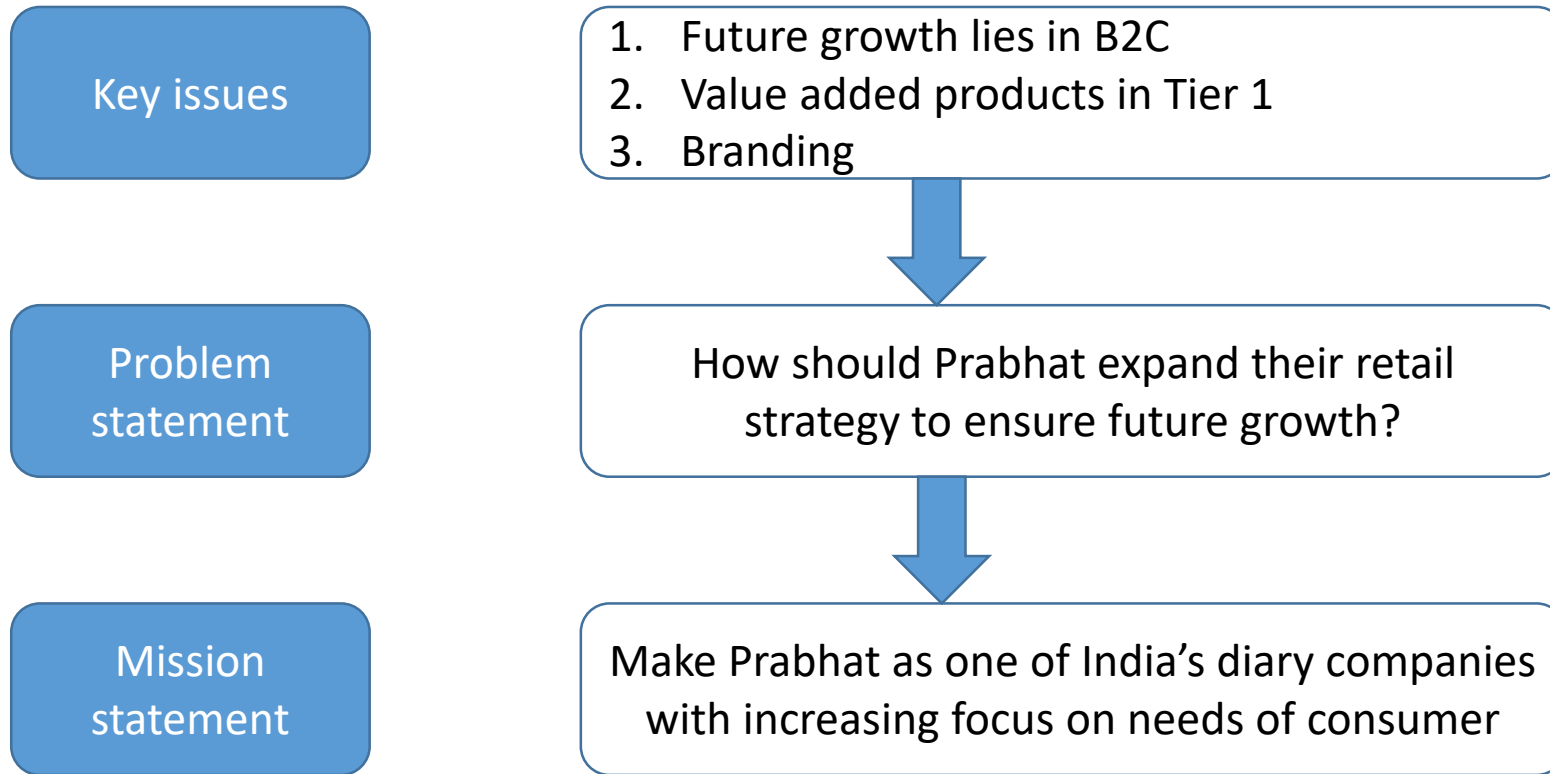


Prabhat's Cash Cow

Introduction



Problem Statement

Analysis

Alternatives

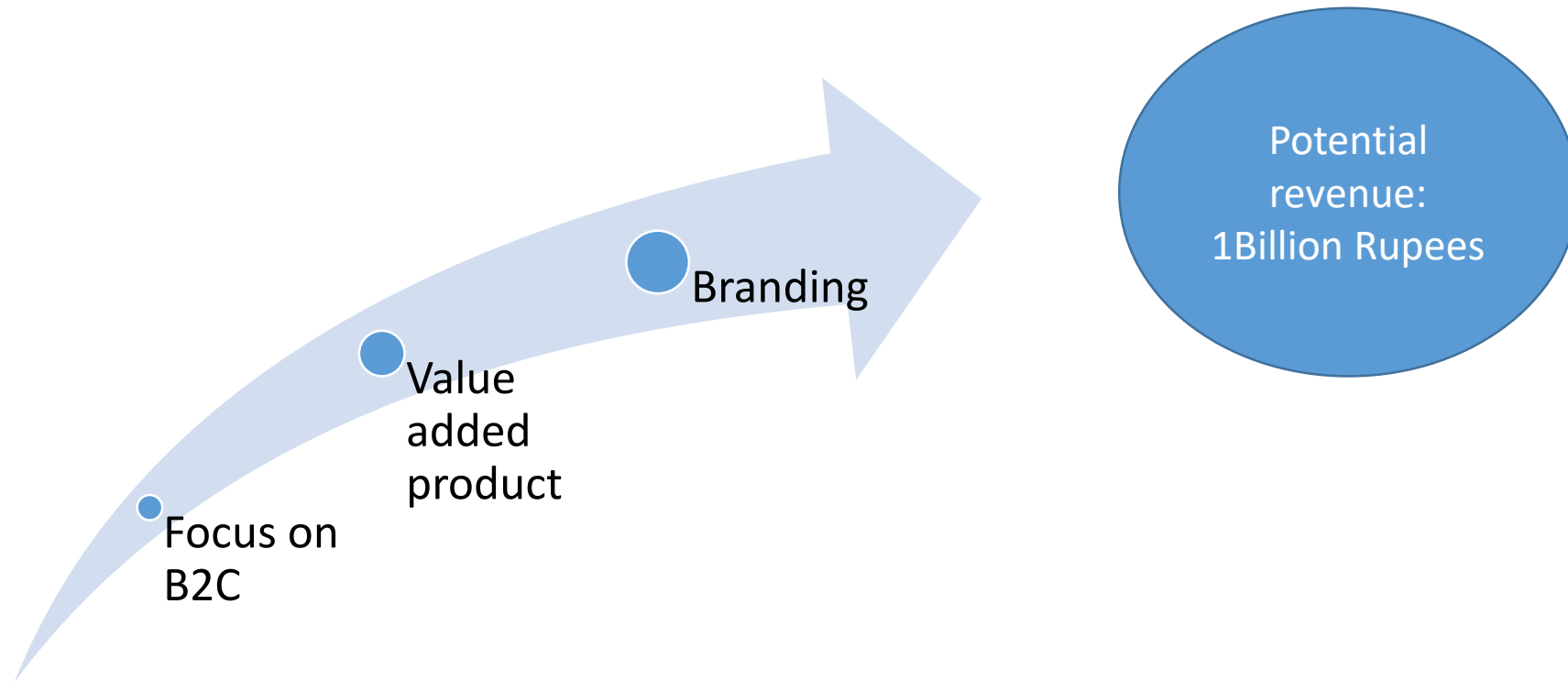
Implementation

Finances

Risks

Conclusion

Road to success



Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Key Challenges

Business Model
B2B vs B2C?

Retail Expansion Strategy
Tier 1 vs Tier 2 & 3

Branding
Weak Company Competency

Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Key Challenge # 1

Business Model

Current split is 70:30	Needs to be 50:50
They only cater to business customers	Huge gap in production and consumption
Consumption in rural vs urban is 18.7 vs 20.3	89% Revenues already come from B2B



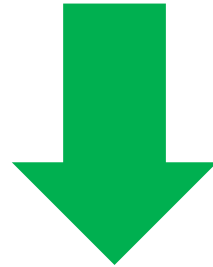
Opportunities
Higher disposable income in B2C
Brand Awareness

Current Issues
Branding
Distribution Costs
Payment Periods
Declining NWC
Increase in Debt



