

Prabhat Dairy Ltd.

Fresh Dairy • Milk Ingredients • Co-manufacturing

Prabhat

Partners in Progress

August 16, 2017

BSE Ltd. Phiroze Jeejeebhoy Towers Dalal Street Mumbai – 400 001 Scrip Code: 539351	The Listing Department National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051 Symbol: PRABHAT
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Sub : Revised Investor presentation on Unaudited Financial Results for the quarter ended June 30, 2017.
Ref.: Regulation 30(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear sir / madam,

we are enclosing herewith revised Investor Presentation on Unaudited Financial Results for the quarter ended June 30, 2017 with some minor changes.

The presentation is also hosted on the website of the Company at <http://www.prabhatfresh.com/investor-relations/q2/>

Kindly take the above information on record.

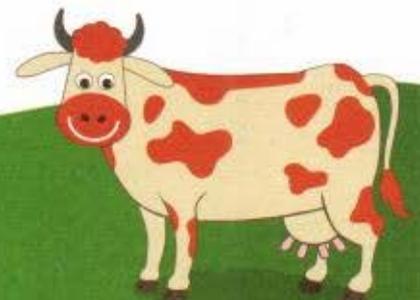
Thanking you,

For Prabhat Dairy Limited



Authorised Signatory

Encl: Investor Presentation



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The Taste That Stays.



Emerging brand in value added dairy products

Q1 FY18 RESULT UPDATE
AUGUST 2017



Emerging brand in value added dairy products

DISCUSSION SUMMARY

- KEY HIGHLIGHTS
- Q1 FY18 RESULT HIGHLIGHTS
- COMPANY OVERVIEW
- BUSINESS MODEL
- COMPETITIVE ADVANTAGES
- STRATEGY & OUTLOOK

KEY HIGHLIGHTS

Revenues

- Q1 FY18 Revenues grew by 22.8% YoY to Rs. 3,602.3.

