

November 15, 2023

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

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

Scrip Code: 543363

Dear Sir(s),

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

Kindly take the above information on records.

Thanking You,

Yours faithfully,

For Prevest Denpro Limited

AMAN
SADHOTRA

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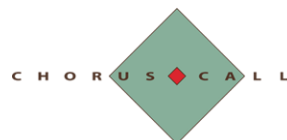
Aman Sadhotra

Company Secretary and Compliance Office

M. No- 66562



**“Prevest DenPro Limited
H1 FY ‘24 Earnings Conference Call”
November 09, 2023**



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

MODERATOR **MR. RAMADHIN RANE – HEM SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to the Prevest DenPro Limited H1-FY24 Earnings Conference Call hosted by HEM Securities. As a reminder, all participants will be in the listen-only mode, and anyone who wishes to ask a question may enter star and one on their touch-tone phone. To remove yourself from the queue, please enter star and two. 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 would now hand the conference over to Mr. Ramadhin Rane. Thank you and go ahead.

Ramadhin Rane: Yes, thank you, Kate. Good afternoon, ladies and gentlemen. Thank you for joining the Prevest DenPro Limited H1-FY24 Earnings Conference Call. Joining us on the call today are Mr. Atul Modi, Chairman and Managing Director of Prevest DenPro, Mrs. Namrata Modi, Whole-Time Director and CFO, Mr. Vaibhav Munjal, Chief Marketing Officer, and Mr. Vinay Jamval, Financial Advisor, 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 Q&A session, where the management will be glad to respond to any of your queries that you may have. At this point, I would like to add that some of the statements made or discussed on the conference call may be forward-looking in nature. The actual results may vary from the forward-looking statement.

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

Atul Modi: Thank you, Mr. Rane. Good afternoon, everyone. I would like to welcome you all to the half-yearly investor's meet of Prevest DenPro Limited. First and foremost, I want to express my gratitude to each one of you, our valued investors, for your trust and confidence in Prevest DenPro Limited. Your unwavering support has been instrumental in the journey of our company's growth and success. The past six months have been a period of growth, innovation, and resilience for the Prevest DenPro Limited.

Our unwavering commitment to excellence and creating value for our investors has driven our efforts, resulting in impressive financial performance. As we review the financial results for the HY-FY24, I am pleased to report that Prevest DenPro Limited has continued its trajectory of growth. Our revenues have seen a steady increase, reflecting our dedication to providing high-quality products and services to our customers.

We have navigated the challenges posed by the ever-changing economic landscape and current global unfavorable situations like the foreign exchange crisis in many African and South American countries and recessionary conditions in many EU countries. Despite these challenges, we have successfully offset these challenges by expanding our presence in other developed countries. I am delighted to share a significant achievement that has unfolded since our last interaction.

Prevest DenPro Limited has successfully acquired registration with Australian Federal Judge fees, thus opening doors to the promising market of ASEAN countries. This development reflects our commitment to expanding our global footprint and providing our high-quality dental products to a wider customer base. Many of you are already aware of Prevest DenPro Limited has introduced a new product segment – oral care products.

All regulatory compliances have been completed and we are expecting grants of manufacturing licenses for commercial production of these products in the next few days. This signifies a promising venture and strengthens our product portfolio catering to evolving market demand. Looking ahead to the upcoming year, we are poised for continued growth and innovation.

The expansion into the ASEAN market represents a significant forward step for Prevest DenPro Limited. We are dedicated to leveraging these new opportunities to enhance our global footprint and solidify our position in the dental healthcare industry. Our dedicated research and development team, comprising of highly qualified scientists and skilled engineers, has been instrumental in the development of new products successfully.

Their tireless efforts have resulted in ground-breaking products like 3D resin, oral care products and disinfectants that solidify our position as a leader in innovation in the dental field. Our R&D team has also successfully developed two of the raw materials that we were previously importing from other countries. These achievements will lead to a reduction in our production costs and a decrease in our dependency on imports.

Our focus remains steadfast on product development, innovation and most importantly, meeting and exceeding expectations of our customers. We are committed to maintain the highest standards of quality and service, ensuring that our investors, partners and consumers alike have confidence in our brand. I would like to extend my heartfelt gratitude to all of you, our investors, for your unwavering support, trust and belief in the vision and potential of Prevest DenPro Limited.

Thank you for your time and attention today. I am confident that together we will continue to achieve greater success in the coming years. Wishing you all a very happy Diwali. Thank you once again. Over to you, Mrs. Modi.

Namrata Modi:

Thank you, Mr. Modi. Good afternoon, everyone. As the Chief Financial Officer of Prevest DenPro Limited, I am delighted to share financial results for the H1 FY24. As we looked back throughout the half year, we made progress in improving and optimizing our business while continuing to invest for the future and delivering on key milestones to drive sustainable growth. Importantly, we have continuously adapted to the evolving environment while advancing our strategic growth strategy. Despite the challenges posed by our operating environment, Prevest DenPro has achieved both a sustainable and sustainable operating margin.

