[00:00:00] **Prerna:** Hi everyone. I'm Prerna Kalra founder and CEO of Dalchini.

[00:00:04] **Prerna:** I was born Meerut, which is a city in Uttar Pradesh, about 70 kilometers from Delhi and my parents run a mom & pop store. , They still do, Kirana store and that actually was my inspiration to do retail tech startup. So career wise, I was the first engineer out of my entire family, and the first I would say person to go out and study because I had interest in math, science, started preparing for IITs and IIM, etc, but landed into Punjab university did my engineering from there in electronics and communication.

[00:02:04] **Akshay:** And you didn't sit for placements after your engineering?

[00:02:07] **Prerna:** I got through Infosys, but then I wanted to do MBA after that. So I had applied for CAT also. I had got about 98.7 percentile in CAT.

[00:02:21] **Prerna:** So that again, gave me a reason that, okay I should do MBA first.

[00:02:25] **Akshay:** You chose IBA because of like proximity to merit. So then what, like from campus, did you, where did you sit for placements?

[00:02:34] **Prerna:** Yeah. Yeah. From campus itself, I got into Fino Payments Bank. So my entry into FinTech happened because of that. But prior to that happened Daalchini previous version, which was clinic foods, right at that point in time.

[00:02:49] **Prerna:** So I did start up during my college time itself, and in fact.

[00:02:54] **Akshay:** So college meaning IMT or Punjabi University,

[00:02:57] **Prerna:** IMT, IMT. Clinic food was basically a distribution healthy food items, and it was 2009 Lehman Brothers Crash.

[00:03:06] **Prerna:** And hence my entire ambition to start up crashed because everybody was like looking for a stable job and startup culture, etc was there in 2009, but still it was just coming up, and I would say that I did not have that much guts at that point in time, probably did not have money right to start up.

[00:03:29] **Prerna:** Took a safer option and sat for placement and though I had in a, in one of the B plan competition, I won 50,000 for starting up in fact clinic foods. But then also we didn't launch it.

[00:03:42] **Akshay:** What was your distribution plan for that? Like how would you distribute, was it like through retail outlets?

[00:03:47] **Akshay:** You would like a D2C? Build your own brand?

[00:03:50] **Prerna:** Yeah, if you today talk about D2C, everybody knows but 2009 it was not known. And we had plans to do D2C model of distributing fresh food, fresh baked items, both indianized version, which is basically chapatis, distribution and that was the idea.

[00:04:09] **Akshay:** Like people can do a monthly subscription and get fresh chapati at

[00:04:13] **Akshay:** their home.

[00:04:13] **Prerna:** At home delivered.

[00:04:15] **Akshay:** Oh, okay.

[00:04:15] **Prerna:** And it's not like a frozen chapati or it's fresh. Like you get fresh bread, which is like 3-7 days shelf life. Similarly, fresh chapatis you would get delivered and different versions of chapatis from methi parathas to kind of things.

[00:04:30] **Prerna:** Right? That you would get delivered at home and then you can do a subscription on it and take more items on it. So that was the idea, initial idea, we did try it out in college with few of our professors and all also. But then did not materialize it beyond college campus.

[00:04:48] **Prerna:** Okay. Got it. Interesting. Okay, so what were you doing at Fino?

[00:04:53] **Prerna:** So Fino, I was

[00:04:54] **Akshay:** Tell me a bit about Fino also. What is Fi no? What is, what do they do?

[00:04:58] **Prerna:** Fino is basically into financial inclusion. So it's basically FinTech company, which is more into last mile financial product distribution for banks and NBFCs, but primarily into rural areas, so it would be like beyond tier two, tier three cities, all of these RSBYs, etc, Rashtriya Swasthya Bima Yojana. So they would distribute insurance, maraga payments, basically all that labor payments that you that the common distributes, so for that aadhar linked payment, distribution, etc, they had set up.

[00:05:31] **Prerna:** They would be block coordinators and district coordinators who would distribute insurance to loans, to savings accounts, to their government payments, everything through that mobile handled device and because I was placed there as a management trainee, my job was to learn how the distribution work,

[00:05:53] **Prerna:** because eventually I was then moved to the product team over there who was developing product for rural FinTech space,

[00:06:00] **Prerna:** and that's where I met founder of a Paytm in one of the conference. And he discussed the idea. And then I came for an interview.

[00:06:08] **Akshay:** This was when Paytm was known as a recharge your mobile phone kind of a service.

[00:06:14] **Prerna:** Yeah. Yeah.

[00:06:15] **Prerna:** 2011.

[00:06:16] **Akshay:** They didn't have a wallet yet.

[00:06:17] **Prerna:** Yeah. They did not have a wallet. 2011, it was just a mobile recharge website. Not in fact, not even an app. Even app was not there.

[00:06:25] **Prerna:** And 2011 they were just starting up. They had applied for license of Paytm wallet to RBI and that's the time I joined Paytm. So I was among the first three people out there and probably the first one from the FinTech space to join this. I was started as a product manager over there and then ended up as the product manager for about eight years I was heading the payments product at Paytm.

[00:06:54] **Akshay:** Okay. Okay.

[00:06:55] **Prerna:** Including Paytm Wallet and Paytm Bank.

[00:06:58] **Akshay:** The core Paytm app was your baby, basically.

[00:07:02] **Prerna:** Yeah. So all that scan and pay that you see, that part. So the bunch of features in Paytm app, from mobile recharge to marketplace, etc. Not that the payment portion, wallet, scan and pay, payment gateway and then the Paytm payments bank was my last product that I had launched at Paytm.

[00:07:21] **Akshay:** So you executed that Uber partnership?

[00:07:24] **Prerna:** Yeah. Uber partnership primarily from the product standpoint. That was also an interesting time period because RBI asked Uber to comply to their guidelines and Paytm gave this as a solution to them that how they can comply to RBI guidelines

[00:07:38] **Akshay:** That frictionless like as soon as you write it, then you just walk out.

[00:07:42] **Prerna:** Yeah. Yeah.

[00:07:43] **Akshay:** Were you there during demonetization?

[00:07:45] **Prerna:** Yeah, I would say that at least for 15 days, me and my entire team were in office for more than 18 hours, right in office. And we were churning out products, like nothing every day we were doing a release, which was like the most important release of the day and everybody has to be there in office for doing it.

[00:08:06] **Akshay:** Give me examples, what kind of products were needed?

[00:08:09] **Prerna:** How you can sign up for QR code based payment in one day? So it was for, most of the products were for the merchant side, because consumer penetration of Paytm was there even prior pre demonization. It was there, but what was not there?

[00:08:24] **Prerna:** Merchant acceptance.

[00:08:25] **Akshay:** And the consumer product was also mature, it was like yeah.

[00:08:28] **Prerna:** Consumer product was mature, but merchant side acceptance was not there in the offline space.

[00:08:34] **Akshay:** And were you there when UPI was launched and?

[00:08:37] **Prerna:** Yeah. So my last product at Paytm was Paytm payments bank only. And the UPI was part of the first release of Paytm payments bank. In fact, Paytm was delayed in launching UPI primarily because of Paytm payments bank.

