Proventus Agrocom

Operator: Ladies and gentlemen, good day and welcome to the Proventus Agrocom Ltd. H2 and FY26 earnings conference call hosted by PhillipCapital Private Client Group. 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 star then zero on your touch-tone phone. I now hand the conference over to Mr. Rutu Savant from PhillipCapital Private Client Group. Thank you and over to you, sir.

Rutu Savant – PhillipCapital Private Client Group: Good afternoon everyone. On behalf of PhillipCapital Private Client Group, I welcome all of you to the H2 and FY26 earnings conference call of Proventus Agrocom Ltd. Today from the management, we have Mr. Durga Prasad Jhaver, Founder, MD, and CEO. The management will be sharing key operating and financial highlights for H2 and FY26 ended March 31, 2026, followed by a question-and-answer session. Please note, this call may contain forward-looking statements which are based upon the company's beliefs, opinions, and expectations as of today. These statements are not a guarantee of the company's future performance and involve unforeseen risks and uncertainties. I now hand over the call to Mr. Durga Prasad Jhaver. Over to you, sir.

Management: Good afternoon everyone and thank you for joining us today. On behalf of the management team, I extend a warm welcome to all our investors, analysts, shareholders, and stakeholders. We appreciate your continued trust and support as we build Provi into a leading player in India's wholesome nutrition and healthy snacking segments.

I want to start with something very simple. At the beginning of the year, we said we would deliver, and we did. FY26 has been our strongest year since we started this journey. Our consolidated revenue stood at 925 crores. Retail revenue crossed 659 crores, representing a year-over-year growth of approximately 58%. EBITDA stood at 19.84 crores as against 12.92 crores in the previous year, while profit after tax increased to 14.26 crores, registering a growth of approximately 93% year-over-year. Gross margin expanded by 240 basis points to 22.1% and based on the momentum we are seeing across the businesses, we are revising our FY28 revenue target upward to 1,100 crores from 1,000 crores.

But honestly, numbers are only the outcomes. What is far more important is why these numbers are happening. What we are seeing on the ground today gives us a lot of confidence about where this company is headed over the next few years. When we started Provi, we were fundamentally a dry fruit company focused on almonds and cashews — a stable and dependable business. But over time, especially after COVID, we noticed something important changing in Indian consumers. People were no longer buying dry fruits only for gifting or festival occasions. They were actively looking for healthier everyday snacking options — products that felt delicious, convenient, and importantly, tasted good. That shift made us rethink the opportunity ahead. That is when we took a conscious call: let us not remain just a dry fruit company; let us build a wholesome nutrition platform.

Today, nearly 48% of our revenue comes from wholesome nutrition products, including walnuts, pistachios, figs, makhana, seed mixes, trail mixes, and other nutrition-packed formats. This

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business is growing materially faster than traditional dry fruits and also operates at significantly stronger margins. That mix shift is one of the biggest reasons you are seeing margin expansion in our numbers today.

In fact, let me share a few data points that reinforce why we believe this shift is still in its early stages. First, the wholesome nutrition segment is growing at 15–18% compared to 5–7% growth in core dry fruits. Second, organized branded players are growing almost 2.5 times faster than the unorganized market. Third, and perhaps most importantly, while the category already represents a 75,000 crore opportunity, India's per capita consumption is still extremely low. India consumes roughly 600 grams per capita annually, compared to around 2.5 kilograms in China and nearly 4.7 kilograms in the US. So when we look ahead, we believe the category itself has a very long runway for growth.

Now let me come especially to makhana, because this is one of the most exciting opportunities we see today. The makhana category has grown nearly six times in the last 5 years and continues to grow at 25–30% annually, far ahead of categories like almonds. The reason is simple. Makhana sits at a very unique intersection. It is healthy, light, familiar, and deeply Indian. Consumers already trust it, and nobody feels guilty eating it, which makes it perfectly suited for becoming an everyday snacking habit. We genuinely believe makhana has the potential to become one of India's largest healthy snacking categories over the next 5–7 years.