Gross Margin

- Q1 FY18 Gross Margin increased to 21.0% from 18.8% YoY

EBITDA

- Q1 FY18 EBITDA grew by 15.7% YoY to Rs 289.1 Mn, EBITDA margin of 8.0%

PBT

- Q1 FY18 PBT grew by 11% YoY to Rs 82.9 Mn

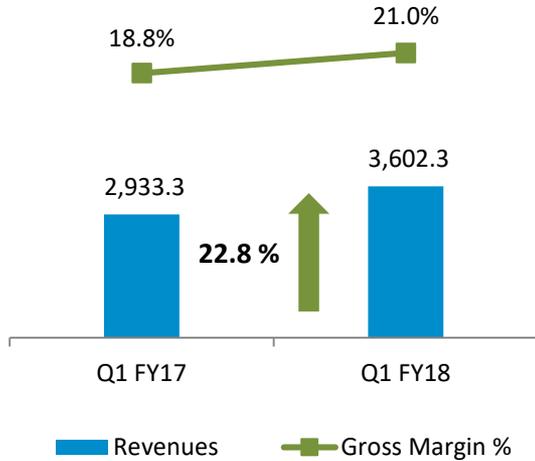
PAT

- Q1 FY18 PAT marginally declined by 3.5% YoY to Rs 58.3 Mn

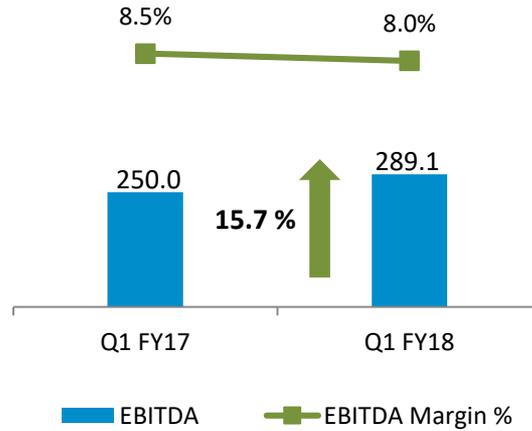
Q1 FY18 RESULT HIGHLIGHTS

In Rs Mn

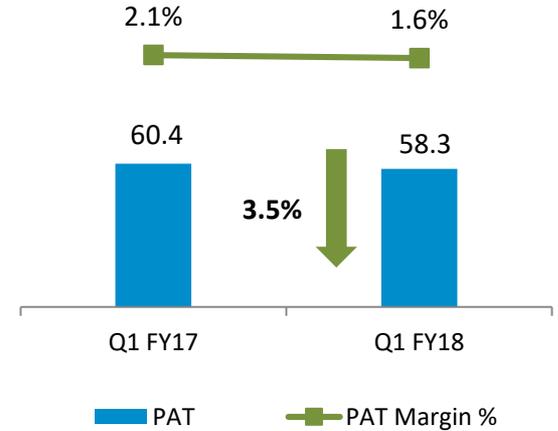
REVENUES & GROSS MARGIN



EBITDA & EBITDA MARGIN



PAT & PAT MARGIN



Q1 FY18 RESULTS

CONSOLIDATED PROFIT AND LOSS STATEMENT



Particulars (In Rs Mn)	Q1 FY18	Q1 FY17	YoY%	Q4 FY17	QoQ%	FY17
Revenue from Operations	3,596.0	2,931.2	22.7%	3,771.8	-4.7%	14,098.7
Other Income	6.3	2.1	192.2%	5.0	25.3%	12.6
Total Income	3,602.3	2,933.3	22.8%	3,776.8	-4.6%	14,111.3
COGS	2,844.7	2,381.3	19.5%	3,064.6	-7.2%	11,358.3
Gross Profit	757.6	552.0	37.3%	712.2	6.4%	2,753.0
Gross Margin	21.0%	18.8%	221 bps	18.9%	218 bps	19.5%
Employee Expenses	103.1	82.2	25.5%	96.2	7.2%	346.9
Other Expenses	365.4	219.9	66.2%	312.6	16.9%	1,125.5
EBITDA	289.1	250.0	15.7%	303.4	-4.7%	1,280.5
EBITDA Margin %	8.0%	8.5%	- 50 bps	8.0%	-	9.1%
Depreciation	117.0	104.0	12.5%	109.1	7.2%	432.0
Finance Cost	89.2	71.3	25.1%	75.5	18.1%	294.4
Exceptional Item	0.0	0.0	-	0.0	-	189.1
PBT	82.9	74.6	11.0%	118.7	-30.2%	743.3
Tax Expense	24.6	14.2	72.6%	136.6	-82.0%	273.9
Current Tax	21.8	16.8	29.7%	37.5	-41.9%	174.1
Deferred Tax	2.8	-2.6	-207.8%	99.0	-97.2%	99.8
PAT	58.3	60.4	-3.5%	-17.8	-	469.4
PAT Margin %	1.6%	2.1%	- 44 bps	-0.5%	209 bps	3.3%

Q1 FY18 RESULT HIGHLIGHTS

- Q1 FY18 Total Revenues increased by 22.8% YoY to Rs. 3,602.3 mn.
 - Distribution between value added products and milk was 85% and 15% respectively. Milk, skimmed milk powder, cheese and paneer were the key products which led to higher sales.
- Q1 FY18 Gross Profit increased by 37.3% YoY to Rs 757.6 mn. Gross margin increased by 221 bps YoY from 18.8% to 21.0%.
 - Milk procurement prices increased by ~5.5% YoY from Rs. 25.72 to Rs. 27.14 per litre this quarter.
 - Gross margins were higher on a year on year basis mainly due to higher realizations in consumer business.
- Q1 FY18 EBITDA increased by 15.7% YoY to Rs. 289.1 mn. EBITDA margin decreased by 50 bps YoY from 8.5% to 8.0%.
 - Business promotion expenses increased on account of greater focus on growing value added products and B2C sales.
 - Employee benefit expenses were higher on account of increase in human resources allocation to the paneer and cheese plant as compared to corresponding quarter last year.
- Q1 FY18 PAT decreased by 3.5% YoY from Rs. 60.4 mn to Rs 58.3 mn.

