

August 17, 2022

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 12, 2022

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 12, 2022 at 4 PM.

Kindly take the above information on records.

Thanking You,

Yours faithfully,

For Prevest Denpro Limited




Namrata Modi

Whole-time Director

DIN: 00788266



“Prevest DenPro Limited
Q1 FY2023 Earnings Conference Call”

August 12, 2022



ANALYST: MS. ASTHA JAIN – HEM SECURITIES

**MANAGEMENT: MR. ATUL MODI - CHAIRMAN & MANAGING DIRECTOR -
PREVEST DENPRO LIMITED
MRS. NAMRATA MODI – EXECUTIVE DIRECTOR & CHIEF
FINANCIAL OFFICER - PREVEST DENPRO LIMITED
MR. VINAY JAMVAL - FINANCIAL ADVISOR – PREVEST
DENPRO LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to the Prevest DenPro Limited Q1 FY2023 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 this conference call, please signal an operator by pressing “*” then ‘0’ on your touchtone phone. To remove yourself from the question queue you may press “*” and “2”. 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. Good afternoon ladies and gentlemen. Thank you for joining the Prevest DenPro Limited Q1 FY2023 earnings conference call. Joining us on the call today are the senior members of the management team, Mr. Atul Modi, Chairman and Managing Director, Mrs. Namrata Modi, Whole Time Director and Mr. Vinay Jamval, 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 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 leave forward-looking statements. I would now like to hand over the call to Mr. Atul Modi to commence by sharing his thoughts on the performance and strategic progress made by the company. Thank you and over to you Sir.

Atul Modi: Thank you Astha. A very good evening to all of you. I am happy to welcome you all for investor’s conference for Q1 FY2023 financial results. The Q1 FY2023 marked a significant growth in our business. Our team delivered strong quarter while the world has still not got out of the COVID-19 here and is also facing inflationary pressures due to shortage of raw materials, the rising cost of raw materials increased rate costs and supply chain disruption. Russia-Ukraine war has also caused economic instability in many European and CIS countries. Despite all these challenges, our company has done exceptionally well and we have posted robust financial results for the Q1 FY2023.

We have impressive quarter-on-quarter growth in terms of revenue and PAT. Our financials demonstrate the durability and strength of our business with increased acceptability of our products in various countries and entry in new countries like Saudi Arabia, Netherlands, Colombia etc, our export business has registered impressive growth in Q1 FY2023. As part of our growth strategy in the current financial year, our focus is to enter in the US, Brazil and Russian market which are very promising markets for our products. In the current financial year, we are attending many international dental accreditation to showcase our products to generate business contacts that will help us to grow our export business in the

coming years. We are also attending all major dental accreditation in India in this financial year to create strong brand awareness and increase our customer base in India.

With all these efforts we are very confident that our business will grow at a faster pace. According to the World Health Organization estimates 2.53 billion people suffer from decay of permanent teeth globally due to poor oral hygiene, moreover approximately 530 million children suffer from carries a primary teeth worldwide. With increasing organization and rapid changes in the living conditions in most of the low and mid income countries, the prevalence of oral disease is expected to increase. Rising incidences of dental diseases is anticipated to propel the growth scenario of the global dental materials market over the next decade.

Based on the product type, the market is segmented as indirect restorative material, direct restorative materials and other direct restorative materials like dental biomaterials, dental bone grafts, tissue regeneration membranes, impression materials and bonding agents. Based on the application the market is segmented into endodontist, prosthodontist, orthodontics, periodontics, restorative dentistry and aesthetic dentistry. Our R&D department is working on the development of new innovative products to meet the growing needs of modern dentistry. New equipment for augmenting and streamlining the existing plant capacity has been successfully installed for better productivity and growing production requirements.

With this newly installed equipment we can fulfill the market demand for the next five years. Our new our R&D center should be operational in Q2 FY2023. New facilities are the manufacturing of disinfectant oral hygiene products, oral care products and biomaterials is under advanced stage of implementation. Hopefully the new facility should be fully operational in Q3 FY2023 subject to the regulatory clearances. With the comprehensive product portfolio, the business prospects are very bright for our company and we are well on way to deliver another year of strong double digit growth. I thank all the investors attending this conference and also for their unprecedented overwhelming support to our company during its work journey. Now I will ask Mrs. Namrata Modi, Executive Director and CFO to present the financial results. Over to Mrs. Namrata Modi.

