

June 03, 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 May 31, 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 May 31, 2024, at 4 PM.

Kindly take the above information on records.

Thanking You,

Yours faithfully,

**For Prevest Denpro Limited**

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SADHOTRA

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AMAN SADHOTRA  
Date: 2024.06.03  
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**Aman Sadhotra**

**(Company Secretary and Compliance Officer)**



“Prevest DenPro Limited  
Q4 FY‘24 Earnings Conference Call”  
May 31, 2024



**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 JAMVAL – FINANCIAL ADVISOR – PREVEST DENPRO LIMITED**  
**DR. SAI KALYAN -- DIRECTOR OF RESEARCH AND ACADEMICS -- PREVEST DENPRO LIMITED**

**MODERATOR**      **MR. PRABAL MAHESHWARI – HEM SECURITIES**

**Moderator:** Ladies and gentlemen, good day and welcome to Prevest DenPro Ltd Q4 FY24 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 touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Prabal Maheshwari from HEM Securities. Thank you and over to you, sir.

**Prabal Maheshwari:** I thank everyone for joining the Prevest DenPro Limited Q4 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 Jamval, Financial Advisor, along with Dr. Sai Kalyan, Director of Research and Academics of Prevest DenPro Limited.

Company is manufacturer of dental materials serving the global market with a wide range of quality products designed for the diagnosis, prevention and treatment of dental conditions. 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 expectations of the company's management as on 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. It involves 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 and thank you for joining us today. I am delighted to welcome our esteemed investors to this conference call to discuss the financial results for the fiscal year 2023-2024. It is truly heartening to see your unwavering support and confidence in Prevest DenPro Limited. I am pleased to report that our revenue has increased by 14.27% from INR51.89 crores in financial year '23 to INR59.29 crores in financial year 2024.

The 14.27% increase in the revenue is a commendable achievement, especially considering the challenges faced in the foreign markets due to currency exchange crisis and recessionary situations prevailing in EU countries due to the prolonged war between Russia and Ukraine. Despite headwind, it is encouraging to see the noticeable improvement in the exports in the fourth quarter compared to the previous quarter and we are working diligently to extend our presence into new international markets that will further boost our top-line growth.

Our current capacity utilization stands at 45% for the existing product line, indicating that we still have 55% unutilized capacity. This unused capacity provides us with ample room to meet increasing market demands and scale up our production as required. The establishment of Prevest Research Centre in the year 2023 marks a pivotal step in our journey towards innovation and excellence. This centre is dedicated to advancing our technology and methods to improve efficiency, quality and sustainability across various segments.

Our key initiatives include cost-saving measures, introduction of new product lines and the reduction of the import, through-import substitution. We continue to invest heavily in R&D to develop innovative products. Our collaboration with dental institutions ensures that our product development is aligned with the latest market needs and technological achievements.

Prevest Research Centre has received approval from the Ministry of Science and Technology. Prevest DenPro is the first dental company of India who has set up state-of-the-art research centre that has been recognized by the Government of India. That places us among the select group of approved research centres, indicating the credibility of further efforts.

We are excited about the possibilities since approval opens up and remains committed to advancing innovation in the dental sector. Our new segment oral care under the brand name Oradox has shown promising response since its inception. The positive response from our stakeholders reaffirms our confidence that Oradox will significantly contribute to our top line in the post-semi-period.

Our disinfectant product line is ready to be launched soon. Each trial has been conducted satisfactorily and all regulatory compliance is well-placed. In reviewing the dental industry landscape, it is evident that both global and Indian markets present compelling opportunities for growth.

The global oral care market shows substantial work and is anticipated to experience robust growth in the coming years. Similarly, India's oral care market is on a trajectory of significant growth, fueled by a growing awareness of oral hygiene and dental health among consumers. These market competencies are various segments, including toothpaste, mouthwashes and other oral hygiene products catering to diverse and human needs.

Driving this growth is India's increasing organization and rising per capita income with a driving demand, particularly for premium oral care products. Another notable trend is the rise of the dental 3D printing market both globally and in India. The global market presents substantial work and promising growth prospects, while the Indian market is poised for significant expansion.

3D printing technology offers a range of advantages, including fast production, diversified treatment options, cost-effectiveness and customization, benefits for the patient as well as clinicians. The global disinfectant market is experiencing significant growth, presenting lucrative opportunities for business entering the segment. As such, practically entering these growing segments of the dental industry holds promise for companies seeking business growth and expansion.

In conclusion, the dental industry offers fertile ground for growth and innovation, and tapping market trends can pave the way for success in the future. In short, the dental industry provides ample opportunities for both growth and innovation. By aligning with the prevailing market trends, we can set up the stage for future success.

We will focus on exploring avenues of inorganic growth also, including strategic alliances, acquisitions to enhance our market presence and drive expansion and committed to fostering innovation, we will continue to introduce cutting-edge products to meet evolving customer demands.

