PREVESTDenPro®
THE FUTURE OF DENTISTRY

May 23, 2022

To,

BSE Limited
Corporate Relationship Department,
P.J. Towers, Dalal Street,
Fort, Mumbai – 400001
Script Code : 531921

Dear Sir / Madam,

Sub: Transcript of Conference Call with Investors & Analysts held on May 19, 2022.

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 19, 2022 at 4PM.

The above is for your kind information and record.

Thanking you

For **Prevest Denpro Limited**

Atul Modi
DIN – 00788272
Chairman cum Managing Director

Prevest DenPro Limited Unit-II Jammu

“Prevest Denpro Limited
H2 & Full Year 2022 Earnings Conference Call”

May 19, 2022

ANALYST: **MS. ASTHA JAIN – HEM SECURITIES**

MANAGEMENT: **MR. ATUL MODI – CHAIRMAN AND MANAGING DIRECTOR – PREVENT DENPRO**
MRS. NAMRATA MODI –FULL TIME DIRECTOR – PREVENT DENPRO
MR. VINAY JAMWAL - FINANCIAL ADVISOR – PREVENT DENPRO

Moderator: Ladies and gentlemen, good day and welcome to the Prevest Denpro Limited H2 FY2022 and Full Year 2022 Earnings Conference Call hosted by HEM - Securities. As a reminder, all participant lines will be in the listen-only mode and anyone who wishes to ask a question may enter "*" and "1" on their touchtone phone. To remove yourself from the queue please enter "*" and "2". Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Astha Jain from HEM Securities. Thank you and over to you Madam!

Astha Jain: Thank you Farzan. Good afternoon, ladies and gentlemen. Thank you for joining the Prevest Denpro Limited H2 FY 2022 and FY2022 Earnings Conference Call. Joining us on the call today are senior members of the management team with Mr. Atul Modi – Chairman and Managing Director, Mrs. Namrata Modi – Full time Director and Mr. Vinay Jamwal– Financial Advisor of the company.

Going ahead we will commence the call with the opening thoughts from the management team post which we will open the quorum for the Q&A session where the management will be glad to respond to any queries that you may have. At this point, I would like to add that some of the statements made or discussed in the conference call maybe forward-looking in nature. The actual results may vary from these forward-looking statements. I would now like to hand over the call to Mr. Atul Modi to comment by sharing his thoughts on the performance and strategic progress needs. Thank you and over to you Sir!

Atul Modi: Thank you. A very good evening to all of you and thanks for coming for the investors conference call H2 FY2022 and FY 2022 financial results. The FY2022 has been very event full. In this year the world had gone through two massive waves of COVID 19 that resulted lockdowns, logistic issues, travel restrictions worldwide and then Russia – Ukraine has also caused economic disruption in many EU and neighboring countries.

Despite all these challenges our company has done exceptionally well and we have posted robust financial result for the financial year 2022. We have impressive year-on-year growth in terms of revenue and PAT. During the financial year 2022 we have successfully listed our company on BSE-NSE exchange with overwhelming support from all segments of investors.

Our company is the first Indian Dental Materials manufacturing company in the organized sector and we have many achievements to our credit in the financial year 2022. We got some of our products approved by USFDA, we received Saudi FDA for most of our products and we have successfully launched new products for Endodontic and Orthodontic treatment. We received many National and State Awards for our excellent performance in financial year 2022. With increased acceptability of our products in various countries and entry in new countries like Saudi Arabia, Netherland, Columbia etc., our export business has grown up by

46% year-on-year. In India we have been able to penetrate further into the market and our business has grown up over 30% year-on-year basis.

The implementation of the new R&D centre is progressing well and it should be operational in the Q2 FY2023. New facilities are the manufacture of disinfectant, oral hygiene products, oral care product; biomaterial is under the advance stage of implementation. Hopefully the new facility should be fully operational in Q3 financial year 2023. The outlook for the dental industry is very optimistic for India.

