

**February 04, 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 February 02, 2026 for the quarter ended December 31, 2025.

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**

**Manoj Kumar Srivastava  
Company Secretary & Compliance Officer**

**Encl: a/a**

 040-6724 6724



“MedPlus Health Services Limited  
Q3 FY '26 Earnings Conference Call”  
February 02, 2026



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

**Moderator:**

Ladies and gentlemen, good day, and welcome to the MedPlus Health Services Limited Q3 FY '26 Earnings Conference Call. As a reminder, all participant clients will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchstone phone. Please note that this conference is being recorded.

I will now hand the conference over to Mr. D.R.N Srinivas from MedPlus Health Services Limited for opening remarks. Thank you, and over to you, sir.

**D.R.N Srinivas:**

Thank you, Ryan. Good evening, everyone. On behalf of MedPlus, it's my utmost pleasure to welcome you all to MedPlus Q3 FY '26 Earnings Conference Call to discuss the financial results of MedPlus for the third quarter of FY '26, which were announced earlier. We have with us today the senior management team represented by Mr. Madhukar Reddy Gangadi, Chief Executive Officer and Managing Director; and Mr. Sujit Mahato, CFO.

Before we begin, I would like to mention that some 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. We have opened 228 stores during the current quarter, and there were 46 store closures. Out of 46 closures, 17 stores were relocated. 7 stores are in the process of getting converted into franchisee. 10 franchisees we saw withdrawals and 12 stores are closed for other reasons.

We achieved a net addition of 182 stores during the quarter compared to 117 stores added during the last quarter. During the current financial year, we have achieved net addition of 400 stores. We continue with the outlook for adding 600 new stores in FY '26.

Update on the network. In terms of our store network age, around 23% of our stores have been operational for less than 2 years, and the remaining 77% of our stores have been operational for 2 years or more. In terms of the network size, at the end of the quarter, our network grew to 5,112 stores with 2.6 million plus square feet compared to 4,612 stores and 2.4 million square feet at the end of December '24. The average store size is 527 square feet.

Update on the revenue mix. Presently, MedPlus offers a large range of SKUs spanning across pharmaceutical and non-pharmaceutical categories. Private label sales for quarter 3 FY '26 constitute 22.2%, Pharma being 11.6% and FMCG being 10.6% of our total revenues.

On GMV basis, during the current quarter, the share of the private label pharma sales stood at 18.9% compared to 7.9% prior to the launch of MedPlus branded pharmaceutical products. That was in last year's quarter 1. An update on financial numbers. Our consolidated revenue for the quarter stood at 18,061 million.

Our consolidated operating EBITDA for the quarter after considering the nonrecurring charge of 70.59 million on account of the implementation of the new Labour Code stood at 96.8 crores, representing 5.4%. Revenue from pharmacy operations grew by 15.6% year-on-year on a reported basis. The pharmacy operating EBITDA stood at 925 million, representing 5.2%.

An update on our stores performance, stores older than 12 months. Revenue from these stores in quarter 3 was 16,300 million, representing 96% of our pharmacy revenues. These stores had a store level EBITDA margin of 12.4%. A word here on the store level EBITDA margin by age. While stores greater than 12 months had a margin of 12.4%, this was 12.6% for stores greater than 24 months and 8.8% for stores in the 13 to 24 months age bracket.

On allocating all non-store-related costs, the operating EBITDA of stores greater than 12 months would be 967 million, which translates to a margin of 5.8%. On working capital, our net working capital for quarter 3 was 53 days. The inventory in our warehouse stood at 34 days. In quarter 3, the inventory level of our first-year store was 103 days. In comparison, for a store older than 12 months, the inventory was around 35 days.

An update on our diagnostic numbers. Diagnostics revenue grew to 326.7 million in quarter 3 FY '26 compared to 274.7 million in quarter 3 FY '25. Diagnostics segment recorded an operating EBITDA of 50.7 million compared to 22.1 million in quarter 3 FY '25. This translates to 15.5% as an operating EBITDA margin. In October, we sold 506 gross plans per day. In November and December, this was 529 and 528, respectively.

