

PROSPECT

Date: 18/11/2024

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 H1 FY25 held on 12th November, 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 Tuesday, November 12, 2024 at 04:00 PM (IST).

This is for your information and record.

Thanking you,

Yours faithfully
For, PROSPECT CONSUMER PRODUCTS LIMITED

Bhargavi Pandya
Company Secretary

PROSPECT CONSUMER PRODUCTS LIMITED (Formerly known as PROSPECT COMMODITIES LIMITED)

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PROSPECT

Prospect Consumer Products Limited Earnings Conference Call

Event Date / Time: 12/11/2024, 16:00 Hrs.

Event Duration: 44 mins 31 secs

CORPORATE PARTICIPANTS:

Mr. Vimal Mishra

Managing Director

Mr. Ronak Khambhati

Finance & Compliance Officer

Ms. Bhargavi Pandya

Company Secretary

Moderator:

Ladies and gentlemen, good day and welcome to the Prospects Consumer Products Limited H1 FY25 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 phone. 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 beliefs, opinions and expectations of the company as on 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 the conference over to Rajnish from ConfideLeap Partners IR. Thank you and over to you Rajnish.

Rajnish:

Thank you and good day Ladies and Gentlemen. On behalf of ConfideLeap Partners and Ventura Securities, I would like to welcome you to the H1 FY25 earnings conference call for Prospect Consumer Products Limited. We are joined today by Mr. Vimal Mishra Managing Director, Mr. Ronak Khambhati, Finance and Compliance Officer and Ms. Bhargavi Pandya Company Secretary. I now hand over the call to Mr. Vimal Mishra Managing Director over to you sir and thank you.

Vimal Mishra:

A warm welcome to each of you as we gather for the conference call of Prospect Consumer Products Limited. Today we will be discussing our outstanding performance in the first half of fiscal year 2025. Before we dive into the specifics of our first half FY25 results, let us begin with a brief overview of our company. Established in 2022 and based in Gujarat, Prospect Consumer products Limited has brand dry fruits specialized in processing exporting and supplying premium natural cashew kernels to B2B wholesalers. With over 15 years of industry expertise the company offers a diverse product portfolio of over 35 products including value of the cashew by-products like cashew husk, husk palettes and cashew churn. With a production capacity of 500 metric tons, we as a prospect sources high quality raw cashew nuts from market supply across South Africa, south Asia and India ensuring consistent excellence.

Its state-of-the-art facility supports an efficient end to end processing system designed to make the highest standard for both domestic and international markets. We have launched our new range of packaged flavor products in the B2C segment as well featuring popular varieties such as almonds, pistachio and flavored cashews all carefully crafted to appeal to a broad spectrum of consumer tastes. To further enhance accessibility, we have introduced convenient small pack size making it easier for the end consumer to enjoy our high-quality offerings this strategic move is designed to tap into the growing demand within the retail market and we are already seeing the strong consistent growth in the segment which aligns perfectly with our current market trends.

Our commitment to providing premium on trend products remain at the forefront of our strategy. We have established strategic partnership with prominent retail platform like Amazon, Jiomart, ONDC ensuring all shelf placement and expanding our market footprint. Furthermore, our joint venture with Africa Neko industries has allowed us to achieve over 20% cost saving by sourcing directly from manufacturers. By maintaining weekly shipments, we optimize inventory levels and improve capital efficiency securing a reliable and steady supply chain. We are also implementing new advanced high-tech machinery aimed to double our production capacity while attending the same operational expenditures. With full implementation scheduled for November 2024.

The Indian cashew market is projected to reach USD 2.9 billion by 2029. With a CAGR of 3.80 from 2024 to 2029, we are witnessing a dynamic shift in consumption pattern with flavored and assorted cashew products gaining a significant share in the retail market. To facilitate efficient sourcing, the government of India has implemented various initiatives recognizing the industry's reliance on imported raw cashew nuts. Commenting on the financial highlights of first half FY25, Prospect Consumer Products Limited has showcased impressive financial and strategic strength. During first half 2025, the company recorded a significant total revenue of INR 13.17 crores representing a YoY growth of 8.35% EBITDA reached at INR 1.77 crores with an EBITDA margin of 13.47% making a strong YoY increase of 41.68% and highlighting our operational efficiency.

