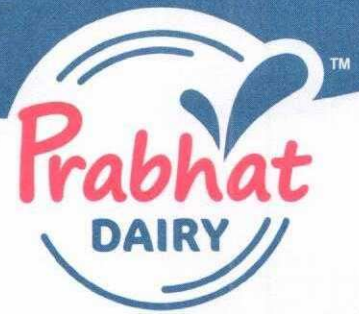


Prabhat Dairy Limited



November 14, 2018

Where Goodness Begins

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 Un-audited Financial Results for the quarter and half year ended September 30, 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 Un-audited Financial results for the quarter and half year ended September 30, 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


Dipti Todkar
Company Secretary



Encl.:A/a



PRABHATH DAIRY LIMITED
Q2 FY19 Results Presentation
November 2018

Emerging brand in value added dairy products



Where Goodness Begins

Emerging brand in value added dairy products

DISCUSSION SUMMARY

- ❖ Q2 & H1 FY19 RESULT HIGHLIGHTS
- ❖ COMPANY OVERVIEW
- ❖ STRATEGY & OUTLOOK
- ❖ FINANCIAL SUMMARY & SHAREHOLDING PATTERN



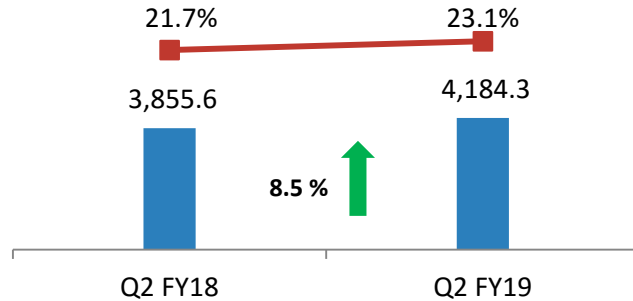
RESULTS
UPDATE

RESULT HIGHLIGHTS – Q2 & H1 FY19

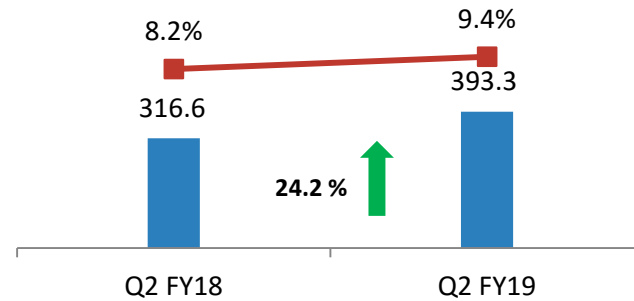
Key Parameters

In Rs Mn

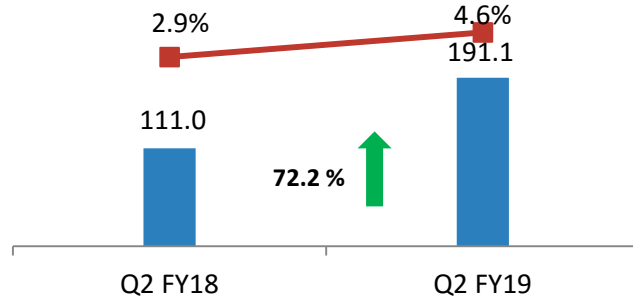
Revenues & Gross Margin



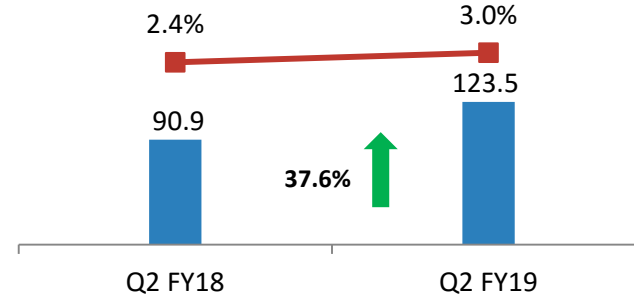
EBITDA & EBITDA Margin



PBT & PBT Margin



PAT & PAT Margin



RESULT HIGHLIGHTS – Q2 & H1 FY19

Key Analysis

- **Total Revenues grew by 8.5% YoY to Rs. 4,184.3 mn.**
 - **The Company recorded 26.0% volume growth, partially offset by 17% decline in milk prices.**
 - There was strong growth in B2C sales led by milk , ghee, cheese, curd and Paneer.
 - Share of value added products and milk was 75% and 25% respectively
 - Avg. milk procurement rate declined by 22.2% to Rs 19.9 per litre.
 - **Milk procurement continued to remain robust with avg. milk handled per day of 0.98 Mn litres (+ 4.3% YoY).**
 - **The Company has started with 2 new packing stations at Solapur & Amravati for strengthening the milk sales.**
- **Gross Profit grew by 15.6% YoY to Rs 967 mn. Gross margin increased by 141 bps YoY to 23.1% due to reduction in milk procurement prices.**
- **EBITDA grew by 24.2% YoY to Rs 393.3 mn. EBITDA margin increased by 119 bps YoY to 9.4%.**
