

# PROSPECT

Date: 01/07/2024

To,

Department of Corporate Services,  
BSE Limited  
P.J. Towers,  
Dalal Street, Fort,  
Mumbai - 400 001

Security ID: PCL

Security Code: 543814

Subject: Transcript of Earning Conference Call for H2 FY24 held on 26<sup>th</sup> June, 2024

Dear Sir/ Madam,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we submit herewith transcript of the earnings conference call held on Wednesday, June 26, 2024 at 02:00 PM (IST).

This is for your information and record.

Thanking you,

Yours faithfully  
For, PROSPECT COMMODITIES LIMITED

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**Bhargavi Pandya**  
Company Secretary

## PROSPECT COMMODITIES LIMITED

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# PROSPECT

## Prospect Commodities Limited H2 FY24 Result Conference Call

**Event Date / Time: 26/06/2024, 1400 hrs.**

**Event Duration: 54 mins 45 secs**

### **Moderator**

Ladies and gentlemen, good day and welcome to the Prospect Commodities Limited H2 and FY24 Earnings Conference Call hosted by Ventura Securities Limited. 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 \* and then 0 on your touchtone telephone. Please note that this conference is being recorded.

Before we begin, I would like to point out that this conference call may contain forward-looking statements about the company, which are based on the belief, opinions and expectations of the company as on the date of this call. These statements do not guarantee the future performance of the company, and it may involve risks and uncertainties that are difficult to predict.

I would now like to hand over the floor to Mr. Kaushal from ConfideLeap. Thank you, and over to you, Kaushal.

### **Kaushal**

Thank you. Good day, ladies and gentlemen. On behalf of ConfideLeap Partners and Ventura Securities, I welcome your call to Prospect Commodities Limited H2 and FY24 Earnings Conference Call. The company today is represented by Mr. Vimal Mishra, Managing Director; Mr. Ronak Khambhati, Finance and Compliance Officer and Ms. Bhargavi Pandya, Company Secretary. Now I hand over the call to Managing Director, Mr. Vimal Mishra. Over to you, sir, thank you.

### **Vimal Mishra**

Thank you, Kaushal. Good afternoon, ladies and gentlemen. A warm welcome to each of you as we gather for the conference call of Prospect Commodities Limited, where we aim to delve into our exceptional performance during the second half of the FY2324. Before we delve into the specifics of the second half and full FY2324, allow me to provide a concise overview of our company. We mainly started in 2015 as a partnership firm and mainly into trading business. We started to get into

manufacturing by 2020 seeking the demand of the cashew industry, both domestically as well as globally.

We formed a company with the Prospect Commodities Limited in 2022 specialized in processing, exporting and supplying natural cashew equivalents to wholesalers in B2B market operating from Gujarat. Under our brand name, DRIFRUTZ, we have begun to recognize and deliver premium quality cashew kernels to both domestic and international markets. In addition to our core product line, we offer various byproducts derived from cashew nuts such as the Cashew Husk, Cashew Husk Pellets and Cashew Shells. With over 15 years of experience, our product range exceeding 15 items and currently unit capacity with more than 1,200 metric tonnes, we are dedicated to excellence nationwide. Our state-of-the-art facility ensures an end-to-end process geared towards meeting stringent customers' requirements.

We sold the finest raw cashew nuts from Prospect suppliers in African and South Asian countries as well as within India. Our diverse product range includes anti sink flavors such as almond, pista, flavored cashew, catering to various consumer preferences. We have a strategic collaboration with renowned retail brands like Amazon, JioMart, Flipkart and ONDC platforms for selling space, enhancing our market presence. Additionally, our joint venture with Africa Negoce Industries has enabled us to cut costs by more than 30% through direct procurement from our suppliers. Weekly shipments reduce inventory and improve capital management ensuring steady supply.

We are also implementing new high-tech machinery to double our production capacity while maintaining the same operational expenditure. As a customer-centric organization, Prospect competitors prioritize excellence in product quality and supply chain efficiency, making us the preferred choice for business seeking reliable cash information. Our vision is to ascend as an industrial leader, penetrating the retail sector and achieving excellence in both B2C and B2B models. The India cashew market is destined to reach USD 2.9 billion by 2029, growing at a CAGR of 3.80% from 24 to 29. The market has seen a rapid shift in consumption pattern with flavoured assorted cashew products occupying an increased share in the retail market space. To support efficient sourcing, the government of India has taken several steps acknowledging the dependence of imported raw cashew nuts.

Commenting on the financial highlights for the second half and FY2324, it is evident that Prospect Commodities Limited has demonstrated a remarkable resilience and strategic process. During the second quarter, second half of FY2324, the company has achieved a significant total revenue increase to INR 12.54 crores, marking the year-on-year growth at 62.55%. The EBITDA reached at INR 1.76 crores with an EBITDA margin of 14.07% and a year-on-year growth of 37.90%, indicating operational efficiency and notable profit after tax of INR 1.03 crores, reflecting a year-on-year growth of 95.72% and a PAT margin of 8.20%. Further, underscore Prospect Commodities, financial strength and sound decision-making. Additionally, the earnings per share stood at 2.51%.

