



MedPlus Health Services Limited

November 06, 2025

The Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai 400 001
BSE Scrip Code: 543427

The Listing Department
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
NSE Symbol: MEDPLUS

Dear Sir/ Madam,

Sub: Submission of Transcript of Earnings Call:

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith transcript of the Earnings Call held with analyst/ institutional investors on November 03, 2025 for the quarter and half year ended September 30, 2025.

The same will be available on the website of the Company at www.medplusindia.com and also on the websites of BSE Limited and National Stock Exchange of India Ltd. viz. www.bseindia.com and www.nseindia.com respectively.

Thanking You
Yours faithfully

For MedPlus Health Services Limited

Manoj Kumar Srivastava
Company Secretary & Compliance Officer

Encl: a/a

 040-6724 6724



“MedPlus Health Services Limited
Q2 FY '26 Earnings Conference Call”
November 03, 2025



Management: **Mr. Gangadi Madhukar Reddy - Chief Executive Officer and Managing Director**
 Mr. Sujit Kumar Mahato - Chief Financial Officer
 Mr. DRN Srinivas - Sr. Manager Finance

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

I now hand the conference over to Mr. Srinivas from MedPlus Health Services Limited. Thank you. And over to you, sir.

Srinivas: Thank you, Swapnali. Good evening, everyone. On behalf of MedPlus, it's my utmost pleasure to welcome you all to MedPlus Q2 FY '26 Earnings Conference Call to discuss the financial results of MedPlus for the second quarter of FY '26, which were announced earlier. We have with us today the senior management team represented by Mr. Madhukar Reddy Gangadi, CEO and MD; and Sujit Mahato, CFO.

Before we begin, I would like to mention that some of the statements made in today's discussion may be forward-looking in nature and may involve risks and uncertainties. Please note the disclaimer mentioning these risks and uncertainties on Slide 1 of the Investor Presentation shared with all of you earlier.

Documents relating to our financial performance were circulated earlier and these have also been posted on our corporate website. I would now hand over the call to Sujit. Thank you. And over to you, Sujit.

Sujit Mahato: Thank you, Srinivas, and good evening, everyone, on this call. During the last 18 months, we have added 10 new warehouses across our network. We continue to strengthen our back-end operation and infrastructure to support the long-term scalability and ensure seamless execution. In terms of an update on our network, we have opened 145 new stores during the current quarter. Over the past 12 months, we have added a net total of 378, gross 469 store additions.

Throughout quarter 2, there were 28 store closures. Considering both openings and closures, we achieved a net addition of 117 stores during the quarter compared to the 101 stores added during the last quarter. We continue with the outlook for adding 600 new store additions in fiscal '26.

In terms of our network age, around 22% of our stores have been operational for less than 2 years, and the remaining 78% of our stores have been operational for 2 years or more. In terms of our network size -- store size, at the end of the quarter, our network grew to 4,930 stores, with 2.6 million plus square feet compared to 4,552 stores and 2.4 million plus square feet at the end of September '24.

The average store size is 528 square feet. An update on the revenue mix. Presently, MedPlus offers over 1,450-plus carefully selected SKUs spanning across pharmaceutical and non-pharmaceutical categories. Private label sales for quarter 2 FY '26 constitute 21.5%, pharma being 12.1% and non-pharma 9.6% as a percentage of our total revenues.

On GMV basis, during the current quarter, the share of private label pharma sales stood at 19.8% compared to 7.9% in Q1 FY '24, which was prior to the launch of MedPlus-branded pharmaceutical products.

An update on the financial numbers. Our consolidated revenue for the quarter is INR16,793 million. Our consolidated operating EBITDA for the quarter stood at INR887 million, representing 5.3%. Around 99% of our revenues is from our pharmacy operations. Revenue from pharmacy operations grew by 8.8% on Y-o-Y basis on GMV basis and 6.3% Y-o-Y on net basis.

The pharmacy operating EBITDA stood at INR839 million, representing 5.1%. An update on our store's performance. Stores older than 12 months, revenue from these stores in quarter 2 was INR15,338 million, representing 95% of pharmacy revenue. These stores had a store-level EBITDA margin of 11.8%. The store-level operating ROCE for these stores stood at 68.6%.