Importantly, we have now built a strong structural advantage in this category. Our Bihar facility is operational at the source of more than 90% of India's makhana production. This gives us better sourcing economics, fresher product access, a stronger quality control, and a far more integrated supply chain. Over the last few years, we have focused on seeding the category, refining flavors, packaging, positioning, and understanding consumer behavior. That validation phase is now largely complete. We are now entering the scale-up phase of our makhana business, and we expect this category to become one of our biggest growth drivers through the next two years, FY27 and FY28.

At the same time, we are also investing aggressively in the manufacturing infrastructure to support the next phase of growth. Our Mumbai facility has a capacity of 1.5 lakh pouches per day. Bihar Phase 1 is now operational and gives us backward integration into makhana sourcing with a capacity of 2,500 metric tons per annum. Surat, which is our largest investment so far, is a 2 lakh square feet state-of-the-art facility currently under construction, with a planned capacity of over 4 lakh pouches per day. We expect Surat to come online by the first half of FY27. Together, these facilities give us the manufacturing backbone required not only for FY28 but for the next phase of scale beyond that.

Let me quickly touch upon financial discipline. Even as we invest aggressively for growth, we remain very disciplined on the balance sheet. Our net worth has increased to 144 crores. We believe entering a high-growth phase from a position of financial strength is extremely important, and discipline remains a core part of how we operate the business.

We are revising our FY28 retail revenue target upward to 1,100 crores from 1,000 crores. Importantly, this is not just an aspirational number; it is a detailed execution roadmap. The roadmap is built on four clear pillars. First, Channels: deepening our presence in quick commerce while continuing to expand general trade distribution across new geographies. Second, Products: scaling

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makhana aggressively while increasing the contribution of wholesome nutrition to over 58% of revenue. Third, Infrastructure: bringing Surat and Bihar fully online and integrating them into our national supply chain. Fourth, People: strengthening the organization with leadership additions across sales, supply chain, and marketing as we continue to scale. Every pillar has ownership, every pillar has milestones, and every pillar has defined investment plans. This is execution-driven growth.

Let me end with one final thought. We are not chasing milestones; we are building capabilities. Retail revenue of 659 crores is not the finish line; it is validation that the model is working. Healthy snacking in India is becoming a daily habit, and Provi is positioned exactly where this category is headed. With makhana at the center of our next phase of growth, we genuinely believe the best years of the company are ahead of us. Before I conclude, I would like to place on record my sincere gratitude to all our shareholders, customers, employees, and business associates for their continuous trust and support. Their confidence and partnership remain central to the Proventus Agrocom Ltd. journey and future growth. With this, I would like to open the forum for questions. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha – Sapphire Capital: Hello. Am I audible, sir?

Management: Yes.

Disha – Sapphire Capital: Thank you so much for this opportunity. I have a couple of questions from my side. For FY26, we have seen a good increase, with 48% of our revenue coming from wholesome nutrition. That is a high-margin business compared to the core dry fruits. But if I see the overall numbers, we are at around 2% EBITDA for FY26 without including the other income. Why is that increase not translating into EBITDA margins, and how do you see these margins going ahead?

Management: As you can see, we made a lot of investments during the year on the marketing side. We want to remain profitable, and the EBITDA is positive, but we are continuing to invest in marketing. If you look at the marketing spend, it has grown from 30 crores to 75 crores this year. That is why the EBITDA margin is currently low, but it is continuously improving.

Disha – Sapphire Capital: On the overall side, how do you see the growth for FY27 on a consolidated basis, and what sort of margins are we targeting?

Management: On the growth side, we are targeting revenue growth of 30-35% year-on-year. For the next two years, leading up to the FY28 plan we shared, we are targeting revenue growth of 30-35% and the same for EBITDA and PAT margins.

Disha – Sapphire Capital: What sort of mix will we see for FY27 between branded sales and wholesale sales, meaning retail versus wholesale?

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Management: The focus is always on retail branded sales, where we are targeting 30-35% growth. On the wholesale side, we are not targeting specific growth, although wholesale is always important because it gives us leverage for better efficiency on the core business. To give you a perspective on the numbers, approximately 75-80% of the revenue will come from the retail side.