Various independent studies have indicated that India is set to become the single largest country for dental equipments and materials. Further these independent studies show that Indian dental market is expected to grow at an unprecedented rate of 20 to 30% year-on-year. The top impacting factors for growth of the dental industry in India are, growth the in the dental two reasons due to low cost of treatment, second surge in the demand for dental cosmetic procedure, increased focus on the surge in medical specialty hospitals, then by increased awareness of the oral health and hygiene, increased economic growth, increased health care spending, increasing aging population.

The growth trend for the international market is equally interesting. Our export business in the past five years indicates over 30% year-on-year growth. As part of growth strategy in the financial year 2023 we are going ahead with our plans withstand our business in USA, Brazil, Canada which are very promising markets for our products. For selling dental products in these countries MBSAP certificate is required and I am happy to inform that our company is the first Indian Dental company who has been awarded with MBSAP certificate.

We are also going to attend dental exhibitions in various countries to showcase our products to generate business interest, business contracts that will help us to grow our export business in the coming years. We regularly showcase our products in the dental exhibitions in India also that helps to create brand awareness and increase our customer base. With all these efforts we are very confident that our business will grow further in financial year 2023. I also want to add here that new product range to be introduced in FY2023 will also contribute to increase our topline and bottom line. I thank all the investors attending this conference and also for unprecedented and overwhelming support to our company during its growth journey. Now, I will ask Mrs. Namrata Modi to present the financial results. Over to Mrs. Namrata Modi!

Namrata Modi: Thank you Mr. Modi. Good evening, ladies and gentlemen. It is an honor to present the financial highlights, the statistic current performance and growth trajectory for achievement of future growth. For financial year 2022 the company's revenue stood at Rs.3973.5 Lakh versus Rs. 2951.35 lakh in financial year 2921 and PAT of Rs. 1156.88 lakhs versus Rs. 720.67 Lakhs in financial year 2021. The company shown 35% growth in revenue and 61%

growth in profitability over financial year 2021. Further cost of material consumed were reduced by 25 compared financial year 2021. This incrementally contributed 8% to 10% to the company's bottom line. For financial year 2022 the company's EBITDA stood at Rs. 1667.97 lakh versus Rs. 999.42 lakhs in financial year 2021 thereby registering a growth of 67%. For financial year 2022 the company's operating profit margins stood at Rs.1483.95 lakh versus Rs.94.94 lakhs in financial year 2021 thereby registering a growth of 54.71%. Finance cost has also reduced by 44% during the financial year 2022 and in the financial year 2023, debt finance cost shall reduce further. During the financial year 2022 asset turnover ratio has further improved to 5.91 as compared to 5.50 in financial year 2021. We continue to invest in the company's growth which is evident from the growing balance sheet side. For the year 2021 – 2022 company has invested total Rs.700.12 Lakhs towards capital investment which includes investment in research and development of Rs. 189.93 lakhs and the capital work is still in progress. As at March 2022 end the company has a strong total asset position of Rs.6415.94 Lakhs compared to Rs. 3067. 66 Lakh as at March 2021 end. It is apparent from our financial figures that both topline and bottom line registered interesting year-on-growth. With the strong business fundamental and receiving COVID 19 waves we have a positive outlook and very optimistic view for good performance in financial year 2023. Once again, I thank all of you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Pranay Jain from Dealwell Capital. Please go ahead.

Pranay Jain: Thank you for this opportunity and congratulations on a strong year. I had two – three questions, I will start them first with the important developed markets such as US, Canada. The certifications and the approvals that we have received for the products, wanted to understand what is the kind of launch plan for these and also the new products and revenue contribution we can expect from our export markets which account for nearly two-thirds, so out of Rs.37 – Rs.38 Crores revenue in this year is two-thirds came from exports. What can be looked forward from the important markets and export pipe this year?

