Dated: November 20, 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 November 15, 2024

Dear Sir / Madam,

In continuation to our intimation dated November 13, 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 Friday, November 15, 2024 at 11:00 A.M. (IST) on operational and financial performance of the Company for the half year ended September 30, 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: 2024.11.20 13:32:01 +05'30'

Vikas Agarwal
Managing Director
DIN: 07487686

Encl: a/a

"Vasa Denticity Limited

First Half of FY2024-25 Earnings Conference Call"

November 15, 2024

MANAGEMENT: **DR. VIKAS AGARWAL – MANAGING DIRECTOR – VASA DENTICITY LIMITED**
MR. SANDEEP AGGARWAL – WHOLE TIME DIRECTOR – VASA DENTICITY LIMITED
MR. GAURAV AGARWAL – 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 First Half of Financial Year 2024-25. From the management team we have with us Dr. Vikas Agarwal, Managing Director, Mr. Sandeep Aggarwal, Whole Time Director, Mr. Gaurav Agarwal, Chief Financial Officer and Mrs. 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 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: Ladies and gentlemen, good morning. I extend a warm welcome to Vasa Denticity Limited Earnings Conference call for the Half Year of the Financial Year 2024-25 which ended on 30th September 2024. I appreciate all of you for taking the time to join us today. We have uploaded our financial results update for the half year of the financial year 2024-25 and a presentation on the website of NSE and the same is also available on our company website.

I trust you all must have seen and reviewed the same. I would like to brief you all about the industry, the company and some key developments before getting into the financials and business performance of the company which will be taken care by Gaurav, our CFO. India's dental care sector is undergoing a transformative growth fuelled by increasing awareness of oral health, rising disposable incomes and the surge in multi-specialty hospitals providing comprehensive dental services.

The Indian market for custom-made crowns and bridges alone is expected to expand from USD0.8 billion today to USD3.1 billion in 2030 reflecting an annual growth rate of over 13%. Additionally, the clear aligner market is projected to grow from USD133 million today to USD569 million in 2030 at an impressive 23% CAGR. At Vasa our commitment to transforming the dental supply industry in India is stronger than ever.

Over the past years, we have made some strategic moves to enhance our reach, expand our capabilities and provide unmatched service to dental professionals across the country. So the first thing which we have been doing is the warehousing and the infrastructure expansion. Recognizing the importance of efficient logistics, we have significantly grown our warehousing capacity now totalling 43,900 square feet. This expansion with new locations in key markets like Mumbai, Nagpur, Kolkata and Guwahati have cut our average delivery time to only 4.5 days now.

Faster delivery times and optimized inventory management enhances our ability to meet growing demand swiftly and reliably. Second point is the digital transformation and customer engagement. To elevate the customer experience, we launched an upgraded version of our platform in the end of September, dentalguard.com which incorporates advanced features for a smoother, more responsive user journey.

The improvements are evident over the monthly active users which have risen 48% to 3,35,000. So there is a discussion on this which we will take up in the question and answer session where we will justify the monthly active users count over the past quarters and years. So this growth signals high customer engagement with a 76% returning rate of customers on the website and app, highlighting trust in our platform. Product portfolio expansion with dental lab solutions.

In response to the market needs, we ventured into dental lab manufacturing through Smileworks Private Limited offering custom-made crowns, bridges and different types of prosthesis. This vertical integration allows us to serve our customers more comprehensively, expanding our role as a one-stop solution for dental practices and laboratories alike. Enhanced quality control and customer loyalty.

With a stringent focus on quality assurance, we achieved a low 1.9% product return rate, reflecting our commitment to reliability. Our extensive product selection now comprising over 20,000 plus unique products have helped drive a 23% increase in the customer base. Additionally, our target outreach efforts have strengthened brand presence and customer loyalty within the dental community. These initiatives align with our core values of operational excellence and customer centricity setting the stage for continued growth in India's dynamic dental market.

By strategically investing in our logistics, digital infrastructure, product range, quality standards, we are well positioned to capitalize on future opportunities and reinforce our leadership in the industry. We are optimistic about the journey that lies ahead and our commitment to advancing oral healthcare 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.

In conclusion, I would like to thank our shareholders for their continued support and confidence in Vasa. 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. Gaurav Agarwal to take us through our operational performance for this year.

Gaurav Agarwal: Thank you, Vikasji. Good morning, everyone. I am Gaurav Agarwal, Chief Financial Officer of the company. Hereby will be giving you a brief update on our operational performance. Vasa Denticity Limited i reported robust financial performance for the first half of financial year 20-25, reflecting strong year-on-year growth across key financial metrics. Our total revenue for the first half of financial year 2025 has reached INR113.14 crores making a 46.8% increase from INR77.07 crores in the first half of the corresponding previous financial year.

