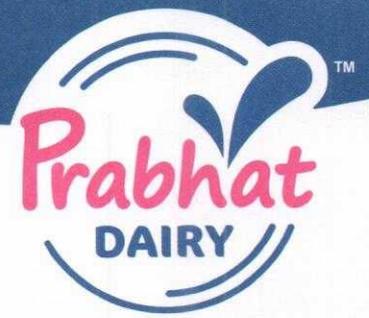


# Prabhat Dairy Limited



Where Goodness Begins

May 19, 2018

BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai  Ref. Scrip Code : 539351	National Stock Exchange of India Ltd., Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai – 400 051  Ref: Symbol - PRABHAT
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**Sub: Investor Presentation on Audited Financial Results for the quarter and year ended March 31, 2018.**

**Ref.: Regulation 30 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear sir / madam,

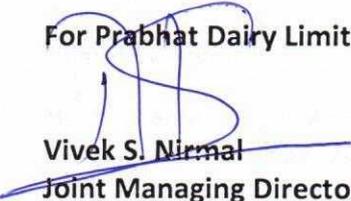
With reference to the captioned regulation, we are herewith enclosing the Investor Presentation on Audited Financial results for the quarter and year ended March 31, 2018.

The presentation is also hosted on the website of the Company, at

<http://www.prabhatdairy.in/investor-desk/analyst-corner.html>

Thanking you

For Prabhat Dairy Limited

  
Vivek S. Nirmal  
Joint Managing Director  
DIN: 00035234



Encl.:A/a

**Regd. Office:**

Gut No. 121/2 To 121/4 At: Ranjankhol, Po: Tilaknagar,  
Tal. Rahata, Dist: Ahmednagar, Pin: 413720,  
State: Maharashtra, Country: India.  
T: 02422-665550 To 99 F: 02422-265816

**Corporate Office:**

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Navi Mumbai - 400705, Maharashtra, India.  
T: 022-41287700  
W: www.prabhatdairy.in

**Pune Office:**

2nd floor, Kataria Chambers, Sanewadi, Aundh,  
Pune - 411007, Above Reliance Footprint  
T: 020 - 25885043  
W: www.prabhatdairy.in



Where Goodness Begins

PRABHATH DAIRY LIMITED  
Investor Presentation  
May 2018

## Emerging Dairy Company with Unique Business Model

### Well-established Institutional Business



- Market leadership with marquee clients
- Strong trust & quality recognition
- Consistent growth with stable margins, despite volatile milk prices
- Healthy free cash flows

### Fastest Growing Consumer Business

- Build a strong regional dairy brand in Maharashtra
- Focus on under-penetrated Tier I & II markets
- Complete basket of traditional & modern dairy products
- Strong consumer retention due to high quality milk (100% Cow Milk)



### Emerging Brand In Value Added Dairy Products

### Healthy Financial Position to Fuel Robust Growth

- Cash flows from institutional business sufficient to fuel growth in consumer business
- Limited impact on balance sheet
- Low leverage (D/E of 0.3x)



