Dated: May 27, 2024

To,

The National Stock Exchange of India Ltd,
Exchange Plaza, Bandra-Kurla Complex,
Bandra (East), MUMBAI - 400 051
Scrip Code: DENTALKART

Company Symbol: Dentalkart, ISIN: INE0N5801013

Subject: Transcript of Earnings Call held on May 22, 2024

Dear Sir / Madam,

In continuation to our intimation dated May 17, 2024, and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a Transcript of Earnings Call held on Wednesday, May 22, 2024 at 03:00 P.M. (IST) on operational and financial performance of the Company for the period ended March 31, 2024.

The transcript is also available on the Company's website at https://www.dentalkart.com/investors-new

You are requested to please take the same on your record.

Yours sincerely,
VASA Denticity Limited
(Formerly known as VASA Denticity Private Limited)

VIKAS AGARWAL
Digitally signed by VIKAS AGARWAL
Date: 2024.05.27 12:35:39 +05'30'

Vikas Agarwal
Managing Director
DIN: 07487686

Encl: a/a

“VASA Denticity Limited

FY '23-'24 Financial Performance Conference Call”

May 22, 2024

MANAGEMENT: **DR. VIKAS AGARWAL – MANAGING DIRECTOR – VASA DENTICITY LIMITED**
DR. SANDEEP AGGARWAL – DIRECTOR – VASA DENTICITY LIMITED
MR. YASHANK TANEJA – COMPANY SECRETARY – VASA DENTICITY LIMITED
MR. RAJAT ANAND – HEAD OPERATIONS – VASA DENTICITY LIMITED
MR. SUNIL GUPTA – MANAGER ACCOUNTS – VASA DENTICITY LIMITED
MR. MANISH KUMAR – CHIEF TECHNICAL OFFICER – VASA DENTICITY LIMITED

Moderator: Ladies and gentlemen, good day and welcome to VASA Denticity Limited Earnings Conference call to discuss the Operational and Financial Performance for Financial Year '23-'24. From the management team we have with us Dr. Vikas Agarwal, Managing Director; Dr. Sandeep Aggarwal, Director; Mr. Yashank Taneja, Company Secretary; Mr. Rajat Anand, Head Operations; Mr. Sunil Gupta, Manager Accounts; Mr. Manish Kumar, Chief Technical Officer.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Dr. Vikas Agarwal, Managing Director, VASA Denticity Limited. Thank you and over to you, Dr. Agarwal.

Vikas Agarwal: Good afternoon, ladies, and gentlemen. I extend a warm welcome to VASA Denticity Limited earnings conference call for the financial year ending 31st March 2024. I appreciate all of you for taking the time to join us today.

We have uploaded our financial results update for the financial year ended on 31st of March 2024 and the presentation for the same was posted on the website of National Stock Exchange and the same is also available on our company website. I trust you all must have seen and reviewed it. I would like to brief you all about the industry, the company, and some key developments before getting into the financial and business performance of the company.

India's dental care market is witnessing unprecedented expansion. This growth is driven by an increasing awareness of the oral health, higher disposable income, and the rise of multi-speciality hospitals offering comprehensive dental care. The market boasts over 350,000 dental practitioners, 5,000 dental laboratories, and more than 352 dental institutions.

At VASA, we are proud to be at the forefront of this expanding market. Our commitment to providing high quality dental products through our e-commerce platform, DentalKart.com has positioned us as a leader in the industry. We have successfully tapped into the growing demand for dental products, enabling practitioners across the country to access top-notch equipment easily and efficiently.

This year, we have focused on several key strategic initiatives.

The warehouse enhancement, we have invested significantly in enhancing our physical footprint in the country by completing the setup of new operational warehouses in Mumbai, Nagpur, Kolkata, and Guwahati

This strategic expansion enables the company to grow in scale, enhance its services, efficiently meet consumer demand. Ultimately, we are trying to reach near to the customer and opening new warehouses has enabled us to deliver our products faster to the dentist. From an average turnaround time (TAT) of 5.5 days last financial year, we have achieved a TAT of below 4.5

days this year. And we are on the way to further reduce it and achieve a below 48-hour turnaround.

Apart from that, we have invested a good amount to make our tech infrastructure better, to provide a seamless and user-friendly experience to our customers. Our efforts have resulted in a 40% increase in revenue. I know that is not a very good jump as per our own expectations, but this was a decent growth, demonstrating the effectiveness of our digital strategy. By integrating these cutting-edge technological solutions, we have ensured a significant impact in the dynamic and evolving dental industry.

About the product diversification, we have expanded our product portfolio to include a wider range of dental products from basic tools to advanced technological solutions. This diversification has allowed us to cater to the varied needs of dental practitioners and laboratories.

As far as the customer outreach is concerned, we have launched targeted marketing campaigns to increase our reach and awareness among dental professionals. These campaigns have been instrumental in driving new customer acquisition and strengthening our brand presence. The fast-changing dental care market is one of the main reasons for our success. We have seen a big increase in Digital Technology in India, along with more people becoming aware of the importance of dental care and treatments for better health and hygiene.

This has helped us to keep innovating and expanding our products to meet the growing demands and needs of our customers. We are optimistic about the journey that lies ahead, and our commitment to advancing oral health care in India is steadfast. Our dedication to innovation, quality, and accessibility forms the cornerstone of our mission. We also have our sights set on venturing into untapped markets within the Dental industry.

As part of our commitment to giving back to the community, we have contributed towards our CSR initiatives. This year, we have invested in a project of a prominent university, namely dental support to needy patients and transportation facilities for the same, which aims at improving dental health awareness and providing free dental check-ups in underserved areas. Over hundreds of patients got benefit of this program. Our efforts have made a meaningful impact. And we remain dedicated to our mission of improving oral health across the country.

Looking ahead, we are optimistic about the future. The dental care market in India is poised for continual growth. And we are well-positioned to capitalize on this opportunity. We will continue to invest in our e-commerce platform, expand our product offerings, and explore new markets, to drive sustained growth.