This growth underscores our expanding market presence and increased demand for our extensive product offering. Our EBITDA and profitability for the first half of financial year 2025 stood at INR12.3 crores, reflecting a 51.29% growth over INR8.13 crores recorded in the first half of the corresponding previous financial year. Our EBITDA margins has improved slightly, rising to 10.87% in the first half of financial year 2025 from 10.55% in the corresponding first half of the previous financial year.

This increase in profitability reflects effective cost management and operational efficiency, along with enhanced sales in our operations. Our profit after taxes for the first half of financial year 2025 is INR8.77 crores, up by 39.65% from INR6.28 crores in the previous financial year. This growth in our bottom-line earnings reflects our continuous focus on optimizing costs and maximizing returns.

Our earnings per share for the first half of financial year 2025 has increased to INR5.48 compared to INR4.19 in the first half of the corresponding previous financial year, reflecting a 30.78% year-on-year growth and demonstrating the value we continue to deliver to our stakeholders. On operational metrics, the total number of orders grew to INR2.61 lakhs in the first half of financial year 2025, a 29% increase compared to INR2.02 lakhs orders in the first half of the corresponding previous financial year. This growth reflects an expanding customer base and high retention rates due to our improved service capabilities.

Our average order value saw a year-on-year increase, underscoring the increased demand for higher-value dental products and comprehensive solutions. Our monthly active user count of our platform increased by 48% to 3.35 lakh users, indicating strong user engagement and satisfaction with our upgrade digital platform and improved customer experience. Our customer loyalty and satisfaction has underscored by a remarkable 76% customer return rate.

Additionally, our strict quality assurance measures resulted in a low product return rate of just 1.9%, further demonstrating our commitment to quality and reliability. These results showcase the effectiveness of our strategic initiatives from warehouse and digital platform investments in our expanded product range. Our steady financial performance not only reinforced our leadership in India's dental market, but also highlights our potential for sustainable growth. Now, I would like to hand over the call to Dr. Vikas Agarwal for further updates.

Vikas Agarwal: Thanks Gaurav. Now, I would like to open the floor for any questions you may have. And we are also open to any questions on our email id cs@dentacar.com anytime. Thanks a lot for your kind attention. Moderator, you may please open the floor for any of our shareholders for asking questions.

Moderator: Thank you very much, sir. We will now begin with the question and answer session. The first question is from the line of Jayant from Pkeday Advisors LLP. Please go ahead.

Jayant: Okay. Good morning, Dr. Vikas. Firstly, congratulations on a really good set of numbers. I had a few questions for you. The first one is regarding our inventory. I wanted to understand the underlying reason why the inventory days have been rising and where do you see this trend going forward for the second half and the years to come?

Vikas Agarwal: Jayantji inventory days have risen and we are very serious about the inventory's increment in our different warehouses. But to achieve a lower delivery timelines of below 4.5 and to satisfy the customers, we had to increase the inventory in our regional warehouses. And we are very serious about it and in the long term we think that this should be the peak of the inventory days.

Jayant: Got it. Thank you, Dr. Vikas. Second question was regarding our net profit margin. So, if you look at it year-on-year, it has slightly decreased. Not that it's a big sign of concern, but I wanted to understand, is there any specific reason why it has gone down from 8.15%?

Vikas Agarwal: Actually, Jayantji the thing is that we have been investing on a lot of things in the last one year. If you can see the investment on the talent, the people has increased by 50%. So, once it starts reflecting on our top lines, I think the bottom lines will follow. So, a lot of expenses have been done for which this is a very short time to justify that why the bottom line is not increased.

In future, once we have developed the whole infrastructure, the whole ecosystem. So, with time we think the revenues will start coming and these bottom lines will become healthier.

Jayant: Okay, doctor. Thank you so much. I'll get in the queue again. Good luck for the future.

Moderator: Thank you. The next question is from the line of Dinesh from Finsight. Please go ahead.

Dinesh: So, thank you for giving me this opportunity and a really great set of numbers. Sir, quite a few questions from my end. First of all, as in the previous question you mentioned that we would like to see an optimized warehousing and the infrastructure is in place. How long that will take based on your current growth and expectations like what's the timeline for that?

Vikas Agarwal: Currently, we are also trying to optimize it as soon as possible and we are also learning with it. So, a definite timeline is difficult to give, but we will try to achieve it as soon as possible. The orientation of the team and the management is that we want to do it as fast as possible.