For the full fiscal year, FY2324, the company's total revenue increased substantially to INR 24.69 crores. Showcasing its adaptability, the EBITDA was INR 3.02 crores with a robust EBITDA margin of 12.21%, indicating continuous operation efficiency. The profit after tax was INR 1.73 crores with a PAT margin of 6.99%, highlighting the company's financial robustness. The earnings per share for the FY2324 was INR 4.22. Looking ahead, Prospect Commodities maintained an optimistic outlook,

bolstered by its strong second-half performance and strategic initiative aimed at achieving industry provenance.

The company's consistent growth and financial stability positions it favourably by continued success in the dynamic market landscape. And before we delve into our Q&A session, I want to express my sincere gratitude to all our stakeholders for being an integral part of our growth journey. Your support and involvement has played a crucial role in our success, and we genuinely appreciate your valuable contribution.

With this, I would like to open the floor for Q&A. And thank you once again for all your presence and continued support.

#### **Moderator**

Thank you, sir. Ladies and gentlemen, we will now begin the Q&A session. If you have a question, please press \* and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing \* and 1 again. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. First question comes from Utsav Shrivastava from Kriis Metaverse. Please go ahead.

#### **Utsav Shrivastava**

So I just wanted to understand. Recently, he has announced a transaction of tie-up for with Africa, one country. So what are the details of this tie-up?

#### **Vimal Mishra**

Can you please repeat again? The voice is not clear.

#### **Utsav Shrivastava**

We have detailed the amount of tie-up to the African country for import of cashew. Can you just explain the contours of the tie-up and how it will benefit the company?

#### **Vimal Mishra**

Well, we have done a MOU with the supplier, Africa Negoce Industries in Africa. See, because the raw cashew nut, in India, generally, we are getting the harvesting cashew as a 7 lakh metric ton per annum. However, the processing which is getting done within India will stand at 21 lakh tons. So balanced material, raw material that comes from the African countries and the Asian subcontinent. So, for that, we have actually done a very strategic tie-up with Africa Negoce Industries where we are procuring raw cashew directly from the supplier itself. So, we so far till just till last year, we can see that, we were buying this raw material through traders, importers, and now we have done this strategic alliance with Africa Negoce Industries who themselves are a cashew processor and we have

done a tie up with them to supply us the raw cashew nut on a continuous basis where we are able to secure on a backward integration, we are able to save somewhere around more than 30% in our purchase cost.

**Utsav Shrivastava**

Understood. So, this will contribute to our top line as well as bottom line.

**Vimal Mishra**

Absolutely. So, what we have focused this year, we have gone for a further, forward integration as well as for the backward integration. With the forward integration, we have expanded our facility. We'll be more than double.

So probably we are just expecting, waiting for government approvals, necessary approvals to start the new premises, new factory. So, once we have that in place, so we will have a backward integration with almost same operating cost what we are having at the moment because it is it will be a fully automation automatic plant. And same time, we have gone for a backward integration as well where we can improve our raw material procurement, with less cost, which will help us directly in our bottom line as well and as well as in top line.

**Utsav Shrivastava**

Understood. Thank you.

**Vimal Mishra**

Thank you.

**Moderator**

Thank you. Next question comes from Vinay Nagori from Fintegrity Wealth Management. Please go ahead.

**Vinay Nagori**

Good afternoon, sir. I just wanted to understand, now, with the capacity expansion coming in, so till when can we reach the peak capacity? And now with the backward integration also in place, so what could be the margins going there?

**Vimal Mishra**

See, we are waiting for government approval at this stage. So probably we are expecting the new facility should just start probably by end of July or maybe August itself. However, it depends on the

compliance part. Once we have all the approval in place, then we will be able to start it. And with the backward integration, so we are expecting as of now, EBITDA that we stand at the moment is 12.21%.

So, on a year-on-year basis, minimum 0.50 basis points you can consider as an income, actually, an addition on what we have done so far again year-on-year basis. However, the final numbers actually, we will not be able to confirm at the moment till the time, [Inaudible 00:11:40] in place as operating.

### **Vinay Nagori**

And, sir, I just wanted to understand the vision for our company. So, what's the 3 to 5 year vision for the company, and what are new products are we going to, so we are just into cashews right now and a few other dry foods. So, are we planning to become a brand from the commodity business?

### **Vimal Mishra**

Yes. In terms of retail, we have already launched Almonds, Pista, with us actually. So, in retail category, we already have other products added in our portfolio. Going forward, because the cashew is being the main product which is being used in across all the industries. As of with these, cashew is being used in restaurant industry, dry sweets and the dry fruit.

Nowadays, cashew milk is also coming out. Cashew butter is also coming out. So the demand, what we can see is a 2.9 billion market, what we can see currently going forward by 2029. So it's a huge industry with a 21-lifetime capacity. What India is processing at the moment, we are sending with all [Inaudible 00:12:46].

So we have a huge market penetration in front of us, which we would like to cater as much as we can. Going forward, we are actually right now, we have an installed capacity of 100 metric tons per annum, which we have more we have increased for more than double. Going forward, we will further increase our capacity. We'll penetrate the market. We will add more and more products in our portfolio.

So going forward, Almond is a target for us where we will start manufacturing by ourselves in our premises only. Flavour Cashew, we have already started. The [Inaudible 00:13:19] are ready. We are just waiting for the facility to be operated. So that is we will launch it in the market itself.

The other dry fruits are also in the pipeline like the Pista that we will add in our portfolio as well. Under the brand name of DRIFRUTZ, we will have most of all the dry fruits catered in our own portfolio itself. And when we see the demand in the market, so if you see, [Inaudible 00:13:47], cashew are always are a pick. So whatever material we have throughout the year by the end of, by the time Diwali comes, the material is getting sold out, whatever quality you have, everything. So demand is not a concern in this market. Demand, as much as we can sell, the demand is there.

