Dated: May 25, 2025

To,
National Stock Exchange of India Ltd,
Exchange Plaza, 5th Floor, Plot No. C/1,
G Block, Bandra Kurla Complex,
Bandra (East), Mumbai- 400051

Company Symbol: DENTALKART, ISIN: INE0N5801013

Sub: Transcript of Conference Call held on 23rd May 2025

Dear Sir/Madam,

In continuation to our intimation dated May 20, 2025, and pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of Conference Call held on Friday, May 23, 2025 at 02:00 P.M. (IST), post the announcement of the financial results of the Company for the quarter and financial year ended March 31, 2025 on operational and financial performance of the Company for the quarter and financial year ended March 31, 2025.

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

You are requested to take the above information on your records.

Thanking You,

Yours sincerely,
VASA DENTICITY LIMITED

VIKAS AGARWAL
Digitally signed by VIKAS AGARWAL
Date: 2025.05.26 15:33:33 +05'30'

Vikas Agarwal
Managing Director
DIN: 07487686

Encl: a/a

"Vasa Denticity Limited Q4 FY-25 Earnings Conference Call"

May 23, 2025

MANAGEMENT: DR. VIKAS AGGARWAL – CHAIRMAN AND MANAGING DIRECTOR, VASA DENTICITY LIMITED
MR. SANDEEP AGGARWAL – WHOLE TIME DIRECTOR, VASA DENTICITY LIMITED
MR. GAURAV AGGARWAL – CHIEF FINANCIAL OFFICER, VASA DENTICITY LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Vasa Denticity Limited Earnings Conference Call to discuss the Operational and Financial Performance for the 4th Quarter of Financial Year 2025.

From the Management Team, we have with us Dr. Vikas Aggarwal – Chairman and Managing Director; Mr. Sandeep Aggarwal – Whole Time Director; Mr. Gaurav Aggarwal – Chief Financial Officer; Mr. Sunil Gupta – Consultant Accounts.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Dr. Vikas Aggarwal – Chairman and Managing Director, Vasa Denticity Limited. Thank you and over to you, Dr. Vikas.

Vikas Aggarwal: Hello everyone. Good afternoon. I extend a warm welcome to Vasa Denticity Limited's Earnings Conference Call for the Financial Year 2024-'25, which ended on March 31st, 2025. Thank you for taking the time to join us today. The Audited Financial Results and Investor Presentation for the year has been filed with NSE and are also available on our Company Website.

I hope you all have had the opportunity to review the materials ahead of this discussion. Before we get into the financials and business performance of the company, which will be covered in detail by our CFO – Mr. Gaurav Aggarwal, I would like to share a broader perspective on the Industry Landscape, our Strategic Priorities and how we are Preparing for the Future.

India's dental care sector continues to evolve rapidly with strong tailwinds, driven by rising oral healthcare awareness, increasing disposable income, and a shift towards preventive and aesthetic dentistry.

We are also seeing new high potential verticals emerge such as implantology, aligners and digital chairside solutions, creating wide spaces for organized players to lead. As we look into the future, we are building much more than a dental supply company. Our vision is to become the single go-to platform for every dentist in the country, whether they are looking to procure supplies that enable better patient outcomes or to upskill and stay at the cutting edge of dental science.

Our aim is to build an integrated engine that powers the entire dental ecosystem. From procurement to digital learning, from chairside solutions to lab manufacturing, we are working towards becoming a full stack dental partner, a single trusted platform that supports clinicians, not just in running their practices efficiently, but in growing them with confidence. We are building for scale, for reliability, and for impact.

At Vasa Denticity, our commitment to transforming the dental supply industry has never been stronger. FY '25 was a year of expansion, a year of consolidation, one led both in scale and scope.

On the logistic side, we continue to make strides to pave way for our future aspiration and to serve the dentist community better. Our warehousing footprint grew close to 58,000 square feet, including the addition of a new 14,000 square feet facility in Dwarka, New Delhi.

In terms of digital transformation, we continue to improve our platform's responsiveness and user experience. As a result, we saw our monthly active users rise to over 4.8 lakhs. We are proud that our customer engagement remains strong, with a 70% repeat purchase rate, reflecting the trust and stickiness we have built in the ecosystem.

We also grew our product portfolio significantly, adding new SKUs across categories, taking our total count to over 22,468 brands.

Despite this scale, we maintained a best-in-class product return rate of a mere 1.8%, a number that speaks to our commitment to quality and operational discipline.

Another highlight this year was the launch of Smileworks, our own modeled dental lab, which allows us to offer high-precision crowns, bridges, and other prosthetics under one roof. This vertical integration enables us to serve dental professionals more comprehensively and strengthen our vision of becoming a full-stack dental partner.

