Global Vision - Asia Advantage: The Amul Perspective

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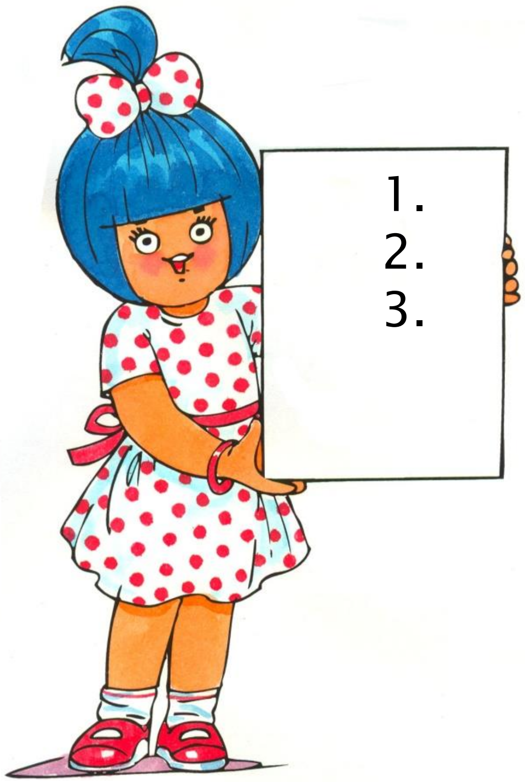


Global Dairy Industry

7 billion consumers

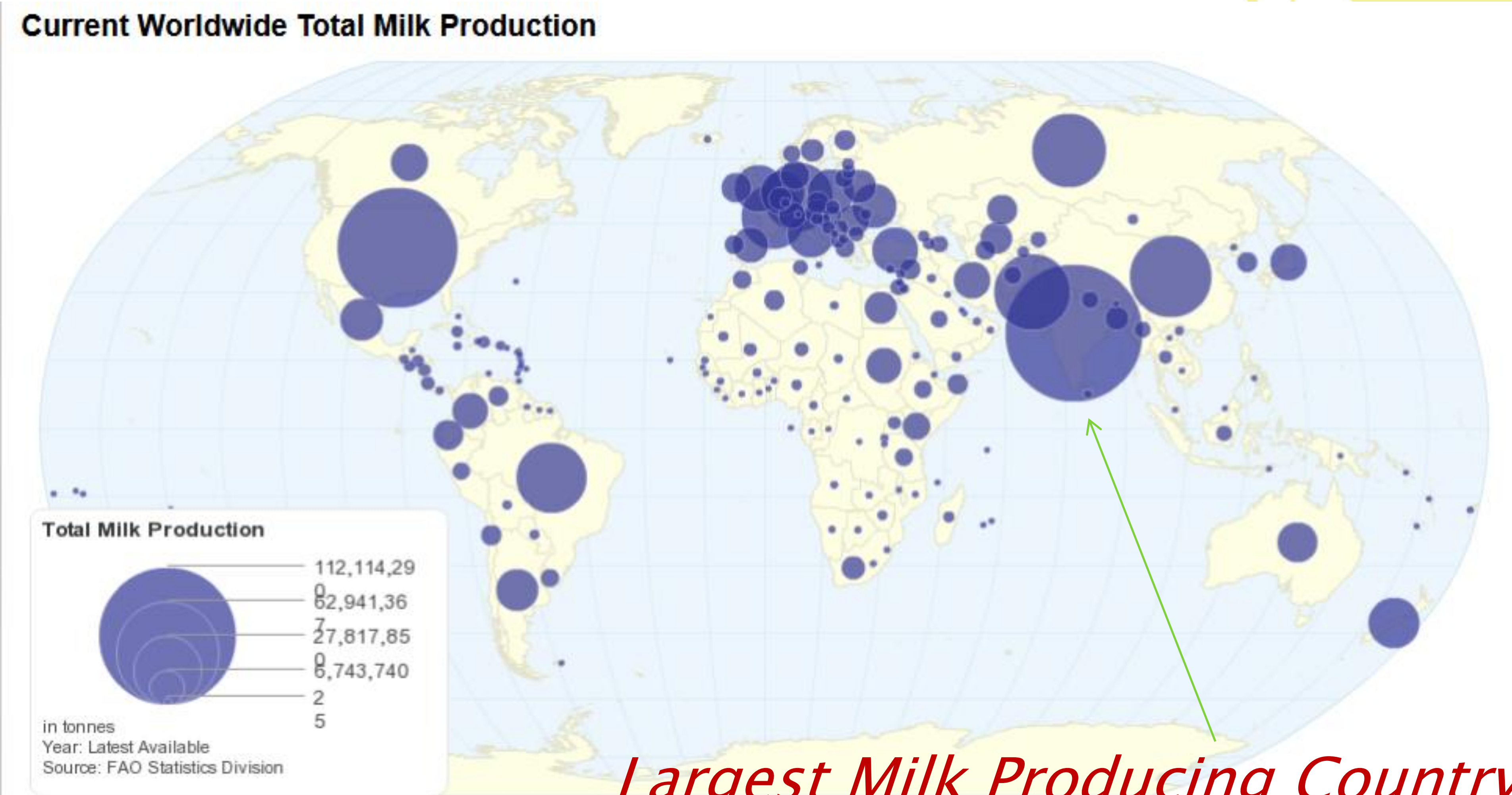
Provides livelihood to 1 billion through Dairy Farming

