



May 12, 2023

To  
The Secretary, Listing Department  
BSE Limited (SME),  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort,  
Mumbai-400 001

**Sub : Transcript of conference call with Investors & Analysts held on May 09, 2023**

**Scrip Code : 543363**

Dear Sir(s),

Pursuant to Regulation 30 and Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find attached the transcript of the aforesaid Conference Call held on May 09, 2023 at 4 PM.

Kindly take the above information on records.

Thanking You,

Yours faithfully,

**For Prevest Denpro Limited**

**KRISHNA** Digitally signed by  
KRISHNA RATHI  
**A RATHI** Date: 2023.05.12  
12:55:00 +05'30'

---

**Krishna Rathi**

**(Company Secretary and Compliance Officer)**



“Prevest DenPro Limited  
Q4 FY '23 Earnings Conference Call”  
May 09, 2023



**MANAGEMENT:** **MR. ATUL MODI – CHAIRMAN AND MANAGING DIRECTOR – PREVEST DENPRO LIMITED**  
**MRS. NAMRATA MODI – WHOLE-TIME DIRECTOR AND CHIEF FINANCIAL OFFICER – PREVEST DENPRO LIMITED**  
**MR. VAIBHAV MUNJAL – CHIEF MARKETING OFFICER – PREVEST DENPRO LIMITED**  
**MR. VINAY JAMWAL – FINANCIAL ADVISOR – PREVEST DENPRO LIMITED**  
**DR. SAI KALYAN – DIRECTOR OF RESEARCH AND ACADEMICS – PREVEST DENPRO LIMITED**

**MODERATOR:** **MS. ASTHA JAIN – SENIOR RESEARCH ANALYST – HEM SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to Prevest DenPro Limited Q4 FY '23 and Financial Year ended 31st March 2023 Earnings Conference Call hosted by HEM Securities. 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 conference is being recorded.

I now hand the conference over to Ms. Astha Jain, Senior Research Analyst, HEM Securities. Thank you and over to you ma'am.

**Astha Jain:** Thank you, Vivian. Good afternoon, ladies and gentlemen, thank you for joining the Prevest DenPro Limited Q4 FY '23 and FY '23 Earnings Conference Call. Joining us on the call today are the senior members of the management team, Mr. Atul Modi, Chairman and Managing Director; Mrs. Namrata Modi, whole-time Director and CFO; Mr. Vaibhav Munjal, Chief Marketing Officer; Mr. Vinay Jamwal, Financial Advisor and Dr. Sai Kalyan, who is Director of Research and Academy of the Company.

We will commence the call with opening comments from the management team, post which we will open the forum for Q&A session, where the management will be glad to respond to any queries that you might have. At this point I would like to add that some of the statements made or discussed on the conference call may be forward looking in nature, the actual results may vary from these forward-looking statements.

I would now like to hand over the call to Mr. Atul Modi to commence by sharing his thoughts on the performance and progress made by the company. Thank you, and over to you sir.

**Atul Modi:** Thank you, Astha, good afternoon esteemed investors and other stakeholders. I am delighted to inform you that Prevest DenPro limited has once again delivered a remarkable performance for this year. Our revenue has increased by 30% compared to the previous year. Our net income has also shown a significant improvement of 36% compared to the previous year, totaling INR15.71 crores.

Our financial performance has been strong with record profit and earnings per share. These results demonstrate the strong performance of our business model, and the dedication of our team towards achieving our strategic goals.

The dental industry has witnessed a major shift toward digitalization and automation in the recent years. Prevest DenPro limited has kept pace with these developments by introducing innovative products that leverage cutting-edge technologies. Our research department has successfully developed a range of 3D resin for dental application. These products have been commercially launched, and the products have been circulated in the market for testing and approval by the consumers.

Over the past year, we have continued to focus on research and development to bring new products to market that meet the evolving needs of our customers. We have also expanded our sales and distribution network to reach more customers and provide them with excellent service and support. I'm pleased to inform you that our company has completed the construction of the

state-of-the art facility for the manufacture of this disinfectants, oral hygiene, oral care and biomaterial products. This facility will enable us to expand our product line and meet the growing demand for high-quality, oral care and biomaterial products in the market.

However, before we can begin operation, we must obtain the necessary regulatory clearances from the appropriate authorities. We are working diligently to ensure that all necessary requirements are met and we anticipate receiving the regulatory approval very soon.

Once we have obtained the regulatory approval, we will begin commercial production. Our team of experts have worked tirelessly to ensure that our manufacturing process is efficient, safe and environmentally friendly. We are confident that new facility will meet the highest standards of quality and excellence.

