

February 19, 2024

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 February 16, 2024

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 February 16, 2024, at 4:00 PM.

Kindly take the above information on records.

Thanking You,

Yours faithfully,

For Prevest Denpro Limited

**AMAN
SADHOTRA**

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AMAN SADHOTRA
Date: 2024.02.19
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Aman Sadhotra

Company Secretary and Compliance Office

M. No- 66562



**“Prevest DenPro Limited Q3 & 9M FY24 Earnings
Conference Call”**

February 16, 2024



MANAGEMENT: **MR. ATUL MODI – CHAIRMAN & MD**
MRS. NAMRATA MODI – WHOLE-TIME DIRECTOR & CFO
MR. VAIBHAV MUNJAL – CHIEF MARKETING OFFICER
MR. VINAY JAMWAL – FINANCIAL ADVISOR
DR. SAI KALYAN SURAPANENI – DIRECTOR (RESEARCH & ACADEMICS)

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

Moderator: Ladies and gentlemen, good day and welcome to the Prevest DenPro Limited Q3 and 9 months ended FY24 Earnings Conference Call hosted by Hem Securities.

As a reminder, all participants' lines will be in the listen-only mode, and anyone who wishes to ask a question may enter "*" and "1" on their touch-tone phone. To remove yourself from the queue, please enter "*" and "2". Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Astha Jain – Senior Research Analyst from Hem Securities. Over to you, ma'am?

Astha Jain: I thank everyone for joining the Prevest DenPro Limited Q3 and 9 months ended FY24 earnings conference call. Joining us on the call today are Mr. Atul Modi – Chairman and Managing Director; Mrs. Namrata Modi – Whole-time Director and CFO; Mr. Vaibhav Munjal – Chief Marketing Officer; and Mr. Vinay Jamwal – Financial Advisor; along with Dr. Sai Kalyan – Director of Research and Academics of Prevest DenPro Limited.

We will commence the call with the “Opening Thoughts” from the Management, post which, we will open the forum for a Q&A session where the management will be glad to respond to any of your queries that you may have.

Before we go on the main call, I would like to read the standard disclaimer:

There may be forward-looking statements about the company, which are based on the beliefs, opinions, and expectation of the company's management as on the date of this call. The company does not assume any obligation to update their forward-looking statements if those beliefs, opinions, expectations or other circumstances should change. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Consequently, listeners should not place any undue reliance on such forward-looking statements.

With this, I will hand over the call to Mr. Atul Modi – Chairman and Managing Director, Prevest DenPro Limited, to take it forward. Over to you, Atul sir.

Atul Modi: Good afternoon everyone and thank you for joining us today to discuss Prevest DenPro “Financial Performance” for the Q3 and 9 months of FY24.

I am delighted to share with you the highlights of our achievements and the strategic move we have made in the face of challenging market conditions. Our company has experienced an increase in its top line, marking a growth of 11.72% compared to the 9 months of the previous year. Despite significant expenditure in research & development and manpower & marketing, we have been able to enhance our profit by 8.09%. While our export business has encountered challenges due to foreign exchange crisis in some of our major exporting countries, I am

pleased to inform you that we have successfully navigated these difficulties. We have expanded our export footprint into new territories such as Venezuela, Senegal, Mauritius, and more. We remain optimistic that the situation stabilizes and our export business will witness significant growth in the coming months.

On the domestic front:

Our business has experienced rapid growth, thanks to the diligent efforts of our marketing team. This growth has contributed significantly to our increased top line, and I am confident that our domestic operations will continue to flourish in the future. One of the highlights of this quarter is the successful launch of our new product line under the brand, Oradox. The overwhelming response from our distributors, customers, and stakeholders worldwide indicates a promising future for this brand which will undoubtedly boost our top line growth in the coming months.

Additionally, our venture into the disinfectant segment is progressing well. With other products in the pre-launch phase, we are currently conducting product evaluation and clinical trials in various institutions to validate the product quality. We anticipate that this segment will contribute significantly to our top line in the coming period.