Key Challenge # 1

Business Model



Key Take Away

Focus on B2C for future growth potential

Problem Statement

Analysis

Alternatives

Implementation

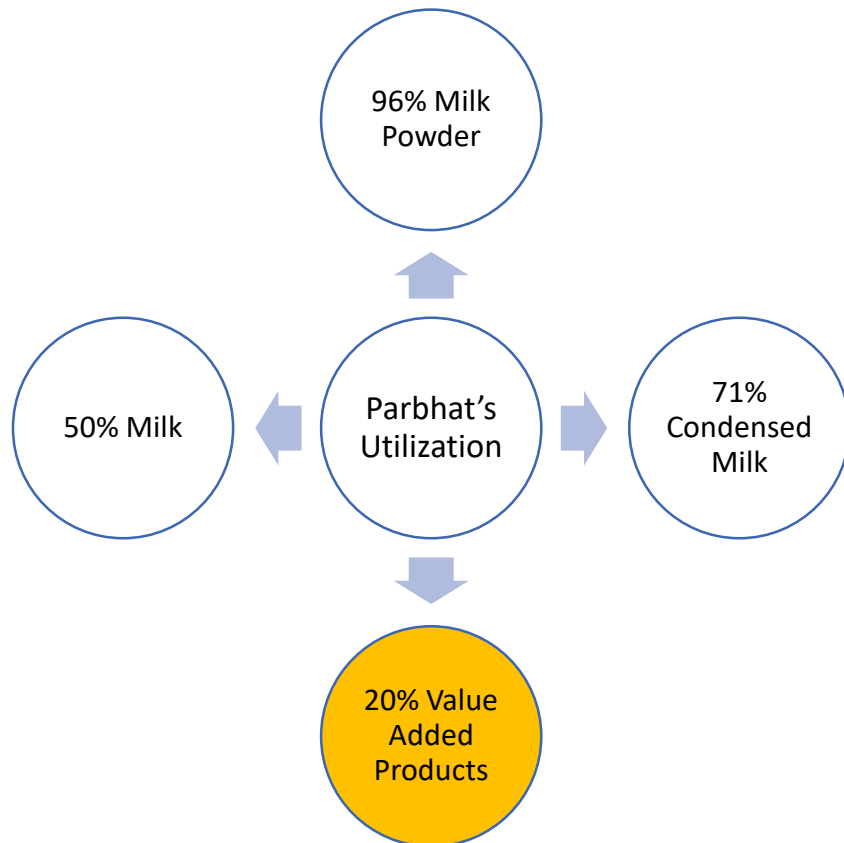
Finances

Risks

Conclusion

Key challenge # 2

Retail Expansion Strategy



Cheese has the highest profit margins 35-40%

Urban Per Capita consumption in Tier 1 for Cheese is 700

Urban Per Capita consumption nationally for Cheese is 200

Only 3 key players in this segment

Higher profit margins

Success of Project Raftaar in Tier 2 cities can be replicated

Problem Statement

Analysis

Alternatives

Implementation

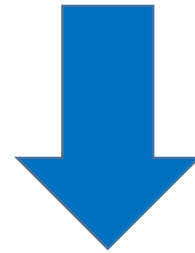
Finances

Risks

Conclusion

Key challenge # 2

Retail Expansion Strategy



Key Takeaway

Opportunity to launch a Value Added Dairy Product in TIER 1

Problem Statement

Analysis

Alternatives

Implementation

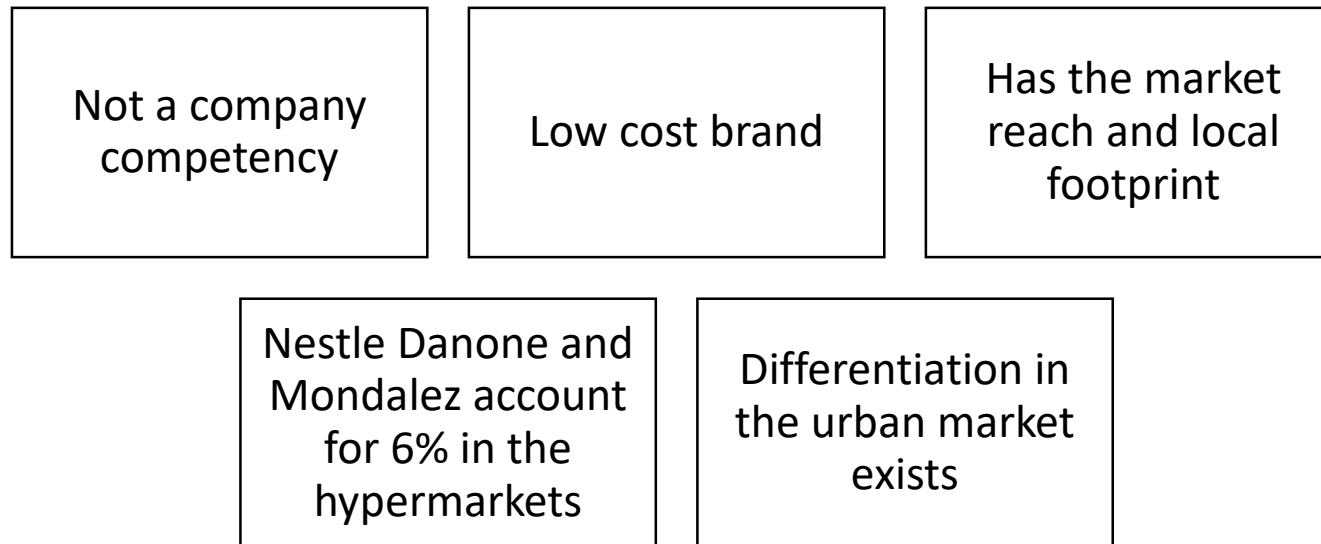
Finances

Risks

Conclusion

Key challenge #3

Branding



Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Key challenge #3

Branding



Key Takeaway

Parbhat can be branded as low cost brand in the Tier 1 markets

Problem
Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Alternatives

Stick to tradition

- Stay in current situation
- No potential growth
- Less competition

Local = Focal

- Stimulate localization
- Create hubs
- Fresh milk
- Investment

Say Cheese!

- Focus on B2C
- Launch cheese as a value added product
- Brand awareness in Tier 1 Cities

Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Selection criteria

	Expansion	Growth	Costs	Branding
Stick to tradition	●	●	●	●
Local = Focal	●	●	●	●
Say Cheese!	●	●	●	●



Size = level of impact



Colour = positive or negative

Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Chosen alternative

Say Cheese!

- Focus on B2C
- Launch cheese as a value added product
- Brand awareness in Tier 1 Cities

