



# PARAG MILK FOODS LIMITED

Investor Presentation  
November 2018



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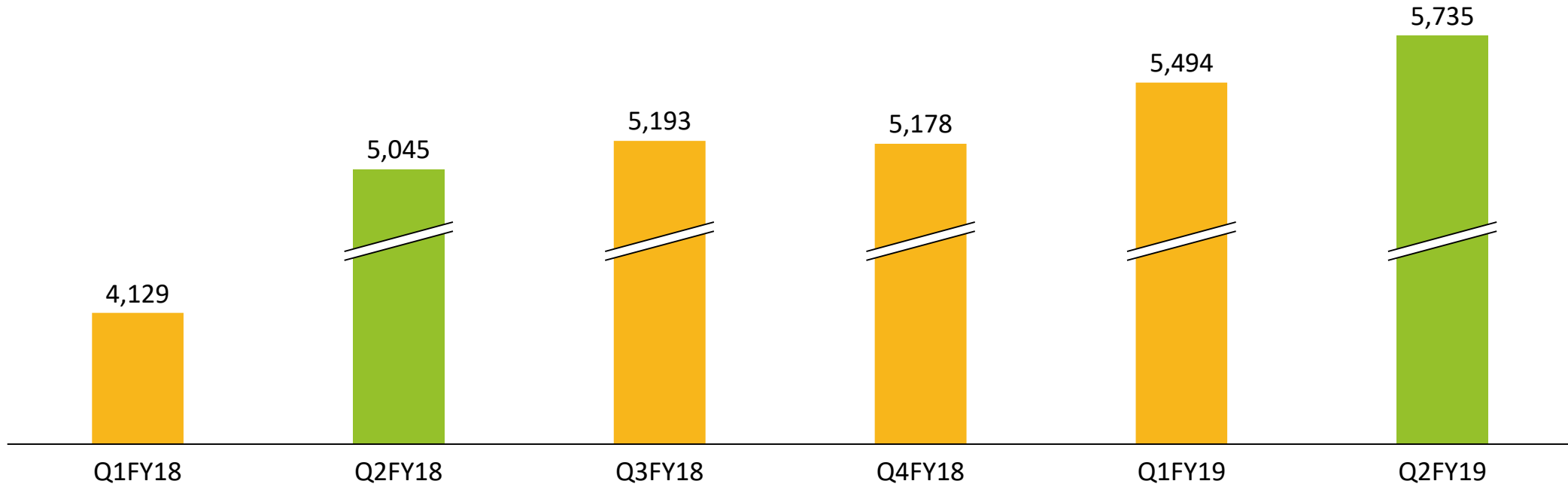


## Q2 & H1 FY19 Financials & Key Developments

# Q2FY19 Performance is on track with Vision FY20

## Revenue Trend

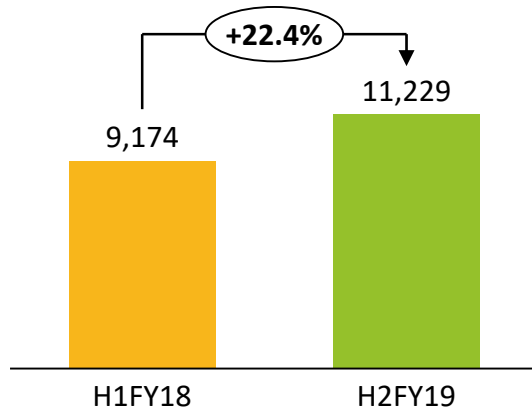
Festive sales upside will be spread across Q2 and Q3



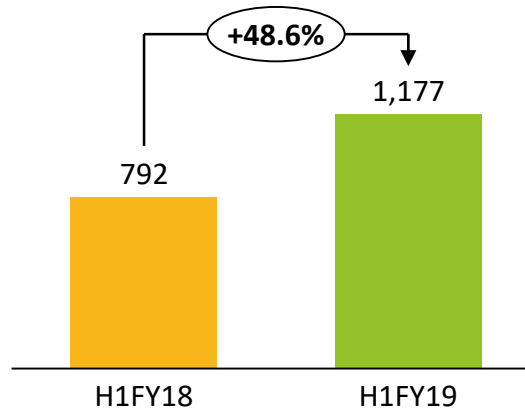
Our focus on Distribution Expansion, Execution and Value-added products is yielding Results

# Consolidated Financial Analysis – H1 FY19

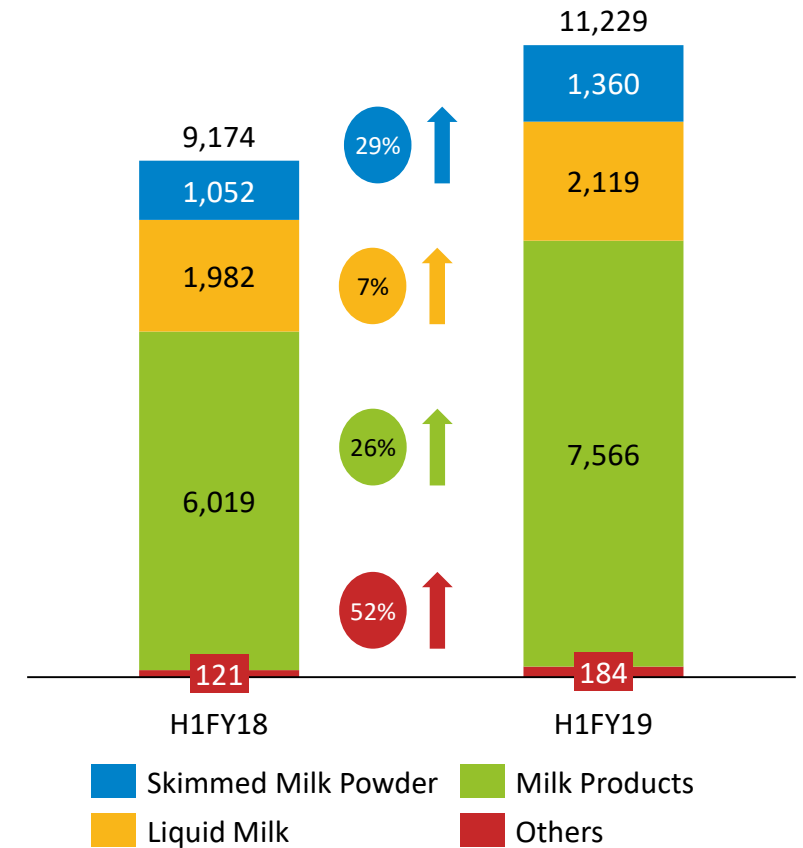
## Revenue (Rs. Mn)



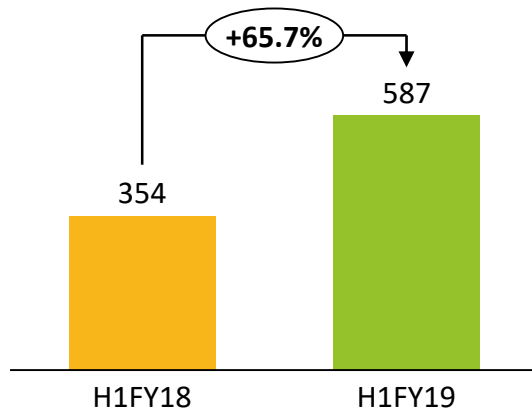
## EBITDA (Rs. Mn)



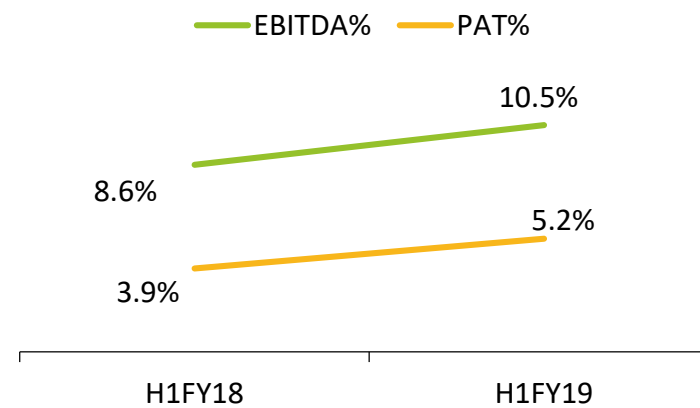
## Product wise Revenue Break-up (Rs. Mn)



## PAT (Rs. Mn)



## Margins (%)

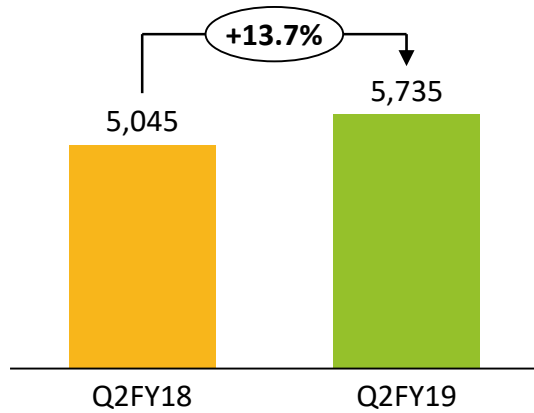


# Consolidated Financial Analysis – Q2 FY19

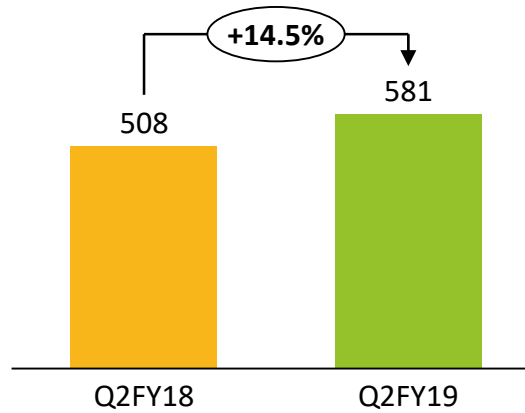


Ideas for a new day

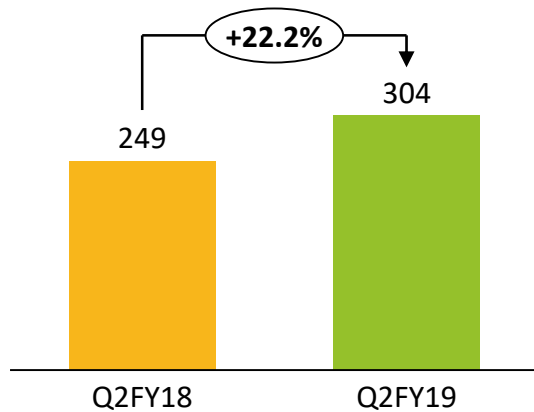
## Revenue (Rs. Mn)



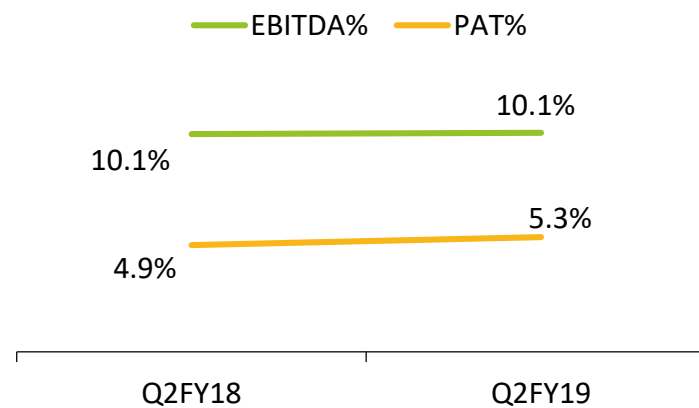
## EBITDA (Rs. Mn)



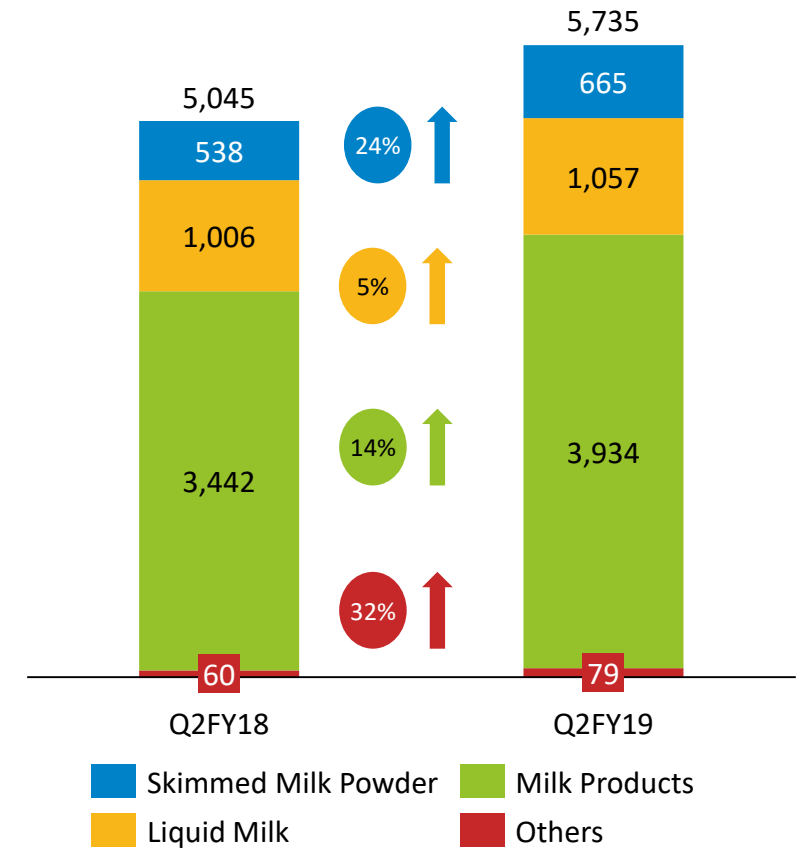
## PAT (Rs. Mn)



## Margins (%)



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



# Key Highlights



Ideas for a new day

## Revenue

- Revenue for H1FY19 was Rs. 11,229.1 million vis-à-vis Rs. 9,173.9 million for H1FY18, a growth of 22.4% YoY
  - Growth is driven by an increase in revenue from Milk Products of 25.7% YoY.
- Consolidated Revenue for Q2 FY19 stood at Rs. 5,734.8 million vis-à-vis Rs. 5,045.1 million for Q2 FY18, registering a growth of 13.7% YoY
  - Growth is driven by an increase in revenue from Milk Products of 14.3% YoY, continued focus of execution excellence and commencement of commercial production at Sonipat Plant.

