

Health X Platform

11 August 2026

Operator: Ladies and gentlemen, good day and welcome to Health X Platform Ltd. Q1 FY27 earnings conference call, hosted by Go India Advisors. As a reminder, all participant 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 the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Somya from Go India Advisors. Thank you, and over to you, Somya.

Somya – Go India Advisors: Hi, everyone. I welcome you all to Health X Platform Ltd. Q1 FY27 earnings conference call. Please note that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks pertaining to the business. We have on the call today Mr. BL Mittal, the Managing Director and CEO, and Mr. Lokesh Agarwal, the CFO. I now request the management to proceed with the opening remarks, after which we will open the floor for Q&A. Thank you, and over to you, sir.

BL Mittal – MD & CEO: Good afternoon, friends. I am BL Mittal. Welcome to the Health X Platform Ltd. Q1 FY27 earnings and business update call. We sincerely appreciate your continued trust and support as we build Health X Platform Ltd. into a technology-led, capital-efficient healthcare platform with a clear objective of making healthcare more affordable, accessible, and trustworthy across India.

Q1 FY27 has been an encouraging start to the year for us. The initiatives that we invested in during the previous year across Retailer Shakti, SastaSundar, geographical expansion, fulfillment infrastructure, technology, and Jito are now beginning to translate into stronger revenue momentum, while we continue to work toward improving the underlying economics of the business and building scale with a strong operating foundation.

The strength of our platform today is reflected in the scale we have built. We currently serve approximately 75,000 retail pharmacies with more than 50,000 SKUs, sourced from over 1,000 vendors and supported by more than 350 health buddies and 3,500 employees. Importantly, more than 95% of our purchases are sourced directly from pharmaceutical companies without paying any purchase rights, while our purchase returns remain below 1%. This gives us a strong sourcing and availability advantage as we continue to scale.

Retailer Shakti and SastaSundar are both driving growth now. Our revenue momentum has improved meaningfully, led by our 2 core platforms. Retailer Shakti grew 48% year-on-year, continuing to remain our principal growth engine, while SastaSundar grew 44% year-on-year, reflecting a strong B2C business. The quality of this growth is also increasing. Within Retailer Shakti, 69.4% of business comes from orders above 2,500 and 42.4% from orders above 5,000, indicating that retailers are increasingly consolidating a meaningful share of their procurement requirements on our platform. This also eliminates the focus on certain customers because the sales are spread across thousands of customers.

Similarly, 69.2% of SastaSundar orders are above 1,000, highlighting a healthy consumer basket size. It also reflects that 30% of orders are below 1,000, which shows our capability to serve even

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the smallest order. Together, these platforms provide us with a strong base to deepen customer engagement and build a larger healthcare ecosystem.

We are expanding beyond our existing markets. A key part of our strategy is to replicate this model across geographies. Building on our existing West Bengal infrastructure, we have expanded into Odisha, Bihar, and Jharkhand, while strengthening our northern operations through Noida infrastructure. We have already deployed sales teams and established the logistics and fulfillment capabilities required to penetrate these markets. The early response reinforces our confidence in this strategy.

Importantly, our business is not dependent only on large metropolitan markets. Approximately 67% of Retailer Shakti's business and 78% of SastaSundar's business comes from Tier 2 and Tier 3 markets. This reinforces our philosophy of inclusive healthcare infrastructure in India, which India needs, and which we provide across geographies and income levels. This demonstrates the scalability of our model and the significant opportunity available in underserved markets where accessibility, affordability, reliability, and availability remain important needs.

Our new initiative, Jito, is creating another growth opportunity. Jito is our strategic private-label initiative through which we aim to make quality healthcare significantly more affordable by offering medicines at prices up to 60% lower than leading branded alternatives. We see Jito as an opportunity to simultaneously improve affordability for customers and create an additional margin opportunity for the platform. At this stage, our focus remains on building the right distribution network, establishing customer acceptance, and scaling the business in a disciplined manner.

We are investing ahead of scale while improving economics. On profitability, EBITDA loss stood at 14.9 crores during the quarter as we continue to invest in the team and in technology-led capabilities across procurement, fulfillment, inventory management, and customer engagement. I would like to reiterate that almost all our revenue is contribution-margin-positive revenue. We have consistently maintained that technology investments need to be made ahead of scale, but capital deployment must ultimately be supported by sound economics. Our objective is therefore to continue investing in capabilities that can improve productivity and customer experience, while progressively moving the platform toward stronger profitability and capital efficiency.

Our PAT stood at 2 crores, reflecting the improving underlying economics of the business. Technology and fulfillment are also key enablers. Technology remains central to how we intend to scale the platform. We are continuing to strengthen our platform infrastructure across our existing network, complemented by new capabilities in Guwahati, Lucknow, and Udaipur. These facilities will allow us to penetrate deeper into the markets we have already entered and improve service levels as volumes increase. Our fulfillment centers are becoming increasingly automated and technology-led, helping us improve throughput, inventory management, and manpower productivity.