Problem Statement

Analysis

Alternatives

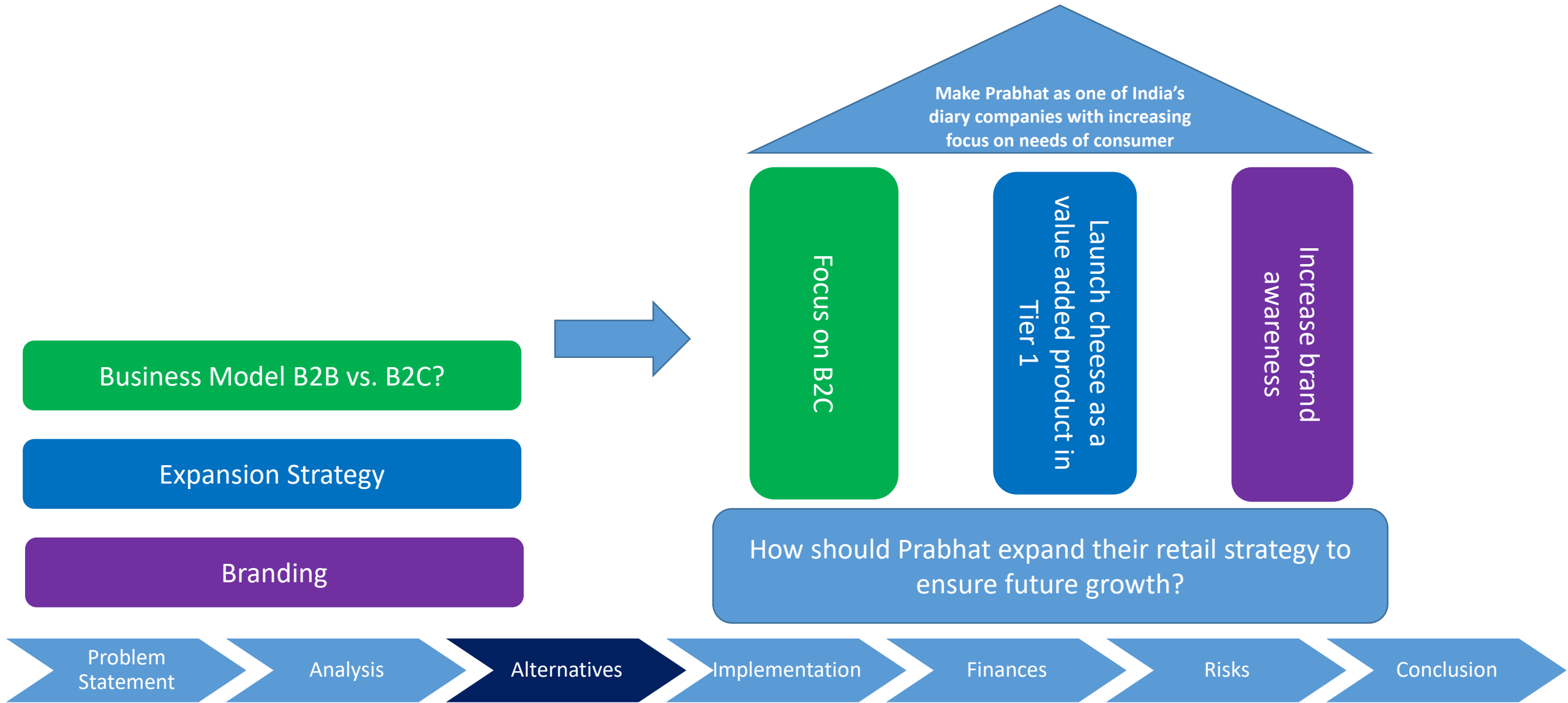
Implementation

Finances

Risks

Conclusion

Proposed solution



#1 Focus on B2C

Goal

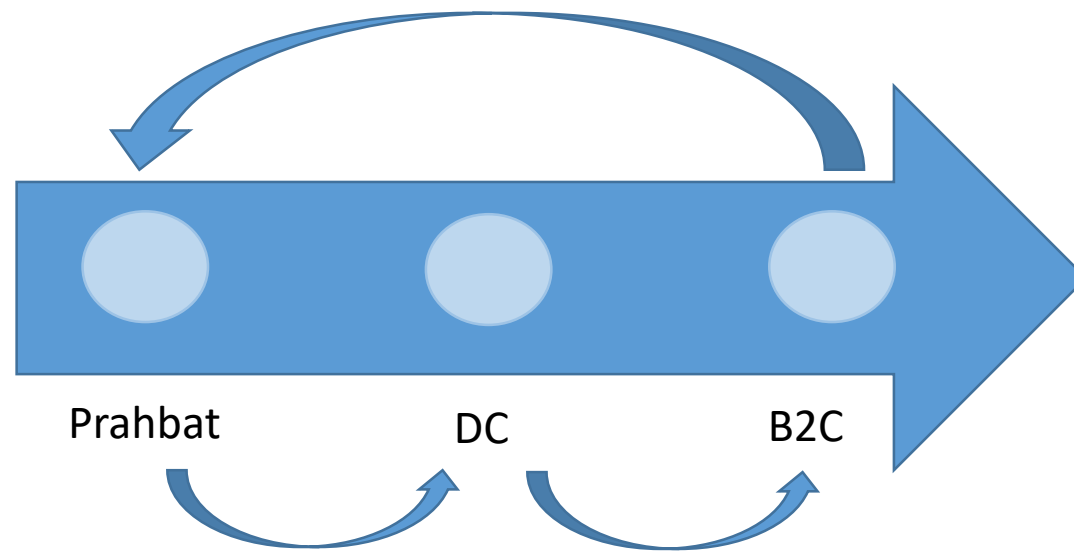
Increase focus on B2C

How

Distribute in both unorganized & organized sector

What

Introduce JIT delivery
Leaner distribution in supply chain
Building relationships



