



Ideas for a new day

PARAG MILK FOODS LIMITED

INVESTOR PRESENTATION

Q2 & H1 FY18

Gowardhan

GO

PRIDE OF COWS

TOP 100

Parag Milk Foods Emerges as Fortune India's 'Next 500' Company

This presentation and the following discussion may contain “forward looking statements” by Parag Milk Foods Limited (“Parag Milk”) 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 Parag Milk Foods about the business, industry and markets in which it 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 Parag Milk Foods 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 as to future performance or achievements of Parag Milk Foods. In particular, such statements should not be regarded as a projection of future performance of Parag Milk Foods. It should be noted that the actual performance or achievements of the company may vary significantly from such statements.

1

Q2 & H1 FY18 -
Financials

2

Key Developments

3

Company Overview

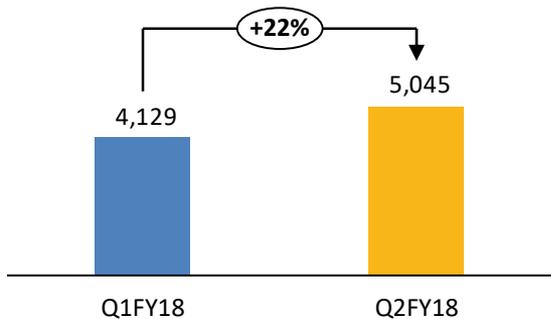
4

Strategy & Outlook

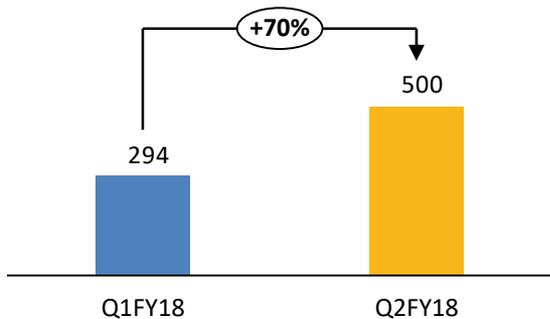


CONSOLIDATED FINANCIAL ANALYSIS

REVENUE



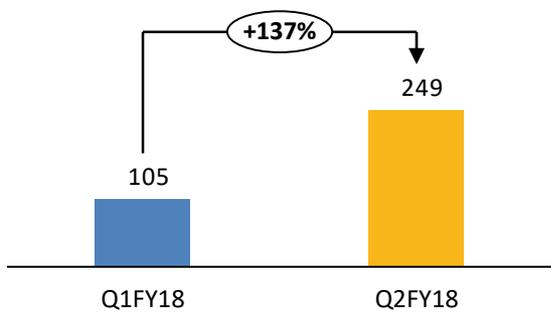
EBITDA



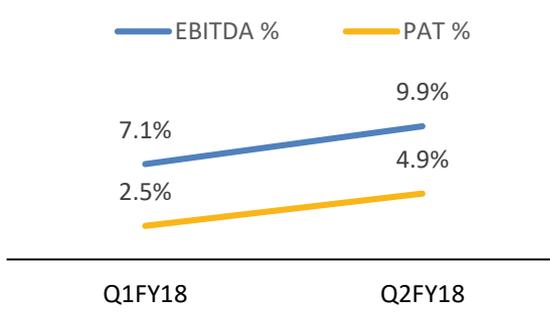
YoY Performance



PAT



MARGINS %



KEY HIGHLIGHTS / MANAGEMENT COMMENTARY

Revenue

- Consolidated Revenue of Rs. 5,045 million, a growth of 22% QoQ
 - Consumer products revenue was Rs 3442 million with a growth of 33.5% QoQ due to the festival season
 - Ghee, consumer cheese, UHT and fresh products continued to grow

EBITDA

- Consolidated EBITDA grew by 70% QoQ to Rs. 500 million, with a Margin expansion of 279 bps to 9.9% in Q2 FY18
 - Decrease in other expenses, particularly A&P, freight, and savings in Octroi led to EBITDA margin expansion

