



**SAT KARTAR**

**“Sat Kartar Shopping Limited  
H1 FY '26 Earnings Conference Call”**

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**MANAGEMENT:** **MR. MANPRIT SINGH CHADHA- CHIEF OPERATING OFFICER**  
**MR VED PRAKASH- MANAGING DIRECTOR**  
**MR. PRANAV SINGH CHADHA- EXECUTIVE DIRECTOR**  
**MS. SIMRATI KAUR- EXECUTIVE DIRECTOR**  
**MR. DEVENDER ARORA- CHIEF FINANCIAL OFFICER**  
**MS. SONAL SETH- COMPANY SECRETARY & COMPLIANCE OFFICER**

**MODERATOR:** **MS. NATASHA SINGH- ARIHANT CAPITAL MARKETS LIMITED**  
**MR. AYUSH DIVECHA- INVESTOR RELATIONS- MERLIN CAPITAL ADVISORS**

**Moderator:** Ladies and gentlemen, good day and welcome to the Sat Kartar Shopping Limited H1 FY '26 Earnings Conference Call, hosted by Arihant Capital Markets 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Natasha Singh from Arihant Capital Markets Limited. Thank you and over to you, ma'am.

**Natasha Singh:** Thank you. Good afternoon, everyone. Welcome you all to the call of Sat Kartar Shopping Limited H1 FY '26 Earnings Conference Call. On behalf of Arihant Capital, I would like to thank the management of Sat Kartar Shopping Limited for giving us this opportunity to host this call.

**Ayush Divecha:** Good afternoon, everybody. On the behalf of Merlin Capital Advisors, I would like to introduce the management presence for this earnings call. We have from the company Mr. Manprit Singh Chadha, Chief Operating Officer of the company, along with other senior management personnel. We must remind you all that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company faces.

May I now request Mr. Manprit to take over this call, introduce you to the company's business outlook and financial highlights. Subsequently, we will open the floor for Q&A. Thank you.

**Manprit Singh Chadha:** Good afternoon, everyone. Manprit here. Thanks, Arihant. Thanks, Natasha, Merlin, and all the participants. I'm supported by all the senior management of Sat Kartar here across the podium. Thank you for joining. Before I start, let me give you a brief about Sat Kartar.

The story started in 2012 with a vision to bring India's Ayurvedic heritage, a hidden gem, to the world. And the major boost came in 2014 when AYUSH was formed and Ayurveda started becoming regularized. And 2020, Corona, which was indeed a bad phase for the whole world, but then Ayurveda came up pretty strong in a way that the way we used to post "Health is Wealth" just for a Facebook post, that became an integral part of our lives.

And here, Ayurveda got a major boost and acceptance worldwide. Sat Kartar, which started as a small thought, today is a powerhouse serving customers, serving India, and overall, it's intrinsic wealth in terms of data, well-classified data, making it actually a human-to-human health tech company. This has been another strong step forward, strengthening our foundation and expanding our horizon, both financially and strategically.

Despite the temporary slowdown in May, due to the India-Pakistan war, Sat Kartar stood tall, showing remarkable resilience, focus, and consistency. Talking about performance, on a consolidated basis, revenue stood at INR 91.9 crores, reflecting a healthy 18% year-on-year growth compared to the same period last year.

Our standalone revenue reached INR 88.35 crores, up 17% year-on-year as compared to the last period, showing solid product demand, better cost control, and efficient delivery systems. This growth clearly shows that Sat Kartar's business model is stable, scalable, and fully future-ready. This half has been exceptionally well in terms of profit and PAT growth. Profit after tax has seen a major jump, both standalone and consolidated.

This strong improvement came from disciplined spending and operational excellence. H1 '25 to H1 '26 was a PAT margin of 5%, which grew to 8.81%, a 100% growth. Even in EBITDA terms may be H125 to H126, 200 plus basis points improvement as compared to percentage to the revenue.

Strategic developments: This half year has also been about bold and futuristic decisions. We have set up our own manufacturing unit, and it is up and running.  
AI and Technology: Our AI initiatives are also entering an exciting phase. The beta testing is complete, and we are now ready for rollout. Through AI-based automation and analytics, we will enhance CRM intelligence, digital operations, and customer experience, making Sat Kartar one of the first Ayurveda-led companies in India to deploy AI at a scale. AI will make us more smart, efficient, and customer-connected, turning every data point into a growth opportunity.

We are now entering Ayurveda hospitals.. This will begin a transformational phase for Sat Kartar. Sat Kartar will no longer be just an Ayurveda product company. We are becoming a complete health and wellness ecosystem, where Ayurveda hospitals, nutraceuticals, and digital distribution will help Sat Kartar drive the next leg of growth.

We are entering a new era, where products plus hospitals will drive a dual-engine growth model powered by our pan-India customer base and the continuous flow of new data and users. This ecosystem of products, patients, and people will shape Sat Kartar's next chapter of trust, scale, and long-term value creation. Looking ahead, our direction is clear.

With our AI rollout ready and our products performing strong, the second half of this year will be even more powerful! Even after a challenging May, our comeback since June has been phenomenal. Momentum is strong, and the future looks very bright.

