



Ideas for a new day

January 25, 2023

Compliance Department, <b>BSE Limited</b> , Phiroze Jeejeebhoy Tower, Dalal Street, Fort, Mumbai – 400 001 <b>Scrip Code:- 539889</b>	Compliance Department, <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot No. C/1, G-Block, Bandra Kurla Complex Bandra - (E), Mumbai – 400 051 <b>Scrip Symbol:- PARAGMILK</b>
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Dear Sir/ Madam,

**Sub: Investor Presentation Q3, FY 2022-23**

Further to our intimation dated January 24, 2023 regarding approval of Unaudited Financial Results (Standalone & Consolidated) by the Board of Directors of the Company for the quarter and nine months ended December 31, 2022, please find enclosed herewith Investor Presentation on the performance of the Company in Q3, FY 2022-23.

This is for your information and further dissemination.

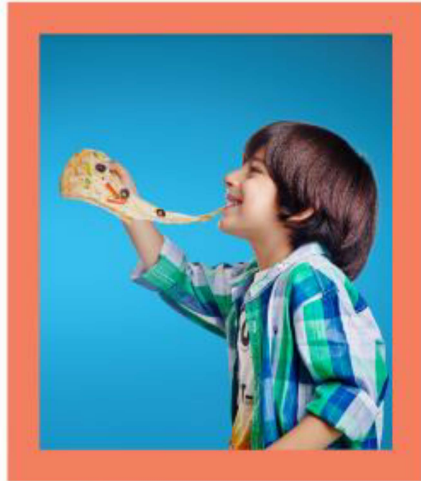
Thanking you.

Yours truly,  
For **Parag Milk Foods Limited**

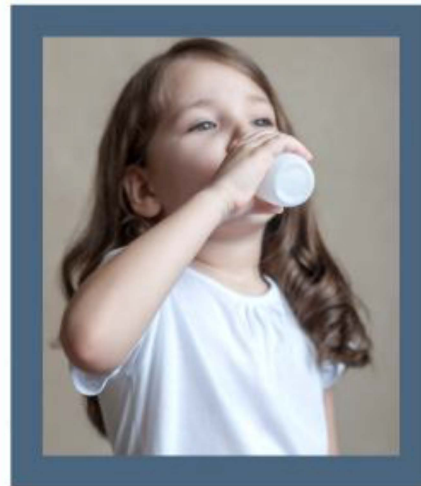
**Virendra Varma**  
**Company Secretary and Compliance Officer**  
**FCS No. 10520**

Encl: As above.





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**Q3 FY23  
INVESTOR PRESENTATION**



# SAFE HARBOR



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# CHAIRMAN'S MESSAGE



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**Mr. Devendra Shah, Chairman**

A journey that began with farmers is now aiming to provide complete nutrition to consumers across the globe. The strength of our developed infrastructure, food technology expertise supported by a strong farmer network, and powerful distribution channels have been our strong pillars and have helped us stand out in the industry. The global nutrition industry is growing rapidly with evolving consumer needs and rising awareness of the benefits of a high protein diet. Being a trustworthy nutrition player we are now geared up to become a health and nutrition company that provides innovative protein solutions across the spectrum



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PARAG AT GLANCE

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# EXECUTIVE SUMMARY: Q3 FY 23



Consolidated   
**Revenue** grew by  
**36.6%YOY**

The core category  
like Ghee & Cheese  
has grown at  
**45.7%YOY**

Brand Awatar has  
posted strong growth  
**81%YOY**



Pride of Cows is  
witnessing strong  
growth momentum  
with Pride of Cows  
products clocking over  
**6x** growth **YOY**

Protein business has  
grown by **4x YOY**

Our Impact  
marketing   
with **KBC & Super Singer**  
has garnered strong brand  
equity for Gowardhan & Go

We have added **76**  
super stockist and  
**4** depots to further  
strengthen our distribution  
network