 - The company continued to re-invest the benefits from improved gross margin in building and expanding its B2C network.
- **PBT grew by 72.2% YoY to Rs 191.1 mn.**
- **PAT significantly grew by 36% YoY to Rs 123.5 mn. PAT margin improved by 60 bps YoY to 2.95%**

RESULT HIGHLIGHTS – Q2 FY19

Consolidated Profit & Loss Statement

Particulars (in Rs. Mn.)	Q2 FY19	Q2 FY18	YoY%	H1 FY19	H1 FY18	YoY%	FY18
Revenue from Operations	4,184.3	3,855.6	8.5%	8,039.2	7,451.6	7.9%	15,539.0
COGS	3,217.3	3,019.0	6.6%	6,193.6	5,863.6	5.6%	12,084.4
Gross Profit	967.0	836.6	15.6%	1,845.6	1,588.0	16.2%	3,454.6
Gross Margin (%)	23.1%	21.7%	141 bps	22.96%	21.31%	165 bps	22.23%
Employee Expenses	111.7	111.5	0.1%	220.6	214.7	2.7%	435.0
Other Expenses	462.0	408.5	13.1%	910.46	773.91	17.6%	1,644.26
EBITDA	393.3	316.6	24.2%	714.6	599.4	19.2%	1,375.4
EBITDA Margin (%)	9.40%	8.21%	119 bps	8.89%	8.04%	85 bps	8.85%
Other Income	11.3	3.3	248.5%	20.2	9.5	111.8%	26.5
Finance Costs	85.4	86.0	-0.6%	139.7	175.2	-20.3%	329.4
Depreciation	128.1	122.8	4.3%	256.9	239.8	7.1%	489.6
PBT and Exceptional Items	191.1	111.0	72.2%	338.2	193.8	74.5%	582.9
Exceptional Items	-	-		0.0	0.0		-46.3
Taxes	67.5	20.1	235.9%	104.0	44.7	132.9%	63.9
PAT	123.5	90.9	36.0%	234.2	149.2	57.0%	472.8
PAT Margin (%)	2.95%	2.36%	60 bps	2.91%	2.00%	91 bps	3.04%
Earnings Per Share (EPS)	1.27	0.94	34.9%	2.40	1.54	55.7%	4.85

CONSOLIDATED BALANCE SHEET

Particulars (In Rs Mn)	H1 -FY 19	FY18
Equities & Liabilities		
Equity		
Equity share capital	976.8	976.8
Other Equity	6,566.7	6,331.8
	7,543.4	7,308.5
Non-Current Liabilities		
Financial Liabilities		
Borrowings	235.5	335.7
Provisions	3.8	9.5
Deferred tax liabilities (net)	149.6	123.9
	388.8	469.1
Current Liabilities		
Financial Liabilities		
Borrowings	2,983.7	1,650.0
Trade Payables	1,012.3	674.1
Other financial liabilities	364.6	190.1
Other current liabilities	111.7	95.6
Provisions	10.6	6.7
Current tax liabilities (net)	99.1	37.1
	4,582.0	2,653.6
Total Equity & Liabilities	12,514.2	10,431.3