Now, let me share some insights into the dental industry landscape:

The global oral care market in terms of revenue is estimated to be worth \$47.2 billion and is poised to reach \$254.9 billion in 2026, growing at a CAGR of 3.1% from 2021 to 2026, whereas the India's oral care market is expected to grow at a CAGR of 9.2% from 2022 to 2029-30 reaching \$1,295 million by 2030. The market is segmented by toothpaste, mouthwashes, and other oral hygiene products. The growing awareness of oral hygiene and dental health is driving demand for oral care products in India. The increasing urbanization of India, with per capita income increasing from \$1,617 in 2010 to \$2020 in 2020, is also driving demand for premium oral care products. The dental 3D printing global market is estimated to be worth USD 2.9 billion in 2023 and is expected to grow at an annualized growth rate of 15.1% from the year 2023 to 2035. In India, the dental 3D printing material market is expected to reach \$9.88 million by 2033. This market is driven by the increasing prevalence of dental diseases and demand for high-quality dental products. 3D printing offers more treatment choice, cost effectiveness, and customization options for the patients and clinicians.

The global antiseptic and disinfectant market is estimated at USD 35 billion in 2021 and is anticipated to reach around \$63 billion by 2030, growing at a CAGR of roughly 10% between 2022 and 2030. We are fully ready to enter these growing segments of the dental industry and see a bright future for our company in terms of business growth. We continue to face headwinds from the currency exchange fluctuation, and shortage of foreign exchange in some of our major markets. However, I am happy to share that these challenges are gradually easing, and we anticipate a renewed business growth in these regions in the coming period. Rest assured we remain deeply committed to maximizing value for all our stakeholders. We are

taking every possible step to enhance operational efficiency, drive profitable growth, and create long-term shareholder value. We are confident in our future prospects and remain committed to our strategic priorities such as expanding our product portfolio and market reach, investing in innovation and R&D to drive future growth, strengthening our operational efficiency and cost management, and enhancing our brand presence and customer relationship. We believe that by staying focused on these priorities, we will continue to deliver sustainable value for our stakeholders and achieve our long-term vision.

And now, Mrs. Namrata Modi will share “Financial Performance” for the 9 months of financial year '24. Over to Mrs. Namrata.

Namrata Modi:

Good afternoon everyone. Thank you for joining us today to discuss Prevest DenPro Limited financial results for the 9 months of the Fiscal Year 2024. I am pleased to share with you that our company has shown growth with the top line increasing by 11.72% from Rs. 3,778 lakhs to Rs. 4,221 lakhs, compared to the 9 months of the previous year. Moreover, our profit after tax experienced a growth of 8.09% during the same period. Our EBITDA for the 9 months of the financial year 2024 stands at Rs. 1,597 lakhs with a 1.75% increase from Rs. 1,569 lakhs for the same period last year.

However, as we navigate through this phase of growth, it is essential to note that our profit margin and EBITDA margin have shown a marginal decrease. This can be attributed to the strategic investments made in launching and promoting our new product range, Oradox. Additionally, our participation in both domestic and international dental exhibitions has incurred promotional expenses aiming to enhance the visibility of our brand. Furthermore, we are actively expanding our team across various departments for existing facilities as well as new facilities including sales & marketing, research & development, and departments. These strategic hires will ensure that we have the necessary expertise to drive our business forward.

In our commitment to self-reliance and cost effectiveness, we are actively working to reduce our dependence on imported raw materials. Our in-house research & development initiatives are geared towards achieving this objective, allowing us to break free from our reliance on imported products in the long run. I want to assure our investors that we are diligently working towards cost effective measures and optimal resource utilization. Although there has been a marginal decrease in our margins due to our recent expansion ____11:57____, we believe these investments will yield substantial return in the long run.

As we look ahead, we are confident that our focused approach to cost effective practices and diligent resource management will result in improved margins in the coming period. We remain committed to maintaining the highest standard of quality while exploring avenues for substantial growth.

Thank you for your continued trust and support in Prevest DenPro Limited. We are excited about the future and look forward to sharing our continued success with all our stakeholders. Now, over to Mr. Vaibhav.

Vaibhav Munjal:

Good afternoon everyone and thank you for joining us today for this Investor Call.