Dinesh: Okay, sir. Can you just explain it in detail, a few points at least like what is there still needs to be done by point by point like I would like to see what it will bring the improvements, whether it will bring improvements in just the delivery timelines or better customer acquisition and lower product retrieval kind of a thing. So, where else you would like to see these improvements? Can you just elaborate on that?

Vikas Agarwal: There are certain values which we want to provide our customers. One of that is a faster delivery. So, in the long term, these set of values will define how much the customer is satisfied with us. So, over the past 8 years of our journey, we have seen a lot of customers exit and on surveys of those exit customers, we found out that the delay in delivery or the delivery timelines was a major concern.

So, when we open a warehouse in a certain region, we have to put multiple SKUs in that warehouse so that the allocation can be done for majority of the orders done. So, for example, there are 20,000 plus products with us in our mother warehouse in Gurgaon. So, when we open a warehouse in Bangalore, we don't keep all the SKUs there. We have to slowly increase the inventory in those warehouses.

And once a threshold number of SKUs are present in the Bangalore warehouse, the allocation will be higher because doctor is not ordering one item in an order, they are ordering multiple combination of items. They can be items in the order which are not present in the Bangalore warehouse. In that case, you have to split the order, some part from the Bangalore or some part from the Delhi or we have to send a whole parcel from Delhi itself. So, that diminishes the experience of the customer which they have with us.

So, on these all dynamic factors, we continue increasing the inventory in regional warehouses and we see an increase in the allocation of orders. With the allocation of orders done faster, the user experiences improve and we are seeing that directly in our data patterns. So, that is the learning curve. So, we are learning how much like what products to keep and how much allocation becomes higher. So, the data provides a certain guidance in that and then there is a hit and try.

Dinesh: Okay, sir. Really great on that. Just last few points like you mentioned, we currently have some around 20,000 odd products. So, how many products are actually needed for us to run this operation smoothly, are there 50,000 products or 100,000 products, what is that maximum we can have in the industry?

Vikas Agarwal: Yes, sir. Currently, what we understand, I think we have to increase the number of products to around 35,000. That is the catalogue size of our inspiration, Henry Sang which is a U.S.-based company. That is our current understanding. As time progresses, we will continuously understand what all products can be there.

Dinesh: Okay, sir. Great. And you had mentioned that we would reach somewhere around, say, like the long-term target of INR800 crores or revenue or something like that in the last few calls. Are we still there? What kind of margins you would look, EBITDA margins at least, we are looking at in the long term?

Vikas Agarwal: It is difficult to comment on the EBITDA margins and profit when we reach INR1,000 crores, but we are 100% inclined to reach there and even beyond that and everybody in our team is highly motivated to do that in the long term.

Dinesh: Okay, sir. Thank you very much and all the very best. I'll get back to the queue.

Moderator: Thank you. We'll take the next question from the line of Deepak Poddar from Sapphire Capital. Please go ahead.

Deepak Poddar: Thank you very much for this opportunity. Sir, just wanted to understand our first of all the own brand mix. So what is our own brand mix currently in this quarter?

Vikas Agarwal: Sir, it is around 50%.

Deepak Poddar: Around 50%. And how it has been trending and how do you see that in next 2 years?

Vikas Agarwal: Sir, over the last 3 years, 4 years, I have seen the own brand mix to increase and the same reflected in our profits. But it has been stable for last three quarters because we have to maintain the neutrality of the platform along with increasing the own brand mix. So as soon and as much own brand products we can launch, we are doing that, but overall the sale of the other brands is also increasing. So the brand mix is currently stable around 50%. In the long term, we aspire to increase this, maintaining the neutrality of the platform.

Deepak Poddar: Aspire to increase I mean, over next 3 years about 65%, 70%?

Vikas Agarwal: Sir, the long term target is to be around 70%.

Deepak Poddar: 70% in 3 years, I mean, would that be a fair timeline?

Vikas Agarwal: That will be a fair timeline. One thing more in this that the brands which we sell exclusively in the India market will also be included in the own brand mix.

Deepak Poddar: Yes yur exclusive partners are also included in this 70% or 50%, but in general...

Vikas Agarwal: Currently, the brand mix is more of our own private labels, but in the long term we are looking for exclusive brand partners in India. The multinational companies who sell only through us in the country, through our platform. So if we include that, it is likely to be achieved in next 3 years, 4 years.

Deepak Poddar: Okay. And what is the differential between your gross margin in your private label versus exclusive partners?

Vikas Agarwal: Almost the same.

Deepak Poddar: Okay, almost the same. I mean, even the private labels and exclusive partners, our gross margin is the same?