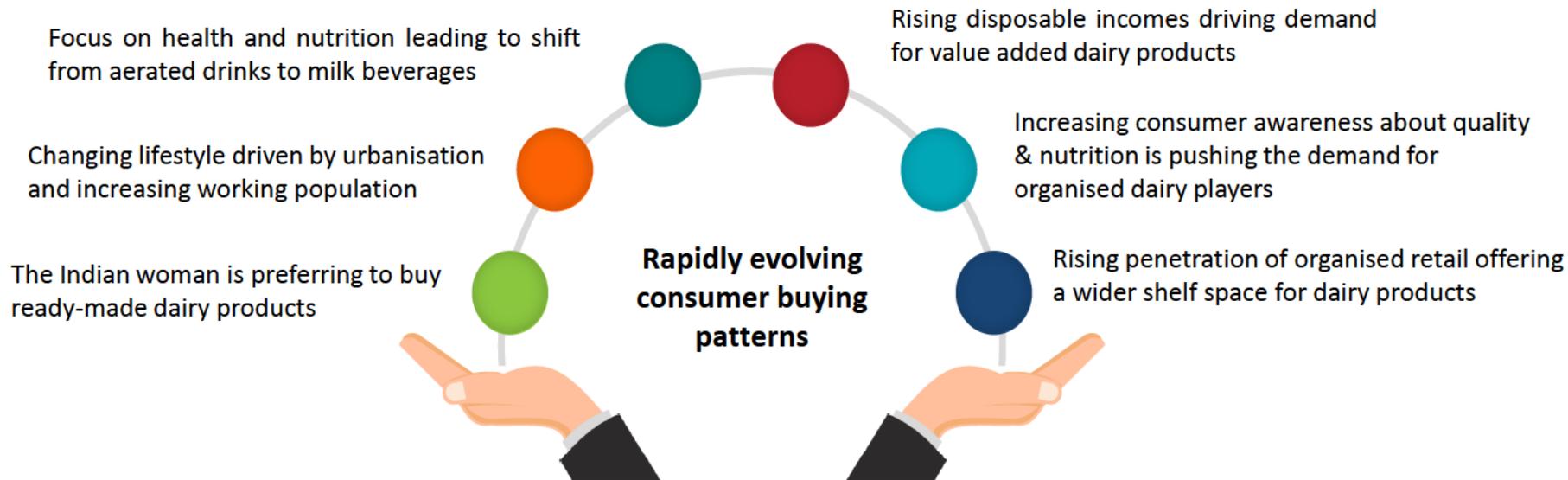
- Robust growth in revenues and margins
- Improving return ratios
- Minimal capex leading to higher free cash flows

## Positive Tailwinds Driving the Dairy Consumption in India

India is expected to emerge as the largest dairy producer by 2020 growing at 15% CAGR

India's per capita milk consumption has been growing at 3% CAGR

Value added products are expected to grow at 15-30% CAGR over 2016-2020



## Consumer Business Getting Ready for Scalable Growth

Enriching our product portfolio with new products and new variants

Strengthening our distribution network to take Prabhat brand to every household

Focussing on efficiencies in logistics for effective tracking and timely deliveries

Building retail presence across general trade, modern trade and online channels

**Prabhat Started the Consumer Business in FY12**

**Consumer business is currently 30% of total Revenues**

**Well-positioned to grow consumer business**

**to Rs 10,000 Mn over next 2 years, to account for 50% of total Revenues**

# Enriching Our Product Portfolio With New Products And New Variants



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Traditional Products

Modern Products

New Variants

Attractive Packaging



Ghee, 17 SKUs

Masala Chaas, 5 SKUs

Lassi, 5 SKUs



Milk, 45 SKUs

Dahi, 18 SKUs

Malai Paneer, 11 SKUs



Shrikhand, 9 SKUs



Ice Cream, 67 SKUs



Cheese, 7 SKUs



Milk Shakes, 2 SKUs

## Launched Milk Beverages in Maharashtra

### Prabhat Dairy launches Milk Beverages

- Chocolate Milk Shake
- Strawberry Milk Shake
- Lassi & Chaas
- Attractive Tetra Pack variants
- Upcoming Milk Shake flavours - Blueberry, Vanilla, Kesar-Badam

- ✓ The beverages category contributes 8-9% of the Indian FMCG market (USD 49 Bn in 2016, Source: IBEF)
- ✓ The beverages market is growing at 20-23%
- ✓ While, dairy beverage category is growing at 20%, milkshake category is growing at 54%
- ✓ Increased consumer consciousness on health and nutrition is shifting the demand from carbonated / artificial fruit drinks towards dairy beverages



### Prabhat's Milk Beverages Distribution Strategy:

- Phase I: Covering Pan Maharashtra
- Phase II: Covering all metros and smart cities

# Launched Milk Beverages in Maharashtra



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## Milk Beverages – Marketing Campaigns



# Strengthening Our Distribution Network To Take Prabhat Brand To Every Household



- Focus on building fresh milk distribution network
- Dedicated routes / delivery schedules for fresh milk products
- Robust technology backend for timely deliveries and effective inventory tracking
- 150+ vehicles including 55 GPS enabled vehicles for fresh milk products
- More than 50% of distribution network is within Maharashtra, in line with Prabhat's strategy to become a strong regional dairy brand