All of these efforts are guided and reinforced by our core values: customer obsession, inclusivity, operational excellence, and accountability. Whether it's investing in technology, enhancing supply chain efficiency, or expanding our category offerings, every decision we took this year was with a long-term lens and our future aspirations.

While Gaurav will share more details shortly, I would like to acknowledge that our aggressive investments this year, particularly in infrastructure, talent, and brand visibility.

As a growing company with long-term aspirations, we have made a conscious decision to front-load investments, particularly in infrastructure, inventory, people, and brand building. These decisions have had a near-term impact on certain financial metrics, including the working capital, the cash conversion cycle, and the profitability.

Inventory levels rose as we expanded our SEO's depth across new warehouses. Gross blocks saw a significant increase as we invested in high-capacity warehousing, digital lab equipment, and platform scalability.

At the same time, our cost base grew in line with these expansion efforts, particularly around hiring for leadership, marketing, and setting up increased sales capabilities. While these shifts

may cause some temporary margin compression, we view them as essential building blocks for long-term value creation.

Our focus remains on driving capital-efficient growth, and we expect operating leverage and margin normalization to become visible in the future quarters as these investments begin to yield returns.

To our investors, we understand that rapid scaling comes with considerations around sustainability, efficiency, and return on investments. I want to emphasize that we are deeply mindful of those expectations.

We are balancing ambitions with discipline and growth with governance. We have built the foundation, logistics, tech, and talent, and are now focused on turning these into enduring competitive advantages. The market is large, the opportunity is real, and we are prepared to lead.

To our team, I would like to thank you for your dedication, agility, and belief in your shared vision. And to our shareholders, thank you for your continuous trust.

With this, I would now like to hand over the call to Mr. Gaurav Aggarwal to take you through the detailed financial and operational performance of this year.

Over to Gaurav.

Gaurav Aggarwal: Yes. Thank you, Dr. Vikas. Good afternoon, everyone. I am Gaurav Aggarwal – Chief Financial Officer at Vasa Denticity. Thank you for being with us today.

Following Vikas' remarks on the strategic directions of the company, I will take a few minutes to walk you through the Financial Performance for Financial Year '24-'25 and share some context on how we are thinking about the numbers and the path ahead.

We closed this financial year with revenue of Rs. 251 crores, registering a 45% growth over the previous year. This performance was supported by strong order volumes across our platform, consistent customer engagement, expansion into new product categories and geographies.

Total orders for the year stood at over Rs. 5.36 lakhs, supported by a growing base of active users and returning customers. On profitability, EBITDA for the year stood at Rs. 24.9 crores, up 21% year-on-year, with margins at 10%.

Profit after tax was Rs. 16.9 crores, growing 13% compared to Financial Year '24. While we saw a steady profit growth, margins were comparatively softer, reflecting the investment-heavy phase we are currently navigating. This includes platform upgrade, talent onboarding and strategic brand-building initiatives, each of which has been made with a long-term view, as also mentioned by Dr. Vikas.

One of the biggest challenges this year was in our gross block, which grew significantly from Rs. 1.4 crores to Rs. 14.8 crores. This increase was driven by capital expenditure, related to the setup of our centralized warehouse in Dwarka, our new Smileworks lab equipment and digital infrastructure. These assets will play a central role in helping us drive both scale and operating efficiency going forward.

Similarly, our inventory balances rose to Rs. 53.7 crores from Rs. 34 crores last year, reflecting our efforts to expand SKUs coverage and regional stocking to improve service levels and reduce delivery timelines.

Naturally, this did put some pressure on our cash conversion cycle, but trade-off was expected as part of our readiness to support faster growth and higher fulfilment standards. We are actively working to streamline inventory turns and improve operating leverages through better demand forecasting and supply chain automation. With the expansion phase well underway, we expect to shift more focus towards efficiency, margin recovery and return on capital over the coming quarters.

We are also pleased to share that during the year, we were awarded a BBB stable rating by CRISIL. This reflects our financial discipline and put us in a strong position to access strategic capital, should we choose to do so. As of now, we remain sufficiently capitalized and focus on generating internal efficiencies.

We are entering Financial Year ‘26 with a strong foundation, a robust customer base and an expanding product and service portfolio. While we are not providing formal guidelines, our focus areas are clear, driving sustainable growth, improving profitability through operating leverage and maintaining strong financial hygiene.

To conclude Financial Year ‘25 with a foundational year, we scaled responsibly, invested where it mattered, and created a new level for long-term values.

As our recent investments begin to settle into our operating rhythm, we expect to see improved efficiency and compounding return.

Thank you again for your continued trust in us. Passing it to Dr. Vikas for further updates.

Vikas Aggarwal: Thanks Gaurav. FY '25 proved our model can scale profitably. We are confident of compounding faster than the underlying dental market for the next several years.