Our fundamentals are strong, and our growth direction is crystal clear. We are building an Indian brand for the global wellness future. I would like to thank my entire Sat Kartar team and their families from the bottom of my heart. Their energy, determination, and never-give-up attitude are the real strength behind our success. All of you have turned every challenge into a new opportunity, and this spirit has brought Sat Kartar to where it is today. The ESOP 2025 scheme has been approved by the Board, because we know that Sat Kartar's biggest strength is its people.

The best part? We made no distinction between employees, be it at whatever level, except tenure-based eligibility. Every employee who stands with Sat Kartar has a right to take part in the company's success. Definitely a big thanks to our investors. Thank you for your belief, your patience, and your continued trust. Your trust is our biggest responsibility, and we promise we will always live up to it.

And our customers, our heartfelt thanks for trusting our products, our philosophy, and our promise of wellness. You are the reason Sat Kartar exists, and every new initiative we take is for your health, happiness, and faith. Thank you.

Before I open the floor for questions, because before Sat Kartar's inception, I have played the role of CFO and COO in many companies. I can understand that there will be some questions from the investors.

So some questions that I think can be common for all investors, I myself would like to answer here first, so that when the floor is open for questions, everyone will be able to answer the questions that are common. So some of the remaining questions can come to the platform. One more thing.

Our numbers are good, but we are not satisfied in the Sat Kartar team. May was a bad month for us due to situation and sentiment build-up due to Indo-Pak tension. On one hand, the sentiments of the customers were down, and on the other hand, the delivery partners had denied services. And most of the places, the distribution was either having a negative impact or distribution was not possible at all.

For me, always priority has been safety first, profits later. And due to this, we had slowed down 15 days before the war anticipating the situation, and this slowdown lasted for 15 days after the war. Because of this, we suffered approximately a top line hit of INR6 crores, and a negative bottom line during that period.

Yes, we were unhappy in Sat Kartar, but at the same time, we were very happy. Because at the same time, India gave a great response to Modi's leadership. One question that may arise is, "Why was a factory opened when we always believed in asset-light model and contract manufacturing?". Yes, we still believe in asset-light model for our product business. And hence, we built a factory with a minimal capex, which was less than a crore rupees. Our philosophy still remains contract manufacturing, and Sat Kartar's factory, even though capacity is good, but we plan to just make not more than 50% of our capsule intake, which translates to not more than 25% of our total intake. Hence, we will keep continuing with our contract manufacturing.

This gives us more flexibility and safety cushion in case of disruption in any of the supply chains. Plus, another objective of opening this factory was that more than a factory, it will serve as a research and development lab for us, where we can do R&D of the best products, and bring in the latest products. Another question, looking at the balance sheet, is that trade receivables have increased a lot.

The primary reason for this is that there was a glitch in India Post's software, and this glitch was not only for Sat Kartar, India Post was also working on new software, and was transforming the software, and because of this, the receivables for at least 45 days were stopped there.

But, now we have received 80% of those receivables, and maybe in the next 10-15 days, the rest will also be received. I hope I can answer this question as well, because it has come up on many platforms, that this vision of INR500 crores plus, how will we achieve it? What is our strategy?

This is a very steep, if I look at it from the timeline, this is a very steep target that we have set for ourselves, which, whether I believe it or not, the entire team of Sat Kartar believes in achieving it. The vision for 2026 is to reach revenue of INR 200 plus, which is definitely in our control. 2027, touching revenue of INR 300, and that's why, by the end of 2027.

So that this figure of touching 300 can reach somewhere, all our efforts have started for, I won't say new things, but related things, in the sense that when we are coming to the hospitals, we would like to have at least 300 beds ready by that time.

AI is a force that will leave all these numbers behind, because we are a data powerhouse, all the data that we generate, which is actually a categorized data, that which disease has that data, where is that data coming from, we convert only 10% of that data, because of our high ticket size. To convert the remaining data, for a low ticket size product range, which is in our Veda, in that, this powerhouse AI will work.

Its beta phase has been completed, the launching phase is in the start. We have opened international territories, we have prepared our US subsidiary, all these things will not give revenue immediately. I am telling you all this, because this is a plan for the 500 vision. Plus, one thing is hidden now, we are doing vertical growth.

Vertical growth has come to a level, definitely, somewhere in the history of today, that it becomes a little difficult. Horizontal growth is still left. Another question is, in our company, our advertisement cost is quite high. I will say, that this advertisement cost, in the future, will either remain the same, or can come down 100-200 basis points. But if we say drastically, that all the profit, will come by reducing this, then it will not come.

The profitability that will come in the future, that will come, from our infrastructure cost utilization. The infrastructure that we have at the moment, that is well equipped, and some variable increase can happen in that, but that is well equipped, to touch, INR300 crores. I think, I have answered quite a few questions.

I think I have answered most of the questions. Some of these answers may have some more questions. So I think, let's open, the floor for questions.

**Moderator:** Thank you very much. We will now begin the question and answer session. The first question, comes from the line of Vijay Rawat, from Vedant Capital. Please go ahead.