I am pleased to share some exciting developments that have taken place recently at Prevest DenPro Limited. Firstly, I am thrilled to announce the successful launch of our new oral care brand, Oradox. This consumer range of products represents a significant growth opportunity for Prevest DenPro Limited, and we are highly optimistic about its potential in the market. The initial phase has yielded an encouraging response from various quarters. We have devised a comprehensive strategy for the launch of Oradox, covering both online and offline channels.

We have already secured partnerships with three of the biggest online portals and our Oradox range of products are now available on Tata 1mg, Amazon, and Flipkart in addition to our own portal. Further tie-ups are in progress, as we aim to expand our presence across multiple platforms. In line with our commitment to innovation and customer outreach, we have taken a bold step by launching our own e-commerce channel, Prevest Direct, recently. This move has allowed us to engage with our customers directly and has already yielded promising results. Our team is actively promoting our brand through this platform, and the initial response has exceeded our expectations indicating rapid expansion potential, especially in our underdeveloped markets.

While it is early days for both our online ventures, we are confident in the scalability based on the initial response. Simultaneously, we have commenced offline distribution of Oradox, enrolling our dental channel partners in all key markets to leverage our expertise in reaching dentists nationwide.

To support the successful promotion of Oradox, we have initiated a strategic hiring process to add more talented individuals to join our sales team across the nation. These individuals will play a crucial role in promoting Oradox and our existing range of products, ensuring its widespread recognition. I am pleased to inform you that we are on track to complete this hiring process within the next 2 months.

I am pleased to report that our domestic business is performing exceptionally well, and we anticipate further growth in the coming period. The positive momentum from the launch of Oradox and the strategic initiatives we have undertaken have positioned us well for continued success in the market.

In conclusion, I would like to express my gratitude to our dedicated team whose hard work and commitment have been instrumental in achieving these positive results. We are confident in our ability to capitalize on the opportunities before us and we remain focused on delivering value to all our investors.

Moderator:

We will now begin the question & answer session. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Venkatesh from Axis Capital. Please go ahead.

Venkatesh: Mr. Modi, can you please share in the first 9 months of the year, how much of your revenues is coming from India and how much is coming from exports? And how much has the India revenues grown Y-o-Y and how much has the export revenues grown Y-o-Y? That's the first question.

Atul Modi: The export revenue has not grown in the 9 months of this financial year; it is flat. We have been able to maintain the same level. But our domestic revenue has grown by 35%. So, the split between domestic and export is 60:40; 60% is the export component and 40% is the domestic. The reason for not performing well in the export market is attributed to the financial crisis in many countries, which has impacted the export performance. But we have been able to maintain the same level by finding out new avenues and new opportunities in other countries. So, we have been able to maintain the same level as it was in the last financial year.

Venkatesh: When you talk about the financial crisis in many countries, what financial crisis are you talking about?

Atul Modi: The crisis is basically the non-availability of foreign exchange with the governments. There is no problem with the demand and there is no problem with our customers. They have plenty of funds. But the governments in these countries do not have the foreign exchange. They cannot remit the foreign exchange because they have foreign exchange deficit. That's why the business is not growing in these countries. They are just surviving with the minimum requirement.

Venkatesh: Which countries are you talking about?

Atul Modi: Basically we are talking about the major exporting countries where we were having the best of the business coming. Egypt is one of the major countries. Peru is another country in South America. Basically, the problem is in African and some of the South American countries like Peru, Argentina. And in Africa, we are facing problems from Sudan and Egypt. These are the 4 countries which were our major exporting countries. Because of the foreign exchange crisis and currency situation, they have not been able to give us sufficient orders. But we have recently met all of them in one exhibition which was held in Dubai. Everybody now is very positive and very optimistic about the future. The situation is definitely improving and we are very confident that in the coming time, the business will definitely grow in these countries. These are very high-potential countries where we can do extremely good because the popularity of our product is very very good in these countries.

Venkatesh: The reason I am asking you this is, I remember, after your 4th quarter FY23 results, I had asked you what kind of growth you can do in the current year and what kind of margins you can do in the current year. And you had communicated that if you go back in your transcripts and see, you will clearly see that you were expecting 30% revenue growth this year and you were expecting margins similar to last year of 40%. Now, obviously, I can understand the domestic part is doing quite well. In 9 months, it has done 35% growth is what you are telling me. But the export business is suffering. And also, I think a call before that, you had even said

that in the next 4-5 years, we can even triple our revenues was the number which you had mentioned. Because you are a tiny company, you can definitely grow at those kind of levels. Now, given this new scenario, do you think you can develop your, for example, the North American market more better and maybe the European market better to get back to 30% to 40% kind of growth levels next year? Or we will continue to be dependent on geographies like South America and Africa where there is a foreign exchange problem which might persist? It is not necessary that it will get solved next year. Any views on that?