Q1 FY18 RESULT HIGHLIGHTS

KEY BUSINESS UPDATES



B2C BUSINESS

- **Prabhat's Pro+ (probiotic) dahi** is now retailed across modern trade outlets such as **Big Bazaar, Star Bazaar, Easyday** etc.
- **Milk pouches** are available in **EasyDay** outlets.
- **Ghee** is present in **26 states** and the penetration continues to increase with more than **800 distributors and 100,000+ retail touch points**.
- Products like **Paneer, Dahi, Lassi, Chaas, Shrikhand** etc. continue to gain prominence and acceptance amongst end consumers.
- Currently **ramping up modern trade** presence beyond Maharashtra in cities such as **Delhi, Kolkata and Ahmedabad**.



Q1 FY18 RESULT HIGHLIGHTS

KEY BUSINESS UPDATES



EXTENSIVE PROUCT CAMPAIGNS TO INCREASE CUSTOMER ENGAGEMENT AND BRAND VISIBILITY

Print Media Campaign



Cinema Advertising Campaign



Outdoor Advertising Campaign



Q1 FY18 RESULT HIGHLIGHTS

KEY BUSINESS UPDATES



B2B BUSINESS

- **Cheese and Butter** supplies to **Savencia Fromage & Dairy**, a leading French milk processing and cheese manufacturing company.
- Approval from **Mondelez** for supplies of **whey protein powder, cheese and anhydrous milk fat**.
- Ghee supplies to **D'mart and Hypercity**.
- Co-manufacturer for **Vadilal's Quick Treat** – a popular choice in international markets.
- Started supplies of **raw chilled milk, skimmed milk and Dahi** for **Mother's Dairy**.
- Co-manufacturer for **Britannia** for its processed cheese.



COMPANY OVERVIEW

PRABHAT DAIRY – BRIEF PROFILE



BUSINESS OVERVIEW

- Incorporated in 1998, Prabhat Dairy Limited has evolved from being an established specialty dairy ingredients company to an emerging brand in milk and dairy products.
- Prabhat sells wide range of value added dairy products under strong & appealing brands – ‘Prabhat’, ‘Prabhat Milk Magic’ and ‘Prabhat Flava’.
- In 2014, Prabhat was awarded as **“Asia’s fastest growing marketing brands – FMCG sector”** at the WCRC leaders summit.
- It has a strong management team led by Mr. Sarangdhar R Nirmal (18+ years of experience in dairy industry) & Mr. Vivek Nirmal (8+ years of experience in dairy industry).

KEY STRENGTHS

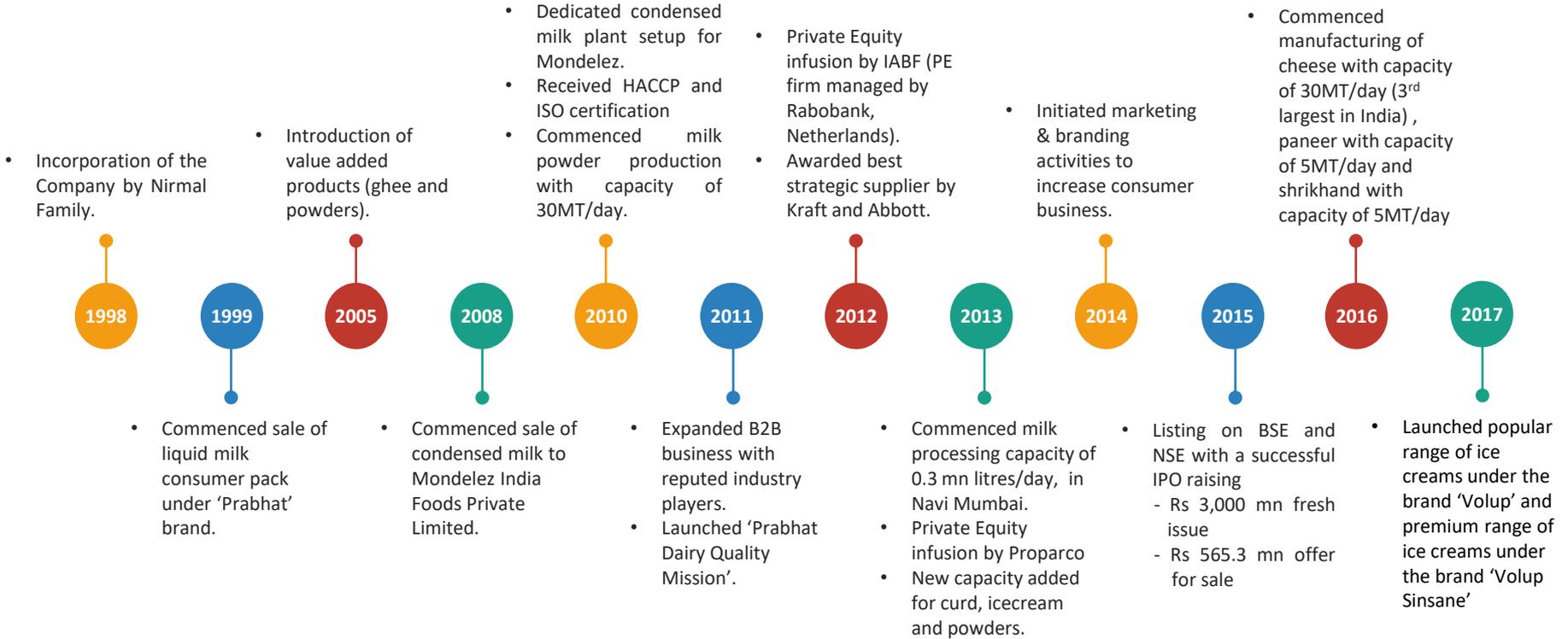
- Integrated business model – robust procurement, state-of-the-art manufacturing, fast-expanding distribution network and brand presence.
- Strong farmer relationships – 70% direct sourcing from more than 85,000 farmers.
- Strategically located manufacturing facilities in Shrirampur (Ahmednagar) and Navi Mumbai –
 - 1.5 Mn litres/day of milk processing capacity.
 - 180 MT/day of sweet condensed milk plant is largest in Asia and 30 MT/day of cheese plant is 3rd largest in India.
 - Close proximity to milk generating regions and target market for end products.
- Strong institutional clientele – Mondelez, Abbott, Nestle, ITC, Britannia, Future Group etc.