A word here on the store-level EBITDA margin by age. While stores greater than 12 months had a margin of 11.8%, this was 12.1% for stores greater than 24 months and 8% for stores in the 13 months to 24 months age bracket. On allocating all non-store-related costs, the operating EBITDA of stores greater than 12 months would be INR877 million, which translates to a margin of 5.6%. An update on our working capital. Our net working capital for quarter 2 was 53 days.

The inventory in our warehouse was 33 days. In quarter 2, the inventory level of our first-year stores was 100 days. In comparison, for our stores older than 12 months, the inventory was 37 days. An update on our diagnostics numbers. Diagnostics revenue grew to INR332.5 million in quarter 2 FY '26 compared to INR283.1 million in quarter 2 FY '25. Diagnostics segment recorded an operating EBITDA of INR50.9 million, which is 15.3% compared to INR21 million in quarter 2 FY '25.

In July, we sold 535 gross plans a day. In August and September, this was 485 and 531 subscriptions, respectively. As on 30th September, we had 170,000 active plans, covering 351,000 underlying lives. As on 30th June, we had 167,000 active plans, covering 345,000 underlying lives. Our current observed on-time renewal rate is around 24% in Q2 versus 24% in Q1.

That concludes our update for the quarter. I request the host to open the line for questions.

Moderator:

The first question comes from the line of Sudarshan Agarwal from Axis Capital.

Sudarshan Agarwal:

On the store addition part, right, I think H1, we are trailing a little below than what half year mark we would like to be at, I would assume 300. So, we are confident of this? And on the franchisee front, I think you guys had said you would add around 100 out of the 600 stores this year from franchisee base. So, what is the update on that? Can you just let us know?

Madhukar Gangadi:

Yes. We will be able to make up the balance in the next half. And franchisee also is on target for us. I don't think that's a problem.

- Sudarshan Agarwal:** So can you just tell me how many have till date for this year been via franchisee model, if that is available?
- Madhukar Gangadi:** I don't have the exact numbers right now. We'll come back to you. But again, the 100 stores and franchisees shouldn't be a problem. We should be able to get that easily.
- Sudarshan Agarwal:** Okay. And your SSG growth, I think you had rejigged your private label incentives, right? So, our branded business has started seeing growth once again. And private label pharma has come down. So, what do you expect the trend to be for the quarters ahead, I mean, for the private label pharma and also on the FMCG side? FMCG actually has seen quite a big jump sequentially also. So on that side, can you just update us?
- Madhukar Gangadi:** Yes. I think given the fact that we had actually grown a little more in the last quarter in franchisee -- in the pharmacy side, private label, we wanted to actually tone it down a little bit. But I think we'll be able to pick up the growth and start growing. For this quarter, it may be more or less at the same level. But after that, we should start growing at around 1% every quarter on an MRP basis.
- So, that's the basic plan for us. Most likely, we will restart the -- press the accelerator on it only in the next quarter or so, not this quarter. On the private label general goods side, that is completely in our control in the sense that, that doesn't really replace any product. We don't have to actually tell the customer to buy one thing instead of the other. We're just expanding the range of products which we have.
- We're taking advantage of the fact that we have so many stores and we are able to bring in whatever products we want to without too much of a problem. So, that will continue to grow. And even as, let us say, we kind of mute the private label pharma side, we will continue to push the accelerator on the general goods side.
- Sudarshan Agarwal:** Okay. And last thing. So when you say the subscription number, right, I assume that this is for the diagnostic or the pharmacy plan as well. I think you have rolled out MedPlus Advantage pharmacy plan, which allows another 2% discounts, right? So is that number -- the subscription including that?
- Madhukar Gangadi:** I think the 175,000-odd number, which you talked about, that is for the diagnostic side. The pharmacy subscription is a different number altogether.
- Sudarshan Agarwal:** Do you have that? And can you share that?
- Sujit Mahato:** It's upwards of 4 million.
- Madhukar Gangadi:** Yes. It's upwards of 4 million.
- Sujit Mahato:** We will connect, Sudarshan, offline on this.
- Sudarshan Agarwal:** Yes. Sure.
- Moderator:** The next question comes from the line of Jayshree Bajaj from Trinetra Asset Managers.