While we recognize that we have a long way to go, we are pleased with the momentum we have built and committed to the journey of eventually delivering best-in-class results while

producing new products, operational excellence and efficiency. Today, I will provide you with an overview of our performance by highlighting key financial figures and important decisions that impact our business.

Our revenue for H1 FY24 stood at INR28 crores, representing a 12% increase as compared to the same period last year. Our profit after total for half year reached INR7.72 crores, indicating 10% growth for the same period of previous year. This performance can be attributed to the collective efforts of our dedicated team and our strategic focus on operational efficiency. EBITDA for H1 FY24 was INR10.71 crores, demonstrating a 5% rise compared to the same period last year. This improvement is a result of proven cost management, enhanced productivity and our continued emphasis on value-added products and services.

Our EBITDA margin was 38.40%. In H1 FY24, showcasing our ability to generate profitability while efficiently managing costs. Furthermore, our [PAT] margin for H1 FY24 was 28%, which is in line with previous year's same figure, underscoring our commitment to sustainable growth and shareholder value creation.

We strategically invested in expanding our sales force, changing our position in the market. We also focused to see advancements of technological advancements to provide innovative solutions to our customers. We firmly believe that these investments in research and development and expansion into new market segments will pave the way for sustainable long-term growth.

Despite the global business challenges, like foreign prices and disrupted supply chain dynamics, which impacted industry across the world, I am proud to announce that PrevestDenPro not only sustain its profitability, but also manage to navigate through these challenges with re-channels and innovation.

Our financial performance has remained intact and we remain committed to our vision of delivering cutting-edge dental solutions to our customers. We recognize that our success is the result of the collective efforts of our dedicated employees, the trust and support of our investors and stakeholders, and our unwavering commitment to delivering high-quality dental solutions worldwide.

As we forge ahead, we remain steadfast in our commitment to compliance, operational excellence, and innovation. We extend our deepest gratitude to each and every one of you for your continued support and trust in previous generations. We are confident that together we will achieve great milestones and create sustainable value for our stakeholders.

Thank you everyone. Now I would like to convey to Mr. Vaibhav Munjal over to Mr. Vaibhav, who is Director of Sales and Marketing. Mr. Vaibhav?

Vaibhav Munjal:

Thank you Mrs. Modi. Good afternoon esteemed investors and stakeholders. Thank you for joining us today on this conference call as well as we discuss the financial performance of Prevest DenPro Limited during the first half of financial year 2023-2024. It is a pleasure to provide you with an overview of our marketing endeavors and the exciting developments we have in store to accelerate our growth and expand our consumer base. The past six months

have been nothing short of remarkable for Prevest DenPro Limited in terms of its performance with many new developments. We have witnessed substantial progress on multiple fronts, which I am delighted to share with you today.

First and foremost, we have invested in increased participation in both domestic and international exhibitions to accelerate our sales and expand our reach to consumers. These exhibitions have provided us with a perfect platform to showcase our innovative dental products and interact with a wide range of potential customers and partners.

In addition to expanding our reach through these exhibitions, we are also taking significant steps to enhance our sales force. We understand the importance of a skilled and dedicated sales team and we are committed to increasing the number of quality sales team members. This strategic move will not only boost our sales figure but also improve our customer engagement and push the premium range of products.

We have started marketing of our new product range, 3D Dental Resins, and have received encouraging response from across the country. Our foray into 3D Dental Resins has opened the doors of upcoming digital dentistry for Prevest DenPro Limited, which will bring in many newer opportunities in future for the company. The dental industry demands constant innovation and adaptation and we believe these new product segments will enable us to address the evolving needs of our consumers effectively. As our Chairman just appraised you, our new product line, Oradox Oral Hygiene Products will be operational soon.

I am pleased to share with you that we have recently conducted a sampling exercise with dentists and our trade partners and the excitement and support garnered for this product line has been amazing. We are really excited about this range of products and will formally launch Oradox range of oral care products in the upcoming trade shows and start building this brand in the second half of this financial year. In conclusion, Prevest DenPro Limited has made substantial progress in the first half of financial year 2023- '24.

Our marketing team has been at the forefront of our success, driving innovation and expanding our reach and introducing exciting new products to the market. We are dedicated to providing value to our customers and we are confident that our growth trajectory will continue to rise. As we move forward, we are excited about the opportunities that lie ahead and are committed to maximizing shareholder value.

Your trust and support have always been instrumental in our journey and we look forward to your continued partnership as we work together to achieve new heights. Happy Diwali to once all of you and thank you once again for your time. Thank you.

Over to Mr. Ramadhin.

Moderator: The first question is from the line of Manish Chaudhary, an individual investor. Please go ahead.

Manish Chaudhary: Thank you. My question is that the trade receivables have increased substantially on 31, March 2023. It was INR4.3 crores and on 30, September 2023, it is INR2.77 crores. But it has been

approximately 80% increase in trade receivables without any substantial increase in sales. What are the reasons for it?

Atul Modi: Thank you for your question. I will ask Mr. Vinay Jamwal to reply to this question.