## Gross Profit

- Gross Profit for H1 FY19 was Rs. 3,435.4 million as compared to Rs. 2,614.7 million in H1 FY18, signifying a growth of 31.4% YoY. Gross Profit Margins improved by 210 bps to 30.6% as compared to 28.5% in H1FY18.
- Gross Profit for Q2 FY19 was Rs. 1,767.7 million as compared to Rs. 1,415.3 million in Q2 FY18. Gross Profit Margins stood at 30.8% for Q2 FY19

## EBITDA

- EBITDA for H1 FY19 stood at Rs. 1,177.4 million as compared to a Rs. 792.3 million in H1 FY18, signifying a growth of 48.6% YoY. EBITDA Margin increased by 190 bps YoY to 10.5% for H1FY19.
- EBITDA for Q2 FY19 stood at Rs. 581.1 million as compared to Rs. 507.7 million in Q2 FY18, resulting in a growth of 14.5% YoY. EBITDA Margins were sustained at a healthy 10.1%

## PAT

- PAT for H1 FY19 stood at Rs. 587.0 million as compared to Rs. 354.3 million in H1FY18, recording a growth of 65.7% YoY. The PAT Margin stood at 5.2% for H1FY19.
- PAT for Q2 FY19 stood at Rs. 304.3 million as compared to Rs. 249.0 million in Q2FY18, recording a growth of 22.2% YoY. The PAT Margin stood at 5.3% for Q2FY19 vis-à-vis 4.9% for Q2FY18.



# Consolidated Profit & Loss Statement

Particulars	Q2FY19	Q2FY18	YoY	Q1FY19	QoQ	H1FY19	H1FY18	YoY
<b>Revenue from Operations</b>	<b>5,734.8</b>	<b>5,045.1</b>	<b>13.7%</b>	<b>5,494.2</b>	<b>4.4%</b>	<b>11,229.1</b>	<b>9,173.9</b>	<b>22.4%</b>
Raw Material Costs	3,967.1	3,629.8		3,826.6		7,793.7	6,559.2	
<b>GROSS PROFIT</b>	<b>1,767.7</b>	<b>1,415.3</b>	<b>24.9%</b>	<b>1,667.7</b>	<b>6.0%</b>	<b>3,435.4</b>	<b>2,614.7</b>	<b>31.4%</b>
<b>Gross Margins</b>	<b>30.8%</b>	<b>28.1%</b>	<b>270 bps</b>	<b>30.4%</b>	<b>40 bps</b>	<b>30.6%</b>	<b>28.5%</b>	<b>210 bps</b>
Employee Expenses	232.6	186.4		204.2		436.8	347.4	
Other Expenses	954.0	721.2		867.2		1,821.2	1,475.0	
<b>EBITDA</b>	<b>581.1</b>	<b>507.7</b>	<b>14.5%</b>	<b>596.2</b>	<b>-2.5%</b>	<b>1,177.4</b>	<b>792.3</b>	<b>48.6%</b>
<b>EBITDA Margin %</b>	<b>10.1%</b>	<b>10.1%</b>	<b>-</b>	<b>10.9%</b>	<b>-80 bps</b>	<b>10.5%</b>	<b>8.6%</b>	<b>190 bps</b>
Other Income	14.7	36.2		17.8		32.5	51.7	
Depreciation	133.6	129.2		135.5		269.1	244.8	
<b>EBIT</b>	<b>462.1</b>	<b>414.7</b>	<b>11.4%</b>	<b>478.5</b>	<b>-3.4%</b>	<b>940.7</b>	<b>599.1</b>	<b>57.0%</b>
Finance Cost	76.3	81.5		101.4		177.8	151.4	
Exceptional Items	-	-		-		-	-	
<b>PBT</b>	<b>385.8</b>	<b>333.2</b>	<b>15.8%</b>	<b>377.1</b>	<b>2.3%</b>	<b>762.9</b>	<b>447.7</b>	<b>70.4%</b>
Tax Expense	81.5	84.2		94.4		175.9	93.5	
<b>PAT</b>	<b>304.3</b>	<b>249.0</b>	<b>22.2%</b>	<b>282.7</b>	<b>7.6%</b>	<b>587.0</b>	<b>354.3</b>	<b>65.7%</b>
<b>PAT Margin %</b>	<b>5.3%</b>	<b>4.9%</b>	<b>40 bps</b>	<b>5.1%</b>	<b>20 bps</b>	<b>5.2%</b>	<b>3.9%</b>	<b>130 bps</b>
Other Comprehensive Income	-1.1	1.1		-0.4		-1.5	-0.7	
<b>Total Comprehensive Income</b>	<b>303.2</b>	<b>250.1</b>	<b>21.2%</b>	<b>282.3</b>	<b>7.4%</b>	<b>585.5</b>	<b>353.6</b>	<b>65.6%</b>

# Consolidated Balance Sheet



Ideas for a new day

Particulars	Sept-18	Mar-18
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	4,086.6	3,922.7
Capital work-in-progress	256.2	204.0
Other intangible assets	43.1	47.5
Biological assets other than bearer plants	293.4	290.9
<b>Financial assets</b>		
Investments	6.1	5.1
Loans	3.6	3.5
Other financial assets	102.7	95.2
Deferred tax assets (net)	136.5	75.2
Other non-current assets	196.9	119.7
<b>Sub-total - Non-Current Assets</b>	<b>5,124.9</b>	<b>4,763.7</b>
<b>Current assets</b>		
Inventories	3,957.6	4,379.3
Financial assets		
Trade receivables	2,706.9	2,517.2
Cash and cash equivalents	218.5	310.0
Bank balances other than Cash equivalents	108.8	186.0
Other current assets	1,871.3	1,659.0
<b>Sub-total - Current Assets</b>	<b>8,863.1</b>	<b>9,051.6</b>
<b>TOTAL - ASSETS</b>	<b>13,988.0</b>	<b>13,815.3</b>

Particulars	Sept-18	Mar-18
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity Share capital	839.4	838.9
Other equity	6,817.4	6,282.8
<b>Sub-total - Shareholders' funds</b>	<b>7,656.8</b>	<b>7,121.6</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial liabilities		
Borrowings	727.9	635.2
Provisions	42.8	35.5
Other non-current liabilities	29.1	58.2
<b>Sub-total - Non-current liabilities</b>	<b>799.8</b>	<b>728.8</b>
<b>Current liabilities</b>		
Financial liabilities		
Borrowings	1,618.2	2,001.5
Trade payables	2,896.3	3,032.6
Other financial liabilities	742.2	742.5
Other current liabilities	58.4	113.0
Provisions	13.9	13.8
Current tax liabilities (net)	202.4	61.5
<b>Sub-total - Current liabilities</b>	<b>5,531.5</b>	<b>5,964.8</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>13,988.0</b>	<b>13,815.3</b>

# New Product Launches

## Go Colo Power

First 100% natural **immunity booster**

rich in essential **immunoglobulins** and **nutrients**

Collaborated with **ColoPlus AB**, a Swedish research organization

Available on **E-commerce platforms** and all metro cities in a **200 gms** pack



## Go Chocolate Cheese

Eaten as Cheese, Enjoyed as Chocolate

The product is mainly **targeted towards kids**

Will be available across **Retail & Modern Trade** outlets

Parag through its Brand "GO" is known for its cheese in India and is the only company in the country to launch Chocolate flavoured Cheese



## Gowardhan Kesar Dahi

**Flavoured curd** made from rich and natural kesar (saffron)

**No added preservatives** or artificial colours

Available across **Retail & Modern Trade** outlets in a **80 gm & 200 gm** pack



# Recent Initiatives

## Pride of Cows collaborates with Gauri Khan for its 7th Anniversary Celebrations

Gauri Khan co-created an exquisite limited edition bottle with a unique design label

The label was designed with shades of gold, white and black to depict a blend of elegance and luxury, traits embodied by the brand



## Launched Gowardhan Fresh Milk in North India from the Sonipat Plant

Packaged Cow milk market in Delhi-NCR is close to Rs. 1,000 Crs

Along with Delhi NCR, the company also plans to reach out to the neighboring regions within 250-300 km radius of the Sonipat plant

Targeting an 8-10% market share in the region in FY19

Parag will also upgrade the new facility with additional amenities for the supply of curd, buttermilk, flavoured milk etc



# Marketing Campaigns & Consumer Engagement Initiatives

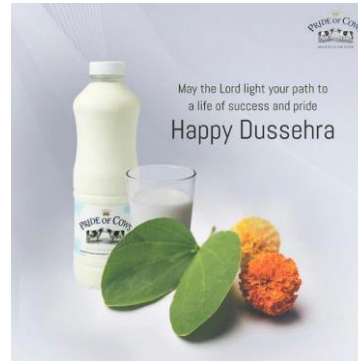


Ideas for a new day

## Gowardhan Ghee TV Promotions



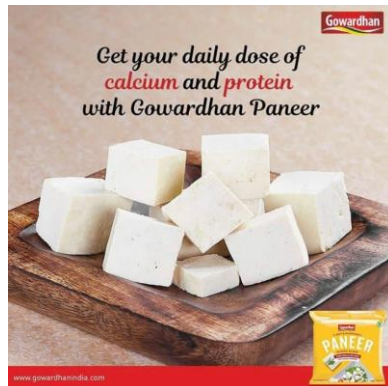
## Pride of Cows Digital Campaigns



**Consumer Voice - Jago Grahak Jago** tested 8 popular brands of Packaged Paneer on a range of Quality, Safety and Acceptability parameters and found **Gowardhan Paneer** to be one of the top brands that is safe to consume



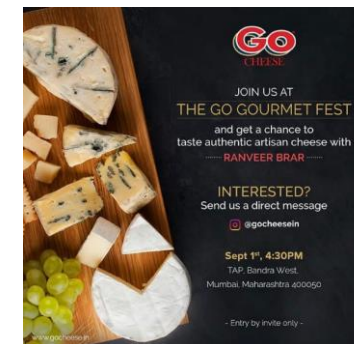
## Gowardhan Paneer Campaign



## Avvatar at International Health Sports and Fitness Festival (IHFF) 2018



## The Go Gourmet Fest, Mumbai



# North & East – Key Growth Driver

## Sonipat Plant

- **Commercial Production** has commenced
- **Fresh Category** products will be supplied from this plant
- Further scale up of plant will happen in the next few quarters

## Distribution & Infrastructure

- > **200** new distributors added
- > **25K** new outlets added in H1
- **100% Cold Infrastructure** ready in all key towns



Manufacturing Facility Sonipat, Haryana

## Manpower

- Key **leadership position** created for this region
- Added **Sales Force** at ground level

## Technology

- Scale up in leveraging Technology – **Bizom and Distribution Management System (DMS)**
- **Optimized Network** and availability



**Our Vision is to Expand our Reach and Penetration of our Products in Northern and Eastern India**



Our Journey so far...

# Did You Know???



Ideas for a new day



One of India's **State-of-the-Art Infrastructure** with a milk processing capacity of **2.9 Mn Litres Per Day**

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

Leaders & Pioneers of **Cow Ghee** category

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

The **Leading private player in UHT 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 B2C **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 2.8-3.0 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 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



# 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

## **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. 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. Amarendra Vishnu Sathe**

Chief Commercial Officer (CCO)

He has 24+ years of experience in new product launches, brand management, sales promotion & distribution management. He is PGDMM (Marketing) from INDSEARCH Institute of Management and B.Sc from A.G.College. Prior to joining us, he was associated with Kimberly-Clark Lever Pvt. Ltd as Director Sales India & SAARC and served as Director Sales with Inbisco India Pvt. Ltd and Uni-charm India Pvt. Ltd. He also had various roles with PepsiCo India Holdings Pvt. Ltd.

## **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.

## **Mr. Harshad Joshi**

Chief Operating Officer

He is a graduate in Dairy Technology from S.M.C. College of Dairy Science, Energy Conservation in Dairy Industries from NDDDB and Strategic Retail Management from ISB. He has 26+ years of experience. Prior to joining us, he was associated as CEO in Vizebh Agri Sciences Pvt Ltd, CEO in Maahi Milk Producer and as GM – Merchandising & Operations in Bharti - Walmart and as GM Sales & Marketing in VRSs Foods Ltd. He had leadership positions at Amul-Fed Dairy, Gayatri Dairy Ltd. and in Sardar Dairy Pvt. Ltd.

## **Mrs. Rachana Sanganeria**

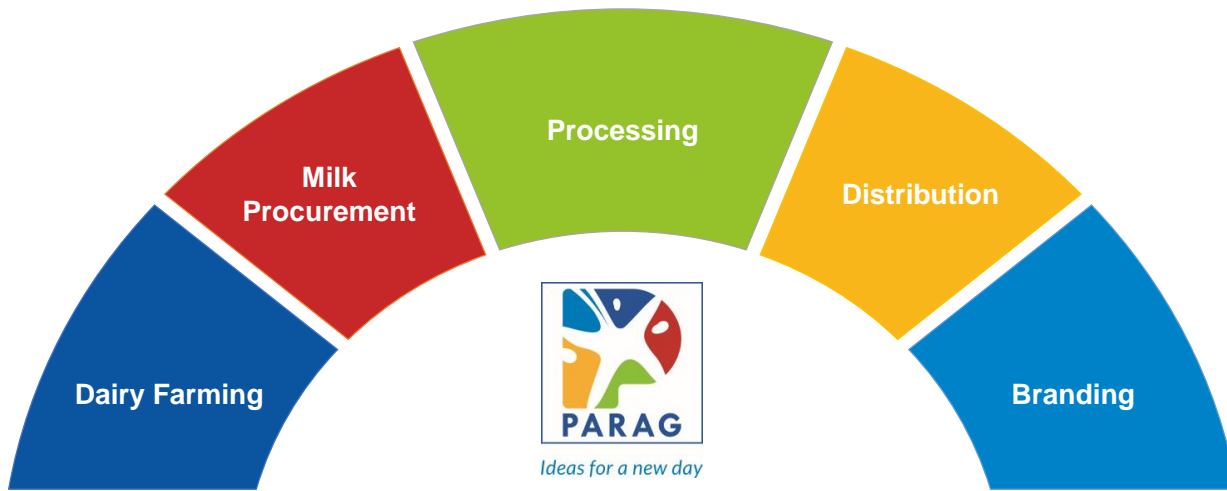
Company Secretary & Compliance Officer

Qualified Company Secretary and an Associate Member of the Institute of Company Secretaries of India. She also holds a Bachelor's degree in Commerce and LL.B. degree from the University of Mumbai. She has over 18 years of experience as a Company Secretary.