With that, we open the floor to the questions. Over to the moderator.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Siddhant Dand from Goodwill. Please go ahead.

Siddhant Dand: Yes, hi. My first question was regarding our inventory. So what levels do you expect it to go in this financial year at peak?

And like my follow up to that would be how much of our inventory in our books would be more than a year old? And how much inventory impairment or inventory expiry happened in this financial year?

Vikas Aggarwal: Hi, sir. Thanks for your question. This is Dr. Vikas. Can you repeat the 3 questions? I only recorded 1 question, inventory level.

Siddhant Dand: Yes, so in what is the peak inventory level do you expect in this financial year? And could you give the inventory data for the previous financial year, how much inventory was impaired and how much old inventory that we have, like more than a year old?

Vikas Aggarwal: Yes. So, we think that we are already at the peak of our inventory level. And with the growth on top line, with the growth in sales, in future, we expect leverage and the inventory levels to go down.

Number 2, around Rs. 8 lakhs worth of inventory was impaired last year. And around Rs. 1.8 crore worth of inventory is more than 1 year old right now, which is not expirable. We expect to liquidate that too. If not, we will write some part of it off this financial year.

Siddhant Dand: Okay, that's great. My second question was what is our mix of our app versus website orders?

Vikas Aggarwal: The orders from the app are higher than the other platform.

Siddhant Dand: Okay, the app is higher. Okay, great. The new app seems much better. Follow up would be like, what is your average shipping cost that we have per order, and now because of our multiple warehousing, what percentage of orders need to be shipped from multiple warehouses?

Vikas Aggarwal: We, we are spending close to 4.5% on the logistics right now. And we aspire to dispatch around 80% of the regional orders from the regional warehouses. Currently, we are on the way to achieve that.

Siddhant Dand: Okay. One last question before I join the queue would be what percentage of your orders are delivered late than their promised delivery time?

Vikas Aggarwal: Around 13%.

Siddhant Dand: Around 13%. Okay. And what?

Vikas Aggarwal: 13% orders breached the SLA currently, which leads to attrition of customers, and we are working on it sir.

Siddhant Dand: Did you get my question?

Vikas Aggarwal: Yes, I am saying 13% of the orders breached SLA last quarter.

Siddhant Dand: No, no, how do you plan to bring this down was my question?

Vikas Aggarwal: It is all optimization gap, communication error. So, once we automate things, so we are on the way of automating lot of things in the business. This 13% will go down to 6%, 7% within this financial year. This is what we expect.

Siddhant Dand: Okay, great. Thank you.

Vikas Aggarwal: Thank you.

Moderator: Thank you very much. The next question is from the line of Swaraj from Perpetual Capital Advisors. Please go ahead.

Swaraj: Hi. Thank you for the opportunity, and congratulations on a great set of numbers. My question was gross margins, what we saw in quarter 4, is this the new normal? Like what about brought about the change? And how do you expect gross margins to grow forward? So what exactly is driving the transition from 23% in quarter 1 to 33% in quarter 4? That was my first question.

Vikas Aggarwal: Thanks for your question. Gaurav, would you like to take this?

Gaurav Aggarwal: Yes. Hi, thanks for the question. So we are expecting gross margins to be in the range between 26% to 30% going forward. This time it is 30%, because we are more focused on high value equipments, where we are getting a slightly little margin. Secondly, our own brand sales has also increased, where the margins are slightly higher. So we are expecting to maintain the same percentage going forward also.

So the margins will be in the range of 26% to 30%.

Swaraj: Okay. And what was the reason for higher other expenses this quarter? What were the components that were high this quarter? And how do we expect to see them going forward?

Gaurav Aggarwal: So in the last financial year and this quarter specifically, we have invested a bit in our human resources, infrastructure, our tech stack. And we expect like this will give us a very good return going forward. And these expenditures will be stabilized and will come down with the increasing top line. Okay.

Swaraj: And we reported Rs. 21 crores in capital expenditure this year. So can you break down between the tangible and intangible components, and what could be the estimated useful life of those capitalized assets?

Gaurav Aggarwal: So we have invested heavily on our tech part. We have upgraded our website, we have upgraded our app. And we are creating different-different modules also, which is making our app and our website robust. So maybe break it into tangible, nontangible. So it will be somewhere around like Rs. 14 crores intangible and Rs. 18 crores tangible assets.

Swaraj: Okay. And just last question on Smileworks. So how big Smileworks could be? And how much equity do we currently hold in Smileworks? And who holds the minority interest? And if possible, the gross block for Smileworks as well?

Gaurav Aggarwal: So we hold 60% shareholding of Smileworks. And 40% holding is with 2 doctors who are previously running this lab. So we have taken over this lab. This is a running lab which we have taken over, and we have really modernized the complete lab, and invested almost like Rs. 3 crore in it. What is your next question, sorry?