Atul Modi:

Definitely, we have explored new countries. And our business in the USA has increased from 0.8% to now it is 2.44%. So, we see a lot of opportunities in the US market. And we have also explored new countries where there is a potential so that we can grow in these countries to compensate for our business loss in the 4 countries which we have just mentioned. We are also very conscious of this situation, and we are trying our level best to increase our business in the countries where we were not earlier existing. And now we have added new countries from where we have received sufficient and very good orders. That is why, in spite of the shortfall from the business in the 4 major countries, we have been able to maintain the same level by exporting to other countries. So, the business in other countries is growing, but because the business has dropped in these 4 countries, there is no net gain. But once the business in these countries also grows, the overall business will grow. Definitely it will grow because we are very positive, and we are very confident that this is not a permanent situation. This situation will definitely improve, and once the situation improves, business will grow in these 4 major countries as well as the countries where now we are making all-out efforts to grow. So, we are very confident that the situation will change and the business will grow in the export market in the coming time.

Venkatesh:

One last question from my side. In the last couple of years, you have increased your capacity also. Is it possible to share what kind of capacity utilization levels you are operating at currently?

Atul Modi:

Currently, we are operating at 40% of our existing capacity. Because, after capacity expansion, now we are operating at 40% of our capacity.

Venkatesh:

And utilization can go up till 90%. I hope there is no such thing as there is a technical issue that you can't; if you put up a plant, you can't go above 80% or something like that. Can you get to 90% to 95%?

Atul Modi:

No, we still have sufficient capacity. And this capacity is currently based on single shift basis. But there is always a possibility of going for a second shift if there is a market demand. But still, we are operating at 40%. There is huge capacity available for business growth.

Moderator:

Our next question is from the line of Manan Shah from Electrum PMS. Please go ahead.

Manan Shah:

Sir, my first question was regarding our current dealer network. What is the number of dealer network and how are you planning to grow it?

Atul Modi: Currently, in the domestic market, we have 60+ dealers. And in the export market, we have around 90 dealers. There are still many countries where we do not have any representation. We are finding out new dealers in those countries where at present, we do not have any dealers. That process is going on. In the domestic market also, we are adding more dealers in those cities currently, which are not served by our existing dealers. This process will continue – appointment of the new dealers in the domestic market as well as in the export market. That is a continuous process. We are trying to find out new dealers whenever and wherever there is a requirement.

Manan Shah: My next question is, currently we are having around 3% of the domestic market share. Do we see ourselves having 10% to 20% of the market share in 4 to 5 years down the line?

Atul Modi: Definitely, we are making all-out efforts to increase our market share in the domestic market. We see that there is a very good opportunity for us to grow to this level. We will make all efforts to reach to this level as early as possible.

Participant: Sir, I am Manan's colleague. What I wanted to understand was that the domestic market itself is big enough and your total sales in the domestic market is only about Rs. 20 odd crores. What are the exact efforts we are taking that this market itself becomes bigger and which will also help us save from the slowdown in the global markets? And from our channel checks to the doctors, we have heard that there is a lot of one push-based selling which happens in these products, especially from the dealer network. And there is a lot of competition from Chinese imports. If you can just cover these things, it would help.

Atul Modi: It is evident from our results that we have a growth of 35% in the domestic market, which is a phenomenal growth. We are very happy with this kind of growth in the 9 months. And we are very confident that this growth will continue further with the efforts of our marketing team and with the high quality of products which we are manufacturing in our factory. As far as the competition from China is concerned, we do not consider Chinese products as our competitors because the Chinese products are not of very good quality. They are definitely very cheap, but the dentists do not prefer to use the cheap quality non-standard products for the dental treatment because dental treatment is a health-related treatment. So, dentists would not like to use substandard or the products which are cheap and not of high quality. The Chinese products are definitely existing in the market everywhere. Not only for the dental products, for every product, there is Chinese competition, but for us, we do not consider Chinese products as our competition. We have a competition mainly from the multinational companies who have a very high brand value. So, we consider them as our competitors, not the Chinese companies as our competitors.