As on 31st December, we had 1,80,000 active plans covering 3,68,000 underlying lives. As on 30th September, we had 1,70,000 active plans covering 3,51,000 underlying lives. Our current observed on-time renewal rate is 23% in Q3 versus 24% in the previous quarter.

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

**Moderator:** We take the first question from the line of Riddhansh Chandak from Unifi AMC. Please go ahead.

**Riddhansh Chandak:** Hi, team. Congrats on a stellar number. My first question is that, Madhukar, could you explain that 10% plus SSSG, we've seen that after some time now. And you also spoke about in your opening comments, Sujit mentioned the 18.5% private pharma GMV sales. So could you give some more color about what's driving that?

**Sujit Mahato:** So I think that's a great question. What we had articulated earlier, while we had seen a slowdown in the greater than 12-month stores. The company tweaked the incentive arrangement at the store level, and we are seeing that paying off dividends, and this is in the right direction. So at least there are 2 reasons for this SSSG growth. One, we started with a bit lower base of the previous quarter in the last year. And two, the impacts of the changes in the incentive structure and a bit of availability improvement due to the implementation of the new warehouses.

**Riddhansh Chandak:** Understood. Sujit, so you have alluded to the incentive structure change, but I thought that you had reached the desired level of private label -- private pharma sales and you were hoping that branded would again start to pick up. So did we make those tweaks in this quarter or the old -- or the revised incentive structure continues, which is continuing to drive the private pharma sales?

**Sujit Mahato:** No. As we had indicated earlier, we have tweaked the incentive structure so as to consider the total sales growth at our store level, which is paying off dividends. We are clearly seeing the improvement in the branded pharma uptick as well as the uptick in the private label non-pharma, which is helping us to achieve these numbers.

**Riddhansh Chandak:** Understood. Second is, could you speak about the margin profile again has been very strong this quarter and congrats on excellent execution. So how do you expect gross margins to continue to trend for 4Q and next year along with the operating EBITDA?

**Sujit Mahato:** Yes, I think we do not generally give guidance, but on the gross margin level, we expect it to remain at the same level.

**Riddhansh Chandak:** Understood. Thirdly, could you just speak a little bit about what's happening on your franchisees that the expansion on that? Is this an opportune time to start speaking about it? Or should we expect more color after 4Q?

**Sujit Mahato:** Yes. I think after the full year, we would like to get into that. But as you rightly picked up, that initiative is ongoing. And we are working with a couple of models, a couple of partners to see which is the right fit and how does it fit into our overall strategy. But that being said, that initiative is currently ongoing.

These numbers include the impact of franchisee and distribution sales, which is captured in the presentation in the other segment, which currently, if you see the others would be in the range of 5.7% of the total revenue. And this alone is now 3.7%. As a comparison, earlier, this was 1%.

**Riddhansh Chandak:** Understood. So incrementally, to understand the run rates of the franchisee, you'll be reporting it under others so that we get more clearer sense. Is that broadly correct?

**Sujit Mahato:** Yes.

**Riddhansh Chandak:** Understood. And could you just call out quantitatively how many franchisees were there this quarter? How many -- any color on those things, at least if you can quantify?

**Sujit Mahato:** I think going forward, we would like to do a comprehensive disclosure on that. But for the moment, I think we will continue with this, yes. We can connect offline.

**Moderator:** We take the next question from the line of Umakant Sharma from Viansh Ventures. Please go ahead.

**Umakant Sharma:** Congratulations on a fantastic set of numbers. A couple of quick questions. Could you just talk a little bit about the GMV growth that we have seen in the quarter on a consolidated basis?