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# PARAG AT A GLANCE

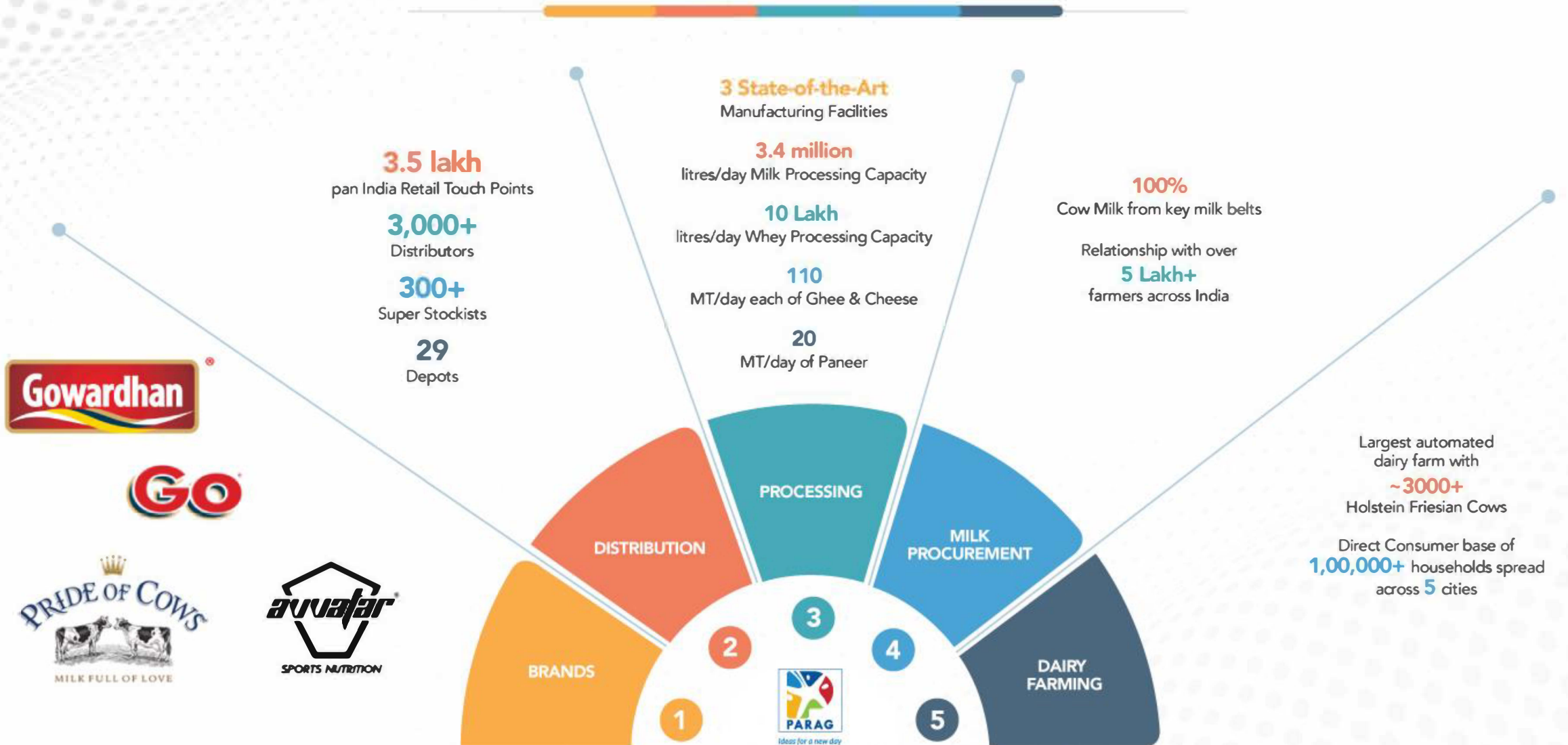
A horizontal bar with a gradient of colors: orange, red, blue, and dark blue.



# PARAG MILK FOODS: A COMPLETE, INTEGRATED BUSINESS MODEL



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# FINANCIAL HIGHLIGHTS

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# Q3 FY23 FINANCIAL PERFORMANCE



- Revenue from Operations grew at 36.6% YoY at INR 7358.9 million
- Price of milk and milk product continues to remain at elevated level



