Aakaar
enhancing life through technology
CIN No.: L74900MH2013PLC244717

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November 14, 2025

To,
The Manager,
Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, C-1,
Block- G, Bandra – Kurla Complex,
Bandra (East), Mumbai – 400051
Symbol: AAKAAR

Dear Sir/ Madam,

Sub.: Transcript of the Earnings Call held on November 10, 2025, at 4.00 p.m.

Pursuant to Regulation 30 and 46(2)(oa) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to enclose herewith the transcript of the audio recording of the Company's Earnings Call to discuss the unaudited Financial Results for the half year ended September 30, 2025.

The transcript is also available on the website of the Company: www.aakaarmedical.in

Kindly take the same on record and acknowledge receipt.

Thanking you,

Yours truly,
For **Aakaar Medical Technologies Ltd.**

VISHWANATHAN ANOOPKUMAR PILLAI
Digitally signed by VISHWANATHAN ANOOPKUMAR PILLAI
Date: 2025.11.14 16:04:18 +05'30'

Anoopkumar V. Pillai
Company Secretary & Compliance Officer

Encl.: As above

"Aakaar Medical Technologies Limited

Q2 & H1 FY '26 Earnings Conference Call"

November 10, 2025

MANAGEMENT: **MR. DILIP MESWANI – FOUNDER AND MANAGING DIRECTOR – AAKAAR MEDICAL TECHNOLOGIES LIMITED**
DR. RAHUL SAWAKHANDE – CHIEF EXECUTIVE OFFICER AND DIRECTOR – AAKAAR MEDICAL TECHNOLOGIES LIMITED
MS. SWETA SHAH – CHIEF FINANCIAL OFFICER – AAKAAR MEDICAL TECHNOLOGIES LIMITED

MODERATOR: **MS. SOUMYA – GO INDIA ADVISORS LLP**

Moderator: Ladies and gentlemen, good day and welcome to the Q2 & H1-FY26 Earnings Call Booking Aakaar Medical Technologies Limited hosted by Go India Advisors LLP. 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 this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note, this conference is being recorded.

I now hand the conference over to Ms. Soumya from Go India Advisors LLP. Thank you and over to you ma'am.

Soumya: Good evening everyone and welcome to H1-FY 2026 maiden earnings con call of Aakaar Medical Technologies Limited. We have on calls with us Dilip Meswani, Founder and Managing Director; Dr. Rahul Sawakhande, the Chief Executive Officer and Director; Sweta Shah, the Chief Financial Officer. We must remind you that discussion on today's call may include certain forward-looking statements and must be therefore viewed in conjunction with the risks pertaining to the business.

I now request the management to take us through the same and provide us some more insights on the results for half year gone by. Post that, we'll open the floor for Q&A. Thank you and over to you sir.

Dilip Meswani: Good afternoon everyone. Can you hear us?

Moderator: Yes sir, you are audible. Please go ahead.

Dilip Meswani: It gives me immense pleasure to welcome you all to Aakaar Medical Technologies maiden earnings conference call, our first as a listed company. On behalf of the Board and our entire team, I extend heartfelt gratitude to all our investors, partners, stakeholders for the trust and confidence you have placed in us.

When we started Aakaar Medical back in 2013, our mission was clear, to make advanced aesthetic and dermatology solutions more accessible, affordable and safe across India. What began as a small-scale distributor has evolved into a brand name, asset-like, innovation-driven company with a growing national footprint. Our hybrid business model blends global partnerships with indigenous innovations, importing advanced medical aesthetic devices from Korea, Spain, Italy, and Austria, while simultaneously building our own brand formulations manufactured through structured partner.

This unique balance allows us to combine scale and profitability, while remaining capital-efficient. Over the past decade, we have witnessed an Indian aesthetics and dermatology landscape transform rapidly. Given by rising consumer aspirations, increasing affordability, and growing acceptance of aesthetic care, the industry valued at around US$284 million, which is approximately 25,000 -- in 2024, is projected to double by 2030, and Aakaar has positioned itself right at the center of this workspace.

The last few years for us have been equally transformative. We have been quite positive companies since the last 8 to 10 years amid several industry trends like demonetization, aftermath, vaccine stress, COVID-19, wars like Ukraine and Israel for the period FY 2017 to FY 2025, from INR1.7 crores to INR6 crores.

Specifically, between FY 2021 and FY 2025, our revenues have grown at CAG of nearly 49%, consistently outpacing the broader aesthetic industry. This growth has been accompanied by significant improvement in profitability, thanks to a greater contribution from our brand portfolio, which our CEO will cover.

Coming to the milestone that we achieved this financial year in the month of June 2025, our successful IPO on the NSE Emerge platform. This 100% price issue of INR27 crores is not just about capital inclusion, it's about accountability, transparency, and our commitment to long-term revenue creation. The funds are being strategically deployed to strengthen working capital, improve utility, and reduce dependence on short-term lowering, and few new projects which would help in taking company's business to new heights.

