** So month by month, it's very difficult for us to give. But as we grow by 30%, 40%, so it should be by 30%, 40%. So we can say that right now, say, we have 40,000 retailers. So next year, we must be adding around 15,000 more retailers. So by next year end, we should be having 55,000 retailers.
- Vilina Jain:** And for the next 2, 3 years, we can expect 15,000 addition for the RetailerShakti business?
- Banwari Lal Mittal:** Sure. There's no doubt about it.
- Vilina Jain:** Okay. And sir, lastly, on the working capital bit. So in the last 2 quarters, we have been able to maintain good working capital as a percentage of sales of around 5%, 6%. So is this a sustainable number? What is your view on this?
- Banwari Lal Mittal:** See, we are a platform company. So if you ask me what is my personal ambition. So technically and fundamentally, this should be a negative working capital company, why there should be a working capital in a platform company. So these are purely sustainable, and we will continue to work to further reduce. So it will be sustainable.
- Vilina Jain:** So sir, next year also, this will be like around 6% only then, next 2 years?
- Banwari Lal Mittal:** Yes, yes. It should be around 6%. But again, I would state that we are in a building stage. So suppose we own new warehouse starts in Udaipur, new warehouse starts in Lucknow. So I mean, if you look at this company for next 5 years, next 5 years, we will be around 20 days' time and maybe less than that. But year-by-year or quarter-to-quarter or some date, some adjustment may happen because we are -- you must appreciate the fact that we are building a very, very large company with very limited resources in terms of capital.
- And with that challenge, there may be some adjustment somewhere. So if you are looking at our company and going as an investor with us, then be mindful of the fact that there may be some adjustment at some point of time, and you please keep those factors in to mind that this is a great journey with a great ambition. And so the -- if you are a core traveller, a little bit hiccups maybe here and there, we are a very start-up company. So, with that mind, I would be very happy if you go with us.
- Moderator:** The next question is from the line of Abhishek from Perpetuity.
- Abhishek:** My question first is around Sastasundar. You said you are not happy with the scale because you wanted to get back to that INR500 crore number ASAP. If we look at this quarter, you kind of hit like a INR40 crore kind of a number for the quarter. So you're already at INR160 crores. So when you are saying in 18 months, you will reach that INR500 crore kind of a number, is it the fourth quarter of FY '27, you hit the INR125 crore number? Or on a full year basis, you think in FY '25 will be -- I mean, in FY '27, you would be able to do INR500-odd crores?

Banwari Lal Mittal: No, I'm targeting the last quarter of next year. So in '26 last quarter, we should be able to close INR100 crores turnover from Sastasundar...

Abhishek: Fourth quarter FY '27, you mean, right?

Banwari Lal Mittal: Because these customers already exist, Mr. Abhishek. It's just the time that we bring them on the app and B2C customers have their face to come back. But those should come back. I mean, I'm looking forward to welcome them again. They had an experience of Sastasundar and they had our delivery system, they had faith in our brand. So we should be same by -- in next 18 months, we should be same at the time we hand it over to Flipkart. That is what it should be.

Abhishek: And sir, what is the current number of health buddies like this current scale, we are how many health buddies, 200, 300 at this point of time?

Banwari Lal Mittal: Current health buddies are at 260.

Abhishek: Okay. So for 260, we have hit that INR40 crores kind of a run rate on a quarterly basis. And what's the number you have in mind for getting to that INR100 crore plus run rate on a quarterly basis?

Banwari Lal Mittal: So another 100, we will add so 360.

Abhishek: So 260 health buddies, another 100 added in the next -- 18 months?

Banwari Lal Mittal: No that is -- continuous basis, I think it's going on. So if we say the target of next 18 months from here, so by March 2026, we should be having 360 health buddies.

Abhishek: 360-odd health buddies. And so technically, you're talking about INR1 crore odd kind of a sale per HealthBuddy, right, to hit that INR400 crores kind of a number? Is that the fair assumption?

Banwari Lal Mittal: Yes, INR1 crore per HealthBuddy per year. You are right.

Abhishek: That's the kind of number you can possibly hit with the -- with your current franchise.

Banwari Lal Mittal: Yes.

