Parag Milk Foods Ltd.

**Result highlights**
Parag Milk Foods Ltd (PMFL) posted its Q1FY18 results whose Sales were in-line with estimate and margins remain subdued. Its Revenue in Q1FY18 stood at INR 4128.8 Mn which was a growth of 7.7% yoy and de-growth of 3.6% qoq. Revenue was affected majorly due to inventory build up during the quarter. EBITDA reported was INR 293.8 Mn with EBITDA margins of 7.1% due to increase in raw material price of milk. PAT remained around INR 105.3 Mn with PAT margins of 2.5% which was a decrease of 27 bps yoy and 512 bps qoq.

**MARKET DATA**

<table>
<thead>
<tr>
<th>Shares outs (Mn)</th>
<th>84</th>
</tr>
</thead>
<tbody>
<tr>
<td>EquityCap (INR Mn)</td>
<td>841</td>
</tr>
<tr>
<td>Mkt Cap (INR Mn)</td>
<td>18947</td>
</tr>
<tr>
<td>52 Wk H/L (INR)</td>
<td>354/203</td>
</tr>
<tr>
<td>Volume Avg (3m K)</td>
<td>296.5</td>
</tr>
<tr>
<td>Face Value (INR)</td>
<td>10</td>
</tr>
<tr>
<td>Bloomberg Code</td>
<td>PARAG IN</td>
</tr>
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</table>

**MARKET INFO**

| SENSEX | 31214 |
| NIFTY | 9711 |

**SHARE PRICE PERFORMANCE**

Slow Growth

**KEY FINANCIALS**

<table>
<thead>
<tr>
<th>Particulars (INR Mn)</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18E</th>
<th>FY19E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>14405.2</td>
<td>16451.3</td>
<td>17307.4</td>
<td>19802.8</td>
<td>23112.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1081.7</td>
<td>1476.0</td>
<td>1081.6</td>
<td>1266.4</td>
<td>1500.7</td>
</tr>
<tr>
<td>PAT</td>
<td>259.7</td>
<td>473.2</td>
<td>365.1</td>
<td>417.4</td>
<td>535.3</td>
</tr>
<tr>
<td>EBITDA Margins %</td>
<td>7.5%</td>
<td>9.0%</td>
<td>6.2%</td>
<td>6.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>PAT Margins %</td>
<td>1.8%</td>
<td>2.9%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>2.3%</td>
</tr>
<tr>
<td>EPS</td>
<td>16.3</td>
<td>6.7</td>
<td>5.2</td>
<td>5.9</td>
<td>7.6</td>
</tr>
<tr>
<td>ROE</td>
<td>21.0%</td>
<td>13.1%</td>
<td>5.6%</td>
<td>6.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Debt/Equity %</td>
<td>3.4%</td>
<td>1.0%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Source: Company, KRChoksey Research

**Improved Revenue YOY**: PMFL posted revenue of around INR 4128.8 Mn with growth of 7.7% yoy and de-growth of 3.6%. During the quarter the growth was driven by milk products segment and also with expansion in distribution channel but on other hand qoq result de-grew because of de-stocking of goods pre-GST. Revenue growth was an outcome of the performance in its segments like milk products, Fresh milk, skimmed milk powder and others. Liquid Milk & Milk products together contributes to around 86.1% of total revenue and going ahead we assume milk and milk products share to increase around 90% with decrease dependency from skimmed milk powder which is currently 12.5%. Milk product showed growth of 7.9% yoy with revenue at INR 2577 Mn from products like Chee, Dahi and UHT milk, while fresh Milk growth was affected due to strike by farmers and revenue stood at INR 975 Mn with growth of 4.6%. Skimmed milk powder revenue was at INR 514 Mn with growth of 6.9%. PMFL average procurement remained at 1.2 Mn liters per day and it increased its largest cheese producing capacity from 40 MT/day to 60 MT/day.

Slow down in Margins: PMFL EBITDA in Q1FY18 was around INR 293.8 Mn with de-growth of 10.9% yoy and 156.7% qoq. Its margins remained lower at 7.1% and were affected due rise in price of raw material by 11% yoy and qoq, also we saw expense like employee cost and other expense rose around 6.5% yoy and 11-12% yoy, respectively which drag down margins to an extend of 148 bps yoy and 499bps qoq. PAT margins for Q1FY18 trend downwards at 2.5% which decrease 27 bps yoy and 512 bps qoq mainly due to rise in depreciation and decrease in other income, while interest cost remained lower in Q1FY18 by 14.4% yoy and 9.8% qoq. Tax expense remained lower during Q1FY18 due to MAT credit.