### **Vinay Nagori**

Okay. That's interesting, sir. And, sir, just a last question. I wanted to understand, like, where do we see our company next 3 to 5 years? Like, what kind of growth are we looking at? And because, the market is huge and we are in a sweet spot. And also, the capacity expansion, do we have land so it will be brownfield or greenfield?

**Vimal Mishra**

Sorry. The last line, actually, I couldn't hear clearly.

**Vinay Nagori**

So, will have the future capacity expansion be brownfield or greenfield? Do we have excess land where we can do the capacity expansion, or we'll have to buy a new land or a new acquire a new land?

**Vimal Mishra**

What we're doing right now, that is at this stage, we are starting directly with the more than double capacity. However, we have a further possibility to increase our production capacity in the same premises. So, we are targeting from more than double to, at least 3x or 4x production, what we can do in the same premises. And based on that, only we have done the selection of this land, and we have processed to set up a new plant here. So, we don't need to go for a further new capacity expansion on different land going forward. We think the expansion probably will be there for the next 3 to 5 years.

The growth what we can see is keep up the next 3 to 5 years as the market stands very, very, very, very broadly here actually in India and the consumption is increasing day by day. So, we will try to increase our production capacity market share with a different vertical. We are entering into corporate space as well. We are targeting sports, as well.

We are into B2B market. We are entering into B2C as well. So going forward, probably, the whatever the revenue we have done so far or whatever business we have done so far compared to the market in India, probably, we may not able to confirm exact number at this stage, but there is a good scope which we are looking at the moment, somewhere around 5,000 to 6,000 tons during the next 3 to 5 years, we are targeting to achieve other production capacity within our own premises.

**Vinay Nagori**

That's really interesting, sir. Wish you all the luck and, sir, just one suggestion. So our company's name currently is Prospect Commodity. So it gives a wrong impression that we are in a commodity business because now we are planning to get into branded business and a food business. So just a suggestion. If possible, we can just change the name in such a way that it reflects the true identity of our business.

**Vimal Mishra**

Thank you so much for the suggestion. In fact, it has come to me from other investors as well, and we are working on it. So we are just trying to find out the proper name which represent the industry, dry fruit industry because commodities are absolutely different and dry fruits is absolutely different. But, yes, your concern is well noted. And it's one of the top priorities for us. We'll definitely work on this.

**Vinay Nagori**

Thanks a lot, sir. Wish you all the best for the future.

**Vimal Mishra**

Thank you so much.

**Moderator**

Thank you. Next question comes from Mahima Rathod from Tiger Assets. Please go ahead.

**Mahima Rathod**

Good afternoon, sir. So, I had a couple of questions. So, except Africa, where do we procure our raw material from? So, you said some South Asian countries as well as India. So, if you could give some detail regarding that.

**Vimal Mishra**

What I heard actually, I couldn't hear you clearly. But what I understood, you're asking for the raw material in from where we are procuring in Africa. Right?

**Mahima Rathod**

Yes. That's right.

**Vimal Mishra**

Okay. So, we are actually, we are we are procuring from West African countries at the moment, especially Benin, because the Benin government, actually, they have stopped exporting raw cashew nuts. So then near-by countries we are targeting, Lome is there. Ghana is there. Ivory Coast is there.

So everywhere raw cashew is available. So, then government, they have they are opening the window for certain period of time to export, and that's what we are targeting so that we can have a continuously raw material supplier for probably about 2 to 3 months. We may have export from, Benin. After that, we may have supply from Togo. After another 3 months, we will have supply from



Ivory Coast and after that, probably from Ghana. So, we are just trying to cater to all 365 days' requirement from different part of the African countries.

**Mahima Rathod**

That's great, sir. So, could you give me a bifurcation of your domestic and export sales?

**Vimal Mishra**

Export, we have recently started actually. We are not that much because the current capacity what we have. So compared to the demand, whatever the production we used to do, we don't have that much material where we can go and sell in the export market as well because the local demand stands so high. So whatever production was there, most of the material has been sold in the local market itself. Exports, we have recently started, so it won't be at that much value, but we have started exporting in U.S. Market. So probably this is our 4th or 5th consignment is on the way at the moment, which we have started. Going forward we will target Middle East as well over export consignment, followed by the euro.

**Mahima Rathod**

Okay, sir. And so, what is the market share currently?

**Vimal Mishra**

In cashew, basically, there are more than 4,000 processor in India. Most of the factories, they are having annual capacity of 500 tons, 700 tons. So hardly 15-20% market, factories are having a capacity of more than 1,000 tons, within that premises. So, we fall in that category at this stage. However, there are new factories as well who do production of more than 5,000 tons per annum as well.

So, we want to set up ourselves in that league where probably we will have market share probably of 1% of it that also will target a revenue of more than INR 1,000 crores.

**Mahima Rathod**

So, we are looking to diversify another product like you said, Almonds and Pista. So are we even looking at upstream and downstream products like nuts from those particular oils from those particular nuts?

**Vimal Mishra**

So that's a by-product we have actually because like CNSL oil, it is coming from the Cashew Shells. So going forward, whenever we want to just add that premises on this factory with us, so it's a very less investment actually in that, and we can always go for it. But at this stage, we have kept cashew as our top priority. But, yes, going forward, we are open for this expansion in by-products where raw material

comes from our own factory itself. We will have the ready material in our factory and we can target the other industries as well.