**Vijay Rawat:** Good morning, sir, I hope you can hear me.

**Manprit Singh Chadha:** Yes Vijay, you are loud and clear. Good afternoon.

**Vijay Rawat:** Good afternoon. Sir, my question is, what I can see like, your business model, it is kind of pivoting on, social media marketing, telemarketing and lead generation. So when we compare it with the established brands, like Patanjali, or Jeena Sikho is a listed company, there, there are anchor figures, who are driving the whole business. They are creating the whole brand.

In Patanjali, Baba Ramdev is there, and in Jeena Sikho, Manish Grover is there, right? So the pricing of your medicines, they are way too premium, than Patanjali, Himalaya, or the other companies. So how sustainable is this business model? And because of that, that you have to generate so much lead, social media, telemarketing, you have more than 1,000 telecallers. Your advertisement cost is also high. So how sustainable, and how scalable is this model? This is my first question, sir.

**Manprit Singh Chadha:** Should I wait for your second question, or answer the first question?

**Vijay Rawat:** Sir, you can please answer the first question, then I will ask the second.

**Manprit Singh Chadha:** Okay, there are three questions hidden in the first question. Your first question was, that there are companies, like Baba Ramdev, Jeena Seekho, actually I salute those companies, because of those companies, we are standing here today.

But yes, if those companies, are standing here today, because of an anchor figure, then my model is, if I give it another example, that there is no anchor figure of Dabur, but still, I am not comparing myself to Dabur, but the way I am going, that in front of that way, if hospitals are also running, then they are running with an anchor figure.

But yes, without anchor figure, Max hospital is also running, and Fortis hospital is also running. So, I salute the anchor figure, with full respect, but there I believe, that from the anchor figure, the company becomes anchor figure driven. I will give an example of this, that I was in the hospital last month, and I actually, when I came out of the hospital after 15 days.

I saw so many emails, so many WhatsApp messaged, and I was actually out of the system, of the company. But the company is such a well-oiled machine, every system, is governing itself in such a way, that, if one name is removed, the company will not get a hit anywhere.

This does not mean, that Manprit is not needed in the company, I am needed, to take a company's vision, to take its growth, but that growth, whether Manprit is there or not, should not be hampered. We are going with this philosophy. In that same question, what was your second question?

**Vijay Rawat:** High, high ticket size.

**Manprit Singh Chadha:** High ticket size, definitely. I have seen many companies, or many companies, which are in D2C brand, and in online brand, when it is only a product company in D2C brand, they take a lot of money in VC, after that we do not even know where that company is.

They are running with huge losses. My vision is, return for investors, and best of the best product for customers. Because of that, our model is, in the first sale, we should be able to generate an ROI, the second and third and fourth sale, should actually add on to that profit.

So, definitely we have to take Ayurveda to the country, but, some of our products, are lifestyle products, in which I am not curing diseases, I am selling lifestyle. And in that lifestyle, if I am charging high premium ticket, then I don't think, that I am doing anything wrong. Today, you

go to a Nike, or best of the brand, not comparing health to that, but, if you go to buy shoes, then you don't compare it with the cost.

**Vijay Rawat:** Right. So, in this, even after keeping the pricing so premium, our margin is like, only 10%-11%.

**Manprit Singh Chadha:** I will not say 10%-11%, I will say, this jump is from 6%-9%. And yes, not only 6-9%, I will say 4%-6%, then 6-9%, then 12%-15%, and yes, 20% is also not far.

**Vijay Rawat:** So we can achieve around 18%-20% margin.

**Manprit Singh Chadha:** Definitely, why not? The story has just started.

**Vijay Rawat:** Right, right, right. Fine, sir. So, these were my questions. I will come back in the queue.

**Manprit Singh Chadha:** Sure.

**Moderator:** Thank you. The next question, comes from the line of Nishita Shanklesha, from Sapphire Capital. Please go ahead.

**Nishita Shanklesha:** Yes, hello. Am I audible?

**Manprit Singh Chadha:** Yes, ma'am. Yes, you are audible. The voice was cracking earlier, but now it is audible.

**Nishita Shanklesha:** Okay. So, you mentioned that, you want to have 300 beds. Can you give a timeline? Is it that you want to have 300 beds by FY '27?

**Manprit Singh Chadha:** Yes. By the last quarter of FY '2027.

**Nishita Shanklesha:** Okay, and where are we opening this hospital?

**Manprit Singh Chadha:** Primarily, we would like to keep close to where our base is, the NCR. So, the objective would be to at least start with 70-100 around the NCR and then move ahead of NCR.

**Nishita Shanklesha:** Okay, okay. So, we are expecting that all 300 beds would be operational by FY '27, right?

**Manprit Singh Chadha:** Yes, I would say the facility of all, yes, I would say 300 would be operational by 2027, last quarter.

**Nishita Shanklesha:** Okay.

**Manprit Singh Chadha:** 300 beds.

**Nishita Shanklesha:** Okay. My next question is that you mentioned the factory that is open. Can you say what is the capacity there?

**Manprit Singh Chadha:** I would actually like this to be answered by Devendra, who is looking after the factory, but if he is not right on the panel, Devendra, are you there? Maybe not on the panel. So, the capacity build-up has been made in such a way that today, whatever is our current utilization, translating it to the 2027.