Jayshree Bajaj:

First of all, congratulations on a great set of numbers. My question is that diagnostics segment saw improved operating EBITDA margin, like a 15.3% in this quarter than the previous quarter, it was 13.6%. So, what are the current capex and expansion plans for the diagnostic services, including adding Level 2 and for service centers? And what is the revenue contribution we are expecting from the diagnostic centers in the next 1 year or 1.5 years?

Madhukar Gangadi:

See, whether it is 15 or even 20, our plan will not change as far as the diagnostic centers are concerned, unless we cross 250,000 subscription numbers on the subscription side for the diagnostic side.

So for us, in the current model, which is capex intensive, where we put in INR120-odd crores to set up the 12 diagnostic centers, 4 of which are the large ones and all. We are not going to expand until we get the numbers we want. So that's it for that model right now. We are still looking to tweak the model to get those numbers.

And when we get them, then we will come back and basically tell you what we are planning to do. That's one. Second, given that this is a small portion of our overall business, less than 2% of our overall business, I don't think it is going to be material to us given that we are not planning to spend any more capex on this.

Moderator:

The next question comes from the line of Avnish Barman, an Individual Investor.

Avnish Barman:

Okay. So, this is Avnish. This is Avnish. I have one. I just wanted to understand the impact of the GST change on the business. And it will help if you can just segregate the impact on each player on the supply chain side.

So, for example, what was the impact on the manufacturer side, on the distributor side and on the retailer side? And if you also can comment on whether things are completely back to normal or there's still some time before things get back to normal?

Sujit Mahato:

Sure. Sure, Avnish. Thank for the question. This is Sujit here. So, on the GST implementation, firstly, we went ahead with the broad intent of the Central Government, and we passed on the entire GST benefit to the customers right from 22nd of September when this got effective.

In terms of the impact, as you rightly said, for all stocks procured by the company prior to 22nd of September before the GST notification got implemented, we had incurred the higher input credit. So, there is an accumulation of input credit by an average of 7% for the pharma sector.

And therefore, to that extent, the utilization got delayed. For example, we used to buy product at 12% GST prior to this change, and now it is reduced to 5%. So to that extent, there is a blockage of input tax credit by maybe a month or so in our case.

But on the retailer side, because all of them -- all of the stores are folding into the company, that's the only impact what we have. Additionally, what we have done, we have reached out to all our suppliers and we had negotiated an extra credit period, a one-time extra credit period, which you also see currently as a benefit in the net working capital change in our presentation, where we got some extra credit days for all the purchases made during the last couple of months.

Because there is a blockage of our input tax credit on the inventory, which the company is currently holding. So, that's the very high-level impact on the GST change for us.

Avnish Barman:

Okay. So from what I'm understanding, Sujit, it's like on one side, you've got like 1 month blockage of the ITC. And on the other hand, you've got like a one-time discount -- one-time credit leeway from the supplier. On the balance, has it helped the working capital? Or has it made transient working capital a little inferior?

And second, did you also get some discounts from the supply chain from the manufacturers? And third, whether things are completely back to normal or there is still some time to go?

Sujit Mahato:

See, from the impact on a wholesome basis, I think for a quarter, we have seen a positive impact. Going forward, it should come back to square zero because it's a zero-sum game going forward. In terms, if you are thinking to look at what's the impact on volume, I think, yes, when the notification got implemented, we did not see any surge in volume.

It remained constant for us. And therefore, going forward, and you also mentioned, is there any discount from manufacturers? There are here and there, but it's not a standard kind of a discount because most of them have helped us by giving us extra credit period as a one-time benefit.

Moderator:

The next question comes from the line of Harith Ahamed from Avendus Spark.

Harith Ahamed:

Sir, last quarter, we had talked about certain measures on the supply chain front, including addition of warehouses. So, can you talk about where exactly we are in that process? And if you can also comment on fill rates, which, again, we mentioned that there was some impact in the past as we rolled out the private label. So specifically, on fill rates for branded generics, have you seen an improvement in the last quarter or so?

Madhukar Gangadi:

Yes. On the supply chain side, the new warehouses have been added and some of them are already functional, and some are still slowly coming to their full listing out there. They have all started functioning, though, most of them. On the fill rate, definitely, yes, we are slightly better, as you can see from the impact of there and all, both what we have done on rejiggering the entire incentive plan for private label versus brands.

And on the supply side, both of them have actually resulted in a slight increase in the branded generic sales. So it's a continuing process for us. I'm not sure, I don't think we are quite there on the fill rate completely, but it has improved.