Abhishek: Sir, on RetailerShakti, it's been a phenomenal growth for us, almost like INR270-odd crores per month, which is like INR90-odd crore number in the last -- from virtually like INR10-odd crores 18-odd months back. So this exponential journey, from what we understand currently is largely in the Eastern part of India, right?

It's like 80%, 85% would be the West Bengal and East and to some extent, from your NCR region. So when you are looking at your journey over the next 3 years or say, FY '30, we're talking about a INR4,000-odd crore number in RetailerShakti, what is the kind of geographical split you would have in mind? And at that point of time, how much would West Bengal in your view be of this INR4,000-odd crores?

Banwari Lal Mittal:

So if we target from Kolkata, Baruipur, West Bengal warehouse, we are going to Orissa, Bihar. So those are the geography. Jharkhand, we are doing already something. We'll further expand. And then Chattisgarh, we are going from Kolkata warehouse. Kolkata warehouse, we will build 2 warehouse for our strategic location, 1 in Lucknow and 1 in Udaipur.

So from 3 warehouses, we will cover the entire Northern India. That is West Rajasthan, West UP from Lucknow. And then from Noida, this Rajasthan area, Jaipur site, entire Haryana, Uttarakhand. So these all the northern states will be covered by, and this will be covered from Kolkata. So another 2 warehouses we're building, 1 in Lucknow and 1 in Udaipur. Noida warehouse, we are doubling our capacity in terms of both building new warehouse and automation.

Baruipur, we have already implemented the automations of capacity is double. It should be triple in next 3 months' time. So that is what the preparation is. And it is very -- now we are in the platform business. This year, we were a bit slow for 2, 3 reasons. 1 was obviously automation. We wanted to do automation. And then second was to set up a profitable model. So you see the RetailerShakti margin expansion in gross margin and then you will see in the next quarter also.

So now the trajectory is for profitable growth. It's not a cash burning growth and grow in a very high speed, and we are fully prepared from every angle, from take a stake to building fulfillment center to building team and to building our customer base and most important to provide a strong competitive value proposition to the customers. So that is what we are doing. And both our products sastasundar app and RetailerShakti have been accepted by the customers. So those are proven model. There's nothing new.

And I must also tell all investors that at the time of giving the Flipkart, the Sastasundar app was valued at around INR1,100 crores. And from 18 months now, we expect it to be the same company. So we have created the same kind of value by investing INR150 crores. That is the power of digital asset. And this Sastasundar podcast, I also informed to the investors has been remarkably successful. And I'm also happy to inform you that it's already generating revenue.

So these are the digital assets that once they generate revenue from every angle, then money flows inside like anything. So this is an innovation which completely cares of the complete ecosystem from B2B to B2C to the customer engagement, to the doctor's engagement, to the health data and the AI application.

So all these bigger companies, Google, Microsoft or for that matter, AI ChatGPT, they all are coming with a fantastic backroom AI stronghold technology, and we are the distributor. So we are not only the distributor of medicine and health care products, but we will be the distribution of AI product also.

So our job is to utilize this backbone of the bigger companies and to reach out to the millions of the Indian customers, who want to use their AI in their own life from where they stand today. So our job is to provide them that unique Indianized version of that, as I already mentioned that 2 motto and Shatayu Bhava, 100 years healthy living.

And I would request all of you to watch our Sastasundar Health & Happiness Podcast. We have recently started a 2-minutes video on daily basis that how 100 years life is possible. With a good and that internally, we are targeting that everything we do is with technology and Seva Bhav.

Seva Bhav stands for empathy. So that is a very unique model of Health Buddy and RetailerShakti partnering with retailers that's while we provide the technology-based services on a platform, at last level, we have the empathy that Seva bhav that humbles us. So it's a very unique opportunity for all of us to implement this model on ground so that we can change the life of 140 crores Indians for good.

Moderator: The next question is from the line of Swara Bhanushali from RDKL Investment

Swara Bhanushali: Actually, I have a question regarding on the retailer app that is currently under testing. Could you please elaborate on the rollout plan in terms of timing and phasing across key markets, the extent of inventory days reduction and you are targeting the pharmacy level, right? And how you expect this to translate into higher wallet share retention and order stickiness from your partner pharmacies?