Atul Modi: Good evening. Myself Atul Modi – Managing Director of the company, I will give reply to the query. Already we have registered five products in the last financial year and in the beginning of this year another five products have been approved by USFDA. As on today we have nine products cleared by USFDA that is a big achievement for our company, now we are preparing our plan the launching of these products in the US market. Because we know with USFDA certification, second another certificate which is required for export to US is MB SAP certificate and our company is the only company from India which has been granted the MB SAP certificate with this certificate now we can explore the US market in a better way, we can explore the Brazilian market, Canada because all these countries will require in addition to their county regulations also require MB SAP certificate and we are fully equipped to launch our products in these three countries. We have formed the strategy of launching these products in these countries, we are going ahead with our plan to visit these countries and showcase our products in the different exhibitions which are going to be held in years' time Brazil and Canada. So, we have already chalked out a plan and we are going ahead with our plan to launch these products and showcase these products on a quorum where we can have a direct contact with the buyers and we can show them the product and we can start this process of marketing. So, this is the plan already in place and we are going ahead with our marketing plan. We are very confident that these three countries are the biggest international marketplaces for our products. We are focusing on these three countries because we are expecting around 10% business growth from these countries in FY2023 besides the normal growth which we are already getting from other countries. So, it is expected that we will have a good business form these three countries in this financial year and in the coming years. We are very hopeful of business relations from these countries there is enough potential and these are very vast market where we can sell our products very comfortably.

Pranay Jain: Got that, so US, Canada, Brazil and maybe Saudi Arabia if I include that revenue or sales for products in these markets do you think will start from this quarter itself or could it take maybe Q2?

Atul Modi: Already we have started our sales in Saudi Arabia on a trial basis. We have received three-four orders from Saudi Arabia distributor. They are evaluating the products and the market response is very good. We are hopeful that we should get at least $ 1 million business from Saudi Arabia itself that is a huge market for us. That is our expectation from Saudi Arabia and we are yet to start our business operations in USA and now we have got more products approved, we have bigger portfolio to offer to the US market. With all these products which have been already approved by USFDA we are very confident that we will get good business from US and other countries.

Pranay Jain: And any difficulty we have seen in Europe or any disruption?

Atul Modi: There was slight disruption in the January to March quarter because you know the Russia – Ukraine was but we have around 20% business coming from the European countries, only 6% business comes from the CIS countries and just for one month where there were payment problems to our customers. But then finally they managed and now our business is back to normal in these countries and the effect of is also diminishing and these businesses is now back to normal and business is increasing in these countries to normal. So, we not experiencing any serious issues in the EU countries because it was just for one month we had some disruptions but now it is back to normal.

Pranay Jain: Okay, so order flow was not really affected only payments and as you are saying new orders are all as per normal growth now?

Atul Modi: Orders were there we did not execute the orders because of the payments, as a company policy we will execute the order only on 100% advance payment. So, we had the orders but there were some sanctions and some banks who were dealing with Russia for that reason they could not send the payments before 31st March and that is why in the last quarter our sale was impacted. But finally, those orders were rolled out to April and executed in the way looking for payment.

Pranay Jain: Understood. Also, I see that in Q4 raw materials as a percentage of sales has sequentially increased compared to Q4, I know many businesses have experienced this across sectors. So, just wanted to know will these prices and this 27-28% raw material as percentage sales should that becomes as good as a based near term or raw material prices have now begun to soften and margin should improve after Q1?

Atul Modi: We have on a stock for the six months period because we anticipated during the COVID time that because to the logistic reasons we supplied could be disrupting. So, we visualized and because of this situation we had built up the inventory and we were comfortable with the stocks. Now the prices are going down it becoming normal, logistic cost also falling and there is absolutely no problem with the prices we are maintaining prices, our profit margins are intact there is no change, we are maintaining the same level. We do not foresee any impact of the prices on our product cost and our profitability.

Pranay Jain: Have we taken any pricing actions or hikes to pass on this increase recently?

Atul Modi: We have increased our prices in the last financial year January the impact of that pricing will come, because we gave them three months advance notice for increasing the prices and now the effect of the price increase will come from April onwards. The new prices will be effective in April in this quarter. So, we gave them the prior intimation that we will be revising the prices in the next financial year; new prices are effective from April 2023.

