



ideas for a new day

# PARAG MILK FOODS LIMITED

Investor Presentation

September 2020





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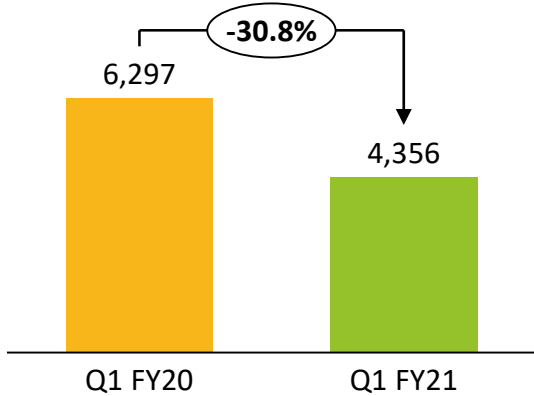


# Q1 FY21 Financials & Key Developments

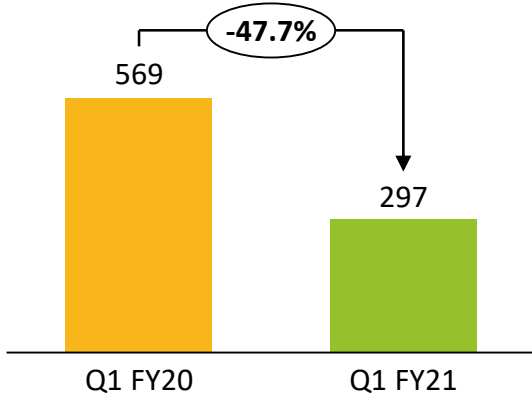
# Consolidated Financial Analysis – Q1 FY21 (YoY)



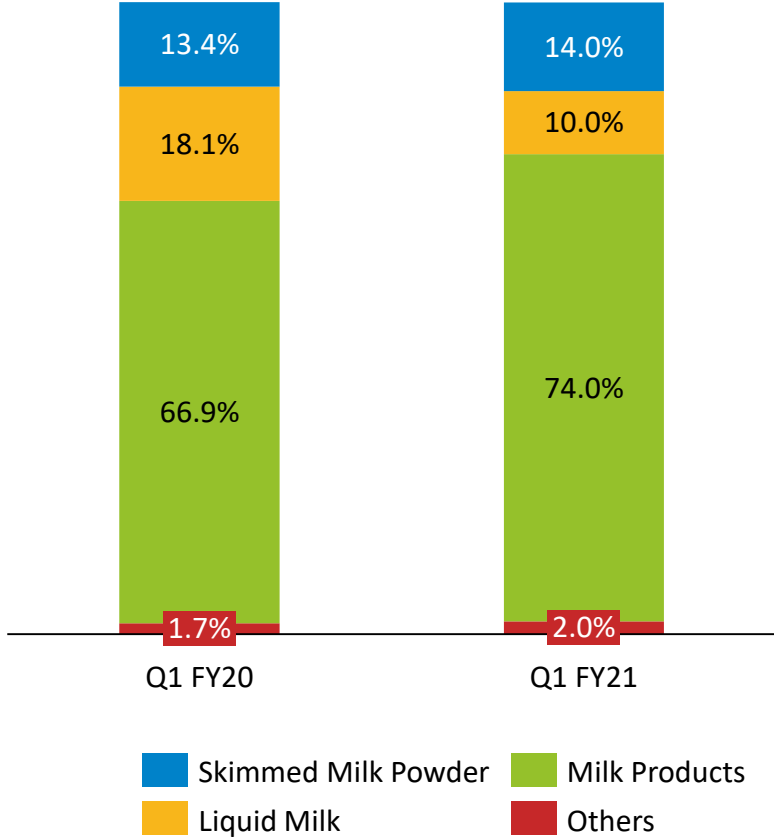
**Revenue (Rs. Mn)**



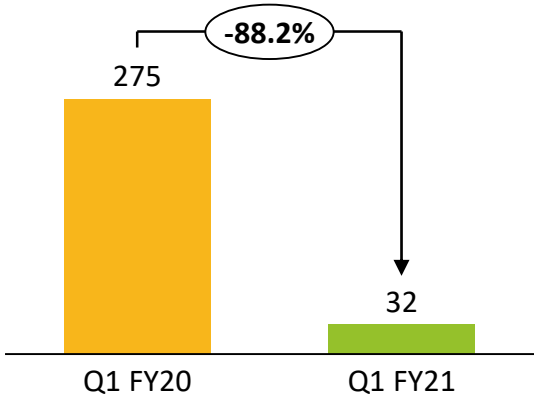
**EBITDA (Rs. Mn)**



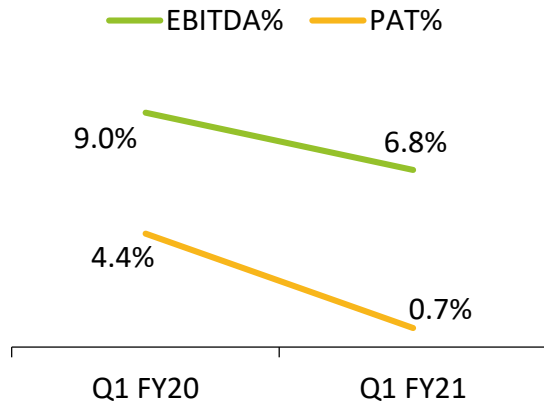
**Product wise Revenue Break-up (Rs. Mn)**



**PAT (Rs. Mn)**



**Margins (%)**



# Key Highlights



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## Revenue

- Consolidated Revenue from Operations for Q1 FY21 reported a degrowth of ~31% YoY to Rs. 4,356 million as compared to Rs. 6,297 million in Q1 FY20
  - Growth during the quarter was significantly impacted on account of a nationwide lockdown imposed from the last week of March 2020, which extended during most part of the first quarter of FY21. Demand from hotels, restaurants and offices shrunk on account of the lockdown, along-with closure of ingredient user industries
  - This was partly compensated by a rise in household consumption as most people spent their time indoors. This led to pent up demand for our core consumer product categories such as ghee, cheese, paneer & UHT from household categories due to higher usage and pantry stocking

## Gross Profit

- Gross Profit for Q1 FY21 stood at Rs. 1,123 million
  - Milk prices started softening at the start of the quarter and procurement improved due to the late onset of the flush season in March. However, temporary disruptions in the supply chain, and a decline in the sales of commodities and HORECA, resulted in a fall in the volumes which impacted gross margins

## EBITDA

- EBITDA for Q1 FY21 stood at Rs. 297 million
  - EBITDA Margin for Q1 FY21 stood at 6.8%
  - Despite significant drop in our gross profit margins, our EBITDA margins of 6.8% shows thrust of our productivity efforts even in these testing times

## PAT

- PAT for Q1 FY21 stood at Rs. 32 million and PAT Margin stood at 0.7% in Q1 FY21

# Consolidated Profit & Loss Statement



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Particulars	Q1 FY21	Q1 FY20	Y-o-Y	Q4 FY20	Q-o-Q
<b>Revenue from Operations</b>	<b>4,356.0</b>	<b>6,297.4</b>	<b>-30.8%</b>	<b>5,352.3</b>	<b>-18.6%</b>
Raw Material Costs	3,232.9	4,612.9		4,059.1	
<b>GROSS PROFIT</b>	<b>1,123.1</b>	<b>1,684.5</b>	<b>-33.3%</b>	<b>1,293.3</b>	<b>-13.2%</b>
<b>Gross Margins</b>	<b>25.8%</b>	<b>26.7%</b>		<b>24.2%</b>	
Employee Expenses	195.7	267.1		191.8	
Other Expenses	630.2	848.8		701.4	
<b>EBITDA</b>	<b>297.2</b>	<b>568.5</b>	<b>-47.7%</b>	<b>400.1</b>	<b>-25.7%</b>
<b>EBITDA Margin %</b>	<b>6.8%</b>	<b>9.0%</b>		<b>7.5%</b>	
Other Income	14.6	28.1		9.4	
Depreciation	132.3	132.9		137.3	
<b>EBIT</b>	<b>179.5</b>	<b>463.8</b>	<b>-61.3%</b>	<b>272.2</b>	<b>-34.0%</b>
Finance Cost	109.9	93.2		89.0	
Exceptional Items	0.0	0.0		0.0	
<b>PBT</b>	<b>69.6</b>	<b>370.6</b>	<b>-81.2%</b>	<b>183.2</b>	<b>-62.0%</b>
Tax Expense	37.3	95.5		82.1	
<b>PAT</b>	<b>32.4</b>	<b>275.1</b>	<b>-88.2%</b>	<b>101.1</b>	<b>-68.0%</b>
<b>PAT Margin %</b>	<b>0.7%</b>	<b>4.4%</b>		<b>1.9%</b>	
Other Comprehensive Income	-0.4	0.2		2.8	
<b>Total Comprehensive Income</b>	<b>32.0</b>	<b>275.3</b>		<b>103.9</b>	

# Marketing Campaigns & Consumer Engagement Initiatives



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## Pride of Cows

- **#RaiseAGlass of Milk to the Moms**

Our premium brand Pride of Cows used an innovative way to engage with the consumers by connecting with mommy groups across WhatsApp on World Milk Day as part of our #RaiseAGlass campaign and asked them to share the innumerable creative ways in which they persuade their children to drink milk. We ran a contest for the best ideas, which were then shared on our various social media platforms for Pride of Cows.

- **Raksha Bandhan** : Celebration of the festival



## Paneer + GO Cheese

- **Double Dhamaal: Consumer Offer**

(Gowardhan Paneer + Go Cheese slices)

**Go slice free with 200 gm paneer**

TV Campaign was Live from 1<sup>st</sup> July 2020 on General entertainment channels, Movies & News Channel in Mumbai and other cities in Maharashtra



## NEW TVC : Gowardhan Ghee & GO Cheese

- TV Campaign was Live from 12th June 2020 in West Bengal on General entertainment, Movies & News Channels (Total 7 channels)





# New Launches in Ghee and Curd (Dahi)

## Pride of Cows Curd



- 'Pride of Cows Curd – Full of Love' is made from pure Pride of Cows milk which is unmatched in its quality and freshness, and is derived from the Company's own farm
- The curd will be delivered to the consumer's doorstep through a completely contact-free process that involves a fully automated milking and production system and a cold chain network that maintains a constant temperature throughout in order to retain the curd's flavour and aroma
- Pride of Cows Curd will be available in Mumbai, Pune and Surat and will be priced at Rs. 80/- for 320 gms. The product would initially be available to Pride of Cows customers under the subscription based model followed by placement in select outlets
- Pride of Cows Curd has a thick and creamy texture, and is high in nutrients such as protein and calcium. Given that it is made from POC milk, a first-of-its kind superior, farm-to-home milk, it caters to consumers who believe in consuming healthy and nutritious products that are natural and pure

## Pride of Cows Ghee



- Pride of Cows Single Origin Ghee is made to achieve the perfect balance of aroma and smooth texture to ensure that our consumers experience all the goodness of ghee.
- Being single origin makes our ghee differentiated from all other ghee in the market and we are confident that our consumers will enjoy the natural flavour of this premium quality ghee which promises 'Taste that is distinct, Texture which is smooth and Aroma which is perfect'
- The Pride of Cows Single Origin Ghee is available in 1 litre & 500 ml priced at Rs. 1,500/- and Rs. 780/- respectively
- The product would initially be made available to our consumers of Pride of Cows under a subscription model and later rolled out to select outlets as well as e-commerce platforms

# Impact of COVID-19

## Manufacturing

- As per the relaxations provided by the Govt. of India for essential services and particularly dairy and FMCG sectors, the Company got the permissions from respective State Governments to operate most of its production facilities during the quarter
- All plants were operating normally and uninterrupted, while adhering to the highest safety standards and protocols
- As per the regulatory directives, the workforce was carrying on operations at the plant on rotational basis while we employed automation techniques and longer shifts at work to ensure optimum capacities and higher throughputs SKUs

## Supply Chain & Distribution

- The supply chain was severely impacted since the implementation of a nationwide lockdown and the subsequent lockdown restrictions
- Despite being classified under the 'Essential Good' sector, the Company had to face some logistics and transportation challenges in inter-state movement of our goods to the distributors as well as receipt of some ingredients and packaging material. However, we have successfully navigated out of this situation by augmenting supplies and intervention at different levels
- Our distributors also faced challenges on availability of stock and manpower

## Procurement

- Procuring milk even in this challenging time was unaffected due to our long term commitment to farmers for procuring their milk. Despite issues of manpower and logistics, we were able to source 100% of the milk from these farmers.
- Procurement of milk during the quarter was substantially higher due to the diversion of milk from the unorganised sector because of its inability to operate in these testing times
  - Milk procurement increased by around 40% compared to prior months
- Raw milk prices subsided by 25% because of higher availability and lower demand

## Financial Performance

- Though we witnessed an increase in at-home consumption in our core categories such as ghee, cheese, paneer and UHT; we witnessed a significant drop in overall volumes as demand from institutional and HORECA customers was almost negligible.
- During the quarter we have undertaken several cost optimisation measures to protect our margins and profitability. One such measure was to increase our digital media spends, while curbing our spends via traditional advertising mediums
- We have adopted a conservative policy for our unsold and dormant inventories due to limited functionality of some institutional partners

## Impact during Q2 FY21

- Sales volumes for consumer products categories like Ghee, Cheese, Paneer, UHT have started picking up gradually and we expect coming months to be better than Q1 due to a gradual re-opening of the market as well as the beginning of the festival season.
- With HORECA outlets starting to open up and increasing awareness of online deliveries, we expect gradual recovery of demand in the coming quarters for the out-of-home segment.
- With good monsoons, milk production is expected to remain strong in the coming months and milk prices are expected to be less volatile





**काळजी घ्या, घरी रहा !**

प्रशासनाला देऊ साध...  
कोरोनावर करू मात !



