



PARAG MILK FOODS LIMITED

Investor Presentation

January 2018



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Did You Know???



Ideas for a new day



One of India's **Largest Private Dairy** with a milk processing capacity of **2 Mln Litres Per Day**

2nd Largest Market Share in Cheese

The **Most Trusted Brand** recognised by TRA for **Gowardhan Ghee** for 2nd consecutive year in 2017

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

The **Leading private player in UHT Milk based Category**

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

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

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

Parag at a Glance



Ideas for a new day

Strong Relationships

Established Strong Relationships with over 2 lakh farmers and over 2.5 lakh retail touch points

State-of-the-art Facilities

Aggregate milk processing capacity of 2 million 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 17 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

7 Brands

Gowardhan
Go
Pride Of Cows
Topp Up
Milkrich
Avvatar
Slurp

Ranked #1

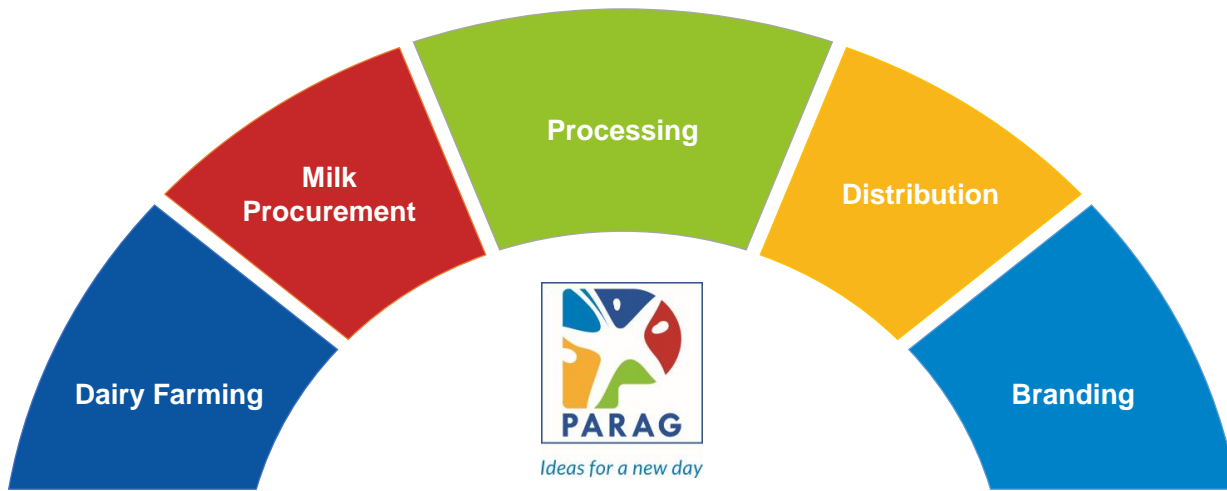
Parag Milk Foods was ranked #1 in Fortune India's 'Next 500' from #67 last year





Creating Value through an Integrated Business Model

Fully Integrated Business Model...



COMPETITIVE EDGE OVER OTHER PLAYERS IN INDUSTRY

There are only **FEW** who **OWN A DAIRY FARM**

There are only **FEW** who have **INHOUSE MILK PROCUREMENT EXPERTISE**

There are only **FEW** who have **INHOUSE MANUFACTURING**

There are only **FEW** who **OWN A STRONG BRAND**

STRONG PRESENCE ACROSS THE VALUE CHAIN

Dairy Farming

Owns **2,000** Holstein Freisan Cows

Milk Procurement

Relationship with over **2 Lakhs** Farmers – Our Partners in Progress

Processing

Capacity of processing **2 million** liters per day

Distribution

Network of **17** Depots, **140+** Stockiest, **3,000+** Distributors – Well Integrated Supply Chain Network