At the same time, we remain focused on maintaining a capital-efficient model. Our working capital cycle is approximately 28 days, equivalent to roughly 8% of revenue, which provides us with a strong foundation to scale the business without proportionately increasing our working capital requirement. Hence, our company is still in its infancy stage, but this much I can say: the model is established as one of the highest-growing companies with the most capital-efficient requirements.

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Now I will speak about the outlook. Overall, we believe that FY27 can be an important year for Health X Platform Ltd. This quarter is the best quarter in the history of the company. We are ahead of the sales achieved during the Flipkart partnership that we entered into and ultimately terminated. This quarter, we crossed the highest turnover that we reported during our Flipkart partnership era, and this year we believe should be the best year in the history of Health X Platform Ltd. The investments made during the previous year are now coming together. Retailer Shakti is scaling strongly, SastaSundar is recovering, our geographical footprint is expanding, new fulfillment capabilities are coming online, and Jito is steadily building momentum.

Our focus for the year is clear: grow the platform, deepen our presence across India, improve technology efficiency, and progressively enhance profitability and capital efficiency. We are continuously working to launch our AI-monitored retail AI product for our retailers, and we are scheduled to launch it in this quarter. Hopefully, in the next quarter, we will confirm the success of the project. We believe the combination of our customer network, sourcing capabilities, technology platform, and expanding infrastructure gives us a strong foundation to build a large, scalable, and sustainable healthcare platform over the coming years. With this, I now request our CFO, Mr. Lokesh Agarwal, to take you through the detailed financial performance for the quarter ended June 2026. Mr. Lokesh Agarwal. Thank you.

Lokesh Agarwal – CFO: Thank you, Mittal. Good afternoon, everyone. Health X Platform Ltd. delivered strong top-line momentum in Q1 FY27, with revenue from operations growing by more than 58% year-on-year to Rs.440 crores and registering growth of over 16% quarter-on-quarter from 378 crores. Gross profit increased by 64% year-on-year to Rs.34 crores and by 24% quarter-on-quarter, while gross margin improved to 7.8% from 7.3% in Q4 FY26.

Operating profitability also improved sequentially, with EBITDA loss narrowing to Rs.15 crores from Rs.20 crores in Q4 FY26 and EBITDA margin improving to negative 3.4% from negative 5.5%. Despite the strong revenue growth, EBITDA remained slightly impacted by higher employee and other operating expenses. At the PAT level, the company reported a profit of Rs.2 crores in Q1 FY27, marking a significant improvement from a negative Rs.13 crores loss in Q4 FY26, although profitability remained below the Rs.26 crores PAT reported in Q1 FY26.

Overall, the quarter reflects a strong sequential operational improvement, with revenue and gross profit accelerating and operating losses narrowing meaningfully. Going forward, the key focus remains on converting this strong momentum and revenue growth into sustainable EBITDA and PAT profitability through operating leverage and tighter cost monitoring and management. As we move forward, we expect the new geographical markets, additional fulfillment infrastructure, increasing retail penetration, SastaSundar's continued recovery, and the gradual scaling of Jito to support further growth. Our focus [audio cuts off]

Management: The focus remains on maintaining the right balance between growth, margin improvement, and capital efficiency. With this, I would like to hand the floor back to the moderator for questions and answers from prospective investors. Thank you.

Operator: Thank you so much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press

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star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Sanchita Sood with Robo Capital. Please go ahead.

Sanchita Sood – Robo Capital: Hi, thank you for the opportunity. Sir, my question is: for Retailer Shakti specifically, what were the gross margin and EBITDA margin in Q1 FY27?

Management: In Q1 FY27, Retailer Shakti maintained a gross margin of around 7.8%, and the EBITDA number was close to break-even. We expect to achieve positive EBITDA in Q3 of this financial year.

Sanchita Sood – Robo Capital: And, sir, do you have any revenue aspiration for FY27 and FY28?

Management: As I said, we do not project on a yearly basis, but I can tell you what happened in May. We ended May with revenue of more than 150 crores. Looking at the growth, you can now stipulate the revenue projection for this year and next year. May ended with 150 crores, subject to audited monthly ARR revenue.

Sanchita Sood – Robo Capital: All right. That is all from my end. Thank you.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one on their touchtone telephone. Our next question comes from the line of Abhishek Singhal with Perpetuity Funds. Please go ahead.

Abhishek Singhal – Perpetuity Funds: Sir, thanks for taking my question. I first wanted to get some perspective on the gross-margin potential of the business that we are building. If you consider how your private label or Jito is planning out in terms of the percentage of revenue, how that can ramp up, and its potential impact on gross margin, that would be helpful. If you compare some of the other listed businesses and look at their gross margins, they have started reporting almost double-digit gross margins at the consolidated level, at 10%, 11%, and 12% also.