**सुझ महाराष्ट्राची साथ  
निरोगी महाराष्ट्र करतोय कोरोनावर मात**

**अन्नदाते-पराग मिल्क फुड्स लि.**



आपल्या महाराष्ट्रात सध्या देशाच्या तुलनेत भयंकर स्थिती आहे. आपल्या आंबेगाव तालुक्यात देखील याचा परिणाम जाणवत आहे. मंभर परिसर वाडी वस्ती वरील गरीब गरजूला तसेच जे घरातली चूलदेखील पेटवू शकत नाही अश्या लोकांना अन्न देण्याचा हा उपक्रम म्हणजे एक आदर्श कामच ! म्हणूनच...

पराग मिल्क फुड्स लि. चे चेअरमन **मा. देवेंद्रशेठ शहा** यांच्या वतीने दि. २५ मार्च ते १७ मे २०२० या या कालावधीत घरात चूल न पेटवू शकणाऱ्या गरिबांना मोफत अन्नप्रसाद वाटप होत आहे.

हाच आदर्श घेऊन प्रत्येकाने जमेल तशी मदत गरीब जनता आणि आपल्या परिसरातील बांधवांना करावी हीच आपल्या देशाला कोरोना सारख्या महारागावर मात करण्यास मदत होईल.

**एक हात मदतीचा कोरोनावर करुयात मात... एकमेकांना देऊ मदतीचा हात...**

**Daily distribution of food to underprivileged people**



मोर्ते, ग्रामविकास अधिकारी उमर काळे आदींनी कौतुक केले.



**घोडेगाव येथे फवारणी करण्यात आली.**

**घोडेगाव परिसरात जंतुनाशक फवारणी**

मंभर : घोडेगाव (ता. आंबेगाव) परिसरात सोडियम हायपोक्लोराइटची फवारणी करण्यात आली. यासाठी पराग मिल्क फुड्स आणि रजनी प्रकाश फाउंडेशन यांनी पुढाकार घेतला. याबाबत संपर्क क्रॉसिटाई गाढवे यांनी माहिती दिली. भविष्यात तालुक्यातील महत्त्वाच्या ठिकाणी औषध फवारणी करणार असल्याचे शरद बेंकेचे अध्यक्ष देवेंद्र शहा यांनी सांगितले. या वेळी उपसरपंच सोमनाथ काळे, ग्रामविकास अधिकारी जनादन नाईकडे आणि सर्व ग्रामपंचायत सदस्य व कर्मचारी उपस्थित होते.

**Sanitization of large and densely populated villages**



**Drinking water provided to people on a daily basis**



**~5000+ families were supported by giving Grocery Kits**

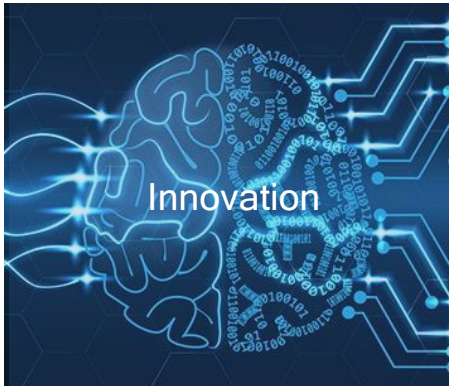


**Daily breakfast for Covid-19 patients**



**Sanitisation of Govt. hospitals in Manchar & Ghodegaon**





# Company Overview



# Parag at a Glance



Ideas for a new day

## Strong Relationships

Established Strong Relationships with over 2 lakh farmers and over 3.5 lakh retail touch points

## State-of-the-art Facilities

Aggregate milk processing capacity of 2.9 mn litres per day with the largest Cheese production capacity in India of 60 MT / day and a Paneer Capacity of 20MT / day

## Strong Distribution

Pan-India Distribution Network of 19 Depots, over 140 Super Stockists and 3,000+ Distributors

## 170+ SKU's

Diversified product portfolio with 170+ SKU's that cater to a wide range of customers

## 4 Brands

Gowardhan  
Go  
Pride Of Cows  
Avvatar

## Ranked #1

Parag Milk Foods was ranked #1 in Fortune India's 'Next 500' from #67 last year



# Evolution of the Company



Ideas for a new day



**1992**

Parag Milk Foods Ltd founded in 1992 with one purpose:  
**To deliver Fresh Milk and Dairy Products**



**1998**

Commissioned Manchar plant and began manufacturing Traditional products like Butter and Ghee under the brand, **'Gowardhan'**



**2005**

Birth of **Bhagalaxmi Dairy Farm** - India's most modern dairy farm with the finest International Equipments



**2008**

Commissioned **"Go Cheese World"** - India's largest cheese manufacturing plant with a capacity of 40 MT per day



**2010**

Palamaner plant was established with a **world-class UHT facility**



**2011**

Birth of **'Pride of Cows'**, a First-of-its-kind premium farm-to-home milk brand



**2014**

Realising the needs of our institutional clients, we launched **B2B Whey Protein**



Ideas for a new day

**2015**

Relaunched the brand **Parag** with a new identity



**2016**

Got listed on the bourses, thus becoming a **Publicly branded** and owned entity



**2017**

Launched a **100% Whey protein** under the brand **Avvatar**



**2018**

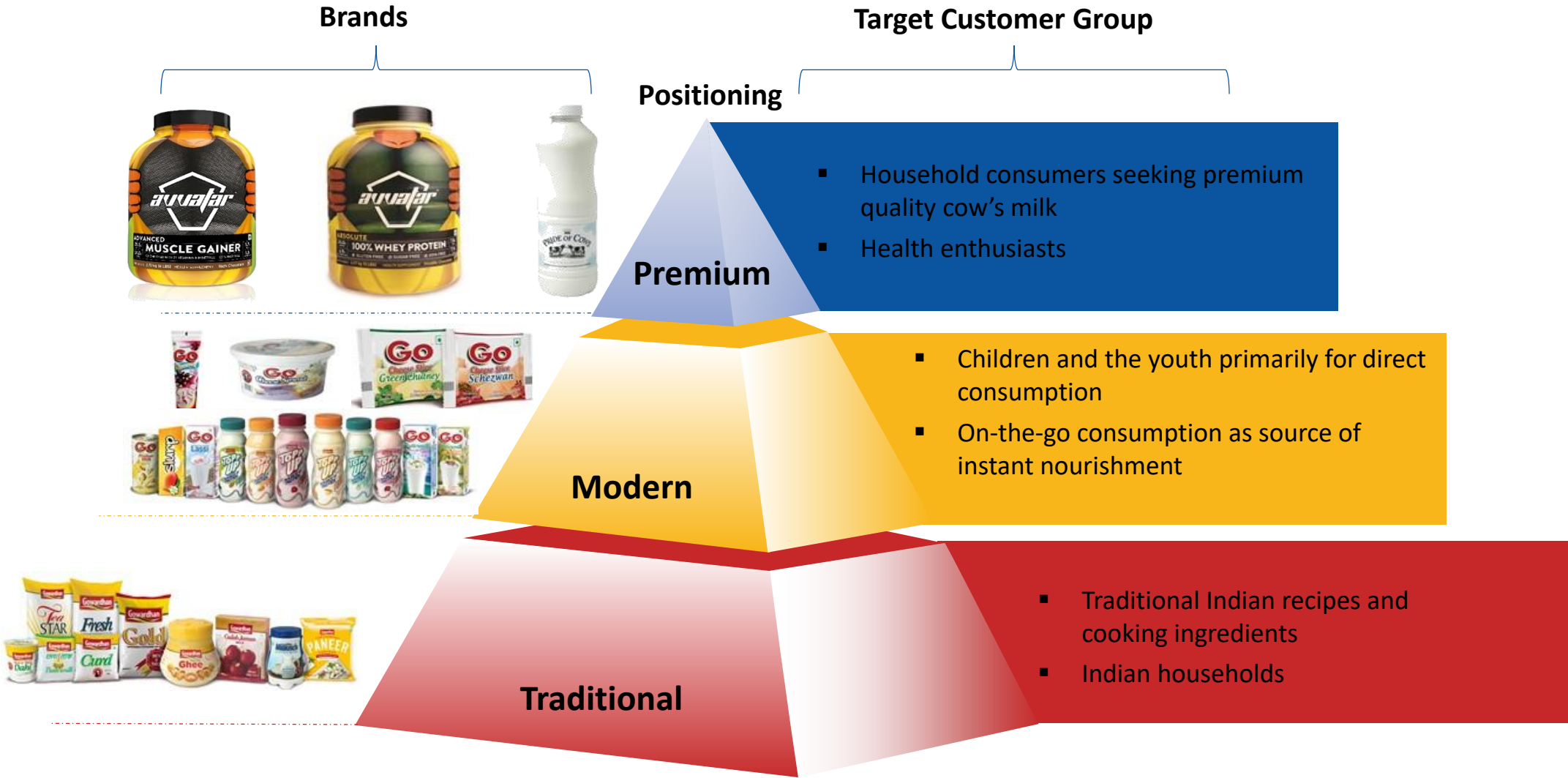
Extended the Health & Nutrition Product Portfolio by adding **Go Protein Power & Avvatar Advance Mass Gainer**



**2018**

Established our **third manufacturing facility** in North India in **Sonipat, Haryana** on acquiring Danone's manufacturing facility

