



MedPlus Health Services Limited

May 26, 2026

**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 May 21, 2026 for the quarter ended and financial year ended March 31, 2026.


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

Thanking You  
Yours faithfully

**For MedPlus Health Services Limited**

**Gangadi Madhukar Reddy  
Managing Director and Chief Executive Officer  
DIN: 00098097**

Encl: a/a

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“MedPlus Health Services Limited  
Q4 FY26 Earnings Conference Call”

May 21, 2026



**Management:**      **Mr. Sujit Kumar Mahato - Chief Financial Officer**  
                                 **Mr. DRN Srinivas - Sr. Manager Finance**

**Moderator:** Ladies and gentlemen, good day and welcome to FY26 Q4 Earnings Call of MedPlus Health Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. DRN. Srinivas. Thank you, and over to you, sir.

**DRN Srinivas:** Thank you, Iqra. Good evening, everyone. On behalf of MedPlus, it's my utmost pleasure to welcome you all to MedPlus Q4 FY26 Earnings Conference Call to discuss the financial results of MedPlus for the financial year FY26, which were announced earlier.

We have with us today the senior management represented by our CFO, Mr. Sujit Mahato. 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. The update on our network with regards to openings and closures, the company opened 618 stores net additions during the year. During the current quarter, we have opened 295 outlets and there were 77 store closures, including 18 related to relocation cases and 13 franchisee outlet closures.

We achieved a net addition of 218 stores during the quarter compared to the 182 stores added during the last quarter. For FY27, company plans to open 800 net new stores, including franchisee outlets. An update on our network. In terms of the age of our stores network, around 24% of our stores have been operational for less than 2 years and the remaining 76% of our stores have been operational for 2 years or more.

On the store size of our network, at the end of the quarter, our network grew to 5,330 stores with 2.8 million plus square feet compared to 4,712 stores and 2.4 million square feet at the end of March '25. The average store size is 528 square feet.

On the revenue mix, presently, the company offers a large range of SKUs spanning across pharmaceutical and non-pharmaceutical categories. Private label sales for Q4 FY26 constitute 22%, pharma being 11.4% and non-pharma constituting 10.6% of our total revenues. Our consolidated revenue for the quarter is INR18,644 million.

Our consolidated operating EBITDA for the quarter stood at INR1,076 million, representing 5.8%. Revenue from pharmacy operations grew by 23.4% Y-o-Y on a reported basis. The pharmacy operating EBITDA stood at INR1,022 million, representing 5.6%.

An update on our store performance. Stores older than 12 months. Revenue from these stores in quarter 4 was INR1,606 million, representing 96% of pharmacy revenue. These stores had a store level EBITDA margin of 13.1%. A word here on the store level EBITDA margin by age. While stores greater than 12 months had a margin of 13.1%, this was 13.3% for stores greater than 24 months and 9.3% 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 INR1,133 million, which translates to a margin of 6.7%. An update on working capital. Our net working capital for quarter 4 was 53 days. The inventory in our warehouse was 30 days. In Q4, the inventory level of our first year stores was 112 days. In comparison for our stores older than 12 months, the inventory was 36 days.

There has been a corrigendum and would like to update. In Slide 3 of our investor presentation, request you to please read operating cash flows as INR4,956 million instead of INR917 million for the full year FY26 and OCF by operating EBITDA ratio at 135.5% instead of 85.2% for the full year FY26. On our diagnostic numbers, Diagnostics revenue for the year is INR1,309.9 million and operating EBITDA is INR196 million. Diagnostics revenue for the current quarter grew to INR347.8 million compared to INR280.8 million in quarter 4 FY25.

Diagnostics segment recorded an operating EBITDA of INR53.1 million, representing 15.3% compared to INR34.3 million in quarter 4 of FY25. In January, we sold 537 gross plans per day. In Feb and March, this was 603 and 554, respectively. As on 31st March, we had around 2 lakhs active plans. Our current observed on-time renewal rate was 21% in quarter 4 versus 23% in quarter 3.

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

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sanjay from Bastion Research. Please go ahead.

**Sanjay:** Hi, sir. Thank you for the opportunity and congratulation on a good set of numbers. Sir, my first question would be our number of store closure is continuously on an increasing trend. So how one should view this? And also our franchisee in model store withdrawal is also on uptick. So can you throw some light on this or your input on this?

**Sujit Mahato:** Sure. Thank you. Thank you for your question. In terms of our store closures, this quarter, we had a few stores also closed down, which relates to the performance. We waited for three-year plus stores and where we felt that we were not able to revise them to the level of the company's expectation, around 26 to 27 stores we closed down. Rest all, we have given the reasons in the investor deck.

**Sanjay:** Okay. Sir, my another question would be in the previous con calls, we have highlighted that we are rearranging our sales due to which our private shares had significantly declined in Q4 FY26.

