



February 22, 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 February 15, 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 February 15, 2023 at 3 PM.

Kindly take the above information on records.

Thanking You,

Yours faithfully,

**For Prevest Denpro Limited**

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by KRISHNA  
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**Krishna Rathi**

**(Company Secretary and Compliance Officer)**



“Prevest DenPro Limited  
Q3 and 9M FY '23 Earnings Conference Call”

February 15, 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. VINAY JAMWAL – FINANCIAL ADVISOR – PREVEST DENPRO LIMITED**  
**DR. SAI KALYAN – DIRECTOR OF RESEARCH AND ACADEMICS – PREVEST DENPRO LIMITED**

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

**Moderator:** Ladies and gentlemen, good day, and welcome to the Prevest DenPro Limited Q3 & 9 Months FY '23 Earnings Conference Call hosted by Hem Securities. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Astha Jain, Senior Research Analyst at Hem Securities. Thank you, and over to you, Ma'am.

**Astha Jain:** Thank you, Faizan. Good afternoon, ladies and gentlemen. Thank you for joining the Prevest DenPro Limited Q3 FY '23 and 9 months ended December '22 Earnings Conference Call. Joining us on the call today are senior members of the management team, Mr. Atul Modi, Chairman and Managing Director; Mrs. Namrata Modi, Whole-time Director and CFO; Mr. Vinay Jamwal, Financial Advisor; and Dr. Sai Kalyan, who is Director of Research and Academics of the company. 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 statements made or discussed on the conference call may be 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 commence by sharing his thoughts on performance and strategic progress made by the company. Thank you, and over to you, Atul, sir.

**Atul Modi:** Thank you, Astha ma'am. Good afternoon at team investors and other stakeholders. I am honoured to present to you the performance of our company for the first 9 months of financial year 2023. As Chairman and Managing Director of Prevest DenPro Limited, I am proud to say that we have achieved some significant milestones, which is a testimony of our continued commitment to excellence and growth.

In terms of financial performance, I'm pleased to announce that our revenue for the 9 months ended financial year 2023 is INR 37.78 crores as compared to INR 29.54 crores for the same period of financial year 2022, thus registering a growth of 27.89%.

Our profits have also seen a substantial boost with a 16.43% increase year-on-year in 9 months ended December 2022, our tax stands at INR 10.6 crores. We have been able to achieve this due to our unwavering focus on quality, addition of new value-added products and marketing strategy for domestic and export market.

In addition to our financial performance, our company has also made significant strides in Research and Development. We have invested heavily in the development of new dental product. And we are proud to report that our R&D centre has done commendable work in a short period of developing raising our 3D printing for dental applications. And we have successfully -- in market.

Nowadays, digital dentistry is changing the way that the labs and dental practices were -- each step of traditional dental modelling has got improved, digitalized and automated dental crowns, bridges, models and surgical guides can be 3D printed directly with biocompatible rays in a short time. According to various independent market research reports, present global market size of dental 3D printing is US \$2.5 billion and is expected to reach \$9.1 billion by 2028. We expect that these products will contribute significantly to our top and bottom line in the coming years.

Our commitment to innovation and quality has enabled us to maintain our position among the leaders in the dental industry. Our commitment to innovation has also led to the creation of new jobs as we have recruited more pertinent for research and development activities and enhanced production capacity. We have also made significant efforts to expand our business globally. Our company has established partnerships with some USA and Russia-based companies, which will enable us to grow our business in new markets. In terms of operations, our marketing team has worked tirelessly to ensure that smooth running of our dental business across the country.

Our marketing team has also done an excellent job of forming our products to potential customers, leading to a steady increase in business -- our diversification plans are also on track, and we hope to start the trial prediction by end of quarter 4 financial year '23 as early quarter 1 financial year '24. Looking forward, we are confident that our performance will continue on an upward trajectory as we remain focused on meeting the evolving needs of our customers and expanding our market reach.

I want to take this opportunity to thank our customers, shareholders and employees for their continued support and dedication to our mission. We remain committed to providing the highest quality dental products and services and look forward to a bright future for our company. Now I will ask Mrs. Namrata Modi, Whole Time Director and CFO, to present the financial results. Over to Mrs. Namrata Modi.