# Our Diverse Product Portfolio catering to all segments of customers



# Our Brand Power



Ideas for a new day

**2<sup>nd</sup> Largest Player in Cheese** in the India with  
35% Market Share

Pioneers of **Fresh Paneer** with a **75 Day Shelf Life**

Leaders & Pioneers of **Cow Ghee** category  
under Brand '**Gowardhan**' Ghee

Own one of the **Largest Cow Farms in India**

**India's First Company to launch** a truly made  
in India B2C **Whey protein powder** under  
Brand '**Avvatar**'

**Leading private player in UHT Category** under the  
Brand '**GO**'

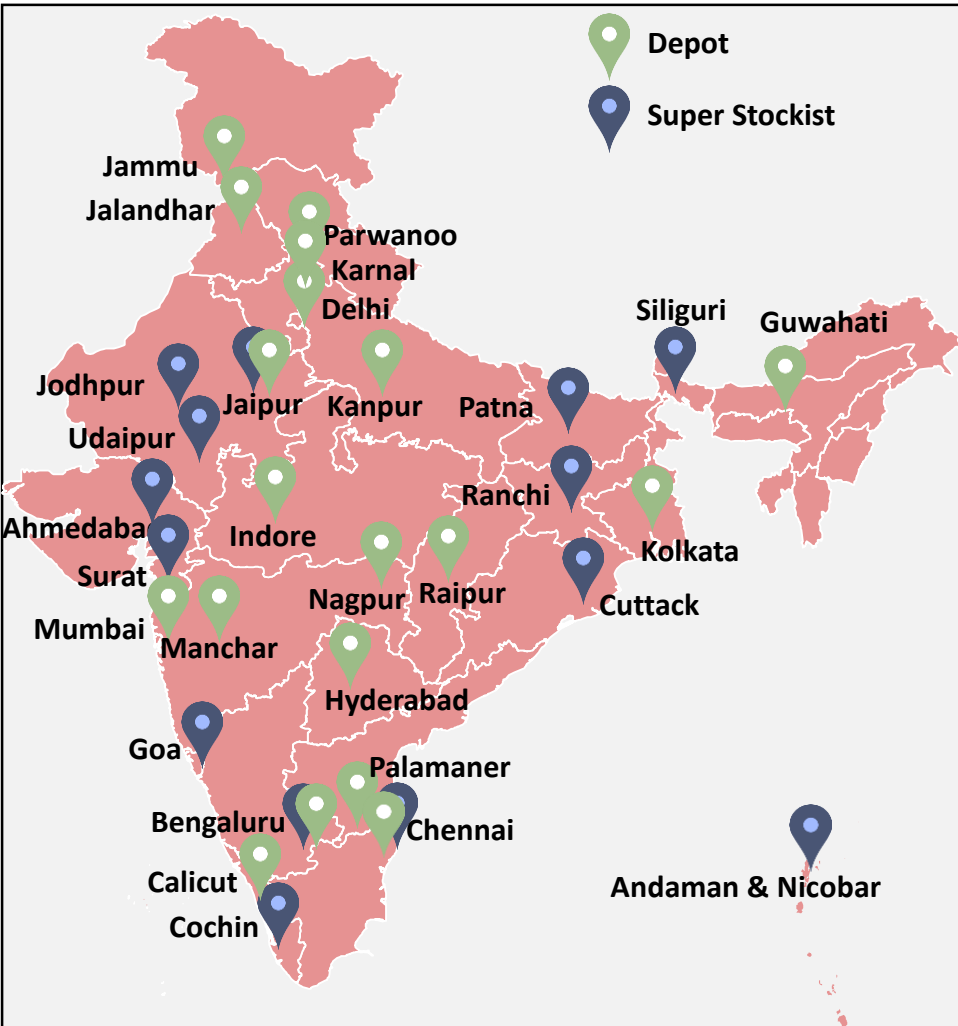
Introduced the concept of **Farm-to-Home**  
milk under the brand '**Pride of Cows**'

Converted waste into value-added products like  
organic fertilizers from cow manure and urine  
under brand '**Bhagalaxmi Dairy Farms**'

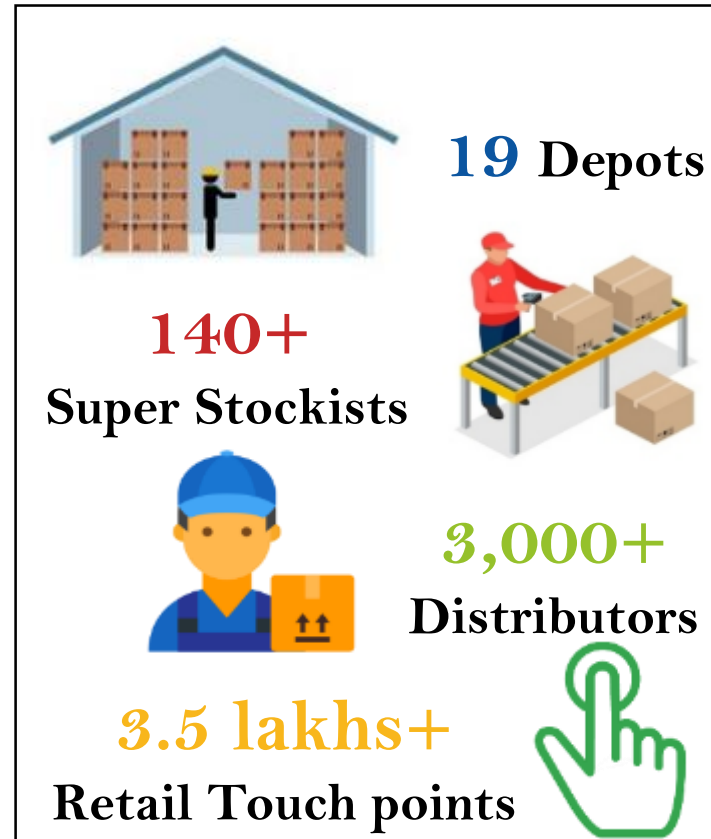


# Last mile availability from 'Farm to Fork'

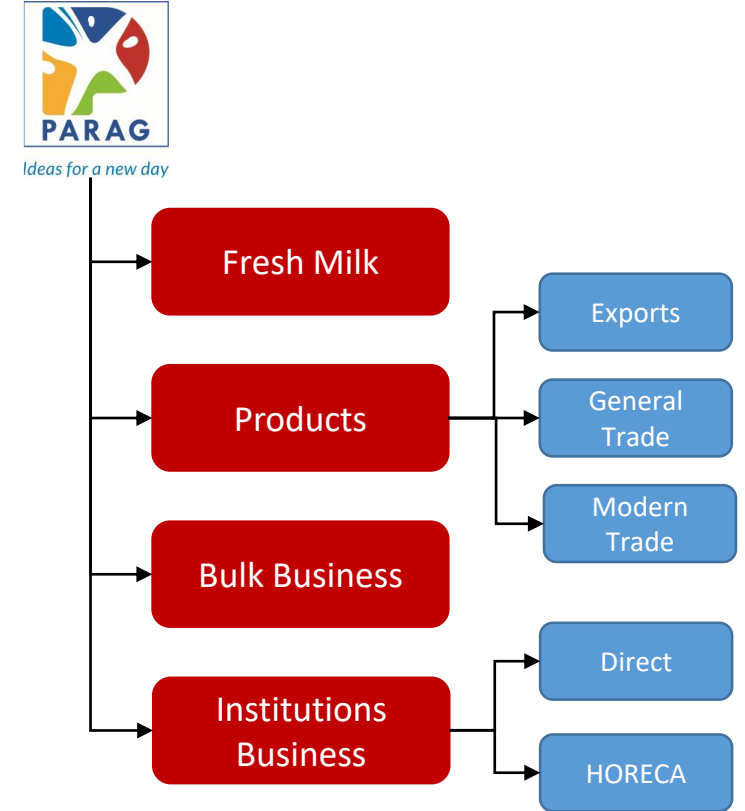
## Pan-India Reach



## Distribution Network



## Route-to-market Strategy



- Dedicated Sales and Marketing team comprising of over 800 personnel
- Sales force Automation –Better visibility of Supply Chain Management

# Partner with Leading Institutions and Quick Service Restaurants



**Interact** with Customers at the **Inception Phase** of the Product and even help them to **curate a menu**

**Customization** of the product **according to the Need**

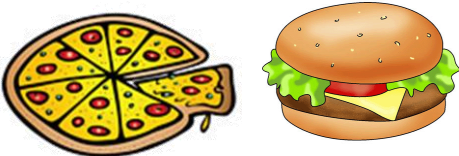
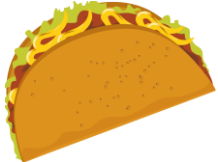
Maintaining the **Exclusivity of the Product**

**Strong/ Long term Relations** with Customers

## Supplies To:

**Prominent Burger Chains**

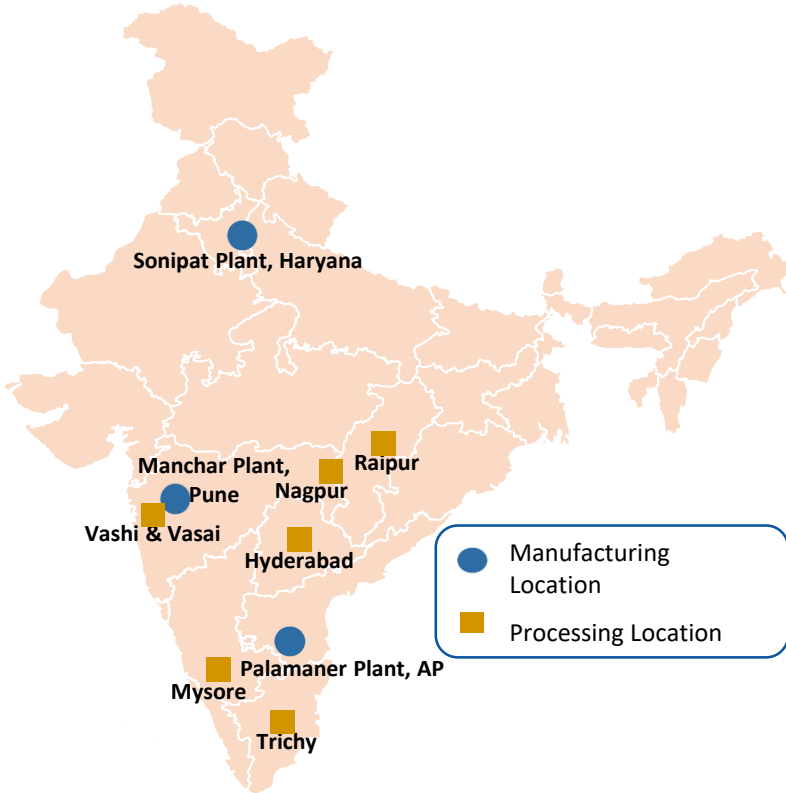
**Major FMCG companies**



**Leading Pizza Chains**

**Hotels, Restaurants and Food Chains**

# A Pan-India Manufacturing Footprint



## Key Features : Parag's Manufacturing Footprint

- One of the **Largest Cheese Plants** in India
- India's 1st state-of-the-art fully integrated **Whey Protein Plant**
- Fully automated **Paneer Plant**
- World-class **UHT facility**
- India's most **Modern Dairy Farm**
  - ❑ Houses Over **2,500 Holstein Friesian Cows**
  - ❑ With an **Average yield of 20-25 litres per cow** vs India's Average of 4-5 litres per cow
- **Acquired Sonipat Facility** & Infrastructure
  - ❑ Currently has a Milk & Curd Processing Unit
  - ❑ Future Plans to install processing units for pouch milk, flavoured milk, pouch butter milk, cup curd, misthi doi as well as expand the existing yoghurt facility

## State-of-the-art Technology



Key Categories	Capacity
Milk Processing	2.9 mn litres per day
Cheese	60MT per day
Paneer	20MT per day
Ghee	110 MT per day
Whey Processing	6 lakh litres per day