Valuations & Outlook: We believe that there is much scope of expansion in overall Indian dairy segment due to shift from unorganized to organized segment, increasing demand from consumers, increasing disposable income, new product launches in value added segment, etc. with industry growth we have optimistic approach towards sector and also players in it. Encouraging factors for Parag milk foods Ltd are that it present in entire value chain and more than 86.0% of revenue is derived from milk and milk products, it has 2 manufacturing plant with largest cheese plant, Best cow ghee (trusted brand), innovative products, etc, however we remain concerned for the company due to increasing price of milk (raw material) which will affect its margins. We believe that with innovative products in value added segment company would grow its revenue around 14-17% in FY18E and FY19E and PAT margins around 2.2% to 2.4% in FY18E and FY19E. At CMP of INR 236, we recommend “BUY” rating on the stock with the target price of INR 274, with potential upside of 16.0%

**SHARE HOLDING PATTERN (%)**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Jun 17</th>
<th>Mar 17</th>
<th>Dec 16</th>
</tr>
</thead>
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<tr>
<td>Promoters</td>
<td>48.2%</td>
<td>47.48%</td>
<td>47.48%</td>
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<tr>
<td>Fils</td>
<td>21.21%</td>
<td>24.4%</td>
<td>27.08%</td>
</tr>
<tr>
<td>Dils</td>
<td>8.69%</td>
<td>2.25%</td>
<td>4.03%</td>
</tr>
<tr>
<td>Others</td>
<td>21.9%</td>
<td>25.86%</td>
<td>21.41%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Revenue CAGR between FY15 and FY19E**: 12.5%

**PAT CAGR between FY15 and FY19E**: 19.8%
Parag Milk Foods Ltd.

Q1FY18 Result Snapshot

Exhibit 1 – Q1FY18 Quarterly Income Statement (INR Mn)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 FY18</th>
<th>Q4 FY17</th>
<th>Q1 FY17</th>
<th>Q-o-Q % Change</th>
<th>Y-o-Y % Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Sales &amp; Other Operating Income</td>
<td>4128.8</td>
<td>4283.0</td>
<td>3834.7</td>
<td>-3.6%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>3834.9</td>
<td>3764.4</td>
<td>3505.0</td>
<td>1.9%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Cost of Raw Materials</td>
<td>3278.0</td>
<td>2954.4</td>
<td>2946.2</td>
<td>11.0%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Purchase of Finished Goods</td>
<td>10.8</td>
<td>210.9</td>
<td>14.6</td>
<td>-94.9%</td>
<td>-25.7%</td>
</tr>
<tr>
<td>(Increase) / Decrease in Stocks</td>
<td>-359.4</td>
<td>-271.9</td>
<td>-272.8</td>
<td>-32.2%</td>
<td>-31.8%</td>
</tr>
<tr>
<td>Employee Cost</td>
<td>189.7</td>
<td>224.0</td>
<td>178.2</td>
<td>-15.3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Operating &amp; Manufacturing Expenses</td>
<td>715.8</td>
<td>647.1</td>
<td>638.8</td>
<td>10.6%</td>
<td>12.1%</td>
</tr>
<tr>
<td>EBIDTA</td>
<td>293.8</td>
<td>518.5</td>
<td>329.7</td>
<td>43.3%</td>
<td>-10.9%</td>
</tr>
<tr>
<td>EBITDA Margins (%)</td>
<td>7.1%</td>
<td>12.1%</td>
<td>8.6%</td>
<td>-499bps</td>
<td>-148bps</td>
</tr>
<tr>
<td>Depreciation</td>
<td>115.6</td>
<td>168.0</td>
<td>98.0</td>
<td>-31.2%</td>
<td>18.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>178.2</td>
<td>350.5</td>
<td>231.6</td>
<td>49.2%</td>
<td>-23.1%</td>
</tr>
<tr>
<td>Other Income</td>
<td>15.5</td>
<td>59.1</td>
<td>8.0</td>
<td>-73.9%</td>
<td>92.6%</td>
</tr>
<tr>
<td>Interest</td>
<td>79.1</td>
<td>87.7</td>
<td>92.5</td>
<td>-9.8%</td>
<td>-14.4%</td>
</tr>
<tr>
<td>PBT</td>
<td>114.5</td>
<td>322.0</td>
<td>147.2</td>
<td>64.4%</td>
<td>-22.2%</td>
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<tr>
<td>Tax</td>
<td>9.3</td>
<td>-6.5</td>
<td>39.0</td>
<td>-42.8%</td>
<td>-76.3%</td>
</tr>
<tr>
<td>PAT before Exceptional</td>
<td>105.3</td>
<td>328.5</td>
<td>108.2</td>
<td>-132.0%</td>
<td>-2.7%</td>
</tr>
<tr>
<td>PAT Margin (%)</td>
<td>2.5%</td>
<td>7.7%</td>
<td>2.8%</td>
<td>-512bps</td>
<td>-27bps</td>
</tr>
<tr>
<td>EPS</td>
<td>1.3</td>
<td>3.9</td>
<td>1.2</td>
<td>-132.0%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