The first half has been a period of steady progress and operational alignment. While growth was moderated by seasonality and transition factors, our fundamentals remain strong. We focused on improving cash flows, tightening controls, and strengthening our base for sustainable growth. With H2 historically stronger, we expect a healthy rebound in sales and profitability ahead.

Before I hand over to our CEO, who will take you through the operational and financial performance in greater detail, I want to express my sincere appreciation to our employees, partners, and shareholders for their faith and support. This is just the beginning of our research journey, and we look forward to creating long-term value for all stakeholders. Thank you.

I hand over to Dr. Rahul Sawakhande, our CEO.

Rahul Sawakhande: Thank you, Dilip sir. Good afternoon, everyone. While Dilip sir has given a brief introduction about the company, I would like to take you through the journey that Aakaar had over the last few years.

Before I even begin, I would like to reiterate for each and every one of you, Aakaar is the only aesthetic company in India that has the most broad portfolio in comparison to any other aesthetic company, be it Indian or a multinational company. We aim to become a truly global organization in terms of aesthetics, skincare, and healthcare. Also, we cater to the business segment for values, where we are looking continuously to improve our deliverables in terms of products and services.

We also have fallen into serious dermatology while we are managing diseases like psoriasis. So, we have launched a product in partnership with a company like Invex, which is a research product of Piramal Healthcare, where we have 600-plus patient clinical data, and we have launched this product in terms of management of psoriasis. So while we are working in medical aesthetics, skincare, and healthcare, we are also dealing now with serious diseases like psoriasis.

In terms of business, we are dealing majorly with our key customers like dermatology, plastic surgery, maxillofacial surgeons and a lot of aesthetic practitioners in India. We also are witnessing a huge growth in numbers. We are covering almost -- so IADVL registration number of dermatologists is around 17,000 plus dermatologists. Maxillofacial are close to 20,000, and plastic surgeons are close to 6,000. So, we have a huge doctor base to cover, and we are covering almost 14,000 professionals across India.

We have a strong team of sales force on the ground. We have 100-plus people in different headquarters, majorly metros, Tier 1 and Tier 2 towns. We are looking at impressive growth in the coming years. In the last two years, we have grown above 30% CAGR. The aesthetic market is growing at an average CAGR of 9%-10%, and we are outpacing that at this point in time.

While we are doing this, we are strategically working on improving Aakaar's own brand portfolio, while the in-license portfolio is also showing significant growth. In terms of total number of built customers, we have built a significant number of customers even in the first half of this year. Almost 3,000 customers were built, and we have built more than 900 customers, those are new customers.

While we are marketing these products in the Indian market, our portfolio currently spans around 154 SKUs, which we are likely to increase to more than 163 to 164 this year. With the launch of the new division, which is also -- the people are already on-boarded and the team is on-boarded. We expect the launch to happen late part of November to early December.

In addition to this, we are looking at increasing our control in terms of business credit given to the doctors, because that was a part where I think as an industry first, we are the first company to be listed on NSE Emerge platform. We are also one of the first companies to start our own product in terms of trading business. From being a trading business to own-brand portfolio, we are the first company.

We also wanted to bring in stringent credit controls in this business, which is against the flow of the current market in which we operate. Our market is having high receivable days as a norm and we are trying to cut through that, because we want a positive cash flow by the end of this year.

We are targeting to bring our receivable days to below 100 and that is where we have put strict controls in terms of business. In terms of our IPO proceeds, out of INR27 crores, we will be surely using this most of the proceeds in working capital and we are looking at a healthy change in the receivable so that would also improve our cash flow in the times coming.

Coming to the first half of FY 2026, which reflected typically the seasonal factors that affect our business in addition to the stringent one-time business controls that we have brought, we have achieved a reported sales of INR25.3 crores, which is a downward of 8.5% on year-on-year basis.

This move, however, is a short-term adjustment to make the long-term cash flow better and bring in more financial stability to the organization. I am 100% sure that we will end the year on a positive note and much better than last year. In addition to this, we are working closely on the inventory levels.

While the inventory levels at the start of the year and going forward will be slightly higher because we have launched a lot of new products in the last one year. Also, there are a lot of changes that have happened in terms of licenses because we were a private limited company and the company constitution also changed.

So we have to reapply for a lot of licenses because our industry is regulated by a lot of regulations and regulatory requirements from weights and measure facts and legal methodology. So those tracking changes have led to having increasing our inventory.

Also, most of our international brands which we are importing because of the change in licensing and reapplication of licenses, we have to hold slightly higher inventory. Also, we are launching new divisions in the coming time. So, again, that will add to the inventory.

However, once everything stabilizes, we want to go down to a 90-day to 120-day inventory period. So these transitional factors along with one-time costs related to the annual conferences and most of the expenses in terms of marketing and major activities or one-time cycle meeting happen usually in the first part of the year.

And that is where our EBITDA gets affected in the first half. While we are EBITDA positive, it is negligible and our PAT stands at negative INR0.78 crores for the H1 FY '26. Based on the seasonality, our business will pick up from here.