I wanted to get some perspective on how this gross margin ramps up. Subsequently, if you can provide some clarity around the current cost structures below gross margin, how they will pan out, and what kind of operating leverage we see flowing through this business as the number of quarters passes, that would help us understand the business better than we currently do based on the reported numbers. If you can give us some directional context around that, it would really help us understand the business slightly better than we currently do based on the reported numbers.

Management: Thank you, Abhishek. This is a very important question. We also look into these things. If you see the companies operating in the distribution business, particularly the pharmacy distribution business, at the gross-margin level it is a very good business, both in retail and wholesale. The companies are making good profits and sufficient gross margins, or rather, healthy margins.

Now, if you compare SastaSundar with others, then at the level of gross margin, which is largely a function of volume and how and at what volume you procure, you will find that Health X Platform Ltd.'s performance is better than that of any of the competitors. That is number one.

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Number two is that the gross margin can be expanded through higher volume, increasing your wallet share of the retailers, and increasing the private label. Regarding the private-label Jito ramp-up, I am pretty sure that we launched it in the last quarter of FY26 and sold Jito products worth around 25 lakhs, while this quarter we sold products worth around 79 lakhs. Though these are very small numbers, the growth is significant and the gross margin is about 50%. This Jito revenue ramp-up will increase the gross margin.

Since we are a digital business, we can also increase wallet share significantly by selling devices, OTC products, healthcare products, and preventive-care products to pharmacies, thereby increasing the gross margin. If we consider the industry level, taken together across both B2B and B2C, we expect the gross margin to reach around 12% going forward.

Down the line, we do not focus on EBITDA because the main problem in the industry is depreciation. If you look at the good companies, they consume the gross margin earned through depreciation. Depreciation is the real cost. Through our digital distribution system, we want to eliminate depreciation and interest costs and move directly from gross margin to administrative costs, with the balance going directly to the shareholders' kitty.

Similarly, our entire philosophy is that we should do the same kind of business as the industry practices, but in a different manner by adding digital technology capabilities, capital efficiency, and digital distribution capability, and then we are done. Capital efficiency along with digital distribution will ensure that growth comes in through a rapid, automated manner, while capital efficiency ensures that there is no depreciation and no interest cost. From sales, the money comes directly into cash flow. Our focus is not EBITDA; our focus is cash flow from revenue. Thank you. I hope that is clear, Abhishek.

Abhishek Singhal – Perpetuity Funds: Just to expand a bit more on the gross-margin perspective, if I remember correctly, you mentioned somewhere around 150 crores of revenue for the month of July in your business, right? That is both Retailer Shakti and the HealthBuddy business put together, right?

Management: Yes.

Abhishek Singhal – Perpetuity Funds: And you mentioned that 70 lakhs was more of a quarterly figure. What I want to understand is that you are talking about Jito as a business with around 50% gross margin. From a leverage perspective, for example, once your 150-crores monthly top line goes to, say, 200 crores a month, in your view, what could the Jito contribution be in this, or what could the contribution of the private label or whatever our own push may be? At 50%, what I am trying to arrive at is that if, say, Jito revenue becomes 2% of monthly sales, it could add almost 100 basis points of gross-margin expansion, right? How are you factoring that, and what kind of percentage of sales should I expect if I were to look at the next 2–3 years, whether quarterly, monthly, or annually? Can this part of the business reach 5–6% of your top line in the next 3 years? Some trajectory and direction around that would give us some perspective, sir.

Management: Whatever you are mentioning, Abhishek, I fully agree with you. We are working along those lines. That much I can say, but it is very difficult to predict anything because we are an evolving company. We are an emerging company, and we believe that many more new initiatives

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will come forward. However, we are quite hopeful about Jito, and our internal working suggests that we will surpass the figures you mentioned. Without mentioning any specific guidelines, our internal working, internal projections, and internal business plan suggest that we will surpass whatever figures you mentioned in your narrative.

Abhishek Singhal – Perpetuity Funds: And, sir, from a regional perspective, can you please give us some perspective? Of your current revenue run rate, how much is West Bengal contributing, how much are the other parts of India contributing, and how are you seeing the new regions ramping up? Some perspective around your geographical expansion and the current growth contributors from a regional perspective would be really helpful.

Management: I am very happy to announce that the product has been proven across the market. From West Bengal, this quarter we expanded to Odisha, Jharkhand, Bihar, and Chhattisgarh. From Noida, we expanded to Haryana, Uttar Pradesh, and Rajasthan. We are also covering Assam and the Northeast. Currently, 30% is outside West Bengal. All markets are giving a very good response. In terms of growth, I must tell you that the Northeast is the fastest-growing region.