Source: Company, KRChoksey Research

Segment Revenue (%)

Product wise Revenue

Source: Company, KRChoksey Research
Parag Milk Foods Ltd.

**Concall Highlights:**

Management believe that overall performance remain flat and pressure on revenue was due to implementation of GST, also EBIDTA margins were dragged down due to continuous increase in raw milk prices from last many quarters, higher spend on marketing, branding and advertisement, higher other expenses (increase in rental expenses for depots and warehouses). It plans to increase share of value added products which will drive high margins through innovative products. They remain positive for long term growth with revenue to grow around CAGR of 14%, and PAT of around CAGR of 5% in next 3 years.

The revenue growth was mainly driven by growth in consumer products which grew by 8% YoY, however the overall off take was lower which impacted volume growth. During Q1FY18 the average realization was much better as compared to the previous quarters.

• Implementation of GST was welcomed by the business groups but it also had some impact on the revenue and margins during the quarter, the impact is likely to continue for next 1 or 2 quarters. However, after de-stocking the trade is back on track, with rising consumer demand the traders are re-stock the inventory.

• Also Input tax credit will be available on packaging material. The new GST is likely to improve logistics and it will bring operational efficiency to the company.

• Apart from GST Famers strike in the state of Maharashtra has impacted numbers which resulted in some temporary loses. The company also lost some business in cheese category due to lower exports.

• The company is currently into expansion mode with the reliance the management expects to gain additional market share through e commerce and social media platform on a national level.

• The company thrives to transform itself from a regional player to a national player through strategies like focusing on strong distribution network, higher spends on branding and advertisement and targeting new set of customers like gym members, dietitians, nutritionist through its new brand avatar

• Out of 150 Crs funds raised through IPO 75% is already utilized in setting up the new plant which is now fully operational. Currently the new plant is likely to run at 55% utilization level. Palamner plant in south India has 60-65% current capacity utilization and it plans to utilized it max up-to 85%

• New launches during the quarter was
  - Avvatar (whey protein) which was marketed in new markets and
  - Entered the mango juice segment market of INR 6000 rs with Slurp - a mango drink

**New Product Launches in Q1FY18**

- **Avvatar** – Whey Protein powder was commercially launched into new markets
- **Slurp** - a mango drink made from the finest Alphonso mangoes with a dash of milk

Source: Company, KRChoksey Research
Parag Milk Foods Ltd.

Pan India Distribution Network:

Source: Company, KRChoksey Research
## Parag Milk Foods Ltd.

