



“Prime Fresh Limited
Q2 FY24 Earnings Conference Call”
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MODERATOR: **MR. AMOGH DAHIWADKAR – CAPITALSQUARE FINANCIAL SERVICES PVT. LTD.**

Moderator: Ladies and gentlemen, good day and welcome to the Prime Fresh Limited Q2 FY24 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amogh Dahiwadkar from CapitalSquare Financial Services. Thank you and over to you, sir.

Amogh Dahiwadkar: Good evening, everyone. On behalf of Capital Square Financial Services, I welcome you all to Prime Fresh Limited Q2 and H1 FY24 Earnings Call. We have with us Mr. Jinen Ghelani, the Managing Director and CFO, Mr. Hiren Ghelani, Whole-Time Director, Mr. Bharat Patel, the COO; and Company Secretary, Mrs. Jasmin Doshi from Prime Fresh.

Now, I hand over the floor to Mr. Hiren Ghelani for the opening remarks and outlook of business. Over to you, sir. Thank you.

Hiren Ghelani: Good evening, everyone. I am Hiren Ghelani, Whole-Time Director. First, quickly, let me give you an overview of Prime Fresh Limited. Basically, Prime Fresh Limited, established in 2007, headquartered in Ahmedabad and listed on BSE, SME platform since March 2017. The company is primarily into two business segments; one is a service business, the other business is a fruit-vegetable supply chain business.

I will start with an overview of the service business. The service business basically is about various activities spanning from loading and Unloading, sorting, grading, packing, premium packing, cold storage management, Ripening chambers management, overall warehouse operations, manpower supply. Primarily, the services are for the fruit, vegetable clients, those who are into agriculture, FMCG and related businesses.

The key client's for our current business is Reliance Fresh, Wagh Bakri Tea, Vasant Masala, Intas Pharmaceuticals and few others. The service business is around 15% of our sales in FY23. And moving forward, the thrust of the management is more into the fruit- vegetable supply chain business.

As far as fruit, vegetable supply chain business is concerned; the primarily -- the business is about procurement, processing, and placement of fruits and vegetables. We procure fruits and vegetables from various -- about 85 districts of Maharashtra, Rajasthan, Gujarat, UP, and Karnataka, this we procure from farmers, local area aggregators, suppliers and our own collection centers.

We also do limited investments and selective participation in joint venture farming, contract farming. So, primarily, the procurement of fruits and vegetables happens through these five areas. As far as processing is concerned, post procurement that is sorting, readying, packing, logistics arrangement. These activities are again different for different segments of buyers.

Now with regard to placement, basically the sales, the distribution channels, we have modern trade and e-commerce as a category. We have APMCs as a category, we have food processors,

exporters, exports. Partly, we do B2C in Mumbai and Ahmedabad and we are also building slowly the HoReCA vertical. And we have been doing R&D and business development activities with respect to franchise business.

Prime Fresh Limited, basically, as we speak today, works across about 17 to 18 states in India. With regard to its sales, we work with around 85 APMCs across the country. We have built a farmer base of more than 1,20,000. Our full-time employed team members are around 850 plus. Our primary operations comes from Gujarat, Maharashtra, and Rajasthan. We have about 14 collection centers. Out of that, seven are seasonal, seven are full-time. We also have our own six distribution centers for selling of fruits and vegetables in Ahmedabad, Pune, Mumbai, Hyderabad, and Delhi.

Over the last 2 - 2.5 years, we have extensively expanded our operations with regard to procurement, sales and distribution. We also have about 15 to 18 full-time distribution partners. We have a sales channel of about 12 people. Our core product portfolio consists of nine products. Last year, our sales was about, in terms of tonnage, our sales was around 22,000 tons. This year in FY24, we are targeting about 32,000 tons of business.

In terms of our capabilities and capacity at the back end, our company has about 1,50,000 tons of procurement capacity of fruits and vegetables. Looking at our current distribution channels and our distribution centers, our selling capacity is around 75,000 tons. So currently, the company is working on a preferential issue of equity Shares.