Particulars (In Rs Mn)	H1- FY19	FY18
Assets		
Non-Current Assets		
Property, plant and equipment	4,349.0	4,421.9
Capital work in progress	184.3	113.0
Intangible Assets	12.3	3.3
Financial Assets		
Investments	0.0	0.0
Other financial assets	288.7	213.9
Income Tax assets (net)	31.5	31.5
Other non-current assets	187.7	190.2
	5,053.4	4,973.8
Current Assets		
Inventories	1,517.1	1,324.1
Financial Assets		
Trade receivables	2,053.8	2,220.9
Cash & cash equivalents	347.5	489.3
Bank Bal. exc. C&CE	2,016.4	796.1
Loans	11.2	3.5
Other financial assets	407.1	194.1
Other current assets	1,107.7	429.6
	7,460.8	5,457.5
Total Assets	12,514.2	10,431.3



COMPANY
OVERVIEW

COMPANY OVERVIEW

Emerging Dairy Company with Unique Business Model



Where Goodness Begins

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

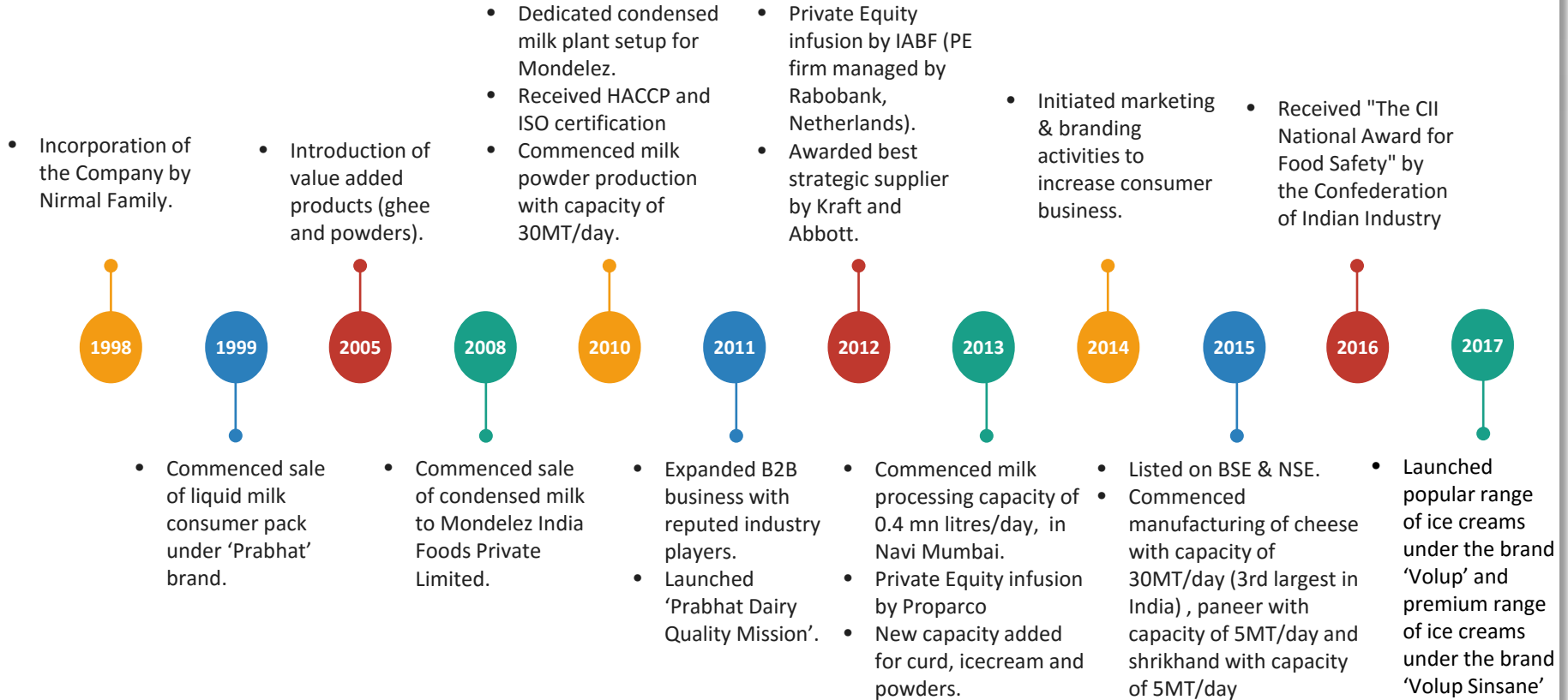
- Minimal capex leading to higher free cash flows