# PRODUCT MIX OF Q3FY23



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Milk

8.1%



Value Added Milk Products

74.8%



New Age

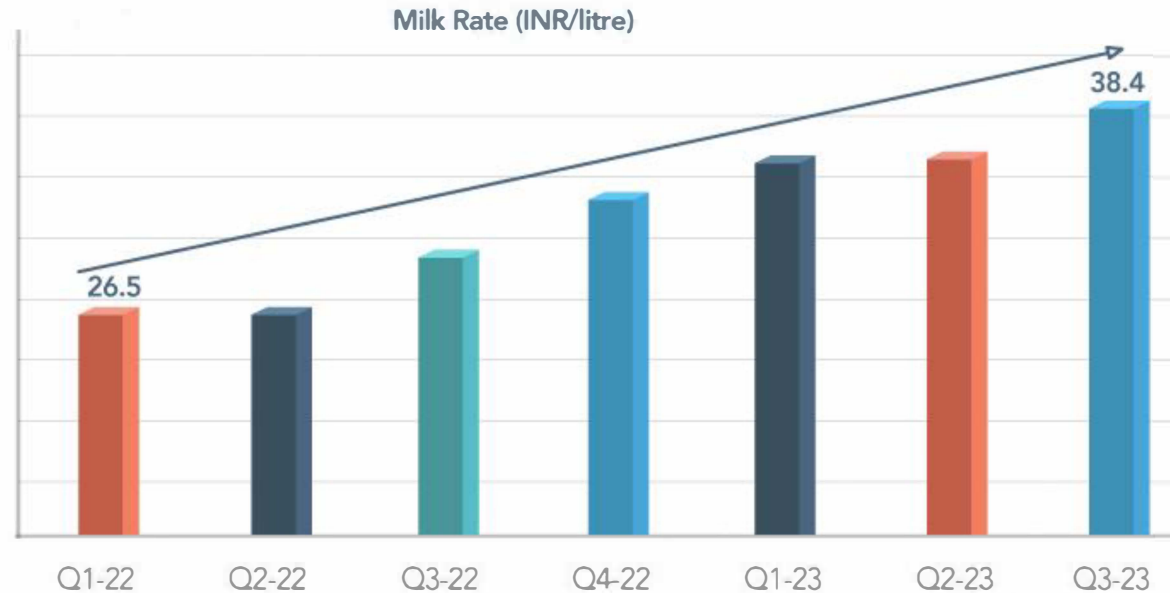
3.8%



SMP

12.5%

# INFLATION OF MILK PRICES



The milk prices have seen a tremendous inflation;  
The prices have increased by ~45% over last 6 Quarters

# INDUSTRY CONTINUES TO REEL UNDER INFLATION; PARAG STOOD STRONG IN PROCUREMENT



Milk price inflation of 45% over the last 18 months led by -

- Increase in green Fodder price by 28.7% YOY *(source- Ministry of Commerce & Industry)*
- Elevated Energy and logistics cost- Double digit increase in the prices
- Strong demand across categories ; HORECA segment is witnessing growth 12-14% YOY *(Source ICRA)*
- Tight global supplies, demand met by India through exports

A strong network and relationship with 5 lakh farmers and more than 300 BMC's across India helped Parag to remain strong on the procurement front.

We have a planned purchase of over 17 lakh liters of raw milk per day.



# BRAND EQUITY STRENGTH COUPLED WITH COST EFFICIENCIES RESULTS IN CONSISTENT MARGIN EXPANSION

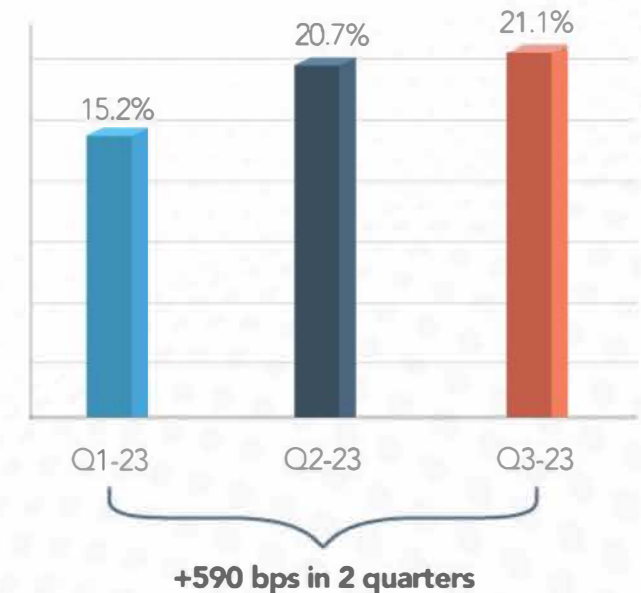


- Despite inflationary pressure on milk prices; Parag posted healthy volume growth of 18.6% YoY
- As a market leader, the company has actioned a series of price rise ahead of the market in the range of 20-22%
- Grabbed the opportunity to position ourselves premium to the competition, We are 18-22% premium to competition
- As a result of our strategic investment in marketing and brand building; we have posted a record quarterly revenue of INR 7358.9 million
- Despite rising procurement costs, we have witnessed consistent margin expansion.