The BSE approval is already received after the approval of shareholders and the board. The company is in the process of completing the preferential issue in the current month. With this preferential issue, the company's net worth will move from around INR32 crores to about INR62 crores. This will help us to kind of focus on our expansion initiatives in various areas.

I would like to now come to the results of H1 FY24. Since we are listed on SME, we come out with half-yearly results. The sales for H1 FY24 is at INR62.84 crores versus last year's INR43.39 crores, which is a jump of about 44.81%. Our EBITDA for the period was at INR4.16 crores versus last year's INR3.42 crores, which is a jump of about 21.69%.

Our PAT margin was around 4.52% versus last year's 5.49%. Our PAT was at INR2.84 crores versus last year's INR2.39 crores. This growth in sales has primarily come from corporate sales, an increase in service business with reliance, our growth in sales with modern trade and e-commerce. We have also benefited from a huge expansion in the last 18 months we have done across Delhi, Hyderabad, Pune, and Ahmedabad.

Going forward, our large part of the growth will definitely keep coming from modern trade and e-commerce. However, we have also been penetrating north, northeast, and southern markets. We have identified about 20 core APMCs where we can continue to grow our business. We have also built a separate sales team for different cities and different segments, which will also ensure that we start building our HoReCA, franchisee, B2C and exports verticals.

With regard to this growth, primarily it has come from mango, onion, pomegranate and apple. Our core product portfolio consists of, as I mentioned, nine products. Out of that, the main is

pomegranate, second is onion, third is orange, fourth is apple, then there are a couple of imported fruits, then we also have grapes, we have some of the vegetables and tomatoes. Our growth going forward will also be driven by a couple of new initiatives, which we are focusing on north and northeast, as I mentioned.

With this, I would like to complete the preliminary introduction of the company and I would like to give it to moderator for question and answer session. Thank you very much.

Moderator: The first question is from the line of Bhakti Ojha from CapitalSquare Financial Services, Private Limited. Please go ahead.

Bhakti Ojha: Good evening, sir. My question is recent update to exchange about business expansion in Uttarakhand. Can you throw some light on it? How it will help Prime Fresh?

Hiren Ghelani: Sure. Thank you. I would like to just touch upon the broad aspect of it, and later on I will hand over to our CMD. Preliminary, if you look at the way the Prime Fresh operates, it has built a massive agri-supply chain ecosystem across Maharashtra, Gujarat, Rajasthan and a couple of cities like Pune and Hyderabad and Delhi. What we are doing is that we are building a large, stakeholders like farmers, local area aggregators, suppliers, service providers, transporters, sorting, grading, packing teams, and of course the sales and procurement field team. What we are going to do is that we are going to replicate the entire learning and the entire ecosystem what we have built over the last 15 years, 16 years in these three states, and replicate the same in Uttarakhand.

This will help us to kind of de-risk our procurement capacity. It will also help expand our sales in Uttarakhand. It will also help us to get into food processing and organic, you know, fruits and vegetables segments. In terms of the target markets, target products, and target clients, etc., I would request our CMD to provide a little brief detail on this expansion initiative.

Jinen Ghelani: Yes, sure. Basically, as far as Uttarakhand investment is concerned, we are focusing in basically three - four categories. One is farming. Second is rural ecosystems development through farmers' development. We would like to basically setting up a few collection centers, distribution centers for agriculture produce. Also, if any JV is possible with the food processing units or food processors, then we would like to get into those things also.

FPO-based farmer groups, food distribution activities, and organic farming, basically all related to exports and upcoming markets in agriculture products. So, the core focus will be for Uttarakhand. We are looking at five-years plan, and we are thinking to have better set-up and infrastructure over the Uttarakhand state. So, this will help us basically to cater the north market. Basically, presence will be more stronger, and it will help us for future growth.

Bhakti Ojha: Thank you.

Moderator: Thank you. We have the next question from the line of Ravindra Jain from NJ Securities. Please go ahead.

Ravindra Jain: Hello. Yes, hi, sir. My question is with regards to the PAT. The PAT margins have been restricted to about 5% - 5.5%. So, I would like to know, is there any scope to increase the margin, and how are we going to go about with that?