Vikas Agarwal: Yes.

Deepak Poddar: Okay. Understood. And I mean, this year we were on the growth part I think this year we were targeting 70% revenue growth, that we have said in the previous calls. And now in the first half, we have grown by about 46% or odd. So how do we see this target? I mean, we are still holding on to this target?

Vikas Agarwal: We are trying to do that. Actually, there was a mistake from my end that I gave the internal team targets publicly. So I now think that I should say less and do more in future. So we aspire to do definitely a number which I said in the past. In finding ways, a lot of things have to fall at the right place to achieve this in the next 6 months.

Deepak Poddar: Correct. But what is the reasonable range that one should look at realistically? I mean, because to achieve 70%, you need to grow by about 90% in the second half. It might be difficult. So what is the reasonable range that one should look at in terms of growth for this year?

Vikas Agarwal: I think the reasonable growth we should look at is similar to what we did in the first half.

Deepak Poddar: Okay. So about 45%, 50% may be a reasonable range, I mean, that one may look at?

Vikas Agarwal: Yes, possible.

Deepak Poddar: Okay. And your EBITDA margin, I think, saw an improvement in this quarter as compared to -so is this EBITDA margin sustainable going forward, 11%? I think we have seen. and what led to this improvement?

Vikas Agarwal: Sir, the less promotions, like there were heavy promotions done in the first quarter this year. In the second quarter, we did not do so much promotions. So the discounts and rewards were given less that led to this increase. And in the long term, we are in a hit-and-trial mode, that we try different things to get more customers acquired and then in the long term retain them, retain them with different strategies.

So we are not sure that how high this will be or what will be the effect, but we will also explore this in the next 2 years, 3 years, what can be done with the EBITDA margin.

Deepak Poddar: Correct. But we should be in this range, I mean, is that something that we can at least say that, I mean, in terms of 11% that we have clocked this quarter?

Vikas Agarwal: Possibly, yes. But still, I must say that we will be exploring this.

Deepak Poddar: We will still be exploring in terms of. And have you started this buy now and pay later facility on our website that we were supposed to do I think and so how much percentage?

Vikas Agarwal: Buy now, pay later has been started, but we are in final talks with a large NBFC for financing our channel partners as well as the customers who buy large value equipment. So BNPL finances around 25,000 to 50,000 and the larger NBFCs can do it up to INR10 lakh. So we are on it and if that is done, it will give us a boost.

Deepak Poddar: Correct. But has the revenue started from this, I mean, buy now, pay later?.

Vikas Agarwal: BNPL, yes already started.

Deepak Poddar: So what is the revenue mix right now from this because ideally people would want, if that is a facility available, would want to avail that facility right on your website.

Vikas Agarwal: Yes. So I have to check the exact numbers for that. Don't have it in handy, but the percentage is relatively small currently.

Deepak Poddar: Currently small, but will it impact your EBITDA margin in the medium term if it becomes like 40, 50% of your revenue mix, 30, 40%, 50%?

Vikas Agarwal: I don't think BNPL will be 40% to 50% of our mix because it is for smaller value items generally. Once we have our NBFC on board which can finance our channel partners as well as our large customers. For example, somebody wants to set up a dental clinic and the average dental clinic costs around INR10 to INR12 lakh for that the BNPL won't work. And if we can tap that whole new clinic setup thing with our financing partner, then we get that number which you are talking about.

Deepak Poddar: Okay, understood. And then the marginal impact can be there because then you will have to pay some spread to the NBFC as a charge rate for providing this facility.

Vikas Agarwal: Yes, we have to pay that, but it will bring in a lot of new customers who we are associated from the beginning. And then their regular consumable purchase or a clinic upgradation purchase might follow the same. So it's a good business to enter according to us.

Deepak Poddar: Absolutely. I think that's very helpful, Vikas ji I think thank you so much and wish you all the very best.

Moderator: Thank you. We'll take the next question from the line of Manan Pamani from Mission State. Please go ahead.

Manan Pamani: Yes, thank you for the opportunity. Sir, couple of things. In the past, we have talked about exclusive distributorship of one of the products and so how has that progressed? I think Baldus that was the announcement that was done. So is that contribution significant in H1?

Vikas Agarwal: Manan ji, the contribution of Baldus in H1 was not significant and there are a lot of work which happened in the background for which the results are still to come. For example, making a key opinion leader network, making training modules for the whole staff, hiring people in that, doing workshops across the country, sponsoring different Pediatric dentistry conferences. So that work is happening, but overall seeing our revenue the contribution by Baldus is not significant.