Over the last 2 quarters our margins have  
**improved by +590 bps.**

As an example

	MRP of 1 LTR Pack	Gowardhan % Premium to Competitor
Gowardhan Ghee	Rs 775	
Leading competition 1	Rs 650	19%
Leading competition 2	Rs 635	22%





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# OPPORTUNITY MARKET: HIGH POTENTIAL RUNWAY

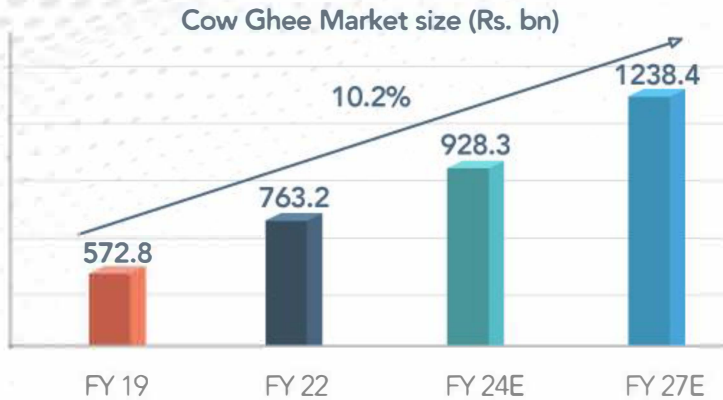
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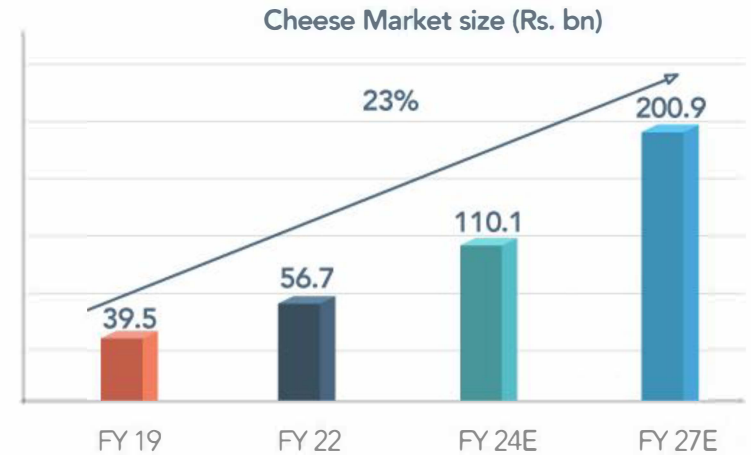
# OUR CORE CATEGORIES HAS AN EXCITING FUTURE



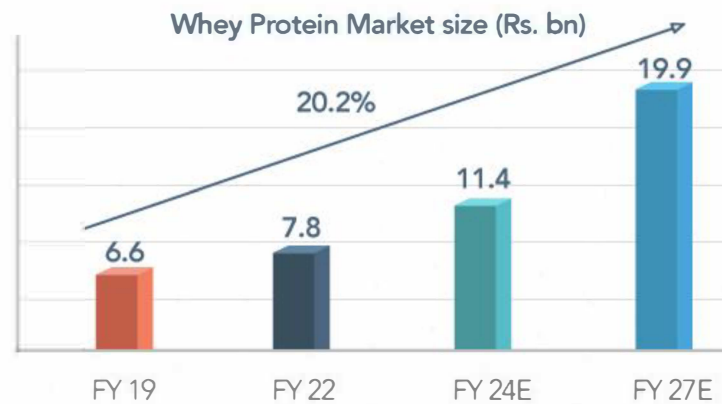
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The cow ghee market size is ~INR 700 billion, and is expected to reach INR 1,238 billion growing at **CAGR of 10.2%** by 2027.



Total market size of Cheese is INR 56.7 billion, and is expected to reach INR 200.9 billion growing at **CAGR of 23%** by 2027.



Total whey market size is INR 6.6 billion and is expected to reach INR 19.9 billion by FY27, Growing at a **CAGR of 20.2%** over FY19-27.

\*Source IMARC report





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# OUR STRATEGIC PRIORITIES

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# OUR STRATEGIC PRIORITIES



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To be one of the best performing, most trusted and respected dairy FMCG companies across stakeholders



# 1. STRENGTHENING & ACCELERATING CATEGORIES



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Ghee, Cheese and Protein grew by 43.4% YOY & 14.6% QOQ



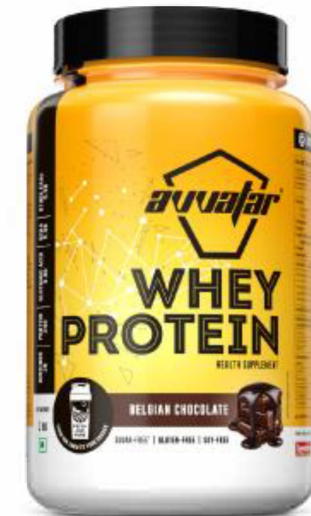
## GOWARDHAN GHEE

Leaders and pioneers of cow ghee category with **20%** market share in cow ghee segment (source IMARC)



## GO CHEESE

Dominant player in cheese category in India with **35%** market share (source IMARC)



## AVVATAR

Our protein business is witnessing healthy growth momentum, and has grown by **3x** in last 12 months