### Exhibit 2 - Income Statement (INR Mn)

<table>
<thead>
<tr>
<th>INR Mn</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18E</th>
<th>FY19E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>14,405.2</td>
<td>16,451.3</td>
<td>17,307.4</td>
<td>19,802.8</td>
<td>23,112.1</td>
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<tr>
<td><strong>EXPENDITURE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Materials Consumed</td>
<td>10,833.5</td>
<td>11,014.3</td>
<td>13,405.9</td>
<td>14,316.6</td>
<td>16,730.7</td>
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<tr>
<td>Purchase of Stock In Trade</td>
<td>392.4</td>
<td>1383.0</td>
<td>734.4</td>
<td>867.4</td>
<td>1012.3</td>
</tr>
<tr>
<td>(Increase) / Decrease In Stocks</td>
<td>-217.0</td>
<td>-621.7</td>
<td>-1552.0</td>
<td>-722.8</td>
<td>-877.3</td>
</tr>
<tr>
<td>Total RM Costs</td>
<td>11,008.9</td>
<td>11,775.6</td>
<td>12,588.3</td>
<td>14,456.1</td>
<td>16,871.8</td>
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<tr>
<td>Employee Cost</td>
<td>574.9</td>
<td>701.1</td>
<td>794.5</td>
<td>852.5</td>
<td>995.5</td>
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<td>Other Expenses</td>
<td>1739.8</td>
<td>2498.6</td>
<td>2843.0</td>
<td>3227.9</td>
<td>3744.2</td>
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<tr>
<td><strong>Total Expenditure</strong></td>
<td>13,333.5</td>
<td>14,975.3</td>
<td>16,225.8</td>
<td>18,536.4</td>
<td>21,611.4</td>
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<td>Operating Profit (EBIDTA)</td>
<td>1081.7</td>
<td>1476.0</td>
<td>1081.6</td>
<td>1266.4</td>
<td>1500.7</td>
</tr>
<tr>
<td>EBIDTA Margin %</td>
<td>7.5%</td>
<td>9.0%</td>
<td>6.2%</td>
<td>6.4%</td>
<td>6.5%</td>
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<tr>
<td>Depreciation</td>
<td>275.3</td>
<td>333.9</td>
<td>489.6</td>
<td>534.7</td>
<td>647.1</td>
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<td><strong>Operating Profit (EBIT)</strong></td>
<td>806.4</td>
<td>1142.1</td>
<td>592.0</td>
<td>731.8</td>
<td>853.5</td>
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<tr>
<td>Other Income</td>
<td>0.0</td>
<td>16.2</td>
<td>109.9</td>
<td>158.4</td>
<td>184.9</td>
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<td>Interest</td>
<td>493.9</td>
<td>490.4</td>
<td>332.8</td>
<td>310.4</td>
<td>294.9</td>
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<tr>
<td>PBT (Excl Exceptional)</td>
<td>312.5</td>
<td>667.9</td>
<td>369.1</td>
<td>579.7</td>
<td>743.5</td>
</tr>
<tr>
<td>Exceptional Income / Expenses</td>
<td>0.0</td>
<td>0.0</td>
<td>193.8</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Profit before Tax</strong></td>
<td>312.5</td>
<td>667.9</td>
<td>175.3</td>
<td>579.7</td>
<td>743.5</td>
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<tr>
<td>Provision for Tax</td>
<td>52.82</td>
<td>194.71</td>
<td>4.0</td>
<td>162.3</td>
<td>208.2</td>
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<tr>
<td><strong>Profit After Tax</strong></td>
<td>259.7</td>
<td>473.2</td>
<td>171.3</td>
<td>417.4</td>
<td>535.3</td>
</tr>
<tr>
<td>PAT Margin %</td>
<td>1.8%</td>
<td>2.9%</td>
<td>1.0%</td>
<td>2.1%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Source: Company, KRChoksey Research
### Exhibit 3 - Balance Sheet (INR Mn)