Vinay Jamwal: Good evening, everybody. Yes, our trade receivables have increased as compared to the previous year. This is substantially due to the softening in the domestic market. Initially, in the corresponding previous year, first half of the previous year, the trade receivables were 31.86 days. Whereas, now for the current year, first half year, that has increased to 15.94 days. This is substantially due to the export platform.

We are also making penetration as earlier discussed by Mr. Vaibhav Munjal, who is taking care of the marketing of the company. They are penetrating to each and every corner of the country. So, the data period has been increased with our distributors, with the other persons who in the coming days will contribute more towards our sales revenue.

And we have made a policy that, we will stick with this period from 50 to 60 days. And we won't increase this period in the coming future period to come. And we also expect that with this, our sales will also shoot in the coming days as well as domestic sales is concerned.

Moderator: The next question is from Varun Mohanraj of Skaniva Capital. Please go ahead.

Varun Mohanraj: Good evening. Thank you for the opportunity. So, we've been talking about getting into the dental hygiene segment with our new product line. So, I just want to know, what kind of margins will we be having in this new product range? Will it be similar to the existing EBITDA margins of around 40%? Can you throw some color on it?

Atul Modi: The new product line, oral hygiene products, are very innovative products, value-added products. And we are expecting the same kind of profit margins in these products also. These products have been developed and are being placed in the market. And we see them as premium products. So, we are expecting a very good profitability from this product line.

Varun Mohanraj: Okay. Thank you. And I just want to know the capacity utilization of our existing old plant and also how much we plan to utilize our new hygiene facility by the end of this year and by the end of next financial year. How much do we plan to utilize?

Atul Modi: Our capacity utilization for the existing product line is around 40%. And we are expecting to utilize about 10% of the capacity for the new product line, oral hygiene products, in the remaining six months of this financial year.

Varun Mohanraj: Okay. And how much would we be able to do it next financial year?

Atul Modi: So, we are expecting that every year, we should increase our business of the new product line by at least 10%. So that in the next five years, we reach to capacity utilization of 60% to 70%. So, this is our projected growth strategy for the next five years. So, utilization of the capacity at the rate of 10% increase every year.

Varun Mohanraj: Okay. That's it from my side. Thank you.

- Moderator:** The next question is from Parv Jain of Niveshaay Investment Advisors. Please go ahead.
- Parv Jain:** Hello, sir. Thanks for taking up my question. Number one, I just wanted to understand on broad industry perspective, how is the demand output like for these oral hygiene products that you are planning to introduce? And who are the essential competitors that we will be dealing with in this segment?
- Atul Modi:** I will pass on this question to Mr. Vaibhav Munjal. Mr. Vaibhav, please reply to this question.
- Vaibhav Munjal:** Sure, sir. So, the new product line that we are launching is the oral, is the advanced oral care solutions. Okay. So, if you look at the market size of it, it is very huge. It is one of the biggest, it encompasses all your mouthwashes to toothpaste to everything that is there in the oral hygiene range. But these products that we have coming up, these are currently the most innovative products that you will see and are going to be consumer-based products.
- And these products are basically, are not available in India. So, these are the kind of products currently one-to-one competition is not available for these products. And hence, this will be an easy target audience for us with a specific set of solutions to the consumers. That is what we are trying to achieve through this entire product range.
- Parv Jain:** Okay. And I mean, in terms of business model, how are we looking at bringing this into market?
- Vaibhav Munjal:** So, we are going to use our strength which is arranged through the dentist to be a distribution model for this particular set of products. So, our strength typically has been our association with the dentist. So, our distribution channel will include a part of these people coming into the market rather than going the traditional route to start with.
- Parv Jain:** Okay. And these dentists, what will be the arrangement like with these dentists?
- Atul Modi:** So, as of now, we have not announced that. So, I will not be able to diverge too many details on it. But as I said, we will use our own strength. Our strength is that we have been present in the market with the dentist in the dentistry for the last 24 years.
- So, we plan to use that entire field in terms of our reach and connection with this dentist to further enhance the sale of this new oral care range of products also and reach consumers through that along with the online sales of model which will obviously be the second channel for this.
- Parv Jain:** Okay, sir. And just one clarification that 10% increase in capacity utilization, that you are meaning like 40% right now. So, 10% would be 44%, right?
- Atul Modi:** No. This Mr. Modi talked about the capacity utilization of the new factory which is the oral care range factory. So, 10% of that capacity utilization.
- Parv Jain:** Okay. So, 10% every year. So, it will be 50%.
- Atul Modi:** 50% to 60% in the next five years is what we are talking.