Distribution Network	FY17	FY18
Depots	4	6
Super Stockists	68	84
Distributors	972	1,406
Modern Trade Outlets	178	320

# Building Retail Presence Across India

Presence in 320 Modern Trade outlets across India



## Lassi, Chaas & Milk Shakes



## Launched Exclusive Branded Outlets - 'The Goodness Zone'



### 'The Goodness Zone'

- Launched innovative concept for brand experience  
Currently 3 stores are operational
- Stores operated on 'Franchise Owned – Franchise Operated' model
- **Rationale:**
  - Access to entire range of Prabhat's products
  - Create consumer experience
  - Direct access to newer markets



### Sales Strategy:

- Direct retail supply
- Direct-to-home supply
- Sales on counter
- Local sub-distribution
- **Plan to launch 500 exclusive retail stores in various districts and talukas across Maharashtra over 3 years**

# Connecting With Every Strata of Consumer Ecosystem with Focused Marketing Campaigns



# Connecting With Every Strata of Consumer Ecosystem with Focused Marketing Campaigns



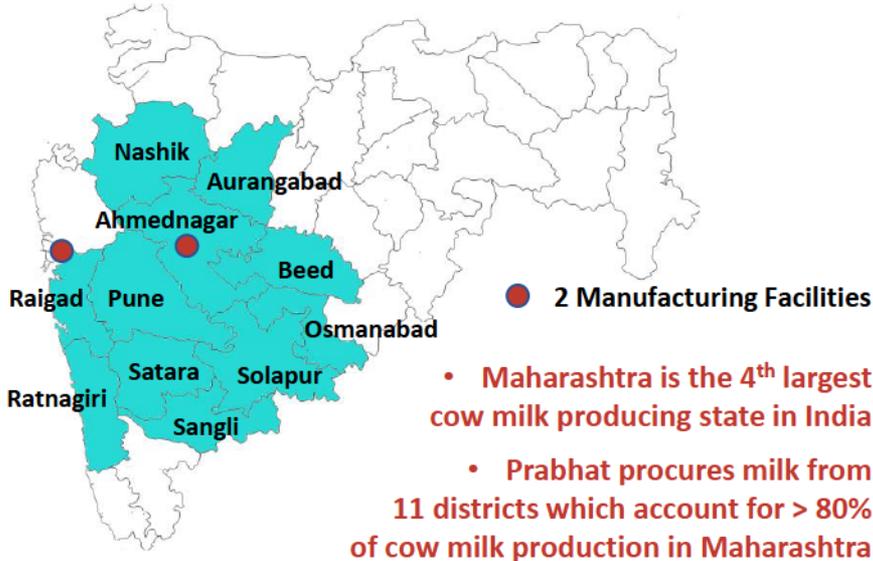
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## Prabhat's In-Film Integration



# Strengthening Our Milk Procurement Network

## Milk Procurement Base in Cow Rich Belt of Maharashtra



Growth in our Procurement Base	FY08	FY13	FY18
No. of Farmers	20,000	45,000	1,25,000
Avg. Milk Procurement Per day	0.2 mn	0.45 mn	1.1 mn
% Direct Sourcing	10%	25%	65%

## Focus on Strengthening Our Direct Sourcing Ecosystem

- Best milk procurement systems in the country
- Added 100+ BMCs in FY18
- Build farmer trust & loyalty
- ‘Sanjeevan Yojana’
  - Focus on improving the milk yield per farmer
  - Started own cattle feed plant
  - Provide assistance from animal nutritionists, veterinary surgeons and agriculturists
  - Invest in BMC capacities at various farms
- ‘Project Mahavistaar’
  - Gold standard project
  - Plan to commission 100+ BMCs in Ahmednagar & Solapur

Procurement Infrastructure	FY17	FY18
Milk Collection Centres	475	550
Milk Chilling Plants	20	20
Bulk Milk Coolers	121	230

# Ensuring Sufficient Capacities to Handle Medium Term Growth

## Multi-Product Manufacturing Facilities

Capacity Per Day	March - 18
Milk processing	1,500,000
Milk Powders	80 MT
Ghee / Butter	50 MT
Dahi	50 MT
UHT Milk	40 MT
Cheese	30 MT
Flavored Milk	15 MT
Paneer	5 MT
Shrikhand	5 MT