Hiren Ghelani: Sure. Thank you. So, first of all, we need to dwell into a detail of why these margins have been hovering around 5%. If you look at our detailed annual reports, if you look at our P&L statements, what we have been giving to exchanges, we have been heavily investing over the last three years in setting up collection centers, distribution centers. We have been expanding our sales team. We have been increasing our traveling spend, packing material inventories.

We have been spending a lot of money on trial & errors and storage and R&D. And also, a lot of initiatives like exports, franchising business, B2C business. These are all initiatives and activities we have been investing from our GT what we earned.

So, the company has been continuously investing across the board. And hence, the margins have remained in this current band. Now, looking at the growth plan which the company is pursuing right now, we will continue to invest in these initiatives at least for another three to six months.

So, I believe that somewhere in the middle of June or middle of July, our cost structure should peak out in terms of where we have been investing. And we have been getting the benefit of these initiatives and traveling and the people which we have added over the last two years. So, somewhere at some point of time, if you look at the capacity what we have built, we will get better utilized.

And your staff cost and your capital cost, particularly the interest cost and the traveling cost will start kind of moderating or will not rise as much as your sales is rising. This will ensure that slowly we should get into a much better margin from the cost structure point of view. However, if we were to kind of get a good traction in our HoReCa or exports or B2C or franchisee model, which we think we should get somewhere in the second half of FY25, then that could also additionally provide a good push to our gross margins and hence our net margins should start going up.

One very important point is that with the completion of this preferential issue, we would hardly be using our CC limits which we have been using over the last two- three quarters to grow our business. So, technically our interest cost will become zero in FY25. So, you will have definitely an improvement in margin on account of all these four points.

Ravindra Jain: Sure sir, thank you.

Moderator: Thank you. The next question is from the line of Priyadarshi Srivastava, an individual investor. Please go ahead.

Priyadarshi Srivastava: Good evening sir. Thank you for the opportunity. Sir, you just spoke about the investment in Uttarakhand as well as your BSE filing. I just wanted to know, sir, what kind of capital investment you are looking at in the next two to three years and when will we see some revenue generation happening from this investment, sir?

Hiren Ghelani:

Sure. So, we are almost at the last stage of closing the whole business plan. In terms of, our chairman is attending the global summit there in the next week and we will be getting a more detailed clarity with respect to certain requests which we have put across to them.

If we were to kind of start implementing the preliminary plans which we have in our mind, probably maybe mid-February or mid-March onwards, I think initially, in the first one year, the capital would be in the range of about a crores rupees and largely we would be using our working capital for enhancing our procurement bandwidth and that procurement bandwidth would be utilized to increase our sales as our chairman mentioned, in the north part of the country, in the northeast.

Initially, in the first year, the capex would be very little. However, in the year two, depending on the land availability and certain licenses, etc., we could be very keen to increase our footprint into the food processing segment and maybe we could be tying up with some of the food processing parks and that is the time we may kind of increase our capex. Overall, if you look at the five-year plan and what we are intending to invest, INR35 crores to INR40 crores, I think on a higher side, in five years, the capex could be about INR15 crores. The rest, INR25 crores, could be working capital.

Priyadarshi Srivastava:

Okay. Thank you. So, as you just mentioned about getting in the food processing also, so this in Uttarakhand will be through some joint ventures or you will do it wholly on yourself?

Hiren Ghelani:

Right. So, there is organic growth also possible, depending on the, as I mentioned, land availability. And secondly, there are a couple of units which are available for a joint venture and partnership model where we would feed these units with raw material.

We would help them with certain process and branding of prime fresh and we would be kind of getting the job work done. We would be investing more in sourcing and selling and distribution and ramping up the existing infrastructure which they have. So, we would be kind of incurring more of an operational capex or packing related or certain operational day-to-day expenses and not invest too much into plant and machinery and all that.

Priyadarshi Srivastava:

So, do you have any similar plans to do it on your, on a greenfield basis in other parts of the country? Because we are seeing some good initiative and investments from the government of India in the food processing industry.

Hiren Ghelani:

Sure. So, what internally over the last two years we have been deliberating a lot within the management whether we should get into this and because our team has a solid knowledge of the raw material, even the, we have been supplying to food processing units across Maharashtra, Gujarat, Rajasthan. Whenever we did certain back of the envelope calculations, we realized that the margin and the ROE may not be very great initially in the first three years.