Pranay Jain: This is for new orders only, right?

Atul Modi: Yes, new orders.

Pranay Jain: And otherwise there isn't any need for any pricing action near term at least things look stable you are saying?

Atul Modi: We had these stocks, so we were comfortable to execute the orders at the old prices. A little impact of the price increase has been passed on to the customers, we have increased our prices and we are accepting the prices and our new supplies are going at the new prices. So, there is no problem with regards to the pricing of our product which is acceptable to all our customers worldwide.

Pranay Jain: Okay, and with regards to shipping freight logistics cost which have been on an elevated trajectory and even now many companies are saying that container rates remain firm. What is the outlook that you are seeing for your markets, are we able to pass those inflationary elements fully or do we have to absorb some?

Atul Modi: Our buyer bears the cost of freight we do not bear it. So, whatever is the cost of freight it is added to the invoice and they get it. So, it is for them to decide whether they want to take the shipment by air, they want to take the shipment by deep trade. So, they decide and we execute accordingly there is no instructions. So, that arrangement they have to make, they nominate their own shipping agent, so they negotiate with them and they decide. We are not responsible for the freight part for our customers they decide themselves or if we decide we tell them and they accept. So, that is not affecting our business at all and our raw material supplies wherever there is increase in the freight cost we move the shipment by sea, there is no impact of the freight cost we move the granted shipment by air. So, that is our logistic planning and we are effectively and efficiently planning our almost round trip supply so that it does not impact our cost of production.

Moderator: Thank you. The next question is from the line of Satwik Jain from Generational Capital. Please go ahead.

Satwik Jain: Thank you. I was reading that we expect our new capacity to get fully operational by Q3 this year. So, is it right to assume that we will start generating revenue from thee unlike what is the timeline which you are accepting by which we will go to 100% capacity utilization for the new capacity therefore, the first question and the second was, are we increasing any terms of credit to the people who are selling to basically because I was saying that operationally your cash flows have weakened a bit? So, these are my two questions.

Atul Modi: Sorry, I could not take your question, can you please repeat?

Satwik Jain: The first question was basically, our new capacity is getting functional in Q3 this year, so what is the timeline which we are expecting for 100% capacity utilization and the second question was I was seeing some weakening of the operational cash flows if you see on a year-on-year basis, are we doing some lenient terms of credit to the people who we are selling our goods to?

Atul Modi: We are not giving any credit to any of our customers. As a company policy we do not give credits to any customer in the export market. We do business either on LP or 100% advance payment basis. So, this is one thing it does not affect to our cash flow. Second thing is that our new capacity, new facility will be operational is expected and hopefully it will operational in Q3. It should start generating revenue in this financial year after Q3 but the generation will not be more than 10-15% in this first year of its operation. But year-on-year basis we are expecting that in the next four to five years we should reach to about 70-80% of capacity utilization but in this financial year because just operating only for one or two quarters we cannot generate much revenue from the new facility. So, definitely it will contribute to the revenue in this financial year it is expected and if everything is favorable with all clearances of the government if everything is favorable then definitely it will contribute to the revenue generation in this financial year.

Satwik Jain: Okay, that was very helpful. Just one recommendation to the IR team probably that you could include the year-on-year numbers in the investor presentation or the release which gets basically for the quarterly comparison so, that would be very helpful to the youngest community>

Atul Modi: Okay, we will take note of your advice and will try to follow it wherever possible we will give year-on-year, quarter-on-quarter results and utilization.

Satwik Jain: Thank you so much.

Moderator: Thank you. The next question is from the line of Samir Palod from AUM Fund Advisors. Please go ahead.

Samir Palod: Congratulations on a good set of numbers. Sir, more of strategic questions, given that it is such a large that dental products market especially in advanced economies, what is stopping us for growing much faster, I understand you will say that we have grown fast but that is on a very small base of about Rs.35 Crores -Rs.40 Crores of revenue. What does it take for the company to grow multi- fold and get to a Rs.100 Crores turnover by next or in two years' time is it the lack of capacity today or is the sales process little slow you have to go for these exhibition, showcase your products by the time you get the orders primarily trying to understand given the positioning we have quality, we have the approvals and we have cost competitiveness, why cannot we grow multifold what is the hindrance to enable to grow 2,3,4X from here in a very short period of time?