Once again, I express my gratitude to all our investors for their continued support and confidence in Prevest DenPro Limited. Together, we look forward to achieving even greater milestones in the future.

Now, over to Mrs. Namrata Modi.

**Namrata Modi:**

Thank you, Mr. Modi. Good afternoon, everyone. As the Chief Financial Officer of our company, it is a great pleasure to present to you the financial results for the year 2023-24. It has been a challenging year, but I am happy to report that we have emerged stronger as we begin dental applications for this year also. I will begin by providing a brief overview of our financial performance. Prevest DenPro Limited has experienced a notable increase in revenue, growing from INR5,188.76 lakhs in financial year 2022-23 to INR5,929.05 lakhs in financial year 2023-24.

This represents a substantial growth of 14.27%. The company's EBITDA also saw a positive increase. EBITDA rose from INR2,163.19 lakhs in the previous fiscal year to INR2,270.85 lakhs in the current fiscal year marking a growth of 5%. This indicates an improvement in the company's operational efficiency and profitability before accounting for non-operating expense. The PAT for financial year 2023-24 was INR1,613.69 lakhs compared to INR1,571.01 lakhs in the financial year 2022-23.

This slight increase of 2.72% in value terms suggests steady profitability despite potential market or operational challenges. Those are PAT margin decreased from 30.28% in the financial year 2022-23 to 27.22% in the financial year 2023-24. This reduction is due to an increase in depreciation and other expenses relative to revenue impacting net profitability, but depreciation is directly linked to our new R&D setup and additional line of activity.

Now that the maximum capital expenditure has been incurred. We are confident that our capital expenditure will be beneficial for us in the forthcoming period and our margins may increase positively impacting our net profitability. Similarly, the EBITDA margin fell from 41.69% to 38.30%. This indicates that while revenues and absolute EBITDA have increased the proportion EBITDA to revenue has slightly decreased potentially due to increased operational costs. This decline is mainly attributed to marketing expenses, exhibition costs, employee costs and other ancillary activities.

Overall, Prevest DenPro Limited has demonstrated for financial growth with 14.27% increase in revenues and a 5% rise in EBITDA for the fiscal year 2023-24 compared to the previous year.

Despite the slight decrease in PAT and EBITDA margin, the company has maintained growth in absolute terms. This is a strong performance in a competitive market and a continued commitment to enhancing shareholder value. Over to Mr. Vaibhav Munjal.

**Vaibhav Munjal:**

Thank you, Mrs. Modi. It gives me great pleasure to address you today as we reflect upon our achievements for the last financial year and look forward to exciting opportunities that lie ahead of Prevest DenPro Limited. As the Chief Marketing Officer, I am thrilled to share with you some of the highlights of our performance in the last financial year and our strategies for the upcoming period.

Let me begin by highlighting our domestic sales growth which has surged by an impressive 26.47% in the current financial year compared to the preceding year. One of the notable highlights of this year has been our exceptional response to our new product line, Oral Care product line under the brand name of Oradox. The Oradox range has captivated consumers both online and offline propelling our brand to new heights.

Building on this success, we are now poised to expand the Oradox line further catering to a broader customer base and solidifying our position in the market. Furthermore, we are strategically evaluating expansion of Oradox into the pharmacy channel. We will be testing this in one state initially with the plans to roll it out further down the line in other states. This move will help us strengthen our presence in the market and drive further growth.

On the staffing front, we are continuing to grow our sales team by bringing in talented individuals and maintain our competitive edge in the market. Furthermore, we are gearing up for an increased participation in conferences and exhibitions in the coming periods. These platforms provide invaluable opportunities. These events are crucial for showcasing our products, forming partnerships and staying updated on the industry trends.

Our venture into e-commerce has shown promising early results. Prevest Direct our e-commerce platform launched in the late 2023 has received positive feedback and is set for further growth. Additionally, our presence on major e-commerce platforms like Tata 1MG, Flipkart, Amazon, Jiomart with the Oradox range has yielded encouraging response, highlighting the strength of our product line and quality.

We are proud of our product line and quality we deliver and it's great to see customers responding so positively. Our focus now is on reaching even more people and strengthening our marketing efforts to keep driving growth. I am confident that our marketing strategies will keep paying off, bringing us even more success in the future. We are confident and committed to maximize shareholder value. Once again thank you to all the investors for their unwavering support over the past year.

**Moderator:**

We will now begin with the question and answer session. We take our first question from the line of Mahesh Attal from Attal Investment Advisors. Please go ahead.

**Mahesh Attal:**

Thank you for taking my question, sir. First congratulations on a good set of numbers. Sir my question is more on -- so what are the efforts we are taking on our sales side because now I see that our capex is through and we are having good capacities and our presentation says that we

are still at 55% capacity. What are the efforts that we are taking on the sales side? What are the efforts, are you looking at creating new channels or what is that you are doing on ground . I mean this financial year, how will we see that coming to numbers? Please if you can throw some light on that?

