



Date: November 16, 2017

<b>BSE Limited</b> Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001  Fax No.: 022-22721919	<b>National Stock Exchange of India Limited</b> 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 30<sup>th</sup> September, 2017.

Thanking You,  
For Kwality Limited

  
Company Secretary & Compliance Officer

**Pradeep K. Srivastava**  
(Compliance Officer & Company Secretary)





0



## Kwality Limited – At a Glance



Largest Private Dairy Company in India

### Key Statistics

35 K

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

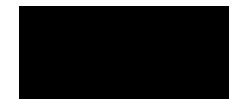
5.3

Litres/day - Milk Handling Capacity across six plants

### 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 150% in FY 2013-14, of which 100% was derived from U.P, Haryana, and Rajasthan
- ✓ Established strong position in Northern India, Procurement network of 35,100 farmers across 512 villages across U.P, Haryana, and Rajasthan; among top milk producing states of India; derives 80% of total daily milk requirement directly from farmers and balance through milk aggregators
- ✓ Operates 9,300 sqm and six state-of-the-art manufacturing facilities; combined milk handling capacity of 5.3 million litres/day
- ✓ Distribution network of 19 districts covering 15,000 points; strong presence in North India
- ✓ Backed by strong management team comprising of industry experts with cumulative experience of over 100 years

[www.kwality.com](http://www.kwality.com)



# Kwality Limited - Road Map

Our Growth Story

- 2006
- First 3CC in Baryana
- Launched Dairy Jitener A product under Dairy 4est brand
- Agreement with Patipati Dairies for milk processing
- License received from FDC for processing A man; ring and low cholesterol ghee

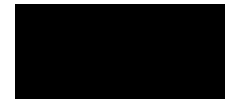
2006 signed with GC33F for processing and packing milk for Am; l; brand

1996 Incorporated as Kwality Dairy India Limited  
As backward integration of Kwality Ice Cream- listed in 1995 on 4th

2006 Strategic Alliance with Britannia Industries for man; ring and packing of c; rd

2006 KDIL taken over by current promoters together with its man; ring facility at Baryana

[www.kwality.com](http://www.kwality.com)

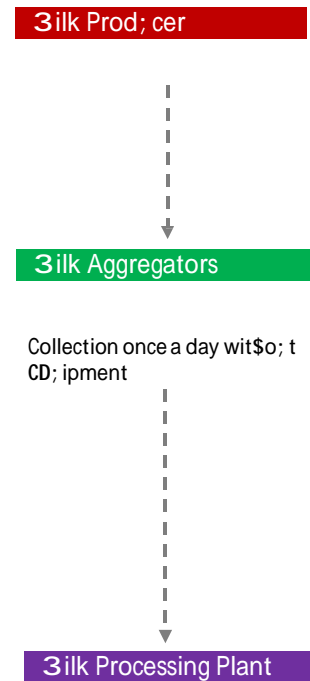


# Kwality Limited – Procurement Models

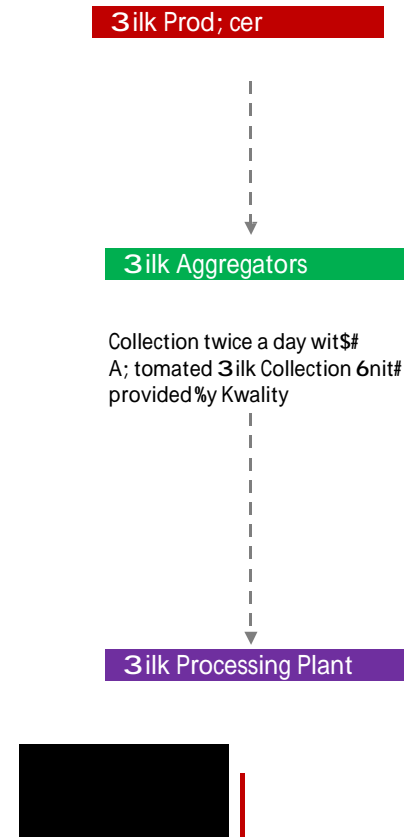
## Direct Procurement



## Contractor Procurement

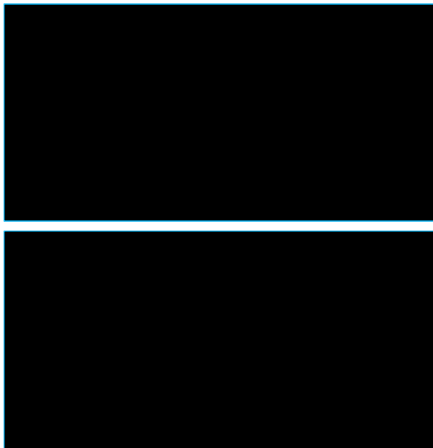


## Hybrid Procurement



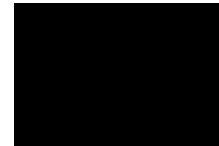
# Kwality Limited - Inked MoU with Bank of Baroda to Disburse INR 40,000 Mn to its 1 Lac Farmers in Initial Phase

To Boost Direct Procurement

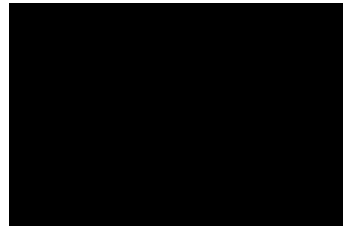


## Overview

1. To disburse INR 40,000 Mn of loans among 1 lac farmers initially within Kwality's established procurement network of ca. 35,000 farmers across ca. 512 villages in 6 P.1 Baryana and 10 other states.
2. Each Farmer would avail loan up to INR 5 Lac at a preferential rate of 10% p.a. to be utilized primarily towards purchasing of milking 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.



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



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



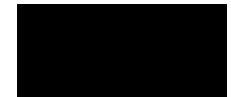
### Increase Direct Procurement for Kwality

- ✓ Assured supply of best quality milk directly from farmers within our network, increasing trust, growth, and our existing network via Asset Light framework
- ✓ Accelerate production towards consumers
- ✓ Acting as a facilitator, strengthening no-liability
- ✓ Strengthen existing relationships with Farmers and foster new relationships

[www.kwality.com](http://www.kwality.com)



- ✓ In June, 2021 Kwality organised a grand ceremony at Fatehbad Baryana, for disbursement of 1st 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. Anand Lal Kataria, Hon. Minister of Baryana
- ✓ The event was attended by over 1,000 farmers and sanction letters given to over 5,000 farmers.



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

01 | Debt Consolidation

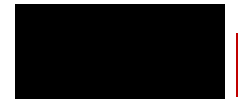
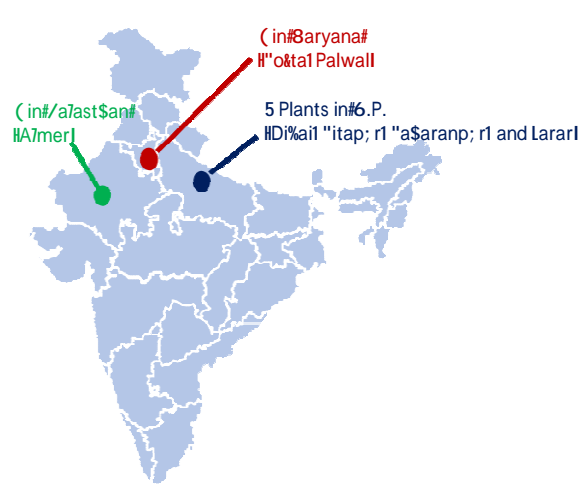
02 | Direct Procurement Infrastructure

