



Date: November 16, 2017

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 Fax No.: 022-22721919	National Stock Exchange of India Limited Exchange Plaza, Plot No. C/1, G Block, Bandra- Kurla Complex Bandra (E), Mumbai – 400051 Fax No.: 022-26598120
Ref.: Kwality Limited (KWALITYLTD/ INE775B01025)	Ref.: Kwality Limited (KWALITYLTD/ INE775B01025)

Subject: Investor Presentation

Dear Sir/ Madam,

Please find enclosed Investor Presentation of the Company for the quarter and half year ended as on 30th September, 2017.

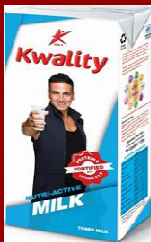
Thanking You,
For Kwality Limited

Company Secretary & Compliance Officer

Pradeep K. Srivastava
(Compliance Officer & Company Secretary)



Amongst Largest and Fastest Growing Private Dairy Companies in India

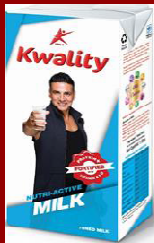


Kwaliti Limited
Investor Presentation

Nov 2017



Company Overview



Kwality Limited – At a Glance



Vital Statistics

350K

Network of farmer families across 4,700 villages in U.P, Haryana, and Rajasthan

26%

Of daily milk requirement sourced directly from farmers

29

Milk Chilling Centres (MCCs)

4.3 Mn

Litres/day - Milk Handling Capacity across six plants

1.9K

Distributors covering over ~50,000 touch points across North India

Company Overview

- ✓ Established in the year 1992 as a backward integration unit of Kwality Ice-creams, later taken over by Mr. Sanjay Dhingra & family in 2002, **Kwality has emerged to be amongst largest and fastest growing private dairy companies in India**
- ✓ Standalone Revenue grew **8.51% y/y in Q2FY18 to reach INR 16,733 Mn of which 38% was derived from B2C**
- ✓ Established strong position in Northern India, Procurement network of **350,000 farmers across 4,700 villages** across **U.P., Rajasthan, and Haryana**; among top milk producing states of India; **derives 26%** of total daily milk requirement directly from farmers and balance through milk aggregators
- ✓ Operates **29 MCC's** and six state-of the-art manufacturing facilities; combined **milk handling capacity of 4.3 Mn litres/day**
- ✓ Distribution network of **1,900 distributors** covering **~50,000 touch points; strong presence in North India**
- ✓ Backed by strong management team comprising of **industry experts** with cumulative experience of **over 200 years**

Diversified Product Portfolio

Segment	Milk	Milk Powders	Curd & Buttermilk	Ghee/FAT	Value-Added
	Bulk Milk	Whole Powder	Milk	Pouched Curd	Cow Ghee Desi Ghee & 85% Cholesterol free
					Flavoured Milk
				Bulk Butter	Launched UHT milk, Cream, Lassi, chaach in tetra packs

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Largest Private Dairy Company in India

Select Growth Partners



Signed leading Bollywood Actor 'Akshay Kumar' as Brand Ambassador

KKR

Has agreed to invest up to INR 5,200 Mn through structured debt for business expansion



MoU signed to disburse INR 40,000 Mn of loans @ 8.6% to its 1 lac farmers in initial phase, to buy milching animals, a smart phone & a two-wheeler; to boost direct procurement



Has signed Ad-for Equity deal worth INR 600 Mn with Bennett Coleman and HT Media



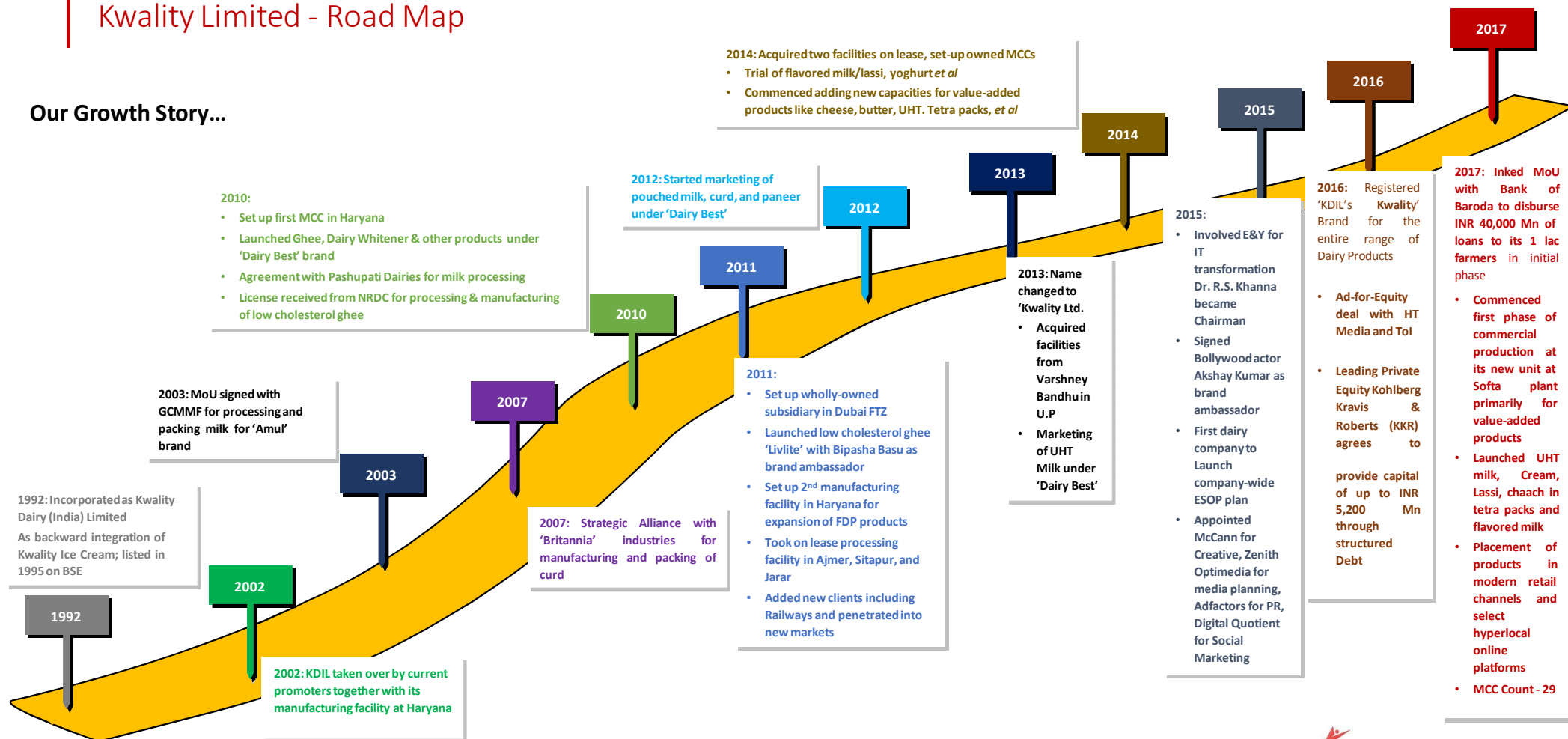
To develop Comprehensive Growth Strategy for B2C Expansion

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Kwality Limited - Road Map

Our Growth Story...

Rapidly Shifting towards B2C



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Kwality

Kwality Limited – Procurement Models

Sourcing Largely From Contractors

Direct Procurement



Milk Producer



Village-Level Collection Centre (VLCC)

Collection twice a day through Automated Milk Collection Unit to check content of milk solids in each collected sample



Milk Chilling Centre (MCC)

Post collection from VLCCs, milk is delivered to MCC for chilling



Milk Processing Plant

Milk is delivered to the Plant through insulated vans from MCC

350k Farmers

across 4,700 Villages

29 MCCs

6 Facilities

26% Direct

Contractor Procurement

Milk Producer

Milk Aggregators

Collection once a day without Equipment

Milk Processing Plant

Hybrid Procurement

Milk Producer

Milk Aggregators

Collection twice a day with Automated Milk Collection Unit provided by Kwality

Milk Processing Plant

74% Contractor & Hybrid

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Kwality Limited - Inked MoU with Bank of Baroda to Disburse INR 40,000 Mn to its 1 Lac Farmers in Initial Phase

To Boost Direct Procurement

Signed in Jan'2017



Overview

1. To disburse **INR 40,000 Mn** of loans among **1 lac farmers initially** within Kwality's established procurement network of ca. **350,000 farmers** across ca. **4,700 villages** in U.P., Haryana, and Rajasthan
2. Each Farmer would avail loan **of up to INR 4 Lac** at a preferential rate of **8.6% p.a.**, to be utilized primarily towards purchasing of **milching animals, a smart phone, and a two wheeler**
3. The scheme is aimed to provide **financial assistance to improve socio-economic lives** of farmers and steer them towards digitization



3E Benefits for Farmers

- ✓ **Enabled** Financial Assistance at Preferential rates
- ✓ **Empowerment** to increase income levels
- ✓ **E-enablement** for opening of accounts, promote seamless transactions and digitization



Increase Direct Procurement for Kwality

- ✓ Assured supply of **best quality milk** directly from farmers within our network. increasing **throughput of our existing network via Asset-light framework**
- ✓ **Accelerate Product mix shift** towards **consumer products**
- ✓ Acting as a facilitator, **assuming no liability**
- ✓ Strengthen existing relationships with Farmers and **foster new relationships**

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Expansion of Priority Sector Lending for Bank of Baroda

- ✓ Instant access to **1 lac farmers**, reducing costs and improving efficiency
- ✓ Increase exposure in priority sector