With cashew being a sort of dynamic fruit, each and every part of it is being used. Like we the top shell is being used for CNSL oil, Husk is being used for the tanning material. Whatever the broken cashew or probably the small part of the, like, powder is that actually that is also being used. So each and every product of this fruit is being utilized. Nothing is wasted in this.

So, we definitely would like to look forward to expand ourselves in other industry as well. But at this moment, the core target what we have is to focus on our factory, the new premises which we will start sooner and shortly.

**Mahima Rathod**

And so could you give some details about so you said you're foraying into B2C. So, what are we looking at in that sector? So as of now, you're doing B2B to wholesalers. Right? So, what are we targeting in the B2C market?

**Vimal Mishra**

You're asking B2C market, right?

**Mahima Rathod**

Yes, sir.

**Vimal Mishra**

So B2C, we are targeting through online channels, and we will go for the retail distributors as well with our new facility because that's where we will have some capacity to supply material on the continuous business as well. We don't want it to end up in a situation where we start supplying and later on we won't be able to complete, fulfil the supply chain and also the demand that we may get from the market. So we focus first on the B2B market. That's where we have set up our base.

And now we are going for the B2C market, which will help us to increase our bottom line as well. And at the same time, it will help us to bring our brand in the market as well. So going forward, we are targeting in B2C market through online channels, through social media platforms, through platforms like Amazon, Flipkart and D2C direct from our website as well. We are looking forward to start it.

**Mahima Rathod**

Thank you answered my question. Thank you.

**Vimal Mishra**

Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any questions please press \* and 1 on your telephone keypad. I repeat, ladies and gentlemen, if you have any question please press \* and 1 on your telephone keypad. Next question comes from Pranav Shrimal from PINC Wealth Advisory. Please go ahead.

**Pranav Shrimal**

Hello?

**Moderator**

Please go ahead.

**Vimal Mishra**

Hey, hi.

**Pranav Shrimal**

Yes. So now I want to understand who are our customers?

**Vimal Mishra**

Sorry, please come again.

**Pranav Shrimal**

Yes. Who are our customers? Customers, who do we sell to?

**Vimal Mishra**

See, right now, we are selling in the B2B market. So mainly our clientele based on the wholesalers, whom we are selling. Recently, we actually we supplied to Haldiram as well through our channel partner. We supplied to Haldiram as well. So going forward because the capacity what we had so far or what we are having at the moment is very small, where we are unable to target the big customers like Bikaji or probably the Dairy Products, Amul, because we are already in discussion with them at the moment for the dairy brands actually if we are able to supply them.

So, we will have a few corporate profiles in our portfolio. But as of now, mainly we are supplying into wholesale market only.

**Pranav Shrimal**

Wholesale is 90% of our sales? Is that some percentage you can give?

**Vimal Mishra**

More than 90% I can say that actually. Retail market we have targeted through online channel only.

**Pranav Shrimal**

Okay. And, also, when we are sourcing the cashews, do we enter into any forward agreement?

**Vimal Mishra**

Sorry?

**Pranav Shrimal**

Do we enter into forward agreement for the price of the cashews that you're sourcing?

**Vimal Mishra**

Yes. We don't prefer to go for a market volatility. We will prefer to have a contract, forward contract or backward contract with our supplier as well. So, we can have a steady growth. We don't want to get into so much of market volatility. It's probably somewhere around 80% of the business, what we prefer is to have through contractual mode only. So right now, again, actually for the next new capacity is what we are going to start.

So, we already receiving the contract from the wholesaler, but we are actually refraining at the moment to confirm till the time we have production in place with us. But definitely, we prefer to have a long-term contract with our buyers. We don't want to place ourselves as a spot business, spot opportunist here in the market.

**Pranav Shrimal**

Got it. And where are you sourcing our cashews from?

**Vimal Mishra**

We're sourcing right now from the African countries, West African especially. We are sourcing from [Inaudible 00:25:28].

**Pranav Shrimal**

Mainly, mainly from Africa?

**Vimal Mishra**

Yes. Yes. Yes, mainly. Because the cost price, the Indian raw cashew, the price of Indian raw cashew is quite high. So, we have a combination. So, we are procuring from the Indian raw cashew as well. Same time, we are going for the African raw cashew as well, which gives us the balance in overall our procurement price.

**Pranav Shrimal**

Perfect. And what will be our highest selling cashew? As I can see you have 5 different types of quality, which would be the highest selling?

**Vimal Mishra**

So, 180 grade, it's the highest, it's a most premium cashew, but the highest cashew which we sell because, generally, when we are doing production, so most of all the grades are in a single batch. So, we may have 180 as well. We may have broken. We may have a split.

We have 210, 240, 300, 400, TWSW, LWP. So, all the grades will come in a single batch. The highest selling rate is mostly 320 and 240. That's what the premium cashews for middle range we are giving. You can say that. That is coming in the highest range.

**Pranav Shrimal**

Could you repeat on which one?

**Vimal Mishra**

240, W240 and W320.

**Pranav Shrimal**

Okay.

**Vimal Mishra**

It depends on the cashew. Once you process the cashew in cutting machine, so if the cashew has not been broken in that, then you will have the whole cashew. So, we will differentiate it.