Moderator: The next question is from the line of Parv Jain from Niveshaay Investment Advisory. Please go ahead.

Parv Jain: Sir, my first question would be on the domestic side. What we broadly understand is that the government recently introduced these MDR regulations which have been helping the domestic

producers to increase their share in the overall pie. Sir, can you throw some light on how helpful it has been and how it can help us grow our market further, especially the domestic market? And especially considering my last participant also mentioned that there is immense potential in the Indian market itself. Sir, can you throw some light there?

Vaibhav Munjal:

To answer your question, in the recent regulations, yes, there have been some regulations which have been changed by the government, which have helped. It has not stopped the other companies, but there has been a hindrance for other companies to come into India. But now, if you look at it, most of those issues are sorted, and almost all the MNC companies have their certifications in place. As Mr. Modi rightly pointed out, we are looking at fighting this competition head on with our best-quality products and improving our reach to most of the markets. Those are the 2 key things which we are working on for the growth in the Indian market. The second important thing.... In fact, in the earlier question also, it was asked. I would just like to add that for the growth in the domestic market, we are not even looking at stopping at one location. We are looking at growth from our existing set of products, exploring newer markets and pitching in new products to the markets where we are not reaching. And that is where our online foray and our new team member additions have come into play. Parallely, to improve our turnover in the domestic market, we are also looking at the new range of products. For example, Oradox. Oradox within India, both in online and offline, throws a big opportunity for us. In the coming few months, it will keep on adding to our overall turnover and the overall pie of the business will keep on increasing. That is the plan going forward for the domestic market.

Parv Jain:

Sir, my second question would be on the Other Expenses side. Broadly, if you look at your gross margins, they have increased on a year-on-year basis. But what we see is that the particular share of employee benefit in the Other Expenses has offset the increase and instead it has led to reduced EBITDA levels. If you can help me understand the broad split of Other Expenses as well as the employee benefit expenses. In terms of Other Expenses, you can give us the broad categories like legal & professional and domestic marketing & sales. And in the employee benefit, if you can give the number of employees how they have increased vis-a-vis what is the percentage increase in the remuneration of existing employees, that will be helpful.

Vinay Jamwal:

As a reply to your first query with respect to our increase in expenditures, first of all, our cost of raw material is consistent. It has basically improved a little bit as compared to the preceding corresponding period. And as far as the employee benefit cost is concerned, our company is joined by a very good marketing team led by Mr. Vaibhav Munjal. This is one addition. And with respect to other marketing people, other people have also joined. We have increased our employees from 100 to 141. Mostly, this increase is with respect to the marketing team. This is one thing that has led to the increase in employee benefit cost. In addition to this cost, we have an increase in Other Expenditures like there is an increase in exhibition expenses. Since we are exploring new markets world over, we are going to as many as possible number of exhibitions. This has also led to an increase in our Other Expenditures. In addition to this, we have got the consultancy fee which has increased, say at least 2x to 3x in this current year since we have got the US FDA and there was an increase in fees and subscriptions which led to an increase from

6.52 lakhs to 25.20 lakhs. These are all the expenditures which have led to a little decrease in our EBITDA margin and EBIT. But what the management feels is that with this expenditure, the company is going to accrue a lot more sales revenue in the coming quarters, maybe in the current quarter and in the succeeding future period also.

Moderator: Our next question is from the line of Avinash Nahata from Parami Financial Services. Please go ahead.

Avinash Nahata: I have a few questions. I will tell them one by one. You may choose to answer the way you want it. Somebody in the call mentioned that we have a market share of some 3 odd percent which means at Rs. 55 crores, the total share is something around Rs. 1,600 crores. One question is, how are the players like you – the top 5 players – how they are distributed? Second is, you also mentioned that on a one-shift basis, you are doing currently 40%. Does this mean if we are doing Rs. 100 of business, we can do Rs. 400 of business without putting any incremental new investment on a 2-shift basis at 80% capacity utilization? And how much CAPEX we have done in the ortho-endo space composites whatever is the material where we work in the current financial year? And what are the products you would want to add over the next 3-4 years?