PAT

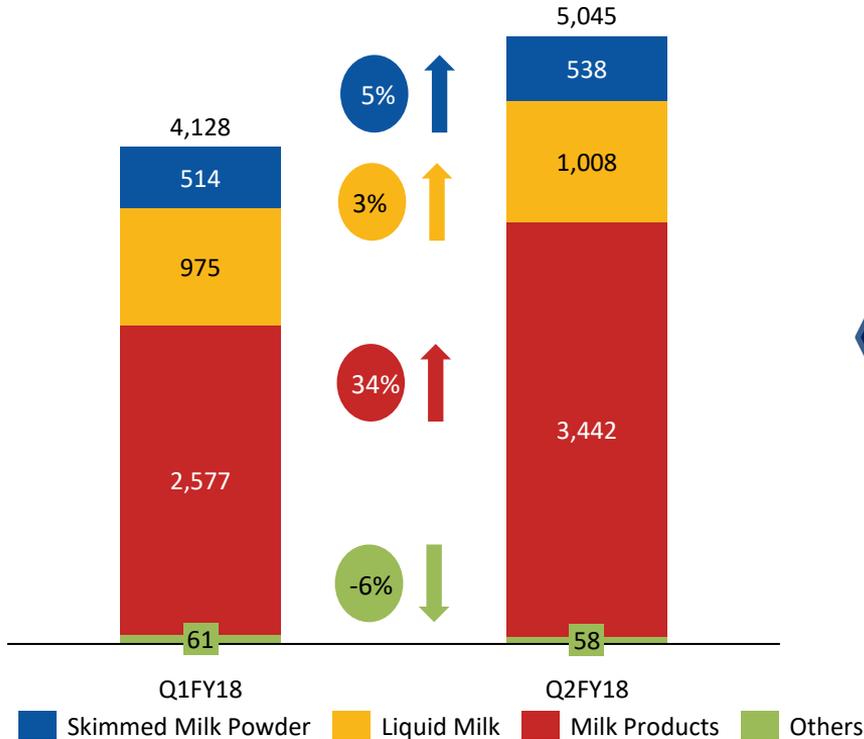
- Consolidated PAT for Q2 FY18 is Rs. 249 million, a growth of 137% QoQ with a Margin expansion of 239 bps to 4.9% in Q2 FY18
 - With higher EBITDA, and lower changes in the finance cost and depreciation, PAT margin improved

Key Developments

- In order to generate higher value out of whey by-products, the Board has decided to incur a capex of Rs. 177.4 million in lieu of a capex planned for beverage line. However, the capex for the beverage line would be done in due course.
- Govt. of Maharashtra has sanctioned PSI* for our mega project at Manchar with a total admissible amount of Rs. 2,793 million for a duration of 8 year effective from 1st August 2017

PRODUCT WISE REVENUE BREAK-UP

REVENUE BREAKUP – Q2 & H1FY18



Q2 FY18 Revenues increased YoY driven by –

- ✓ Growth in Milk products segment
- ✓ Expansion of distribution network
- ✓ Growth not in line with projections due to lower rates of SMP and near flat performance in fresh milk

CONSOLIDATED PROFIT & LOSS STATEMENT

Particulars	Q2 FY18	Q1 FY18	QoQ %
Revenue from Operations	5,045.1	4,128.8	22%
Raw Material Costs	3,629.8	2,929.4	
GROSS PROFIT	1,415.3	1,199.3	18%
Gross Margins	28.1%	29.0%	-99 bps
Employee Expenses	223.1	189.7	
Other Expenses	692.4	715.8	
EBITDA	499.8	293.8	70%
EBITDA Margin %	9.9%	7.1%	+279 bps
Other Income	36.2	15.5	
Depreciation	129.2	115.6	
Finance Cost	73.6	79.1	
PBT	333.2	114.5	191%
Tax Expense	84.2	9.3	
PAT	249.0	105.3	137%
PAT Margin %	4.9%	2.5%	+239 bps
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	1.7	-2.7	
Income tax relating to items that will not be reclassified to profit or loss	-0.6	0.9	
Total Comprehensive Income for the period	250.1	103.5	142%