[00:08:51] **Prerna:** Like Paytm payments bank have to go. And then only UPI had to go, cause if you see all other payments app for example, Google Pay or they have their handles at Paytm has a handle of ad Paytm, but for that Paytm had to, it had to become Paytm Payments Bank first and then get that handle. So

[00:09:14] **Akshay:** I was under the impression that Paytm was like going slow on UPI adoption because it would hit the wallet business, because if the wallet business, there's a 2% that they would write when the merchant withdraws the money.

[00:09:26] **Prerna:** Yeah, that's what people say. That's what

[00:09:28] **Prerna:** people say.

[00:09:28] **Akshay:** Which in UPI then that that merchant discount rate is zero.

[00:09:34] **Prerna:** That, that's what people say, but they had to launch the Payment bank, otherwise they would've also ended up creating handles in the bank's name, in some other bank's name. And it's difficult to acquire customers again and again, I think.

[00:09:47] **Akshay:** Okay. Okay. Okay.

[00:09:48] **Prerna:** To me it looks like this. That's the key strategy, at least at that point in time.

[00:09:53] **Akshay:** Okay. Okay. So then what, what made you leave Paytm?

[00:09:56] **Prerna:** In 2017, right after the launch of Paytm Payments Bank that's when I decided, okay, I'm done with FinTech.

[00:10:05] **Prerna:** I have done a lot of it. I actually wanted to do something in the retail tech space. So payments, you're building a platform for micro transactions, that's what you're doing, and I wanted to do something similar for the retail space, how do you digitize the micro ordering, which happens at every retail outlet. How can you bring technology over there and I've seen the pay, you stand at the store from morning 9:00 AM to 10:00 PM the night, and you have a lot, for just for the walk-in customers, right? but there is a lot of scope over there that you can digitize a lot of those transactions and make life simpler for those retailers,

[00:10:47] **Prerna:** so that was the idea, and I had this, clinic food thing in my brain, that I have to create a distribution for fresh, healthy food, all of these things were going out in my mind and I wanted to do some trials. I asked to visit said I want to do some trials and I'm leaving. So he asked me that while you are working here, you come once or twice a week to start with your idea, right? I started with two vending machines one in Paytm office and one in 91Springboard, which is a co-working space with two ending machine.

[00:11:18] **Akshay:** In Noida only?

[00:11:19] **Prerna:** In Noida only. Primarily dispensing breads, different kinds of breads,

[00:11:25] **Prerna:** Methi parathas, Plain parathas, Ajwain parathas, and sandwiches, wraps, roll, fresh food, basically being dispensed through vending machines so you can like instantly without waiting 40 minutes and without spending 40 rupees of your delivery time and cost, you can get instant healthy food.

[00:11:45] **Akshay:** This would like this would remain warm inside the machine, or you would heat it in a microwave after you buy it?

[00:11:51] **Prerna:** Yeah. So this would remain cold, like you keep your food in fridge, and it remains fresh. So like that, so it would remain fresh inside the vending machine. And when you take it out, there is a microwave attached to it, vent attached to it, you just microwave and consume it.

[00:12:05] **Prerna:** That was what I was trying. Prior to that when I was there in Paytm I had gone to China a number of times and I had seen this happening there. So it was new in India, but not otherwise.

[00:12:18] **Akshay:** Like in China you saw what fresh food available or was it like?

[00:12:22] **Prerna:** Most being dispensed through machines. That was something that I saw there. And I was like, my basically memory of vending machines is at airport dispensing cold drink, water and chips. That's it. That's it. And it was so different. They were dispensing boiled eggs, momos, fruit boxes, everything from vending versus in India, only those packaged food.

[00:12:47] **Prerna:** And so actually I would say that I did not come up with Daalchini as an idea on day one. I had these dots, that I want to do fresh food distribution, I want to do last while. There has to be a retail element to it because I want to make it instant for the customer, I don't want people to be there and a lot of operation element over there. So I wanted to some kinda automated.

[00:13:12] **Akshay:** Yeah, no, you used tech to remove friction.

[00:13:15] **Prerna:** Yeah. Yeah. Because I did not want, like people, like my father right, to be sitting there all day on those retail stores. So while I had to be near the customers, but did not want people to be managing those stores all the time.

[00:13:30] **Prerna:** Rather being more efficient when it comes to people resources. So these dots were there. I was just trying to connect, if can vending machines or can a smart store. So what we have at Daalchini is actually not a vending machine. We call it as Daalchini because it's not really a vending machine. It's a much smarter version of it because it manages time, it manages temperature, it manages a lot of things about the, about that smart store.

[00:13:55] **Prerna:** It also understands what the consumer wants based on data. So it would project that, okay, this office people mostly consume Methi parathas at say 3:00 PM to 4:00 PM so they would accordingly customize the menu for this kind of location and then bundle it with the supply chain and give the information to the people who manage, say sector two, right?

[00:14:18] **Prerna:** That is what our idea of smart retail was, that it has to be. Link this entire supply chain so that we are able to deliver both perishable and non perishable items in the equally efficient manner.

[00:14:33] **Akshay:** Tell me the journey from 91Springboard and Paytm you had your test machines. These test machines you imported from China?

[00:14:40] **Prerna:** So I went to Coimbatore for three days, got it developed over there, like sitting there with few juniors multiple times when they, and then got it done over there.

[00:14:49] **Akshay:** There are companies which make this in India. I guess this would be like a refrigerator plus plus.

[00:14:54] **Prerna:** Yeah. Yeah. So then I had a vacant flat in Noida, so got a bunch of engineers whom I knew from my Paytm time I had left Paytm sometime back.

[00:15:05] **Prerna:** So I got them in the flat and we all sat there and designed this, then we got it contract manufactured in Coimbatore, got those two machines to Noida and installed it. Right.

[00:15:17] **Akshay:** And it had a QR code based payment, like you could scan

[00:15:20] **Akshay:** and pay?

[00:15:21] **Prerna:** There was no buttons on this vending machine, so.

[00:15:24] **Akshay:** Okay. There was a display.

[00:15:25] **Prerna:** It was not really like the vending machine you would've seen at airport, etc. It was just a touch screen or there is a QR code, you scan and you experience it on your own mobile phone.

[00:15:36] **Akshay:** Okay. Okay. Okay. You can like download the app and then order through the app.

[00:15:41] **Prerna:** Yeah. Yeah.

[00:15:42] **Prerna:** You can download the app or you can just scan and sit back and just browse what is available and then block your items from the vending machine and pick it up instantly from there. So that was the kind of experience we wanted to give, because I had seen that home delivery apps, etc, Zomato and Swiggy, etc, they were doing good.

[00:16:02] **Prerna:** People were getting habital off ordering while sitting on their desk. that was my objective that okay, I'm creating a physical distribution, but it

[00:16:12] **Prerna:** has to be

[00:16:12] **Akshay:** Hyper local Zomato.

[00:16:14] **Prerna:** Yeah. Digital elements to it. So it has to be physical plus digital, both put together. It would become difficult, but it would, it should be able to give that experience to the customers.

[00:16:27] **Akshay:** So from these two machines, then tell me the journey.