This shows that Tier 2 and Tier 3 geographies have significant potential. As per IPM, if you see Jharkhand, it has the highest growth rate. This is happening because India is changing. I firmly tell my internal team to look at the IPM data: 70–80 crores of new people who had previously not been taking medicine. We were talking about Jito; Jito is no longer merely a substitution. It is a requirement for those 80 crore people who are coming to a pharmacy shop to buy medicine for the first time.

I am therefore very hopeful about this new geography. We are planning to set up new warehouses in Ranchi, Patna, and Chhattisgarh. We will ramp up these geographies very aggressively this year and next year, considering our success in Assam. As far as Assam is concerned, it is growing very fast and rapidly. The underpenetrated areas have greater scope for distribution and a greater share of Jito.

Abhishek Singhal – Perpetuity Funds: Understood, sir. I will join back the queue. Thank you.

Management: Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone. Our next question comes from the line of Disha with Sapphire Capital. Please go ahead.

Disha – Sapphire Capital: Hello? Am I audible, sir?

Operator: Yes, you are audible, Disha.

Disha – Sapphire Capital: Thank you so much, sir, for this opportunity. For Retailer Shakti, you mentioned that we had a gross margin of 7.8% and that EBITDA was close to break-even. For the HealthBuddy platform, what are the current gross margin and EBITDA margin levels for this quarter?

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Management: I will tell you about SastaSundar. I must explain the vision behind SastaSundar. SastaSundar is the B2C business we are building. There are 2 ways of building a B2C business. One way is to go digital, in which case we have to expand our network and invest in brand acquisition and technology. If we go physical, we have to spend on retail shops and incur depreciation.

The depreciation model will show good EBITDA, but the cash flow will not come. Under our model, we spend around 15% of the revenue we are building for SastaSundar. Suppose we build a 200-crore revenue business this year; then we have to invest around 15% of that, which means 30 crores. If you look at the current EBITDA loss of SastaSundar's HealthBuddy, around 90% of the loss is due to technology build-up. That is number one.

The technology build-up, including the AI build-up, is for both Retailer Shakti and SastaSundar. As I have said, we are naturally looking at building AI technology for both Retailer Shakti and SastaSundar. The second aspect is building revenue. Since we do not open shops, the entire revenue-building investment comes into the profit and loss account.

My humble request is that if you are looking at Health X Platform Ltd. and investing in Health X Platform Ltd., do not look at it from an EBITDA perspective. We are not going to be an EBITDA-positive company for the next 2-3 years, and we do not look at EBITDA from that perspective either. EBITDA is not our priority. Our priority is building a very large company without hurriedly focusing on EBITDA in the SastaSundar business. We will build a solid business with straight cash flow without incurring depreciation.

Disha – Sapphire Capital: So, not looking at EBITDA margin, for gross margin, I think we are at 9.1% this quarter. What will be the target for the entire year?

Management: The gross margin for the entire year will be above 8%.

Disha – Sapphire Capital: Sorry?

Management: Gross margin will be above 8%.

Disha – Sapphire Capital: What is our eventual target? Where do you want to take this number in the next 2-3 years?

Management: As I said, it will move to 12%, from 8% to 12%, if you look at the industry. Gross margin is the function where we will achieve a similar gross margin to the industry. We are buying from the same companies and supplying to the same customers. Therefore, gross-margin differentiation will be in line with the industry.

Differentiation will come from the infrastructure we build, technology, and capital efficiency. These are the factors that will differentiate us in terms of return on capital employed, revenue, and growth. Gross margin will be in line with the industry. The B2B industry operates at around 12%, and B2C, net of last-mile retail shops, has expenses of around 12% of gross margin. Therefore, gross margin is around 12%, and we should achieve that at scale.

Disha – Sapphire Capital: And just the last thing from my side. We have seen revenues increasing, but quarter-on-quarter we have seen a slight decline in other expenses. What has led to that?

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Management: Other expenses are not declining; they are declining as a percentage of revenue. As revenue increases, fixed costs remain the same. Therefore, the percentage will decline. That is the natural phenomenon as the scale increases: fixed costs remain the same and expenses remain stable. That is how the company achieves profitability going forward.

Disha – Sapphire Capital: That is all from my side. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, anyone who wishes to ask a question may press star and one. Our next question comes from the line of Rohit with I-thought PMS. Please go ahead.

Rohit – I-thought PMS: Good afternoon, sir. I hope I am audible.

Management: Yes, please go ahead.

Rohit – I-thought PMS: First of all, I am relatively new to the company, so please pardon any questions that may be very basic. If I were to look at your business right now, based on your presentation, you are saying that in the last financial year you did 155 crores in SastaSundar and about {? 1,125 crores ?} in Retailer Shakti.

If you were to examine both these businesses for a moment, it seems from the outside that SastaSundar is very different from Retailer Shakti. Customer acquisition is much more difficult, and you also have much bigger players with deeper pockets. Can you help us understand how you are trying to build these businesses?