Swaraj: My next question was what is the current gross block on the Smileworks? And how much increase in other expenses is it attributable to?

Gaurav Aggarwal: The current gross block of Smileworks is Rs. 4 crores. And we are expecting to invest another Rs. 4 to Rs. 5 crores in the lab going forward.

Swaraj: Okay. Great. And how do we plan to expand the sales for Smileworks and those internal scanners that we just launched? So are we looking to provide it as a service or as a product solely? What are the plans on those?

Vikas Aggarwal: Gaurav, you want to take this.

Gaurav Aggarwal: Yes. To expand the sales of the laboratory as well as the scanner, we are going to offer the scanner as a service and would like to bundle the scanner with the lab packages. Right now we are serving only the Delhi market for Smileworks, and we are at a particular run rate. We expect around Rs. 5 to Rs. 6 crores growth in that run rate within this financial year.

Swaraj: Okay. Thank you so much.

Vikas Aggarwal: Thanks a lot, sir.

Moderator: Thank you very much. The next question is from the line of Ishpreet Kaur from Relax Capital. Please go ahead.

Ishpreet Kaur: Hi. I would actually like to understand the inventory model a little better. So how is the order placed for the inventory for us? Is it like a little back-to-back, having some understanding with the dentist or is it like in general that the orders are placed for inventory?

Vikas Aggarwal: Currently, the orders are placed by doctors as and when they require. We have not launched the subscription model yet, which we are about to launch, where they can subscribe to the most commonly used products for every month.

Ishpreet Kaur: Okay. So the inventory is in your books, and then as and how it is ordered, it is just used?

Vikas Aggarwal: Inventory is in our books till the time we dispatch the inventory.

Ishpreet Kaur: And generally, is there an aging of the products that we have in our inventory? Like one, you mentioned that you are more than a year old is Rs. 1.2 crores. But is there something that you also have that has a smaller shelf life?

Vikas Aggarwal: Yes. 10% of the inventory is perishable, expirable. And for all the inventory, the aging is recorded. It is on our BI system. We can track all the inventory from day one to the date of our inventory.

Ishpreet Kaur: So the inventory management system is developed in-house or have we taken any software for it?

Vikas Aggarwal: A part of it is in-house, coupled with already available software in the market.

Moderator: The line for the participant has been disconnected. We will move on to the next question. The next question is from the line of Parikshit Kabra from Pkeday Advisors, LLP. Please go ahead.

Parikshit Kabra: Hi. Thank you for the opportunity. The first question might just be from your opening remark. I joined a couple of minutes late. The revenue growth this quarter has been less than historical trends. Do you have any commentary around that?

Vikas Aggarwal: The revenue growth in the last quarter had a higher base with the year-on-year level. So we expected around Rs. 70 to Rs. 75 crore turnover in the last quarter and we are happy with that.

Parikshit Kabra: I appreciate that. But the base was higher last year for any reason?

Vikas Aggarwal: In the last quarter, generally there is a higher trend of sales. We have seen that over the years. It might be due to doctors buying more at the end of the year to save on taxes or increase demand from the patient.

Parikshit Kabra: So, Vikas, the reason I am asking is because I am unclear if it's a general trend that every year the last quarter is usually higher, than on a year-on-year basis, we should still expect a similar growth, right? Or are we saying that going forward we are expecting a 25% growth as the benchmark now?

Vikas Aggarwal: Actually sir, we don't track our growth quarter-to-quarter internally, we track it monthly. Sometimes one quarter is good, one is not that good. Overall, what matters is what categories perform, how many new customers were required, what was the average of the value there? A lot of different metrics we track.

I got your expectation. We will work on it, sir.

Parikshit Kabra: No, that's fine. Did I also hear you mention at the start of the call that you are not going to be providing guidance for the next year?

Vikas Aggarwal: No, I didn't say that, sir.

Parikshit Kabra: Okay. Sorry. Is there any guidance for next year, sir?

Vikas Aggarwal: Sir, your voice is not clear. Can you please repeat?

Parikshit Kabra: Yes. I am asking, is there any guidance you're providing for the next financial year?

Vikas Aggarwal: No, sir. We have not given any statement on the same.

Parikshit Kabra: Okay. All right. Fine. Thank you.

Vikas Aggarwal: Thanks a lot, sir.

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

Pawan Kumar: Hi, Vikas ji. Yes, Vikas Ji, my first question is regarding Smileworks Lab. Is this sufficient to have 1 lab for now, based on our demands in Delhi? And for how long do you see meeting this lab, the demand?

Vikas Aggarwal: Sir, it is not sufficient to supply to the whole country with 1 single lab. We might need to have some milling centers in different cities, Tier-1 cities of the country. Right now, we are only fulfilling the needs of Delhi, and there is a huge scalability potential in the lab business.

