



“VeerHealth Care Limited  
Q3 and 9M FY '24 Results Conference Call”  
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**MODERATOR: MS. CHANDNI CHANDE – KIRIN ADVISOR**

**Moderator:** Ladies and gentlemen, good day and welcome to Nine Months Q3 FY24 Results Conference Call of VeerHealth Care Limited hosted by Kirin Advisors. 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. Chandni Chande from Kirin Advisors. Thank you and over to you, ma'am.

**Chandni Chande:** Thank you. On the behalf of Kirin Advisors, I welcome you all to the conference call of Veer Healthcare Limited. From management side, we have Mr. Bhavin Shah, Managing Director, Mr. Akash Shah, Chief Financial Officer. Now I hand over the call to Mr. Akash Shah. Over to you, sir.

**Akash Shah:** Thank you. Ladies and gentlemen, good morning and thank you for joining us today for Veer Healthcare Limited's inaugural conference call to discuss the financial performance of third quarter and nine months of financial year 24. I extend a warm welcome to each one of you.

Before we delve into the specifics of nine months and third quarter financial year 24, let me provide a brief overview of VeerHealth Care Limited. We are a manufacturer and supplier of Ayurvedic medicines, oral care products and personal care products. Our state of the art manufacturing facility in Vapi, Gujarat is designed to comply with international requirements ensuring validated systems and adherence to stringent quality standards.

Under the expert guidance of renowned Vaidya Doctor Vinod C Mehta and formulation expert Dr. Rajiv Bhirud, we produce research-based quality products that encompass a wide range of healthcare, oral care and personal care items. Our certifications include Ayurvedic and cosmetic GMP, ISO 9001-2015 and authorized economic operator T1 certificate. Testify to our commitment to manufacturing excellence.

Our focus on delivering high quality Ayurvedic herbal and cosmetic healthcare and personal care products under the renowned brand Ayuveer has been instrumental in driving substantial revenue and profit growth. We take pride in providing holistic wellness solutions while upholding the highest standards of quality and compliance. I am particularly proud to share that VeerHealth Care Limited has recently received the US FDA Labeler Code Allocation, a significant milestone that underscores our dedication to quality and regulatory excellence.

This achievement further solidifies our position in the global healthcare market as we continue to strive towards delivering premium healthcare solutions worldwide. Now let me take you through the company's financial performance during the 9-month financial year 2024. In the 9-month financial year 2024 period, our company exhibited strong financial performance with total income reaching INR1107.95 lakhs, marking a commendable year-on-year growth of 5.48%.

EBITDA surged to INR111.63 lakhs, showcasing a robust year-on-year growth of 45.9%. Accompanied by an increase in EBITDA margin to 10.63%, reflecting our operational efficiency and focus on profitability, Net Profit showed a notable year-on-year growth of 67.36% to

INR53.37 lakhs with Net Profit Margin expanding to 5.33%, underscoring our commitment to prudent financial management and maximizing shareholder value.

These results demonstrate our resilience, strategic initiative and dedication to sustainable growth, positioning us well for continued success and value creation for our stakeholders. Thank you for your attention and I am now open to taking any questions you may have.

**Moderator:** Thank you very much. The first question is from the line of Yashwanti from Kojin Finvest. Please go ahead.

**Yashwanti:** Thank you, sir and congratulations for the good set of numbers. I just wanted to understand your business model. You said we have a plant at Vapi, Gujarat. So what is the capacity we have?

What products do we manufacture over there? How many products do we have under each category? And do we also get this contract manufacturing done for somebody from someone or we do contract manufacturing for someone?

**Bhavin Shah:** Good morning, everybody. This is Bhavin Shah. I'll be taking the questions. Hi, Yashwanti. We are manufacturers for herbal and cosmetic formulations having a GMP certified plant at Vapi. So we are having three different categories of production lines.