<table>
<thead>
<tr>
<th>INR Mn</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18E</th>
<th>FY19E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Share Capital</td>
<td>159.7</td>
<td>704.2</td>
<td>841.2</td>
<td>841.2</td>
<td>841.2</td>
</tr>
<tr>
<td>Total Reserves</td>
<td>1079.2</td>
<td>2914.6</td>
<td>5733.0</td>
<td>6150.4</td>
<td>6685.7</td>
</tr>
<tr>
<td>Shareholder's Funds</td>
<td>1238.9</td>
<td>3618.8</td>
<td>6574.1</td>
<td>6991.5</td>
<td>7526.8</td>
</tr>
<tr>
<td>Long-Term Borrowings</td>
<td>1722.8</td>
<td>1248.4</td>
<td>713.3</td>
<td>677.6</td>
<td>643.7</td>
</tr>
<tr>
<td>Deferred Tax Assets / Liabilities</td>
<td>59.9</td>
<td>109.6</td>
<td>98.7</td>
<td>98.7</td>
<td>98.7</td>
</tr>
<tr>
<td>Other Long Term Liabilities</td>
<td>211.6</td>
<td>180.8</td>
<td>165.2</td>
<td>189.1</td>
<td>220.6</td>
</tr>
<tr>
<td>Long Term Provisions</td>
<td>4.6</td>
<td>6.1</td>
<td>15.6</td>
<td>17.8</td>
<td>20.8</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>1998.8</td>
<td>1544.9</td>
<td>992.8</td>
<td>983.2</td>
<td>983.9</td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Term Borrowings</td>
<td>2474.9</td>
<td>2358.2</td>
<td>1620.9</td>
<td>1539.8</td>
<td>1462.8</td>
</tr>
<tr>
<td>Trade Payables</td>
<td>1931.4</td>
<td>1678.3</td>
<td>3118.7</td>
<td>3334.0</td>
<td>3804.5</td>
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<tr>
<td>Other Current Liabilities</td>
<td>1590.6</td>
<td>667.6</td>
<td>977.1</td>
<td>990.1</td>
<td>1155.6</td>
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<tr>
<td>Short Term Provisions</td>
<td>4.9</td>
<td>41.8</td>
<td>15.3</td>
<td>17.6</td>
<td>20.5</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>6001.9</td>
<td>4745.9</td>
<td>5732.0</td>
<td>5881.5</td>
<td>6443.5</td>
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<tr>
<td><strong>Total Liabilities</strong></td>
<td>9239.5</td>
<td>9909.6</td>
<td>13298.9</td>
<td>13856.2</td>
<td>14954.2</td>
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<tr>
<td><strong>ASSETS</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Net Block</td>
<td>3193.9</td>
<td>3725.5</td>
<td>3794.4</td>
<td>3870.2</td>
<td>3947.7</td>
</tr>
<tr>
<td>Non Current Investments</td>
<td>3.06</td>
<td>0.05</td>
<td>0.06</td>
<td>0.06</td>
<td>0.06</td>
</tr>
<tr>
<td>Long Term Loans &amp; Advances</td>
<td>665.5</td>
<td>157.2</td>
<td>707.9</td>
<td>693.1</td>
<td>808.9</td>
</tr>
<tr>
<td>Other Non Current Assets</td>
<td>18.2</td>
<td>11.1</td>
<td>18.7</td>
<td>21.4</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>3880.6</td>
<td>3893.9</td>
<td>4521.0</td>
<td>4584.8</td>
<td>4781.7</td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>2118.9</td>
<td>2724.3</td>
<td>4285.2</td>
<td>4549.9</td>
<td>5271.3</td>
</tr>
<tr>
<td>Sundry Debtors</td>
<td>1708.9</td>
<td>2359.9</td>
<td>2150.2</td>
<td>2224.4</td>
<td>2596.2</td>
</tr>
<tr>
<td>Cash and Bank</td>
<td>53.0</td>
<td>76.8</td>
<td>1008.5</td>
<td>1130.7</td>
<td>710.3</td>
</tr>
<tr>
<td>Short Term Loans and Advances</td>
<td>974.3</td>
<td>454.6</td>
<td>877.9</td>
<td>891.1</td>
<td>1040.0</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>503.5</td>
<td>400.2</td>
<td>456.1</td>
<td>475.3</td>
<td>554.7</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>5358.6</td>
<td>6015.7</td>
<td>8777.9</td>
<td>9271.4</td>
<td>10172.6</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>9239.2</td>
<td>9909.6</td>
<td>13298.9</td>
<td>13856.2</td>
<td>14954.2</td>
</tr>
</tbody>
</table>

Source: Company, KRChoksey Research
Parag Milk Foods Ltd.

### Exhibit 4 - Cash flow statement (INR Mn)

<table>
<thead>
<tr>
<th>INR Mn</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18E</th>
<th>FY19E</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBT</td>
<td>312.5</td>
<td>667.9</td>
<td>175.3</td>
<td>579.7</td>
<td>743.5</td>
</tr>
<tr>
<td>Add: Depreciation</td>
<td>275.3</td>
<td>333.9</td>
<td>489.6</td>
<td>534.7</td>
<td>647.1</td>
</tr>
<tr>
<td>Add: Interest</td>
<td>493.9</td>
<td>478.1</td>
<td>305.8</td>
<td>310.4</td>
<td>294.9</td>
</tr>
<tr>
<td>Cash flow from Operations</td>
<td>710.6</td>
<td>587.2</td>
<td>640.3</td>
<td>1518.7</td>
<td>895.5</td>
</tr>
<tr>
<td>Cash flow from Investing Activity</td>
<td>-223.4</td>
<td>-316.1</td>
<td>-1505.9</td>
<td>-654.8</td>
<td>-743.2</td>
</tr>
<tr>
<td>Cash flow from Financing Activity</td>
<td>-423.2</td>
<td>-264.3</td>
<td>1224.8</td>
<td>-427.1</td>
<td>-405.8</td>
</tr>
<tr>
<td>Net change in Cash (Inflow/Outflow)</td>
<td>64.2</td>
<td>6.6</td>
<td>359.1</td>
<td>436.7</td>
<td>-253.5</td>
</tr>
<tr>
<td>Cash &amp; Bank Balance at the end of the year</td>
<td>95.0</td>
<td>76.8</td>
<td>1008.5</td>
<td>1130.6</td>
<td>710.3</td>
</tr>
</tbody>
</table>