# Farmer Relationship is an Integral part of our Business

## 3-tier Milk Procurement Process

Tier 1

Village collection centres procure milk from over 2 lakh farmers in 29 districts

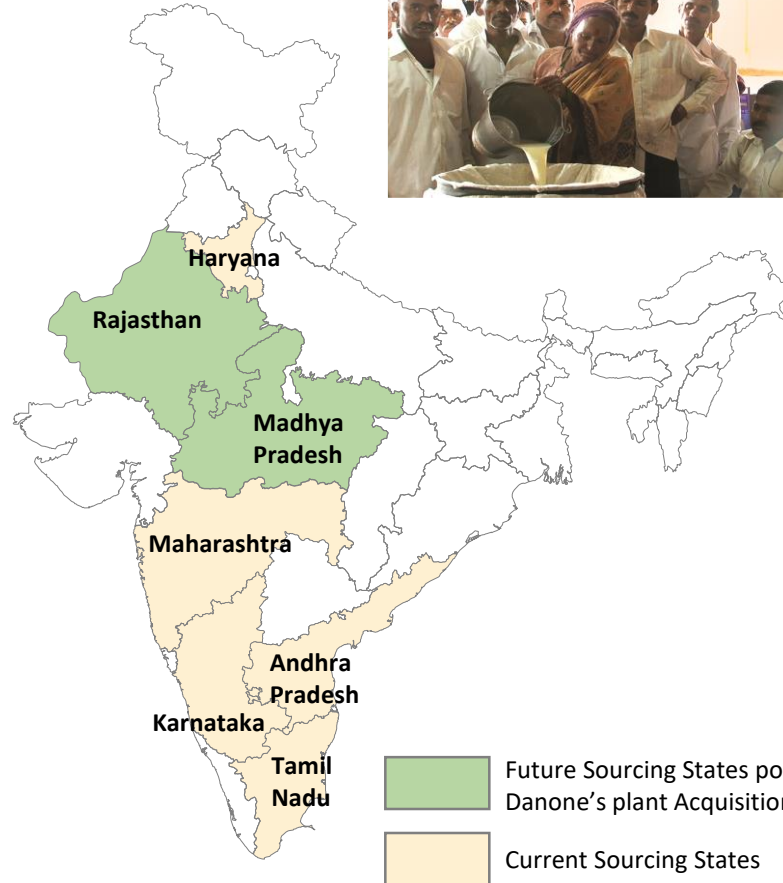
Tier 2

Milk is then transported to nearby Bulk Milk Coolers (BMC) and chilled

Tier 3

The chilled milk is then transported in tanks to our dairy plant

## Procurement Network



## Farmer Services

Never Say No for Milk

Correct Quantity & Quality

Transparent Milk Pricing

Supplying Cattle feed at subsidized rates

Building Relationship with Farmers

Improving the Productivity of Cows

Free Health Camps for Cattles

Free Vaccinations for Cattles

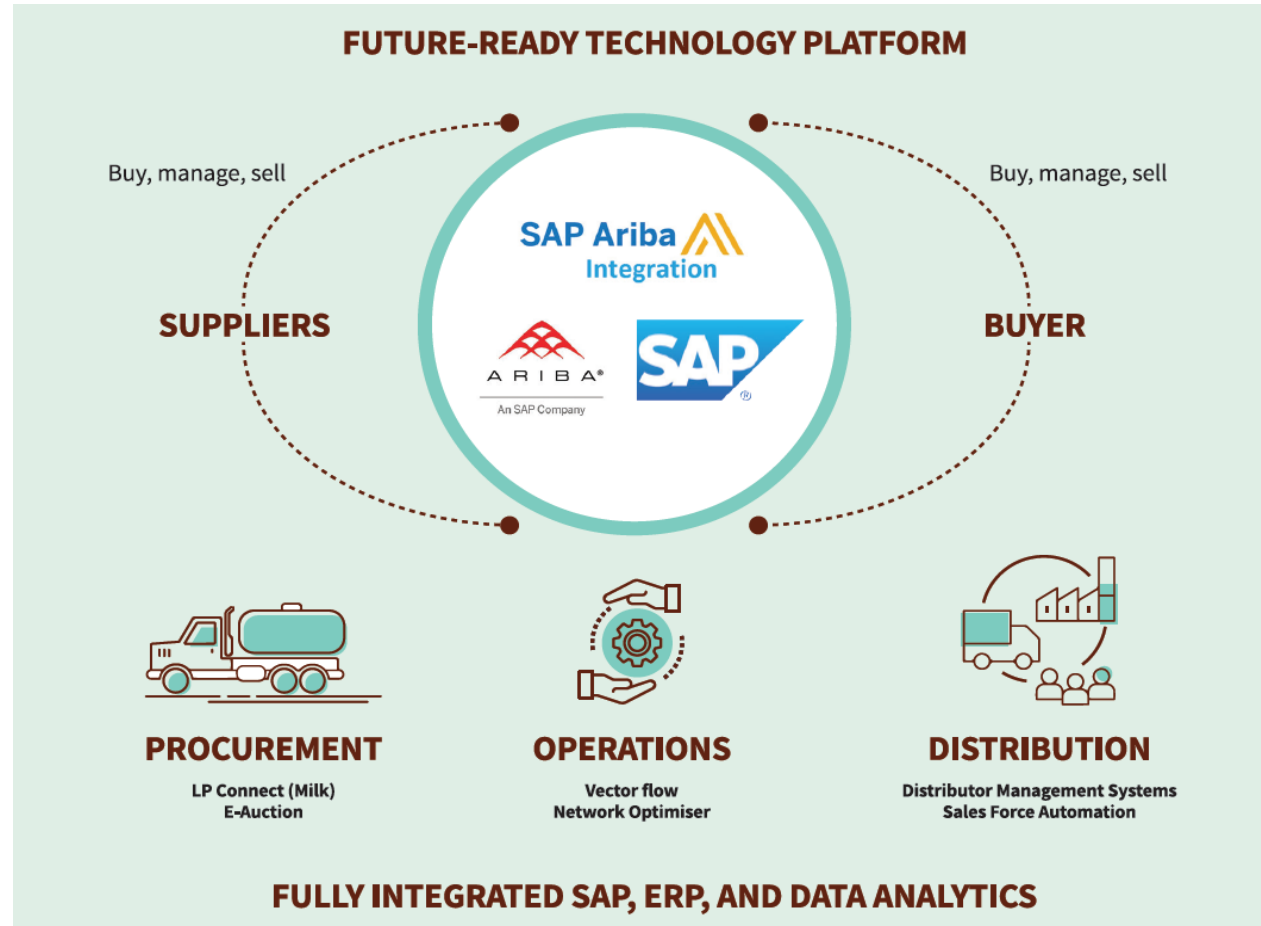


# Integration of Technology across all verticals

Business intelligence and Analytics captured through SAP

Theory of Constraints (Vector) Dashboard for live monitoring of order taking and past trends of retailers

Our systems provide real-time analysis of the quality and quantity of milk procured



Seamless integration of our manufacturing facilities, cold chain and our distribution network of super-stockists & retailers

Sales Force Automation helps to increase productivity and enhance the time spent on driving sales

Distribution Management System helps with inventory management and provides us with secondary sales data in real-time

# Our Strategy for Value Creation

## Increase Operational Efficiencies

Leverage in-house technological, R&D capabilities

to:

- Maintain strict operational controls
- Enhance customer services levels
- Develop customised systems & processes

Operational Efficiencies

## Focus on Health & Nutrition

Introduce healthy & nutritious product variants like

- Whey protein powder for mass consumption and in different formats
- Colostrum products – as daily supplements
- High protein, low fat cheese products

Health & Nutrition

## Strengthen Our Brands

- Enhance brand recall through strategic branding initiatives
- Increase Ad spend on diverse channels including television, newsprint, digital media

Brands

## Increase Value-added Product Portfolio

- Offer wider range of farm-to home products under 'Pride of Cows'
- Focus on health & nutritional aspect in developing premium products
- Sell whey protein directly to consumers in the form of a branded product

Value-added Product

## Increase Milk Procurement

- Strengthening existing farmer relations
- Offer quality & quantity based incentives
- Set up new collection centres & reach new districts
- To add new bulk coolers and automated collection systems

Milk Procurement

## Enhance Product Reach

- Strengthen distributor & stockists base to achieve higher retail penetration
- Introduce low unit price products in Tier III cities
- Identify specific states and regions in India to increase sales volumes

Product Reach



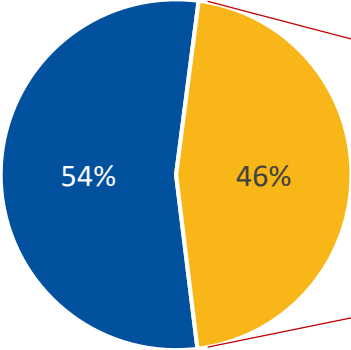


## Industry Dynamics

# Indian Dairy Market

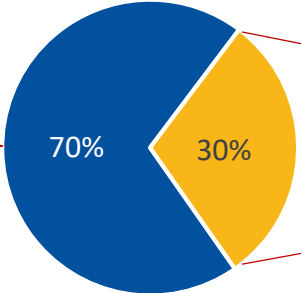


Milk production volume break-up by Marketability



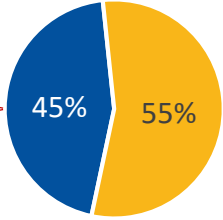
■ Self Consumption ■ Marketable Milk

Marketable Milk volume break-up by Segment



■ Unorganised ■ Organised

Organized Marketable Milk volume break-up by Segment



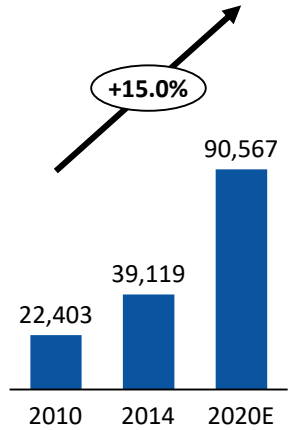
■ Cooperatives ■ Private Players

Source: IMARC Report – Industry size is as per market realizations  
 Amounts in US\$ Billion, 1US\$ = INR 72

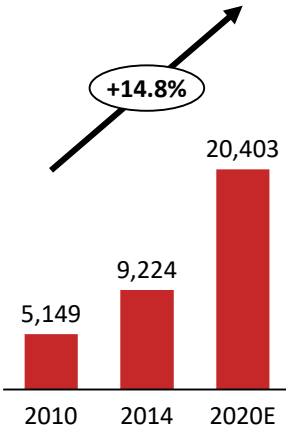


# Tremendous Growth Potential across Product Segments

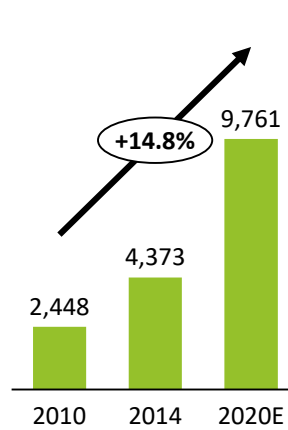
Liquid Milk



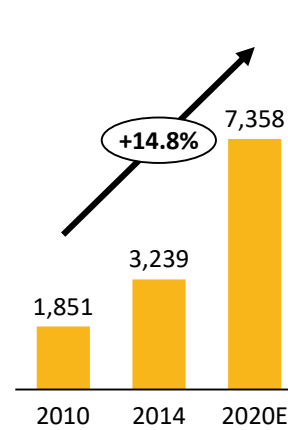
Ghee



Paneer



Curd



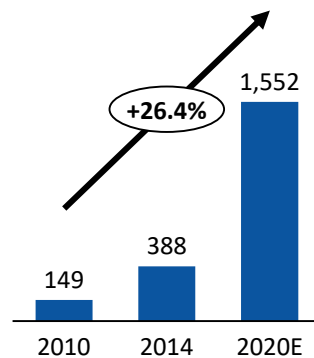
**Traditional Products Growth**

**CAGR of 15%**

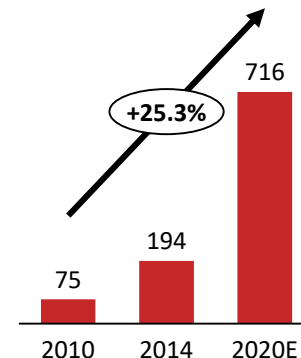
**Modern Products Growth**

**CAGR of 26%**

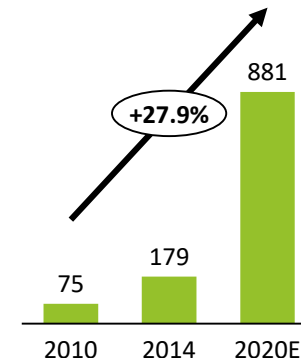
UHT Milk



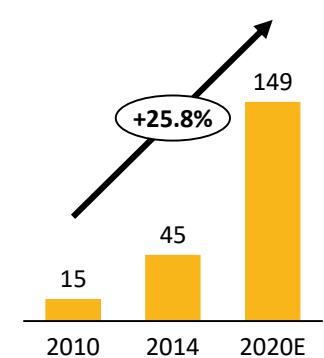
Flavoured Milk



Cheese



Whey (Powder)