First is the herbal, that is Ayurvedic category. Second is the cosmetic category. And third is the disinfectant category. Under Ayurvedic, we are doing oral liquid, tablets, powder, and ointment. These are the four categories we are covering under Ayurvedic license. So under this, we are having chronic as well as non-chronic range of products.

In this category, we are doing contract manufacturing for a brand called Babuline Pharma. We are doing contract manufacturing for gripe water on a full volume. Second is our cosmetic range of products.

Under that, we are having oral care, hair care, skin care, body care, those segments of products. And we have a brand called Ayuveer, under which we are covering the entire range of segment. In all, we have at the moment about 42 product lines covering all the categories under cosmetic license.

In this, we are doing contract manufacturing for leading brands like Apollo Pharmacy and there is the davaindia. We are also doing contract manufacturing for exports in oral care at the moment. For example, for Apollo Pharmacy, we are doing oral care. We are doing five, six variants of toothpaste. We are doing shampoo, conditioners.

So that is the range we cover for Apollo Pharmacy. Under disinfectant, we are having floor cleaner and other fabric disinfectants, which we are doing contract manufacturing for a private label. So this is the product range we cover under three categories. We have a 60,000 square foot built-up area covering this entire segment.

**Yashwanti:** So will you have all the manufacturing sectors at your area...

**Bhavin Shah:** I am not able to hear you correctly.

- Yashwanti:** So all these three verticals which you are having, so we have the three different business manufacturing segments at your plant, right?
- Bhavin Shah:** Yes, all in one facility itself.
- Yashwanti:** Okay, and that is your own manufacturing, sir?
- Bhavin Shah:** Yes, yes, all these are our own manufacturing. We are the contract manufacturers for other brands. We do not get any brands contract manufactured in the market. We are the company who does the market for our range of products, and we are doing contract manufacturing privately for other brands.
- Yashwanti:** Okay. So can you just help me understand what is the marketing difference for your own manufacturing products, which you marketed and the products which you do as a contract manufacturer? What is the difference in the market?
- Bhavin Shah:** Since at this moment we are growing the brand that is Ayurveer, so right now our margins are about 12% to 15% in our own brand, and contract manufacturing is about 8% to 10%.
- Yashwanti:** Okay, so there it is a volume difference?
- Bhavin Shah:** Your voice is not clear ma'am?
- Yashwanti:** So there it is a volume game as well?
- Bhavin Shah:** Yes, exactly.
- Yashwanti:** Okay, and what is the capacity utilization at the current level when you already have our own brand, you are also doing the manufacturing, so how much is our capacity utilized till date?
- Bhavin Shah:** In herbal section, leaving of the tablet, we are utilizing about 80% of the capacity and under cosmetic, we are utilizing about 70% to 80% of the entire capacity.
- Yashwanti:** So that is till date?
- Bhavin Shah:** Yes.
- Yashwanti:** So it's quite possible that by the end of the year you will be utilizing the full capacity. So are you looking to expand your capacity?
- Bhavin Shah:** Yes, recently we've got our registration through with the US FDA, and now we are qualified to manufacture and supply oral care range of products for one of our customers in US, which is in the correction industry. So over there, first phase we are going to cover is oral care, that is toothpaste, and going forward we are going to continue with body care and skin care range of products. So it's a volume game there, again, and we are through with the first part.
- We are starting with two variants by the end of this month, and going forward in the next financial year, we are going to have an expansion of multiple manufacturing lanes. We have also

expanded our in-house testing facility, our in-house care facility, everything is done by now. So with this qualification and with this new market opening, we see a good expansion in coming years.

**Yashwanti:** So do you have some plans on paper or maybe in your mind, like how much capacity you want to expand in FY '25, and how it will be funded? So is it possible to fund it from the internal sources or you need to raise funds from market or you have to go for a debt?

**Bhavin Shah:** The Board has decided to raise a new equity with the right issue. See our expansion plan is about, at this moment, we are having an investment of about INR1,200 lakhs, and further expansion we are planning is INR3,300 lakhs. So this will be raised by INR33 crores.

