Prabhat Dairy Limited

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January 21, 2019

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai 400 001

Security Code : 539351

National Stock Exchange of India Limited
Exchange Plaza
Plot No. C/1, G Block
Bandra-Kurla Complex
Bandra (East)
Mumbai 400 051
Trading Symbol: PRABHAT

Dear Sirs,

Sub: Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform you that the Board of Directors of Prabhat Dairy Limited (the "**Company**") at its meeting held today has approved the sale of the Company's shareholding in its wholly owned step down subsidiary, Sunfresh Agro Industries Private Limited ("**SAIPL**") to Tirumala Milk Products Private Limited (the "**Purchaser**") upon terms and conditions contained in the share purchase agreement being entered into by the Company andCheese Land Agro (India) Private Limited (a wholly owned subsidiary of the Company, hereinafter referred to as "**CAIPL**") with the Purchaser for a sale of the entire share capital of SAIPL for a total consideration of INR 1227,18,75,376(Indian Rupees One Thousand Two Hundred and Twenty Seven Crores Eighteen Lakhs Seventy Five Thousand Three Hundred and Seventy Six), subject to customary closing adjustments.

The Company, its promoters, CAIPL, SAIPL and the Purchaser are hereinafter collectively referred to as the **Parties**.

Further, the Board of Directors of the Company also approved the sale and transfer of Company's dairy products business, together with all specified tangible and intangible assets, contracts, rights, personnel and employees, data and records, inventory and other assets and liabilities as agreed between the parties in relation to the said business ("**Business Undertaking**") by way of slump sale on a going concern basis, to SAIPL, post completion of transfer of SAIPL shares to the Purchaser as contemplated above, upon terms and conditions contained in the business transfer agreement being entered amongst the Company, SAIPL and the Purchaser, for a total consideration of Rs. INR 472,81,24,624/- (Indian Rupees Four Hundred and Seventy Two Crores Eighty One Lakh Twenty Four Thousand Six Hundred and Twenty Four only), subject to customary closing adjustments.

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The above transactions are also subject to customary conditions precedent, including, shareholders' approval, CCI approval, and is expected to close in Q1 of Financial Year 2019-20

The meeting commenced at 4:00 pm and concluded at 10:15 pm.

Pursuant to and immediately upon conclusion of the board meeting, the Company and CAIPLhas entered into definitive binding agreements with the Purchaser and other parties as indicated above, for

a. Sale and transfer of entire share capital of SAIPL to the Purchaser
b. Sale and transfer of the Business Undertaking to SAIPL by way of slump sale on a going concern basis

Enclosed hereto is a press release issued by the Company in this regard.

As required under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the requisite information is enclosed herewith as Annexure A.

We request you to take note of the above.

Thanking you.

Yours faithfully,

For Prabhat Dairy Limited

Prabhat Dairy Limited

Dipti Todkar
Company Secretary

Encl: a/a

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CIN: L15203PN1998PLC013068

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Annexure A

Information furnished pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 read with SEBI Circular bearing Ref No. CIR/CFD/CMD/4/2015 dated September 09, 2015

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Sr. No	Particulars	Details
1	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the lastfinancial year	The aggregate revenue of SAIPL and the Business Undertaking for the year ended March 31, 2018 was Rs. 1529.20 Crores i.e. 98.24% of total consolidated revenue of the Company. Net worth of SAIPL as on March 31, 2018 was Rs. 374.31 Crores i.e. 51.22% of the consolidated net worth of the Company The Company has a single reportable segment and hence net worth contributed by Business Undertaking which is a part of that single segment cannot be computed.
2	Date on which the agreement for sale has been entered into	January 21st, 2019
3	The expected date of completion of sale/disposal	Q1 of Financial Year 2019-20
4	Consideration received from such sale/disposal	INR 1227,18,75,376 (Indian Rupees One Thousand Two Hundred and Twenty Seven Crores Eighteen Lakhs Seventy Five Thousand Three Hundred and Seventy Six) to be received for sale of entire share capital of SAIPL, subject to customary closing adjustments. INR 472,81,24,624/- (Indian Rupees Four Hundred and Seventy Two Crores Eighty One Lakh Twenty Four Thousand Six Hundred and Twenty Four only) to be received for sale of Business Undertaking,by way of slump sale, subject to customary closing adjustments
5	Brief details of buyers and whether any of the buyers belong to the promoter/ promoter group/group companies. If yes, details thereof	Tirumala Milk Products Private Limited The Purchaser does not belong to promoter/ promoter group/ group companies