Disha – Sapphire Capital: Okay. And on the Surat facility, what sort of capex are we doing for this, and what is the revenue potential of this facility at optimum utilization?

Management: This facility is a 2 lakh square feet facility. In the first phase, we are targeting a capacity of 4 lakh pouches per day. To give you perspective, today we are producing 1.5 lakh pouches per day. This facility can easily go to 10 lakh pouches per day when it becomes fully functional.

Disha – Sapphire Capital: When will all the phases come online?

Management: We are targeting three phases right now. We are targeting the first phase in the first half of FY27.

Disha – Sapphire Capital: What will be the revenue potential from the first phase?

Management: We are targeting revenue growth of 30-35%. With 4 lakh pouches, it can easily reach the 1,000 crore level in the next two years. However, the 4 lakh pouches will be part of the first phase capacity. Generally, pouches do not translate directly into revenue because we are now targeting the snacks category, which involves lower grammage products. Earlier, the grammage per pouch was higher. When targeting the snacks side, the pouches are more in the range of 30-100 grams. So it will not translate directly into revenue in that sense, which is why I said we are targeting revenue growth of 30-35% year-on-year.

Disha – Sapphire Capital: My final question is on the impact of the war. How has that affected our sourcing, and what sort of impact are you seeing on the business?

Management: I am sorry, I missed your question.

Disha – Sapphire Capital: My question was on the Middle East conflict. What sort of impact are you seeing on our sourcing and the business in general, and how protected are our margins?

Management: This war has impacted two or three fronts. One is the supply side. A large part of dry fruits comes to India from Afghanistan and Iran, and that supply was affected. However, India is sufficient at least for the current season until Diwali. The war started post-winter, and most dry fruits come into India during the winter. So India has sufficient supply until Diwali. If this situation continues post-Diwali, then things will get affected, and India may look for other channels to bring material into the country. Freight costs, currency, and forex have all been affected. However, we have transferred a large part of these costs to the revenue side, so margins are largely unaffected, though prices have gone up.

Disha – Sapphire Capital: So we will be able to protect our margins going ahead?

Management: Yes, we will.

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Disha – Sapphire Capital: Okay. That is it from my side. I will get back in the queue. Thank you.

Operator: Thank you. Next question is from the line of Mahaveer Jain from Extreme Advisors. Please go ahead.

Mahaveer Jain – Extreme Advisors: Congratulations on the very good set of numbers. I have a couple of questions. First, how important is quick commerce for Provi? I wanted to know the current contribution of quick commerce and how much it can contribute to the FY28 numbers.

Management: Right now, the quick commerce channel is very important and is expanding continuously. We have been focusing on this channel for the last year. Currently, around 5–7% of revenue comes from this channel, and we are targeting that it will be no less than 10% of overall revenue by the end of this year.

Mahaveer Jain – Extreme Advisors: Are the margins in quick commerce similar to the margins we make at a gross level?

Management: Yes, there might be slight variations, but the margins are almost the same.

Mahaveer Jain – Extreme Advisors: Now that we are completing three years of listing on the SME platform, do we have any plans to migrate to the main board?

Management: I will hand this question over to my CFO, Ankush Jain.

Management: We were listed on the NSE SME segment on June 10, 2023. At the end of three years, we are eligible and are in the process of doing the same. We are targeting to get listed on the main board by this financial year-end.

Mahaveer Jain – Extreme Advisors: That is all from my side. Thank you.

Operator: Thank you. Next question is from the line of Tejal Kapoor from Antifragile Thinking. Please go ahead.

Tejal Kapoor – Antifragile Thinking: Thank you for the opportunity. Great set of numbers. I have three questions. First, would you agree that the real stress test is not whether revenues can grow 30% this year and next year, but whether multiple things play out simultaneously? For example, the wholesome nutrition mix improving, marketing efficiency improving despite scaling, and the Surat and Bihar capacity ramping up on time without working capital stress. Finally, there is the external factor of the war situation ending by Diwali. How do you assess the probability of struggling with these areas, as they have a cascading effect?