**Sujit Mahato:** I have to take it offline. I do not have it handy.

**Umakant Sharma:** Okay. Sure. I can take that offline. Parallelly, just on a thought process standpoint, this quarter, we saw substantial growth in your non-branded non-pharma business, right? We saw growth of about 48%. Could you just walk us through how does the margin profile look along the branded pharma versus the non-pharma on the branded side? And parallelly, the unbranded pharma and the unbranded non-pharma, what is the margin profile across the spectrum look like on a net revenue basis?

**Sujit Mahato:** Sure. So on the reported basis, branded pharma would give us around 13% to 14% gross margin. Branded non-pharma would be more or less in the similar range. For us, the private label pharma, the old as well as the new MedPlus brand put together would anywhere be between 65% to 70%. And the private label non-pharma would be around 25% to 28% gross margin.

**Umakant Sharma:** 25% to 30% you said?

**Sujit Mahato:** Yes.

**Umakant Sharma:** Okay, great. And after a very long time, we are seeing a very good growth in terms of the store expansion side. Could you just throw some color on what the guidance could be for next year on F '27 as well. So you may be guiding the target of 1,000 number on a full year basis for F '27?

**Sujit Mahato:** Sure. Currently, we are not guiding. But yes, once we finish our internal AOP process, maybe at some point in time or next quarter or beyond that, we will definitely let you know.

**Umakant Sharma:** Okay. But any ballpark numbers that you are looking at for next year, sir?

**Sujit Mahato:** It should at least be the similar numbers of this year.

**Umakant Sharma:** Okay. Got it. Sure. And structurally for next year, do we have any guidance in terms of the top line that we're expecting. How should we be seeing the mix change between the four key areas between the branded, unbranded side?

**Sujit Mahato:** We do not provide such guidance, I'm sorry, actually.

**Moderator:** We take the next question from the line of Sudarshan Agarwal from Axis Capital. Please go ahead.

**Sudarshan Agarwal**

Congrats on the great set of numbers. So one of my questions is regarding SSSG. So you mentioned that base year growth was kind of low. So just kind of extrapolating Q4 was actually a decline for you in SSSG. So that should mean that SSSG at least for the near 3 to 4 quarters will remain at current levels or kind of improve also? Is that the right kind of conclusion to be taken away?

**Sujit Mahato:**

I think, Sudarshan, your observation is right. At least for the next 1 quarter, I have a very clear visibility, but we will see as we move forward.

**Sudarshan Agarwal**

Okay. And on the gross margins, I understand -- so on the gross margins, I understand that the private label pharma has kind of gone down a bit. But on the other hand, you have your non-pharma private label that has gone up. So the delta in gross margins, I think we used to allude that every 50 basis points adds around 10 to 20 basis points of gross margin. That is relative to pharma private label or overall private pharma label would also add that kind of level?

**Sujit Mahato:**

Relative to the pharma private label, but you are right, since there is no substitution being done on the private label non-pharma, the overall increase in the sales and the gross margin will be accretive to that extent. Pharma, there is a possibility that there could be a switch from the brand to the private label. But in non-pharma, we see that very low. That could be only incremental sales and incremental margin.

However, from an optics, the gross margin stood at the similar level, but that had a small impact of our franchisee as well because we sell to the franchisee at a lower margin. And that after netting of that, and the increase in the private label non-pharma, we were able to continue with a similar gross margin level.

**Sudarshan Agarwal**

Got it. Got it. One more request. So on the private label, I understand that you are still kind of working around with the incentives, etcetera. But let's say, 2, 3 years out the line, do you have a visibility right now, you would want it to be, let's say, 25% or 30%. Is there some number that we still are looking to kind of get to either pharma or non-pharma?

**Sujit Mahato:**

As this is a growth journey, Sudarshan, you'll also agree, our numbers will be aspirational, but we are not giving any guidance at the moment because non-pharma by design, there's no cap because at least on the pharma, there is a cap theoretically because there is a doctor's prescription, which we need to fill.