As far as our financial performance is concerned, the revenue from operations in FY '24 was INR173.32 crores, as against INR123.8 crores in FY '23, year-on-year increase of 40%. EBITDA, including other income, was INR20.48 crores in FY '24, as against INR10.88 crores in FY '23. This is an increase of 88% Y-o-Y.

EBITDA margin was at 11.82%, an increase of 303 bps, year-on-year. Profit after-tax was INR15.08 crores in FY '24, compared to INR7.6 crores in FY '23, Y-o-Y increase of 98%. PAT margin has increased significantly by 256 bps, it stood at 8.7%. Basic EPS stood at INR9.73 in FY '24, as compared to INR5.92 crores in FY '23.

In conclusion, I would like to thank our shareholders for their continued support and confidence in us. I also extend my gratitude to our employees for their hard work and dedication. Together, we have achieved decent success this year, and I am confident that we will continue to build on this momentum in the years to come.

Now, I would like to hand over the call to Mr. Sandeep Aggarwal, to take us through our operations performance of the year.

Sandeep Aggarwal: Thanks, Vikas. Good afternoon, everyone. I am Sandeep Aggarwal, Director of the company, hereby give you brief updates of our operations performance. Our average monthly active users have grown to 4,40,000 users in FY '24, as against 2,27,000 users in FY '23. This is an increase of 93.83% year-on-year. The total order growth was 4,30,574 in FY '24, compared to 3,16,748 in FY '23, a year-on-year 36% increase.

Total brands onboarded was 450 plus brands in this year, compared to 330 brands in FY '23. Our customer retention has increased from 68% to 76% year-on-year, and this is really something important for a company to increase the customer retention going ahead. The average delivery days has improved from 5.5 days in FY '23 to 4.5 days in FY '24. While the above numbers look good, but they actually don't tell the real performance. We are witnessing currently and about to witness. So, we are highly optimistic about the current financial year.

Now, I would like to hand over the call to Manish, CTO of the company, to give updates about the tech developments took place during the year. Thank you.

Manish Kumar: Thank you, Sandeep. Good afternoon, everyone. I am Manish Kumar, CTO of the company. At DentalKart, we are focused on giving our customers the best experience at every stage. This year, we have worked hard to improve how our users are interacting with our site and app. We are excited to announce a major milestone, the near completion of our migration to micro-service architecture.

This strategic shift will unlock several key benefits, like faster development cycle, fault isolation, improved maintainability, and operational efficiency. We have made the return process easier for our customers. Our new tools for optimizing images and media will make our websites and apps loading even faster.

Our in-house price monitoring tool empowers us to offer competitive pricing, ensuring our customers will get the best possible value. This year, we have implemented our data warehousing solution. This will allow us to leverage customer data for even more personalized experience and strategic business decisions. By moving to microservices and focusing on customer-friendly improvements, we are set for growth and success.

We believe this approach will bring great value to our customers and investors. Thank you.

Vikas Agarwal: Thanks, Manish. Now, I would like to open the floor for any questions you may have. Thanks a lot for your kind attention. Mr. Zico, you may please open the floor for our shareholders.

Moderator: Thank you very much. The first question is from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.

Parikshit Kabra: Hi, guys. Congratulations on a good set of numbers. My first question was regarding the revenue itself, as you rightly mentioned, because the 40% is a little less than what we were expecting in terms of growth. And I'm also aware that this 40% would include some amount of the new revenue generated from the new tie-up we had with, I'm not sure I'm pronouncing it right, Baldus, the nitro oxide sedatives that we are importing and being the exclusive distributors, which we were expecting to be a very large opportunity. So, of this growth that we have seen in H2, how much of that is Baldus? And if that is contributing significantly, why has our growth rate been so low than what we were expecting?

Vikas Agarwal: Thanks a lot for your question. First of all, the top line is not as per our expectations. You are right. Regarding the portion on Baldus, the contribution from Baldus was not significant in the last half year, because it is in its initial stages. We are setting up a team. We are training the team. We are reaching the doctors. We are marketing for the product, going to the exhibitions, different ways of marketing. So, we expect a good growth from Baldus in this financial year. Last year, I think it was under INR2 crores sales from Baldus overall. So, there is not much significant contribution from that.

Regarding why the top line has not grown much, one of the biggest reasons is because it has grown in our own brand portfolio. If you see that the turnover from our portfolio contributed around 54% this year. So, it has grown, but the trading volumes have gone down because a lot of international companies have not been able to register themselves in the new drug license policy in India. So, this will subside this year and we expect those revenues to come back in this financial year.

Parikshit Kabra: All right, great. So, the second question that I had is that one of the modes that we are trying to develop is having exclusive brands to ourselves, becoming master distributors to various brands, bringing them to India. So, can you tell me what percentage of a catalog is currently made up of exclusive brands and what percentage of revenue is from them?

Vikas Agarwal: So, regarding the percentage of revenue, it is close to 54%. And regarding the percentage of the total SKUs we sell, it is only 21%. 21% of our own branded products contribute to 54% sales.

Parikshit Kabra: Sorry. Vikas, I don't mean private labels, I mean exclusive brands that we have distribution rights that we are bringing into India.

Vikas Agarwal: Okay. That number is not significant currently. We are trying to grow that. So, overall, the companies, which we are doing exclusively in India, we count them as our own brands for the country, because we can have a better margin on them.

Parikshit Kabra: Okay. So, as of now, this is not much. We are trying to build it out. Correct?

Vikas Agarwal: Yes.

Parikshit Kabra: Okay. And lastly, the receivables have shot up to INR11 crores. What's the reason for that? We get money upfront, right?

Vikas Agarwal: We get money upfront. Actually, these are not debtors. This is the money which is collected by our logistic partners. It is yet to be realized in our books. So, from the INR11 crores you see, most of the, like 70% of that is the cash on delivery payment, which is already collected from the customer by the logistic company. They combine that money, just send it to our bank accounts and the tax for that is 15 days.

Parikshit Kabra: Correct. So, 15 days of 70% of INR11 crores. So, basically in 15 days then we have got COD orders worth INR7 crores effectively. Is that what you are saying?

