

# PRIME CUSTOMER SERVICES LTD INVESTOR PRESENTATION

JANUARY 2018



# DISCLAIMER

This presentation may contain certain forward looking statements concerning the company's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statement.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost overruns on operations, our ability to manage our assets, government policies and actions with respect to the industry, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance.

The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.

# GLOSSARY

## Term Description

3PL	Third Party logistics
APEDA	Agricultural and Processed Food Products Export Development Authority
APMC	Agricultural Produce Marketing Committee
C&F	Clearing and Forwarding
CH	Cold Storage Hubs
CS	Cold Storage Bulk
CWC	Central Warehousing Corporation
DAC & FW	Department of Agriculture, Cooperation & Farmers Welfare
DAC	Department of Agriculture and Cooperation
FCI	Food Corporation of India
FE	Retail/ Front end
FMCG	Fast Moving Consumer Goods
F&V	Fruits and Vegetables
HMNEH	Horticulture Mission for North East and Himalayan States
HoReCa	Hotel, Restaurant, Café
MIDH	Mission for Integrated Development of Horticulture
MoA&FW	Ministry of Agriculture & Farmers Welfare
MoFPI	Ministry of Food Processing Industries
NCCD	National Centre for Cold-chain Development
NHB	National Housing Bank
NHM	National Health Mission
PACS	Primary Agriculture Co-operative Society
PH	Modern Pack House
QSR	Quick Service Restaurant
RC	Ripening Chamber
REEFER	Refrigerated container
RTE	Ready To Eat
RT	Reefer Transport
SWC	State Warehousing Corporations
TFCP	Task Force on Cold-chain Projects
WDRA	Warehousing Development and Regulatory Authority

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# India's horticulture industry

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- Fresh produce market in India estimated at Rs.3 lakh crore
- India is 2<sup>nd</sup> largest producer of Fruits & Vegetables (F&V) in the world - 269 mmt up 4.1% YoY

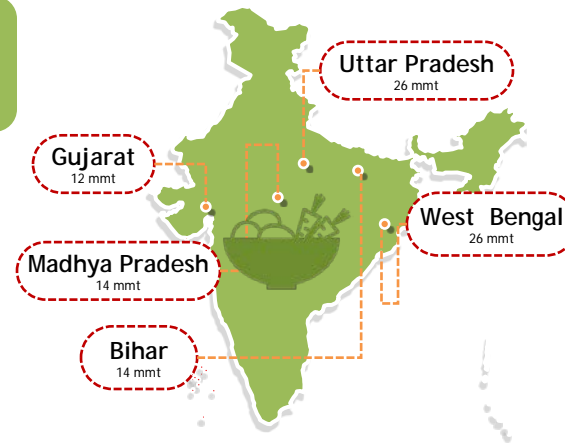
## TOP 5 FRUITS PRODUCING STATES

93mmt  
up 3.9% YoY



## TOP 5 VEGETABLES PRODUCING STATES

176mmt  
up 4.2% YoY



# CHALLENGES FACED BY INDUSTRY



- Multiple intermediaries - lack of transparency and low focus on quality

- Procurement dependence on APMC - low efficiency process

- Supply chain infra gaps - Inadequate processing, storage and distribution facilities

- Upto 15.9% wastage in F&V annually - lack of modern harvesting practices and inadequate cold chain infrastructure

- Processing levels in F&V currently low at 2%

- Inadequate link between farm and food processing - lack of required F&V varieties at right time and right place



The entire Indian agriculture value chain is set to change drastically.

-Arun Jaitley, Finance Minister of India (c.2017)  
Source: World Food India 2017



Agriculture, education and healthcare - all three are on our roadmap

-Mukesh Ambani, CMD, Reliance Industries Ltd. (c.2017)  
Source: World Food India 2017

Optimism shown by both government and industry



# OPPORTUNITIES FOR INDIAN AGRO-INDUSTRY



Strong growth expected: India's food processing industry expected to reach 2020 - \$482bn - CAGR 13% (2015-2020E)

Large domestic demand: Consumer base of 1.3 billion people with increasing preference for branded foods

Modern retail market to grow faster: Expected to double from \$13.5 bn in 2016 to \$26.6 bn in 2019E

Export to rise: India's strategic geographic location to help

Policy support: 100% FDI in retail marketing of food products that are produced and/or manufactured in India; 100% FDI through automatic route in food processing; Income Tax sops

Infrastructure support: Rising investments in world class ports, logistics and supply chain infrastructure

Technology improving: Supply chain is being re-invented with superior know-how and technology

Right talent: Highly skilled manpower pool

# About PCSL

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## Market

- Agro-products industry
- Focus on Fruits & Vegetables (F&V)



## Revenue streams (FY17)

- Supply of F&V - Rs. 175 mn
- Related services - Rs. 63 mn



## Customers

- 304 customers in India and abroad



## 5 year CAGR

- Revenue - 26.1%
- EBITDA - 28.7%

## Vision



We envisage to become a leading fully integrated agri value chain institution in the domestic and international agro trade.