0- | , rand buildin""  
ad ertisements%  
. ales Promotions%ot\$er  
mar#etin"  
acti ities and De elopin"  
robust I( Infrastructure

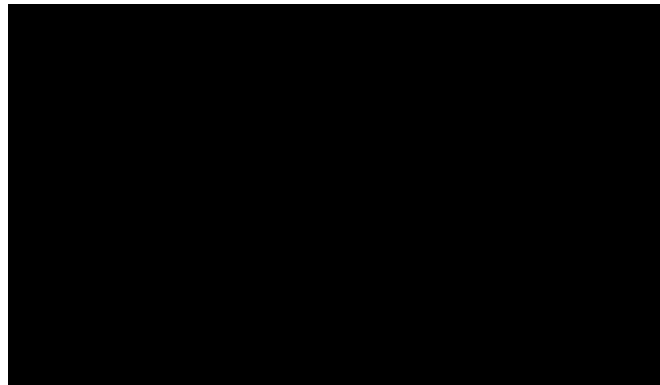
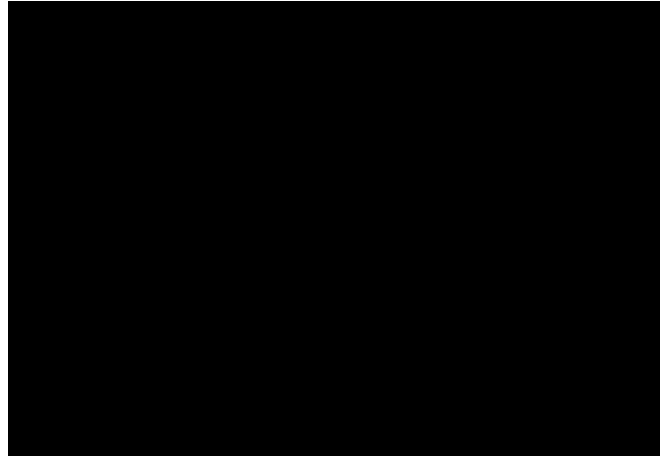
03 | Capacity Expansion by 9.0  
lac litres per day for alue!  
added product cate"ories li#e  
C\$eese%Paneer%&' ( ) il#%  
\*la oured ) il#%+assi%CSaac\$%  
(able , utter%amon"st ot\$ers

Capital In&; sion t\$ro; g\$ "tr; ct; red  
De%t wit\$ ten; re o& si> years

## Kwality Limited – Manufacturing Facilities



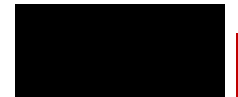
## Kwality Limited – Quality Control



- ✓ 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*

[www.kwality.com](http://www.kwality.com)

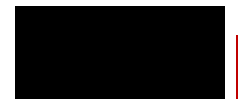


---

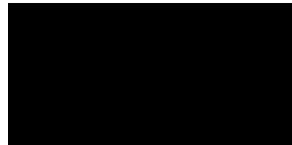
Kwality Limited – Product Portfolio



[www.kwality.com](http://www.kwality.com)



## New Product Launched – Flavoured Milk



Overwhelming Response From Consumers and Channel Partners

### Flavours Launched



Claic  
i  
Kesa  
r  
4ada  
m  
4; tterscotc  
\$  
Colle  
e

### Our Campaigns

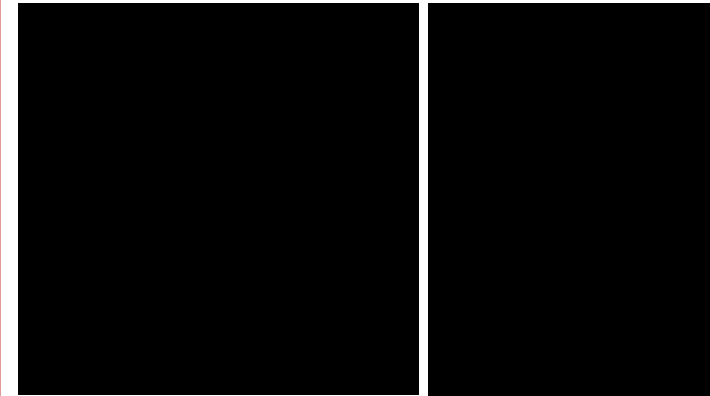


Recently, we launched our new value-added product i.e. Flavoured Milk:

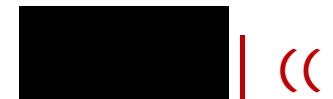
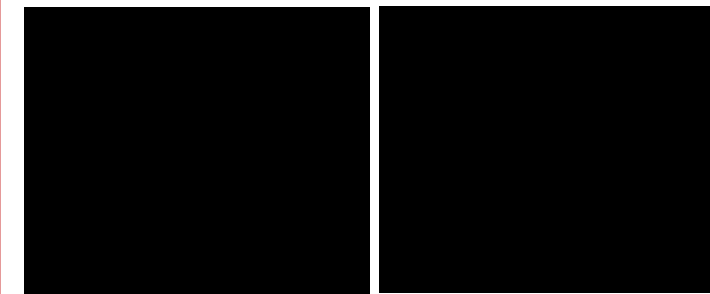
- ✓ Flavors - The product is available in five flavors i.e. Kesar, 4adam, Claic, 4; tterscotc and Cold Coffee
- ✓ Differentiation - Its unique value proposition is that it is fortified with Vitamins A, D and has a shelf life of six months at ambient temperature.
- ✓ Product Placement - We are leveraging 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.

[www.Kwality.com](http://www.Kwality.com)

### Placement in General A#3odern /etail C\$annels



### Delighted Consumers



## 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 **Basala Chaach** and **Sweet Lassi**
- ✓ Differentiation - Extra 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.