In this we are planning to have an equity raise of INR25 crores by way of right issue or preferential, that is a decision yet to be made. And INR8 crores we are going to raise by term loan. In this we are going to cover land building, plant machinery, and furniture fits.

**Yashwanti:** So if I may take two more questions. I just wanted to understand what is the contribution to the revenue from our own brand sales and from the contract manufacturing, this is one. And secondly, I just wanted to understand, what is the contribution to the revenue from your domestic sales and export sales?

**Bhavin Shah:** The contribution to revenue in domestic sales is about 20%. Export sales is about, you can say 65%, and this is contract manufacturing. Up till now we are having captive customers in East Africa. We are making various brands for them. And we are doing this since 6-7 years. And there also there is an expansion in other different countries in East Africa, for which the registration process is on.

**Yashwanti:** And the last question, can you just guide us on the margin profiling? Currently we are around 10.75%, around 11%. Own production gives you around 12%-15%, contract manufacturing gives you around 7%-8%. So how the margin profile is headed for?

**Bhavin Shah:** Yashwanti, could you just come again? I could not hear you clearly?

**Yashwanti:** In the current quarter you reported the margin up around 10.75%, that is around 11%. You said on your own brand you earned the margin in the range of 12%-15%. While on your contract manufacturing your margin is around 7%-8%. So what is your guidance or what is your outlook on the margin profiling going forward?

**Bhavin Shah:** Going forward we are going to accelerate on this US opportunity what we have. Right now we are covering oral care. And the other segments what we have already qualified for doing it and the process is on.

There we are expecting a raise in the margins. We also have an in-house, we have done a backward integration of in-house packaging material production. So there we are targeting to raise the margins and come up to healthy margins level.

**Yashwanti:** What was the spend on this backward integration and when it was done?

**Bhavin Shah:** It was done about 3 months back.

**Yashwanti:** Okay, and how much did you spend on it?

**Bhavin Shah:** Sorry?

**Yashwanti:** How much you had spent to have this facility in-house?

**Bhavin Shah:** About 50 lakhs.

**Yashwanti:** Okay, so thank you so much and wish you all the best for your future.

**Bhavin Shah:** Thank you so much.

**Moderator:** Thank you. And the next question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.

**Parikshit Kabra:** Hi, thank you for the opportunity. I am sorry of course I am very new to the company.

**Moderator:** Can you take the device closer to you? Your voice is a little bit muffled.

**Parikshit Kabra:** Is this better? Sorry about that. So thanks for the opportunity and some very basic questions. I am still familiarizing myself with the company. First of all, actually, first you started by saying that there are two press releases out. One says that in next year you will do about INR100 crores. And another one it says that in next 3 to 4 years you will do INR100 crores. I just wanted to first check which one is the correct guidance?

**Bhavin Shah:** We are targeting revenue of INR100 crores in next 3 to 4 years. year, right? No, no.

**Parikshit Kabra:** 3 to 4 years, not in the next in one year.

**Bhavin Shah:** No.

**Parikshit Kabra:** Okay, fair enough. Secondly, I am not sure what the terminologies are. You have mentioned that you are trying to get FDA approval. And now we have released a press release saying that we have got FDA labeller. Is this one and the same thing? Are we FDA approved now?

**Bhavin Shah:** Yes, we are registered with the labeller now. We are also, the FDA filing is also completed now. And the next process is drug registration, which is underway and expected to close this week.

**Parikshit Kabra:** And is this just a mere formality or does this can also have hiccups?

**Bhavin Shah:** No. The first step here is the qualification for the manufacturing facility and you have to be eligible as per the requirements of the US FDA. Then the next process is to have a registration as a labeller code. To do that, you need to have a confirmed captive buyer in the country. So that we have identified and our buyer has, we have finalized the business contract. So based on that, our registration is completed. Now drug filing is in the process.