And on the revenue projections and the quantity of the goods to be procured, we are fully equipped for our capsule intake and the powder intake for that facility. We have the spare floors in that factory in which we can expand for the tablet.

We have yet not opened the tablet section because that was costing us more than what we had anticipated and capsule is one of our major sales. So, we have set up only the capsule and powder right now to take care of our consumption till 2007. But having said that, our utilization would be not more than 50% of that as I want to continue with my contract manufacturing model.

**Nishita Shanklesha:** So, just for the understanding, you are saying that you are fully equipped for capsule and powder sales in this factory?

**Manprit Singh Chadha:** Yes.

**Nishita Shanklesha:** Okay, understood. My last question would be you just mentioned that you can achieve 18%-20% of EBITDA margin. Can you give a timeline of when will that happen and if you can give a guidance on FY '27 EBITDA margin, is that going to be in the range of 15% in FY '27 and then move forward it will reach 20%?

**Manprit Singh Chadha:** Yes, you are right on that.

**Nishita Shanklesha:** So, in FY '27 it will be in the 15% range?

**Manprit Singh Chadha:** Yes.

**Nishita Shanklesha:** Okay, understood. Thank you so much.

**Moderator:** Thank you. The next question comes from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

**Deepak Poddar:** Yeah, am I audible sir?

**Manprit Singh Chadha:** Yes, Deepak.

**Deepak Poddar:** Yeah. Hi. So, thank you very much for this opportunity. I just wanted to understand now next year INR300 crores revenue we are targeting. So, how much contribution from hospital we are building in or as yet we are not building any contribution in that INR300 crores?

**Manprit Singh Chadha:** I am not building any though the facility is getting ready but in my those projections I have not built up that.

**Deepak Poddar:** Okay. And what is the capex involved there in this Ayurveda hospital and what can be the revenue potential at optimum utilization for this 300 beds?

**Manprit Singh Chadha:** At a 90% capacity utilization for a 300 bedded which actually the capacity utilization would further go ahead because this would be the time when these hospitals would actually start they would be in their inception stage.



So, maybe another 6 months down the line from the timeline of those 300 bedded hospitals when they are at 80% to 90% capacity utilization so it can be taken forward into say INR 10,000 per day kind of a revenue model.

**Deepak Poddar:** RPOP would be INR 10,000?

**Manprit Singh Chadha:** Yeah.

**Deepak Poddar:** Okay. But generally I mean for an established hospital generally the utilization level hovers around 60% to 75% right? I mean taking 90% isn't...

**Manprit Singh Chadha:** I doubt, today most of the hospitals which are...

**Moderator:** I am so sorry to interrupt in between Manprit sir there is an echo from your end.

**Manprit Singh Chadha:** Just a minute. Is it better now?

**Deepak Poddar:** Better now? Yeah, it's better yeah.

**Manprit Singh Chadha:** So, which is already running for say a period of I think it's equal again just a minute. Better now?

**Deepak Poddar:** Better now? Yes.

**Manprit Singh Chadha:** Is it?

**Deepak Poddar:** Yeah.

**Manprit Singh Chadha:** So, 80% to 90% capacity utilization present hospitals which I have seen is actually they are at this level if they are already 12 months old.

**Deepak Poddar:** Okay. Fair enough. So, you are saying INR 10,000 per operational bed revenue so what this potential can be INR 100 crores revenue at maybe what 90% utilization? The back of the envelope calculation?

**Manprit Singh Chadha:** Yes, you are right.

**Deepak Poddar:** Yeah, INR 100 crores right? Revenue potential and what sort of margins I mean we can build in here?

**Manprit Singh Chadha:** I lost your voice could you repeat that?

**Deepak Poddar:** What sort of margins we can build in here?

**Manprit Singh Chadha:** 25% to 30%.

**Deepak Poddar:** So, it will be EBITDA margin accretive for us, right?

**Manprit Singh Chadha:** Yes, definitely.

**Deepak Poddar:** Okay, and we are as yet not building so will it become in a phase manner? I mean, you said 300...

**Manprit Singh Chadha:** Yes, phase manner definitely phase manner.

**Deepak Poddar:** So, First Phase is coming by when and how many beds would be there?

**Manprit Singh Chadha:** First Phase of 30 beds by first quarter of 2027.

**Deepak Poddar:** First quarter and what will be the total capex involved here?

**Manprit Singh Chadha:** A 30 bed hospital would say require a capex of anything between INR 2- 2.5 crores.

**Deepak Poddar:** No, so I didn't get. How many beds you mentioned?

**Manprit Singh Chadha:** 30 beds.

**Deepak Poddar:** 30 beds would be around INR 2- 2.5 crores?

**Manprit Singh Chadha:** INR 2 crores.

**Deepak Poddar:** So, yes, I mean, on an average for other companies also I have seen 5 to 10 lakhs per bed is what a general average is?

**Manprit Singh Chadha:** Yes, that's what our projection is.

**Deepak Poddar:** So, that's quite fair Okay, I got it. Now, on the PAT margin trajectory can you throw some more light, I mean, when you are talking about 18% to 20% I presume you are talking about PAT margin because that's what you have been saying from 6%?