Namrata Modi:

Thank you Mr. Modi. Good afternoon ladies and gentlemen. I am delighted to present the results of the first quarter of FY2023. The company has delivered strong quarter of total revenue Rs.1298.38 lakhs and PAT of Rs.368.18 in Q1 of FY2023 against revenue of Rs.1019.32 lakhs and PAT of Rs.246.24 lakhs in the immediate previous quarter, thus reporting a quarter-on-quarter growth of 27% in revenue and 50% in PAT over previous quarters. Further the company's EBITDA stood at Rs.519.44 lakhs versus Rs.376.70 lakhs in FY2022

Q4 thereby registering a growth of 38%. Our numbers talk about our growth story with the strong business fundamentals we have a positive outlook and very optimistic view for this. Once again I thank you all of you. Over to you!

Moderator: Ladies and gentlemen we will now begin with the question and answer session. We have the first question from the line of Vimal Modi from Puneet Capital. Please go ahead.

Vimal Modi: Mr. Atul Modi hearty congratulations for a stunning performance this quarter. I have six very basic questions. Shall I ask you all the questions together or shall we take up one by one together is better I think.

Atul Modi: Yes, you can together just let me give you a consolidated reply to all your questions.

Vimal Modi: In that case you will have to note down that is why I asked. Thank you Sir. My name is Vimal Modi sir, I am from Bombay, Puneet Capital. My first question is related to our expansion and FDA approvals for USA and Canada, so how much sales are we expecting for current and next year from those new markets that is question number one. Shall I okay go ahead.

Atul Modi: I will give you a reply for this question. We have already received the US FDA clearance for around 20 products now over the last quarter and in this quarter we have received some more clearances, so now total we have about 20 products and already we have identified some potential buyers in US who have shown keen interest to have business cooperation with our company and we have already submitted our samples to them which are under evaluation because selling products in US which is a high price and high quality market, evaluation is a very lengthy process, so our samples are going through the evaluation process and we have already planned a visit two years in the next couple of months time, by the time we expect that our evaluation of the samples will be over and we have set up the meetings with five potential buyers, very recruited buyers in US who have shown keen interest and we have set up the meetings so that we can have face-to-face meetings and we can negotiate the business accounts with them and we are planning to visit and hopefully in our visit two years we will be able to finalize the business dealings with them and our business will start thereafter, so we are expecting that there will be some revenue generation from our export to US market in this financial year, but I cannot quantify the amount because it is still very premature stage, but the progress is going on and we are very satisfied the way the things are moving for the US market, so we are very confident that our business will grow and we will have very good business from the US in the coming times.

Vimal Modi: Which is the major product or which US would like to buy from our company?

Atul Modi: We have 20 products which are all high-end products, which have very good demand in the US market so all these products different buyers have shown in different types of products and some of them are even talking about contract manufacturing, so we are working on various business models and everything will be clear during our meeting in the US in the month of November we have planned to visit US and there is a very big exhibition in New York we have already booked space in the exhibition we will be showcasing our products in that exhibition so that we can get more business contacts and we can have direct meetings with our buyers and finalize the business so that is going to give us a very big push once we are in US and when we are showcasing our products we will be able to enter into business contracts for long term business, so I am very hopeful that after our visit two years our business will start at a faster pace and we can have good revenue in this financial year and for the future also we can have long term business contracts with those companies.

Vimal Modi: We have 3 lakh dentists as per our report in India so how many are we directly connected with out of these 3 lakhs dentists all over India, how many are we directly connected with, do we take any efforts to directly connect to dentists?

Atul Modi: Because we are not directly supplying our products to the dentist, we are supplying the products through the distributors and dealers so we have the database of about 45000 dentist and who are in contact with us through we are sending them newsletters, mailers and time to time publicity material, but directly we are not dealing with them so we are not having direct our marketing team, this is who are visiting the dentist regularly they have the information about the dentist, so we have about 25 dental marketing executives connected with our distributors, they are meeting with the dentist, but company is not directly selling the products to the dentist and therefore the distributors are responsible for maintaining the relations with the dentist.