Pawan Kumar: You mean to say do you have some plan in future to have multiple such labs in multiple cities?

Vikas Aggarwal: We think so. We think so that as we grow, as we grow the lab, there might be need of milling center, not the design center, just the milling part of the lab in different cities so that we can supply faster.

Pawan Kumar: Okay. Thank you. The next question is, do you plan to do any equity dilution in coming years? If yes, then how much or like, what is the plan?

Vikas Aggarwal: As of now, there is no plan. If there is any such thing happens in future, it will be purely strategic.

Pawan Kumar: Okay, got it. The next question is, how much CAPEX do you plan for FY '26 and what will be its source of the CAPEX?

Vikas Aggarwal: Gaurav, would you like to take this?

Gaurav Aggarwal: Yes. We are committed to keep on investing in our technology and upgrading our infrastructure wherever needed. So, there is no specific number we can put up presently, but we have sufficient capital in hand. So, wherever we need to invest, we keep on doing that.

Vikas Aggarwal: Okay. Thank you. And just to add to this answer, we will keep it asset-light this year. There will be some automation modules being built and there will be no new large warehouses opened this year. Although we plan to open some service centers, we have opened 1 service center recently in South India. And in future, we plan to have some service centers. Apart from that, no big CAPEX plan.

Pawan Kumar: Okay. Thank you. There is 1 more question, if I may. Where do you see the company in next, let's say, 5 years? Any broad guidance in terms of revenue or footprints? Like, I know it's a very generic question, but just want to know your thoughts.

Vikas Aggarwal: I see Vasa Denticity as a full-stack provider to the whole dental community of India. That includes anything dental, which a doctor requires, which a dentist requires. We want to make it accessible, affordable for the doctors. And I see a much larger company in next 5 years.

Pawan Kumar: In terms of revenue, for example, can you give any ballpark number or something?

Vikas Aggarwal: I see some multiple growth in the revenue in next 5 years.

Pawan Kumar: Okay. All right. Thanks. I think that's all for now. I will join the queue.

Vikas Aggarwal: Thanks a lot, sir.

Moderator: Thank you very much. The next question is from the line of Vedant Bagry from Clearview Capital. Please go ahead.

Vedant Bagry: Hi, thanks for the opportunity. My first question is that how do you think about the sustainable profitability levels in the business? Like you said, 5 years down the line, a certain revenue target. But what would be your aspirational profitability target?

Vikas Aggarwal: I have been profitable since the day I started this business and would like to be profitable in the long term. I see higher margins in the long term. Last year, we spent around Rs. 6 crores to Rs. 7 crores only on experimenting on certain technologies and certain things, which if we would

have not done, then the bottom line would have been much higher. But it is the time for us for rapid expansion and to try different things in the market.

In the long term, I think we will be able to consolidate the profits. The margins look higher to us in the future and higher profitability.

Vedant Bagry: Got it. In terms of margins, I got it, and in terms of capital requirement, for example, like what would be the sustainable inventory days that you think you will be able to achieve 5 years down the line?

Vikas Aggarwal: Sir, today, at a Rs. 250 crore level, I am utilizing around Rs. 53 crores worth of inventory. When I do Rs. 1000 crores, I do not think I will be needing Rs. 200 crores of inventory. I think we will be using Rs. 100 to Rs. 110 crores of inventory. So I see in the long term, the requirement of inventory will be reduced to nearly half.

Vedant Bagry: Okay. Thanks. And the last question, I just wanted to understand your thought process when you went for an IPO, like, why did you go the public route rather than raising funds from VCs? Just your thought on it.

Vikas Aggarwal: This is a good question asked. Actually, we were not much aware of the financial world. I am a dentist and my co-founder is a software engineer. So, we did what we thought at that time was correct. And we do not regret it. We are happy with what we did. And there have been some wonderful investors with us. And now, we have very good foreign institutional investors with us on board. We are getting good support. And this way of growth, this way of raising capital also looks good to us and most of the companies like us at our level.

Vedant Bagry: Got it. Thank you.

Vikas Aggarwal: Thanks a lot, sir.

Moderator: Thank you very much. The next question is from the line of Akshata Telisara from Aionios Alpha Investment Management. Please go ahead.

Akshata Telisara: Thank you for the opportunity. I was just going through your PPT and certain metrics like your unique customers or order for customers, and therefore the number of orders has slowed down in FY '25. Also, I was seeing your retention ratio has fallen from 76% last year to 60% this year. So, I just want to know how you are thinking of these metrics. Do you think it's all a bit temporary, the expansion you've had which is more back-ended or how do you think of these 4 metrics coming forward?