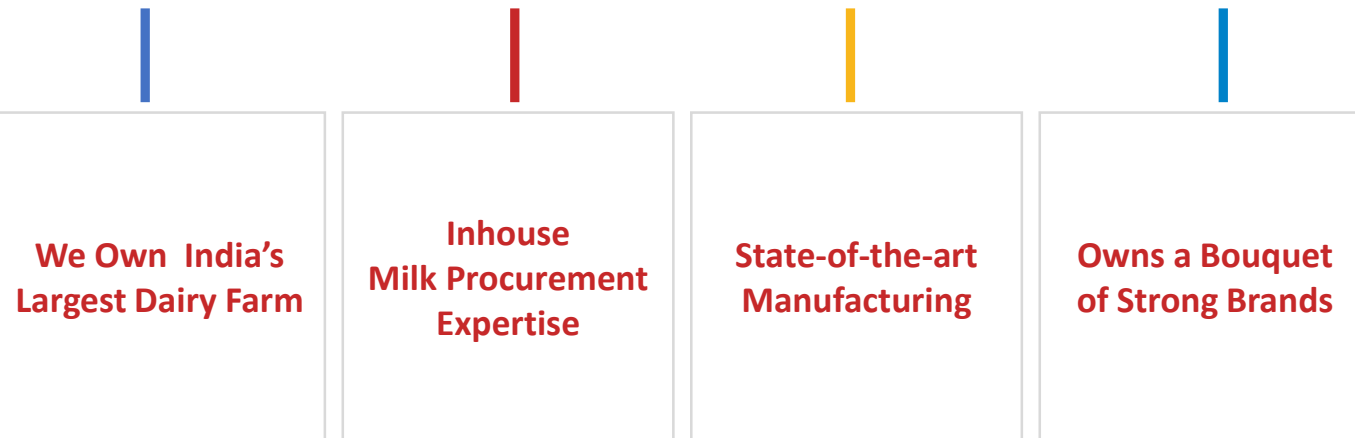


## Creating Value through an Integrated Business Model

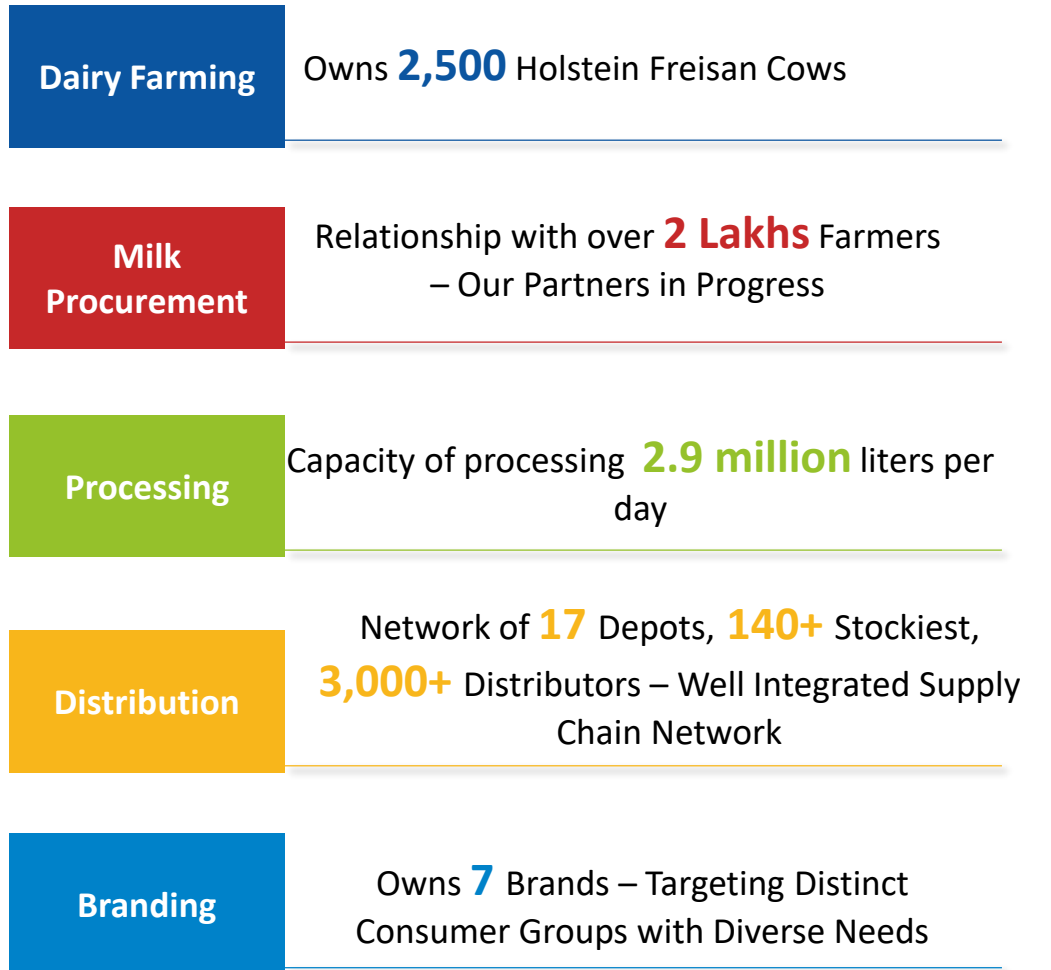
# Fully Integrated Business Model...