Vikas Agarwal: Yes. Yes. It is somewhere below INR8 crores.

Parikshit Kabra: Okay.

Vikas Agarwal: And the rest of the money is the actual debtors, which is B2B and B2G. That is 30%.

Parikshit Kabra: Okay. Got it, got it. All right. I'll come back to the queue. Thank you.

Vikas Agarwal: Actually from the debtors from that it is somewhere around INR3 crores.

Parikshit Kabra: Got it. All right. Perfect. Thanks. I will come back in the queue.

Vikas Agarwal: Thank you.

Moderator: Thank you. The next question is from the line of Deepak, who is an investor. Please go ahead.

Deepak: Hi, Vikasji. This is Deepak here. So, my question is in post-con call, post-H1 conference call, you had suggested that in the next three years you are looking to around INR500 to INR600 crores top-line. Are we on track for that or any changes in that?

Vikas Agarwal: 100% we are on track for that, missed top line doesn't mean that we have missed the long-term vision for the company. We are definitely aligned with that.

Deepak: Okay. Thank you. And my last question is what kind of trend are you looking at to grow the business? One is, of course, the India-driven growth which people will use more of dentists, more spending on oral care. Are you also seeing a shift in terms of dentists ordering more via the app or do you think they continue to use the old traditional way of medical representatives? I know you've hired some MRs recently. So what's your thought on that?

Vikas Agarwal: We actually are expecting a decent shift from the offline to online segment like it happened in the rest of the industries. So according to a number of reports, people say that in the next 10

years, 40% of the market will shift online. And that has happened the market of America and Europe. So, we expect people to order from the app and the website. What we need to create is we need to provide them with the value equivalent to what they are getting from their traditional dealers. So, they are getting products faster.

If you place your order to your dealer, they might provide you with it the next day. And dental card is only delivering 20% of its order next day. So, 80% of the orders we need to be delivered faster. So, one of the opportunities that we have opened our own warehouses, we're going near the customer and trying to deliver the products faster. That is just one of the values. There are a lot of other values. If we are able to deliver those values to the customer, then definitely more of such dangers will shift from the normal traditional network to the online network because of a lot of benefits which we bring.

Deepak: Okay. Thank you.

Vikas Agarwal: Thank you a lot, Deepak.

Moderator: Thank you. The next question is from the line of Ketan R Chheda, who is an investor. Please go ahead.

Ketan R Chheda: Hi. Thank you for the opportunity. First of all, I'd like to know what is your split between standalone dentists who operate their own clinics versus institutions like hospitals or something like that. If you can share that split.

Vikas Agarwal: Split of revenue?

Ketan R Chheda: Yes. In the top-line, how many are individual dentists running their own clinics versus hospitals or slightly bigger clinics?

Vikas Agarwal: Thanks, Ketanji for the question. From the total online sales we do, 98% of that sale comes from the individual dental practitioners and 2% comes from the hospitals. So the hospital business is more of a credit-based business, which we are trying to evaluate this year and trying to tie up with a good financial partner who can provide credit to them. And we can onboard such customers, but currently that is only 2% of our business.

Ketan R Chheda: So do you see that business growing in the future for us? Is there a lot of demand and retention from our [inaudible 20:18] this way? Is there a requirement from the hospitals to force a dentists like us?

Moderator: Sir, may I request you to keep your handset a little away, sir there is slight static coming from the line.

Ketan R Chheda: Okay. Is this better?

Moderator: Yes, sir. Please go ahead. Yes.

Vikas Agarwal: I got your question. We expect a lot of different verticals in our business to grow exponentially in the years to come. So one of the lines is the hospital line. So in a hospital they actually won't order small orders like 4,000, 5,000, 10,000. They try to put a BOQ order, and they try to invite people who put on the quotations. They take four or five quotations from different vendors and then they give the order to maybe the best-priced one or the best-serviced vendor. So we are developing an offline team for the same and not only the hospitals, but also the private institutions the dental colleges and we do the orders.

There are a good number of orders from Army Dental Corps from primary health care centers. So that's a big market we are evaluating this year and definitely we see a growth there.

Ketan R Chheda: Okay. That's good to know. What was your capex in FY24 and what is the capex likely to be in FY25? So one is this if you can give the data point and the other question related to the same is, I see from your balance sheet your gross block is a very small amount as of INR3 crores if I'm not wrong.

So I'm a bit perplexed by this small amount because your turnover is pretty large. And I assume you would be doing a lot of investments in the technology. So in comparison to that, your gross block seems to be on a very lower side.

Vikas Agarwal: Okay. Sir, I've noted down your question. I'll evaluate this and get back to you later.

Ketan R Chheda: Sorry, I didn't get that.

Vikas Agarwal: I'm saying I've got your question. I will evaluate this and get back to you on email.

Ketan R Chheda: Okay. And with respect for the FY25 and forward, do you see our EBITDA margins going up from the current levels?

Vikas Agarwal: Sir, we see a growth in the EBITDA margins as our own brand portfolio growth because that is directly linked. Now the question is what are we deciding? Are we deciding to grow the top line aggressively and reach out to new customers and compromise a bit on the margins or secondly, we be conservative and be profitable, more and more profitable and compromise on the top line which we did this year.

So we don't see a large growth on EBITDA margins in the short run, but in the long run definitely if 70% of the sales comes from our own brands and a lot of exclusive brands, we see a good EBITDA numbers in the future.

Ketan R Chheda: All right. Thank you so much for answering my questions. Thank you.

Moderator: Thank you. The next question is from the line of Pawan Kumar, who is an investor. Please go ahead.

Pawan Kumar: Hi.

Moderator: Sorry to interrupt, sir. May I request that you use your handset, sir? You're clearly not audible.

Pawan Kumar: Okay. Thank you for the good set of numbers. I know it may not be up to the expectation, but these are really good numbers I was looking for. So I have two or three questions. The first question I have is do you have a plan to have more warehouses in the future? From your current I think it's seven warehouses you have.