Also, because of stringent control in the market, our inventories in the market and the shelf, which we call stock and block is drying up. So, we see a positive upward trend in terms of demand of business with stricter credit control. That will help us increase our revenue and we have the growth trajectory maintained with a positive PAT better than last year and better cash flow versus last year.

That is what we are targeting. Our focus during this phase has been on higher cash realization in terms of billing and onboarding new customers. Like I told you that our current business also, we have built around 3,000 plus customers and we have created around 900 plus customers.

We have trained around 97 doctors in various CMEs and conferences. In just injectable portfolio, we have trained around 280 plus doctors. We have conducted CMEs and local workshops for psoriasis to increase our penetration into that specialized market with around 329 doctors who attended our CMEs.

Thanks and the question-and-answer round can begin.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. The first question is from the line of Majid Ahamed from PinPointX Capital. Please go ahead.

Majid Ahamed: Yes. Sir, my first question is, what is the early sign that you are seeing that uptick in the Q3 demand and are there orders and restocking trends supporting expectations for the second half? But if you can also give me some KPIs to understand better?

Rahul Sawakhande: In terms of restocking, what typically happens is our demands are converted by our team on a daily basis. So we are not operating at corporate level or corporate chains. So our demands are generated on a daily basis.

Based on the H2O trend, typically our demand starts growing and typically our sales proportions are usually 35-65 or 37-63. So typically the demand grows based on seasonality because aesthetic procedures are typically done when there are festivities and celebrations and all those kind of things happen, typically post-Diwali. So we will surely see an upside in terms of things that happen.

While I'm saying so, like I told you, we have already kept a strict control on billing. Our actual policy has been over the years to keep the stock on shelf so that there is no loss of sale or loss of revenue. But while that happens, our receivable days are slightly on the higher side. So we want to change that trend.

We have now not allowed the receivable days to remain up. So we are trying to bring it down and we are majorly targeting to bring it down to 100. Our targets and KPIs are already in place and most of the times we try to keep the last few years CAGR intact. So that is what we are trying to do here.

Majid Ahamed: Okay. Got it, sir. And going forward, I just also want to understand as you are -- what are your key launches in terms of devices that you're looking and what type of market that you are targeting? Seeing your numbers there, wherein you have nearly doubled your revenue from nearly gone 50% for FY '24 to '25. For FY '26, what type of revenue are you seeing in the own brand products?

Rahul Sawakhande: Like I told you, we want to keep the momentum up, but this is the first year that we have brought in a very strict control in terms of the credit because typically the aesthetic business market is a doctor-driven B2B market. So we are now flowing against the tide. So we still want to keep the momentum up in terms of our CAGR typically upwards of 25%-30%.

And in terms of new launches and new products I would like to highlight key highlights that will surely impact our business going forward. We operate in a business for injectables that is dermal fillers.

Recently, the product that we market from Croma-Pharma from Austria got a USFDA approval. So that will surely help us get better penetration in the market and better business in terms of revenue. So that will surely impact our growth in coming time.

The next important update is we market a product similar to Botox on SIAX or a botulinum toxin. So we recently tied up with a company from Korea, Hugel, which is a USFDA approved toxin. And we are surely again going to get benefited because Botox has a monopoly of almost 80% market share.

And with the USFDA approval and slightly better price points, we will surely have a better market to capture. Earlier, we only had been selling 100 units vial. Now we have 50 units vial as well, which then surely compete in the place where Botox competes and we will surely take their market share.

The third thing that we are doing is we are getting into the space of regenerative business. Exosomes is the new word in the market. And we have three divisions that are operating in terms of product business and one division in terms of device business. All the three divisions will have an individual unique exosome, that's a regenerative product.

And we are launching an entirely new division, which I told you the division name would be Exovia. It's a tie-up and cooperation with a company called VM from Italy. So these are high-end, high-priced, high-value products. We will be launching mostly in major metro cities. And the team is already on-boarded. And we see the sales to start end of this month or early part of next month as the products are available. The products are already ordered. And the shipment is expected anytime later part of this year.

In addition to that, we have launched a few products in last one to two years for Aakaar brand. Brands like Tubelight GFC, which is showing great growth in terms of hair care category, where our own blood is used to create growth factors. So that's been doing well. And giving results and the data is coming out well and doctor acceptance is good.

So that should lead our hair care category. We also have another product that we have launched on our own house. It's called DRS 1512. We have started doing clinical study and we have results from initial pilot, which again is showing great results and we are extending that. We are also intending to make sure that the product licenses and other things are much better for future so that we also can take it to multiple markets.

So, a lot of things are happening in pipeline and there are a lot of other products in pipeline that can come to Indian market which are in early phase of regulatory approval. So Aakaar has been working on the product pipeline for a long time and we work at least three years ahead in terms of product visibility. So, there will be a lot of new launches that will come in the coming years, especially in the medical injectable aesthetic category.

Majid Ahmed: Okay, got it. But just also understand, sir, that in terms, I want some numbers to quantify on this because if I see, there has been slight improvement in gross margins but revenue has gone up as you said it's a one-off. But I also want to understand particularly if your revenue has gone down and your margins has been somewhat not much improvement?

