



Ideas for a new day

Parag Milk Foods Limited

Investor Presentation – May 2018



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A Story of our “TRANSFORMATION”



Transformation to an “FMCG Company”

We are Different

Huge Potential in the Innovative Cheese

segment which was predominantly Imported

We have created MANY MORE segments

100% Cow's Milk products are healthy and nutritious

Fully Integrated business model present across Dairy FMCG Value Chain

Helps us focus on VALUE ADDED PRODUCTS



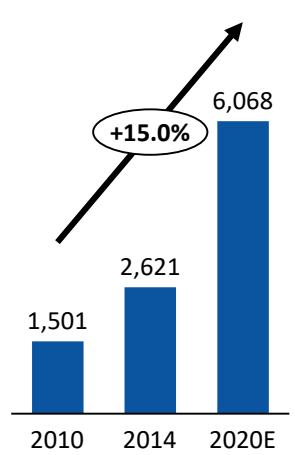
From Farm to Glass



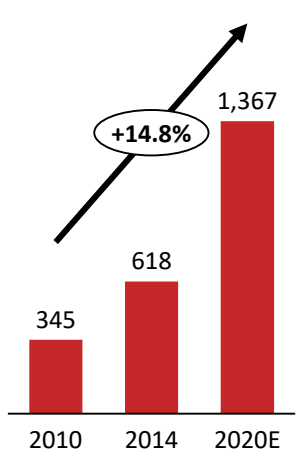
The Industry is Growing

Amounts in Rs. Billion

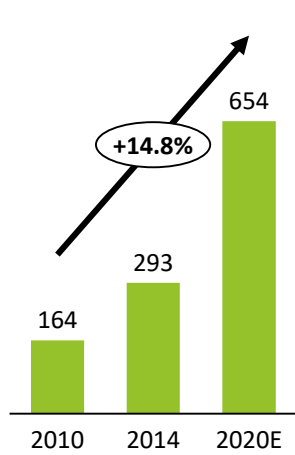
Liquid Milk



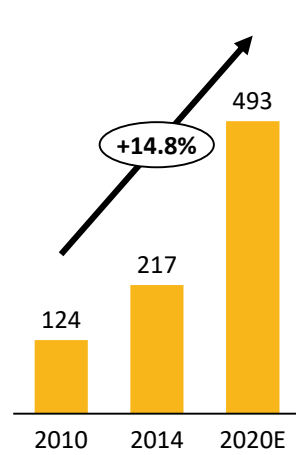
Ghee



Paneer



Curd



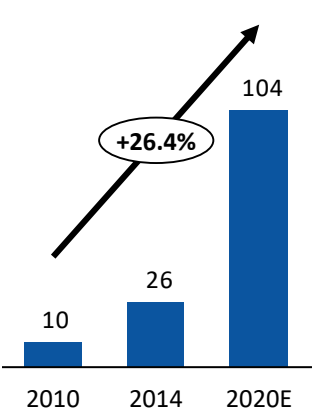
Traditional Products Growth

CAGR of 15%

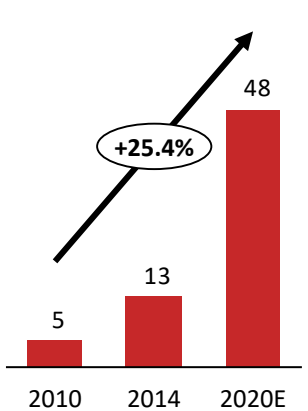
Modern Products Growth

CAGR of 26%

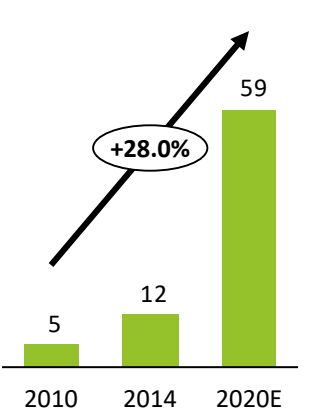
UHT Milk



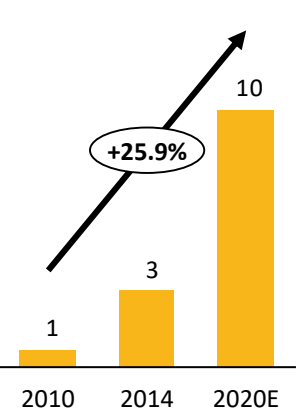
Flavoured Milk



Cheese



Whey (Powder)



Increasing share of Value Added & Nutrition Products

	2004	2018	2021(P)
Milk Products	28%	64%	65%
Health & Nutrition	-	2%	7%
Milk, SMP & Others	72%	34%	28%

HEALTH & NUTRITION

MILK PRODUCTS

MILK & SMP





SPECIAL OFFER
GOWARDHAN
BUTTER 500GM \$1.90/ PKT
CHEESE 400GM \$1.90/ TIN
CHEESE 200GM \$1.00/ TIN


Gowardhan
GO
CHEESE
WEDGES PLAIN
Soft & Creamy
4 Carton x 1.68 kg




Ideas for a new day

We are an
“FMCG” Company


Fully Integrated Business Model




DAIRY FARMING
Owns **2,000** high quality Holstein Freisan Cows




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



PROCESSING
Capacity of processing **2.9 million** liters per day



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

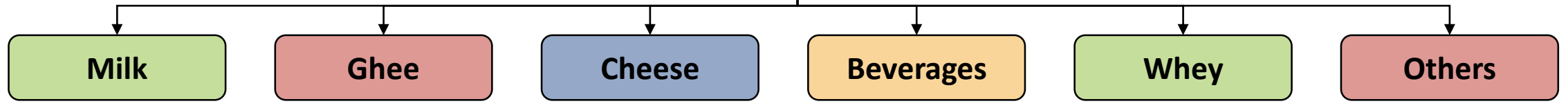


BRANDING
Owns **7 Brands** – Targeting Distinct Consumer Groups with Diverse Needs