## COMPETITIVE EDGE OVER OTHER PLAYERS IN INDUSTRY



## STRONG PRESENCE ACROSS THE VALUE CHAIN



# 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**

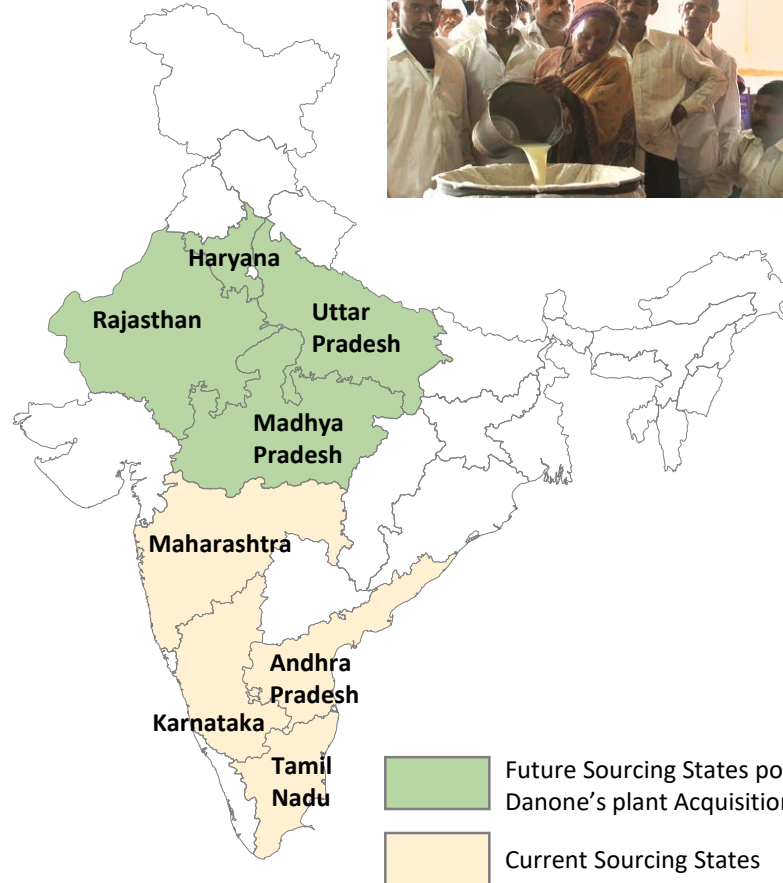
Tier 2

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

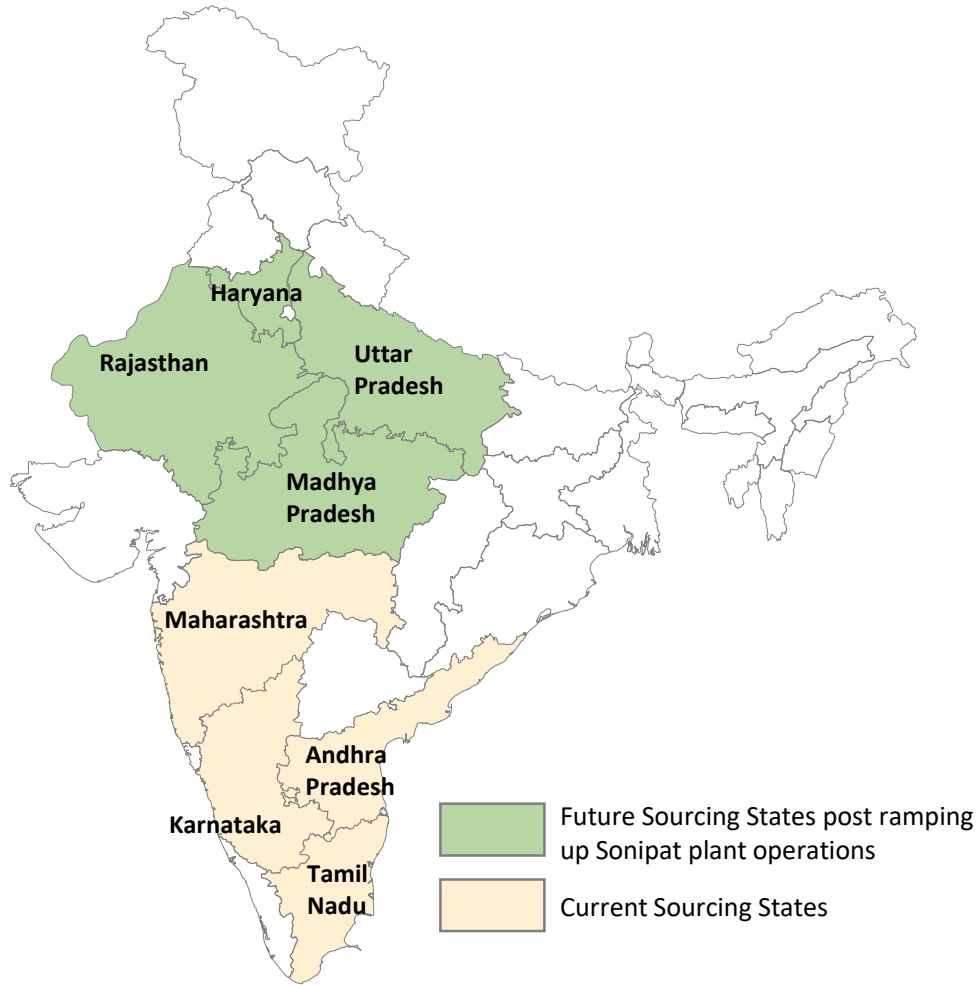
Building Relationship with Farmers

Improving the Productivity of Cows

Free Health Camps for Cattles

Free Vaccinations for Cattles

# 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>

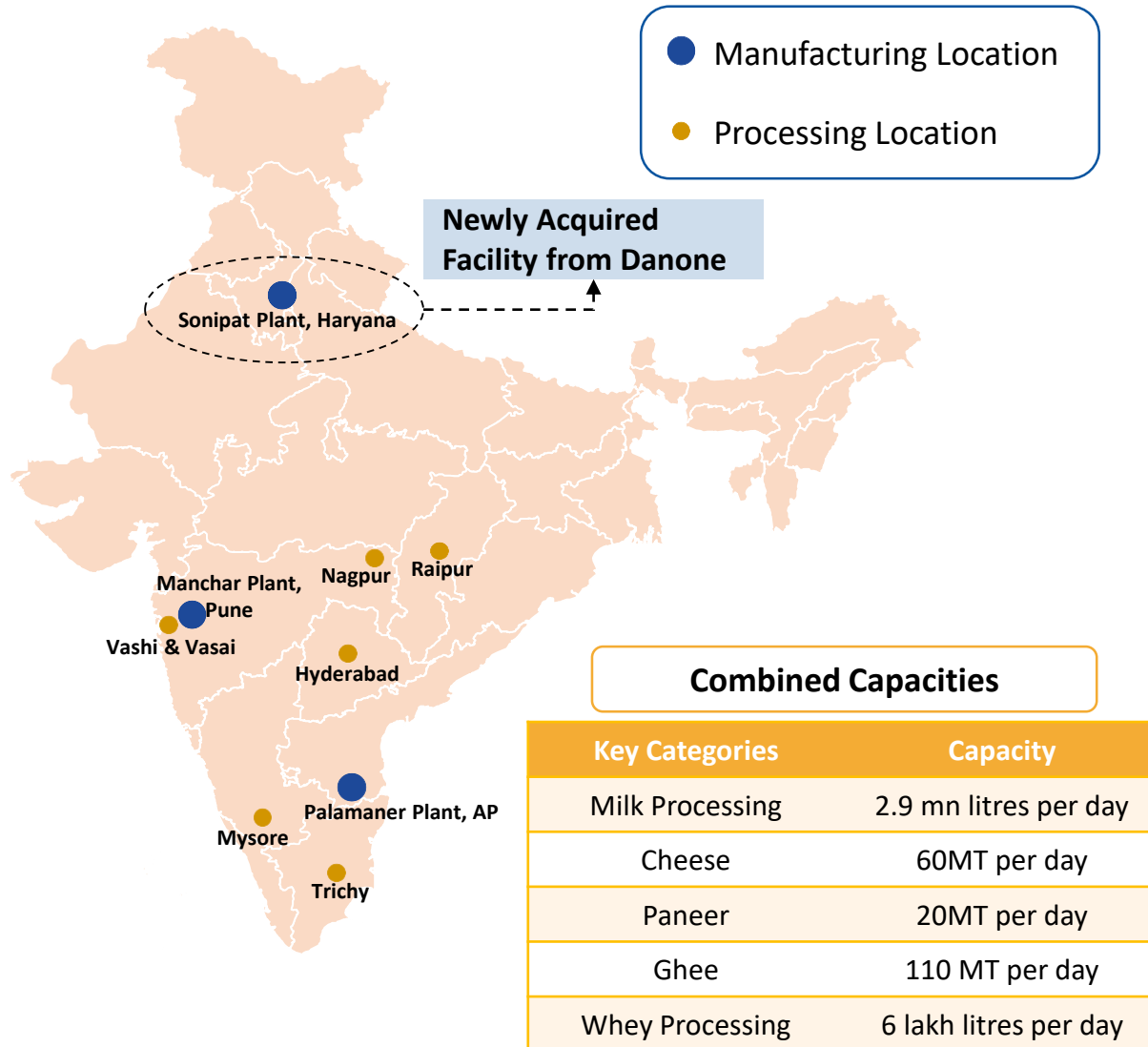
\*Including Telangana

**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



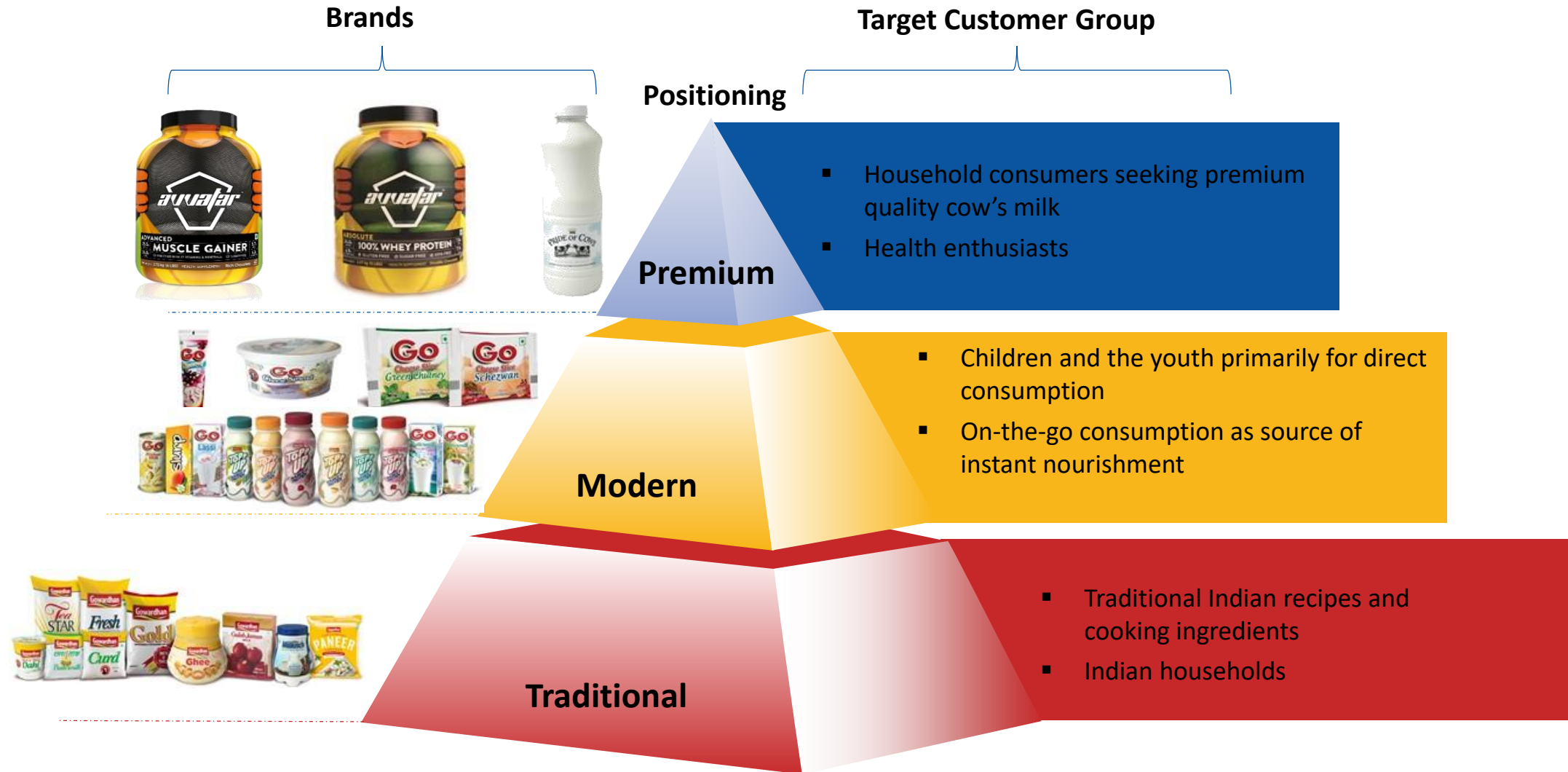
# State-of-the-Art Manufacturing Facilities



## 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
- Newly **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

# Diverse Portfolio catering to all Segment of Customers



# Working closely with Institutional Clients



**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**

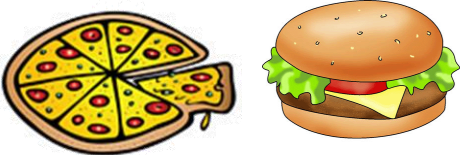
Maintaining the **Exclusivity of the Product**

**Strong/ Long term Relations** with Customers

## Supplies To:

**Prominent Burger Chains**

**Major FMCG companies**

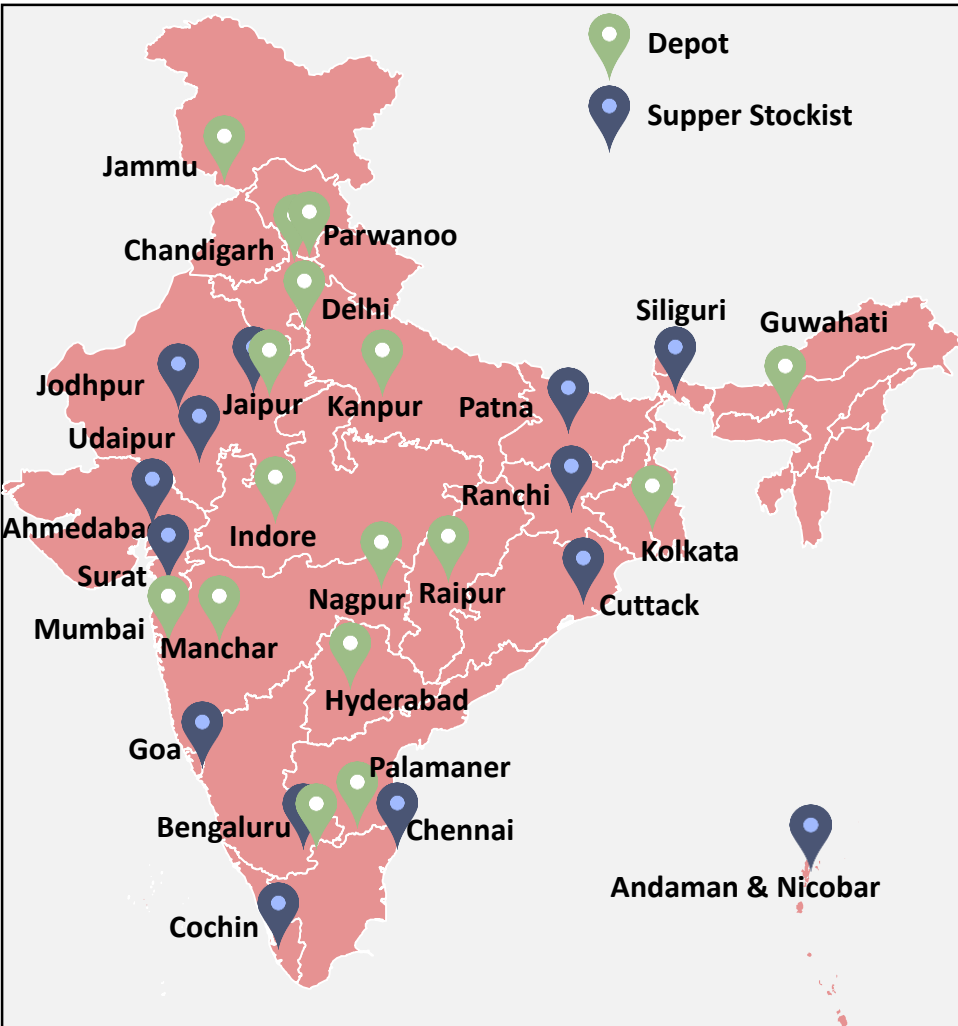


**Leading Pizza Chains**

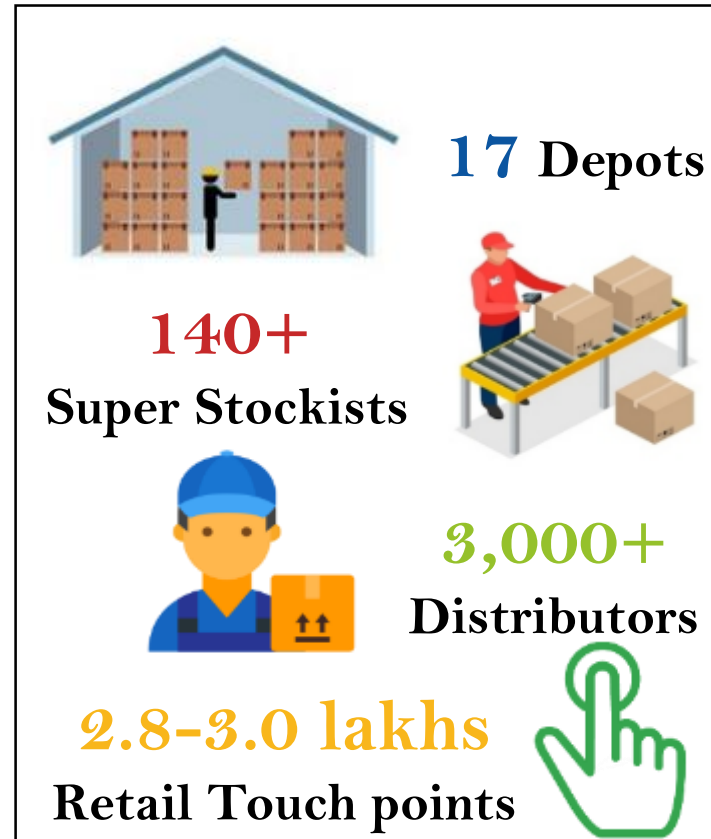
**Hotels, Restaurants and Food Chains**

# Last mile availability from 'Farm to Fork'

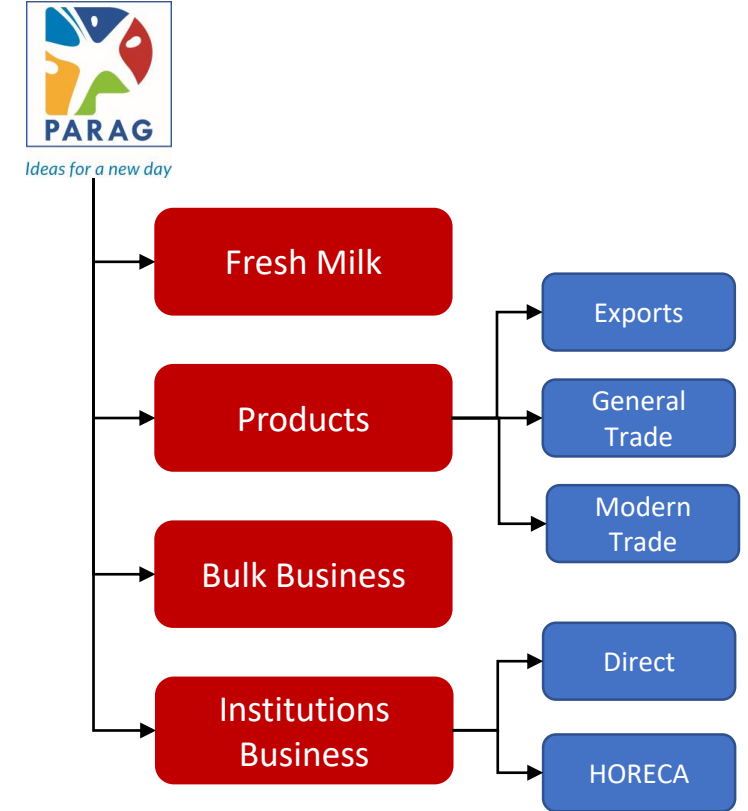
## Pan-India Reach



## Distribution Network



## Route-to-market Strategy



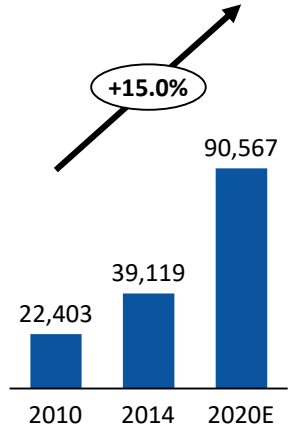
- Dedicated Sales and Marketing team comprising of over 800 personnel
- Sales force Automation –Better visibility of Supply Chain Management