- **Integrated manufacturing facilities** located in Navi Mumbai and Srirampur, Ahmednagar
- **Strategically located** in cow belt of Maharashtra
- **Closer to major consumption markets**
- **Cheese capacity is 3<sup>rd</sup> largest** in India
- Capacities are **sufficient** for next 3-4 years
- Growth will lead to **improving asset turnover**

# Focussing Institutional Business on Value Addition & Client Diversification



## Specialty Ingredients

 	     	            
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## Co-Manufacturing

 	   	 
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Superior Product Quality

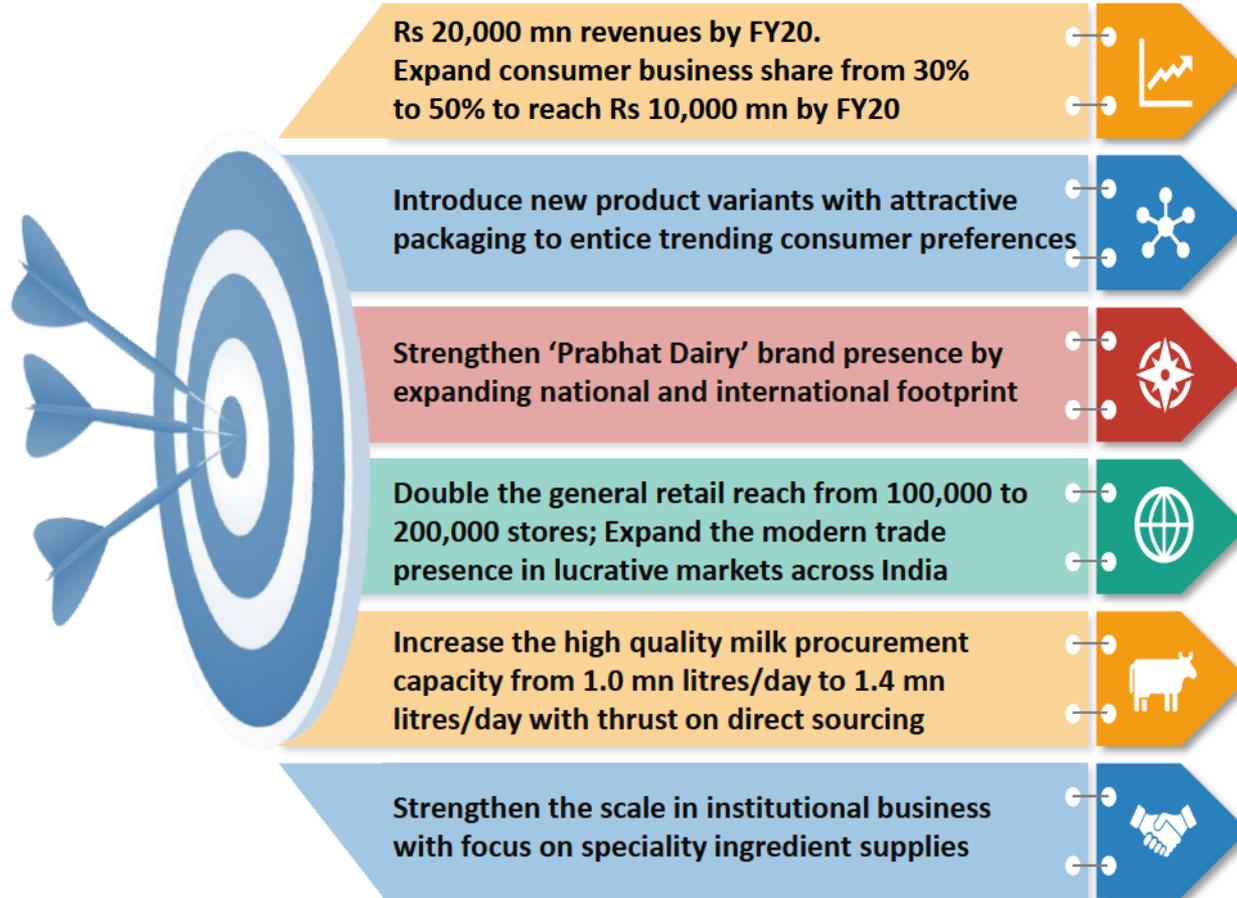
Strong Recognition and Trust

Long Standing Relationships

# Prabhat Dairy's Vision 2020



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## VISION 2020 – ROADMAP



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To build a strong & vibrant consumer brand and stand out as a milk expert company leveraging our wholesome milk-based value added products portfolio