**Vaibhav Munjal:**

So as I briefly mentioned in my statement also we are looking at expanding our marketing and sales efforts across. Right now from one division we have also diversified into another division of oral care names Oradox which I mentioned. So we are looking at increase. First is increasing the sales force across both the segments. One is our existing business plan. We are keep on adding newer and newer people and expanding into newer geographies to reach more and more doctors and consumers from that point of view.

Second, we have already launched our e-commerce channel which has given us positive results, which will again boost our sales to some extent of our own products. Third, in terms of increasing on the oral care range as I mentioned in my statement we are also now looking at setting up a new channel for the pharmacy distribution and that will be our another foray into the oral care range and which should give us promising results.

We are going to pilot it with one state and then probably expand it down to the other states depending on how the response goes.

**Mahesh Attal:**

Sir my second query would be on you say that you have added there is a growth of employees which is like 78% growth from last year. So if you can make me understand the maximum number of employees were hired in which domain? Are we looking at sales as the maximum hiring or this is like overall across the I mean industry wide I mean entire company as a whole. I mean I just want to know that maximum employees, whether they are hired in the sales side or what was there in last year?

**Atul Modi:**

As the employees have been added in the manufacturing, in the research and in the sales and marketing because the new product line order has been started commercially. So we have to hire people to run the plant. So we have employed technical people and staff to run that to operate this new facility. And we have hired people to manage the administration and also new hiring has been done for the R&D department. Other than that we are hiring more people for the sales and marketing across India.

**Moderator:**

Thank you, sir. The next question is from the line of Santosh from Investment Handle. Please go ahead, sir.

**Santosh:**

Thank you for the opportunity to ask the question here. And congratulations to the previous team for achieving the highest ever revenue quarter for this quarter. So, my question is around, exports. Earlier, your team commented that, there was a finance look like, global currency exchange price or something, and that's why export market is down. So, can you tell what would be the, your vision for next six to 12 months for this export market? Because I see that's where most of the margins will pick up, number one.

And number two is our revenue is in, like, double digits annually right now. How soon we can go to three digits and do we have a scope to go to, like, four digits of revenue in the next five years or so?

**Management:**

The present export scenario is not very good because the result from major countries where we are exporting are flat. We have seen a, small growth in our export business from the Europe and from the South America – from USA. But we are making efforts to expand our business in the U.S. market where we see very high potential for growth. And also, we want to add some more countries, developed countries.

You know, we are trying our best to grow in the developed countries like, Australia and, Canada, Brazil. So, we have already started our business operations there. You know, we have identified new buyers in these countries. So, we are doing our best to expand our business in the U.S. market, which is a very high potential market for our business. Already our business has grown from 2.87% last year to 3.6%. So, like that, we are very positive for the business growth in the U.S. market and other developed countries.

But we expect that the situation in Africa will definitely increase, as well as South America, which has a very big market for our product. And as the situation improves, financial crisis eases in these countries, we expect growth in these countries also. So, overall situation is that Africa, because of the financial situation, the financial crisis is still going on. But we expect that this will be over very soon. And we will get more business from these countries. So, that will add to overall growth. So, we are looking forward to a better growth in the next financial year.

**Santosh:**

And regarding, increasing the revenue, let's say in three digits or four digits, what is your guidance or vision on that?

**Management:**

Definitely, the U.S. market will give us good revenue generation. So, that will increase our business and revenue will grow in the U.S. market and from other developed countries. The U.K. is also emerging as a big market for our product. So, all these countries will definitely increase the business and our revenue will increase from these countries.

**Moderator:**

Hello, Santosh sir, does that answer your question?

**Santosh:**

Yes, that answers my question. One last question, ma'am, if you can allow me. Regarding the U.S. markets, I know the dental awareness in the U.S. is pretty high compared to our country. So, from a marketing perspective, does your company focus or have any special focus or strategies to increase the market share there?

**Atul Modi:**

We are already, doing private labeling work for some companies in the U.S. That's a potential market, private labeling. And also, we are doing our own brand promotional activities. We are taking part in U.S. exhibitions to make our brand more popular in the U.S. market. So, these are the two activities we are doing. We have already hired, marketing consultants in the U.S. who are helping us to get more customers from the U.S. market. So, this is how we are planning to grow in the U.S. market.