## Mission

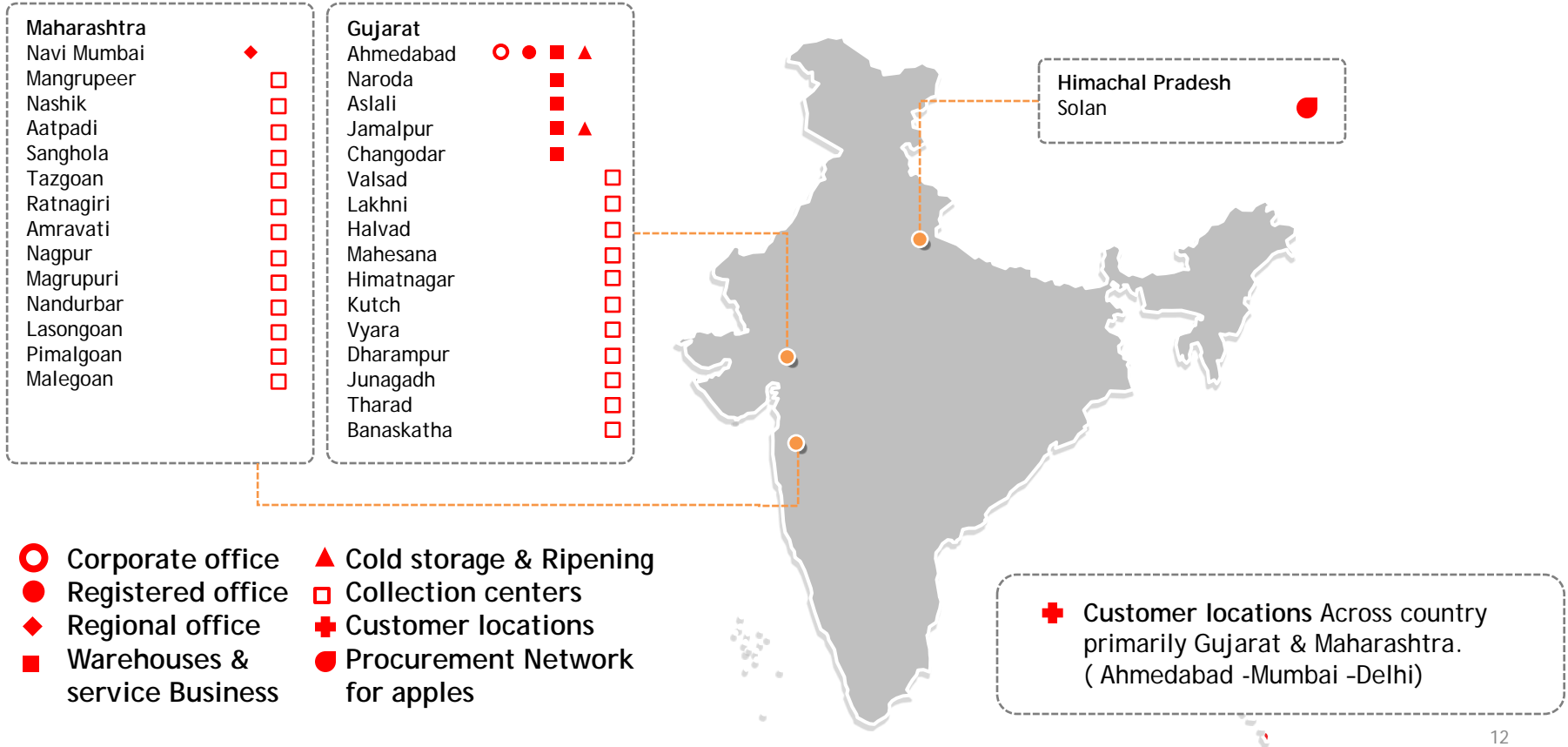


**Growth** - of our Clients, Shareholders and Employees

**Empowerment** - of our Farmers

**Commitment** - of providing hygienic and best quality Agro produce to domestic as well as International consumers.

# GEOGRAPHIC PRESENCE



# JOURNEY TILL DATE



**2007**

Started with a small warehouse and designer vans to deliver F&V at customer doorsteps. 3PL for Aditya Birla Retail in Ahmedabad