Harith Ahamed:

And on the pre-operative costs, there's been a marginal increase. It's higher than what we've seen in the previous quarters. So any reasons? Is this in line with the store additions planned in the second half?

Sujit Mahato:

Absolutely. Absolutely, Harith. This is Sujit here. So, this is for the property bank and the number of apprentices, which we hired or the people which we put up for the initial training and those costs, we classify them as pre-operative. So, we have a property bank of 400 plus as we speak.

So those 400 plus as and when the rental starts before we launch the stores gets accumulated under the pre-operative head. You are right.

Harith Ahamed: Okay. And last one on the margins on the pharmacy retail operating EBITDA margins. Historically, we've seen second half being stronger versus the first half. Should we expect a similar trend this year?

Madhukar Gangadi: I think where we are -- from where we are, it may not really go up by much. We'll probably be flat, maybe a slight increase, but I won't really count on it. So, a little early to tell you right now.

Moderator: The next question comes from the line of Madhav Marda from FIL.

Madhav Marda: Sir, my first question was on the -- if you could just give some sense on the growth -- top line growth versus margin metrics going ahead, if you had to think from a next, let's say, 2-, 3-year perspective, how is the sort of company thinking about driving top line growth for the pharmacy business along with the margins? If you could give some color in terms of how they could trend?

Madhukar Gangadi: Madhav, it's a little difficult for me to give you that right now. Our franchisee thing still is being piloted. Most of our growth should come from that side. Our normal growth, of course, would be to the tune of 600 to 1,000 stores, which we can put in without too much of a problem, given the overall market size and our own ability.

And the fact that we have money in the bank and everything else. So, please give us a little bit more time to really give you some proper color on what is going to happen in the next 2 to 3 years. I'd not be able to tell you right now.

Madhav Marda: Sorry, 600 to 1,000 stores is -- I mean, our own additions annually or over the next 2 years? I didn't follow that, sorry.

Madhukar Gangadi: That's annually.

Madhav Marda: Okay. Annual addition, 600 to 1,000 stores, you want to add to the network, which will be a mix of owned stores and franchisees in the next few years?

Madhukar Gangadi: And franchisee. But yes, this depends on a kind of a lukewarm kind of thing for franchisee. If franchisee really takes off, it could be much higher.

Madhav Marda: Okay. And how has the feedback been initially from some of the franchisees you've added, say, in the past year? Like if you could give some sense around the unit economics and how they are sort of faring, if you could give some sense there?

Madhukar Gangadi: A little early to speak about that, Madhav. I think we'll probably need at least another quarter or 2 for us to really draw any conclusions on that. The numbers are very low for us to really give you any meaningful kind of guidance on that or at least information on that.

Madhav Marda: Okay. Got it. And just one more question was on the opex. If you look at the pharmacy opex number, I mean, I just subtracted the EBITDA and the gross profit for the pharmacy business. That opex number has grown a fair bit.

So, have we front-ended some warehouse-related costs for like the people that we've hired for the new stores? Or is there some front ending of costs which has happened in 2Q for the expansions?

Sujit Mahato:

Madhav, actually, the costs, if you look at are predominantly in the employee benefits line. As we had guided you earlier, the company had implemented a retention plan for the entire store-level workforce at least for the key cities.

And that's the major impact where we have seen where the first-year payment has just happened, where we had the plan was if an employee continues with us for more than 12 months, he or she is eligible for INR18,000 one-time cash bonus.

And if the employee rolls that for 1 more year and rolls it forward instead of encashing, that benefit increases to INR50,000. And if that is rolled for 1 more year, it goes up to INR1 lakh. And that's the major chunk of increase what you're seeing other than the normal annual increment.

Madhav Marda:

So, this sort of happened in 2Q. So 3Q, this number can actually come down a little bit like because then that payment is not going to continue every quarter? Or how does that work?

Sujit Mahato:

So the first year, for example, this would work more or less like an ESOP plan with various tranches. So for the first year, you have an estimate. But after a year, you start getting the true-ups or the actual catch-up depending on how many people exercise the option of roll forward versus encashment.

Once an employee encashes and the plan is still on, they go back into the queue and again start getting accrued for INR18,000 for the next year. Or if the employee rolls forward, then on a cumulative basis, you have to do an accounting for the INR50,000.