My first question is whether these are different businesses. Is our understanding correct from your vantage point that these are different businesses, or is that not the case? If you could help us understand the nuances of these 2 businesses in a little more detail, that would be helpful.

Management: Your question is correct, but these are not 2 different businesses. This business has a procurement component, a fulfillment component, a technology component, and a final customer component. The first, second, and third components are the same for both Retailer Shakti and SastaSundar.

Coming to the B2C business that you addressed, we have a unique HealthBuddy model. HealthBuddies are also a type of Retailer Shakti customer; they are also small pharmacies. We operate a HealthBuddy model and spend around 15% of the revenue we are building. We have estimated that if we build a 2,000-crore SastaSundar company, we will spend 15% of that, or 300 crores. At that 2,000-crore company, we can make 5% revenue accretive, which amounts to 100 crores per year. By investing 300 crores, we make 100 crores per year. That represents a 33% IRR on our investment. That is the pure mathematics of building the SastaSundar business.

Having said that, this mathematics works because we need to invest only in one vertical, which is customer acquisition and brand building. From an analyst's point of view, if you look at it, you will see that it takes a certain amount of time. In an Excel sheet, it gives us comfort. However, going back to 2015-16, when SastaSundar was 80% of our business and we had just started Retailer Shakti, the same research analysts asked why we were building Retailer Shakti and who would buy without

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credit. They asked why we did not expand SastaSundar and why we did not focus on it. You just have to wait for 1, 2, or 3 years. Once you start seeing the figures coming through, you gain comfort from that.

Rohit – I-thought PMS: I understand, sir. The scale-up in Retailer Shakti is quite impressive and—

Management: SastaSundar was impressive. The SastaSundar business was a 500-crore-per-year business in the same company. We sold Flipkart for {? 800 crores ?}, and our company built capital out of that. We are investing from the treasury income generated by that capital.

We made substantial money from the SastaSundar business. Even now, at any point in time, a business like SastaSundar, which has a contribution-margin business, can be sold for 5–6 times your investment. It is a very good business, and to build a very large-scale business with large opportunities, you need to look at future performance rather than focusing on scale and observing linear progression.

Rohit – I-thought PMS: Understood, sir. Can you explain the HealthBuddy model and what the difference is here? Is it like a typical—

Management: The HealthBuddy model has also been explained in the slide. Under this model, we do not deal directly with the customer. We appoint a franchisee in each PIN code who does not hold inventory. The franchisee runs the store without inventory. The franchisee books the customer's order at the shop, and whatever order comes through our app and website at SastaSundar is transferred to our central warehouse, from where we deliver it to that HealthBuddy.

Last-mile delivery, the compliance aspect, and last-mile customer engagement are handled by the HealthBuddy. A HealthBuddy is an independent franchisee partner who operates like a retail store or a general retail store.

For us, the supply is the same for all retailers, whether they are HealthBuddies or general retailers. Retailer Shakti supplies to general retailers, while SastaSundar supplies to the company-appointed franchisee partner named HealthBuddy. However, all of this is a B2B business for us. Procurement is common, the warehousing and fulfillment center are common, the technology team is common, and management is common.

As I said, we need to spend only 15% of revenue, whereas other companies building businesses in this category have to do everything together for their B2C business and spend 5 times more than what SastaSundar requires to build. Why should we leave that leverage on the table?

Rohit – I-thought PMS: When you say that the franchisees do not hold inventory, how does the customer know that there is a franchisee? Do you spend money on that? Is there—

Management: There is an app in which your franchisee is listed. Customer acquisition happens on your app, and fulfillment happens at the back end. Based on the location and other factors, the nearest person receives the fulfillment through the technology.

This is a hybrid model. Suppose a HealthBuddy starts operating. The first thing is that the HealthBuddy opens a shop. At the opening, the HealthBuddy calls all his friends and relatives;

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around 100 people gather for a tea-and-snack party, and the HealthBuddy starts selling 20 prescriptions to those friends. Then we organize a health camp in that area, through which the HealthBuddy gets another 20 customers. After that, we build a customer-engagement program in the area and acquire another 20 HealthBuddy customers, making 60 customers. The HealthBuddy then obtains references and builds a base of 100 customers. One hundred customers means {? 3 lakh sales per year ?}.

This kind of data comes naturally. There is a twin effort: one effort comes from the HealthBuddy, and the second comes from our digital capabilities and on-ground activation. The HealthBuddy has a center in that particular area, which provides comfort and a human touch to the customer. That is how it helps.

Rohit – I-thought PMS: Understood. This 7-8% of your revenue that comes from finance is basically your treasury income?

Management: Yes, it is treasury income.

Rohit – I-thought PMS: Understood. I think that is all from my side at this point. I will probably read more and come back with more questions. I may reach out to the IR team and set up a call. Thank you, sir.

Management: Thank you.

