



SEBI Research Analyst Registration No: INH000009843

Prevest DenPro Ltd.

Initiating Coverage

14th September, 2023

CMP: ₹470 | Target Price: ₹794.3 | Lot Size: 400 qty

Upside Potential: 69% | Duration: 2 Years

Market Capitalisation: ₹564 Cr.

Research Analyst - Tushar Raghatate, Pratik Kulkarni

Investors are advised to refer through important disclosures made at the end of the Research Report.



ABOUT

Prevest DenPro is one of the world's leading dental materials manufacturers. Promoters Mr. Atul Modi and Mrs. Namrata Modi, who together have more than 42 years of experience in the dental profession, launched the company in 1999. Additionally, they have a dentistry industry advisory council that offers the board of directors general business and industry guidance. With the continued emphasis on research & development, the company has been constantly expanding its product range. The products are designed to meet the growing needs of dental professionals and dentists around the world. The Company manufactures, produces, and markets a broad range of dental products for identifying, treating, and preventing dental problems as well as enhancing the appearance of the human smile. The bulk of the clinical needs for consumable dental supplies among dentists are met by the breadth and depth of product choices. A broad range of materials for endodontics, prosthodontics, orthodontics, periodontics, restorative dentistry, aesthetic dentistry, and laboratory consumables are included in the product line.

In order to exchange technical information and to undertake training and research on dental materials, they collaborated with twelve reputable dental universities and institutions in India. They have also signed a license deal with the Sree Chitra Tirunal Institute for Medical Sciences & Technology in Kerala to acquire the knowledge and rights necessary for them to produce bioactive materials for bone augmentation.

The company sells its products in about 90 different countries, and in FY23, geographical split of sales was Asia - 68%, Europe - 9%, Africa - 15%, South America- 6% and Others - 2%. The company's manufacturing facility, which spans over 45,000 square feet in Kartholi, Samba (Jammu & Kashmir), has an installed capacity of 200 MT per year for the production of dental materials.

As part of the company's diversification plans, they have built a new manufacturing facility in an area larger than 16,000 square feet next to the current unit to produce a new line of products that will include biomaterials, oral care products, medicated ointments, gels, and creams for dental treatment, and hygiene products (sanitizers and disinfectants) (i.e., bone augmentation materials).

The proposed facility is well-equipped with latest machineries and is has commissioned in Q1FY24 and is pending approvals.

The goods are approved for marketing in the European Union and many other nations that have ratified the EU medical devices directives thanks to ISO 13485:2016 certification and the EU CE mark.

Additionally, they have received Good Manufacturing Practices certification from Breakthrough Management Quality Registrar (BMQR) for the production and selling of dental supplies.

MILESTONES

- **2000** - Established 1st manufacturing unit at Digiana, Jammu, J&K
- **2003** - Prevest Denpro 1st Dental company to receive ISO 9001:2000
- **2006**
1st Dental company in India to receive ISO 13485:2003 and CE certificate
- **2011**
Established 2nd manufacturing unit at Samba, J&K
- **2016**
 1. Won Sushruta award for Best Dental Manufacture by the Indian Dental Association's.
 2. Received Certificate for 'Best Enterprise' in the field of manufacture of dental materials, India by the Socrates Committee, Oxford, UK0
- **2017**
 3. Shifted manufacturing operations from First Manufacturing Unit to Second Manufacturing unit.
 4. Won "Northern Region Export Excellence Award" - Gold Trophy for outstanding export performance in the category of top exporter J&K - SME by FIEO (2017)
- **2019**
 1. The company signed MOU with many dental institutions like ACPM Dental College and Hospital, Army College of Dental Sciences and Terna Dental.
 2. The company also signed technology transfer agreement with Sri Chitra Institute for Biometrics.
- **2020**
 1. MOU signed with AB Shetty Memory Institute of Dental Sciences and RMS's NN satha College of Pharmacy.
 2. The company crossed turnover of ₹20 crores.
- **2021**
 1. The company got listed on the stock Exchange in SME category.
 2. Received USFDA clearance for dental cements and MDSAP certificate.
 3. The company filed application to get its in house developed product patented.
 4. In this year the company completed Saudi FDA registration.
- **2022**
The company received USFDA clearance for cavity liners and root canal sealers
- **2023**
Launch of Prevest Research and Development Facility

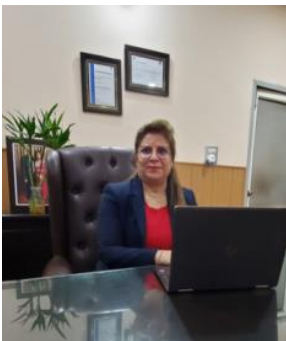
PROMOTERS AND MANAGEMENT TEAM

- **Mr. Atul Modi– Chairman& Managing Director**



1. The company's chairman, managing director, and promoter is Mr. Atul Modi. Since the Company's establishment, he has served on the board. He earned his mechanical engineering bachelor's degree from Bhopal University in 1976. He has worked for about 44 years, 21 of which are specifically related to the dental sector. The Socrates Committee, Oxford, UK, named him one of the "Managers of the Year" in 2016. The company has grown steadily under his leadership.

- **Mrs. Namrata Modi– Whole Time Director & CFO**



1. The company's full-time director, chief financial officer, and promoter is Mrs. Namrata Modi. Since the Company's establishment, she has served on the board.
2. In 2020, she graduated from Matrix Institute of Business Management with a Master of Business Administration (MBA). She has worked in the dental sector for around 21 years.

- **Dr. Sai Kalyan Surapaneni (Executive Director)**



1. Dr. Sai Kalyan Surapaneni is the Director of the company. He has completed his Bachelor of Dental Surgery (B.D.S.), MDS, MS, PhD (Dentistry)
2. He has 18 years of experience
3. He is currently involved in oversees of manufacturing operations, design and development of medical devices, quality control and research and development activities.

- **Mr. Vaibhav Munjal (Executive Director, CMO)**



1. Mr. Vaibhav Munjal is highly educated and experienced in the sales & marketing field having 17 years of work experience in various industries. He has worked across large Indian and MNC organizations like Godrej, Asian Paints and Samsung across various leadership positions for the past 17 years. He is a Mechanical Engineer from Thapar Institute of Engineering Technology and an MBA from SCMHRD, Pune.

- **Dr. Sudeep Haralakatte Murthy (Independent Director)**



1. Dr. Sudeep Haralakatte Murthy serves as a company's Independent Director. In 2012, he earned an M.D.S. in periodontology from Rural Dental College at Pravara Institute of Medical Science in Loni.
2. He has worked as an assistant professor and reader at dentistry institutions for more than 8 years.

- **Dr. Nikhil Shrikant Bobade (Independent Director)**



1. Dr. Dr. Nikhil Shrikant Bobade is an Independent Director of the Company.
2. He has completed his Master of Dental Surgery (M.D.S) in Conservative Dentistry & Endodontics from Rural Dental College under Pravara Institute of Medical Science, Loni in 2014.
3. He has around 6 years of experience as dental consultant and total work experience of over 9 years in the dental care field.

- **Niharika Modi (Director)**



14 years of experience in the IT sector. She has completed B.Tech in Computer Science.