Our strategy for success in the dental materials manufacturing market is centered on three key pillars; innovation, quality and customer satisfaction. Our dedication to excellence and innovation has paid off in many ways. We have seen strong revenue growth across other product line and we have increased our market. Our focus on research and development has enabled us to deliver products that cater to the evolving needs of the dental practitioners and patient.

Quality is another key pillar of our strategy, and we are committed to maintaining the highest standards of quality in all of our products. We have implemented rigorous quality-control measures to ensure that our products meet or exceed the expectation of our customers, and we are constantly striving to improve our quality standards even further. We have also continued to invest in our people and facilities.

We have expanded our production capacity and invested in new equipment and technology to ensure that we can continue to deliver high-quality products to our customers. We have also invested in our employees, providing them with training and development opportunities to help them grow in their role and contribute to our success. We recognize that in today's competitive market, it is not enough to rely only on our reputation. We must also actively promote our products and differentiate ourselves from our competitors.

To achieve this, we have developed a comprehensive marketing plan that I would like to share with you today. First and foremost, we have inducted Mr. Vaibhav Munjal as Executive Director, Sales and Marketing, who will be fully responsible for Sales and Marketing operations of the company. Mr. Vaibhav Munjal who is my son-in-law, joins our family business and will work alongside us to chart the company's future growth and strategy.

Mr. Munjal is highly educated and experienced in sales and marketing field, having 17 years of work experience in various industries. He has worked across large Indian and MNC organizations like Godrej, Asian Paints and Samsung, across various leadership positions for the past 17 years. He is a mechanical engineer from Thapar Institute of Engineering Technology and an MBA from SCMHRD, Pune.

Mr. Munjal brings a wealth of experience and expertise, and we are confident that this will help us to reach new heights in terms of our marketing sector. Under his able guidance, we are

working on sales and marketing plan to enhance our market position and expand our market reach.

Looking ahead, we remain committed to our mission of developing and manufacturing innovative dental material, that meets the highest standards of quality and performance. We will continue to invest in research and development, sales and marketing and our people and facilities to ensure that we can continue to grow and succeed in the years to come.

I would like to thank our shareholders, customers and employees for their support and hard work throughout the year. We are grateful for your continued trust and confidence in our company. I look-forward to another successful year ahead.

Now, I will ask Mrs. Namrata Modi, Whole-Time Director and CFO to present the financial results. Over to Mrs. Namrata.

**Namrata Modi:**

Thanks, Mr. Modi. Good afternoon, everyone. I would like to extend sincere thanks for taking time out to join us today. It is an honor to discuss the result of the quarter 4 financial year '23 and as well as financial year ended '23 with all of you. As the Chief Financial Officer of our company, it is with great pleasure to present to you the financial results for the year '22-'23.

It has been a challenging year, but I'm happy to report that we have emerged stronger, more resilient and more profitable than ever before. I will begin by providing a brief overview of our financial performance. Our total revenue for the year was INR51.89 crores, an increase of 30% from the previous year. This growth was driven by the strong performance of our core business, as well as the successful launch of several new products and services.

Our net profit for the year was INR15.71 crores, an increase of 36% from the previous year. This was due to a combination of factors, including increased revenue, improved efficiency and effective cost management. Our balance sheet remained strong with total assets of INR78.61 crores and total liabilities of...

**Moderator:**

Mrs Modi, you may carry on.

**Namrata Modi:**

Yes. I can repeat the line if you are not able to hear about the earning per share. Our earning per share figures for the financial years '22, '23 stood at INR13.09 crores, representing an increase of INR35.80 crores over the previous year EPS figure. This is a testament to our commitment to creating value for our shareholders.

Our company have ample working capital to meet its operational requirements and strategic objectives for further expansion. The EBITDA has increased by 29.69% compared to the previous year. This highlights the profitability of our business operations and our ability to generate sustainable cash flow.

I would like to take a moment to recognize and thank our employees for their hard work and dedication over the past year. Their efforts have been critical to our success and we are fortunate to have such a talented and committed team. Looking ahead, we remain cautiously optimistic about our prospect for the coming year. While there are still many unknowns and challenges

ahead, we believe that our strong financial position, talented team and innovative products and services will enable us to continue to grow and thrive.

I'm proud to report that our company has delivered strong financial results for the financial year '22, '23. I want to thank our employees, shareholders and customers for their support, and I look forward to continuing to work together to build a successful and sustainable future for our company.

In conclusion, we have the privilege of sharing from a visionary leader who has recently joined our family business and has already made significant contributions to our organization. I request Mr. Vaibhav to share his insights on the strategic roadmap for business growth. Mr. Vaibhav, who has been formally inducted as Executive Director and has assumed the role of Chief Marketing Officer, brings with him a wealth of knowledge and a fresh perspective that promises to drive our company to new heights. Over to Mr. Vaibhav. Thank you.