[00:16:30] **Prerna:** So in fact, during these two journeys, you've met a lot of cloud kitchen guys, how do you prepare food for vending machine? I come from FinTech background. I understand tech. I was passionate about retail tech, but food,

[00:16:43] **Prerna:** Oh God. So in fact we got one person who was working in the same coworking space as a restaurant manager of their canteen. We said that, come sit with us, explain us food, so then we got onboarded somebody who had 10 years of experience working with Pizzahut and McDonald's.

[00:17:01] **Prerna:** And we asked them to explain us that how food works so that we can relate to how food in vending machine would work, marriage between the two, because food had to be modified in a way so that it can stay good in the vending machine, and yet it had to be preservative less, etc, because that was the core objective,

[00:17:20] **Prerna:** providing fresh food. Did a lot of brainstorming work around it. It took us six months to create a perfect product. When I say product in the vending machine, said lot of work going on, how to perfect that hardware aspect of it.

[00:17:34] **Akshay:** The hardware, the app and the food, like these would be the three elements,

[00:17:38] **Akshay:** like the,

[00:17:39] **Prerna:** yeah.

[00:17:40] **Akshay:** Order experience the point of sale hardware and the supply chain for the food.

[00:17:44] **Prerna:** Supply chain for the food. In April 2nd, 2018, we actually started then ramping this up with from 2 to 5 to 10 to. .

[00:17:53] **Akshay:** Yeah. What, what made you confident that you have found product market fit?

[00:17:57] **Akshay:** Like what was each machine doing in terms of revenue?

[00:17:59] **Prerna:** So we were doing about 50-60,000 a month, which is about 2000 rupees worth of sale per day from each vending machine, that was, yeah, that was good number, we had achieved.

[00:18:10] **Akshay:** You had to pay rent to the facility owner, or this was a value-ad, so they were not charging you.

[00:18:17] **Prerna:** This was a value-ad. This was a value-ad service because obviously people in both co-working space and at Paytm they used to stay long at they had long working hours.

[00:18:26] **Prerna:** And we could see that from data also, right? they were peaks in day in sales during that time period, after 6-7, when the canteen office cafeteria, etc, all is closed, that you would see a peak right over there. You would see a peak in the morning breakfast. And that's what told us that, okay, we need to have some timelines,

[00:18:46] **Prerna:** for refilling the wind machine because our customers come to us at 9:00 AM right in the morning. Data gave us lot of insights around what is what, when, how, where the customer is asking for, and we kept collecting. On that aspect, we kept on working on both, on all these three elements, like the user experience on the app side, the hardware and the product being sourced and refilled, the vending machines.

[00:19:12] **Akshay:** The vending machine was like IoT enabled, so it would give you back data of each unit being sold and so on and so forth, like what are, were you getting data from the machine?

[00:19:21] **Prerna:** Yeah. So they were like about 23 elements captured through all the vend machines, which which was helping the supply chain to get perfected,

[00:19:30] **Prerna:** apart from that, even on the vending machine side, we were able to control the temperature, music, light, the shelf life of the product, all of that experience around the venting machine is, was something that we were able to control remotely and that actually became our backbone,

[00:19:47] **Prerna:** because a traditional vending machine, you would not have that kind of a control and hence perishable food was not possible, So in fact, I would say on the fresh food side that we started capturing a lot of insight from the customers also, that we started showing them menu and start started asking them what would you like to buy, right, from the. In fact, I would say that a lot of customer insights was captured by that intern of ours who was on the customer support side,

[00:20:16] **Prerna:** with whom we would sit, end of the week and gather all the inputs that we would've got for the entire week, so that on the weekend, the tech team can work on those aspects.

[00:20:25] **Akshay:** So each machine doing 2000 a day. So what is the breakeven period like? Because you would pay upfront to buy a machine, so what is the payback period for that?

[00:20:33] **Prerna:** A Vending machine, which is doing this kind of sale would payback in about 8-10 months on the initial cost.

[00:20:40] **Prerna:** Say it's, it costs about a lakh plus, so it would pay off. And in fact, during that time, we discovered how do you really scale in a environment like this where it's mostly, if you look at startups of today, they're asset light.

[00:20:55] **Akshay:** Yeah. You have to buy the asset.

[00:20:56] **Prerna:** Yeah. So we had to buy the asset, obviously that, that problem solving came on little later. But the first year we spent was basically perfecting these three element, which is the user experience, the hardware experience, and the product being sold through the vending machine, that was the basic task.

[00:21:13]

[00:21:13] **Akshay:** How did you acquire more locations? Was it like through company types up, or like co-working types, or what?

[00:21:19] **Prerna:** Yeah, mostly. In fact, our largest client in the first year itself was ENY

[00:21:25] **Prerna:** and how did we do that? That was also a very interesting story. So we, like I and one of my early teammates, we approached ENY, we said that we have this vending machine which can actually serve fresh food, and we had ENY team members in Paytm also who had experience. But obviously through them we connected, but that never gave us a foot in the door. What gave us foot in the door was we said that we want to give this vending machine for free for one month as a demo to you. You just experience. If you liked it, then you take it for all your offices and in one month's time period, we got a card.

[00:22:00] **Akshay:** Give it for free. Means what? Like you will not charge anything to the employees. They can just order.

[00:22:05] **Prerna:** No, we will not charge the company for putting up this vending machine. We will just put it up.

[00:22:11] **Akshay:** Oh, okay. In your business model there were two revenue sources. One is on sale of product, and second is you would charge the company also something

[00:22:19] **Prerna:** Yeah. As a subscription to the company. We would charge something. As a subscription fee for taking up this service.

[00:22:26] **Akshay:** So I wanna understand this decision a bit better. , why not just earn through sale of product?

[00:22:32] **Prerna:** Oh, okay. So this is like an added revenue source,

[00:22:34] **Prerna:** that you are adding, when you are going into corporates, you are only serving corporates employees. It's not a vending machine for public, but when you're setting it up in say, a maybe a hospital, maybe in a more, or maybe in a market that's not where you were charging them any subscription fees,

[00:22:51] **Prerna:** that's where it is. It is something that you are paying it off, and obviously when you were just giving that as a service to the employees or the members of that corporate, so hence had put up a subscription fee for the corporate, because it was a premium service.

[00:23:06] **Akshay:** Probably the price would be different. Say the price for a mall might be slightly higher than the price in inside the corporate.

[00:23:13] **Prerna:** Yeah. Pricing for the corporates, etc. Obviously we wanted to make it very affordable because it's an everyday food for their employees. Today, also, look at right how corporates work, they do subsidize food for their employees.

[00:23:27] **Akshay:** Yeah. So this was another subsidy only in a way like, by paying you a subscription, you would be able to sell the products at a slightly lower price.

[00:23:34] **Prerna:** Yeah. And like it's basically providing fresh food, healthy food for their employees every day. So it's a premium service because unlike a traditional vending machine, which would only serve packaged food right. Here, they were even getting fruit boxes,

[00:23:49] **Prerna:** in the vending machine. They were getting fresh juices, fruits, all through one vending machine, which it's like a six square feet area serving, maybe three truck shops would've served, so that basically acted in our I would say advantaged for us, and we were able to charge the corporates. But before doing that, like I mentioned that we gave it as a demo to Paytm to ENY and ask them that if they can put this up right, and just for a demo, and they really liked it.