- Moderator:** Thank you, sir. The next question is from the line of Nitya from KamayaKya Wealth Management. Please go ahead.
- Nitya:** Yes. So, how many colleges have you tied up with till now and how many more do you plan to tie up within the coming one to two years?
- Atul Modi:** So, this, I will request our Director for Research and Academics, Dr. Sai Kalyan, who will give you the appropriate answer to your query. Over to Dr. Sai Kalyan. Yes.
- Sai Kalyan:** At present, we have around 17 institutions, academic institutions tied up. We are also looking at signing MoUs or technology joint development programs with IIT Jammu. We have people coming and interning with us from IIT Jammu and Central University Jammu. The basic idea of having all this is to create an environment where innovation can take place and we can make better products which can make a bigger impact.
- Nitya:** Right. And how has been the response of products such as Oradox which you have launched? How has been the response so far?
- Atul Modi:** The user side of it is very promising because when we launched it, we took a usability study at different colleges and academic institutions. We have around 10 to 12 research studies happening as we speak right now. So, it is very promising. Yes, we have a plan in place and I think the sales and marketing team are gearing up to put the plan in place. I think it will show great results in the coming couple of months.
- Nitya:** So, what is the pricing differential between your recently launched products and the competitors' products?
- Atul Modi:** Competitors as in, okay, let me put it in this perspective. We are not competing with the already existing mouthwash and other oral hygiene care brands. You know, like Colgate who have mouthwashes just for the OTC, over-the-counter kind of things. They don't have specialty mouthwashes and that is the area we are aiming to be in.
- So, we have mouthwashes which look at regenerating or for applications after dental surgery. Second, for caries prevention. Third, for whitening or sustenance of whitening over a period of time. For antioxidant kind of after surgical treatment. So these are very specialized devices. So, the costing is also going to be on the slightly higher side, but we are doing a good amount of work in this area. Surely, I think the price is justified. At present, I cannot pitch the Orodox brand with the competitors because the competitors have a different kind of product and we have a very different kind of product.
- Nitya:** Okay, and then which products are being sold on websites such as Amazon, Tata, Click and so on and so forth?
- Atul Modi:** Yes. Tata, Click, Viber, I think Viber will launch this. See, all our Orodox range of products are being listed on the four major online platforms which are Amazon, Flipkart, Tata One, MG and Jiomart which comprises the entire Orodox range. And all these products are consumer range and hence are listed on all the products which are there.

Now, these products include some specialty mouthwashes as Dr. Sai Kalyan was pointing out. Then they include some oral serums. Then they include some tablets, effervescent rinsing tablets. Then they include some denture and aligner cleaning tablets. Again, very specialized products, one of its kind in India. And mostly, typically, we have picked up the product range which the global market accepts very well.

And in India, there were not too many players present in that and we have consciously entered into a market and not compete with the regular mouthwashes and the other products. And we keep on adding products. In the next three, four months, we will see another few products also coming up in that entire range. So, the entire Orodox is listed on all the major platforms.

**Nitya:** Okay, understood. And, sir, for FY '25, what is the top line and bottom line you are looking at as a target?

**Management:** So, financially, for FY '25, we are looking at a minimum of 30% growth, sir, to drive that. So, that is what we are looking at the minimum number to drive that. And we will hopefully drive much higher than that. It all depends if a couple of countries' exports pick up. It will definitely be much higher than that.

**Nitya:** So, which country are you seeing the biggest issues in when it comes to exports?

**Atul Modi:** I will reply to this question. See, the major challenges which we are facing are in some of the African countries and South America.

**Nitya:** Sir voice is not very clear. I am unable to understand.

**Atul Modi:** Okay. So, the major challenges we are facing for the exports are in some African countries and South American countries. So, these are the two continents where we have not been able to grow.

But we have been able to maintain the same level of exports. But we have not been able to grow in these countries because of the currency constraints. You know, these countries are deprived of the foreign exchange. So, the buyers are not able to remit the payment. So, we are not accepting their orders because of their payment issues. But the buyers are very good. The demands are very good. But because the countries do not have the foreign exchange, so we are not able to execute the order. So, these are the countries where we are facing challenges.

Other than that, you know, in some of the European countries also there is a recession going on because of the, you know, prolonged Ukraine and Russia war. But definitely UK is a very promising market. We are getting good business from UK.

Our business in Russia is also growing. But in some of the European countries, you know, we have not been able to grow. But we have been able to maintain the same level. So, we are expecting that, you know, the situation will definitely improve. And we will start, you know, getting better orders. And we will definitely grow in this financial year.