So how many do you plan in the next, let's say, 3 years' time in order to increase the sales and reduce the delivery time? That's one. Question number two I have is do you have any plan to start manufacturing of the dental products in the coming year? I got this from one of your interviews in the past. So I'm just looking for if you have anything in those terms. And the third question is, do you have anything in your mind, even in draft on your table to go beyond India like any other country replicates similar kind of model?

Vikas Agarwal: Pawan ji thanks a lot for your questions and your kind words. The first question was about warehouses increase or not. So for now we have opened enough warehouses, and we need to work on optimizing those warehouses because we've invested a lot on the inventory side also. So we have to increase our inventories to start a warehouse to keep a minimum number of items in back-to-back so that we do the rational allocation from them for the nearby areas.

So that has grown significantly this year, and we need to optimize our inventories and I think we have opened a lot of warehouses. We have to study the data how it is working out and depending on that we will ultimately decide that if we have to open smaller warehouses in cities like Chennai, Kochi, maybe Lucknow, Jammu. So these small cities we have to see in the future, but that will all depend on the data we'll have from the current warehouses.

The second question was if we are looking for manufacturing in the future, we are currently not looking to manufacture anything. We want to scale our operations. We want to scale our current model where we try to provide all the items that the dental requires and that currently doesn't require us to manufacture anything. But yes, in future we are looking to assemble some of the items which are difficult to be imported in India. So we'll keep a small assembly line for those products.

The third question is are we looking to go beyond India? Yes, in the long term, we are looking to go beyond India, but in the short term next 2 years, 3 years our focus is only India because it's a big market and we have a long way to go. That's it from me. Thanks.

Pawan Kumar: Okay. Vikas ji, thank you for answering that. So just a follow up. So like the seven warehouses we have based on that are we like in future coming next two, three quarters will we able to deliver the products within 24 hours?

Vikas Agarwal: We are currently able to deliver products within 24 hours within Delhi, Bombay, and some parts of Bangalore, but not all the products and not all the orders. This is under testing. Within 24 hours is a very fast delivery, but within 48 hours we are optimistic that within the next financial

year we'll be able to achieve an under 48-hour average TAT within the whole country. That is our vision.

Pawan Kumar: Okay.

Moderator: The line for the participant has dropped, sir. May I request that we move to the next participant. The next question is from the line of Amit Mehta from Sunidhi Securities. Please go ahead.

Amit Mehta: Thank you for the opportunity. Sir, you mentioned about your different segment of the business B2C, B2B, and B2G. So, you said that 98% of the orders are individual dentist. So, can we assume that 98% business is B2C?

Vikas Agarwal: No, sir. I said that from the total online orders we get, 98% is B2C. So overall, if we see the business 92% is coming from online and 8% of the business is coming from offline as far as the last financial year is concerned.

Amit Mehta: And what is the mix between B2C, B2B and B2G?

Vikas Agarwal: B2C I think is 90% of the business and B2B and B2G together contribute 10%.

Amit Mehta: And sir, your presentation tells that you have your own 50 own brands and other brands are about 450. So, in 50 own brands, it's well done and all. Which are your brands? When I go to your presentation marquee brands, how do you identify your brands within that brand?

Vikas Agarwal: Okay. Sir, I can name of some of them. That is a good point. Next time, we'll keep them separated from the rest of the brands. So, Waldent is one of our prominent brands. Then there's a brand called SuperEndo. There's a brand called EndoKing. There's ET Dental. There's Viva. There are a lot, many others. I think, let me open the slide.

Amit Mehta: Next time, what I would suggest that if you can also like your INR93 crores revenue come from your own brands, correct, which is 54% of your total revenue. Okay. And you have 50 brands. So, if I can get top 10 brands, like INR93 crores, how much top 10 brands, individual brand, what is the sales? Because we would also like to know how your brand is scaling up, Okay. So, that would be very useful information because, as you say that your target INR500 crores revenue and out of that 70% will come from the own brand.

So, we also would like to know how your brands are scaling. So, that I'm not able to see from your presentation.

Vikas Agarwal: Okay. So that is highly good point. Noted down. And we will see if we can divulge that information publicly. But definitely noted and we will take care in the next presentation.

Amit Mehta: And secondly, sir, you don't have your own manufacturing. So, the own brands, you get it manufactured in India or in China?

Vikas Agarwal: Sir, Mostly in China, but not only China. We have brands from South Korea. We have products from Brazil, Germany, America, and close to 30 countries. We are importing our white label products.

Amit Mehta: Okay. And sir you have, when I look at your operating cash flow, it's though we have made a profit of INR20 crores EBITDA, but operating cash flow is INR10 crores negative. So when you look at it, your inventory has gone up by INR16 crores and receivable. You have given the answer that it is collected by your logistic partner. So, the inventory which is sitting INR34 crores in your balance sheet. Mostly it is your own brand, or it is third party brand also?

Vikas Agarwal: It is mostly our own brands. Because we have to follow MOPs when we buy products from international markets. And we also have to distribute our own branded products in the other warehouses. So, we have to increase the inventory. So, the current inventory has gone up to 76 days from 70 days in the last financial year. And the turnover ratio is 4.8, which we will make better with time. But currently it is un-optimized because of rapid expansion in the warehousing section.

Amit Mehta: Okay. So, sir, these inventories, any of the items which are of any perishable nature where you have to take the write off some kind of dead inventory. What is the company's policy to address any dead inventory which you are carrying in the books?

Vikas Agarwal: Sir, an inventory which is beyond one year and it has not been sold beyond one year. And even if it is non-expiring, we have a policy to liquidate that in the open market. At maybe our cost rate or maybe below that. For perishable goods, for the products which are expirable, we run a sale before they become short expiring. So, if you go to Dentalkart, you go to the clearance sale or the near expiry section. These products are available at lower prices for doctors who have high product usage rate.

For example, a glass and cement, a dentist might use within 10 days and some dentists might use it within five months. So, the dentists who have a higher turnover rate of products, they choose to buy those products at cheaper prices because they can use it much faster. So, we try to liquidate more.

Amit Mehta: So, normally what kind of percentage of products goes to the beyond one year category? Like, what is your experience?