We will do the grading and sorting in the different machineries, what we have in our factory. So accordingly, the grades are coming out. So mostly, we can see in India, the cashew which is coming out and mostly sold in the market. That is 240 and 320.

**Pranav Shrimal**

Okay. And sir, wholesaler are mostly are wholesaler who sell it to retail outlets or they are selling it to some business only? Do we have that number or information related?

**Vimal Mishra**

We don't have the numbers actually because we are selling to the wholesaler. They may sell it to the distributor or probably the retailer. We don't have those numbers with us because we are disconnected with them. We don't want to get further for that that channel for to approach directly in the market.

That's why we are coming out with the brand name, DRIFRUTZ, and they're directly in the retail market with our own backing and everything directly for our customers.

**Pranav Shrimal**

Okay. Got it, sir. That's it. Thank you so much.

**Vimal Mishra**

Because B2B market is a separate and the retail market is separate.

**Pranav Shrimal**

Right. Got it sir. Thank you.

**Moderator**

Thank you. We have a follow-up question from Mahima Rathod from Tiger Assets. Please go ahead.

**Mahima Rathod**

Sir just one question. So, as we are importing most of our raw materials, so what will be the like, what is our logistic cost? It's like, for example, due to the Red Sea crisis. What impact is it having on our logistic cost?

**Vimal Mishra**

So logistic cost, you are asking. Right?

**Mahima Rathod**

Yes, sir.

**Vimal Mishra**

So, we will probably I'll just give you the example. If we are buying a rock raw cashew from India, the local raw cashew actually if we are buying, So, probably we will get a price of somewhere around INR 1.25-1.30. But when we are preparing from Africa, so landing till our factory, it comes somewhere around INR 105, INR 110. So that logistic cost, basically, it does not come in between because import duty is free under the least developed country agreement. We have, as in India has with the African countries. So, import duty is nil. GST stands at 5%. The shipping and logistic cost, everything comes. So, per kg, probably roughly around INR 3-3.5 something, which is coming out to us. So that is not a concern that much when we are building anything in India.

**Mahima Rathod**

Alright, sir. Okay, sir. Thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have a question, please press \* and 1 on your telephone keypad. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. We will wait for a moment while the question queue assembles. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypa. We have a follow-up question from Utsav Shrivastava from Kriis Metaverse. Please go ahead.

**Utsav Shrivastava**

Hello?

**Vimal Mishra**

Yes.

**Utsav Shrivastava**

My question is that, are you, can you get some revenue guidance for this year, FY25?

**Vimal Mishra**

Well, we won't be able to have those numbers right now actually available because we are focusing right now to start our new facility, which is having more than double capacity. Definitely, what we are looking is a 50% revenue, increase that's that should be the minimum what we are looking, but it may go for probably 75% or 100% plus as well. But at the moment, it's difficult to say till the time we get all the permission in place and we'll start our own factory.

**Utsav Shrivastava**

What about margin?

**Vimal Mishra**

Margins, we think we're increasing EBITDA probably 0.50 basis points you can consider as an increase on year-on-year basis from year on EBITDA and PAT level as well. Our operating cost will stand almost the same because we are going for a fully automation at the moment. So whatever additional production we are going to do, that will help us in our bottom line also.

**Utsav Shrivastava**

I understand. Okay. Thanks. That was very helpful. Thank you.

**Moderator**

Thank you. Next question comes from Sandeep Singh, an individual investor. Please go ahead.

**Sandip Singh**

Can we talk about your working capital days? I see those are pretty high. So, can we talk through what we can do to reduce your working capital days?

**Vimal Mishra**

Please come again, we couldn't hear you.

**Sandip Singh**

Can we talk about working capital days? I see that is very high. So, what we can do to reduce working capital days?

**Vimal Mishra**

Working capital, right?

**Sandip Singh**

Yeah. Days.

**Vimal Mishra**



Okay. So generally, what's happening actually, we are importing from Africa at the moment now. So we once we transfer the payment from here, so they'll take 10 to 15 days to load the containers. The transit time itself stands 45 to 60 days depending on the shipping line, depending on the space they get. So by the time we have material here, probably 75 to 80 days cycle is minimum-ly gone.

Apart from that, another 10, 15 days will require to clear the cargo and bring the material in our premises. So that's why it's a capital-intensive business. There is no doubt because it will be a continuous cycle going forward, and that's why we went to went with the agreement with Africa Negoce Industries because with the cashew being the seasonal raw material. So we don't want to dump all material together at the same time. Actually, we done agreement with the Africa Negoce Industries so they can have the stock with them in Africa and they can supply on a weekly basis.

That's where we can reduce this working capital cycle and that's why we have done this agreement. Going forward, we see the improvement in this number. However, the industry, the cashew industry stands with a high working capital just because of the nature of this business.

**Sandip Singh**

Okay. So, what about overall CapEx cost for your new capacity? How much CapEx will be filling up this year?

**Vimal Mishra**

So roughly around INR 5 crores plus investments what we are targeting in this new premises because all the new machineries and everything is in place. So probably it's simply have more than double capacity for sure. But going forward, we will with a few changes, we may have this capacity further extended as well.

**Sandip Singh**

So, can you spell your point? Current, what is the capacity and how much can we add with this INR 5 crores CapEx?

**Vimal Mishra**

See 1200 is the current capacity we have. We are going for more than double at this stage.