Recent Key Development

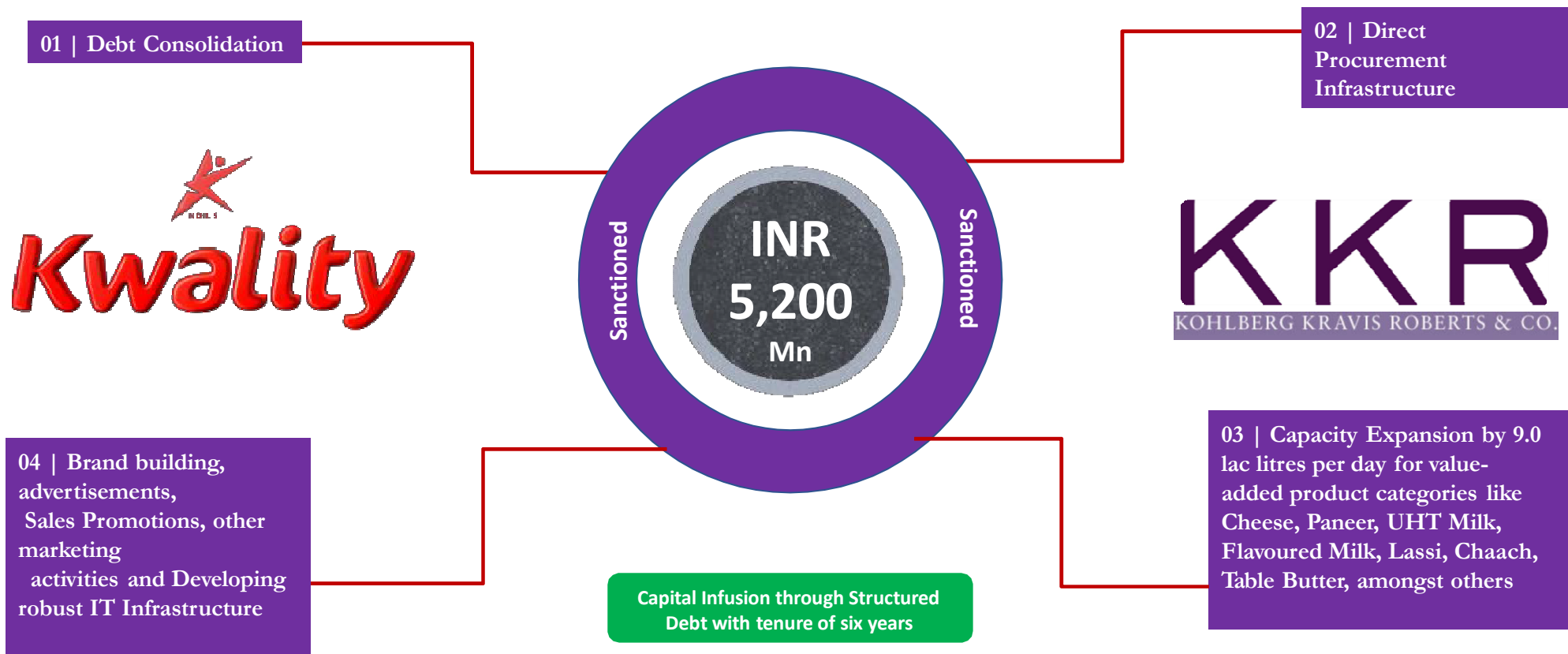
Disbursement of Third Tranche in Jun'17



- ✓ In **June, 2017**, Kwality organized a grand ceremony at Fatehabad, Haryana, for **disbursement of third tranche** of INR 40,000 Mn of loans to its farmers as part of the MoU
- ✓ The event was **graced by the presence of Mr. Manohar Lal Khattar**, Honourable Chief Minister of Haryana
- ✓ The event was **attended by over 2,000 farmers** and sanction letters given to over **400 farmers**.

Structured Debt for Six years

KKR sanctioned to provide up to INR 5,200 Mn as debt. Draw down INR 3,000 Mn

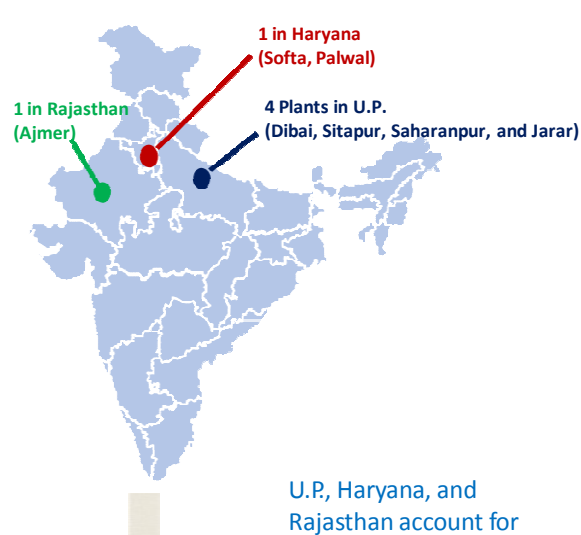


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Kwality Limited – Manufacturing Facilities

Ultra-Modern Plants close to Key Consumption Markets

Locations



4.3
Mn Litres/Day
Milk Handling
Capacity

34%
of total Milk
Production in
India



Equipped with Robotic systems, cutting-edge technology for quality control systems and sophisticated R&D facilities

Overview

- ✓ Six state-of-the-art manufacturing facilities with streamlined operations in close proximity of key target markets in North India
- ✓ Equipped with ultra-modern equipment, dedicated R&D labs for product innovation and new product development, ample storage area, security systems, quality control systems, power back-up, and infrastructure available to scale-up operations
- ✓ Obtained various quality certifications from reputed federal organizations/agencies
- ✓ ISO certified operations; compliant with environmental and regulatory norms
- ✓ Began commercial production at its new unit at Softa plant, Haryana, in Feb, 2017, dedicated primarily for value-added products
- ✓ The unit is fully automated, equipped with ultra-modern machinery, world-class quality control systems, and state-of-the-art R&D lab for which we have applied for National Accreditation Board for Testing and Calibration Laboratories (NABL) certification, would it eligible for third-party testing post accreditation
- ✓ The unit has milk handling capacity of 0.9 Mn litres/day primarily for value-added products such as Flavoured Milk, Paneer, Cheese, UHT milk, Cream in tetra packs, Table-Butter, Yoghurts, amongst others.
- ✓ With this unit, cumulative milk processing capacity of Kwality is 4.3 Mn litres/day across its six plants

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Kwality Limited – Quality Control

Quality Certifications



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World-Class Systems ensuring Supreme Quality

Overview

- ✓ The Company possesses a **strong Research and Development infrastructure** which encompass a technological advanced equipment and in-house testing labs with **stringent quality control systems**
- ✓ **Enhanced focus on Product Innovation and New Product Development**
- ✓ Supporting the strong infrastructure, the Company has a **dedicated and experienced team of professionals**. The result is an **enhanced focus of product innovation, creating a strong pipeline of differentiated products**.
- ✓ Further, to ensure supreme quality across the value chain from farm to customer, systemic fixes and process improvements are being implemented to make quality as the strongest vertical within the organisation

We are committed to the quality standards and norms to ensure safe and quality products for consumers

Kwality Limited – Product Portfolio

Diversified Product Range

Pouched Milk



Flavoured Milk



Curd



Skimmed Milk Powder



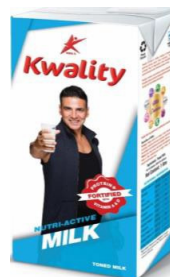
Instant Dairy Whitener



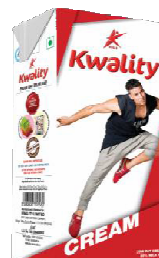
Chaach/ButterMilk



UHT Milk



UHT Cream



Ghee



5 products have been rolled out and plan to roll-out 4-6 more variants of high margin value-added products such as Paneer, Cheese, Table-Butter, Yoghurts, Milk-based beverages

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New Product Launched – Flavoured Milk

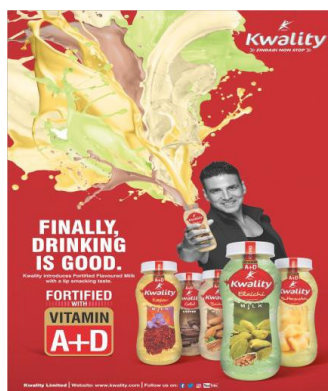
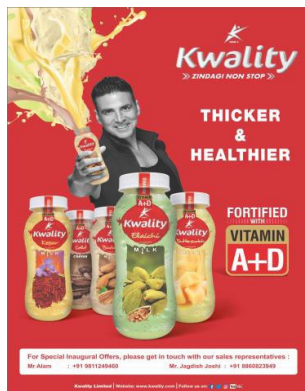


Overwhelming Response From Consumers and Channel Partners

Flavours Launched



Our Campaigns



Recently, we launched our new value-added product i.e. 'Flavored Milk'

- ✓ **Flavors** - The product is available in five flavors i.e. Kesar, Badam, Elaichi, Butter-Scotch, and Cold-Coffee
- ✓ **Differentiation** - Its unique value proposition is that it is fortified with Vitamins A & D and has a shelf life of six months at ambient temperature.
- ✓ **Product Placement** - We are leveraging on our existing network and would continue to explore alternate channels for its placement to ensure availability in our target domestic markets.
- ✓ **Response** - The product is witnessing overwhelming response from both, consumers and channel partners.