Management: I will address that. Our whole focus for the last two years was on the margin side. Core dry fruits are always a low-margin business. So, starting two years ago, we began focusing more on the snacks side and other dry fruits. There are two reasons: margins are higher, and growth in these items is higher compared to core dry fruits. We expanded our channels and marketing efforts accordingly. We have been targeting a 5% shift every year from core dry fruits to wholesome nutrition. Last year we were at 57% core dry fruits, and this year we are at 52%. We are targeting that 5% shift moving forward. That journey continuously improves profitability, which we can see

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this year in the PAT and EBITDA.

Infrastructure gives us sustainable growth and improves efficiency. That is why we built the Bihar facility, as we are focusing more on makhana. To give you some input, we believe that right now the almond market in India is around 15,000-17,000 crores. Currently, makhana is around 6,000 crores. We believe makhana will grow 25-30% as a category. I believe that in the next 5-7 years, makhana can cross the overall size of the almond market. That is why we invested directly at the source. We are one of the first few units to invest there, which gives us an advantage on cost and quality.

With Surat, we are building a large facility. We have already taken the 2 lakh square feet space and are building the infrastructure. That will provide growth for the next 5-7 years. We are also investing heavily in marketing. We aim to be one of the large companies in this space. Regarding the war and Diwali, our direct sourcing allows us to plan inventory and pricing visibility better. We have relationships directly with the growers. Even with the war situation, we do not have any stress on the inventory side.

Tejal Kapoor – Antifragile Thinking: DP, what percentage of the next two years' growth is expected to come from higher throughput per outlet versus adding more outlets and distributors? How is the mix there, especially considering the marketing spend has increased significantly? I really liked the discipline on working capital and positive operating cash flow. How confident is the team that same-store growth in general trade or modern trade can give higher volumes?

Management: For the coming two years, we are targeting around 30-32% growth. Approximately 10% is coming from existing outlets or channels, and 20% from the expansion of channels and new outlets. I say 10% for the existing channels because we are continuously adding new products (NPD), which provides extra revenue from existing channels.

Tejal Kapoor – Antifragile Thinking: And going forward, do we expect to stay in positive operating cash flow? How confident is the management team that this is not a one-off and that you can stay disciplined in working capital management while growing aggressively?

Management: As I said, we are targeting 30-35% revenue growth. We expect healthy growth in EBITDA and PAT as operating leverage starts giving us extra margins. That will translate into growth in operating cash flows as well.

Tejal Kapoor – Antifragile Thinking: Wonderful execution. Thank you so much. I will rejoin the queue.

Operator: Thank you. The next question is from the line of Rishabh Joshi from Top Ventures. Please go ahead.

Rishabh Joshi – Top Ventures: Thanks for taking my question. I have a query on relative market share. In this wholesome nutrition space, what is our relative market share compared to some of the privately funded competitors?

Management: I would say the total organized retail space today is around 14,000-15,000 crores. We did around 660 crores last year, so we have around a 4% market share. However, our market share on the wholesome nutrition side is better than the competition. We are around 7-8% there, whereas

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others are around 3%. We are continuously focusing on that.

Rishabh Joshi – Top Ventures: As we scale, our competitors in the wholesome nutrition space are well-funded private companies that seem to be operating at negative EBITDA and negative cash flow to gain market share. How confident are we to continue our growth path without having to proportionately increase marketing intensity just because the competition is spending aggressively?

Management: As I stated earlier, the wholesome nutrition part is growing 15–18%, and core dry fruits are growing 5–7%. Our focus for the last two years has been on that segment. This focus isn't just on sales; our marketing efforts and infrastructure are toward that as well. I believe we have invested a lot in the last two years across the value chain. We are relatively ahead of the competition, and we believe this will materialize into profitability.

Rishabh Joshi – Top Ventures: Is there a case for segregating the wholesale business from the retail operation? Retail companies often get higher multiples, and the wholesale business might be masking the true strength of the wholesome nutrition business. Do you think there could be a case to spin off or split in the future?

Management: For us, the wholesale business provides an advantage regarding quality because we import directly ourselves. We have grower relationships. While we are not focusing on growing wholesale, it is essential because when we import material and the quality does not fit our retail business, we sell it into the wholesale market. The wholesale business doesn't convert into a large part of EBITDA or PAT, but it is important for the overall model. We do not see a reason to spin it off right now.