- Parv Jain:** Okay, sir. Okay. And what is the top line that we are expecting from this segment?
- Atul Modi:** See, it will be very early to say since we have actually not commercially launched these products, but the opportunity is huge.
- Parv Jain:** Okay, sir. Thank you in all the best. Thank you.
- Moderator:** The next question is from Akshada Deo, VIVOG Commercial Limited. Please go ahead. Yes.
- Akshada Deo:** Hello. I just wanted to know why margins have been declining from the last two quarters for the company? There has been a significant decline from almost 40% to 41% EBITDA margin to the current 34%.
- Atul Modi:** Mr. Jamwal will reply to this question.
- Vinay Jamwal:** If you compare the current last year versus what we saw in the last year, you will see there is an increase of say 11.59% in revenue. And there is a very minor decrease in EBITDA from 40.89% to 38.4%. This is substantially due to increasing employee benefit costs and other expenditures which mainly include USFDA license which has increased to 34 lakhs, including exhibition expenses and travel. Now, if we come back to the employee benefit cost, it has reduced from 3.86% to 4.78%. This is mainly due to engagement of more employees for our production.
- Since we are going for the expansion, including our R&D, so we are employing the persons from this period itself. So that when the commencement of commercial production comes into picture, we don't feel any kind of employee benefit. And one thing I would like to say here specifically, that the increase in employee benefit cost is purely on the point of non-promoted directors' remuneration.
- Promoted directors have not increased any increase in their remuneration. Since September 2021, it is purely on the point of fresh workforce that has been implied by the company. And we are very sure that with this type of investment, the company is going to do very good business in the coming years. Thank you.
- Akshada Deo:** Okay. The next question is, the company had a target that from the thousand crores domestic market that they are targeting to reach roughly 4% by the end of this year. So where are we on the same? And also if you could give a split of revenue from domestic versus international geography for the first half of the quarter, that would be great?
- Atul Modi:** At present, we are discussing the financial results for the first half year of this financial year. So we have the figures for this financial half year.
- Akshada Deo:** That's what I'm asking for. This first half of the year is what I'm asking for?
- Atul Modi:** So the overall business growth is about 12%. Out of that, 11% is for the domestic sales and 30% is the business growth from the domestic sales and 1% is the growth from the export business. So overall growth in the business is around 12.5%.

- Akshada Deo:** Okay, sir. I was asking specifically a breakup of revenue, if you could give me?
- Atul Modi:** So we have the revenue INR11.41 core for the domestic and INR14.87 crores for the export. So the total revenue for this first half year is INR26.28 crores.
- Akshada Deo:** Okay, okay. And sir, there was a white labelling that we were looking forward to doing for an American company. Any update for the same?
- Atul Modi:** Sorry, did I get your question?
- Akshada Deo:** So a couple of quarters ago, you mentioned we were exploring making products and white labelling for an American company.
- Atul Modi:** Yes, yes. Already we have started. We are already doing for a couple of companies the white labelling. And this has gone successfully.
- Akshada Deo:** So that has converted successfully from the previous?
- Atul Modi:** Yes, yes. We are generating revenue from that.
- Akshada Deo:** Okay.
- Atul Modi:** This will grow. So this is just the beginning. So we are doing private labelling for two companies in the United States. And we are, our relationship and our cooperation is very successful.
- Akshada Deo:** Okay, sir. Okay. And just wanted to know last, you were mentioning about an Australian company's development. I'm sorry, I couldn't catch what you were mentioning on the opening remarks. Could you just reclarify?
- Atul Modi:** All of our products, most of our products have been approved by the Australian Government Health Organization. And now we are exploring the business opportunities in Australia. We have attended a conference in Australia, Sydney, this year, recently. And we have come in contact with many new distributors in Australia who are very keen to distribute our products.
- And we have done a lot of sampling in Australia. The feedback is very positive. And we are expecting that our business will start in Australia also very soon. So this includes Australia, our ocean countries, Australia, New Zealand, and Fiji Island, another small island. So we are very confident with this Australian Government approval, we can easily export our products to Australian markets.
- Akshada Deo:** Are you expecting the revenues from this to flow by next year, sir? Or within this year, we may see some positive changes?
- Management:** Yes, we have already done sampling. And we are in contact with the distributors. Now we are working on the cooperation model. And, the prices and negotiations are going on. Once the things are, finalized, we'll start our business activities. And because this is, this will be the first

year, so we are not expecting big revenue from the Australia. But we are going to make a beginning in the Australian subcontinent also very soon.

Akshada Deo: Okay. Thank you so much, sir. And all the best.

Atul Modi: Thank you.

Moderator: The next question is from Madhuri, an individual investor. Please go ahead.

Madhuri: Yes. Hello, sir. My question is, last on call, we projected good growth for this quarter. And still things have not kept up with the guidance of 30%. How do we see our environment? Now, are we still sticking to our revenue guidance? Or should we expect a slowdown?

Atul Modi: There is a slowdown in export market because, as I have already explained, that there is no foreign exchange crisis in many African countries and also in South American countries. So we are facing challenges from these countries. These are very promising countries where we were having good business.

But because of the, financial crisis, foreign exchange crisis, so we are not getting good orders from these countries. But definitely we have compensated for this loss by growth in other countries. So we are maintaining the almost same level of export business this year in spite of so many challenges.

We know there is a recessionary situation in Europe. So in spite of all these, situations and defects, we are still able to maintain our business level as it was in the last year. On the other hand, we have made, great efforts in expanding our business in the domestic market.