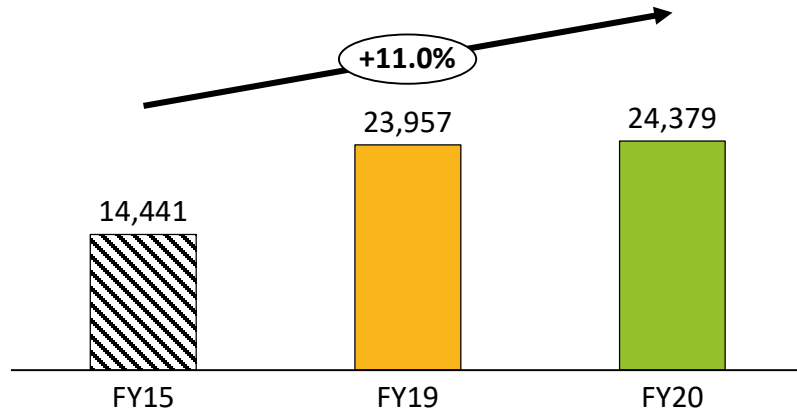
# Financial Highlights

# Key Financial Highlights

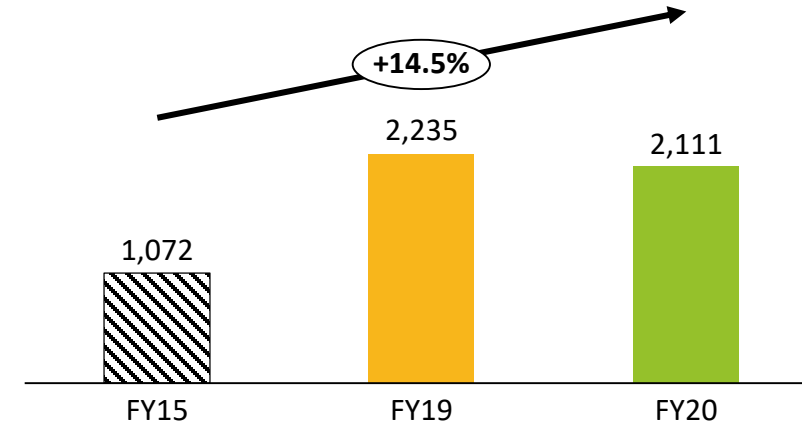


Ideas for a new day

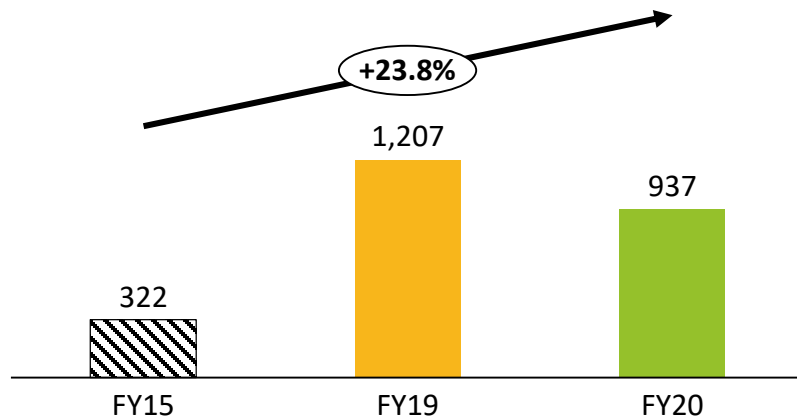
## Revenue (Rs. Mn)



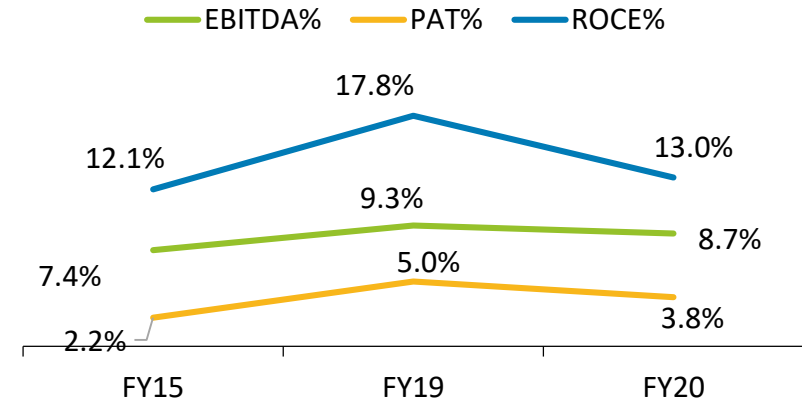
## EBITDA (Rs. Mn)



## PAT (Rs. Mn)



## Margins (%)

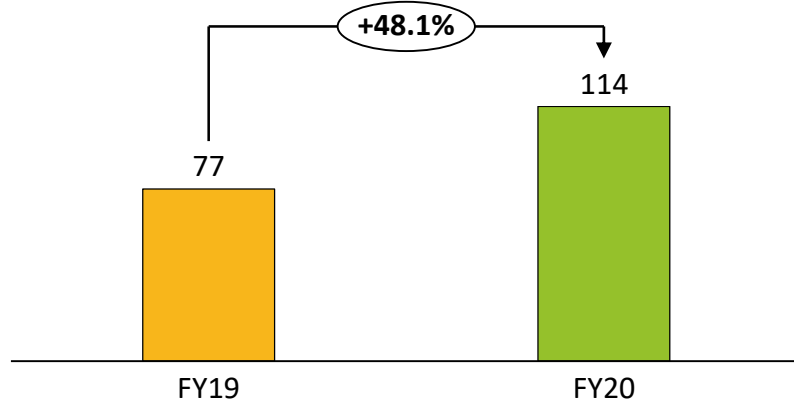


# Key Financial Highlights

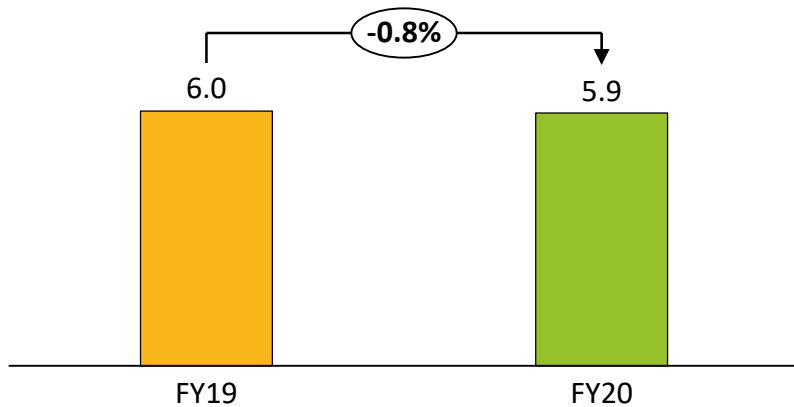


Ideas for a new day

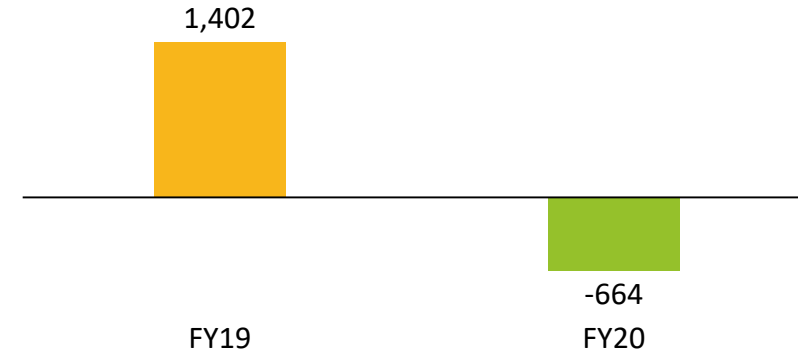
## Working Capital (In Days)



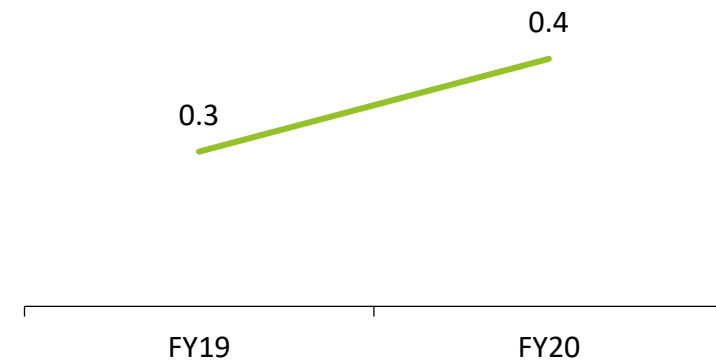
## Fixed Assets Turnover Ratio



## Operating Cash Flows (Rs. Mn)



## Debt to Equity



# Consolidated Profit & Loss Statement



Ideas for a new day

Particulars	FY20	FY19	YoY
<b>Revenue from Operations</b>	<b>24,379.2</b>	<b>23,956.6</b>	<b>2%</b>
Raw Material Costs	18,146.9	16,573.6	
<b>GROSS PROFIT</b>	<b>6,232.4</b>	<b>7,383.0</b>	<b>-16%</b>
<b>Gross Margins</b>	<b>25.6%</b>	<b>30.8%</b>	
Employee Expenses	961.0	949.9	
Other Expenses	3,160.3	4,198.1	
<b>EBITDA</b>	<b>2,111.0</b>	<b>2,235.0</b>	<b>-6%</b>
<b>EBITDA Margin %</b>	<b>8.7%</b>	<b>9.3%</b>	
Other Income	76.0	102.6	
Depreciation	536.4	501.9	
<b>EBIT</b>	<b>1,650.6</b>	<b>1,835.7</b>	<b>-10%</b>
Finance Cost	381.0	357.9	
Exceptional Items	0.0	0.0	
<b>PBT</b>	<b>1,269.6</b>	<b>1,477.9</b>	<b>-14%</b>
Tax Expense	332.7	270.7	
<b>PAT</b>	<b>936.9</b>	<b>1,207.2</b>	<b>-22%</b>
<b>PAT Margin %</b>	<b>3.8%</b>	<b>5.0%</b>	
Other Comprehensive Income	3.6	1.0	
<b>Total Comprehensive Income</b>	<b>940.4</b>	<b>1,208.2</b>	



# Consolidated Balance Sheet



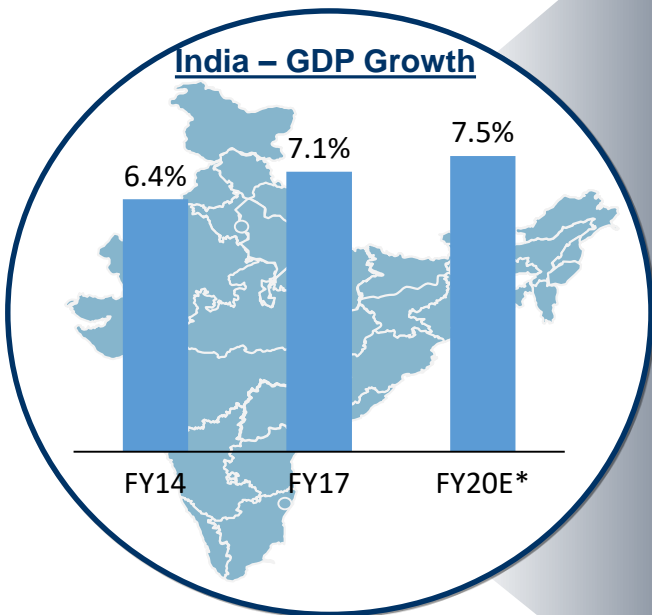
Ideas for a new day

Particulars	Mar-20	Mar-19
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,132.9	4,023.4
Capital work-in-progress	70.2	290.3
Other intangible assets	26.5	34.5
Biological assets other than bearer plants	359.7	337.6
Right to use Asset	137.2	0.0
<b>Financial assets</b>		
Investments	5.5	5.3
Loans	4.3	3.5
Other financial assets	121.1	130.0
Deferred tax assets (net)	88.3	166.7
Other non-current assets	187.1	219.2
<b>Sub-total - Non-Current Assets</b>	<b>5,132.9</b>	<b>5,210.4</b>
<b>Current assets</b>		
Inventories	6,328.9	4,628.8
Financial assets		
Trade receivables	3,034.8	2,786.5
Cash and cash equivalents	223.8	73.5
Other Bank balances	54.7	46.9
Other current assets	2,072.0	1,674.3
<b>Sub-total - Current Assets</b>	<b>11,714.1</b>	<b>9,209.9</b>
<b>TOTAL - ASSETS</b>	<b>16,846.9</b>	<b>14,420.4</b>

Particulars	Mar-20	Mar-19
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	839.4	839.4
Other equity	8,272.2	7,432.0
<b>Sub-total - Shareholders' funds</b>	<b>9,111.6</b>	<b>8,271.4</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	481.5	646.2
Lease Liability	112.1	0.0
Provisions	45.1	44.5
Other non-current liabilities	0.0	0.0
<b>Sub-total - Non-current liabilities</b>	<b>638.7</b>	<b>690.7</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	3,215.7	1,497.5
Trade payables	2,940.4	2,971.0
Other financial liabilities	804.3	725.7
Other current liabilities	51.8	75.7
Provisions	4.6	10.2
Current tax liabilities (net)	79.9	178.4
<b>Sub-total - Current liabilities</b>	<b>7,096.6</b>	<b>5,458.3</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>16,846.9</b>	<b>14,420.4</b>

# Annexures

# India's Favourable Dynamics offer Huge Opportunities



## Rising Middle Class Population & Income Levels

- Middle class households to grow from 255 million in 2015 to 586 million in 2025 at a CAGR of 8.7%
- Rising income & disposable income to drive consumption of milk & dairy products

## Urbanisation

- Urban population expected to increase from 31.2% in 2011 to 34.5% in 2021
- Preference for clean, hygienic & ready-to-eat milk & dairy products to boost organised dairy industry

## Changing Dietary Patterns with focus on Milk

- Milk being important source of vital nutrients especially for vegetarians, consumers are shifting away from cereals to milk & dairy products
- 31% Indian population is vegetarian, ensuring continuous demand for milk & dairy products