**Namrata Modi:**

Good afternoon, everyone. I would like to extend sincere thanks for taking time also join us today. It is an honour to discuss the results of the first 9 months of financial year 2023 as well as quarter 3 financial year '23 with all of you. The company has delivered the total revenue to INR 37.7 crores and PAT of INR 10.60 crores in first 9 months of financial year '23 against the first 9 months of financial year 2022, where the revenue was INR 29.5 crores and PAT was at INR 110 crores, thus showing that year-on-year growth of 28% in revenue and 16% in PAT.

Further, the company's EBITDA stood at INR 15.69 crores versus INR 12.91 crores in first 9 months of financial year 2023, which has increased by 21.5%. We make our goals in many areas, including revenue growth, EBITDA and PAT. I also want to announce that quarter 3 financial '23. Our revenue increased by point 15% on quarter-on-quarter basis, while EBITDA increased by 8.59% during the same quarter. We also registered increase in our debt of 7.69% as compared to quarter 2 financial year '23.

With a clear vision to be a leader in the field, the company has made large capital investment of INR 10.10 crores, which has enabled something to remain some and in industry leaders. The company has planned, continue to incur capital expenditure in the coming quarter year asset as a part of the company's investment in marketing and research activities, the company has

employed highly qualified and experienced partner, which lead to increase in employee benefit costs.

We are confident that these investments are a sound long term and will result in the strong growth and success for the organization. Once again, I thank you all of you. Over to you, Astha.

**Astha Jain:** Thank you, Namrata ma'am. Now I would like to hand over it to moderator Faizan.

**Moderator:** The first question is from the line of Venkatesh from Axis Capital.

**Venkatesh:** Yes. Good afternoon. See, your last quarter, sales were a little bit impacted. There are second quarter sales. And in the second quarter sales, you had mentioned that medical device manufacturers have to obtain a manufacturing license by 30th September. So, because of that, certain exports were held up after 20th September due to delays in issue of manufacturing license.

So, some of the third quarter orders had to be rolled over to the second quarter orders that will be rolled to third quarter. Now when I look at the third quarter numbers also, they also look quite weak. It is only a 7% kind of quarter-on-quarter growth. So, what exactly has happened that your third quarter growth is so low. So that is the first question.

**Atul Modi:** There is a growth of 7% in this quarter. No doubt, there were some orders which have been rolled out in this quarter. But in this quarter also, there were some -- because of the depressive marketing scenario in Europe. The sales for the European market was impacted, but overall business has grown by around 7% in this quarter. But we are hoping that in the next quarter, we'll have better results so that the annual reporting of the financial reporting for the next -- this year, we have good results.

So we are hoping that in this quarter, we can have better results. So in this quarter 3, there was a growth of 7%. So the orders which are rolled out or not of that magnitude. So we cannot say that, that is not -- there was not very big size of orders, which were rolled out. Only they were held up for some time because of the issue of the medical device license to us. But these orders were executed in early part of this quarter. And moreover, there is some increase in this quarter also a total overall growth is 7%.

**Venkatesh:** Now what is the -- what kind of revenues can we expect for FY '23 full year versus INR 38 crores last year? And what is your expectation for revenues for the next year, FY '24?

**Atul Modi:** We are expecting to cross INR 50 crores in this financial year. So this is a projection for the financial year.

**Venkatesh:** INR 50 crores is for the next year. What is the number for the current year?

**Atul Modi:** For this current year.

**Venkatesh:** So current year, you are expecting INR 50 crores plus...

**Atul Modi:** Yes.

**Venkatesh:** But in the first 9 months, I think what you have done is INR 36 crores. So you are expecting around INR 14 crores in the fourth quarter?

**Atul Modi:** The total revenue generation is INR 39 crores in the 3 quarters. Okay. And in the last quarter, we are expecting around INR 10 crores to INR 12 crores. So the total number will exceed 50 years in this financial year.

**Venkatesh:** Okay. What is your plan for the next year, year after that?

**Atul Modi:** So we are -- 25% to 30% is the average projection for the next financial year. But we can exceed this. This is a minimum expectation for the next financial year?