# Our Growth Strategy

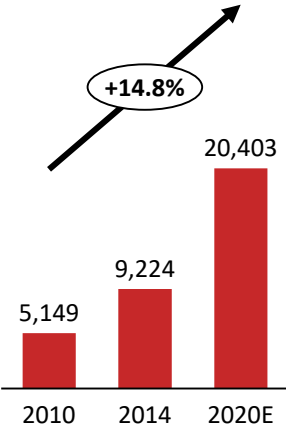


# Industry has tremendous Growth Potential

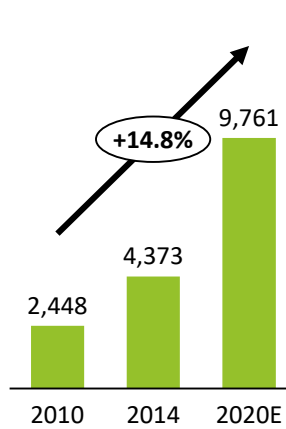
Liquid Milk



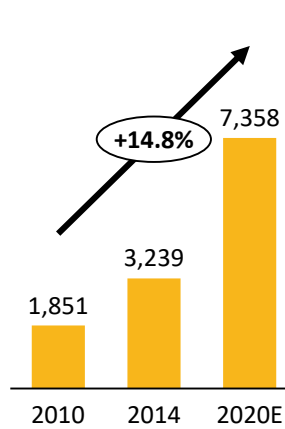
Ghee



Paneer



Curd



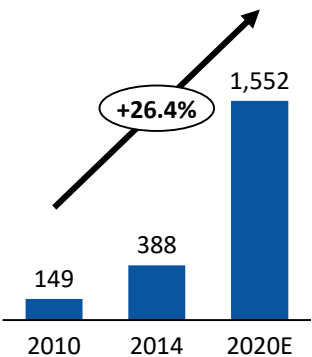
**Traditional Products Growth**

**CAGR of 15%**

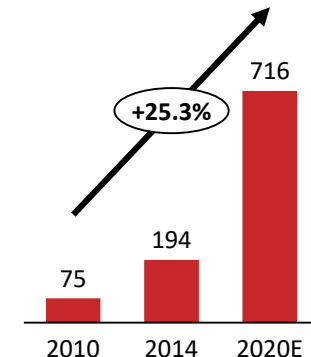
**Modern Products Growth**

**CAGR of 26%**

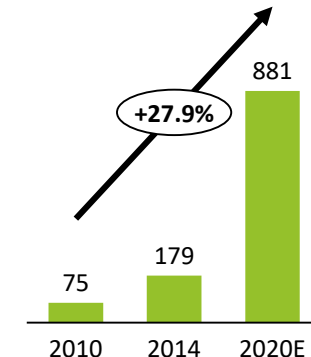
UHT Milk



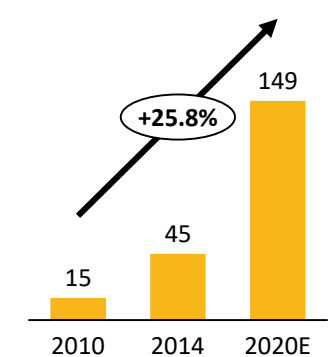
Flavoured Milk



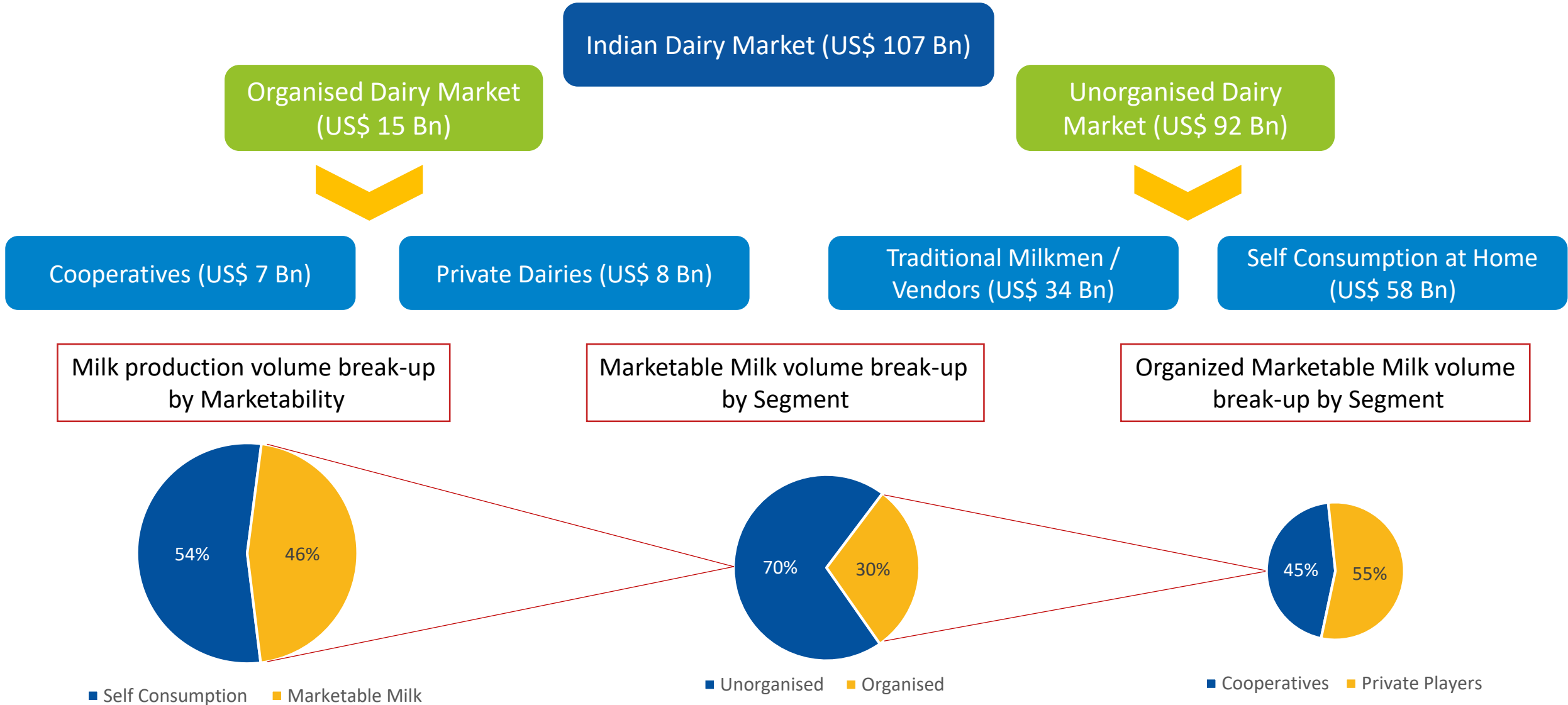
Cheese



Whey (Powder)



# Indian Dairy Market Structure



# 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







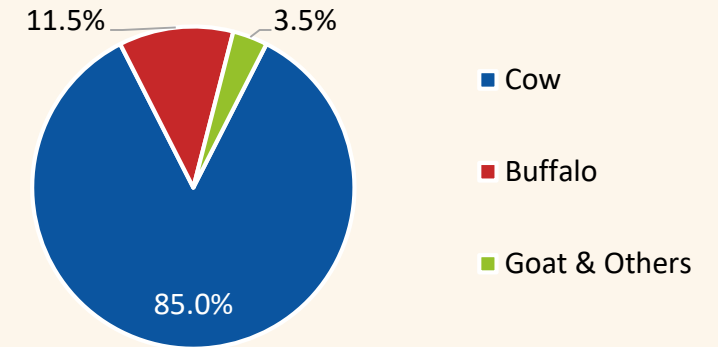
## Industry Dynamics

# India Contributes > 20% of Global Milk Production

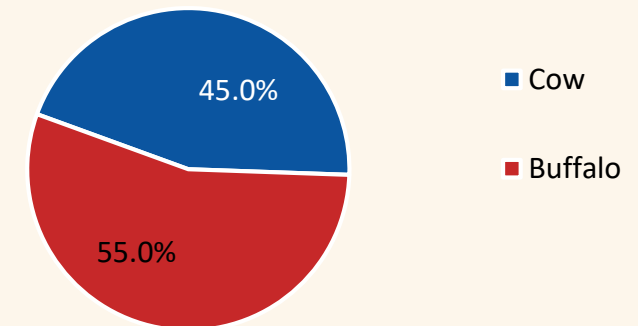
**Top Milk Producing Countries (Million MT)**

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**

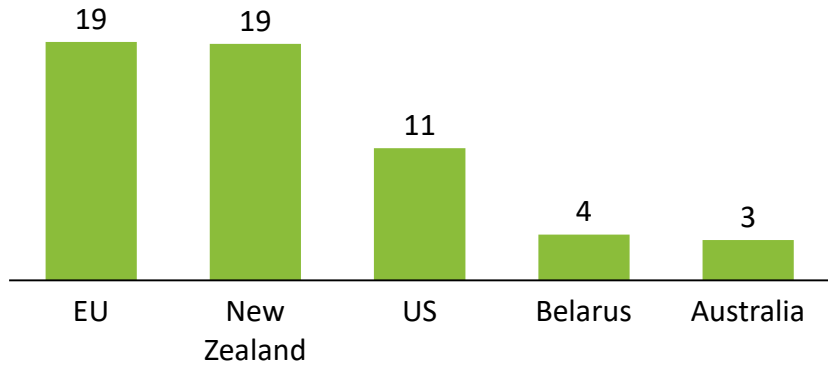


**India - Animal Wise Milk Production - 2017**

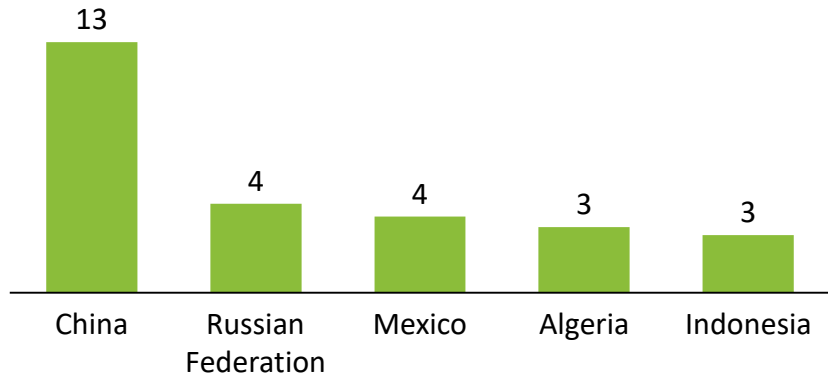


# Indian Dairy Sector is self-sufficient

**Top Exporting Countries (Million MT) - 2017**

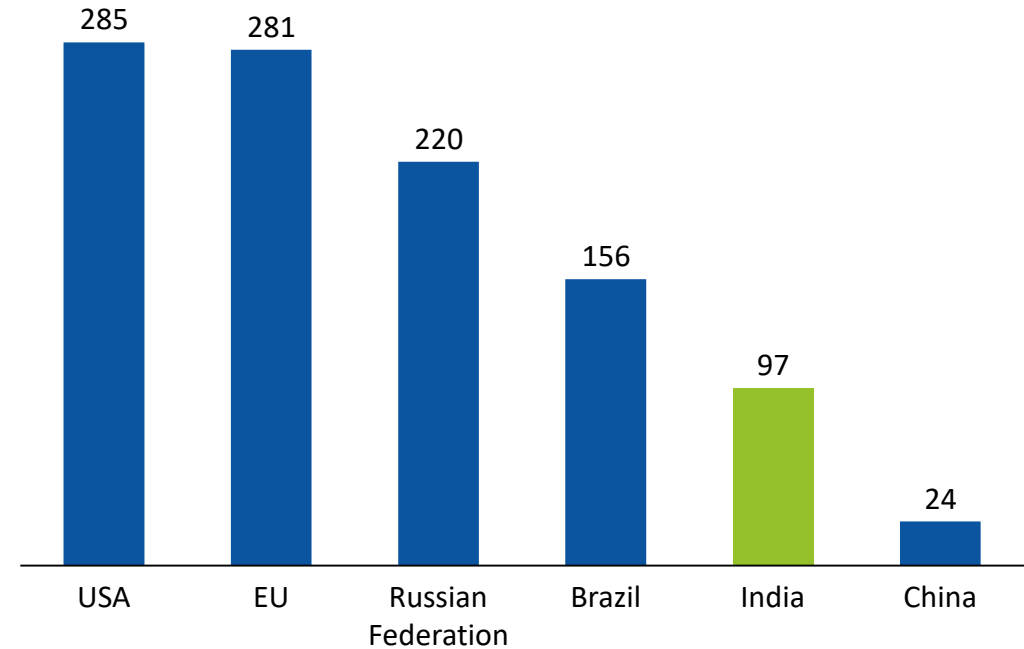


**Top Importing Countries (Million MT) - 2017**



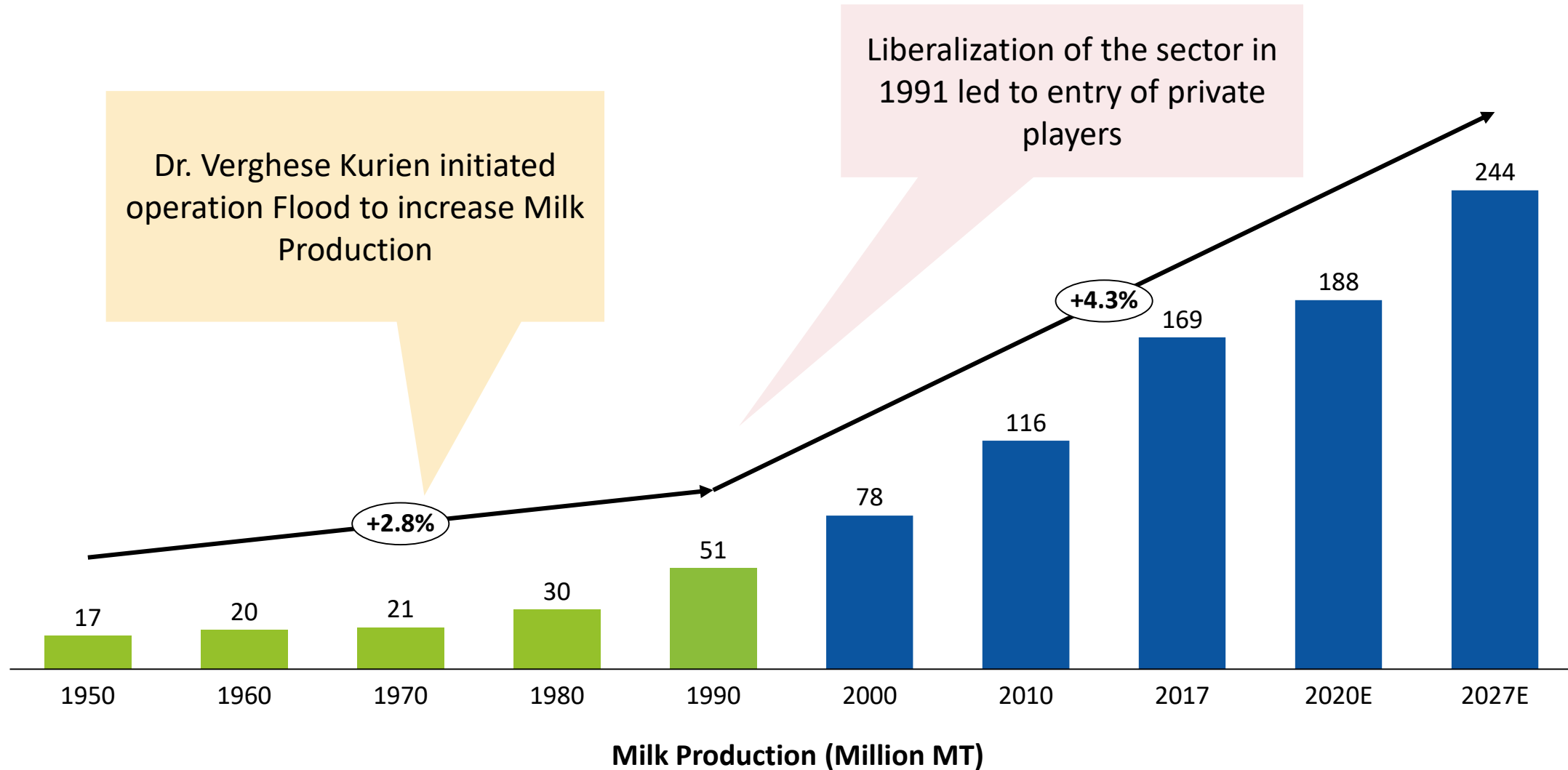
India's share in World trade of Milk & Milk Products is negligible