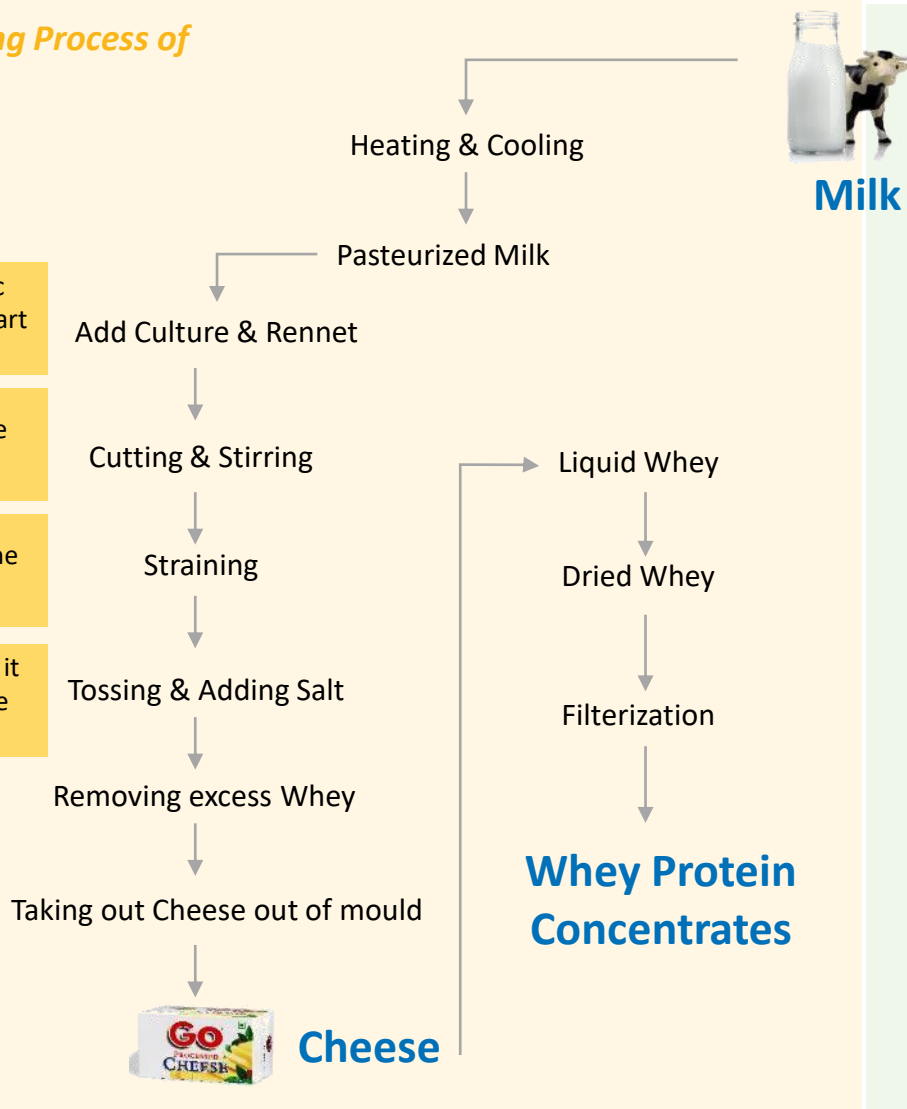
Branding

Owns **7** Brands – Targeting Distinct Consumer Groups with Diverse Needs

...Catering to Products across the Value Chain

Manufacturing Process of Cheese

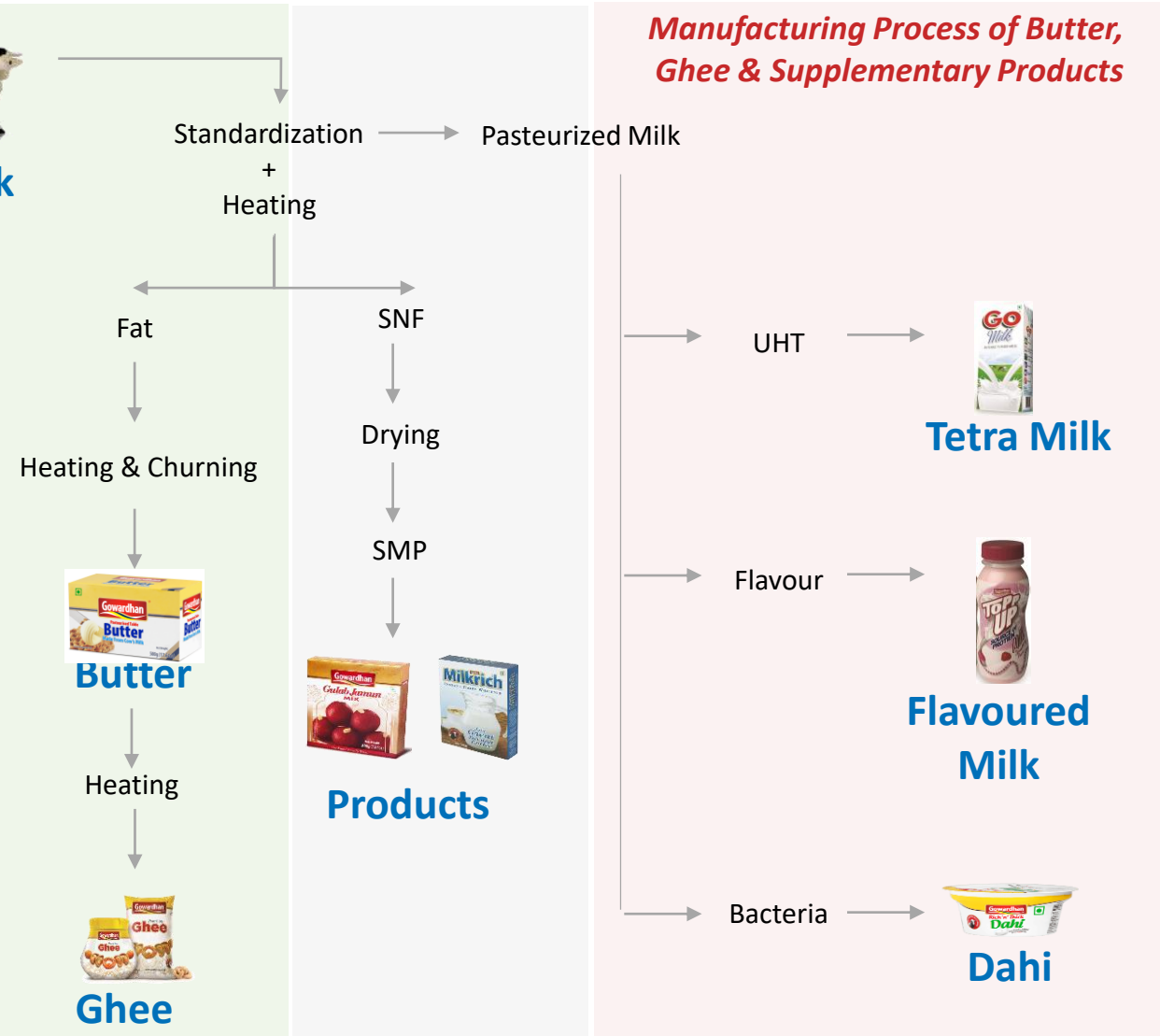
- Turns lactose into lactic acid which makes milk start to curdle
- Helps to evenly turn the milk into curd
- Strains the whey from the curds
- Curd is Tossed to loosen it up and add salt for taste and to preserve it



Milk

Standardization + Heating → Pasteurized Milk

Manufacturing Process of Butter, Ghee & Supplementary Products



Butter



Ghee



Products



Tetra Milk



Flavoured Milk

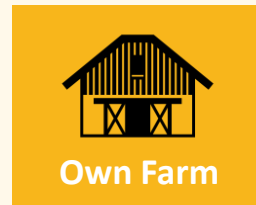
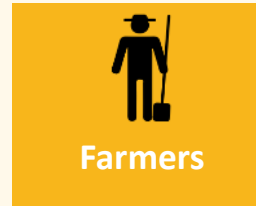


Dahi

... with Strong Relationships and Trust

100% Direct Procurement

- Procure 100% cow's milk from more than 2 lakh farmers in 29 districts in Maharashtra, Andhra Pradesh, Tamil Nadu and Karnataka
- Own a Dairy Farm called Bhaghyalaxmi Dairy that houses over 2,000 Holstein Freisan Cows
- The brand 'Pride of Cows' derives its milk from these cows



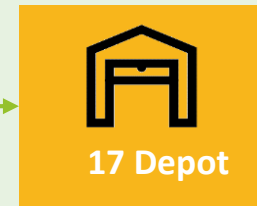
- Two dairy plants at Manchar (Maharashtra) and Palamaner (Andhra Pradesh)
- Installed milk processing capacity of 2 mln litres/day



Dairy Plant

- One of the largest cheese plant with a capacity of 60 MT/day
- India's 1st state-of-the-art whey plant
- UHT Technology at the Palamaner plant