FINANCIAL OVERVIEW

- Consolidated Revenues, EBITDA and PAT were Rs 14,111.3 mn, Rs 1,280.5 mn and Rs 469.4 mn in FY17.
- D/E ratio has significantly improved from 2.3x in FY12 to 0.3x in FY17 with continued efforts on de-leveraging.

COMPANY OVERVIEW

OUR EVOLUTION

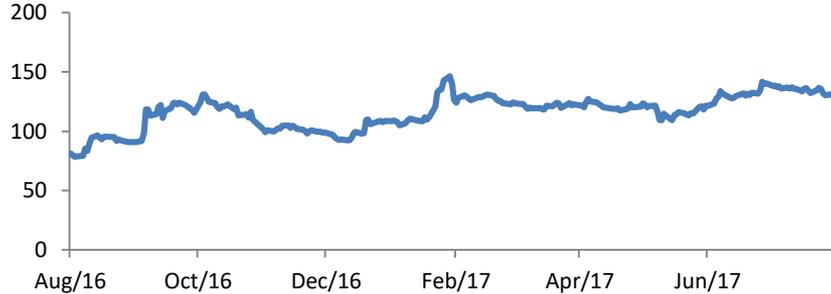


COMPANY OVERVIEW

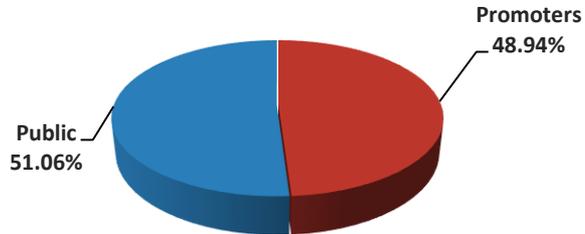
SHAREHOLDING STRUCTURE



SHARE PRICE PERFORMANCE



SHAREHOLDING AS ON 30th JUNE 2017



Source: BSE

MARKET DATA

AS ON 14.08.17 (BSE)

Market Capitalization (Rs mn.)	12,795.6
Price (Rs.)	131.0
No. of Shares Outstanding (mn.)	9.8
Face Value (Rs.)	10.0
52 Week Low-High (Rs.)	76.8 - 150.0