Manan Pamani: Okay. And so it will probably take still about a year or so, if I understand correctly. I mean, I'm just trying to understand the opportunity size that you mentioned over here is quite large. So I'm trying to understand that when will we probably see good contribution from this partnership?

Vikas Agarwal: Manan ji, we are trying our best to get results out of it. So maybe in the next H1 earnings call, I'll give more brief on that. I'll be prepared for that. Currently, we are trying our best to get traction for that and we are the most significant player in the market for that currently. It is about time that we start seeing some numbers in it.

Manan Pamani: Right. Okay. Thanks for that and secondly on the customer profile how are efforts to increase share in Tier 1 cities going along and are we seeing improved traction in the Tier 1 cities as compared to the past?

Vikas Agarwal: Yes. For increasing traction in Tier 1 cities we are coming up with service centers in all the 8 Tier 1 cities of India. And we have started with finalizing one center as of now in Bombay. The centers will follow and timeline is difficult to predict on this because everything takes a lot of effort to open a service center. So one thing for which we have seen a concern from the Tier 1 dentist is that it takes longer time to get things repaired or get a servicing done.

So we want to have a small team in a service center in different cities where a doctor can come to get a product repaired immediately. Secondly, there will be a team of two, three people depending on the area to go to a clinic and do servicing of large value equipments. So this will give boost to our small equipments and large equipments sales both. This is what we expect.

Manan Pamani: Right. And lastly, if you can just give a brief on how are we thinking of this Smileworks lab - dental lab opportunity. And so, I mean, I'm just trying to understand, are we setting up labs ourselves or is it just manufacturing that we are doing? So if you can just brief on this new line of business?

Vikas Agarwal: At this time with Smileworks, Mananji, we are setting up a corporate laboratory which will supply to dentist in Delhi NCR. And once we understand that how we can scale this pan India, we will start with that operations. Along with the laboratory thing, we are also building a tech stack where a doctor can directly order a prosthesis and then can track the whole event, like all the different milestones it goes before coming back to the doctor. That tech stack is something which is not there in the country currently, which we want to tap on.

Manan Pamani: Right. And lastly for the full year FY25 or FY26, is there any capex guidance that you would like to give?

Vikas Agarwal: Sorry, I don't want to give any capex guidance.

Manan Pamani: Yes. Thank you so much and best of luck, sir. Thanks a lot.

Vikas Agarwal: Thanks a lot, Mananji.

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

Pawan Kumar: Hi, Vikas. Thank you for the opportunity and congratulations for the good set of numbers. I have a couple of small, small queries. One is are you able to share some revenue guidance for FY26? FY25, I can understand we are not there where we were expecting yet, but maybe we'll reach somewhere better in the second half. That's fine. So, FY26, do you have any numbers if you want to give?

Vikas Agarwal: Sir, I think a basic 30% growth should happen.

Pawan Kumar: Over FY25?

Vikas Agarwal: Although we aspire to do much higher than that, but answering your question, I think a 30% basic growth is definite.

Pawan Kumar: There was a discussion in the earlier call that we are planning to reach INR500 crores revenue in the next 3 years. I heard that in FY in H2 FY24. So, do you want to revise any guidance on that or do you see that by FY27, we will reach INR500 crores or plus minus if you want to say something?

Vikas Agarwal: I don't want to revise that guidance. We are 100% inclined internally to achieve even beyond that. We are making all efforts. We are building the team. We are trying to satisfy our customers' needs. We are increasing the product portfolio. So, overall, we are building the whole ecosystem and it is the time which will tell that how much traction we will get out of these efforts. Currently, the efforts which we have done in last 1 year have not shown in our numbers, but in future, we expect the same.

Pawan Kumar: Okay. So, FY27 is the INR500 crores guidance correct?

Vikas Agarwal: I don't want to say any definite numbers or guidance on the same.

Pawan Kumar: No, 5%. 10% plus minus we understand all that. No problem.

Vikas Agarwal: That is possible.

Pawan Kumar: FY27 we were targeting earlier that's correct understanding?

Vikas Agarwal: Yes, Pawanji. Pawanji at the same time, I want to tell you the different strategies we are doing, the kind of talent we are acquiring, the focus of company on the customer delight and the relationship building. This is what matters to us. The numbers should follow all these efforts.

Pawan Kumar: Yes, I understand. Thank you, Vikas ji. So Vikas ji do you have an update on warehouse. Earlier, I heard that we are going to open some warehouses in Assam, Kolkata and Indore. Have we opened those rooms or not?

Vikas Agarwal: We already have a warehouse in Guwahati. We already have a warehouse in Kolkata.