And it is a very promising market. So we are, this year, in the first half year, we have already, achieved a growth of over 30% in the domestic market. So we are expecting more growth in the domestic market with the, employment of more sales people. As Vaibhav Munjal just briefed you, that we are employing more sales executives so that they can reach out to more, cities and we can generate more business from the domestic market.

Vaibhav Munjal: Already we have achieved 30% growth in the domestic market in the last half year of this year.

Madhuri: Could you please repeat the last thing?

Vaibhav Munjal: Sorry?

Madhuri: What did you just say, the last thing I couldn't hear?

Atul Modi: In the last three months, we do not have the figures at present because we are discussing the financials for the half year. So we have the half year figures right now. But if you have any specific query, you can please write to us. We'll provide you all the information.

Madhuri: Sure. And my, also, one of my question is, last time we projected to capture roughly about 3% of the Indian market share. So how much current market share do we have?

Atul Modi: So that is our aim to reach to that level. That is not possible in one year or in six months. But we are striving hard to reach to that level as soon as possible. That is why we are focusing on the domestic market. We have set up a good marketing team under the leadership of Mr. Vaibhav Munjal and they are working hard to meet our projections as soon as possible. So we are very confident that we'll be able to reach to that level very soon.

Madhuri: Is there any deadline? Like five month or nine month?

Atul Modi: We are working on the plan and it is working and it is very successful. But I cannot define any timeline for that. Our efforts are to reach to that level as early as possible.

Madhuri: And one more concern I have, the reason of exports not being growing, currently we have exports in US only majorly, so the reason for our exports not growing is only the recession thing and the foreign exchange or are there any other reasons for exports not growing well?

Atul Modi: As per the data which we have, our business has not grown or there is a negative growth in Africa and South American countries. But there is a positive growth in North America, Europe and Eastern countries. Because of the economic situation in South America and Africa, we have lost some business but we have gained business in North America so that has compensated for the loss.

And we have reached to the same level where we were last year. So we have been able to sustain and maintain the same level. But we are hoping that the situation in Africa and South East America will improve very soon and our business will grow.

And at the same time we are making efforts to increase and penetrate in the other markets like as we said, ocean markets and other countries we are trying our best to penetrate and increase our business in South America -- I'm sorry North America. So these markets will also give additional business in Africa and South America when the situation improves. We will also bounce back and give us better business and we will be able to reach to a respectable growth level by the end of this financial year.

Madhuri: Thank you so much. I also have a last question. Do dentists have hesitation to shift to the new products?

Atul Modi: They have hesitation. In spite of their hesitation, we are growing. We have grown 30% in the domestic market. It is not that all dentists are hesitant to use the previous. There is always a mindset, there is always a preference for one particular type of product. So we cannot say that the dentists are hesitant to use our product. If they are hesitant, then we cannot see any growth. So in spite of, we are growing so that is a healthy sign that there is acceptability and preference to our product. So that is why we are growing.

Moderator: The next question is from Hrishit Jhaveri of Pisquare Investments. Please go ahead.

Hrishit Jhaveri: Yes, sir. How much did we spend on R&D in the first half?

Atul Modi: R&D means the capital investment?

- Hrishit Jhaveri:** Yes.
- Atul Modi:** Yes. So we are going as per our prospectus. All expenditures are in line with the prospectus. All investments have been made according to that. And we have already spent close to 6.5 years on the R&D, on the equipment. And now it is fully operational and we are working and new products are being developed successfully.
- Hrishit Jhaveri:** Okay. And sir, with 40% utilization and our growth, so plans for next 5 years to reach around 60-65. So I think there is no major capex plan for next 5 years?
- Atul Modi:** Not in the existing factory but we don't need any capital expenditure on the existing facility because this has been sufficient capacity and we have recently, installed, set up the new facility. So there is no need for any capital expenditure in the next 4-5 years on this facility.
- Hrishit Jhaveri:** Understood, sir. So sir, on the balance sheet, we have around INR39 crores to INR40 crores of cash and with no additional capacity. Do we plan to spend this substantially in the marketing field or to push the new products?
- Atul Modi:** No, we are looking for, other business opportunities. Whenever there is a good opportunity, we will invest our funds for the, diversification and business growth. So we are working on that, looking for some opportunities where we can invest and we can further diversify our, activities.
- Hrishit Jhaveri:** So any inorganic growth you mean?
- Atul Modi:** Yes, we are working on that. We are looking for the opportunity. So that's the way we can, look for further diversification and growth.
- Hrishit Jhaveri:** Okay, sir. And can you give me a brief picture on how much are we planning to spend on the marketing side? So you said that for the domestic market, we have set up a new team and with the new products coming in with the existing distributors. So how much are we planning to spend here for the next 3 years?
- Atul Modi:** We have worked out the plan and, there is a budget that has been allocated. So all expenditures are keeping in mind that other profitability and everything is maintained. So with all these expenditures, planned expenditures, we are very confident that we can, employ people, more people and generate more revenue so that our top line goes up and our bottom line is also improved and maintained.
- Moderator:** The next question is from Deep Paul, an Individual Investor. Please go ahead.
- Deep Paul:** Thank you for the opportunity. So my question is regarding the Denvisio Biomed, which is a subsidiary you have incorporated for trading of dental products. So when our existing product is not yet to capture the market share and we are at the nascent stage, then why the focus on trading of products which will dilute our ROC in the long term? Any thoughts on that?
- Atul Modi:** It has been primarily established to market the previous company's product because now Prevest has a very diversified product range. So for that we have incorporated a subsidiary

company which will focus only on the marketing of all the products, so that they can focus and they can, market the product successfully. So for that purpose we have separated the marketing activity through the subsidiary company and we are looking for the opportunity to do trading activities whenever we find a very profitable opportunity, product line where we can generate revenue for the company's trading activities.