COMPANY OVERVIEW

Our Evolution



Where Goodness Begins



COMPANY OVERVIEW

Enriching Our Product Portfolio With New Products And New Variants



Where Goodness Begins

Traditional Products



Modern Products



Ghee, 17 SKUs

New Variants



Masala Chaas, 5 SKUs

Attractive Packaging



Lassi, 5 SKUs



Milk, 45 SKUs



Dahi, 18 SKUs



Milk Shakes, 2 SKUs



Malai Paneer, 12 SKUs



COMPANY OVERVIEW

Enriching Our Product Portfolio With New Packaging:

Ghee Jar & Pouch with New Designs



Thermofoam Paneer launched in GT & MT



COMPANY OVERVIEW

Focusing Institutional Business on Value Addition & Client Diversification



Superior Product Quality

Strong Recognition and Trust

Long Standing Relationships

INTEGRATED OPERATIONS LEADING TO EFFICIENT COST STRUCTURE & HIGH QUALITY PRODUCTS



Retail Marketing, Distribution

- Retail products - Prabhat, Flava, Milk Magic brands, Volup.
- 270+ sales professionals, 1,375 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.

Cattle Feed & Welfare

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

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.

Multi-product Facilities

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

COMPANY OVERVIEW – MILK PROCUREMENT

Robust Milk Procurement System

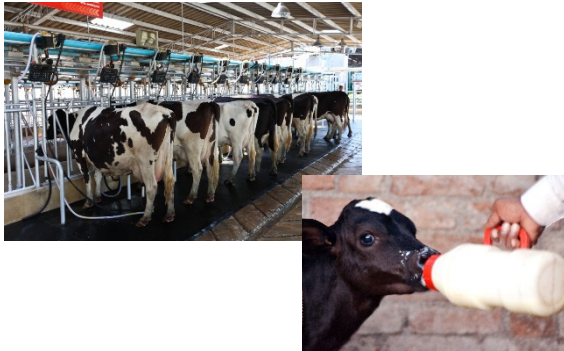
STRONG DIRECT SOURCING ECOSYSTEM – ACCESS TO HIGH QUALITY MILK, INTENSIVE FARMER ENGAGEMENT, FARMER TRUST & LOYALTY

- More than 125,000 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.

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.