Distribution System



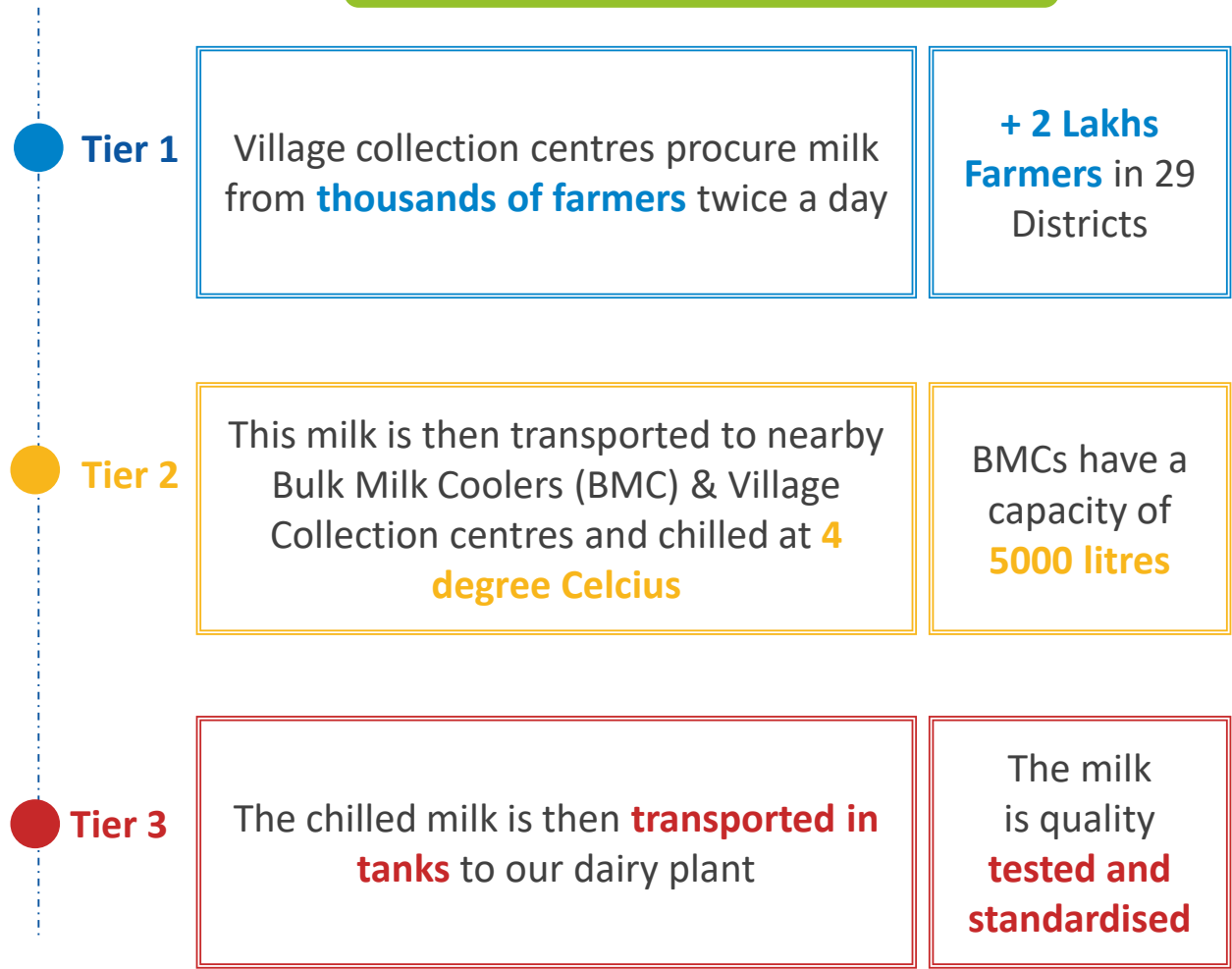
Customers

- Pan – India Reach
- Targeting distinct consumer groups
- Catering to the diverse needs of a consumer
- Providing consumers with a varied product portfolio of the highest quality

Farmer Relationship is an Integral part in our Business...



3-tier Milk Procurement Process



“Unlike its global counterparts, the Indian dairy industry is susceptible to strong sociocultural undercurrents in the form of milk procurement from lakhs of farmers. Hence, only those companies that are equipped with a strong backend of milk procurement, healthy relationships with grassroot level farmers and are armed with innovative value-added products of commendable quality will emerge ahead of competition.”

Devendra Shah, Chairman, Parag Milk Foods Ltd

...along with Technologically Advanced Facilities



Key Features:

- World-class UHT facility
- India's 1st state-of-the-art whey plant
- One of the largest cheese plant in India
- Fully automated Paneer plant

Key Categories	Capacity
Milk Processing	2 mn litres per day
Cheese	60MT per day
Paneer	20MT per day
Ghee	40 MT per day

Key Features:

- India's most modern dairy farm
- Houses Over 2,000 Holstein Friesian Cows
 - Average yield of 20-25 litres per cow vs India's Average of 4-5 litres per cow
- Equipped with fully automated Rotary Milking Parlour
- 'Pride of Cows' - Premium farm-to-home derived from this farm
- Customer base of ~20,000 households

**Manchar Plant
Pune, Maharashtra**

**Palamaner Plant
Andhra Pradesh**

**Bhagyalaxmi Dairy Farm,
Pune, Maharashtra**

...and superior Product Offerings

Product Categories

Milk

14
SKU's

Ghee

12
SKU's

Cheese

80
SKU's

Beverages

20+
SKU's

Whey

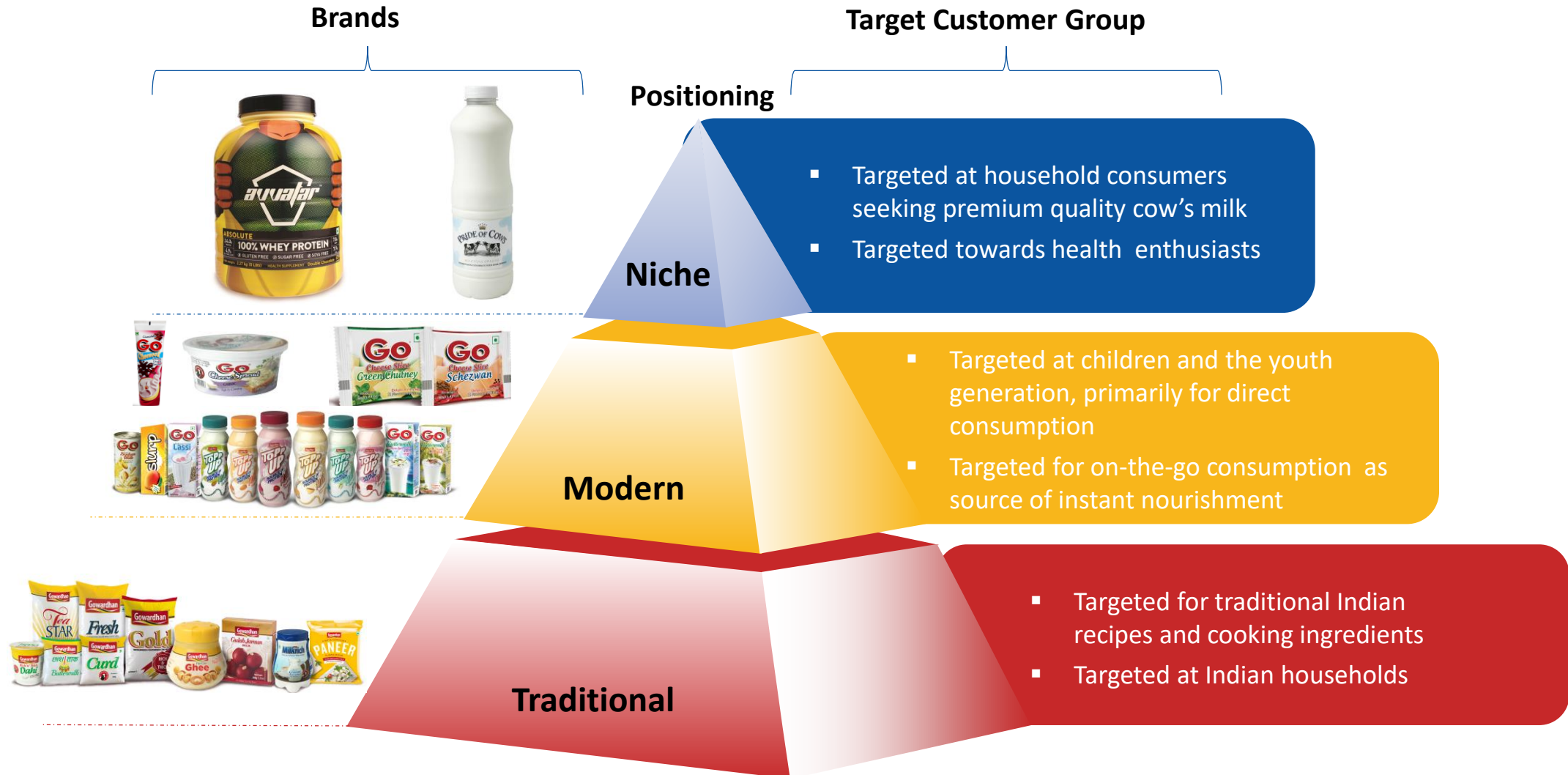
7
SKU's

Others

59+
SKU's



...catering to each Segment of Customers



...working closely with Institutional Partners



We 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



Supplier to...