Vikas Aggarwal: Ma'am, I think currently our delivery timelines and our customer service is not up to the mark. There is a lot we can do in this year to correct that. Once the delivery timelines are under 2 days and the customer NPS increases, we see a strong momentum in reorders, in the wallet share of

that particular clinic and the customer satisfaction. So, these are very important numbers which are given in the presentation by us, and we think they will improve with time.

Akshata Telisara: Okay. So these guys you have gone back to the local vendors, and you're saying that if it falls down below 2 days, then they will probably shift back to your platform.

Vikas Aggarwal: Yes, in the time of e-commerce where Blinkit is delivering in 10 minutes and Amazon is delivering next day, so the mindset of a customer is to get it faster. And we have to change with time to faster delivery, so that we live up to that expectation.

Akshata Telisara: So, this 4.5% logistic cost that you're talking about, where can this number go to?

Vikas Aggarwal: When can this number…

Akshata Telisara: Where can this number go to, because you want to do it much faster, right, if you are doing more the faster deliveries than the usual ones. So, this 4.5% on logistics can increase going forward.

Vikas Aggarwal: So, recently we have shifted a lot of our logistics on Blue Dart, which has a better SLA compared to the rest of the market. This is what we think, with our experience. So, with that, this number can go up to 5.5% in future, but it will give us return on the other side. So, it can fluctuate between 4% to 5.5% in future.

Akshata Telisara: Okay. And your revenue per order has significantly gone up. Is it because it was large equipment that you were talking about and how do you see this going forward? Like it will stabilize at 4.600 or how do you see this?

Vikas Aggarwal: I think it should go higher in future, because we have started selling high value equipments, some SKU, some capital equipments for the clinics, laboratories. So, once we take out an average of everything, the numbers I think will grow in future.

Akshata Telisara: Okay, and warehouse expansion has been quite rapid, right? Like it has gone from 16,000 to 34,000 and now 58,000 almost. Do you think we have optimally utilized the previous square feet, the warehousing capacity? Have you optimally utilized all of it and then we have almost doubled it this year again?

Vikas Aggarwal: We have utilized some of the warehouses well and some not that well. We are on the way to optimize them completely. So, we are not going to open any large warehouses in India, in near future. As of now, it is not decided and the target is to optimize per square feet of every warehouse as much as possible to dispatch the maximum order of all the regional warehouses from the regional warehouses itself. That is the target ma'am.

Akshata Telisara: Okay, and one last question on your CAPEX. I think you said Rs. 4 crores on Smileworks is what you will put in some service centers. So, can you broadly like ballpark give a number here?

Also, the 1 service center that you have put, how is that panning out so far? And the last question would be how much did you make from placements in FY '25?

Hello?

Vikas Aggarwal: Yes, ma'am. I got the CAPEX part, the service center part. What was the last part of the question?

Akshata Telisara: Placements for FY '25. How much did we make from that?

Vikas Aggarwal: Gaurav, would you like to take this?

Gaurav Aggarwal: Yes. So, I didn't get your last question. Your voice was cracking. Can you please repeat that?

Akshata Telisara: How much did we make from placements in FY '25?

Gaurav Aggarwal: Yes. So, we have opened our first service center in Chennai, and we have opened a small showroom also there. We are planning to open 2 showrooms and service centers in the prominent part of India, versus this we are expecting to invest almost like Rs. 3 to Rs. 5 crore for these showrooms and service centers across India.

And I still did not get your last question, ma'am. How much is the placement?

Akshata Telisara: Rs. 3 to Rs. 5 crore, you are saying for the 2 showrooms that you will open this year?

Gaurav Aggarwal: Not 2, for multiple showrooms across India.

Akshata Telisara: Oh, okay. Okay. That's it. Thank you. That's it from my end.

Moderator: Thank you very much.

Vikas Aggarwal: To add to the last answer, multiple showrooms won't be opened in a go, pan India. We will just see how the first one performs, and we will open the next, and the one after that will also be based on the data and analytics.

Akshata Telisara: Okay. Any initial feedback on the 1 that you've already opened in South?

Vikas Aggarwal: It is not the right time to comment on that, because it's still in the initial phase.

Akshata Telisara: Okay. Okay. Got it.

Moderator: Thank you very much. The next question is from the line of Nirjara, an individual investor. Please go ahead.

Nirjara: Yes. Hi. So I just wanted to ask, do we have any competitors online and offline? Do we have like big retailers who can come close to our revenue?

Vikas Aggarwal: Online, we don't have a competitor of this scale or nearby. Offline, there are 1000s of retailers who make sales between Rs. 10 crore to Rs. 100 crore. There are a few who make sales beyond that also.

Nirjara: Okay. So I just wanted to understand what difference do we have from those bigger retailers? Like is it just price point or like the products that we are offering? What's our USP?