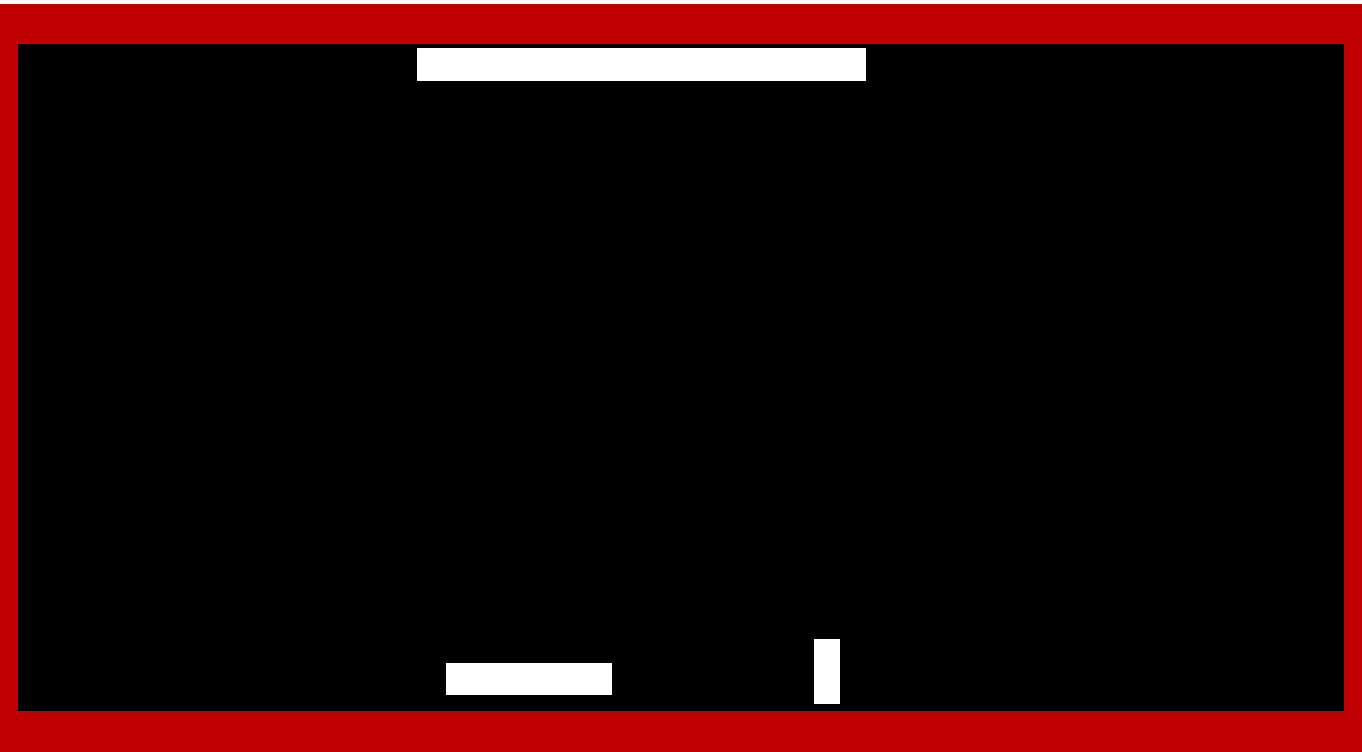
Kwality Limited – Distribution Network

Extensive Network in North India



# Kwality Limited – New Brand Campaign

New Brand Campaign with leading Bollywood Actor  
3r. Aksay K; mar



Developed in 3Cann for Creative1 Kenit\$ Optimedia for 3edia Planning1 Digital +; otient for Digital 3arketing:

[www.kwality.com](http://www.kwality.com)

To Achieve Quick Consumer MindShare

Our Branding Partners



and all Online Platforms

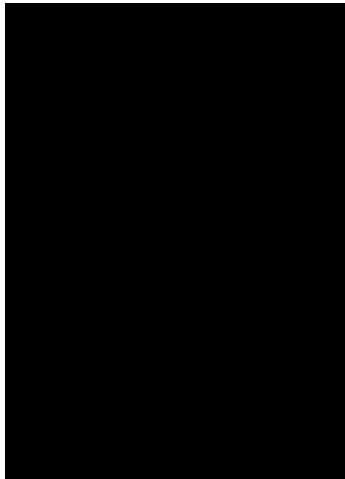
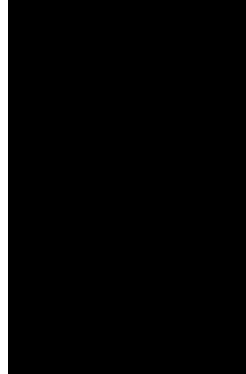
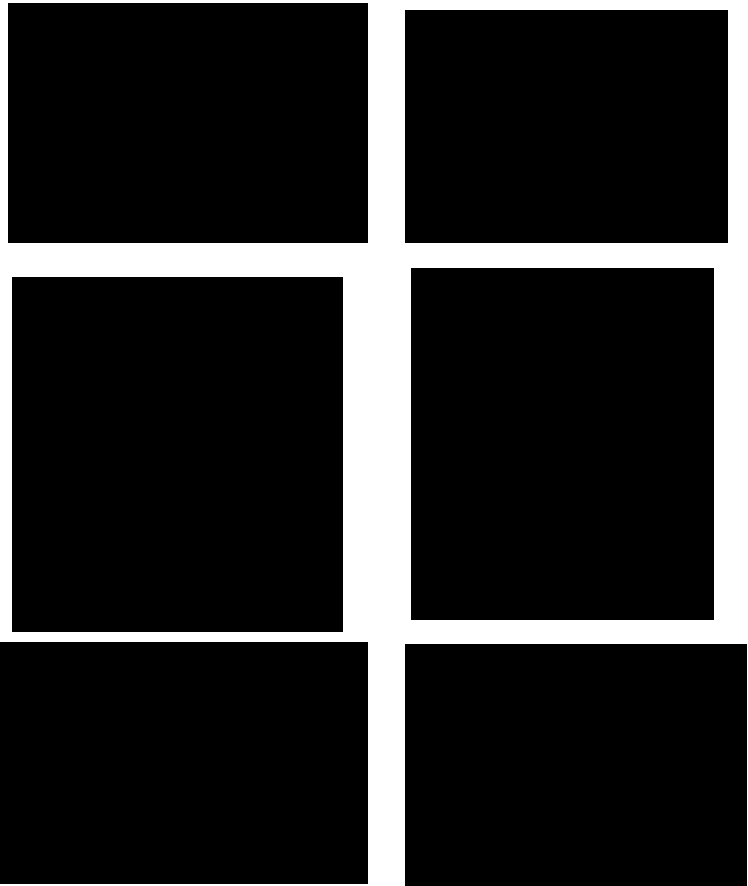
Inked Ad&orBCD; ity Deal wit\$ Eol and 8E 3edia  
&or l. / 0 3n



Famongst ot\$ers

(5)

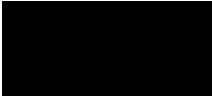
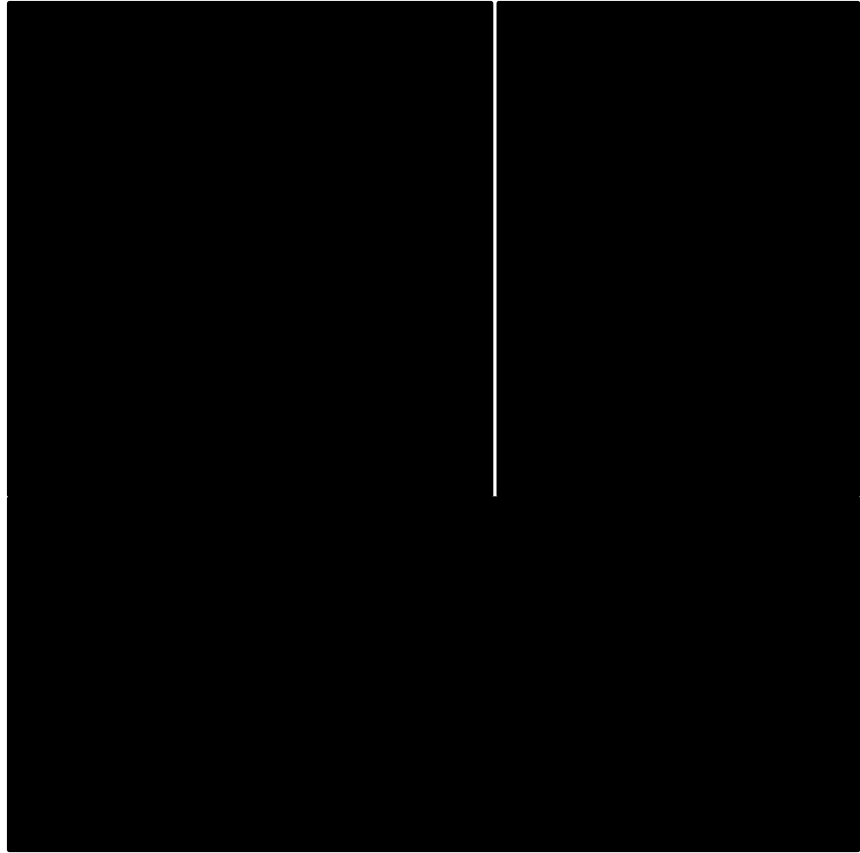
Kwality Limited – Select Campaigns



[www.kwality.com](http://www.kwality.com)