So going forward, as our previous guidance of increasing private label by, you know, 20 basis points to 30 basis points every quarter-on-quarter, is that guidance intact? Or how should we view the private label shares going up going forward?

**Sujit Mahato:** So I think that guidance continues to be intact. What we did for the last two quarters is stabilize the overall growth where we also had to balance out between the branded products as well as the private label sales where we had informed the investors that we were restructuring the incentives. Now we have seen that it's working the way we expect it, and we'll be back to the trajectory where we had promised that every quarter, we can expect that kind of a growth on the private label as well.

**Sanjay:** Thank you so much. My last question would be the current growth in the revenue and the margin, can we expect in the FY27 as well? Or how should we view that margin and growth revenue growth going forward?

**Sujit Mahato:** Yeah, as a principle, the company does not give guidance, but there is no reason to believe that we will not continue in the same manner.

**Sanjay:** Thank you so much, sir. Thank you. All the best. Thank you.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Next question is from the line of Saion Mukherjee from Nomura. Please go ahead.

**Saion Mukherjee:** Yeah. Thanks for taking my question. The 800 new stores that you have guided for next year, how do you split between your own stores and franchisees? And what was the split for 600-odd stores that you opened this in FY26?

**Sujit Mahato:** So Saion for the current year, out of the 600 around 310-odd stores we have done the franchisee model. Again there, we had guided that we will do an experiment on this. We continue to do that and continue to refine the model.

The second question, the second part is on the next year. As we speak, I don't have a split of that, Saion, but as we progress, maybe we will share that information. But at the moment, it is 800, which includes both the company stores as well as the franchisee outlets.

**Saion Mukherjee:** Understood. Just to understand the impact of this. So overall, of the 5,000-odd stores you have, the total franchisee would be now just around 300, right? Because this is the first year you had meaningfully added franchisees stores. Is that correct?

**Sujit Mahato:** So the old ones and the new ones all put together should be in the range of 500 now 500 plus.

**Saion Mukherjee:** Okay. Okay. So this new addition of franchisees should not be a drag on your profitability? Is that a right assessment because I think on the books...

**Sujit Mahato:** The original model was that while the company stores continue to grow and we venture into franchisee as a faster growth adjacency, we will be able to, you know, make significant or sufficient margin what we were making with the company-owned stores at the store level. And

we are in the same, I would say, trajectory or direction. The only additional good point is in our own company-owned stores, at least for the year one, we were making losses and then we were slowly climbing up. But in the franchisee model, right from day one, we are in increasing.

**Saion Mukherjee:** Understood. Sir, one observation that you know, your margins have been increasing. So for stores greater than 12 months, if I call them mature stores, at store level 13% margin, at you know, operating level 6.7%. You also mentioned private label, which sort of got stagnated a bit will start to grow again. From a slightly long and then now you have franchisee also adding so where should we see operating EBITDA margin over the course of the next 3 years, 5 years, if you can help us think elaborate those things will show?

**Sujit Mahato:** See at least for the next one year, the way we have been discussing internally is we would first try to stabilize this and maybe deliver again the same 5.7% to 5.8% and then keep growing. So the plan is to add more assortment on the private label non-pharma side as well because there we believe the size and traditionally, we have been lower on that count when compared to our other peers and competitors. So that is one area which the company would focus in the current fiscal and going forward that on a rupee absolute basis, how can we keep adding the private label non-pharma, which will definitely add to the top-line as well as to the bottom-line.

**Saion Mukherjee:** Just one last question, if I can, you know, ask, is there any impact of GLP-1 launches or any comments that you have on that particular market? And anything for MedPlus, which can be a positive here?

**Sujit Mahato:** We did not track at that level, Saion. Maybe we will do a separate deep dive and maybe we'll come back to you.

**Saion Mukherjee:** Okay. Thank you.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Next question is from the line of Sudarshan Agarwal from Axis Capital. Please go ahead.

**Sudarshan Agarwal:** Yeah. On GLP, how is your cold chain storage kind of, you know, set up? Do you have enough, you know, in terms of warehouses and transport? Do you have that setup already, kind of, built up? Yeah, that would...

**Sujit Mahato:** So we always had this I think, Sudarshan, we always had that infrastructure in place because we were earlier also handling the injectables, the vaccines and other products.

**Sudarshan Agarwal:** Yeah.

**Sujit Mahato:** So there was no surprise element on that. But only thing as I mentioned just now to the other person that I have not tracked that data separately. But beyond this, I would not be able to comment momentarily.

**Sudarshan Agarwal:** Got it. And in terms of your store addition plans, right? So you highlighted around 800-odd stores. So a couple of years back also, we had added quite a lot of stores and then we had to add

warehouses. So where do you see the headroom till where you will have to add more and more warehouses from the current level?

**Sujit Mahato:** See, it depends again on what we had explained earlier. As we move into newer states, we would for sure need new warehouses. But for this set of 800 stores and if it is predominantly we concentrate in the existing state, then I believe not many additions of warehouse would be required.