KEY INSTITUTIONAL INVESTORS AT 30th JUNE 2017

% HOLDING

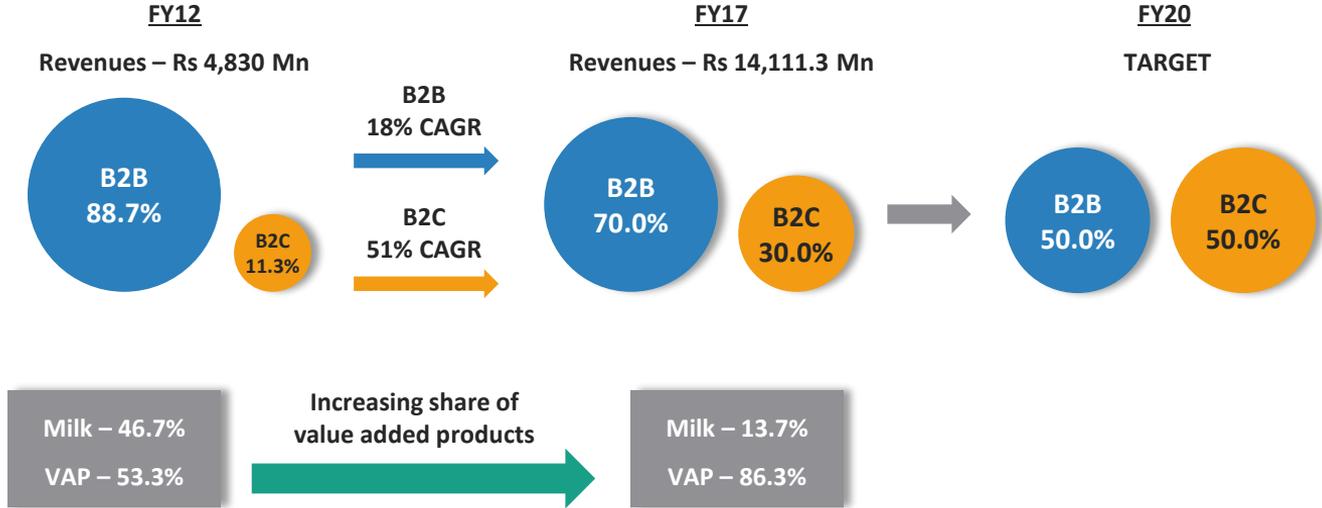
Rabo Equity Advisors	14.37%
PROPARCO	8.68%
IL&FS Trust Company Ltd.	7.57%
DSP Blackrock Micro Cap Fund	3.50%
Styrax Commodities Limited	1.88%
Ecap Equities Limited	1.06%
Wasatch Advisors	1.54%

BUSINESS MODEL

PROGRESSING FROM B2B (INSTITUTIONAL) TO B2C (RETAIL)



PRABHAT'S BUSINESS MODEL HAS TRANSFORMED FROM SPECIALTY DAIRY INGREDIENTS SUPPLIER TO EMERGING CONSUMER BRAND IN MILK AND DAIRY PRODUCTS ACROSS INDIA



STRONG GROWTH
WITNESSED IN
B2C BUSINESS

SOLID FOUNDATION
OF ESTABLISHED
B2B BUSINESS

VAP – Value added products



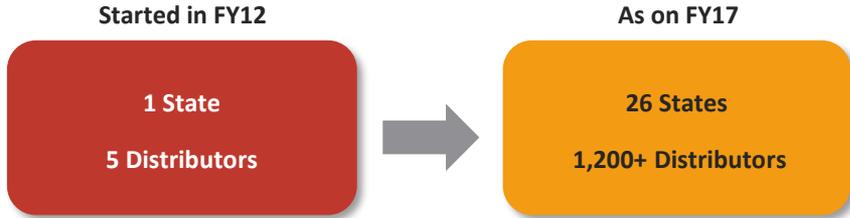
BUSINESS MODEL

B2C – RETAIL BUSINESS



PRABHAT HAS DISPLAYED STRONG SCALABILITY IN CONSUMER BUSINESS SINCE INCEPTION

PRABHAT HAS BEEN AWARDED AS
“ASIA’S FASTEST GROWING MARKETING BRANDS – FMCG SECTOR”
AT THE WCRC LEADERS SUMMIT IN 2014



B2C: 3-POINT STRATEGY

1. Focus on research driven approach to reach end-consumer with wide range of value added products.
2. Focus on Tier II and Tier III towns with high disposable incomes.
3. Focus on extensive consumer engagement programs to connect with every strata of consumer ecosystem.