Our profit after tax also shows significant growth reaching INR 1.10 crores with a PAT margin of 8.38% a YoY growth of 58.45% underscoring the company's financial robustness and product machinability. Earning per share for the period of 2.25. Looking at Prospect Consumer [Inaudible 00:05:45] optimistic

supported by a strong first half performance and strategic initiatives aimed at establishing industry leadership. The company's steady growth and financial resilience position it well for the sustaining process in the evolving market driven by a commitment to continuous innovation.

Before we begin the question-and-answer session, I would like to extend my heartfelt appreciation to all the stakeholders for the essential role in our growth journey, your support and engagement have been pivotal to our success and we sincerely value your continued partnership and commitment. With this, I would like to open the floor for question and answer. Thank you once again for your presence and continued support.

Moderator:

Thank you, sir. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press * and 1 on your telephone keypad and please wait for your turn to ask the question. If you would like to withdraw your request you may do so pressing * and 1 again. Our first question comes from Rohan Shukla from Wealth Impact Solutions. Please go ahead.

Rohan Shukla:

Hello sir am I audible?

Moderator:

Yes, you are audible sir please go ahead.

Rohan Shukla:

Hello sir good afternoon. Sir actually I have a question regarding the capacity right now you mentioned our capacity is at 1295 tons with the utilization of a 50% and we are planning to add additional 1200 metric ton of capacity so what's the reason behind this sir, does we not wait for once we will increase the utilization to 80-90% then we can plan for additional capacity?

Vimal Mishra:

No generally cashew actually it works in a different way because the capacity which we are installing that is for the cutting capacity. The raw cashew nut which we will process and after that there is a certain value addition to be done in that part. So even with the 1200-ton capacity we can go for 100% capacity utilization however on the back-end side that process actually we won't be able to complete within that time zone that's why in the cashew industry generally 60-70% utilization that stand as an average that is there but the new facility which we are installing so we are already going through 2500-metric ton plus capacity. We are expanding ourselves and we are making sure that in the same facility going forward we can reach up to a level of 6000 metric ton facility and with a utilization of 70-80% in that.

Rohan Shukla:

Sir I have a next question regarding the sales so if you look at for last three results so sales is almost like around INR 12-13 crores and even government come with a lot of initiatives that will help our business so how you are looking forward sir how this number will be a growth in future?

Vimal Mishra:

We are looking at the various numbers on a very positive way right now. See right now, there is a shifting mode in the process at the moment because the old facility which is already 1200 ton capacity and we are shifting at the new facility right now probably we are already late actually in this season though we cannot do anything until and unless we have a specific government approvals in place so the moment actually we will shift there definitely government supports are there and as far as we increase our production capacity the numbers are definitely going to get increase in the same manner what we have done so far.

Rohan Shukla:

Sir one more question just last question regarding the recently company entering into a B2C market also so how you are looking forward to expand into B2C market and how the margin will be different from B2B and B2C sir?

Vimal Mishra:

If you have the seen our retail packaging which we have just introduced actually in the market, if you have not gotten the chance then I will request you to please visit our website as well or connect with us just try it once actually because we are focusing on the customer experience at the moment. We are making it cost effective though we are using the most premium packaging solution available in the food grade industry. However, we are ensuring that our costing will be in the range which is like rest of the processor or the players who are offering in the market so we want to be cost effective for those people at the same time we want to give that experience to a customer of the premiumness.

So if you see our recently we have introduced our hundred gram tin as well so generally no one is spending that much money in packing but we wanted to ensure that we put what customers are buying they're buying the experience from us so we are ensuring some nitrogen filling in that so that the shelf life can be taken care of that even after they open that packet I am pretty much sure no one is going to eat hundred gram of cashew together they may have four or five pieces at a single point of time and after that they want to store it so that's why we have gone for food grade tin as well which will take care of the crunchiness of the product and the shelf life of the product so even if you open that after five or six days it will be in the same condition as it was prior to open the package.

So we have gone into detail like this actually which is convenient as well if you are carrying probably 250 gram cashew probably or 400 hundred or 500 hundred gram cashew or somewhere you're not going eat everything on that particular journey at that time so that's why we have just come out with a solution because we got this feedback from the market as well they wanted to have this compact solution that's why we tried with this and so far the experience is quite good we are even coming up with a 35 gram pouches as well which we can carry at any point of time whenever they wish to carry. Apart from this we have 250 grams packing tin available with us and 400 gram tin available with us.