Operator: Thank you. Anyone who wishes to ask a question may press star and one on their touchtone telephone. Our next question comes from the line of Amit Mehndiratta with Robocapital. Please go ahead.

Amit Mehndiratta – Robocapital: My first question is again on the burn for SastaSundar. I think we had planned to spend about 50 crores and wanted to spend another 100 crores in FY27 and FY28. I want to discuss the rationale for spending 40-50 crores. My understanding is that we do not require too much money for acquiring customers because it is largely a B2B2C model and acquiring HealthBuddies is not very expensive. From the customer's perspective, the customer comes to us largely for discounts because we offer, say, a 20-22% discount. What exactly does the 50 crores that we are spending do for the customer?

Management: A large part of the money goes toward building the SastaSundar brand. We advertise the SastaSundar app in our territories so that the SastaSundar brand is built. That is one part. The second part is the technology team salaries.

We are building technology for the future. As I said, Retailer Shakti is building SaaS software called Retail AI, and we are building an AI tool for customers based on counseling and artificial-intelligence tools. The salaries for these tools are debited to the profit and loss account.

The expansion part is also not very easy. As you have seen in our presentation, we have started expanding into new territories such as Bihar, Jharkhand, and Odisha. We do not have an acquisition cost because we are not acquiring any existing revenue; we are building revenue from our own resources. We therefore have to put sales teams on the ground, and their expenses are debited to the new geographies we have entered.

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We are building new warehouses in Noida, Guwahati, Lucknow, and Udaipur. Every location requires a team, and every location requires effort. This 47% growth that will come can be achieved in 2 ways. Either we pay a huge premium to an outsider and buy out a business, in which case there will be capital allocation and ROE will be compromised. The analyst will be very happy to see a good amount of profit, but the capital will be gone.

If I say that I build at 10% of the cost, that 10% cost will be debited to the profit and loss account and will be seen in the accounts as a burn. If you look at my company, my company is following a capital-efficiency model in which these burns are for generating revenue.

The differentiation of our company is that we did not acquire any revenue; rather, we sold the revenue. We sold the revenue, built our capital base, and are building a business from the treasury income generated from that capital. We bought back the shares. We sold the revenue, built our capital base, and are building the business from that treasury income. We bought the capital rather than expending and diluting it.

These are the 2 differences. We did not spend a single penny on acquiring revenue; rather, we sold 90% of the revenue to Flipkart and are building again. We have still crossed the largest quarter in this quarter. These are the key differentiators. This is the magic of capital efficiency, which you can realize only after 4-5 years, once you see how capital efficiency translates into shareholder wealth.

Amit Mehndiratta – Robocapital: It is definitely capital efficient. My point was that the branding or technology cost we are spending on AI is not something the customer currently wants. My understanding is that the customer comes to us for discounts. Do you have figures for how much we are spending on technology and how much we are spending on branding?

Management: I asked myself this question when I was an analyst at Microsec and was running a financial company. I was foolish enough to ask Infosys during an earnings call why it was investing in AI. These questions are normal, but you have to look at the future, and we are looking at the future.

Not today, but after 3 years, you will suddenly find that the customer needs AI and the customer needs counseling. It is not that the customer needs AI; the customer needs counseling. Retailers are not required to adopt AI. Retailers are required to minimize inventory, and that minimization can be achieved through AI automation.

Our Retail AI tool may not be understood by retailers as an AI tool, but they will definitely understand that it decreases their inventory level and inventory investment from 40 days to 4 days. Think about a retailer who does not need credit. By automating the retailer's shop, everything is automatically connected with Retailer Shakti, the order process is automatic, and the retailer's inventory investment of {? 10 lakhs ?} comes down to 2 lakh rupees per month by adopting the new software.

These technologies are not about adopting AI; they are about adopting new facilities. It happens automatically and suddenly. It happened with UPI in India. It happened in the capital markets with adoption in 2020. Adoption becomes easy when consumers see the value of something in their daily lives.

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Amit Mehndiratta – Robocapital: Is it possible to get a split of the 50–60 crores of burn between technology, branding, and customer acquisition?

Management: Branding will be around 25%, and technology should be around 50%.

Operator: Sir, I am sorry to interrupt, but we are not able to hear you, Management.

Mittal: The breakup of this burn is somewhere around 25–30% toward marketing and advertising, while 40–45% goes toward technology-related costs.

Amit Mehndiratta – Robocapital: My last point, or rather a suggestion, is to provide the P&L by business segment. It would be of great help if you could split the P&L between SastaSundar and Retailer Shakti separately and then carve out the one-off costs, which are the burn that we are incurring. That would help us understand the gross margins and EBITDA much better. Thank you.

Mittal: We are working on that. Right now, two-thirds of the activities, such as procurement, fulfillment, and technology, are so integrated that carving them out is not possible. However, we are working on it and on the adaptability of the technology. Once it is ready, we will start giving you the separate figures.