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Placement – General & Modern Retail Channels



Delighted Consumers



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New Product Launched – Lassi and Chaach

Launched



Our Campaigns



Recently, we launched our new value-added product i.e. **Lassi and Chaach**

- ✓ **Flavors** - The product is available as **Masala Chaach and Sweet Lassi**
- ✓ **Differentiation** - Tetra packing which enhances shelf life to six months at ambient temperature.
- ✓ **Product Placement** - We are leveraging on our existing network and would continue to explore alternate channels for its placement to ensure availability in our target domestic markets.
- ✓ **Response** - The product is witnessing overwhelming response from both, **consumers and channel partners**.

Kwality Limited – Distribution Network

Strong Presence in Largest Consumption Markets



Kwality's Major Presence

- NCR (Delhi)
- Rajasthan
- Haryana
- Uttar Pradesh

Strategic Business Units (SBU's)

Fresh Products Division

Pouched Milk, Curd, Chaach, Paneer *et al*

Consumer Products Division

UHT, Cream, Milk, Ghee, Cheese, Flavoured Packed, Lassi, Chaach, Table-Butter, Yoghurts *et al*

Institutional Division

Ghee, Milk powders, Bulk Milk & Butter *et al*

Sales & Distribution Strategy aligned with nature of products and customers catered

Overview

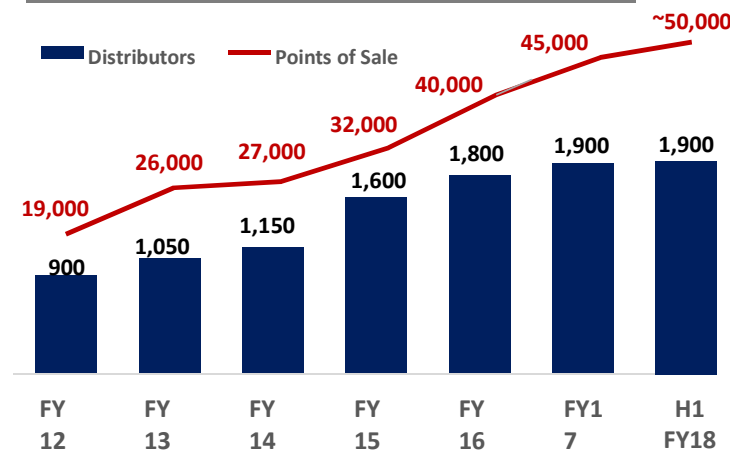
- ✓ Established strong position in **key consumption markets of North India**
- ✓ Products available on **General and Modern trade channels and select online platforms in North India**
- ✓ Have set-up **SBU's** headed by respective profit managers for increased penetration
- ✓ Have roped in learning facilitators with rich experience for **developing sales & distribution design for SBUs and training modules** (classroom and e-learning based) aimed to improve efficiency, effective channel management, query/complaint handling, customer care
- ✓ In-process of **implementing cloud based solution 'Field-Assist'** to facilitate real-time decision making based on comprehensive data analytics
- ✓ Kwality aims to enhance its **presence to 100,000+ points of sale** over medium term **including modern trade channels, exclusive brand stores, and select online modes** in sync with brand salience and launch of new products.



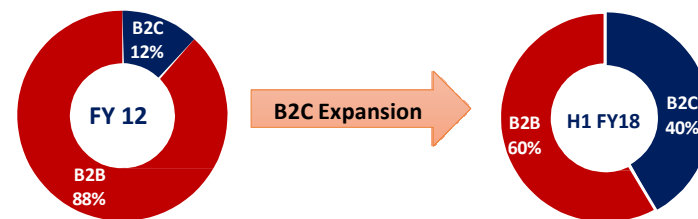
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Extensive Network in North India

Growing Retail Network



Sales Mix



On Standalone Sales

Kwality Limited – New Brand Campaign

**New Brand Campaign with leading Bollywood Actor
Mr. Akshay Kumar**

Kwality
» ZINDAGI NON STOP »

Kwality milk,
PROTEIN KI SHAKTI,
jo de aapko josh
aur energy non stop.

We are pleased to announce our new Brand Campaign
towards building a strong position in the consumer
space

Our Brand Ambassador
Bollywood Actor Mr. Akshay Kumar

Radio Channels

Print

T.V, Outdoor/Hoardings/Banners, Metro Train.
and various customer engagement channels

Kwality
» ZINDAGI NON STOP »

Kwality Zindagi Non-Stop!

Kwality Limited - For queries, call Toll Free No. > 1800 123 5545 email: info@kwal.in Website: www.kwal.in

To Achieve Quick Consumer MindShare

Our Branding Partners



and all Online Platforms

**Inked Ad-for-Equity Deal with ToI and HT Media
for INR 600 Mn**



hindustantimes



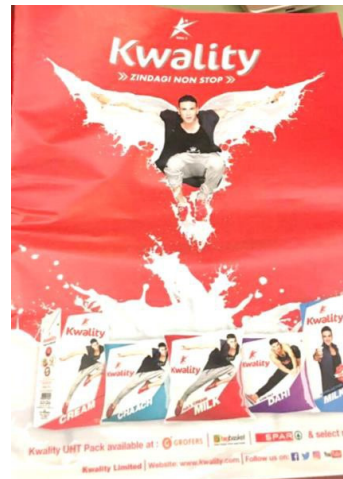
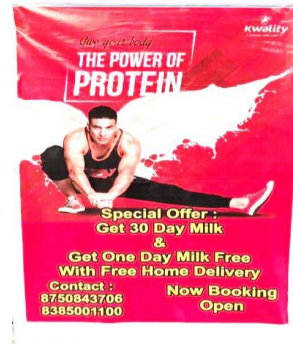
...amongst others

Roped in McCann for 'Creative', Zenith Optimedia for 'Media Planning, Digital Quotient for 'Digital Marketing'

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Kwality Limited – Select Campaigns



ATL , BTL, and Customer Engagement Activities

Kwality Promoted Jolly LLB 2 Movie



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Kwality Limited Engaged Ernst & Young for Developing Growth

To Develop Roadmap for B2C Expansion

Strategic Roadmap
Roped in leading consulting firm Ernst & Young to develop Comprehensive Growth Strategy for B2C Expansion