Pawan Kumar: And Indore?

Vikas Agarwal: These were already done.

Pawan Kumar: Okay.

Vikas Agarwal: Pawan ji, your voice is not clear. Repeat it once.

Pawan Kumar: Yes, and how about Indore also was that also in picture, Indore warehouse.

Vikas Agarwal: Indore is not yet open. So, that is still we are exploring. So, there are two things going on. Firstly, the already opened warehouses need to be optimized to a certain level before we open further warehouses. So, Indore is being explored because there is an area which can be served to it, but not yet done.

Pawan Kumar: There is this new Smileworks Dental Lab. I was going through the PPT. So, how much revenue potential do you see from this particular new subsidiary or new initiative in the next, let's say, 2 years or 3 years any rough idea?

Vikas Agarwal: Sir, it is difficult to predict that, but at the same time the potential and the market size is huge. And why we started with Smileworks is that last year we served around 90,000 customers and all of them are dentists. The same dentist is taking services of laboratories. And we thought why not we supply our customers with more products that is custom-made prosthesis through a lab.

So, we already have the customer. We have to build the product and supply to the same set of customers, that will give us a certain percentage of the total market size. And if you see the market potential, it is going to be around USD3 billion in 2030. Only the dental lab ground market. So, it's a huge opportunity for us. We are at our toes, working hard to build something out of it along with the tech staff.

Pawan Kumar: Okay, great. Thank you for the insight. Just one last from my end. Are you looking for any acquisition or anything for this year or next year?

Vikas Agarwal: Yes sir. We do. There are opportunities in the market which we keep an eye upon. So, as soon as we evaluate something, we will - no as soon as there is any deal, we will release it in the market.

Pawan Kumar: Okay. Thank you Vikas ji. That's all from my end and all the best for the future.

Moderator: Thank you. The next question is from the line of Viresh Sanghvan, an Individual Investor. Please go ahead.

Viresh Sanghvan: Hi. Thanks for the opportunity. I just have one question regarding the Smileworks Lab. So, is this a fresh start from scratch or are we partnering with some other player who has prior experience in this and just on this and the location like, is it 100% subsidiary or just dynamics of it? If you can explain, please?

Vikas Agarwal: Yes. So, there was a lab running in Delhi for last 8 years which was doing a topline of around INR5 crores with a very healthy bottom line. So, we acquired that lab and merged that into Smileworks and started Smileworks with all the expertise which Dr. Ankur Gupta and Mr. Lalit Sharma had with that lab. So, they are now 40% partners in the lab and 60% is with Vasa.

Viresh Sanghvan: Okay. Yes, that's it. Thank you.

Moderator: Thank you. The next follow-up question is from the line of Dinesh from Finsight. Please go ahead.

Dinesh: Hello, sir. Thanks for giving me another opportunity. My question is, sir, I see our marketing expenses are around 1.6 percentage something like that less than 2%. And I presume that's part of our other expenses which are almost double over the last HY. Any reason, like, why are we being such a high-growth industry and why the marketing expenses are so low? Can you is it possible to increase the expenses to derive higher revenue growth?

Vikas Agarwal: Yes, sir. We are looking at it. And in future, we will be increasing our marketing budgets to acquire new customers.

Dinesh: Yes, that's the reason, like, why do we kept it so low as we were not sure of the market potential there like because generally say high-growth companies will have at least 4 percentage, 5 percentage at least, I think, up to 10% of the marketing expenses, right? So, any reason that we kept it so low for now?

Vikas Agarwal: Yes. Dinesh, we actually, till now, we were only doing digital marketing. And now we have started offline marketing being present in all the doctor conferences being there in smallest workshops of the country. So, now we have started spending offline as well. And combined together there is some room to invest more in the digital marketing as well. So, in future, we have a plan, a strategy to increase our marketing budgets which can go up to 2.5% to 2.7%. And we understand that increasing the market in this high-growth potential market, increasing the marketing budget in this high-growth market might be giving us results.

Dinesh: Okay, sir that's great. Sorry you had in previous calls you had mentioned that we are tapping, dental colleges as well to get into the new students. So, where are we on that plan like have we contacted the colleges, what's happening on that front?

Vikas Agarwal: Sir, we have made a team which is institutional, dedicated institutional team. And they are going to different colleges, getting orders, but it will take some time to get heavy orders or overall orders of the colleges.

Dinesh: Okay, sounds great, sir. I think I am done here. And thank you very much, sir, for the opportunity.

Moderator: Thank you. The next question is from the line of Pranay from Advait. Please go ahead.