PRABHAT’S EFFORTS ON GROWING ITS CONSUMER BUSINESS WILL LEAD TO –

- Enhanced brand visibility
- Increased product acceptance
- Higher market share
- Higher gross margins

Popular Range of Ice Creams under the 'Volup' brand



Butterscotch Cup



Strawberry Cup



Vanilla Cup



Mango Crush



Kala Khatta Crush



Orange Crush



Mango Dripper



Raspberry Dripper



Popular Range of Ice Creams under the 'Volup' brand



Vanilla Crunchie



Mini Chocolate
Crunchie



Chocolate +
Vanilla Crunchie



Butterscotch
Crunchie



Malai & Kesar Kulfi



Volup Party Pack - Butter Scotch



Volup Party Pack - French Vanilla



Volup Party Pack - Chocolate



Volup Party Pack - Malai Kulfi



Volup Party Pack - Tutti Frutti



Premium Range of Ice Creams under the 'Volup Sinsane' brand



Real Pistachio



Zaffrani Badam Pista



Real Lychee



Alphonso Mango



Belgian Chocolate Fudge

Premium Range of Ice Creams under the 'Volup Sinsane' brand



French Vanilla Bar



Mango Rush



Ringo



Twistie



Belgian Swiss Chocolate



Belgian Exotica



California Coffee Bar



Choco Naughty Crunch

BUSINESS MODEL

B2C – RETAIL BUSINESS

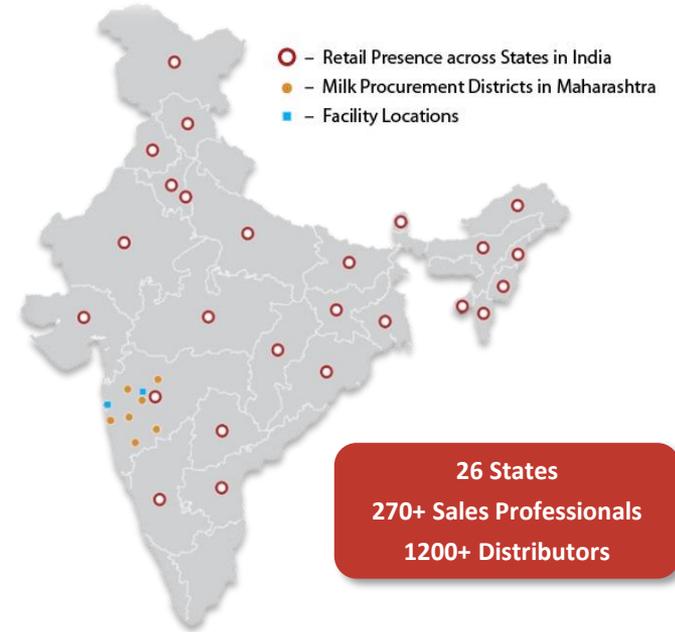


FOCUS ON EXPANDING DISTRIBUTION REACH AND PAN-INDIA PRESENCE



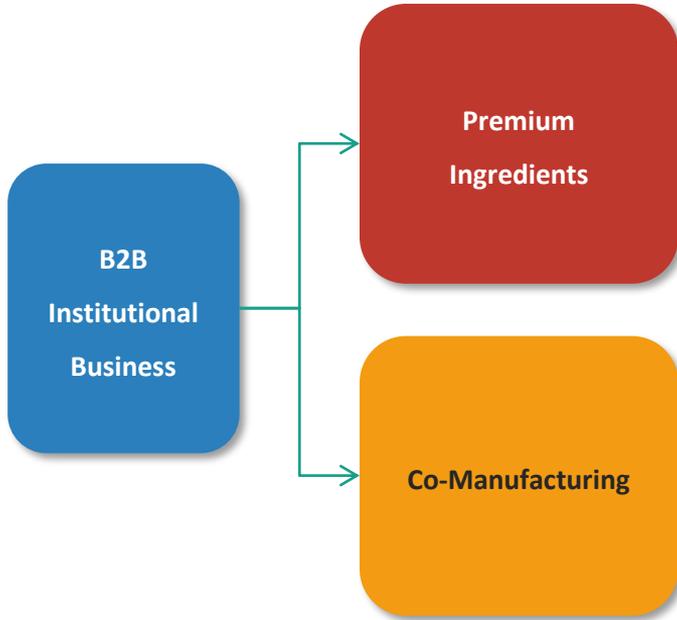
- Our products like Ghee, Paneer, Dahi, Lassi, Chaas and Shrikhand are retailed in Modern Trade shelves like Big Bazaar, Star Bazaar, Hypercity, D Mart etc.
- Presence in modern trade has been **expanded beyond Maharashtra across the country.**
- Measures taken to expand retail presence in Northern and Southern Indian markets especially for the products with longer shelf life.