## Shift to Packaged Food to drive Organised Market

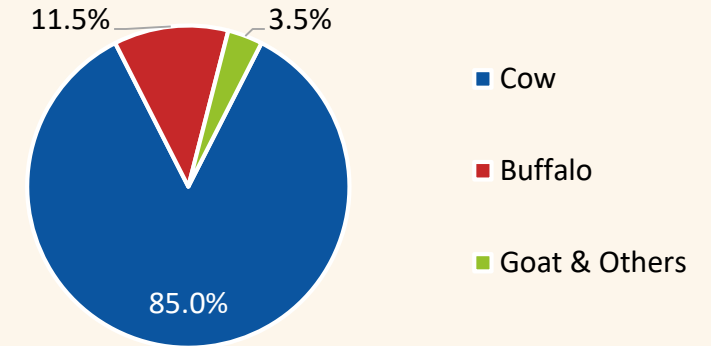
- Increasing quality & safety concerns increasing demand for packaged food, in particular pasteurised packaged milk
- Organised market share to also increase to 26%, in value terms, by 2020

# India Contributes > 20% of Global Milk Production

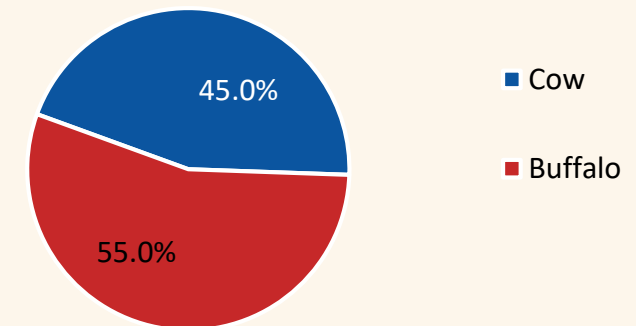
**Top Milk Producing Countries (Million MT)**

Countries	2017	2018E	2019E	2020E	2027E	CAGR
India	169	174	181	188	244	3.7%
EU – 28	164	167	167	169	177	0.8%
USA	98	98	99	100	105	0.7%
Pakistan	54	56	58	59	70	2.8%
China	40	43	44	45	50	2.3%
Russia	31	31	31	31	31	0.0%
Brazil	29	30	30	31	36	2.1%
New Zealand	21	22	22	23	25	1.5%
<b>World</b>	<b>823</b>	<b>844</b>	<b>859</b>	<b>875</b>	<b>994</b>	<b>1.9%</b>

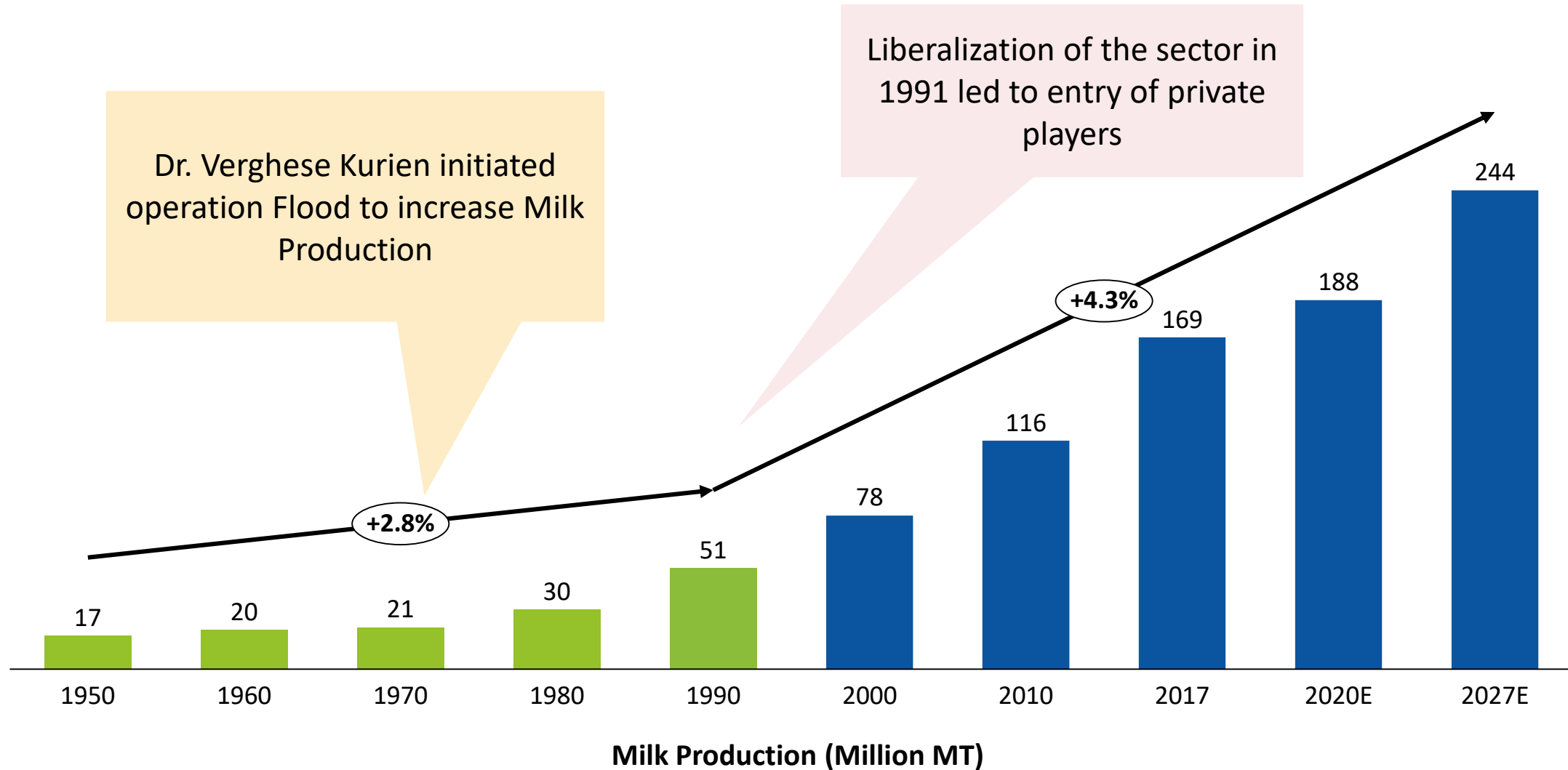
**Global - Animal Wise Milk Production - 2017**



**India - Animal Wise Milk Production - 2017**



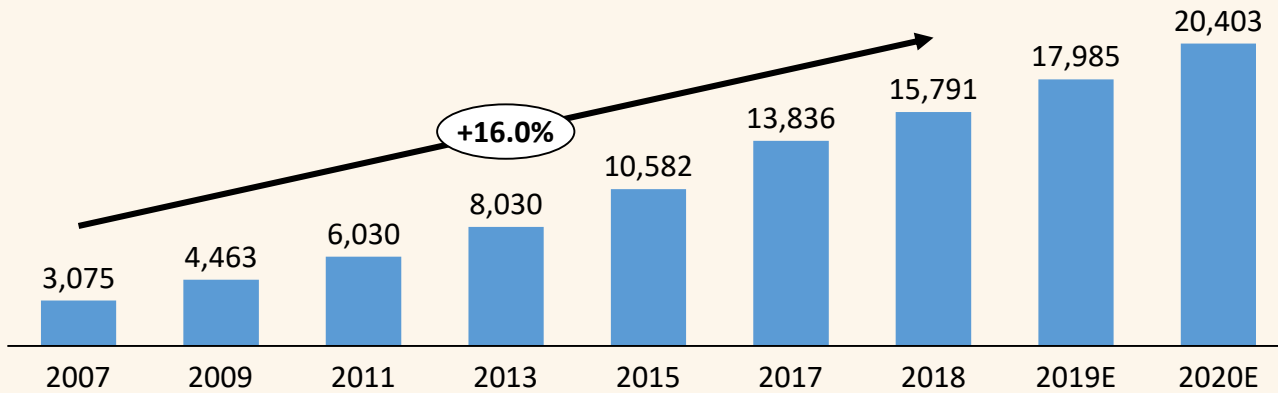
# Milk Production in India



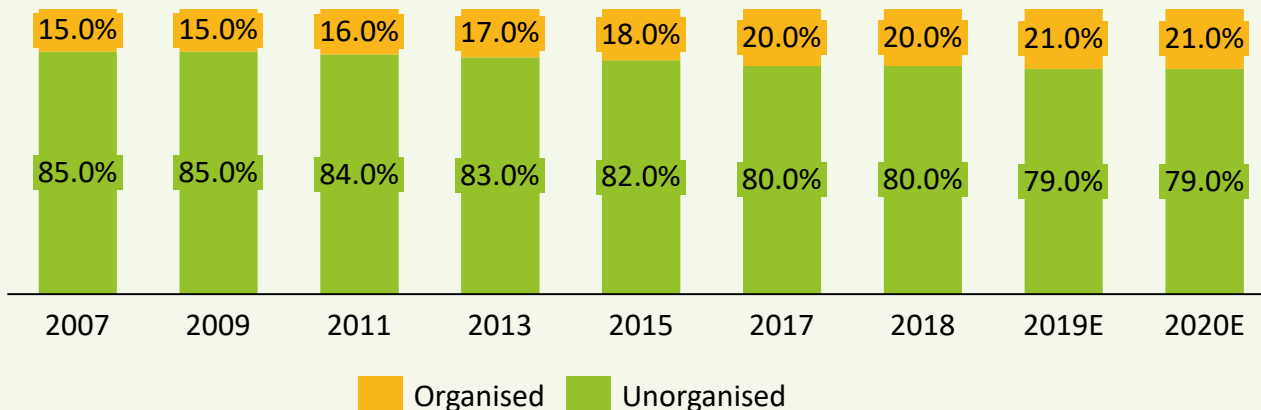


# Ghee Market (Butter Oil/Cooking Oil/Clarified Butter)

### India's Ghee Market Size (in US\$ Million)



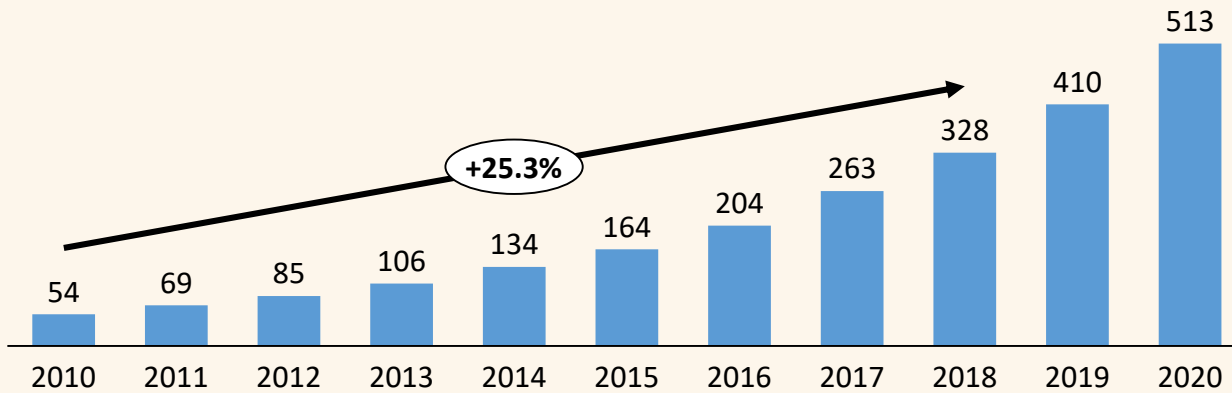
### Organized vs Unorganized Sales



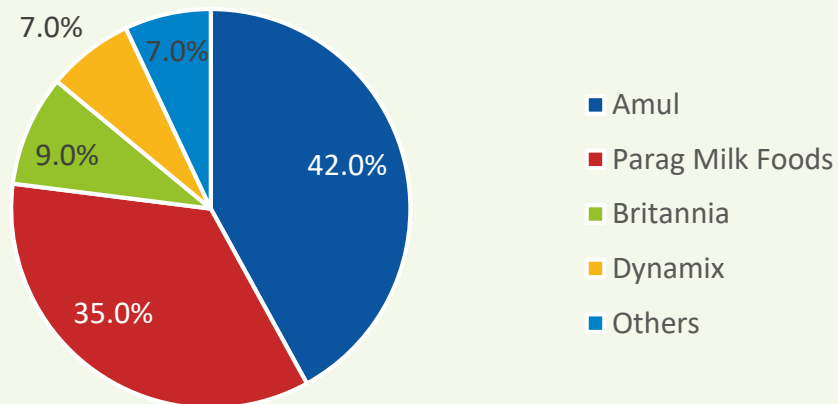
### Key Highlights

- Ghee is traditionally used as cooking oil in Indian households
- It is the 2<sup>nd</sup> largest category in the Indian dairy industry after Liquid Milk
- The organized market is currently 20% of total, and is growing rapidly at a CAGR of 17%
- Parag is present in the “Cow Ghee” category and are not only pioneers of the category but also the most sought after brand in the segment
- The Cow Ghee segment is growing faster than the overall Ghee market and has higher margins