**Vaibhav Munjal:**

Good afternoon, everyone. I am honored to stand here before you as a Director and Chief Marketing Officer of Prevest DenPro limited, one of India's leading dental manufacturing company. Before I share anything, I would like to congratulate the organization for the stupendous results in the last financial year. I would also like to thank Mr. Atul Modi for the inspiring speech and the vision of Modi family, which has brought this family business to scale such heights and be the first in many fields in the dental industry.

From the extraordinary growth year-on-year to unmatched profits, this organization is all set to scale new heights. Over the years, Prevest DenPro has established itself as a trusted brand in the dental industry, providing innovative and high-quality products that meet the needs of dentists across the world. However, we recognize that the world is constantly evolving and we need to adapt to stay ahead of the curve.

One of our key strategies has been to focus on research and development with the aim of bringing new, innovative and effective products in the market. As shared by Mr. Modi, we have already made significant progress in this regard and we have several new exciting products in pipeline that we believe will be the game-changers in the industry. We also recognize the importance of staying ahead of competition. That's why we are placing a significant emphasis on our sales and marketing efforts in the coming years. We understand that it is not just about having great products, but also how we position them in the market.

To that end, we are investing heavily in our sales and marketing teams to ensure that we are communicating effectively with our customers. We are focusing on building strong teams across the country, expanding our distribution and hence stronger relationship with dental professionals across India, understand their needs and providing them with solutions that meet their specific requirements.

Furthermore, we also understand the need in investing in digital marketing and e-commerce channels to make it easier for our customers to do business with us, and we are working out a marketing plan for the same. Last, but not the least. We are committed to promoting our brand and increasing our visibility in the market. We are exploring opportunities to participate in the

entire trade shows and conferences, as well as partnering with leading dental associations to increase our brand awareness and credibility.

In conclusion, we are confident that our sales and marketing efforts will help us grow and thrive in the years to come. By investing in our teams, expanding our product portfolio and leveraging digital marketing channels, we are well positioned to continue to provide our customers with innovative and high-quality dental materials.

Once again, thank you for the attention, and look-forward to another great year for the company. I will now request the moderator to take the proceedings further. Thank you.

**Moderator:** Thank you. The first question is from the line of Venkatesh Balasubramaniam from Axis Capital. Kindly proceed.

**Venkatesh B:** Yes, hello. Congratulations on the great results in the fourth quarter. My first question was, what is your revenue target for the next year, and what kind of EBITDA margins and PAT are you targeting?

**Atul Modi:** Good evening to you. We have set a very high revenue growth for the next year, and we are hoping that it will continue the same growth and will try to increase our -- accelerate our growth, because the new product-line is going to be commencing the protection, so that will also contribute to our business growth. So, we are hoping for a very good business growth for the next financial year.

**Venkatesh B:** Okay, can you quantify it, please. What kind of revenue target you have for the next year?

**Atul Modi:** Yes, on a conservative side, 30% is our estimation, but definitely will perform better than that.

**Venkatesh B:** Okay. And will the margins remain at similar levels, or it can expand?

**Atul Modi:** I think, Mr. Vinay Jamwal should give reply to that.

**Vinay Jamwal:** Good evening. Based on the financials of the company, we are maintaining EBITDA at the rate of 42% in the last two years. And in the coming year, the company proposed -- the company estimates that the margins in terms of EBITDA may increase from this level to the fixed-cost which is being incurred where the company in the next year. May be, not in commensurate with the increase in sale. It may increase, but in commensurate with the increase in sales, so the EBITDA margin for future may increase from this level.

**Venkatesh B:** Okay, now on a related, I think I had asked this question in the one of the previous calls also. I mean, what is preventing -- see, you are doing fantastic but you are still a very small company with around INR50 crores sale, so what is preventing you from growing at, let's say, 70% or 80%? Is it got to do with the fact that there are not enough opportunities to grow at that pace, or you don't have enough capacity, because you just now put up capacity, or it is just that you are being slightly conservative and trying to grow at a pace at which you can manage. What is preventing you, is it people, is it the opportunity or is it like you need more of a bigger sales force? What is preventing you from growing at 70%, 80%?