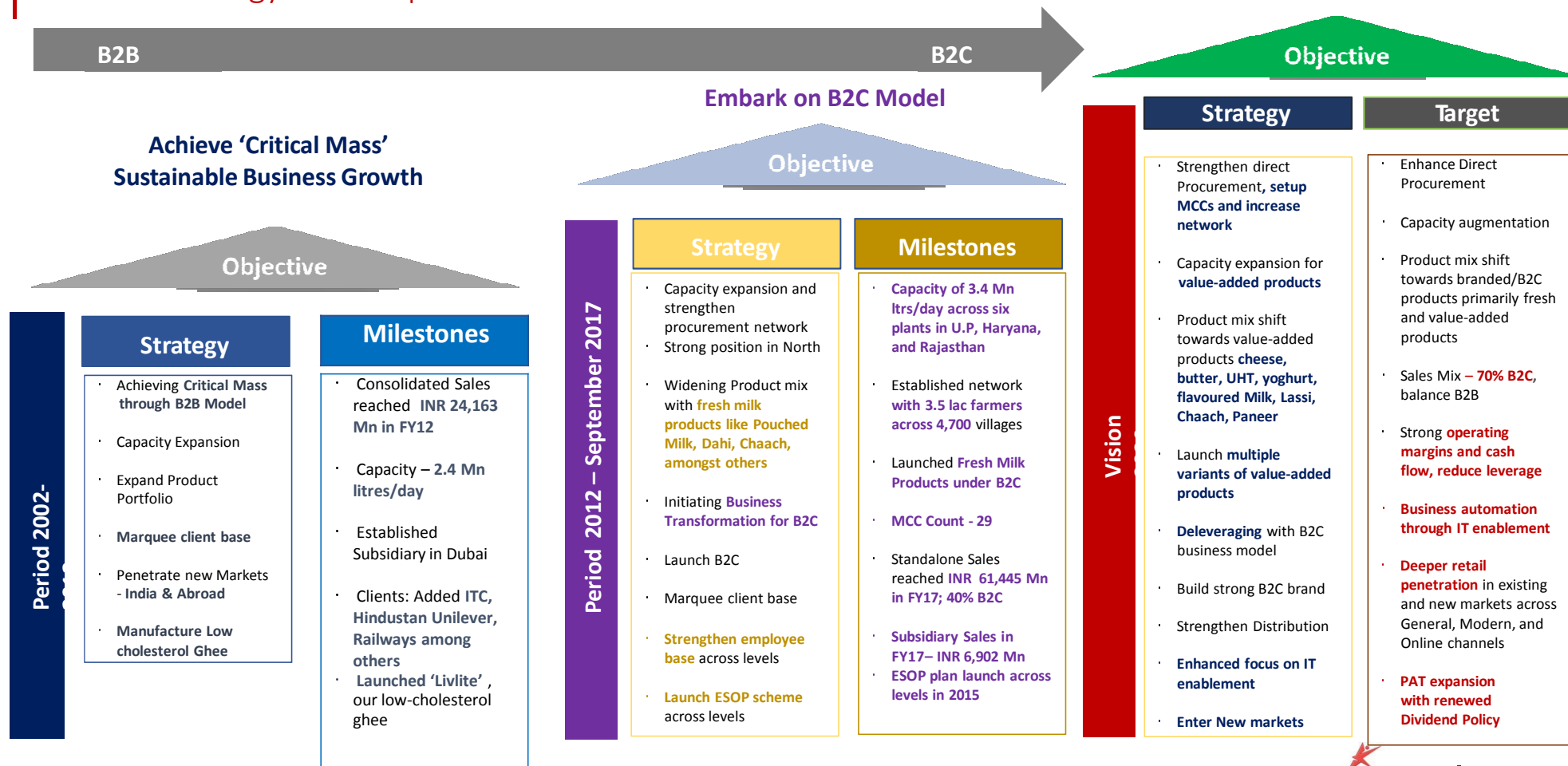


Key Deliverables

- 1 **Industry/Market Assessment**
 - Assessment of **Market size** for different **product categories/sub-categories** and market dynamics
 - Understand **channel dynamics, consumer trends, Route To Market practices, competition**
- 2 **Internal Capability Assessment**
 - **Internal** capability **bench-marking across value chain**
 - **Assess capability-fit to execute CSFs**
- 3 **Identification of Lucrative Product Categories**
 - Identify **gaps areas** and their extent
 - To identify lucrative product categories/sub-categories '**Where to Grow**', segments for operation
 - **Develop distinct proposition and strategic differentiators category/sub-category wise**
- 4 **Operating Model Design**
 - Developing extensive operating model design '**How to Grow**' covering the entire value chain post assessment of internal capabilities of the company.
 - Design of **operating model across Sales, Supply Chain**
- 5 **Developing Business Plan**
 - **Manufacturing, Marketing value chain**, considering Kwality's objectives and competitive landscape
 - **Identify financial success parameters**
 - Build **financial projections**
 - Identify **risks, their mitigation plan, and sensitivity** on business plans
- 6 **Execution Roadmap**
 - Execution roadmap with **key task, timelines and responsibilities**
 - Project control mechanisms

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Growth Strategy Roadmap - 2020



Board Of Directors

Professionals with Rich
Experience



Dr. Rattan Sagar Khanna
(Chairman & Independent
Director)

- Aged 69 years and currently associated with a no. of reputed institutions in Dairy Sector including, Deptt. Of Animal Husbandry, Sikkim, Namastey India Foods, Ganesh Scientific Research Foundation, CIAHDD, Gerson Lehrman Group, New York etc.
- In past, served as a Consultant of Department of Animal Husbandry, Fisheries & Veterinary Services, CEO of Animal Feeds Business in Dabur Ayurveda Limited., Advisor to the GCMMF, GM in GCMMF, New Delhi, MD of Rajasthan Co-operative Dairy Federation, Resident Representative of National Dairy Development Board, head (Projects) of Indian Dairy Corporation, Baroda etc.
- Contributed about 100 researchers, reviews and sectoral articles.



Sanjay Dhingra
(MD)

- Significant experience of more than two decades in the business of Dairy and FMCG products with varied exposure in manufacturing, trading and international marketing.
- Business acumen combined with his grass root level exposure in the Dairy and FMCG industries
- Instrumental in turning around the business post taking over in 2003 and establishing Kwaliti as a dominant player in the dairy industry in the Country.
- Felicitated by, the then, Hon'ble Union Finance Minister Mr. Pranab Mukherjee for being a successful self industrialist and for his immense contribution to the Dairy sector.



Sidhant Gupta
(Director)

- Management graduate with rich experience of more than a decade, in strategic business development, liasoning & international trade.
- Key member Instrumental in implementation of the growth strategy and ongoing expansion projects in the Company.
- Played a pivotal role in expanding the company's global footprint with tremendous growth and enhancement of the group's value by launching new dairy products.
- He has been instrumental in bringing about technological & managerial excellence in the company's operations.

Board Of Directors

Professionals with Rich
Experience



Dr Kuldeep Sharma
(Whole time Director)

- **P.HD by qualification**, has more than **40 years of experience in Agriculture and Science**
- He worked as **Director Directorate of knowledge management in Agriculture (DMKMA) under ICAR.**
- He was an active contributor for **Scientific & Agricultural Journalism, Scriptwriting, Direction, Compeering and presentation of Tv programs and Films.**
- He has been accredited with numerous **Natinal and International Awards** of repute like **Food & Agricultural organisation (FAO)WHO, Ministry of agricultural & Ministry of science and technology**



Manjit Dahiya
(Whole Time Director)

- More than **26 years of experience in the Dairy Industry**
- Expert in **setting dairy plants**, development of dairy products and implementing latest developments in dairy industry.
- Responsible for **handling technical issue at the Pant and milk chilling centers.**
- Responsible for bringing lots of **reforms in manufacturing of SMP, Ghee, Cheese, Paneer, Dairy Whitener and other dairy products.** He has expert knowledge in the products manufactured by Kwaliti Limited and its utilization



Ankita Mehrotra
(Independent Director)







- A fellow member of Institute of **Chartered Accountants of India** and a **graduate in commerce.**
- Brings with her the vast expertise in **the field of implementation and design of systems, audit, and advisory services.**
- Has business and financial expertise in **financial accounting, taxation, auditing and management accounting.**
- She is a **partner of Chartered Accountancy firm Precious**

Key Managerial Personnel

Strong Management
Team

Nawal Sharma (President & Head Business Transformation)	>	25 years of rich experience across multiple industry including Business Transformation (Consulting), Telecom, BPO & FMCG and worked with companies like Reliance Communications, Bharti BT Internet etc.
	>	Key professional experience cuts across all layers of organization management, i.e., business layer, process layer, organization layer & execution layer.
S. K. Gupta (Chief Financial Officer)	>	CA with more than 36 years of experience across various level in the field of Finance & Accounts . He has overall worked as Director Finance for more than 21 years in various corporates including PSU of Central Govt. of India & represented the Board.
Rajesh Verma (VP- International Marketing)	>	Having 2 decades of experience in FMCG majors & blue chip companies such as Blowplast Industries, VIP Industries, HUL, Bata India.
	>	Responsible for handling Sales & Marketing function including International Marketing.
Pawan Sharma (Vice President & Head-HR)	>	MBA in HR with experience of more than 26 years. Responsible for developing, implementing and maintaining HR strategies, policies and procedures and monitor as well as to identify manpower requirements and make appropriate recommendation to management for implementation.
Kabir Basu Roy (Chief Marketing Officer)	>	An MBA with over 15 years of rich experience into Brand Management & FMCG Marketing. Responsible for brand development, marketing and communications to improve brand visibility and salience ". Before joining Kwaliti, he worked with organizations like Godfrey Phillips (Tea Division Fortis Healthcare, Leo Burnett, Market Probe India
Rajendra Singh (MCC State Head)	>	An MBA from IGNOU and M.Sc in Agricultural Botany from Meerut University
	>	He has more than 33 years of experience in the implementation of the world's largest poverty alleviation programme "Operation Flood"
KT Krishna Rao Quality Head	>	An MBA in Operations & HR, having over 34 years of rich experience in Total Quality Management & Process Excellence, expertise in implementing technology to improve quality.
	>	A certified Lead Auditor in QMS and accredited Green belt in Six Sigma. Before Kwaliti, he worked in various capacities at GSK Consumer Healthcare.
Ashvinder Kalra (GM – CPD Sales)	>	A post-graduate in Sales & Marketing with over 21 years of experience in the field of Sales, Integrated Marketing, and International Marketing.
	>	Before Kwaliti, he served as VP Export & MD of Shakti Bhog Foods (Dubai). Earlier, worked in Timex Watches & Coca-Cola India in various capacities.
Ashutosh Kapil (DGM - FPD Sales)	>	Has over 25 years of experience in FMCG and Dairy Space. Has completed BA from Kurukshetra university
	>	Before Kwaliti, he worked with companies like Tasty Dairy Specialities Ltd., VRS Foods, Karnal Milk Foods, LakhanPal Limited in various capacities in Sales
Ramanuj Acharya (Deputy General Manager - Sales)	>	He is carrying around 26 years of rich experience into sales in FMCG Industry. He worked with prestigious organizations like Gandour India Foods, GM Pens (Reynolds), Cadbury India, BPL Soft Energy, Medimix & Parle Agro.
Inderjeet Singh (CGM Institutional)	>	B.Com from Delhi University and has more than 30 years of experience in Dairy Industry including Milk Food, Cepham Milk Specialities, Parle Exports, HMM
Pradeep Srivastava (C.S. & Compliance Officer)	>	He is a Fellow member of Institute of Company Secretaries of India and in addition to it also holds a Bachelor's degree in Law and Science. Mr. Pradeep Srivastava is having more than 13 years of experience and an expert in Corporate Laws, Securities Laws, SEBI, RBI and other compliances.
Jayant Karmakar (Chief General Manager - Palwal)	>	A Graduate in Dairy Technology, having more than 23 years of experience in Dairy Industry.
	>	Expert in Strategic decisions, planning and budgets, Milk Procurement, Quality Processing, cost control etc.
Naveen Sharma (GM & Head Purchase)	>	An MBA from Global Open University and MDP in Logistics and Supply chain from IIM Ahmedabad having an experience of more than 15 years
	>	Experience in areas of strategic sourcing, procurement, Packaging Materials, supplier development, business negotiations & supply-chain management

Recent Accolades

	We conferred upon the prestigious "Iconic brand of the year (Dairy Products) " in September 2017. The recognition is primarily for the mega launch campaign which we did early this year, launch of the various value added products like UHT milk, flavoured milk fortified with Vitamin A & D based on the consumer/market research that was conducted. The primary objective of organizing this award is to recognize the topmost Iconic Personalities and Brands from different industries on the same platform. This award is a consumer recognition of the efforts we as an organisation are putting on to become one of the leading consumer Dairy Brands of India in accordance to our on-going Business Transformation strategy.
	Our Managing Director, Mr. Sanjay Dhingra name was published by the "Business Today" magazine in January 2017 edition under the category of " Top 100 CEOs of India"
	Our Director, Mr. Sidhant Gupta is awarded: "25 of Delhi's most Influential entrepreneur of 2017" by Elite magazine in October 2017.
	Mr. Anand Ruhela, IT head has been awarded with Dataquest Vertical Warrior Award, 2017 for innovative use of technology in FMCG industry by DATAQUEST in March 2017.
	Kwality Ltd has been ranked at 8 th position in India in FMCG (sector wise), ranked at 197 th position in growth (Revenue wise) all across in 'Fortune India Magazines' in December 2016 edition
	In an endeavor towards our IT initiatives, Mr. Anand Ruhela, IT head was recognized amongst the '100 Most Innovative CIO of India' by World CSR Day 84 World Sustainability Congress, in June, 2016. This Award recognizes great leaders across leadership levels in organization who aims at believing that perfection has no limit and targets are merely milestones, not an end of the journey.