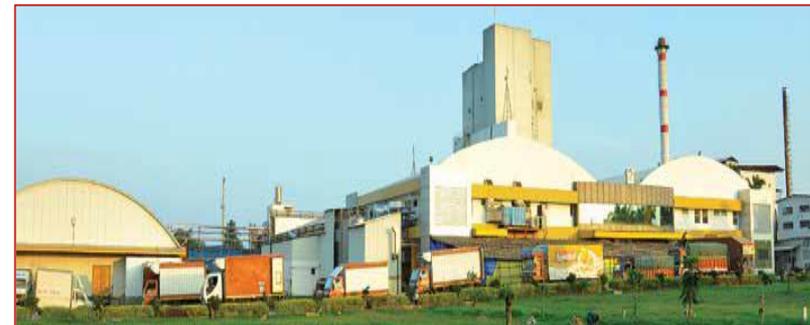
CONSOLIDATED BALANCE SHEET

Assets	Sep-17
Non Current Assets	
Property, plant and equipment	4,023.3
Capital work-in-progress	83.4
Other intangible assets	5.0
Intangible Assets Under Development	49.1
Biological assets other than bearer plants	261.4
Financial assets	
Investments	0.1
Other Financial Asset	133.9
Deferred Tax Asset(Net)	10.7
Other Non Current Assets	105.3
Total Non-Current Assets	4,672.2
Current Assets	
Inventories	4,360.8
Financial assets	
Trade Receivables	2,595.2
Cash & Cash Equivalents	457.5
Other bank balances	354.1
Other Financial Assets	371.2
Other Current Assets	1,010.6
Current tax assets (net)	56.1
Total Current Assets	9,205.5
TOTAL ASSETS	13,877.7

EQUITY AND LIABILITIES	Sep-17
Equity	
Equity share capital	841.2
Other Equity	5,905.2
Total Equity	6,746.4
Non-Current Liabilities	
Financial liabilities	
Borrowings	763.5
Provisions	14.0
Deferred tax liabilities (net)	1.4
Other Non-current liabilities	56.9
Total Non-Current Liabilities	835.8
Current Liabilities	
Financial liabilities	
Borrowings	2,023.0
Trade payables	3,416.9
Other financial liabilities	582.9
Other Current Liabilities	254.0
Provisions	16.6
Current tax liabilities (Net)	2.1
Total Current Liabilities	6,295.5
Total Liabilities	7,131.3
TOTAL EQUITY & LIABILITIES	13,877.7

DEPLOYMENT & UTILIZATION OF IPO PROCEEDS

Sr. No	Objects of Issue	Amount to be utilized	Amount utilized upto 30 th Sept'17	Pending Utilization
1	Expansion and Modernisation of Plant	1,477.0	877.6	599.4
2	Expansion and modernisation of the Bhagyalaxmi Dairy Farm	23.0	4.6	18.4
3	Partial repayment of the Working Capital Consortium Loan	1,000.0	1,000.0	0.0
4	General corporate purposes (Gross of Expenses)	284.1	284.1	0.0
	Total	2,784.1	2,166.3	617.8



1

Q2 FY18 - Financials

2

Key Developments

3

Company Overview

4

Strategy & Outlook



AVVATAR - CAMPAIGNS

Presence Across

Retail Presence



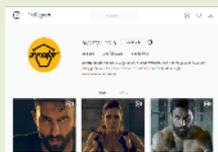
Availability in now to 150+ outlets in 8 Cities

Online Presence



Our Website, Amazon, Healthkart etc.

The Social # why



4000+ likes & 5000+ followers on Facebook
3000+ impressions on Instagram

Being at the right place



The *#BestTastingWhey* sampling across gyms in Mumbai and Pune
Associating In-Gym contests and promoting Avvatar

IHFF 2017



Print and Outdoor Campaign



hindustantimes **mint**

Avvatar @Times Morning Fitness Party



OTHER PRODUCT CAMPAIGNS



Gowardhan Ghee Campaign



Gowardhan Dahi Campaign



Go Cheese Campaign

- TV Campaigns during festive season



- Print Campaigns during festive season

- ✓ Times of India
- ✓ Hindustan Times
- ✓ Sakal
- ✓ Sandesh
- ✓ Print Campaign On Vasu bars



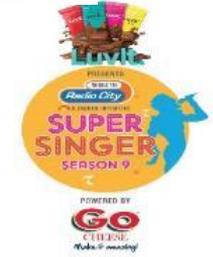
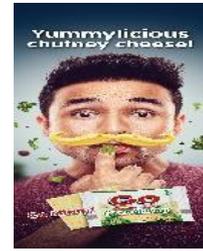
- Outdoor Campaign during Jagnath Rathyatra in Ahmedabad
- Unipole and Billboards in Delhi



- Launched in Delhi with 20 vans
 - ✓ Planning to add more 30 vans
- Initiatives taken:
 - ✓ Dealer Boards – Installed 1000 outlets across in Delhi
 - ✓ Flanges – Installed 1000 outlets across in Delhi
 - ✓ Outdoors OOH, Metro Stations, Bus Shelters – around 120 locations
 - ✓ Posters and Banner as POSM Material



- Go Cheese has partnered with Radio City property in 33 cities Pan India
- School Contact Program with Pogo and Cartoon Network