- Atul Modi:** So far, we have been very conservative approach to the business in sales and marketing, but now we are going to have a dedicated marketing team. So that is going to take the sales and marketing activities, and we are very confident that now the growth will be much faster and accelerated, and this year we should have a better results compared to the previous year.
- Venkatesh B:** Okay, very good. Now, you also have 20 US FDA approvals. So, have you started selling some of those products in US, or there is still some time before those products get monetized in the US?
- Atul Modi:** Already we got three customers. We have already started selling in the US market. And we have a long-term contract with the company for next five years. So, we have started selling our products in the US market.
- Venkatesh B:** Okay, so these products which you are selling in the US, whom are you selling it to? Is it to larger distributors or you are selling it directly to clinics or hospitals? How is this sale? Whom are selling your products to?
- Atul Modi:** We are selling -- we are appointing distributors and we are selling through distributors.
- Venkatesh B:** Okay, understood. My last question is this, when we actually talk to dentists in India. So, if I talk to dentists, most of the dentists have not heard about Prevest DenPro, and why is that that way? Is it because you don't have a large-enough sales force to reach out. Is there an opportunity in India to grow because I definitely believe that Prevest DenPro's products are good quality and they are cheaper than products of some companies like 3M and all these people will sell? So, what is preventing you or what is the step needed to grow faster in India and form a bigger opportunity?
- Atul Modi:** I will put this question forward to Mr. Vaibhav Munjal who was recently inducted as Director, Sales and Marketing, with a rich background, experience and education. He is the person who can throw light on this question. Mr. Vaibhav, can you please take this question?
- Vaibhav Munjal:** Yes, hi, good evening. So, sir, to answer your question, India is a huge market and till now there is a -- we have been working in a way to reach out to customers. We have reached out to a lot of dentists, and that is why we are at the stage that we are today. But going forward, as I already mentioned in my speech, we will be changing a lot of things the way we approached the market. We are drawing up a strong marketing plan in which people, as I said in both digital, e-commerce, on-ground sales force and entire range of products, expansion of new product that we are looking at to reach to the dentist in a more comprehensive manner to answer the queries better. Hope, I have answered your question.
- Venkatesh B:** Yes. All the very best for the future. Thank you.
- Moderator:** Thank you. The next question is from the line of Dhruv from Jay Ram Stock Brokers. Kindly proceed.
- Dhruv:** All right, thank you for taking my question. My first question is, if we look at Prevest's top five or say top 10 products, what kind of domestic market size are you seeing?



- Atul Modi:** The top 10 products are contributing 30% of our total revenue, and rest of the products, we are going to focus, and definitely they will -- the sales for those products will also grow. But at the moment, top 10 products are contributing 30% of our revenue.
- Dhruv:** Okay, but what kind of market size are you seeing in those top 10 products? The total margin...
- Atul Modi:** The top 10 products are the best selling products for every company, and they are -- the total market size should be around INR200 crores for those products, and we are looking for bigger market-share for those products in the coming years.
- Dhruv:** Okay, so I mean, out of INR200 crores, you are having somewhere around INR15 crores, so that comes to almost 7% market share, 10.5% market share. Am I right?
- Atul Modi:** Yes, that's true.
- Dhruv:** Okay, and regarding the new products for which -- for one product, you have also received the patent. So how are you planning to market that product or what is the market size? What will be the margin profile of that product? Can you comment on that product specifically?
- Atul Modi:** I will ask Dr. Sai Kalyan, who is our Director for Research, to reply to this query. Dr. Sai Kalyan?
- Sai Kalyan:** Right. The product that received the patent is a preventive dental care product. We have already put the product in the market and translated it successfully. It has been well received both in the domestic as well as to the markets abroad. Since it is a very innovative and different product, we are gathering a good response, so we can see good results in the first quarter. So that's the update from the R&D team.
- Dhruv:** Okay, and you have been marketing that product, primary in the domestic market or exports or both markets?
- Sai Kalyan:** Both, both markets.
- Dhruv:** Okay. Thank you. Thank you for taking question.
- Moderator:** Thank you. The next question is from the line of Hitesh Agarwal from Fair Value Capital. Kindly proceed.
- Hitesh Agarwal:** Yes, thank you for the opportunity. I was going through the historical results. So when I look at FY '19 and FY '20, the operating margins were in the range of 20%, 23%, but in the last three years, the operating margins have taken a sharp uptick in the range of 32% and in the last two years, 39%. So, what are the factors responsible for it?
- Atul Modi:** Mr. Jamwal will take this question.
- Vinay Jamwal:** Thank you, Mr. Modi. Good evening once again. For financial year 2019 and 2020, the company has a different product range and now for the financial '21, '22 and '23, we have shifted to -- we have in fact added a new product line, and we have also shifted from the low-value, high quantity

to high-value, low-quantity products, whereby we are able to produce good volume of products that fetch a good amount of revenue to the company, this is one of the reason.