**Country Wise Per Capita Milk Consumption (litres / Year)**

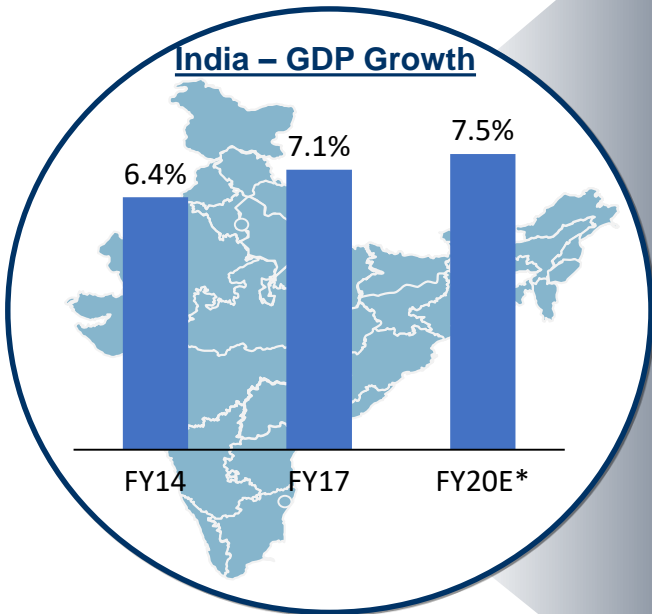


Although, India is the largest milk Producer in the world, its per capita consumption is one of the lowest

# Milk Production in India



# 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**

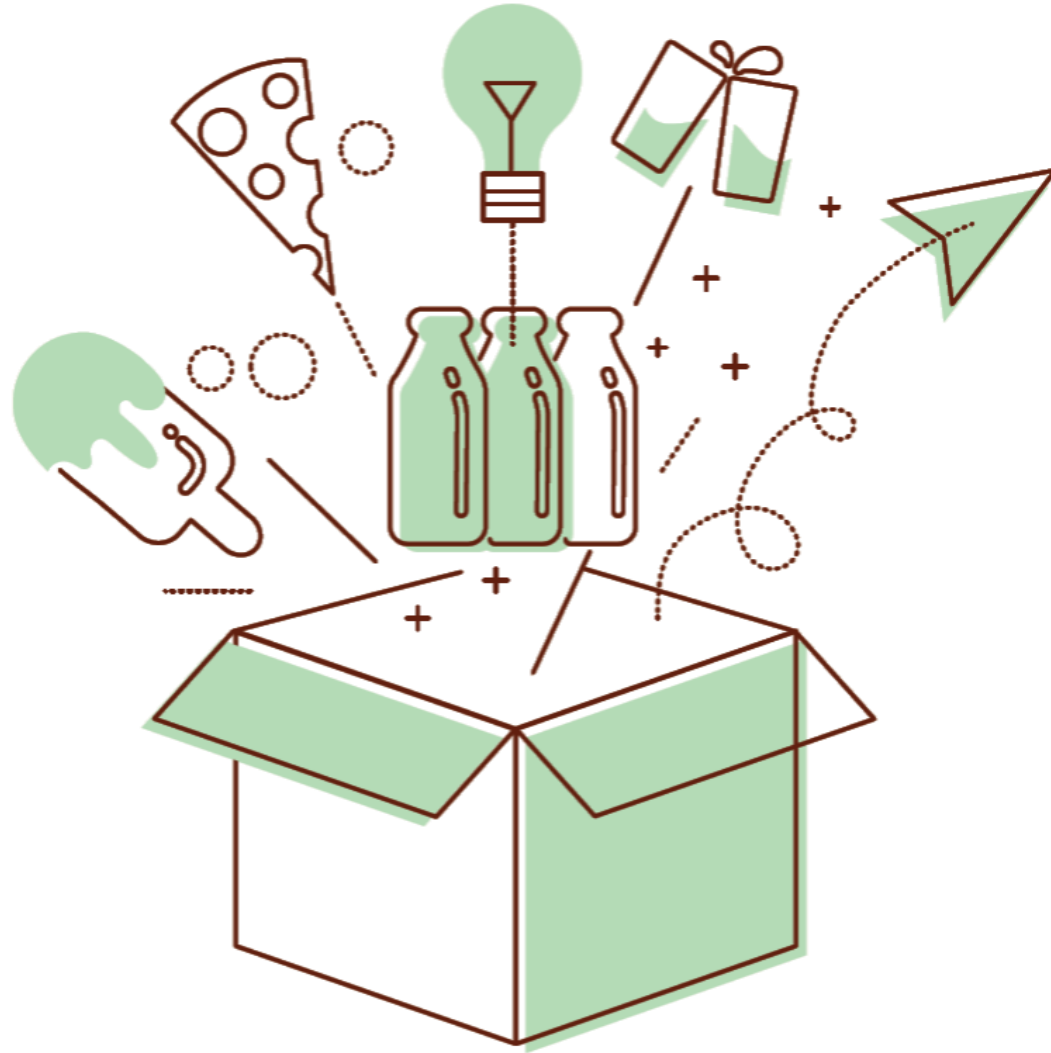
- Milk being important source of vital nutrients especially for vegetarians, consumers are shifting away from cereals to milk & dairy products
- 31% Indian population is vegetarian, ensuring continuous demand for milk & dairy products

**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: IMARC Report

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



Vision 2020

	FY 2018	FY 2020
Revenue	Rs. 1,955 Crs	Rs. 2,700 – 3,000 Crs
EBITDA Margin	10.5%	11- 12%
ROCE	15.8%	18-20%



# Financial Highlights

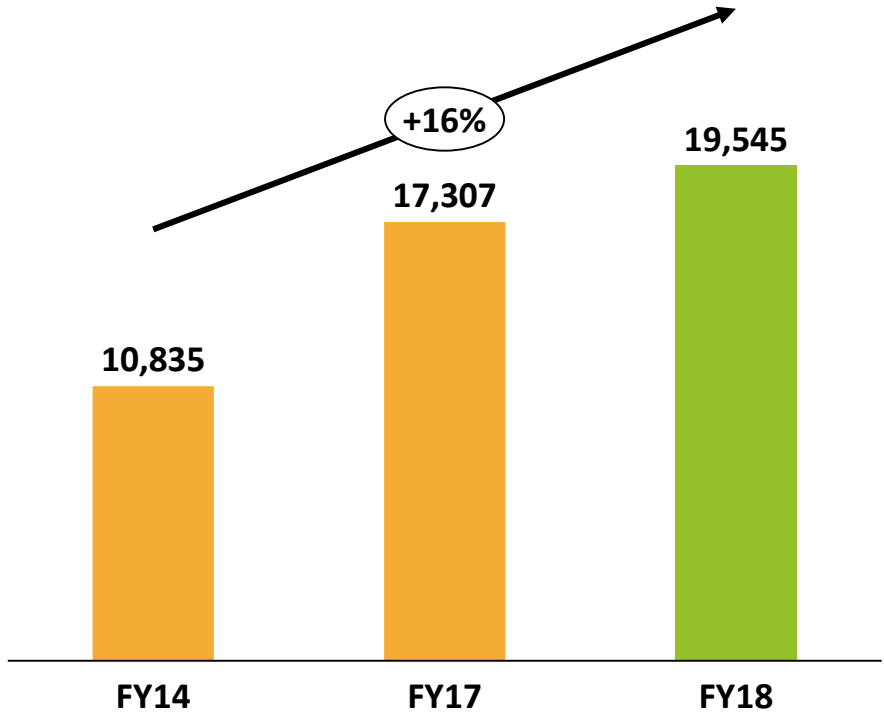




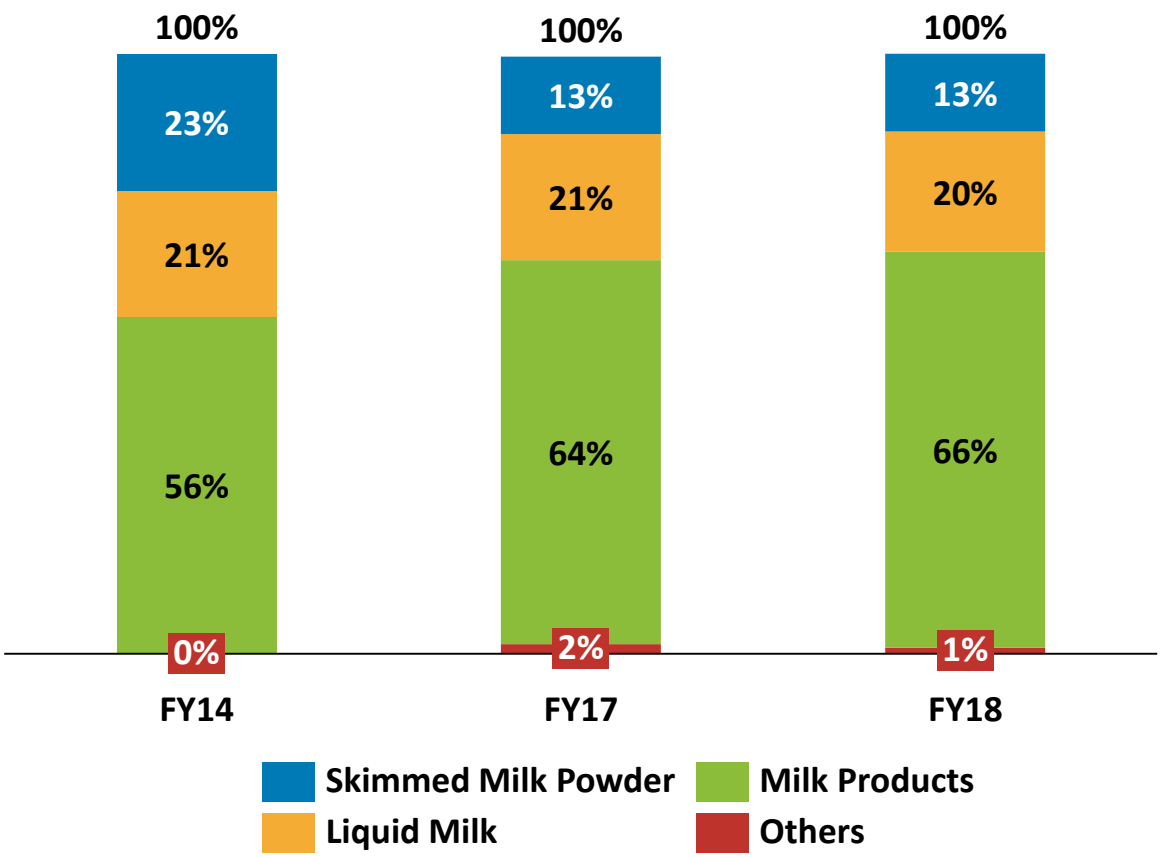
# Consolidated Revenue Highlights – FY18



Revenue (Rs. Mn)

