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Sub: Transcript of Earning Call for Quarter and half year ended September 30, 2024

Dear Sir/Ma'am,

We enclose herewith a copy of the transcript of the Earning Call for the quarter and half year ended September 30, 2024 held on Monday, November 18, 2024.

The same is also being made available on the Company's website at: <https://qmsmas.com/>

Kindly take the same on your records and oblige.

Thanking you,

Yours sincerely,

For **QMS MEDICAL ALLIED SERVICES LIMITED**

Toral Jailesh Bhadra
(Membership Number: A56927)
(Company Secretary and Compliance Officer)

Date: November 26, 2024
Place: Mumbai

QMS Medical Allied Services Ltd.

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QMS Medical Allied Services Limited
Q2 FY25 Earnings Conference Call
November 18, 2024

Moderator: Ladies and gentlemen, a very good evening and welcome to the Earnings Conference Call of QMS Medical Allied Services Limited for Q2 and H1 FY25.

We have with us today Mr. Mahesh Makhija - Founder, Chairman and Managing Director of QMS Medical Allied Services Limited and Mr. Tanay Surkund - Head of Institutional Business and Special Projects at QMS Medical Allied 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 "*" then "0" on your touchtone phone.

I would now like to hand over the conference to Mr. Mahesh Makhija – Founder, Chairman and Managing Director of QMS Medical Allied Services Limited to give his opening remarks. Thank you and over to you, sir.

Mahesh Makhija: Thank you. Good evening everyone. Thank you for taking the time to participate in this conference call. Before answering your questions, like as usual, I always like to give everyone a brief journey of our company and Financials and Operational Performance during the Q2 FY25 and present growth healthcare engagement, Neurosolution Company.

We at QMS Medical Allied Services Limited are a holistic healthcare engagement, solution company we have been listed on the NSE emerge since October 22, 2022, headquartered in Mumbai obviously, as we said and we command over three decades of experience driving engagements for doctors, patients on behalf of marquee pharma companies, we have accomplished more than to almost around +350 people servicing over +130 institutional clients, including the top 50 pharma companies across catering to more than 5000 pin codes across India.

Over the years we have diversified our business to include product vertical, including our own brand Q-Devices, solution vertical, our genesis lies in offering an high quality wide range of products, +900 SKUs from a long standing deputed device manufacturers worldwide, on behalf of our pharma clients such as 3AM, Tinor, Calsize, BGA, LoRa, et cetera. We also offer products under our brand name, Q-Devices with Mr. Kapil Dev our star cricketer as our brand

ambassador. This business remains relevant, and we have extended our capability to build new hospital supplies business, which I will touch upon later.

The solution verticals offers customized patient services, our outreach programs including end-to-end management and reporting. Our USP consists of accountability, efficiency, innovation and compliance. We conduct preventive screening camps with healthcare practitioners, clinics and our pharmaceutical clients to promote early detect, disease detection and intervention. Today, we have a network of more than +900 dietician networks, 135 train and certified DMLTs, that's Diploma in Medical Laboratory Technicians, each with advanced diagnostic devices and an area covering of more than 35 kilometers radius from station location. Which empowers us more than 10,000 patients, actually every month right now.

Coming to Q2 FY25, the quarter picked up well after the election, first quarter. Despite the monsoons, the business visibility remained robust, many due to a long term clients agreements and is the government proactive focus on the sector, reflected in key policy clarifications. We continue focusing on high margin solution based outreach, which we reflected in a substantial numbers. In the past quarter, the company acquired a 51% stake in Saarathi Healthcare, a pioneer in patient and disease management services, market access and digital solutions. Over the past 15 years they have managed over more than 1000 projects and partnership with over 60 enterprise clients.

Being the first quarter after the acquisition of Saarathi we had QMS continued consolidating operations and exploring higher synergies. Saarathi Healthcare acquisition bolstered the company's growth on a consolidated basis. We also forayed into hospital supply, a segment which we see a great potential, we have government supplies of strengths in the hospitals and indoor that Madhya Pradesh have actually and we also started operations in our Ahmedabad place also right now in Gujarat.