Amit Mehndiratta – Robocapital: At least our understanding is that the market capitalization of the company, compared with the scale at which we are growing and the cash that we have, has significant scope for improvement. Our understanding is that the burn for 2 years is delaying the eventual price discovery. If you could think about that, it would be helpful.

Mittal: We will definitely do that. We will make the appropriate disclosures to help investors understand. However, we will extend the so-called burn. We will continue to burn and continue to invest in technology because we are at the infancy stage and have not reached our full potential. We will not stop our investment in technology; we may invest more and more. We will definitely disclose it appropriately.

Amit Mehndiratta – Robocapital: Thank you, sir.

Mittal: Thank you.

Operator: Thank you. Our next question comes from the line of Ramesh with SG Investments. Please go ahead.

Ramesh – SG Investments: Thank you for the opportunity. Am I audible?

Mittal: Yes.

Ramesh – SG Investments: You mentioned in the past, over the last few conference calls, that in a year or 2 we would probably reach EBITDA break-even. Now we are extending the timeline by 2–3 years. I joined the call a little late, so could you explain why we are postponing the timeline?

Mittal: We are not postponing it. We earlier said that Retailer Shakti would achieve break-even this year, and we are near break-even. The burn is coming from our B2C business. We have never said that, taking B2C together, we would achieve break-even in the current year.

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Ramesh – SG Investments: What can you tell us about the exact burn just for SastaSundar? I understand that you have technology and marketing costs. As a business, could you explain how much the burn is?

Mittal: I have already fully explained the methodology of the burn. We will work out how to properly disclose segment-wise investment once we are able to segregate the accounting items. Right now, all these are integrated costs. We will definitely show you the details.

Ramesh – SG Investments: Coming to our warehouses, we have an option in multiple geographies to set up capacities. Land acquisition and construction usually involve delays due to the season and other factors. Could you explain how we are progressing with these warehouses, where we started, and what percentage has been completed?

Mittal: Noida has already started. On August 17, we are starting the new warehouse fully, and Noida is done. West Bengal is partly done. In Guwahati, we have expanded the existing capacity by taking a new warehouse on rent. For 75,000, we are starting construction within the next 6 months. We have started construction in Udaipur. For Patna and Lucknow, we will start in the next 2–3 months.

These are our plans for the next 2 years. We take warehouses on rent and start operations immediately. In the meantime, wherever we see good potential, we start building large capacity alongside so that we can shift to it for the next growth phase.

Ramesh – SG Investments: So, Guwahati is currently a priority in terms of converting the rental facility into an owned facility, right?

Mittal: Yes.

Ramesh – SG Investments: In terms of the Gesto response, could you explain how the market has been responding? I am trying to understand our overall brands. We have SastaSundar, HealthBuddy, and Gesto. Both have a physical footprint, as we know, and Gesto also has more to it. Could you explain whether we are communicating this properly to the channel or whether there has been any disharmony on the ground?

Mittal: We have communicated these very properly. As I said in my earlier comment, we started Gesto in the last quarter and sold Gesto products worth 25 lakh rupees in Q4 FY26. That increased to 79 lakhs in the current quarter. These are very small figures and the base figure is very low, but the growth is 200%. We see good potential and good traction for Gesto because it addresses the consumer's needs, and this will grow.

Ramesh – SG Investments: Is there a timeline for all of them?

Mittal: Which timeline?

Ramesh – SG Investments: We have converted a few of the HealthBuddies into Gesto, right? Is there a plan to convert all the HealthBuddies into Gesto clinics or Gesto pharmacies?

Mittal: We have already converted 19 HealthBuddies into Gesto, and 25 are in the pipeline. Around 50% of the HealthBuddies will be converted into Gesto within the next 3 months. The remaining

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locations will remain standalone HealthBuddies without Gesto. These are the timelines for conversion of the existing network.

We are creating a new channel of pure-play Gesto franchise partners. We have invited expressions of interest to participate, so we are moving ahead this year. However, we have not set a timeline for this. We will allow the progress to continue and then decide how to measure it by timeline.

Ramesh – SG Investments: Do you have any broad number—

Operator: Thank you, Ramesh. I am sorry to interrupt you, but you may please rejoin the queue for more questions. Thank you. Our next question comes from the line of Abhishek Singhal with Perpetuity Fund. Please go ahead.

Abhishek Singhal – Perpetuity Fund: I wanted to get a perspective on our readiness as far as the warehouses are concerned. From what I understand, considering the way you are scaling the business and your current infrastructure, what kind of quarterly top line can it sustain? How are you thinking about the backend from that perspective? Also, you have done a lot of automation at your Kolkata warehouse. Have you replicated that kind of automation across the board? If you could provide some perspective on the backend, that would be helpful.

Secondly, could you explain how last-mile delivery works? Do we have riders with us? How does that operate?