Automated milk testing for transparent pricing

Printed Transaction Receipt



COMPANY OVERVIEW – MILK PROCUREMENT

Robust Milk Procurement System



Where Goodness Begins

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

585 MILK COLLECTION CENTRES



257 BULK MILK COOLERS



SHRIRAMPUR PLANT



20 MILK CHILLING PLANTS



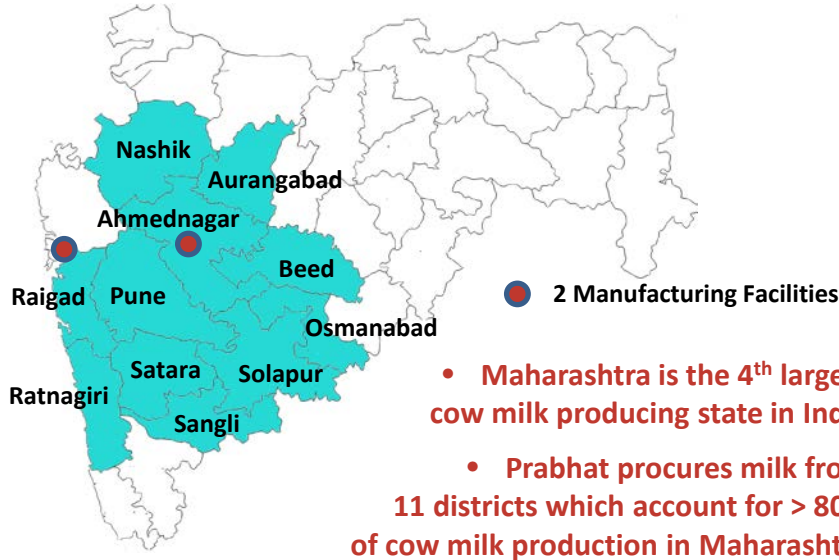
NAVI MUMBAI PLANT



COMPANY OVERVIEW – MILK PROCUREMENT

Robust Milk Procurement System

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%

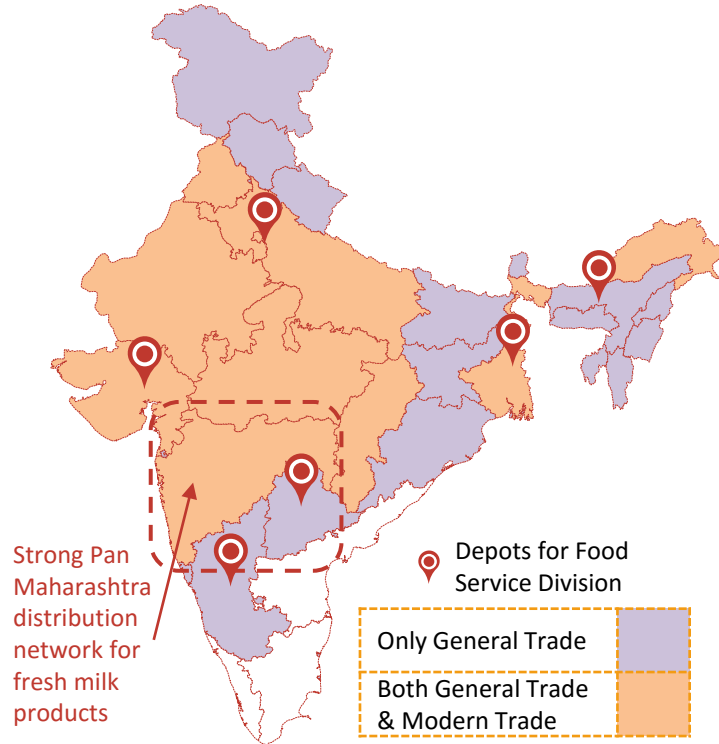
FOCUS ON STRENGTHENING OUR DIRECT SOURCING ECOSYSTEM

- 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	Jun-18	Sep-18
Milk Collection Centres	590	585
Milk Chilling Plants	20	20
Bulk Milk Coolers	250	257

COMPANY OVERVIEW – DISTRIBUTION NETWORK

Strong 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 70 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	Jun- 18	Sep-18
Depots	6	3
Super Stockists	86	95
Distributors	1,446	1,566
Modern Trade Outlets	325	329

COMPANY OVERVIEW – DISTRIBUTION NETWORK

Building Retail Presence Across India



Where Goodness Begins

We have an extremely well – connected and strong distribution network in Modern Trade.

Presence in **329 Modern Trade outlets** across India



Ghee



COMPANY OVERVIEW – MARKETING CAMPAIGNS

Connecting With Every Strata of Consumer Ecosystem with Focused Marketing Campaigns



COMPANY OVERVIEW – MANUFACTURING FACILITIES

Multi-Product Manufacturing Facilities



Where Goodness Begins

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



COMPANY OVERVIEW – MANUFACTURING FACILITIES

Ensuring Sufficient Capacities to Handle Medium Term Growth

MULTI-PRODUCT MANUFACTURING FACILITIES

Capacity Per Day	September 2018
Milk processing	1,500,000
Milk Powders	105 MT
Ghee / Butter	50 MT
Dahi	50 MT
UHT Milk	40 MT
Cheese	30 MT
Paneer	5 MT
Shrikhand	5 MT
Sweetened Condensed Milk	120 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 3rd largest** in India
- Capacities are **sufficient** for next 3-4 years
- Growth will lead to **improving asset turnover**