Vikas Aggarwal: That's a great question. Thanks a lot.

Our USP is not just the price. Our USP is the ecosystem we have built and the type of exclusive products we supply to the doctors. We have our in-house brands, which are developed and distributed pan India.

We have educational initiatives to upskill the doctors to make them understand how to utilize or how to use a particular procedure to buy the whole armamentarium of a particular procedure together.

And around 20,000, 22,000 products are available at a single platform for the doctors, with many exclusive products for which the doctor has to come to our platform. Then in the technology side, we have a microservices architecture, which is highly scalable and reliable platform.

The whole company works on data analytics. So all the decisions taken by us are data driven. Most of the work in the warehouse, most of the decisions even in the warehouse are automated.

So that can help us scale faster. Our delivery timeline on a national average is around 3.8. But in many cities, it is next day and sometimes it is same day. So that is currently not available for most of the doctors around the country.

Nirjara: Okay. Thank you. I also wanted to understand like with our vendors, what are the terms of sales and like, are we able to return goods to the vendors?

Vikas Aggarwal: Yes, we have agreements with most of the dealers to do RTVs. And on expiries also, we have agreements with the domestic dealers. We track all the inventories we purchased from the local vendors and we return them on time if unsold and get them replaced with the fast moving.

Nirjara: Okay. Thank you so much.

Vikas Aggarwal: Thanks a lot.

Nirjara: Thank you very much.

Moderator: The next question is from the line of Manjeet Buaria from Solidarity Investment Managers. Please go ahead.

Manjeet Buaria: Dr. Vikas, thank you for taking my question. First, I just wanted to appreciate the hard work which has been put in by the team over the last few years. I think it's a very commendable position we have reached now.

There is just 1 question where I wanted clarity. We have cracked getting our business to a healthy gross margin level, and I am sure it will improve going ahead. Because we don't burn money or discount to earn revenues, right? So, we have a very formidable position there.

Now, given that position, why would we shy away from continuing to make aggressive investments below the gross margin line, right? Whether it is marketing, deepening our presence, doing more experiments, as you mentioned, you did in FY '25, because that would really accelerate the market share we have gained from our unorganized competitors.

So, I just wanted to understand the trade-off you would see Management Team wrestles with, because improving the markets for leadership and delivering a certain level of margin in the short run. Because I would have thought it's better to keep investing a lot more aggressively for the next 5 to 7 years, given, gross margins are good. And then the EBITDA margins will climb over a period of time.

Vikas Aggarwal: I agree with you, sir. And I am not actually shying away on investing on certain fronts. In marketing, the capital allocation was higher last financial year, but it was not as high as we expected, because ROA was also important while deploying the fund.

In the offline marketing, where currently 94%-95% market lies, I think there we can invest more this financial year. And on the digital marketing front, we will continue to increase the allocation of funds.

Manjeet Buaria: Got it. So, look, you are not very concerned about the short-term margins, right? That's the clarity I wanted. As long as the investments are needed, you continue to do that. Because I thought from your opening remarks that you wanted to deliver those margins faster in a way, whereas I thought gaining market share would be priority.

Vikas Aggarwal: Yes. Sir, to continue answering what I was answering earlier. Right now, margins are important for me, because I have to deliver it to my shareholders and investors. But at the same time, market penetration and market share is very, very important. And that is the reason we compromised on the profit this year to have a higher growth. And that growth is sustainable growth.

In future, we will not shy away on any investment if we see sustainable growth this year, next year. And I am totally aligned with your thoughts.

Manjeet Buaria: Okay. Thank you so much, Dr. Vikas. All the best.

Vikas Aggarwal: Thank you.

Moderator: Thank you very much. The next question is from the line of Keshav Kumar from RakSan Investors. Please go ahead.

Keshav Kumar: Hi, sir. Can you help understand the rationale behind Smileworks acquisition a bit more?

Vikas Aggarwal: Yes. Sir, it is a vertical integration. The dental market has a clinical side and a laboratory side. So when somebody goes to a dentist, and after a root canal, mostly there is a cap, which has to be placed on the ground. And the dentist thinks that tooth impression to a dental laboratory, which is different from a normal diagnostic laboratory and get the processes made, and then it is delivered back to the doctor, and then he places the crown on the tooth of the patient.

So, we were only supplying the clinical side of products to the dentist. Last year, we started this laboratory, so that we can supply the laboratory side of prosthetic work to the dentist to our same set of customers. So, I have 1 lakh plus dentists who are buying clinical products from me to the same set of customers. Why not supply the lab side of the products? So, I do not have to market specially for that. I already have a loyal customer base. Why not provide them with more services? So, that was the thought process while acquiring it. It was already running laboratory for last 8 years. The founders were brilliant. We aligned with the vision and philosophy, and we decided to join hands.