**Venkatesh:** The other question is, if you actually see the December quarter EBITDA margins are actually down around 2% versus last year. So last year, EBITDA margin in December was 42.86%. In this quarter, it is 40.51%. Any particular reason why the EBITDA margins have come down?

**Atul Modi:** Yes, I'll request Mr. Jamwal to give the reply to this query.

**Vinay Jamwal:** Good evening to all of you. For the quarter ending 31st of December 2020, the EBITDA was around, say, 42.8% compared to the last year up to 46%. There is a decrease reason then 2, 4 reasons. First, we have implied total persons in our R&D centres. Second, we are increasing our distribution lines, where we are implying more person in marketing and marketing sector. This is the reason are there increase?

And second, if you see the financial, there is the increase in your other expenses, and that is mainly timed by our trend tagging extension and exhibition. So in these 9 months, companies executed including executed vectors have travelled a lot worldwide within many acquisitions were, say tended. And the management has achieved a very good positive response for there wherein turnover where in the coming years, we're coming a couple of years and we're expecting a very good orders from that better for clients with which have attended our exhibition.

And we are very sensate will get a very good response on the -- even we have been communicated that others are orders for the next two to three years because of this evolution that has tendered by the management of the company further executed Again, if you go by the financials, you will see there is there is increase if we compare it with the nine months or three months, the preceding financial year that is 2022, there is 13.29% employee benefit costs, but now it has been 16.13%. This is only due to that had just will specific to you?

**Venkatesh:** One more follow-up question. I mean, you are a small company. I mean, and according to me, people can grow even 40%, 50%. So what exactly is a constraint? Is the constraint the manufacturing capacity you have is the constrain the demand for the products? Or is your constraint is the sales and distribution which you have, that is the constraint.

So where is the constraint for you? Why are you targeting only 25% growth? And why not 50% growth? Or is there a problem in terms of you don't have enough capital to grow. So what exactly is the constraint?

**Management:** I'll give the reply to this. We have enough capacity. We have a very good product range. We are introducing our products in new markets. But based on our present forecast and our present business trends, we cannot give it projection of 40%, 50%. We are expecting that our growth will be much higher than the previous year, over very conservative side, we are hoping that 25% to 30% growth is projected. But definitely, we are making efforts to grow to more than 30%, 30%. So 40% is achievable, but our conservative approach and our conservative estimates are 25% to 30%.

So this is easily achievable, but we are targeting higher growth -- so we can definitely go for 40% to 50% growth. It does depend because we are making a lot of efforts to enter into new products, new countries. We are introducing new product range in all our efforts. We can foresee that the growth will be much higher than what we are anticipating today. But on the conservative side, we are giving 25% to 30% growth.

**Venkatesh:** You also have FDA approval for some of your products in the US. So when do you think the traction will come in terms of that contributing a bigger contribution, the US market?

**Management:** We have just started our promotional activities in US market. We attended one of the biggest dental exhibitions in USA, where we came in context with many US-based companies who are very keen to have business relations with our company. Recently, we have signed one agreement with the US sales company for US \$1.7 million to be supplied in the next 4 to 5 years. So this is just the beginning for the previous company in the US market.

There are many more customers have lined up, they are willing to have agreements with us. They want to have collaboration with us to have joint business activities -- but everything takes time. We have started and we have made a good start in US market by winning a contract of US \$1.7 million to be supplied in next 4 to 5 years.

So it's a very good start for the company as our products have been approved and orders have started coming. And this is just one company. There are many more companies who are ready to execute contract with us, but we are very selective at this moment. And I'm very confident that we'll have very good business from US market.

**Venkatesh:** One last question from me Modi ji. Do you have any son or daughter who -- and if at all, are they involved in your company, the next generation?

**Management:** They will be soon involved. At present, they are not actively involved, but they will soon be fully involved in this business.

**Moderator:** The next question is from the line of CA Garvit from NVest Research.

**CA Garvit:** Basically, my question is towards the bottom line side. So what is your internal target for the bottom line for FY '23? And from the top line side, can we double our top line in every three years like you did from 2019 to 2022?