**Parikshit Kabra:** So the drug filing is in process. This is probably the most complex process, right?

**Bhavin Shah:** Yes.

**Parikshit Kabra:** Okay, so, but you think that the decision will come in within a week or two?

**Bhavin Shah:** It is almost on the stage of completion. We are expecting it before, it should be done before 20th of May.

**Parikshit Kabra:** Okay, got it. Understood. Next was, I'm just trying to understand that your current product range, the ones that you're selling with your own brand, where are you selling them?

**Bhavin Shah:** We are doing online on marketplaces like Amazon and Flipkart and through our own website.

**Parikshit Kabra:** Okay. And what is the sale, what is the revenue percentage of our own brand?

**Bhavin Shah:** Say about 15% of the total sales.

**Parikshit Kabra:** Okay, got it. And the rest of it is contract manufacturing?

**Bhavin Shah:** Yes, contract manufacturing.

**Parikshit Kabra:** All right. So the earlier person also asked this question in terms of margin, but since our ROE has not come, even though we are almost nearly at full capacity, 80% capacity utilization, what is the path to increasing our return on equity?

**Bhavin Shah:** See, presently in this manufacturing facility where we are at the moment, we have been doing our own brands and we have been also doing contract manufacturing. While doing so, you know, we put in a lot of effort in the last two years to identify a robust captive buyer and to set it up as a big manufacturing unit, which we have completed now and we have successfully identified the buyer, got the contract, registration is getting completed. We are expected to start our first shipment before we close this financial year.

We are targeting to ship out at least two shipments and to get the further planning for the next commercial year. So, these guys, these buyers have a very huge contract terms. So, now we are going to scale up with more manufacturing lines, more automization and get the maximum output.

**Parikshit Kabra:** So, are you expecting higher margins? Are you expecting operating leverage to kick in? Which element do you think is going to help you increase your return on equity?

**Bhavin Shah:** With increase in volume, we are also targeting an increase in margins and increase in revenue. Because where we are right now and where we see ourselves in next financial year and next coming two-three financial year, we are in a much better position. We are scaling up our manufacturing facility, our buying strength goes up and we have a set platform to accelerate.

**Parikshit Kabra:** So, the export orders that you are selling, these are in your own brand or is this a contract manufacturing order?

**Bhavin Shah:** No, contract manufacturing.

- Parikshit Kabra:** And what are the indicative margins for this contract manufacturing?
- Bhavin Shah:** About 8%-10%.
- Parikshit Kabra:** So, that remains the same as your current contract manufacturing?
- Bhavin Shah:** Yes. So, this will scale up once our two shipments are out and we close this financial year. See, here the hiccup is the first challenge for any company in the US is to get qualified. This is the biggest challenge everyone faces. And since the trend of everybody moving from China, there is a big opportunity for a country like India. So, at this moment while we are speaking, there were three top manufacturers of toothpaste and suppliers to US, out of which two are disqualified.
- And only one business house is there in trade. And since we have also qualified, we see a big opportunity for expanding our supply of oral care. There are six or seven -- six to seven big corporate houses in the US who are into the detention, supply and correction industry. Challenge for them is to have a supplier who is qualified by the FDA and which is approved by the FDA.
- Parikshit Kabra:** So, if I were to summarize what you are saying, China, so people are trying to -- so far the US has been importing from China. Now that they are trying to find alternative vendors, they have looked at India. Within India, there are two-three players who can do this. But most of them have not been qualified by the FDA. You are in the process of getting qualified and hence you are getting a regulatory arbitrage.
- Bhavin Shah:** Correct? Yes, we are done. Our qualification process is completed. Our code is registered. Our company is registered. Now, just the drug filing process is going on.
- Parikshit Kabra:** Okay. Why is it so difficult?
- Bhavin Shah:** Ok. See, the drug filing is, suppose you are making a particular formulation, whatever the formulation you have, that needs to be filed with all the supporting documents. So, it's a process which is done by an agency which is appointed by our registrar, which is in the US. So, that process -- Please, you were asking something.
- Parikshit Kabra:** Yes. No, that's fine. What I will do is, I will come back in the queue, just to make sure that I am not eating everyone else's time. All right? Thank you.
- Bhavin Shah:** Thank you so much.
- Moderator:** Thank you. And the next question is from the line of Khushboo Kaur, an Individual Investor. Please go ahead.
- Khushboo Kaur:** Okay. Sir, I have a question. Like, what factors do you attribute to a decline in the net profit with falling margins? Like, so, what are the steps that the margin management is planning to improve the profitability?