## India's Cheese Market Size (in US\$ Million)



## Cheese - Value Market Share

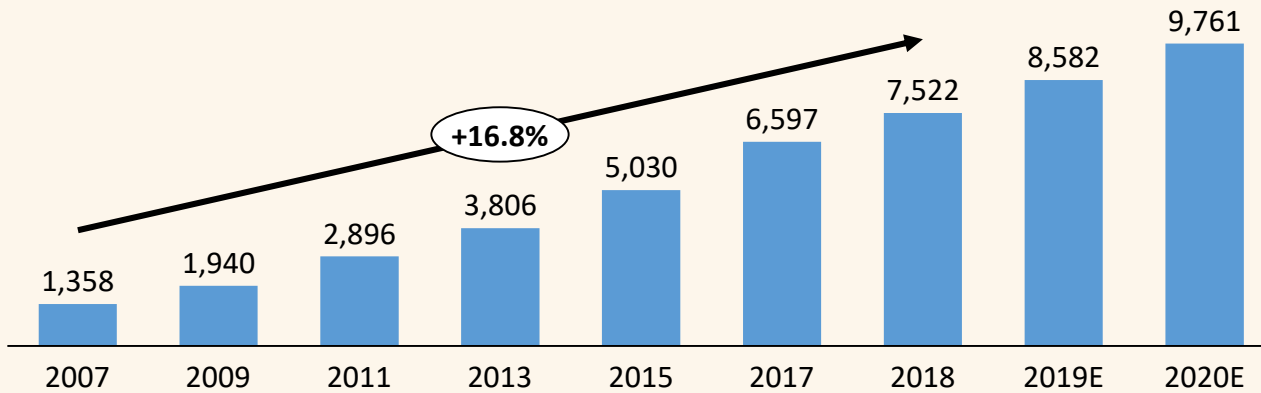


## Key Highlights

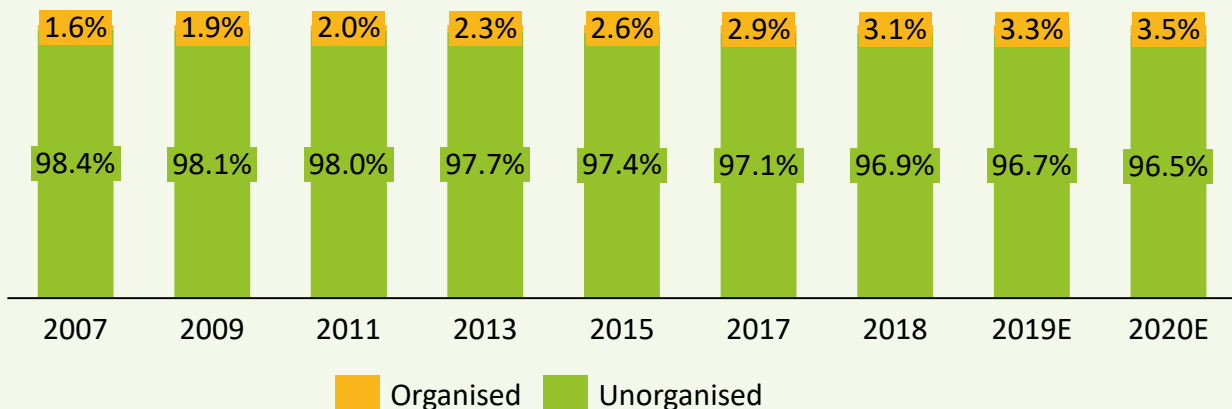
- Cheese is one of the fastest growing segments among dairy products in India
- Rise in food service outlets and changing food habits are major drivers
- Earlier, the cheese market in India was dominated by block cheese, slices and cubes
- Through innovation Parag has achieved a leadership position with a 1/3<sup>rd</sup> market share
- Parag dominates the Institutional & HoReCa segment
- Maharashtra is the biggest market for cheese consumption, followed by Gujarat, Delhi, Tamil Nadu and Uttar Pradesh

# Paneer (Cottage cheese)

India's Paneer Market Size (in US\$ Million)



Organized vs Unorganized Sales

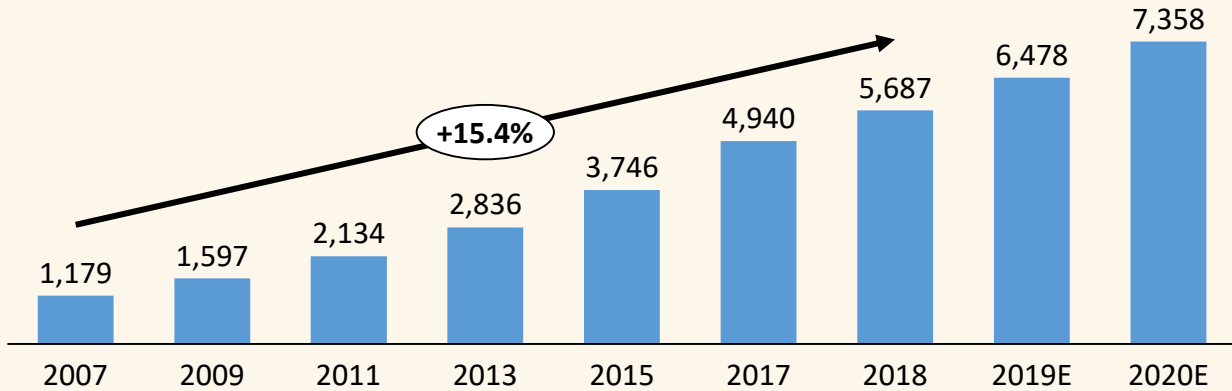


## Key Highlights

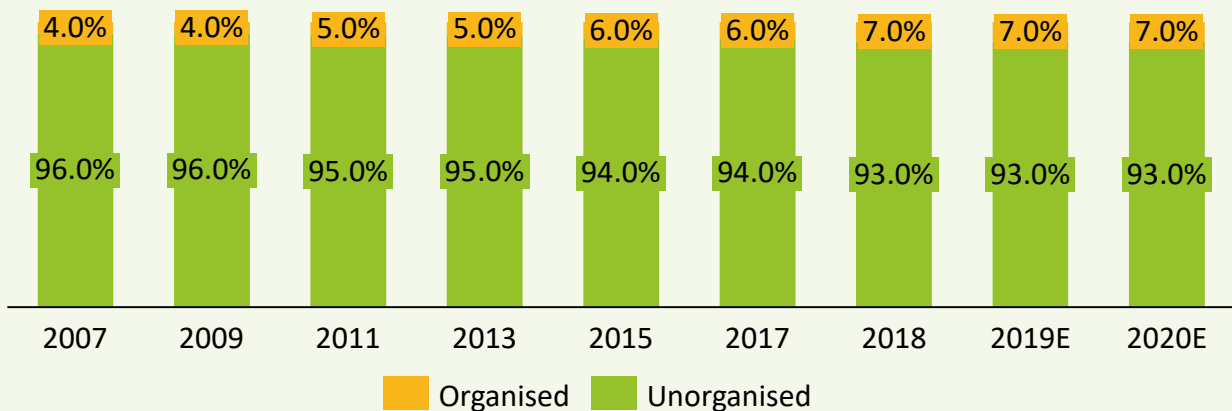
- Paneer is to India what cheese is to the Western world and is an integral part of many Indian recipes
- Paneer is the third largest segment in the milk products category
- Paneer is consumed like vegetables in Indian households and therefore purchased fresh on a daily basis
- With innovation in manufacturing & packaging, Parag has created a long-shelf life Fresh Paneer made from 100% cow milk
- Due to hygiene and consistency in taste, the trend towards branded packaged paneer is gaining momentum

# Curd (Dahi)

### India's Curd Market Size (in US\$ Million)



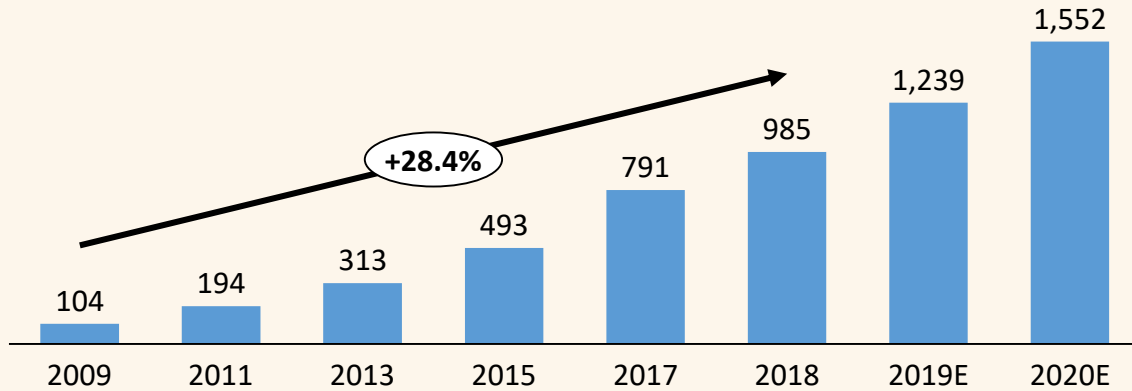
### Organized vs Unorganized Sales



### Key Highlights

- Curd industry has transformed from being a product that was traditionally made at home to a branded & packaged product
- The organized curd market is growing rapidly at a CAGR of 20%+ with even higher growth in metros
- With a distinctive home-made recipe and made of pure Cow milk, our curd is well-positioned to dominate this category in major markets
- Parag has significant presence in major metros like Mumbai, Pune, Nagpur, Hyderabad, Bangalore & Chennai and is now expanding into Delhi NCR and nearby markets of North & East

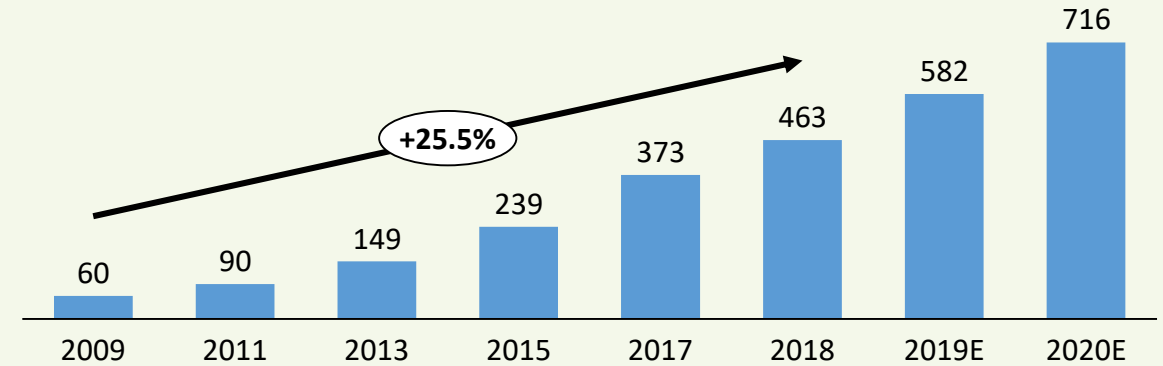
## India's UHT Market Size (in US\$ Million)



### Key Highlights

- In 2014, the UHT milk market accounted for less than 1% of the total milk market and ~5% of the organized milk market
- However, with benefits like safety, convenience and longer shelf life, usage of UHT milk is increasing at a fast pace in major metros
- Milk deficit areas are switching from milk powders to UHT milk
- Parag has established itself as a the largest private player in this segment