Banwari Lal Mittal: Yes. That is a very interesting product our tech team is building. So we have already given them app to connect with our inventory to the retailers. Now the problem of retailers is utilization of that technology at their own level. So if you notice that the small pharmacies note down in a physical diary, what are the orders they need to take. So we are developing that app that will automate the reorder process and that will be connected with RetailerShakti.

So once they note down those requirements into their app instead of their local physical diary, the order will be placed in automatically in RetailerShakti. And that localized app for retailers will enable them to manage their inventory very scientifically and very efficiently.

So we expect rollout in the next 6 months' time. So in April 2026, we start to roll out in a beta phase and then another 2 months' time to stabilize. So say, May, June, it should be fully integrated with Retailers Shakti to make the order process very smooth and automated from the retail pharmacy.

Swara Bhanushali: Okay. Got it. And sir, since you do not intend to pursue your cash burn or a credit-heavy growth model and will scale largely without incremental capital allocation over the next 2 to 3 years, what is the expected annual capex requirement on technological AI, warehouse automation and satellite locations? And do you foresee all this being comfortably funded through internal accruals? Or is there any scenario where you would consider raising external capital?

Banwari Lal Mittal: No, we don't plan any external capital. As I mentioned in my opening remarks that we have a treasury of around INR400 crores. So around INR40 crores, INR50 crores must be the treasury income. That is what we planned in our technology expansion and/or warehouse expansion. So as I already explained that from next year, after deducting all our expenses on technology, advertisement and building system on the app, still we should be the PAT positive company because our treasury income will take care of that. So that is how we have structured, and I don't find any need for capital for at least next 5 years.

- Moderator:** The next question is from the line of Mr. Dhiraj Shah from RJ Investment.
- Dhiraj Shah:** I just have a couple of questions. So firstly, with the operations currently, as you can see, concentrated in East and North of India and penetration is still relatively low in key states such as West Bengal and perhaps Uttar Pradesh. So, could you maybe elaborate on your road map for strengthening presence in these -- in these existing markets? and maybe share the time line and strategy for entering into West and South India? That would be helpful.
- Banwari Lal Mittal:** So Western and South India, we are not hurried. As Western and South India, we don't have any strategy right now. We are not looking to those markets for the next 3 years. Right now, we will focus on Eastern part of the state, West Bengal, Bihar, Jharkhand, Chhattisgarh and Northeastern seven states. And from North -- from Delhi, NCR, we will cover fully. Rajasthan, Uttar Pradesh Haryana, Jharkhand. So, these are the states we will focus on.
- And we have tested the model in some part of the geographies of these 15, 20 states. And this covers almost 50% market of the India. And once we build a company very systematically, then we need to focus on a particular geography. So, we take this example. And from West, we will go very strategically, right? We are building a warehouse in Udaipur. So, from Udaipur, we will enter into Ahmedabad silently and build some business. See there how marketing fits. And then from Ahmedabad, we move to interior of the Gujarat.
- So that is how our strategy is going bit by bit rather than going in a stock manner. We don't believe that anything should be say, hard for logistics framework on ground where anything unnecessarily hurriedly we will make for capital one more and more that for that, we are not fit for the growth required for case one. So, this is how we have strategized. But I'm pretty sure that the growth we have planned in these states are more than enough to build a very large company with a profitable growth.
- Dhiraj Shah:** Understood, sir. Understood. And sir, on a different note, as you broaden your assortment beyond medicines and basic wellness, you're also going into personal care, beauty, surgical products, nutritions and nutraceuticals, pet care and private labels as well, JITO generics and OTC lines.
- So what is maybe the current revenue and profit contribution of these newer categories? And how do the margin profile are compared with the core portfolio? And maybe if you could shed some light on category mix and how the margins would be uplifting? Like how would you target that for next 3 to 5 years? If you could shed some light on that?
- Banwari Lal Mittal:** Yes, definitely. So we have done a very deep study. So if you notice that why we selected these categories, then the common thing you must have noticed that these are like medicine only, very light weighted because our logistics is safe for lightweight category. So we don't handle the heavyweight category. That is number one.
- And number 2, the packaging of personal care, beauty care are like medicine only in a very light care. And the third part is that we want to utilize our strong logistic capabilities, warehousing capabilities and our tech capabilities to distribute the product which are in the nature of -- which

are like the medicine only. And since we already have the customer base, large customer base, so we can utilize the same network, same technology, same or warehouse capacities.