**Nitya:** Currently, India is what percentage of your business?

- Management:** India is our top priority at present. And we are focusing on the Indian market. That is our top priority.
- Nitya:** So, what is the percentage of revenue which comes from India currently? And what do you see this going forward be in India?
- Management:** Vaibhav, you have the figure?
- Vaibhav:** Yes. Currently, it is around 42% to 44%. So, it is somewhere between that in the current last financial year in terms of the Indian market percentage contribution. And since our market, since we are having some exports, we look at it increasing the contribution going forward. Yes.
- Nitya:** And could you please throw some light on how you plan to increase the distribution? What is the strategy? Are you looking at, you know, hiring more sales staff? Or how is it going to be going forward?
- Management:** Yes. We are hiring more sales staff as we speak. As I pointed out in my speech, we are looking at hiring more and more people into our sales staff. We are actually looking -- So, what we have done now is that we have looked at geographies where we are strong, where we are not. And our products can sell very well in those geographies also.
- We have specifically identified those states and those geographies. And we are actually appointing new distribution channels and new people to market our products in that. So, that is one part of it. Second, in our existing strong geographies also where we are, we are hiring more people so that we can cover more doctors, more consumers from that point of view, so that we can cover a more gamut of people and increase our market share in those markets. Third, in terms of the Orodex range which we said, we are looking at the pharmacy distribution also. That is the third part.
- Fourth, we are also looking at strengthening our online presence and getting through that consumer, reaching out to consumers through that. So, we are looking at doing an entire bit of influencer marketing, so whatever performance marketing bit to increase our consumer presence from that point of view. So, these are the four channels which we are going to focus for the next six months going forward.
- Nitya:** Okay, thank you. That's all from my end.
- Moderator:** Thank you, sir. We take the next question from the line of Yagnam from Asian Market Securities. Please go ahead.
- Yagnam:** Yes, thank you, sir. My question is pretty much about the inflated other expenses. So, you did show some color that it was mainly the advertisement expenses or the exhibitions. Can you quantify it and was there any one-off during the year?
- Management:** Regarding the other expenses, you want the information what type of expenses have been incurred in this financial year?
- Yagnam:** Yes, correct. It is nearly 40% year-on-year. So, going forward, can we take it as a...

- Management:** Mr. Vinay Jamwal will give you the correct answer to your queries.
- Vinay Jamwal:** Thank you, sir. So, other financial year compared '22 '23 was INR9.45 crores as compared to the... just included financial year 2023-2024. In the year 2023-2024, there was INR13.14 crores. That was the other expenditure. The competition is mainly on the point of [inaudible 0:32:37] what are the main components which comprises of your custom duty. It is almost stable as compared to last year. Upgrade was almost stable as compared to last year. The competition has increased by 90% due to increasing [inaudible 0:32:42] in the form of expansion of the existing unit and the new R&D department.
- So, our expenditure in R&D department was around 8 crores for the financial year 2013-2014. In addition to these expenditures, we do have expenditures in terms of exhibition and marketing which is around, say, INR2.19 crores. The expenditure mainly in terms of travelling and conveyance is there which includes [inaudible 0:37:26] number of exhibitions and [inaudible 0:37:38] that the company proposes to participate in. In addition, these are the main expenditures of R&D which is [inaudible 0:37:50]
- Yagnam:** All right, sir. Thank you for the detailed answer. Rest of my questions have been answered. Thank you.
- Moderator:** Thank you, sir. The next question is from the line of [Tevez Sagar], an individual investor. Please go ahead.
- Tevez Sagar:** Yes. Congratulations, sir, on a great project. My question is regarding -- I've seen some products listed on eBay UK and other websites in the US market as well. So, I just want to ask that this eBay listing on UK, is this sale driven by some agent of the company or a stock is there or is it from a subsidiary of the company?
- Management:** See, the eBay as well as Amazon listing is unauthorized and illegal. The sellers are not officially allowed to sell the product on these platforms. We have raised this concern with the USFDA because, you know, these products cannot be sold on the e-commerce platforms in the US because these are regulated products. These are USFDA approved products. These products cannot be sold on e-markets and marketplaces because these are not consumer products. We have not authorized anyone to sell our products on eBay and Amazon. So, this is grey market business.
- We have taken very strongly with Amazon. We have taken very strongly with USFDA that these e-commerce platforms should not be allowed to sell our products on their platforms. And we hope that very soon they will disallow the listing of the products on Amazon as well as eBay. We do not allow anyone to sell. This is illegal and unauthorized.
- Tevez Sagar:** And so, my second question is regarding we are trying to grow in India and we would take a significant market share in India as well. So, what kind of marketing and advertising and marketing expenses we are planning as a percentage of sales for next year? Can you guide something on that?

