

August 14, 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 August 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 August 09, 2023, at 4 PM.

Kindly take the above information on records.

Thanking You,

Yours faithfully,

For Prevest Denpro Limited

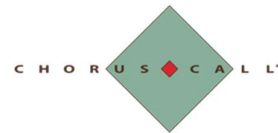
KRISHNA Digitally signed by
KRISHNA RATHI
A RATHI Date: 2023.08.14
21:12:20 +05'30'

Krishna Rathi

(Company Secretary and Compliance Officer)



“Prevest DenPro Limited
Q1 FY '24 Earnings Conference Call”
August 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
DR. SAI KALYAN – DIRECTOR OF RESEARCH AND ACADEMICS – PREVEST DENPRO LIMITED
MR. VAIBHAV MUNJAL – CHIEF MARKETING OFFICER – PREVEST DENPRO LIMITED
MR. VINAY JAMWAL – FINANCIAL ADVISOR – PREVEST DENPRO LIMITED

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

Moderator: Ladies and gentlemen, good day and welcome to the Prevest DenPro Limited Q1 FY24 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 star and one on their touchtone telephone. To remove yourself from the queue, please enter star and two. Should you need assistance during the conference, please signal an operator by pressing star then zero on your touchtone telephone. 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, ma'am.

Astha Jain: Thank you, Melissa. Good afternoon, ladies and gentlemen. Thank you for joining the Prevest DenPro Limited Q1 FY24 Earnings Conference Call. Joining us on the call today are Mr. Atul Modi, Chairman and Managing Director of Prevest DenPro Limited, Mrs. Namrata Modi, Whole Team Director and CFO, Mr. Vaibhav Munjal, Chief Marketing Officer of Prevest DenPro Limited, Mr. Vinay Jamwal, Financial Advisor, and Dr. Sai Kalyan, who is the Director of Research and Academics of the Prevest DenPro Limited.

We will commence the call with the opening thoughts from the management team, post which we will open the forum for Q&A session, where the management will be glad to respond to any queries that you may have. At this point, I would like to add that some of the statement 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 the progress made by the company. Thank you and over to you, sir.

Atul Modi: Good afternoon, our esteemed stakeholders. Thank you for joining us today to discuss the financial results of quarter 1 for the financial year 23-24. I am pleased to announce that our company has shown good performance during the June quarter of this financial year. Our revenue for this quarter is approximately 9% higher compared to the same period of previous year. During this quarter, our export business has not shown anticipated growth due to the ongoing global recession and foreign exchange crisis in many countries.

The export business has shown a marginal growth of 2% over the same period of the previous year. On the domestic front, there is a significant growth of 17% over the same period of the previous financial year. Despite the challenges faced in the international market, as a forward-looking organization, we are taking proactive steps to strengthen our reach globally and explore the business opportunities in countries like Australia, Canada, Brazil, and other developed countries where presently we do not have any business.

Further, we are increasing our efforts to expand our business in USA where we have received very good response for our products. We are making efforts to expand dealer network globally that will drive our growth in the international market. We are very conscious that huge potential lies for business growth for our products in the domestic market and there is a need for focused and professional approach to the marketing activities. And therefore, we have decided to decentralize our sales and marketing activities.

In order to achieve this objective, I am happy to share with you that we have incorporated a wholly owned subsidiary company under the name of Denvisio Biomed Limited. The primary

objective of this company is to take over the marketing activities and also to diversify into new business lines distinct from our core business while the parent company will continue to focus on research, development and manufacturing of dental materials and other similar products. In addition to our financial performance, I am delighted to share with you an exciting development that holds immense promise for the future of the Prevest DenPro Limited.

Our relentless pursuit of innovation and commitment to delivering cutting-edge solutions have led us to a significant milestone, the development of a new product line in oral care and specialized disinfectants for maintaining high level of hygiene in hospitals and dental and surgical clinics. Our research department has successfully developed a wide range of oral care products with innovative formulations and advanced application features. I am delighted to inform you that our new oral care and disinfectant product lines are fully commissioned and commercial production will start as soon as we get the approval for pending regulatory compliances.