And the margins are also very good in these categories. And since our retention margin is very high because our fixed cost remains same, we will utilize for same warehouse, same logistics, same technology. There is no additional cost for backup arrangement. We just need to buy and sell the product. And we are very particular choosy about this and branding very choosy.

So I mean like JITO, we have branded separately on the app so that customers don't confuse. In the Beauty Care segment and Personal Care segment, we are launching a separate channel in Sastasundar app called Mobat [Mohbbat]. It's a love for beauty concept. So it will be a separate channel to engage the customers so that they don't confuse with pharmaceutical product. And then this will be very gross margin increasing product for our company because other costs remain same. There's no cost incremental for technology. There is no cost incremental for logistics, no cost incremental for warehouse.

And we are also planning to offer a very unique solution to the companies in these categories to provide them software as a service or warehouse as a service. So that is another area that suppose there is a company, which is dealing in beauty care. We can provide them the entire distribution system, utilizing our software capabilities for RetailerShakti, utilizing our logistics and warehouses.

And that model, even the inventory will be taken care of by them. We don't need to invest in inventory. And these are purely a service angle, which we rent out our capacity building to the similar kind of companies, which are facing challenges of distribution. India is a country which is facing a strong challenge in building distribution capabilities. And these companies in the category of personal care, beauty care, surgical care are facing the same challenges.

And we are a company, which can provide them an integrated solution at one place and can -- that supply chain will be data-driven. We can provide them the last mile data very efficiently and can give them a very good value for service as a customer, as a service provider. So these are different models, which we have the leverage capacity in our platform business, and we are very hopeful to build a very large company out of these utilities.

Moderator: The next question is from the line of Ms. Priti Agrwal from SK Associates.

Priti Agrwal: I would like to know that on the technology and AI front, could you walk us through a few concrete use cases where AI and automation are already being developed or will be developed soon? And what kind of measurable impact on service levels or cost levels and margin improvements you expect from these initiatives over the next couple of years?

Banwari Lal Mittal: Very good question. I like -- we debate this in our company at a large extent. I must appreciate that you have asked a very relevant question that everybody talks about AI, everybody talks about development of AI. But at the end of the day, what is the use case? So first, the use case in our I will walk through that how we think and how we plan it out. The first use case is reducing the cost in automation part. So as I said earlier that our warehouse, say, in West Bengal

warehouse, with a very little investment, we have been able to make the capacity by 3x without employing further capital

So like we pick up -- we put up some -- all level on each medicinal script. So we have to employ people to put up that. Now that has been recognized by AI and that process becomes automated. Second is the picking. So picking is also through an AI application, the recognition of order with the recognition of physical stores is now an AI application. So then the logistics. So sorting of the route and sorting of the particular rate is again by the AI application. So these have been significantly reducing the manpower requirement.

Call centers, the requirement of the automated call monitoring has been able to reduce our manpower by half. So these are the practical applications. Then coding, at coding, we are able to make it automated by AI coding. So the cost is again reduced. So these are the known things which we have implemented. And now I'm coming to the success on the app, how the customer will be benefiting.

The customer, I must tell you the story of a thermometer that it took 100 years' time for people to accept thermometer as the right kind of temperature measuring machine. So adoption at a customer's journey is a very, very long-term process and people are habituated only by a long-term process. So we are aware about the fact. So developing the technology, application of the technology, then about using of the technology by consumers are too different and much different position.

So what we will plan to do is first developing the counseling tool so that we have the large working from the large AI companies, who have developed their AI medical knowledge and medical informative analysis, synchronization of the knowledge in a back-end wall. Now we will translate into counseling variables.

So we have the data of medicine, we have the data of diagnostics. So there can be a counseling tool, which can provide the valuable insight by speaking in their own language to regional language to the customer. Say you have bought this medicine. These are the problems in your medicine. So you again go to the doctor and check.

And next time when you go to the doctors, these tools have already in their back end, their own diagnostic report and their own record of health records. So they can give to the doctors that these are the medicine he's taking, these are the reports he's taking and then can answer the doctor's query very efficiently.