So why we are focusing on this premium thing though we are spending too much on the packing at this moment but this product is not there in the market see because if you see anywhere people they are selling in the pouches we are coming up with a with a tin though our packing cost is high but our material cost when customer is buying we are offering on them on same range and we are not going actually right now more focusing on the profit margins to basically at this moment actually we are looking to have the experience from the customer definitely it is adding the cost as well but same time we are gaining the margin in that as well. We can clearly see even after having this expensive packing we are able to add at least 15% profit margin at the bottom line actually when we are going for the retail business that we can clearly see here.

Rohan Shukla:

Understood sir so 15% will be coming at PAT correct sir?

Vimal Mishra:

Yes.

Rohan Shukla:

Yeah so sir what will be our advertisement expenses because B2C there is a lot of competition in the B2C market so what kind of advertisement we are planning for the future and what will be our budget for this because..

Vimal Mishra:

At this moment we are not focused as much on advertising this this thing but we are trying to gather the experience while handing over this product to the customers like when we're in an event where customer can feel this product, they can see this they can taste it so such a small event which we are organizing like we have one event in Ahmedabad the day after tomorrow. So that's what actually we are publishing our product there after that there will be another function actually before Christmas where people can come, they can taste this product as well so we are more trying to spend on the experience rather just going for the digital marketing at this stage though that is already in planning already in agenda which we want to focus there is no doubt in that. But first if customer is able to have the experience if we are able to gain the experience then we are pretty much sure customer will come back to us based on quality what we are offering in the market.

Rohan Shukla:

Understood sir thanks for the answers and I will get back to you sir thank you.

Vimal Mishra:

Sure. Thank you.

Moderator:

Thank you, sir. Our next question comes from Gopal Chandak from Orim Advisors please go ahead.

Gopal Chandak:

Yes, thank you sir my question is what is the percentage of revenue from export?

Vimal Mishra:

Export at this moment we are only going to the US market because we have developed that customer though because actually our manufacturing capacity is pretty small capacity that's why actually we are unable to cater the bigger market share for the export at this moment but we are pretty much sure with a new facility definitely our export share will definitely increase in this. If you say on percentage wise so hardly it will be somewhere around 3% something with the export at this stage.

Gopal Chandak:

Okay and sir what is your current capacity and what is our expanding capacity which you are..?

Vimal Mishra:

500 metric tons per annum that's the current capacity we have expanding one is 2500 tons plus extra capacity which we are already installed we are waiting for the boiler permission along with the GPCB pollution board control permission that is in pending state at the moment so by 2025-2026 we will have a ready installed capacity of 2500 metric tons plus. We are targeting to reach this capacity increase this capacity by another 1500 metric tons so by 4000 tons in 2026-2027 and another 2000 metric tons we are planning to increase by 2027-2028.

Gopal Chandak:

Okay and sir after increasing the capacity which market you are looking for US only or any other?

Vimal Mishra:

We are already targeting actually all the segments like we have got more verticals like B2B segment is already there for us we are targeting upgrades as well; we are targeting export markets and we are targeting B2C as well.

Gopal Chandak:

Okay thank you.

Moderator:

Thank you, sir. Our next question comes from Ravi Sharma from Fair wealth Advisory. Please go ahead.

Ravi Sharma:

My question is you're expecting the capacity to expand almost by 2500 metric tons where is the demand from?

Vimal Mishra:

Where is the demand from? See cashew basically in India yearly the cashew which has been processed in India is 21 lakh tons so demand is not a constraint as far as the cashew market is concerned and it is actually increasing on a YoY basis with a 3.8% CAGR. We are the biggest consumer in the world. If you see nowadays, cashew is not only being used as a dry fruit it's been used in the restaurant industry, ice cream industries, cashew milk is also coming out cashew butter is also there so people are trying to find out new ways to use these products so as far as the demand concern is there actually, I don't see any challenge in selling probably 10,000 metric ton capacity material as well.

Ravi Sharma:

Okay my question is can you differentiate between organized and an unorganized sector how many percentages is organized and how many percentages is unorganized?

Vimal Mishra:

It's difficult to put it in a number but roughly if I would just say though it's not authentic, I am not claiming anything in this but if I can see this probably hardly 5% is the market share actually in India which is organized and the 95% is unorganized.

Ravi Sharma:

Okay and how do organizing the manufacturer would capture the market share what is the edge of organized sector level over an unorganized sector?