Atul Modi: First of all, I would like to reply to your query regarding the capacity utilization. We have a capacity utilization of 40% on a single shift basis, so we can go up to 90% capacity utilization on a single shift basis. And beyond that, we can go for further capacity utilization by the second shift, introducing another shift. So, we have enough capacity for the next 5 years. We can easily meet the market requirements for the next 5 years. Your other question is the CAPEX. We have already invested Rs. 24 crores on the capital expenditure for setting up of the new facility and also for setting up of the research center. This CAPEX will definitely be useful in the production of the new products in diversification as well as for the new production activities. And the CAPEX in R&D will help us in the development of the new products which we have already taken up. With the new product development and the new manufacturing facility, we have sufficient capacity for the next 5 years and sufficient products for marketing in the next 4 to 5 years. Definitely we are continuing our research activities so that we can add some more biomaterial products. As maybe you know that we are developing bone grafting materials, we are also developing oral wound dressings. There are many products which are under development. And our R&D is working on the development of these products. Once these products are fully developed, we will take them up for commercial production.

Avinash Nahata: And the last one on the market share. Guys like you, the top 5 people, would contribute how much out of the Rs. 1,600 crores.

Atul Modi: The top 5 companies who have the maximum market share are all multinational companies. No. 1 is Dentsply. No. 2 is GC Fuji, is a Japanese company; Coltene; and then, **(Inaudible)** **38:45**. These are all the 5 to 7 companies who are dominating the market in India. We being an

Indian company, we come after them. They all are above us and they have got the maximum market share.

Avinash Nahata: This is a follow-up. Within the Indian manufacturers, you have the highest market share?

Atul Modi: We have the highest market share among the Indian manufacturers.

Management: Just to add to it, within India, we are the biggest player. In terms of turnover or market share perspective, we are bigger than any of the other players.

Moderator: The next question is from the line of Elesbaan Pereira from Seven Stars Investment Services. Please go ahead.

Elesbaan Pereira: I just had a question with regard to our domestic sales. I just wanted to know whether you have a breakup of where the sales have been mostly like; whether it's from the dealers in the tier 1 & 2 cities or from the tier 3 & 4 cities.

Vaibhav Munjal: Your question is regarding dealer sale contribution or the growth contribution?

Elesbaan Pereira: From the domestic sales that we have done, the growth seen, has the growth been more from the dealers in the tier 1 & 2 cities or from the smaller towns?

Vaibhav Munjal: The growth has been spread. The contribution is obviously higher in the tier 1 & 2 cities if we talk about the overall sales contribution, but the growth has been led by the rural markets; I won't say rural, but tier 3 & tier 4 cities. But parallelly, the tier 1 cities also have done decently well. The difference would not be very high between both the markets that way.

Elesbaan Pereira: The reason I asked this question was because usually in tier 1 & 2 cities, we will have dentists who have a higher preference towards the international brands. If we shift our focus towards the tier 3 & 4 cities in a bigger way, I am sure that can help us much.

Vaibhav Munjal: Actually, that is what we are doing. If you would have noticed, I just mentioned in my speech, we have started our e-commerce platform also with delivery across pan-India, and we just started it. That's our first step in terms of increasing our reach to the markets that even we are not there. First is that. Second, we are also adding dealers in the smaller markets; that is there. But having said that, tier 1 markets still are a big pie of the business. So, we are not leaving that turned. The proposition which we are playing with our products are the best value-for-money products, right? Our products have the best certifications, our products are certified by all global standards, and we offer a price competitive advantage over any of the MNCs. So, we are making headway in those markets also. We are not leaving either of the front unturned. We are not leaving tier 1 and parallelly expanding our reach in the tier 2 and tier 3 cities.

Elesbaan Pereira: My second question is with regard to the main board listing. Somewhere during the IPO, Mr. Atul had mentioned in an interview that in 2 years, he will be planning for the migration to the main board. Any update on that?

Atul Modi: Yes, we are planning for it from the next financial year.