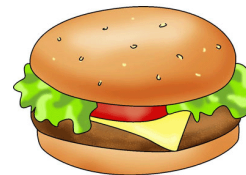
Prominent Burger Chains

Leading Pizza Chains

Major FMCG companies

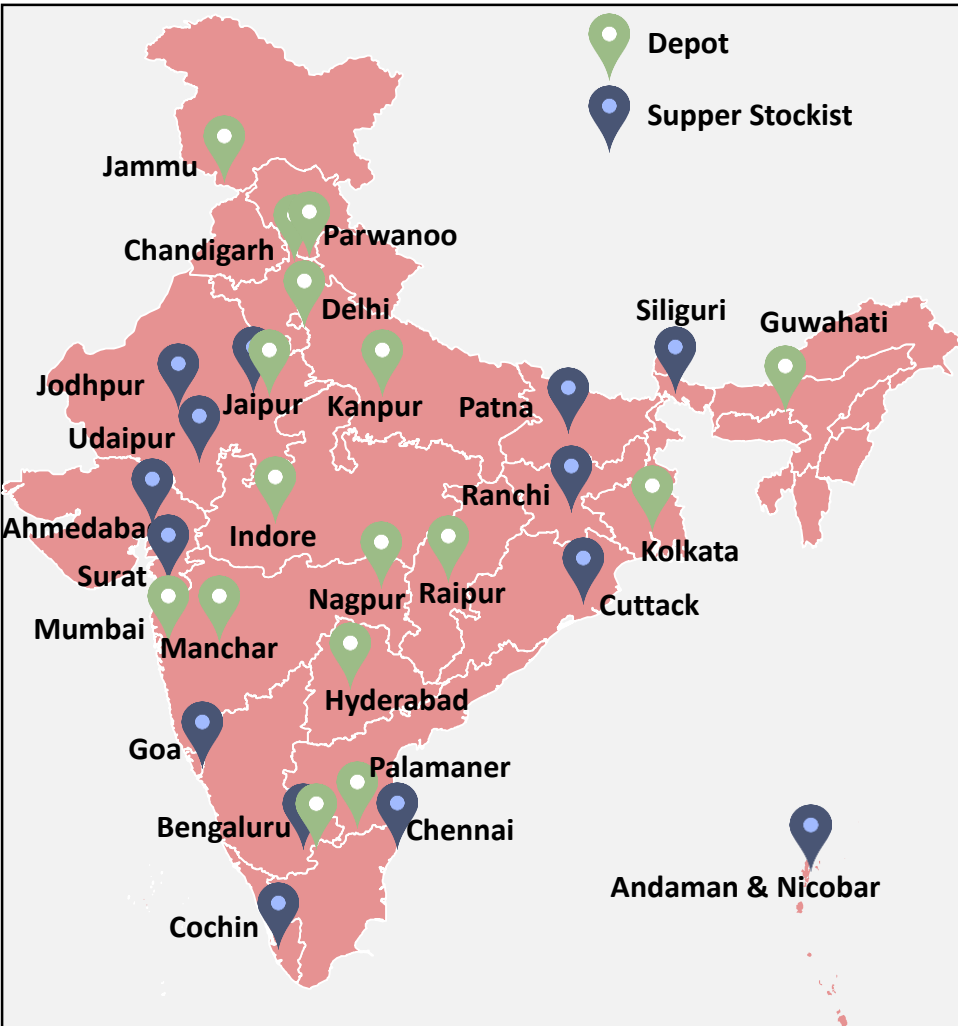
Hotels, Restaurants and Food Chains

and many more Large Bands...

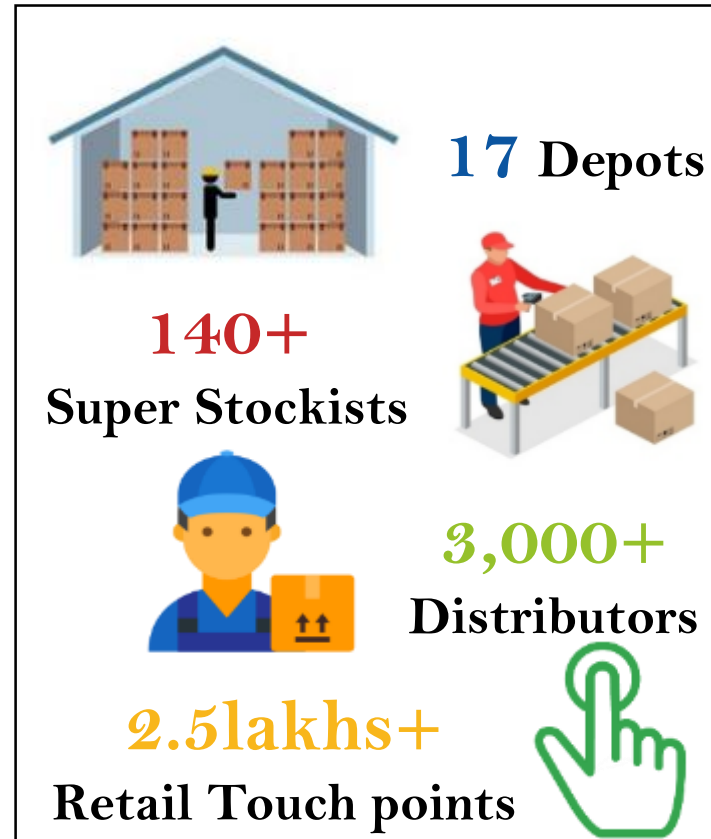


...and last mile availability from 'Farm to Fork'