ATL, BTL, and Customer Engagement  
Activities

Kwality Promoted Lolly LL4, 3ovie



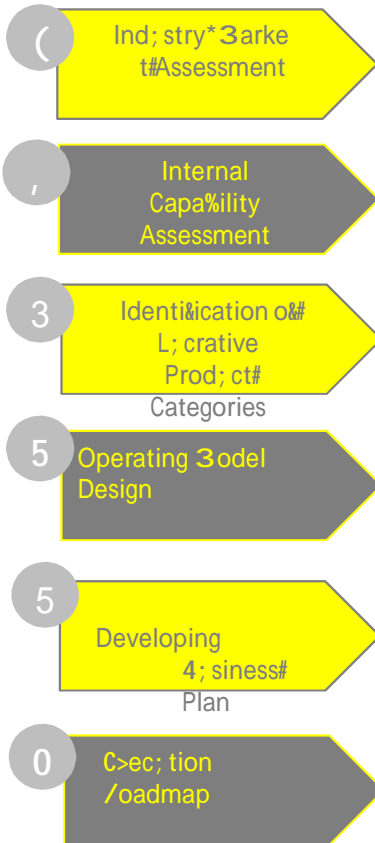
# Kwality Limited Engaged Ernst & Young for Developing Growth

To Develop Roadmap for B2C Expansion

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

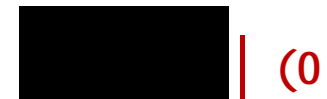


Key Deliverables



- Assessment of market size for different product categories; categories and market dynamics
- Understand channel dynamics, consumer trends, to market practices, competition
- Internal capability benchmarking across value chain
- Assess capability fit to execution
- Identify gaps areas and their extent
- To identify lucrative product categories/sub-categories to Grow: 1 segments & or operation
- Develop distinct proposition and strategic differentiators category wise
- 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 "ales"; apply Chain
- Sanctioning Marketing value chain, considering Kwality's objectives and competitive environment
- Build financial success parameters
- Build financial projections
- Identify risks & their mitigation plan and sensitivity on business plans
- Execution roadmap with key task, timelines and responsibilities
- Project control mechanisms

[www.kwality.com](http://www.kwality.com)



# Growth Strategy Roadmap - 2020

To Become Best-in-Class B2C Dairy Company

4, 4

4, C

Objective

Mark on 4, C Model

Objective

Achieve Critical Mass: Sustainable Growth

Objective

Strategy

Milestones

- Achieving Critical Mass FY 2020 Model
- Capacity Expansion
- Expand Product Portfolio
- 3rd; ee client %ase
- Penetrate new Markets - India A Road
- 3an; &act; re Low cholesterol GSee

- Consolidated Sales reached 1. / #, 51(03 3n#n F-(,
- Capacity - , .5 3n litres\*day
- Established Subsidiary in Dubai
- Clients: Added IEC1# 8ind; stan 6nilever1# /airways among ot\$ers
- La; nc\$ed ?Livlite: , our low-cholesterol ghee

Period , , B

Period , C, N eptem%er#, (2#

Strategy

Milestones

- Capacity expansion and strengthen procurement network
- Strong position in North
- Widening Product mix with &res\$#milk# prod; cts like Po; c\$ed# 3ilk1 Da\$il C\$aac\$if# amongst ot\$ers
- Initiating 4; siness Erans&ormation#or 4, C
- Launch B2C
- Marquee client base
- "trengt\$en employee# %ase across levels
- La; nc\$ C"OP sc\$eme across levels

- Capacity of 3.5 3n ltrs\*day across si-&# plants in#6.P1 8aryana# and# /a7ast\$an
- Established network with 3.5 lac &armers# across 512 villages
- Launched Fres\$ 3ilk# Prod; cts ; nder 4, C
- 3CC Co; nt B , 9
- Standalone Sales reached 1. / 0(1555 3n in F-(2=5 ) 4, C
- %; %sidiary "ales in# F-(2N l. / 019 , 3n
- C"OP plan la; nc\$ across# levels in , (5

! vision

Strategy

Target

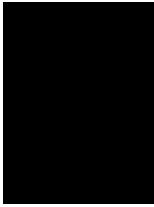
- Strengthen direct Procurement1 set; p# 3CCs and#increase# network
- Capacity expansion for val; e#added prod; cts
- Product mix shift towards value-added products c\$eese1# %; tter1 68E1 yog\$; rt1# &lavo; red 3ilk1 Lassi1# C\$aac\$1#Paneer
- Launch m; ltiple# variants o& val; e#added# prod; cts
- Deleveraging with B2C business model
- Build strong B2C brand
- Strengthen Distribution
- Cn\$anced &oc; s on#E# ena%lement
- Cnter . ew markets

- Enhance Direct Procurement
- Capacity augmentation
- Product mix shift towards branded/B2C products primarily fresh and value-added products
- Sales Mix - 2 ) 4, C1 balance B2B
- Strong operating# margins and cas\$# &low1#red; ce leverage
- 4; siness a; tomat ion t\$ro; g\$ IE ena%lement
- Deeper retail# penetration in existing and new markets across General, Modern, and Online channels
- PAE e>ansion wit\$#renewed Dividend#Policy



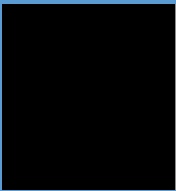
## Board Of Directors

Professionals with Rich Experience



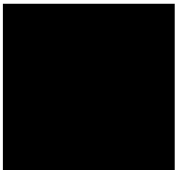
Dr K; Ideep "Sarma"  
Sole Director

- P.D. by D; allication, has more than 5 years of experience in Agric; It; re and science
- He worked as Director Directorate of knowledge management in Agric; It; re ID 3K3AI# nder ICA/.
- He was an active contributor for "cientific Agric; It; ral; malism" scriptwriting Direction Compeering and presentation of Ev programs and Films.
- He has been accredited with numerous . atinal and International Awards of repute like Food Agric; It; ral organisation (FAO)WHO, 3 inistry of agric; It; ral A 3 inistry of science and technology



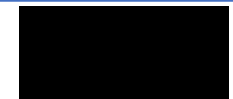
Sanjit Dasia  
Sole Director

- More than , 0 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 issues at the Plant and milk chilling centers.
- Responsible for bringing lots of reforms in manufacturing of "3PI G See 1 C Seese 1 Paneer 1 Dairy J itener and ot Ser dairy products. He has expert knowledge in the products manufactured by Kwality Limited and its utilization



Ankita Sethi  
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 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