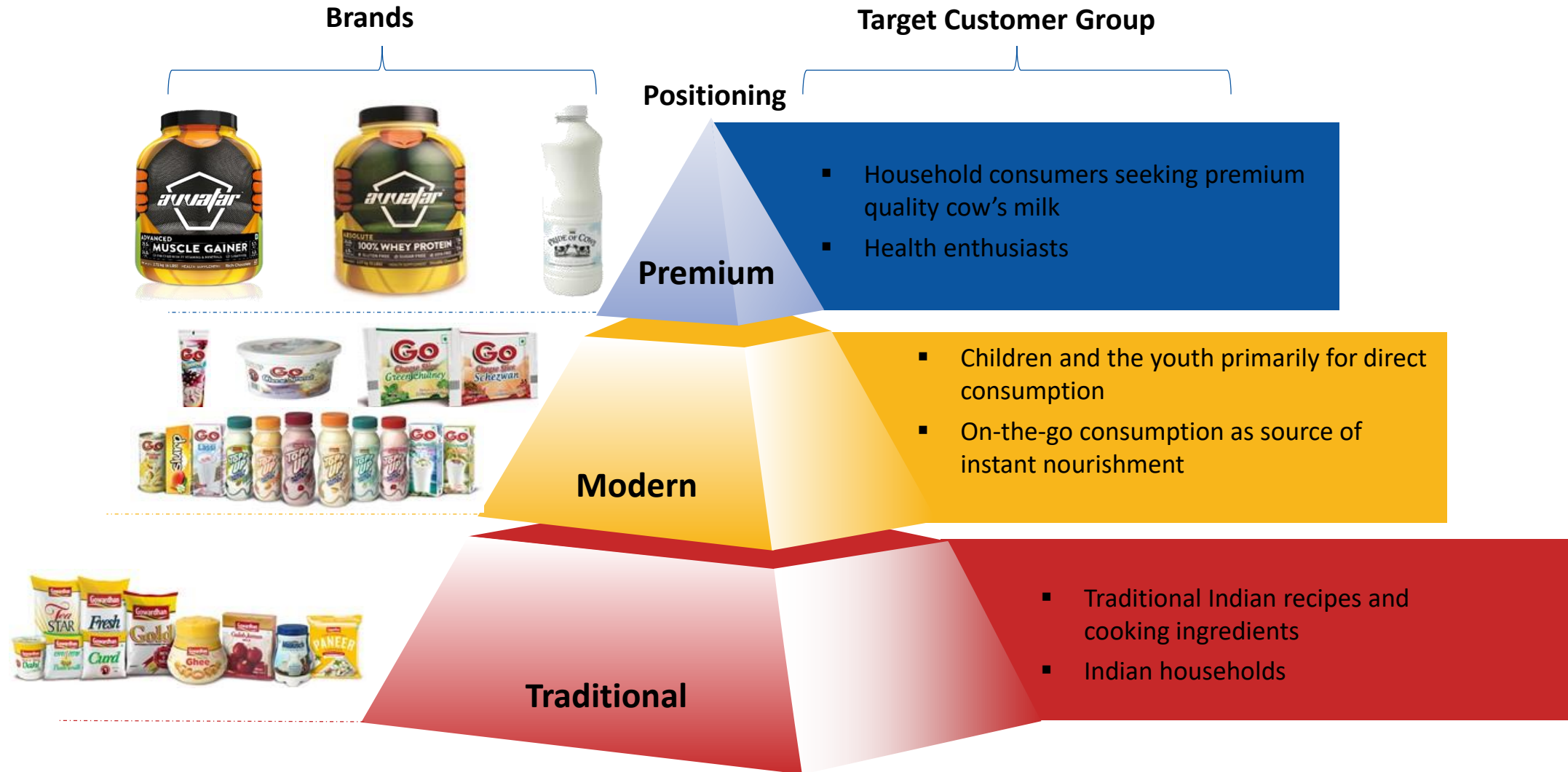


Increasing Basket of Products

Product Categories



Brands Catering to each Segment



Technologically Advanced Facilities



**Manchar Plant, Pune
Maharashtra**



**Palamaner Plant
Andhra Pradesh**



**Bhagyalaxmi Dairy Farm, Pune,
Maharashtra**

Key Features:

- World-class UHT facility
- One of the largest Cheese Plant in India
- India's 1st state-of-the-art fully integrated Whey Protein Plant
- Fully automated Paneer Plant

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





Ideas for a new day

An FMCG Company

is about “Product Offerings & Innovation”

Go Cheese

2011

Launched
Go Processed Cheese,
Go Shredded Cheese &
Go Cheezos



2012

Launched
Go Pizza Cheese,
Go Cheese Wedges,
Angles &
Go Nachos Cheese



2013

Launched
Go Natural Cheese &
Go Cheese Spreads



2016 - 2017

Launched
Go Cheese Slices



2018

Launched
Go Cheese Cubes



India's Largest Modern Dairy Farm



- India's most advanced dairy farm, equipped with the finest international technology
- The cows at the farm are a handpicked herd of 2,000+ crossbred Holstein Friesians
- The brand "Pride of Cows", the first-of-its-kind, Farm-to-Home milk derives its milk from this farm
- Direct supply of Milk to a customer base of ~20,000 households in Mumbai, Pune and Surat



- At Bhagyalaxmi, we are now working on backward integration through:
 - Introduction of value added products like organic fertilizers from cow manure and cow urine through bio-sciences division
 - Establishing farmers training centre in collaboration with TAFE SA, Australia
 - Feed supply to farmers to improve cow productivity
 - Bio-gas plant to generate electricity for captive consumption
 - Provide high quality genetic semen to farmers



Driving Higher Profitability for the Business



Dairy to Health & Nutrition: 'Avvatar'

Product USP

- Avvatar is a 100% vegetarian whey protein powder for sports nutrition
- Contains 24g of protein per scoop and is sugar free, soy free and gluten free
- Received certification from Informed Sports that the product is free from banned substances and hence useful for national and state level sportsmen and athletes
- Available in nutrition supplement stores, pharmacies, modern retail stores, and e-commerce portals

Trends

- Sports nutrition segment, which is Rs 1,500 Cr+ in size is expected to grow significantly
 - India's changing outlook towards fitness, exercise and appropriate nutrition intake
 - Increase in memberships of gyms, fitness centres and health clubs
 - Expert advice from gym instructors is a major factor in the decision to purchase

Competitive Landscape

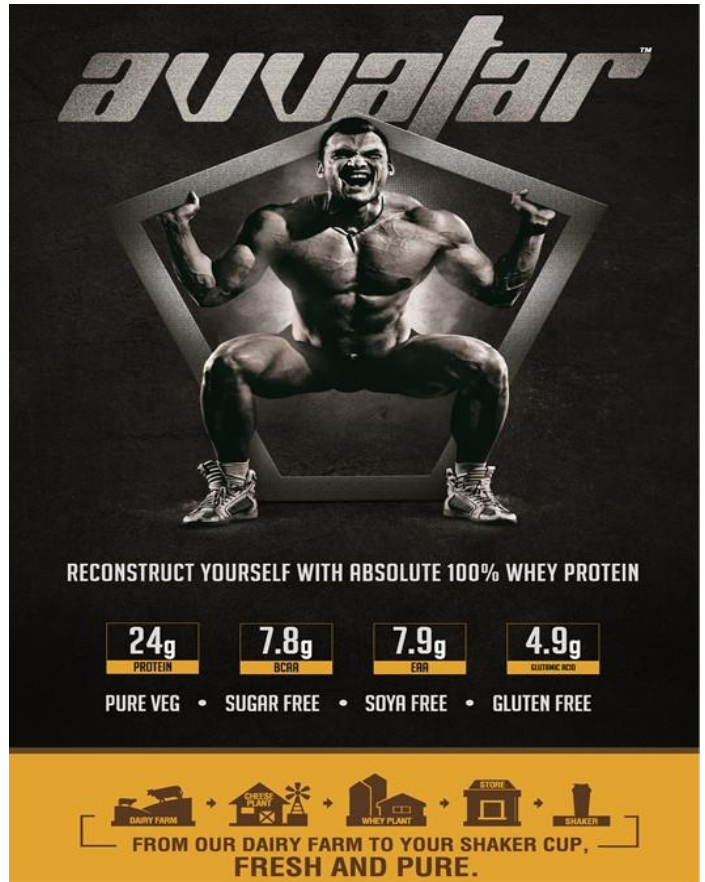
- Category is currently dominated by imported brands
- Category is highly fragmented with a flurry of brands with multiple product offerings