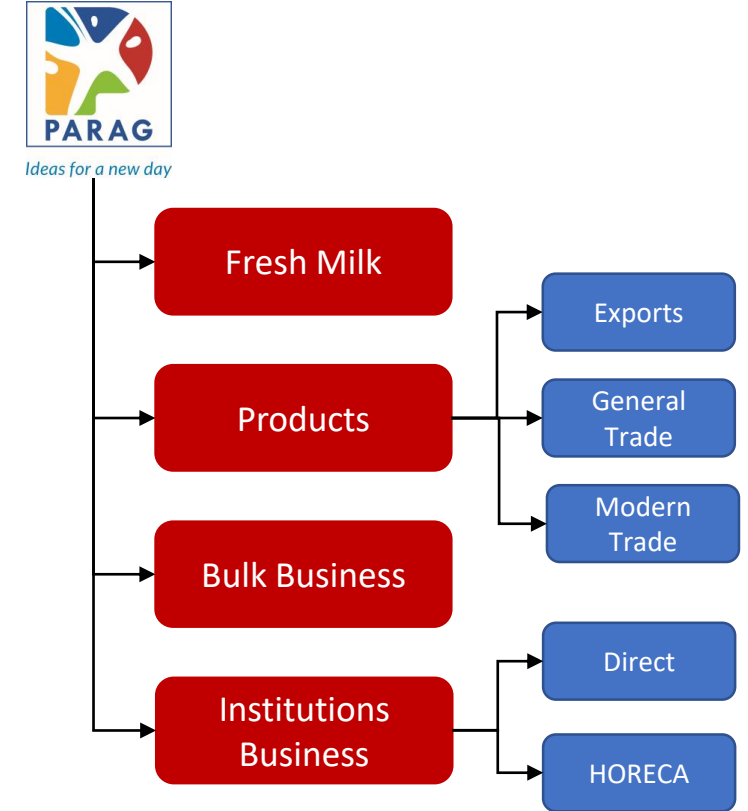
Pan-India Reach



Distribution Network



Route-to-market Strategy

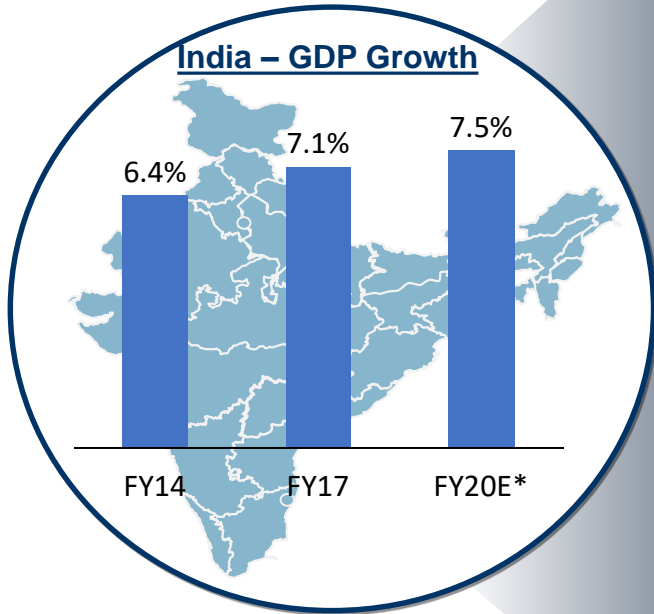


- Dedicated Sales and Marketing team comprising of over 800 personnel
- Sales force Automation –Better visibility of Supply Chain Management

Our Growth Strategy



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

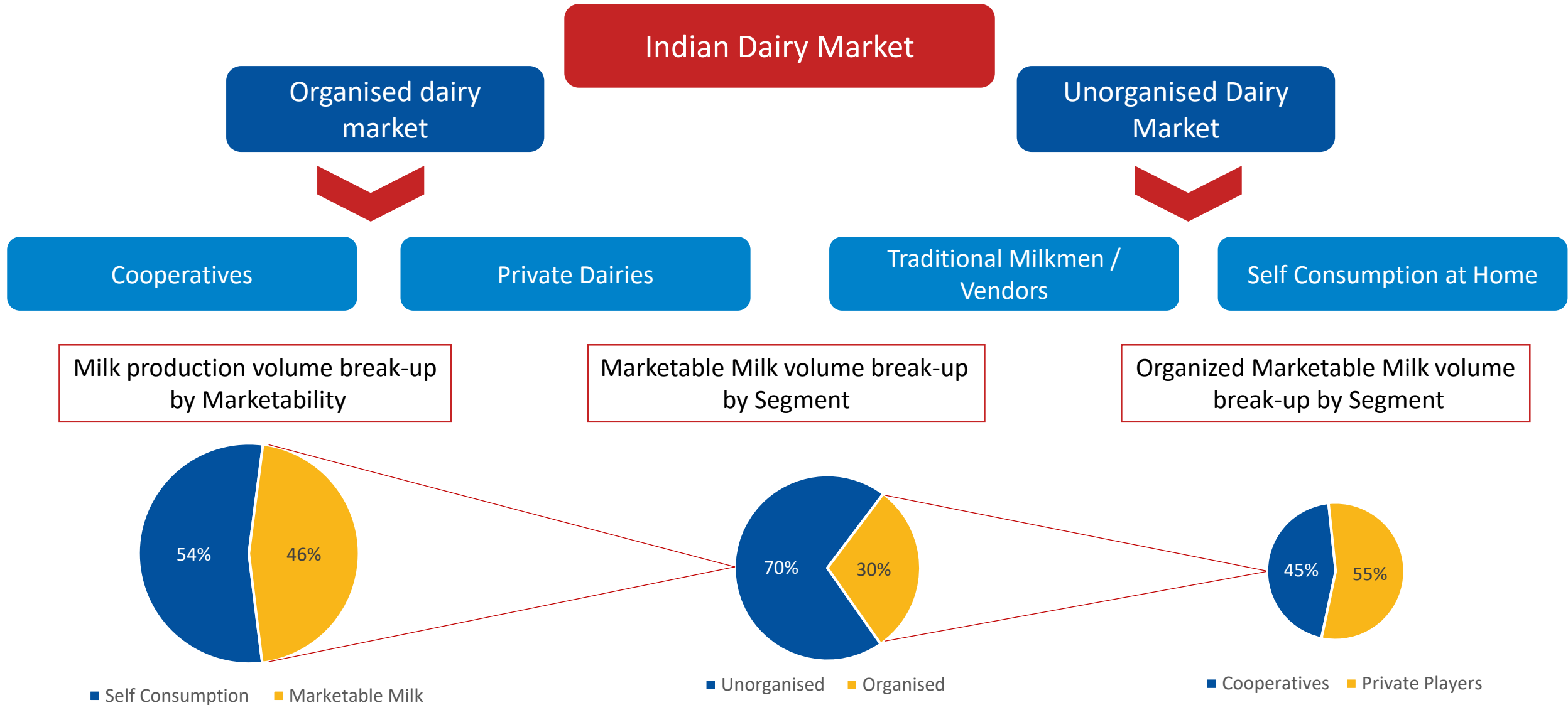
Shift to Packaged Food to drive Organised Market

- 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

Source: Real GDP growth numbers as per RBI

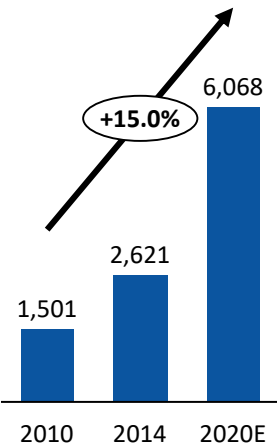
* As per World Bank report on Global Economic Prospects – January 2018