- Management:** Definitely, the expenditure will grow because we are employing more people. We are going to take part in more dental conferences and we are going to conduct some educational programs taking part in the university's educational programs. So, all these efforts are going to cause are going to increase our cost. So, definitely our cost will go up but we expect that the cost will be taken care by the growth in the revenue that will be generated with our offers in our sales and marketing efforts.
- Tevez Sagar:** Okay, sir. Thanks for the detailed answer. That was all from my side.
- Moderator:** Thank you. We take the next question from the line of Dharmil Shah from Dalmus Capital. Please go ahead.
- Dharmil Shah:** First of all, congratulations for the performance. Just wanted to know one thing. When we are exporting our products, how is the EBITDA margin or gross margin different in the export market versus the domestic market?
- Management:** Margins are definitely higher in the export because we are selling the products in the international market at higher prices compared to the domestic sale prices.
- Dharmil Shah:** Sir, any rough idea? I mean, what is the differential between the domestic market and what are the margins in the domestic market?
- Management:** Yes, yes. Approximately about 10%-12% difference.
- Dharmil Shah:** Got it, sir. And again, if you look at FY '24 numbers, we have INR28 crores of cash lying with us or INR48 crores. So how do we intend to, I mean, utilize this cash that we have?
- Management:** We are looking at different opportunities, options to invest with this cash reserve. So we are looking at opportunity to invest or acquire some companies so that we can have some inorganic growth. So we are working on various options, various proposals that are under consideration. So we'll be deciding very soon how we are going to utilize this cash reserve so that can help us in the growth of the business.
- Dharmil Shah:** Okay. And just one more thing. If you've seen the number of employee count has increased almost by 70%-80%. So is it purely based on the increased bandwidth in the marketing and the sales department or there are additions and reductions as well?
- Management:** See, the more employees have been we have employed more people in the sales and marketing. We have employed people to run our new manufacturing facility for oral rugs and disinfectants. And we have employed more people in the administration. More people have joined us in the research department.
- So overall, there is increasing employment in all the departments in anticipation of the higher growth. You know, when we employ people in the sales and marketing, we employ people to run the plant. So we expect that our business will grow. So for that purpose there is an increase in employment and that will definitely pay back when our business grows in this financial year.

**Dharmil Shah:** Got it, got it, sir. And just very broadly, I mean, you must have answered this in previous conference, but what is it that stops or prevents any other company in India to start manufacturing these products and market those products to dentists or in general?

**Management:** The products which we manufacture are very technical products. The formulations have been developed in-house with our own internal research and development efforts. So these are formulations which are not, common formulation, not easily available. And unlike pharmaceutical industry, the formulations are very state secret. So that's the reason because every company does not have the research facility. You know, they cannot do any product development without proper research facility.

So they are not, we don't see much competition coming and because we have a very strong research facility, we are able to increase our product range. We are able to stay ahead of our competitors. And that's the reason we are doing pretty well and other companies are not able to match our product line.

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

**Ketan Chheda:** Thank you for the opportunity. I think I missed Mr. Munjal's comment on next year's growth. If you could just repeat, what did you indicate for next year's growth rate in the sales?

**Management:** Yes. So I said we are looking at a minimum 30% growth for next year. That is what we are planning and we are hopeful to overachieve that number also for next year. Okay,

**Ketan Chheda:** 30%. Yes. Okay. And what was the growth in exports this year, if there was any?

**Management:** There was about 5% growth in the exports in this financial year, in the last financial year.

**Ketan Chheda:** Okay. So then this 30% growth in the next financial year, we would expect it to largely come from the Indian market itself.

**Management:** Largely from the Indian market, but we expect our export growth also to grow.

**Ketan Chheda:** Okay. And how is our exports to the U.S. and Middle East? I believe U.S. is still a small percentage. So what is the outlook that we have on the U.S. exports for the current financial, for the FY '25? And also Saudi?

**Management:** The exports increased from 3%, it's now 3.6%. Last year it was 2.87%. So there is a growth of about 1% in this financial year, in the last financial year, 1% growth. So 1% growth is a good growth considering that the products are totally new in the U.S. market and acceptability is not so easy, but we are very confident that we have already spent one year in developing the market and the response is very good.

So we are expecting that in this financial year, we should get better growth in the U.S. market. Because we are talking to many companies, many companies approved our samples, so the process is going on. So we foresee that our business in the U.S. market will definitely grow much better in this financial year. And Saudi?

- Ketan Chheda:** What about Saudi?
- Management:** Saudi is also doing very good. The major contribution for our 5% growth has come from Saudi in the U.S. and from some European countries. So these are the countries which have helped us to reach to a 5% growth in the last financial year. Definitely the countries, the African countries, the countries where our business has been not growing as fast, they are also very positive for the growth in this financial year.
- Ketan Chheda:** Okay. And with respect to the capital allocation, you mentioned that you are looking at some inorganic opportunities. But if I remember correctly in the past, you mentioned that you are not looking to acquire any companies because, one, you are doing your own in-house R&D and manufacturing, whereas in India there are not too many companies which are in the same domain. So you are not too keen to acquire any Indian companies. So just wanted to understand what has changed now that you are looking at acquiring acquisitions?
- Management:** No, but we are not considering acquisitions within India. We have options to acquire companies outside India also. So we are working on that strategy to acquire a company outside India. If there is no good company available in India, we look at the opportunity to acquire some business, running business in the U.S. market or in any other country. So we are working on. There are many proposals which are under consideration, but we have not yet finalized anything. As soon as we decide, we will inform our stakeholders.
- Ketan Chheda:** Okay, so the acquisition will mostly be outside of India, not within India?
- Management:** Yes, that's one proposal, but if there is any good opportunity within India, that also will be considered. But at present, there are many options which we are considering, but we have not yet finalized, which is the... we are still working in the due diligence with many companies. So once the situation...once we decide, we will inform you.
- Ketan Chheda:** Okay, and any dividend policy you have already? Sorry, I'm not aware of that.
- Management:** Last year we gave 10% dividend, but this year also we'll take a positive look at that, and we will continue, hopefully. So we have not yet decided, but definitely we'll be considering the option of continuing the dividend policy.
- Moderator:** Thank you, sir. The next question is from the line of Manish Chaudhary, an individual investor. Please go ahead.
- Manish Chaudhary:** Okay, sir, my first question is, have you received all clearance and permission, and have you started our commercial production from the new plant? Because it was due for a long period of time.
- Atul Modi:** So we have two new facilities. One is for the manufacture of oral care products. One is for the disinfectants. Oral care production is already started, and we are now going to start the commercial production of the disinfectant range of products. We got all regulatory clearances. The field tests have been conducted and the feedback reports were very positive.