And very recently, for the financial year '22, '23, we are adding new products which have a good margin for the company. So, this is the main reason why there is a good amount of EBITDA margins for the last two financial years. And moreover, in these two years, company has also invested huge in employee benefit cost. When we compare the incremental cost in employee benefit costs to the revenue generated, the growth is far less than the growth in revenues, so this all cumulatively adds to the increasing EBITDA for the last two financial years. Thank you.

**Hitesh Agarwal:** Thank you. Could you give us a guidance on the capex plan for the net for the next two years, three years for the company?

**Atul Modi:** At present, there is no capex plan because already we have made a huge investment in the implementation of the new project and R&D. so at present there is no capex plan for future, but we are working on the same. As and when there is a requirement of capital expenditure we will work it out. So already we have invested huge amount on the capital investment, so there is no further investment required for this company at present. So we will – as and when required.

**Moderator:** Thank you. The next question is from the line of Ganesh, an individual investor. Kindly proceed.

**Ganesh:** Thank you, sir, thanks for the opportunity, and congratulations for the very good set of numbers. My question is related to the first question that was asked. I think you know, I think the company has got lot of grounds to cover even in terms of big cities in India. Because in most of the country, the Prevest DenPro name is unheard of. So, India being offerings so much big opportunity, I believe there is an opportunity to grow at a faster clip, at 60% or 70% in terms of revenue.

So are you being very conservative in terms of protecting the margins and growing step by step? Or what is preventing you from just putting more sales to all the dentists at least in bigger cities and growing at a faster pace. Because, the growth has been extraordinary kind of at 30%, and at a lower base company has taken off time to catch-up and it may also probably add to competition and how is your competition is shaping up. So, we see there is a threat and you need to grow faster.

**Atul Modi:** I will ask Mrs. Namrata Modi to reply to this question.

**Namrata Modi:** Hello, good evening. As relates to your question is the conservative approach for the marketing. So, to some extent I would say this is right previously for financial year '22, '23, but now, because one family member joined our business and he is a specialist in sales and marketing, so we all are confident that this year will be very aggressive year as far as domestic sale is concerned.

We know that before that we were taking lot of precaution while selling the products or marketing the products in domestic market. And India is a huge country, so it is very difficult to market these products all over the India. So, we know that reaching to South or North-East, which is so far away places, so controlling them is difficult. So now our marketing office which

is aggressively controlled by such a senior person, I am 100% sure that this year, you will get a very, very positive results from domestic market. Thank you.

**Ganesh:** Thank you, madam. I think, that's right. but still, I feel that in terms of strategy, may be Vaibhav can answer it. I mean, how are you going to see what is going to be the strategy, are you going to appoint distributors in cities and trying to reach out to the dentists? Or are you going to have your own sales team which is going to pan out these cities and figure it out. I mean, what kind investments you are planning to make in the coming financial year for sales and marketing?

**Atul Modi:** Yes, we are working out a new business plan, the marketing plan and Mr. Vaibhav Munjal is the in-charge for the domestic market. So, he is working out the roadmap for the growth in the domestic market, and we are very confident that with the new business based on marketing plan, our business will grow much faster, and we are hoping that we will do much better than the previous year.

**Ganesh:** Okay sir, thank you. And my last question is, we have been at EPS of about INR30. I was actually expecting some feedback in terms of dividends to the shareholders. It's not being declared. Do you have any plans or its going to be considered later?

**Atul Modi:** Ganesh, we are very conscious of rewarding the investors, and the Board of Directors will soon take a decision in this regard.

**Ganesh:** Thank you, sir, thank you very much, and wish you all the best for the current financial year.

**Moderator:** Thank you. The next question is from the line of Venkatesh Balasubramaniam from Axis Capital. Kindly proceed. Hello Mr. Balasubramaniam?

**Venkatesh B.:** Yes, okay, so I have couple of questions and maybe a couple of suggestions post that. Now the question goes like this. You've expanded your capacity. FY '23, you operated at what kind of capacity utilization?

**Atul Modi:** This year we have operated at 40% of our installed capacity.

**Venkatesh B.:** Okay, this is on your expanded capacity or is it like before the expansion?

**Atul Modi:** Expanded capacity.

**Venkatesh B.:** Okay, so basically you can double sales and only after that, we need to do more capex.

**Atul Modi:** It's not like that. We are -- this capacity is based on the single shift. So, once we reach to 80%, 90% of the capacity utilization, we can operate the second shift or we can extend the first shift, so we get further produce, we can increase our capacity by increasing working in the second shift. So, there is no need of capital investment for some more years.

**Venkatesh B.:** Okay, now the second question, if you'll see end of FY '23, that is March '23, your inventory days are like on higher side, almost like 140 days. I think this was 122 days of sale end of '22 or it was 59 days. Any particular reason why the inventory days are slightly on the higher side?