Result: Increased Efficiency & Shortened Lead Time

Problem Statement

Analysis

Alternatives

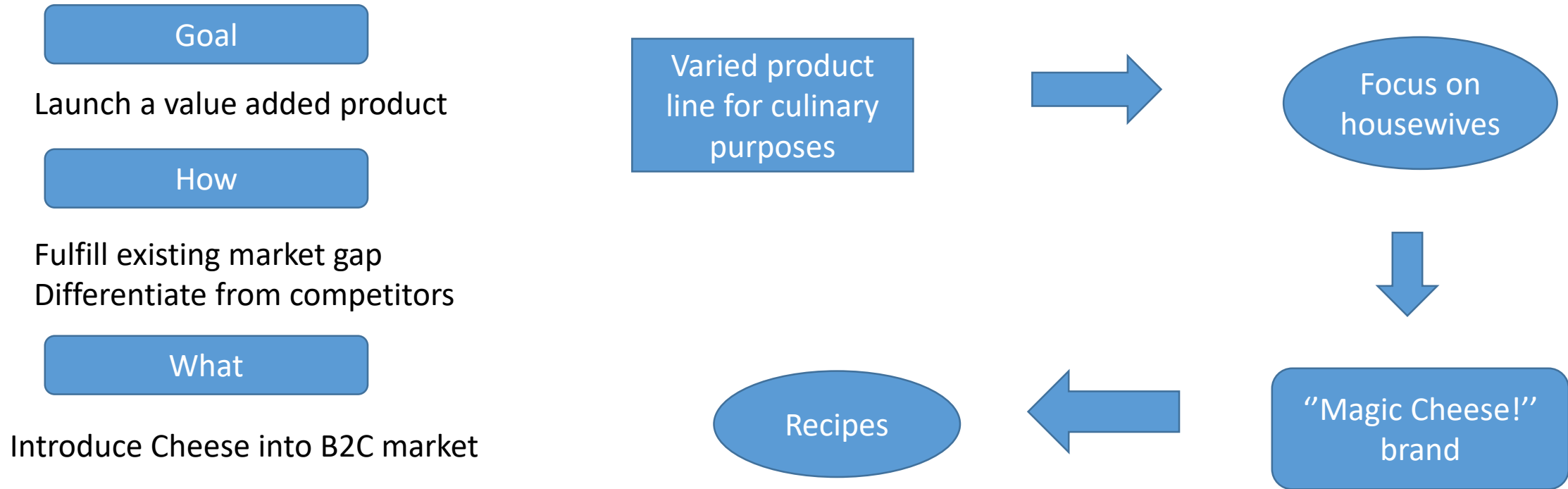
Implementation

Finances

Risks

Conclusion

#2 Value added product



Result: High Profit Margins for Cheese as a value added product



#3 Branding

Goal

Increase awareness of Prabhat in Tier 1

How

Position as a low cost product
Focus on housewives

What

Connect Brand to Cooking

Made in India,
From India



Submit Recipes
& Incentivize

- Recipe published in supermarket
- Win: LifeTime Cheese

Brand
loyalty

YouTube cooking
vlog

Result: Appeal extensive & loyal target group

Problem
Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Timeline

	2017		
	Q1	Q2	Q3
Working Capital changes for extra cheese production	→		
Approach Masterchef India		→	
Advertising		→	
Produce recipes		→	
JIT management	→		
Distribution channel changes		→	