[00:24:17] **Prerna:** And then they extended the order for about 10 machines, and then it was not going back, because we kept on adding in more and more of their offices, as we start growing. In fact, a lot of our early clients right, came with that as a model, we entered into Snapdeal, we entered into NITI Aayog.

[00:24:36] **Prerna:** A lot of these clienteles came with that as a model.

[00:24:40] **Akshay:** First month free, and then

[00:24:42] **Prerna:** First month free, and then the subscription would start, if you don't like the service, you take it back after 45 days.

[00:24:48] **Akshay:** And how much is the amount you charge for subscription?

[00:24:51] **Prerna:** So it's 150 rupees per day, which is very normal, this is nothing. So as a corporate also, they like it.

[00:24:57] **Akshay:** And what is your margin on sale of product? If you're selling 2000 every day, how much do you earn from that?

[00:25:03] **Prerna:** About 30 odd percent because fresh food had better margins. And we had very low operational cost per se. So we had started making like in 45 days time period our vending machine would break even on the operational level, and the payback would be about 8-10 months.

[00:25:21] **Akshay:** Your product was like what your Noida flat became a kitchen for making the product or like, how did you make the product?

[00:25:27] **Prerna:** That was our garage for making vending machines, assembling vending machines, and before we actually moved into a proper space for doing it. For food, we actually had tied we tied up with few cloud kitchens in and around NCR, and kitchen concept was also booming equally in that time period.

[00:25:45] **Prerna:** A lot of them like customized food for, in including Jubliant Food, they also came on board, they customized few of the products like Rice Combos, etc, which would fit in well into the vending machines. Also supplying some items and,

[00:26:01] **Akshay:** Jubilant runs Cloud Kitchens in addition to the Dominoes franchisee or like within the Dominoes.

[00:26:07] **Prerna:** Jubilant Food, which is a parent company. So they have Jubilant Food Works. They have this division which makes pre-cooked food as well. It includes dahi chawal, rajma chawal, primarily they supply to corporates, but they customize the product for our vending machine.

[00:26:23] **Prerna:** And that also became a hit, which gives us confidence that you can not only sell breads, parathas, sandwiches, etc, but you can actually also sell rajma chawal from the vending machine. So from vada pav to rajma chawal everything is sellable from the vending machine, and for the customer, it is instantly available.

[00:26:43] **Akshay:** Okay. Amazing. So yeah, let's talk about that growth journey.

[00:26:46] **Akshay:** So you hit 50, and this was mostly with corporates. You were telling me like EY, snapdeal.

[00:26:51] **Prerna:** Yeah. Mostly through our connects through corporates. We were able to, we were still bootstrapped for this entire time period. I sold some of my ESOPs or stocks that I had with Paytm and was working on building this as a model in itself.

[00:27:07] **Prerna:** But what, where we hit road was that okay, beyond 50. Okay. When we have to invest into the hardware, how would we do that? Okay. Business model per se, from the consumer side is there, you have achieved product market, you know, in an individual unit you are making money, but how would you grow that to, when you say that you want to be at every 200 meters of habitable area,

[00:27:28] **Prerna:** which means lakhs and lakhs of many machines. How would you do that? And that's where we started building on a franchising model, whereby people, or like micro entrepreneurs would come in, and would take this as a franchisee and would do it in their own area. So in fact, one first franchisee partner was a female entrepreneur.

[00:27:51] **Prerna:** Who came, who joined us and started with four vending machine. And that gives us a confidence that if we keep adding such people who would have their own geographies, their own cohorts in which they would build their own set of vending machines, your asset cost suddenly from the entire platform has gone away.

[00:28:10] **Prerna:** And that's where our first pivot, or I would say our first change in the model happened, that instead of being a vending machine player we wanted to become, we started becoming a vending machine platform, I would say instead of becoming a Meru, we started becoming more like an OLA or Uber.

[00:28:26] **Prerna:** Where we started enabling others to start a Daalchini business, start a Daalchini franchisee, right? our start fresh food vending machine in their own selected geographies. And we became an enabler in providing them supply chain support, technology support, vendor support, whatever was required, for running this business, we start giving them.

[00:28:49] **Akshay:** I wanted to just zoom in on this a little more on the franchisee model. So say a franchisee would pay five lakhs, get four machines in that and some territories defined for them, and then who would do fulfillment? Like the the stock up?

[00:29:02] **Prerna:** So we would have distributors of fulfillment agents,

[00:29:05] **Prerna:** in each geography defined, who would do, who would help them do the distribution part.

[00:29:10] **Akshay:** And the franchisee would directly pay the distribution agent then, and.

[00:29:15] **Prerna:** Yeah. So.

[00:29:16] **Akshay:** Also the cloud kitchen, that was like directly between the franchisee, it was not being rooted through you, but

[00:29:21] **Akshay:** you were just.

[00:29:22] **Prerna:** No, it was, we created a partner app for it,

[00:29:24] **Prerna:** where we connected three partners that we had, the franchisee, the vendor, and the, we call them distribution force, the delivery boy, so to say. We connected all three of them through our partner app. So that was the product that came in year two, we did not have that in year one, but when we started working around the maths of scaling this model, so that's where we created this.

[00:29:46] **Prerna:** And this also helped us onboard a lot of brands in our journey, who wanted to sell a lot of cloud kitchens who wanted to sell on our platform, but on the franchisee side, they were not connected to them. How would a franchise, that I have to procure food from X, so that's, that was the platform where we connected both of them.

[00:30:04] **Prerna:** It also ensured quality food because it was selected vendors supplying select site of items to the franchisee, and being the distribution force also on the same platform, so we were able to measure their SLAs also, if they're meeting those SLAs or not, of refilling on time, refilling on a set frequency,

[00:30:26] **Prerna:** also creating SOPs on what kind of location to be served or refilled at what time period, based on sales, etc . Yeah, that's it.

[00:30:34] **Akshay:** So these SOPs were for the franchisee owner the franchisee owner would essentially operate this business and take those decisions, like deciding what he was like, whether he was to sell rajma chawal or vada pav, that decision he would take?

[00:30:48] **Prerna:** Yeah, that's what started happening and that, actually became a kind of a problem, for us, because if franchisee would decide, the consumer elements would get lost, the consumer would need X, but the franchisee would want to sell. Why? Because of his or her margins.

[00:31:03] **Prerna:** So that's where we brought in a product called OFT We call it as OFT, order for tomorrow. It's an AI based tool. It captures the input of that location, various parameters, and generates menu, and with quantity, this much should be refilled in this vending machine Which comes to the franchisee partner through our partner app.

[00:31:23] **Prerna:** And that is what is taken then as an input in deciding what is to be refilled into the vending machine. Obviously in the earlier phase of our business, we actually had hit road blocks because of this element being missing. But then over a period of time, we

[00:31:42] **Prerna:** like,

[00:31:43] **Akshay:** How did you realize that this is a problem? That franchisee owners are ordering whatever they want and customer is not happy with their selection.