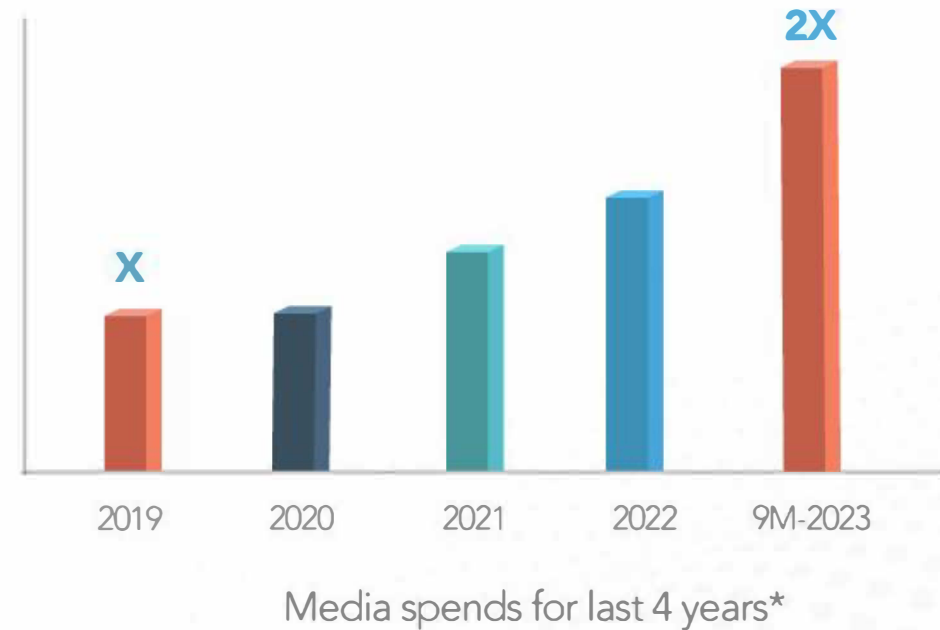


# 2. CONSISTENT MEDIA SUPPORT

Consistent media support to our brands

Investing **80%** of media spends on AIR

Building brands over new age influencers content strategy



# BRAND CAMPAIGN HIGHLIGHTS



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## GOWARDHAN

- Vasubaras Day Celebration @KBC during Diwali festive episode  
<https://www.instagram.com/tv/CkNI0oILERk/?igshid=OGQ2MjdiOTE=>
- A Campaign That Promised 100+ Cr Eyeballs
  - INDIA'S Best Brand Integration
- 106 Times Amitabh Bachchan Ji Mentioned Gowardhan Ghee in 3.20 Lakhs Padhavy



## GO CHEESE

- Outdoor campaign - 1000+ Sites on displayed; focussing on Pune, Ahmedabad, Udaipur Jaipur, Kolkata, Nagpur, Lucknow, Indore, Surat, Chandigarh, Jalandhar, Amritsar, Bhopal
- Impact campaign on KBC garnered strong brand recall



## PRIDE OF COWS

- Associated & curated experiences with one of India's leading concerts (Arijit Singh) and Christmas activations (Hamleys).  
Talks about all curated experiences  
<https://www.adgully.com/pride-of-cows-follows-unique-approach-to-provide-curated-buying-experience-126816.html>

Showreel Hamleys  
<https://www.instagram.com/reel/CnBj0VoBR41/?igshid=ZmMyNmFmZTc%3D>



## AVVATAR

- IHFF X Avatar (2022) Celebrity Guests - The Great Khali & Prince Narula
- The event had a massive footfall of 1Lakh+ visitors garnering strong brand equity
- Focused content based informative marketing through fitness influencers, reaching 20 million views/month



# 3. BUILT ON THE BACKBONE OF A ROBUST NETWORK



29  
Depots

300+  
Super Stockists

3000+  
Distributors

3.5 Lakh  
Retail Touch Points



To reach  
**5 Lakh**  
retail touch points  
by 2025E



# EVOLVING A ROUTE TO MARKET



Our PAN India general trade distribution reach has grown by   
**38% YoY**

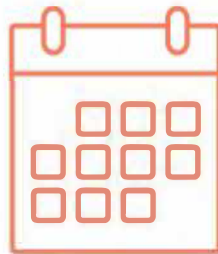
Modern trade has witnessed strong growth  
**54% YoY**



The **HORECA** segment has grown  
**22.4% YoY**



Ecommerce continues to grow manifold and has grown  
**3x YoY**



We have added  
**76** super stockists  
& **4** depots to further strengthen our distribution network



# 4. PROTEIN - THE GLOBAL OPPORTUNITY



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Total whey market size is INR 6.6 billion and is expected to reach INR 19.9 billion

by FY27, Growing at a **CAGR** of **20.2%** over FY19-27.