We have enough headroom. But as we progress into the existing state of MP and Chhattisgarh where we started filling stores in the previous year, there we may need to plan a few warehouses that will be much lower when compared to the current year additions what we have done.

**Sudarshan Agarwal:** Got it. And on the accounting side, you had a 30 bps improvement in gross margins this quarter on a Q-on-Q basis. But if I look at your product mix in terms of private label, it has gone slightly down itself. So is there some what is driving the sequential improvement in gross margin?

**Sujit Mahato:** So absolutely, your observation is right. The other income component, which has gone up in this quarter and also a bump up on the pharma membership income. What we have observed is there are certain contracts with suppliers where we have an arrangement upfront where we can accrue over the years based on the performance.

**Sudarshan Agarwal:** Yes.

**Sujit Mahato:** But there are suppliers where there exists no contract, but based on the overall performance of the year when we negotiate with them, and we are able to get some benefit that is only taken again at the end of the quarter, but basis the units sold. So, for example, if we have procured 1 million units during the year and we have got x amount and out of that 60% has already been sold to the extent of 60%, we get the credit in the quarter. And that's been where we have seen some positive benefit, which we had to accrue in the current fiscal year.

**Sudarshan Agarwal:** Got it. Got it. And one last question. So given that you are kind of exploring this franchisee model, historically, you have followed more of a densification strategy in your 4, 5 states or 7-odd states. But with franchisee model, I believe you may be able to go more into pan-India basis. So should we kind of assume as and when you pick up more franchisees, the expansion in other states will kind of pick up pace?

**Sujit Mahato:** So I think immediately, we have not listed our any new state, but those states where we just started filling stores in the previous 1 year or 2 years, we would definitely like to expand there to the franchisee road. And we will continue the densification program as you rightly highlighted in the existing states because there's still room to be covered. And as we go to new states, we will inform the market.

**Sudarshan Agarwal:** Got it, got it. Yeah, that's it from my side. Thanks.

**Sujit Mahato:** Thank you. Thank you, Sudarshan.

**Moderator:** Thank you. Next question is from the line of Ahmed Madha from Unifi Capital. Please go ahead.

**Ahmed Madha:** Yeah. Thank you for the opportunity. Similar question on the franchisee model. There are a lot of moving parts in the business. I'm assuming, first of all, you'll have certain investments to be made in terms of fixed assets and our partner will be making some fixed asset investment. And then there is inventory component, which probably will be lying on with the franchisee partner already, and you have to account it and maybe clean up some of it.

So can give a little more clarity in terms of your franchisee business model, how you are looking at asset turns, fixed asset investments and as well as inventory management. You spoke about the margins part, which is clear that your breakeven time line will be there's no breakeven time line in terms of margins and from first year will be profitable, but balance sheet side is a little unclear.

**Sujit Mahato:** So when we try setting up a franchisee outlet, as you rightly highlighted, the capex is being invested by the company. So let's say, we spend INR10 Lakhs per store for setting up the complete capex, including the EBITDA. And then on the inventory, the franchisee purchases that inventory from MedPlus on day 1. So that's an outright sale for us.

When we look at margins, the way we are looking at currently, let's say, the gross margin today at the pharmacy level is 24% that is distributed between the Franchisee and MedPlus. Say, MedPlus continues to retain 10% or 9.5% and the franchisee given 14%, 14.5%. The way it is done is if earlier we were selling a product at INR100, we would now sell that product at INR85, for example, to the franchisee and the franchisee would sell at INR100 and make that INR15 margin. And we would be making that delta margin of 9.5% to 10% when we sell the inventory to the franchisee.

**Ahmed Madha:** And in terms of existing inventory with the franchisee partner, we don't have any connection with that then? Is that prime...

**Sujit Mahato:** If it is a new franchisee, the entire inventory is purchased. If it is an old franchisee, depending on case-to-case basis, there are instances we completely acquire the inventory and then completely replenish the entire inventory by a new sale. So those are case-to-case basis where there are conversions from a mom-and-pop to MedPlus outlet. But otherwise, as you rightly said, it is if it's a new store, complete inventory sold by us, there is no other inventory which the franchisees allowed to procure from outside.

**Ahmed Madha:** Sure. And for the existing stores where you get into a franchisee model, you will be sort of writing-off some inventories, I'm assuming because their way of valuing and our way of valuing may have some difference. Is that a fair way to look at it?

**Sujit Mahato:** We have not observed any such differences, just to clarify.

**Ahmed Madha:** Okay. And lastly, in terms of margins, gross margin is pretty clear. It is roughly 9.5, 10 percentage. But then the translation from gross to EBITDA, I'm assuming it will be much higher in franchisee model than the existing model.