Vimal Mishra:

Please come again I couldn't hear you clearly

Ravi Sharma:

I mean what is the edge that organized player like you have over an unorganized sector?

Vimal Mishra:

See it's the visibility and the trust basically once you come in the public domain so people know with whom they are dealing right? Even if you see before 5 years or 10 years when even you are going to buy the cashews so generally those local shops, they will give you in a plain white plastic you're not going to know that from where it has come which is the manufacturer what sort of quality assurance, they have taken in this.

Now when people are coming in organized sectors, they are binding to follow the compliances in that case we have to follow certain protocol certain compliances which are set for the food product. We are claiming what we have done so we have to ensure those safety measures while processing the material as well while packing the material as well so if you really see the difference between organized and unorganized so mainly is the trust what people can get eventually in that. As you know here who are the processor whom to ask if any issue is there and someone is there to listen.

Ravi Sharma:

Can you talk about your customer your key customer?

Vimal Mishra:

We are mainly selling in the B2B market so like the capacity what we have, I clearly tell you actually even a small customer the small B2B shop in the market actually we are able to consume all the material what we are producing. It's a B2B in market at this stage.

Ravi Sharma:

What about competition for the talk about your competition in the organized market and also any risk that you see because you have provided a guidance of around 50% CAGR for next three years what are your competition and what are the risks?

Vimal Mishra:

See as far as the demand is increasing and the market share is quite huge so I don't see any challenge from the competition because everyone has their own market share to grow at this stage. We are not in the especially in the cashew industry, we are not reached on the stage where people have to eat the other's market share in our organized sector because still, we have a lot to grow.

So I don't see any challenge in that particular zone at this stage because even if you go to the corporate who are regularly buying the dry fruits or cashew they'll always complain about the quality they are not getting the material the quality material on time or probably the same quality throughout the year so there are so many things which needed to be sorted out and then probably you can look once you reach on a certain level where probably the competition start to take the business of others so I don't think so in cashew industry we have reached on that level at this moment.

Ravi Sharma:

Okay so what about the risk?

Moderator:

I am so sorry to interrupt sir, could you please join back in queue for more questions.

Ravi Sharma:

Thank you

Moderator:

Thank you so much sir.

Vimal Mishra:

Yes, no worries I am okay to answer it. Actually so your last question what about the risk see the risk is basically you have the raw material so like this year we have seen a very sharp jump in the raw material prices though the finished market has not supported initially that much but later on they have no other option except to go with this market price actually so it has actually pushed a lot in this financial year but it's everything is dependent on the raw cashew nut basically the season is quite good we have a smooth coming of raw cashew nut and probably the market is there to grow, selling is not a concern so risk is only availability of raw cashew nut.

Ravi Sharma:

Thank you.

Moderator:

Thank you, sir. Our next question comes from Kajal Shah from Arora Fin, please go ahead.

Moderator:

Your voice is not clearly audible. Can you keep your speaker a bit far away and speak ma'am.

Kajal Shah:

Am I audible now?

Moderator:

Yes, ma'am clear please go ahead.

Kajal Shah:

Okay I wanted to know like the perfect consumers shift towards B2C so what operational initiatives are being implemented to optimize supply chain delivery and customer experience?

Vimal Mishra:

You're talking about shifting from B2B to B2C and the operational shift, okay. So firstly actually we have gone for the automation in this because when we are shifting to the B2B to B2C market it's all together a different thing so in B2C we have to be more on a quality side we have to ensure this thing so the packing we are going for a 100% automation in this where we are going for the automatic packing machines where actually we are able to pack over 250 gram or 400 gram tin or 100 gram tin or 25 gram pouches whatever will be there actually it will be a 100% shift towards the automation.

Secondly on the supply side so right now we are actually focusing on the Amazon, Flipkart, ONDC platform so this is where we are actually having our shelf with them and we are putting our material there. Going forward we are targeting we are about to start with Zepto on Blinkit that's what is new agenda so that's where again actually we will have our more material stock ready with them and they will sell it more than this we will target on a distributor end we will approach few distributor and we will just see how things go well go with them and if things are working well then probably we will have a weekly dispatch or probably every dispatch in three or four days something with them as per the demand or as per the orders what we are getting from them.

So, on the supply chain part we are as of now out of Gujarat or out of Ahmedabad we are shipping through Ship rocket at this stage whatever the material requirement we have sometimes if the order size is quite big then we are preferring to send the material directly to them so we are mainly targeting on a weekly schedule at this stage. We prefer to have weekly orders and weekly dispatch.