Vimal Modi: Okay, thank you Sir, 45000 is little less because there are 3 lakh dentists?

Atul Modi: Yes, 3 lakhs dentists data is available with the company, but the data available with our marketing team and also the data which is available with the distributor is different, but companies directly connected with about 45000 dentist regularly sending them the mailers and this database is increasing, because we are getting contacts with the dentist today every day new dentists are joining our database that the database is increasing and we will have more dentist on our database very soon.

Vimal Modi: Because this is a digital as and it is very easy to approach once the contact is established, this is my personal feeling. We must directly connect to all if not all three like at least half of them we must directly connected by this coming year anyway.

Atul Modi: We are making all of our efforts to reach out to the maximum dentist through digital social media platforms and that is the focus plan for us, that we should have more digital marketing activities, so that we are connected with more and more dentists through social media.

Vimal Modi: So our PAT margin is growing over 20% every year, okay, PAT margin it is in the presentation, so I would like to know this is a phenomenon growth as far as PAT margin growth is concerned so can you tell me what is the major contributor to this growth? Let him give the reply at the end Sir. My next question is similar I think CAGR growth estimate for coming two years I would like to have CAGR growth estimate for coming two years?

Vinay Jamval: Good afternoon. Your first query was with respect to our PAT margin. If you look at their last quarter, the present quarter as we are going at a very comfortable margin let us say 40% and in the next quarter since we have got the US FDA certification and we are going for the new market where the margins are proportionately better as compared to the national market, so we expect that the profit margin will improve as compared to the Q1 of FY2022-2023.

Vimal Modi: You talked about contract manufacturing, so how much spare facility do we have for doing contract manufacturing of high demand products?

Atul Modi: Recently, we have modernized and we have installed new equipment in our factory to streamline our production to augment our capacity, so we have now sufficient capacity to cater to the growing requirements of the market and previously every time we tell that we are operating at a one shift basis, so we have sufficient capacity if we operate the second shift and are we extend the first shift so there is no problem with the capacity at all, we have sufficient capacity for the next five years and with the modernization and the expansion activity which we have undertaken now already we have installed new machines which are high speed machines, which can produce more quantity, more volumes so with this we are very comfortable as far as the capacity is concerned, so there is no problem at all regarding the capacity and we can do the contact managing, so any type of business activity whether it is our own brand production or it is contract managing, we are very comfortable as far as the capacity is concerned. There is no problem. No constraint.

Vimal Modi: Thank you Sir. How much capex we did actually and how much is spending capex?

Atul Modi: Already we have spent around Rs.1 Crores on the modernization and Rs.1 Crores more we will be spending in the next few months.

- Vimal Modi:** This is last question, now when are we planning to migrate to main platform?
- Atul Modi:** We are expecting to migrate to the main board in another one year's time. This is expectation.
- Vimal Modi:** Thank you so much for answering all the questions.
- Moderator:** We have the next question from the line of Ganesh R an Individual Investor. Please go ahead.
- Ganesh R:** Congratulations for the very good set of numbers. During our call after the Q4 results you mentioned there were some disruptions in the payments and because of that the treatments did not happen during the March quarter so I assumed that it would have spilled over into the Q1 that is the quarter ending June, so do you see similar disruptions continue to happen now also?
- Atul Modi:** Our order book is very comfortable at present. We have sufficient orders and we are very comfortable and we are very hopeful that we can continue with our growth and definitely the business prospects are very bright and we do not uh see any reason for our business not growing at the same level as we have done in this quarter, so we will continue with the same growth and hopefully that the business will continue to grow like this.
- Ganesh R:** Very good Sir, but do you see any lumpiness in terms of revenue because of what is going on in Euro because of the recessionary trends there do you see that there can be some delay in getting the advanced payments?
- Atul Modi:** So far we have not faced any payment issues with any European countries, they do not have any payment problems for our products, because these are very essential items healthcare products, they have enough funds available for the purchase of health related materials and products so we are still getting all our business on 100% advanced payment basis from European countries. We are very comfortable and we have never faced, we do not foresee that there will be any problems with the payments from the European countries. From other countries also we have not so far faced any payment issues.
- Ganesh R:** Okay and how is the business order through from Saudi Arabia, you mentioned about an opportunity for a million dollar size also, how is that market is evolving?
- Atul Modi:** Our products are selling in very good quantity in Saudi Arabia, we are getting very good orders from Saudi Arabia and we are very hopeful that our business will grow much better

in Saudi Arabia in the next financial year. This financial year also we have a contract with the Saudi Arabian company with a big amount, so we are very confident that our business in Saudi Arabia will grow much better in the coming times.