Secondly, we realized that the scale which we were aspiring in F&V, the fresh business, is still not achieved. So, the internal, if you look at the capacity utilization of our collection centers, distribution centers and the field team, we should first aspire to cross at least INR200 crores to INR250 crores type of F&B fresh sales in the next 18 to 25 months. And then probably it could

be a right time that, okay, we have a huge internal accruals coming from fresh business and then probably using those cash flows to build those, you know, food processing vertical.

So, somehow internally we have been kind of delaying this initiative based on purely, you know, still having substantial opposite interest business and of course we have been adding new channels. So, let's say to sell the fresh, you know, fruits and vegetables, we need to build a HoReCa, we need to build a supply chain with food processors, franchisee models. And, I think that would be the right time where, you have some senior people heading the F&V business, you have a head of F&V business, head of sales and all that, where your management has a plenty of time for the, you know, expansion and new initiatives.

And we have identified areas, we have identified land products, we have been doing research, but we have been not doing any action actually on that side.

Priyadarshi Srivastava: Okay. Okay. That was nice of you to give us the details. Thank you very much, sir. And all the best.

Moderator: Thank you. The next question is from the line of Padmaja Ambekar from Parmeshwari Advisors. Please go ahead.

Padmaja Ambekar: Thank you very much for the opportunity, sir. Sir, what is the big achievement of our company? What growth channels we are building?

Hiren Ghelani: Okay. Have you completed the question? Did I got it? Okay. Right. So, if you look at in the last 2-3 years, in terms of our location, we have moved from 9 locations to 19 locations, where we are currently working on a day-to-day basis. Out of these 19 locations, 14 locations are working almost 24/7. In terms of our product portfolio, also has moved up from 6 to 9. In terms of our own distribution centers, it has moved from 2 to 6.

In terms of our top clients, which were like 3 years back, we had 8 top clients, now we have 30 top clients. In terms of presence across top 10 cities, we are present in the top 10 cities versus top four cities about 2 years back. In terms of our management bandwidth, we have more senior managers and department heads who are driving this business versus having a promoter-driven business.

In terms of processes, in terms of systems and brand and all, we have achieved a lot of progress. We have also been working very aggressively with a lot of new channels, like HoReCa as I mentioned, franchise model as I mentioned, even some of the technology initiatives we have been working on. So, the company has been able to spend a lot of time and energy and money on a lot of these new initiatives, which we believe that will start kind of getting reflected in the growth in the coming 1-3 years.

Even if you look at our sales and profitability, sales has also grown at more than 25%-27% CAGR over the last 3-4 years. Our profits have also grown at almost 45%+ CAGR over the last 3-4 years. If you look at our sales capacity, which was around 20,000 tons 3 – 3.5 years back, which is at around 75,000 ton.

In terms of our procurement bandwidth, which is around 50,000 tons, it has almost moved to more than 1,50,000 tons. I think these are a couple of developments and achievements, which we believe have been kind of laying a foundation for the next phase of growth for the company.

Padmaja Ambekar:

Great, thank you very much. So, who are our competitors? Can you throw some light on competitors?

Hiren Ghelani:

As you all are aware, the fruit and vegetable market is definitely a lot fragmented, a lot run by unorganized entrepreneurs. It is also run by a lot of unskilled, semi-skilled, less educated people. So, one is definitely we compete with a lot of local area aggregators and local area entrepreneurs in different cities. With respect to national players, like there is a company, Sahyadri Farms in Nashik, there is Vegrow. There are a couple of agri-startups who tried, who failed in the last 4-5 years. However, most of these B2B agri-startups have been kind of finding it very difficult to create a scale in the game.

Because they didn't have that backend and they could not kind of invest in creating a capacity. Also, the experience of the area, the season, the product, the type of team you have, all that matters a lot. So, honestly speaking, going forward in B2B business what we do, there is not much competition from any national player, any significant big national player.