Management Message



Commenting on the performance, Mr Nawal Sharma, President and Head – Business Transformation, Kwaliti Limited, said, “We are delighted with the response from both customers and channel partners to our recently launched value added product range.

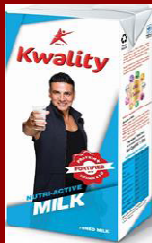
We continue to be extremely excited about the opportunities in this space and will in due course further expand the range.

Kwaliti’s business is in a transformational stage from a B2B to a B2C company. Our understanding of the dairy industry is reflected in our being the largest procurer in several locations in Northern India.

We will continue to leverage our experience and understanding to strengthen our operations across the entire supply chain and drive profitable growth”

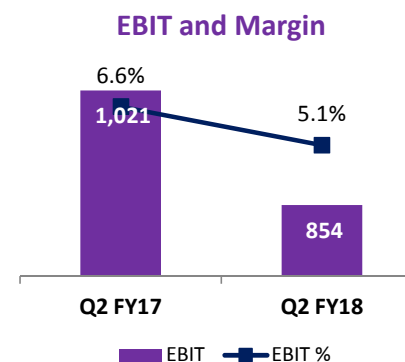
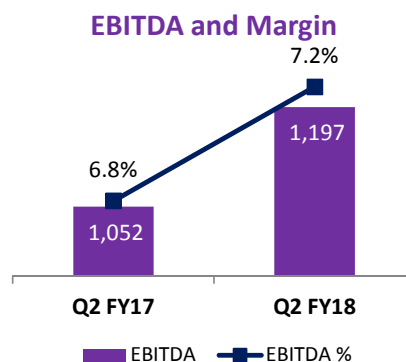
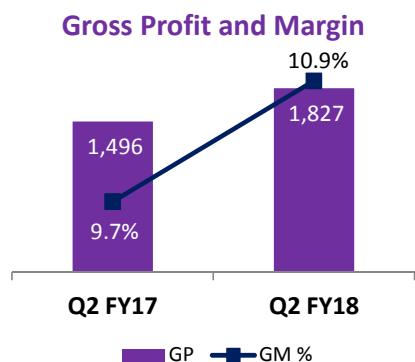
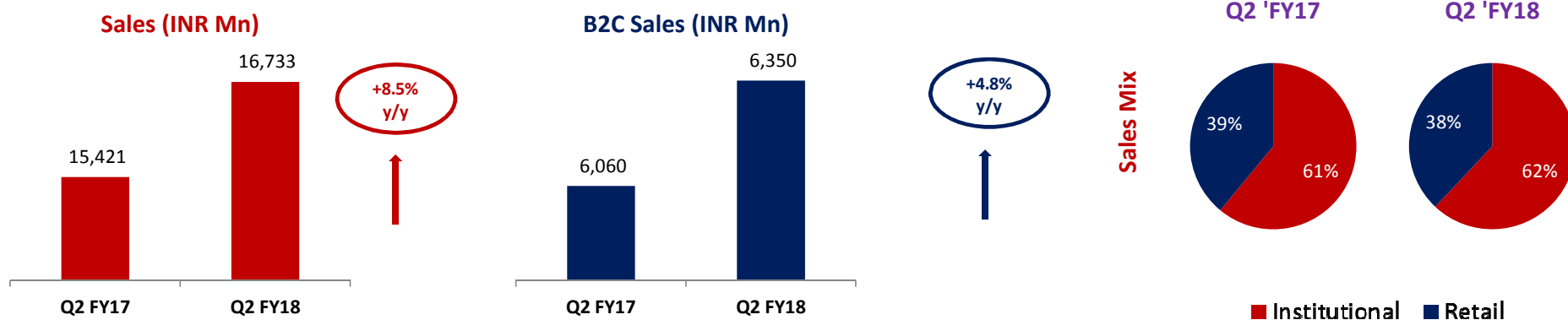


Financial Overview – Q2&H1'FY18



Standalone Financials Overview – Q2'FY18

Strong Growth in B2C



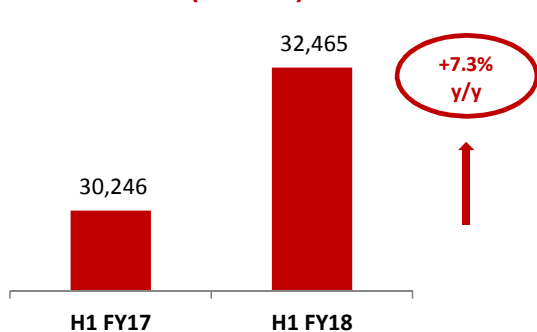
Margin As % of Sales
Financials as per Indian Accounting Standards; All figures in INR Mn except Growth y/y and Sales mix

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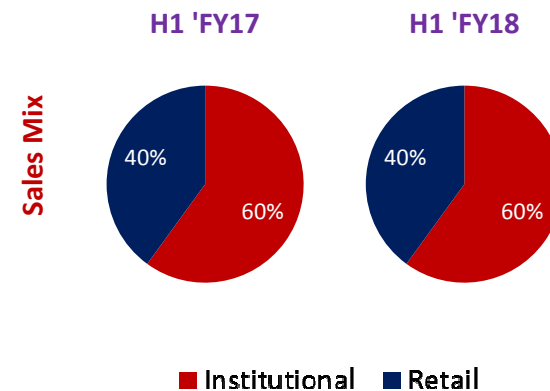
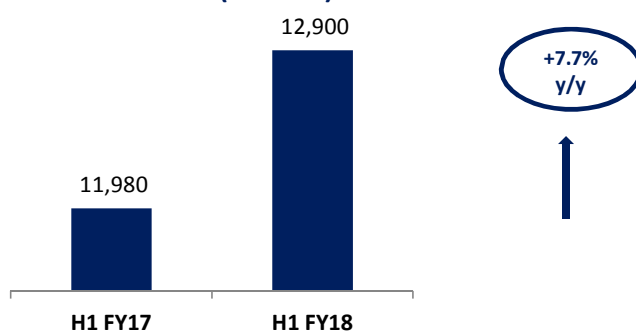
Standalone Financials Overview – H1'FY18

Strong Growth in B2C

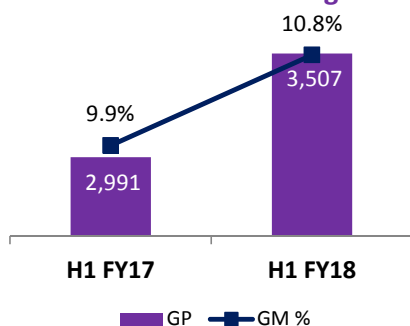
Sales (INR Mn)



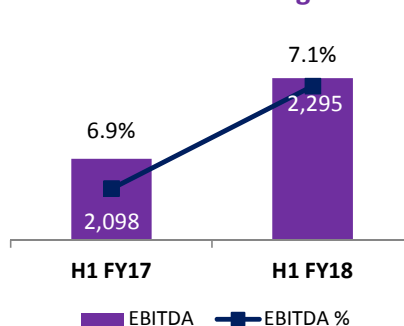
B2C Sales (INR Mn)



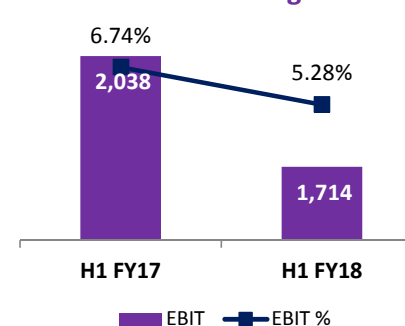
Gross Profit and Margin



EBITDA and Margin



EBIT and Margin



Margin As % of Sales
Financials as per Indian Accounting Standards; All figures in INR Mn except Growth y/y and Sales mix

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Standalone Income Statement Overview

	Standalone Financials					
Particulars	Q2'FY18	Q2'FY17	Growth y/y	H1' FY18	H1' FY17	Growth y/y
Sales	16,733	15,421	8.5%	32,465	30,246	7.3%
Gross Profit	1,827	1,496	22.1%	3,507	2,991	17.3%
Gross Margin* (%)	10.9%	9.7%	120bps	10.8%	9.9%	90bps
Employee Expenses	112	86	29.9%	211	188	11.8%
Dep & Amortization	343	30	-	581	60	-
Other Expenses	518	358	44.7%	1,001	705	41.9%
EBITDA	1,197	1,052	13.8%	2,295	2,098	9.4%
EBITDA Margin* (%)	7.2%	6.8%	40bps	7.1%	6.9%	20bps
Finance Costs	511	386	32.6%	1,009	767	31.6%
PBT	342	636	-46.2%	705	1,271	-44.6%
Tax Expense	132	215	-38.4%	216	428	-49.6%
PAT	210	421	-50.1%	489	844	-42.1%
PAT Margin* (%)	1.3%	2.7%	(140)bps	1.5%	2.8%	(130)bps