ADVISORY BOARD

1. Dr. Carolyn Primus (BS, MS, PhD), USA: She is a renowned scientist, inventor, educationist and author.
2. Prof. Francesco Inchingolo (MD,DMD, O.M.F.S, M.P.H), Italy: He is a Professor in Dentistry, University of Bari "Aldo Moro", Italy
3. Prof. Dr. Mithra N. Hegde (MDS, PhD: She is a Vice Principal, A.B Shetty Memorial Institute of Dental Sciences, Mangalore
4. Dr. Vishal V. Pande (M. Pharma, PhD): He is a Principal in N. N. Sattha College of Pharmacy, Ahmednagar
5. Dr. KV Ramana Reddy (MDS, FDSRCS (England), FDSRCSI (Ireland)): He is Principal, Army College of Dental Science, Hyderabad
6. Dr. Shishir Singh (MDS, PhD): He is a Professor, Terna Dental College, Navi Mumbai
7. Prof. Dr. Alka Beotra (MSc PhD): She is Director Qatar Analytics and BioResearch Laboratory

CORPORATE GOVERNANCE

Positive Negative

| Checklist | Remark |
|-------------------------------------|---|
| Auditors' opinion | Unmodified |
| Auditor change | No Frequent change in Auditor |
| Promoter pledged % | No history of promoter pledging since listing |
| Conference call | Yes, shows investor friendliness |
| Investor presentation | Yes, shows investor friendliness |
| Related party transaction | Rent Rs. 4.80 lakh paid to Mrs. Namrata Modi. Mr. Vaibhav Munjal, Mr. Atul Modi's son-in-law is being offered 2% commission for sales exceeding Rs. 20 Cr, he also draws a high salary. |
| Group companies | Payment of rent to Prevest which is constant YoY |
| Independent Directors as % of Board | 37.5% are independent directors of the whole board |

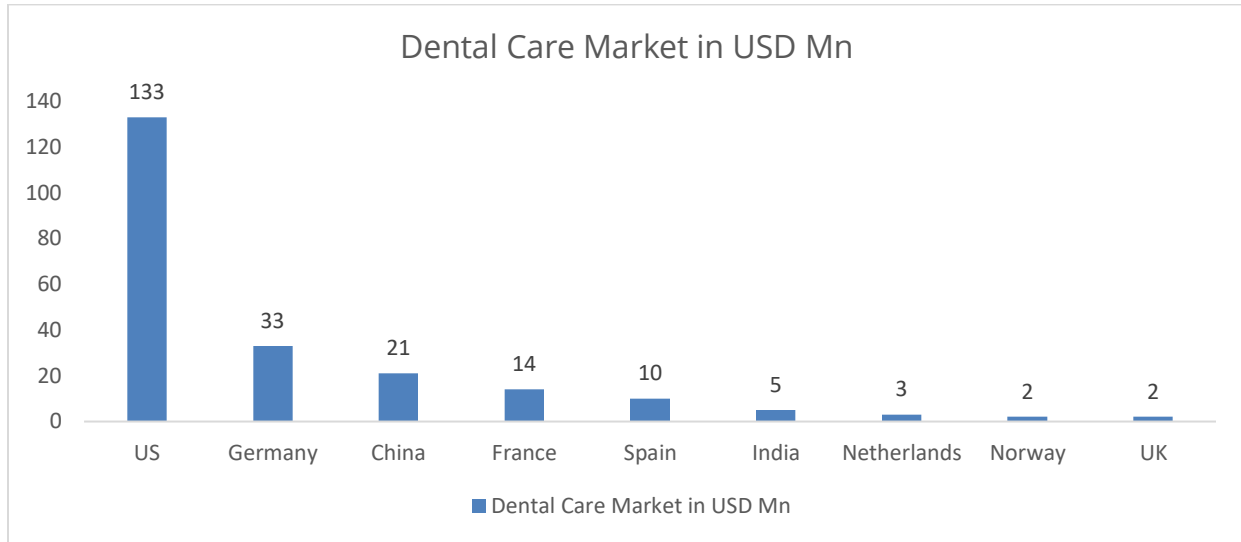
INDUSTRY ANALYSIS

GLOBAL DENTAL MARKET

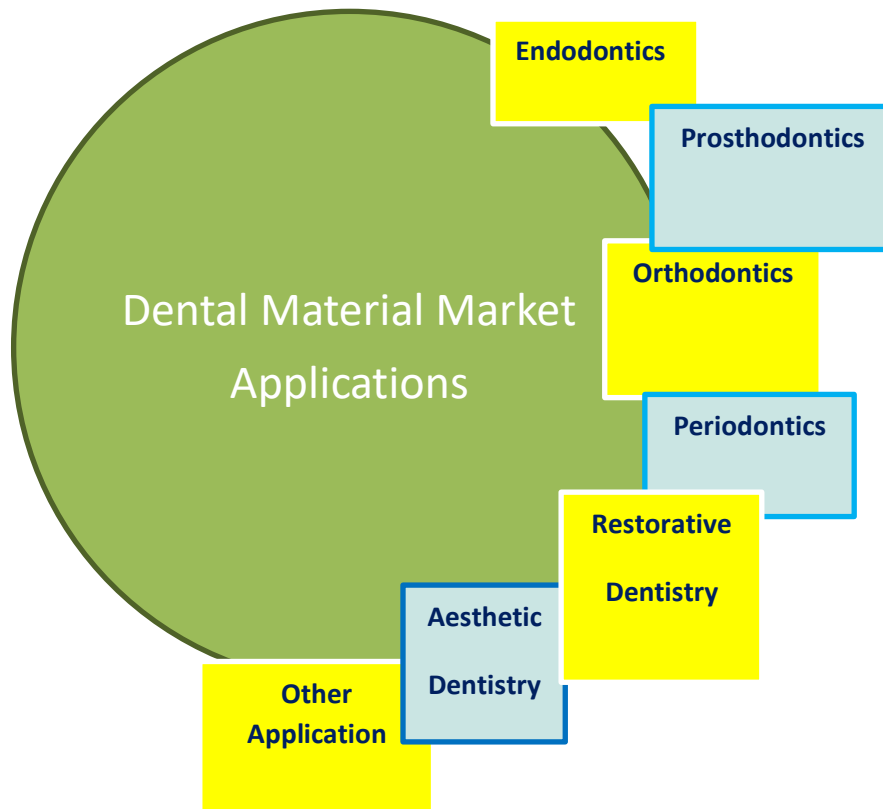
According to the WHO Global Oral Health Status Report (2022), about 3.5 billion people worldwide suffer from oral diseases, with three out of every four of these individuals residing in middle-income nations. 514 million children worldwide suffer from primary tooth decay, while 2 billion adults are thought to have permanent tooth decay.

Because of increased urbanization and modifications in living conditions, the prevalence of the major oral illnesses is continuing to rise worldwide. The availability and affordability of foods with a high sugar content, insufficient exposure to fluoride (found in the water supply and oral hygiene products like toothpaste), and limited access to oral health care services in the community are the main causes of this. The promotion of sugary foods and drinks, as well as alcohol and cigarettes, has increased consumer use of goods that worsen oral health issues and other NCDs. Due to all these factors, there is increase in the dental diseases like tooth decay, gum disease and total tooth loss.

Regardless of all the driving factors of the global dental materials market, the dental materials have to go through various stringent regulatory and clinical processes in order to ensure efficacy and quality which limits the growth of the global dental materials markets. As per World Health Organization (WHO) estimates, 2.3 billion people suffer from caries of permanent teeth globally. Approximately 530 million children suffer from caries of primary teeth, worldwide.