1

Q2 FY18 - Financials

2

Key Developments

3

Company Overview

4

Strategy & Outlook

ABOUT US



Ideas for a new day



7 Brands

7 Brands – 'Gowardhan', 'Go', 'Pride Of Cows', 'Topp Up', 'Milkrich', 'Avvatar' and 'Slurp'

170+ SKU's

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

Strong Distribution

Pan-India Distribution Network of **17** Depots, over **140** Super Stockists and **3,000+** Distributors

state-of-the-art Facilities

Aggregate milk processing capacity of **2 million litres per day** and our cheese plant has one of the largest production capacity in India of **60 MT per day**

Strong Relationships

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

Ranked #1

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

EVOLUTION

1992



Parag Milk Foods Ltd, established in 1992, was primarily involved in the distribution & collection of milk

1998



Began manufacturing products like Butter & Ghee under the brand, 'Gowardhan'

2005



Set up Bhagalaxmi Dairy Farm - India's most modern dairy farm

2011



Launched 'Pride of Cows', a first-of-its-kind premium farm-to-home milk brand

2010



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

2008



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

EVOLUTION

2012



The concept of Dairy Tourism was brought to life for the first time in India by Parag Milk Foods

2014



Launched B2B whey protein on realizing the needs of their institutional clients

2015



Re-modelled the brand Parag with a new identity

2017



Launched 'Avvatar' a 100% Whey protein, first-of-its-kind manufactured in India.

2017



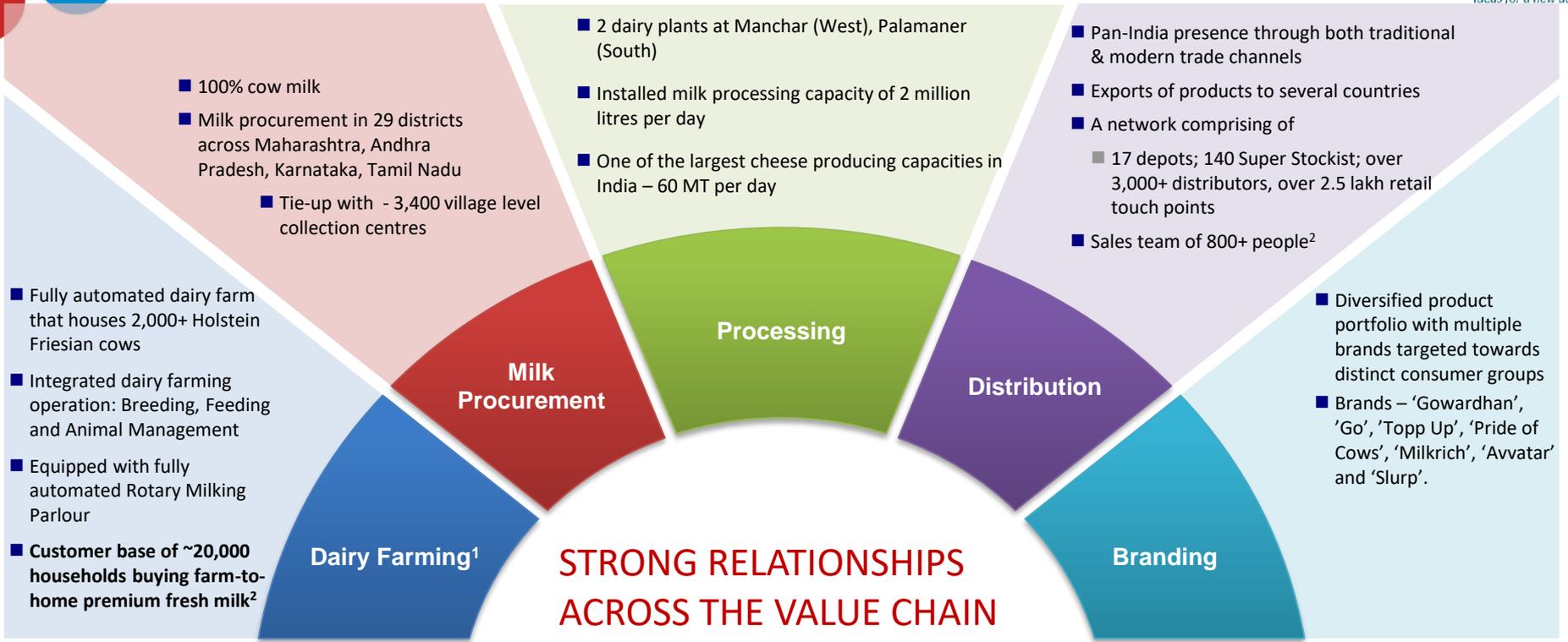
Entered into the Juice drink market by launching 'Slurp' a mango drink with a dash of milk