Ganesh R: Okay, so it is very good to hear that and last one book-keeping question, the employee cost used to be fluctuating a little widely between quarter-to-quarter, Q4 was high, Q1 goes down, is it some one-off items included in that?

Atul Modi: Sorry I did not get your question.

Ganesh R: The employee cost.

Vinay Jamval: Let me answer. There is a fluctuation in the employee benefit cost, if you go through Q3 of the FY2021-2022, the expenditure with respect to employee benefit cost was Rs.1.56 Crores plus that was Rs.1.57 Crores and for the fourth quarter it was Rs.2.29 Crores and whereas for the current quarter that is pending from June 2022 the expenditure is Rs.1.87 Crores, the reason for this is that initially before the IPO, the company had a policy of making all the provisions at the yearend whereas from now onwards what we are doing, we are making the provisions on the quarterly basis, this is the main reason why our profitability for the quarter ending March 31, 2022 were much higher as compared to its preceding quarter as well as the succeeding quarter, so if you go by the third quarter, it was Rs.1.57 Crores now it was Rs.2.29 Crores fourth quarter, present Q1 of 2022-2023 Rs.1.87 Crores so the difference is that has been inflated in the Q4 was due to the provisioning of the employee benefit cost, this is the only reason why there is a high cost of employee for the fourth quarter after we have just completed financial year.

Ganesh R: Okay sir, going forward it is going to show up every quarter, so it would not get bunched up in the Q4, is that correct?

Atul Modi: Sorry, I did not get you. Can you please repeat it again?

Ganesh R: I just wanted to understand so going forward it is going to be evenly distributed across all the four quarters?

Atul Modi: Yes. From this year onward we have changed the quoting policy wherein the provisioning will be done on quarterly basis for all the expenses, it is not only the employee benefit cost even the insurances cost, all cost which accrue which have a benefit for a period more than a quarter period will be accounted for on approval basis, on a timely basis and quarterly basis that will be taken care of.

Ganesh R: Okay Sir understood. The last question is what is that capex that is planned for this financial year?

Atul Modi: Mr. Jamwal will reply.

Vinay Jamwal: As far as the capex is concerned, we have proposed an expenditure of say Rs.2.9 Crores for the existing renovation, renovation at existing plant and machinery, 8 Crores for the R&D and another 8 Crores for the expansion projects and modernization, for that purpose, we expect that as far as R&D is concerned, we will be able to complete it by the end of this quarter, by the end of September, it will be in a workable position and as far as the diversification is concerned, management expect that it may cement by the end of third quarter if the things move as planned by the management and the capex will add further planned, formulated and shown in the prospectus, it will be completely moved in sync and as and now, we have major expenditure of 1.04 cr,3Crores for the existing amendments and the Rs.5.30 Crores for the new diversification business and Rs.4.70 Crores for the R&D, as of now we have made an expanded capex expenditure Rs.11.04 Crores.

Ganesh R: Very good Sir. Thank you and wish you all the best.

Moderator: Thank you. We have the next question from the line of Abhishek Sardar an Individual Investor. Please go ahead.

Abhishek Sardar: Thank you for giving me the opportunity and congratulations for a great set of numbers. Sir I have a couple of questions. First of all what is the progress regarding new capacity which was expected to get functional in Q3 this financial year?

Atul Modi: We have already invested once we have on the modernization of the existing factory and another once we have is expected to be invested in the next quarter in Q2 or up to Q3, so with the present investment, we have already streamlined some of the bottlenecks have been streamlined and the production has already increased, capacity has already increased and some more equipments we are going to buy and because we know the equipments we have to import such type of equipments for the networking, the rental materials are not available in India, so we are sourcing it from other countries, so this process of modernization will be completed in the third quarter, but partially we have already achieved the modernization and streamlining of the bottlenecks to our existing manufacturing facility.