Dental material market segment by application



CAGR growth trends over forecasted years for dental material market segments (2020-2028)

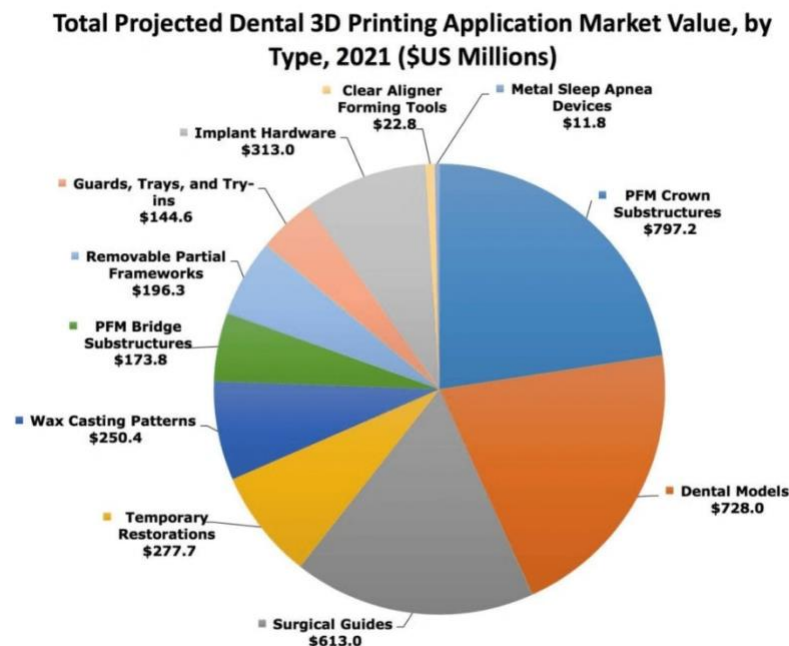
| | Endodontics | Prosthodontics | Periodontics | Restorative Dentistry | Aesthetic Dentistry | Other Application |
|-----------------------------|-------------|----------------|--------------|-----------------------|---------------------|-------------------|
| CAGR (2020-2028) forecasted | 8.1% | 7.2% | 7.6% | 9.1% | 8.2% | 6.9% |
| | | | | | | |

Region wise market globally

- N American market is expected to grow from \$8660 million in 2021 to \$14181 million by 2028.
- European market is expected to grow from \$5671 million in 2021 to \$8924 million by 2028
- Asia Pacific market is expected to grow from \$4108 million in 2021 to \$7128 million by 2028.
- Latin American market is expected to grow from \$1008 million in 2021 to \$1543 million by 2028.
- Middle East & African market is expected to grow from \$908 million in 2021 to \$1400 million by 2028.

The main growth drivers are increasing demand for less invasive and painless dental procedures, innovations in dental care materials and customized dental treatments.

With a revenue of \$8,240.3 Million, North America is anticipated to dominate the dental material market in 2020. Due to the existence of major market competitors, high levels of disposable income, and rising dental problem prevalence, North America now holds the leading position in the world market. Asia Pacific is anticipated to develop significantly over the forecast period, with a CAGR of 9.1%.



Source: explodingtopics.com

DENTAL MATERIAL MARKET IN INDIA

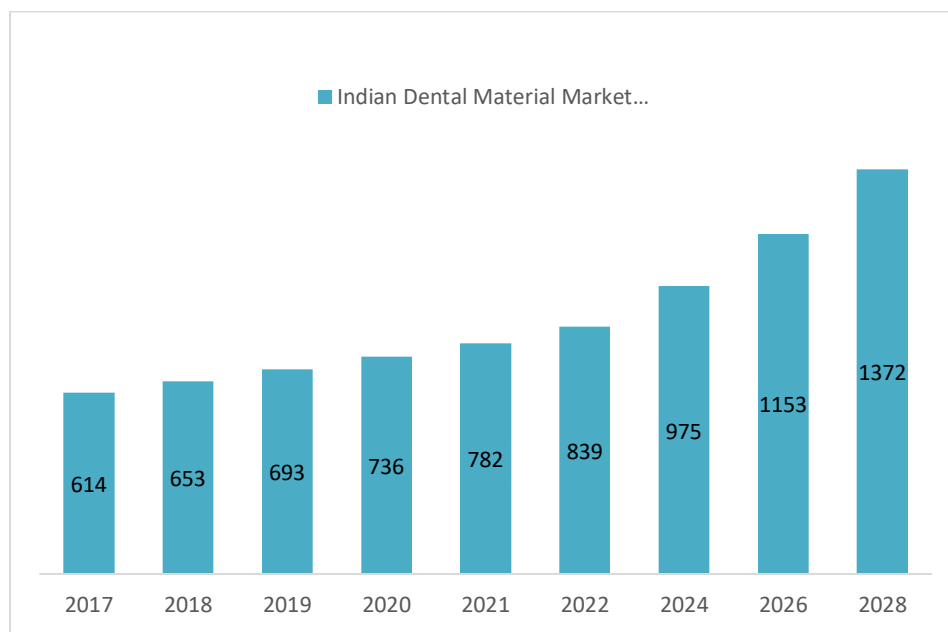
There has been an increase in the number of dental implants and oral procedures performed due to the rise in oral disorders, particularly among youngsters and the elderly. Dental caries, oral malignancies, and periodontal disorders are all major oral health concerns in the United States. The Indian market for dental materials was worth \$736.8 million in 2020 and is anticipated to grow to \$1372.4 million by 2028, showing a CAGR of 9.3% during the forecast period.

Key Market Trends

Dental caries is becoming more and more common in India. Prevalence of Dental Caries in the Indian Population: A Systematic Review and Meta-analysis, a study released in June 2021, found that the overall prevalence of dental caries was 54.16%, with age-specific prevalence of 62% in patients over the age of 18 and 52% in patients between the ages of 3 and 18. Recent trends in India point to an increase in oral health issues, with dental caries being the most common. Over the past half of the previous century, both the prevalence and severity of the condition have uniformly increased, which has given way to a rise in the market for dental materials.

Indian Dental Material market historical and forecasted trends

There is an upward trend of revenues from dental material market in India which has grown at a CAGR (2013-2019) of 6.3% and for the forecasted period the market is expected to grow at a CAGR (2021-2028) of 9.3%.



Growth Drivers for the Indian Dental Material Market

- Rising dental treatment tourism in India
- Increased prevalence of dental disorders
- Increase in demand for dental cosmetic procedures
- Introduction of insurance schemes for dental treatments
- Poor oral hygiene, cigarette use, and a sugary diet are all factors that contribute to dental disorders in India which in turn has given way to increasing dentistry market.

India has skilled dentists in the world with over three lakh dentists, 5000 Dental laboratories and over 297 Dental Institutions, which makes the Indian Dental Market a huge market.

The global dental market has grown at a CAGR of 5% over the last five years with the Asian and Indian markets showing growth of 10% and 6.3%, respectively.

India's turnover for dental products was Rs. 5000 Cr. and global turnover was Rs. 1,50,000 Cr. in FY20. So, there is a huge headroom for Prevest in Global as well as Indian markets.

THE COMPANY

- Prevest Denpro manufactures, produces, and markets a broad range of dental products for identifying, managing, and preventing dental issues as well as enhancing the appearance of the human smile. Most of the clinical demands of dentists for consumable dental supplies are met by the breadth and depth of the product offerings. The company's product line includes a wide range of products for endodontics, prosthodontics, orthodontics, periodontics, restorative dentistry, cosmetic dentistry, and lab supplies.
- The company has the capability and capacity of manufacturing 100+ products that are applied in endodontics, prosthodontics, orthodontics, periodontics, restorative dentistry, cosmetic dentistry, and supplies for laboratory purposes.

- **Overview**

A broad range of materials for endodontics, prosthodontics, orthodontics, periodontics, restorative dentistry, cosmetic dentistry, and laboratory consumables are included in the product line. The company's manufacturing facility, which spans over 45,000 square feet in Kartholi, Samba (Jammu & Kashmir), has an installed capacity of 200 MT per year for the production of dental materials. Additionally, as part of their plans for diversification, they have grown the current manufacturing facility by constructing a new manufacturing facility in an area of more than 16,000 square feet next to the existing unit to produce a new line of products, which will include hygiene products (sanitizers and disinfectants), oral hygiene products (mouth washes and mouth rinses), and other products.