[00:31:51] **Prerna:** So I would say that there's like in this entire like five year, almost five year journey, of Daalchini there was one very key element that we all always as the core team stand by, which was what is customers saying, what is that the customer actually wants,

[00:32:09] **Prerna:** and we kept our customer support team from the day one itself. Like in fact, our first intern was hired just for customer support because we actually wanted to get those insights on every week level. That gave us the insight, the partner was fulfilling X while the customer wanted Y and we quickly went back to the boardroom,

[00:32:29] **Prerna:** and to decide, to brainstorm, how do you control this element, and the entire idea of building OFT actually came through the customer insights only. So after that, we started creating menus which were pre-published to the consumers, and consumers can actually show their intent of what they want to buy, what they don't want to buy, etc.

[00:32:51] **Prerna:** And obviously data played a big role in deciding on what should be placed as part of the menu in each location.

[00:33:00] **Akshay:** Essentially franchisees unlocked location intelligence, like a franchisee would know that, okay, in let's say Greater Noida these are the places where we can place vending machines and they would probably have some network and through their network they would also get the doors opened, start the conversation, and your team would support in that conversion.

[00:33:20] **Akshay:** So it gave you that

[00:33:21] **Prerna:** Yeah.

[00:33:22] **Akshay:** opening of doors and location intelligence in addition to money, of course, that they were investing in buying the

[00:33:28] **Akshay:** hardware.

[00:33:29] **Prerna:** Yeah. Yeah. So basically I would say that when the partner came in some bought location and investment.

[00:33:35] **Prerna:** Both. Some only came with investment, some brought in location and their own, like some of them were distributor of FMCG companies, they came in as franchisee partners, but they did not have investment, so we connected them to NVFCS through our platform to get that asset financing loan,

[00:33:53] **Prerna:** to fund the asset, so the idea was to like, if you have to create this network, you have to have people who would be equally passionate about this network, creating this network, as you are, as a company, how much can a company itself create? It has to have partners who are also equally passionate about it, and also creating and growing it with the same intent, with the same, energy

[00:34:17] **Prerna:** and whatever, the partner needed, the idea was, as a platform, we should be able to provide them that.

[00:34:21] **Akshay:** What is the

[00:34:22] **Akshay:** expectation from a partner? Does in addition to that one time investment, does he need to go visit locations, do any such thing? Or is it all on the app?

[00:34:31] **Prerna:** as a model, we created master franchisees and the entire ecosystem right, in which basically enables the partner on the ground to cover for the things that they don't have.

[00:34:43] **Prerna:** They, if they don't have location, they just have investment, and the distribution service, we would help them in scouting for locations, so we have third party tiles. We have,

[00:34:54] **Akshay:** So distribution doesn't have to be through the app. Like you said, you have the distribution force available on the app, so that is not necessary.

[00:35:00] **Akshay:** Someone can send their own boy to pick up from a cloud kitchen and stock it in the machine.

[00:35:05] **Prerna:** Yeah. But that also is routed through app only. They all have to get onboarded onto the app itself because the vending machines and everything all Daalchini stores are, they all are controlled through the app itself, It all gets connected to one single cloud where you are managing supply chain and the smart stores both.

[00:35:23] **Akshay:** And for logistics, when you are providing logistic support, do you use some third party, say Shadowfax or one of those types, or?

[00:35:30] **Prerna:** Yeah. Yeah.

[00:35:31] **Prerna:** So we do have like entire fleet of people, who would do distribution, because earlier we were depending on some of these TPAs, but now we have our own fleet of people who are managing the field. In fact, most of the metro cities, we would have a dedicated like partner who would have the entire fleet on their payroll, I would say, and would manage it

[00:35:52] **Prerna:** for us.

[00:35:53] **Akshay:** Okay. And you would've some sort of a onboarding journey for the distributor, for the distribution field boy so that he can learn how to open the machine and.

[00:36:02] **Prerna:** In fact, like in, in our entire journey we came across a lot of such people who

[00:36:07] **Prerna:** joined us as a distribution force, and now we're managing two, three cities that become city managers. So, Training became an essential component when we onboarded a particular partner with us, because it was unlike just Amazon, Swiggy, Zomato delivery where just have to pick up from point and deliver to point, it was also operating that smart store, refilling that smart store,

[00:36:29] **Prerna:** so it was little more than just point to point delivery. And hence, training became very important, we ran crash courses in every city that we would go, for our partners, for the franchisee, for the distributor, we would run crash courses, to onboard them, to train them, then to do repeat trainings every month once,

[00:36:49] **Prerna:** so that became an essential part of, I would say, our journey. In fact, when we launched one of the largest deployment that we did was in Reliance Jamnagar, maybe, it's a 20,000 acre land of Reliance and it is worlds largest refinery. And we got a contract to put up about 90 vending machines 90 smart stores over there, and we had just 45 days time period.

[00:37:14] **Prerna:** And it was peak of Covid two, wave two, April, 2021. The entire team, which was trained over in NCR went there, a 13 member team and had actually launched the entire 90 vending machines in just 45 days time period. So onboarding training, like you asked, right, became a very essential component of this journey.

[00:37:35] **Akshay:** And you pay, or rather the franchisee pays the distribution person on a per, on

[00:37:41] **Prerna:** a commission basis. Yeah. Yeah.

[00:37:43] **Akshay:** For every run that they do they get paid a certain

[00:37:45] **Akshay:** amount.

[00:37:45] **Prerna:** Yes. Every refilling that they do and every extra refilling they get, obviously beyond the minimum, they get commissions and incentives.

[00:37:53] **Akshay:** So what do you earn from a franchisee? What is your relationship?

[00:37:56] **Prerna:** So ours is like a, like we have a subscription with a client, which is the location owner. Similarly, we have a subscription with the franchisee partner.

[00:38:04] **Akshay:** Okay.

[00:38:04] **Akshay:** That one 50 rupees a day that.

[00:38:07] **Prerna:** Which is basically with the corporate,

[00:38:09] **Prerna:** but there is a one which we run with the franchisee partner, which is a percentage of sales and a fixed component that we earn from them. The idea over there is basically because as the sales grow, as their business grow, so Daalchini also starts, so it's a, it's lower in the initial period where the sales are lesser, but beyond a mark, then it starts increasing.

[00:38:30] **Akshay:** Got it. And what is that number, like how, what percentage they share with you?

[00:38:34] **Prerna:** So about three to 3-5% of the sales is something that they share with us.

[00:38:38] **Akshay:** Okay. So like a large part of the margin is with them only because you said 30% margin, so 25% of that is them and 5% is going to be yours. Plus some fixed daily amount.

[00:38:48] **Prerna:** Yeah. So basically a large component goes to the franchisee partner because that's what the idea is, that we want to create such ecosystem players who are basically, itself, a company in itself, and is able to grow in that territory and create that impact in that.

[00:39:04] **Akshay:** You said you now have master franchisee, like different levels. How, how does that work?

[00:39:09] **Prerna:** So basically they would be partners who would have only 5 to 10 vending machines. So they would be franchisee partner, but then they would be partners who would managing 50 plus, 50 or more,

[00:39:19] **Prerna:** so they would have a larger territory and they might have small, some smaller franchisees under them. So a franchisee could be also I running a PG and I have say 2-3 PGs or, and I'm running them and I want to put up a vending machine in all of them, but I don't intend to become a Daalchini franchisee partner on an overall basis or for a territory.