And if I see your working capital as well has ballooned up from 300 days to 450 days net cash conversion cycle. So how are we going to observe that and improve margins going forward? So what are the products going to drive that?

Rahul Sawakhande: So I would like to reiterate here the numbers that we have seen now that are published are already better this month. I cannot actually give you the number because of the negative reasons, but the numbers are already positive and I think we will see the extra reasons much better than what it is today. In terms of numbers that you have seen in terms of our CAGR, over the last few years, our homegrown brands have gone from a turnover of 24% to the total turnover contribution to 38%.

So what we have done is primarily focused on Aakaar brands. Now the imported brands typically have gross margins close to 60 and the Aakaar homegrown brands have a slightly higher gross margin around 70. That will surely help us get better profitability and that will also help us double down on our profits over the last 3 years.

Also, we started a more focus on consumable category which is the in-clinic product use or at-home product use. So the gross margins are upward of 50 while the device business has over the period gone down from 28% contribution to the turnover to 14% where the gross margins are lower. So change in the product mix has obviously helped us double down to increase our profits which will continue.

Currently also we are focused on consumable based devices or subscription based devices. Here I would also like to highlight that we have recently launched triposcopic and dermatoscopic devices which will have subscription that will also help us add revenue in the coming times. The product got registered and we are yet to launch it full scale. We are waiting for the inventory to come.

Majid Ahmed: I just need to understand you know, you are saying what would be the blended gross margin you are expecting going forward with this launch and all that.

Rahul Sawakhande: Based on the current balance sheet, our gross margins are close to 57% but that includes our sampling and the market certain amount of sampling and workshop expenses that are covered under sample which is covered as a cost of good. So if internal P&L it should be upward of 60% going forward.

Majid Ahmed: Finally, sir, I just want to understand how are we going to withstand the international competition as well. How are we leveraging as there are lot of US based companies in this segment?

Rahul Sawakhande: Actually, we are creating an infrastructure that is going to help us actually work with them because today in last three years and now after being listed, we are approached by lot of multinational companies to launch their brands in India. And there are certain projects that are already in pipeline where we are trying to work how to bring in consumers to doctors.

So those projects will again – so that kind of infrastructure and investment will surely help us to be the preferred channel partner for these brands also. So more than competition, what is happening is in each category, like, I told in my brief that we are the only company in India that has the broadest portfolio coverage.

So injectable for face, injectable for body, toxin or chemical peels or melasma. We have all kind of products from regenerative to at-home use. And these products are all in license also and they are also made in India. So we have one of the broadest category.

And I think we will surely be able to work better with the infrastructure that we have created, because at present with the kind of supply chain and logistics channel, the team on the ground, the kind of workshops that we are doing, we train around 1000, 2000 doctors every year. So we are building our base and we will be surely preferred partner more than a competitor.

Moderator: Thank you, sir. The next question is from the line of Shyam from Neeyovan. Please go ahead.

Shyam: Thanks for the opportunity. My first question is related to how is the competitive landscape evolving in domestic, as well as the global markets and with whom do you benchmark against?

Rahul Sawakhande: Like I said, it is very important to understand the aesthetic landscape. So aesthetic is something that will have results that are close to permanent. So it will change. So cosmetic is like one or two days. But in aesthetic, the results last like somebody plumping their lips, like, we had cases where celebrities have done their lips or jawline or chin. The changes are permanent.

So in terms of these categories, we already have a competitive product. Earlier, we did not have a US FDA for our product that we were marketing. So now we have US FDA for the toxin, US FDA for the filler category. We are also working with the chemical peel category where we have created our own niche and we are number one in those categories.

In terms of melasma management or pigmentation management, we have products that suit our skin and these are customized and made for our skin. So, with the experience of Mr. Dilip of over 25 years in this industry, and my self who has worked in this industry for 15 plus years, we understand what is doctors's want.

We are working continuously with our KOL base. We have a broad KOL base. We have a regular buyer base where we keep working with them on what is the new thing and new trend that they wanted in the market. And based on that, we have created a product pipeline for the next three, four years. So, like I told you, regenerative is the new buzzword in the international aesthetic market and that's changing the aesthetic market completely.

And exosome is the word, E-X-O-S-O-M. In this category itself, we have four divisions. Top-coupling division plus the three divisions that we have. Division will have one Exosom that is special and differentiated. So it will be one from plant category, two from synthetic category, one another that we have that generates Exosom. The brand name is Regenera.

So we are working on the regenerative category also. And with the global market scenario that we have. And with all new approvals there are a lot of players in this market. This market is highly unorganized and a lot of products are imported without new licenses. While we have registered all the products, most of our products will get registered in next two to three months and we will surely launch those regenerative products in Indian market by December or January. So, we are working in line with the global competitive landscape.

Another category is polynucleotides like salmon DNA or salmon facial. If you can hear these words, we have developed our own medication from salmon in India. We are importing the polynucleotide, the salmon DNA from outside India and we are manufacturing. But even in this category there are certain more specialized products, which are in medical device category. All those products are in pipeline in the regulatory approval stage. So like I said whatever trend is happening, we have those products already in our regulatory approval pipeline or we are working and tying up.