Pranay: Yes, good morning, Dr. Vikas. Thank you for the opportunity to ask a question and congratulations on a great set of numbers. It's very heartening to see the amount of hard work that has been put up by the team in creating the digital platform and creating the strong set of private label brands on top of that layer. So, congratulations on that. I just have two questions. One is given that a lot of dentists in the major Tier 1 cities already have existing relationships with their vendors and distributors, which is sticky and difficult to enter that space.

Is there any thought process on offering up private labels, not just on our dental card platform, but also with some other large distributors in Delhi, Bombay, Bangalore, and Calcutta?

Vikas Agarwal: Hi, Pranay. Thanks for your question. So, last year after the IPO, we started our offline operations and one of our prominent brands called Waldent. We opened for the offline as well. We started making deals. Currently, we have more than 100 channel partners and more than 60 people on ground for sales. So, for getting higher share of the Tier 1 market, we are doing these efforts to put our products on the racks of dealers, large distributors of different areas around the country and serving the doctors from there.

Just to add to my answer, in the next 10 years this online market will grow to around 40% of the total industry, but the rest 60% will still remain offline. We understand that. And we are building our strategies and our team, our tech stack accordingly. So, hybrid model will be the future where anything and everything dental can be supplied either online or offline.

Pranay: Right. So thank you for that, Dr. Vikas. It's very reassuring and encouraging to hear that online will reach 40% because we are clearly the market leaders in the online dental space with all our competitors few and far between from what Dentalkart has achieved. So, that's a great reassurance.

My last question was just in terms of our existing portfolio of private labels, whether that's Waldent, SuperEndo or Endoking. Is the ongoing philosophy to expand the product portfolio within these established brands or is the philosophy to launch more brands and add to the list of private labels?

Vikas Agarwal: So, it's a mixed thing. There will be product additions in these marquee brands as well as new brands as soon as we find a different segment. So, SuperEndo is a dedicated endodontics brand. So, anything in a particular price range within the endodontics sector will be part of SuperEndo. Endoking is a lower-end endodontics brand. Similarly, Endoking is a lower-end orthodontic product branch.

So, category-wise as well as the pricing-wise, we have segmented our different brands over the years. And we think that this is the right strategy working for us. In future, we will continue to do so. If we get to learn anything new, we are flexible to move towards that also.

Pranay: Okay. Thank you, Dr. Vikas. Just lastly, if you could walk us through anytime during the conversation about the improved app, the newly updated version of the app and how we hope to benefit our end customers with engagement, with retention and to make sure that we've addressed a lot of the previous issues regarding delivery timelines and address issues or the app not working as clearly out on the user interface. Anything that you could share in terms of the newly updated app, but that you can do anytime during the call, not necessarily right now. Thank you so much.

Vikas Agarwal: Pranay ji we can take it now also. Sandeep is there with us. Sandeep, you can take this question.

Sandeep Aggarwal: Can you reiterate the question, sir, please?

Pranay: Yes. So, Sandeep sir, I just want to understand if you could explain a little bit about the newly launched version of our app and how we aim to improve engagement with dentist retention and to make sure that we don't lose any dentists who are entering our app.

Sandeep Aggarwal: Sir there are like two parts of it. So, currently, we have launched a website only, a newly launched website. So, what we have done is there are lot many customer behavior flows in the old website. For example, if a customer is landing on a certain page, he used to click the number of clicks that he used to take is higher in comparison to the current website.

The second part is that whatever data we are getting from the system, we check a lot many videos. And with the help of design team, we used to change the look and feel of the website as well because that itself creates a lot of values to the customers. And the third part is that if you see a website, there's a lot of content on the product page and the listing page. So, that content is not visible earlier. So, we are trying to have the clear communication to the customer so that they can take better decisions very fast.

So, this is the purpose of having the new website. And our app will also be live soon by the end of this month or first week of next month. And the overall aim of the changes that we are doing is to increase the conversion rate as well because most of the sales that we are getting is from the online channel.

Pranay: Thank you so much, sir.

Vikas Agarwal: One more thing I want to add here is that we are also building a lot of customized modules. So, our vision is to empower our customers, the dental professionals beyond boundaries. So, to do anything like giving them empowerment, we'll be building modules in future. One of the marquee modules we are building currently is the events platform. So, any dentist, for example, a dentist is in a very small town and he only do five, six procedures, general procedures like extraction or a root canal or maybe frenectomy.

So, in future, if he wants to learn more procedures, they have to continue dental education which is called a CDE program. We will be giving them access to book events to learn any procedure around the country, maybe the nearest place. If a dentist is in Yemmiganur in Andhra Pradesh, he wants to travel to Hyderabad for a small two-day workshop, he can do that.