But on the non-pharma, if the experience is good, the product is good, the availability is good and the quality is good, there is no cap per se in terms of how far this could go. And the company continues to add new assortments, new categories, which is helping the sales and the gross margin.

**Moderator:**

We take the next question from the line of Gaurav Nigam from Tunga Investments. Please go ahead.

**Gaurav Nigam:**

Just one question. When I was looking at non-store expenses, they seem to have gone up materially and not only on year-on-year, but also on the quarter-on-quarter basis also. Can you please explain? And is this run rate inching up going forward? How should we think about that?

**Sujit Mahato:** So in corporate expense line, there includes a one-off nonrecurring expense also we'll have to be mindful of that 70 million or INR7 crores, which was the impact of the past service cost post the implementation of the new Wage Codes. So that's a one-off. Going forward, it should be more or less in the same range because, one, we'll have to be mindful of what could come, those notifications and the rules are still not yet final.

So we are looking, like others, we are keeping -- closely monitoring this space. And maybe by end of March, end of April, we should have more clarity. But as we speak, we are on a very good footing.

**Gaurav Nigam:** This INR7 crores is onetime? Or is it expected to continue?

**Sujit Mahato:** It is onetime, you're right.

**Gaurav Nigam:** Okay. And sir, all the warehouses and the other logistics improvement that we were doing, is that all open and that cost is in the base now?

**Sujit Mahato:** At least 60% to 70% of the new warehouses have been operationalized. The rest will also get operationalized in the next two quarters. The manpower recruitment for all these warehouses are complete. So we do not expect any significant ramp-up on those expenses on those lines.

**Moderator:** We take the next question from the line of Madhav Marda from Fidelity International. Please go ahead.

**Madhav Marda:** On the FMCG side, could you give a little bit more color in terms of what are the new assortments or categories that we're adding? And what's sort of helping this growth which can sustain in the coming times?

**Sujit Mahato:** I think, Madhav, we'll take this offline. But yes, what we have been adding now is more of the food category, the wellness category, some cold pressed oils, which are in -- again in the wellness category. So these are the few categories we have started adding, and we are seeing good traction.

**Madhav Marda:** Understood. Got it. And sir, just on margin side for us, I think this quarter, if we adjust for that one-off of the 70 million, pharmacy operating margins are about 5.5%, 5.6%. Like you said, a lot of the cost of the warehouses is already in the base now. So are we sort of within striking distance of getting to 6% in the next couple of years? Is that a fair way to think about it, given some of the operating leverage plays out with the sales growth. And given SSSG is sort of now improving at a good pace as well?

**Madhukar Gangadi:** So, Madhav, our margins, whatever we actually start improving on will be largely a function of the private label. And on private label, I actually am now equally bullish about the non-pharma side. Non-pharma is just a matter of adding categories out there. We are using, let us say, getting the full benefit of the 5,000 stores, which basically means we have the minimum amount of quantity for almost any product.

So as long as the product is something which people will buy in the regular convenience or wellness category, we are more than happy to actually put it out there. And I feel at least given the last couple of quarters' performance, I see no reason why we should not get to that number.

But yes, and again, on the pharma side, while we fully expect this to continue to grow up, I expect that to happen as a result of, let us say, the quality of the product, as a result of all the positive publicity we expect to get from customers who are already using it. So we have significantly reduced the push on the private label pharma, but we continue to be, let's say, bullish about the non-pharma side.

**Madhav Marda:** Okay. Okay. So, when you said we can get there, as you talked about the margins, that there is potential for us to reach the 6% over a period of time?

**Madhukar Gangadi:** See, I don't see any reason why not. It's a little early to say. There are a lot of pieces out there on the ground. But given that only 20% of our sales now come from general goods and most of our competitors are in the range of around 30% to 40%, even 50%, even a slight jump in the general route side and most of it coming from private label will not only -- will definitely increase the top line and also will improve the profitability. Yes, I feel confident about that, but I can't really give you an exact time line in which this will happen.