And based on the feedback reports, we are now going to start the commercial production of the disinfectant products also very soon. So that is what, that will complete our new product line, oral care products and disinfectants. So our complete facilities will be put to use in this financial year.

**Manish Chaudhary:** So all the clearances, all the clearances that were due have been cleared?

**Atul Modi:** All the clearances are available. We have all regulatory compliances. Clearances were received. Field tests were conducted. So we are ready to launch the new product.

**Manish Chaudhary:** Sir, my next question is, can you please give me the figure of sales for 3D resin?

**Atul Modi:** 3D resin, already we have started the marketing and the response is very positive in India as well as outside India. So the response is very good. We have already started the sales and the business is growing. And in this financial year, we will do very good in the 3D resin business also.

**Manish Chaudhary:** Sir, any figures for the last quarter that you can give us? And any projection for the financial FY '25?

**Atul Modi:** At present, I do not have the figures for 3D resin but we expect that we should be able to tell about our 2-year value of 3D resin in the next 1-10 years.

**Manish Chaudhary:** Okay. And sir, our data, they have increased from last year it was 31 days and now it is 53 days. Is there any change in our policy, sir? Can you please?

**Atul Modi:** I think I do not have the exact details. Mr. Modi will tell you more about the details.

**Namrata Modi:** Yes, as well as that is, first of all, good evening. As well as that is my concern, your question is from 32 days to now it is 53 days. Is this your question?

**Atul Modi:** Yes, madam.

**Namrata Modi:** So there is export also, as well as domestic also. First, I will start from export. Export, as we already Mr. Modi is saying that because of cash crunch in African countries and a few European countries also, we are working on LC, letter of credit. So the period is increasing. Before that, we were taking advance payment from those countries. Now they are giving us letter of credit.

And the other thing, they are giving cash against documents, CAD. So these two policies, paper size we are doing, so that our payment is also safe and we are getting debtors also from those countries where they don't have any, they have crunch in foreign exchange. But in domestic market because the sale is increasing, so prices are increasing and the areas we are working on there also, we are not giving much credit. All working is COD basis but their area is far away. So a period a little bit, it's high. Otherwise, policies are same for domestic market. There is no change in that. Just because the increase of fees, the fees are increasing.

**Manish Chaudhary:** Okay. Thank you.



**Moderator:** Thank you, sir. The next question is from the line of Pawan Kumar from Shade Capital. Please go ahead, sir.

**Pawan Kumar:** So my question is a bit broader level, like we are in more than 90 countries as per the presentation. And as you are eluded in different answers, we are facing certain problems, certain areas, certain countries. So going forward, are you looking to do business with all these countries or you have some focused places where you want to do business? That's my broader question.

**Atul Modi:** We have businesses and distributors in around 90 countries. But the major business is coming from 20 countries. The rest of the countries are either small countries or the business has not developed in those countries. They have just begun and they are slow. So we are we are doing business in about 90 countries but major contribution for the export is coming from 20 countries only.

**Pawan Kumar:** Okay.

**Atul Modi:** But our products are present in 90 countries.

**Pawan Kumar:** Yes. So we'll continue to do like all these countries?

**Atul Modi:** Yes, we have dealers in all these 90 countries. We have agreements with dealers but the majority of the countries are small countries, so their business is also not very big. So the major 20 countries where we have big countries, so we are getting the maximum business from those 20 countries. The rest of the countries are also giving us business, but the volume and the amount is not very large.

But they are also growing. So they are also expected to grow over a period of time because they are trying to make our products popular in their countries. So they are making efforts to build the products make the products available and to make the products popular in their countries. So they are individually making efforts. And, sir, as we are told, like, you have done a marketing stand.