COMPANY OVERVIEW – MANUFACTURING FACILITIES

Stringent Quality Controls Meeting Customer Requirements



Where Goodness Begins

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



QUALITY CERTIFICATIONS



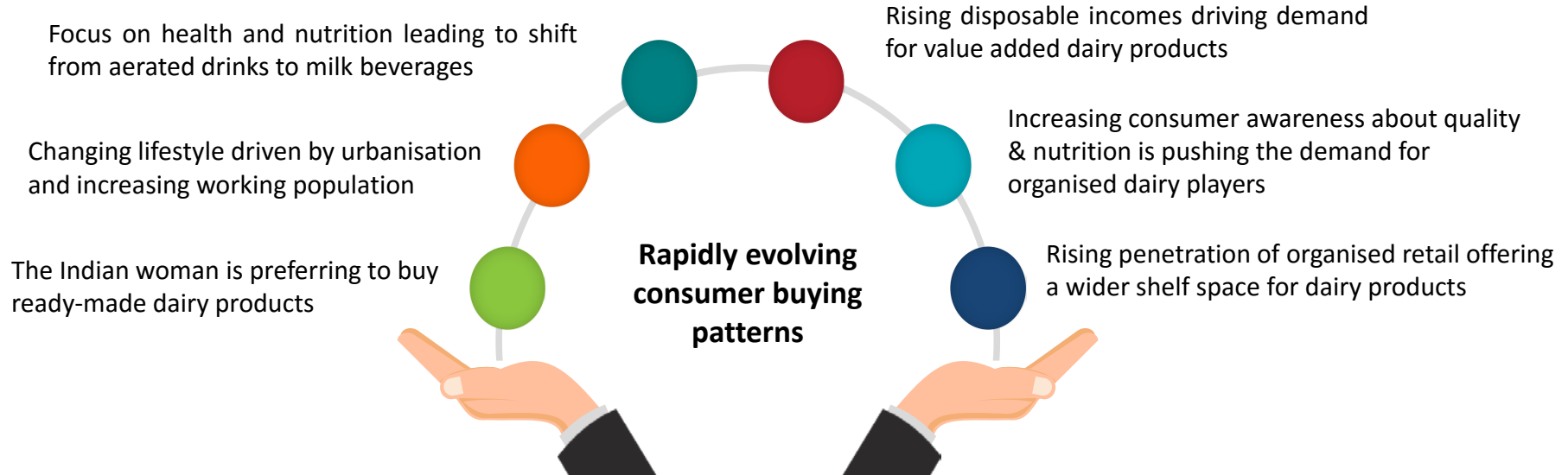


STRATEGY &
OUTLOOK

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





Prabhat Started the Consumer Business in FY12

Well-positioned to grow consumer business

to Rs 10,000 Mn

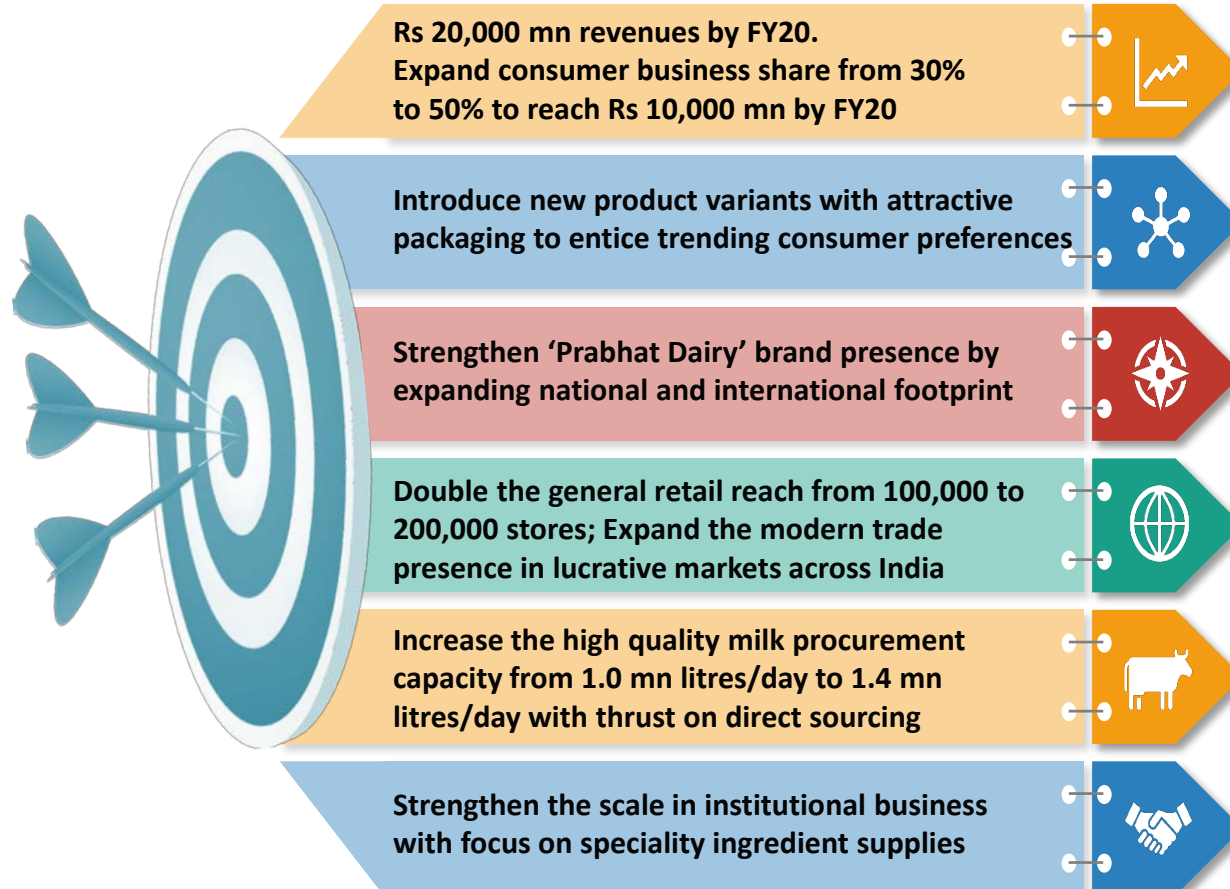
over next 2 years, to account for 50% of total Revenues

STRATEGY & OUTLOOK

Prabhat Dairy's Vision 2020



Where Goodness Begins



VISION 2020 – ROADMAP



Where Goodness Begins

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

STRATEGY & OUTLOOK

Exclusive Branded Outlets - 'The Goodness Zone'



'The Goodness Zone'

- Launched innovative concept for brand experience
Currently 25 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**