**2008**

3PL for Reliance Retail. Commenced manpower services

**2009**

Bulk trading of Fruits in APMC

**2010**

3PL for Intas Pharma

**2011**

3PL for AB Retail in Mumbai and Reliance Fresh in Pune. Warehousing facilities for Intas Pharma and Wagh Bakri tea

**2012**

Commenced ripening and cold storage facility in Ahmedabad. Setup collection centre in Pratij First F&V wholesale facility in Ahmedabad

**2013**

6<sup>th</sup> 3PL facility setup. Started supply to food processors

**2014**

Tie-up with Ahmedabad APMC

**2015**

- Corporate tie-up for procurements with Reliance Jamnagar, INI Farms, Mahindras and PC foods
- Exports to UAE

**2016**

- Tie up for operations Reliance Retail, Pune.
- Setup Pomegranate collection centre at Lakhni, Gujarat

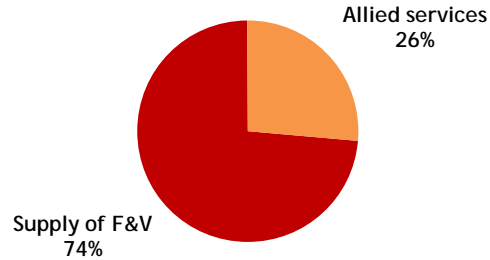
**2017**

- Listed through BSE SME IPO
- Setup Mango collection centre at Gujarat
- Started own farming and JV farming at few locations in Gujarat & Maharashtra

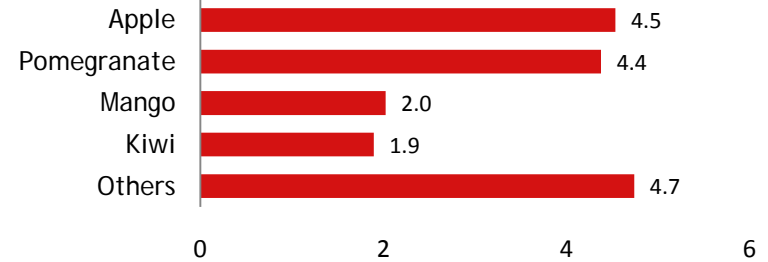
# KEY FACTS AND FIGURES - FY17



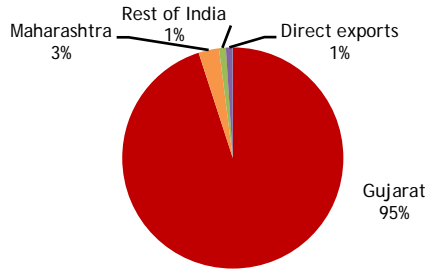
## Revenue breakup - Rs. 23.8 crore



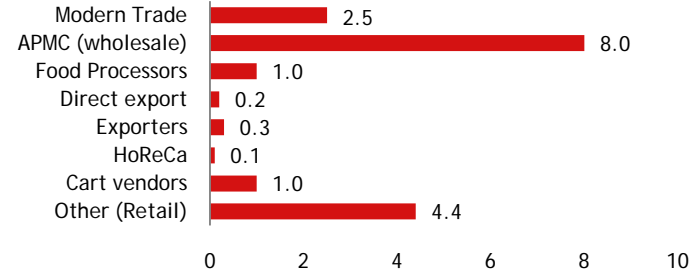
## Product-wise revenues (Rs. crore)



## Geography wise F&V revenues



## Customer segment wise revenues (Rs. crore)



# PRIME CUSTOMER SERVICES BRANDS



Prime cares for its stakeholders and delivers end to end Agri Value chain solutions from sourcing, handling, sorting & grading, warehousing, ripening, storage, packing and delivery of Fruits and vegetables



We deliver Fresh is our tag line. We extensively work towards delivering high quality fresh produce to our customers.



We plan to have a retail model where we deliver the farm fresh produce( F&V) and value added products directly at the consumers doorstep (Fruits such as Mango, Pomegranate, apple, Banana).