Keshav Kumar: Okay. So, sir, this prosthetic market, how is it structured? How big is it?

Vikas Aggarwal: So, the dental laboratory market itself, the prosthesis market itself is beyond Rs. 6000 crores, and we were not doing anything in that market before last year.

Keshav Kumar: But the approach for us would be to sell from Smileworks across territories or we will just be focusing on Delhi?

Vikas Aggarwal: So we started in January 14, and we are consolidating in Delhi right now and when we are ready, we will start delivering pan India.

Keshav Kumar: So, deliveries can be done from Smileworks base pan India or we will have to acquire companies like that or we have to expand in other geographies as well.

Vikas Aggarwal: No, it can be done from Smileworks itself.

Keshav Kumar: Okay. Okay. And sir, how much did we spend for this 60% stake? And if you can put a number on what kind of a manufacturing scale they have? How much they are utilized?

Vikas Aggarwal: Yes. Sir, the manufacturing capacity right now is a certain number of crowns. We think that with the same setup which we have created, we can grow around 5x and then it will require more capital infusion. And I think this is going to happen this year itself.

Keshav Kumar: Okay. And this crowns capacity is how much of the overall products they sell? I mean, crowns is what percentage of the revenue the company had had in the last year?

Vikas Aggarwal: Smileworks, majority of the work is crowns and implant related prosthetics. I would not like to share any numbers of how much we are producing for trade secrecy reasons, and competitive reasons. But I want to assure you that there is a lot of scale, which has potential to grow this year.

Keshav Kumar: Lastly, this 60% stake, how much did we spend for it?

Vikas Aggarwal: The initial investment was Rs. 3 crores.

Keshav Kumar: Rs. 3 crores. Okay. Thank you, sir.

Vikas Aggarwal: Thanks a lot, sir.

Keshav Kumar: Have a great quarter. Yes.

Moderator: Thank you very much. The next question is from the line of Swaraj from Perpetual Capital Advisors. Please go ahead.

Mr. Swaraj, please go ahead.

Swaraj: Hi. I just wanted to understand what was the rationale, I think we already have a warehouse in Delhi. So what was the rationale for setting up another warehouse near Delhi? I just wanted to understand that.

Vikas Aggarwal: Thanks a lot for this question. This was something which nobody asked. Sandeep, you want to take this?

Sandeep Aggarwal: Yes. So like the earlier Delhi warehouse was not operational anymore right now. That was totally used for the head office part. So the earlier warehouse which was there in Farrukh Nagar, which was very far away from the airport. So actually the pickup that we have earlier was very high. So to reduce that, we have shifted the warehouse to Dwarka, which is very nearby to the airport. So via that we can ship most of the parcels same day to a cutoff time of 7 p.m. or 6 p.m.

The second advantage of the new warehouse is that we can ship lot of orders in the Delhi-NCR region same day itself, which is not possible with the Farrukh Nagar warehouse.

Vikas Aggarwal: Okay. So overall, this helps us in our strategy to deliver within 2 days, national average.

Swaraj: Great. And the growth in monthly average users was 9% for the year. I understand it was in a higher base from last year and last year the growth was higher. But what is your outlook on the monthly active users? And are we more focused on the active user ARPU or a combination of both?

Vikas Aggarwal: A combination of both. Okay. So almost all the dentists of India come to our platform, to surf and see what's there in the dental market. But we are not able to convert all of them. Idea like we are trying to find how can we get all of the active users to buy stuff from us.

Swaraj: And so technology-wise additions, I think we had milling machines and dental chairs, I think we already had. So what new additions on the technology side have we done that are going to help the business?

Vikas Aggarwal: So there are 2 things in technology, sir. One is our tech stack - the app, the website and the code behind that. And the other is the dental products technology. So I think you're asking about the dental products technology. We recently launched dental 3D scanners and dental chairs were launched last year. Milling machines, the metal printing machines are new.

We have done 6 exclusive tie-ups last year, which will give results this year.

Swaraj: Okay. So on the margin front, I understand we are in a growth phase, and I understand you cannot give a number, but on the qualitative side, how do we see margins to stabilize on any long-term guidance qualitatively?

Vikas Aggarwal: We expect better margins. So we can squeeze, we can have more margins if we want to, right. Right now, we are not looking only on the margin. We are looking on penetration in the market and acquiring more customers, and serving our current customers better. In the future, I expect the margins to grow.

Swaraj: Okay. Okay. Thank you so much. All the best.

Vikas Aggarwal: Okay. Thanks a lot.

Moderator: Thank you very much. Due to time constraint, that was the last question. I now hand the conference over to Dr. Vikas Aggarwal for closing comments.

Vikas Aggarwal: 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. Thank you again for your time and participation.

Moderator, you may please close the call. Thank you, all.

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