- Bhavin Shah:** With the scaling up of the production line, we have planned to move on a mass scale automation, which will get our cost of production down. Also, with the volume of buying and the numbers, high numbers of buying, that will also help us get the cost of production down.
- Khushboo Kaur:** Okay. And why hasn't our top line improved despite reaching the full capacity? Like, any factors that are affecting the growth?
- Bhavin Shah:** As I said, as of now, all three divisions that we run in the current manufacturing facility are at the top. We are planning to move to a new facility soon and add another production capacity and increase the top line.
- Khushboo Kaur:** Okay. And do we expect the same challenges in the net profit and margins in the coming next quarter, that is, fourth quarter? Do you have any plans to improve your profitability?
- Bhavin Shah:** Yes. As I said, we will be closing out shipments before we end this financial year. And we are expecting a full plan for the next financial year also from the company. So, that is going to be our biggest -- See, the entire stage is set. Now, we just have to do the production process and make the dispatches on time.
- Khushboo Kaur:** Okay. And how much business we get from USA and CSI countries after getting labeler code from USA FDA?
- Bhavin Shah:** We are expecting a growth of at least 20%, right? This year, we are targeting to close at 14.5. Next year, it should be about 17. But we are hoping to add a few more categories and a few more products in other categories like body care. That is also a big market in the US. So, that also is expected to come into business by second quarter next year.
- Khushboo Kaur:** Okay. So, this year, we do not see any growth?
- Bhavin Shah:** This year, we will close at 14.5 to 15.
- Khushboo Kaur:** Ok. Got it. And could you provide insight into the research and development efforts to ensure product relevance and quality?
- Bhavin Shah:** I can share it over email. Is it fine?
- Khushboo Kaur:** Okay. And how much revenue from body care is expected in the next coming quarter?
- Bhavin Shah:** Approximately, next quarter, I would not say next quarter. In next financial year, we can say about INR2.5 to INR3 crores.
- Khushboo Kaur:** Okay. Financial year is FY24, right?
- Bhavin Shah:** Yes.
- Khushboo Kaur:** Okay. Thank you, sir.
- Bhavin Shah:** Thank you so much.

- Moderator:** Thank you. The next question is from the line of Ankit Kumar, an Individual Investor. Please go ahead.
- Ankit Kumar]:** Hello, sir.
- Bhavin Shah:** Hi, Mr. Ankit.
- Ankit Kumar:** Hello, sir. So, can you elaborate on the competitive landscape in Maharashtra and Gujarat for over-the-counter and ethical products?
- Bhavin Shah:** We are a herbal manufacturing company. And we are not marketing any of our product range on ethical line of business. We are purely a herbal manufacturing company. We do not cater to any of the allopathy or nutraceutical range of products.
- Ankit Kumar:** Okay, sir. So, what is the market demand for the company's oil, shampoo, ointment and toothpaste products and the current scenario?
- Bhavin Shah:** We are marketing our range of products through our website and other marketplaces like Amazon, Flipkart. We are also covering marketing through social media like Instagram, Facebook. So, we are marketing our products through these channels and our majority focus is on contract manufacturing.
- Ankit Kumar:** Okay, sir. So, how much business can we get from government e-marketplace?
- Bhavin Shah:** Government e-marketplace, we recently have completed our process through QCI and we have started bidding tenders. So, this we are expecting at least INR1.5 to INR2 crores business in the next financial year. The qualification is complete. We are registered as an OEM brand on the portal through QCI. So, we have started bidding for the tenders.
- Ankit Kumar:** Okay, sir. So, what are the major challenges companies face in its operations and how do you ensure regulatory compliances for its products?
- Bhavin Shah:** See, we have our product consultant Mr. Rajiv Bhirud who is having vast experience in this industry of about 40 years. Regulatory compliance, we also appointed an agency who is going to take care of our CGMP regulation and the compliance part. So, once we have that in place, Mr. Rajiv Bhirud and Mr. Mehta. So, these two people are giving us consultancy for product composition and formulation side.
- Our backward integration of setting up the R&D lab, setting up the microbial lab. Up till now, we did not have in-house testing facilities and in-house R&D facilities. But since last year, we have developed in-house facility and we are having in-house R&D division as well.
- Ankit Kumar:** Ok, sir. Thank you.
- Bhavin Shah:** Thank you.
- Moderator:** Thank you. And the next question is from the line of Lata Sharma, an Individual Investor. Please go ahead.