**Moderator:** We take the next question from the line of Raman KV from Sequent Investment. Please go ahead.

**Raman KV:** Sir, I just want to understand, you have mentioned that you have tweaked your incentive structure, which helped your SSSG growth to be in the range of 10.5%. Can you throw some light on what are the incentive structure that you tweaked?

**Sujit Mahato:** So earlier, the incentive structure was predominantly working around the private label sales. What we have tweaked is we have now included a component of total sales at the store level, which means the branded as well as the private label sales.

If the total sales are not achieved or let's say, there are targets linked to that, then the achievement percentage on the private label goes down by certain basis points, and that keeps motivating the store level employees to achieve both the private label as well as the branded total sales growth at the store level, and this is helping us in the overall journey as well.

**Raman KV:** Understood, sir. And sir, I just want to understand the nature of the goods or basket of goods under the non-pharma business like branded as well as private non-pharma business, what are the products which -- that you are launching? And is it the growth in this business is recurring. Or is it because you are introducing new product and your total addressable market is expanding?

**Sujit Mahato:** So the product range in the non-pharma, both branded as well as private label is a large assortment of all our daily needs, right from your early morning, let's say, the needs of toothbrush, toothpaste, hair oil, cream, toilet cleaners, soap, shampoos. So there's a large assortment of, I would say, 1,300-plus SKUs, which we offer to the customers, great quality and great affordable price. So that is helping us.

And to it, which what we mentioned earlier, we keep on adding new categories depending on what the needs are, what we identify at the store level, where there is a regular need and a good product available. So that is what is helping our incremental sales on the non-pharma products.

**Moderator:** We take the next question from the line of Sanjay from Bastion Research. Please go ahead.

**Sanjay:** Sir, I just wanted to have a bookkeeping question. So we have stopped giving store level MRP growth for stores within 12 months. Could you please share that data?

**Sujit Mahato:** So it was not making sense, Sanjay, because you would agree that since the change in the GST rate, there is a flat reduction of the GST by around 6.5%, 7%, which makes comparability a big issue. And that is the only reason we removed that. But otherwise, we would have to do a manual adjustment and then give you a number which is not directly comparable.

**Sanjay:** Understood, sir. Okay. Sir, also wanted to understand that we are going much deeper into the states which we are already present. So I see the store expansion are largely into our states which we are present and have enough presence on that specific. Do we plan on that side. Or going forward, how is the store expansion we are looking forward? I understand that we follow a cluster-based approach. So -- but I wanted to have your sense on how we are planning to new store or new geography or new city, so to say?

**Sujit Mahato:** So the priority always would be going deeper into the existing states and then sweating the warehouse assets, which we have created for these states and then slowly getting into adjacent states. We had started Chhattisgarh, we have started Kerala. But yes, the main new stores where you can see now is part of the densification of the existing presence what we have. So it's an ongoing strategy, Sanjay.

**Sanjay:** Sir, you also shared in your opening remark or somewhere you shared the revenue for stores greater than 12 months. Did you share overall for the last quarters as well because I'm not seeing that. So if you can include for the quarter-on-quarter and Y-o-Y that revenue for greater than 12 months, it would be really helpful. Thank you.

**Sujit Mahato:** So at the overall level, we have given. But if you're only -- the specific thing we have added is for greater than 12 months as a bucket. But overall, we have anyhow given you both in the investor deck as well as in my call. But I did not get your question if you're asking other cohorts.

**Sanjay:** Sir, I'm asking for greater than 12 months only because in the previous comments or previous con call, we did not spoke to revenue greater than 12 months stores. So just wanted to have your Y-o-Y and quarter-on-quarter numbers on that side?