Parag Milk Foods is the only Indian company to manufacture Whey Protein.

Brand Avatar reaches its consumer in the freshest form. The quality of the Whey Protein sets Avatar apart from the competition.

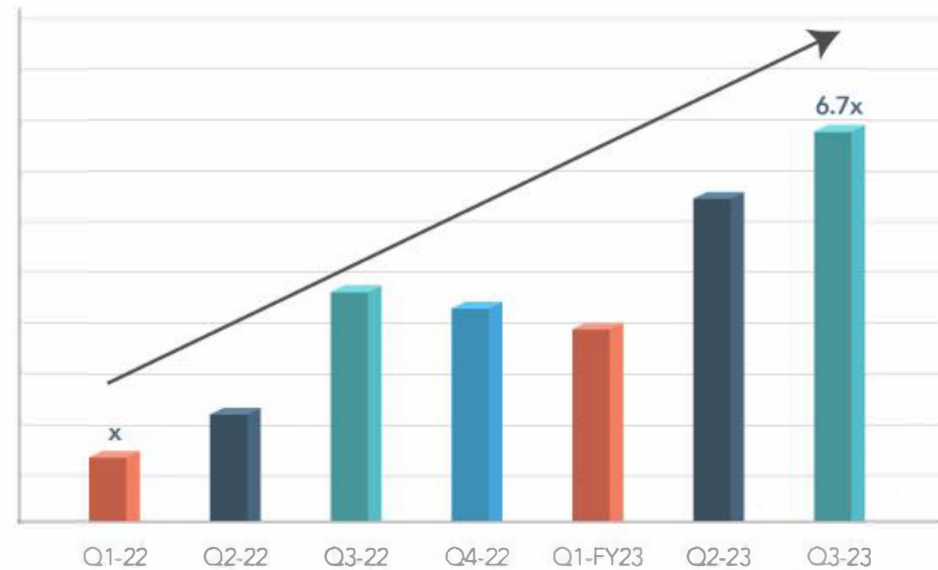
The category is on a structural uptrend, aided by multiple factor :-

1. As per the industry survey around 65% of Indians are deficient in protein
2. 50%+ of the population in the age bracket of 15-49 years is digitally connected with global trends and looking to improve their lifestyle
3. ~40%+ of the category sells digitally on marketplaces, D2C sites and health stores.



# STRONG THRUST ON PROTEIN BUSINESS

Protein Business Contributes Around ~8% Of Sales



**1/3<sup>rd</sup>**  
of Avatar sales  
comes from  
e-commerce

Sales growth over the last six quarters has grown by 6.7x



# STRENGTHENING NEW BUSINESS: PRIDE OF COWS



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- Growth strategy: More point of sale; More products ◦

## ROUTE TO MARKET



Direct to consumers



Ecommerce



Organized trade channels

Farm fresh, pure, premium dairy range

## INCREASING PRODUCT PORTFOLIO



# 5. OPTIMIZING PRODUCTIVITY TO DRIVE GROWTH



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1

**DIGITIZATION/ IT:**

PLANNING STAGE FOR SAP HANA IMPLEMENTATION

MORE THAN 70% OF GT BUSINESS HAS BEEN COVERED IN SFA\*

2

**OVERHEADS:**

LEVERAGING VENDORS, RE- NEGOTIATION, REVERSE AUCTIONS

OFFICE CONSOLIDATION

3

**SUPPLY CHAIN OPTIMIZATION:**

DEPOT & COLD STORAGE RESTRUCTURING

BEAT PLANNING IN OPPORTUNITY MARKETS

\* SFA - Sales Force Automation

\* DMS - Distribution Management System



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# ADDITIONAL INFORMATION

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# OUR ESG INITIATIVES



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## FOCUS AREAS

### ENVIRONMENTAL

focus centers around reducing the carbon footprint & an optimal waste management

### SOCIAL

focus on the well-being of our milk farmers, employees, distribution partners.

### GOVERNANCE

framework includes business governance, talent governance, & sustainability governance.

## LAYING A SOLID FOUNDATION BY ADOPTING ESG POLICIES

Adoption of strong Corporate Governance standards.

Adoption of ESG Systems.

Best Practices of societal improvement through various CSR activities.

Adoption of practices for food security & climate change under UN Sustainable Development Goals.

## CONTINUOUS MONITORING

A well articulated internal ESG policy in adherence to different certifications.

Also abided by IFC's policy framework on ESG.