Moderator:

The next question comes from the line of Tanya from Investec.

Tanya:

Yes. So, congratulations for the set of numbers. My question is around the SSSG rate. So, what I can see is that it has made a turnaround in this quarter by registering a 2.2% growth as in the SSSG growth. What is your take on the same going ahead?

Sujit Mahato:

Sir, we expect this to grow gradually because you saw the last couple of quarters, it did not show a positive traction. The company has changed the incentive plan and the other initiatives, adding supply chain capability. So, we expect this to grow gradually in the range and reach somewhere between the high-single digits of between 9% and 10%, but that should be a journey.

Tanya:

And by what time frame do you expect it to reach the high-single digit?

Sujit Mahato:

In the next 2 years, max, because this is above the entire network coverage. And as we speak, more than 80% of our network is in the greater than 24 months. So, we'll have to keep that at the back of our mind when we make this assumption.

Moderator:

The next question is from the line of Amish Kanani from Knowic Investment Managers.

Amish Kanani:

Yes. Sorry. Partly my question related to GST and same-store sales have been answered. Just one question, which I just wanted to understand. Is there any benefit that we might get because of this GST rate cut on the FMCG part of our business?

And how does it work cross-sell and inherent demand, what type of products, if there is any -- some after-effects of the lower prices? Because I understand pharma, maybe the demand will not be elastic. But how do we see that?

Sujit Mahato:

So on the FMCG or on the general front as well, directly, there is no impact because as you are aware, we report sales, net of GST. And also on the inventory, the inventory is accounted, net of GST. So, there is technically no impact on the P&L and balance sheet.

But as you rightly mentioned, if there are growth in the volume because of the overall uptick in the demand per se, we should get that fair share to our stores as well. But as of now, we have not seen any significant uptick on any volume.

Moderator:

The next question is from the line of Saion Mukherjee from Nomura Securities.

Saion Mukherjee:

Sujit, my question is on the expenses in general and employee expense in particular. So, we have seen almost 19% growth year-on-year with revenue growth at 7%. You mentioned about one-time bonuses scheme that you have launched. So, I just wanted to confirm whether this was launched in this quarter onwards?

And also, have you accounted for potential increases if the employee stays assuming some attrition rate? Has this been provided for? Basically, what I'm trying to understand is how should we think about this expense item sort of going forward?

Sujit Mahato:

So, I think, on this question, Saion, we have been accounting this for the last 1 year, last 4 quarters. We have launched the scheme now close to a year ago. And I mentioned this is the first time where the payouts have happened, which means we have crossed the 12-month threshold. We have been doing an accrual basis of accounting on that. On a year-on-year, you see the impact now.

But otherwise, absolutely accruals have been factored with all estimates of how much do we expect will roll forward and how much we expect will encash. And only based on the due date, we are able to true up this number. But otherwise, we have factored this plan.

Second, this is an ongoing plan as we speak. So it was not only a one-time, which means as and when people resign and new colleagues come in, they are also automatically getting enrolled in this plan. And therefore, the costs have been factored accordingly. So if I've answered you on this point.

Saion Mukherjee:

So basically -- so there has been a structural change in the way you compensate the employee, which we have been doing it for a year now. So, going forward, this kind of a growth will come down, right? Because today, what we are seeing on the P&L is 19% growth year-on-year for employee expenses. So, the base is still adjusting.