Kajal Shah:

Okay sir thank you.

Moderator:

Thank you, sir. If you have a question, please press * and 1 on your telephone keypad. We have a follow-up question from Ravi Sharma from Fair wealth Advisory. Please go ahead.

Ravi Sharma:

So, my question is about your EBITDA margin, can you confirm whether you can sustain this EBITDA margin or can you increase EBITDA margin going back?

Vimal Mishra:

I think so it should get increased as we increase the capacity because our operational cost will always remain in the same area where we will be able to increase our capacity with automation because the next new plant actually new facility which we are coming up with is mostly automation in that it's hardly manual work will be there on the cutting section so earlier where we used to have our 20-25 labors now we can complete that work with 5 or 7 labors in that particular part of the processing.

After that the grading machine is also fully automatic which we used to do manually earlier so the labor part actually the manual work which we had to do earlier so that has been reduced, it has gone automation which gives us more clarity or probably on the atomization which will help us to increase our quality of the product it's the same sort of quality actually we will be able to supply them so the costs should not get increased more where actually with the additional production we should be able to increase our EBITDA margin as well as this.

Ravi Sharma:

Okay so that is great news so just a question now since what about growth this year because a lot of your capacity as you mentioned will come about in 2026 so what kind of growth are we expecting for this year FY25?

Vimal Mishra:

This capacity will start probably within a month only. We already started off the operation from this facility but that is on the back-end side actually for the packing side actually we have started from this new facility. We're just waiting for approval from pollution board and the boiler department to start cutting from this facility as well so we will have this installed capacity in this year itself in this financial year probably next one month something we should have it and the numbers we already delivered something about INR 13 crores revenue we're targeting somewhere around 13 something this is what we are targeting for this financial year because we have lost a very crucial phase of Diwali in this shifting so yes it may help it may give us some [Inaudible 00:28:20] but still we are far better than the previous year.

Ravi Sharma:

Okay alright thank you.

Moderator:

Thank you, sir. Our next question comes from Bhuvan MG from Tiger Assets, please go ahead.

Bhuvan MG:

Thank you for the opportunity, sir. Sir, can you provide your medium-term plan

Vimal Mishra:

Please come again

Bhuvan MG:

Can you give us your medium-term plan

Vimal Mishra:

So we have made this plan till 2027-2028 so six thousand ton capacity which we want to [Inaudible 00:28:56] by 2027-2028 so we may achieve this target even in 2026-2027 then we will be more than happy but we have kept this on a very conservative side at this stage so that's 6,000 metric ton capacity that we want to utilize the more we do the production the numbers will get increased that is for sure so probably we are targeting to cross INR 100 crores revenue in next 2-3 years for sure.

Bhuvan MG:

Okay so can you provide any guidance on margins and revenue year by year?

Vimal Mishra:

So EBITDA is number around 13-15% that's what we are targeting and we are targeting PAT at the 8% level.

Bhuvan MG:

Okay and the revenue to reach one hundred crores in next three years?

Vimal Mishra:

Yes, 2-3 years we should be able to achieve those numbers because we are actually already heavily invested in this capacity expansion at this stage with new devices so definitely, we are looking we are very positive for this at this stage.

Bhuvan MG:

Okay sir as your new product is on B2C side, what are your exact distribution plans how are you planning to reach it to the end consumer apart from ecommerce?

Vimal Mishra:

You're more than welcome to approach us because we are looking for a distributor at this stage but more than this actually we are looking for the online platforms like Amazon, Flipkart more than this we are going through the Blinkit, Zepto that's one is in pipeline at this stage so whatever ways are there to reach directly to the end consumer we are definitely trying to reach there and the distribution channel that will be next in agenda as well because we want to go with the market side like basically if initially we are going by city so we will target the metro cities in the first row after that we will go with the second phase the tier two tier three cities that will follow later on so we will go in that sense as a stage otherwise directly we are not going aggressively for pan India business at this stage.

Bhuvan MG:

Okay and going forward what would be your working capital needs because in B2C you might be giving them on credit basis so what are your plans regarding that?

Vimal Mishra:

Working capital is always a very demanding thing actually as far as the cash is concerned it's not only on a sales side it's mainly on a procurement side because actually raw cashew is being a seasonal product we have to store the raw material probably to finalize this actually well in advance so that's where the capital comes into play we need to secure the raw material at a competitive cost and that's where we may require expanding actually increasing this working capital but at this stage the fund which we have raised last actually so we are managing with it which is quite comfortable at this stage for us and same time what are the profit margin we are generating in the company we are utilizing it.