[00:39:40] **Prerna:** So in that case we connect them to a master franchisee who would then help them with logistic work, all the supply chain support. They would need any technical support, maintaining support, etc.

[00:39:51] **Akshay:** Got it. So in a way, it's almost like FMCG supply chain where you have distributors and retailers, so something similar here. And like when a customer pays there's only digital payment, you don't have any cash option.

[00:40:03] **Prerna:** Yeah. Yeah. Our vending machines are a hundred percent cashless vending machines Yeah.

[00:40:06] **Akshay:** Yeah. And that cash will first hit your account and then you will further deduct your take from it and send it to the

[00:40:13] **Akshay:** franchisee.

[00:40:13] **Prerna:** Yeah. Yeah. It's a, it's the escrow and like obviously this also helps in getting our franchisee partner loans or asset financing from the NVFCs also because the money for itself sits that account.

[00:40:26] **Prerna:** It also gives that, I would say comfort to the financing partners. Help them grow also, because if the partner needs financing for the asset, that also has to be looked into in from the model itself.

[00:40:39] **Akshay:** Okay. So there could be an arrangement where the FinTech partner, which is giving the loan can do like a daily direction?

[00:40:45] **Prerna:** Yeah. We call it as EDI, we actually launched that during covid times a lot of our franchisee partners, who wanted to stay. But they don't want to invest upfront. So we created a model in which they were NBFCs who were financing the assets and they were making daily deductions, and then the franchisee was getting the rest of the amount on a daily basis.

[00:41:04] **Prerna:** When you create a platform the problem statement per se, like convergence to one, which is you want to serve the customer instant anytime, anywhere, food,

[00:41:14] **Prerna:** that is just the problem state from the consumer angle. But if you look down south there are a lot of other equally important aspects, which will not scale if you don't solve those key problems for the partners that you have in hand, so this financing was one, like there was another one,

[00:41:31] **Prerna:** where basically a lot of brands who wanted to sell on our platform, but were not really known to the consumers, how they were give winning better margins, but the franchisee partner was like, they don't sell, what do I do, etc, right? So that the right mix of product assortment, which gives you the right balance of margins, and yet you don't lose onto the sales.

[00:41:53] **Prerna:** So that also became a key element of our entire picture, and we created a product for a lot of D2C branch to sell on our platform by advertising and listing their products, and pass on that advertising and listing to the franchisee partner to give them a comfort to basically like whatever revenue loss that they get because maybe the product gets lesser sold than as comparison to a regular FMCG brand.

[00:42:18] **Prerna:** On the other side, giving that option to the consumer because unless they try it out, how would they know whether the product is good or not so it's just like when you say like an FMCG company wants to launch new product through their GTs and general trade and modern trades. They had their entire GTM plan. So it was equal to that when you're launching and creating this for about 600 odd stores.

[00:42:41] **Prerna:** The good part was that data played in our favor because we had a lot of data insight before doing this.

[00:42:48] **Prerna:** By that time we had already built into our analytics platform, which gives us insight that okay, this price point product, a 50 rupe bar, you might not want launch it in say, a manufacturing plant where the AOV is about 28-29. You work on to launch it or there

[00:43:06] **Akshay:** AOV means, Average Order Value.

[00:43:08] **Prerna:** Yeah. Average Order Value. Yeah. So that data insight helped us capture onto this wave of D2C brands, which was going on, and helped them launch. In fact, during this journey, a lot of brand launched their single brand stores with Daalchini as the core platform and they launched their own entire smart stores on our platform, which was, which would say powered by Daalchini app,

[00:43:34] **Prerna:** and they would have only their own products also stacked into the smart store.

[00:43:39] **Akshay:** So this would be like in a shopping area, like a mall or something where?

[00:43:42] **Prerna:** Yeah. A metro station or a mall where the brand would wanna launch their product. And we would help them plan their entire GTM for it. . The good part is that the brand in this F&B segment, they like this model because their operational costs are very lower they also saw the value in launching their products on our platform because we were right there where their actual TG is,

[00:44:07] **Prerna:** in offices, in hospital, in colleges, and they all wanted to reach out this, customer segment because beyond digital e-commerce penetration that they got through Amazon, Flipkart, Swiggy, Zomato, etc, what next? How do they get new customers, how they get customers to taste their product.

[00:44:27] **Prerna:** Because if you buy on Amazon, Flipkart, etc, you only can buy their entire batch of say, 6 bars or 12 bars, unlike that on our platform, they could actually try it out. Just a one bar. Also, the customer could buy, and maybe they could run an offer on single bar or maybe buy two, get one free, something like that,

[00:44:44] **Prerna:** on our platform and get that customers insight through our rapid sales. So we call it as precise sampling, when a brand wants to actually launch their product in a, for a particular TG, say they only want to launch it in colleges or educational institutes, coaching as well say this, like this is a TG, right?

[00:45:03] **Akshay:** In this do you earn from the brand? Say Snickers wanted to launch that Kesar Pista

[00:45:08] **Prerna:** Yeah, definitely.

[00:45:09] **Akshay:** In this case, like when the brand would give you a platform fees second, they would want to run some offers so that they would like, say, run an offer for franchisees that you can buy this at discount for their margin is better.

[00:45:21] **Akshay:** They could do that. And third, they could also run an offer for end consumer where like the end consumer, when they open the app to order, they could be like a deals and they could be like, get five rupees off on Snickers.

[00:45:33] **Prerna:** Yeah. So we would cross, sell up, sell the customers while they're ordering on the app or on the kiosk,

[00:45:39] **Prerna:** we would obviously repeat purchases can be incentivized for a particular brand, for their one product or for their bunch of products. All of this is like both physical and digital elements all club together. So when the customer is right there in front of the smart store, he's standing there, he is looking, gazing at it,

[00:45:58] **Prerna:** and trying to browse what is available, if at that point in time you give them an offer, hey, you buying this, would you want to add a bar to it, or would you want to add you're buying a vada pav, would you want to add a juice to it? There is a so and so offer running on it. So that is, and cause see a lot of this food purchases and like we all know data, that a lot of this retail still happens offline, still more than 80%, while we have e-commerce growing, etc. The impulse purchases still today in India are happening offline and all of this entire segment of F&B purchases of food products, right?

[00:46:36] **Prerna:** this is all impulse,

[00:46:37] **Prerna:** most,

[00:46:38] **Akshay:** Yeah. Yeah. I would not really order a unknown brand online. An unknown brand maybe I see in a store, I might still buy it, especially food, but it's unlikely that I would see an unknown brand online and order it. That's true.

[00:46:50] **Prerna:** Correct. Correct. And who would want to buy a small

[00:46:53] **Prerna:** portion of it, which can be distributed only some through a distribution, which is like this or GT MT general trait Kirana stores, the kinds that my parents run.

[00:47:03] **Akshay:** How much do you earn from brands? What percentage of your top line comes from this marketing support to brands?

[00:47:08] **Prerna:** About 10 to 15% as on date is already coming from.

[00:47:13] **Akshay:** Do you see that becoming more significant or

[00:47:16] **Prerna:** See today we have only bunch of brands who have single brand stores.

[00:47:20] **Prerna:** I see over a period of time when the penetration of smart stores, vending machines, etc grow, more and more brands would come up. Who would want to launch their single brand stores, so that is one major reason that I see that this would become big right. Over a period of time.