**Management:** We can't make any such kind of doubling our top line in every year. But definitely, we can say on a very conservative side, we can have a business growth of 25% to 30%. As we have seen in

the last four, five years, our business is growing at the rate of 25%. So we are hoping that this is a minimum we can achieve. But definitely, we are targeting a 40% to 50% annual growth, which is achievable. But doubling every year at this moment is not -- we cannot make any such commitment.

**CA Garvit:** I'm not talking about doubling any...

**Management:** We are trying, because we are adding new products. We are entering new countries. So we are making all of our efforts to increase our business. But I can only say that 25%, 30% is a very reasonable and possible growth. But definitely, we'll try to go beyond that.

**CA Garvit:** And what is your target bottom line for FY '23, sir?

**Management:** We will maintain the same. It is possible to maintain the same bottom line. So it is definitely achievable to bottom line will be maintained.

**CA Garvit:** Sir actually I'm asking in the terms of absolute, like you did net profit of INR 12 crores in financial year '22. So what is your expectation for FY '23 as a whole?

**Management:** I'll request, Mr. [Jamwal 0:22:43] to please answer this query.

**Management:** Can you please repeat your question, we didn't hear you properly.

**CA Garvit:** I'm saying your company did a net profit of INR 12 crores in FY '22. So what is your expectation for net profit for financial year '23 as a whole?

**Management:** So we are maintaining the same profitability say around 40% for this financial year also. And by you say the 40%, then we can achieve it and if you go by the results for the first nine months, we are on the target. And for the whole year, we will achieve the same percentages bottom line as you can see from our quarterly and nine months results and the -- if we compare it with the last year, the same profitability will be maintained by the company.

**CA Garvit:** And sir, how do you see Canada as the target market for our company?

**Management:** I'll give the phone to Mr. Modi ji, he will revert to that.

**Atul Modi:** Yes, we have started -- we have after registering our products in the US FDA, we have now started this process of registering our products in Canada. Because Canada is also a very tough market as far as the regulations are concerned, but we have already initiated the process, and we hope that in this next financial year, we will have some business from Canada also.

**CA Garvit:** And sir, what is your target addressable market size and how much share you are currently having in it?

**Atul Modi:** Our market share in domestic market is very low. It is around 1% or less than 1%, but it is the market is mainly dominated by trading companies who have not the real manufactures in India. So multinational companies, they are holding the maximum shares from the market. So we are growing at a much bigger growth of 25%, 30% annually in the domestic market. So our market



share is growing, but we are still having very minimum market share in India, but we expect that our market share will grow in the coming years.

**Moderator:** The next question is from the line of Ravi Naredi from Naredi Investment.

**Ravi Naredi:** So when new facilities, 16,000 square feet starting financial year 24, how much top line likely in financial year '25 from this facility?

**Atul Modi:** From the new facility in regarding that will be operational in the next financial year. It will be ready by end of this financial year, but it will be put to use in the next financial year, because a lot of regulatory compliances are to be fulfilled and after fulfilling the regulatory compliances, when we start the commercial production, we are hoping that in the first year, we should achieve a 10% to 15% of market capacity utilization. That will result in the revenue generation of INR 3 crores to INR 5 crores. So this is for the financial year that will be the contribution from the new facility because that is the beginning. So those are the new products. So we have to market those products. So it's a big exercise. So definitely, that is going to contribute in INR 3 crores to INR 5 crores in the next financial year.

**Moderator:** The next question is from the line of Kunal Ochiramani from Kitara Capital.

**Kunal Ochiramani:** I have to ask, what is the sustainability of this EBITDA margin you have, which has had on an approach 40% now? And why are we not into domestic markets? Which are the big players in the domestic market? Where are we selling mostly in Asian countries and not apart from Asian countries and what are those countries?