Atul Modi: First of all, I would like to clarity that we have enough capacity, we are still operating at single shift basis and there is no problem of quality that with no capacity. Two years' back our revenue was Rs.20 Crores today we are close to Rs.40 Crores, so the company is doubling its revenue in that two years. We are very confident that this phase of growth will continue and it will further accelerate. Now, we have taken time to establish the products to get all the certification, approvals, quality management systems, research and development activity everything is in normal place, infrastructure has been built. Now, we are focusing on the marketing, so already that marketing strategy has been established and we see that our company is growing more than 30 – 35% year-on-year basis. While other multinational companies in India their growth is not more than 3 to4%. So, we are very confident that with this state of growth our business will be much more accelerated in the coming time and our brand value will increase, our branding, our marketing activities are now under focus and we are going at participating in large number of dental exhibitions in the national and international markets. For two years we could not attend any international or national exhibitions were not held but now everything is open we have already planned our strategy for showcasing our products to different countries in different countries and also in India, so we are pro-active in marketing and I am very confident that our numbers will be much more impressive then this year. So, our plan and we are very confident that we will be able to execute it.

Samir Palod: Sir, is it fair to say that current year at Rs.40 Crores, in two year's you doubled, in the next two years again you can double from Rs.40 Crores to Rs.80 Crores and two years thereafter again from Rs.80 Crores to Rs.150 Crores, is it fair to say that, that sort of opportunity given now you have capacity and built the marketing network and now you are able to travel and all that. Would it be fair to say that this growth rate will be maintained over the next three – four years?

Atul Modi: Definitely, it will be better than this which is our expectation if everything is favorable with all the market and there is no uncertain situation, we are definitely bound to grow at a much faster pace. Where everything is in place now, a state-of-the-art factory is ready, now R&D center is under development in another one or two quarters it should be operational. So, once everything is there our entire focus will shift towards the marketing activity, already marketing team has prepared a strategy for the marketing and we are working on it. We have employed more people in the sales department for marketing. We are going to have lot of marketing activities that will accelerate our business and this level of work will be maintained and it will be improved this is expect the way we are working and the way we are going ahead with marketing strategy.

Samir Plod: Sir, my second question is given all these increase, travel, marketing activities and participation in exhibitions etc will there be a pressure on margins in this coming year because of your effectively building for the future, so is that likely that there would be higher expenses in FY2023 with all the marketing activities that you are talking about?

Atul Modi: We have in the IPF we have kept a provision Rs. 5 Crores for the other expenses this provision if for the marketing expenses and we will utilize these expenses with our disbursal and there will be no effect of these investments on the profitability in the next two years. We have Mr. Vinay Jambwal who will give you further reply on this question.

Vinay Jambwal: As per this question, we were seeing about the including expenditures with respective of exhibitions expenditures, travelling and conveyance in the marketing. Definitely, there will be increase in expenditures but what we expect within the expenditures we are going to accrue the benefits in the coming year, end of this is a very short percentage but coming years we are to have a very good returns with actual expenditures that were to be incurred in these today and we are mainly very hopeful that perfect will be much higher as compared to rates of increase in such expenditures. Thank you.

Samir Palod: Will we be able to maintain the margins that you have in this year despite the higher marketing expenses I the coming year?

Vinay Jambwal: Yes, of course. If you see for this year, if you talk for year or take up the half year there is a minor increase in the cost of goods to be consumed but in the current year, cost of the raw material is also reducing as compared to the current, one thing, second now we are exploring the new markets where we are very conservative based as to rates, as we are moving to the different countries and if you compare our rates with the other competent we are very at lower level. But the quality of our products is at par as better than our competitors, so the price increase will go to increase the sales and the margins will come as much within something that the profitability is going to increase irrespective of the increase in this expenditure in these two rates.