- Prevent Denpro's product portfolio can be divided mainly into **Clinical products and Laboratory products.**

Clinical products include

| Sr No | Clinical Products | Images |
|-------|-----------------------------|---|
| 1. | Adhesives, Bonding & Agents |  |
| 2. | Auxiliaries |  |
| 3. | Cement & Liners |  |
| 4. | Composites |  |
| 5. | Endodontics |  |
| 6. | Finishing & Polishing |  |
| 7. | Impression Material |  |
| 8. | Oral Care |  |
| 9. | Orthodontics |  |
| 10. | Retraction Materials |  |
| 11. | Temporaries |  |
| 12. | Tooth Whitening |  |

Laboratory products include

| Sr No | Laboratory Products | Images |
|-------|---------------------|--|
| 1. | Acrylics |  |
| 2. | Auxiliaries |  |
| 3. | Base Plates & Waxes |  |
| 4. | Gypsum Products |  |

Product category and its usage

Product Categories (No of products)

- Endodontics Material (25+)
- Cements and Liners (15+)
- Composites (6+)
- Orthodontics (2+)
- Finishing & Polishing (5+)
- Auxillaries (6+)
- Impression Material (6+)
- Tooth Whitening (4+)
- Haemostatic Material (2+)
- Temporary Material (5+)
- Lab Material (8+)
- Adhesives, Bonding Agents & Etchants (8+)

Product Usage

- Root canal treatment
- Luting & restorative application
- Dental restoration & filling
- Orthodontic application
- Polishing & oral prophylaxis
- Support in various dental procedures
- Recording dental impressions
- Whitening of discoloured teeth
- Controls haemostasis during dental procedures
- Temporary restoration and fillings
- Used in dental labs in the fabrication of artificial prosthesis
- Used as adhesive in dentistry

TIE UPS/COLLABORATIONS/JOINT VENTURES

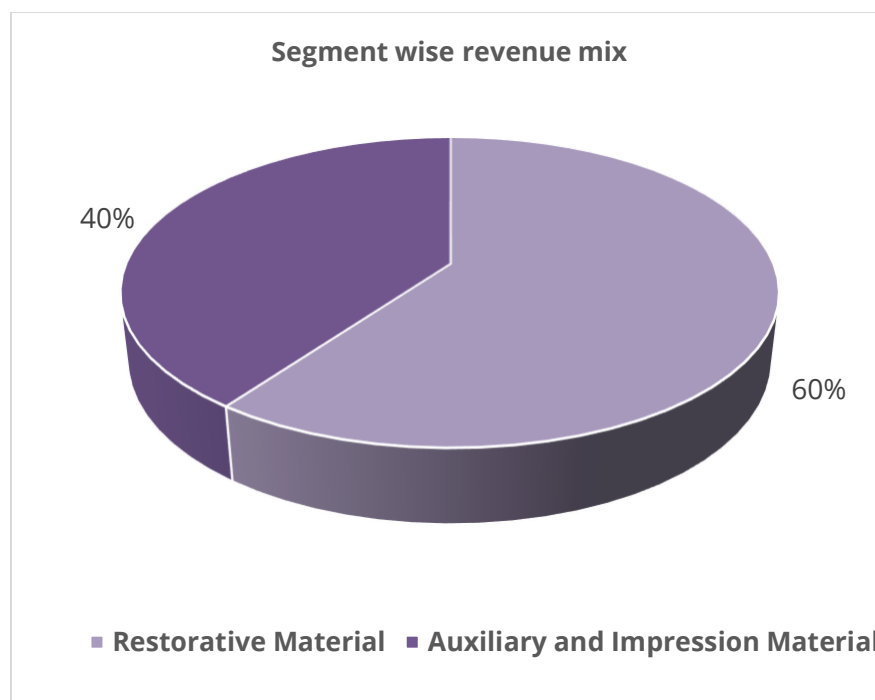
The Company has partnered with twelve reputable dental universities and institutions, including Terna Dental College & Hospital in Mumbai, A.B. Shetty Memorial Institute of Dental Sciences in Mangalore, Karnataka, Army College of Dental Sciences in Secunderabad, Telangana, R.S.M.N.N. Sattha College of Pharmacy in Ahmednagar, Maharashtra, J.M.F.'s A.C.P.M. Dental College etc. in order to acquire the know-how and the right to produce bioactive bone cement based on calcium sulphate and calcium phospho-silicate composite (HA-BG) Granules. The Company additionally entered into a licencing arrangement with Sree Chitra Tirunal Institute for Medical Sciences & Technology, Trivandrum. The company also has a dental industry advisory council that offers the board of directors general business and industry counsel.

REVENUE MIX BY SEGMENT

Dental composite fillings, dental cements, and cavity liners are top sellers.

These products from the prosthodontic and endodontic ranges are the best-selling ones.

These products are the most widely utilised on a global scale. Prosthodontics is used to restore broken and damaged teeth, while endodontics is used for root canal therapy. Segment wise revenue mix for the company is 60% restorative material which includes composite, cements, cavity liners, and root canal sealers. The other 40% revenue comes from Auxiliary material and impression material.



MANUFACTURING FACILITIES

Prevest DenPro Limited is one of India's leading dental material manufacturers, serving the international dental market with a wide range of high-quality dental materials used for diagnosis, prevention, and treatment of dental conditions as well as improving the aesthetics of the human smile. The company has over 24 years of experience in the development, manufacture, and sale of innovative materials for dental professionals.

More than 90 countries, worth of dental professionals trust the company's more than 100 dental products, which are used in endodontics, prosthodontics, orthodontics, periodontics, restorative dentistry, aesthetic dentistry, and for the fabrication of prostheses in dental labs.

Due to ongoing investments in R&D and an ever-expanding product portfolio, the company is one of the top dental manufacturers in the world.

- The company's manufacturing facility, which spans over 45,000 square foot area and is situated at EPIP Kartholi, Samba, close to Jammu, J&K, develops, produces, and assembles products internally.
- The Company seek to take advantage on the growth opportunities in the hygiene, oral care, oral hygiene and bio-materials segment through its well-positioned operations, leaning on the existing network of dealers & agents, and being managed by an experienced management team.
- The company has come up with a new manufacturing facility (adjacent to the current unit) with a floor area of more than 16,000 square feet to produce a new line of products, including biomaterials, sanitizers, disinfectants, and oral care products (medicated ointments, gels, and creams for dental treatment) bio-materials (bone grafting materials and membranes). Total capex incurred on the facility is around Rs. 30 Cr.

- **Capacity Utilization**

| Year | Installed Capacity (In MT pa) | Actual Production (In MT pa) | Capacity Utilization (In %) |
|-------------|----------------------------------|---------------------------------|--------------------------------|
| FY19 | 150 | 144 | 96 |
| FY20 | 150 | 125 | 83.33 |
| FY21 | 150 | 119 | 79.33 |
| FY22 | 200 | 160 | 80 |

The company decided to reduce the sale of low value products because they were not contributing much to the revenue generation and also, they were not profitable products. The company reduced their production and increased the production and sale of the high-value products. That's why capacity at one time, utilization was high. It came down to 79% because they stopped manufacturing some products which were not at all profitable for the company.

CERTIFICATIONS

Prevest DenPro Limited is certified according to EN ISO 13485:2016 and EC Directive 93/42/EEC. Some of the products like dental cements are USFDA cleared.

Additionally, they have received Good Manufacturing Practices certification from Breakthrough Management Quality Registrar (BMQR) for the production and selling of dental supplies.

SUBSIDAIRY AND ASSOCIATES COMPANIES

The Company incorporated a wholly owned subsidiary in the name of Denvisio Biomed Limited on 15th May 2023.

RAW MATERIAL

The main raw materials which are required to manufacture dental products includes zinc oxide, pumice powder, aluminum chloride, camphor, glycerine, paraffin, zirconium oxide, eugenol, diatomaceous earth, waxes etc. which are procured by the Company from domestic vendors.