**Atul Modi:** See, we are selling all over the world, not only the Asian countries, we are selling in Europe. We are selling in South America, Middle East, Africa, we are selling it around 80 countries. So the domestic market is also a focused market for us, because it's still growing market. So we are making a lot of efforts and focus in the domestic market. So the domestic market is also growing is about the growth in this nine months is around 40% over the last financial year. So 40% is the growth in the domestic margin in the current financial year for the first nine months. So this is all due to the marketing strategy, marketing efforts, so we are growing this year, we have seen a growth of 40%. So this is definitely, we can have better growth in the coming next year. So we can have better revenue from the domestic market.

**Kunal Ochiramani:** Sir, one more question I wanted to ask, what is the differentiating factor between our products and competitor products, let's say, our company there might be other foreign competitors who might be operating in various areas. As you have 70% concentration in Asia, wanted to ask, which all countries you apply in Asia? And what is our key differentiating factor among our products compared with competitors' production foreign areas?.

**Atul Modi:** We are supplying in many Asian countries, we start counting. So we are supplying in Bangladesh, Sri Lanka, Philippines, Indonesia, Vietnam, Malaysia. So all these countries, we have already got distributors. And the competition in these countries is again from the multinational companies from Europe and USA. They're very high from South Korea.

**Kunal Ochiramani:** And was a very differentiating factor between our production competes products?

- Atul Modi:** Differentiating factor is the pricing, that's the only factor. Quality-wise, we are at par with all international manufactures is only the pricing, which is in our favor being the product manufactured in India and that in Jammu and Kashmir, cost of production is comparatively low. So we have that advantage, and we are competing with all these multinational companies worldwide on the basis of the high-quality production at a lower price.
- Kunal Ochiramani:** And what about the sustainability of EBITDA margin at 40%? Is it going to be maintained for next five years? Or how do you see it going ahead?
- Atul Modi:** I will request Mrs. Namrata Modi to elaborate on this.
- Namrata Modi:** As far as the EBITDA margin is concerned, because the very slowly, we are employing the more employees, and we are doing every effort in sales and marketing in increasing, our employees increasing our marketing efforts so that it should not affect the margins also. So we are very sure the same way as right now we are maintaining the margins, we will maintain it along with the positive growth in coming years also.
- Kunal Ochiramani:** And Atul ji, said that in FY '24, this new plant will come into production line, and it will be capacity utilized at 10% to 15%, and it will generate revenue of INR 3 crores to INR 5 crores. What is the maximum revenue that plan can generate and by when it will be generating or operating at full capacity?
- Namrata Modi:** We can actually up to 100 [inaudible 0:32:00] capacity, we can avail from the current facility, which right now we are having. So we can easily achieve that target in future. We are expecting that in future, we can achieve the target from the same facility right now, which we have created.
- Kunal Ochiramani:** What is the maximum revenue that plant can generate? Like you said, it will generate INR 3 crores to INR 5 crores of revenue at 10% to 15% capacity utilization?
- Namrata Modi:** Actually, right now, the capacity we are using that is -- you can see the -- about -- you are asking about the new plant?
- Kunal Ochiramani:** Yes, the new facility.
- Namrata Modi:** New facility is a new product. So we know that those products when we will bring those products in the market. So it will take a little bit time for selling those projects. But as far as the utility is concerned, we have a sufficient facility, but selling will take time because it is a new line. So new line takes time for marketing also for production also, but we are very sure in two or three years, we will achieve the target.
- Moderator:** The next question is from the line of Ridhima Goyal from Acquaint Bee Ventures.
- Ridhima Goyal:** Hi, Mr. Atul. All my questions are answered right now. Just one question, repeating the question from the earlier participant. What is the maximum revenue we can on with the new facility we are setting up right now?
- Atul Modi:** We have the capacity, INR 75 crores, we can generate from the new facility. But that capacity can be enhanced with little changes in the product line, because we can -- if we go for more

value-added products, so the total revenue generation can be increased to INR 100 crores. So very easily, we have projected that this new facility has full capacity utilization will give us a revenue of INR 75 crores.

So we are also considering how to increase the capacity once we cross 50% capacity utilization, then we'll start planning for these enhancing the capacity are changing the product line so that we can focus only on the value-added projects to give us more margins and which had more to our top line.