**Sandip Singh**

Okay. So that is maximum we can go with INR 5 crores CapEx, or we can go beyond that?

**Vimal Mishra**

Going forward we will add more capacity in the same premises as well.

**Sandip Singh**

Okay. What about '26? Can you suggest growth guidance on '26 number, FY26 and EBITDA margin, what can we expect?

**Vimal Mishra**

So, number I won't be able to share at this stage actually because once we have this new facility in place, then we will be able to update with a little more clarity on that. However, what we are targeting is a minimum of 50% growth year-on-year business at this stage. Once we have this new facility in place, then probably we may look for this 100% growth as well year-on-year business. But at this stage, it will be difficult. But 50% what we are able to see clearly at that display in this current year as well on a year-on-year basis. But once we have this new facility probably by August in place, then we may have more clarity on this.

**Sandip Singh**

So, when this new capacity stabilizes, so what will be our blended EBITDA margin on stable, steady state EBITDA margin will be both? Once we have the full capacity stabilized and we are able to optimally utilize the capacity?

**Vimal Mishra**

The minimum EBITDA margin is 0.50 digit point we can consider. That's what we can see easily at this stage. However, it will it may go further it will increase further as well in that because the operating cost will be less and we will have more production in that. So, at this stage, we can see minimum 0.50 basis points you can add. Last year, we have done 10.21%. So probably 50% basic point you can add in that. That's the minimum what we are looking at this stage.

**Sandip Singh**

So, you talk about a customer like Haldirams. So, are we planning to directly get in touch with large customers bypassing the intermediate distributor? Are we looking for?...

**Vimal Mishra**

We will expand our business. Because B2B vertical is a different, corporate vertical is a different, retail segment which include, retail distributor distribution, online sales, B2C, everything that is different and export is different. So we are focusing on all four parameters. So we won't get stuck with only one vertical. We want to expand in all the four parameters, all four verticals.

So going forward, we will have the distributor. Probably, we'll approach the wholesaler in North India as well. We will have a distributor in Maharashtra as well. We will have we are already having in Gujarat. We will approach the giant corporates as well. And we will same time focus on exports as well.

**Sandip Singh**

So last question from me. So probably we are into B2B and B2C we are starting off. So, what are your plans? And 3 years down the road, what percentage of our revenue shift will come from B2C? Not now, I'm not referring to now or FY26, but say FY27. Do you have any target in mind, any what plan we have on for that?

**Vimal Mishra**

So right now, we are targeting with the 10% at this stage. Whatever the revenue we have, we are focusing 10% revenue as a B2C product actually. The revenue, what we can generate from the online sale or the distributor. So that's where we will have the more, profit margin in that, and that will help us in bottom line. Going forward, definitely, we will increase it. But to begin with, we are targeting roughly around 10% revenue with the retail segment.

**Sandip Singh**

That is in FY25 or FY26, 10%?

**Vimal Mishra**

It's FY2425.

**Sandip Singh**

FY25, okay. And what about next year? 10% its...

**Vimal Mishra**

I believe this is the number. Once we see the feedback, once we have the live channels approach, actually, whatever the feedback we receive, whatever the orders we receive, if we need to improve somewhere, immediately, we will take some call on that. We will add more and more SKUs in this as well. Like, right now we are going to add, flavoured cashews, for [Inaudible 00:38:23], actually different ways we are coming up with right now. So way forward, we will have more and more SKUs with us which will help us to increase our sales directly in the B2C channel as well. So roughly around 10% is what we are targeting to begin with. Going forward, it may go to 20-25% as well in the next 2 years.

**Sandip Singh**

What's the difference between the margin? You mentioned that B2C offer better margin. So what would be the difference between your current B2B margin compared to B2C margin?

**Vimal Mishra**

So we will have 10-15% + directly, you can say, additional margin in our bottom line when we target B2C segment.

**Sandip Singh**

Okay. Great, got it. Thank you for now.

**Vimal Mishra**

Yes, thank you.

**Moderator**

Thank you. Ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. I repeat ladies and gentlemen, if you have any question, please press \* and 1 on your telephone keypad. Next question comes from Ganesh Seth, an Individual Investor. Please go ahead.

**Ganesh Seth**

Hello? Good afternoon.

**Vimal Mishra**

Yes. Good afternoon.

**Ganesh Seth**

Yeah. First of all, congratulations. And I wanted to ask that, how does our company plans to sustain and enhance the profit margin in the coming years? Are there any strategies to efficiently maintain and improve this profit margin?

**Vimal Mishra**

So that's why we are coming up with a new facility, which will be fully automatic. So we will have a less operating cost in that. We will have a more stringent, process in place so we can improve our internal process flow. We can improve the both -- we can have both standardized, quality threshold list because it will be mostly, on fully automatic automation having done in the factory. So we are improving internally as well that we won't fall back in the market.

We are increasing our capacity as well to increase our profitability, revenue, everything. And same time for backward integration, we have done a direct procurement from the African suppliers as well, so that it will help us to reduce our purchasing costs as well. So we are working on all the parameters wherever possible at this stage to focus and to do the correction, which will help us to directly increase our profitability, increase to sustain the market and probably to grow in a rapid pace in the market as well.

**Ganesh Seth**

Okay. You explained about the cost effect the African Negoce Industries will have, right? So, how does the direct procurement strategy with that African Negoce Industries impact our overall supply chain?