Source: Company, KRChoksey Research

### Exhibit 5 - Ratio Analysis

<table>
<thead>
<tr>
<th>INR Mn</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18E</th>
<th>FY19E</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS</td>
<td>16.3</td>
<td>6.7</td>
<td>5.2</td>
<td>5.9</td>
<td>7.6</td>
</tr>
<tr>
<td>BV</td>
<td>77.6</td>
<td>51.4</td>
<td>93.4</td>
<td>99.3</td>
<td>106.9</td>
</tr>
<tr>
<td>DPS</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>7.5%</td>
<td>9.0%</td>
<td>6.2%</td>
<td>6.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>PAT Margin (%)</td>
<td>1.8%</td>
<td>2.9%</td>
<td>2.1%</td>
<td>2.1%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Net Sales Growth %</td>
<td>32.2%</td>
<td>14.2%</td>
<td>5.2%</td>
<td>14.4%</td>
<td>16.7%</td>
</tr>
<tr>
<td>EBITDA Growth %</td>
<td>29.5%</td>
<td>36.5%</td>
<td>-26.7%</td>
<td>17.1%</td>
<td>18.5%</td>
</tr>
<tr>
<td>PAT Growth %</td>
<td>62.6%</td>
<td>82.2%</td>
<td>-22.8%</td>
<td>14.3%</td>
<td>28.2%</td>
</tr>
<tr>
<td>PE (x)</td>
<td>14.5</td>
<td>35.1</td>
<td>45.5</td>
<td>39.8</td>
<td>31.0</td>
</tr>
<tr>
<td>Price/BV</td>
<td>3.0</td>
<td>4.6</td>
<td>2.5</td>
<td>2.4</td>
<td>2.2</td>
</tr>
<tr>
<td>EV/EBITDA</td>
<td>7.3</td>
<td>13.7</td>
<td>16.6</td>
<td>14.0</td>
<td>12.0</td>
</tr>
<tr>
<td>EV/Sales</td>
<td>0.5</td>
<td>1.2</td>
<td>1.0</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>21.0%</td>
<td>13.1%</td>
<td>5.6%</td>
<td>6.0%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Debt/Equity</td>
<td>3.4</td>
<td>1.0</td>
<td>0.4</td>
<td>0.3</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: Company, KRChoksey Research
Parag Milk Foods Ltd.

<table>
<thead>
<tr>
<th>Date</th>
<th>CMP (INR)</th>
<th>TP (INR)</th>
<th>Recommendation</th>
<th>Our Rating</th>
<th>Upside</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-Aug-17</td>
<td>236</td>
<td>274</td>
<td>BUY</td>
<td>Buy</td>
<td>More than 15%</td>
</tr>
<tr>
<td>01-Jun-17</td>
<td>237</td>
<td>274</td>
<td>BUY</td>
<td>Buy</td>
<td>5% – 15%</td>
</tr>
<tr>
<td>12-Apr-17</td>
<td>251</td>
<td>274</td>
<td>ACCUMULATE</td>
<td>Hold</td>
<td>0 – 5%</td>
</tr>
<tr>
<td>15-Feb-17</td>
<td>213</td>
<td>274</td>
<td>BUY</td>
<td>Reduce</td>
<td>-5% – 0%</td>
</tr>
<tr>
<td>10-Nov-16</td>
<td>304</td>
<td>392</td>
<td>BUY</td>
<td>Sell</td>
<td>Less than – 5%</td>
</tr>
<tr>
<td>11-Aug-16</td>
<td>326</td>
<td>392</td>
<td>BUY</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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