- Atul Modi:** Mr. Jamwal will give reply to this.
- Vinay Jamwal:** Inventory of the company is expanding and the turnover is increasing every passing day, and we are a company which receives instant orders from their foreign buyers, so we are bound and suffice to have inventory at the required level. This is the main reason why we have increased inventory for the last couple of months. Moreover, our packaging requirement is also on the higher side. These are the main reasons why the inventory has increased. I suppose that by investing in the increase in inventory, we are going to fetch a good amount of profit by increasing our sales. Thank you.
- Atul Modi:** Mrs. Modi also wants to add to this.
- Namrata Modi:** Yes, actually the racing inventory, the biggest reason is we have to keep the stock for at least six months because the material which is coming from outside India that needs a lot of time, logistic time. So that's why we always keep the stock for six months, so that we can immediately fulfill the requirement of the customer. Whenever we need any order, there should not be any stock which is short in our inventory. So we are taking full preparation by increasing our inventory in the stock.
- Venkatesh B.:** Okay, okay thanks. That is well appreciated. Now just again mentioning what the previous participant had asked about dividends. See, the main reason why investors ask for dividend, especially from smaller companies is to improve the credibility of the company in the sense that when there is a company which is well known and very large, the credibility is extremely high, but when there is a small company which has got a, I wouldn't say massive cash balance, but some cash balance, when you give a little bit of dividends, it gives comfort to the investors that actually that cash exist. So, every year, the cash flows you have generated is actually getting generated.
- So, when you give, even it is a small dividend, a small dividend will be very well appreciated by investors. That is the first suggestion which I had, and the second suggestion, as investors we all expect that the companies, we invest in will grow at 60%, 70%, but I would request you that to ensure sufficient caution and grow because when you sometimes try to grow very fast, we end up compromising on margins. So, but of course, you people know how to run your business. We are nobody to advise you on how to do it. We wish the best to you and the suggestion. Your conservative stance is also very well appreciated. So that is all from me. Thank you.
- Atul Modi:** Thank you so much for your advice, and definitely, we'll consider your viewpoint in the next Board meeting. Thank you.
- Moderator:** The next question is from the line of Bharat Gupta from Fair Value Capital. Kindly proceed.
- Bharat Gupta:** Good evening and thanks for the opportunity. Couple of questions from my side. So, when we are saying about the new purchase and new product line which we are trying to build upon. So can you throw some light in regard to the market size of the opportunity, which will be there in the market.

- Atul Modi:** We are now entering into a new product-line, it is a medical device disinfectant. We are also going to manufacture oral hygiene projects, oral care products and wire material. The market size is huge for these projects. And at present, we have the estimate that this market size is \$2 billion, and this will grow at a rate of 9% CAGR. So, we are very confident that our product, because these are innovative products developed in-house, and these products definitely have a good market scope, and we are very confident that we will generate good revenue from the new product line in this financial year and in the coming years.
- Bharat Gupta:** Right sir. So, the \$2 billion market size, if you are saying so, that includes export opportunity also, right?
- Atul Modi:** Yes, that's true.
- Bharat Gupta:** All right. So, any particular number or any particular molecule size, which we are going to introduce in the market, like any number which you wanted to grow upon?
- Atul Modi:** See, we are going to introduce a range of oral hygiene products, oral care products and biomaterials like bone wax material and membranes, and disinfectants for medical devices. So, all these products have been developed in-house and ready for commercialization. We are only waiting for the regulatory approvals. Once we get the regulatory approvals, we will start the commercialization of these products.
- Bharat Gupta:** Okay sir. Really helpful. Just on the margin side, so margins in the newer products, which we will eventually be launching. So, are the margins comparable to the existing product line, or there is a scope.
- Atul Modi:** Yes, margins are very good, very good, better than the existing product-line. So, we are very confident we can maintain the margin.
- Bharat Gupta:** Right. Great to know about it. Second, coming on to the custom manufacturing side, like I just wanted to know what kind of opportunity is there in this fill products or solutions as such. What kind of opportunities is there in custom manufacturing space?
- Atul Modi:** At present we are not considering the custom manufacturing, we are only manufacturing our own brand products. But there is an opportunity to make projects from other companies, will definitely consider that, but to start with, we are going with our own product line. So later on, whenever there is an opportunity will be, you know, doing the contract manufacturing for other customers also.
- Bharat Gupta:** [inaudible 0:43:49] among the existing product-line, which is where we are already present, and we have been there in this market for a good amount of period, so like, when we compare ourselves with the peers, so what are the differentiating factors which we are trying to play upon, like what differentiates us basically in order to -- like we are building a marketing team as such, so in terms of -- is it the product quality, is it the cost which you bring to the customers or what kind of value addition we are trying to build upon.