Rishabh Joshi – Top Ventures: I was asking mainly from a perception standpoint. The multiples peers command are roughly 5x sales. Is there a case for a perception re-rating if you build a stronger narrative on the wholesome nutrition side?

Management: I understand your point about market capitalization. But our focus is always on building the whole business in the right manner, showing growth in revenue, EBITDA, and PAT. We are transparent about our numbers and specify the branded retail revenue versus wholesale. We focus on execution, financial performance, governance, and long-term value creation. We believe the market will reflect that over time.

Rishabh Joshi – Top Ventures: What do you think the retail to wholesale mix will look like in the longer term? Does it hit a plateau, or will it be largely driven by retail?

Management: I mentioned a 5% year-on-year shift for wholesome nutrition compared to the core dry fruit business. Regarding wholesale versus retail branded business, we expect that retail branded business will continue to be around 75–80%.

Operator: Thank you. Next question is from the line of Chirag Sayoki from MS Capital. Please go ahead.

Chirag Sayoki – MS Capital: Good afternoon. Congratulations on the execution. Could you help us bridge the gap between the 22.1% gross margins on branded sales and the reported gross profit of

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92 crores? The delta seems to be around 55 crores. Is that marketing cost, and is it something you can control or withdraw if needed without affecting current sales?

Management: As specified, the consolidated revenue is approximately 925 crores, and 73-74% is branded retail. Our branded retail business commands much higher gross margins than wholesale. The branded business commands 22% gross margins. Due to accounting standards, some marketing expense items come under the cost. For representation purposes, the reported gross margin appears around 14-15%, but the operational branded gross margin reach 22%.

Chirag Sayoki - MS Capital: Regarding that 55 crore delta, can you shut those expenses down without impacting current sales?

Management: The increase in spend is aligned with our long-term brand-building strategy. Since we are targeting a higher wholesome nutrition mix, which leads to higher margins, such expenses will continue. We are cognizant of improving efficiencies and the bottom line. We see such spend as a strategic investment for future growth rather than a short-term expense.

I don't think stopping these expenses would immediately affect current revenue because we are not spending on just one product. It is a diversification of products. As we build a category and reach a certain size, we reduce expenses and start investing in new products. It would not affect current revenue if we stopped completely, but we want to achieve that 30-35% revenue growth, so we are spending in a calibrated way.

Chirag Sayoki - MS Capital: So largely this spend is for categories in the "seeding phase"?

Management: Yes, that is right.

Chirag Sayoki - MS Capital: One more point on the working capital — receivables have come down to the 15-20 day range. Is that sustainable with quick commerce and modern retail increasing?

Management: We are targeting a total working capital cycle of less than 60 days, and we are currently around 60 days. We believe we will be able to continue growing at this number. Quick commerce is targeting 10% of our revenue. We are generally very disciplined on the working capital side and will focus on maintaining that across the channel mix.

Operator: Thank you. Next question is from the line of Vedant from Early Age Advisors. Please go ahead.

Vedant - Early Age Advisors: Good afternoon. Could you share the contribution of top customers and how diversified your revenue base is?

Management: I won't be able to share individual customer revenue, but we are well-diversified on the channel mix side. Avoiding concentration risk is a key focus. If you look at modern retail in India, there are only about three major players. In quick commerce, there are three top players. In e-commerce, two players have a large share. So in that sense, there is some concentration by the nature of the industry, but we do not have an unusually high concentration on any single individual customer.

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Operator: Thank you. Next question is from the line of Ansh Himawat from Capital One. Please go ahead.

Ansh Himawat – Capital One: Congratulations. Could you specify the channel mix between general trade, modern trade, quick commerce, and your website?

Management: We have four primary channels: General Trade, Modern Retail, E-commerce, and Quick Commerce. Individual channels generally range between 25% and 40%, except for our direct website business, which is very low, around 1%.

Ansh Himawat – Capital One: So GT, MT, and E-commerce are between 25-40%, and Quick Commerce is around 5-7%?