We visit Korea or international conferences like IMCAS Paris or AMWC Monaco or Dubai Derma or any other conference for that matter and we are always approaching new products and new launches based on the Indian requirements. So we are already working on the global competitive landscape.

Shyam: My second question was with respect to how differentiated is our brand position with large import driven competitors?

Rahul Sawakhande: I will give you an example to you. So there is the biggest two filler companies in the global market are Allergan and Galderma, the Restylane brand. So now these two brands are in dermal filler category. So under eye you have swollen eyes you inject, lip you inject. Now when we are competing in this market in last two years we have created our 2,000 user base.

How we compete with this is because we have the broadest portfolio like they only operate in filler and toxin category. We operate in filler and toxin, but doctor also will get products like a chemical peel from us which they don't have. They will also get a hair transplant device that they don't have. They will also get a HydraFacial device that we have and they don't have.

So in terms of competition anybody having this broad portfolio currently is not there in India. However, we will surely compete in certain product segment with this multinational company and with the better approval and the better product selection that we have now by US FDA approved product or we have launched recently a new thread which is used for thread lift of sagging face.

It's kind of semi-surgical procedure and we have got one of the best technologies that is patented and nobody will have that technology in India. That product is launched in India. So obviously, we are looking at the competitive landscape and trying to differentiate ourselves.

Shyam: So sir, how are we placed with respect to the pricing with our competitors?

Rahul Sawakhande: Currently as a strategy, like I told you we are a broad portfolio based company. Our pricings are always better than the competition. So we offer the price advantage to Indian consumers because I am very well aware that India is a volume based market and this is our pitch to even our international principles that when you look at India, look at volume and not merely value.

And you can see the history of these brands. They have not grown that much in terms of value and probably they are eroding now because more and more brands are coming. And what we are doing differently is we want to democratize aesthetic in India and we want to stop this trading business.

So we are working closely also with the regulatory body to see how we can reduce the imports that happen without licenses. Already the regulatory is very stringent and now a lot of raids are happening. So a lot of things are happening in Indian aesthetic market. The market will automatically get regularized and we stand a good chance because of our portfolio that we have.

Shyam: Alright. Thank you so much for answering my question.

Moderator: Thank you sir. The next question is from the line of Athar Syed from SmartSync Services.

Athar Syed: Hello sir. I have some questions like my first question is what is the current regulatory framework for medical aesthetic in India? Are CDSCO approvals required for your portfolio?

Rahul Sawakhande: Nice question actually. So Athar is currently marketing different portfolios. So I will give an example so that I think most of the listeners will understand because that's how you will understand medical aesthetic market and it is important from investment point of view also. So first is medical device category in which there are different devices.

So they come in capital device category where we have product called laser. So this is energy and there are certain products which are energy based and there are certain products that are used for hydro facial. So these are all capital devices, one time purchase where the price bracket is very high. Now these regulations were earlier not there for registering this product. So they either come in the beauty market or they come under medical device category.

Recently in 2022-23 government made it voluntary initially to register this product and now it is mandatory and you cannot import these devices without license. So this is one regulation for medical devices which is regulated by the MDR guideline of CDSCO. Medical device also includes products like dermal fillers.

Again there is a separate regulation for injectable products, toxin like Botox it has a separate regulation from CDSCO. Then there is cosmetic category which will require a different regulation and different regulation in terms of they follow BIS standards and there are certain cosmetic guidelines and cosmetic regulations now.

So most of the products that fall under cosmetic category will have a different regulation than the medical device category. And the third category is drug category, a product simple as minoxidil. It falls under drug category. So those require a different set of products portfolio. We require pharmacokinetic dynamic data and all that data.

So all our products are duly licensed and duly registered with CDSCO. The products that we manufacture, most of the portfolio are under cosmetic category and we follow the local BIS standards and local regulations and we have the local FDA approval of all our products. We do not market any product that we don't have registration for.

Athar Syed: Mr next question is like do you hold or plan to file for any proprietary formulation process patent?

Rahul Sawakhande: It's a good place to be in for future and obviously anybody in India would want to either buy or work on this category and I cannot deny it or I cannot accept it at this point in time. Obviously we are always on lookout for something that is proprietary. However, I would like to highlight that we recently bought a proprietary hair transplant technology from a doctor based out of Gwalior and this technology we are developing for global approvals and global marketing.

So obviously we are working on it and one such thing is the hair transplant device. It is marketed -- it will be marketed under brand and generic. Obviously it is also kind of forward integration in hair category we have at home use, in clinic use. Starting from minimum hair loss to regenerative therapy and if anything doesn't work, hair transplant. So we are solving the entire basket of hair which would also open up avenues for future end to end hair care management and you never know it could be a big franchise also.

Athar Syed: So currently we don't hold any patent?

Rahul Sawakhande: Patents no. Proprietary, like I told you the hair transplant device you purchase the marketing and the proprietary rights.