Vikas Agarwal: I think, recently what I have seen in the last financial year, the products which were sold during COVID, for example, Pulse Oximeters and things like that, we have sold them at a very nominal price in the open market because they were not being sold on Dentalkart anymore. Apart from that, very few dental products are there, maybe 18-20 products are there which are under that category. But in future, we understand that it will grow, and we have to have solid policies to cover those losses and write off them with the right policies.

Amit Mehta: Sir, one more question, like your customer base is 1,68,000 but your unique customer is 90,000. What is -- how do we read this data?

Vikas Agarwal: Sir, 1,67,000-1,68,000 people are those who have ordered from us in the lifetime of our company. That is our total registration base.

Amit Mehta: And 76% is retained, so they must have come second time, correct?

Vikas Agarwal: No, this is the total number from the beginning, 1,68,000. 90,000 people are those who have ordered from us in the last financial year.

Amit Mehta: Last year?

Vikas Agarwal: Yes. And 76% of them are retained customers, rest of them are new customers.

Amit Mehta: Sir, your active monthly users are 4,40,000 and your unique customers are 90,000. So that means, how do we read this 4,40,000 and 90,000?

Vikas Agarwal: Sir, actually the monthly active user data is not for the unique people. If you are a dentist and you visit the website 10 times, then it will also be added to the number.

Amit Mehta: Okay. Okay, so these are the customers who just come and visit, but may not do any transaction, correct?

Vikas Agarwal: Yes, correct, sir.

Amit Mehta: Okay, okay. And sir, one last question. One of the slides on your presentation, the microservice architecture, I did not understand that. Is it related to some logistics supplier or what?

Vikas Agarwal: Sir, it is a Tech stack. Mr. Manish is here with us, our CTO. He can explain it. Manish, are you there?

Manish Kumar: Yes just brief about the microservices architecture which we are doing. So basically, it's not related to Logistics. It's all about the Technical or Technological Advancement. So architecture is basically the Technical Architecture we have in following, to whatever we are deploying on our servers and infrastructure, the Cloud Infrastructure. That is the thing.

Amit Mehta: Okay, okay. And sir, you said that your German tie-up company you did last year, less than INR2 crores. What is your target for the current year? It will be in excess of INR10 crores, INR20 crores or still it will be in a single digit?

Vikas Agarwal: Sir, we expect a double-digit number this year.

Amit Mehta: Okay, okay. Thank you, sir. . Thank you.

Vikas Agarwal: Okay sir. Okay, Amit sir. Thanks.

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

Deepak Poddar: Hello.

Moderator: Yes, sir. Please go ahead.

Deepak Poddar: Yes, yes. Hi. Hello, Dr. Vikas. Many congratulations for a good set of numbers. So I just wanted to understand. First up, now own product portfolio is currently 54%, right? So how do we see the trajectory over the next two years? So where do this number we can see? And how much is the margin differential between own product versus the other products, in terms of EBITDA margin?

Vikas Agarwal: Hello, Deepak Ji. Deepak Ji, our own products have increased from last financial year to this year. And definitely in the years to come, we are focused on increasing our own product portfolio. But at the same time, we are not compromising on the sales of the trading products we have. So we are cautious that we won't hurt the branding of any other company in India. And we also provide options of our products, which are similarly priced and similarly have features compared to the more expensive products.

But we expect it to grow. And I have given guidance of 70% of our own product portfolio in the years to come. Regarding the margin, the margins are significantly higher compared to the others. It is 50 is to 15 ratio.

Deepak Poddar: Come again. Your voice cracked.

Vikas Agarwal: Okay.

Deepak Poddar: What was the margin in your own product?

Vikas Agarwal: It is close to 50%.

Deepak Poddar: 50% on a gross margin?

Vikas Agarwal: Yes.

Deepak Poddar: And what about other products? In other products, what is the gross margin?

Vikas Agarwal: It is between, 10% to 15%.

Deepak Poddar: 10% to 15%. Fair enough. And when we say 70% in years to come, I mean by FY'26, FY'27, something like that?

Vikas Agarwal: Yes, sir. Definitely.

Deepak Poddar: Okay. Okay. understood. And --

Vikas Agarwal: Not …

Deepak Poddar: Sir, yes.

Vikas Agarwal: Not in '26, but '27- '28. And we are also evaluating the market and learning and trying to launch, finding the right products, and launching in the market. So this is just our aspiration. We don't know that it might happen this year itself or next year or three years. So on the conservative side, I think three years. Can you hear me, Deepakji?

Moderator: Deepak sir, may I request you to unmute your line from your side, please?

Deepak Poddar: Okay, great. So that's very clear. And then how do we see the EBITDA margin trajectory over the next two, three years? Because your own share is going to increase. So currently in the second half, 13% EBITDA margin. How should we look at over the next two, three years?

Vikas Agarwal: So we look at it positively. I don't want to give any numbers for that right now, but we look at it positively. It should grow. And how significantly it grows depends on our strategy going forward, that how aggressively we want to grow the business.

Moderator: Deepak sir, may I request that you unmute your line from your side, please? Because we are unable to hear you. So there is no response from the line. May I request that we move to the next participant?

Vikas Agarwal: We can ask Deepakji to unmute again.

Moderator: Deepak sir, can you unmute your line from your side, please?

Vikas Agarwal: Okay. Move to the next participant.

Moderator: Thank you. The next question comes from the line of Parikshit Kabra from Pkeday Advisors LLP. Please go ahead.

Parikshit Kabra: Hi. Thanks again for the second opportunity. So I just was doing a quick math. In your latest half year, it is INR95 crores revenue, and it comes to approximately about INR4 crores of revenue per week, including the linear nets also. So are you saying that almost 100% of our orders are coming on COD?

Vikas Agarwal: No. 50% of our orders are coming on COD. So one more thing. One more thing, Parikshit. We cannot divide the whole revenue from linearly for all the days. In the last month of the year, there was a different run rate. In the first month of the year, there was a different run rate. I understand. What I can tell you is it is 50% COD and 50% PK.