So, we don't see that. However, there are local APMC players also and local trader, supply chain partners also. And some of the players close to Mumbai and Pune, let's say some supplier or entrepreneur in Narayangaon or Nashik or Otur or Nagar or these kind of areas, who definitely give us a tough competition in Pune and Mumbai. For us, the highest level of competition is Pune and Mumbai by most of the local area players. Otherwise, we don't see much competition from any national players.

Padmaja Ambekar:

Okay. This is very helpful, sir. Thank you so much.

Moderator:

Thank you. The next question is from the line of Ravindra Jain from NJ Securities. Please go ahead.

Ravindra Jain:

Hi, sir. I would like to know regarding the INR29 crores preference shares allotment which is being raised. So, where is the company looking to use this proceeds?

Hiren Ghelani:

Sure. So, if you refer through detailed documents and annual reports, we have mentioned that we would be creating a better supply chain and upgrading some of the existing collection centers, distribution centers. We will also be kind of tying up with some of the existing cold storages, warehouses, pack houses.

We would also be deploying some capital in the working capital for the exports. We will also be putting up money for the franchise business, for the digital marketing activities. We are also trying to do automation and building certain technology for B2B business as well as B2C business.

So, broadly speaking, it is working capital, technology, marketing, some of the branding initiatives, some of the packing material inventory and also investing in subsidiary companies or rather associate companies for growing our farming business and supply chain initiatives.

Ravindra Jain:

Sure, sir. Thank you.

Moderator:

Thank you. We have the next question from the line of Nipa Haria from Nipnil Investment. Please go ahead.

Nipa Haria:

Good evening, sir. I would like to know what is the working capital cycle right now for this F&V business, Foods and Vegetables business?

Hiren Ghelani:

Sure. So, of course, the cycle differs from segment to segment. We have about six to eight segments of sales. On a broad basis, if you look at it, we could end up doing a sales between 3.5x to 5x depending on the season and the year, like whether it is the first half or second half, where second half you have better capacity utilization. So, broadly, any incremental capital, we should be easily able to deploy to create a 3.5x to 4x, 4.5x and 5x type of sales impact with the capital. Of course, when you have been building business over the last 10 - 15 years, you end up investing in farmers, advances, supplier advances, deposits, collection centers, distribution centers etc.

And hence, your ability to kind of get the sales multiple in the initial phase could be lower. However, now we are entering into a different phase of growth, where we would be able to better utilize our capital. So, that's how I would like to kind of summarize the question.

Nipa Haria:

Okay. So, which segment, but right now, which segment, the working capital is the shortest? You said seven, eight segments.

Hiren Ghelani:

So, largely, we wanted to grow our export vertical in the last two, three years. And we realized that the export working capital cycle is longer and the deal size are also bigger. So, that's where we needed a working capital. Also, when you want to build your B2C business or B2B technology platform, you need to invest upfront. And that's where also you need capital. And as we see that, when you start getting into more channels, you will need more collection centers and you will also need to start storage of materials for long-term and medium-term.

So, for example, onions or potatoes or grapes, etc , you can store also. So, that's where also you will need working capital. If I want to aspire, if we are kind of targeting that we want to sell at least 65 to 70,000 tons of materials in three years, versus let's say we are selling 30, around 30000 - 32,000 tons in FY24, initially the working capital requirement will rise. And also, the prices of products have also gone up in the recent past. So, that also requires more working capital.

Nipa Haria:

Okay. Okay. Thanks a lot, sir.

Moderator:

Thank you. The next question comes from the line of Nihar Shah from Crown Capital. Please go ahead.