Athar Syed: Okay. And sir, you sell your product I think through MRs. So what is the attrition rate of MRs like usually in pharma business, MRs usually attrition rate of MRs usually very high. So what is your MRs attrition rate?

Rahul Sawakhande: In today's day and world it's a sales driven organization, it's a marketing driven organization and we are at par with the industry of 25 to 27 on annualized basis. So it matches industry. However, our senior managers so down the line there is a lot of attrition, but we have managers who have worked with me for more than 5 years, a big number of people who have got promoted in our organization and the top level is quite solid. So I have people who are sales head working with me for last 5 plus years. Our sales managers down the line above MR, most of them are working for 3 to 5 years.

Athar Syed: And my last question is any bigger challenges which we are facing or which involve in our industry like any big challenges or that's involved in our business?

Rahul Sawakhande: I think my industry and the market segment that I operate, I mentioned in our initial brief also is we are now going against the trend and the flow to reduce our receivable days because typically our business is B2B to doctors. So we are working stringently to bring our receivable days from 130 to 100. It's an initial move from our side and we wanted to be industry first that we should make those controls stringent and still grow the business. And I am very happy that in spite of all this we have been able to add 900 new customers in the first half.

Shyam: Thank you.

Dilip Meswani: Last year we added more than 2,600 customers.

Moderator: Thank you. The next question is from the line of Sandeep from Nuvama Wealth. Please go ahead.

Sandeep: Yes. Hi and thanks for taking the question. And pardon me, maybe I joined the call a little late. I just want to understand and maybe why are we de-growing, because it's a beautiful business and whatever con calls or interactions I had before, we should be growing. Why is that we have de-grown this year? Am I looking at the right number?

Rahul Sawakhande: Actually it's kind of a conscious stringent control that we have put on the kind of business model that we always operated. Because we want to bring down our receivable days from 130 to 100 or below that. And obviously, the stock in the market is getting liquidated. So we will see an upside move in the second half and we will be moving any which way.

So it's typically a short-term issue. It is already going to correct for better positive cash flow for future. We have to take this decision because we got listed on 27th of June and we started interacting with investors and there were a lot of queries regarding the overall receivable days, inventory and the cash flow.

And I understand the cash flow would always be better in terms of business and we want to correct it like we are the first to – first in aesthetic to come to the NSE Emerge platform. We want to be first to correct this trend also and make it positive in terms of cash flow and number of receivable days.

We have worked out that can we bring the receivable days below 60 and at this point in time in terms of the business and normal billing cycle, we feel that it should not be easy immediately. But below 100, I think we can surely give that go and we thought that we should do it this year only because our demand is high. We have lot of new products in pipeline and all these products will surely grow and I am very confident that we will be soon a main board entity. So we are working aggressively on this.

Sandeep: Okay. So basically what I am trying to understand is you are taking a conscious call because your debtors maybe would be increasing and that's why you are saying that we should be taking a call and not selling to those people who are giving you not money on time or something like that. Am I right in saying that?

Rahul Sawakhande: Yes. Perfect.

Sandeep: Would it be a particular channel that we are facing issues or it's a cross or some particular client?

Rahul Sawakhande: Our major business is doctors, dermatologists and plastic surgeons. So typically, it's a habit of industry and we are working now against that. But the positive thing is we are able to add good number of customers and if I say cumulatively in last few years, we have built more than 11,000 customers also.

So maybe it is time that we need to cash in on these customers and we have created around 900 plus customers in the first half. So it's better to be broad based billing than bulk billing to one. So we are changing internally and we are bringing in strict controls in terms of credit.

Sandeep: Okay. So I will just ask another question based on this only. Since you are talking about the issue of the industry in terms of higher working capital. So what will change because you are saying my products are we have added a lot of products? Products are good. And if we are selling through doctors, those guys will not change because that would be the industry norm. Then how will we be able to do this better now going forward?

Rahul Sawakhande: Like I answered you, we have a huge user base. So we will try to build our existing user base and see any change initially is slightly difficult but our products are differentiated. Like I told you, we got recently an FDA approval for two of our brands and then our new products are giving results.

So doctors are using it based on the same we created around 900 new customers this year around 2,600 customers last year. So we are working strictly with these norms. I am very positive that we will be able to manage this. I think it is about to start, because we are also looking at other companies who have also positively reacted to this. So we think that this could lead to an industry change in pattern.

Sandeep: Okay. So I have another question on this again. So if I just try to break-up my revenue, how much would be through doctors?

Rahul Sawakhande: Directly and indirectly everything is through doctors only.

Sandeep: No, directly through them…

Rahul Sawakhande: I will just make it simple, in terms…

Sandeep: Yes, please.

Rahul Sawakhande: So typically there is this, so I am Dr. Rahul, MR comes and meets me and he gets an order suppose for our number one product for yellow pill. So the number one yellow pill, I place an order and I say okay I need 10 units of yellow pill. The billing would be roughly say, INR70,000.