.awal "Sarman President A Head 4; Business Erans&ormationl	>	, 5 years of rich experience across multiple industry including; Business Erans&ormation#Cons; Itingl#Elecoml#4PO A#F3CG#and worked with companies like /eliance Comm; nicationsl4\$arti 4E Internet etc.
	>	Key professional experience cuts across all layers of organization management i.e.1%; Business layer1 process layer1 organization layer A e>ec; tion layer.
" . K. G;pta Chief Financial Officer	>	CA with more than 30 years of experience across various level in the field of Finance A Acco; nts. He has overall worked as Director Finance for more than , ( years in various corporates including P"6 of Central Govt. of India A represented the Board.
/a/es\$ !erma Head International Marketing	>	Having , decades of experience in F3CG majors A; e c\$ip companies; c\$ as 4lowplast Ind; stries! IP Ind; stries!86L1 4ata India.
	>	Responsible for handling "ales A Marketing& nction incl; ding International Marketing.
Pawan "Sarman Head Business Development	>	34A#in#8/#wit#e>perience o## more than## ,0## years.Responsible for developing#implementing and#maintaining#8/#strategies, policies#and#proced; res#and monitor as well as to identify manpower requirements and make appropriate recommendation to#management for implementation.
Ka%ir 4as; /oy Chief Marketing Officer	>	An 34A wit\$ over (5 years of rich experience into 4rand 3anagement A F3CG 3arketing. Responsible for %rand development1 marketing and comm; nications to improve %rand visibility and salienceP. Before joining Kwaliti, he worked with organizations like Godfrey Phillips Hea Division Fortis Bealt\$carel Leo 4; mettl 3arket Pro%e India
/a/endra "ing\$# Head HR	>	An MBA from IGNOU and 3."c in#Agric; It; ral 4otany from Meerut University
	>	He has more than 33 years of experience in#the implementation of the world's largest poverty alleviation programme Operation FloodP
KE Krisna /ao# Head HR	>	An 34A#n Operations A 8/1 \$aving over 35 years of rich experience in#Eotal +; ality 3anagement A Process C>cellence, expertise in implementing technology to# improve D; ality.
	>	A certified Lead A; ditor in#+ 3 " and accredited Green %elt#n#"i> "igma. Before Kwaliti, he worked in various capacities at G"K Cons; mer Bealt\$care.
Asvinder Kalra# Head HR	>	A post-graduate in "ales A 3arketing wit\$#over , ( years of experience in the field of "alesl Integrated 3arketing1 and International 3arketing.
	>	Before Kwaliti, he served as ! P C>port A 3D o& "\$akti 4\$og Foods HD; %ail. Earlier, worked in Eime> J atc\$es A#CocaCola India in various capacities.
As\$; tos\$ Kapil Head HR	>	Has over , 5 years of experience in F3CG and Dairy "pace. Has completed BA from Kurukshetra university
	>	Before Kwaliti, he worked with companies like Easty Dairy "pecialities Ltd.1! /" Foods1 Karnal 3ilk Foods1 Lak\$anPal Limited in various capacities in Sales
/aman; 7Ac\$arya Head HR	>	He is carrying around ,0#years#o##ric#e>perience#into#sales#in#F3CG#Ind; stry. He worked with prestigious organizations like Gando; r#India#Foods#G3#Pens# H/eynoldsl1Cad%; ry India1 4PL "o&t Cnery1 3edimi> A Parle Agro.
Inderjeet "ing\$ HCG3 Institutional	>	B.Com from Delhi University and has more than 3 years of experience in Dairy Ind; stry including Milk Food1 Cep\$am 3ilk "pecialities1 Parle C>ports, HMM
Pradeep "rivastava Head HR	>	He is a Fellow member of Instit; te o& Company "ecretaries of India and in addition to it also holds a Bachelor's degree in Law and Science. Mr. Pradeep Srivastava is having more than (3 years of experience and an expert in Corporate Laws1 "ec; rities Laws1 "C411 /41 and ot\$er compliances.
Layant Karmakar Head HR	>	A Graduate in Dairy Technology, having more than , 3 years of experience in#Dairy Ind; stry.
	>	Expert in "trategic decisions1 planning and %; dgets1 3ilk Proc; rementl +; ality Processing1 cost control etc.
.aveen "Sarman Head HR	>	An MBA from Global Open University and MDP in Logistics and "; pply c\$ain &rom l13 A\$meda%ad having an experience of more than 15 years
	>	Experience in areas of strategic so; rcing1 proc; rementl Packaging 3aterials; ; pplier development1%; Business negotiations A; ; pplyc\$ain 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.

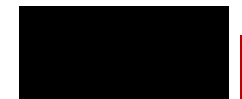
Our Managing Director, Mr. Sanjay Dhingra name was published by the "Business Today" magazine in January 2017 edition under the category of " Top 100 CEOs of India"

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<sup>th</sup> position in India in FMCG (sector wise), ranked at 197<sup>th</sup> 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 of the year, Arun Kumar, President and Managing Director of Kwalita 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.

Kwalita'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.

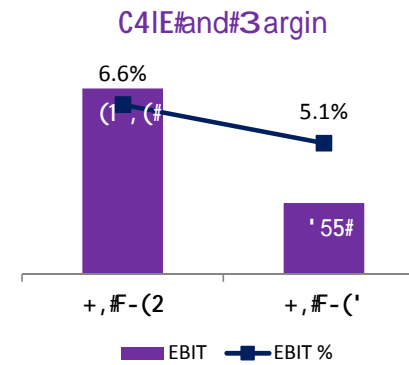
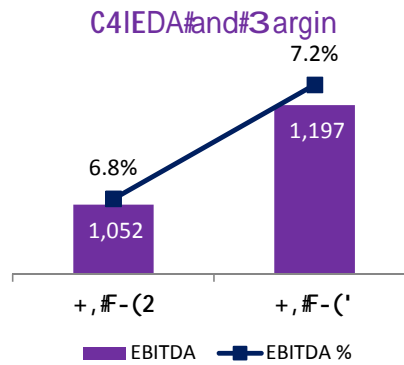
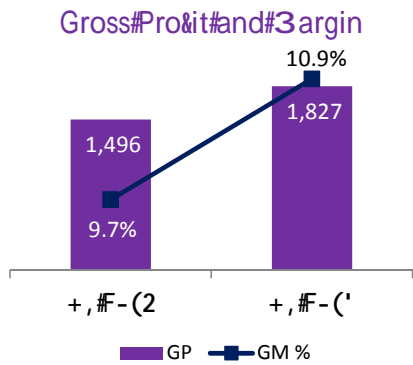
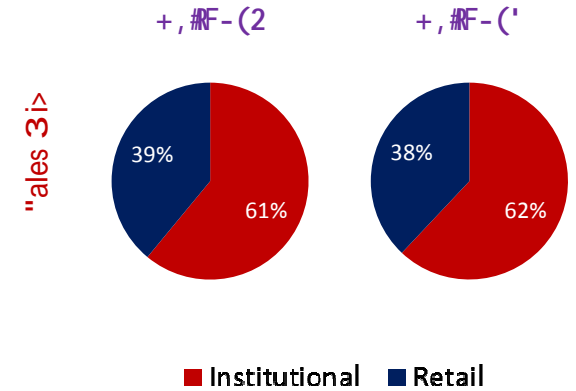
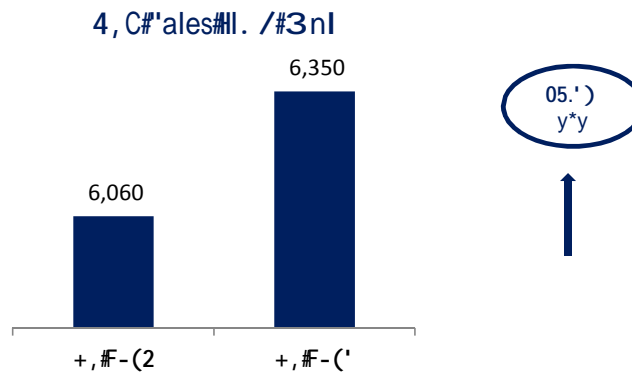
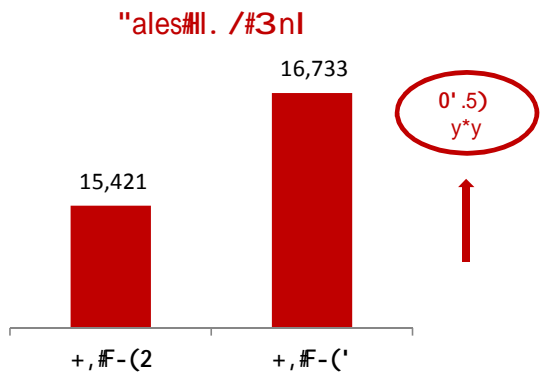
We will continue to leverage our experience and understanding to strengthen our operations across the entire supply chain and drive profitable growth"