**Ridhima Goyal:** And how much you will take to reach to, you can say, 50% capacity or maybe 100% capacity?

**Atul Modi:** We are expecting that in three to four years, we should achieve 50% capacity utilization. In the first year, the capacity utilization is expected to be 10% to 15%, but in the next year onward, we should reach to 50% capacity utilization in the three years. That's the time horizon we have already set, or our marketing team that they have to reach to INR 50 crores revenue generation from the new facility in the next three to four years. So we are working on that plan.

**Ridhima Goyal:** And one last question related to the industry level. As we know that this industry is segmented. So I just wanted to know, like as you said, the pricing is of a competitive edge as compared to the MNCs. So there must be other players also in India who can offer the same products at the lower pricing. So what will need is to gain market share from them as well?

**Atul Modi:** So there are other market players, but they are not so organized and they are not so quality, they are not manufacturing for quality products because they don't have this kind of manufacturing facility, they don't have R&D, they don't have quality systems. So we don't see that at the moment, we don't see any threat from the local company to compete with our products.

We are only competing with the multinational companies for the quality and pricing. So we are now 22-year-old brand. We are well established, and we have a very high-quality production and very good pricing. So we can beat our competitors with these two factors, high-quality production and pricing. These are the two factors which are driving our company into the growth journey.

**Ridhima Goyal:** And is there any threat from like new entry into can come and offer the same product with deep discounting. So if you see like in an industry where there is the company who is earning more than like abnormal EBITDA margin, like 40%, 50% of margin. And it is -- this industry is so attractive to other players as well. Those players may enter the market and...

**Atul Modi:** There is no doubt it is very attractive at plus 40% EBITDA, but these are all formulations. These are in-house developments. Our efforts of the last 22 years, like we have streamlined our production. We have developed formulations. So it is not so easy for anyone else to come and eat the cake so easily, because it takes time to establish.

So we have experience of manufacturing products over the last 22 years. So we are taking benefit of our experience and we are expertise and our technical knowledge about the product manufacturing, and our R&D department is now developing more products, latest innovation we are thinking about. So this is ongoing process we are working on the new product line so that

some of the products still become [obsolete 0:39:12] sometime. So we have to supplement those projects to the new -- replace those products with the new product line, and we are looking for more value-added products so that our top line and bottom line is always maintained. And we are obviously on the growth path. So these are the factors we are always considering so that we can take our company forward, and we don't have to look back and we are always moving forward.

**Moderator:** The next question is from the line of Vijay Chauhan from Right Horizons.

**Vijay Chauhan:** So my first question is on the next quarter earnings, which you mentioned around INR 10 crores, INR 12 crores, we are expecting. So how is the demand scenario or, let's say, how the European condition is right now in the quarter? Like you mentioned like there was some slowdown effect because of recessionary trends in this quarter in the European geography?

**Atul Modi:** Now we have started our business in USA. So we have started getting orders from USA. And like that, in this nine months, we have added some more countries like Netherlands, we have started exporting Malaysia is a new country. We have started exporting Ireland, France. So these are the new countries which have joined us in this nine months. So whatever is the business loss due to the slowdown in some countries, we are expecting that our business will -- we can cover from the new countries where we have started recently we have started exporting. So the products are very well accepted in these countries.

So the business in somewhere, there will be decline in somewhere there will be increase. So overall, the balance is maintained that our growth trajectory is maintained 25%, 30% that level is maintained. So that trend we have seen in the last three years that continuously, we are able to achieve 25%-plus growth, so that will be maintained.

So our efforts are that minimum we should make 25% growth. And over and above that is extra. So we are minimum focusing on 25% annual growth. But we are also hoping that our growth should be better than 25% in the coming years.

**Vijay Chauhan:** Yes. And my second question is on the exhibition which you had in this quarter and also in the last nine months, and you mentioned like you had some \$1.7 million order from some US company. So can you provide more like how the response is there? And what are the other orders that we are expecting from other participants, because it will help us to like get more component confidence in how the next financial year has been pan out for the company?

**Management:** We have just concluded an agreement with the US company or \$1.7 million for the next five years. And we are in advanced stage of discussions and agreement stage are other two companies. So we are hoping that once we conclude our agreements with those countries, our total business from US market will be much bigger. And there are some companies, they want to have collaboration with us for private labelling. So we are in very advanced stage of discussions and the finalization of the agreements and understandings between different companies.