OUR ESG FRAMEWORK

Energy conservation efforts - both thermal & Electrical; employing host of measures.

Water conservation efforts: Recycling of 55% of the requirement.

Responsible Effluent & Waste management process.

Marked reduction in emission levels.

PERFORMANCE

Strict adherence and measurement to the conservation norms.

Zero water & land waste norms.

Reduction in CO2 emission levels (Scope 1 +2) up to 15% by 2025.

WAY FORWARD

# GREEN INITIATIVES



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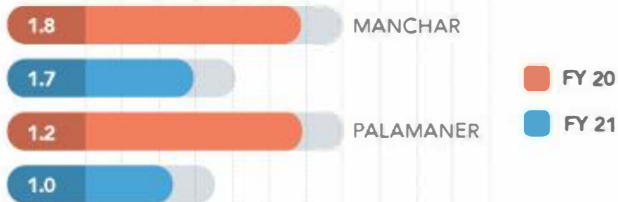
## WATER

REDUCE | REUSE | RECYCLE

- Water optimization.
- Our water consumption per liter of milk handled has reduced over a period of time.
- Around 55% of water consumption at our units is from recycled water.

### PERFORMANCE

WATER USAGE (LITRES) PER LITRE OF MILK



### PLANS AHEAD

ZERO WATER AND LAND WASTE NORM

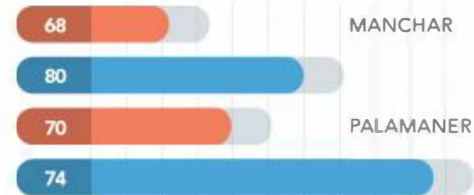
## CLIMATE

FOCUS ON REDUCING AIR | SOIL | NOISE POLLUTION

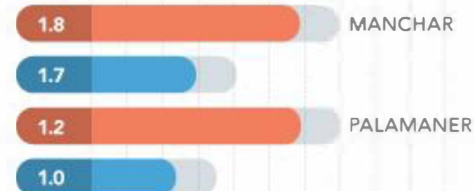
- Installation of solid waste digester.
- Monitoring and Control of excess air in boiler.
- Biogas generation at farm by converting cow-dung slurry into organic fertilizer.

### PERFORMANCE

Boiler Efficiency Levels (%)



Thermal energy usage (Kcal)/per litre of milk



### PLANS AHEAD

REDUCTION IN CO2 EMISSION LEVELS (SCOPE 1 +2) UP TO 15% BY 2025

## ENERGY

EMISSION | ENERGY CONSERVATION | FOCUS ON RENEWABLES

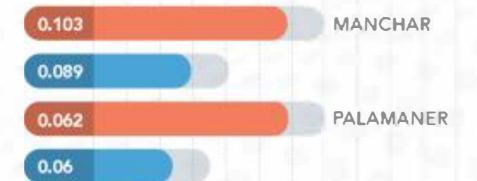
- Power generation through solar
- Energy generation through solid waste
- Replacement of inefficient pumps
- Technology upgradation
- Further Heat recovery system in boiler (Flue gas heat recovery)

### PERFORMANCE

Reduction in CO2 emission per litre of milk handled



Power Usage (KWh per litre of milk)