Coming to the quarters and the half yearly performances now. On a consolidated basis, the company posted an operating revenue of 37.2 crores for a Q2 FY25 compared to Q1 25 EBITDA grew by 52 by. 9% to 7.57 crores in Q2 FY25. The company's net profit stood at 4.23 crores in Q2 FY25 up by 76.3% from 2.4 crores in Q1 FY25, our margins at EBITDA and PAT levels for Q2 FY25 stood at 20.3% and 11.3% respectively, posting a marked improvement over previous quarters. On a year-on-year basis, the company's operating income improved by 30% while EBITDA clocked a 51% jump in Q2 FY25 compared to Q2 FY24. On a standalone basis, the company posted operating revenue of 32.74 crores and a PAT of Rs.2.61 crores for Q2 FY25, the EBITDA stood at 5.42 crores translating into an EBITDA margin of 16.5%.

Coming to our half yearly numbers, operating revenues in H1 FY25 were at par those is H2 FY24 accounting for 55% of FY24. However, EBITDA increase by 38% over H2 FY24 at 28% over H1 FY24. The EPS for H1 FY24 stood at Rs.3.27 and accounted to a 65% of the annual FY24 numbers, reflecting a consistent performance. Going forward we at QMS will continue to

pursue a higher share of solution, focus businesses and implement sustained cost reduction strategies aiming for a robust margin. I would now like to request questions from the participants. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We will take our first question from the line of Shantanu Nathare, a Value Educator. Please go ahead.

Shantanu Nathare: My first question is, sir what was the revenue and the net profit contribution from the Saarathi in this quarter?

Mahesh Makhija: Saarathi's revenue was approximately 5 crores for this quarter.

Shantanu Nathare: Okay. And the net profit?

Mahesh Makhija: Gross was approximately 1.75 crores.

Shantanu Nathare: Okay. And sir next question is, how much camps we are expecting to achieve by FY25, last year we did around 25,000 camps.

Mahesh Makhija: We are right now growing at almost 35%, right now I have my exact figures right that can share it with you at this moment right now, one minute.

Shantanu Nathare: Okay. So we can expect a 35% on 25,000 camps?

Mahesh Makhija: Easily, we are right now to, we are growing by, we have almost crossed more than 18,000 camps already right now.

Shantanu Nathare: Okay. So any plans for increasing the wallet share from the existing customers?

Mahesh Makhija: See, we are existing customers definitely, we just attended our program right now at RSFDI just two days back actually when we have participated as a company first time QMS and Saarathi together actually, showcasing our product range also as well as our services category also right now, and we will probably be doing the same conference we have participation in the CSI also right now. We are approaching a number of pharma companies, the insurance companies right now for both, for our product service businesses, as well as service businesses right now.

Shantanu Nathare: Sir, my last question if you allow. Any light on the hospital business, how much are we expecting from the hospital business in this financial year?

Mahesh Makhija: We have budgeted a rough figure of almost around 25 to 28 crores approximately in this financial year in the hospital business, right now.

Shantanu Nathare: We have just entered right now with one or two products right now, and we are taking up n numbers, a lot of finalizations are happening right now because of the since we entered the business right away, just setting up, we are opening offices in Ahmedabad. We have opened office in Indore, there are seven other state offices that we are undergoing at this moment, we have tied up with agencies who are going to handle our godown, and different platforms. We at least our GST numbers are under process in Calcutta, in Chennai, in Bangalore.

Tanay Surkund: So we have in all over the country. We are going to have pan India coverage for the hospital business. However, right now is the setup stage as Mahesh clearly put it, we are in the because we are selling medical devices. So medical devices require a certain amount of regulation and licenses to run. So we are in the process now acquiring those licenses for the locations you identify. So the minute we have those licenses in this place, parallelly our sales forces will be recruited, therapy specific sales forces will be recruited, and we will be in action even before the start of the next fiscal.

Shantanu Nathare: Okay. So what will be the guidance for FY25, are we in a track to achieve 20 to 22 crores of net profit by FY25?

Mahesh Makhija: See, numbers wise, we are definitely going to grow, net profit upon that we will be probably able to tell you soon on that.

Tanay Surkund: We can say that we will most likely reach double digit, but the number you are stating is something that is, I would say still aspirational, we are aiming we are going towards that number, but we can't give you a guarantee that we will reach it in the next year, but we are definitely on the same, we are definitely on the path to get to that number in net profit.

Moderator: Thank you. We will take our next question from the line of Rahil Shah from Crown Capital.

Rahil Shah: Sir, just pretty new to your company, and this is the first concall I am attending. So, I understand you sell medical devices, but if you can also highlight like, what exactly is the mode for the business, for our business, and the key growth strategies you people are working on which will help the business going ahead?

Mahesh Makhija: Okay. Are you talking about any vertical in particular or you are looking at the company as a whole?