The Pie of Organised Dairy Market is Increasing

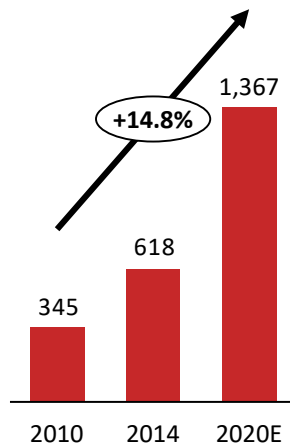


Industry has tremendous Growth Potential

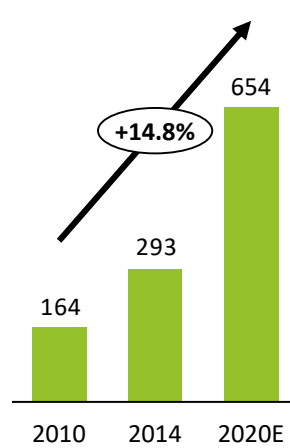
Liquid Milk



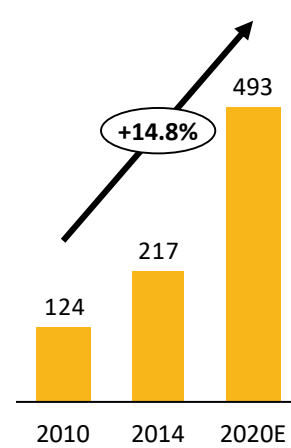
Ghee



Paneer



Curd



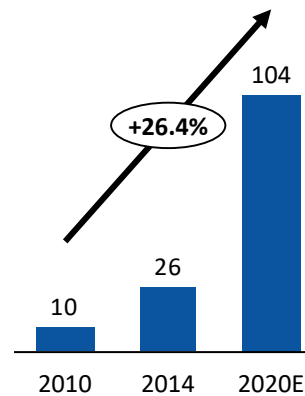
Traditional Products Growth

CAGR of
15%

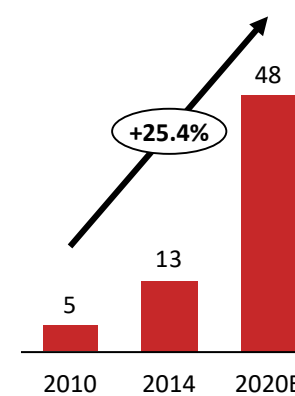
Modern Products Growth

CAGR of
26%

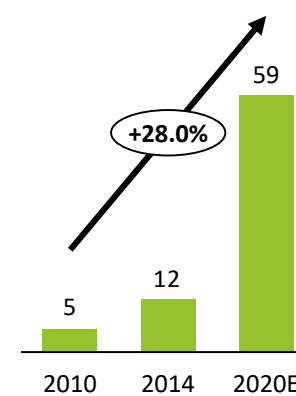
UHT Milk



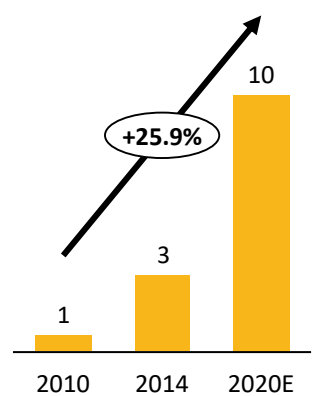
Flavoured Milk



Cheese



Whey (Powder)



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 75 new bulk coolers, 100 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

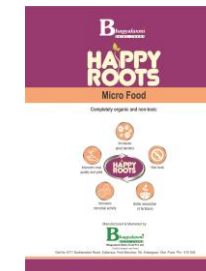
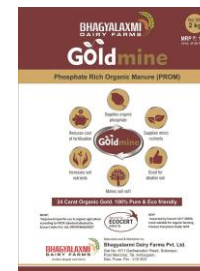


Value Creation - Bhagyalaxmi Dairy Farm

- Pride of Cows is a first-of-its-kind, superior farm-to-home milk with a production capacity of 25,000 litres a day
- Over 2,000 Holstein Friesian cattle are nurtured and cared as “Happy cows give better milk”
- 50 Point mechanised Rotary Parlour and strict process ensure hygienically procured fresh cow milk
- Direct supply of Milk to customer base of ~20,000 households in Mumbai, Pune and Surat
- Integrated dairy farming operation: **Breeding, Feeding and Animal Management**

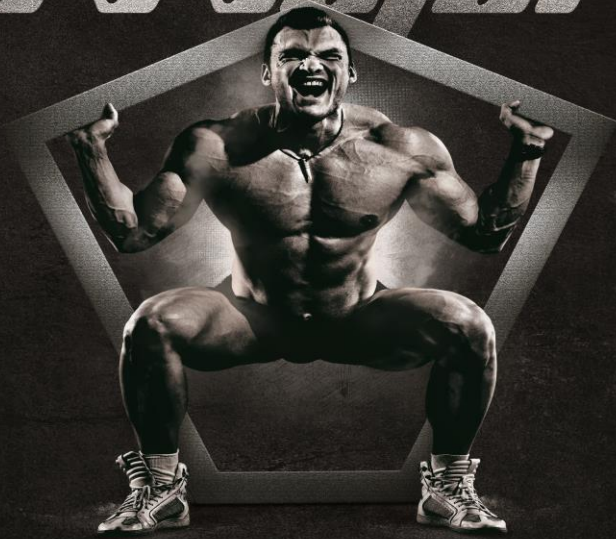


- Bhagyalaxmi Bioscience Division has introduced certified **organic fertilizers** through the commercialization of **cow manure and cow urine** into value added products
- Innumerable farmers are benefiting economically through an **increase in soil health, crop yield and lower costs**
- **Use of Bio-gas plant to generate electricity** for captive consumption and save scarce resources



Value Creation - 'Avvatar' Absolute 100 % Vegetarian whey protein

avvatar™



RECONSTRUCT YOURSELF WITH ABSOLUTE 100% WHEY PROTEIN

24g
PROTEIN

7.8g
BCAA

7.9g
EAA

4.9g
GLUTAMIC ACID

PURE VEG • SUGAR FREE • SOYA FREE • GLUTEN FREE



FROM OUR DAIRY FARM TO YOUR SHAKER CUP,
FRESH AND PURE.



Available in Double Chocolate, Vanilla Snow Crème and Café Mocha
In two sizes 2 lbs and 5 lbs

About the Product

- Launched in the **February 2017**
- Avvatar is a **100% vegetarian** whey protein brand
- Primary Source of protein derived from whey protein concentrate and whey protein isolates which are loaded with health boosting bioactive compounds
- It contains **24 g of protein per scoop**
- Loaded with **7.8g BCAA** and **7.9g EAA** for lean muscle growth and faster recovery
- It is **sugar free, gluten free and soya free**
- It is available in nutrition supplement stores, pharmacies, modern retail stores and e-commerce portals

Growth Factors

- Motivates everyone to reconstruct themselves and adopt a healthier lifestyle
- Sports nutrition segment is Rs. 1,500+ Crores
- Rapid urbanization
- Develop wellbeing mindfulness among consumers
- Rise in disposable income
- India is slowly adopting a healthier lifestyle
- Increase in health awareness
- Increase in number of health clubs and fitness centres

...Entry into Sports Nutrition Market

Presence Across

Retail Presence



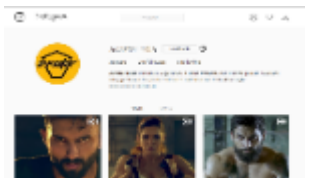
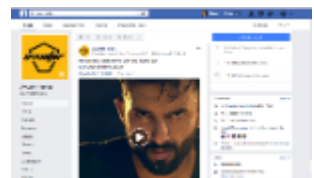
Availability in 200+ outlets in 8 Cities

Online Presence



Our Website, Amazon, Healthkart etc.