[00:47:37] **Akshay:** within this earning from brand, how much comes from single brand store where the brand is paying you a flat subscription and how much comes from the go-to market where you are promoting the brand?

[00:47:46] **Prerna:** I would say majorly is go-to market one whereby basically through our own franchisees of 800 smart stores,

[00:47:55] **Prerna:** most of the brands are selling through that, most of it is still that, they're very lesser brands who are doing single branch stores. But that is something that I'm seeing that a lot of brands were showing now in trust and would want, are like liking to so they initially they started with one slot, now they want a tray,

[00:48:12] **Prerna:** that at least gimme three slots or six slots or a tray, so that more of my flavors or more of my products are there on the shelf, that is, that trend is something that we've al we are already seeing, and hence I think that would be, that would become significant over a period of time.

[00:48:29] **Akshay:** You can't really promise to have a whole trend, right? because if a franchisee doesn't want to display that or doesn't want to order that product or like there is enough incentive for the franchisee also in this.

[00:48:39] **Prerna:** Yeah. So there is enough incentive that we pass on to the franchisee partner also for this.

[00:48:45] **Prerna:** See we also don't promise them the entirely, but what I'm saying is that there, there is a lot of interest now for them to take the entire tray, and they're willing to pay cause they're seeing that they are getting repeat purchase when they've taken a single slot in the vending machine,

[00:48:59] **Prerna:** because the, if you look at like FMCG products like food and beverage products and a D2C brand in this segment versus a D2C brand in app, or maybe cosmetic, etc. There is a very big difference right. In the way their distributions are set up, because in us, a lipstick, which is distributed through a website or something,

[00:49:22] **Prerna:** that's the cost is about 500, and hence when it gets delivered at about 40-50 rupees. It does, it is still less than 10% right of the product cost. But for a chips or a bar, energy bar of the same size, which is also 50 rupees or maybe 100 rupees, if the delivery cost is again, 40 rupees,

[00:49:43] **Prerna:** how would the brand deliver that to the consumer in a more efficient way? The brand would not be able to deliver a single packet, hence a distribution like us, which basically works on a more open hub and spoke model, you create it at a master franchisee than you work to a hub, which is a franchisee and the franchisee refilling to the different vending machine.

[00:50:04] **Prerna:** This whole hub and spoke model is required and to make this efficient, right cost efficient, you have created these smart stores which do not require a person to stand, hence cut down the operational cost significantly. So D2C element where you know where your product is placed, when the customer is buying, you are getting a real time insight on Daalchini dashboard that so and so customer there has bought my energy bar.

[00:50:34] **Prerna:** So that element of being near to the customer, knowing who, and when they're buying Is also there is also in short, and on the other side, we're able to deliver the product also instantly, which modern trade or general trade outlet would've done otherwise.

[00:50:49] **Akshay:** Amazing.

[00:50:49] **Akshay:** Okay. You see this becoming 50% of your revenue from brands? Or will it remain like a

[00:50:55] **Prerna:** Yeah, at least 35, 40%.

[00:50:57] **Akshay:** Amazing. Okay. What are the number of machines that, and maybe you can tell me from a timeline perspective, pre covid, what was the count and then say 2020, what was the number of machines?

[00:51:08] **Prerna:** So in 2018, we started with just two, so by the time year ended, we had about 50 odd 2019. April, 2019, we had about 50 odd machines. And March, 2020, we had about 250 of them, and that's where Covid happened.

[00:51:25] **Akshay:** And outta this 250, 200 were franchisee owned.

[00:51:28] **Prerna:** Yeah.

[00:51:28] **Prerna:** Yeah. Most of them were franchisee owned, and in 2019-20, we actually figured out this franchisee model, pre Covid itself, like we had started moving and like more than 80% of our vending machines by the time had be gone onto the franchisee route, we had started on an asset light model,

[00:51:45] **Prerna:** by the time COVID happened, and that actually came at as a very good point to us, unlike other players in the segment. Because when Covid hit, we were actually asset light almost right? anyways, coming on back to timeline,

[00:51:59] **Akshay:** COVID would've hit the sales, because offices were shut down, co-working spaces were shut down.

[00:52:04] **Akshay:** So

[00:52:05] **Prerna:** There was like many pivots, like the first pivot happened when we moved from our own stores to franchisee stores, that was the second pivot happened actually after Covid, whereby we were so pre covid, I would say more than 75% of our vending machines were there in corporate offices, and a very small percentage into college campuses, hospitals, and some of those kind of places, my, our first launch into when this covid, etc was happening, one of our franchisee partner asked us to move his machine to facility of WEBO. WEBO is assembling planting Greater Noida.

[00:52:44] **Prerna:** So this franchisee partner was there in Greater Noida, had a vending machine in some corporate office, and he said he insisted. He said that we understand your sales are not happening in this office. And till that time, everybody thought that next month the lockdown would be over, right? Every month, every week would go by with that notion itself, [00:53:02] **Prerna:** we were trying to convince him that don't move it right, just maybe wait for another mother. But he insisted. He said, no, I want to move it to the WEBOs manufacturing plant. I have a connect, I'll move it there. So he said, okay, fine. Let's just move it. And that actually gave us the biggest insight so far of Daalchini, right?

[00:53:20] **Prerna:** that manufacturing, we pre covid, we thought that manufacturing plants, people would not buy from vending machines, because it's a smart store. You need a smartphone. You don't know whether people would have it or not have it,

[00:53:31] **Akshay:** plus generally plants have a cafeteria where you get like a,

[00:53:35] **Prerna:** yeah,

[00:53:35] **Akshay:** 30-40 rupees, you'll get like a full roti, dal chawal types.

[00:53:40] **Prerna:** Yeah. So a lot of those preconceived notions and we did not have any manufacturing plant or a factory or an MSME where we would have a vending machine, and that was the first one. And that was a game changer for us because after the hit over there we actually proposed the similar solution to Reliance.

[00:54:00] **Prerna:** And in December of 2020, we proposed this to Reliance that you just put one demo ending machine of ours. And I still remember 25th, December, 2020, we actually installed our first vending machine in Reliance Jamnagar facility. And this was basis, the feedback that we got from the September launch in WEBOs manufacturing facility.

[00:54:22] **Prerna:** And that became an instant hit, because people in Jamnagar had about like they were working 365 days even when the lockdowns happened, barring the first month,

[00:54:32] **Akshay:** yeah. It's essential services.

[00:54:34] **Prerna:** It's essential services, all in fact, all corporate offices, everything was closed,

[00:54:39] **Prerna:** but, and people had an option to work from home, but factories were open, fully functional, they did not have anything, which is called as well from home because people were coming and there were like three shifts in a day, which was happening, on the contrary, all the food services were closed because they did not want any kinda food contamination, etc, to happen.

[00:54:59] **Prerna:** So they were asking people to bring food from home only so that they can avoid or basically cut the chances of any food based contamination, and hence, the vending machine launched at WEBO, then at Reliance became an instant hit. And today, as we speak, more than 35% of our vending machines are in manufacturing plant.