- Nihar Shah:** Hello. Good evening, sir. Two simple questions. Like, I was just seeing through our financials. I saw that our H2 is better than H1 in last two to three years. So, I just wanted to understand, like, is this the same trend going ahead? And what kind of percentage do we see, like 60-40 for H2? Like, can you state that?
- Hiren Ghelani:** Last two lines, can you repeat, please?
- Nihar Shah:** Yes, I was just saying that we see that H2 is better than H1 in all the years, like, not all, means like previous two to three years. So, is this the trend going ahead as well? And what kind of the ratio do we see, like 40-60?
- Hiren Ghelani:** Sure. Sure. So, Yes, you are right. Actually, H2 is always better. The reason is you have the major harvesting season begins from mid-October. Right? And secondly, you know, you also have an opportunity to supply to exporters. So, our experience is that you get more products in the H2. Because typically in April to September, you have two months of heavy rain.
- So, that there were also you don't get much of a business. So, it's purely one, a base effect. Secondly, you get more products in the H2. Generally, our experience is that over the years, we can easily target to grow 20% higher in H2 versus H1. And with this capital, I think, you know, if we kind of start, if you look at the Q4 for us in FY24, we'll have plenty of room to grow with this new capital coming in.
- Nihar Shah:** Okay, sir. And one small question on the EBITDA margins on consol level. Like we have seen that it's averaging around 7%. But in H1, we saw a drop to around 6.3%. So, is there a reason behind it? And can we get back to the 7% level by H2?
- Hiren Ghelani:** Okay, so one reason is that, okay, we have been facing competition in some of the clients which are registered in one of the subsidiaries. Okay, particularly Reliance and More Retail. Okay, so what we are supplying to Reliance Retail and More Retail is from Florens Farming Private Limited. Okay, we are facing a margin pressure because both the companies have been facing issues on the cost side and all. They want to cut the cost, etc.
- So, naturally, because of that, we have seen the margin not doing well. Also, as I mentioned, we've been investing, right? So, this investment phase may continue till maybe mid-April or something like that. So, and then probably it will start tapering out. So, we will have an improvement in consolidated EBITDA margin, as I mentioned earlier, maybe from H2 FY25.
- Nihar Shah:** Okay, okay. So, till then, can we see the margin around 6.5% EBITDA margin?
- Hiren Ghelani:** So, what we believe that this band of 6.4 - 7.2 may continue for the next at least three quarters.
- Nihar Shah:** Okay. Thank you sir and all the best.
- Hiren Ghelani:** Thank you so much.
- Moderator:** Thank you very much. Thank you. The next question is from the line of Priyadarshi Srivastava, an individual investor. Please go ahead.

Priyadarshi Srivastava: Thank you, sir. Thank you for the opportunity again. Sir, I just wanted to know your presence and more details on the presence in the modern trade and what is the contribution in the total revenues from that modern trade?

Hiren Ghelani: Sure, sure. So, for us, we categorize it as a corporate business stroke, agri-startup business stroke, service business with large corporates and brand sales, right? So, this sales also includes sales of services to Reliance also and some of the FMCG and other companies. In FY'24 H1, what results we have declared, the cumulative sales for both service and F&V from these large players was around INR26 - INR27 crores, which is around roughly 40% category.

This was at about 14% in FY'20, and this was around 15% 16% in FY'21. So, that's one of the biggest achievements that our sales with Zepto, our sales with Swiggy, our sales with BigBasket, our sales with Reliance Premium, our sales with Otopy, our sales with Amazon, and of course our sales with a couple of these large players is going up. We have also done very well on account of expansion in Mumbai, in our service business, where now we are a backbone for Reliance Fresh, Mumbai business.

So, we managed to measure large warehouses, one in Bhiwandi, the other is Taloja. These two warehouses on a daily basis handle close to 200 tons of fruit, vegetable, dairy, bakery products. And we have seen a tremendous growth versus last year. So, I would say this number of 40% - 45% from this corporate sales, brand sales, modern trade, e-commerce sales will continue for at least another one year.

However, since we have been investing in new channels, and we have been intending to grow our APMC sales, franchisee sales, this may kind of fall as a percentage of sales because ultimately these buyers are growing at about 10%, 15%, 20%. And we have been growing at, let's say, 30%, 35% with them. At some point of time, our growth with them would maybe about 20% type of growth. And our internal aspirations is 30%, 35% overall growth. So, naturally, our growth will have to come from new channels. And not, because last three years, the last part of the growth has come from these large big clients.

Priyadarshi Srivastava: Okay. So, the margins are better in this modern trade or the direct APMC sales, sir?

Hiren Ghelani: So, so far, of course, the margins have been better in modern trade e-commerce. Definitely.

Priyadarshi Srivastava: Okay. Okay. Thank you. Thank you again, sir.