Samir Palod: So, you think you will be able to maintain the margins that are effectively what you are saying?

Atul Modi: Yes.

Samir Palod: Okay, Sir. Thank you for your answers.

Moderator: Thank you. The next question is from the line of Aakash Javeri from Perpetual Investment Advisors. Please go ahead.

Aakash Javeri: Thank you so much for the opportunity and congratulations for a great year gone by. Just of couple of questions that, your sales are focused in so much on export markets, in these international markets where you are present what exactly is our mode, do we compete on cost or do we compete on quality or what is the right to win in our export markets?

Atul Modi: We compete on price and quality both, because most of the manufacturers are located in European countries their prices are very high and being a company from India our cost of production is comparatively much lower and we definitely compete with the multinational companies worldwide on the basis of the client. As far as the quality is concerned, we have the same quality parameter, we comply with all regulatory requirements, and we comply with all quality certificates equivalent to the multinational company. So, we have the price advantage and that is the driving force behind our success in the international market.

Aakash Javeri: Got it. Thank you so much for that and coming to the domestic market from your channel facts are done with some dentists a lot of them in metro cities still prefer imported products and sell by them and for the outlook even though we might have the same quality but in the thought of a dentist is always that an imported product a 3M or DENTSPLY, Sirona or Shofu Dental would probably better and serve their problem better as compared to an Indian manufactured product even though as you might have the same quality and certification. So, how is that we can change the minds of the dentists and push them more towards Indian products because again what I have gathered is our products are the most value for the money products that are there in the market then how do we change the perception of Indian dentist to use more our products versus like 3M or other competitor?

Atul Modi: We are trying our best. There is mindset of the user is very difficult to change but we are doing our best to compete with them and there is a definite and you can see from the numbers, you see the dramatic sales our business has grown 37% in this year. So, it is all possible because acceptability of the product is increasing in the Indian market, dentists are using our products, so it is growing at the rate of 37% in this financial year 2022. We are making all efforts to increase our brand value by showcasing our products in different exhibitions, within different industries. So, this is what we can do the companies we are talking about 3M, Shofu they are all multinational companies, they are big corporates, they are flushed with funds, so they can trough their money in promotion of their products but being a small company, we do not have that kind of free-flowing funds for spending on the marketing. So, we have a very shoestring budget for the marketing and within that budget we are operating and we are growing at +35% and we think that it is a good achievement if you talk about Shofu and 3M the may is not growing at more than 1 or 2% because 2% is very high growth rate for them for India and we are more than 35% growth so you can say that we are in race with them, we are much ahead of our growth. This is a very transpiring situation for us, we are very happy that our products are becoming more and more popular it will take some time but we are growing at a much faster pace then what we were doing five years back and our growth rate will further increase in the coming years. That is how we would overcome and will clock over Shofu and 3M one day that is our dream and vision.

Aakash Javeri: Sure, thank you so much and on another previous calls you have mentioned that our focus is on theme to cities as well tier-2, tier-3 would it be possible for you that your state of for domestic revenues how much comes metro cities and how much comes from tier-2, tier-3 towns?

Atul Modi: At present our major contribution is from the metro city and now we are moving towards the class tier-1 and tier-2 cities, we need a much bigger team to penetrate into the smaller cities. So, at present our focus is in the metropolitan cities because the density of the dentist and the patients is more in the metro cities compared to the small and their paying capacity is also more in the metro cities. So, our focus has been in the metro cities but now we are moving t2 and t3 cities. In the next two or three years our focus will be on t2, t3 cities. India is a vast country if we have to cover the entire India then we have to have to funds like 3M and Shofu with this type of small company we have to have very stringent expenditure policy on marketing and even with that kind of funds we are able to generate a good growth rate.

Aakash Javeri: Got it definitely, and the other question was the employee cost this quarter you do not have the number but employee cost quarter-on-quarter has increased very significantly. So, it that one off or is it due to the new facility that some expenses have been front loaded or you just through some light on the employee cost this quarter?