Parikshit Kabra: Got it. Perfect. All right. Thank you. The second question was regarding the kind of customers that we are currently seeing. So I just want to understand that what is the profile of the dentists that currently come to us, and for what purpose do we fill? For example, are we just providing – are we a secondary source of procurement for them where they're just fulfilling their basket, where they're not getting fulfilled by their local vendor? So it's a one-off transaction. Or are we – for a certain set of dentists, are we their primary source of procurement? Can you just help define who are these dentists and what is the role we fill for them?

Vikas Agarwal: Yes. So most of the dentists are individual dental practitioners who have either one, two, three, four chairs in their private dentistry. And currently, for a very few number of dentists, we are the primary source ofbuying the dental products. Like most of the products, the people who are in the Tier-3, Tier-4 cities. For Tier-1 cities and most of the Tier-2 cities, we are the secondary source of purchase currently. And we are looking to go up the ladder and become the primary source by providing all the values which I mentioned a few minutes back.

Parikshit Kabra: Got it. So is majority of our revenue coming from Tier-1 and Tier-2 cities where we are the secondary guys? Or is it coming from the Tier-3 and Tier-4 where we play the primary role? Where is the majority of the revenue coming from?

Vikas Agarwal: Majority is coming from Tier-2 and tier-3. Tier-4, we have a problem because we are not delivering faster. We are on the way to deliver faster. Tier-1 because there is a very strong traditional supply chain established in those cities.

Parikshit Kabra: Got it. But if I can request a different breakup in that case, is the bulk of our revenue coming from customers who use us as their primary source or bulk of it coming from people who use us as their secondary source or tertiary source, so on and so forth?

Vikas Agarwal: Secondary source. Majority of the revenue is coming from a large number of customers who are keeping us as a secondary source because they are not able to find the products locally or they are able to find a lot of new products on our website which they want to buy again and again. For example, a dentist purchases products worth 40,000 consumables in a quarter.

So the most common consumables like the dental stone or alginate, they prefer to buy from their local dealer. But some products worth maybe 5,000, 6,000, they prefer to buy on DentalKart, which they are not able to find locally. So this is the current situation. And we know the situation, and we have a target to get that 40,000 worth of revenue from every dentist. And we are trying to find ways to support it, and this also shows in our presentation.

Parikshit Kabra: Perfect. That makes a lot of sense. And the biggest value addition or the biggest value prop that we need to pick for is the TAT to delivery, correct? And that is at 4.6 right now. I was just thinking in terms of the biggest models in the world that are appearing. Is that not something that is feasible for us to deploy even in Tier 1, sorry, Tier 3, Tier 4 cities where we just create these small dark stores and do distribution from there?

Vikas Agarwal: So actually we need to evaluate how fast the dentist wants a product. So for opening the dark stores, and dark stores are open when the delivery has to be below three hours. And local spokes can be opened which can deliver within 48 hours. And local warehouses can be opened which can deliver within three days. So currently we are going step by step. So we are evaluating how fast the doctor wants the product and how much value it creates for our business. Because everything is capital intensive.

Every store, every warehouse, all the inventory requires capital. So we are in the stages of evaluating it. I think if we are able to deliver below three days span India, below two days span India, it will be a huge value proposition for the company.

Parikshit Kabra: Got it. But I would have assumed this and some rudimentary surveys that I have done that there will be certain type of products that will be required faster than three days.

Vikas Agarwal: Yes, you are right. So we have a brand called InstaDent which we registered two years back. And it is for the future where this kind of requirement will be there. But currently our focus is to supply to the large chunk of doctors, the large number of equipments which are not required faster than two days or three days. That's a huge chunk of the esteem. Got it.

Parikshit Kabra: You also gave some kind of guidance for Baldus' contribution next year. I missed that number. What was that?

Vikas Agarwal: It is in double digits.

Parikshit Kabra: Double digits. That's all you have said. Okay, got it. And will it be possible, this is a request more than a question, will it be possible for you to organize an investor day? There are a lot of things that I would like to understand about your business that I don't think in this one-hour call is enough time. So if you could organize one, that would be really useful.

Vikas Agarwal: Okay, sir. Well noted.

Parikshit Kabra: Thanks a lot.

Moderator: Thank you. The next question is from the line of Amit Mishra who an investor is. Please go ahead.

Amit Mishra: Hello, Dr. Vikas. Congratulations on a good set of numbers. Thank you for the opportunity. I wanted to ask a couple of questions. First one is on the, you know, the target we are setting for ourselves, INR500 crores, INR600 crores in the next three years. Does it include present product lines, including Baldus? Or the question is like, is it the upper ceiling we are putting or because we said that we will expand into other product portfolios and probably the range could be higher.

Vikas Agarwal: Hi, Amitji. Thanks a lot for attending the call. Regarding the guidance I had given was INR800 crores to INR1,200 crores of turnover by FY28. This is the guidance. And this definitely includes all the exclusive brand IOPs we do across the world. And that also includes the Baldus segmentation system.

Amit Mishra: Okay, understood. And what is the Baldus market share currently and what it could be three years down the line?

Vikas Agarwal: Currently, our market share is minuscule because we have just started the operations. We are building the system currently in India. In years to come, I cannot say what percentage of market

we'll get, but I expect a double-digit number, definite number in double digits this year in our revenue.

Amit Mishra: What's the total addressable market in this segment?

Vikas Agarwal: For Sedation system, the total addressable market is somewhere around 800 to 1,000 bps.

Amit Mishra: 800 to 1,000. Okay.

Vikas Agarwal: And one more thing to highlight here is that the Sedation system not only is used in the dentistry, but it is also used in derma, hematology and a few other segments of the medical end.

Amit Mishra: Right. So this is total 800 to 1,000, including all the verticals especially.

Vikas Agarwal: Correct.

Amit Mishra: Okay. Just second question is if you are planning any M&A merger and acquisition for any manufacturing company, are there any plans immediately after?

Vikas Agarwal: There is a possibility to do that. It is likely, but currently we don't have anything to inform the market about.