**Vimal Mishra**

Definitely, it'll help because I think to give the example, the Indian cashew, when we are going to procure this cashew, so cost is coming somewhere around INR 1.20-1.25 per kg. So when we go for an import in that case, so even landing till our factory, the cost is coming at somewhere around INR 105-110. So we are paying INR 10-15 per kg. So, this is a huge cost when you see overall in numbers.

**Ganesh Seth**

Yes. And is there any impact on supply chain?

**Vimal Mishra**

It will have a positive impact because we will have a continuous supply. On a weekly business, we will be loading from the African nation. Whenever actually the day we place the order, so they will load on a weekly basis. Like, suppose we have a monthly requirement somewhere around a 100 tons. So they will divide we prefer to divide it on a weekly basis.

So, like, every week, they will load 25 tons. So our working capital will get blocked for 25 tons for this week when they will load. After that, for next week. So probably by the time we receive the 1st consignment, our total cycle will get divided in 4 parts, [Inaudible 00:42:32] cycle. So it will have a very much positive impact in our portfolio.

**Ganesh Seth**

Okay. I just also wanted to know that, what does the role of a strategy collaboration with retail brands like Amazon, JioMart, ONDC, which [Inaudible 00:42:54] demand and market presence?

**Vimal Mishra**

See, there are thousands of suppliers on this platform. We want to get into that as well. We want to have our market share. We want to develop our product on that channels because the traffic is moving

on those channels and on those platforms at the moment. Slowly, steadily, we will divert, we'll prefer to have more and more customer on our, our direct website as well.

So we are working on both channels because wherever the crowd is going, definitely, we should be there. So that's the first target we have. We should be on this, market business where crowd is coming to buy the product. We are improving our supply chain in that with focusing delivery on the next day, probably rather going forward on the same day. That's what we are targeting.

We are working on it. So how we can improve our costing in that, probably what cost effect will come in that place when we go for delivery, so how much cost it will affect us. So we are focusing on the customer experience and the packing the value you try to, you send the material to courier to anyone. The material should be sealed in a proper condition to them. It should not be broken.

It should be properly packed. It should be the fresh material. And the fastest delivery that has been in the e-commerce business. That's what we have come on the conclusion. So we want to focus on our quality and same time we want to increase the customer experience.

So this collaboration with this platform that will help us to get more traffic to us. They will have our product. They will experience this product. So that's where we can expect the further orders from [Inaudible 00:44:29].

**Ganesh Seth**

Okay. I got it, sir. Yes, thank you for the answering question. Thank you.

**Moderator**

Thank you. Next question comes from Anand Mittal from Mittal and Associates. Please go ahead.

**Anand Mittal**

Hello. Thank you for the opportunity. My first question is, like, what's the company long term goals and vision for becoming an industry leader in both B2B and B2C market?

**Vimal Mishra**

Well, that's what we are working on right now. So, we have increased the capacity because till the time you don't have production capacity, we cannot look to dominate the market or probably to have a bigger share in the market. So, the first step, we already took it. We have expanded our facility. From 1200 tonnes to, we are going for more than double capacity going forward.

Probably in a couple of months, we will have this facility in running condition as well. So that's the first step we have gone through it. Secondly, where are the crowd is coming, like the e-commerce platform? So, we want to have our presence in those market as well. So, we are trying we are tapping with this Amazon, Flipkart, all the platforms where we can have the more traffic in that.

B2B market, we are we are already strong presence in this market. The demand is not a concern. Once we are able to supply the material, then probably we may have more and more share in the market and stuff.

**Anand Mittal**

Okay. Great. And like can you provide more details on like how the new high-tech machinery would be implemented and how it will help to double the production capacity without increasing any of your operational cost?

**Vimal Mishra**

See, because we are going for a fully automation plant. I have been to Vietnam, because in Vietnam, we have seen the manufacturing facilities for more than 10,000 tonnes per annum as well. So I have been to those plants as well. I have seen how they are functioning as well. So what are what types of machineries we are using, what sort of correction we need to done in our factories as well.

So, we have gone this gone through this exercise for the last 8 to 10 months, and then we reach some conclusion to have a correct sort of machineries in place. So we have increased, from one line to we are going for 4 different lines where we can have the less damaged cashew that's in place to increase our production capacity, to increase our quality standard as well. We will have a standard processing for the grading and sorting process actually in place. So this internal there are so many things which we have collected at the moment. This will definitely help us, and it's more about the automation, like the few machineries which we have increased now.

So earlier, we had a machinery which is having a capacity of 50 kg per hour. Now we are going for a 200 kg per hour machine. So which will have more and more production capacity with the same result because the grading, that is one of the most critical part once it comes to the cashew industry because there will be 15 to 20 grades coming out. So to have a close look on each and every one, earlier, we used we were used to dependent on, human intervention now we are making it standardized.

**Anand Mittal**

Okay, great. Thank you for answering my question.

**Moderator**

Thank you. Next question comes from Gopal Rati, an Individual Investor. Please go ahead.

**Gopal Rati**

Thank you for the opportunity. Sir, my question is, what are the primary risks faced by the company and what is strategy to replace the, how to manage the risk?

**Vimal Mishra**

The main concern in the risk factor, you can say that it's probably in the cashew industry is not having the raw material. So, to avoid that sort of scenario going forward as well, that's why we went to the Africa. We have done this, MOU with Africa Negoce Industry, where for 365 days we can have the raw materials, maybe not from the one country then another country is there. Second and third option is also available. Forth option is also available.