Our 3D resin presents a game-changing opportunity for the dental industry, enabling precise and integrated designs in various dental applications. Dental 3D Resilience Meeting International Quality Standards have been developed in-house and have opened up new avenues for business growth for our company. We firmly believe that these additional product lines will create new opportunities for growth and reinforce our position as a leader in the dental industry, being the only Indian company with such a wide spectrum of products manufactured under one roof.

As we expand into these new product segments, we remain committed to our core values of quality, innovation, and customer satisfaction. We will continue investing in research and development, leveraging our expertise to create solutions that cater to evolving consumer demands. In conclusion, I would like to express my deepest gratitude to all our investors for your unwavering support and trust.

Introduction of our oral care disinfectant and 3D resin product segment showcases our determination to meet the evolving needs of our customers and expand our market reach. We look forward to the future with great optimism, knowing that our strong foundation, dedicated team, and innovative spirit will continue to drive our success. Your continued support and confidence in our company are invaluable to us. Thank you for being part of our journey towards success. Thank you once again and have a wonderful day. I will now ask Mrs. Namrata Modi to present the financial report for Q1 financial year '23- '24. Over to Mrs. Namrata Modi.

Namrata Modi:

Good afternoon everyone. As the Chief Financial Officer of Prevest DenPro Limited, it is my pleasure to present to you the financial results for the first quarter of the '23- '24 fiscal year. Today, I will provide you with an overview of our performance, highlighting key financial issues and important decisions that impact our business.

Our revenue for the first quarter stood at INR14 crores representing an 8% increase compared to the same period last year. Our profit after next for quarter one financial year, '23- '24 reached to INR4.08 crores indicating an 11% growth over 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 the quarter under review was INR5.57 crores, demonstrating a 7% rise compared for the same period last year. This improvement is a result of prudent cost management, enhanced productivity, and our continued emphasis on value-added products and services. Our EBITDA margin was 40% in Q1 financial year '23- '24, showcasing our ability to generate profitability, while efficiently managing costs.

Furthermore, our PAT margin for the quarter was 29%, underscoring our commitment to sustainable growth and shareholder value creation. The Board of Directors has approved a final dividend of 10%, reflecting not only our confidence in the company's financial health, but also our gratitude for the trust and support you have bestowed upon us.

This dividend is the result of our consistent efforts, prudent financial management, and the dedication of our entire team. I must also inform you that the promoters have taken a decision to forego the final dividend for the current fiscal year. This decision has been made in light of our company's strategic focus on investing heavily in research and development, as well as exploring new market segments for future growth.

These investments will enable us to stay at the forefront of technological advancement and 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. By strengthening our product portfolio and capturing emerging opportunities, we aim to solidify our position as a market leader in the dental industry and deliver substantial value to our stake shareholders over the coming years.

Despite the global business challenges, foreign prices and destructive supply chain dynamics, which impacted industry across the board in the first quarter of financial year '23- '24, I am proud to announce that Prevest DenPro Limited not only sustained its profitability, but also managed to navigate through these challenges with resilience and innovation. Our financial performance has remained intact and we remain committed to our vision of delivering cutting edge dental solution to our customers.

While the promoters have decided to forego the final dividend to support our strategic investment, we are delighted to extend exclusive benefits to our esteemed investors as a gesture of appreciation for their loyalty. Thank you for your continued trust and confidence in Prevest DenPro Limited. We look forward to your continued support as we embark on this exciting journey of growth and innovation. Thank you. Now I would like to convey to Mr. Vaibhav Munjal over to Mr. Vaibhav, who is the Director of Marketing. Over to Vaibhav Munjal.

Vaibhav Munjal:

Hi, good afternoon everyone. Thank you for joining the call today. Before I start, I would like to extend my sincere gratitude to our esteemed investors for your unwavering support. It is your trust that keeps us pushing to achieve new heights. As already informed by Mr. Modi, our company has shown reasonably good performance in the June quarter.

Though exports have shown limited growth in Q1 due to known factors like global recession and foreign exchange currency crisis in many countries, our domestic sale has done very well and grown by 17%. Not only this, we have added seven new dealers in the domestic market and

five new dealers in the international market within this quarter. We have also invested in our teams to expand our reach and further drive our growth.

We have strong plans in place to capitalize this and increase our business further with newer products and marketing strategies. Today, I'll take this opportunity to try to provide you with an overview of our company's market strategies and share some exciting news about our newly incorporated wholly owned subsidiary, Denvisio Biomed Limited. Denvisio Biomed Limited is set to become strategic arm of Prevest DenPro Limited, focusing primarily on marketing and further strengthening our position in the dental market.