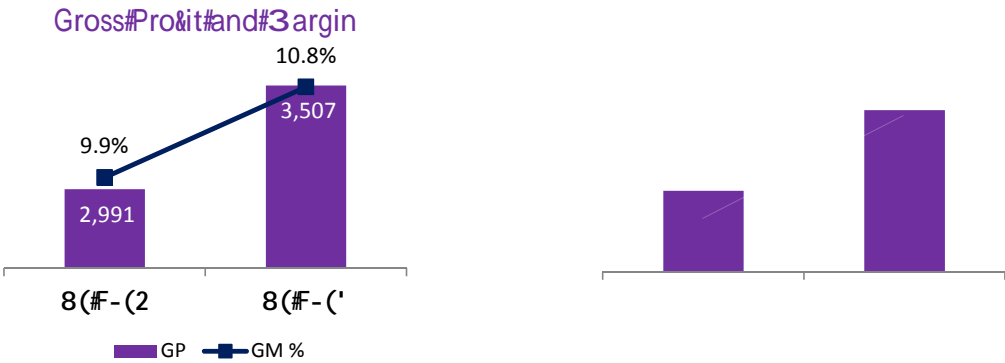
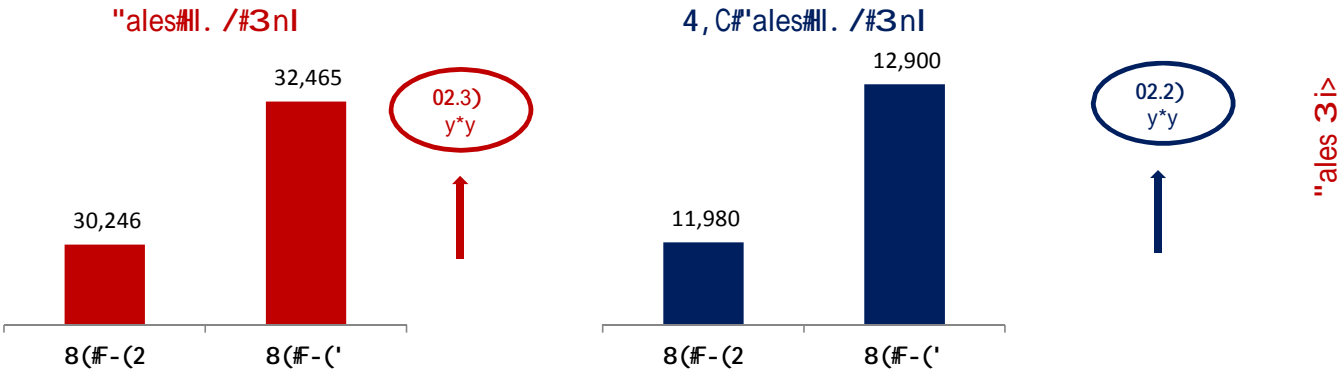
# Standalone Financials Overview – Q2'FY18

Strong Growth in B2C

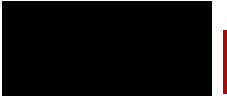


Margin As % of Sales  
Financials as per Indian Accounting Standards; All figures in INR Mn except Growth y/y and Sales mix

# Standalone Financials Overview – H1'FY18



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



## Standalone Income Statement Overview

Particulars	Standalone Financials					
	Q1 FY18	Q1 FY17	Change	Q2 FY18	Q2 FY17	Change
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 A Amortisation	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%
PAE	342	636	-46.2%	705	1,271	-44.6%
Other Expense	132	215	-38.4%	216	428	-49.6%
PAE	210	421	-50.1%	489	844	-42.1%
PAE Margin (%)	1.3%	2.7%	(140)bps	1.5%	2.8%	(130)bps

Strong Growth in EBITDA driven by B2C

### Revenue

- Revenue grew 150% y\*y
- B2C revenue increased 5.1% y\*y during the same period to reach INR 135 Mn; accounted for 31% of sales

### Gross Margin

- Margin expanded 120 bps y\*y to 10.8% in Q2 FY18, supported by relatively higher realization from B2C business

### EBITDA

- In Q2 FY18, EBITDA grew 9.4% y\*y owing to better realisation in B2C; sales

### PAE

- PAT impacted by higher finance cost and depreciation expense
- Diluted EPS is INR 1.57 during the same period

### Revised Credit Rating

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

- From 4 based Long Term A / A0 to Stable
- From 4 based Short Term A / A-
- From Convertible Debt; res 4 J / A0 to Stable

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

2.02 [www.kwalita.com](http://www.kwalita.com) 1.57

1.0

## 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 LLP (MSKA) as its new statutory auditors for the period FY 2023 to FY 2024, at the Annual General Meeting held in Sep, 2023.

Commenting on the development, Sr. Advisor Arun Kumar, President 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"***.

[www.kwality.com](http://www.kwality.com)

- ✓ India based MSKA is a member firm of 4DO network which is world's largest in terms of geographic footprint with presence in 59 countries with over 15 offices and 212 professionals.
- ✓ The renowned Chartered Accountancy Firm specializes in providing audit services in Retail, Regulatory and Audit Assurance domain
- ✓ Team of Experts - With a team of 6 Partners and over 100 employees with rich experience, the company serves top-notch Multinational Companies and Indian Corporates across industries including Technology, Services, Real Estate and Engineering & Construction segments
- ✓ Presence - In seven cities - Bengaluru, Chennai, Kolkata, Hyderabad, Mumbai, Delhi, Chandigarh and Pune
- ✓ MSKA has extensive experience in delivering assurance services, adopt best global practices, address dynamic service needs of its clients

## 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  
Kwality Limited  
Tel no.: 011 4700 6500/6600  
Email: investor.relation@kwality.com

Gavin Desa / Rabindra Basu  
CD/#ndia  
Tel no.: 022 6645 1237/48  
Email: gavin@cdr-india.com  
rabindra@cdr-india.com

**[www.kwality.com](http://www.kwality.com)**





# Dairy Industry in India – At a Glance

## Key Statistics

- 13% Of World Milk Production
- 199.3 million World's largest bovine population
- 310 Grams/day - Per capita milk availability in 2014-15; higher than global average
- 27% Contribution towards Agricultural GDP of India
- 70 Mn Rural households engaged in dairying
- 16% Of food expenditure on milk and milk products by Urban Households

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

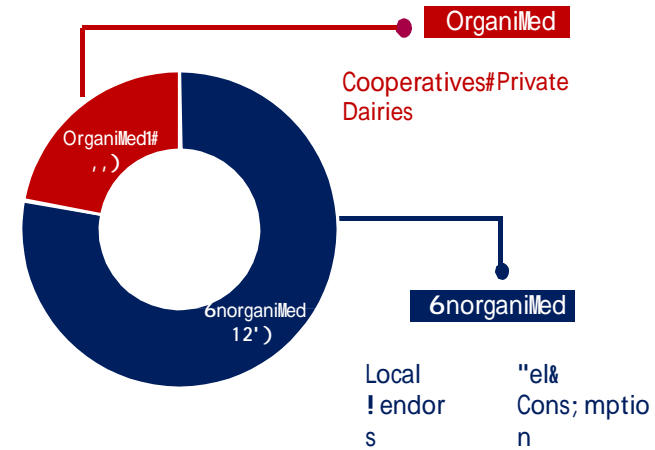
## Compelling Investment Opportunity

- World's largest milk producer and consumer – (1st) and (2nd) global market share respectively
- India amongst world's fastest growing milk market, estimated value of \$1.1 trillion in 2014-15 growing @ (5) % annually
- India's 2nd largest population with over 1.24 billion people
- Indian Dairying has a large and growing domestic market; consumption growing; production growing
- 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 3rd of consumer's expenditure spent on milk
- Milk is an essential component of diet in India; rural and urban spending on milk and milk products is increasing consistently
- Growth in population increasing income increasing; more and more families have a female demographic awareness are driving demand for branded products; organized segment
- New technologies for production and process know-how available
- Reasonable margins across product categories; premium on quality long shelf life differentiated value added products with sophisticated packaging