*As % of Sales
 Financials prepared in accordance with Indian Accounting Standards; All figures in INR Mn except margins and Growth y/y

2.02 1.57 1.43 1.07
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Strong Growth in EBITDA driven by B2C

Revenue

- Revenue grew **8.51% y/y**
- B2C revenue increased **4.8% y/y** during the same period to reach **INR 6,350 Mn**; accounted for **38% of sales**

Gross Margin

- Margin expanded **120 bps y/y to 10.9%** in Q2'FY18, supported by relatively higher realization from B2C business

EBITDA

- In Q2'FY18, EBITDA grew **13.8% y/y** owing to **better realisation in B2C business**

PAT

- PAT impacted by higher finance cost and depreciation expense
- Diluted EPS is **INR 0.85** during the same period

Revised Credit Rating

Credit Rating by Brickworks revised - Kwality's Outlook from 'Stable' to 'Positive'

- Fund Based Long-Term – 'BWR A+ (Outlook Positive)'
- Non Fund-Based Short Term – 'BWR A1'
- Non Convertible Debentures – 'BWR A+ (Outlook Positive)'

Kwality Ltd.'s Board Approves Appointment of New Statutory Auditors



Kwality Ltd, amongst largest and fastest growing private dairy companies in India, today announced that the Board has considered and approved appointment of **MSKA & Associates ('MSKA')** as its new statutory auditors for the period **FY 2017-18 to FY 2021-22**, at the Annual General Meeting held in **Sep' 2017**.

Commenting on the development, **Mr. Nawal Sharma, President & Head Business Transformation**, Kwality Ltd., said, *"This is a significant development as part of our transformation. For us, Business transformation is more than changing our business model towards B2C, it's about changing the DNA of the organization with an aim to be a world-class company in terms of quality and professional standards. As a company, it is our continuous endeavor to streamline process, build and implement process oriented frameworks to ensure adherence to supreme level of corporate governance within the organization. To achieve this, collaborations and associations with domain experts and specialist organizations is essential. We strongly believe, this association would further add credibility and bolster the confidence of all stakeholders of our company".*

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Appointment of New Statutory Auditors



Overview

- ✓ India based **MSKA**, is a member firm of **BDO network**, which is world's fifth largest in terms of geographic footprint with presence in 159 countries with over 1,400 offices and 67,700 professionals.
- ✓ The renowned Chartered Accountancy Firm specializes in providing high-end services in Tax, Regulatory and Audit Assurance domain
- ✓ **Team & Sectors** - With a team of **10 Partners** and over **200 employees** with rich experience, the company serves top-notch Multinational Companies and Indian Corporates across industries including **Technology, Services, Real Estate, Manufacturing & Distribution Segments**
- ✓ Presence - In seven cities - **Bengaluru, Chennai, Kolkata, Hyderabad, Mumbai, Delhi/NCR - Gurgaon and Pune**
- ✓ MSKA has extensive experience in delivering assurance services, adopt best global practices, and audit tools to address dynamic service needs of its clients

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Disclaimer

The information contained herein has been prepared to assist prospective investors in making their own evaluation of the Company and does not purport to be all-inclusive or to contain all of the information a prospective or existing investor may desire.

This Information may include certain statements and estimates provided by the Company with respect to the projected future performance of the Company. Such statements, estimates and projections reflect various assumptions by management concerning possible anticipated results, which assumptions may or may not be correct.

Prospective investors will be expected to have conducted their own due diligence investigation regarding these and all other matters pertinent to investment in the Company.

This presentation may contain statements that are uforward looking statements. The company's actual future results may differ materially from those suggested by such statements, depending on various factors for which the company and its management does not take any responsibility.*

For further information, please contact:

Investor Relations

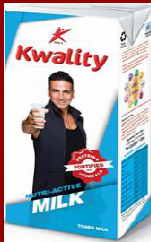
R. Raghunathan
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Gavin Desa / Rabindra Basu
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rabindra@cdr-india.com

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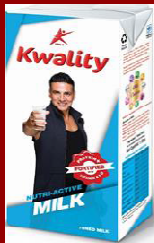


Annexure



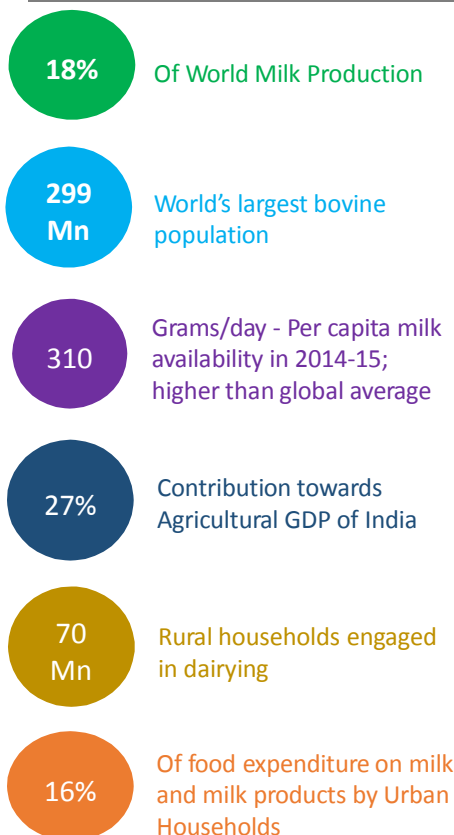


Industry Overview



Dairy Industry in India – At a Glance

Vital Statistics



Source: Dairy India Seventh Edition, IMARC, Industry, Ministry of Agriculture and Farmer Welfare



A Compelling Investment Opportunity

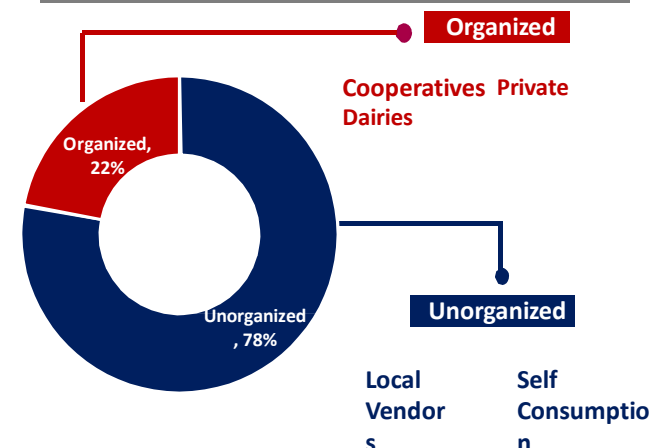
- ✓ World's largest milk producer and consumer – **18% and 21% global market share respectively**
- ✓ India amongst world's fastest growing milk market, estimated value **INR 6,671 Bn**; **growing @15% by value annually**
- ✓ **India - Second-Largest populated country with over 1.27 Bn people**
- ✓ Indian Dairying has a large and growing domestic market; **consumption growth surpassing production growth**
- ✓ **Milk is India's largest agricultural 'crop'** far ahead of Wheat, Rice, Maize, and pulses.
- ✓ Strong thrust from government towards Dairy as it offers relatively stable stream of income as against crop production; **Dairy farmers receive about 2/3rd of consumer rupee spent on milk**
- ✓ Milk is an **essential component of household budget** in India; rural and urban spending on milk and milk products is increasing consistently
- ✓ **Growth in population, increasing income, increasing number of nuclear families, favourable demographics, awareness** are driving demand for branded products; organized segment
- ✓ **New technologies for product and process** know-how available
- ✓ **Reasonable margins across product categories**; premium on **high-quality, long shelf-life, differentiated value-added products with sophisticated packaging**

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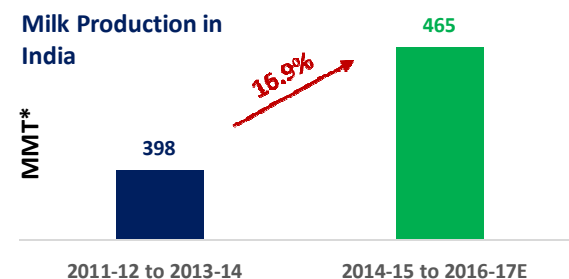
World's Largest Milk Producer and Consumer

Industry Structure

100% = INR 6,671 Bn



India - World's Largest Milk Producer



*MMT – Million Metric Tonnes

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Dairy Industry in India – Production

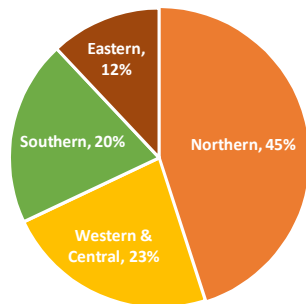
Per Capita Milk Availability 2014-15

India's Milk Production



Dominated by Northern India

Region-Wise Production 2014-15

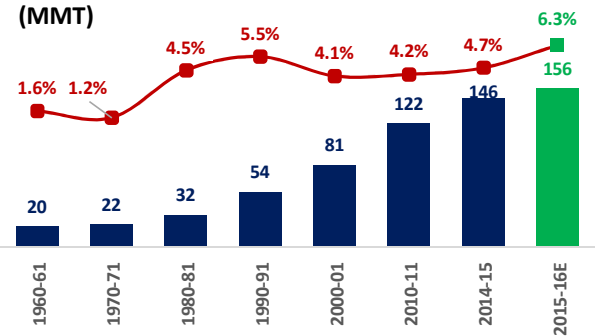


100% = 146 MMT



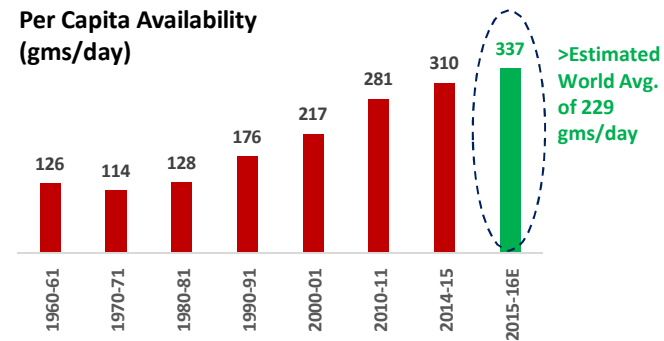
Growth Trend 1960-61 To 2015 -16E*

Milk Production (MMT)