Denvisio Biomed Limited has been established with the sole purpose of enhancing our marketing capabilities. By strategically leveraging its expertise and resources, Denvisio Biomed Limited and Prevest DenPro Limited will work together to develop and implement innovative marketing campaigns, strengthen our brand presence, and drive customer engagement. With Denvisio Biomed Limited as our strategic arm, we aim to tap into new market opportunities, build strong relationships with our existing customers, and attract new ones.

The subsidiary will act as a catalyst for growth, enabling us to adapt to the evolving needs of the dental industry and stay ahead of the competition. Furthermore, Denvisio Biomed Limited will play a crucial role in diversifying our product portfolio in times to come. By conducting in-depth market research and analysis, our subsidiary will identify emerging trends, customer preferences, and unmet needs within the dental care sector.

As we move forward, we are confident that the incorporation of Denvisio Biomed Limited will unlock new venues for Prevest Denpro Limited. Our expanded marketing capabilities coupled with our commitment of innovation and customer satisfaction will propel us to greater heights in the dental care market.

In conclusion, I would like to once again express my gratitude to all our investors for their unwavering support and belief in our vision. We are excited about the future prospects that lie ahead, and we assure you that we will continue to strive for excellence in all our endeavours. Together, at Prevest Denpro Limited, we will transform the dental care landscape and create brighter, healthier smiles for all. Thank you once again for all your kind support to us. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. We have the first question from the line of Nitya Shah from Kamaya Kya Wealth Management. Please go ahead.

Nitya Shah: Yes, hi. So I was reading the Annual Report of this year. So I noticed that the director of marketing, he is already being paid a salary of INR10 lakhs per month and a commission of 2% is being paid for sales above INR20 crores in the domestic segment. Now what I want to understand is in the domestic segment the sales are already around INR20 crores and I have never personally seen commissions being paid on sales to a director of marketing, can you explain why would you want to impact margins by 2% as this would you know hurt the shareholders I just want to understand a justification of this?

Atul Modi: Mr. Vaibhav Munjal he is an experienced educated salesperson who was already drawing salary more than what is being offered to him now and because he has taken over the responsibility of sales and marketing of our company and he is aggressively going to push the business in the domestic market as a reward, as an incentive for his efforts in promoting the business.

And during the domestic market, he will be offered, he has been offered an incentive of 2% for his efforts in taking this business over the existing business level of INR20 crores. So, this is nothing we know it is just an award of 2%. But salary what we have offered to him is commensurate with his education, his experience, and what salary he was already drawing. It is at par with the same.

So nothing extra and more has been offered. This is the market standard at which he was already operating. So, he has been elected as a Director for sales and marketing and it is justified to offer him this kind of salary package and will send to him.

Nitya Shah: Sir, but why not offer ESOPs instead of directly he is giving commission on sales that is my question that usually the norm is to award through ESOPs?

Atul Modi: At present we do not have any scheme of offering ESOP to any employee. So, if we offer that, we will review this part of commission at any time, if there is if we introduce the ESOP scheme. But since that scheme is not applicable, not effective, not implemented and there is no such scheme. So, this is the only option available for us to offer incentive for his effort and for the growth of this company.

Nitya Shah: Sir, but as a shareholder, I would request you to please review the decision once more, as it is detrimental to the shareholders?

Atul Modi: Definitely we will look into that, we will look into this.

Nitya Shah: Okay, thank you.

Moderator: Thank you. We have the next question from the line of Darshil Jhaveri from Crown Capital. Please go ahead.

Darshil Jhaveri: Okay, sir I was just trying to ask that sir you have given a guidance of growth over 30% and margins of last year. So, are we still sticking to our revenue guidance or how do we see our environment could we see some slowdown or how would it be sir?

Atul Modi: Actually as we have already informed you that there is a decline in the export revenue in this quarter because of the prevailing recessionary situation in the world and also there are foreign exchange prices in many countries. We are facing this situation, but very optimistic that we will have a good business in this quarter and we will present a good set of number for this quarter.

We are very optimistic that our domestic business will grow at a good, accelerated speed and we will be able to present a good result in this financial, in this quarter in this September quarter.