Problem Statement

Analysis

Alternatives

Implementation

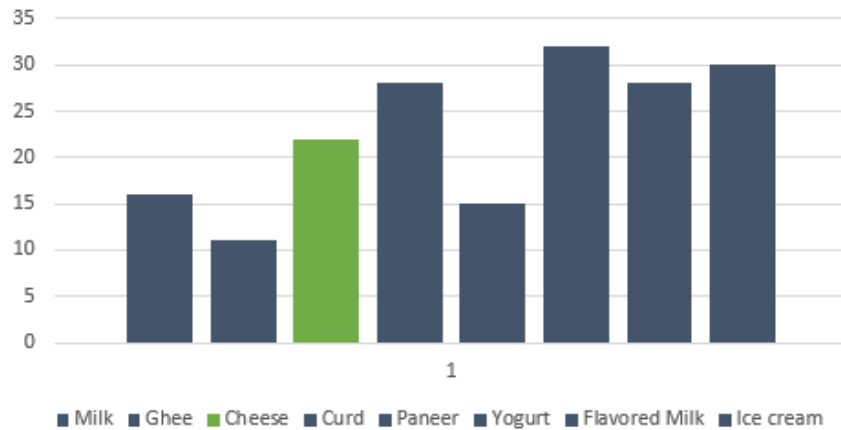
Finances

Risks

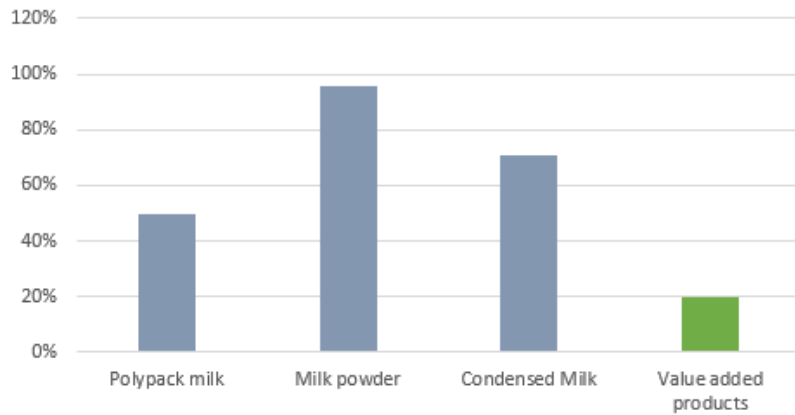
Conclusion

Market Analysis

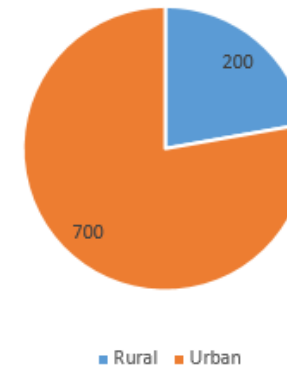
Cumulative Annual Growth Rates



Utilised Capacity



Urban vs local Cheese consumption per gram



Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Financial Assumptions

- Costs
 - Branding Cheese
 - Advertising costs @ 15% of projected revenue
 - Distribution costs @ 30% of projected revenue
 - Competition prize costs negligible
- Revenues
 - Average cheese price 45, our price 35 – want to price below Amul in all markets
 - 0.2% market penetration
- WC changes in inventory and payables are key

Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Cheese Financial Opportunities

<u>Current Income Statement</u>			<u>Current Assets</u>		
Revenue	1171.97		Inventories	114.8	
Operating Expenses	1023.07		Trade receivables	229.15	
Personnel Cost	28.19		Other current assets	229.15 p/l	
Depreciation	39.9				
Interest and Financing Costs	42.7				
Provision for Taxation	13.59				
Profit after Tax	24.52				
EDITDA	120.71				
Potential Revenue	155.09	155.09	Average Price of cheese (Rupees p/l)	45	
<u>Working capital changes (savings)</u>	5% favourable	10% favourable	Market size of Cheese (in 10m Rupees)	99700	
Inventories	5.74	11.48	Market size of cheese in litres	22,155,555,555.56	
Trade receivables	11.4575	22.915	0.2% penetration	44,311,111.11	
	17.1975	34.395			
<u>Costs</u>					
Other assets (working capital changes for cheese production)	46.53	54.28	Pricing of cheese	35	
Advertising	23.26	15.51			
Potential Revenue Increase (in 10m Rupees)	102.50	119.69			