The Social # why



5,300+ likes & 6,600+ 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

International Health & Fitness Festival (IHFF) 2017



Print and Outdoor Campaign



hindustantimes mint

Avvatar @Times Morning Fitness Party



Financial Highlights



Focusing on Value Added Products

	Skimmed Milk Powder	Fresh Milk	Value Added Products
Revenue 2014	20%	23%	56%
Revenue 2017	13%	21%	64%
Gross Margins	5-7%	10-12%	25-40%

Moving towards Dairy FMCG Products with focus on Health & Nutrition

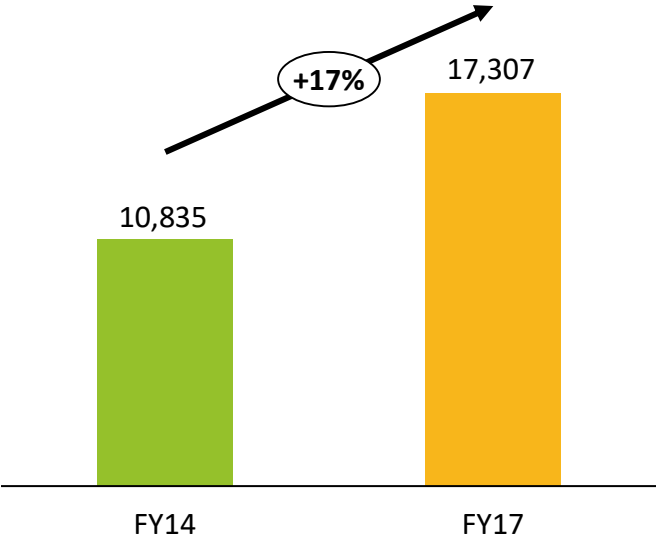


Consolidated Financial Analysis

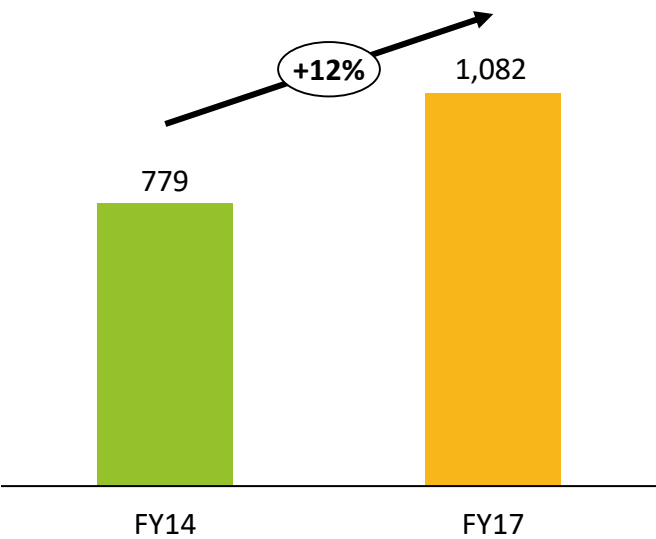


Ideas for a new day

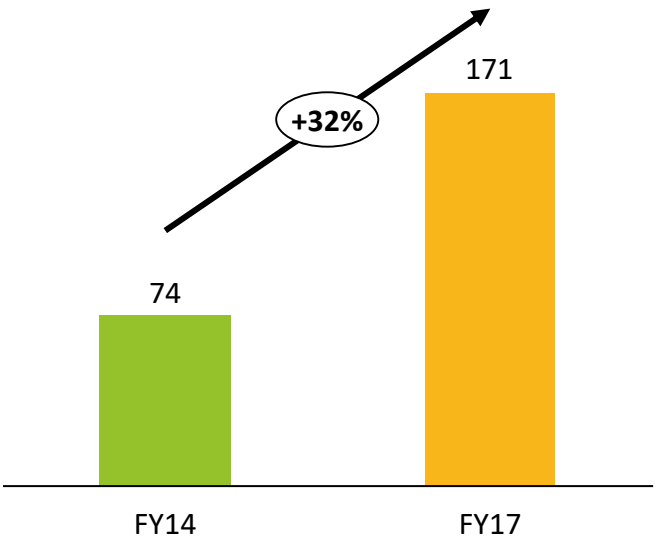
Revenue



EBITDA



PAT



Consolidated Profit & Loss Statement

Particulars	FY17	FY14
Revenue from Operations	17,307.4	10,835.3
Raw Material Costs	12,588.2	7,401.9
GROSS PROFIT	4,719.2	3,433.4
Gross Margins	27.3%	31.7%
Employee Expenses	794.5	476.4
Other Expenses	2,843.1	2,178.4
EBITDA	1,081.6	778.6
EBITDA Margin %	6.2%	7.2%
Other Income	109.9	9.3
Depreciation	489.6	275.8
EBIT	701.9	512.1
EBIT Margin %	4.1%	4.7%
Finance Cost	332.8	449.1
Exceptional Items	193.8	0.0
PBT	175.3	63.0
Tax Expense	4.0	-11.4
PAT	171.3	74.3
PAT Margin %	1.0%	0.7%

Consolidated Balance Sheet



Ideas for a new day

Particular	March-17	March-14
Total Shareholders Fund	6,574.1	921.1
Share Capital	841.2	159.7
Reserves & Surplus	5,733.0	761.4
Total Non Current Liabilities	992.8	2,878.6
Long Term Borrowings	713.3	2,745.0
Deferred Tax Liabilities	98.7	52.2
Long Term Liabilities	165.2	80.0
Long Term Provision	15.6	1.4
Total Current Liabilities	5,732.0	4,405.7
Short Term Borrowings	1,620.9	2,371.1
Trade Payables	3,118.7	1,254.1
Other Current Liabilities	977.1	771.3
Short term Provision	15.3	9.2
TOTAL EQUITY & LIABILITIES	13,298.9	8,205.5

Particular	March-17	March-14
Total Non Current Assets	4,521.0	3,833.9
Fixed Assets	3,794.4	2,794.9
Non Current Investments	0.1	3.4
Long term loans & advances	707.9	1,019.2
Other Non-Current Assets	18.7	16.4
Total Current Assets	8,777.9	4,371.6
Inventories	4,285.2	1,902.7
Trade Receivables	2,150.2	1,672.9
Cash & Cash Equivalents	1,008.5	42.1
Short Term loans & Advances	877.9	435.6
Other Current Assets	456.1	318.3
TOTAL ASSETS	13,298.9	8,205.5