So I go back and place the order in the system. This order goes to two channels. Either it goes to our consignee sales agent or to a local distributor. Now why to a local distributor? The local distributor is in a territory where direct supply doesn't happen immediately. It might be an interior or it might be a party which only deals with non GST parties. There are other things that happen.

So this, either the distributor will bill the doctor or the consignee sales agent, our logistic partner will bill the doctor. Indirectly, directly the doctor is getting billed. Now this doctor will then further sell the product or the procedure to the patient. So our business is purely B2B through this doctor.

Sandeep: Okay. Okay. Clear. Second…

Rahul Sawakhande: And the other thing that we are creating in terms of infrastructure is we have 100 people on ground and we meet maybe around 8,000 doctors in person over a period of say 1 month to 2 months and in conferences and workshops.

Now all these doctors who have used my product at least once or twice also in future are my channels of sale or point-of-sale. So my home-care brand that we have launched in last 2 years those will increase my revenue because typically a professional product, if sold once, there will be one or two or 10 procedures but home care is one per patient.

So that is where the revenue starts growing and that is where we are pegging our growth also. So I think we are nicely placed in terms of number of customers. We just have to utilize these customers and increase our per customer usage. We have uploaded our presentation also on the website. If you see there is one slide where there is per brand, doctors and doctors per brand. Both are on ride. So we have doctors who are using 1 or 2 or 3 products from Aakaar and that has increased over period. So, doctor loyalties also increases.

Sandeep: Got it. Got it. Now, thanks a lot for this. And second is on the questions, like on the numbers that I was just putting in. So much gross margins have improved actually in this scenario also, right? But I think down below maybe because one is of course the revenue has not improved that is a loss because we have the cost structure because my employee cost has increased, right?

Maybe we were building more people for the growth and that has not come. Am I right in saying that?

Rahul Sawakhande: Actually if you see our again I think we should refer to our slides once you get chance to.

Sandeep: Sure, Sure I have not seen those.

Rahul Sawakhande: Yes, we were so I will take you back to 2015 maybe when I joined. Aakaar was a single entity marketing both the home care professional and device. Over period we separated into two separate divisions. One managing device and one managing the entire consumer business that is in license imported or manufactured locally.

Subsequently in-COVID and post-COVID, what we did is we understood that doctor typically as a person he one-to-one interaction he supports the rep that is coming. Exhibitor rep is coming in addition to the product and the product quality. And this is how most companies have multi division.

So we divisionize our business. So today our company has three product divisions and each division has a unique product and a portfolio and that is how we started growing. So while we are doing that India is a big geography. Our people typically -- suppose somebody in Indore might travel to Raipur, Jabalpur, and other places. So, it is more person-driven.

Now, we invested money in different divisions to increase the number of people, number of people from say 30, 40 to 140 has happened over last 5 to 6 years. So that's how our number of headcounts have improved. And that has helped us in better coverage and in the growth also.

Now, this is where the operational leverage will come in next 1 to 2 years because these people -- the turnaround starts, our PCP and -- so our per person productivity last year is around INR5 lakh. Now, when you add more people coming for the new division, the productivity in terms of value per person might be slightly lower, but if it's a division-specific, the productivity for a particular person in one division will go up in coming years.

So, we expect the productivity to come in and the operational leverage to come in because all the products that we have launched in last 1 to 2 years, they are in the validation phase and once the validation happens, you will see upside immediately.

Sandeep: Got it. Now, my last question, if I just look at what is the number that we broadly look at, let's say, next 2 years, I'm not asking numbers broadly, but let's say with this capability and these many people that we have on board and of course, we will hire more, what is that we are looking at in Aakaar Medical?

Rahul Sawakhande: I think I will answer this in personal capacity. I want it to be number one in Indian aesthetic market. We are a market of US$3 billion US$5 billion whatever data that comes through various research, but then obviously I think INR1,000 crores benchmark I can set for myself.

That is where I want to take this organization to and while explaining also because we are operating in a market where I think we have brought in a lot of unique products and portfolio and we have built the infrastructure, so I think we have our own logistics supply chain, we are investing in software of people, billing, reporting, MIS.

A lot of things are happening in backend and we are -- after getting funding, we are slightly relaxed on in terms of working capital. Even my cash flow improvement that will happen with the stringent control, we will be investing a lot in marketing, D2C marketing.

I'm not talking e-commerce at this point in time, I'm saying D2C marketing where we want to -- we are creating the market, so we are not catering to an existing market, we are creating the market and we want to bring the consumer back to the doctors, so we are working on that also. So, how can we increase demand at doctors for our product and our portfolio and how we can increase our branding.

Sandeep: Got it. And my another question, see my competition is because I am routing my product through doctors. And OTC I suppose will be a bigger market when I talk about creams and all that, you know, all these Korean stuff also because if you go to a normal local, of course, not the local-local, but the bigger malls and all that, you will find so many OTC Korean products.

And of course, although not the competition, but like Kama, or maybe Forest Essentials, although they are not selling a similar kind of product, but that is a bigger market and do we want to get into those kind of value chain -- those kind of not the value chain, but the maybe those shops and all that also or I want to always be a derma guy through doctors?