Available in
Double Chocolate,
Vanilla Snow
Crème and Café
Mocha

In two sizes 2 lbs
and 5 lbs

First brand to produce Whey Protein powder in India



RECONSTRUCT YOURSELF WITH ABSOLUTE 100% WHEY PROTEIN

24g PROTEIN	7.8g BCAA	7.9g EAA	4.9g GLUTAMINE ACID
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PURE VEG • SUGAR FREE • SOYA FREE • GLUTEN FREE

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

Pioneers and Leaders of Cow Ghee Category



Gowardhan Ghee



“Most Trusted Brand” in the ghee category for the second year in a row in 2017



Received the “Consumer Voice” Award for our Cow Ghee



Received the “Prime Time” Award for Gowardhan Ghee

- ✓ **1st Company** in India to introduce **100% Cow Ghee**
- ✓ **Leading player** in the space with **Premium positioning**

Extending the Goodness of Cow's Milk to Paneer

Launched Fresh Paneer having
Shelf Life of 75 Days

**Automatic Paneer Manufacturing Plant
from Germany**

Current Capacity : 20 MT/day

Consistent Quality without any Human Intervention





Ideas for a new day

FMCG Company is about
being
"Customer Centric"

Avvatar Advanced Muscle Gainer

1st Muscle Gainer in India to be **certified by Informed Sports** from a WADA approved lab in UK

Right blend of **Protein-Carbohydrates Matrix**

- Whey Protein Concentrate and Isolate
- Casein, Maltodextrin and Dextrose

Flavours & Pack Size

- Available in a rich **chocolate flavour** with pack sizes of **3.3 lbs, 6 lbs and 10 lbs**

Enriched with **21 essential vitamins** and minerals that are depleted drastically during strenuous physical activity



Go Protein Power



USP :

- ✓ 100% Cow milk product
- ✓ No Added Sugar (Sucrose)
- ✓ 44gm protein per 100gm – highest in the Industry

Features :


- ✓ Pack Size – 200gm & 400 gm
- ✓ Protein Content – 44gm per 100gm
- ✓ Age Group – Above 14 years

Other Details :

- ✓ Using 100 % Natural Flavours
- ✓ Omega 3,6 & 9 from Vegetarian source
- ✓ Freshness maintained from Farm to Packing
- ✓ Instantly Soluble



Highest quality milk protein available in the same ratio as found in fresh milk



Phospholipids that can help maintenance of cell wall membranes



Prebiotic oligosaccharides that for improved digestion and intestinal health



Targeting Pan India Distribution

Current Market Size– Rs. 1,400 – 1,600 Crs

- Expected year of launch – 2018
- Super Premium Ghee with **exquisite granulation** and **distinct aroma**
- SKU Size – **400g (Phase 1)** and 1000g (phase 2)
- Contains **Good Fat** – as Health awareness is on the rise



- **Kiosks in Selected Stores** with Pride of Cows Channels
- Premium Modern Trade **Shelf placements** at supermarkets / gourmet stores in Premium Location
- **General Stores & E-commerce**
- **Key Accounts** in Premium Location

Aurum – **Gold Standard** when it comes to Indian Food

Food enjoyed by the **‘Royalty of India’**

Positioned as super premium ghee

Mishti Doi



Branded 'Gowardhan Mishti Doi'

Target to sell through **Modern Trade, General Trade and Online**

Prime components: **Caramelized Sugar and Lactic Culture**

Popular primarily in the **East (West Bengal / Orissa) & North**

Target Markets **All Major Metros**

Cup Format in 80 gm



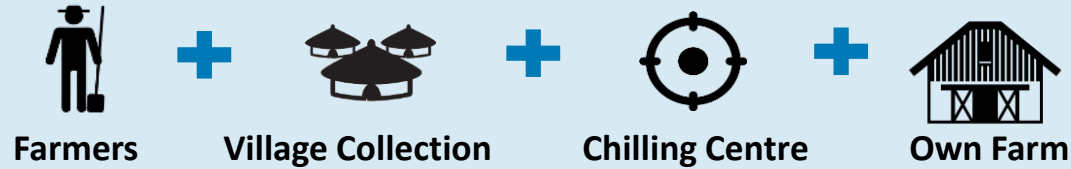
Ideas for a new day

FMCG Company is about

“Supplier & Customer Relationships”

Procurement needs Strong Relationships and Trust

Direct Procurement of milk



- Procure 100% cow's milk from over 2 lakh farmers in 29 districts from Maharashtra, Andhra Pradesh, Tamilnadu and Karnataka
- Milk is collected at nearby Village Collection centres & transported to BMC where it is chilled and then sent to the Dairy Plant
- Owns a Dairy Farm called Bhaghyalaxmi Dairy that houses over 2,000 Holstein Freisan Cows

Dairy Plant



Manchar



Palamaner



Dairy Plant

- Two dairy plants at Manchar and Palamaner
- Installed milk processing capacity of 2.9 million litres/day
- 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