Moderator: The next question is from the line of Darshil Zaveri from Crown Capital . Please go ahead.

Darshil Zaveri: Sir, I just wanted to now get maybe a broad sense like you explained very in depth what all problems in the export markets are we facing. Maybe like if we can say FY24, we faced all the problems that we were supposed to face. What about FY25? How do we look at it? Will our exports fire at the click that we want them to? Will we be able to do the previous like what our target was 30% revenue growth and 40% margins? Will that be able to be done in FY25? Or what kind of guidance for revenue and margins do we have for FY25?

Atul Modi: As far as we understand from the meetings we had with our distributors in these countries where there is a foreign exchange crisis, we understand, and we feel that the situation will definitely improve in the next financial year. We are seeing good signs in this quarter that some orders from these countries have already started coming, and we are confident that the situation will definitely improve in these countries. This foreign exchange crisis will be over, it will ease, and we will have good orders from these countries because our products are very well established in these countries. But we are not solely dependent on these countries. We are making efforts to grow our business in other countries. Our business in the USA has increased to about 2.5% and we are making more efforts to grow our business in the USA because our products are now becoming very popular in the US. So, we are very confident that we will grow better in the US market in the next financial year. There are some other countries where we have started making efforts to introduce our products, so our business will definitely grow in these new countries like we have started selling in Australia also this year and Venezuela is another country. Some more countries we have added. In Saudi Arabia, we have done extremely well in this financial year. We are very confident that in the next financial year, we will have much better business from these countries. We are very confident that with all our efforts, growth in the export market will come back. And we will have growth in the export business also in the next financial year.

Darshil Zaveri: Sir, would you like to quantify that? Because, even if our domestic market growth is 30% and we have 40% share from that. Can we at least grow at a minimum of 20%? Would that be a fair assumption?

Atul Modi: We are considering that at least there should be a growth of 20% in the export market in the next financial year. That's the minimum target we have set for ourselves. And we are working on that, and we are confident that we can achieve that growth.

Darshil Zaveri: That's for the export market. And what about our Indian domestic market?

Atul Modi: The Indian market has already shown very positive and very good growth in this financial year in the 9 months. And this momentum will continue because new products have been just launched. They will definitely add to the revenue. And definitely in the Indian market, our business will have much much faster growth in the next financial year.

- Management:** Sir, if I may add something to this. Sir, in exports, if you look at it, all these markets are our strong markets, as Mr. Modi rightly pointed out, and it's just a matter of pent-up demand which will actually come in the moment these restrictions of dollars ease up. It's a matter of time. What we have seen is that once a country opens, it gives us pent-up demand. They will open up one by one or they will open up together. That's the only question. And the moment it is there, we expect a huge pent-up demand coming in from that quarter also for our export business. And parallelly, we are adding a lot of new countries also, and that will actually end up taking our export business to the next level also in terms of that.
- Moderator:** The next question is from the line of Pritesh from Lucky Investment. Please go ahead.
- Pritesh Chheda:** Sir, just a few questions. One, on the Prevest Direct site, there are these products under dental material, which are fairly an exhaustive list. These are all traded products for us?
- Vaibhav Munjal:** These are all manufactured products.
- Management:** All our range.
- Pritesh Chheda:** What we see on the site under oral care, 3D resins, and dental material, all are manufactured by you?
- Management:** Yes.
- Vaibhav Munjal:** As of now, there is no product we are trading? All the products that are there, those products are manufactured by us.
- Pritesh Chheda:** I fail to understand one thing, sir. We are a Rs. 50-crore revenue company. We have so many products and we have so many countries that we talk about. There will be some Pareto principle, right?
- Vaibhav Munjal:** Yes, there is.
- Pritesh Chheda:** What is that Pareto principle? What are your top 2 export markets and contribution to your revenue, and what are your top 5 products and contribution to your revenue?
- Vaibhav Munjal:** Pareto principle of 80-20 applies actually across everything. In our case, it's actually not 80-20. It's slightly lesser than that. The top 5 products would contribute to approximately – not top 5 but around top 20 products – would contribute to around 40% of our business. It's something like that.
- Pritesh Chheda:** And export market? There are top 2 or 3 countries, right where you will be....?
- Vaibhav Munjal:** No, we are spread across the market. It's not the top three. If it was top three, then the business which is happening right now also would have this thing. Our business is spread across. And in the last call, we have given up a split of the global percentage split also, if I remember

correctly, in terms of which market contributes to how much percentage of our business in exports.