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6	Whether the transaction would fall within related party transactions? If yes,whether the same is done at "arms length"	The transaction is not a related party transaction.
7	Additionally, in case of a slump sale, indicative disclosures provided foramalgamation/ merger, shall be disclosed by the listed entity with respect to such slump sale.	See below
a.	Area of business of the entity(ies)	The Company is an integrated milk and dairy products company in India, catering to institutional as well as retail customers The Purchaser is engaged, inter alia in the business of procurement, production processing, packaging of milk and milk products and wholesale of milk and dairy products through a procurement and distribution network. The Purchaser is a part of the Lactalis Group, which is one of the world's largest dairy and dairy products player.
b.	Rationale for the transaction	The Company evaluated various strategic alternatives and the current transaction provides the most suitable strategic value propositionand attractive monetization to the Company and its shareholders, considering all factors. Further, the transaction with Tirumala (Lactalis owned company) represents a meaningful opportunityfor the Business Undertaking to pursue its long term growth objectives, strengthen its balance sheet, bring in global expertise in product and technology and offer global institutional relationships that can be leveraged to strengthen Prabhat's existing business.
c.	In case of cash consideration – amount or otherwise share exchange ratio	Please refer to the details stated above.

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d.	Brief details of change in shareholding pattern (if any)of listed entity	There will be no change in the shareholding pattern of the Company as a result of these transactions.

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Thanking you.

Yours faithfully,

For Prabhat Dairy Limited

Dipti Todkar
Company Secretary

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Prabhat Dairy to Sell its Dairy Business to Lactalis

Mumbai, 21st January 2019: Prabhat Dairy today announced that it has entered into definitive agreements with Tirumala Milk Products Private Limited, a wholly owned subsidiary of French dairy multinational Groupe Lactalis,for the sale of its dairy business for a consideration of INR 1,700 crore.

The transaction involves sale of the dairy business undertaking of Prabhat Dairy by way of slump sale on a going concern basis, along with the sale of 100% shareholding in Sunfresh Agro Industries Private Limited (a step-down subsidiary of Prabhat Dairy Limited) via a share purchase agreement.

Vivek Nirmal, Joint Managing Director of Prabhat Dairy Limited, said "*We are pleased to announce this agreement with Lactalis. For the past 20 years, Prabhat has established itself as one of the most trusted dairy brands in the country. We have built a world-class integrated milk and dairy products company, with strong supply partnership with over 100,000 farmers. two state-of-the-art manufacturing facilities, cutting edge technology and stringent quality standards. The association with Lactalis – one of world's largest dairy players will offer this business a strong platform for accelerated growth momentum in becoming one of the largest private dairy businesses in India. I strongly believe that this partnership offers a promising future to our team members, partners and stakeholders.*"

Raviraj Vahadane, Chief Financial Officer of Prabhat Dairy Limited, said "*The acquisition of the dairy business undertaking of Prabhat by Lactalis represents a meaningful opportunity for the employees of Prabhat to be associated with one of the global leaders in the dairy products business.*"

The Company intends to share a substantial portion of the proceeds from the sale with shareholders after meeting its tax and transaction cost obligations. After Closing of the Transaction, Prabhat Dairy Limited intends to further develop its cattle feed business in various parts of the country, as well as expand into allied businesses such as animal nutrition and animal genetics.

The acquisition is subject to customary conditions precedent, including approval from the Competition Commission of India, and other conditions precedent.

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Mr. Sarangdhar Ramchandra Nirmal, Mr. Vivek Nirmal and Mrs. Nidhi Nirmal will continue to be associated with the business for next 2 years.

Kotak Mahindra Capital Company acted as the exclusive financial advisor to Prabhat Dairy Limited. Veritas Legal acted as the legal advisor to Prabhat Dairy Limited.

About Prabhat Dairy Limited

Prabhat Dairy is an integrated milk and dairy products company in India catering to institutional as well as retail customers. The Company produces fresh, dry, frozen, cultured and fermented dairy products at two manufacturing plants in Maharashtra with an aggregate milk processing capacity of 1.5 million litres per day. The Company also operates the 3rd largest cheese manufacturing capacity in India. It sells products under its retail consumer brands as well as ingredient products or as co-manufactured products to a number of marquee institutional and multinational companies.

For more information, please contact:

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Disclaimer

This press release 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.

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