Currently Denvisio is focusing only on the marketing of the previous DenPro product because new product line requires very specialized marketing operations and for that the new team has been developed and trained and they will be responsible for, domestic markets building and that is the basic and the main activity of the Denvisio at present. But with the, plan in mind that whenever there is an opportunity we will enter into the trading activities also.

Deep Paul: Okay, thank you. And next question is regarding the increase of debtors days to 60 days. So is it that the product response is weak in the market? That's why you need to push the product or it's as per with the competitors? Any thoughts?

Atul Modi: Can you please repeat the question? It was not clearly argued.

Deep Paul: Yes, it is regarding the debtors days, that is we are giving a credit of 60 days right to distributors. So we have increased it. So why is it so? Is the product response is weak or we need to compete with the competitors? What is the reason?

Vaibhav Munjal: Sir, can I answer? I'll answer it. So, sir, no, it's not that. It's about expanding our reach and when we increase our reach we appoint new distributors, new dealers and everything and to the existing parties also we need to support with additional capital. It's just that. This is all a secured capital that is there. There is no nothing which is not unsecured this thing. So any kind of credit which has been given is only for the expansion of the market and to grow the business. That's the only objective.

Deep Paul: So it will dilute our ROC, right? Because we are increasing the working capital?

Vaibhav Munjal: No, in the long run, no, sir, because it will actually end up increasing the revenue also and an opportunity to enter new markets. But yes, in a quarter you might see it that way. But if you go in a longer run, the entire thing will be taken care to increase in revenue.

Deep Paul: Okay, thank you so much.

Vaibhav Munjal: And none of this is in, to be very honest, it's nothing out of line with whatever we have been doing. It's just to give the additional boost to sales wherever it is required. That's all.

Deep Paul: So other MNC companies are providing also similar kind of..

Vaibhav Munjal: Yes, it's a trade norm, sir. It's a trade norm to work with the market like this.

Moderator: The next question is from Siddharth of Darsh Capital. Please go ahead.

Siddharth: It's fine. All my questions have been answered. Thank you. You can go ahead.

- Moderator:** The next question is from Ketan Chheda of [inaudible]. Please go ahead.
- Ketan Chheda:** Yes, hi. Thank you for the opportunity. I'd like to know -- my question is with respect to the sales and the EBITDA margins guidance that was given in Q4 of last year. You had mentioned that you are aiming for a 30% revenue growth and 40% or better EBITDA margins. Now with the first half of this year's result, do you still stick to the guidance? Because it's going to be a tall order.
- Because one, you will have to increase your domestic sales if the exports are not increasing. And if your domestic sales are increasing, then that's a low margin business, I understand, as compared to your exports business. So, how do you plan to achieve these objectives of 30% revenue growth and 40% with the increasing domestic sales?
- Atul Modi:** Very minimum growth in this half year, first half year in the exports. But we have done extremely well in the domestic market. And as I told you that we are looking for new business opportunities and we are growing very well in the North American market, in Europe, as well as in the Asian market. We have seen substantial growth and we are focusing on these countries so that we can generate more business from these countries to cover up and compensate for the loss. And we are very confident that we'll be able to reach to a respectable percentage of growth in the export market also. At the same time, as we have already discussed and informed that there is all-out effort to grow in the domestic market.
- Our current growth is about 30%, but we expect to grow much better so that at the end of the year we have a respectable overall growth. It's not 30%, but somewhere close to that. In the first six months, we have seen that we are able to maintain the same EBITDA. And at the same time, we are with our research and development center. We have been successfully -- We have been able to successfully develop some raw materials which were earlier imported.
- So that is also resulting in the cost-saving. That will also help us to maintain our habitat. So all these things, we are making efforts to maintain our EBITDA and also grow our top line. But it's not 30%, but to a respectable. So we can only try and we are making efforts to grow as much as possible to cover a further loss in the first six months.
- Ketan Chheda:** Okay. So the margins you are saying would be maintained by the newer products that we would launch in the coming six months?
- Atul Modi:** We have put margins in the new product line. So the same level of margins we will maintain in the new product line. This is a very innovative product. We are confident we can generate good profits from the new product line also.
- Ketan Chheda:** Okay. Understood. And my next question is with respect to the foreign exchange crisis that you mentioned in the Latin American market. Now there is another company in the pharmaceutical sector. They are actually able to grow their business. Their top line is much higher. They are a much bigger company. And they have been doing the business in the Latin American market for a very long time.