2016



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

INTEGRATED BUSINESS MODEL

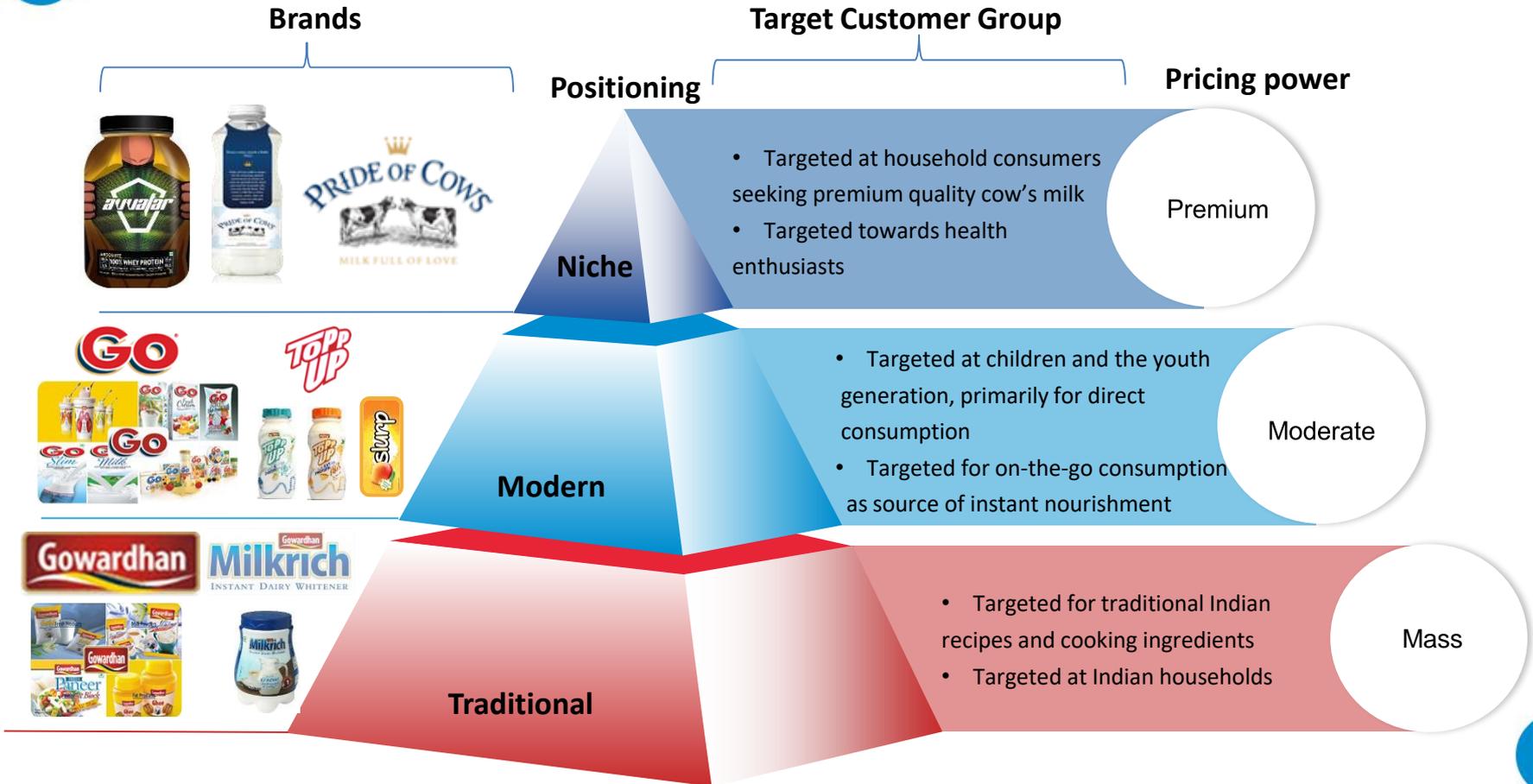


Integrated Business Model that encompasses the entire value chain of the dairy based food and beverage business

Notes:

(1) The dairy farming business is housed in Bhagalaxmi Dairy Farm which is owned and operated by Bhagalaxmi Dairy Farms Private Limited