So, looking at the geographical position of those countries and the harvesting season of those countries, we are planning to have 365 days incoming raw material [Inaudible 00:48:28]. That is on top of what we are buying from the local Indian market. So, we have already gone through this backup as well.

**Gopal Rati**

Okay. And sir, how will you manage the fluctuation in raw material prices?

**Vimal Mishra**

So that's what we have done. We have done a contract actually with African Negoce Industries, so we are not worried about the current fluctuation as well. There is a big fluctuation in raw cashew supplies at the moment. But we are not, we have a very, very minor effect due to our contract with the African Negoce Industries.

**Gopal Rati**

So, this contract is for how many years? Or what's the term, like...

**Vimal Mishra**

It's till March 2025, we have done this agreement with them.

**Gopal Rati**

And sir, in future, what your exposure will be on B2C segment and B2B segment, which segment do you think that it will grow faster or better in margin performing margins?

**Vimal Mishra**

Both are important. You cannot have only B2C segment just to look at the profit margin because you won't have volume there. So, to balance out both the thing, we need to have a B2B market to mainly look for the revenue, what we are looking for the business and the basic profit margin, what we should have it. And on top of it, it's like icing on the cake. That's where actually we are looking for the retail segment, which will help us to increase our profitability more in that. So, we want to have a base like



for the B2B market and whatever extra margin we can generate with our presence in the market, that's where we are going to the retail B2C segment environment.

**Gopal Rati**

Okay. Thank you.

**Moderator**

Thank you. We have a follow-up question from Sandip Singh, an individual investor. Please go ahead.

**Sandip Singh**

So quick question from me. So, you mentioned about the increase in EBITDA margin by 50 basis points. So, what basis I would take it in terms of EBITDA margin?

**Vimal Mishra**

We have done the backward integration, that will help us actually to reduce our raw material cost as well. Going forward, whatever the production we will have, so we will have additional material to sell in the same margin itself. So 0.50, that's the basic one we have mentioned actually. It should go up more than that, but till the time we have a factory in place, the new device is being in place, actually, it will be too early to say anything more on that actually. So, this is basic on the current market conditions, what we can see, current procurement, what we have in place.

So based on that, we are able to tell, we can confirm that. So, 0.50 is the basic, what we are looking to increase in the market.

**Sandip Singh**

So, 50, the last 13% around that EBITDA did last year. So, are we saying that we can target 13.5-14% EBITDA next year?

**Vimal Mishra**

It should be there. Mostly should be there.

**Sandip Singh**

Should be there. And can we sustain that margin around 14.11% next year?

**Vimal Mishra**

Absolutely. It will have more actually. After that, the PAT level will also get increased because we will have more production. So right now, the revenues itself is INR 24.69 crores sector. That will also get increased. So definitely, it will help us to sustain and to grow as well.

**Sandip Singh**

So, this is a great deal, sir, because 50% growth you guided for next at least couple of years with increase in EBITDA margin. So, are we saying beyond '26, can we grow around same percentage more than 50% looking at the demand, looking at increased capacity?

**Vimal Mishra**

So, it's a volumetric thing. Actually, once we increase the production, it will help us to increase our EBITDA margin and PAT margin as well because we won't have that fixed cost, it will get divided into the volume. So that's why we are focusing more on to increase our volume by this stage.

**Sandip Singh**

I understand.

**Vimal Mishra**

Definitely, even if you after '26 as well, we will actually struggle looking to look forward to increase our production capacity. Not that we are willing to stop there.

**Sandip Singh**

Okay.

**Vimal Mishra**

Even though we have a production of more than 10,000 tons per annum. If they are able to do it, why we cannot do it? But if there is no restriction in this, demand is there, market is there, raw material is there, it's just that we need to tap it. So as fast as we can do it, we'll definitely do it.

**Sandip Singh**

Okay. So effectively, what I'm understanding from you is we can sustain this growth for at least next 3 to 5 years looking at the demand and looking at what capacity we have, we can sustain, right?

**Vimal Mishra**

Absolutely.

**Sandip Singh**

Okay. Great to hear. Thank you.

**Moderator**

Thank you. We have a follow-up question from Gopal Rati, an Individual Investor. Please go ahead.

**Gopal Rati**

Sir, what is the revenue breakup of B2B and B2C segment?

**Vimal Mishra**

More than 90% is coming from the B2B segment.

**Gopal Rati**

Okay. And sir, in future, where we look it for this same breakup ratio or do we think it will change?

**Vimal Mishra**

Segmentation recently started in the B2C segment. So, once we have the new facility, it comes in place, our SKUs are ready, further the new SKUs are ready. So, we will we are targeting we'll start with the 10% market share in the B2C segment. Followed by probably it will go further to 13%, 20%, 25%. That's what we'll target for that.

**Gopal Rati**

Yeah. Thank you.

**Moderator**

Thank you. Now I hand over the floor to Kaushal for the closing remarks.

**Kaushal**

Thank you, everyone, for joining the conference call of Prospect Commodities Limited. If you have any queries, you can write to us at [info@confideleap.com](mailto:info@confideleap.com). Once again, thank you everyone for joining the conference.

**Vimal Mishra**

Thank you so much, everyone.

**Moderator**

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

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- Note:**
1. This document has been edited to improve readability
  2. Blanks in this transcript represent inaudible or incomprehensible words.