**Pawan Kumar:** So in which countries we have done the largest MCO marketing stand?

**Atul Modi:** You see, mainly we are taking part in the international exhibitions like the International Dental Show, which is held in Germany. That's bi-annual, but the world's biggest dental show. Then we take part in the U.S. dental exhibitions, two U.S. dental exhibitions. One very big exhibition is held in Dubai, that's Middle East. It's one of the international, big international exhibitions. So other than that, this year we participated in the dental show in China. So, we got very encouraging response from some Chinese companies also. We have done some sampling in China also. They are interested to buy products from India.

We participated in Australia. We got good response from Australia. So, we got more orders coming from Australia also. So, like that, we try to take part only in the countries which are large enough and where there is a good potential. Recently we have taken part in Birmingham dental show.

So we got a tremendous response from the UK. Dental professionals. So, like that, there are five major international shows where we take part. So, other than that, we are not spending much on the international marketing. So, it is all done by the distributors. They take part in their local conferences.

We support them, maybe sometimes we give them 50% of the participation cost. We reimburse them. So, like that, we cannot directly take part in all over the world. So we have selected some major exhibitions where we take part. And rest of the countries, the small countries, they take part locally and they promote our product.

**Pawan Kumar:** Thank you for the detailed answer. Like, sir, in India, we have around 60 dealers. So, are you planning to increase? Are we having some specific targets for coming next year as India is one of our focused markets?

**Atul Modi:** Yes, because Mr. Vaibhav, [inaudible 61:57] is our TMO. So he takes care of the Indian market. So, he is the right person to answer this question. So I'll pass it on to Mr. Vaibhav.

**Vaibhav Munjal:** So, we are looking at expanding our distribution network, especially in the states, as I mentioned earlier, in the states where our market shares are lower. So, we have identified those states. We have already spoken to distributors there. We are employing more people there. And that is the focus for going forward in terms of generating more business from the not so -- big, they are big states, but our market shares are lower there. So, that exercise has already happened. The hiring is underway. Some places we have already hired, and we are looking at adding distributors in those markets.

**Pawan Kumar:** Can you give a sense which are top-selling products in India? Is it possible?

**Vaibhav Munjal:** Sorry? Top-selling?

**Pawan Kumar:** Top-selling products in terms of revenue in India.

**Vaibhav Munjal:** So, we have a lot of products. There are close to 130-140 products. And if I look at it, almost the top 40-odd contribute to 80-odd percent of the business. And basically there are a lot of products. If I were to name a few, Crysta, Fusion, Magma, Cetaphil, they are all dental products, a lot of them, which sell a lot in the Indian market.

**Pawan Kumar:** Any color on the market share we are having in these products? Some broader idea?

**Vaibhav Munjal:** Sorry?

**Pawan Kumar:** What sort of market share we have in these products?

**Vaibhav Munjal:** Market share in these products or overall dental materials is what you're asking.

**Pawan Kumar:** Right now, I'm asking...

- Vaibhav Munjal:** So, product-wise market share, I won't have that data handy, to be very honest, because it's a huge list of products that we have. But overall, we have close to 3-odd percent market share in India. 3 to 4.
- Pawan Kumar:** These are my questions. Thank you for detailed answers.
- Moderator:** Thank you. Ladies and gentlemen, we take the last question for the day from the line of Ketan Chheda, an individual investor. Please go ahead.
- Ketan Chheda:** Just one small data-keeping question. The e-commerce, what was the contribution from e-commerce in India in FY'24 in terms of revenue? Our e-commerce platforms? Like, all put together. We are selling through other platforms as well, and we are having our own portal as well. So, everything put together from the online, how much revenue are we generating? Have we generated in FY'24 in India?
- Management:** The online platforms, some of the online platforms, we don't supply directly to them. They buy through our stock case, so that data could not be there to be shared. And our own online platforms, we just started for around in the last quarter, if I work exactly this thing, and it's not been fully out of operations for that, in fact.
- Ketan Chheda:** So, the other platforms that you mentioned, like Amazon Flipkart, products are being sold through our...
- Management:** No, not Amazon Flipkart. There are other online platforms for dental industry as such. So Amazon Flipkart we are selling, so that's our own business. But the other -- I was talking about the dental products completely. So, we have two ranges. One is the online e-commerce platform for the consumer products, which is Oradox. And then we have our own dental, which is a parent business, which is our existing range, which is our medical device products. Those are the ones which are sold through a different online channel, which is there.
- Ketan Chheda:** So, all put together through the online channel, what is the contribution of the online channel?
- Management:** If I could throw a number, maybe around 8% to 10%.
- Ketan Chheda:** 8% to 10%. Okay, thank you for that. Thank you very much.
- Moderator:** Thank you, sir. As there are no further questions, I would now like to hand the conference over to Mr. Prabal Maheshwari from HEM Securities.
- Prabal Maheshwari:** On behalf of HEM Securities Limited, I thank Prevest DenPro Limited team for giving the time 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:** Thank you, sir. I hand over the conference to the management for closing comments.
- Atul Modi:** Thank you very much. This was a wonderful conference. I think we were able to give adequate replies to the questions.

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