- Sujit Mahato:** Absolutely.
- Saion Mukherjee:** So next quarter onwards, it should start to moderate. The year-on-year growth in employee costs will start to moderate. Would that be a right assumption?
- Sujit Mahato:** Yes, it will start to moderate. Yes, that's the right assumption, Saion.
- Saion Mukherjee:** Okay. Okay. And on the pre-op expenses, so how large is that? And I mean, is it a meaningful dent on the P&L currently?
- Sujit Mahato:** One second. So in this quarter, it was close to around INR3.4 crores, INR3.3 crores. So, this was a factor of 2 things primarily. The employees who have been hired, not yet deployed anywhere, but are during the training program, which is for that 1-month period and rentals of premises, which we have leased, but not yet launched.
- So, this should not exceed maximum of INR4 crores, Saion, because we continue to grow and therefore, there is always this number, which we classify as pre-op. But on a steady-state basis, this should continue to go down.
- Saion Mukherjee:** Okay. Okay. Just one more question on the employee. Have you seen any meaningful reduction in attrition after you rolled out the scheme? And if you can share the attrition rate now versus what it was a year back?
- Sujit Mahato:** So, I'll look into that. But at a very high level for in the major 3 cities where we launched this scheme, we have seen a significant amount of reduction because a couple of things, which we evaluated when the team looked at this model was more and more attrition pull from the, I would say, consulting model, be it a delivery point model or from a part-time store model vis-a-vis a full-time employment at our stores.
- And therefore, we had upwards of 45% attrition in this section of employees. And after we implemented this, in some of the cities, we drastically saw a reduction of around 15%. So, this is being year 1. What we would like to see is how it plays out because there is also a ripple effect on the others. So, we want to see that how it plays out before we take any concrete steps on this plan.
- Saion Mukherjee:** Okay. And just one last question, sir, if I can ask. You mentioned about high single-digit growth rate, same-store kind of a growth rate 2 years down the line. Given that we are expecting the pharma market to grow at around 8%, don't you think you can get to double-digit growth, assuming you get market share from other retailers?
- Sujit Mahato:** No, I think, absolutely, but we did not want to sound so optimistic immediately. We want to go through this journey because you have seen now it's around 2.2% plus. So, I just want to be very cautious in terms of guiding. Otherwise, we would say maybe let's wait for a couple of quarters to be more optimistic on this number.
- Moderator:** The next question comes from the line of Aejas Lakhani from Unifi AMC.
- Aejas Lakhani:** Team, great job on execution and maintaining balance of margins this quarter. So, credit to you.

Moderator: I'm so sorry to interrupt in between, sir. Your voice is not audible.

Aejas Lakhani: Yes. Is this better? Sorry. Is this better?

Moderator: Please proceed.

Aejas Lakhani: So team, I was just saying stellar performance in terms of the balance of growth and execution and margin maintenance. So, credit to the team for the same. I wanted to just understand a little bit more on the growth that you're seeing in private label, non-pharma.

So basically, your others, your branded segment and FMCG. Can you -- the growth there, I mean, if you trace it back to several quarters has been higher than that of private label pharma. So, could you tell me what exactly is driving the shift? Is it that the customer comes in, you don't have the product, maybe a branded product and they see your product?

And how do they sort of -- how is that buying decision and pattern there? Is it the price comparison that he's able to see, which helps him to pick it up? What is driving that decision? And additionally, what are the margins on PL non-pharma and pharma? Could you just call those out?

Sujit Mahato: So on the PL non-pharma specifically, Aejas, what you rightly mentioned, couple of quarters ago, this was hovering around 7.5%, 7.8%. And we really grew steadily because one major aspect, if I can take you through is we have been guiding that the way we serve our customers in our stores, let's say, 18 months ago, we have changed that over period by bringing in the racks outside or the shelves outside wherever real estate allowed us.

So that there is some amount of display as well as buying by the customers themselves because pharma continues to be served from behind the counter, because most of the staff will have to pull out from our racks and give them based on the prescription.

But for non-pharma, since this restriction was not there, wherever real estate allowed us for more than, I think, 1,500-plus stores, we redesigned our outlets where we have now shelves outside, there's some amount of impulsive buying. And to add to that what Madhukar explained earlier that we have added a large assortment of new products on the FMCG side, which is constantly driving this growth.

To top that, there is technically no upper limit unlike in pharma, where once a doctor prescribes a regimen or a dosage for 3 days or 5 days, the customer is bound by that. But in a non-pharma, once the product is good and they see value in that, they can continue to buy those products. So, that has helped us, and I think the focus will continue on those lines.

Aejas Lakhani: Understood. And could you help on the margin build?

Sujit Mahato: Yes. So on the private label pharma, we are still close to 78% to 75%. This is before any store-level incentive is given out. And on the private label non-pharma, this would go up to 34%.

Aejas Lakhani: Okay. This is in gross terms, right?

Sujit Mahato: This is on net revenue.

Aejas Lakhani: Okay. No, no. But in terms of an operating margin perspective, are you earning more on the non-pharma PL side versus the pharma PL side?

Sujit Mahato: No, no, absolutely.

Aejas Lakhani: That would be materially higher by, say, 5%, 10%. Could you quantify something like that?