[00:55:21] **Prerna:** The entire next year of Covid, which is year of 2021, went on to launching vending machines into manufacturing plants from WEBO to reliance to other Aditya Birla groups in Dalco, Loreal, and to all of these manufacturing facilities, where there was no lockdown, , where people were totally working from office, from the factory, from the floor, right office floor.

[00:55:47] **Akshay:** These were like company own or franchisee own, like the Reliance one. And

[00:55:51] **Prerna:** We raised funds again in 2021. Deployed our own vending machines initially. We got them funded from an NBFC because it was an instant requirement over there.

[00:56:01] **Prerna:** Yeah.

[00:56:02] **Akshay:** And what is the number of machines you have today?

[00:56:04] **Akshay:** Now?

[00:56:05] **Prerna:** We have 800 plus now just reaching 900 soon.

[00:56:08] **Akshay:** Okay. Okay. And in how many cities? What's the spread geographically?

[00:56:13] **Prerna:** Yeah, they're in 23 cities now, 11 states. About 35% into manufacturing plants, about 25, 30% into corporate offices.

[00:56:22] **Prerna:** Now we have a significant number into hospitals, college campuses, coaching institutes as well. We have a double digit number into co-working, co-living spaces. Also, co-living spaces also is like co-living spaces, PGs. That is also a big chunk of our vending machines.

[00:56:39] **Akshay:** Okay. Okay. Amazing. So what are the challenges you need to solve to make 800 as 8000. What are those key things that you need to get so that 800 becomes 8,000 is it supply? Is it capital? Is it marketing?

[00:56:52] **Prerna:** So I would say that in terms of capital, that's not a challenge,

[00:56:56] **Prerna:** because we have set the model, where we would have a hub and spoke model and we would have a franchisee. You

[00:57:01] **Prerna:** would,

[00:57:01] **Akshay:** Yeah. You have a asset light model, so you don't necessarily need capital.

[00:57:05] **Prerna:** Yeah. So today if I talk about not even 2% of our vending machines are on our books, so that's not a challenge.

[00:57:10] **Prerna:** But the challenge obviously is basically when you go into your two tier, three tier cities, that education of the customer, yes, that fresh food can be bought through the vending machine. That notion has to be broken, that once it is done right, and obviously our model is to launch manufacturing plants, then coworking, coliving spaces in that city,

[00:57:28] **Prerna:** if it is there, corporates in that city, then hospital and colleges, etc, and then public market malls, etc, so that you scaled, right? So that has to be perfected,

[00:57:40] **Akshay:** How do you educate customers that how do you

[00:57:42] **Akshay:** build that awareness?

[00:57:42] **Prerna:** So one is basically through tech side, you do a lot of things like on, on the vending machine, we would show up different things about how fresh the food is, a lot of education that goes on when you,

[00:57:54] **Akshay:** There'll be like a video running or something like that.

[00:57:57] **Prerna:** Yeah. That is the first bit of it,

[00:58:00] **Prerna:** but I think as a brand Daalchini when we grow and people understand, start understanding that it's not about a vending machine. It's about all kind of food being provided instantly through a unmanned store kind of a thing, so that is that once that piece sets into the customer's mind, it becomes easier to scale

[00:58:18] **Akshay:** And it's a very visible asset, which is marketing itself only because it would have some branding and TV screen and all of that.

[00:58:25] **Prerna:** It's basically getting the foot in the door, and the right door basically is what the first challenge is. Once you crack that, that you are able to, on the tech side that I would say still in India, there are a lot of I would say challenges, in terms of getting the right thing manufactured or right thing contract manufactured in India,

[00:58:43] **Prerna:** so we are working on solving that challenge also, that how do we have everything, our idea is to have everything make in India, eventually.

[00:58:50] **Akshay:** So I think you just had your biggest fundraise recently, about $4 million. So what was that for? And prior to that, how much had you raised total before this series?

[00:59:01] **Prerna:** We raised half a million in 2019. That was our first seed round that we did. Then we did another prec round of another half a million dollars,

[00:59:10] **Prerna:** that was like 1 million we had raised prior. So this time we raised about 4 million. And the idea is basically what I mentioned, the first challenge, which is basically marketing it right to the consumer in the right way, both technologically and obviously through the go to market strategy, so technology and marketing are the two pieces where we would be I would say spending this most of the sum

[00:59:32] **Akshay:** Help me understand how you market through technology. One way is obviously you need feet on street who are going out, meeting corporates and trying to get a foot in the door.

[00:59:40] **Akshay:** What is the other way to

[00:59:41] **Akshay:** market?

[00:59:42] **Prerna:** So basically if you look at it that we are on our app itself today, run a lot of campaigns, which is basically a referring campaign, right? A corporate refers us to another corporate, because once you say, I'm there in Lucknow in a coworking space, [00:59:57] **Prerna:** how do I reach out to the people in that area, who would want to then have Daalchini vending machine right.

[01:00:04] **Akshay:** Do you earn anything from sale of machine or that is purely passed on to the contract manufacturer?

[01:00:09] **Prerna:** Yeah. That is the agenda is not to make something on the sale of the machine. The idea is to,

[01:00:14] **Akshay:** Yeah. Yeah. You want that to, that number should grow so nothing should stop that growth. Got it. Got it.

[01:00:21] **Akshay:** And what is the GMV that you do your total revenue from subscription, from sale of product, from

[01:00:27] **Prerna:** So we, we are doing about 24 crore ARR is something that we are already had two grows a month, is something that we are already doing of

[01:00:34] **Prerna:** revenue. Yeah.

[01:00:36] **Akshay:** Amazing. Amazing. So currently your , you're like a food vending machine brand. And the name also Daalchini indicates that do you see opportunity beyond food?

[01:00:45] **Prerna:** Yeah. In fact, when I say Daalchini is actually essentials, so everything which is essential, is gonna be sold through our smart stores, today we are around food because that was the first problem we wanted to solve as a vertical, but beyond food, there is personal care products, there is hygiene products, cosmetics, bunch of stuff,

[01:01:08] **Prerna:** which can be sold through machine and which is already done. If you go beyond if you go to China or Japan, etc, people sell t-shirts from vending machines, toys, even newspapers are sold through machines at metro stations.

[01:01:21] **Akshay:** A lot of these impulse purchases.

[01:01:24] **Prerna:** In fact one of my dream is to put up a vending machine at Taj Mahal selling those Taj Mahal souvenirs outside it, it actually is meant for automating this retail why should India should waste our resources, people resources especially,

[01:01:40] **Prerna:** for one guy standing outside the entire day selling souvenirs. Why can't he have five stores and just refill all five of them, at different outlets of Taj Mahal rather than just standing at one single gate. So that's the idea, right? Like I feel that all the retailers in India they are those 40 odd SKUs, which they know and which is the reason that they would open up their store at 7:00 AM in the morning.

[01:02:05] **Prerna:** Why do they have to do that? They already know that these are the 40 items which would get sold in the morning. Why? They just can't refill.

[01:02:14] **Akshay:** Okay. So like people come from milk at 7:00 AM you can just have milk being sold through a vending machine.

[01:02:20] **Prerna:** Correct. Why don't you just put those 40 items into the smart store and just have a good sleep today?

[01:02:27] **Prerna:** That's my idea of retail in India, like in next the next few years.