- Atul Modi:** Should we have very excellent quality of products, there is no doubt about the product quality. Pricing is also comparative to other international players; we have a very good pricing also. The only thing is that we have to reach out to the dentists. So our reach is not that big, so we have to penetrate in the market more aggressively, and for that we are building a new strategy. So, I'm very confident that it will work now and we will be able to get more share from the market in this financial year.
- Moderator:** Thank you. The next question is from the line of Abhishek Agarwal from Gemsquest Asset. Kindly proceed. Mr. Agarwal, we can hear you, sir.
- Abhishek Agarwal:** Yes, so thank you for giving me this opportunity. My only question was with respect to, I mean, we were looking for entering Brazil, Russian market and US market, and we are also in talks with few MNCs, I mean in large deals that we were talking about their manufacturing. So, what is the progress on that front. And do we have, I mean, have we bagged any orders and deals with them?
- Atul Modi:** We are already doing business with the Russian company. We got good business of Russia in this year. And we are confident that this financial year, we will do much better in Russia. Brazil is a very tough market, because the registration -- regulatory registrations are very difficult there. We have started the process of registering our products in Brazil, and this process will take about three months' time. Once we get the product registration in Brazil, then we can start exploring the Brazilian market also.
- And we are doing private labeling for two big companies in USA, they just started giving us small orders, just trial order. So, we have executed the orders. We are waiting for their feedback. So, they are big companies, internationally well-known company. So, we started working for them. So, this is just the beginning in the US market, and we are very confident that we can do much better once the sample and the initial supplies are accepted in the market, and because we have developed confidence in our product quality, so the business will grow in the coming years.
- Abhishek Agarwal:** Okay, thank you so much.
- Moderator:** Thank you. The next question is from the line of Srihari C from PCS Securities. Kindly proceed.
- Srihari C:** Yes, thanks for the opportunity. I had three questions. Firstly, on the capacity utilization front, if you could share the production data, and what was the growth Y-o-Y. Secondly, what is the penetration currently and by how much you plan to enhance it within the fiscal '24? And finally, what is the asset turn for the oral hygiene unit. Thank you.
- Atul Modi:** Can you please repeat the first question one by one?
- Srihari C:** Yes, I wanted to know the production. You have put capacity of 200 metric tons, so what was the production in FY23?
- Atul Modi:** Actually, we don't measure the production in metric tons. We measure the products, because we know some of the products are produced in in numbers. So, we don't consider their quantity in tons. So we have estimated that our installed capacity it can generate INR150 crores of revenue.

So out of that, we have just utilized 30%, 35% of the capacity in this financial year. So, we still have enough capacity that can be utilized in the next three years. But we are comfortable with the present capacity, and this is a capacity based on our single shift. So, we don't need any further investment for the existing business.

**Srihari C:** Now, when you say INR150 crores, does that include the new facility?

**Atul Modi:** No, not the facility. So, we are not considering the capacity of the existing, that has a capacity of about INR75 crores to INR100 crores. It all depends on the product mix, you know. With the same capacity we take-up value-added product, more value-added products, so the value in terms of, revenue in terms of value will go up. So, we assume that this has the capacity to generate revenue in the range of INR75 crores to INR100 crores. So that is a separate facility and the existing facility has a capacity to generate revenue up to INR150 crores. So, the total capacity of our factory is around INR250 crores. So this is the present situation, but we are considering the capacity only on single-shift business. We are not considering three shifts or two shifts.

**Srihari C:** So you need to create the new facility which has an effect of five to six times.

**Atul Modi:** Yes, that is right.

**Srihari C:** Okay, secondly, on the penetration front, how much of the Indian market have you penetrated right now and what is the target for FY '24.

**Atul Modi:** I'll pass them this question to Mr. Vaibhav Munjal, who is our Director of Sales and Marketing. I think he can give you more insight on this question. Mr. Vaibhav can you please answer this question.

**Vaibhav Munjal:** Yes, sorry sir, if you can repeat your question, please. I just missed a part of it.

**Srihari C:** Yes, what is the current penetration of the Indian market and what is your target for FY '24?

**Vaibhav Munjal:** Yes, so as currently, as we said that we are looking at a market size of around INR1,000 odd crores for dental materials, which is the market size which is there, and the penetration would be limited to certain markets in that. We are looking at expanding our market. We are looking at expanding our own presence in the market significantly. And as I said, we are basing it on the four pillars that we are talking about, about the next financial year for this. One is, we are going to invest in our sales and marketing team. We are going to expand our teams in the market. Second, we will invest in the digital marketing and e-commerce channels to be closer to the customers.