Management: Yes, Quick Commerce is 5-7%. The other three channels — E-commerce, Modern Retail, and GT — are between 25-40% each.

Ansh Himawat – Capital One: Could you give us guidance on the marketing spend for the upcoming years?

Management: The total marketing spend for the coming year would be closer to 85-95 crores. In FY26, we spent 75 crores. Consistent brand-building investment will continue.

Ansh Himawat – Capital One: Is there any geographic mix information? Was the Surat expansion meant to capture the North Indian market?

Management: We are not focusing strictly on geographic size. In modern retail and e-commerce, we are present across the country. On the GT side, most of our business is from South India. Our strategy is to go deeper rather than wider in general trade. The Surat facility is intended to supply the entire country, not specifically to take over the North market.

Operator: Thank you. Next question is from Deepak, an individual investor. Please go ahead.

Deepak: How do you see net operating margins expanding in the long term? Many players in this space get stuck at low single-digit margins. How do you reach high single-digits or mid-teens?

Management: We built this model focusing on the supply chain. Today, we have relationships up to the farmer level, which gives us two advantages: consistent quality and a pricing advantage. Additionally, we are focusing more on the wholesome nutrition side rather than just core dry fruits. We are currently at 52% core dry fruits and are targeting a 5% annual improvement. In two years, we will be around 42%. That part of the business gives us extra gross margin. We are targeting a 2-3% year-on-year improvement in gross margins, which will eventually flow to the bottom line.

Operator: Thank you. Next question is from the line of Disha from Sapphire Capital. Please go ahead.

Disha – Sapphire Capital: With the 30-35% revenue growth target and retail being 75-80%, our retail turnover could be much higher than 1,100 crores by FY28. Is that 1,100 crore target a bit conservative?

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Management: I think we will reach that number. If I take 30% growth for the retail revenue, which was 660 crores this year, the numbers will align around that target.

Disha – Sapphire Capital: What about the consolidated revenue growth on an overall basis?

Management: With 30-32% growth, where 75-80% is retail and the balance is wholesale, the overall revenue will be around 1,400 crores by FY28. Within that 1,400 crores, 1,100 crores would be the branded business.

Operator: Thank you. Next question is from the line of Rishabh Tripathi, an individual investor. Please go ahead.

Rishabh Tripathi: I find your quality really good, comparable to Tata Sampann. Your backward integration seems to be helping maintain that quality. Regarding the marketing spend, is there a threshold — perhaps at 1,500 or 2,000 crores in revenue — where the incremental marketing requirement drops and we see higher PAT margins?

Management: We discussed that we are expanding our distribution footprint and strengthening our consumer presence across various channels. We consider this a long-term spend. Until FY28, the spend will be in line with current levels relative to sales. Once the brand is established and we cross the 1,000 crore category, the spend as a percentage of sales will definitely come down. On the EBITDA front, we expect a 150-200 basis point improvement over the next 2-3 years.

Rishabh Tripathi: I can find Provi on Amazon and Flipkart, but in North India, specifically Uttarakhand, I don't see it on Blinkit as much. Are the margin profiles different for these channels, which is why you aren't as aggressive there?

Management: We focus on all channels including general trade, modern retail, and e-commerce. When competitors spend aggressively on e-commerce, we take a calibrated approach. We don't want to burn cash or spend excessively just to be the first result. This year we have a larger focus on e-commerce and aim for 10% from that channel. We have negotiated our channel margins, freight, and advertisement costs properly. If a competitor spends too much, we remain quiet and focus on product-specific growth. We are confident that across all these channels, we will achieve 30-32% growth along with improvements in EBITDA and PAT.

Operator: Thank you. Due to time constraints, that was the last question of the day. I now hand the conference over to management for closing comments.

Management: In conclusion, the journey has just started for Provi. We are at an inflection point to grow consistently over the next 5-10 years. I would like to place on record my sincere gratitude to all our shareholders, customers, employees, and business associates for their continued trust and support. Their confidence and partnership remain central to Provi's long-term journey and future growth. A sincere thanks to all the investors and institutions who joined our call today. Thank you so much.

Operator: Thank you. On behalf of Proventus Agrocom Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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