Darshil Jhaveri: So can we quantify what would be our FY'24 target then for revenue?

- Atul Modi:** The targets already we have in the last -- in the last concall also we have set a target of over 30% and we still are working on to achieve that kind of business growth in this financial year.
- Darshil Jhaveri:** Okay, okay. So because that way we might have to grow, we just have to clock in a revenue of maybe INR17 crores a quarter now. So, is that possible or how are we seeing it, I also I would like to know the export domestic split in this quarter versus previous quarter?
- Atul Modi:** Sorry, I didn't get your question. Can you please repeat?
- Darshil Jhaveri:** Sir, we did INR50 crores revenue last year. So 30% growth would be INR65 crores and based on that we might have to do INR17 crores revenue per quarter. So, is that possible and other question that I had was could we know the export and domestic split in the current quarter and the previous quarter?
- Atul Modi:** In the previous quarter, the split between the domestic and the export was about 55% domestic and 45% export -- 40% domestic, 60% export, but in this quarter also we are going to have a similar kind of export and domestic split and we are very optimistic that our business will grow in this quarter and we will be able to achieve the target which we have set for this quarter.
- Darshil Jhaveri:** Okay, okay sir. And sir, in terms of margin, again, we would be able to go back to 40% plus or how would it be, how would it turn out? Are we investing more in the future markets?
- Atul Modi:** So, far we are maintaining the same level. We are maintaining the same level, approximately 40% and we will try to maintain the same level in the future also.
- Darshil Jhaveri:** Okay, okay. And sir, would you see any other risk challenge that you know can act as a speed bump for our growth?
- Atul Modi:** The only risk which can challenge is the export foreign exchange situation and the recession in the international market. Other than that, we don't foresee any risk at the moment. We are very confident about the domestic business growth and we are trying other opportunities in the international market, where we can grow and we are hopeful that we will be able to cover up for the business loss in some countries because of the foreign exchange crisis and we are very confident we will be able to give good results in the next quarter.
- Darshil Jhaveri:** Okay, sir, that helps a lot. And sir, if I may, just one more question. So what kind, what is the, how is the domestic market growing? What would be its size and what kind of percentage do we be holding currently?
- Atul Modi:** For this, I think the right person to answer your queries our sales and marketing director, Mr. Vaibhav Munjal. So I will request Mr. Vaibhav to please elaborate and give proper reply to this query.
- Vaibhav Munjal:** Yes. If you can just repeat the last part of the question. You asked the market size.
- Darshil Jhaveri:** I was just asking what would be the domestic market size and how and what would be our share in that currently and as yet increasing a new product line? So how is that increasing? So what

would be our total addressable market that and what would the market cap? What percentage we want to capture?

Vaibhav Munjal: Yes. This was clarified earlier also. So the approximate market size that we are there, in domestic market size of rental materials is around INR1,000 crores, okay. And our share is around, which is mainly dominated by the MNC players. And our share in that is approximately, was 2%, now it has approximately anywhere between 2.5% to 3% is the share that we are looking at.

Darshil Jhaveri: Okay, and so how big, how is, at what rate is the market growing, sir?

Vaibhav Munjal: So this quarter we estimate the market to have grown between 8% to 10% in Q1 over last year.

Darshil Jhaveri: Okay, that helps me a lot, sir. All the best, sir, for the future.

Vaibhav Munjal: Thank you.

Moderator: Thank you. Sir, we move to the next question from the line of Sanjay Shah from KSA Securities, Privates Limited. Please go ahead.

Sanjay Shah: Yes. Good evening and thanks for the opportunity. I'd like to understand our product demand, to whom we compete, what is the size of our product? Because what I see that we have so many distributors, we have got so many more than 100 products, but our top line is not growing since last many quarters, it is hovering around INR11 crores to INR13 crores and all. So what is the scope of our business growth, plus we are entering into new vertical of oral hygiene and all which is predominantly for B2C and all. So how we are going to cater that where we compete with so many large manufacturers?

Atul Modi: As far as the business growth is concerned, in the last few years we have a very impressive growth of over 30% and we are very confident that this growth trajectory will be maintained. Barring this quarter when we had some issues and some international business recession, rest everything is going on very well and we are very confident that we will continue to grow and the growth is very impressive in the last, if you look at the decessing two years, we have grown over 30%.