**Manprit Singh Chadha:** Yes.

**Deepak Poddar:** Or it's a bit EBITDA margin?

**Manprit Singh Chadha:** It's all I am talking about PAT margin.

**Deepak Poddar:** PAT margin 18% to 20%. So I mean can you throw some...

**Manprit Singh Chadha:** 18% to 20% I am talking about touching in the closing of 2028.

**Deepak Poddar:** FY '28 I mean closing end, exit run rate?

**Manprit Singh Chadha:** Yes.

**Deepak Poddar:** Okay. So, how should I look at the trajectory? I mean, currently, I think we are at last year we were at 6%?

**Manprit Singh Chadha:** You are already seeing 8.5% closing of a year can be you can I think extrapolate it and not increase it exponentially or at the same variable rate. I think it would reach the same level.

- Deepak Poddar:** Reach the same level I mean this for entire year we are targeting about 9% PAT margin, that's what we have mentioned earlier also 9% to 10%?
- Manprit Singh Chadha:** We have mentioned 9%. We have done in this current half yearly If we are able to do the same performance I think then we should be able to beat 9 to 10%.
- Deepak Poddar:** 9 to 10. And then I mean to have an exit PAT margin of 18% to 20% per annum I mean you need to increase I mean 4% to 5% I mean maybe 3% to 5% somewhere in FY '27 and FY '28 each right?
- Manprit Singh Chadha:** I think not 4% to 5%. It needs to be higher. So if we are doing from 6 to 10% that translates to year-on-year more than 100%.
- Deepak Poddar:** I am talking about basis point?
- Manprit Singh Chadha:** Yes, basis point. You are right.
- Deepak Poddar:** FY '27 14% to 15% kind of a PAT margin, is that something which is possible for us or I mean is it very aggressive?
- Manprit Singh Chadha:** It's possible. Not at all aggressive
- Deepak Poddar:** Okay. And what will be the drivers for that? I mean you mentioned couple of drivers. One would be operating leverage that you mentioned because better infra utilization. Second you mentioned was 100 to 200 basis point of cost saving on the ad front. So what can be any other any other I mean trigger?
- Manprit Singh Chadha:** These have already taken into the projections to take us till that level, but the major driver beyond that would be the AI driven model of ours.
- Deepak Poddar:** It will give you I mean a better analysis for your data power house?
- Manprit Singh Chadha:** Better analysis and better rotation of that data, better churning of that data and better utilization into the sales.
- Deepak Poddar:** Okay I understand. And just last thing from my side you spoke about vertical growth?
- Moderator:** I am so sorry Mr. Deepak to interrupt. Please rejoin the queue for the more follow up questions. Actually we have other participants.
- Deepak Poddar:** No problem.
- Moderator:** Thank you very much. The next question comes from the line of Satish an Individual Investor. Please go ahead.
- Satish:** Good afternoon Manprit sir. Are you audible?
- Manprit Singh Chadha:** Yes.

- Satish:** Manprit sir.
- Moderator:** I'm so sorry Mr. Satish. Your voice was not audible.
- Satish:** Is it better?
- Manprit Singh Chadha:** Definitely better.
- Satish:** Okay sir Good afternoon. Sir most of the questions you have answered in your initial speech only It looked very confident. Sir I wanted to ask a question related to this Ayurvedic hospitals. Sir I understand about other hospitals. Sir what happens in Ayurvedic hospitals sir, how different is that both what type of patients what we cure and how different it is that sort from a private hospital where we generally go?
- Manprit Singh Chadha:** In Ayurveda hospitals generally the hospitals that are running now are majorly in their own diseases every hospital by acquiring an expertise is taking it forward like in chronic diseases it can be for kidney or in chronic diseases, it can be for liver where in allopathy or dialysis or diabetes. So all those things included in an Ayurveda Hospital, where their bodies are healed and strengthened as a whole.
- At present we are entering hospitals new. We are confident in hospitals. We have studied in hospitals, but first 30 to 50 beds in hospitals we don't have any thoughts of going into chronic diseases. Now, more than just a hospital, we are treating it as a wellness center where we like detoxification or body pain or something in which the body is being rejuvenated from all the toxic things. So now we will start that and after mastering this, we will enter chronic diseases.
- Satish:** Sir, you must have definitely seen this wellness center, so how is the demand in the market for such things?
- Manprit Singh Chadha:** Huge demand. If I say today actually people not only in metro cities, now we have stayed in wholly metro cities where demand is very high, but Tier 2, Tier 3 cities people want to rejuvenate themselves in this.
- Satish:** Last question sir. You were talking about ticket size and we have heard you before also you are very tech savvy and you understand about technology and you understand about AI potential. Sir you are spending a lot in marketing or will do also. Sir how about this brand building, are you investing there or thinking about it?
- Manprit Singh Chadha:** Yes we are doing brand building. When we started the company at that time Sat Kartar we haven't bring them to one level neither Sat Kartar nor SK. We are growing in such a way that our individual product has definitely become a brand. Today, we have a product, Addiction Killer, whose brand presence is huge in South India, Tamil Nadu, Karnataka, Telangana and Andhra Pradesh.
- We have a product of diabetes Dr. Madhu Amrit, whose brand presence is in East India. We have a product, Liv Muztang. So, right now, the brand presence of our products only, and not of Sat Kartar or SK. But, since we have come to the platform of listing, thinking about this, today

we are back integrating every product back so that it can be linked to Sat Kartar and Sat Kartar's branding can also go ahead.