Abhishek Sardar: Okay sir that is helpful. So can you please provide revenue guidance and margin guidance for FY2023?

- Atul Modi:** We are projecting good revenue, but we cannot give any exact figure, but definitely it will be in the more than Rs.50 Crores in this financial year, but as the business trend is growing so we are very hopeful that we should be crossing Rs.50 Crores in this financial year.
- Abhishek Sardar:** Rs.50 Crores, the topline and Sir margin guidance?
- Atul Modi:** If you look at the margins, we are maintaining the margins and we can maintain the same, we can sustain this same level in this financial year, because our focus is on value as the products and we can maintain the same profitability, same bottomline also, so we will be trying the best to maintain the same bottomline and the topline will be over Rs.50 Crores this financial year.
- Abhishek Sardar:** Can we like assume that the current operating margins are sustainable operating margins in the long term also right?
- Atul Modi:** Yes, these are sustainable.
- Abhishek Sardar:** Okay sir that is very helpful. Thank you. I will come back in the queue.
- Moderator:** Thank you. We have the next question from the line of Deepanshu Jain an Individual Investor. Please go ahead.
- Deepanshu Jain:** Good evening Sir. First of all congratulations for a great set of numbers, I will have two, three questions. First what is our strategy to penetrate more into global market?
- Atul Modi:** Sorry, can you please repeat the question?
- Deepanshu Jain:** What is our strategy to penetrate more into global markets?
- Atul Modi:** We are very proactive in the international market, we are making our work efforts to reach out to more and more countries, at present our export is only in 85 countries so we are targeting another 10 countries in this financial year, so our focus is on Brazilian markets, Russia and the US party, because these are the very high potential business market places, so we are focusing on these countries, our marketing team is already visited Brazil next month, they are visiting Russia and then we are moving to USA to explore the business opportunities in these three countries and we got very good response from the Brazilian market already the sampling process has been started, so these are the three biggest markets in the international markets where we are going to have our focus and we are reaching out to maximum number of dental dealers in these countries and by taking part in the

exhibitions we can develop business contacts and we can develop business potential buyers, we can have meetings with them and that is in definitely resulting beginning of our business in these countries, so these are the potential markets where we are going to focus and besides that we are looking at other countries, smaller countries and we are getting very good response and we will be definitely doing much better in the international market in this financial year.

Deepanshu Jain: Okay, so can you say revenue contribution from our top products?

Atul Modi: We have about 20 top products which are contributing maximum to our revenue and we are focusing on the marketing of these products in the international market also and even in yes we got all these country products registered and cleared by USFDA, so these are the top end products for our country, which are bringing the maximum revenue, so our focus is to sell these products in the maximum quantity, so that we can improve our bottomline and we can also improve our topline, because these are very high value products with high value additions, so this is our strategy at present promoting the high value added products so this is our strategy at present.

Deepanshu Jain: Okay and what is our top one and top five product revenue contribution?

Atul Modi: Top fund product is our restorative materials, composite filling materials and other products which are the top selling products are our glass monomer cement, these are also restoring materials then we have a range of endodontic materials, so these are the products which have in mostly used by the dentist, every dentist requires restoration for filling of the broken tooth and cavities filling and also for root canal treatments, so these are the materials which are most commonly used by all dentists worldwide, so we are focusing only on these materials, rest of the products we have over 100 products out of the 20 products of the best selling products, but rest of the products have the complementary products, they cannot do any treatment without those 70, 80 products, but the high value products are 20 products which have got the maximum profits, so we are focusing on selling those products and they are bringing us the maximum revenue in this margin.

Deepanshu Jain: Okay Sir and last question, what are our core competencies on an export market?

Atul Modi: Actually the prices, being a product made in India, our pricing is very, very complicated, second competency is that we got all quality certifications which are required for export to international market, so we have got all the quality certificates from the European notified bodies and third is the product range, we are covering all the spectrum of dentistry so we are covering endodontic like covering, restorative materials so that is the ESP for our

company that we got good pricing, we got quality certification, we got a very good product range so with all these three things we are able to compete with multinational companies all over the world and we are getting very good results business growth in all these countries because of these three factors.

Deepanshu Jain: That is it from my side. Thank you for detailed responses.

Moderator: Thank you. We have the next question from the line of Jatin from RTL Investments. Please go ahead.