**Sujit Mahato:** So we'll look at it. I'll take this offline.

**Moderator:** We take the next question from the line of Divyansh Gupta from Latent PMS. Please go ahead.

**Divyansh Gupta:** A couple of questions. With the change in the incentive structure, the previous guidance that we used to give that every 50 bps increase in private label will lead to certain margin accretion.

Does that still hold or that will -- that should also be -- is there any new reference point you want to share?

**Sujit Mahato:** I think we can continue with the same assumption. There's absolutely no change on that.

**Divyansh Gupta:** Got it. Got it. And the second question was, I think in the last con call, we had mentioned with for that employee retention, we had introduced a scheme and probably this quarter would be the first quarter where we would actually see the results of exercise. So if you can share some insights on that part. Is it working as per plan or...

**Sujit Mahato:** So it's an ongoing scheme, which is going to run for 3 years, which when we launched for only three cities. So that's again one initiative which we are very closely monitoring to see the effectiveness. Basis that, the company would then take a call whether to extend that across all the regions or curtail that further.

**Divyansh Gupta:** But my question was that as it -- given that there was -- the exercise time line was in this quarter, has it panned out as per our expectations even in the final?

**Sujit Mahato:** There is an exercise, I'll explain to you. The first exercise was post 12 months an employee getting into this plan. And we had the first exercise last quarter, wherein we saw a segment of employees exercise their right to claim that first 18,000 and the segment of employees who have postponed their rights to claim 50,000 in year 2.

And we are seeing improvement in attrition rates in the three cities which we have implemented. I also mentioned that the company is closely monitoring this initiative to see whether it would make sense to continue this, expand this or further curtail this. So all these are still open.

**Divyansh Gupta:** Got it. Understood. And sir, you had mentioned the gross margins for the various product categories on a gross basis. What would be the -- what can be the margin on a net basis?

**Sujit Mahato:** Whatever I mentioned is on net basis. It's all on net basis.

**Divyansh Gupta:** I thought private firm -- it's on net basis. Got it. Got it. Understood. That's all right. Thank you.

**Moderator:** We take the next question from the line of Lakshminarayanan from Tunga Investments. Please go ahead.

**Lakshminarayanan:** A few questions. I just want to understand what's the kind of mix of therapies you have in your pharma side? And the second question is that in your old stores, in the pharma, what kind of repeat business you actually get in a sense that, let's say, the customer comes back and buys in the last 1-year or whichever way you qualify or quantify?

And the third, since we have a significant amount of private non-pharmacy also private label, what kind of inventory write-off or damages you actually occur every quarter and how you plan to bring it down? These are the three questions.

**Sujit Mahato:** Sure. Thank you. Thank you for your questions. To start with, in both the entire private label pharma portfolio consists of both the acute as well as the chronic segment. I would say we are

more to 55 chronic and 40, 45 on the acute. So we are all the top five therapeutic areas as listed by WHO, we are all in all those top five categories.

You can take a diabetics, cardiovascular and the hypertension. So all these areas are completely covered by our chronic range. And the acute, as you are aware, again, around 40%, 45% of our sales comes from the acute range. Coming to the private label non-pharma, absolutely, there's a large assortment.

And you also mentioned about the inventory risk. You're absolutely right. On the private label, the inventory risk is completely on our book. As a trend, we have been providing close to 0.9% to 1% of our sales of private label as a provision for deterioration in inventory.

**Lakshminarayanan:** Got it. And in terms of repeat business, can you just give some views on that?

**Sujit Mahato:** Yes. As we speak, we have more than 46 lakhs to 47 lakhs of members on the pharma side itself. That actually gives us a very strong conviction of our repeat business. Customers become members to access the trade discount, which is offered by the company on the private label product as well as a higher discount on the branded pharma product.

And once they become members, they get full access to these discounts for 1-year. What we are seeing is on the both private label, pharma and non-pharma, a very good repeat business every once in 3 months. This is the exercise what we do internally. We are seeing complete repeat business of close to 90%.