**Satish:** Okay, sir. Okay. Sir, I will end with a request, sir you try to do quarterly meet and try to get investors.

**Moderator:** The next question comes from the line of Shashank from Family Office. Mr. Shashank?

**Shashank:** Hello? Am I audible?

**Manprit Singh Chadha:** Yes, Shashank. Yes, Shashank. Audible.

**Shashank:** Yes, sir. I wanted to ask, sir, how are we looking to, if we do expansion of the Ayurveda hospitals, then how are we looking to fund these in future?

**Manprit Singh Chadha:** How are we looking to?

**Shashank:** Fund these. If we, like internal accruals or is it raised by equity or debt?

**Manprit Singh Chadha:** We, right now, we don't have any plan to raise equity [inaudible 00:40:59]. Right now, the entire plan is through internal accruals.

**Moderator:** The next question comes from the line of Nishant Gupta for Minerva Capital Research Solutions.

**Nishant Gupta:** Hello. Sir, I am audible. Hello.

**Manprit Singh Chadha:** Yes, sir.

**Nishant Gupta:** Sir, one question on the repeat rate. So, I went to the red herring perspectives of the company. So, from April '24 to December '24, your repeat rate was 8.27%. Then, in your last investor presentation, you said that it has increased to 25%.

So, I wanted to understand like how this has increased so substantially and where do you see it going? Because in this investor presentation also, we have stepped to 25%. So, can you explain once, like how did this increase happen in just three months? And how are we looking ahead?

**Manprit Singh Chadha:** It didn't happen. It didn't happen. This much increase didn't happen. In fact, let me explain this. Earlier, the 8% red herring perspectives, see, repeat rate, most of the companies use it in their own way. But let me explain it. What exactly was the meaning of red herring perspectives and what is the meaning today?

The meaning was that individual product, same customer, same product, how much is it taking? This repeat rate, which we are saying 25%, which is actually growing every quarter, every month, that same customer, across our range, how much product is it taking?

**Nishant Gupta:** Okay. So, you are saying that earlier it was calculating on the product, now you are calculating on the customer.

**Manprit Singh Chadha:** Calculating on the customer.

**Nishant Gupta:** Irrespective?

**Manprit Singh Chadha:** Yes.

**Nishant Gupta:** So, that is how it is.

**Manprit Singh Chadha:** Irrespective of whether the same customer is taking the same product or the other product is taking in the same range. Because some of our products are like this. In that -- if it takes a repeat, so that means that is negative for us. Suppose, I can name one of the products, our product is for piles cure. Now, why would it take the product of piles cure again, if that product is working?

**Nishant Gupta:** Got it. Got it. Got it. Sir, our average ticket size has also increased per customer, like, if we are doing repeat rate...

**Manprit Singh Chadha:** Yes. Yes. Yes. It has increased.

**Nishant Gupta:** Can you give the number?

**Manprit Singh Chadha:** It has increased by approximately 5%. Earlier, our average ticket size was in the range of 3,000.

**Nishant Gupta:** Okay.

**Manprit Singh Chadha:** Now, it is in the range of increasing every quarter, it is around 3,300.

**Nishant Gupta:** Got it. Got it. And what is the number of customers that we serve in H1 in this particular half year?

**Manprit Singh Chadha:** Number of customers? It is not handy. I can back calculate and tell you. But I think that will take 2 minutes, 3 minutes and Arihant will tell me.

**Nishant Gupta:** No problem.

**Manprit Singh Chadha:** You can have a one-to-one discussion with me on this.

**Nishant Gupta:** Sure. Sure. Sir, one last question from my side. Sir, you have fixed for capsule and powder, right? You are saying that you will only utilize it to 50%. So, now, from an investor point of view, I am seeing that you are not utilizing it completely. But your fixed cost will be incurred. So, somewhere, your margin is offset.

And at the same time, you are saying asset light, why not go for entire capsule and powder over there so that the capacity gets utilized 100% and your variable cost, i.e., fixed cost will be reduced. That will be more margin accretive, right? I am just trying to understand from an investor perspective.

**Manprit Singh Chadha:** Definitely. Definitely, from the investor perspective, from a financial advisor perspective, you are on the right track advising me on that. But me, from a business continuity perspective, if I take my entire capsule and powder facility there.

I have seen that due to any chance, there is a problem in the supply chain in the factory. And with me being heavy market spending, my future market spending is going on and the supply chain stops behind. So, what I would have earned in a year, I will lose in 15 days.