And they have announced the results very recently. And their results, their commentary does not indicate any kind of foreign currency problems. So I am a bit confused that how come they are able to do good business and grow their business and we are facing challenges in doing our business for the Latin American market?

Atul Modi:

See, in the Latin America we are mainly exporting our products to Argentina. And in Africa, we are exporting to Egypt and Sudan and a couple of more countries. All these countries are facing tremendous foreign exchange crisis, evaluation of their currency. So that is nothing hidden. You can also check everywhere. This is a fact. And we are facing on account of these from these countries where we have a very good business. So Peru is another country.

So all these countries which have contributed significant amount of revenue in the last financial year. So all these countries are in trouble because of their devaluation and also because of the foreign exchange crisis. So I have named the countries. So the pharma sector is a protected sector. It is a priority sector. The government is giving foreign exchange for pharma industry because without pharma the country's health will be totally disturbed. So it is possible. But we are facing problems. So we have explained and we have named the countries. Everybody can check and confirm. So this is our situation. We have explained to you.

Ketan Chheda:

Thank you so much. That is really helpful. Because the countries that you mentioned normally the companies I was referring to they are not selling in the countries that you are selling. So that answers my question. The next question is we have got tie-up and strategic collaborations with about 12 institutions in India. Do these tie-ups -- do they help drive revenue growth as well? Because these are big dental colleges and they also would be having a good amount of requirement for the kind of materials and products that we manufacture. So do they help to drive a good amount of revenue growth as well?

Atul Modi:

Our Director for research and academics is responsible for collaborations and academic cooperation with these institutions. I will request him to please answer this query.

Sai Kalyan Surapaneni:

Let me just think about these things. Industry, academia, collaborations are very important because it is not just the revenue generated but it is the innovation it can generate. So we exchange ideas. We create new products and then every product we generate has to have a clinical evaluation and clinical feedback from the academia. Otherwise, the product would not go or do good in the market. So that is the main thing. Indirectly it will generate revenue.

The second kind of revenue is from the products which are being sold to these dental colleges. This is the second kind of revenue. A lot of people ask this why are the dentists preferring products from the US or Europe because we have always been trained on that product since we have MOUs with these institutes. So these institutes try Prevest products and introduce them to the students, who will in future be dentists, who will be practicing. So in turn when they practice they will surely buy our products which will create more revenue for Prevest Denpro. So it is a three way source through which innovation, research and revenue all three boxes can be ticked.

Moderator: The next question is from Rahil Dasani of Mittal Analytics. Please go ahead. I'm sorry we have a question from Sachin Doshi. Please go ahead.

Sachin Doshi: Good evening and thank you for giving me the opportunity. My question is more on, so you have mentioned in the past that US is basically an \$8 billion market for us and India being around 140 million, 150 million market and we are doing good in the Indian market. We are growing by 30%. So what's stopping us from growing in the US market and do we see any challenges with acceptance of our products in any region?

Atul Modi: Mr. Vaibhav, please take this question.

Vaibhav Munjal: Yes. So we recently started -- so first of all the first challenge was to get our products FDA registered because US is basically guided by FDA process this thing, and these are Class 1 products, so these have to be FDA certified. We got them certified and now we are evaluating different opportunities to grow into US which is a much bigger market. But as you would understand, we just recently entered that and it would take some time for us to capture the US market.

As compared to India, India is definitely a market which also has a lot of potential. Yes, it is to the tune of what you said but going forward, we are trying to gain more-and-more from the MNCs also and grow in this market in domestic also.

In US, in times to come, we are working with different companies as Mr. Modi also said, we are doing white labelling for one of the US companies. We are setting up our own products in that market. We are identifying the trade partners who can work with us. We have started with a few of them but as we go ahead we will see. And to answer the third part of your question, till today we have not to any market that we have gone to, we have not found an issue with acceptance of our products because our products are all certified through all the government agencies that are in the country that we go to.

Moderator: Thank you for your question, you may re-enter the queue. The next question is from Vikas Verma, an individual investor, please go ahead.

Vikas Verma: My first question for sales team number comparison from previous year for any target for sales team for next three years?

Vaibhav Munjal: Sorry, I didn't get your question sir?

Vikas Verma: Sales team number from previous year comparison, for any target for sales team number for next three years?

Vaibhav Munjal: So sales team, the numbers which we gave you in the domestic market for the sales team, they are a testament of that we are doing a growth of 30%. And as I earlier mentioned in my speech also, this is one sales team we have and as we keep on going, we will keep on adding more people to the team and we will keep on expanding to newer markets and to the rural part of India also. And that is how we want to grow this. To put the exact number to this thing because sales team is a consistent will be a continuous process of improvement into this. We don't give

them a three year plan but it's a quarter-to-quarter or a yearly plan that is discussed with them and close targets that are given to them.

Moderator: The next question is from Manan of Electrum PMS. Please go ahead.

Manan: Good evening. My question was regarding the dealer network. Last year it was 145, so how has the number grown and what was the dealer network number for FY '22 and FY '21?