**Lakshminarayanan:** Got it. Got it. And last one more question. I see that these days, you are able to provide or service the online pharma very quickly. Can you just help me understand whether this is like a one-off or you have actually consciously improved your serviceability in the online purchases?

**Sujit Mahato:** We are also looking at this space very carefully because you would appreciate the competition or the offerings by the quick commerce. So we have also ramped up our offerings on this space. But as and when needed, we can further improve it. But I think what you have experienced is a positive story for us if you have seen that improvement. We are also consciously working on that.

**Moderator:** We take the next question from the line of Madhav Marda from Fidelity International. Please go ahead.

**Madhav Marda:** Sir, just one other question. Our working capital has come down a fair bit, almost 10 days year-over-year. Could you explain why that has come down? Is it sustainable at these lower levels going ahead?

**Sujit Mahato:** See, I think a couple of things. One, the -- wherever we have opened the franchisee model stores, we are not carrying inventory on our books. It is sale on first day. To that extent, roughly 15 lakhs to 18 lakhs of inventory per store, that's a reduction which we have. Otherwise, we were carrying on our books. That's one.

And on the second hand, we have been mindful of the inventory what we are carrying both on the store level as well as at the warehouse level. And that -- those improvements are very clearly getting reflected on the number of days. On top, we have added only 400 stores. To that extent, a year-on-year comparison shows you a better benefit because cash has been conserved.

**Madhav Marda:** Okay. Does the higher private label mix help as well. Because I remember in one of the earlier commentary you mentioned for private label structurally, we need to carry lower inventory at the stores because the SKUs come down. So is that helping at all or not really?

**Sujit Mahato:** So currently, we are carrying both the inventory, Madhav. So we have not yet what we had discussed earlier. At a certain point, we can then cut the tail or the long tail of the brand. But for the moment, we have not so that we ensure full availability to our customers.

**Madhav Marda:** Understood. Just last question on the gross margins for the pharmacy business. I think it's at about 25% odd. Sort of this should keep gradually moving up as the private label mix goes up, right? That's just the way to think about this line item?

**Sujit Mahato:** Absolutely. That's what Madhukar explained, you're right.

**Moderator:** We take the next question from the line of Akhil Parekh from B&K Securities. Please go ahead.

**Akhil Parekh:** Many congratulations on an excellent set of numbers. My first question is, I know you're not guiding for next year, but for our business model, what is a sustainable SSSG growth rate given that we are at 5,000-plus stores and our private label business has fairly stabilized. Any guidance or any ballpark thing basically which one should look at basically whether it's high-single-digit or low-double-digit SSSG is sustainable? That's my first question.

**Sujit Mahato:** I think that's the aspiration which we are internally working with. But we do not give any such guidance because, again, we have seen the store network getting matured over period. And that's where we are also looking at what measures we can take at our store level, including the back-end efficiency so that we can continue this healthy SSSG and aspire for much more. So at least for this moment, we are not giving any guidance.

**Akhil Parekh:** Okay, sure. Second and last question, if I look at our sales contribution from metros, right, has continued to decline over the last many quarters and non-metro and Tier 2, Tier 3 has gone up. Is it largely to do with the -- our private label story because what I understand is the adoption of private label is much better in Tier 2, Tier 3, Tier 4 towns?

And hence, as we kind of increase our sales contribution from private label, kind of -- we'll kind of continue to see that expansion more into the non-metro cities. So is that understanding correct?

**Sujit Mahato:** I think it's not a straight answer, but what we could also keep in mind, we need to be mindful of the net realization on our private label pharma, especially. Earlier, we were able to realize around 83, 100 minus 17 of blended discounts, we were able to realize 83 vis-a-vis now 45, 46. So that has to play out for a couple of quarters to have a like-to-like comparison.

**Moderator:** Thank you. Ladies and gentlemen, with that, we conclude the question-and-answer session. I now hand the conference over to the management for their closing comments.

**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.

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