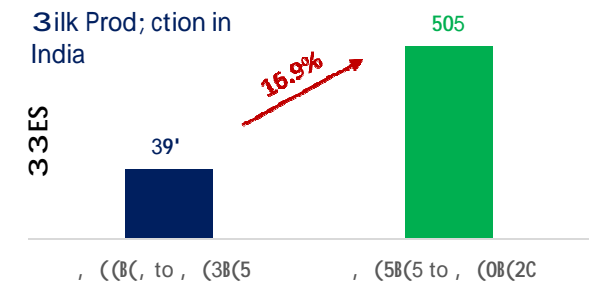
[www.kwality.com](http://www.kwality.com)

## World's Largest Milk Producer and Consumer

### Industry Structure (2014-15)



### India's World's Largest Milk Production



Source: National Bureau of Animal Health

30

# Dairy Industry in India – Production

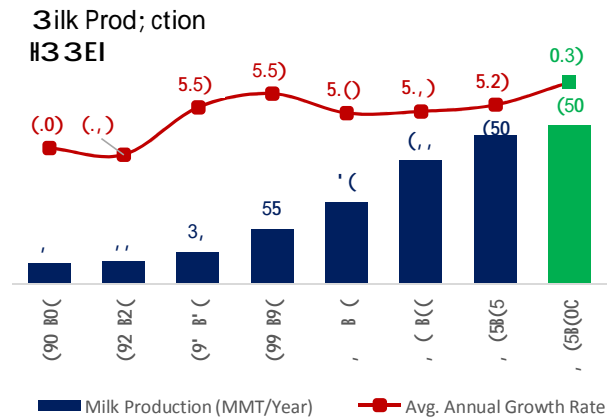
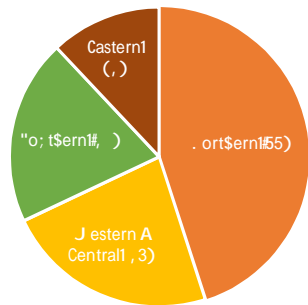
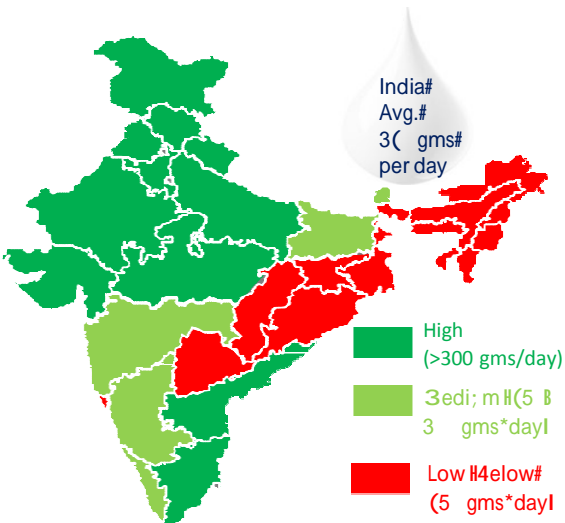
Per Capita Milk Availability# , (5B(5



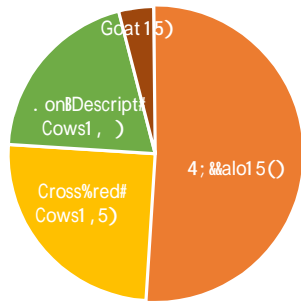
/egion# ise Prod; ction , (5B(5

Dominated by Northern India

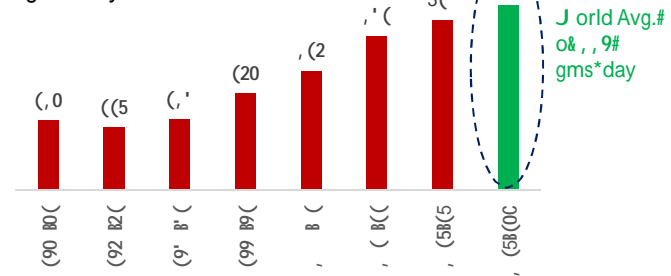
Growt\$ Erend (90 B0( Eo#, (5 B(0CS



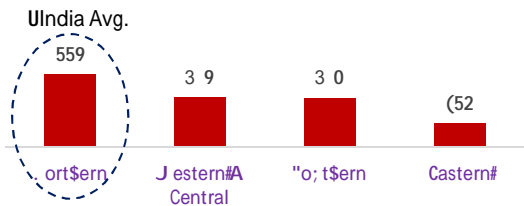
Animal# ise Prod; ction



Per Capita Availability #gms\*day



/egion# ise Per Capita Availa%ility #gms\*day

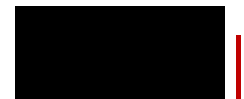
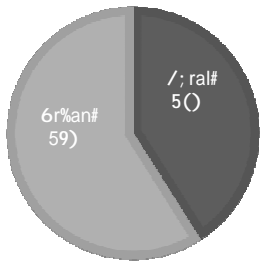
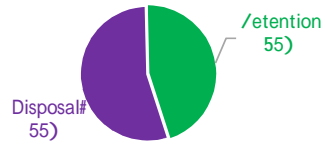


North: Chandigarh, Delhi, Haryana, HP, J&K, Punjab, Rajasthan, UP, Uttarakhand  
 West & Central: Chhattisgarh, Dadra & Nagar Haveli, Daman & Diu, Goa, Gujarat, Jharkhand, Madhya Pradesh, Maharashtra, Orissa, West Bengal  
 South: Andhra Pradesh, Karnataka, Kerala, Lakshadweep, Puducherry  
 East: Assam, Bihar, Jharkhand, Odisha, West Bengal

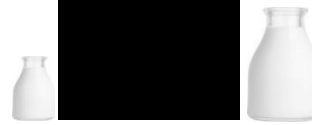
Source: Dairy India Seventh Edition, IMARC, Industry, Ministry of Agriculture and Farmer Welfare

[www.kwality.com](http://www.kwality.com)

\*Estimated

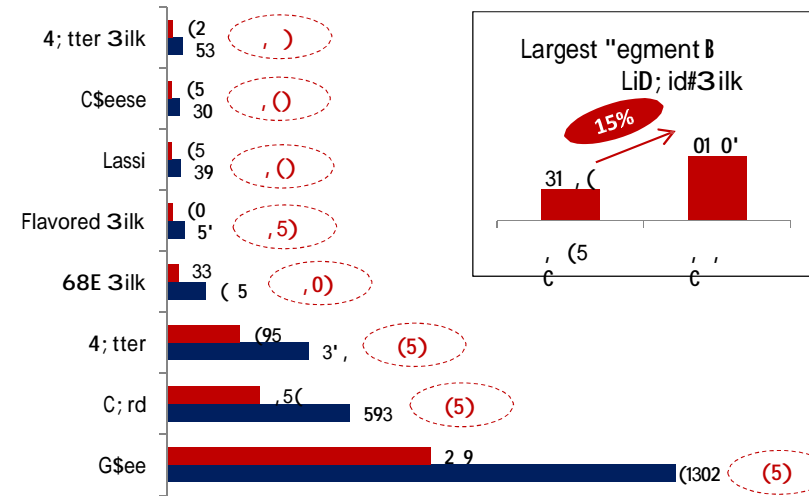


# Dairy Industry in India – Key Growth Drivers



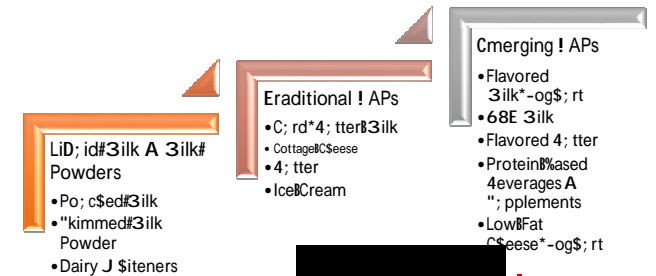
Organized Segment to Grow Faster

Production, Usage, and Market Potential in India (INR Bn)