As a customer, as a patient, I may not remember. I may not be in a state of the condition to remember. But we want to travel this journey from the point where customer stands and to move on as the customer gets habituated and customers get educated about all those applications.

So we are preparing ourselves with a factful in mind that these are very wonderful things. This can change that people like, no, no, I was telling about the JITO clinic. Now we have opened one very good JITO physical clinic in our warehouse, Baruipur to provide services to warehouse employees and to outside also. Now the doctor consultation, I'll tell you, the online doctor

consultation was not very much successful in India because of the fact that a big briefing text is a problem.

As a customer, I'm not habituated to measure my own blood pressure, my own blood sugar and then to brief to the doctor online. So we have recruited a nurse there and the nurse is equipped with AI tools. So whatever customer is telling to nurse, nurse is listening and then AI tool is also listening. Now the both analytical report goes to the doctor and then there is a bigger skin, where the doctor comes after listening to patient nurse and then AI tools.

So there's a right kind of briefing, then the prescription is generated, then the prescription also verifies automatically. So where are the lacunas and then we supply them generic medicine in the brand of JITO and then the diagnostics happen. So these things are interlinked and connected. But I'm very mindful of the fact that reaching to the 140 crores Indians, it will take a lot of time, and we have to simplify the process.

And therefore, I'm very much excited about this Health Buddy model. And I already mentioned that there are technologies and along with technology, there has to be Sevabhav empathy. Because if we integrate both these things, then only the Indian service sector will be successful at the last mile. So that is what -- but very good question is coming to my heart. We also internally debate that after talking so many heavy things, what is the ground impact on ground. But yes, this is a good start. And after 5 years, we will see the substantially change on the ground.

Priti Agrwal:

Yes, absolutely, sir. That was very helpful. And on curated JITO generic channel, what adoption are you seeing amongst doctors, pharmacists and consumers? And how much of the prescription or order base this -- I mean, has shifted to JITO generics so far? And like what penetration levels are you targeting in the medium term across chronic and acute categories?

Banwari Lal Mittal:

See, the JITO, we have a very different approach. I tell you about the India story. So in India, around 100 crores people are not in the medicine net. So out of 100 crores people, who are not into medicine net, I estimate that 30 crores is suffering from one of the chronic either from obesity, diabetic blood pressure. So there are choices. I've seen my father also, they don't go to the government hospitals because they take 1 full day time.

So the Dihari, Majuri (wages) for one day visit is lost. So the 1-day wage comparable cost in India is now INR700, INR800, that is not fast and diabetes takes time to create the complication. So they think that it is right.

So we are making this product JITO, all for 100 crores people who feel their dignity is compromised once they go to the government hospitals, they have to stand in queue. They are not treated well and their whole day is wasted. So there is a question of money, a, then there is a question of time, because they have to spend one full day.

And then the time is a cost in terms of their full day wages. And there is a question of dignity because they are -- they have to stand in a large queue. So the JITO model we are bringing for those 100 crore people that, either you sit at home, take online consultation or give our diagnostic and we supply you the JITO medicine at a very affordable cost sitting at home. So your time is saved, your dignity is saved and your money is saved.

Second is that the JITO clinic where you can visit and can give your all vitals, can have a consultation with doctor with assisted AI tool and assisted nurse, can have your diagnostic at a very standard rate. I mean, almost 50% to the whole bigger companies and can get all your medicine at -- this model, these 2 models cover 99% problems of -- at a primary care center.

So in India, if you see that 100 crore people need health care, 99 things can be treated at home or treated at clinics. It's a very systematic intervention of the medical health. They don't need to go to hospitals. They don't need to go to stand in queue. So we save time, we save money and we provide them with a dignified approach. So this is what conceptually JITO is doing. We have launched just 2 months back, and we are getting around 20 lakhs per month order in JITO.

And with this integrated solution of doctor generic medicine and diagnostic collection center format, I mean, we have estimated that for a diabetic patient, we will be able to treat them as low as INR200 per month. That includes doctor, diagnostic and JITO medicine. That is how we want to reach to 100 crore people. This is not a story of another substitute of the same customer base of those 30 crores, 40 crores people who can afford, but this is for the people for 100 crores. And this 100 crores, I must tell you all of you is that, that is a changing landscape.