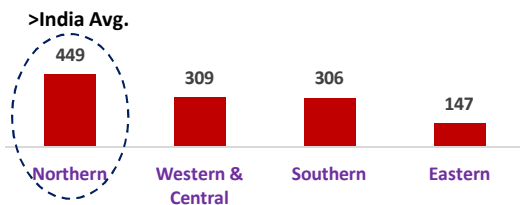
■ Milk Production (MMT/Year) — Avg. Annual Growth Rate

Per Capita Availability (gms/day)



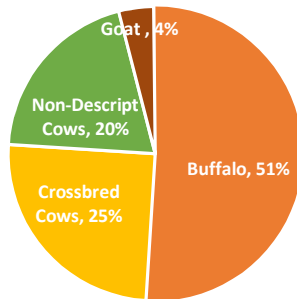
*Estimated

Region-Wise Per Capita Availability (gms/day)



Northern: Chandigarh, Delhi, Haryana, HP, J&K, Punjab, Rajasthan, UP, Uttarakhand
Western & Central: Chhattisgarh, Dadra & Nagar Haveli, Daman & Diu, Goa, Gujarat, MP, Maharashtra
Southern: AP, Karnataka, Kerala, Lakshadweep, Puducherry, Tamil Nadu, Telangana
Eastern: Andaman & Nicobar, Arunachal Pradesh, Assam, Bihar, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura, West Bengal

Animal-Wise Production



Buffalo Avg. Yield/Day



5.15 Kg

Crossbred Cow



7.15 Kg

Non-Descript Cow



2.54 Kg

Source: Dairy India Seventh Edition, IMARC, Industry, Ministry of Agriculture and Farmer Welfare

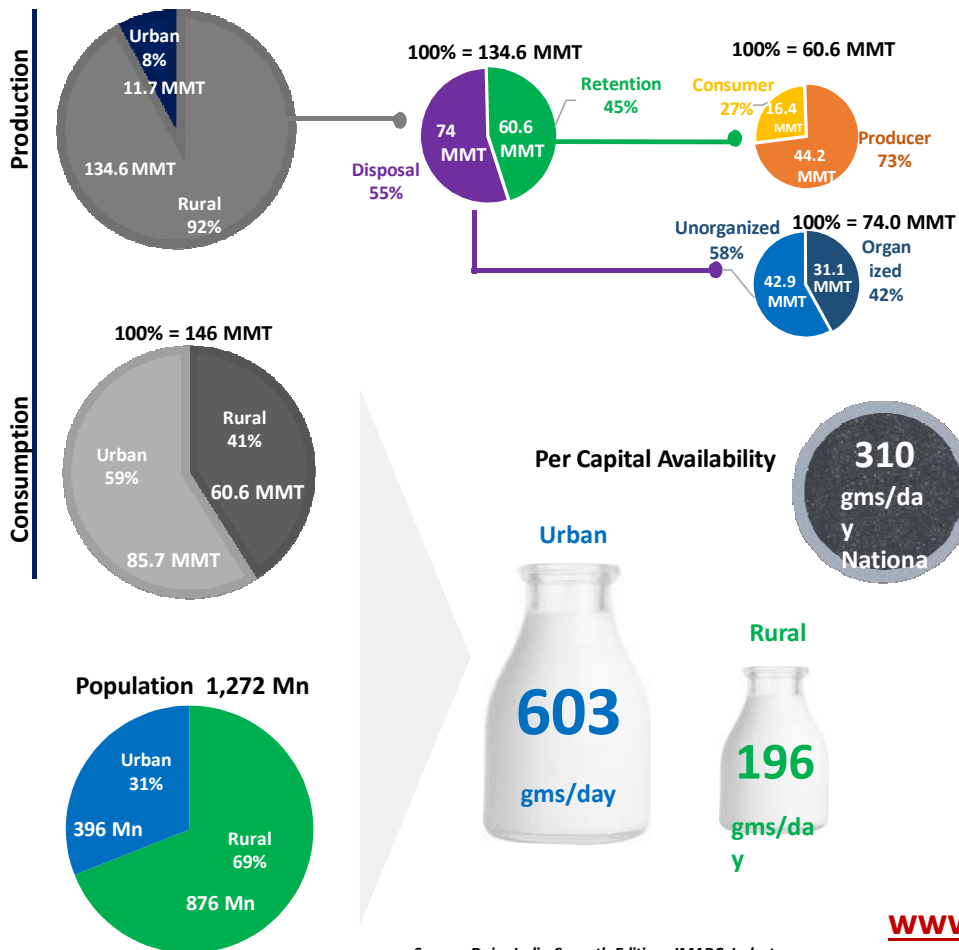
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Dairy Industry in India – Milk Flow From Producer to Consumer



Milk 'Superior Good' in India

Year 2015



Source: Dairy India Seventh Edition, IMARC, Industry

Key Highlights



Top Milk Producer, low productivity: India is world's top milk producer but its per animal productivity is very low; **4.51 kg/day**



Most of the milk producers in India are small and marginal farmers and landless labour, thereby, **'commercial' dairy farming is non-existent**. Dairy is subsidiary to the farmer's primary crop growing activity, basically entailing conversion of agricultural wastes and use of surplus family labour



Per capita milk availability at **310 gms/day** is higher than the world average of **294 gms/day**



Milk is classic 'Superior Good' in India

Indians take naturally to milk. Besides its nutritional value for significant section of the population that is lacto-vegetarian, **milk is part of the country's socio-cultural and religious traditions**



Essential part of household expenditure; **Average income elasticity of demand for milk and milk products is 1.64 across all income groups, going up to 2.34 for very poor households**. This means that an increase in income would lead to **more than proportionate increase in demand for milk and milk products**



Bulk of the milk consumed is raw or 'unprocessed'

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Dairy Industry in India – Key Growth Drivers



1

Favorable Demographics and Rising Middle Class

Rising middle class, increasing young population, surging household budgets, increasing nuclear families to drive consumption and product innovation

2

Changing lifestyles and Increasing health awareness

Changing lifestyles & preferences, increasing awareness on health and quality, availability of dairy products/convenience food through organized retail channels and food service segments, are driving demand for VAPs like **cheese, condensed milk, UHT, flavored butter/milk/yoghurt, protein-based beverages/health supplements**; VAPs expected to grow at a healthy rate of **23% annually till 2020E**

3

Increasing Urbanization

Economic growth to Rising disposable incomes and increasing brand awareness especially in **Tier-II and Tier-III cities** strong demand for branded products, thereby organized segment; **offer significant growth opportunities for retail**

4

Continued Government Support

Continued thrust by the Govt. towards Dairy through **various schemes such as the National Programme for Bovine Breeding and Dairy Development**, **National Dairy Plan (Phase-I)** and **“Dairy Entrepreneurship Development Scheme**

5

Growth of Modern Retail Channel to favor formalization

Growth of modern retail format will help improve the potential for an acceleration of growth in India's formal markets as well as **reconfiguration of supply chains**. This will increase the growth of modern trade in India which will propel growth of **VAPs like cheese, UHT, yoghurts, paneer, ice-cream, and baby food categories**. This will ultimately help **formalize linkages for infrastructure in milk procurement, cold chain, and processing**

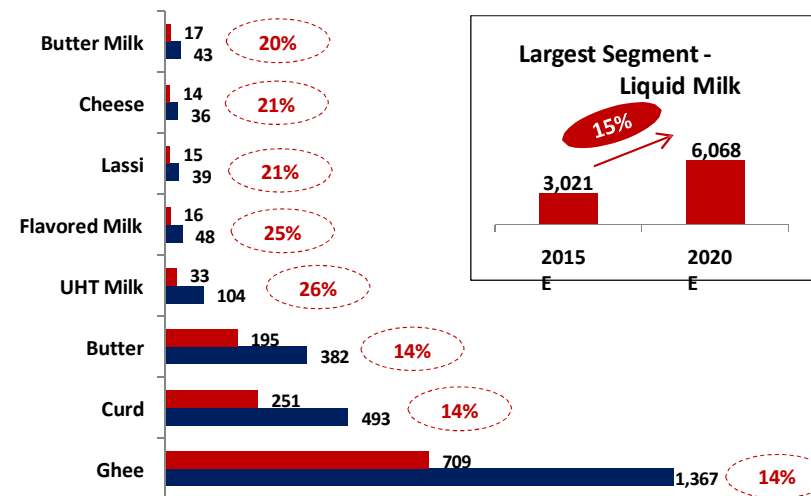
6

Technological Development

Emergence, development, and adoption of new cutting-edge technologies for new product development and innovation to cater to evolving consumer preferences

Organized Segment to Grow Faster

Product-Wise Products Market Potential in India – 2015E-2020E



All Figures in INR Bn ■ 2015E ■ 2020E CAGR

Growing Traction for Value-Added Products (VAPs)



