



CONSERVE

New Ventures India Investor Forum

Mumbai

November 2-3, 2006



Conserve: an Eco-Entrepreneurship NGO



“Eco-entrepreneurship” is a grassroots level, market based bottom up approach enabling the individual poor to improve her/ his livelihood through creation of earning opportunities, using traditional arts and skills on urban waste to make goods that meet market standards expectations and demand, with least capital and operating costs and existent infrastructure.



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Conserve—an Eco Entrepreneurship NGO

Brief History:

- *1998: Established as a non-profit with a mandate to work in the areas of waste Management and Energy Efficiency*
- *2002-2003 : technology, product and skills development; testing of eco-entrepreneurship model*
- *2004: launch of EE-Model through the creation of an SPV – Conserve HRP*



Conserve HRP: an Eco-Entrepreneurship Company



Brief History:

- *Registered as a proprietorship in 2004*
- *Products receive great market response from the International Market.*
- *First year (04-05) turnover of Rs 5.5 Million.*
- *Second year (05-06) turnover of Rs 9.2 Million*
- *Sales tie up with a 2100 store strong European retail chain – negotiations ongoing.*



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What is the Product ?

HRP- A more eco-friendly alternative to leather !!



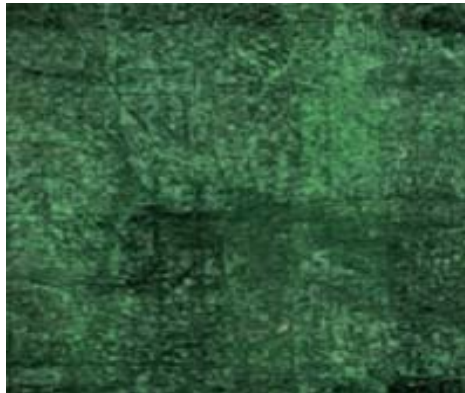
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What is the Product ?

HRP- More attractive than leather or even faux leather !!



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More trendier than leather !!



Name	Zinta
Colour	Bricklane
Lining	Polyester
Trim Type	Faux Leather
Dimensions	L33 x H21 x W10 cm

Uses no colours or dyes!!

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Name

Jameel

Colour

Bindu, Pakistan

Lining

Polyester

Trim Type

Faux Leather

Dimensions

L35 x H20 x W8 cm

More Versatile!!



Name	Bushra L, S
Colour	Beach, Bindu
Lining	Polyester
Trim Type	Faux Leather
Dimensions	L31xH20xW7.5 cm



More Indian!!



Name

Di

Colour

Pink, White, Blue,

Lining

Polyester

Trim Type

Beads

Dimensions

L20 x H13 x W1 cm



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More Durable!!



Name

Cleo

Colour

Swiss Alps

Sole

Leather



Less Wasteful!!



Name	Butterfly
Colour	Swiss
	Alps
Components	HRP, assorted
	Beads
Dimensions	L43 cm



And as strong!!



Name	Swing
Colour	Mall
Components	HRP, Embroidery
Dimensions	L 80 cm



HRP – Untapped applications!!



- Low Cost Floor Tiles
- Shower Curtains
- Wall paper
- Raincoats
- Umbrellas
- And so many more



Market Analysis



- **Target market: “Cultural Creatives” Age Group : 16 to 40**
- **Cultural Creatives buy based on their beliefs:**
 - They appreciate things that are well-made
 - They procure original arts or crafts.
 - They consume natural, organic and free-range foods
 - They recycle and re-use.
 - Cultural creatives want to hear the ‘whole story’ behind the product.
 - They carefully investigate products before purchasing. In Europe the size of this rapidly growi
- **European market is in the region of 80-90 Million people**

Market Analysis- Strengths



- Process is unique and under patent
- Needs extensive back-end infrastructure to collect waste polythene
- Most people loathe to work in this area



Market Analysis-



Weaknesses:

- Process largely manual at present
- Inefficiency exists in collection grading and sorting

Social and Environmental Impact



- Income and Employment generation for 300 persons at present
- Potential to involve many more thousands
- 1 ton of waste plastic picked up and renewed every month
- Potential to recycle many more tons



Marketing and Sales Activities



Marketing and sales strategy:-

- Participation in International Trade Fairs
- Active web presence (try Google)
- Word of mouth- uniqueness helps
- Extensive (and free) international media coverage:
 - TV Media- CNNI; BBC; CBS; France Channel 5; Arte and more
 - Print media: Liberation; The Independent and many more



Marketing and Sales Activities



Sales projections:

- 90% Increase in Sales turnover every year for the past two years of operations.
- Big buyers are only now noticing this product
- Tie up in offering with 2100 Store Chain

Marketing and Sales Activities



Keys to success

Constant development of new Designs-
Fashion market is fickle

- Unceasing innovation
- Development of new Product lines and applications



Operations



- Social Operations:
 - Collection and Sorting Unit
 - Sheet making units
- Business operations:
 - Sampling unit
 - In house Fabrication
 - External Fabrication

Operations



Competitive Advantages

- Large collection network in place
- First mover edge over others
- Tie up with 2100 stores ensures operations of scale



Operations



Scalability

- No dearth of raw Material
- No shortage of collection manpower
- Business process amenable to mass production



Operations



Research and Development

- Need to automate the sheet making process to increase output

Which is why we are here!!



The proposal



Funding request for

Automation of Sheet Making technology and subsequent commercialization for expansion of Bag Making Business



The rationale for the Request:



- Pilot scale technology and business model stands proven
- Output – the HRP sheet – meets market needs and demand
- Products meet market standards and compete effectively
- New applications e.g. footwear, has a greater potential market than the current range of Fashion accessories.

The Plan:



1. To set up a SPV – A Limited Company with shares held by both Conserve, and the Investor.
2. SPV to upgrade technology of sheet making so that production of sheets in rolls is possible
3. SPV to put up plant and sell rolls of material to product manufacturers rather than end products

Organization and Personnel



Key managers:

- Shalabh Ahuja, B.E & M.Sc.(Hons), BITS Pilani – 20 years of entrepreneurial experience
- Anita Ahuja, M.A. (Hons.) Delhi University, Published writer, artist and the creative head and social heart of the project.



Financial Data



PROFIT & LOSS STATEMENT

S. No.	Head	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	Capacity	60%	70%	80%	90%	95%
A	Revenue From Sales	51,000,000	59,500,000	68,000,000	76,500,000	80,750,000
B	Cost of Sales	24,696,000	28,565,600	32,472,160	36,419,376	38,661,314
C	Gross Profit (A-B)	26,304,000	30,934,400	35,527,840	40,080,624	42,088,686
	Less Operating Expenses	4,702,000	5,387,400	6,184,380	7,112,706	8,195,842
D	Op. profit (Before Tax & Dep.)	21,602,000	25,547,000	29,343,460	32,967,918	33,892,844
	Less: Interest & Depr.	3,972,520	4,148,220	3,733,500	3,318,780	2,904,060
E	Nett Profit Before Tax	17,629,480	21,398,780	25,609,960	29,649,138	30,988,784
	Gross Profit Margin	51.58%	51.99%	52.25%	52.39%	52.12%
F	Nett Profit	34.57%	35.96%	37.66%	38.76%	38.38%

Financial Data



Funds required and their use:

1. R&D	Rs	25 Lakhs
2. Land & Building:	Rs	62 Lakhs
3. Plant & Eq.	Rs	130 Lakhs
4. Margin Money for W/c	Rs	<u>49 Lakhs</u>
	TOTAL	<u>266 Lakhs</u>

Amount of Rs 35 Lakhs already stands invested.



Financial Data



Type of financing sought:

- Equity

Potential exits for investor

- Sale of Equity on IPO