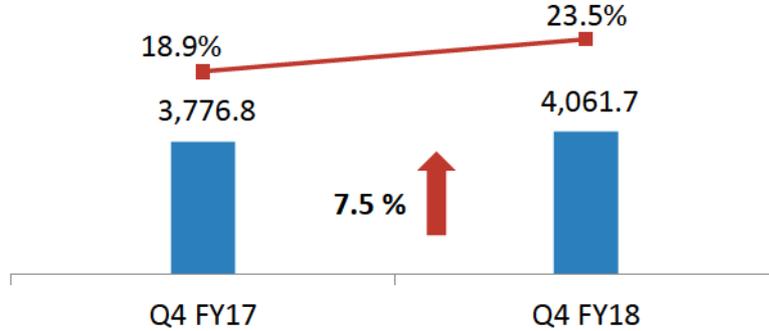
# Q4 & FY18 Results Update



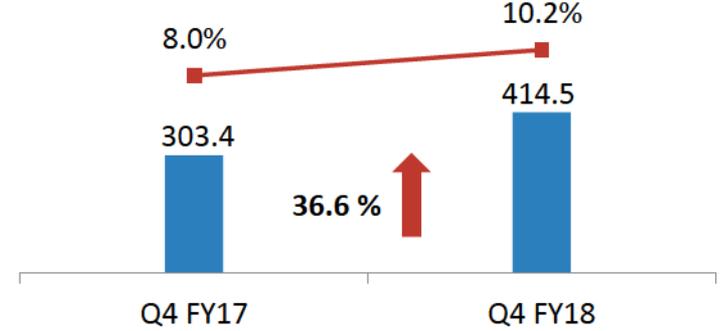
# Q4 FY18 Results: Key Highlights

In Rs Mn

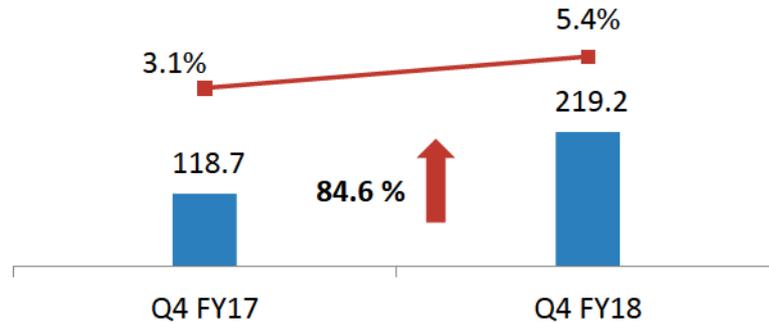
## Revenues & Gross Margin



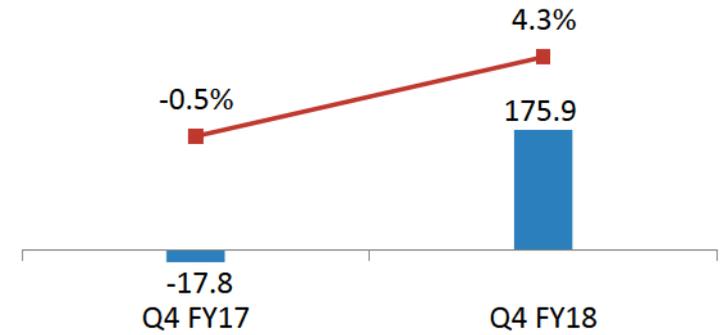
## EBITDA & EBITDA Margin



## PBT & PBT Margin \*



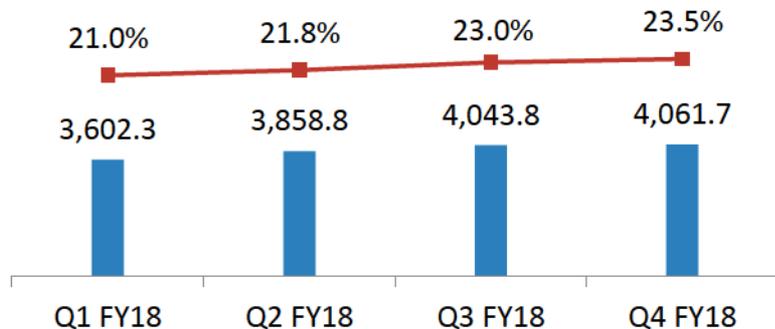
## PAT & PAT Margin



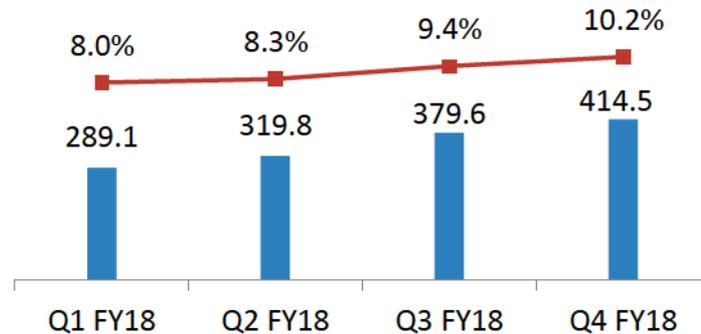
# Q4 FY18 Results: Improving Quarterly Trend

In Rs Mn

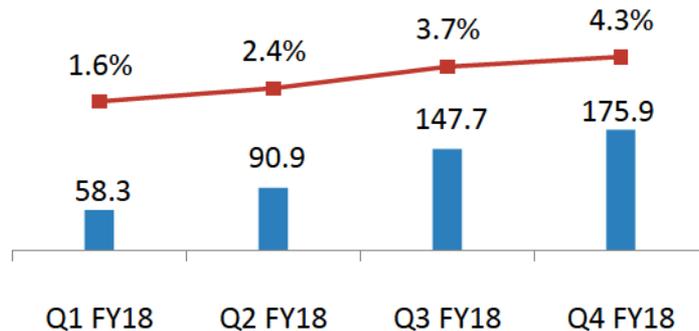
## Revenues & Gross Margin



## EBITDA & EBITDA Margin



## PAT & PAT Margin



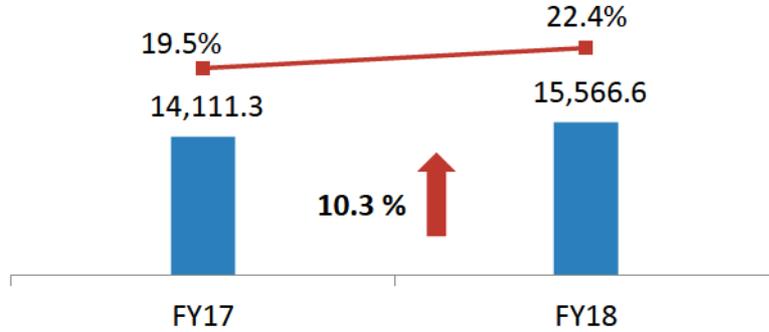
## Q4 FY18 Results: Key Analysis

- **Q4 FY18 Total Revenues grew by 7.5% YoY to Rs. 4,061.7 mn.**
  - Revenues increased in value terms on YoY basis despite 25.5% YoY decline in milk prices. There was healthy volume growth across various products, largely driven by increased sale of pouch milk, cheese and curd.
  - Share of value added products and milk was 75% and 25% respectively
  - Revenues have consistently grown on sequential basis over last 4 quarters, with revenues in Q4 being higher than Q3 which is usually the strongest quarter.
- **Q4 FY18 Gross Profit grew by 34.1% YoY to Rs 954.7 mn. Gross margin increased to 23.5% in Q4 FY18 compared to 18.9% in Q4 FY17.**
- **Q4 FY18 EBITDA grew by 36.6% YoY to Rs 414.5 mn. EBITDA margin increased to 10.2% in Q4 FY18 compared to 8.0% in Q4 FY17.**
  - The company continued to consistently re-invest the benefits from improved gross margin in building and expanding its B2C network, accordingly there was an increase in manpower costs, power & fuel cost, transport & forwarding cost, advertising & business promotion expense.
- **Q4 FY18 PBT before exceptional item grew by 84.6% YoY to Rs 219.2 mn.**
- **Q4 FY18 PAT was Rs 175.9 mn, highest PAT generated over last 4 quarters. PAT margin significantly improved to 4.3%.**