Sujit Mahato: So, I mentioned the PL pharma would be close to 74% to 78% versus non-pharma would be in the range of up to 34%. So it's close to a 50% difference between pharma and non-pharma.

Aejas Lakhani: Okay. I'm sorry. Okay. I didn't catch that. Understood. And so could you just help me texturize this buying that is taking place in non-pharma? So let's say, it's a consumption item like, say, a toothpaste, Indians are indexed to 2 or 3 or 4 brands. So is it that the basis of purchase is non-availability? Or is it that they are able to see both the brands, compare the price and then price is the driver of that decision? Could you help me with that?

Sujit Mahato: In terms of comparison for a customer, absolutely, for the brand, there is nothing more what MedPlus will do. But for our own products, the price and the first experience definitely drives the consumer demand.

So the pricing philosophy is very clear. It's cost-plus model rather than we doing a similar MRP model. So it is -- that is one. And then the customer experience, once they try out a product and they find good value for that, they do come back for that.

Moderator: The next question comes from the line of Ankit Singh from AB India.

Ankit Singh: Yes. Sir, my question is, sir, in this quarter comparison to last year and first quarter of this fiscal year, sir, inventory has been -- it has piled up a lot from -- I think in your P&L, it is showing approx. 150. Can you please tell me about that? Is there any change of trend are you seeing? What are you observing on that?

Sujit Mahato: I did not get your question. If you can please repeat?

Ankit Singh: My question is, sir, cost of inventories in your P&L section has been risen very significantly in this quarter compared to last year and compared to the first quarter of this fiscal year. Sir, what are you observing? Any change in trend or something else? It is being up very significantly.

Sujit Mahato: I did not understand this question. Are you talking on the inventory levels on our balance sheet?

Ankit Singh: Yes, yes, yes, yes.

Sujit Mahato: Okay. So if you see that, if you compare from a year ago, consistently, the inventory levels have been going down. So this is, again, a well-thought through plan internal monitoring where we are balancing between the private label inventory as well as in the branded, at the same time having a much sharper monitoring mechanism on our store level as well as on the warehouse

level inventory, which I think over a period of time, the team has been able to optimize this number. As such, there is no exception in these numbers, if I have to clarify.

Ankit Singh:

Okay. Okay. Sir, what are your plans, sir? I've been listening it from last year, last 1.5 years from the listing, plans in expanding in north part of India, sir, Delhi side in North India. There is nothing you are telling about it. What are your plans now as you are listed for 2.5 -- 2 years of listing? Sir, what are your plans now north side of India?

Sujit Mahato:

So currently, we have not expanded directly into the northern part of India, but we have started adding stores in Chhattisgarh and Madhya Pradesh. We are seeding our initial stores, and we will progress slowly because as you are aware, since the company is established more in the southern part of -- southern and eastern part of the Indian continent, there's still a lot of headroom to go deeper.

But at the same time, we take your point. We will internalize this because there is a plan to continue to grow. And as and when we add more states or adjacencies, we will come back and report to you.

Ankit Singh:

Okay. Okay. Sir, one question more. Sir, are you getting competition from generic pharmaceuticals like I have been studying here, Knoll Private Limited in north part of India is also expanding in your cities like Hyderabad, Telangana. What is the level of competition are you getting from these drug holders?

Like they are being just selling it at very low point that I have observed in north part of India. They are selling at very cheap rate because -- by selling it generic. Are you -- because of this specific company, I know it. That's why I'm saying that it has also expanded in your Hyderabad, Telangana. Are you getting competition from these drugs?

Sujit Mahato:

See, we are a retail chain. So, I think we trade or we partner with more than 2,000-plus companies. So obviously, we will not be able to comment specifically on any pharmaceutical company. But we being a retailer, we would definitely try to fulfil the demand, whatever comes to our customers. And if those products are relevant, we will also sell them. That's all I can tell you.

Moderator:

Thank you. Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Sujit Mahato for closing comments. Over to you, sir.

Sujit Mahato:

Thank you. I thank all participants on this call for your interest in the MedPlus journey. Our Investor Relations team can be contacted at ir@medplusindia.com. Thank you, and good day.

Moderator:

Thank you. On behalf of MedPlus Health Services Limited, that concludes this conference. Thank you for joining us today, and you may now disconnect your lines.