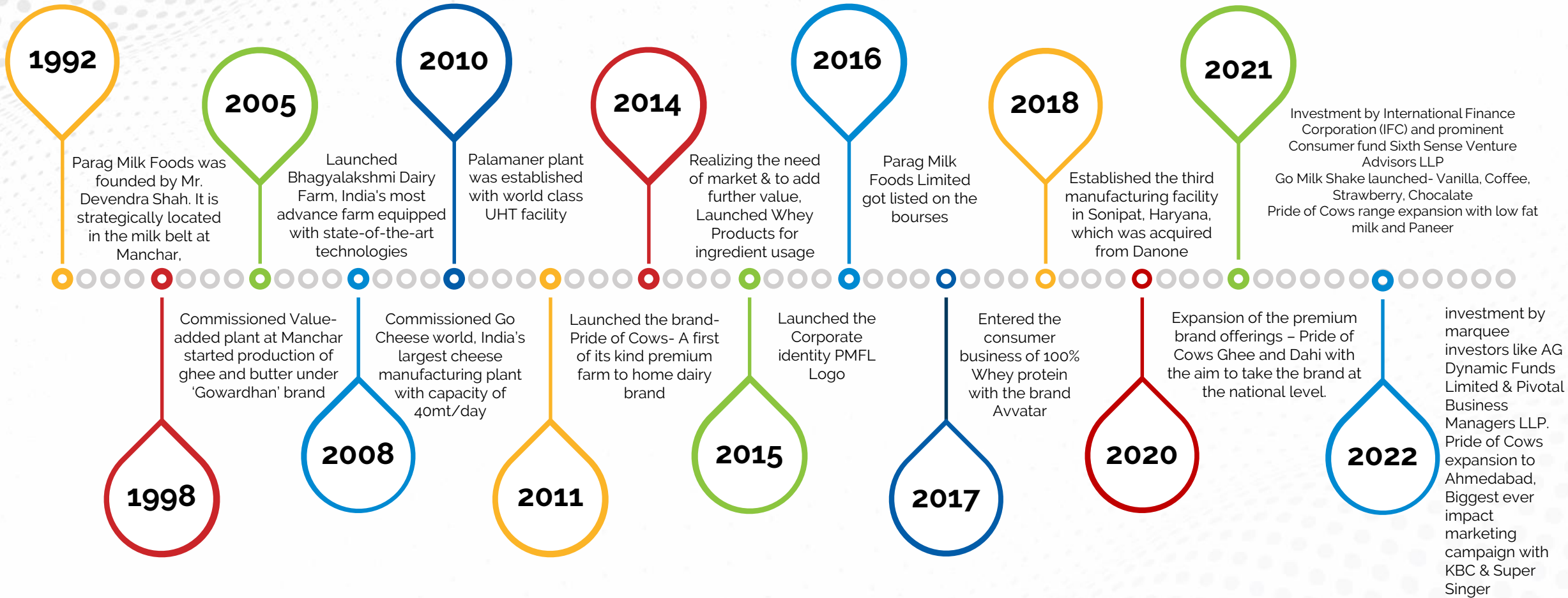
### PLANS AHEAD

AIM TO REDUCE EMISSION LEVELS BY 15-20% BY 2025

# OUR JOURNEY



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# BOARD OF DIRECTORS



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## Mr. Devendra Shah | Chairman

PMFL has grown consistently under the leadership of Devendra Shah. He brings enthusiasm and innovation to business and has enhanced the company's revenue exponentially.

## Mr. Pritam Shah | Managing Director

The overall execution strategy of the company and consolidation of company's market presence, fall under the purview of Mr. Pritam Shah. His extensive knowledge and robust understanding of procurement and production process has played a crucial role in improving PMFL's performance.

## Ms. Akshali Shah | Executive Director

Ms. Akshali Shah has more than a decade experience with Parag Milk Foods as SR. VP Strategy - Sales & Mktg. She is instrumental for growth of the high value product business like launch of Farm to Home business- Pride of Cows, Sports Nutrition brand- Avvatar (whey protein), and growth of beverages business. She has played an instrumental role in the journey of transformation from being a Dairy to a leading FMCG company with product innovation focusing on health & nutrition. Her vision is to transform Parag Milk Foods into a technology driven FMCG company. She holds MBA degree in Family Managed Business from S. P. Jain Institute of Management

## Mr. Narendra Ambwani | Independent Director

He was the Managing Director of Johnson & Johnson's consumer group in India. He has 39 years of experience in the consumer product industry. He works as a strategic partner advising the top management in developing business strategy to drive the next phase of growth of the company.

## Mr. Nitin Dhavalikar | Independent Director

He is essentially responsible for rendering financial advisory to the organization. He has over 20 years of experience in overall business and corporate finance advisory

## Dr. Dnyanesh V. Darshane | Independent Director

Dr. Dnyanesh Darshane comes with more than 37 years of global experience across continents and companies. He has worked in three continents, Asia, North America & Europe. He has been associated with top companies like The Coca-Cola Company, Nicolas-Piramal, Pepsi Foods, Tata Pharmaceuticals, U.S. Vitamins Pharmaceutical to name a few. Dr. Darshane holds a Ph.D. in Analytical Chemistry from the Institute of Science, India and an M.B.A. from Emory University, USA. He has been an innovative, multifaceted, and result-driven Executive Leader possessing visionary leadership.

## Ms. Radhika Dudhat | Independent Director

Ms. Radhika is a Partner with Shardul Amarchand Mangaldas & Co. She has worked on a wide range of transactional, regulatory and legal risk management advisory. She has been appointed as the Chairperson of the Corporate Law and Governance Sub-Committee of the IMC Chamber of Commerce & Industry.

## Mr. Nikhil Vora | Non- Executive Director

Nikhil Vora is the Founder and CEO of Sixth Sense Ventures with 28 years of experience in financial markets and the consumer domain. Nikhil was earlier the Managing Director and Head of Research at IDFC Securities and has been regarded as one of the strongest analytical minds in the country. He has evolved a strategic roadmap for Hindustan Unilever, Aditya Birla Group, Marico, Godrej, etc.



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**THANK YOU**

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