Jatin: Good evening Sir. A couple of questions, so first one is I just wanted to understand the competitive dynamics in the industry both in India and abroad like who are your main competitors and in terms of let us say I think globally your market share would be very small, but in India what is the size of the market and what would be your market share within that?

Atul Modi: The main competition is from the multinational companies. In India, we do not have a much competition from the domestic manufacturers because they are compared to our size of industry, they are very, very small and we have got all the quality certifications, we have a well organized professionally managed company, so we are competing directly with the multinational companies, so multinational companies they have a history of more than 100 years, they are pioneers in the dental industries, they are basically from Europe and the USA, they have a very strong brand value in the market so we are competing with them, it is a very tough challenge for our company to compete with the multinational companies and it is not only in India, worldwide we are competing with them and we are getting very good response. Now our business is growing year-on-year and the growth is phenomenal 30% to 40% every year we are growing, so this kind of growth is only possible if we have a high quality of production, we have good pricing, we have good marketing strategies then only we can sustain this growth and we have been there for years our business is growing at a very good rate, so we can continue with the same growth because when we set up our own R&D when it becomes operational. Newer products will be introduced by our company through our own internal R&D, so definitely we will have edge over all these companies and we can compete with all the multinational companies worldwide better way products, costing is low because the products are made in India, cost of production is low compared to the production costs in Europe and the USA, so these are the advantages which we have and that is the reason that our growth rate is so high and it will further go up when we have a new product range in the next financial year when we come up with the new diversified product range, we can hope for a much higher growth in the next financial year, but with

our present product line also we are expecting to maintain the same topline growth and bottomline will also be maintained.

Jatin: Just one question follow up on that when I think about this from a dentist doctor's perspective, the value of the material in the overall job that he must be doing, must be very small right so in that case why does the doctor care so much about the raw material cost of the feeling that he's doing, is that why would he take a chance on his reputation trying a new product when the overall cost of the procedure is so high and the cost of the material that is being filled is very small, so that is something I was not aware of?

Atul Modi: This cost of material is also very high, because the raw materials are very expensive and very high quality raw materials, so processing cost is also there, the dentist they are professional they have very high cost of treatment, so it is not only the material cost, it is the procedure costs, a lot of consumables, lot of equipments are required for the dental treatment, so that is the reason the dentist they are also charging very high, but compared to the international market, in India the cost of treatment is very low, well internationally the cost of treatment is very high, so our material cost is, it is not small, the cost of material is also quite expensive for a dentist.

Jatin: And what makes your cost of production so much lower compared to the MNCs like in the production process I am assuming this would not be very labor intensive, so what is it that really makes your cost of production so much lower compared to the MNCs?

Atul Modi: First is that all the raw materials which we are using are almost the same raw materials which other companies are using internationally, we also buy it from the same suppliers, it is only the cost of production other than the raw materials, the labor cost, power cost, other overheads they are low compared to the multinational companies, their overheads are very, very high so that is the reason that our cost of production is comparatively low and the products which are made in Europe, they are very expensive, because the European cost of production is definitely much, much higher than what is the cost of production in India other than the raw material cost, rest of the things are comparatively much cheaper in India, so that is the reason that our cost of production comparative to European manufacture is quite low.

Jatin: And how low would be your pricing compared to some of this MNC players, what is the pricing gap?

Atul Modi: The pricing gap could be 30% to 40% compared to the European and US manufacturers we are 30% to 40% lower than that.

- Jatin:** Despite that you are able to make 40% EBITDA margin?
- Atul Modi:** Yes, because the cost of materials is compared to, because there is a good value addition so these are the very specialized products, so the profit margins are good and that is why we are maintaining high profitability because there is a good amount of value addition, these are formulations not general type of products, not everyone can make the product, there are very few companies who can make such type of products, we have the technology expertise and that is the reason that we can sell at a very good price and we can make good profit margins out of that.
- Jatin:** Great. Thanks a lot for patiently answering my question.
- Moderator:** Thank you. That was the last question. I now hand it over back to Ms. Astha Jain for closing comments.
- Astha Jain:** Thank you. On behalf of HEM Securities Limited I thank Prevest team for giving us a detailed insight on results and the time we spend 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 the moderator.
- 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.