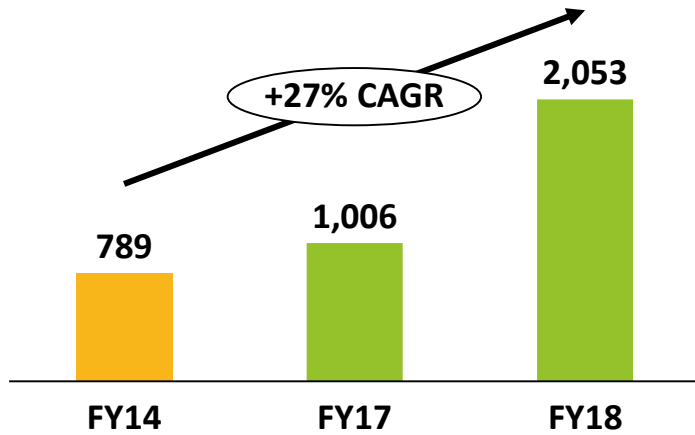


Category wise Share

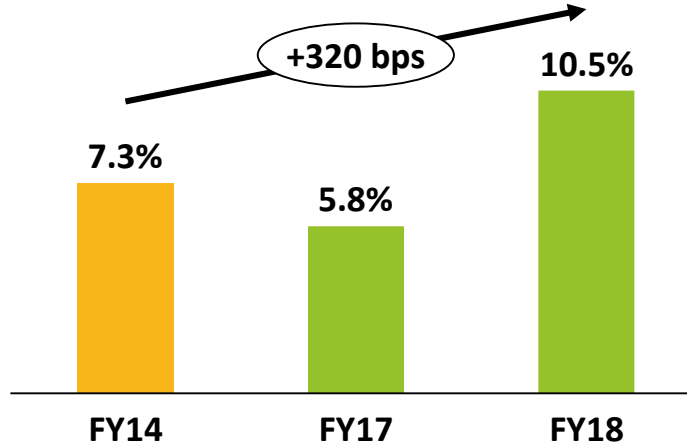


# Consolidated Profitability & Returns

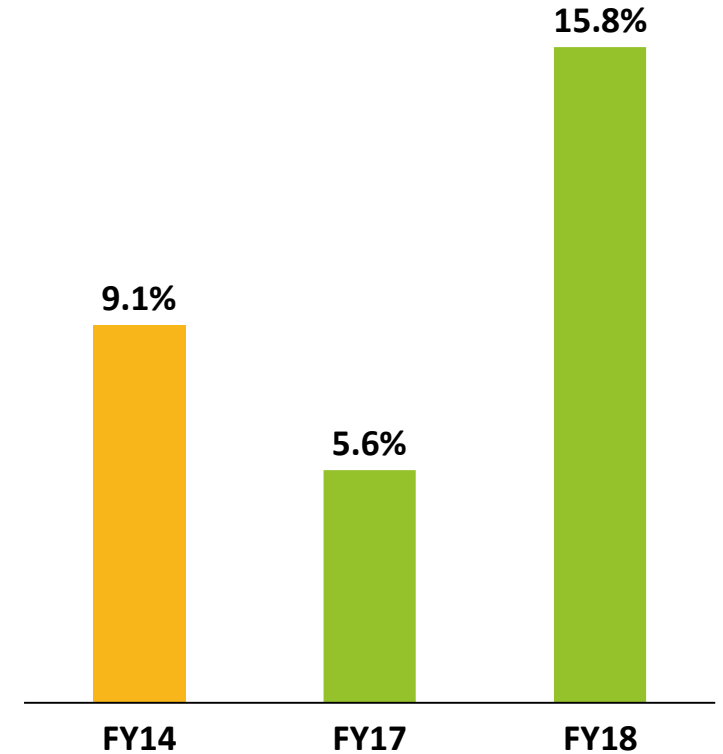
EBITDA (Rs. Mn)\*



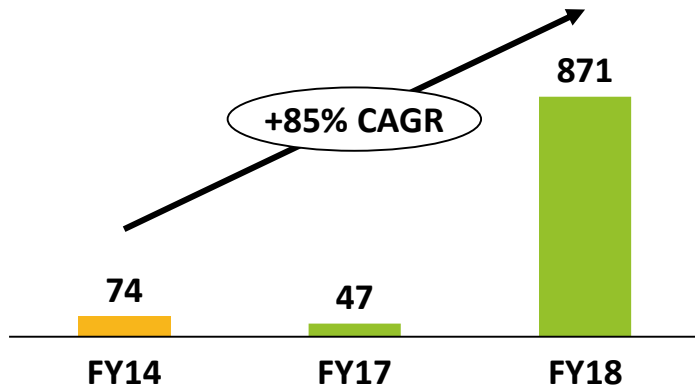
EBITDA Margin (%)\*



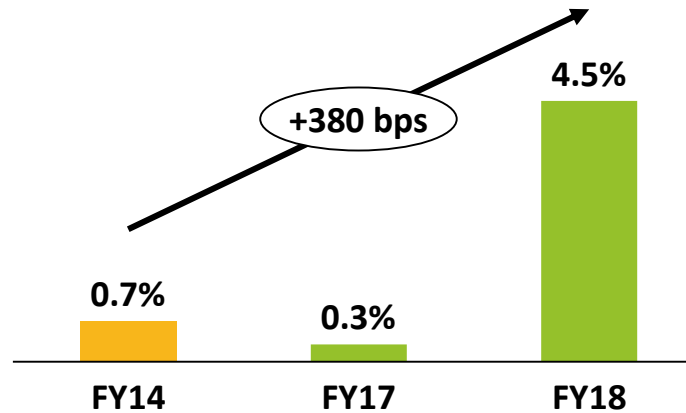
ROCE (%)



PAT (Rs. Mn)



PAT Margin (%)

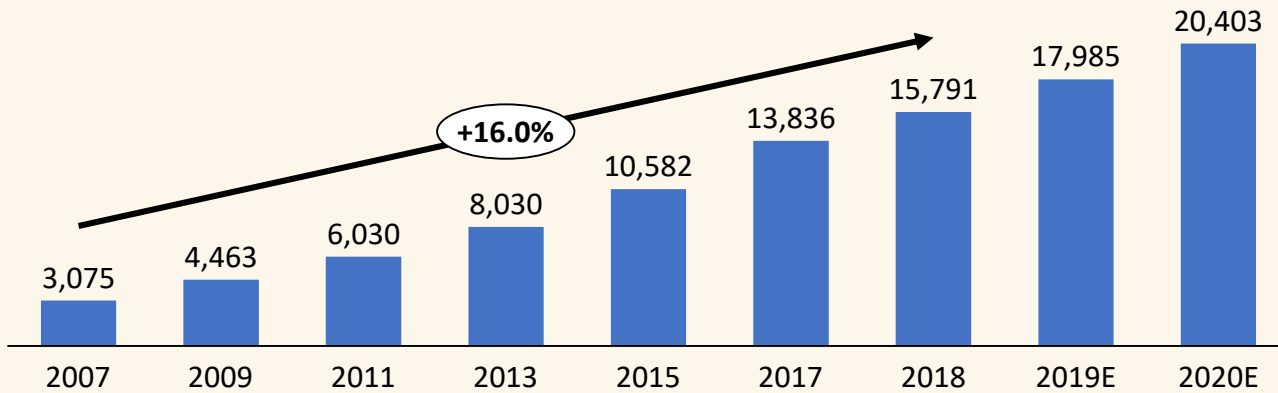


\* Includes Other Income

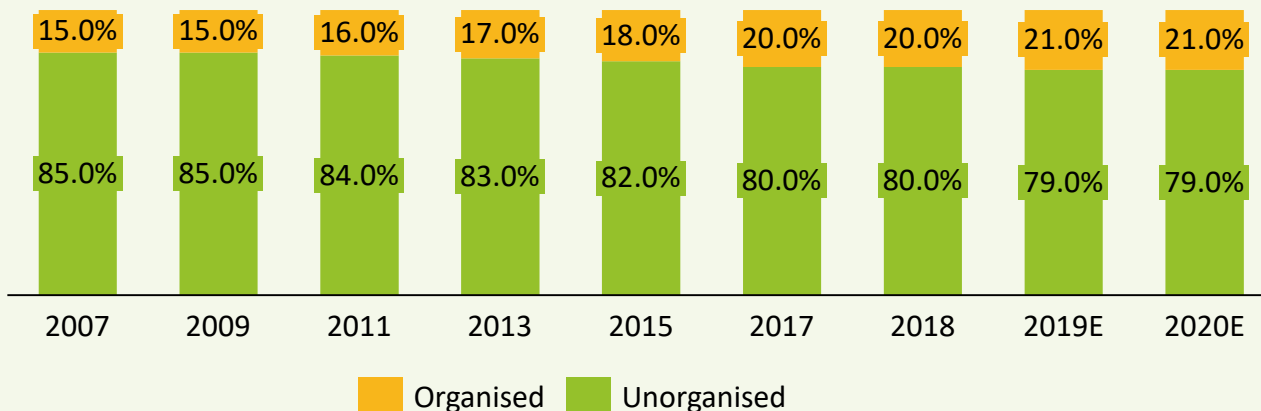
# Annexures

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

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



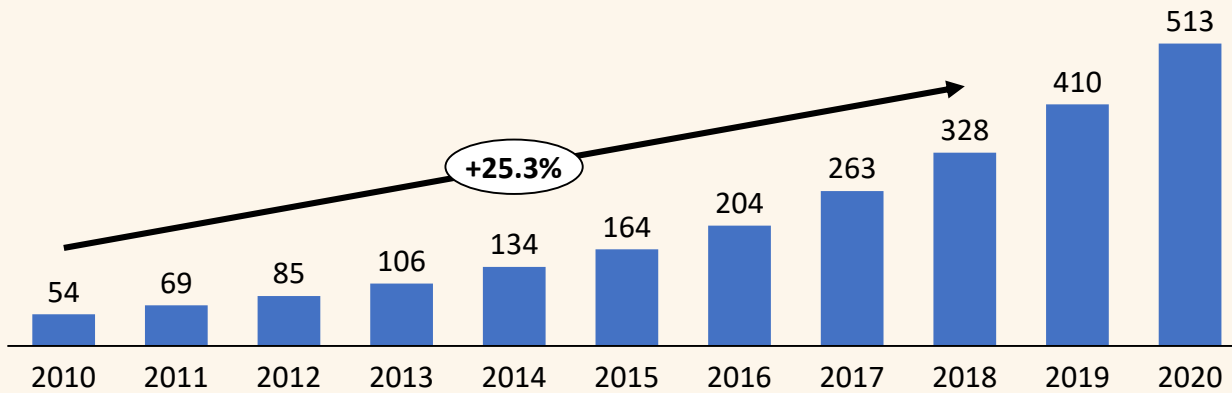
### Organized vs Unorganized Sales



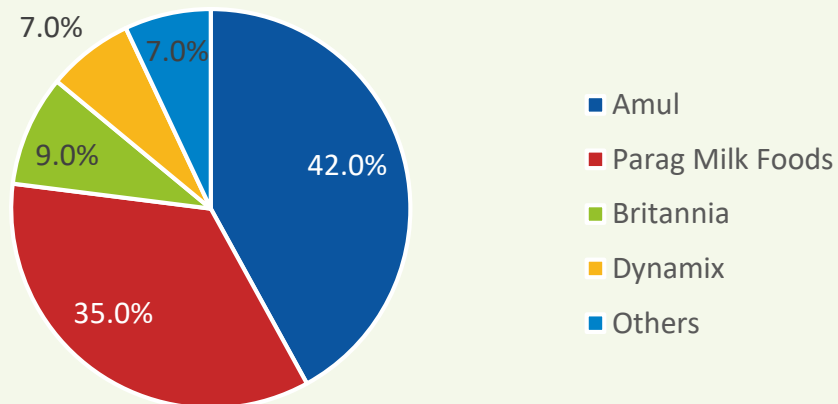
### Key Highlights

- 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

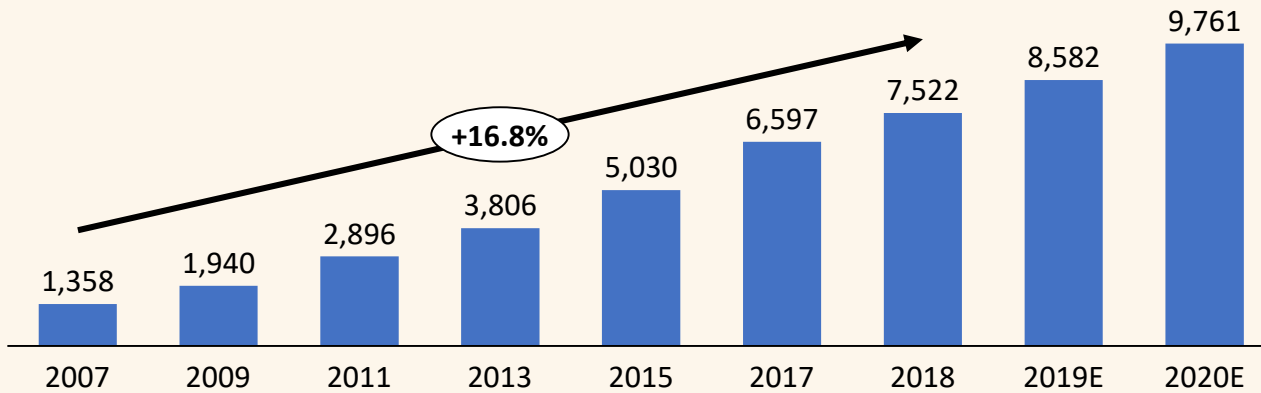


## Key Highlights

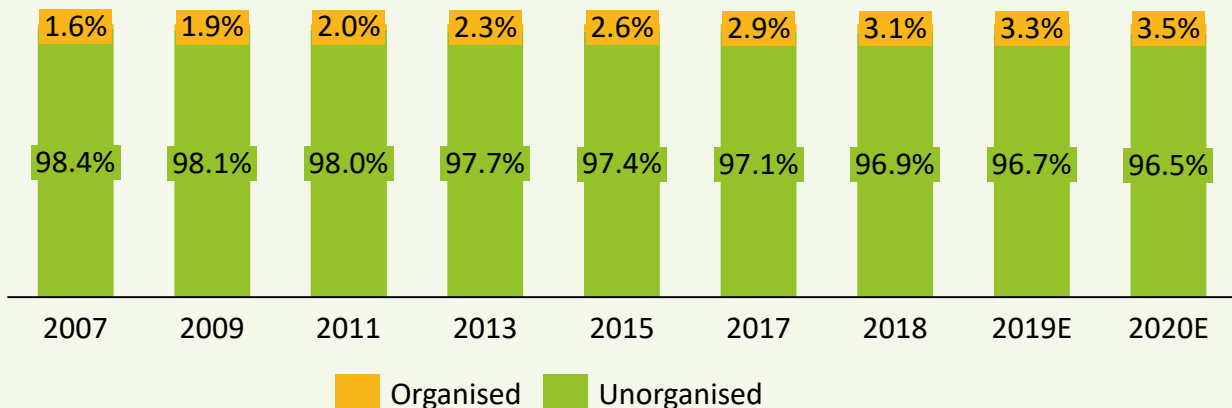
- Cheese is one of the fastest growing segments among dairy products in India
- Rise in food service outlets and changing food habits are major drivers
- Earlier, the cheese market in India was dominated by block cheese, slices and cubes
- Through innovation Parag has achieved a leadership position with 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