## Supply of Fresh Fruits & Vegetables



## Warehousing Solutions & Services



Dairy  
Frozen

## Ripening Chambers and Cold storage with Advance Technology & Expertise



## 3 PL (Manpower Management)



## C & FA Services



## Re-pack & Packaging Facility



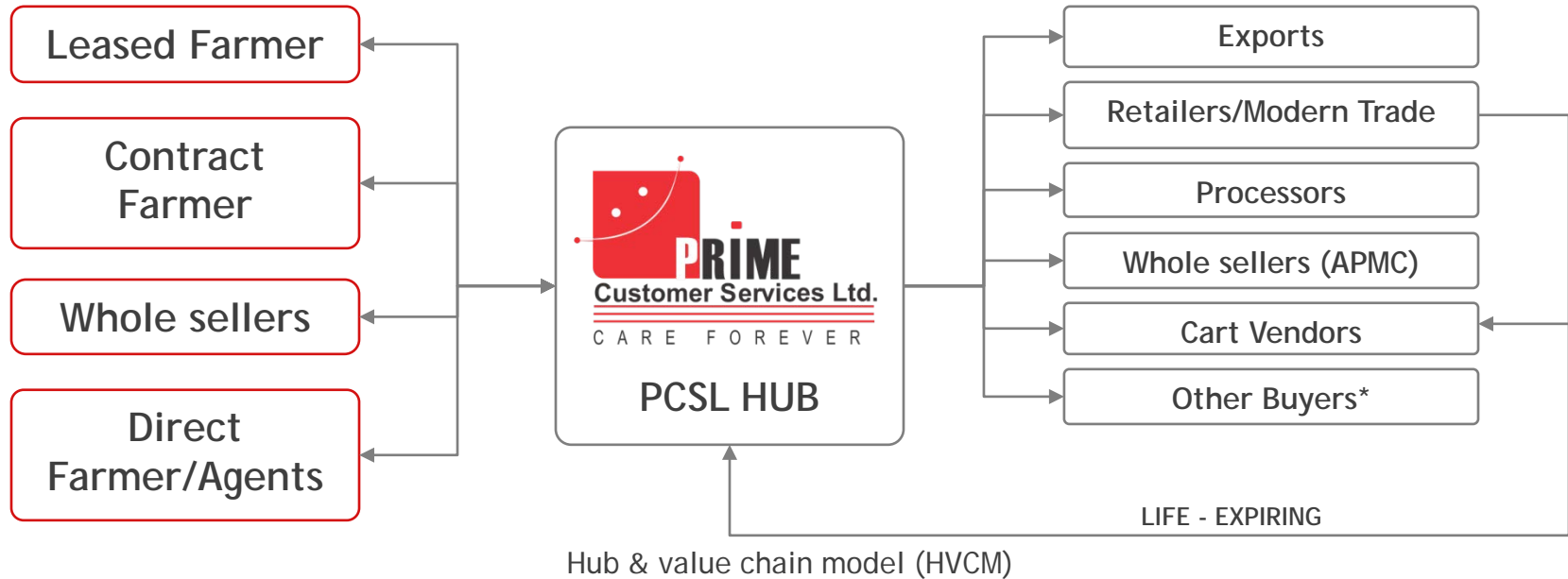


# Business model & strategies

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# SUPPLY CHAIN MANAGEMENT OF F&V BUSINESS



Value addition at various levels - sourcing, sorting, grading, packaging and branding



## TO FARMERS

- Better pricing
- Imparting know-how to improve yield
- Confidence of selling the produce
- Payment is faster or on delivery
- Time saved as the collection centers are near to farms
- Time saved by not waiting in auctions
- Fair and transparent weighing systems

## TO ORGANISED RETAILERS

- Customers can focus on sales
- Delivery of expected quality of produce
- Delivery of expected quantity of produce
- Sorted and graded produce
- Can get the produce from far of places - newer commodities, seasonal items now available round the year
- Basket of commodities from single consignment - Ensuring right sales Mix

# VALUE ACCRETIVE BUSINESS MODEL



- Eliminates intermediaries viz. agents, auctioneers, etc. - leaves more money on the table for self and farmers
- Superior sourcing strength - mapping of farm produce from over 8,000 farmers (as on FY17)
- Greater control on sales - 6 types of customers purchasing different quality farm produce
- Higher credibility - ability to provide desired quality & quantity of F&V to customers in a timely manner
- Strategic presence - strong sourcing base and relations in F&V surplus states viz. Gujarat and Maharashtra gives ability to capture price arbitrage in deficit states of India