**Sujit Mahato:** So the way to look at it is after the store level EBITDA of 9.5%, 10, there's no other cost associated with it. So that gets accretive to the company's margin directly.

**Ahmed Madha:** Okay. Got it. Sure. Thank you so much.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Next question is from the line of Divyansh Gupta from Latent PMS. Please go ahead.

**Divyansh Gupta:** Hi, sir. One question on the franchisee, which you just mentioned. So 9% to 10% gross margin that we have is net of supply chain cost or supply chain cost to deliver it to them is separately charged and therefore, the EBITDA becomes, let's say, 6 to 8.

**Sujit Mahato:** Yes, you are right. It is separately charged, which is currently the model which we present, where we say that after the store level EBITDA there is the PSD, which is the warehouse related and marketing cost and then the corporate and other costs, which gives the company level EBITDA. Similarly, whatever we now articulated is the store level EBITDA in the franchisee model less the supply-related cost of, let's say, 2.5%, 3%. And then the net is the company level EBITDA, which gets added to the company bottom-line.

**Divyansh Gupta:** Got it. And there is no marketing fee that we charge them because let's say we advertise...

**Sujit Mahato:** It's all – impact. It's included in it.

**Divyansh Gupta:** All?

**Sujit Mahato:** Yes.

**Divyansh Gupta:** Got it. The second question was in the deck, we have mentioned around 13 stores of franchisee had closed in this quarter. What would be the reason for them to withdraw?

**Sujit Mahato:** Various reasons, you know. Some of them are new business entrepreneurs. They get into it with a certain set of expectations. Very soon within the first two months, they understand maybe it's not meeting their expectations. So it is very normal that we will see such closures.

**Divyansh Gupta:** But the average age that we have mentioned is about almost 2 years.

**Sujit Mahato:** Yes.

**Divyansh Gupta:** So I understand 1 or 2 might be, let's say, 2 months experiment done by people and...

**Sujit Mahato:** Some are also the old model franchisee stores, which have closed down.

**Divyansh Gupta:** Got it. So for a new franchisee model, have we seen any, let's say, quick closures.

**Sujit Mahato:** A quick – we have seen. Yes, yes, we have seen.

**Divyansh Gupta:** Got it. But not let's say, significant to.

**Sujit Mahato:** No, no, absolutely.

- Divyansh Gupta:** Understood. The third question was that I'm a consumer of MedPlus products. So I was looking through the app. So I saw your there is a DBH biscuits and there is non-pharma, non-eatable products. And the manufacturer was mentioned as optimal. So from being a, let's say, a trading company that's typically a pharmacist is, right? From a trading company, we also are becoming a manufacturing company. So what is the thought process of, let's say, manufacturing all of these zones, especially, let's say, here, at least there is no, let's say, regulatory FDA standards that need to be met. So the cost arbitrage will also my assumption would be lesser. So what's the thought process of manufacturing these items by ourselves?
- Sujit Mahato:** Yes. So some of the items, absolutely, you're right. Wherever possible, we completely get into a full backward integration mode. And in optical also, we have set up, I think if you are referring to the food items of the bakery products, we are doing the own manufacturing only. And some of the non-pharma products also like cleaning liquid, some toilet stuff and other stuff is also being manufactured via our own factory. Wherever we do not have the capacity to manufacture, we do go to the best-in-class contract manufacturers for both pharma and non-pharma and get our stuff done there.
- Divyansh Gupta:** So is there a, let's say, thought process as you were saying, like non-pharma expansion, there is a whole blue ocean available, blue sky available that we will over a period of time aim to manufacture all non-pharma private label products in-house.
- Sujit Mahato:** I will not say all, but wherever there is an opportunity, company is completely open to explore that. And as and when we do that, we will keep informing the market.
- Divyansh Gupta:** Got it. And just last question. The Q1, I think you partially answered, but let's say, the 12-month plus stores margin EBITDA margin is pointing six point some 6.7% versus, let's say, 5.8% for Q4 FY25. So there is no one-off that is leading to a jump here because that way, it's a very steep jump.
- Sujit Mahato:** Yes, there is no one-off. I can confirm that.
- Divyansh Gupta:** Got it. Got it. Thank you. I'll join back the queue.
- Sujit Mahato:** Thank you.
- Moderator:** Thank you. Next question is from the line of Jitaksh Gupta from Tikri Investments. Please go ahead.
- Jitaksh Gupta:** Hello. Can you hear me, sir?
- Sujit Mahato:** Yes. Please.
- Jitaksh Gupta:** Sir, so my first question is regarding private label. So sir, just wanted to understand like why we are still at 22%, 23% of the total sales. And like what is the near-term target, let's say, for next year or next 2, 3 years for private label?
- Sujit Mahato:** So the private label has two components, both the pharma and the FMCG part. So on the pharma, we have been mindful the way we are growing. On the non-pharma, absolutely, the scope is

unlimited. On the pharma also that way the scope is unlimited. But there it is also linked to the customers' behaviour and their attitude to convert to a private label rather than only the brand.