Rahil Shah: So, if you could highlight a few details about each vertical, and which is the biggest the bestseller for us?

Mahesh Makhija: I will answer your question sir. We have basically the product vertical as well as the service vertical right now. Till 2017 we were purely a product business our business was more to the B2B side of our business entering to the sales promotion activity of the of the power citizen

company. We were the first company probably in the country to follow the international pharma ethical code of conduct, marketing code of conduct, products used by the doctors in its practice on the patients were supposed to be a good promotional product actually. So we are the first company technically to start this concept 30 years back actually. So, till 2017 we were purely a product business actually handling medical equipment's towards this given to the pharma companies back then. Post that we entered into the service regulations where we entered scientific animation provider, education, contents from different institutions. We had a tie up with our agency who was based in Scotland, EEC which used to get us contents from different, different institutes like RCB, Birmingham University, the ESP, EAC and all the top institutes like that. So we used to sell that. Post that we entered into the camps models actually where we are conducting camps servicing, which we are conducting camps in the doctor's clinic actually. To enhance to that, to monitor the patient's journey we acquired Saarathi right now, as a 51% stake is acquired, where we are in a position to monitor the patient journey throughout the treatment, post diagnosis, about a lot of other stuff. And during that time, during this vertical also we have launched our own in-house brand called Q-Devices, where we have Mr. Kapil Dev as the brand ambassador right now with us for last two years right now and that is a sector. Also right now this quarter we have started that, venture into the hospital business for the product side. So technically speaking, we are a company divided into two verticals and among each vertical, there are two different products, one our own brands, one our B2B brands, one is the hospital brand, from the services point of view, we have camps and we have business service groups. I hope I was able to answer you.

Rahil Shah: I was just saying sir, this hospital business is pretty new which you just said.

Mahesh Makhija: Yes, absolutely new. It's just two months old right now.

Rahil Shah: Okay. What exactly do we do there?

Mahesh Makhija: Like the name such as hospital business right now we have products which we are going to give it to the hospitals, where they are going to use it and maybe supplying them to the hospital. So we are setting up a full holistic approach right now where we are in a position to stock and sale the products for different healthcare companies and give it to the hospitals. And majority of these companies which we are already working with them right now through the B2B sales business of ours to the pharma companies now we are entering with these companies into the hospital segment actually right now.

Rahil Shah: Right. And do they offer better margins to us?

Mahesh Makhija: The margins are almost similar to B2B business the margins are there almost the same, actually. But as they say, the services industry that offers a better margin than the product. But where in product, if you include better service along with them, then you can able to increase the margin. So, if you not only, if you don't become a normal brand of the middle type of a dealer

where you are just going and supplying the material. Many margins are different, but if you are in a position to help these companies get the business, have the network, have your own team of people going and closing the business for them and then supplying that, that's where you get the actual margin. So what you are trying to become is a complete healthcare solution providers for the principles also, not only for the patient, not only for the hospital, but even for the principles also. So, that's where your margins are, that's where we, that's how we are opening up different offices in the big areas, and anyway having different people out there. So, you are not just ending up going to be a billing provider or just bill the material to the hospital and move out not that, we are going to see our own people are going to get the business. Our own people are going to go and help them, close the deals and supply them, that's the complete loop.

Tanay Surkund: In a nutshell, what the hospital business is going to follow a value added distribution model. So, it's beyond simply order fulfillment and logistics supply, we will be creating sales, we will be aiding in the marketing of the products and then the scientific marketing of the products to the users and to the hospital and the institutions as a whole. I hope that answers your question.

Rahil Shah: Yes, and juts lastly, now. So you explained in detail about all these verticals which are divided into two main categories now, and I understand some of them are new, and you are in growth mode, but still as I know internally as a company you would have some aspiration set, or certain target set in terms of growth.

Mahesh Makhija: Yes, absolutely.

Rahil Shah: Like that for us as a certain percentage for the next two to three years, what can the company, what is achievable, what is capable?

Mahesh Makhija: We are planning to combine our services businesses what Saarathi and EMS in three years we want to double that business right now for us. So that is one thing that is right now actually. So, we will be combining that then the hospital segment also will set up at least the current turnovers what we are doing right now, is the total turnover of QMS actually, that is the number more than that is what we are planning for next year actually from the hospital segment because the hospital business is a big high volume business right now. And whatever B2B businesses which we are doing right now will grow at the standard 7% to 8% margins planning business right now, our margin will 7% to 8% yearly growth actually.

Rahil Shah: Okay. And are these 15% margins sustainable?