Rahul Sawakhande: I will answer this question in two parts. The first part, I want to be an expert driven business. So my point-of-sale, if I go D2C and my point-of-sale is doctors, obviously, we are working on models that my doctor becomes my Nykaa outlet or Kama outlet or Forest Essentials outlet that is where we are working, that is a work in progress.

Because obviously the doctor will always ask me what is in it for me and I am profiting in a space where doctor will not use these products, which are already available outside, because the margins are at stake, the doctor gets their margins.

Now the second question is OTC. I would, I think we always love the idea of having this heavy turnovers with negative cash -- negative profitability. Aakaar in last 5, 7 years, 8 years whenever I have seen our profitability we always have been in PAT positive.

I think me and Dilip sir, typically we are against negative profitability otherwise our brand TUBELiTE, it was already selling online, doctors stopped using it and we had a decent revenue. And for your information we have rebranded the product and kept it and obviously e-commerce is a market where we want to be, but not at this point immediately.

We want to build that brand through doctor credibility and results at doctor, because we don't want to be in a space where the product doesn't give result and the patient doesn't come back. The word that we typically use written on ad spend and customer retention cost, I don't want to have a very high customer retention cost.

Now I will give an example, there is a product you all know called Calpol or Crocin now Calpol Crocin typically was a brand prescribed by doctors and then over period it became OTC, that is the route that we want to take, a doctor driven brand then the patient and the consumer start buying this brand on their own. And this is where we want to have a better home care product category that is result driven and can compete with any international brand.

Sandeep: Got it. Got it.

Rahul Sawakhande: E-commerce will happen, but we will not burn money.

Sandeep: Okay. Not as of now maybe later when we have some size and scale, right?

Rahul Sawakhande: We will start listing and all that in coming time soon and – but we will do it more organically without immediate burn.

Sandeep: Okay. Got it. And those are my questions. Thank you very much.

Rahul Sawakhande: Thank you.

Moderator: Thank you. The last question is from the line of Maitri Shah from Sapphire Capital. Please go ahead

Maitri Shah: Yes. Your explanation on the brand and the market was quite insightful. I just have two questions. Firstly on the guidance for this year, so you are still targeting a 25%-30% momentum in the growth for FY '26 is that what I heard is correct?

Rahul Sawakhande: I am 100% targeting that and the reason is I want to be a growing organization. I want to be a profitable organization and I am targeting that, but if you ask me what is my primary target today and what is my investor looking at? I think they are looking at us to make this business more credible in terms of cash flow and receivable days improving, and that's what the feedback we have been getting in last 3 months, and that is the reason we have started working aggressively on that.

In terms of business my team is on the ground which is working daily and we have launched a lot of products, we are converting a lot of customers everyday and like I told you we have added around 900 customers along this year. So we are working aggressively on brand building and we will surely be growing, so our CAGR. I think our CAGR will be retained in next 3 years

Maitri Shah: Okay. Also you mentioned that you have added 900 plus customers to the first half of the year. We still saw a degrowth in the revenue. So are we losing our existing customers, is that what has happened or any …

Rahul Sawakhande: No, the concern is the payment cycle. So we have not built in since the payment is clear. And forward going what we are doing is the people who are buying products from us, the new customers, we have kept the payment from -- at stringent value. So we say don't build in bulk. Take a minimum quantity and that is where slightly moderation is seen. But I think we will be able to deliver the CAGR in next 3 years.

Maitri Shah: Okay. Also on the margins front. So the gross margins we were quite intact on that, but going forward what sort of EBITDA margins are we targeting do we see ourselves retaining the 16% EBITDA that we did in FY25 or maybe a bit of pressure on EBITDA for this year?

Rahul Sawakhande: See, again I am answering this from again a personal capacity the reason I will tell you because I cannot tell you exactly what it is. But if you ask me I am targeting to better what I did last year because otherwise they are not growing, so I am obviously trying to better it.

Even if you see our current year EBITDA with the kind of turnover we are better than last year if you compare turnover versus turnover. In terms of this turnover moderation in our EBITDA is different. Otherwise we have got a lot of measures where we so typically we got hit on the foreign exchange part and the certain bulk billing part.

But if you see our expense and other things, we have tried to bring most things in control. We are trying to optimize except salary increase I think we try to moderate everything possible. I think people front, we want to keep motivating people and touching our numbers. So I think we are on the right track and I think we should be able to deliver.

Maitri Shah: Okay. Yes, that is it from my side thank you and all the best.

Rahul Sawakhande: Thank you.

Moderator: Thank you. Ladies and gentlemen that was the last question. I now hand the conference over to the management for the closing comments

Dilip Meswani: Thank you. Thank you all participants for your valuable questions and engagement today. We appreciate your interest in Aakaar. If you have any further queries or require any further additional information, please do not hesitate to contact our Investor Relations team at GoIndia Advisors. We remain committed to engaging with you all. Thank you once again for your participation and wishing you a great day. Thank you.

Moderator: On behalf of GoIndia Advisors LLP that concludes this conference. Thank you for joining us you may now disconnect your lines.