Whereas in the non-pharma, that uptick is very fast, and we have slowly continuously started adding more assortment of products, which is going to help us going forward as well. So that's the only reason. But otherwise, you are right. We do not have a specific number in mind for a target, but continuously, we would focus on that and keep growing.

**Jitaksh Gupta:** And sir, another part. Like how do we manage unsold inventory under the private label? Do we bear the cost entirely?

**Sujit Mahato:** Yes, your observation is right. On the private label, the entire inventory risk of expiry and write-off is on our books.

**Jitaksh Gupta:** Ok, sir. That's it for now.

**Moderator:** Thank you. Next question is from the line of Akash Shah from Investec. Please go ahead.

**Akash Shah:** Hi, sir. Good evening and congratulations on the good set of numbers. A couple of questions here. Sir, we saw that the gross and the EBITDA margins for FY26 were at 26% and 8.8%. Just wanted to have a bit of a color on what should be what should we look how should we look at the trajectory going forward? That was my first question.

And on the second question, sir, we noted the SSSG growth of 17.8% for mature stores, that is stores greater than 12-months. Going ahead, on the for FY27 on an annual basis, where do you see the SSSG rate as well? Thank you.

**Sujit Mahato:** Thank you. Thank you for your question. On the first question, I think, the first question, what was the reference, sorry?

**Akash Shah:** It was on gross and EBITDA margin trajectory going forward.

**Sujit Mahato:** We do not give any specific guidance, but we expect at least to maintain the same level of gross margin. And as and when we see further improvements in the share of private label that should be accretive to our gross margins.

**Akash Shah:** Okay, sir. And sir, on the SSSG?

**Sujit Mahato:** On the SSSG, very clearly, we had articulated a couple of quarters ago that we would aim for 9% to 10% on an annualized basis, while we strongly believe that SSSG is not the only metric which we need to track at least for a pharmacy kind of a setup. But from a number perspective, we still believe that we will be able to continue to clock at least 9% to 10% on an annual basis.

**Akash Shah:** All right, sir. Thank you. Thank you, sir.

**Moderator:** Thank you. Next question is from the line of Jatin Chawla from RTL Investments. Please go ahead.

- Jatin Chawla:** Yeah. Hi. Good evening and thanks for the opportunity. My first question is on your capital allocation, how are you thinking about it? Because what I see you are saying is, you have stores which give you fantastic ROCEs and there you are, kind of, letting the franchisee invest. And then on private label kind of non-pharma, you know, side, you are you want to manufacture yourself, where I'm assuming the ROCEs will not be as attractive as your stores. So, you know, how is the thought process kind of doing.
- Sujit Mahato:** So while ROCE you are right, we'll have to track at the company level and the capital allocation is a dynamic part of that. Capital allocation will continue to be at what we think is where we can do a better job vis-à-vis contract manufacturer. Company would continuously focus on where we can add more value, add more products, bring in more assortment, bring in more reliability to the supply chain. That being said, we are completely very mindful of how we allocate capital so that we get the optimum return for the shareholders.
- Jatin Chawla:** Kind of continuation of the same question. A few years back, 2 years, 3 years back, you were adding 800 stores on your own. And at that time, your balance sheet or even the company level ROCE was not as strong as it is today. So why is the thought process of now kind of going aggressively with franchisees versus what you doing it yourself?
- Sujit Mahato:** So that's the whole reason of your evaluation between adding, let's say, another 20,000 stores where you need to manage additional manpower of, let's say, 25,000 people vis-à-vis expanding aggressively through the franchisee route, getting in micro entrepreneurs who can manage, let's say, 5 stores to 10 stores on their own and thereby continuously growing this by making the MedPlus brand stronger, getting better product offering and making it more and more affordable to the customers.
- Jatin Chawla:** Got it. Got it. That makes sense. Just one more question. You said your gross margins will expand going forward with as the private label contribution increases, but EBITDA margins you are looking to largely maintain at the current rate. So are there any specific areas where you are kind of intending to spend that the gross margin improvement will not translate to EBITDA margin improvement?
- Sujit Mahato:** No, I've not mentioned that. Very mindfully, we'll have to only calibrate that what I mentioned is we would first, you know, ensure or at least target to maintain the current profitability. If you look at our historical numbers, we have continuously improved. So first is we need to stabilize this and then continue to grow and that will be the journey forward.
- Jatin Chawla:** Got it. Thanks a lot. This quarter was fantastic. Hope to see similar results going forward as well.
- Sujit Mahato:** Thank you.
- Moderator:** Thank you. Next question is from the line of Amish Kanani from Knowise Investment Managers. Please go ahead.
- Amish Kanani:** Sir, congrats on a good operating set of numbers. Sir, partly my question on asset allocation is, you know, addressed. But then the question is, sir with free cash flow coming in since last two years, net of lease payment liability as well. You know, what are your thoughts – you

know, about kind of sharing this via dividend, which is one of the strongest signals that company doesn't need the capital and we are generating the free cash flow. So one, why are we not still there? That's question number one.