NEW
PACK



VITAMINS A, D, E & K



Where Goodness Begins



FINANCIAL
SUMMARY

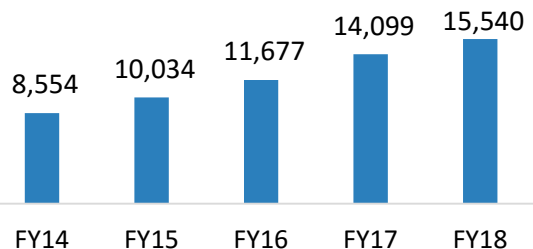
FINANCIAL SUMMARY



In Rs Mn

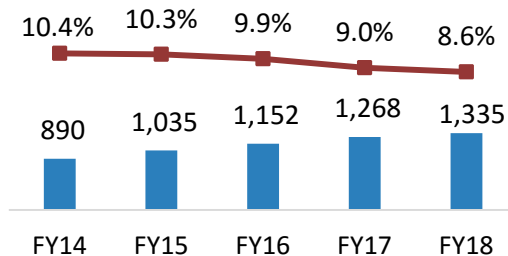
REVENUES

16% CAGR



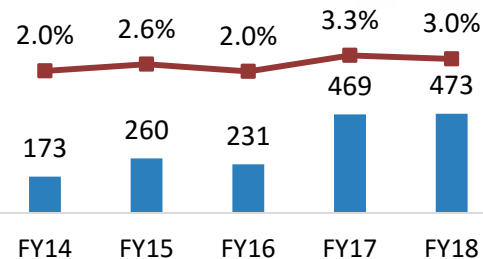
EBITDA & EBITDA MARGIN

11% CAGR

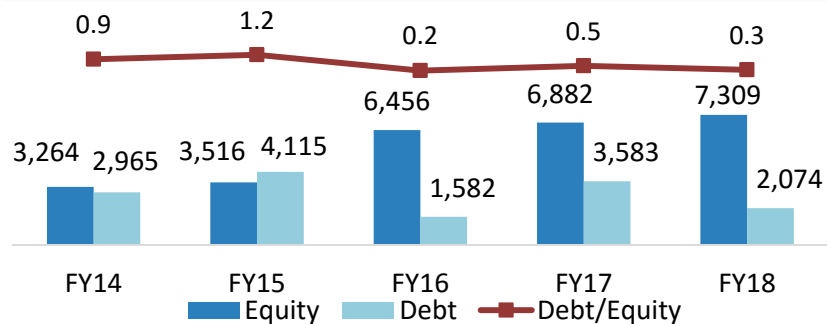


PAT & PAT MARGIN

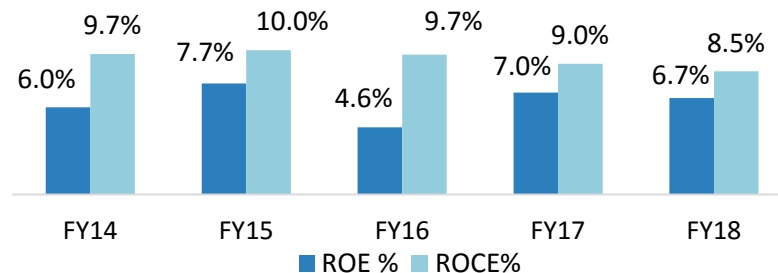
29% CAGR



LEVERAGE ANALYSIS



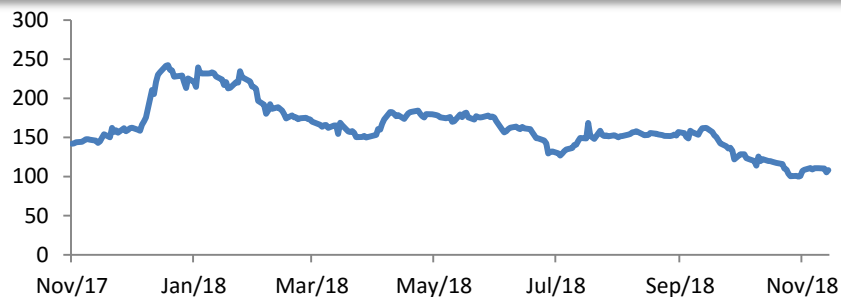
RETURN METRICS



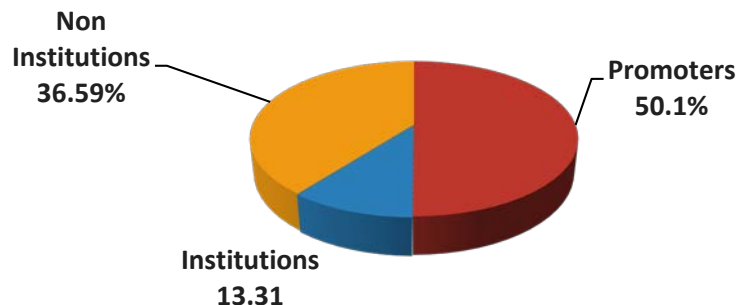
FINANCIAL SUMMARY

Shareholding Structure

SHARE PRICE PERFORMANCE



SHAREHOLDING AS ON 30th SEPTEMBER 2018



Source: BSE

MARKET DATA

AS ON 14.11.18 (BSE)

Market Capitalization (Rs mn.)	1,0578.3
Price (Rs.)	108.30
No. of Shares Outstanding (mn.)	9.8
Face Value (Rs.)	10.00
52 Week Low-High (Rs.)	99.00 – 258.00

KEY INVESTORS AS ON 30th SEPTEMBER 2018

% HOLDING

Rabo Equity Advisors	14.37%
Proparco	8.68%
TVS Capital	7.57%
Mondrian Investment Partners	2.64%
Sundaram Alternative Opportunities Fund	2.19%
DSP Blackrock Micro Cap Fund	1.74%
Ontario Pension Board	1.80%
Alquity Sicav	1.25%



Raviraj Vahadane

Prabhat Dairy Limited
CFO

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Contact No: +91 8888991111

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.