**Lata Sharma:** Hello.

**Moderator:** Ma'am, can you take the device closer to you?

**Lata Sharma:** Hello. Thank you for the opportunity. My question is, what are our future growth strategies?

**Bhavin Shah:** I am not able to hear you, ma'am.

**Lata Sharma:** What are our future growth strategies?

**Bhavin Shah:** As I said, this year, we have got our registration and qualification through with the US FDA. We are capitalizing. We are planning to capitalize on this. In the oral care category, we have got the contracts in place and we have got our initial orders and registration it's almost in the final stage. So, our future growth strategy in the next three financial years will be to grow on this and to expand ourselves in the US market, which is a big opportunity for the company to grow in the segment.

**Lata Sharma:** Okay, okay. My next question is, do we have any business or credit acquisition on card?

**Bhavin Shah:** No, we do not. All the formulations are done in house and there is no formulation acquisition or any type of acquisition in this business.

**Lata Sharma:** Okay. And what is plant expenditure on branding for next two to three years?

**Bhavin Shah:** We are planning to have a fresh investment of about INR33 crores in next financial two years by way of land building and plant machinery.

**Lata Sharma:** Ok. Thank you, sir. All the best.

**Bhavin Shah:** Thank you.

**Moderator:** Thank you. The next question is from the line of Raj from Arjav Partners. Please go ahead.

**Raj:** Okay. If I heard it right, you said for FY25, from US FDA approval which you got, you are expecting a sale of around INR17 crores, right?

**Bhavin Shah:** Yes.

**Raj:** Okay. Is it for the entire company?

**Bhavin Shah:** Sorry March 24, about 17. March 25, we target of about 30.

**Raj:** All right. So it is for the entire company, right?

**Bhavin Shah:** Yes.

**Raj:** All right. And about the expansion which you announced of INR33 crores, so it is for FY25 and FY26?

- Bhavin Shah:** That's in the process. We plan to close it soon. It also depends on how fast we get the projections and get into the line. Since I said we'll be ready with the first shipment this year. So, later next year in about say second quarter, we will be confirmed with the expansion plans.
- Raj:** All right. And it will come on stream by what time?
- Bhavin Shah:** It should be in by, before we close, March '25.
- Raj:** All right. Okay, sir. All the best. Thank you.
- Bhavin Shah:** Thank you so much.
- Moderator:** Thank you. And the next question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.
- Parikshit Kabra:** Hi. Thanks for taking my question, again. I was hoping, is it possible for you to give a little bit of a history of the company? It's a reasonably old company. So just wanted to understand what have you guys been doing so far and why have we struggled to pick up, expand in India itself?
- Bhavin Shah:** We started with an herbal and cosmetic manufacturing company in Ahmedabad, wherein we had -- initially we had only herbal license. Then we did oral care, oral liquid, tablets, ointments and powders. There initially the company made their own brands and marketed, but could not do it successfully.
- Then we switched to the contract manufacturing business and we successfully got this brand called Babuline Pharma, which is about 90 years old brand. And it has a big presence in the state of Gujarat. So we switched to the contract manufacturing business.
- Moving forward, we also identified this customer in East Africa, with whom we started manufacturing and exporting toothpaste. In the next two years, we realized the factory was small enough and we had to move to a bigger production line and we had to move to a bigger place. So we moved our plant to Vapi.
- In expanding all the categories and all the verticals of giving all the options to the buyers, we started commissioning different, different segments under cosmetic and under herbal segments. So slowly, slowly, as time went by, we started working with East African buyers, then Davaindia in India, then Apollo Pharmacy we identified. With them also, we've done healthy business of hair care and oral care business.
- With davaindia also, we are doing tablets, we are doing oral care, we are doing other cosmetic range of products. So now we are at a stage by participating in different, different trade shows and having different, different experiences world over, we found this opportunity for registering in a mega market like U.S., which is the biggest hub.
- And we started working on that. It took us about a couple of years to get the qualification done in place and to identify a buyer, which is done by now and now the stage is set to accelerate and make it big in this contract manufacturing business.