Central Govt. Schemes For Livestock Upgradation

To Increase Count & Productivity of Milch Cattle

1. National Gokul Mission

- Aimed towards development and conservation of indigenous breeds, **14 Gokul grams are being established**
- These include **Maharashtra (3), Punjab (1), Chattisgarh (2), Andhra Pradesh (1), Gujarat (2), U.P. (2), M.P. (1), Karnataka (1), Haryana (1)**
- With improved breed and high quality **milch animals, the quantity and quality of milk** and its products is destined to grow significantly
- For the Mission, **INR 2,260 Mn was spent during 2014-17 and INR 1,900 Mn has been allocated for 2017-18**

2. National Kamdhenu Breeding Centre

- Two new National Kamdhenu Breeding Centres (one in North India **Itarsi, Hosangabad District in Madhya Pradesh** and one in South India- **Chintladevi, Nellore District in Andhra Pradesh**) are being established for which an amount of **INR 500 Mn has been released**
- The foundation stone for this breeding-centre was laid in **Oct'2016** in about 80 acres in Madhya Pradesh. Expected to be ready in the next two years, this centre will **have germplasm of exotic an cross bred-cattle**. Breeding centre is already functional in Andhra Pradesh and includes 8 breeds of buffaloes and cattle animals

3. National Mission on Bovine Productivity

Aimed to increase milk production and productivity and to make dairying profitable, GoI has initiated this mission with **allocation of INR 8,250 Mn for a period of 3 years**. This scheme has following components:

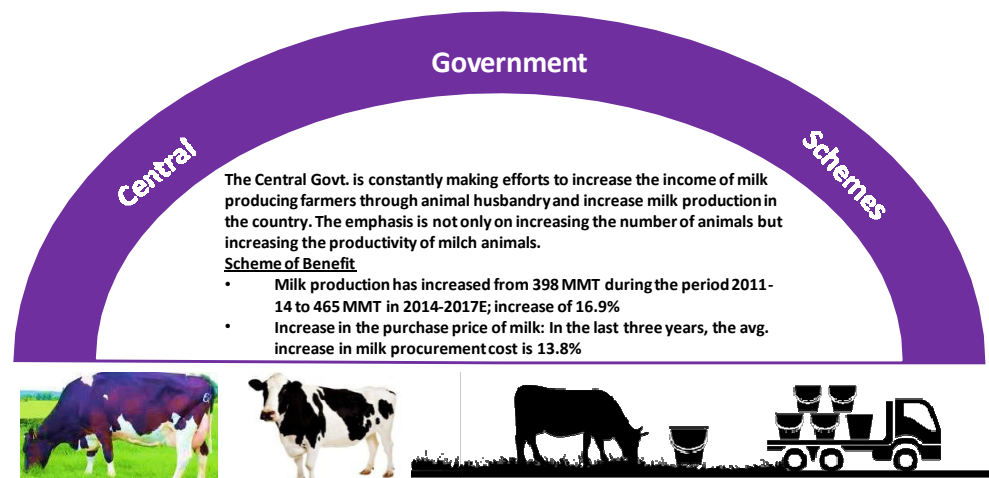
- Pashu Sanjeevani** – This is a program for Health of animals having components as a) Health Card (Nakul Swasthya Patra); Unique Identification Card; National Database
- Advanced Breeding Technology** – Including assisted reproductive technique, improving availability of disease free female bovine
- National Genomic Centre** – It would be established to enhance milk production and productivity of indigenous breeds through rapid genetic upgradation
- Creation of E-Pashudhan HAAT** – An e-market portal for bovine germplasm for connecting breeders and farmers of indigenous bovine breeds

4. Livestock Insurance Scheme

- National Livestock Mission is **working towards quantitative and qualitative improvement in capacity building of livestock production methods** and is an effective scheme of GoI to **protect livestock losses due to untimely death of animals**
- All the districts and animals have been covered under this scheme. The scope of coverage has been increased from 300 districts to all districts and from **only two milch animals to 5 dairy animals/other animals or 50 small animals**
- All indigenous and **hybrid milch animals, cattle, and other livestock** can be insured

Benefits of E-Pashudhan HAAT

- One stop portal for Bovine breeders, sellers, and buyers
- E-Commerce market portal for live-stock germplasm
- Connects farmers with breeders
- Authentic certified information on availability of germplasm, breed information of indigenous breeds and complete details of each live-stock along with photos and information on feed and fodder availability
- Provides connectivity with 56 semen centres of the country (20 states), 4 CHRS (4 states and 7 CCBFs), and connects 'farmers to farmers' & 'farmer to institute'
- It will be one-stop portal for Bovine breeders, vendors, and buyers with minimum participation of middlemen
- Sale of animals tagged with a Nakul Health Letter
- Preservation of diverse indigenous Bovine breeds in the country
- Increase in the income of the cattle farmers



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Progress Report on E-Pashudhan HAAT

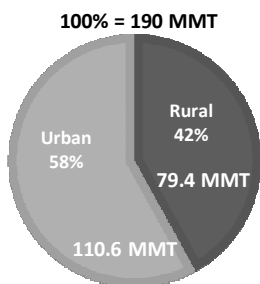
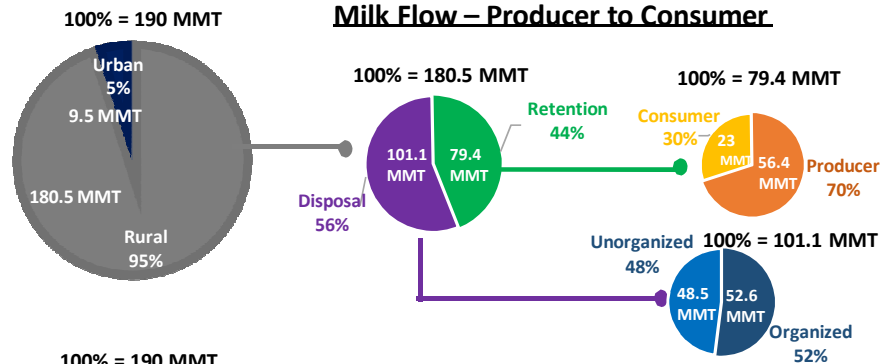
- Information on the production of **45.5 Mn** semen doses on the portal
- Sale of **32.3 Mn** semen out of the produced doses
- Information about **15253 high** genetic quality animals available on the portal for sale
- 373 high generic quality embryos** is available for sale

Dairy Industry in India - 2020

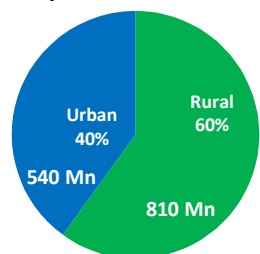


India to Grow Faster than World Average

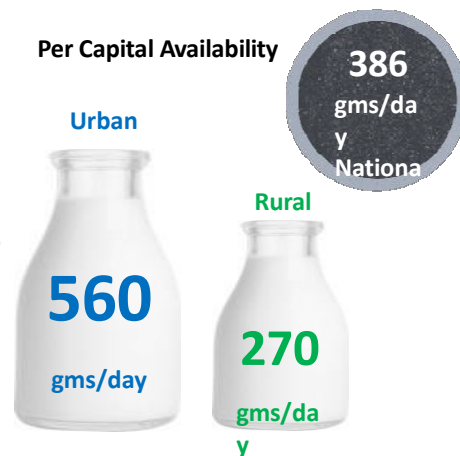
Milk Flow – Producer to Consumer



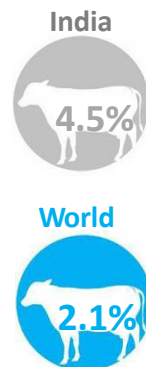
Population 1.350 Mn



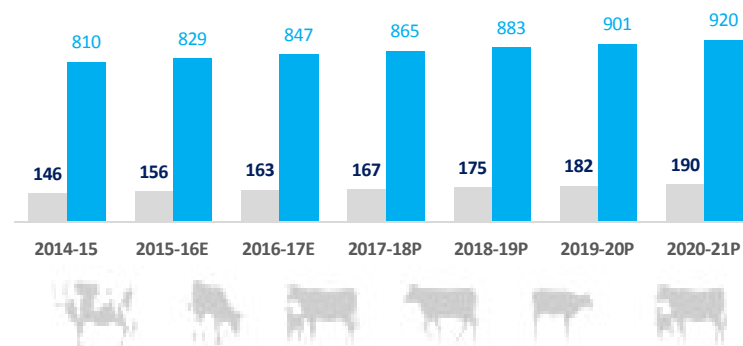
Per Capital Availability



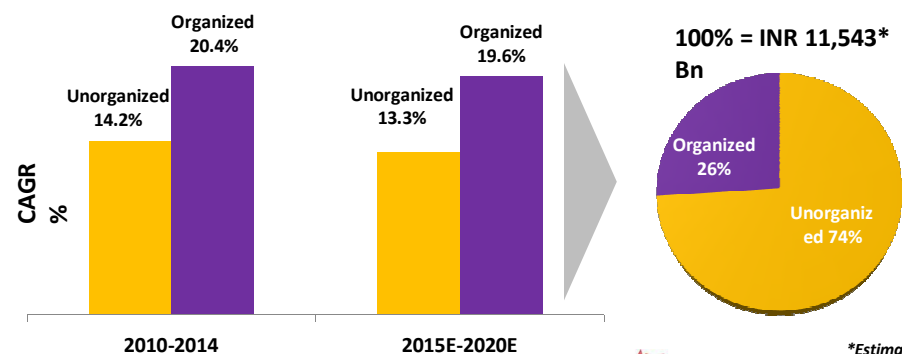
CAGR%



Milk Production (MMT) - India Vs World



Industry Structure



*Estimated

Source: Dairy India Seventh Edition, IMARC, Industry

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