It's a new market for us. And for them also, India is the first Indian company with into the dental business who is got US FDA clearance. So they are also very cautious. But the business has

started coming, one company has signed agreement. So like that, we are hoping that more companies will join us and our business in US market will be at a very good volume. So we cannot quantify today, because we are talking to various companies. Once the contracts are finalized, then we'll be able to share the details with you.

But at the moment, I only say that there are a number of companies who are very keen to have agreements this for long-term agreement for at least five years. So that continuity of supply is maintained. They don't want one year agreement or two year agreements, they want long-term agreements. So that they are assured of the supplies and the regular continuity of the business. So that is good for us, good for them. So once the contracts are finalized, we'll let you know, at the moment because one contract for \$1.7 million is finalized. So we are sharing this information with you.

**Vijay Chauhan:** Yes. And when will this start the \$1.7 million contract this year or maybe next financial year?

**Management:** We have started executing. One order, we are executing, we have received advance payment for one order. It is not one single supply. It is spread over the next four to five years. So we have received one order. We have received the payment and we are processing the orders.

**Moderator:** We'll take the next question from the line of Kunal Ochiramani from Kitara Capital.

**Kunal Ochiramani:** Sir, I wanted to ask, what will the next phase of growth when you say it is 25% to 30% growth in revenue. But can you tell us what are your main top 5 or top 10 production, how much revenue they contribute?

**Atul Modi:** See, exact figure is not available, but there are top 20 products, which are contributing 80% of our revenue. The figures are not readily available, but we are focusing on the sale of those 20 products because they have the top line products, and they are the most profitable products of company, rest of the products are just complementing those products. Because those products cannot be used without the rest of the 80 products. So the value of those 80 products is not very significant. But they are also contributing to the revenue, and they are very important for the dentist.

So we have to have the bigger product range so that we can supply all dentist needs from one place instead of the dealers going for different companies so they can get all the supplies from one manufacturers. So that is why we are expanding our product range, so that we can serve the dental industry as a one-stop shop. So all the products can be available from one company.

**Moderator:** We'll take the next question from the line of Nitya Shah from KamayaKya Wealth Management.

**Nitya Shah:** You stated in the start of the call that your nine-month revenue was INR 36 crores, but I just checked the number it says INR 36 crores. So could you please clarify the 8% difference in two numbers?

**Atul Modi:** I request Mr. Jamal to give you the exact figures and reply to your query.

**Management:** The total revenue for the first nine months for the financial year '23 is INR 37.78 crores, which registered a growth of 27.89% as compared to the same period in the preceding financial year.

**Nitya Shah:** A little confused about the INR 39 crores figure, but that's clarified. And when do we expect the revenues to kick in from the new facility? Is it in the second quarter or the first quarter of the next financial year?

**Management:** I'll give the mic to Mr. Modi, he will revert to this answer.

**Atul Modi:** The new facility will be operational from next financial year. In this financial, we'll be completing the provisioning of the plant, but it will be operational in the next financial year. But there are many regulatory compliances, which we have to meet. Only after beating the regulatory compliances, we can start the commercial sales. But before that, we'll be completing the trial run, trial production, sampling and that process will start. But the revenue generation will depend once we start the commercial production and selling. But definitely, we'll start taking marketing efforts from the next financial year.

**Nitya Shah:** And my last question is on the India front, like your dealer network is around 145 dealers worldwide, right? So what is the plan on this?

And the second part is that, say, the higher-quality dentists, they usually prefer products of 3M or Dentsply Sirona, how do you plan to penetrate into their markets in that sense that they are very conscious about quality, how Prevest DenPro's products reach the top quality Dentist? Like maybe the 2 Tier, 3 Tier dentist will use Prevest DenPro's products, but what about the top quality dentists?

**Management:** The 140 distributors, the figure is worldwide out of that I think 90 dealers we have for the international market and 60 dealers for the domestic market. Domestic market, definitely, this is a challenge that the top level dentist they have a mindset of using 3M products and Dentsply products because they don't consider products made in India, good products. They want to drive Mercedes, they don't want to drive Tata Cars. They want to drive Mercedes and BMW.