Atul Modi: Mr. Jambwal will give the reply to this query.

Vinay Jambwal: Thank you. As far as Q4 is concerned for the FY2022, there are couple of reasons that the employee benefit cost has increased, first is that this company has just little bit here itself in the financial year 2021 – 2022, so initially we were making that provision at the year-end only in terms of employee benefit say a bonus, incentive etc. So, as far the financial year 2021 – 2022 also what we did, we provide for do the advantages in the last quarter this is one of the reason why there is an increase in employee benefits cost and second there were certain incentives which were given to the employees who are in marketing, their incentives as you said promotion for that purpose that was also accrued during the fourth quarter this is the main reason and second is that since we are going to follow expensive spring and in the third quarter for the current financial year i.e., FY2023 we are going to start the production in terms of expansion unit as well as for the diversification then divestment also. So, for all these 3X, we have started employing new skilled person and a managerial person so that as and when our production processed then we can decline their services and the same could happen in at that point of time already. These are the multiple results by the employee cost has increased during the fourth quarter. Thank you.

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

Pranay Jain: Thank you for the opportunity again. I just wanted to understand how much of our raw materials do we import and what is our backward integration level presently?

Atul Modi: Around 30% of the raw material is imported and rest is from the local manufacturers.

Pranay Jain: So, significant part of the imports would come from China?

Atul Modi: Imports are mainly from Europe and USA, China is only for some packaging material but all raw materials are coming European countries and from USA i.e., approximately around 30% is the imports and rest is sourced from the Indian suppliers.

Pranay Jain: Okay, and from the capex that we are going to complete this year. What is the kind of asset turnover that we can look forward to in FY2024 at optimum utilization what is the contribution that can be expected any view on this year or most importantly next year?

Atul Modi: Mr. Jambwal will give the reply.

Vinay Jambwal: Thank you. As far as the asset turnover if you go through the results, you will see that asset turnover of the company has bettered this in the financial year. In the last year the asset turnover was 5.50 whereas for the financial year 2021-2022 just to give essentially is 5.91. Now, we have increased the turnover with the same quantum are fixed assets but in the coming year in nutshell and also about in the coming couple of years our asset turnover we achieve will be lower but we are very confident that with the increase in turnover we will be able to achieve current asset turnover ratio will be in a period of three to four years.

Pranay Jain: So, of the present asset and facilities that we have what is the utilization rate as of Q4 close and what is the expectation of the same assets in FY2023 and FY2024?

Vinay Jambwal: What we are going to do is been because of asset turnover the claim is same. First of all I would like to say that the asset claims are concerned we are expanding more in three parameters, first we are expanding our existing units, second we are going for the diversification with couple of new products and third we developing a very state-of-the-art research and development unit. So, in these right now we are utilizing our assets which are put to use and they are effectively used and to the maximum extent that too we can have similar working now at a capacity up to 80% of the already installed. Now, coming to the expansion, if you go for the expansion then the turnover asset utilization will not be much a magnitude but it would be at lower level but grossly with the increase in our revenues, increase in the business again we are going for the different countries we are getting these sanctions, approvals from the some from US and our other countries. The turnover will increase and we are very hopeful that the asset turnover that is at present we are working at maybe achieve within three to four years.

Pranay Jain: Okay, just to understand this clearly, you said 80% I heard somewhere so existing facilities and I am talking about production facilities right now, you believe that can improve to 90% this year and maybe 100% next year?

Vinay Jambwal: We are going for the diversification as well as well as expansion 80%. Now, we are maybe late to the expansion. With our existing plant and machineries, we are working 80:40 but when we get it back to function the capacity is functionally decreased but the sales will increase since much clearing that plant and machinery will be higher and we have a more machineries in terms value. So, we have a much higher installed capacity but the utilization for the couple of year will be low since we have the higher in installed capacity as compared to current installed capacity.

Moderator: Thank you. The next question is from the line of Dhruv from Jay Ram Stockbrokers. Please go ahead.