Amit Mishra: Right. Just final question. If you can please elaborate all the tech initiative you have taken and you plan to take for first on website and application, then also can you explain a little bit on your ERP penetration from management to the warehouse? And if you have any plans to do warehouse automation in future for the key warehouses in the big cities? So if you can give us some guidance on how things will shape out on the tech front?

Vikas Agarwal: Yes. Very good question, sir. I would like Manish and Sandeep to answer these questions. Manish, please tell us about what are we doing new in the technical architecture? And then Sandeep, you please tell us about what we are doing for the warehouse automation and making all the operations faster.

Manish Kumar: Thank you, Dr. Vikas. So in technological advancement, we have been -- our goal is to enhance the customer experience. So for customer experience, the new thing is that we have been trying to do. We have almost at the closure to complete the microservice architecture. So microservice is basically breaking down a bigger system into smaller system. That provides us this scalability model that we would be able to fix things faster, very faster. And even the fault tolerances, it will be very easy to identify where is the fault occurring.

So recently, I think we are more focusing on data-driven solutions. We have set up a data warehouse that is targeting and monitoring each state of data so that we could customize our solution to enhance the customer experience. Recently, we were talking to Snowflake, and we have integrated Tableau in our solution. So there are -- these type of advancements we have been doing so that we could build data-driven systems. We have created so many internal tools like this one solution, trial monitoring solution. This provides us visibility to track the price changes

happening for the competitor. That's how we have been able to provide the best possible price to our customers. I think that is all from my side.

Amit Mishra: So just a little bit on ERP penetration, how your inventory and how you manage, is it all coming under your ERP systems or warehouses are not yet integrated? How is this thing developing?

Sandeep Aggarwal: Let me answer this thing. So we have an ERP that manages all the warehousing part. All the warehousing we are opening. So we have a central ERP system that controls all the inventory procurement and the dispatches from those warehouses. So if we talk about the optimization part, we are internally making a real-time monitoring system to have a real-time monitoring of every process from the picking to inbound to packing to dispatch. So if we have a real-time monitoring system, it will help us in reducing the batch reaches of every process we are having. This is the first step we are doing.

The second part we are doing is we are developing the software; we are analyzing the manual processes that are involved in our warehouse. And from those data, we are optimizing the solution. For example, like we have to calculate the order weight in the end when we are packing a box. So to reduce that, we have automatically calculated all the LBH and rate of the SKUs and we have put it in the system. So this is reducing one or two minutes of the packer.

So this is automated now. Then the packer don't have to choose the box or the weight and like he just have to print the label and print on the box. So there are minor and minor changes that we are doing in our operation part. To reduce the delivery side, we are opening multiple warehouses as Vikasji has told you. And in those locations where the cap is very high, we have opened a warehouse in Guwahati. So if we deliver a parcel from Delhi to Guwahati, it takes around five to six days. By having a warehouse in Assam, it will help us to deliver the same parcel in two days.

So in the same way, we are having increasing tie-ups with logistics couriers, companies who are giving us same day or next day deliveries. So we are increasing more tie-ups with logistics who can deliver the same day or next day. This way, we are able to reduce TAT of the delivery.

Amit Mishra: So in your system, you can track any individual product from the time of sourcing from the vendor OEM to the delivery, coming to the warehouse, location of the warehouse, where in warehouse and at which location it is. And till the delivery, you can monitor this all in your system. So it's just to optimize. And the changes you are making, when do you think they will be, because they will increase the efficiency, of course, when they will be finalized and in operations?

Vikas Agarwal: So I'm not able to understand. Let me take that. We can track every product from the point of sourcing to the point of which warehouse it is, which bin it is being stored at, how long it has been stored, how far it is from the pack table, how long the person has to travel to pick that product? That is also being optimized. And then to the point of delivery. So the whole cycle of that product from buying to the selling, we can track that. We can find in real time where every product is there, in which bin and which warehouse. That all is there in the API system.

Amit Mishra: Right. Okay. Thank you. One last question…

Vikas Agarwal: We also have our Head of Operations, Rajatji, on the call. I would like him to contribute to the last portion.

Rajat Anand: Hi. Can you just repeat the question once? My connection was a bit weak.

Vikas Agarwal: So, Amitji was asking us how is our ERP functioning and how can we track every product being the cycle of a product from start to finish?

Rajat Anand: Okay. So every product bears a barcode, a QR code, which is attached to each and every quantity of that product. Every movement, every packing or picking of a product is done by scanning that barcode. All the scans are tracked in hours, minutes, and second basis. So we know how fast each product is being picked and how frequently each product is being picked. And through this, we optimize our inventory, we rearrange them, and we track the movement of our personnel within the warehouse and improve our efficiency that way.

As far as automation is concerned, we have automated invoicing long ago. We have now automated many other things like warehouse-to-warehouse movement of the products through the same ERP itself.

Amit Mishra: And all the warehouses, now we have seven of them, all of them are equipped with this technical integration?

Vikas Agarwal: Yes, correct.

Amit Mishra: Vikas-ji, just last one question.

Rajat Anand: So, there's no issue in adding more warehouses.

Amit Mishra: Perfect. Vikas-ji, one last question. Baldus's revenue model, what sort of revenue model do you have with them?

Vikas Agarwal: So, we are buying the products from them, and we have exclusive rights to distribute them in the Indian market to help us in marketing the product and training the doctors and the employees. And if needed, they provide the certification of nitrous oxide training to the doctors. That is the reason we are responsible for developing the market and making this.

Amit Mishra: So, the services part, you charge directly to the clients and for product part, you charge a fixed margin to Baldus's, or does it flow through you? You pay off Baldus's eventually?

Vikas Agarwal: So, it flows through us. We actually are given inventory by Baldus's, which is there in our warehouse. So, we get regular orders from customers by our sales team. So, we supply the product to them, ask them, take a fixed amount from them and then thereafter, after one year of free service, we charge an EMC for a long time. For every year, there will be a maintenance charge.

Management: Trading also for new appointees and etcetera.

Moderator: Thank you. The last question for today is from the line of Deepesh Sancheti from Maanya Finance. Please go ahead.