Problem Statement

Analysis

Alternatives

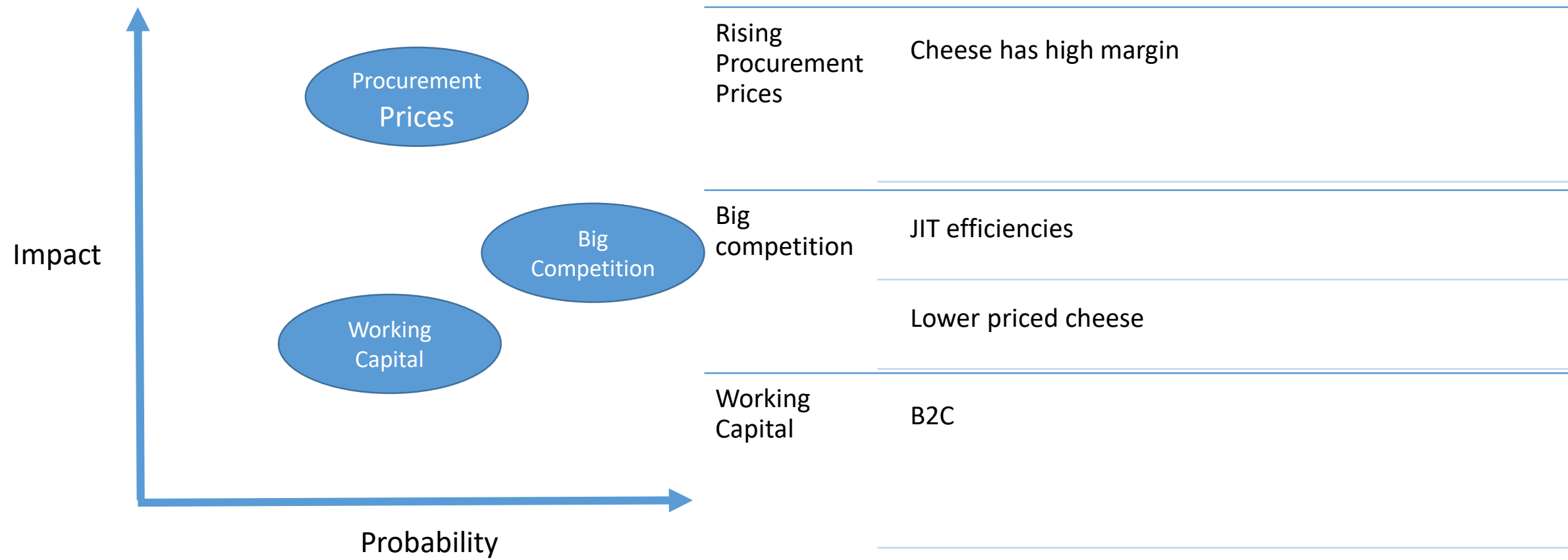
Implementation

Finances

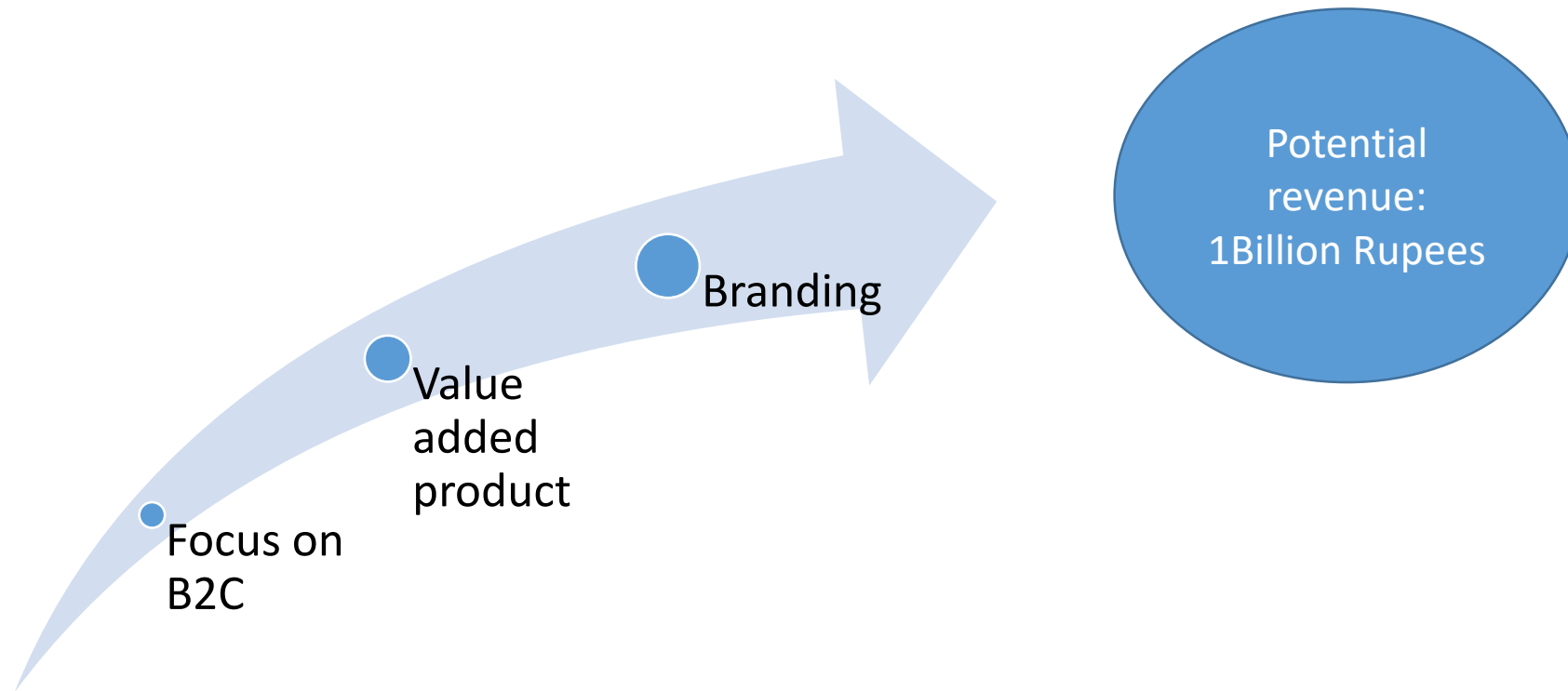
Risks

Conclusion

Risks



Road to success



Problem Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion

Thank you for your attention!

Problem
Statement

Analysis

Alternatives

Implementation

Finances

Risks

Conclusion