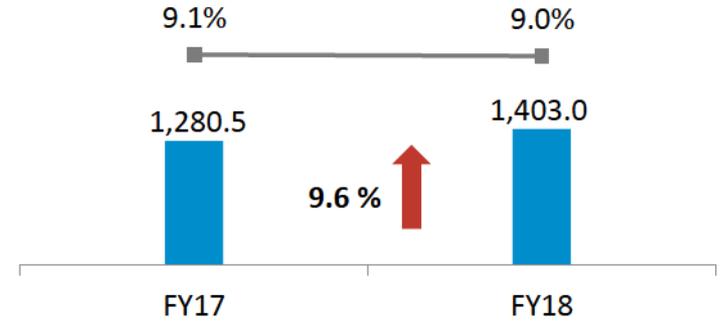
# FY18 Results: Key Highlights

In Rs Mn

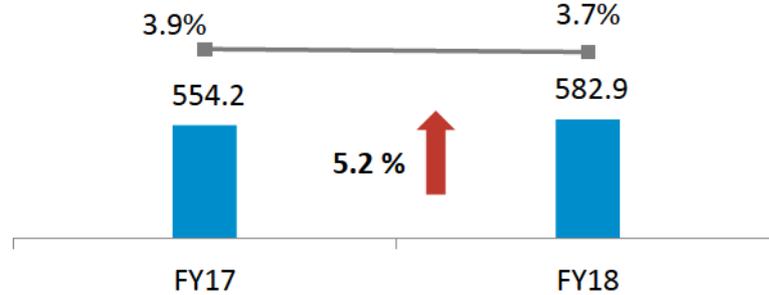
## Revenues & Gross Margin



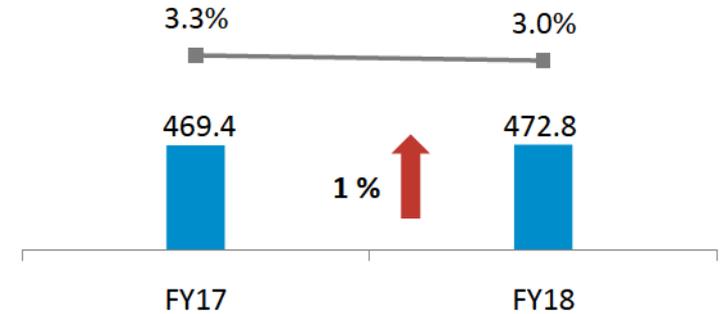
## EBITDA & EBITDA Margin



## PBT & PBT Margin \*



## PAT & PAT Margin



## Q4 & FY18 Results: Consolidated Profit & Loss Statement

Particulars (In Rs Mn)	Q4 FY18	Q4 FY17	YoY%	Q3 FY18	QoQ%	FY18	FY17	YoY%
Revenue from Operations	4,049.5	3,771.8	7.4%	4,039.1	0.3%	15,540.1	14,098.7	10.2%
Other Income	12.2	5.0	144.6%	4.7	158.4%	26.5	12.6	109.5%
<b>Total Income</b>	<b>4,061.7</b>	<b>3,776.8</b>	<b>7.5%</b>	<b>4,043.8</b>	<b>0.4%</b>	<b>15,566.6</b>	<b>14,111.3</b>	<b>10.3%</b>
COGS	3,107.0	3,064.6	1.4%	3,113.8	-0.2%	12,084.4	11,358.3	6.4%
<b>Gross Profit</b>	<b>954.7</b>	<b>712.2</b>	<b>34.1%</b>	<b>930.0</b>	<b>2.7%</b>	<b>3,482.2</b>	<b>2,753.0</b>	<b>26.5%</b>
<b>Gross Margin (%)</b>	<b>23.5%</b>	<b>18.9%</b>	<b>465 bps</b>	<b>23.0%</b>	<b>51 bps</b>	<b>22.4%</b>	<b>19.5%</b>	<b>286 bps</b>
Employee Expenses	107.6	96.2	11.9%	112.7	-4.5%	435.0	346.9	25.4%
Other Expenses	432.6	312.6	38.4%	437.7	-1.2%	1,644.3	1,125.5	46.1%
<b>EBITDA</b>	<b>414.5</b>	<b>303.4</b>	<b>36.6%</b>	<b>379.6</b>	<b>9.2%</b>	<b>1,403.0</b>	<b>1,280.5</b>	<b>9.6%</b>
<b>EBITDA Margin (%)</b>	<b>10.2%</b>	<b>8.0%</b>	<b>217 bps</b>	<b>9.4%</b>	<b>82 bps</b>	<b>9.0%</b>	<b>9.1%</b>	<b>-6 bps</b>
Finance Costs	69.7	75.5	-7.8%	84.5	-17.5%	329.4	294.4	11.9%
Depreciation	125.6	109.1	15.2%	125.2	0.3%	490.7	432.0	13.6%
<b>PBT before Exceptional Items</b>	<b>219.2</b>	<b>118.7</b>	<b>84.6%</b>	<b>169.9</b>	<b>29.0%</b>	<b>582.9</b>	<b>554.2</b>	<b>5.2%</b>
Exceptional Items	-46.3	0.0	-	0.0	-	-46.3	189.1	-
Taxes	-3.0	136.6	-	22.2	-	63.9	273.9	-
<b>PAT</b>	<b>175.9</b>	<b>-17.8</b>	<b>-</b>	<b>147.7</b>	<b>19.1%</b>	<b>472.8</b>	<b>469.4</b>	<b>0.7%</b>