# TRIGGERS FOR INDUSTRY GROWTH



- Huge room for organized players - 95% of food retail is unorganized - customer preference moving towards organized outlets and branded products
- Food processing industry to be key driver - food processing levels at 2% only - to only grow with changing lifestyle and food habits
- Rapid growth expected in modern trade from \$13.5 bn in 2016 to \$26.6 bn in 2019E
- Fiscal benefits to aide industry growth - 100% FDI with automatic route in food processing, Income tax deduction for cold chain and warehouse for storage of agri-produce, Tax sops for 5 years
- Export opportunity - India's location gives it the unique advantage of connectivity to Europe, the Middle east, Japan, Singapore, Thailand, Malaysia and Korea
- Investment in support infrastructure to boost movement of produce - world class ports, logistics and supply chain infrastructure



## Three-pronged growth strategy for FY18E and FY19E

### 1. Adding new raw material supply sources

(nos.)	FY17	FY18E
Farmer connects	8,000	12,000
APMC covered	22	30
Consolidators mapped	85	110
Collection centers	2	7

### 2. Adding new F&V segments

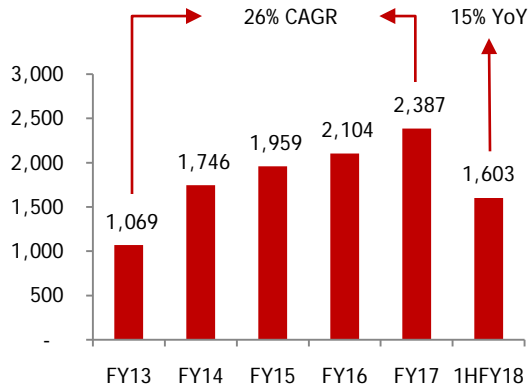
- Current: Mangoes, Pomegranate, Apple, Tomatoes, Onion, Imported Fruits and Mix Vegetables .  
Adding: Banana, Orange, Grapes

### 3. Adding new clients in new geographies

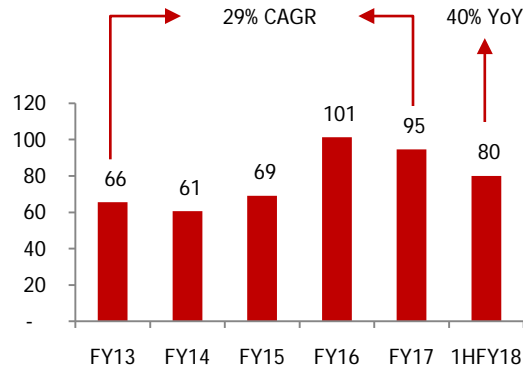
- North India and South India

# SOUND FINANCIAL PERFORMANCE

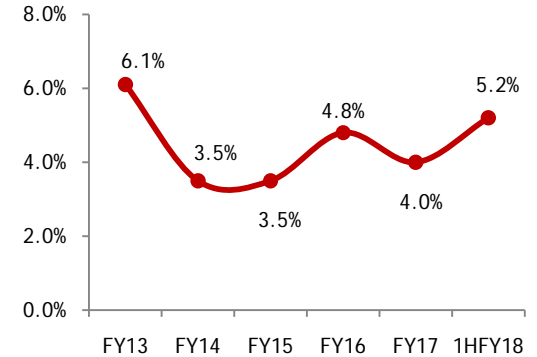
### Net Revenues (Rs. Lakhs)



### EBITDA (Rs. Lakhs)



### EBITDA Margin (%)



Virtually debt free | Highest rating of MSE1 from SMERA

PCSL's robust business model, growth strategy under execution, financial strength and growing market demand are catalyst for growth

# Management profile

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**Jinen Ghelani**  
Chairman

18 years experience in retail and FMCG industries in India. Involved and understands fully the supply chain management in the retail industry. He has been a backbone of the company for identifying, negotiating and implementing new business opportunities. He has played an extremely crucial role in team building, infrastructure setup and client addition. His fundamental strengths in operations, sales and people management have ensured organization moves to a greater level continuously since 2007 irrespective of volatile and difficult business cycles.



**Hiren Ghelani**  
Whole-time Director

A business enthusiast with strong passion for research and successfully involved in financial and capital markets since 1998. He has had major stints in some of the well renowned financial services firm and research houses namely, Kotak, Refco- Sify, ASK group and JM Financials. Hiren's core strength lies in Business analytics, networking, resource allocation and fund management. He has been a key facilitator to company's strategy, finance and planning. His role so far in ensuring sustained fund infusion, negotiation with bankers, investors and internal team has been well appreciated.