So we are very confident the growth will continue and we have a very good product line. We have all products well established. We have quality standards, international quality standards. Everything is fine with our company. For accelerating our business growth in the domestic market, as I've already informed to you that now we have a decentralized marketing to it's a to a company has been incorporated so who's solely responsible for the business. They will be totally focused and we they're building up a team of professionals to take care of the business growth in the domestic market.

So everything is being put into place so that we can -- our future business growth is more fast and continue with the new product line. So we have diversified product line. So that will also help us to grow fast. Everything is being taken very seriously and we are considering all possible ways of growing our business. So new strategy is being formulated. That is I'm very sure is going to work and we'll have we are very optimistic for our business growth in the coming times.

Sanjay Shah: That sounds good sir. So we have already spent more on our R&D side maybe INR14 crores, INR15 crores and we are still have to spend some capex of INR15 crores, correct me if I'm wrong. So what will that take our company from? It will help us to add new products or enter a new geography, we need this fund or capacity enhancement we require to be done?

Atul Modi: So we have enough capacity, we have recently built new capacity from the existing product line. We have done a lot of aspects on our new product lines. We have done a lot of capex in R&D, which is the backbone of any company for sustainable growth. So our R&D has already come out with new innovative products which have been commercialized and some new products which are awaiting regulatory compliances will also be commercialized very soon. So R&D is doing perfectly fine. They are also working on some import substitutes, import substitution of our raw materials, which are very expensive raw materials.

And our R&D has developed some raw materials substitutes and they are very cost effective. So that will definitely help our company to maintain the product pricing. In spite of the increase in the raw material prices in the international market, will be able to sustain and maintain the product pricing because the core products will be indigenized and manufactured in-house. So R&D is doing a perfect job.

They have been assigned new product development responsibilities and I have our Director for Research also present in this meeting. He will throw more light on our R&D activities so that our investment R&D, how it is going to be justified and how it is going to take over this company forward. Let us give the opportunity to Dr. Sai Kalyan to throw light on this matter. Over to Dr. Sai Kalyan. Please, Dr. Sai Kalyan?

Sai Kalyan: Yes, sir. Good afternoon. The R&D has made significant progress since the inception of the new R&D unit. We have made, as Mr. Modi said, we have made significant moves to do an import substitution for vital raw materials and substances such as hydroxyapatite or any such high value products. We have a complete raw material substitution of around four products right away and we are trying to achieve even more.

Coming to the medical devices, we are in the process of making some implant related products. This year we have plans to do that and some varnishes. And the oral care range, which you'll be seeing in the coming months, are all an effort carried out by the R&D unit. And the 3D printing, which are awaiting international clearances, we have already cleared the regulatory hurdles for the 3D printing resins. So this has also been an effort from the R&D team. So we made significant steps towards getting this institution to the next level and we promise to have such kind of vision for the future also.

Sanjay Shah: So can you highlight upon the 3D dental resins, what this is used for and what is the market available at our exposure?

Sai Kalyan: The 3D printing, okay, it's a very new growing market in India. Probably, I would say in the next not two or three years, in the next four to five years, it will be a normal thing. In every dental clinic, they would have 3D resin and a 3D printer as a standalone unit like 10 years ago.

We never thought we would see high-end equipment like FX locators in clinics but now everyone has got a radio, RVG or an FX locator as a minimum requirement.

So 3D printers will change a lot of things. So for a 3D printer to run, 3D printing resins are required and having getting quality 3D printing resins in India locally is a huge problem with only two companies in the market right away. And even the other competitor we have does not have access to permanent resin technology for dental crowns which can last permanent.

We have innovative silenated zirconia fillers. This comes from the years of experience we had in the dental material like composite sections. So, we incorporated our expertise into the 3D printing crowns. So we are the only one in India probably making this 3D printing resin for dental crowns. We will see a huge surge in this market in the next five years for sure.

Sanjay Shah: That's great, sir. Sir, I have many more questions that will come in queue or may take offline because many things need to be understood, sir. Thank you for opportunity, once again.

Moderator: Thank you. We'll move to the next question from the line of Varun Mohanraj from Skaniva Capital. Please go ahead.