I understand you will have a lot of growth aspiration and growth capital. You know, we are making decent ROCE, but just your thoughts there, sir, as a signaling. And second, sir you know, given our omnichannel, you did mention about how we can do a better job vis-à-vis only online kind of a store.

The question is expanding our network in Tier 3 where maybe online may not make a lot of sense versus growing growth through online. If you can give us some sense and flavour of how we are planning to grow existing store online and going Tier 2, Tier 3, which obviously we can do both. But where is the growth prospects much better and much faster? Hello. Am I audible? Hello. Yeah, hi. Am I audible?

**Sujit Mahato:**

Yes, please. Can you please repeat the question?

**Amish Kanani:**

Yes. So I'll just quickly summarize my question. Sir, partly the growth, you know, the capital asset allocation on own store versus franchisee you have addressed. The question is then, sir, with free cash flow coming even after payment of lease liability, how about giving a dividend signal, which is one of the strongest we as an investor believe is a good signal that even after working capital and repayment and capex need, we are generating free cash flow and there are no major debts to take care because there are lease liabilities, which you know at least Ind AS shows it as debt. How about thinking on those lines, which we have not yet kind of probably taken action?

And second, sir, quickly on online growth through the existing channels versus growing in Tier 2, Tier 3 towns where maybe online may not be probably so strong, we'll do maybe focus on more store level thing. Where is the growth more coming from getting more out of online in the existing store versus going in Tier 2, Tier 3, sir?

**Sujit Mahato:**

Thank you. Thank you for the question. So on the dividend, for sure, we have not yet reached that stage is what we believe, but I'll take your question. We'll discuss it internally. The current the juncture at which the company stands that there is huge headroom for the company to grow and invest.

So we have not taken that call yet, but I'll take your question back and discuss with the senior management and the Board. The second on the online growth versus the physical growth. For us, we continue to grow more in the Tier 2, Tier 3, if I can answer you.

**Amish Kanani:**

Okay. And sir, just to understand the online thing, you know, in slightly more detail in slightly more flavour, how is it going? Is it something which is just an additional? How is it as a percentage of existing store level economics? How is it adding some flavour..

**Sujit Mahato:**

So for us, online is not a direct focus or a channel where we drive sales, but it's been there for the company since 2014 as an additional convenience to the customers where the customers can order online, pick up while going back home, going from office, they pick up from our stores

and some of them really take the full benefit of ordering online and getting them delivered at the home. It is five-plus percent of our current total sales.

**Amish Kanani:** Okay. Got it. So two-hour delivery is more like giving a comfort that you will get the thing that you want, if not immediately, then maybe within two hours or something like that?

**Sujit Mahato:** Absolutely, absolutely. Where our stores are physically available, online service is available. So that's how we operate online. Where we do not have in a particular pin code, let's say, there is \ or in a particular city where we do not have a physical presence, we do not offer online.

**Amish Kanani:** Sure, sir. All the best and thank you.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Next question is from the line of Raman KV from Sequent Investments. Please go ahead.

**Raman KV:** Hello, sir. Can you hear me?

**Sujit Mahato:** Yes, please.

**Raman KV:** Yeah. I will just two questions one just with respect to private label. In the opening commentary now you mentioned that you have achieved a good mix between branded and private label growth and you are looking to focus in the coming year on the private label products. So can we expect the initial guidance of growing your private label portfolio, which is both your pharmacy and non-pharmacy 1% every quarter?

**Sujit Mahato:** No, we do not give such kind of guidance. But yes, as we grow, we had earlier indicated that for every 0.3%, we will have a 0.1% impact on the gross margin. For that, I said, yes, that guidance still remains. But we do not give guidance on how much we will grow because it has a couple of dynamic factors, one being the customers' behaviour; and two, the company's efforts in getting more and more assortment and portfolio of products, both on the pharma as well as on the non-pharma. As we continue to progress, we will keep updating the market. But as such, we do not provide any guidance.

**Raman KV:** Okay. Understood. Just a follow-up on this. So about two quarters back, you were like you are planning to focus on overall growth of the on the stores over the growing of only private label, aggressively expanding into private label products. So how is the narrative right now for the management? Now also are you sticking towards the overall balance growth? Or are you planning to grow aggressively for the Private label.

**Sujit Mahato:** No, we will continue to be very balanced in terms of growth because we are being a multi-brand retail outlet to continue to offer the full scale of branded products. So we do not want a customer who walks in and ask for a particular brand be it on the pharma or non-pharma to say that we do not have that. So that behaviour is what the company worked at in the last couple of quarters. And I think we will continue that journey saying that private label will also grow, but will

continue to be completely focused and overall growth makes more sense rather than only private label because that's been what we have learned in the last couple of years.