Mahesh Makhija: It's been going for the last 30 years sir.

Tanay Surkund: So, if you like a little bit more detail on that, the services profile of our business is a very high margin play, the products however, depending on and especially, I would say in the hospital

business, depending on the volume of the products that are sold and the type of products that sold, there is a differential margin, these are the differential difference in margin. For example, if you are selling, syringes and needles, the margin will of course be lower. But if you are selling a device like an infusion pump or something of a higher quality, then of course the margin will be higher. So if there is that difference.

Mahesh Makhija: As Tanay suggested, value added services what we are able to give to the customers, that's where you are going to get your margins. If you are just going to be a distribution model company, you are never going to get that type of margins. And if we are level back its never been that for last one year. Even our B2B businesses also, we have been always a solution providers actually for them, for the related services, in some part or the others.

Rahil Shah: Okay. And just lastly reconfirming you earlier mentioned you would like to double your business in three years, did I hear you correctly?

Mahesh Makhija: Yes.

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

Disha Shah: So can you please explain what kind of business synergies would QMS and Saarathi have together, also it would be great if you can give some flavor on the kind of performance that we can expect from the combined entity?

Mahesh Makhija: Okay. See when we were conducting, the services model of QMS as I said, we are basically a device company actually probability. So we have products basically which we used to go, conduct camps in the doctor's clinics, and we used to identify a patient at some disease level. Now what Saarathi does, basically is, what happens after you identify the patient. We pass out the leads to the company, we give them to that obviously the company would like to do, the doctor would like to manage these patients in a better way. What Saarathi used to do, is basically provide end-to-end connection on patient management. So combined synergy of identifying, diagnosing that and then complete passing on the lead and completing that loop of managing the special journey throughout how we are giving him an education of he is being diagnosed with diabetes, if he or she has been diagnosed with the breast cancer, diagnosed with another form of kidney problems, and all these. So the dosage form, the other lifestyle forms, what should be done, it's a combination of both. So what QMS and Saarathi combined together will be that actually. So, what you are providing to the doctor as well as to the pharma company and total complete end-to-end solution package. Does that answer your question?

Moderator: Thank you. We have a question from the line of Shantanu Nakari, Value Educator. Please go ahead.

Shantanu Nakari: Sir, what is the update on the medical device from the online platform?

Tanay Surkund: Could you repeat that, sir it wasn't very clear.

Shantanu Nakari: What is the update on the medical devices segment from the online platform?

Tanay Surkund: So on the online platform, we were seeing a masked growth in our own brand of Q-Devices, which is happening through our own marketing efforts. We are also now increasing our distribution touch points across the country so that we can fulfill better delivery times to our customers, as you know online if anything, if everyone wants immediately. And with the advent of hyper local dispatch centers through Zepto and Swiggy, where everything is available to you, even quicker than going to a store, it's incumbent on us to also kind of start creating those models. So we are tying up with these, these kind of delivery couriers. We are tying up with these kind of companies, as long as the traditional e-commerce platforms like Amazon, Jio Mart and all to grow significantly. That being said, we have already crossed last year's sales numbers this year because we have been working with brands like Omron who we didn't have last year, and we have hit a significant numbers because of that. We are also now adding more and more products to our own range, and there are other brands who health and wellness brands who see potential in working with us. And we are now in working out deals to finalize their participation in our e-commerce business as well. So this division is also a fast growing vertical, it's being run by Dr. Rithee Makhija, who personally validates each business and each product and each brand to ensure that they fit into our broad vision of health and wellness.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Tanay Surkund, Head of Institutional Business and Special Projects at QMS Medical Allied Services Limited for closing comments. Over to you, sir.

Tanay Surkund: Thank you so much. Thank you everybody for attending the call. We are very, very happy that we got to showcase our quarter and our results. As you can see, we are on a growth trajectory. We are getting closer and closer to the targets that we have kept for this coming year, and we are also developing infrastructure, developing resources and developing workforce to hit our three year and five year targets, which we have planned in all our service areas. Our five business units currently are growing at the rate with which we have predicted, some even surpassing our expectations, and we have key strategies in place to ensure that everything is working as per our broader vision. So thank you very much, and I hand it over to you.

Moderator: Thank you, sir. Ladies and gentlemen on behalf of QMS Medical Allied Services Limited that concludes today's session. If there are any questions that have remained unanswered, request you to kindly send us the same to investorrelations@qmsmas.com. Thank you for your participation. You may now disconnect the call.