Further, certain raw materials such as Aerosil, Bisphenol A Bis Propyl Ether, Ethoxylated Bisphenol A Dimethacrylate, Triethylene Glycol Dimethacrylate, Urethane Dimethacrylate, Glass Powders, Sodium Alginate etc. are imported from international vendors located in Germany, USA, Korea and China by the Company. About 30% of the raw material is imported and the rest is from local manufacturers. Imports are mainly from Europe and the USA; China is only for some packaging materials but all raw materials come from European countries and from the USA.

COMPETITION

Due to the sector's established competitors, the dental market is only moderately competitive. Some of the major market players include

- 3M,
- Carestream Health Inc.,
- Danaher Corporation, and
- Dentsply Sirona.

Revenues in USD Bn

| | CY21 | CY20 | CY19 |
|---------------------|--------|--------|--------|
| 3M | 35.355 | 32.184 | 32.184 |
| Dentsply Sirona | 4.251 | 3.342 | 4.029 |
| Danaher Corporation | 29.453 | 22 | |

Operating income in USD Bn

| | CY21 | CY20 | CY19 |
|---------------------|-------|--------|-------|
| 3M | 7.369 | 7.161 | 6.174 |
| Dentsply Sirona | 0.622 | -0.012 | 0.361 |
| Danaher Corporation | 7.465 | 4.231 | |

Valuation

| | MCap | CMP | PE (TTM) | EPS (TTM) |
|------------------------|--------------------|-----------|-----------|-----------|
| 3M | 71.58 (in USD Bn) | USD 129 | 11.30 (x) | 11.46 |
| Dentsply Sirona | 7.855 (in USD Bn) | USD 36.55 | 22.99 (x) | 1.59 |
| Danaher Corporation | 199.18 (in USD Bn) | USD 273 | 30.17 (x) | 9.07 |
| Prevest Denpro* | 426 (in Rs. Cr) | Rs. 355 | 32.3 (x) | 11.01 |

Source: Yahoo Finance and Screener.in

*Prevest Denpro financials are based on the Financial year and other companies are based on the Calendar year

The global companies are the main peers. Prevest does not face much competition from local manufacturers in India because their market is very small and they compete directly with global firms

The market also benefits from the presence of a few smaller businesses that account for a sizeable portion of the market.

Global dental imaging gadget firm Vatech announced in August 2021 that it had begun selling and distributing dental supplies online in India. This action is a component of Vatech's larger plan to diversify its commercial ventures in nations with the highest market shares.

AWARDS AND RECOGNITION

Prevest DenPro wins ASSOCHAM "MSME of the Year Award"

Prevest DenPro Limited was bestowed with MSME of the Year Award in 8th MSME Excellence Awards & Summit organized by ASSOCHAM at Hotel Taj Mahal, New Delhi on 9th March 2022. The award was received by Mr. Atul Modi Managing Director and Mrs. Namrata Modi Executive Director from Hon'ble Minister of MSME Sh. Narayan Tatu Rane in the presence of a large number of dignitaries, officials and representatives of industries and commerce.



Export Excellence Award

Northern Region

Prevest DenPro Limited, the leading dental products manufacturing company, was awarded by the Federation of Indian Export Organisations for outstanding Export Performance in the category of Top Exporters, Jammu & Kashmir



Best Enterprise Award

Prevest DenPro Limited the leading dental products manufacturing company was recently bestowed with the Best Enterprise award by European Business Assembly for their strong position and status in the national and global market in the field of manufacture of Dental material.

Best Dental Manufacturer

Sushruta Award

Indian Dental Association's Sushruta Award for Best Dental Manufacturer was received by Shri Atul Modi Managing Director of Prevest DenPro Limited from Sh. J.P. Nanda the Union Minister for Health and Family Welfare.



Award of Excellence

Indian Dental Association, Jammu Branch

IDA, Jammu Central honored Prevest DenPro Limited with an Award of Excellence was given by Sh. Bali Bhagat, Minister for Health & Medical Education, Jammu & Kashmir State

SME Excellence Award - 2018

Assocham, India



Life Time Achievement Award to Mr. Atul Modi

Indian Dental Association, Jammu Branch



STRENGTHS

- The company produces dental products in-house along with testing facilities also available in-house. The company has state-of-the-art production infrastructure with production space of over 45,000 sq.ft.
- Prevest DenPro is the first Indian dental materials manufacturer to set up a research centre in the private sector. The new facility is now operational in a record time of one year with an investment of Rs. 14 Cr. approx. The facility is spread across 16000 square feet. This facility has been equipped with required infrastructure to design & develop dental materials, conduct product reliability performance testing and verification.
- The company has wide sales and distribution network. The company has 55+ dealers in India and 90+ overseas agents. Through its own website (prevestdirect.com), the GEM Portal, as well as other third-party websites (Amazon), the Company engages in direct consumer sales in addition to B2B sales. It doesn't deal with dentists in a direct way. Due to the nature of its company, it solely interacts with dealers and distributors.
- The company product portfolio covers clinical as well as laboratory products. The company has a comprehensive product portfolio of over 100 products, all manufactured in-house to cater to the majority of the needs of the market.
- The company has been in this line of business since 1999, and Promoters, Mr. Atul Modi and Mrs. Namrata Modi, who cumulatively possess over 42 years of experience in dental industry.
- The company has collaborated with reputed dental universities and institutions which helps them exchange technical knowledge and conduct training & research on dental materials.
- The company is a debt free company.
- The freight cost is borne by the buyer and company is not affected by any changes in the freight prices.
- The company works on 100% advance payment or LP.
- Robust financial performance with good return on equity (ROE) track record: 3 Years ROE 28% and healthy operating cash flows show the company's strong financial position.

TRIGGERS

1. ROBUST FINANCIAL GROWTH AND STRONG FUTURE PROSPECTS

Announced Maiden Dividend of 10% per Share in Q1FY24.

Guidance

- The company has successfully achieved its FY23 revenue target of Rs. 50 cr.
- The company will be able to achieve optimum utilization from the newly installed capacity within 4-5 yrs.
- The margins are expected to either remain stable or grow further slightly.
- The company estimates a conservative revenue growth of 30% for the next year, but is confident it will perform better than that.

2. IMPRESSIVE MARGIN EXPANSION OVER THE YEARS

- The company's base margins used to be 13%-18% which has now expanded to an impressive 40% in FY23, this was mainly due to an increase in the sale of products with high margins and the company is expecting that the margins will further increase going forward as the company has entered into new export markets which are high price markets.

3. STRONG INHOUSE R&D FACILITIES TO DRIVE FUTURE GROWTH

- The recently set up R&D facility has to bring out new innovative products for better oral, dental and craniofacial health. The company has also employed various scientists who will help the company to maintain its key competency in quality and utilize this facility to continuously monitor and improve the quality of products.
- In FY23, the company has started its Research and Development facility and plans to go stronger on R & D Year on Year. The 3D resin product line presents a game-changing opportunity for the dental industry.

4. ENTER INTO HIGHER GROWTH MARKET REGIONS GIVING A BOOST IN THE SALES

- The company is taking proactive steps to strengthen its reach globally and explore business opportunities in countries like Australia, Canada, and Brazil.

- A wholly-owned subsidiary company, Denvisio Biomed Limited, has been incorporated to handle sales and marketing activities and diversify into new business lines. Mr Vaibhav Munjal has been appointed as CMO of the Company, who has a vast experience.

5. BIO MATERIALS MARKET

- Biomaterials markets will witness a CAGR of 7.29%, which is around \$14.5 billion by 2030. The company is coming up with biomaterial products and they are confident that this introduction of new products will drive good business.

6. HEALTHY RISE IN MARKET SHARE IS IMMINENT

- The domestic market for dental materials is estimated to be around INR 1,000 crores, with Prevest DenPro currently holding a 2.5-3% market share.