Varun Mohanraj: Good evening, thank you for the opportunity. So on the previous call, we mentioned that we have a new plant which has been commercialized with INR150 crores capacity. So I just want to know whether this new facility is a multi-facility capacity in which our existing products can also be manufactured or this facility is specifically for the new products which we are talking about in medical and oral hygiene category?

Atul Modi: We have the existing facility which has been upgraded and new capacity has been built with the installation of new machines, with new technologies. We have expanded the existing capacity of our existing product line. Apart from the existing product line, we have separate facilities for manufacturing the oral hygiene, oral care products, hygiene products and biomaterial products.

So we have developed a new facility for manufacturing all these products. So we have two different facilities. One facility is for our existing product line, which has also been upgraded and made additional capacity. So that will suffice for the next five years. And we have also developed a new facility for manufacturing coral hygiene products. So both are independent. But both are located at the same location, same place, but are independent, and they have independent manufacturing capability.

Varun Mohanraj: Okay, sir. Thank you. So when these hygiene products are commercialized and start contributing to revenues, would their margin profile be similar to our existing products or will it be different, sir?

Atul Modi: The plant is fully commissioned, test run has been done. Only we are waiting for the regulatory approvals because these products are under the CDSCO and the state FDA, so all the documents have been submitted. Initial inspection is due tomorrow. After that we are waiting for their final clearance. So once we get the clearance to operate this facility, we will come out with the commercial product production and the products will be placed in the market.

Already we are working out the marketing plan. We have our marketing team who are working on the marketing strategy for these products. These products will be partially sold by our existing distributors and a new distribution line will also be established for these products. So this is the responsibility of the Danvisio Biomed because they have been interested with the sales and marketing responsibility for you know for entire product line which will be manufactured by previous and for limited.

So they are building up their team and also working you know, for entire product line which will be manufactured by Prevest DenPro Limited. So they are building up their team and also working out a strategy for marketing of these products and I'm very sure, very optimistic, they'll be very successful and that's this new product will also contribute to our revenue partially in this year, but they will be fully operational and capacity utilization will be much better in the next financial year.

Varun Mohanraj: Okay, and we've been talking about getting aggressive on the marketing side of the business. So what would be the average marketing spend per annum going forward? And would this affect our margins going forward?

Management: So market spend, you know, we have allocated a budget for marketing for these products, but at the same time as our business is growing so we have enough margins to support the new product line and I don't think there's going to be any you know burden on the on the on our funds because business is growing and we have enough profit margins to sustain the new product line. So we can manage with the existing product line and we have adequate funds to support the business growth of this new product line.

Varun Mohanraj: Okay, and one last question if I may. So the new hygiene products which we've been talking about, is it for the domestic market or for the export market?

Management: All of our products have been designed and developed for the international as well as domestic market. So the formulation are acceptable in the domestic market and the export market. So we are going to market all of our products in the international, internationally, including India.

Moderator: Thank you. We have the next question from the line of Rusmik Oza from 9 Rays EquiResearch. Please go ahead.

Rusmik Oza: Yes, thanks for the opportunity. So I just wanted some clarification. In the annual balance sheet, we have INR12 crores that has gross fixed assets and INR17 crores as capital work in progress. Just wanted to understand, is this INR17 crores towards the new facilities that you're talking about for the hygiene products?

Management: Can you please repeat the question in voice is still audible, but not clear?

Rusmik Oza: Yes, I'm saying in the balance sheet annual report we've got INR12 crores reflecting in the gross fixed assets and INR17 crores in the capital work in progress. Just wanted to understand last year what INR50 crores revenue we did was from INR12 crores of gross fixed assets that is the old facility and what is the INR17 crores of capital WIP is it the new facility you are talking about?