- Nishant Gupta:** Okay. Sir, contingent planning, you are saying that is the reason why you don't want to...
- Manprit Singh Chadha:** Yes.
- Nishant Gupta:** Switch entirely to your 100% manufacturing.
- Manprit Singh Chadha:** Yes. It is possible in the future. I mean, look, the capex return on the payback period with the kind of margins there are in the manufacturing facility, that my payback period, I think, utilizing the same capacity, it will be done in around 18 months.
- Nishant Gupta:** Got it. Got it.
- Manprit Singh Chadha:** So, I am not worried about the payback.
- Nishant Gupta:** Got it. Got it. Sir, quantifying, in your top-line, how much revenue do you get from capsule and powder? Like, if...
- Manprit Singh Chadha:** 50%.
- Nishant Gupta:** [Inaudible 00:45:44]
- Manprit Singh Chadha:** 50%.
- Nishant Gupta:** 50%.
- Manprit Singh Chadha:** Yes.
- Nishant Gupta:** And you will basically manufacture 50% of that.
- Manprit Singh Chadha:** Yes. So, in the end, I will be using 25% of my total cost, total product.
- Moderator:** The next question comes from the line of Saumil Shah from Paras Investments.
- Saumil Shah:** Yes, sir. Good afternoon.
- Manprit Singh Chadha:** Good afternoon.
- Saumil Shah:** Sir, I don't know what is our current capacity utilization for the first six months?
- Manprit Singh Chadha:** Capacity utilization of our infrastructure or our factory?
- Saumil Shah:** Sir, of our factory, our manufacturing?
- Manprit Singh Chadha:** Capacity utilization of manufacturing, look, we started last month, now it is at 10%.
- Saumil Shah:** Okay.

- Manprit Singh Chadha:** 5%, I would say. But yes, the projections that I am giving, we will start manufacturing at least 50% of the capsules. This will actually translate maybe by the first quarter of next year.
- Saumil Shah:** Okay. Okay. Sir, the capsules that we will manufacture, will they be only for us, for our own use or you can supply outside also?
- Manprit Singh Chadha:** Right now, there is no thought of supplying outside. Right now, me and my team fully want to concentrate only Sat Kartar, Sat Kartar customers, Sat Kartar investors. Yes, I will supply outside. Factory will be used more. Revenue will come here. But right now, I don't want to diverge.
- Saumil Shah:** Okay.
- Manprit Singh Chadha:** I don't want to open a new stream of revenue.
- Saumil Shah:** Okay. And what we are targeting is INR300 crores by FY '27. So what is your current year target?
- Manprit Singh Chadha:** Look, if I can say clearly, then yes, we are in a range of, from the last year, we are in the range of 20%-25% growth. Which we would actually, there are some things which, if we get a drive, we can also touch 30%-40%. In fact, we can achieve 40%, but now we are in the range of 25%-30% and that too because in this year, I won't say it got spoiled, but it got disturbed badly because of Indo-Pak thing.
- Saumil Shah:** Okay. Okay. Okay. And the INR300 crores, what we are targeting for FY '27, I think there was some confusion. You gave guidance for EBITDA and also for PAT. So, for the INR300 crores that we are targeting, what will be the PAT margin?
- Manprit Singh Chadha:** Look, my PAT margin is the same and I am still achieving it. If we had closed it at 6% last year, then next year, which will close this year, I have to close it at 9-10% and in the future, I have to close it at 12-15%.
- Saumil Shah:** Okay. Okay. So, the target by '27 is 12-15%?
- Manprit Singh Chadha:** Yes.
- Saumil Shah:** Okay. Okay. That's it from my side. Thank you and all the best.
- Manprit Singh Chadha:** Thank you.
- Moderator:** Thank you. The next question comes from the line of Lokesh, an Individual Investor. Please go ahead.
- Lokesh:** Hello, sir. Am I audible?
- Manprit Singh Chadha:** Yes. Lokesh.



- Lokesh:** Yeah. Yeah, yeah. Sir, I just have a few questions. Like, one, we are talking about setting up a hospital. So, did we get approval from the Ministry of Ayush, or it will take some time for that?
- Manprit Singh Chadha:** What approval?
- Lokesh:** To set up a hospital.
- Manprit Singh Chadha:** It will take some time for that. We have just started it and yes, we will take time for the approval. That's why I said, if the total hospital starts, that would be first quarter of next year.
- Lokesh:** Okay. And like in the presentation, I can see we have a brand called Vedabay. Is there any other brand we have as well?
- Manprit Singh Chadha:** No. We are concentrating on Vedabay but other brand, there is another Macamo. But we are not concentrating on that. We are, for our low ticket size product range, we are only concentrating on Vedabay and that's more of a nutraceutical brand. Yes, it has some Ayurveda products in it, but more of a nutraceutical brand.
- Lokesh:** So, are we planning to list these products on Quick commerce? Like, I can't see them on Blinkit or Instamart. Like, I can see them on Amazon, Flipkart, but I feel like if we want to scale this product, like if Quick commerce is mandatory in today's time, are we planning on that?
- Manprit Singh Chadha:** We have our product Liv Muztang listed on Blinkit in Maharashtra. We have started that exercise, but yes, we are first testing the cost involved in - cost and the revenue analysis of that, but that testing has started in Maharashtra with our product, the flagship product, Liv Muztang listed there in Blinkit.
- Lokesh:** And can you please guide me on the expected ROE, like after 3 years like when we have a revenue of around INR500 crores. So what is the expected ROE we can have?
- Manprit Singh Chadha:** When you say ROE, are you talking about the bottom lines?
- Lokesh:** Yeah, return on equity, I am talking about, like, after 3 years.
- Manprit Singh Chadha:** Return on equity is going to be exponentially high. If I give you a number, that would be as I am in no mood to increase the equity at this stage unless I -- if everything is as per the track, a bonus could be there. But definitely no equity enhancement through a preferential or any other mode.
- Lokesh:** So, like our fuel to growth is like from that only or from like the investment of [capital 0:51:43]?
- Manprit Singh Chadha:** Yes.
- Lokesh:** Okay.
- Manprit Singh Chadha:** In fact, this last -- okay, fine. Thanks. Okay.