So we are trying our efforts. It's not that all top plus are not using Prevest's products. But there are many doctors who louses the effort to go with the German and the European brands. They are more brand conscious. So we are trying to win over them by giving them free samples. We are trying our level best, so that they also start using our products. And we are very happy that in the domestic market our business is growing with about 40% annual growth. So this is a good growth and we are expecting that by making more efforts in the next financial year, our domestic market will grow much higher than what we have been doing so far in the domestic market.

So this is definitely a challenge, but will overcome it. Already in the last five years, our domestic business has grown much, much better than what we did in the first 15 years. And in the next four to five years, I hope that most of the top 10 dentist also will start using Prevest product.

And I can -- I will request Dr. Sai Kalyan, who is our Director for Research. He can also give us views about the Indian market and his collaboration with many industries. So I'll request Dr. Sai to please tell if you - share your ideas about the domestic market and why? He himself is a dentist

and he is a dental professional, he was a professor in university, he has joined our company as a Director, he can tell you more about the Indian dentist.

**Management:**

It is basically a perception, which dentists have that the European brands are much better than the Indian brands. It is because of the products which they were trained on during their BDS or their post-graduation years, they get used to the product and it is very difficult to change the perception. So, we are making some positive moves by getting our products into educational institutions and changing the perception at the grassroots level.

Like now we have around MoUs with 10 different universities Pan-India, where we go very often, talk to the academicians there, explain the benefits of the products, how good we are and how at par we are with the European brands and sometimes beyond their quality level. We have some products which are much, much superior than our competitors.

So we explain. We get our hands-on practice to the budding dentists. So, they get a feel of those products. And that's how we change the perception. It takes a lot of time to change a perception. It is like how people were born and you know how we went on generations from crawling to standing. It takes a lot of time. So, perception takes at least 5 to 6 years to change, and we are pretty much sure that we have a roadmap on how to change this perception by interaction with academia. And probably you will see the change in the next 4 or 5 years, I'm pretty sure about that...

**Moderator:**

Thank you. Mr. Shah may we request that you return to good question. We'll take the next question from the line of Abhishek Agrawal from GemsQuest Asset.

**Abhishek Agrawal:**

My question is in relation with one of the earlier participants. The agreement that we are in advanced stages with a few of the company, how soon do we expect to sign agreements with them? And what quantum -- I mean, what kind of size could it be?

**Management:**

We are signing contracts with the companies are a minimum \$1 million below that, we are not signing contract with any company. So we are looking for the companies who are ready to give us a \$1 million contract or more than \$1 million. So there are companies who are ready for that. We have to choose, and we have to finalize and we are in the process. So once it is done, that will inform you. But at the moment, we have signed contracts with one company for \$1.7 million.

**Moderator:**

We'll take the next question from the line of Anant from Electrum Portfolio.

**Anant:**

My question is regarding the overall dental material market. So if you can just give me a rough idea, how big is this market domestically or maybe outside India?

**Management:**

The market is very big. There are many market research reports, which have been published. And according to the market research report, the international market is around \$1 billion. But that market is not only for the materials that includes the equipment, instruments and many other related projects for the dental application.

But for the materials, we have today into the materials business and materials market is, Indian market is around INR 1,000 crores. So we have the data for the Indian market, only for the material. We are interplaying within this INR 1,000 crores market within India, which is mostly dominated by multinational company. And international market is much, much higher, bigger than the Indian market. So overall market is very big, and it is a growing market and we are hoping that with our new product range and new product lines, our business will definitely grow much bigger in the coming years.

**Anant:** This INR 1,000 crores, you mentioned this is overall market or the organized market only?

**Management:** It's a market in India.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to Ms. Astha Jain for closing comments.

**Astha Jain:** Thank you. On behalf of Hem Securities Limited, I thank Prevest DenPro team for giving us a 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. It was an extremely fruitful discussion. Thank you all for being on the call. I would like to hand over the call to Faizan.

**Moderator:** 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.