Strong Distribution Network



17 Depot



+3,000 Distributors



2.5 Lakhs+ Retailers

- 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

Relationships with Farmers play a Key Role

3-tier Milk Procurement Process

Tier 1

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

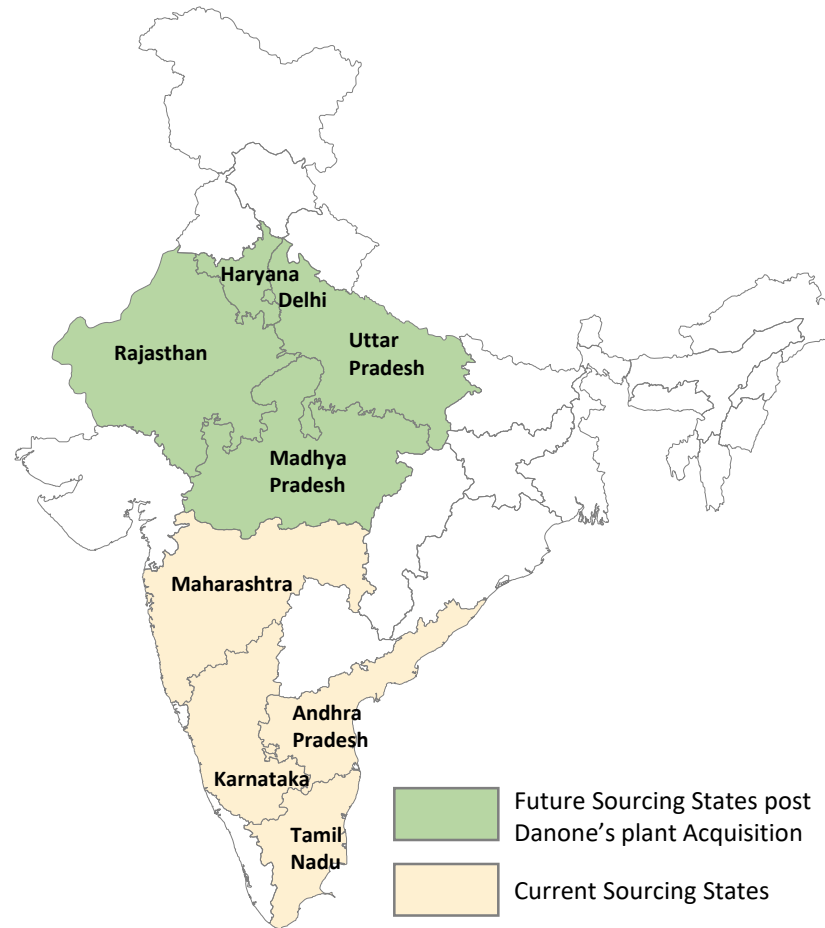
Tier 2

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

Renowned Food Chains are our Clients

Our Credentials:



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



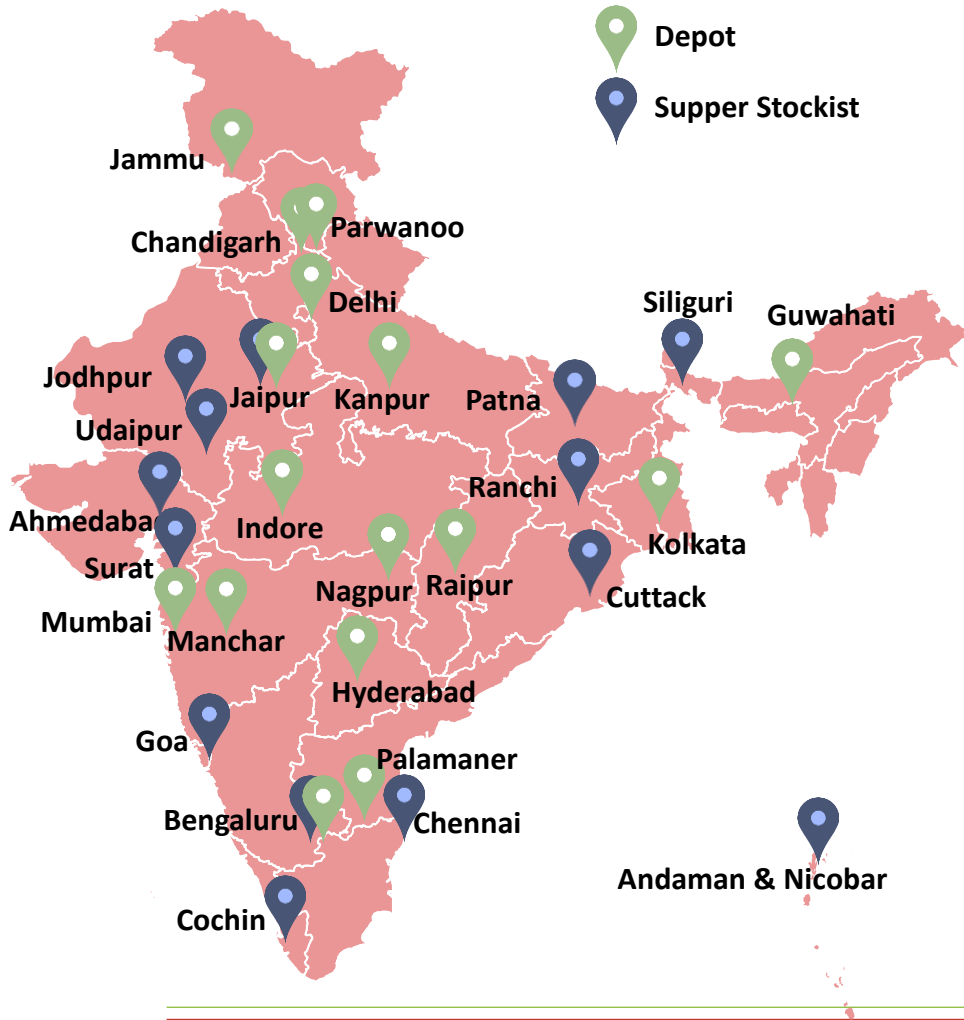
Leading Pizza Chains

Hotels, Restaurants and Food Chains



2.5 Lakhs Touch Points has Parag's Products

Pan-India Reach



Increasing the Depth

Increasing the Breadth

Distribution Network



17 Depots



140+ Super Stockists



3,000+ Distributors



2.5lakhs+ Retail Touch points

Next 6 Years

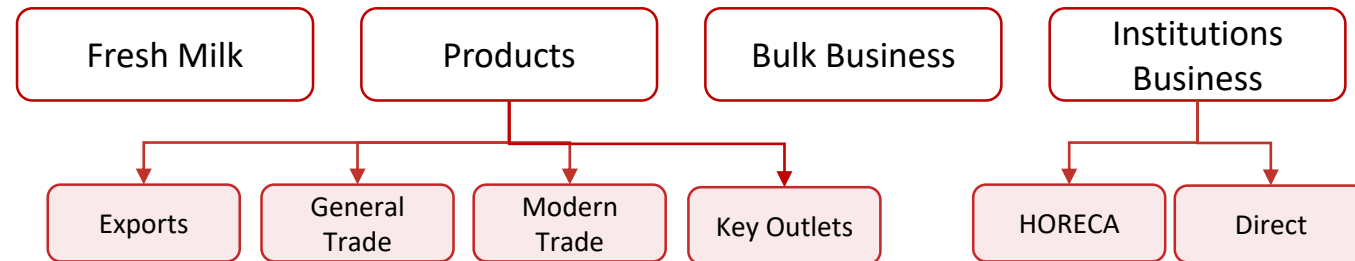
1.5x-2.0x

2.5x-3.0x

3.0x-3.5x

Route to Market

Adding New Markets & Customers

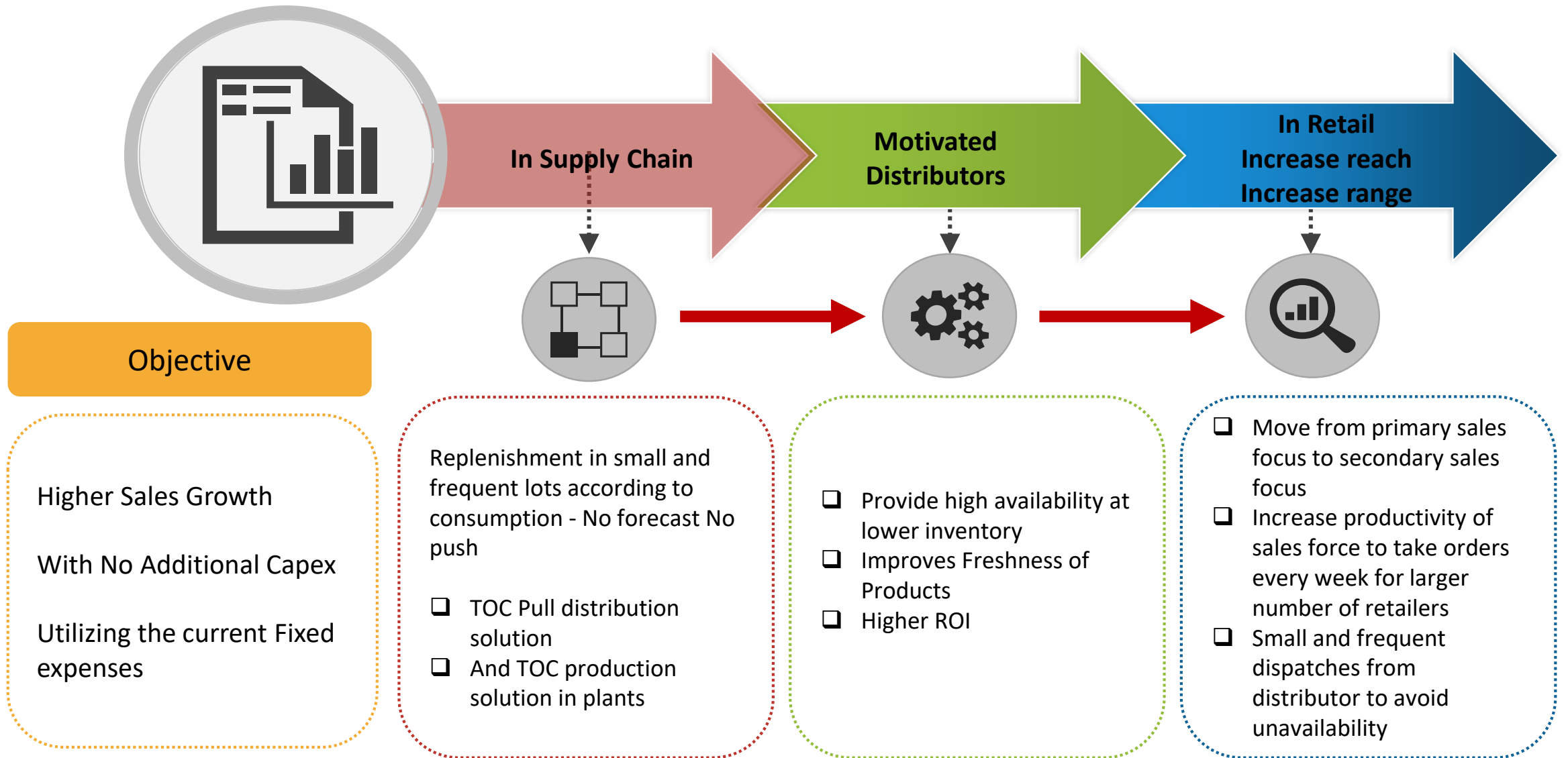




Ideas for a new day

FMCG Company is about
“Addressing the Potential in
Sales and Supply Chain”

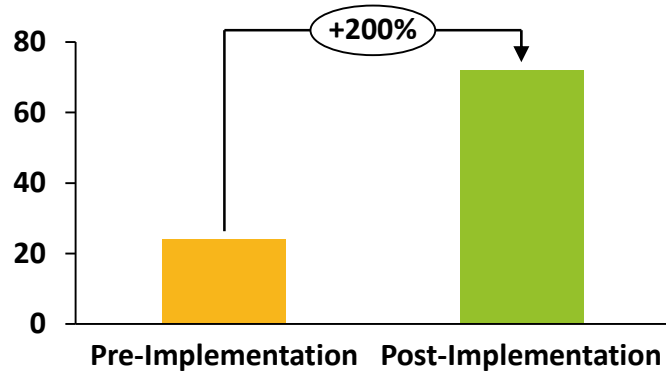
Key Enablers



Results of Sales Pilot Project

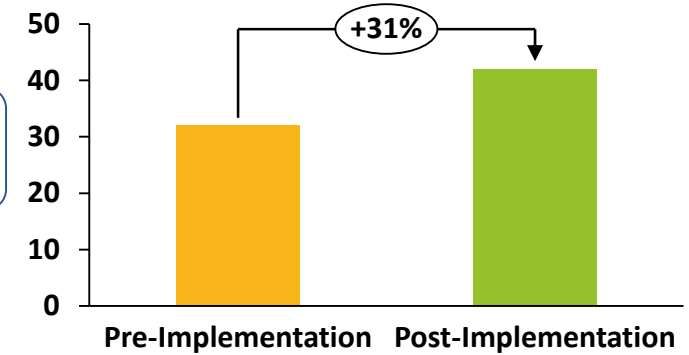
Reach

Outlets Billed in a Month



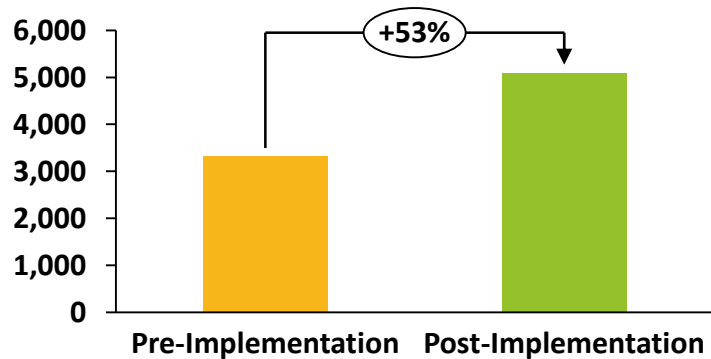
Range

Unique SKUs Ordered



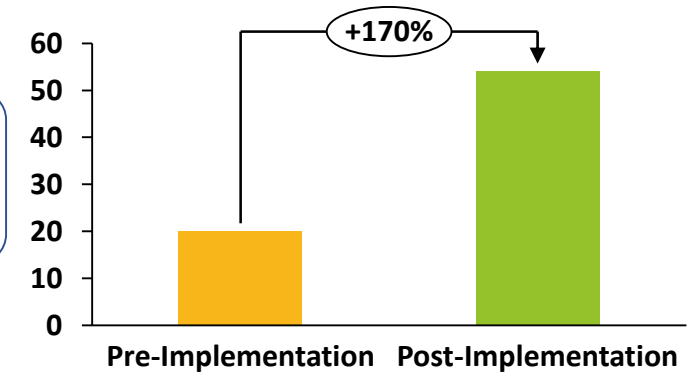
Avg. Daily Sales (Rs.)

Sales Value Per Day (Rs.)