Bhuvan MG:

Okay so going forward you might have to raise funds or take short term loans for working capital?

Vimal Mishra:

Yes, we may require that but as of now whatever we have is more than sufficient for us

Bhuvan Mishra:

Okay so presently what is the working capital base?

Vimal Mishra:

That is mainly on the raw material side as mentioned because when we are importing from Africa so when we transfer the payment the process from loading it take 10-15 days after that loading and the subject time from Africa to India is up there on 45-50 days here another 10 days for the custom clearance so in 65-70 days something we are getting the material here actually available in India after that we start processing the material then processing cycle will take time off a month to completion item. Because at any point of time somewhere now 30% of the cashew which needed to be taken care by the labors manually because the husk part will be there so they have to remove those husk by hand so that will be there actually so at any point of time that chunk will be there it's not only with me anyone actually who is in the cashew industry they are facing this problem so capital is something which is required in this business but that is more on the procurement side.

Bhuvan MG:

Okay sir thank you.

Moderator:

Thank you, sir. Our next question comes from Mokshi Jain from Jain limited. Please go ahead.

Mokshi Jain:

Hello sir, am I audible?

Vimal Mishra:

Yes ma'am.

Mokshi Jain:

So, I wanted to know like as sustainability and ethical practices have become increasingly important like to both the consumers and investors how are you all incorporating the ESD principle into its operation like what are the initiatives you all are undertaking to reduce the environmental impact or improve the social outcomes or enhance government structure?

Vimal Mishra:

Right now, we have gone through the solar power generation so we have installed this capacity at this stage in our new premises. Apart from this we have gone for this water treatment plant in our new facility as well where the reduction will be less than 10% in that because in boiler when we are using so we need a TDS less than three hundred that actually in our premise is where the new factories have been shifted so TDS level is somewhere around three thousand in that so there is a lot of wastage of the water is there so to avoid that actually we have installed not one but two water treatment plant there so that we can utilize the maximum in that and same time actually the reduction level is less than 10%

The power or the power generation part as I just mentioned we are going for the solar at this stage so one 100 kilowatt that's what we have installed and another 100 kilowatt will follow by next year mostly that's what we are planning at this stage so that will take care of our power requirement as well so it will be 100% going forward not at this stage we are targeting 100% renewable energy what we can utilize in our factory and the water level actually that we also we are trying that 10% reduction is there how much further we can reduce in that also net possibility as well there is no air pollution in our products so these are the two things actually which primarily I wanted to address before starting the new facility.

Mokshi Jain:

Okay thank you

Moderator:

Thank you, sir. Ladies and gentlemen, if you have any questions, please press * and 1 on your telephone keypad. We have a follow-up question from Rohan Shukla from Wealth Impact Solution please go ahead

Rohan Shukla:

I have one question regarding the capacity utilization you mentioned it's not regarding the expansion plan so right now we're planning from a 12 to 24 to 25 hundred metric ton then our target is to be 6000 metric ton by 2027 so how much the capex we need for this sir because we already need a fund to manage our working capital also so what amount of the capex we need and how we will fund that sir?

Vimal Mishra:

The infrastructure which we have set up right now considering the 6000 metric ton capacity that's how we have designed right now so going forward capex will be very less what we need to infuse to increase the capacity though working capital part will be there that will be that needed in the future as well but at this stage what we have planned for 2500 ton that is based on the funds available with us and with the planning of that only we have considered so what is the margin we will generate actually the

operational margins and the profit margin of company generates so with that additional fund will get generated in the company and that we will utilize further actually going forward.

Rohan Shukla:

Understood sir. One more last question so what will be our revenue potential on 6000 metric ton capacity sir and one additional question on this sir are we able to pass on our raw material price sir for example if we buy from India or any other nation so if there is any sudden drop or increase in the prices are you able to pass on that thing sir?

Vimal Mishra:

We are able to pass on because we have sufficient margin while actually having the process in place and when we are in the agribusiness we cannot be assured with the market price actually whatever there in the market maybe we'll do something plus minus there and you will just actually prefer to upload the material and probably to focus more on the production side, like suppose if I will give you example if I am able to process 1000 ton material and on a particular one lot like 100 ton lot if I am able to not generate even actual breakeven cost in that just because of the sudden drop in the market.