**Raman KV:** Understood, sir. Thank you.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Next question is from the line of Aejas Lakhani from Unifi AMC. Please go ahead.

**Aejas Lakhani:** Yeah, hi. Sujit, congratulations on a strong set. Sujit, firstly, I wanted to understand that the SSSG that we have seen this quarter has been probably the strongest in 12, 13 quarters. So is there anything that you would have done that you can call out? Because in the middle, you guys have tweaked the incentives at the store level to incentivize the employees to sell private label, then you had rolled that back a little bit. So any color here?

**Sujit Mahato:** Aejas, I think while the numbers speak for themselves, we shared our views with you earlier as well and with all other participants that really SSSG is not the number which we track. But yes, if you see the consequences of certain initiatives which the company has been pursuing, yes, we have seen numbers in this range. And that's the reason on an annual basis when other participants has asked me what we said at best is what we guided earlier also is 9% to 10% when the numbers were very low, if you remember that a few quarters ago.

So I think we did not do anything special, if I can answer you that. What we made in particular ensured is the availability of the full assortment of non-pharma products and pharma products wherever possible. And we saw a good uptick in the FMCG products as well, which helped us on the overall number.

**Aejas Lakhani:** Understood. Second, Sujit, could you just call out about is it possible that you can give the franchisee revenues that you have booked for the year? And going forward, is it possible to give the breakdown of the store addition owned stores and franchisee stores?

**Sujit Mahato:** I'll share with that maybe after this call because I don't have it handy. But yes, once we reach a critical mass, we will again reevaluate what amount of subdivisional data we can share absolutely.

**Aejas Lakhani:** Understood. And thirdly, Sujit, in terms of you spoke at the start of the call about your desires to improve the PL non-pharma bit. So could you just tell me on this front, three elements. One is what categories?

Second is that any visit to your existing stores feels that there is no incremental space available for storage. So if there is a few of more PL non-pharma products, how do you intend to create incremental store space to manage some of this? And third is the margin profile for typically the PL non-pharma, is it could you just give some colour about how is it compared to PL pharma?

**Sujit Mahato:** Sure. So in terms of the categories across every category in a retail store, we are relooking at the assortment and wherever possible, either we are bringing in more branded stuff or we are parallelly evaluating and adding more and more private label new products, be it in edible oils, any health sector, any health-related food supplements. So that is one.

Second, what you rightly observed, there are stores where our space is constrained, but there are many other stores where we strongly believe that there's enough room to add more and more products to the same footing. And that's where I think even during the current year, we have a project to, I would say, upgrade or modernize at least 600-plus stores to accommodate more and more. So that is smart way of storing the rack system and the pharma and non-pharma demarcation right which can be serviced from behind the counter and which can be serviced or left out in the open. So those are the certain stuff we are again carrying out this year.

And the last one, what you mentioned I missed your point, what was the questions.

- Aejas Lakhani:** Sir, margins.
- Sujit Mahato:** Yeah. In terms of the margin profile, for sure, the private label pharma commands a much higher margin. The private label non-pharma margins are in the range of 23% to 25% at the gross margin level, which are significantly better than the non-pharma branded products, which are in the range of maybe 9% to 10%.
- Aejas Lakhani:** Understood. And broadly, just one last thing is that has there been any broad change in your acute and chronic mix, say, over the last 2 years or 3 years?
- Sujit Mahato:** We have not seen that change yet, Aejas.
- Aejas Lakhani:** Understood. Thanks, and all the best.
- Sujit Mahato:** Thank you.
- Moderator:** Thank you. Next question is from the line of Divyansh Gupta from Latent PMS. Please go ahead.
- Divyansh Gupta:** Hi, sir. Thank you for the follow-up. First question is the inventory days that you mentioned in our slide deck, right, for more than 12 months and less than 12 months. Just a formula check. The inventory is what is in our balance sheet, but does the sale or the COGS is only for the COCO store or it includes franchisee or how should we understand?
- Sujit Mahato:** The inventory on our balance sheet only relates to COCO stores. Franchisee the date is sold, it is their inventory.
- Divyansh Gupta:** So when we compute the number of days in the denominator, do we like-to-like inventory that COCO but the denominator...
- Sujit Mahato:** In COCO stores. You are right. Here, only COCO stores numbers have been taken on both sides, just to clarify.
- Divyansh Gupta:** Got it. That makes that is helpful. Second is you mentioned that, let's say, earlier when we were discussing that 9% to 10% is what we get as gross margin when we do a franchisee sale. Right now, let's say, 500 stores are there. And if I just take 300 that were done last year and add another 300 for next year. So about 800 stores out of 6,000-odd some stores becomes franchisee stores.