Dhruv: Thank you for the opportunity and I would like to congratulate the management for the good set of numbers. My first question is, can you comment on the revenue contribution by the top products of our company?

Atul Modi: The top products which we have more than 120 products at present out of that the top 10 products are contributing to 20% of our total revenue approximately in the range of 20 to 22% of the revenue is coming from top 10 products and rest of the revenue is spread over the remaining around 100 to 110 products.

Dhruv: Okay, and in the investor presentation you have mentioned that you have filed patents for two products. So, which will be those two products?

Atul Modi: Sorry, sir I did not get your question please. Can you repeat?

Dhruv: You had that you have received two patents, for which products have you received those patents?

Atul Modi: We have filed one patent; we have not received any approved patent is not yet granted. We have filed patent for one product and that product is in great demand, we are expecting the patent to be granted to us in the next few months because it is in the review stage. So, once the review is finalized it is approved then this product will be in a better position to sell and it will be another top selling product for our company.

Dhruv: Okay, thank you so much and all the best.

Moderator: Thank you. The next question is from the line of Nitin Ratilal Mehta from Twin Earth Securities. Please go ahead.

Nitin Ratilal Mehta: Thank you and congratulations Mr. Modi for your excellent performance. My first question is you mentioned that you are working only on the one shift and one of the participants did enquire about the growth. What stops from increasing the production from one shift to say second shift to start with and maybe the third shift?

Atul Modi: There is nothing stopping us it all depends on the orders, when the orders increase, we can operate and sometimes we already operate at an extended shift. So, it all depends on the kind of orders position we have at present we are sufficient for one shift operation and as soon as the orders increase, we can extend our shift and we can operate second shift and if required we can operate the third shift. There nothing is stopping us we are only just because as the business is growing our production will also grow and if we cannot fulfill the production in one shift then we will extend the shift from 8 hours to 12 hours and even after that we can add two shifts from 8 hours two shifts and like that. We can utilize the capacity on single extended, one and half and two shifts basis so that we have other capacity at the moment for the existing production.

Nitin Ratilal Mehta: Yes, noted. The second question is what is the competition in terms of manufacturing from within India?

Atul Modi: Sir, India there is few manufacturers but they are not in organized sector and there is no single company in India which is manufacturing such a vast range of dental products in one factor. So, there are companies, small companies, some companies are making 20 products, the other company is making another 20 products but our company is the only company in the organized sector which has complete quality management system, which has got all quality international certifications. We are the only company which has got the US FDA clearance for few products. All our products cleared by Saudi FDA; we got the MB SAP certificate. So, this is the only company in India which is in the organized and professionally managed. So, we do not see any competition from the Indian manufacture our major competition is the multinational companies who have a history of more than 100 years. One of our investor friends was just taking about a company Shofu, Shofu has just celebrated 100 years of their existence and also, we are competing with companies, Japanese companies, US based companies, German companies who have a history of more than 100 years. So, our company is comparatively much young, we are just 22 years old so compared to these companies we are quite young and energetic and we can beat them in India.

Nitin Ratilal Mehta: Superb, what was asking is that from your reply earlier what are the possibilities of we as a Prevest Denpro acquiring some of the companies in the unorganized sector to complement our product range and merge with our company?

Atul Modi: There is no company in India which is worth acquiring because they do not have any market value. Their market share is very low and there is no point of acquiring those companies because they are not having any quality factories, they do not have any brand value. So, there is no point of acquiring Indian company at present in our field. We do not see that opportunity at all the level of that company is not good for adding value to our business. So, we are not considering that option at all.

Moderator: Thank you. Ladies and gentlemen, due to time constraint, we will take that as a last question. I would now hand the conference over to Ms Astha Jain for closing comments.

Astha Jain: On behalf of HEM Securities Limited, I thank Prevest Denpro for giving us detailed insight on the results and the time we spent on this call. I would also like to thank all the participants for joining this call. Now, I would like to hand over to the moderator.

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