Mittal: I will give you that perspective. The first part is the automation of the warehouses. Our existing warehouse or fulfillment-center infrastructure is ready to take up around 100% growth from the current level. At 2,500 crores to 3,000 crores, this means that next year, 2028, we will not have any issue with the existing infrastructure.

After that, we will require massive infrastructure in line with our growth plans and expansion into new territories. Since we operate pharmacy warehouses, the required licenses, hygiene standards, capacity, location, and suitability are all important. We do not want to depend on outside warehouses; we want to own the entire logistics and fulfillment center. We want to make this an USP as well.

A pharmacy is not selling potatoes. These are very delicate products, and we have to ensure that there is a proper atmosphere in the warehouse system. We also do not want to keep changing locations because we are dealing with 50,000 SKUs. The expiry of a lease would mean a transition and potentially huge losses. We are in continuous operations, so we cannot afford that. That is how we are building the infrastructure.

All the logistics riders are on our payroll, and we treat them very well as full-time employees. We are happy about that.

Abhishek Singhal – Perpetuity Fund: Thank you very much.

Mittal: Thank you.

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Operator: Thank you. Our next question comes from the line of Preet Shah with Kenny Art Home. Please go ahead.

Preet Shah – Kenny Art Home: Mittal, Preet here. First, many thanks for the strong numbers and for continuing to walk the talk. The vision and ambition are remarkable for building such a futuristic, AI-enabled, forward-looking company. Thank you for that.

What is the current capacity utilization, and what is the maximum revenue that can be achieved with the existing infrastructure? Also, are we facing any issues with authorities, permits, or anything else for upcoming warehouses?

Mittal: We are not facing any authority or licensing problems with any of the warehouses. They are fully compliant and the licenses have been issued.

As I said, there are 3 parts to fulfillment-center capacity expansion. The first is the pure existing capacity. The second is the existing capacity plus the expansion already being added alongside it. The third is building new capabilities.

We are currently operating the existing capacity at about 90%. The existing capacity plus the expansion being added alongside it will cover another 50-100% of revenue. Therefore, up to 3,000 crores of revenue, our existing capacity plus the additional expansion will be sufficient.

After that, we will need a massive amount of infrastructure development to build seamless infrastructure for a large company. We have also envisaged a capex plan for this. We have started building our new warehouse capabilities, and this will be a strong USP for our company going forward.

Preet Shah – Kenny Art Home: Many thanks for this. My last question is: are we on track with the SEBI approval for the merger and demerger scheme?

Mittal: Yes, we are absolutely on track. We have started receiving questions from the stock exchange and replying to them. So far, we do not find any problem with anything.

Preet Shah – Kenny Art Home: Thank you, sir. That is all from my end. Many thanks.

Mittal: Thank you.

Operator: Thank you. Ladies and gentlemen, we will take the last question from Neelam Punjabi with Perpetuity Ventures. Please go ahead.

Neelam Punjabi – Perpetuity Ventures: Thank you for the opportunity, and congratulations on a great set of numbers. You mentioned that 70% of our revenue is from West Bengal. What is our current market share in the region, and what is the target market share over the next 3-4 years?

Mittal: The current market share in Kolkata and West Bengal should be around 3-4%. In the next 2-3 years, we want to double it from here. So, say 7%.

Neelam Punjabi – Perpetuity Ventures: What is our current wallet share? Out of the 75,000 retail pharmacies that we have, as per the deck, how many are active transacting pharmacies?

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Mittal: Almost all registered pharmacies carry out some transactions over a period of 1 year. If you consider the last 30 days and define pure super-active pharmacies, then 40,000 pharmacies were active in the last 30 days.

Neelam Punjabi – Perpetuity Ventures: What would be our average wallet share with these pharmacies?

Mittal: It would be somewhere around 2% on average with these pharmacies.

Neelam Punjabi – Perpetuity Ventures: What is our target in terms of gaining additional wallet share from these existing pharmacies? Is there any number that you have in mind?

Mittal: The main target, as I said, is the AI-enabled SaaS that we are launching for Retailer Shakti. Once we launch Retailer AI, our entire target is to eliminate the inventory requirement at the pharmacy level.

Suppose a retailer is keeping 30 days of inventory. Our target is to reduce that from 30 days to 5–6 days because we guarantee next-day delivery. We want to automate that, and we want to double the wallet share of each retailer. We will start working on these things once we launch this Retailer AI-based SaaS in the next quarter.

Neelam Punjabi – Perpetuity Ventures: That is helpful. Thank you so much, and all the best.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you.

Mittal: Thank you, everyone.

Management: Thank you, and over to you.

Management: Thank you, Prince. Thank you so much.

Operator: Thank you. Ladies and gentlemen, on behalf of Health X Platform Ltd., that concludes today's conference. Thank you for joining us. You may now disconnect your lines.

Management: Thanks, Saumya, for arranging the call. Thanks, Saumya.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.