OUR PAN-INDIA PRESENCE



BUSINESS MODEL

B2B – INSTITUTIONAL BUSINESS



Products	Major Clients
Sweetened condensed milk, Skimmed / Whole milk powder	Mondelez India Foods Pvt Ltd
Skimmed / Whole milk powder	GSK Consumer Healthcare, Heinz
Nutrition supplements for baby food	Abbot Healthcare Pvt Ltd
Full cream milk	Mondelez India Foods Pvt Ltd
UHT milk, lassi, yogurt, dairy whitener, clarified butter (ghee), curd (dahi), flavoured milk	Britannia Industries Ltd
Ice-cream, candies	Mother Dairy Fruit & Vegetable Pvt Ltd

BUSINESS MODEL

B2B – INSTITUTIONAL BUSINESS



PRABHAT HAS DISPLAYED ITS SUPERIOR PRODUCT QUALITY AND CAPABILITIES THROUGH ITS LONG STANDING ASSOCIATION WITH LEADING GLOBAL & DOMESTIC FMCG COMPANIES



COMPETITIVE ADVANTAGE

VERTICALLY INTEGRATED BUSINESS MODEL



INTEGRATED OPERATIONS LEADING TO EFFICIENT COST STRUCTURE & HIGH QUALITY PRODUCTS



Cattle Feed & Welfare

- Assistance to farmers.
- Ensure cattle nutrition & medication support to improve milk yields.

Retail Marketing, Distribution

- Retail products - Prabhat, Flava, Milk Magic brands, Volup.
- 270 sales professionals, 1200 distributors, 150 Prabhat mini stockists.

Technology & IT Infrastructure

- Computerized milk testing, advanced ERP systems lead to strict quality control, lower production losses & ability to process large orders.

Multi-product Facilities

- Multi-product facilities in Shrirampur & Navi Mumbai, large scale operations result in sharing of manufacturing costs.

Efficient Milk Procurement

- Maximise direct milk sourcing from farmers.
- Ensure transparent pricing, farmer relationships, welfare activities.

Low Logistics Costs

- Strategically located in cow milk belt in Maharashtra.
- Close proximity to principal institutional customers and retail consumer markets.

COMPETITIVE ADVANTAGE ROBUST MILK PROCUREMENT SYSTEM



STRONG DIRECT SOURCING ECOSYSTEM – ACCESS TO HIGH QUALITY MILK, INTENSIVE FARMER ENGAGEMENT, FARMER TRUST & LOYALTY

- More than 85,000 farmers.
- 70% direct sourcing from 1,200 villages twice a day.
- More than 700 procurement cycles a year.
- Procurement from Ahmednagar, Pune, Nashik and adjoining districts in Maharashtra (4th largest cow milk producing state in India).



- Transparent pricing – Farmers get the best price.
- Farmers receive detailed receipt mentioning quality (Fat & Non-Fat content), quantity, price.
- Non-cash direct transfer to farmer's bank A/c.
- Ensures access to high quality milk.



Automated milk testing
for transparent pricing

Printed Transaction Receipt



Prabhat Dairy Quality Mission –

- “Prabhat Mitras” – Coordinate milk procurement and help farmers on cattle health, cattle finance and insurance.
- “Pashu Mitras” – Company partnered veterinary doctors / para-veterinary workers helping on cattle medication, deworming, vaccination etc.