7. EXPORT MARKETS

The company's primary focus is to increase its footprint in international markets. Currently, the company is exporting to 90+ countries, going forward, the company intends to enter Australia, Brazil and Canada markets. More than Two-thirds of the revenue comes from export market. The company has also got 3-4 orders from Saudi Arabia and is expecting to get more orders of at least \$1 million. All the products have been already approved by USFDA and these countries will bring in huge business opportunities for the company.

- The company has got US-FDA approval for 20 products now they will have a bigger portfolio for the US markets. The company is selling its products in the US market through distributors and has a long-term contract with a company for the next five years.
- They have already secured business in Russia and are in the process of registering their products in Brazil, which is a tough market due to regulatory registrations.
- They are doing private labeling for two big companies in the US and are waiting for feedback before expanding further.
- The company plans to increase their market share from 2% to 4% in the current financial year and double their sales in the next two to three years.

8. COMPETITIVE COST OF PRODUCTION AND SELLING PRICE

- The company's cost of production is almost half of the cost of other MNCs which are in this line of business and the selling price also is low as compared to other companies which gives them an edge over their peers. The company's cost of production is 30% lower as compared to European and US manufacturers.

9. STRONG QUALITY MANAGEMENT SYSTEM

- The business has effectively put in place a TUV SUD, Germany-approved quality management system that is very effective. All production procedures are subjected to rigorous monitoring and testing as a result of the strong quality management system, which guarantees the consistency of product quality and safety. Prevest DenPro has received ISO 13485-2016 and an EC Certificate as a consequence of the deployment of a solid quality management system. The business successfully obtained SFDA after passing the Saudi FDA regulatory compliances. The business has also been certified by MDSAP, which stands for Medical Device Single Audit Program for the USA, Canada, and Brazil. Going forward, the company can easily explore business opportunities in these countries which they are already, as they have all certifications in place.

10. TAILWINDS TO DENTAL INDUSTRY

- The rise in oral disease, rising per capita income, and rising oral health awareness are some of the main factors that are helping the dental sector thrive.
- Government investment in oral health services is rising along with public health. According to WHO statistics, 3.5 billion people worldwide suffer from oral disorders, most of which are periodontal disease, oral cancer, and caries of the permanent teeth. As a result, there is an increasing need for dental care. A developing market for aesthetic dentistry is another prospective sector of business for the dental industry, in addition to dental problems. Therefore, the dentistry business has a very promising future with stable and long-term growth.
- The company will be able to serve dental professionals with a considerably wider product range encompassing all major segments of dentistry due to the implementation of the development of the existing business and diversification into oral hygiene, oral care, and biomaterials project.
- The company got approvals from Saudi FDA too to export to Saudi Arabian markets, Prevest is the first company in India which has got the Saudi FDA clearance. The company is fully geared with all quality certifications and approvals to enter the new export markets.

11. STRATEGY TO PARTICIPATE IN INTERNATIONAL TRADE FAIRS WILL HELP IN ENTRY TO NEWER MARKETS

- The company have lined up participation in various international exhibitions in FY24, which will help generating business from these countries.

12. Manufacturing capacity with sufficient headroom to accommodate future growth

- Manufacturing facility is located at Kartholi, Samba (Jammu & Kashmir), comprising of over 45,000 sq. ft. area and has an installed capacity of 200 MT p.a. for manufacturing of dental materials.
- As per the diversification plans the company has come up with an additional manufacturing facility in over 16,000 sq. ft. area for manufacturing new line of products that will include hygiene products (sanitizers and disinfectants), oral hygiene products (mouth washes and mouth rinses), oral care products (medicated ointments, gels, and creams for dental treatment) and biomaterials (i.e., bone augmentation materials).
- The company has sufficient capacity to accommodate growing requirements of the market with modernization.
- The company has completed the construction of a state-of-the-art facility for the manufacture of disinfectants, oral hygiene, oral care, and biomaterial products, and anticipates receiving regulatory approval soon. Entering a new product line with a market size of \$2 billion and expects good margins.
- The company has an installed capacity that can generate INR150 crores of revenue, but has only utilized 35% of it in FY23.

13. Benefits due to Jammu and Kashmir location

- Though the company's manufacturing facility is located at Jammu and Kashmir, there has never been any occasion of violence.
- Jammu and Kashmir is providing the lowest power rate and the cost of employment is also comparatively low, so the operational costs are very low here.
- The company is paying tax at a rate of 25%.
- There are many incentives given by the State and Central Government, Prevest is availing those benefits and is able to keep its COGS low as compared to other multinationals in this segment.
- The company expects a cost saving of INR 1 crore from import substitution and a turnover of INR 2-2.5 crores from the 3D printing resin product line in the next two years.

RISKS

- The company will take 4-5 years to achieve a maximum capacity utilization of the existing as well as the newly installed capacity.
- The company is in competition with large multinationals which are already well established.
- In order to penetrate deeper into overseas market the company will need to have good experience with the regulatory environment internationally. To run the business, the company needs a number of legal and regulatory licenses and permissions and must timely comply with regulations.
- Customers have high and rigorous requirements for product quality as well as delivery deadlines given the nature of the products and the industry in which they operate. Compliance with quality standards is essential for the manufacturing process since any flaws in the company's products or failure to meet the technical requirements may result in the cancellation of orders.
- The company has not complied with certain Accounting Standards such as AS-6, AS-10, AS-11, AS-15 and AS-22 and Section 129(1) of the Companies Act, 2013 while preparing the annual accounts in the past, the same have been duly complied by the company in the restated financial statements. Further, there are certain forms which are filed with delayed fees with RoC. Although, no show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in the future by any regulatory authority could affect financial health to that extent.
- The quality and availability of raw materials, currency fluctuations, consumer demand, shifts in governmental policy, and regulatory sanctions are just a few of the variables that can create supply disruptions and price volatility for raw materials, including packaging materials. Top ten suppliers made up roughly 56.9% and 56.2% of total purchases in the fiscal years 2019–20 and 2020–21, respectively.
- The company has one outstanding case pertaining to direct tax but as per FY22 annual reports there are no litigations pending which will impact its financial position.
- Managing Director Mr. Atul Modi draws a salary of Rs. 12,00,000 pm (to be increased to Rs 15,00,000 pm from 1st September 2023) and Whole Time Director and CFO Mrs. Namrata Modi draws a salary of Rs. 12,00,000 pm to be increased to Rs 15,00,000 pm from 1st September 2023) with Rs 4.8 lakhs of annual rent. The salaries of Managerial personnel seem very high as compared to the total revenue.
- The company has its manufacturing facility in the state of Jammu and Kashmir, which has a history of geo-political disturbances and prevalence of terrorism. In case of any riots or disturbances the company's manufacturing activities might get hampered leading to adverse effects on finances.

● **SPECIAL BUSINESS:**

4. APPOINTMENT OF MR. VAIBHAV MUNJALAS DIRECTOR OF THE COMPANY

*To consider and if thought fit, to pass with or without modification(s), the following Resolution(s) as a **Special Resolution**:*

"RESOLVED THAT pursuant to the provisions of Section 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 and Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and pursuant to the recommendation of the Nomination and Remuneration Committee and approval by the Board of Directors of the Company, MR. VAIBHAV MUNJAL (DIN: 10072098)who was appointed as an additional director of the company w.e.f. 27th April, 2023, be and is hereby appointed as an Executive Director, liable to retire by rotation of the Company for a period of five years w.e.f. April 27, 2023 upto April 26, 2028 (both days inclusive) on terms and conditions including remuneration as follows:

- a) Salary: **10,00,000 (Rupees Ten Lakhs Only)** per month.
- b) Commission: The company will offer a 2% commission on domestic sales exceeding 20 crores.

Mr. Vaibhav Munjal is the son in law of Mr. Atul Modi. It is a risk that he is being offered above commission as he also draws a high salary. We will monitor this closely in coming quarters.