## India's Flavoured Milk Beverages Market Size (US\$ Million)



### Key Highlights

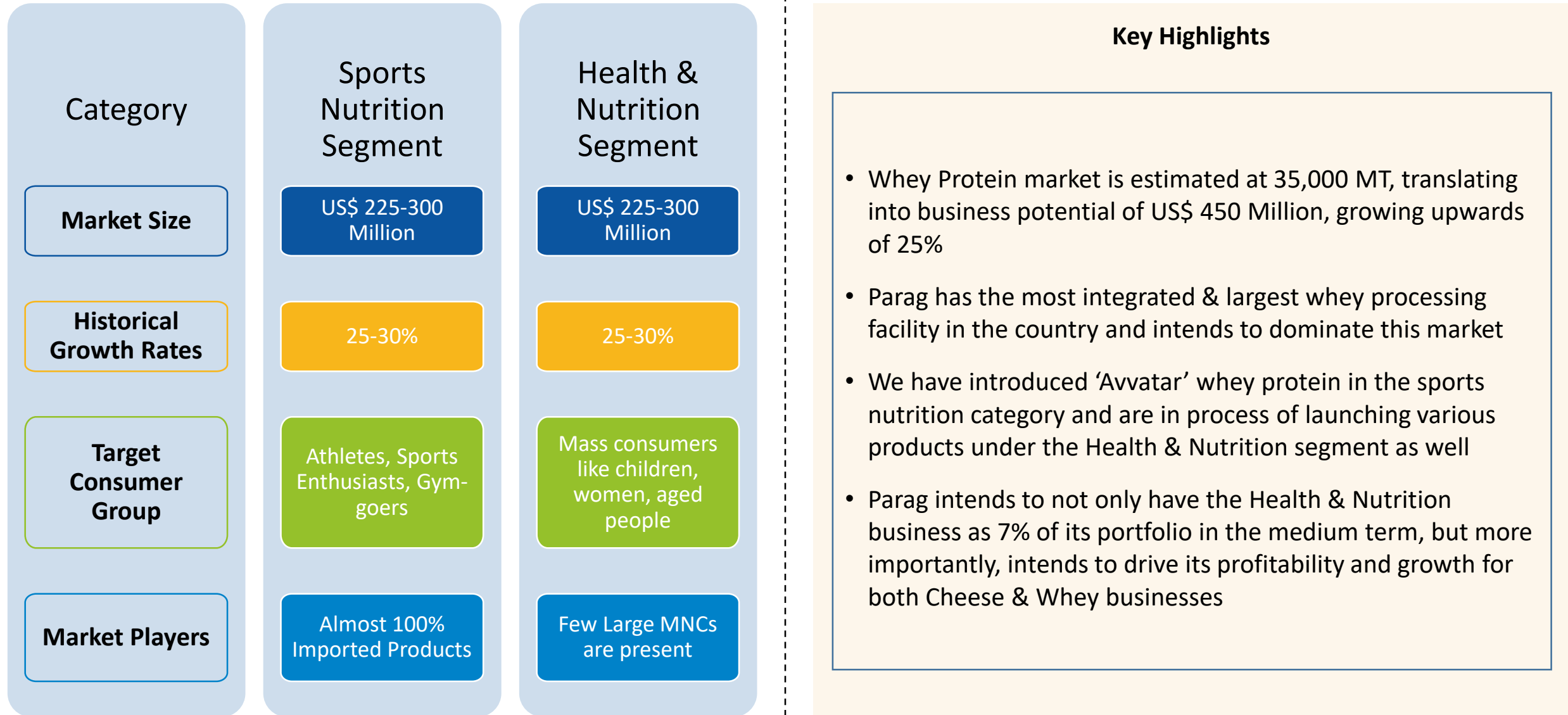
- Flavoured milk represents one of the fastest growing segments in the Indian dairy market due to:
  - Indian consumers slowly substituting carbonated soft drinks with healthier options
  - Advent of single serve, re-sealable bottles and tetra packs which has made milk convenient for use and easier to distribute



# Whey Protein



Ideas for a new day

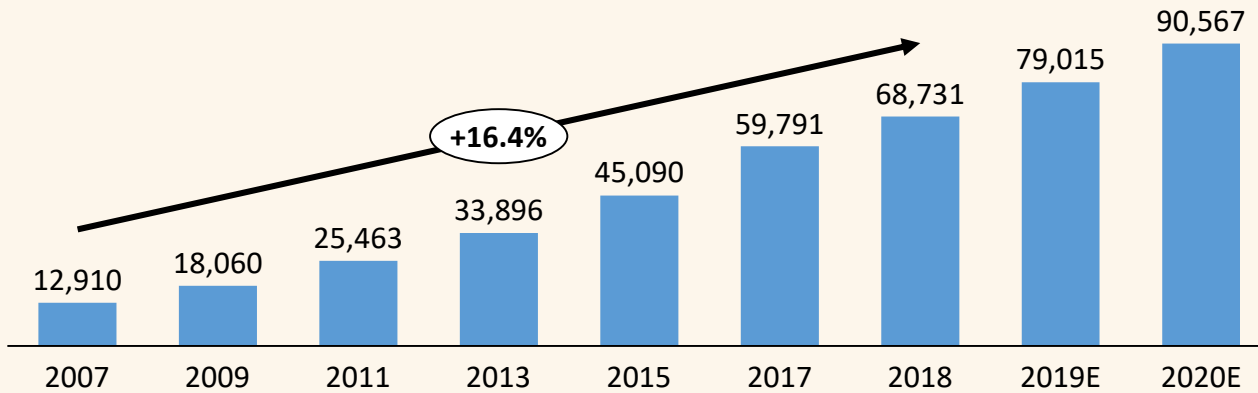


# Liquid Milk Market

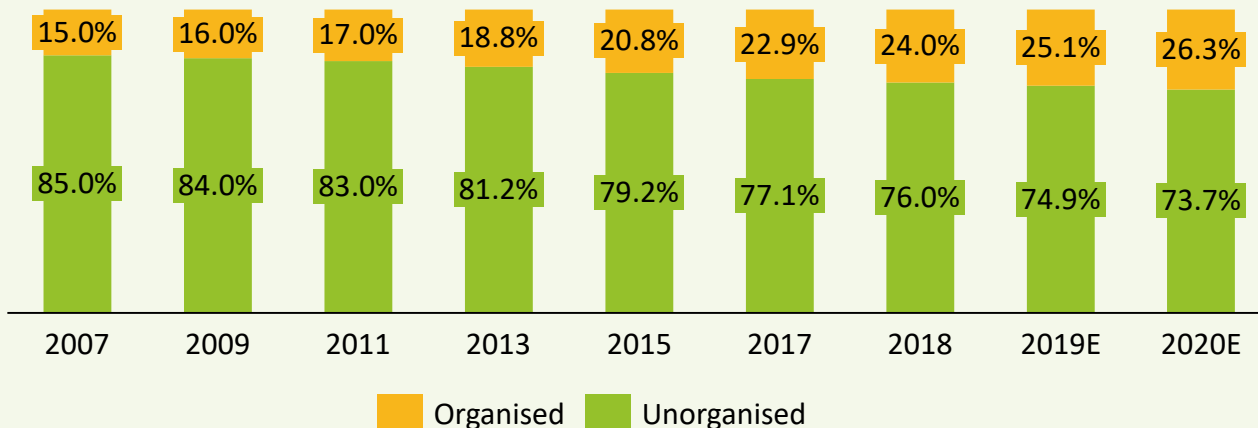


Ideas for a new day

### India's Liquid Milk Market Size (in US\$ Million)



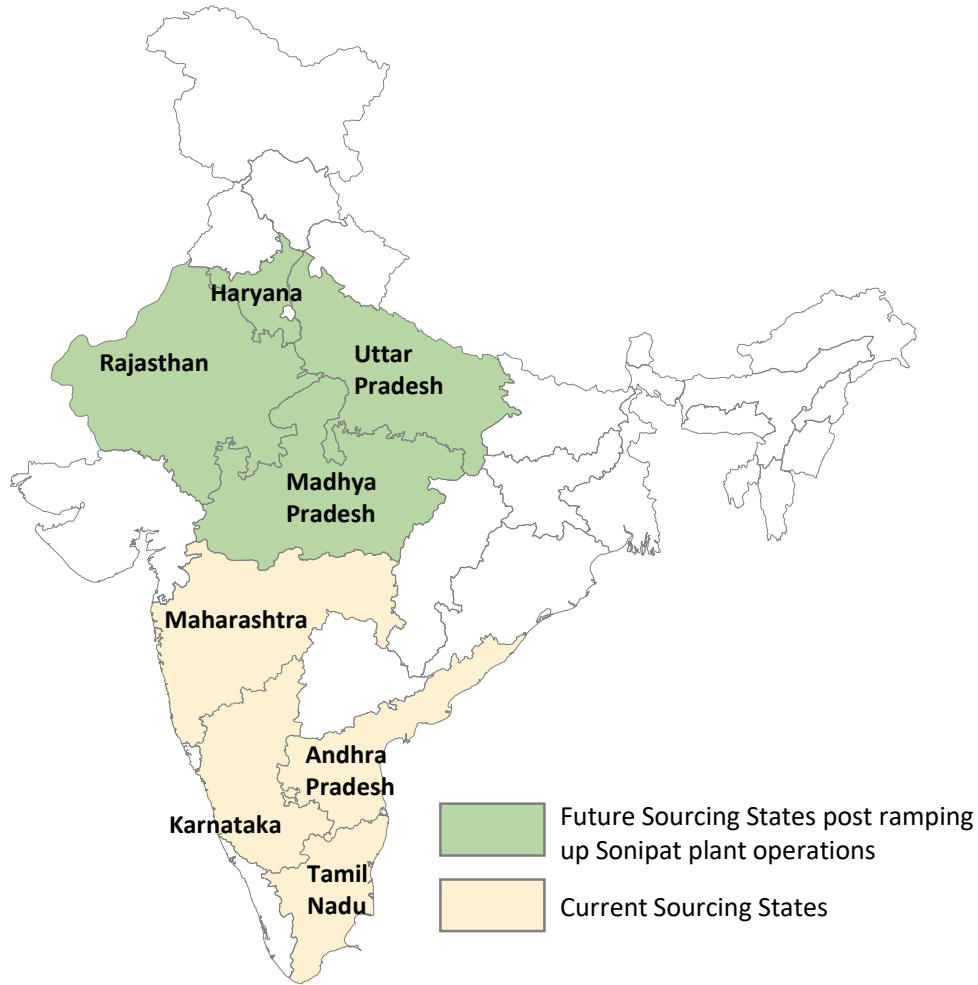
### Organized vs Unorganized Sales



### Key Highlights

- A majority (77%) of the milk sold in India is unorganized and in the form of loose milk sold by milkmen
- The organized sector in liquid milk is highly fragmented with several regional players and co-operatives
- Consumers are shifting from loose liquid milk to branded packaged milk due to safety and quality concerns
- The organized liquid milk market is growing faster than the unorganized market
- Parag has a strong presence in urban parts of West and South India and is currently the largest private player in Mumbai

# We are present in all key Cow milk procuring States



## In Million MT

Sr. No	States	Milk Production (2016-17)	% Share of Total Milk Produced	CAGR for last 2 years	Cow Milk Production (2016-17)	% Share of Cow Milk	CAGR for last 2 years
1	Tamil Nadu	7.6	4.6%	2.9%	7.1	93%	3.1%
2	Karnataka	6.6	4.0%	3.5%	4.6	70%	2.6%
3	Maharashtra	10.4	6.4%	4.4%	6.2	60%	8.2%
4	Bihar	8.7	5.3%	5.8%	5.2	60%	9.2%
5	Madhya Pradesh	13.4	8.2%	11.7%	6.6	49%	14.7%
6	Gujarat	12.8	7.8%	4.6%	5.8	45%	7.7%
7	Rajasthan	19.4	11.9%	6.9%	7.1	37%	7.9%
8	Andhra Pradesh*	16.9	10.3%	12.3%	5.3	31%	12.1%
9	Uttar Pradesh	27.6	16.9%	4.6%	8.6	31%	16.2%
10	Punjab	11.3	6.9%	4.4%	3.2	28%	3.1%
11	Haryana	9.0	5.5%	6.6%	1.7	19%	17.8%
<b>India Total</b>		<b>163.7</b>	<b>100.0%</b>	<b>5.8%</b>	<b>70.2</b>	<b>43%</b>	<b>8.2%</b>

\*Including Telangana

**Disclaimer:** Maps not to scale. All data, information, and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

**Source:** Ministry of Animal Husbandry, Dairy and Fisheries



Ideas for a new day

## SGA Strategic Growth Advisors

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**CIN: L15204PN1992PLC070209**

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**Strategic Growth Advisors Pvt. Ltd.**

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