Repeat Orders

of Outlets Ordered ≥ 2 times in a month





**Strength. Integrity.
Perseverance.**

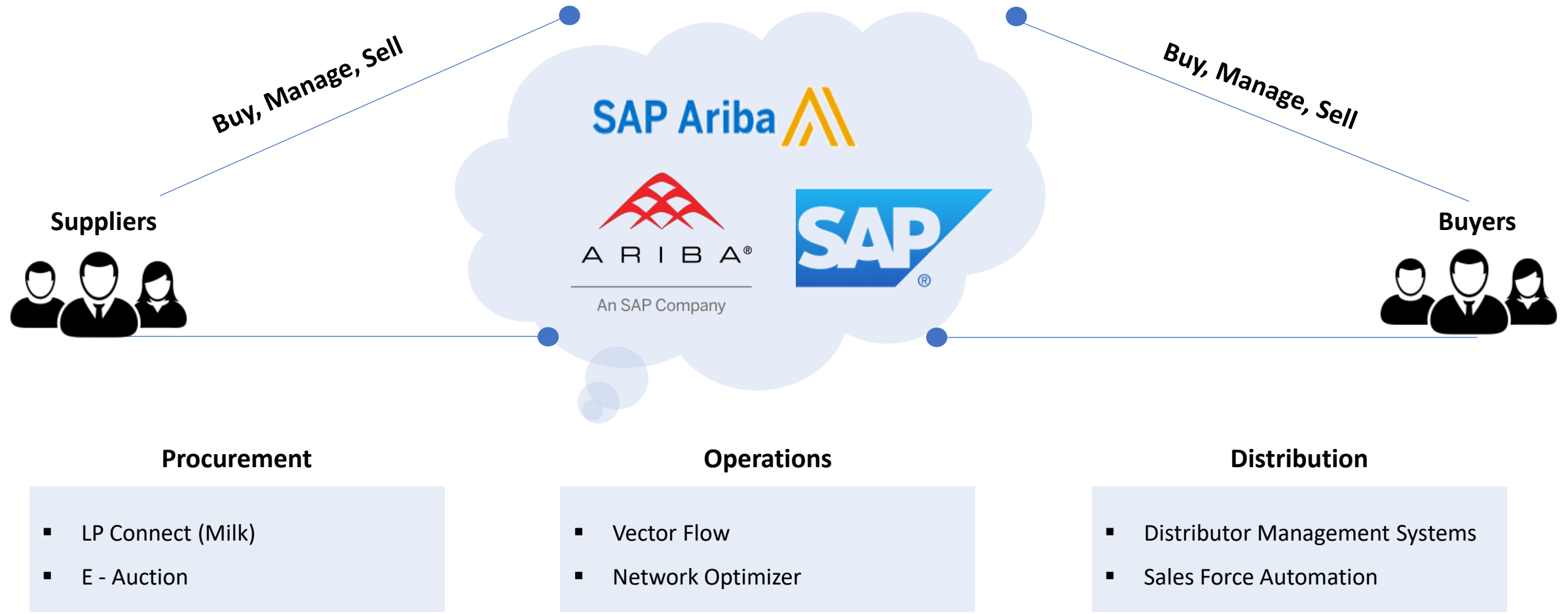
#IndianWheyToGo



Ideas for a new day

Parag **2.0**

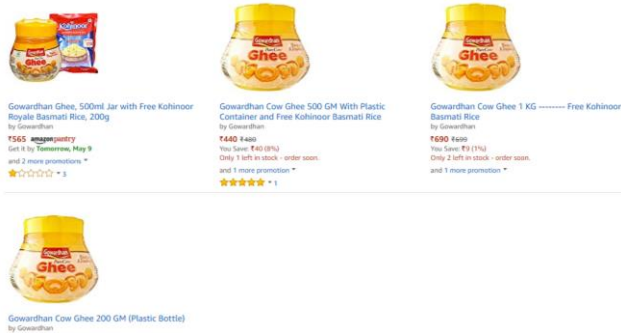
Future Ready Technology Platform



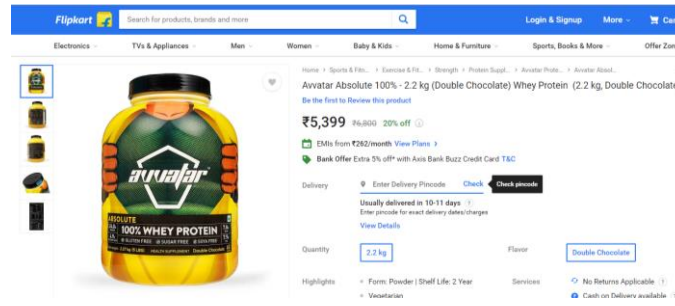
Fully Integrated SAP, ERP and Data Analytics