**Parikshit Kabra:** Got it. Great. Thank you for that. And secondly, I know you're not revealing the name of your U.S. buyer, but can you tell us at least what kind of a person is he? They have their own toothpaste brand or are they a distributor of these kind of products? How many points of sales do they have? What is their distribution range? What is the size of their business in these categories? Any such detail to give us a sense of what is the potential size of business from this buyer?

**Bhavin Shah:** This buyer is a -- he is a supplier to the correction and detention industry. So basically, it's a government supply business in the U.S. He is in this business since more than 45 years now. In all, they have about 145 products in different, different categories. Up till now, they had sourcing from China, India, Malaysia, Indonesia. Since last year and a half, they have closed down their China sourcing and they moved to India and Malaysia.

And as far as toothpaste, their sourcing of toothpaste goes is about \$1.5 million a year. That's only toothpaste. If you take other segments like we have other segments like body care, skin care, that also it's a very volume business. So for them, the business model is they are bidding tenders to all the 50 states in the U.S. And they have a government supply business, which is in the detention industry. So that is their model.

**Parikshit Kabra:** Got it. So now, obviously, with this one buyer, you want to expand your business with him. And you'll do that by going into different categories and increasing the share of quality in each category. But besides that, are you also in the process of finding other such buyers in the U.S.? How is that hunt coming up?

**Bhavin Shah:** That's what makes us unique. There are in this industry, there are about six to seven such giant business houses in the U.S. who are dealing into such products. Now, for example, for us, the oral care segment is critical for them because that comes under FDA.

Other products, what they deal into, say about 145 to 150, what I told you, not all of them come under FDA. So for them, it's a big challenge to have a manufacturer and supplier who is vetted and qualified by the USFDA. So our qualification as a supplier, which is supported by the USFDA is a big opening for us in the entire U.S. market for all these six buyers and make us available for suppliers.

So what happens is, since Veer Healthcare, as soon as we get registered, there's a flash in the USFDA database. There is a new supplier from India who is registered and approved as an oral care supplier. So as soon as that is posted on that database, it is known to -- it's a very small market there.

So there's a flash and we are known to people that you are available as a supplier. So we've already started working out on our expansion plans, adding new lines of manufacturing and filling. And we already started planning on this.

**Parikshit Kabra:** And you said from oral care, which is the immediate next category you want to move into?

**Bhavin Shah:** The next category we are moving is body care. So there is an all-in-one liquid soap. So that is our next product we are going to launch.