Pritesh Chheda: Then, as a strategy, on a slightly longer term – it's a smaller company with limited resources and limited bandwidth – isn't it more beneficial to focus your energies on, let's say, a few continents, let's say Latin America and Africa where a larger population is there and we do not have maybe MNCs competing there and create that type of a business in export instead of going around and having so many countries and so many small small insignificant businesses? Do you see it that way or the dental business is done the way you are doing today?

Atul Modi: I will try to answer this question. Actually, our major revenue comes from 20 countries and the rest of the 70 countries are just contributing a very small portion. But we don't want to lose any business from anywhere because the countries which are giving us less business today, they have the potential to grow. But we can't leave those countries. If there is a demand for our products in these countries, even small demand, we are catering to these countries. But our major contribution in the revenue is from the 20 countries, so mainly we are focusing on those 20 countries. The rest of the countries, they come on their own, they join us, they give orders, they become dealers, and we supply them. This is how we are catering to 90 countries, and they are also contributing to our revenue. We don't want to not do business with them. We will continue our policy of providing supplies to all countries where there is a potential, where there is a requirement, and where there is a dealer, but definitely we will focus on the developed countries and the countries where we see mostly a better and bright future for our products.

Pritesh Chheda: And here, the business would be done based on the registrations you would have done in those countries and you have appointed a dealer or a distributor who will go ahead and sell the products in that country, right?

Atul Modi: That's our policy. We appoint a dealer. The dealer registers the product in his country, and then he continues to buy from us with an understanding that he will continue to grow and give us at least 20% growth every year. And in most of the cases, they are fulfilling their commitments, obligations of growth, but as I said, out of the major 20 countries, 4 countries which were contributing maximum for our business have a foreign exchange crisis. That's why the export business has not grown. But if those countries were also performing in the way they were doing earlier, we could have also seen a growth in the export in this financial year. But now, we see that the situation is changing, and we are now sure that they will come back and the foreign exchange crisis will be eased and will become normal and we will get good business from these 4 countries. This is our present strategy. And I think most of the dental companies are following the same strategy.

Pritesh Chheda: You have to register your products in these countries, sir?

Atul Modi: Yes, we have to register in all these countries for being health-related products. Every country has got its own regulations and we have to comply with the registration process in all these countries.

Pritesh Chheda: And my last question is on the Oradox side which is the OTC side of the product where you have done your launches this year. I see those products in some of these web portals, apps, and all. What is the right to win for you in this OTC line? You are going to compete against... Some of the products are fairly new to the customer themselves. And what is the right to win there? How will you generate business in this Oradox line of business?

Vaibhav Munjal: Sir, Oradox if you would have seen the products and you would have seen it on various platforms, when we are looking at these products, these products are very innovative and most of them are first in India. And many of these kind of products are currently not available in India, and hence the direct competition to the bigger players in this market **(Inaudible) 54.51** doesn't exist because these are very specialized products. Secondly, I mentioned that when we are looking at launching this, 1) an online consumer part is already there. The entire piece of digital marketing and the entire piece of performance marketing, that entire thing is already we are working on that, and it will start from its own. 2) From an offline point of view, we will engage with our dentist channel partners. Already we have a huge reach to these dentists through our team, through our dealer network in India, which we have 60+ dealer networks there and we are already reaching to them. 3) The dental exhibitions and everything already will provide us another opportunity to launch these to dentists. These are the 3 ways we are looking at moving these products to the end consumer.

Moderator: Ladies and gentlemen, due to time constraints, that was the last question. I would now like to hand the conference over to Ms. Astha Jain, Senior Research Analyst from Hem Securities, for closing comments.

Astha Jain: On behalf of Hem Securities Limited, I thank the Prevest DenPro Limited team for giving the time we spent on this call and responding to all the queries in the detailed way. I would also like to thank all the participants for joining this call. Now I would like to hand it over to the moderator again for the closing remarks.

Moderator: Ladies and gentlemen, on behalf of Hem Securities, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.