<b>PAT Margin (%)</b>	<b>4.3%</b>	<b>-0.5%</b>	<b>480 bps</b>	<b>3.7%</b>	<b>68 bps</b>	<b>3.0%</b>	<b>3.3%</b>	<b>-29 bps</b>

## Q4 & FY18 Results: Consolidated Balance Sheet

Particulars (In Rs Mn)	FY18	FY17	Particulars (In Rs Mn)	FY18	FY17
<b>Equities &amp; Liabilities</b>			<b>Assets</b>		
<b>Equity</b>			<b>Non-Current Assets</b>		
Equity share capital	976.8	976.8	Property, plant and equipment	4,506.7	4,142.9
Other Equity	6,331.8	5,905.4	Capital work in progress	113.0	265.4
	<b>7,308.5</b>	<b>6,882.2</b>	Intangible Assets	3.3	7.1
<b>Non-Current Liabilities</b>			Financial Assets		
Financial Liabilities			Investments	0.0	0.0
Borrowings	335.7	386.0	Other financial assets	54.5	60.3
Provisions	9.5	14.3	Income Tax assets (net)	31.5	28.0
Other Non-current Liabilities	76.0	0.0	Other non-current assets	349.5	275.9
Deferred tax liabilities (net)	123.9	158.8		<b>5,058.6</b>	<b>4,779.6</b>
	<b>545.1</b>	<b>559.0</b>	<b>Current Assets</b>		
<b>Current Liabilities</b>			Inventories	1,324.1	1,332.5
Financial Liabilities			Financial Assets		
Borrowings	1,650.0	3,192.6	Trade receivables	2,220.9	2,711.1
Trade Payables	674.1	537.8	Cash & cash equivalents	489.3	1,091.4
Other financial liabilities	190.1	135.0	Bank Bal. exc. C&CE	796.1	564.4
Other current liabilities	104.5	60.8	Loans	3.5	4.3
Provisions	6.7	4.7	Other financial assets	194.1	189.4
Current tax liabilities (net)	37.1	114.0	Other current assets	429.6	813.3
	<b>2,662.4</b>	<b>4,044.9</b>		<b>5,457.5</b>	<b>6,706.4</b>
<b>Total Equity &amp; Liabilities</b>	<b>10,516.1</b>	<b>11,486.1</b>	<b>Total Assets</b>	<b>10,516.1</b>	<b>11,486.1</b>

## For Further Queries



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**SEAGULL** 

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Contact No: 7506933892 / 9819289131

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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.