Deepesh Sancheti: In the previous questions, someone asked you that what is the margin on your own products? You said 50%, Is that the EBITDA margin or the gross margin?

Vikas Agarwal: That is the gross margin.

Deepesh Sancheti: Gross margin. Can I have the EBITDA margin figure?

Vikas Agarwal: I have to calculate that and provide that. I have to ask that if I can go into such deep information.

Deepesh Sancheti: Okay. Mainly, our customers are dentists. We don't have any consumers. We have mainly dentists and hospitals. Is that right? What percentage is the individual dentist sales?

Vikas Agarwal: If we talk about the online sales we make, 98% of the sales is from the individual dental clinic. If we talk about the overall sales, we make including online and offline, 90% of the sales is from online and 10% is from the B2B and B2G categories.

Deepesh Sancheti: Okay. Going ahead, where will the growth come from? Will there be more concentration on, I mean, you said that you are going to make your own brands about 70% sales. But where is the growth going to come up? Are we going to have new products, new geographies? What is the company planning in terms of the next one- or two-years' growth?

Vikas Agarwal: We are going to have more orders from the same set of customers we currently have. That is one of the parameters. Then we will be expanding our catalog, our product range. We'll be doing strategic marketing to acquire new customers. So, currently, we have served half of the dentists of India. But we have not served them fully. It was a minuscule level of sales to the number of people we have currently serviced. So, if there are 90,000 doctors who bought our products last year, we want to get into their clinic and provide them with the right set of values, so that they can buy everything from us. So there, we see a 10x upside from the same set of customers.

And we can serve more than four times the number of customers. We can get business from them as well. So this is a very broad understanding of how we see more revenue coming. Then definitely, increasing penetration in the underserved markets of the country, enhancing our logistic network, faster delivery times, attracting more repeat customers. These are the potential revenue growth areas.

Deepesh Sancheti: Do we have number of how many dentist are there in the country? And would just like to see what is our customer base? How big can our customer base can go?

Vikas Agarwal: Sir, currently, there are around 3,20,000 approx. registered dentists in the country. Apart from that, we expect more than 1,00,000 unregistered dentists in the country. There are more than

1,00,000 dental students in the country. And then, there are 352 dental colleges, more than 5,000 dental laboratories. These all are the addressable markets.

Deepesh Sancheti: Right. What is the percentage cost of the logistics?

Vikas Agarwal: 3.57%

Deepesh Sancheti: Sorry?

Vikas Agarwal: 3.57%.

Deepesh Sancheti: 3.57%, okay. And going ahead, are we looking at setting up more warehouses? And also, are these owned warehouses, or are they logistic partners?

Vikas Agarwal: These are all on lease. And currently, we are not looking to set up new warehouses. First, we are looking to optimize the current new warehouses we have opened. And if data allows us, if there is demand, we'll go on increasing the warehouses. As much as needed.

Deepesh Sancheti: Actually, my next question was with that only. That how optimized are these warehouses? Are all the warehouses - 7 warehouses profitable in terms of doing business?

Vikas Agarwal: Sir, if we talk about the revenue per square feet and the profit per square feet, definitely, all are profitable. But these need to be optimized to a much higher level. When we have a mother warehouse in Gurgaon, it is highly optimized and automated. We have to do that for all the recently opened warehouses. But regarding the turnaround time for dispatch, we have achieved more than 98% same day dispatch for all the warehouses. Even the latest open warehouse also dispatches 98% of the order same day.

Deepesh Sancheti: And are we looking at selling on the bigger Amazon's and the Flipkart's and on the bigger market places?

Vikas Agarwal: Sir, if we decide to launch B2C products for which these market places are accustomed, Amazon, Flipkart, if we launch B2C products like mouthwashes or toothpaste or many other oral care products for the B2C segment, we will look at listing our products there. But for our products which are meant for Dentist, there is an access issue to list our products there. And we want to keep the exclusivity within B2C 68:40.

Deepesh Sancheti: Going ahead, what growth are we looking at? Because this 40% growth, you are a bit disappointed. Looking at our lower base, what do you think that what should the – what are you expecting? As a shareholder, what are you expecting? What growth are you expecting?

Vikas Agarwal: Sir, we are expecting at least 70%, 75% growth this year.

Deepesh Sancheti: 70% to 75% this year? And this will mainly come from your own product range? Or it will be a cumulative of whatever you have done up till now?

Vikas Agarwal: Sir, it will be including everything we have done till now. Not only our products. Definitely, we want our brands to grow and have a higher revenue share. But I cannot say that it will contribute a lot to the growth of the revenue. I think even if we grow at the same composition of ours versus trading, we are fine with that. What we need is we want a bigger share of the digital clinics of our current customers. And more new customers.

Deepesh Sancheti: We have a little bit of cash also left. Are we having any plans of putting that cash on utilization? Or that is not the immediate plan?

Vikas Agarwal: Sir, we are looking at utilizing that cash within this financial year. Maybe within this and next quarter itself.

Deepesh Sancheti: Particularly, in since warehousing is out of -- I mean warehousing you are not doing any investment. So that will be mainly for product development or how is it? Or mainly working capital?

Vikas Agarwal: Working capital as well as we are on the verge of some international brand tie-ups. So we will be spending some more money in inventory to follow the MOQs and enter into some new segments of the industry with those tie-ups.

Deepesh Sancheti: And do we -- in online presence do we also have an app of Dental Cut or it's just a website?

Vikas Agarwal: Sir, we have an application with more than 200,000 on it. On the app store.

Deepesh Sancheti: Great. All the best, guys.

Moderator: Thank you. I would now like to hand the conference over to Dr. Vikas Agarwal for closing comments.

Vikas Agarwal: Thank you all for taking the time to join this call. I want to extend my heartfelt appreciation to each member of the Vasa Denticity team, our valued customers, creditors, banks, financial institutions and all our shareholders. If you have any further questions or need additional information, please do not hesitate to contact our investor relations team. I know there might be some other queries in the queue which were not taken up. But thank you again for your time and participation. Zico, you may please close the call now.

Moderator: Thank you. On behalf of Vasa Denticity Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.