150 – 190 mn FMCG Consumers would be Digitally influenced by 2020

Amazon



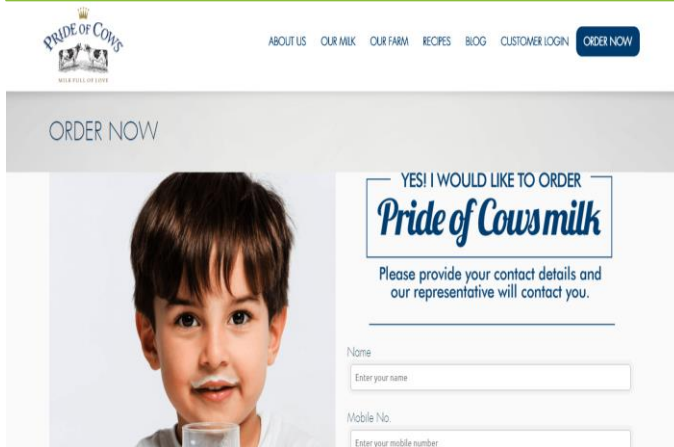
Flipkart



Avvatar Website



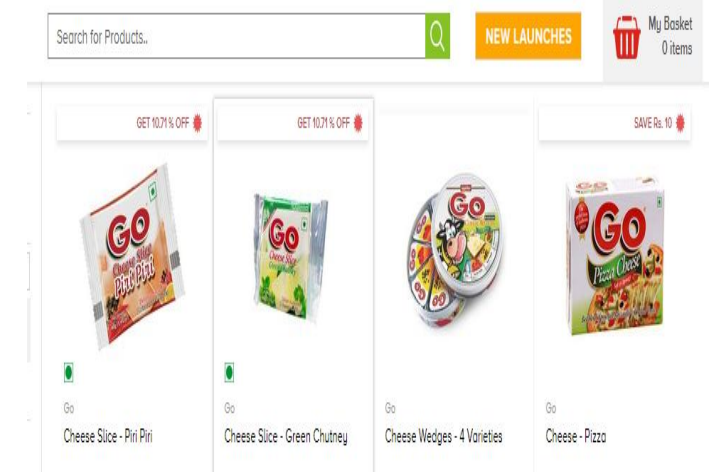
Pride of Cows - Website



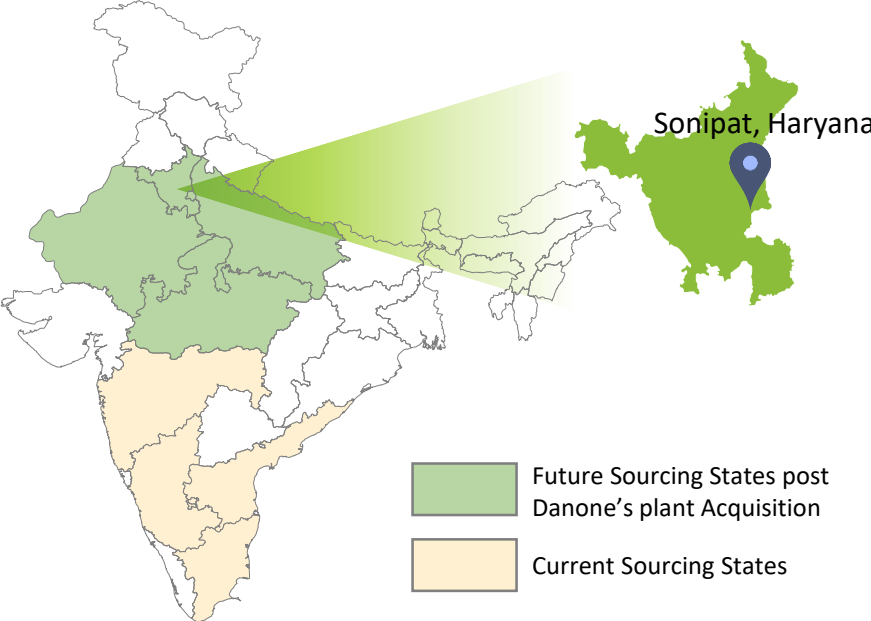
Pride of Cows - Mobile App



Big Basket & Grofers



Acquired Danone's Infrastructure to Strengthen Presence in North India



Danone's Manufacturing Facility Sonipat, Haryana

Acquires Danone's (a French, Dairy Based MNC) Infrastructure & Facility in Sonipat

Location : Outskirts of Delhi NCR spread over 5,500 square metres

Processing Facilities

- Milk Processing
- Curd Processing

Synergies

- Provides easy accessibility to Target consumer segment
- Leverage and strengthen existing distribution network** in North and North-East India
- This investment reiterates Parag's position as the **largest private dairy player with a pan-India presence** involved in the manufacturing, marketing and distribution of dairy products produced exclusively from pure and fresh cow's milk

Future Expansion Plans

- Installing processing units for pouch milk, flavoured milk, pouch butter milk, cup curd, misthi doi as well as expand the existing yoghurt facility

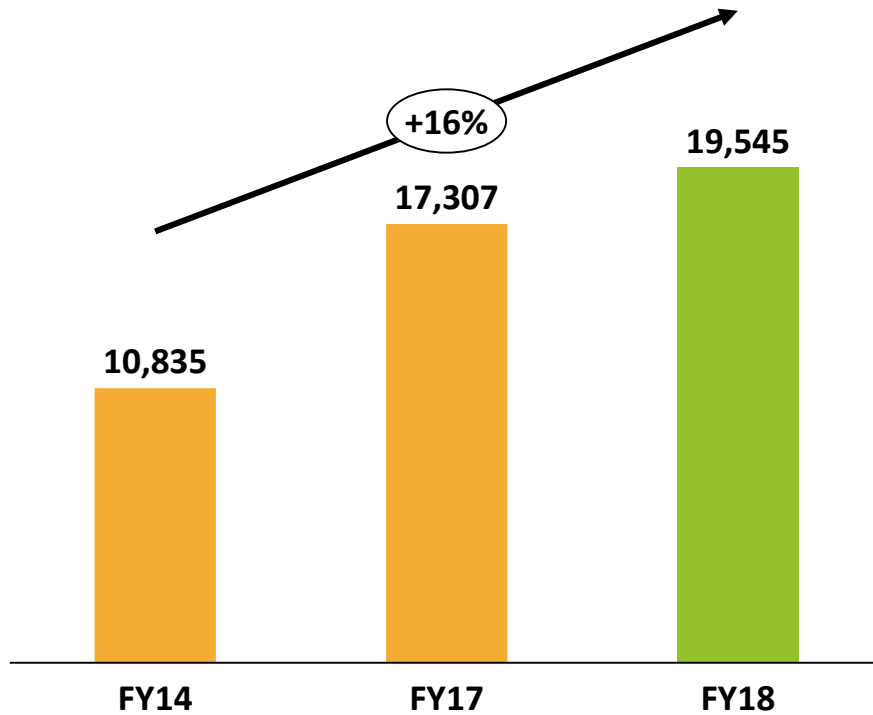


Ideas for a new day

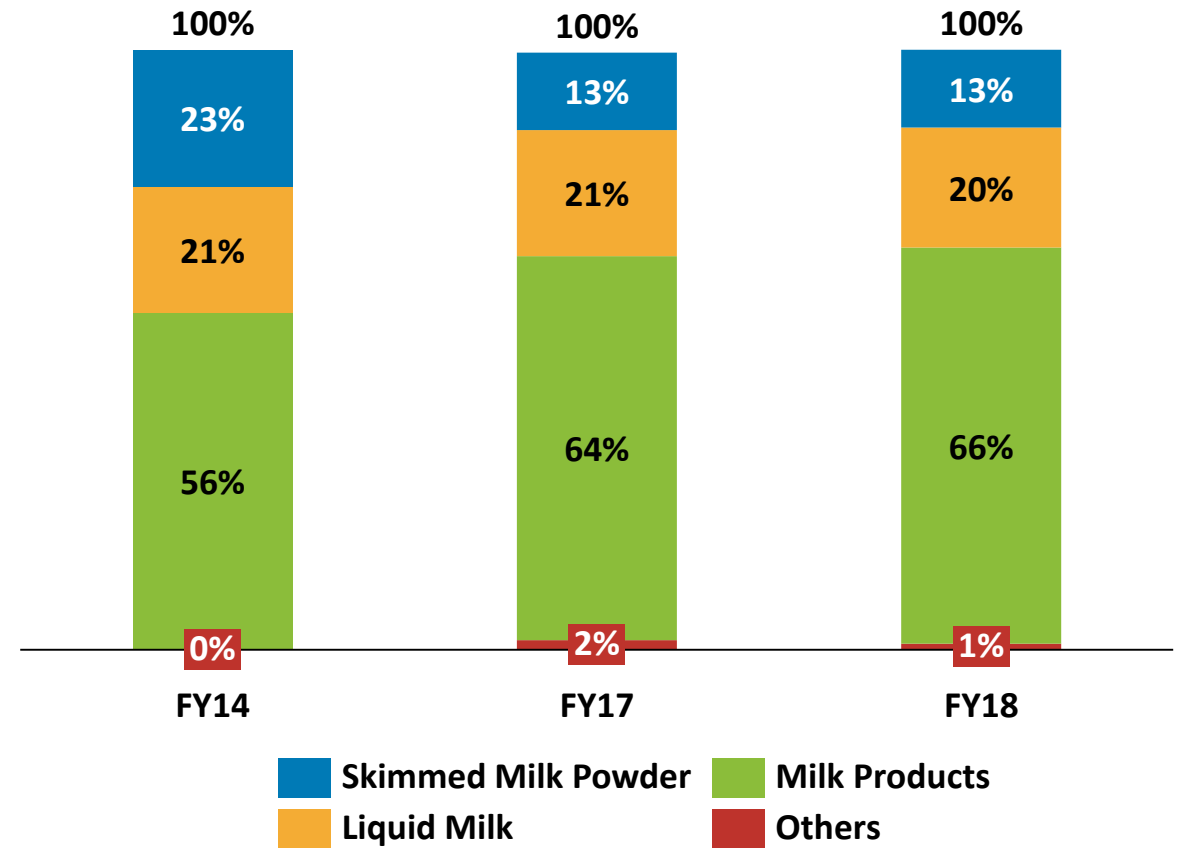
Financial Performance

Consolidated Revenue Highlights – FY18

Revenue (Rs. Mn)