All Figures in INR Bn. Legend: 2015E (Red), 2020E (Blue), CAGR/ (Dashed Circle)

Growing Fraction of Total Added Production in APs



**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 Retail 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 Sterilized Condensed Milk, Flavored Milk, Protein-based Beverages, etc. VAPs expected to grow at a healthy rate of 13% annually till 2020.

**3** Increasing Brand Penetration

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 Normalization

Growth of modern retail format will help improve the potential for an acceleration of growth in India's formal markets as well as reorganization & supply chains. This will increase the growth of modern trade in India which will propel growth of APs like Sterilized Condensed Milk, Yogurt, Paneer, Ice Cream and many food categories. This will ultimately help normalize linkages for infrastructure in milk processing 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

Source: Dairy India Seventh Edition, IMARC, Industry

# Central Govt. Schemes For Livestock Upgradation

## 1. National Gokul Mission

- Aimed towards development and conservation of indigenous breeds, (5 Gokul Grams are being established)
- These include 3a) Saraswati (11 P; n) (11 C) Sattigarh, II Andhra Pradesh (11 G; 7arat II, II 6.P. II, II) 3.P. II (11 Karnataka II (11 Baryana II (11
- With improved breed and high quality milch animals (1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13) (14) (15) (16) (17) (18) (19) (20) (21) (22) (23) (24) (25) (26) (27) (28) (29) (30) (31) (32) (33) (34) (35) (36) (37) (38) (39) (40) (41) (42) (43) (44) (45) (46) (47) (48) (49) (50) (51) (52) (53) (54) (55) (56) (57) (58) (59) (60) (61) (62) (63) (64) (65) (66) (67) (68) (69) (70) (71) (72) (73) (74) (75) (76) (77) (78) (79) (80) (81) (82) (83) (84) (85) (86) (87) (88) (89) (90) (91) (92) (93) (94) (95) (96) (97) (98) (99) (100)
- For the Mission, 1. / ,1,0 3n was spent during, (5) (2) and 1. / (19) 3n was allocated for, (2) (3)

## 2. National Kamdhenu Breeding Centre

- Two new National Kamdhenu Breeding Centres (one in North India Itarsi Bhopal District in Madhya Pradesh and one in "o; t) India (Santlodevi, (ellore District in Andhra Pradesh) are being established for which an amount of 1. / 5 3n has been released
- The foundation stone for this breeding-centre was laid in Oct., (0 in about 80 acres in Madhya Pradesh. Expected to be ready in the next two years, this centre will save germplasm of exotic 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

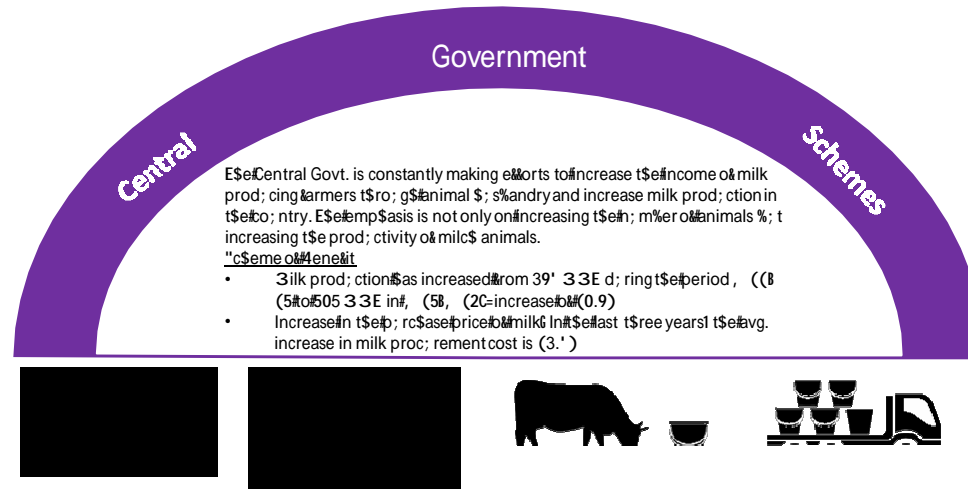
- Aimed to increase milk production and productivity and to make dairying profitable, Govt has initiated this mission with allocation of 1. / '1,5 3n for a period of 3 years. This scheme has following components:
- Pas; "an"eevani – This is a program for Health of animals having components as a) Health 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 CBPas; d) San BAEE – An e-market portal for bovine germplasm for connecting breeders and farmers of indigenous bovine breeds

## 5. Livestock Insurance Scheme

- National Livestock Mission is working towards D; antitative and D; alitative improvement in capacity; ilding of livestock production methods and is an effective scheme of Govt to protect livestock losses; e to; ntinely deat 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 (not 5 animals or 5 small animals)
- All indigenous and Syrid milch animals (cattle and ot) livestock can be insured

## 4. Benefits of CBPas; d) San BAEE

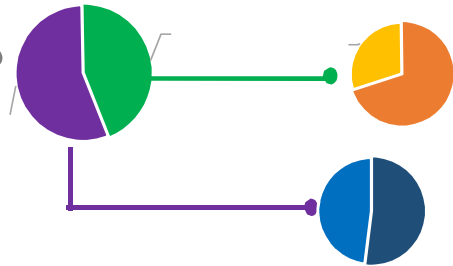
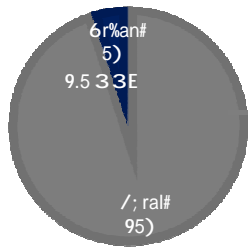
- One stop portal for Bovine breeders, sellers, and buyers
- E-Commerce market portal for live-stock germplasm
- Connects farmers with breeders
- Authentic certified information on availability of germplasm, breed information of indigenous breeds and complete details of each live-stock along with photos 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



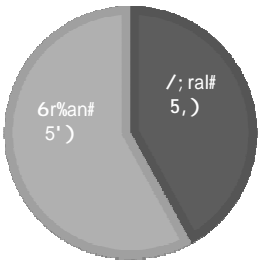
## Progress / Report on CBPas; d) San BAEE

- Information on the production of 55.5 lakh semen doses on the portal
- Sale of 3.3 lakh semen out of the produced doses
- Information about (5, 53 lakh) genetic quality animals available on the portal for sale
- 323 lakh generic dairy animals are available for sale

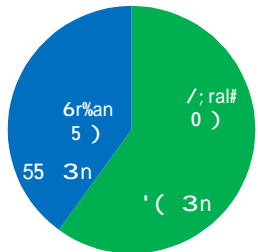
Prod; ction



Cons; mption



Pop; lation (.35 3n



[www.kwality.com](http://www.kwality.com)