SHAREHOLDING PATTERN (Q1FY24)

1. Promoters- 73.60%
 - No history of promoter pledging shares.
2. FII- 0.26%
3. DII-0.61%
4. Public- 25.53%

PRICE HISTORY AND PERFORMANCE

Prevest Denpro Ltd



FINANCIALS

• PROFIT AND LOSS STATEMENT

(All figures are in Cr. unless mentioned otherwise)

| P & L | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------|-------|-------|-------|-------|-------|-------|
| Net Sales | 16.98 | 19.28 | 22.77 | 28.48 | 38.11 | 49.85 |
| Total Expenditure | 14.02 | 15.40 | 17.58 | 19.45 | 22.89 | 30.05 |
| Gross Profit | 11.69 | 12.79 | 15.78 | 20.58 | 28.44 | 37.36 |
| GPM (%) | 65.99 | 64.16 | 67.84 | 70.94 | 72.24 | 73.61 |
| EBITDA | 3.56 | 4.37 | 6.98 | 10.06 | 16.85 | 21.84 |
| EBITDAM (%) | 20.98 | 22.65 | 30.65 | 35.33 | 44.20 | 43.81 |
| EBIT | 3.15 | 3.96 | 6.54 | 9.59 | 16.32 | 21.17 |
| EBITM (%) | 18.53 | 20.56 | 28.73 | 33.68 | 42.83 | 42.46 |
| PBT | 2.93 | 3.76 | 6.28 | 9.34 | 16.05 | 20.96 |
| PAT | 2.17 | 2.99 | 5.01 | 7.21 | 11.57 | 15.71 |
| PATM(%) | 12.78 | 15.53 | 22.00 | 25.31 | 30.36 | 31.51 |

• FUND FLOW ANALYSIS

(All figures are in Cr. unless mentioned otherwise)

| Sources of Funds | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---------------------------|-------|-------|-------|-------|-------|-------|
| Cash Profit | 2.59 | 3.40 | 5.45 | 7.68 | 12.09 | 16.39 |
| Equity Paid Up | 0.29 | 0.29 | 0.29 | 0.29 | 12.00 | 12.00 |
| Reserves & Surplus | 7.02 | 10.01 | 15.02 | 22.21 | 45.08 | 60.79 |
| Net Worth | 7.30 | 10.30 | 15.31 | 22.50 | 57.09 | 72.80 |
| Total Debt | 1.17 | 1.42 | 1.64 | 1.39 | 1.37 | 0.00 |
| Capital Employed | 8.47 | 11.72 | 16.95 | 23.89 | 58.45 | 72.80 |
| Application of Funds | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Gross Block | 6.34 | 7.74 | 8.33 | 8.96 | 10.84 | 12.10 |
| Investments | 0.00 | 0.08 | 0.23 | 0.44 | 0.73 | 1.19 |
| Cash and Bank balance | 4.19 | 6.06 | 10.30 | 16.42 | 42.32 | 39.00 |
| Net Current Assets | 4.43 | 6.66 | 11.75 | 17.06 | 47.30 | 48.88 |
| Total Current Liabilities | 2.75 | 3.33 | 3.82 | 6.55 | 5.40 | 5.44 |
| Total Assets | 11.50 | 15.34 | 21.08 | 30.68 | 64.14 | 78.61 |

Source- Ace Equity, KamayaKya research

- CASH FLOW STATEMENT**

(All figures are in Cr. unless mentioned otherwise)

| Cash Flow | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|-------|-------|-------|-------|-------|--------|
| Cash Flow from Operations | 2.42 | 3.01 | 4.73 | 8.76 | 6.96 | 10.67 |
| Cash Flow from Investing activities | -1.09 | -1.23 | -0.52 | -1.93 | -3.87 | -12.38 |
| Cash Flow from Finance activities | -0.14 | 0.09 | 0.03 | -0.57 | 22.82 | -1.62 |
| Free Cash flow | 0.12 | 1.68 | 4.15 | 6.62 | 3.14 | -1.33 |

- QUARTERLY P & L**

(All figures are in Cr. unless mentioned otherwise)

| P & L | Q3'22 | Q4'22 | Q1'23 | Q2'23 | Q3'23 | Q4'23 | Q1'24 |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|
| Net Sales | 11.41 | 9.39 | 12.37 | 11.21 | 12.27 | 13.77 | 13.39 |
| Operating Costs | 3.04 | 4.56 | 4.13 | 3.98 | 4.39 | 5.15 | 4.99 |
| Misc. Expenses | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EBITDA | 4.89 | 2.97 | 4.58 | 4.21 | 4.96 | 5.60 | 4.97 |
| EBDTAM (%) | 42.83 | 31.57 | 37.00 | 37.57 | 40.47 | 40.69 | 37.08 |
| Depreciation | 0.13 | 0.15 | 0.15 | 0.19 | 0.18 | 0.16 | 0.18 |
| EBIT | 4.76 | 2.81 | 4.43 | 4.02 | 4.78 | 5.45 | 4.79 |
| EBDTM | 41.72 | 29.95 | 35.82 | 35.89 | 38.97 | 39.55 | 35.77 |
| Other Income | 0.38 | 0.80 | 0.62 | 0.82 | 0.50 | 0.33 | 0.61 |
| Other Income | 0.38 | 0.80 | 0.62 | 0.82 | 0.50 | 0.33 | 0.61 |
| Interest | 0.02 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| EBT | 5.12 | 3.62 | 5.05 | 4.84 | 5.28 | 5.78 | 5.40 |
| EBTM (%) | 44.85 | 38.49 | 40.82 | 43.23 | 43.06 | 41.97 | 40.29 |
| Tax | 1.37 | 1.15 | 1.37 | 1.51 | 1.69 | 0.67 | 1.31 |
| Profit after tax | 3.75 | 2.46 | 3.68 | 3.33 | 3.59 | 5.11 | 4.08 |
| PATM (%) | 32.88 | 26.22 | 29.78 | 29.74 | 29.25 | 37.07 | 30.49 |

Source- Ace Equity, KamayaKya research

- QUARTERLY P & L ANALYSIS**

(All figures are in Cr. unless mentioned otherwise)

| Particulars | Q1FY24 | Q4FY23 | QOQ | Q1FY23 | YOY |
|------------------------------------|-------------|-------------|---------|-------------|--------|
| Net Sales | 13.4 | 13.8 | -2.75% | 12.4 | 8.31% |
| Operating & Manufacturing Expenses | 2.6 | 2.9 | -9.07% | 2.3 | 15.02% |
| Employee Cost | 2.4 | 2.3 | 4.40% | 1.9 | 27.72% |
| Operating Costs | 5.0 | 5.2 | -3.07% | 4.1 | 20.78% |
| EBITDA | 5.0 | 5.6 | -11.38% | 4.6 | 8.52% |
| EBDTAM | 37.1 | 40.7 | | 37.0 | |
| Depreciation | 0.2 | 0.2 | 11.46% | 0.1 | 19.86% |
| EBIT | 4.8 | 5.4 | -12.04% | 4.4 | 8.15% |
| EBDTM | 35.8 | 39.5 | | 35.8 | -0.15% |
| Other Income | 0.6 | 0.3 | 81.68% | 0.6 | -2.10% |
| Profit On Sale Of Assets | 0.0 | 0.0 | | 0.0 | |
| Other Income | 0.6 | 0.3 | 81.68% | 0.6 | -2.10% |
| Interest | 0.0 | 0.0 | | 0.0 | |
| EBT | 5.4 | 5.8 | -6.64% | 5.0 | 6.89% |
| EBTM | 40.3 | 42.0 | | 40.8 | |
| Tax | 1.3 | 0.7 | 94.66% | 1.4 | -3.95% |
| Profit after tax | 4.1 | 5.1 | -20.02% | 3.7 | 10.92% |
| PATM | 30.5 | 37.1 | | 29.8 | |