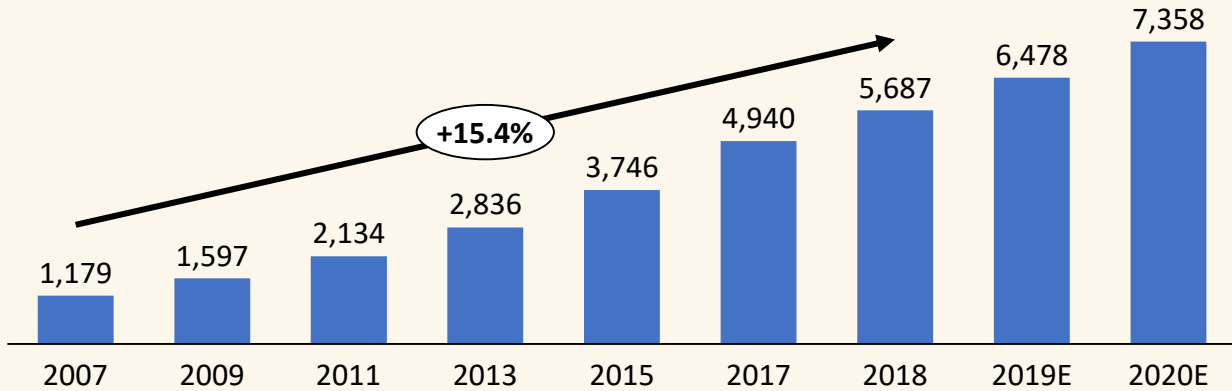


## Key Highlights

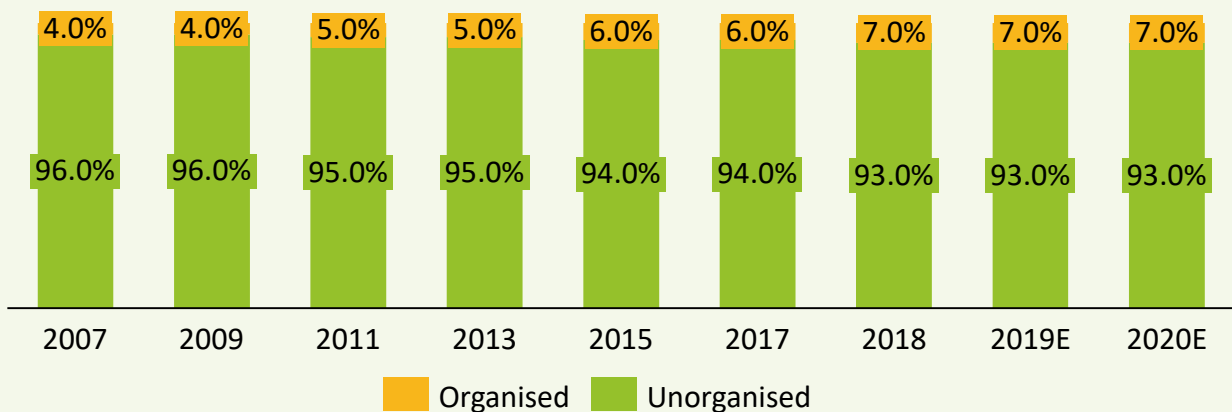
- Paneer is to India what cheese is to the Western world and is an integral part of many Indian recipes
- Paneer is the third largest segment in the milk products category
- Paneer is consumed like vegetables in Indian households and therefore purchased fresh on a daily basis
- With innovation in manufacturing & 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)



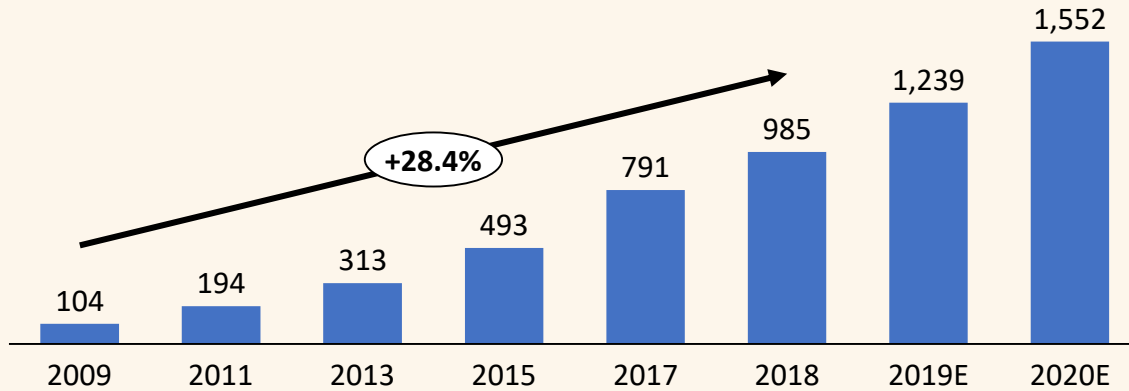
### Organized vs Unorganized Sales



### 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

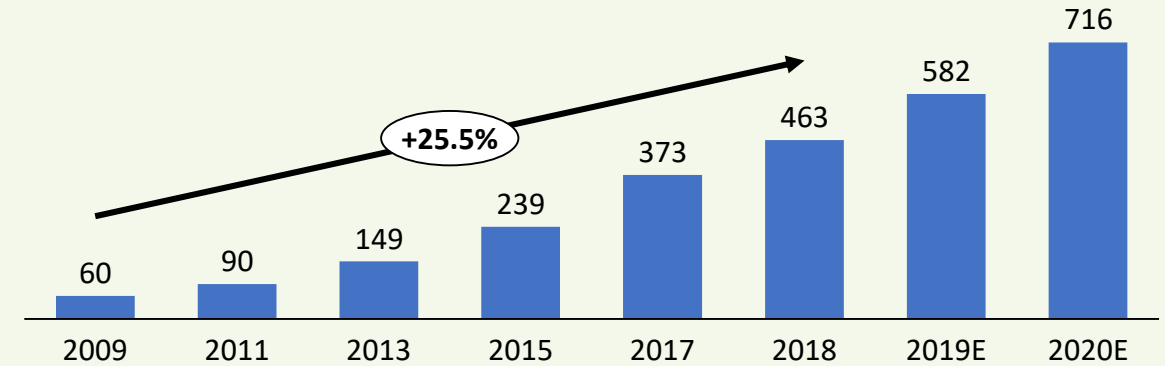
## India's UHT Market Size (in US\$ Million)



### 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

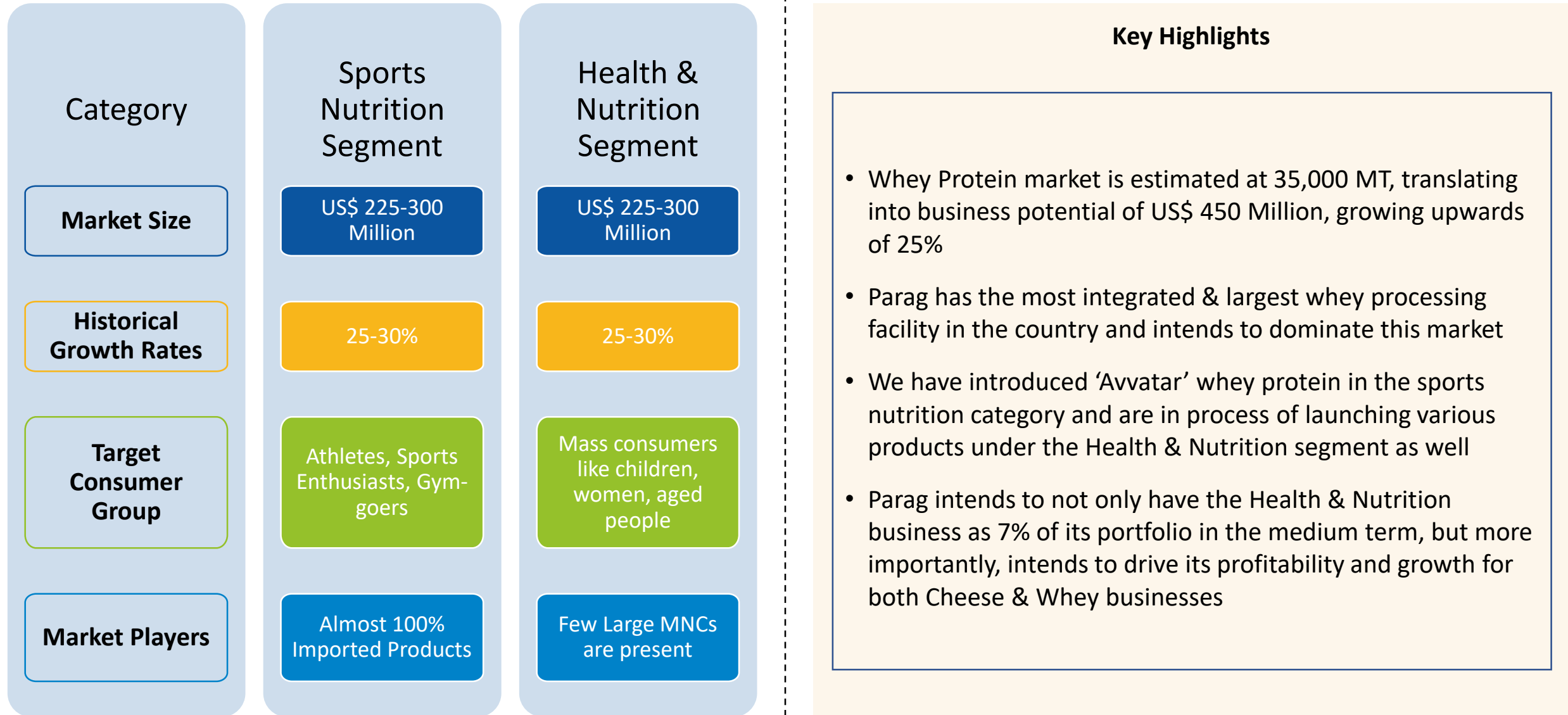
- Flavoured milk represents one of the fastest growing segments in the Indian dairy market due to:
  - Indian consumers slowly substituting carbonated soft drinks with healthier options
  - Advent of single serve, re-sealable bottles and tetra packs which has made milk convenient for use and easier to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



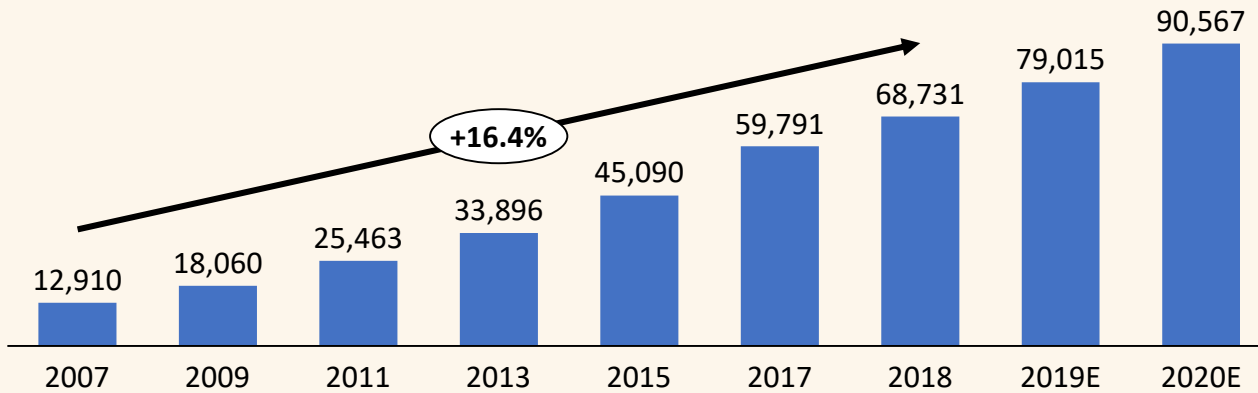
# Whey Protein



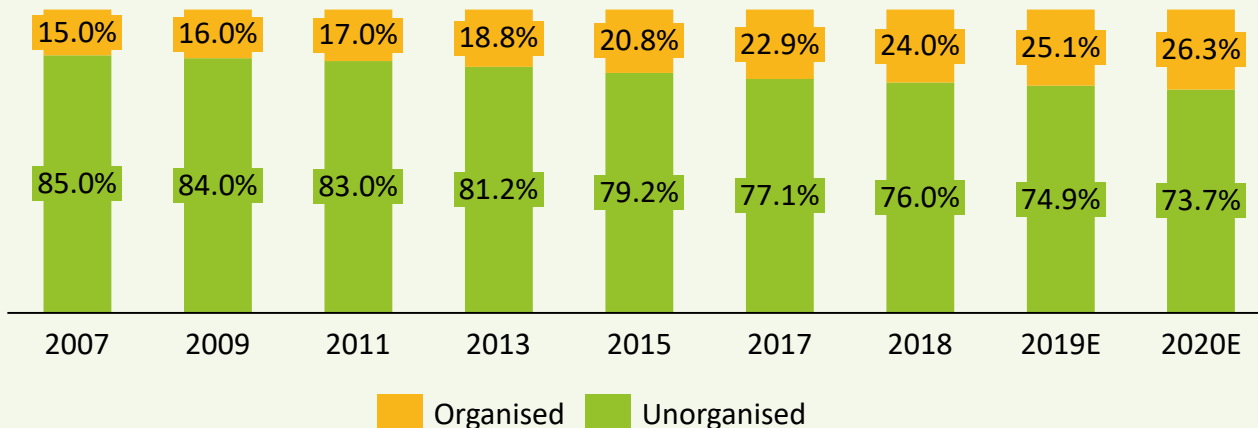
Ideas for a new day



### 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



Ideas for a new day

## Company :

**Parag Milk Foods Limited**

**CIN: L15204PN1992PLC070209**

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Email: [natasha.kedia@paragmilkfoods.com](mailto:natasha.kedia@paragmilkfoods.com)

Phone: +91 22 4300 5555/ Ext: 631

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## Investor Relations Advisors:

**Strategic Growth Advisors Pvt. Ltd.**

**CIN: U74140MH2010PTC204285**

Mr. Rohan Adhiya / Mr. Deven Dhruva

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