- Parikshit Kabra:** But this wouldn't be requiring FDA approval, right?
- Bhavin Shah:** No, it does require the USFDA approval. In the U.S., anything which touches your body requires a USFDA.
- Parikshit Kabra:** And you know how you said that one buyer is 1.5 million is his overall purchase for toothpaste. What would be the same for body care, this all-in-one product?
- Bhavin Shah:** I think double than this. Because as a policy, they have minimum three suppliers for each category.
- Parikshit Kabra:** Yes.
- Bhavin Shah:** So we have maybe one and there may be other two suppliers for this.
- Parikshit Kabra:** Got it.
- Bhavin Shah:** Again, the most challenging part is to get registered and to get qualified for being eligible to supply in the U.S. So all the hard work is done. Now, we just have to accelerate.
- Parikshit Kabra:** When you set up a new facility, will you have to go for an FDA approval again for the new facility?
- Bhavin Shah:** Yes.
- Parikshit Kabra:** How long will that process be?
- Bhavin Shah:** The process in the US is, if we move from one facility to another facility, there is an audit done, which is just a confirmatory audit, which is posted in about six to eight weeks.
- Parikshit Kabra:** Okay, perfect. So that transition should be easy enough. And lastly, when are you planning on going into the market to raise your preferential issue?
- Bhavin Shah:** By next year, we should be coming out after the first quarter.
- Parikshit Kabra:** After the first quarter. Okay, perfect. All right, thank you.
- Bhavin Shah:** Thank you so much.
- Moderator:** Thank you. And the next question is from the line of Shivam Sharma from PCR Capital. Please go ahead.
- Shivam Sharma:** Hello, sir. So my question was, how does the company stay adaptable in introducing new products in line with market trends? And what has been the success rate of this introduction?
- Bhavin Shah:** We have been handling new products to our Ayuveer range of products, like skin care, body care and hair care. Since we are doing marketing through online platforms, so we are growing at a steady pace and hoping to get a decent market by next financial year.

- Shivam Sharma:** Okay, so what is your best selling products and specify the online platforms used for marketing and sales?
- Bhavin Shah:** I would say our best selling products are in oral care and hair care category. And online, we are on Amazon, we are on Flipkart and through our own website, that is ayuveer.com.
- Shivam Sharma:** Okay, sir. And so what is the market demand for the products, oil, shampoo, toothpaste and the current scenario?
- Bhavin Shah:** It's about 10% to 12% of our total revenue.
- Shivam Sharma:** Okay, sir. And sir, can you shed some light on the company's export strategy? And are there any plans to expand the export market?
- Bhavin Shah:** Export strategy up till now, we were covering countries like East Africa, North America and through other merchant exporters in India. Now we have entered the US market by registering our own manufacturing facility. And we are targeting to expand the same in coming three financial years.
- Shivam Sharma:** Okay, sir. Thank you so much. Thank you.
- Moderator:** And the next question is from the line of Parikshit Kabra from Pkeday Advisors. Please go ahead.
- Parikshit Kabra:** Hi, I'm back. Just last question. Can you tell me either your company level gross margins or your fixed cost, either one of those two numbers?
- Bhavin Shah:** For the next projections?
- Parikshit Kabra:** No, currently.
- Bhavin Shah:** So currently, we have reported about INR89 lakhs of profit after tax.
- Parikshit Kabra:** Sorry, I'm asking for gross margins, company level gross margins or your fixed cost?
- Bhavin Shah:** Gross margins would be approximately, you can say 12%. I'll redo the numbers and I'll share with you.
- Parikshit Kabra:** No problem. If I can find a way to connect with you, I would love to get in touch.
- Bhavin Shah:** I'll give you my email or you can send me yours or I have it. Send it to you.
- Parikshit Kabra:** Yes, if you can give me your email, that would be great.
- Bhavin Shah:** It's info@veerhealthcare.net.
- Parikshit Kabra:** Got it.
- Bhavin Shah:** Please do share your queries, whatever you have, we'll have it replied to you.

**Parikshit Kabra:** Done. Thank you.

**Moderator:** As there are no further questions from the participants, I now hand the conference over to Ms. Chandni Chande for closing comments.

**Chandni Chande:** Thank you everyone for joining the conference call of Veer Healthcare Limited. If you have any queries, you can write to us at [research@kirinadvisors.com](mailto:research@kirinadvisors.com). Once again, thank you everyone for joining the conference.

**Moderator:** On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us and you may now disconnect your lines.