- Management:** Mr. Jamwal can answer to this question.
- Vinay Jamwal:** Can you repeat the question please?
- Rusmik Oza:** I am saying in the balance sheet in the fixed side, you are showing INR12 crores as gross fixed asset and INR17 crores as capital work in progress. Wanted to understand what is this INR17 crores capital work in progress? Is it relating to this new hygiene facility that maybe is it not commercialized? Is it like that?
- Vinay Jamwal:** Yes, for this balance sheet we have a total capital work in progress amounting fee is INR17.87 crores out of this, in expenditure [inaudible 0:42:35] amounting to INR7.76 crores and for the expansion INR10.10 crores this total amounting to INR17.87 crores for the expansion and the R&D both the centers for both the facilities.
- Rusmik Oza:** Okay, okay. So our total expenditure in the, we have been mentioning is that we are spending or spent INR14 crores on R&D facility. So this INR14 crores actually you're saying INR7.7 crores is part of this. So where's the balance? Is it already commercialized in the last year in terms of R&D facility?
- Vinay Jamwal:** Yes, I'll request the Mr. Atul Modi to respond to this.
- Atul Modi:** The total investment and research on the research and development and setting up the new facility was about INR35 crores. So we had only INR17.7 crores for the capital expenditure. The rest of the amount was the investment on the land and building and other durables. So out of the INR17.7 crores, we have spent about INR7 crores on the R&D and INR10 crores is for the new facility and rest of the investment has come from our internal accrual.
- The investment on building and other durable is from the, our internal tech roles from our results and the plant and machinery for the research and development and for the new facility is from the money received through the IPO.
- Rusmik Oza:** Yes so my clarification sir is that a INR12 crores of fixed assets plus INR17 crores of gross fixed WIP adds to around 27 crores and we are talking of 35 crores expenditure on R&D and the new facility and so with the balance amount we have to still to spend is it like that in the course of the year?
- Atul Modi:** Some part of the money is reserved for the marketing expenditures. So that will be utilized in the next couple of years' time. So we are putting some money on the sales and marketing expenditures.
- Rusmik Oza:** Okay. Maybe I'll take it offline, sir, because this needs a little more clarification.
- Atul Modi:** Thank you. We can discuss it later on also. You can take up your queries separately.
- Moderator:** Thank you. We have the next question from the line of Hiral Nandu from Kalpvrush Capital. Please go ahead.

- Hiral Nandu:** And pardon my ignorance, because I am new to the company. So I need some couple of clarification on the previous questions, a couple of participant asked. So on the import substitution product, what would be the cost saving we will achieve with that product which we are developing? And my second question is on the 3D printing regime, what will be the revenue potential we see for next two to three years in the number term or broadly as some estimate term?
- Management:** From the import substitution, we are expecting a cost saving of about INR1 crores.
- Hiral Nandu:** Annually, right?
- Management:** Yes. And from the 3D regime, we are expecting a turnover of INR2 crores to INR2.5 crores in the next two years.
- Moderator:** Thank you. We have the next question from the line of Akshada Deo from Vivog Commercial Limited. Please go ahead.
- Akshada Deo:** Hi. I just joined the call a little bit. I just wanted to know have you given your capacity utilization for this quarter?
- Management:** Sorry, ma'am, capital?
- Akshada Deo:** The capacity utilization of your existing capacity has it given that number?
- Management:** Yes, we have already -- capacity utilization of 40% so this is our present capacity utilization on single shift basis and we have enough capacity to operate our factory for the next five years without any further capital expenditure.
- Akshada Deo:** Okay. And sir, have you given your margin split for domestic versus international market?
- Management:** At present we do not have the bifurcated figures but overall our margins are about 40% in the range of 40% combined but we haven't got the figures at present between the domestic and export, so that figures can be provided to you later on.
- Akshada Deo:** Okay, okay sir. And just confirming the total addressable market that you gave for domestic was a INR1,000 crores, is that right?
- Management:** Yes, yes.
- Akshada Deo:** So can you give the same for international market as well?
- Management:** International market is a huge market. It is a \$20 billion market. And this is like a notion we are a very small company compared to the other multinational companies, but it's a huge market. The huge market is about \$25 billion market for the dental material.
- Akshada Deo:** How much America would be a part of the 20 billion?

Management: America is the biggest market, there are about \$8.5 billion in the American market and rest of the world together, Asia is a very big market, Europe is a big market, but America is the biggest market. So \$8.5 billion is the present market size of USA.

Moderator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I would like to hand the floor back to Ms. Astha Jain from HEM Securities for closing comments. Please go ahead.

Astha Jain: Thank you, Melissa. On behalf of HEM Securities Limited, I thank Prevest Denpro Limited team for giving their time and replying all the queries in the detailed way. I would also like to thank all the participants for joining this call. Now I would like to hand over the call to the moderator.

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