Business Outlook



Ideas for a new day

REVENUE

Last 3 Years

17% CAGR

Guidance for Next 3 Years

13% – 15% CAGR

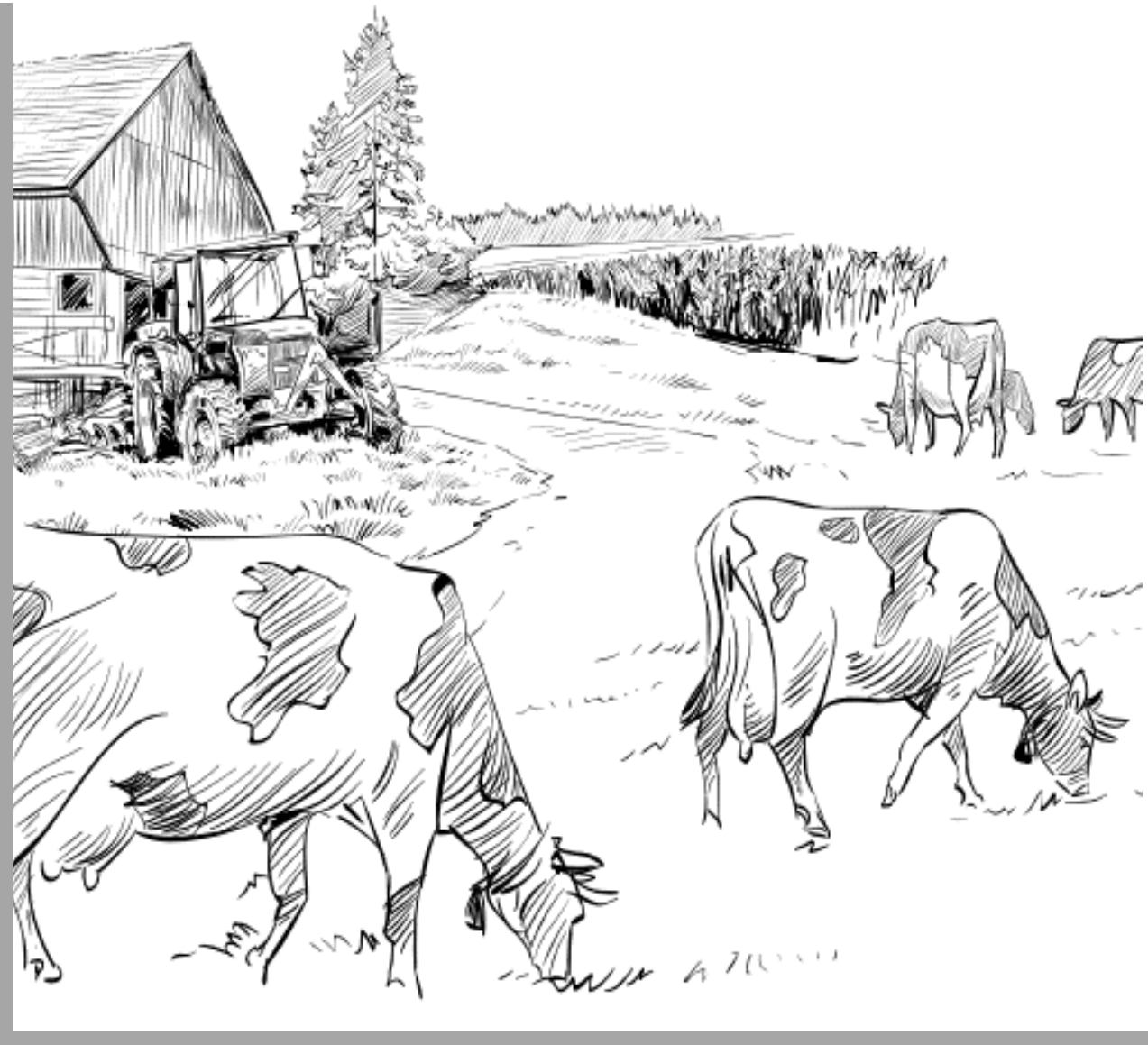
EBITDA Margin

FY17

6.2%

Guidance for Next 3 Years

10% – 11%



Our Background

Evolution



Ideas for a new day



1992

Parag Milk Foods Limited 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'**



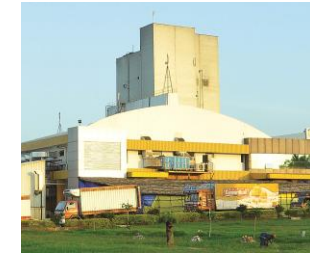
2005

Birth of **Bhagyalaxmi 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

Entered into the Juice drink market by launching a mango drink with a **Dash of milk' and 100% Whey protein**

Board of Directors



Ideas for a new day

Mr. Devendra Shah
Chairman

Mr. B. M. Vyas
Director

Mr. Narendra Ambwani
Independent Director

Mrs. Radhika Pereira
Independent Director



Mr. Pritam Shah
Managing Director

Mr. Sunil Goyal
Independent Director

Mr. Nitin Dhavalikar
Independent Director

Mr. Ramesh Chandak
Director

The Board consists of well qualified personnel with a strong understanding on the Procurement & Production Processes with a wide gamut of Industry experience in the Dairy and Consumer Space backed by innovative abilities to make the company a successful Dairy FMCG company.

Management Team



Ideas for a new day

Mr. Devendra Shah Chairman

Parag Milk Foods is the brainchild of Mr. Shah. He also holds reputed positions in various ventures like Director, National Dairy Research Institute & Secretary of National centre for Rural Development. He is also actively involved in elevation of farming community. Maharashtra Govt had honored him with Maharashtra Udyog Bhushan award.

Mr. Pritam Shah Managing Director

Responsible for the overall Executional Strategy of the Company. He is responsible for bringing in the best manufacturing Technology and his strong understanding of procurement and production process has enhanced Company's overall performance.

Mr. Vimal Agarwal Chief Financial Officer

He is a Chartered Accountant and an MBA by qualification. He has a rich and diversified experience of 18 years in leading FMCGs in India. He has accelerated in Financial Planning, Reporting, Capex & Opex Budgeting, Commercial and Supply Chain Management, Working Capital Management & Cost efficiency strategies. He has demonstrated his leadership skills by driving profitable growth while enhancing Governance Standards in consumer product companies.

Mr. H.S. Oberoi President - Cheese Manufacturing

A Mozzarella Cheese manufacturing expert, he has a B. Tech degree and over 52 years of extensive experience in the dairy industry.

Ms. Akshali Shah VP – Strategy (Sales & Marketing)

An MBA in Family Managed Business from S.P. Jain Institute of Management & Research, she is actively involved in branding, marketing & advertising strategy, category intelligence & competitive analysis. She has also played a key role in the revamping the corporate identity of company.

Mr. Sachin Shah VP – Southern Operations

A science graduate, with over two decades of professional experience, he oversees the Company's operations at Palamaner. He heads Supply Chain function of the Company.

Mr. Sanjay Mishra General Manager, Manchar Plant

He has over two decades of experience and is a Specialist in Process Cheese Recipes. He also heads the Liquid Milk Procurement in the Company.

Mr. Sanjay Nakra General Manager, Palamaner Plant

He is a Dairy Technologist with experience of over 25 years in Dairy Plant level manufacturing. He travels across the world, to track global practices and advancements in the dairy sector.

Mrs. Rachana Sanganeria Company Secretary & Compliance Officer

She is a member of the Institute of Company Secretaries of India with over 12 years of experience. She has been the Company Secretary at Parag Milk Foods Limited since December 2013.



Ideas for a new day

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