Source- Ace Equity, KamayaKya research

RATIO ANALYSIS

| Financial ratios | 2020 | 2021 | 2022 | 2023 |
|---------------------------|---------|--------|-------|-------|
| Earnings Per Share (Rs) | 1757.44 | 252.87 | 9.64 | 13.09 |
| Adjusted EPS (Rs.) | 5.67 | 8.16 | 9.64 | 13.09 |
| CEPS(Rs) | 6.17 | 8.69 | 10.07 | 13.65 |
| DPS(Rs) | 0.00 | 0.00 | 0.00 | 1.00 |
| Adj DPS(Rs) | 0.00 | 0.00 | 0.00 | 1.00 |
| Book Value (Rs) | 5370.49 | 789.33 | 47.56 | 60.65 |
| Adjusted Book Value (Rs) | 17.32 | 25.46 | 47.56 | 60.65 |
| Tax Rate(%) | 20.21 | 22.80 | 27.93 | 25.04 |
| Dividend Pay Out Ratio(%) | 0.00 | 0.00 | 0.00 | 7.64 |
| GPM (%) | 67.84 | 70.94 | 72.24 | 73.61 |
| EBIDTM (%) | 30.00 | 34.68 | 42.79 | 43.03 |
| EBITM (%) | 28.12 | 33.05 | 41.46 | 41.70 |
| Pre Tax Margin(%) | 26.98 | 32.18 | 40.77 | 41.29 |
| PATM (%) | 21.53 | 24.84 | 29.39 | 30.95 |
| CPM(%) | 23.42 | 26.47 | 30.72 | 32.28 |
| ROA (%) | 27.50 | 27.85 | 24.40 | 22.01 |
| ROE (%) | 39.13 | 38.13 | 29.07 | 24.19 |
| ROCE (%) | 45.63 | 46.96 | 39.64 | 32.25 |

| Efficiency ratios | 2020 | 2021 | 2022 | 2023 |
|--------------------------|--------|--------|-------|-------|
| Asset Turnover(x) | 1.28 | 1.12 | 0.83 | 0.71 |
| Debtors Turnover(x) | 10.10 | 9.83 | 12.97 | 15.32 |
| Fixed Asset Turnover (x) | 2.90 | 3.36 | 3.98 | 4.43 |
| Sales(x)/Working Capital | 1.98 | 1.70 | 0.83 | 1.04 |
| Fixed Capital/Sales(x) | 0.35 | 0.30 | 0.25 | 0.23 |
| Receivable days | 36.13 | 37.14 | 28.13 | 23.82 |
| Cash conversion cycle | -19.75 | -70.00 | 55.47 | 8.44 |

| Growth Ratios | 2020 | 2021 | 2022 | 2023 |
|-----------------------|-------|-------|-------|-------|
| Net Sales Growth(%) | 18.12 | 25.06 | 33.84 | 30.81 |
| Core EBITDA Growth(%) | 59.83 | 44.15 | 67.43 | 29.65 |
| EBIT Growth(%) | 65.02 | 46.61 | 70.21 | 29.68 |
| PAT Growth(%) | 67.30 | 43.88 | 60.53 | 35.80 |
| Adj. EPS Growth(%) | 67.30 | 43.88 | 18.16 | 35.80 |

| Solvency ratio | 2020 | 2021 | 2022 | 2023 |
|----------------------|-------|-------|-------|--------|
| Total Debt/Equity(x) | 0.11 | 0.06 | 0.02 | 0.00 |
| Interest Cover(x) | 24.80 | 37.69 | 60.34 | 100.94 |
| Total Debt/Mcap(x) | 0.00 | 0.00 | 0.00 | 0.00 |

| Valuation ratios | 2020 | 2021 | 2022 | 2023 |
|-----------------------|-------|-------|-------|-------|
| Adjusted PE (x) | 0.00 | 0.00 | 37.45 | 21.25 |
| PCE(x) | 0.00 | 0.00 | 35.83 | 20.38 |
| Price / Book Value(x) | 0.00 | 0.00 | 7.59 | 4.59 |
| Dividend Yield(%) | 0.00 | 0.00 | 0.00 | 0.36 |
| EV/Net Sales(x) | -0.37 | -0.52 | 10.29 | 5.91 |
| EV/EBITDA(x) | -1.20 | -1.47 | 23.29 | 13.50 |
| EV/EBIT(x) | -1.28 | -1.54 | 24.04 | 13.93 |
| EV/CE(x) | -0.40 | -0.48 | 6.12 | 3.75 |
| M Cap / Sales | 0.00 | 0.00 | 11.37 | 6.70 |

| Cash Flow ratios | 2020 | 2021 | 2022 | 2023 |
|---------------------------|---------|--------|--------|--------|
| Cash Flow Per share | 1658.28 | 307.24 | 5.80 | 8.89 |
| Price to Cash Flow Ratio | 0.00 | 0.00 | 62.24 | 31.30 |
| Free Cash Flow per Share | 1456.91 | 232.19 | 2.62 | -1.11 |
| Price to Free Cash Flow | 0.00 | 0.00 | 137.79 | 251.52 |
| Free Cash Flow Yield | 0.00 | 0.00 | 0.01 | 0.00 |
| Sales to cash flow ratios | 4.82 | 3.25 | 5.47 | 4.67 |

| Du Pont analysis | 2020 | 2021 | 2022 | 2023 |
|-------------------------|-------|-------|-------|-------|
| PATM (%) | 21.53 | 24.84 | 29.39 | 30.95 |
| Sales / Total Assets(x) | 1.28 | 1.12 | 0.83 | 0.71 |
| Assets to Equity (x) | 1.42 | 1.37 | 1.19 | 1.10 |
| ROE (%) | 39.13 | 38.13 | 29.07 | 24.19 |

Source- Ace Equity, KamayaKya research

FINANCIAL SHENANIGANS

Positive Negative

(All figures are in Cr. unless mentioned otherwise)

| Year | 2020 | 2021 | 2022 | 2023 | CAGR | Remark |
|-------------------------------------|-------|-------|-------|-------|------|--|
| Net Sales | 22.77 | 28.48 | 38.11 | 49.85 | 30% | Trade receivables CAGR < Sales CAGR |
| Trade Receivables | 2.16 | 3.75 | 2.32 | 4.30 | 26% | |
| Trade Receivables as % of sales | 9% | 13% | 6% | 9% | | On par with the industry standard |
| Director's remuneration | 0.12 | 1.40 | 2.45 | 2.73 | 94% | Renumeration CAGR > Profit CAGR |
| PAT | 5.01 | 7.21 | 11.57 | 15.71 | 39% | |
| Director's remuneration as % of PAT | 2% | 19% | 21% | 17% | | |
| Auditor fees as % of sales | 0.07% | 0.07% | 0.08% | 0.06% | | Negligible |

Source- Ace Equity, KamayaKya research

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PREVEST DENPRO LTD

Date- 14/09/2023

DISCLOSURES:

About the Company and the Business Activity:

Kamayakya Wealth Management Private Limited (CIN: U74999PN2021PTC205529) ("the Company") is incorporated on October 23, 2021, at Pune, Maharashtra.

Address - S.No. 347/A/16, F.P. 189, Flat No. 6, Dhole Patil Road, Sangamwadi, Pune, Maharashtra, India, 411001

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| TERM | DEFINITION |
|------------------|--|
| BUY | Expected absolute returns of more than 20% over a specified time period. |
| HOLD | Expected absolute returns between 20% and -15% over a specified time period. |
| SELL | Expected absolute returns of less than -15% over a specified time period. |
| ENTRY PRICE | Price at which the stock was recommended. |
| TARGET PRICE | Expected price of the stock at the end of a specified time period. |
| POTENTIAL UPSIDE | Expected absolute returns from entry price over a specific time period. |
| UPSIDE LEFT | Expected absolute returns from current market price to target price. |

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