Atul Modi: I didn't get your question, please? Can you repeat?

Manan: The dealer network was around 150, you told us in the FY '23 con call. So what is the dealer network right now, has it increased?

Atul Modi: In the international market, this year we have added five new dealers. And these dealers have been added to the domestic market also. So overall, we have about 160, 155, 160 dealers now, in India as well as in the export in the foreign market.

Moderator: The next question is from Rohan of Turtle Capital. Please go ahead.

Rohan: Yes, I want to ask a question, what are the challenges that you are facing on the margin side? And what is the plan for increasing the sales?

Atul Modi: We didn't get your question. As you are not clearly audible.

Rohan: I wanted to ask you, what are the challenges that you are facing on the margin side? Because your margins have declined year-on-year on quarterly basis, and what are you planning to increase in your sales? And what is the product mix...

Atul Modi: It is only a fluctuation, 1% or 2% up and down in half year, it doesn't signify to decrease. It is in the half year because there is very small percentage growth in the export market and there is growth in the domestic market. Domestic market has got less profitability. So that is why, we can see some fluctuation. But as I told that we are doing more substitution that is also contributing to less cost of production.

So the overall, we are able to maintain the same level by import substitution, by increasing our business in the domestic market, by increasing our prices, by operational -- controlling our operational expenses. So all these things are under -- we are conscious about that. And we are always controlling and trying to improve our productivity, efficiency and focusing on the value-added product. So that we can retain the profitability and maintain the same level of EBITDA as it is the past few years we have seen.

So we will continue and we will maintain that. So 1% or 2% decrease is not a very significant if you look at the half year figure. So we -- it is possible that we cover up in the next six months. So we will be in this range only 38% to 40%. So we will try to maintain the same level.

Moderator: The next question is from Ashish Sharma. Please go ahead.

Ashish Sharma: I have a question around the sales number, I think enough is said on that but if I have to take an example of Dentalkart or Vasa Denticity. So in say, financial year '20 to '23, in three years their sales has been like 4.5x increase in the sales number and they are selling like dental products may be little bit different but dental products.

While if I look at previous year sales has increased 2x in those three years. While the guidance has been that we will try to grow at 30% but if I look at other dental products company, their revenue is like 5x versus yours 2x in three years of span. So again, I think everybody touched upon that number but is there something which we need to change internally to change the sales model or learn something from our competitors to increase that sales volume?

Vaibhav Munjal: Sir, if you are comparing two companies actually it would not be a fair comparison to compare these two companies because Prevest DenPro is a manufacturing company. And we manufacture our own products and sell those. Compared to a Vasa Denticity, which you mentioned it's basically an online selling platform or a trading organization from that point of view. So for them the growth will also come in in terms of the addition of number of categories that they have added in the last three years.

They don't only deal in materials, they deal in equipment, they deal in smaller equipment, larger equipment, they have all the products listed. Whereas we as an organization deal only in the dental material space. And we are a manufacturing company versus a trading company and that is where we discussed about the envisioning far more dental. The future prospects of it. But comparison would not be a right comparison because for us, the growth would only come in from expanding to newer markets or within our own product portfolio, identifying the products and selling them. Whereas for them, newer categories, newer product lines and newer testing is also an addition to their revenue.

Second thing if you end up comparing this thing, one of the key principles of operating of Prevest DenPro Limited and which we still live by and will continue to live by is to operate on strong profitability and strong EBITDA margins and a good shareholder value for everything and building a long term sustainable company. I think that's the objective of this company and I think with the kind of EBITDA margins that we are currently operating at and the cash reserves we have, we are poised to grow. And we are open to any kind of opportunities which will suddenly take us from X to Y any given day from this thing because the fundamentals of the company anytime remains strong. I think I hope I have answered your question.

Moderator: The next question is from Umesh Matkar of Sushil Financial Services. Please go ahead.

Umesh Matkar: Thank you for the opportunity. So when do you see the export issues to be resolved and when do you see them to pick up? That is my first question. And I just missed your guidance for FY '24 and FY '25 on the sales growth for the company as a whole?

Atul Modi: As far as the recessionary situation, foreign exchange prices in different countries is concerned, so we do not have any control on these situations. So we cannot predict any change in the economic situation in these countries. We are trying to shift our business from these

countries to other countries where there are better prospects and where their products are already acceptable and we are already selling.

We are focusing on selling our products and increasing our business in those countries. But we are getting business from these countries where the economic situation is not good but we are hoping that when the situation becomes normal. Our business will bounce back because these countries cannot continue to live like this for a long time. So they will definitely turn around and definitely, they will be -- it is just a matter of time, but we cannot predict any change in the situation. It is not in our hand.

Moderator: As there are no further questions. I would now like to hand the conference over to Mr. Rane for closing comments.

Ramadhin Rane: Thank you, Kate. On behalf of Hem Securities Limited, I thank Prevest DenPro Limited team for giving their time and replying to all the queries in a detailed way. I would also like to thank all the participants for joining this call. On behalf of Hem Securities and Prevest DenPro Limited, we wish you all a very happy Diwali. Over to you Kate.

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