Currently, there is no one-stop place for booking dental courses or events in the country. They find it out through social media or through their friends and then they call a certain number and book it. We are giving a direct platform like BookMyShow for all the dental professionals of the country to book events. So, this is one such example. There are many modules which are in the process of building. In some modules, the BRD is going on. In some modules, the UI-UX is under design, in some, the tech development is, the back-end development is in progress. So, we are building around eight different modules currently to empower the dental professionals.

Sandeep Aggarwal: Overall, security and performance is also one of the major things that we used to keep on doing. So, the new website is much secure than the previous website and even the performance is much better.

Pranay: Alright. And sir, lastly, our last mile vendors like DTDC, FedEx and Blue Dart, can you tell us a little bit about our negotiations with them? Are we zeroing in on just a few vendors or do we want to use a large number of vendors and have the commercials been worked out to be more favorable for us or anything because I imagine the last mile delivery costs and servicing and the service quality is important for the end customer. So, any color you can throw towards that?

Sandeep Aggarwal: So, currently, we have almost all the logistic couriers, major logistic couriers in the country like BlueDart, Delivery, Xpressbees, Shipyaari, DTDC and you name any courier, we'll have integration with them. Already, we have integration with them. So, we continue to check from our own system that which courier is performing good in which particular pin code. So, there are multiple factors. So, cost is one of the factors. The second part is the performance. And if a courier is taking lesser time in comparison to other couriers, we may pay higher for that. Second is the cost comparison part.

So, we used to get monthly negotiations with all the couriers and we continue to check a comparison sheet with every courier to find out how much they are paying, how much they are taking for a particular multiple zones like A, B, C, D and for different warehouses as well. So, overall, the cost negotiation is really good and we are very optimized in terms of that.

Vikas Agarwal: That too, along with the different weight traps.

Pranay: Right. And all of these vendors are able to provide us, help us with the cash on delivery mechanism or for cash on delivery, you have to change the vendor?

Sandeep Aggarwal: No, every logistic partners that we are onboarding, they are giving us cash on delivery services. Prepaid services too, they already do that thing. And secondly, they also give the reverse pickup services as well. So, whatever pin codes they are giving us, these three services are included in that.

Pranay: Okay, wonderful. Thank you so much. Thank you for your time.

Moderator: Thank you. We'll have the next follow-up question from the line of Jayant from Pkeday Advisors LLP. Please go ahead.

Jayant: Hello. Thank you for giving me another opportunity. Dr. Vikas, this is just a follow-up question on the inventory question which I had asked you. Where do you see this inventory day stabilizing in the long term, going forward in the next few years or the quarters?

Vikas Agarwal: Sir, I think this should be the peak of the inventory, as I said earlier. I have a direct eye on the inventory levels at different warehouses at the SKU level. And I can on my CRM I can see directly what inventories are there, how they are reducing, how they are being used up. So, the biggest challenge for inventory is for the products which are being imported at a certain MOQ level.

So, if I want to do an exclusive tie-up with a company for the whole country, I have to buy certain MOQs. And the same sales should also follow. So, sometimes when you start a relationship, initially it takes time to build. Once the numbers start coming, that will become stabilized. So, just to answer your question, I think this should be the peak of the inventory And we have a keen eye on the MFP levels.

Jayant: So, moving forward, you basically see this plateauing or going down?

Vikas Agarwal: It should.

Jayant: Okay. Thank you. Thank you so much.

Vikas Agarwal: We also are doing quant-reco, that the journey of a single SKU across different warehouses to the customer, that journey also is being tracked well. It depends on the top line, how the numbers grow, how much the sales can grow, the inventory levels will come down automatically.

Jayant: Okay. Thank you so much.

Moderator: Thank you. Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Dr. Vikas Agarwal for closing comments. Over to you, sir.

Vikas Agarwal: Thanks a lot to the moderator. Thank you all for taking the time, your precious time to join this call and asking all those wonderful questions. This makes us understand the kind of investors we have with us who check everything with keen eyes and always suggest us with their ideas. I want to extend my heartfelt appreciation to each member of the Dentalkart team, the Vasa Denticity team, our valued customers as well, the banks, the financial institutions and all the other shareholders. If you have any further questions or need additional information, please do not hesitate to contact our Investor Relations Team on cs@dentalkart.com Thank you again for your time and participation. Moderator, you may please close the call.

Moderator: Thank you very much, sir. Thank you, members of the management. On behalf of Vasa DenticityLimited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.