- Moderator:** Thank you. The next question comes from the line of Mohit Motwani from Tara Capital. Please go ahead.
- Mohit Motwani:** Hello, sir. Good afternoon. Am I audible?
- Manprit Singh Chadha:** Good afternoon, Mohit. You are audible.
- Mohit Motwani:** Yes. My first question is on the INR500 crores aspiration that you have for FY '28. How much does that make any contribution from hospitals, or is it completely for Ayurveda that you have mentioned?
- Manprit Singh Chadha:** My projection of this is totally into the Ayurveda side and hospitals could be with the product segments. The hospital could be a top line to that adding to those. But yes, if at all there is some unforeseen circumstances in the product category increase, this would complement that and make us reach our targets.
- Mohit Motwani:** Okay. Okay. So, it may or may not include some contribution hospitals depending on how secure they are?
- Manprit Singh Chadha:** Yes. Presently, I am very bullish not to include that into my -- at this product line segment.
- Mohit Motwani:** Sure. Sir, and secondly, this Ayurveda segment has attracted a lot of new brands which are emerging and, you know, it has become a point of attraction for many founders. Now, do you envisage a situation wherein more brands come up and then probably you need to step up your investments more for customer acquisition and therefore your -- that could be some risk to your margins that you have, you know, have a target for in the coming years?
- Manprit Singh Chadha:** Not really. Because this I have already anticipated into my business plan that yes, acquisition cost is going to be high. Google and Meta and other platforms are not going to spare any of the advertisers. They are first bothered about their pockets.
- So, I have kept my - like every time a question comes why advertisement cost is high, it would remain the same even when Meta and Google increases that and that increase will be mitigated by my operational efficiency and the repeat rate of the product.
- Mohit Motwani:** So you are making in an increased competitive environment as well, right? That's what you have meant about...
- Manprit Singh Chadha:** Yes, yes. In fact the increased competitive environment would in turn translate to a high acquisition cost. Be it the customer getting diluted over other products or be it the advertisement cost increasing. So, both are mitigated.
- Mohit Motwani:** Sure. Sure, sir. And, sir, lastly one clarification. You mentioned that the capacity of 300 beds would become operational by Q4 FY '27 and the initial 30 beds would be in the first quarter of FY '27. Is that right?

- Manprit Singh Chadha:** Yes. And when I say operational, that might not be giving the revenue. Operational means that yes, they are operational and then it would be in a transition phase from being a capacity utilization of 10, 15, 20, 30, 50 percentage month-on-month.
- Mohit Motwani:** And initially, because they won't be generating revenue, but you will be incurring costs. So, you have already baked that into your [consol 0:55:03] margins, is what you said...
- Manprit Singh Chadha:** Yes, yes, yes because the cost, the gestation period is till the time it reaches a breakeven. The gestation period is 6 to 7, maximum 8 months. So that is the time when the depreciation would hit on the capex.
- Mohit Motwani:** Got it. Got it. Okay. Thank you so much, sir -- for the answer, sir.
- Moderator:** Thank you. The next question comes from the line of Nishant Gupta from Minerva Capital Research Solutions. Please go ahead.
- Nishant Gupta:** So, sir, just one follow-up question. So you acquired a company called Plantomed that was also into the diabetic space. So, just wanted to understand like you already had a diabetic vertical like your own product. So, what was the rationale of this acquisition and how is it benefiting the company?
- Manprit Singh Chadha:** The rationale of that acquisition was that we are at a high ticket size. Our diabetes is at a ticket size of 2,500 to 2,600. Plantomed also runs a diabetes product, but it is at a ticket size of 1,300. We wanted to actually understand and do it in an outer space. This low ticket size kind of a strategy. Not hitting our current model.
- So, that was the reason why I acquired Plantomed. It is doing well in the sense that it was almost to touch a turnover of INR 1 crores which actually that got delayed and maybe it's around -- today it is on a monthly rate of INR 60 lakhs. But, yes, it's growing exponentially and in next 2 months it will start generating a positive turnover of INR 1 crores plus.
- Nishant Gupta:** Got it, sir. Thank you.
- Moderator:** Thank you very much. Ladies and gentlemen, due to time constraint that will be the last question for today. I now have the conference over to Mr. Manprit Singh for closing comments. Thank you and over to you sir.
- Manprit Singh Chadha:** Thank you everyone to be here on a Saturday afternoon. And I already have put my gratitude to Sat Kartar team, investors and customers. And as a closing comment, I can only say that Sat Kartar has still just learned to start walking. There's a long way to go. Thank you very much.
- Moderator:** On behalf of Sat Kartar Shopping Limited, that concludes this conference. Thank you for joining us today and you may now disconnect your lines.