Third is what we will look at in the new and innovative product portfolios, which is there, and how do we market and take it forward to the market. And fourth is in terms of increasing our own visibility based in terms of dental trade shows, conferences, various dental associations, and we are looking at tying up with everyone. But as you understand that, as people rightly mentioned, we are still a small company, and we are cautious in terms of how we plan while maintaining the profits, that is the most important thing for us. And going forward, you will see a lot of changes and positive movement in the direction of sales and marketing in terms of that.

- Srihari C:** I mean, if you could please quantify in terms of percentage terms, you want to increase the penetration by how much percentage in the current fiscal year.
- Vaibhav Munjal:** See, we would at least would want to increase it by -- I wouldn't be able to quantify it for you as of now, maybe in the next call, I'll be able to give you a better answer. I wouldn't want to put a number and then this thing, but we would be looking at increasing it by a couple of percentage points definitely.
- Atul Modi:** Mr. Vaibhav, at present, we have a market share of 2%, and definitely we will increase it to plus 4% in the financial year. We should be able to reach to that level in one year.
- Srihari C:** Okay, that's great. Thank you. Thank you.
- Moderator:** Thank you. The next question is from the line of Rohit from ithought PMS. Kindly proceed.
- Rohit Balakrishnan:** Yes, Okay, thank you for the opportunity, sir. So, a couple of questions, so I'll just take you on to the previous participant's question and terms of penetration. So is there like, do you have in terms of how many dentists you reach in the market that you are present. Is there something that you track or something, if you can share that. And in terms of your sales today, if it is broadly shared in the domestic market, how much is coming from which markets broadly, like North, South, East, West in terms of share.
- Atul Modi:** See at present, we are not directly selling our products to dentists. We are selling our products through distributors, and distributors are selling our products to the dealers, and the dealers are directly connected with the dentists.
- So, we do not have the correct data for the dentists at present. But definitely I can tell you that 50% of the business is coming from North and rest of the 50% is from South and East and West. West is number two and number three is South and East. So, the 50% business is coming from North.
- Rohit Balakrishnan:** Okay, so sir, in terms of this distribution, you said you sell it to dealers and then dealers will then sell it further, so how many dealers do we have right now, the dealers or distributors?
- Atul Modi:** We have 50 plus dealers in India.
- Rohit Balakrishnan:** Okay, typically sir -- sorry, sir, you were saying something, I interrupted you.
- Atul Modi:** Well, I didn't say, I just said that we have 50 plus distributors in India, dealers plus distributors in India at present.
- Rohit Balakrishnan:** Got it. And typically, is this the channel how the selling happens for your products or competitors also be following you in the same channel or do they have direct connect with doctors, how does it work?
- Atul Modi:** So, all the companies have the same method of selling. So, they are also selling to distributors and then the dealers and then sub-dealers. So, this is the channel. So, no company is directly selling. There are some companies who are just selling online. So, they are different, they are



not the manufacturers. So, all the manufacturers and the big companies they are selling to the distribution network system.

**Rohit Balakrishnan:** Right, and sir, in terms of you are talking about taking your market share from 2% to 12%, so you are saying in the sense that the sales double because market is also growing. So, in terms of your margins, so first of all I wanted to understand, is there any – when you seeing your market -- your share will double, so basically, you're saying is market share will double and your sales will double, is that the correct understanding?

**Atul Modi:** Yes, we are expecting to double the sale. Because now our products are well established, our name is well established. The quality and range of products is well established, so now we are in a position to increase our market-share at a much faster pace, so we can -- in the last two years, we have almost doubled our revenue. So, we are hopeful that in the next two years also will be in a position to double our revenue to two to three years. So, the growth will be much faster, this is what I can say. Now we have a good marketing team in place and we are focused on the domestic market. So, with all these efforts, our business will grow much faster.

**Rohit Balakrishnan:** So, in the interim, sir, as you grow faster, do you see any pressure on the cost side in the sense that sales and marketing will grow faster from what it has in the past, and maybe the margins will get better or do you think that growth will...

**Atul Modi:** We try to maintain the profits. We will try to maintain the margin.

**Rohit Balakrishnan:** Sir, thank you. I think this is pretty much from my side. Thank you and all the very best.

**Moderator:** Thank you. Ladies and gentlemen, due to time constraints, that would be the last question. I now hand the conference over to Ms. Astha Jain for closing comments.

**Astha Jain:** Thank you. On behalf of hem securities, I thank Prevest DenPro Limited team for giving the time we spent on this call and responding all the queries in the detailed way. I would also like to thank all the participants for joining this call. I would now like to hand over the call to moderator.

**Moderator:** Thank you. On behalf of HEM Securities, that concludes this conference. Thank you joining us. You may now disconnect your lines.