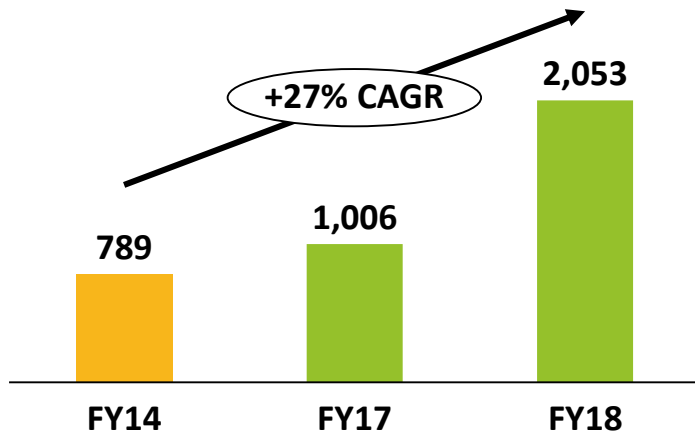


Category wise Share

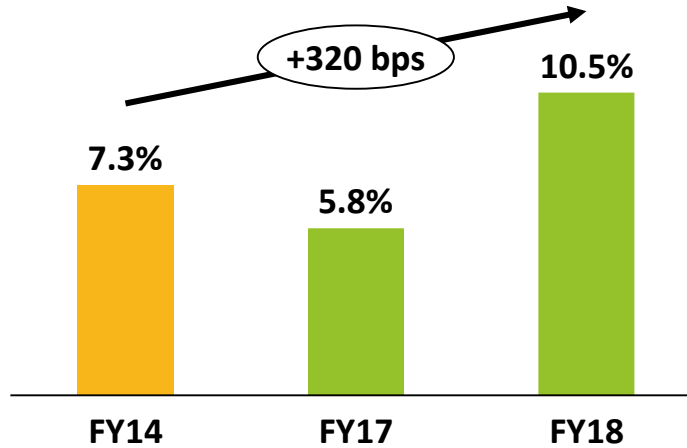


Consolidated Profitability & Returns

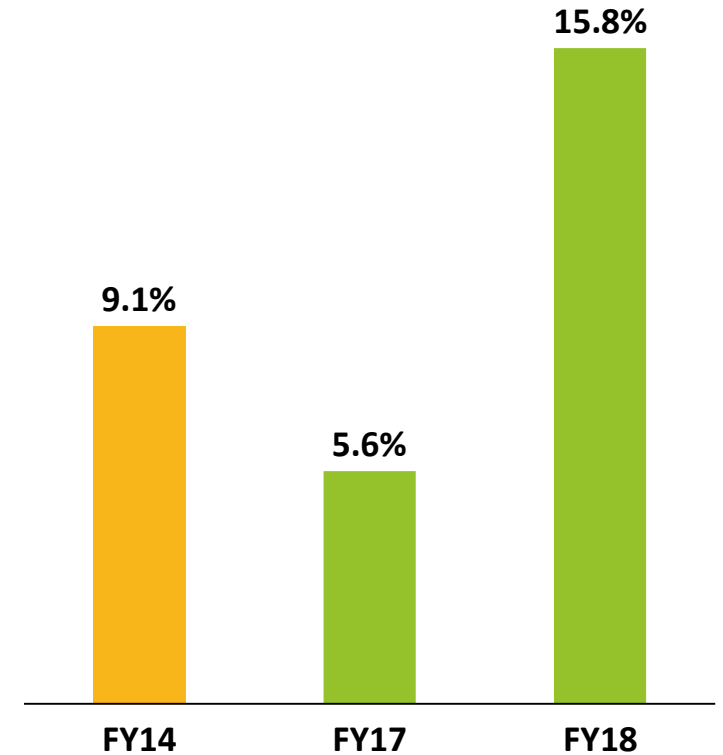
EBITDA (Rs. Mn)*



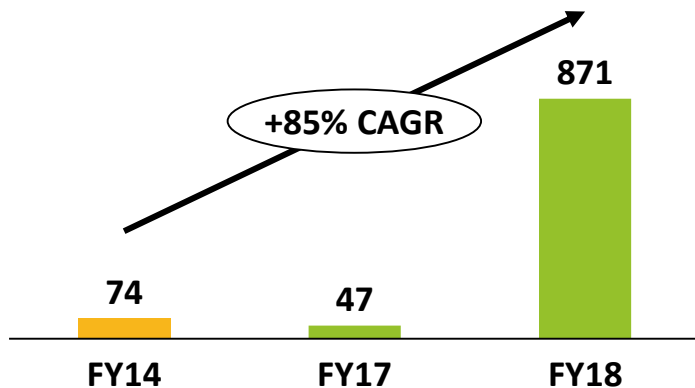
EBITDA Margin (%)*



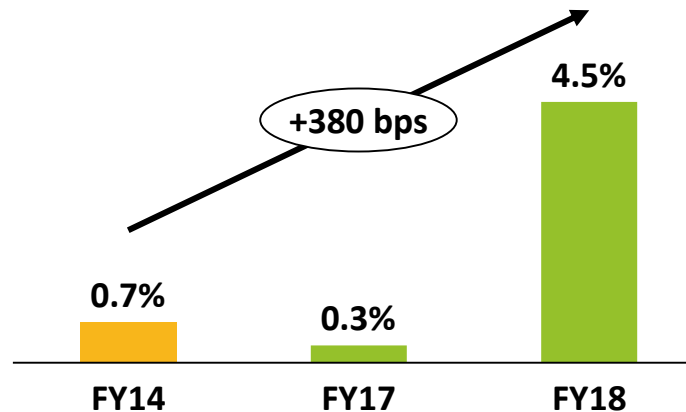
ROCE (%)



PAT (Rs. Mn)



PAT Margin (%)



* Includes Other Income



Ideas for a new day

Our Vision & Goals

Vision 2020

	FY2018	FY2020
Revenue	Rs. 1,955 Crs	Rs. 2,700 – 3,000 Crs
EBITDA Margin	10.5%	11- 12%
ROCE	15.8%	18-20%



Strategy to Vision 2020

**Enhance
Product
Reach**



**Increase
Operational
Efficiencies**

**Increase
Value-added
Product
Portfolio**

**Strengthen
Our Brands**

**Focus on
Health &
Nutrition**

Thank You !!



Ideas for a new day

SGA Strategic Growth Advisors

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