DIFFERENTIATED BRAND & PRODUCT PORTFOLIO



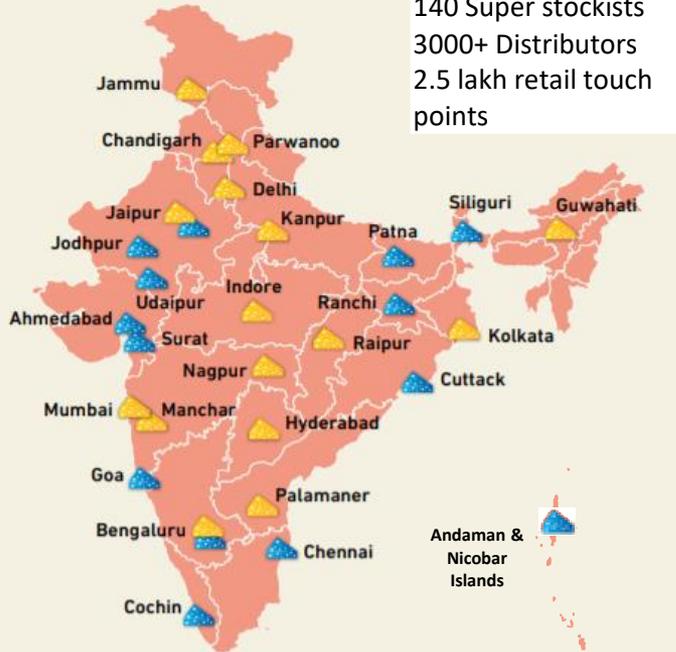
EXTENSIVE SALES, MARKETING & DISTRIBUTION NETWORK

Well entrenched Pan-India distribution Network



Enormous Potential to grow in India

Our Pan-India Presence



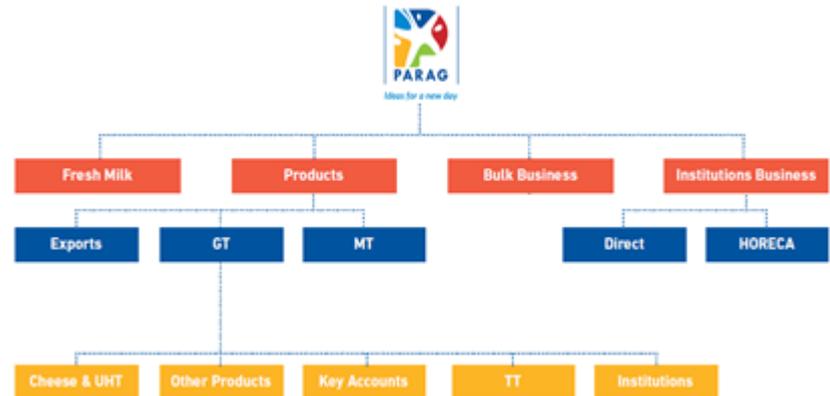
Distribution Network
 17 Depots
 140 Super stockists
 3000+ Distributors
 2.5 lakh retail touch points

Pan-India Distribution network 17 depots, over 140 super stockists, 3000+ distributors

Dedicated Sales and Marketing team comprising of over 800 personnel to serve our retail as well as institutional customers

Deploys product specific marketing & distribution strategy

Route-to-market addressing diverse consumption points



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



1

Q2 FY18 - Financials

2

Key Developments

3

Company Overview

4

Strategy & Outlook

STRATEGIES TO ACHIEVE FUTURE GROWTH

Increase Operational Efficiencies

- Leverage in-house technological, R&D capabilities to:
 - Maintain strict operational controls
 - Enhance customer services levels
 - Develop customised systems & processes

Increase Milk Procurement

- Strengthening existing farmer relations
- Offer quality & quantity based incentives
- Set up new collection centres & reach new districts
- To add 75 new bulk coolers, 100 automated collection systems

Strengthening Our Brands

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



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

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

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

THANK YOU



Ideas for a new day

Company:

Parag Milk Foods Limited
CIN:L15204PN1992PLC070209

Ms. Natasha Kedia
natasha.kedia@paragmilkfoods.com
+91 22 4300 5555/ Ext: 631
+91-9619959137

www.paragmilkfoods.com

SGA Strategic Growth Advisors

Investor Relations Advisor:

Strategic Growth Advisors Pvt. Ltd.
CIN: U74140MH2010PTC204285

Mr. Jigar Kavaiya - jigar.kavaiya@sgapl.net
+91-9920602034
Mr. Rohan Adhiya - rohan.adhiya@sgapl.net
+91-9833219522

www.sgapl.net