**Neha Ghelani**  
Whole-time Director

She looks after the Administration & accounts division of the company. She is actively involved in setting up the new process of business monitoring & day to day accounting MIS. She plays a vital role in implementation of top management's vision of stream lining banking , finance and administration. Her background of commerce and teaching helps the company and departments for smooth functioning.



**Brijesh Kumar Misra**  
Non-Executive Independent Director

Mr. Brijesh Misra, 52, is the Non-Executive Independent Director. He is B.Sc. (Agri.) and M.S. (Agri.) in Horticulture. He is proficient in agro-product marketing and holds 3 decades of experience in generating, monitoring and managing sales of the products, licensing of central & state agriculture and quality control department, product trials & demonstrations and farmers meetings. His enormous experience and huge network are source for Prime's massive expansion in many F&V producing areas.

# Financial statements

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## Balance sheet

Particulars (Rs. Lakhs)	FY16	FY17	1HFY18
Share capital	152.2	349.3	349.3
Reserves and Surplus	218.5	302.2	349.6
Non-current liabilities	53.1	5.1	4.6
Current liabilities	283.6	779.7	268.4
<b>Total Equity and Liabilities</b>	<b>707.4</b>	<b>1,436.3</b>	<b>971.9</b>
Non-current assets	123.9	127.9	120.1
Current assets	583.4	1,308.3	851.8
<b>Total Assets</b>	<b>707.4</b>	<b>1,436.3</b>	<b>971.9</b>



## Profit & Loss statement

Particulars (Rs. Lakhs)	FY16	FY17	1HFY18
Total revenue from operations	2,103.5	2,386.8	1,602.7
Total expenses	2,002.1	2,292.3	1,523.1
EBITDA	101.4	94.6	79.6
EBITDA margin (%)	5.1%	4.1%	5.2%
Depreciation and Amortization Expenses	31.8	19.9	8.1
EBIT	69.6	74.7	71.4
Other income	1.2	2.6	0.8
Interest	31.4	29.9	7.9
EBT	39.3	47.4	64.3
Tax expense	12.2	14.9	16.8
Profit after tax	27.1	32.4	47.5

# Annexure

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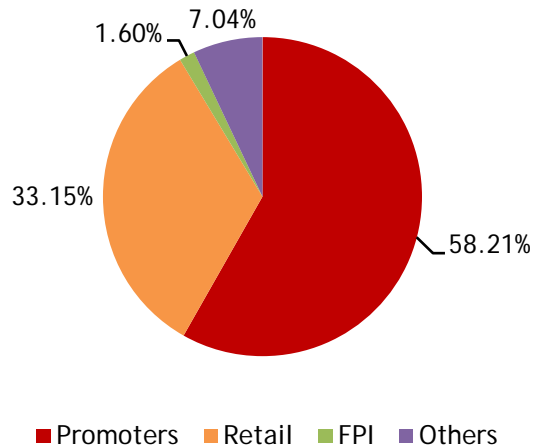
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# STOCK INFORMATION

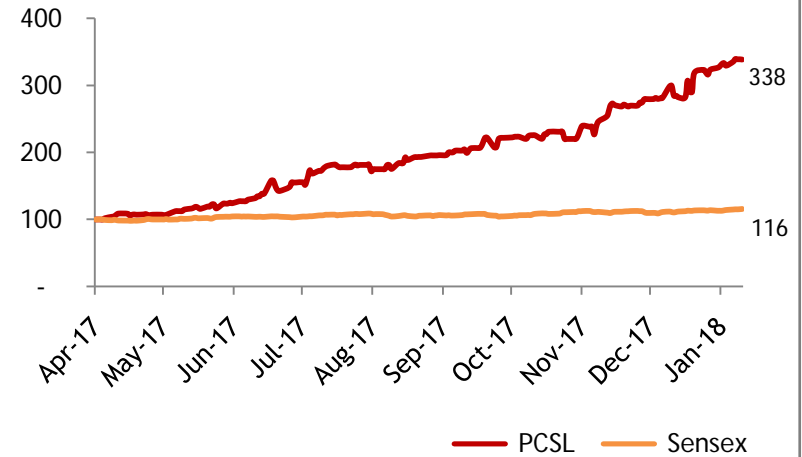
- Market cap (INR) - 71.4 crore
- Shares outstanding Dec 2017 - 34.9 lakhs

- Exchange code: 540404 (BSE)
- Bloomberg code: PRIME:IN

Shareholding pattern (as on Dec 2017)



Relative stock price vs BSE Sensex



As on 12<sup>th</sup> January 2018



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