Moderator: Thank you. The next question is from the line of Amogh Dahiwadkar from CapitalSquare Financial Services Private Limited. Please go ahead.

Amogh Dahiwadkar: Hello, sir. So, what is the update on the franchisee model that we were constructing?

Hiren Ghelani: Sure. So, over the last 15 months, we have been working on building this model. We have been doing a lot of R&D, roadshows, participating in conferences, seminars, etc. We have done roadshows and meetings with potential investors and participating in fairs at Ahmedabad, Mumbai and Delhi and Pune. We intend to start with three cities initially, Ahmedabad, Mumbai and Pune.

We have met with about 185 plus people in the last 12 months. And we have been trying to recruit the right manager and right team. We have also designed a model. We have finalized the layout of the store. We have also finalized the model of -- revenue model and the profit sharing and margin model for our partners. We think that somewhere in the next three - four months, we should be able to start rolling out the franchisee model.

Our idea earlier was to launch, roll out the model before end of March 2024. We think that, we should have five outlets each in all these three cities and maybe company owned two outlets each in these cities. So, our internal aspirations is to have about 18 outlets in place by maybe mid-April or end of April 2024. So, that's the update on the franchisee model.

Amogh Dahiwadkar: Okay, sir. And just one more small question, sir. Where are we in terms of the farming and the export business?

Hiren Ghelani: Right. So, again, we need to build a better and bigger management bandwidth for each vertical. So, right now, in terms of exports, we have been building a separate team for the backend. And promoter themselves have been meeting some of the buyers. I think another two - three months will go into building a right process where you can have a sustainable exports.

Because what happened in the previous phases of our export initiative is that if you cannot have a dedicated managers and dedicated leaders for each vertical, the promoter's energy and time tend to get spread/spend on too many things. And then consciously we decided not to focus on exports in the last previous three years. Now, we have created a proper model, the ecosystem. And we believe that somewhere mid-January onwards, we will make a bidding of our export business. The second question, what you say, export?

Amogh Dahiwadkar: So, that's it. That's it. That was my question.

Hiren Ghelani: Right. Thank you. Thanks.

Amogh Dahiwadkar: Thank you so much.

Hiren Ghelani: Farming you said, sorry. Yes. Right. So, with regard to farming, of course, we have been visiting land, we have been having getting strong interest from a lot of big landowners in Kutch, Rajasthan, Maharashtra. We have created a two member team to evaluate the opportunities. We are creating a documents within the system and how we will roll out this model which are the crops we will get into? Which are the districts we will work with? What will be the productivity of the capital?

And again, the blueprint should be ready internally, maybe in the next two - three months. And we intend to become kind of aggressively, getting into this phase, this space, post mid-February, mid-March. Because we were waiting for this preferential issue also to get over, because you need a good decent, financial muscle power before you get into any such business.

Moderator: Thank you. The next question is from the line of Nihar Shah from Crown Capital. Please go ahead.

- Nihar Shah:** Yes. I heard you telling to the previous participant that we are aspiring for internal growth of around 30% to 35%. So, did I hear it right? So, going down, say, three to five years, we are seeing a CAGR of 30% to 35% for our company?
- Hiren Ghelani:** Sure. So, our internal aspiration definitely is to grow our tonnage business at 30% - 35%, right.? Because we have already created a capacity. So, if you look at the current sales in terms of tonnage for FY'23 and where we were in H1, so definitely there is a huge scope to utilize our capacity. And hence, with this working capital available now and maybe one or two senior members coming on the board, we should be able to grow at this pace over the next three years.
- Nihar Shah:** Okay. All the best, sir. Thank you.
- Moderator:** Thank you. We have no further questions. I would now like to hand the conference over to Amogh Dahiwadkar for closing comments. Over to you, sir.
- Amogh Dahiwadkar:** Thank you, everyone, for joining the call on behalf of Prime Fresh Limited and CapitalSquare Financial Services. Have a good evening.
- Hiren Ghelani:** Thank you everyone. Thank you very much. Thank you.
- Moderator:** Thank you. Thank you all for joining us. You may now disconnect your lines.