Now they are getting money in their bank account, in their wife's name, in their mother's name and around 10% to 20% of that, I mean, INR500 to INR600 every month, they are ready to spend on their healthcare. And they are more now powerful, they are more eager to check, who is the diabetic, who is the blood pressure and what is the problematic. So they want to improve their life. So that is how the JITO will address to those bottom-down approach, who are right now facing challenges in terms of managing their health very well. So this is our mission is.

Moderator:

The next question is from the line of Mr. Vivek Gupta from Star Investment.

Vivek Gupta:

Just a couple of follow-up questions. Sir, can you provide more details on the current working capital position across both B2B and B2C operations, like including the average cycle days cash conversion metrics and inventory level observed in the quarter, which is quarter 2 and also outline the targeted improvements that you are aiming for in each segment, like specifically what operational levels such as supplier term alignment or cash sales, app-driven inventory reductions or fulfillment efficiencies will help compress the cycle? And how do you expect these changes to impact liquidity or partner economics and scalability over the next 12 to 18 months?

Banwari Lal Mittal:

Sure. So I have my CFO, Lokesh. He's sitting with me. I would like that he answers you.

Lokesh Agarwal:

Vivek Ji. This is Lokesh this side. I'm happy to visit your question on behalf of the Company. So your question is more of on working capital efficacy for both B2B and B2C operations, right? So to summarize your -- my reply, as of today, we have common procurement and warehousing process for both B2B and B2C operations. So we collectively maintain an inventory of 30 days for both B2B and B2C. And my payable cycle for vendor is somewhere around 21 days.

Besides this, we maintain a receivable period of somewhere around 6 to 7 days out. Yes, this receivable period is primarily for B2B customers, wherein the retailers take somewhere around 3 to 4 days and besides this, around 2 to 3 days for our B2C customers. So cumulatively, it adds

around 6 to 7 days for my receivable. So my working capital period falls between somewhere around 20 to 25 days, as you might have noted on the PPT.

And going forward, this figure is going to improve only from here onwards. Currently, we are maintaining 6% to 7% of working capital on our revenue. 5 years -- 3 to 5 years down the line, it would add an improvement of 50 basis points to 100 basis points year-on-year. And this would be brought down to somewhere around 3% to 4% from here on.

Vivek Gupta:

Okay, sir. Sir, when we compare with competitors such as Entero, which reports strong margin performance and MedPlus, which has built the scale to its retail footprint, how does Sastasundar position itself competitively? Like specifically, could you elaborate on the key differentiators or moat that protect your business model?

Banwari Lal Mittal:

So 2 business model, Entero and RetailerShakti are absolutely different model. If you see the Entero's return on net worth, that makes around 9%. So from next 5 years, we estimate that 9% will travel to maximum 12%. That is the company retail which target for 50% to 60% ROCE, very less capital. If you see the capital deployed in Entero and Sastasundar model, if you see the model that total capital deployed and return on capital employed and cost of capital divided by revenue, then we see -- you see the retailer shakti is double efficient in the company.

And then that credit scale are very, very huge. So 60 days credit is factored into gross margin. So if you see the gross margin without giving reference to the capital employed, then that is not the business we are building. We don't want to build a business with a 12% ROCE because in that case, we would like to invest or capital into BSE 500 companies, which give more return or return to the invested capital. We want to build a company, which can make capital double every 2 years' time frame. So that is how the platform business we believe in.

And from an efficiency point of view, from gross margin, that should be compared with the giving effect of the capital deployed in the business and the margin of the retailers' credit. So, if you give the credit to the retailers, then you get interest of that capital. So that is not exactly gross margin, but the interest on your borrower blended capital in terms of inventory supply.

Moderator:

As there are no further questions, we have reached the end of the question-and-answer session. I would now like to hand the conference over to Mr. B.L. Mittal for closing remarks.

Banwari Lal Mittal:

So thank you very much, my dear fellow shareholders and potential investors. I thank you so much for your patient hearing, giving me opportunity to understand. Thank you. Thank you so much.

Lokesh Agarwal:

Thanks, everyone.

Moderator:

On the behalf of Sastasundar Ventures Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.