Now the question is franchisee margin is 9% to 10% for us, whereas COCO will be at 24%. Now as this margin for as a percentage of franchisee store increase, the margin should come down, whereas you are expecting the margin to remain similar. So does it mean that the goodness from private label increase more or less gets sort of nullified by the increase in franchisee at least at the gross margin level.

**Sujit Mahato:** So the just only one point I would like to add so that it is apple-to-apple. What you rightly mentioned is gross margin currently is 24% and the store level EBITDA is at the company level, 11%, right? That level you should compare with 9.5%, 10%. And as the percentage of private label also increases in my franchisee outlets, this will also continue to improve. That's what we meant.

**Divyansh Gupta:** Got it. So you're saying EBITDA will remain same. Maybe the gross margin might show up lesser, but you are saving on other cost?

**Sujit Mahato:** Yes.

**Divyansh Gupta:** Got it. And the last question, GLP products have been launched on our, let's say, in our stores. What would be the revenue that, let's say, contributed in this quarter? I was not there in the opening slide if you had mentioned it.

**Sujit Mahato:** No, I had not mentioned. I said we are not tracking that immediately. But yes, from an availability all the products of all the brands are available at our stores.

**Divyansh Gupta:** Got it. And is there a time line for store generic of these products? Or right now, it's going to be branded generics only?

**Sujit Mahato:** As of now, we have not launched any store level for the GLP-1. But as and when we launch, we will surely inform the market.

**Divyansh Gupta:** Got it. Got it. Thank you. Thank you, sir.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Next question is from the line of Rickanjeet Singh, an Individual Investor. Please go ahead.

**Rickanjeet Singh:** Hello. Am I audible, sir?

**Moderator:** Yeah.

**Sujit Mahato:** Yes, you are audible?

**Rickanjeet Singh:** Sir, my question is this, sir. We have FY26, we have paid an interest of INR120 crores, sir. That is a loan of INR1600 crores, sir. What should be the management's thinking about that? Should it be reduced or not?

- Sujit Mahato:** So this interest that you are seeing in P&L, so this is all related to lease accounting. And there is no external loan in our book.
- Rickanjeet Singh:** Okay.
- Sujit Mahato:** So that is also being shown under lease liability Ind AS. So, there are no actual loans in the books. It's a zero-debt company. Yes, please say.
- Rickanjeet Singh:** So this is interest of INR120 crore?
- Sujit Mahato:** It is all about lease accounting where the lease rental is subdivided into interest and depreciation.
- Rickanjeet Singh:** Okay. Understood, sir. Going forward will the margin be in double-digit or how it will be, if you can give any guidance?
- Sujit Mahato:** So we don't provide guidance, as explained earlier, what we will ensure is to first maintain the current level of profitability and then continue to grow.
- Rickanjeet Singh:** Okay, sir. Thank you, sir. Thank you.
- Sujit Mahato:** Thank you. Thank you.
- Moderator:** Thank you. Next question is from the line of Govindarajan Chellappa from CSIM. Please go ahead/
- Govindarajan Chellappa:** Yeah, Hi. I just had one question. Your warehouse inventory has been continuously improving. What is the sustainable level of warehouse inventory, 30 days is what you reported last quarter. That seems fairly, you know, industry best.
- Sujit Mahato:** I think, Govind this would be in the range of 30 days to 33 days. We have been dabbling, but we have not cut out on any tail brands as such. But at a point in time when private label really takes-off, we will relook at the entire SKUs, which we are carrying. For example, today, as you are aware, for every molecule, there are at least 200-plus brands available and depending on the physical locations of our stores, we try to fulfil the demands of those particular pin codes for the same molecules which are generated there.
- And therefore, we are also forced to maintain all the tail brands plus the MedPlus brand. But a point in time, if, let's say, MedPlus reaches 40-plus percent, we would definitely relook at the tail brands and maybe reduce a few to reduce this number, which can help us also on the overall working capital. But for now, we think we will continue with the same level.
- Govindarajan Chellappa:** Okay. Sorry, if I could squeeze in one more question. Typically, what is the percentage of returns that you give back to pharma companies either because of expiries or damages? And what is the how long is it does it sit as inventory on your books? And how long does the payment come does it take for the payment to come back from the pharma companies?
- Sujit Mahato:** So generally, it is done only on expiries, returns to the pharma companies, especially on the branded products. And it's I would say, less than a month, we get reimbursed up to 95%.

**Govindarajan Chellappa:** Okay. And you know, typically, how long is the inventory holding period for you? And what proportion of either value of sales or whatever is typically return? I mean would it be 5%, 10%? Would it be higher?

**Sujit Mahato:** It would be less than 1%, Govind.

**Govindarajan Chellappa:** It's less than 1%?

**Sujit Mahato:** Yes.

**Govindarajan Chellappa:** Okay, thank you.

**Sujit Mahato:** Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will take that as 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:** 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](mailto:ir@medplusindia.com). Thank you, and have a good day.

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