So I will prefer to sell that material I may end up probably in you know 5% loss in that but I will ensure at the same time I will buy another 100 ton material which will be very much less because the market has gone down and I will prefer to generate additional profit from that and to recover our profit margin because my operational cost will remain the same it is not going to get increased a lot because when we have a fixed infrastructure so I will more focus on the increasing production capacity there rather actually just looking at the market price.

Rohan Shukla:

Understood sir just closing last question sir so we are also entering B2C as you mentioned but it is in an initial phase so the capacity can we use the capacity is it interchangeable sir can we use the same capacity for B2C and B2B with some extra addition we have to do in a bid to take more or less we can use the same?

Vimal Mishra:

Difference is on the cutting side actually because the process remain the same only at the last stage whether we need to ship this material on a B2C side or probably we want to utilize this on a B2B side that's needed to be taken care so once we have the advanced planning in place so we can just take care that this material needed to be shipped on the B2C side because we need to pack this 250 gram tin or 100 gram tin so that's what actually we do otherwise the process remains the same from beginning till before packing and only at the packing time it will get shipped.

Rohan Shukla:

Thank you, sir. Best of luck sir.

Vimal Mishra:

Thank you so much.

Moderator:

Thank you, sir. We have a follow-up question from Ravi Sharma from Fair wealth Advisory please go ahead.

Ravi Sharma:

You mentioned about achieving undergrowth hello can you hear me

Vimal Mishra:

Yes, sir yes, I can hear you

Ravi Sharma:

Sir you mentioned that you would like to achieve INR 100 crore next 2-3 years any other product that you're planning apart from cashew processing or you are focusing too early on cashew to achieve the target?

Vimal Mishra:

No we are actually also looking to expand our portfolio in different dry fruits as well so we are in a trial stage at this moment twelve months so if things go well as per our plan then probably the next one we will get into the almonds as well and after that immediately we will shift our focus on Pista as well so other dry fruits are already in planning the work is already ongoing at this stage it's just that we gain that much confidence that we are able to process this as per the customer expectation and we will be able to deliver those so in those cases that one INR 100 crore will be I can say probably I can if things go well then we may achieve our target well in advance.

Ravi Sharma:

Do the other dry fruits also sell in the margin with current EBITDA margin or is it better or is it less?

Vimal Mishra:

The margin EBITDA remains almost the same EBITDA level and this CAGR level actually but the processing cycle will get increased in that so that will be short cycle so probably the rotation will be on a higher side because cashew is the only product where it takes so much time otherwise if I take four almonds so probably within a week I can complete the entire container and then sell the material in the market for selling as well so that cycle will be fast so that will help us to increase our revenue as well so margin may be a little bit less compared to the cashew but that's okay we are actually looking to have a combination of everything.

Ravi Sharma:

So, my final question is what is your vision for Prospect Consumer Limited where you want to see your company next five years?

Vimal Mishra:

See as I just mentioned the first thing we want to cross the INR 100 crore mark as far as the revenue side is concerned on customer experience we are focusing more on the experience side at this stage

because we have never seen anyone actually who was spending so much on the packing or the customer experience as far as the dry fruit industry is concerned we just want to sell the material in the market and just collect the money from them actually whether it is through distributor retailer.

I am focusing on the experience part because I am pretty much sure if I am able to deliver the good product to customer people are there who are willing to spend money on that they are looking to have the quality product in hand because it's unorganized sector so no one has focused that much on particular this area which we intend to target we will be successful or not that's only time will tell us but we don't want to leave any own term here actually for our effort where we want to try to our level best to give the best experience to our customer so to answer your question to gain better experience of our customer going forward that's particularly one of the vision what I am looking and to be in the top three companies in India as far as the organic sector is concerned.

Ravi Sharma:

Thank you, all the best sir,

Vimal Mishra:

Thank you so much

Moderator:

Thank you, sir that was the last question, now I hand over the floor to Mr. Rajnish for closing comments.

Rajnish:

Thank you everyone for joining the conference call at Prospect Consumer Products Limited. If you have any queries you can write to us at info@confideleap.com. Once again thank you everyone for joining the conference.

Moderator:

Thank you so much sir. Ladies and gentlemen this concludes your conference call for today. Thank you for your participation. You may all disconnect your lines now. Thank you and have a good day.

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