COMPETITIVE ADVANTAGE ROBUST MILK PROCUREMENT SYSTEM



RAW MILK PROCUREMENT INFRASTRUCTURE

The collected raw milk is tested through specialized automated machines post which it is transported to production facilities at Shirampur and Navi Mumbai

475 MILK COLLECTION CENTRES



121 BULK MILK COOLERS



SHRIRAMPUR PLANT



20 MILK CHILLING PLANTS



NAVI MUMBAI PLANT



COMPETITIVE ADVANTAGE MULTI-PRODUCT PRODUCTION FACILITIES



STATE OF THE ART MULTI-PRODUCT MANUFACTURING FACILITIES IN SHRIRAMPUR AND NAVI MUMBAI



Refer Annexure for Product wise Capacity Details

COMPETITIVE ADVANTAGE

STRINGENT QUALITY CONTROLS MEETING CUSTOMER REQUIREMENTS



STRICT QUALITY CONTROL AND FOOD SAFETY STANDARDS HAVE ENABLED US TO CONSISTENTLY DELIVER TO OUR INSTITUTIONAL CLIENTS

2014
Received "The CII National Award for Food Safety" by the Confederation of Indian Industry



2012
Awarded "The most trusted partner" by Abbott Healthcare Private Limited

2012
Awarded for "Commitment to supplier quality expectations" by Mondelez International

QUALITY CERTIFICATIONS



EXPAND RETAIL PRODUCTS BUSINESS

- Leverage our 'Prabhat' brand and continue to innovate and expand our product offerings.
- Focus on increasing the availability of our products in both existing markets and new markets across India.
- Focus on increasing the share of value added products like cheese, paneer, shrikhand, curd, ice-cream, flavoured & UHT milk.

LEVERAGE INSTITUTIONAL RELATIONSHIPS TO OFFER MORE PRODUCTS

- Expand our product offerings to existing institutional customers.
- Leverage our relationships and demonstrated quality standards to add new customers in India and globally.

KEY FOCUS AREAS

HIGHER CAPACITY UTILISATION & OPERATING EFFICIENCY LEADING TO HIGHER RETURN RATIOS

- Introduce new product lines , effectively utilize dairy by-products and optimize product planning.
- We are in process of setting up captive co-generation power facility thus reducing power & fuel costs.
- Higher capacity utilisation leading to improving return ratios and profitability.

EXPAND DIRECT MILK PROCUREMENT NETWORK

- Grow direct milk procurement network by increasing the number of Prabhat Mitras (milk procurement partners).
- Increase engagement with farmers by providing additional veterinary services and quality cattle feed.
- This will help us consistently procure high quality milk while lowering our milk procurement costs.

STRATEGY & OUTLOOK

SCALING UP OUR CHEESE BUSINESS



Commissioned new cheese manufacturing facility with a capacity of 30 MT/day in 2015. This is the 3rd largest cheese plant in India.

Strategy to grow cheese business over next 2-3 years –

- Initially focus on selling cheese to HORECA and B2B segments and exports to Gulf countries.
- We have already procured orders from major pizza and burger chains like Dominos, Pizza Hut, Mc Donald's and other QSRs.
- Currently manufactures following types of Cheese –
 - Processed Cheese (Hard, Soft & Pizza)
 - Mozzarella Cheese (Diced & Shredded)
 - Cheddar Cheese
 - Ricotta Cheese
- Cheese sales in HORECA segment have already started in Maharashtra and Gujarat and are planned in South India and North India.

Cheese segment offers higher gross margin compared to other dairy products. As the capacity utilization of cheese plant gradually increases, it will have a positive impact on our overall gross margin.





DISCLAIMER

This presentation and the following discussion may contain “forward looking statements” by Prabhat Dairy Limited (“Prabhat” or “Prabhat Dairy” or the “Company”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives are based on the current beliefs, assumptions, expectations, estimates and projections of the management of Prabhat about the business, industry and markets in which Prabhat operates.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond Prabhat’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.

Such statements are not and should not be construed as a representation of future performance or achievements of Prabhat. In particular, such statements should not be regarded as a projection of future performance of Prabhat. It should be noted that the actual performance or achievements of Prabhat may vary significantly from such statements.

FOR FURTHER QUERIES



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