Projected Milk Production in Current Yr: 770 MMT

378 billion ltrs of milk is processed across the globe

Global Dairy Sales Forecast to reach USD 500 Billion in 2015

World-wide Milk Production

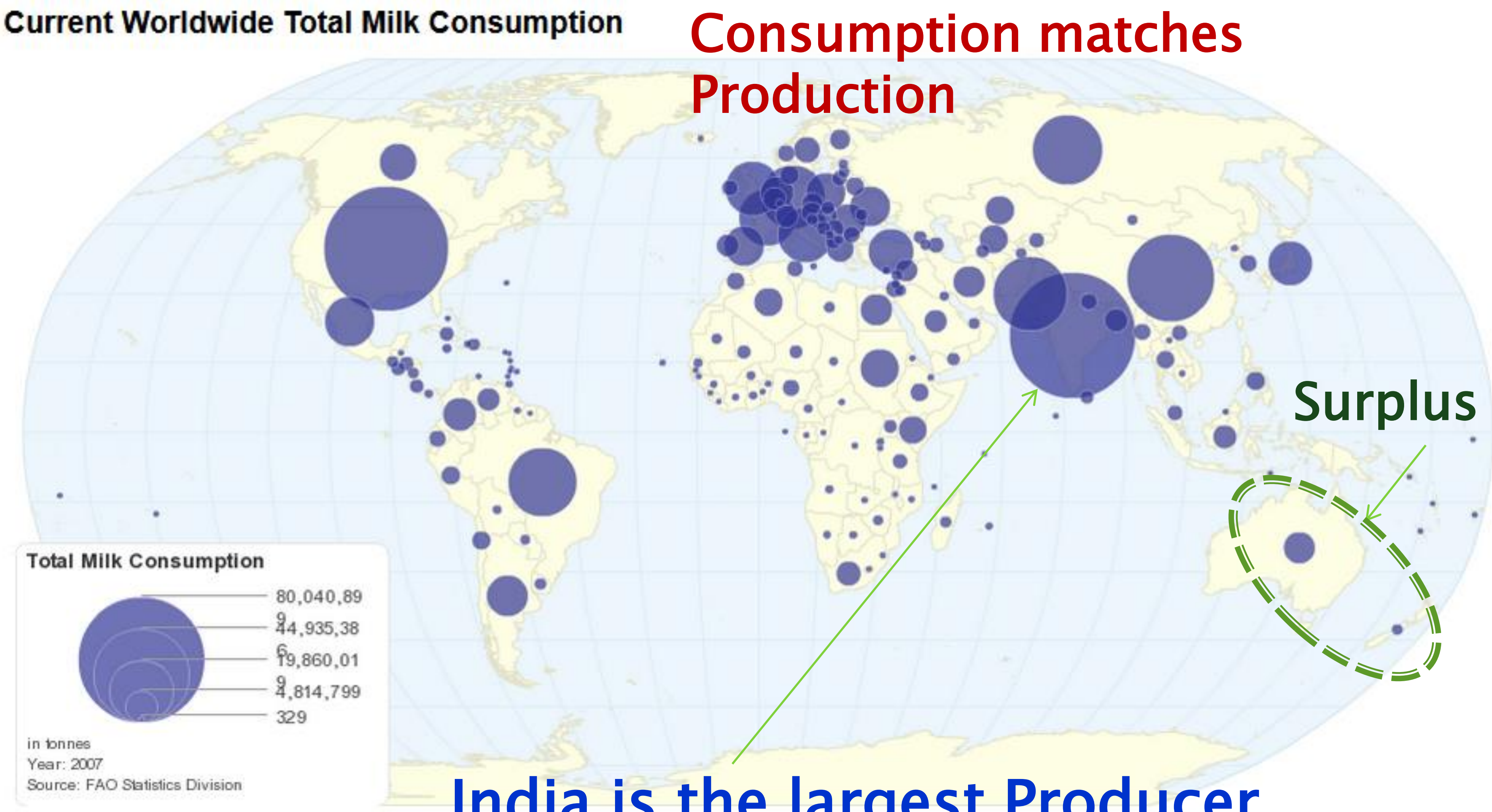


Largest Milk Producing Country

Source : FAO / Chartsbin

140 MMTs – 17% of Global Milk Production

World-wide Milk Consumption



Consumption matches Production

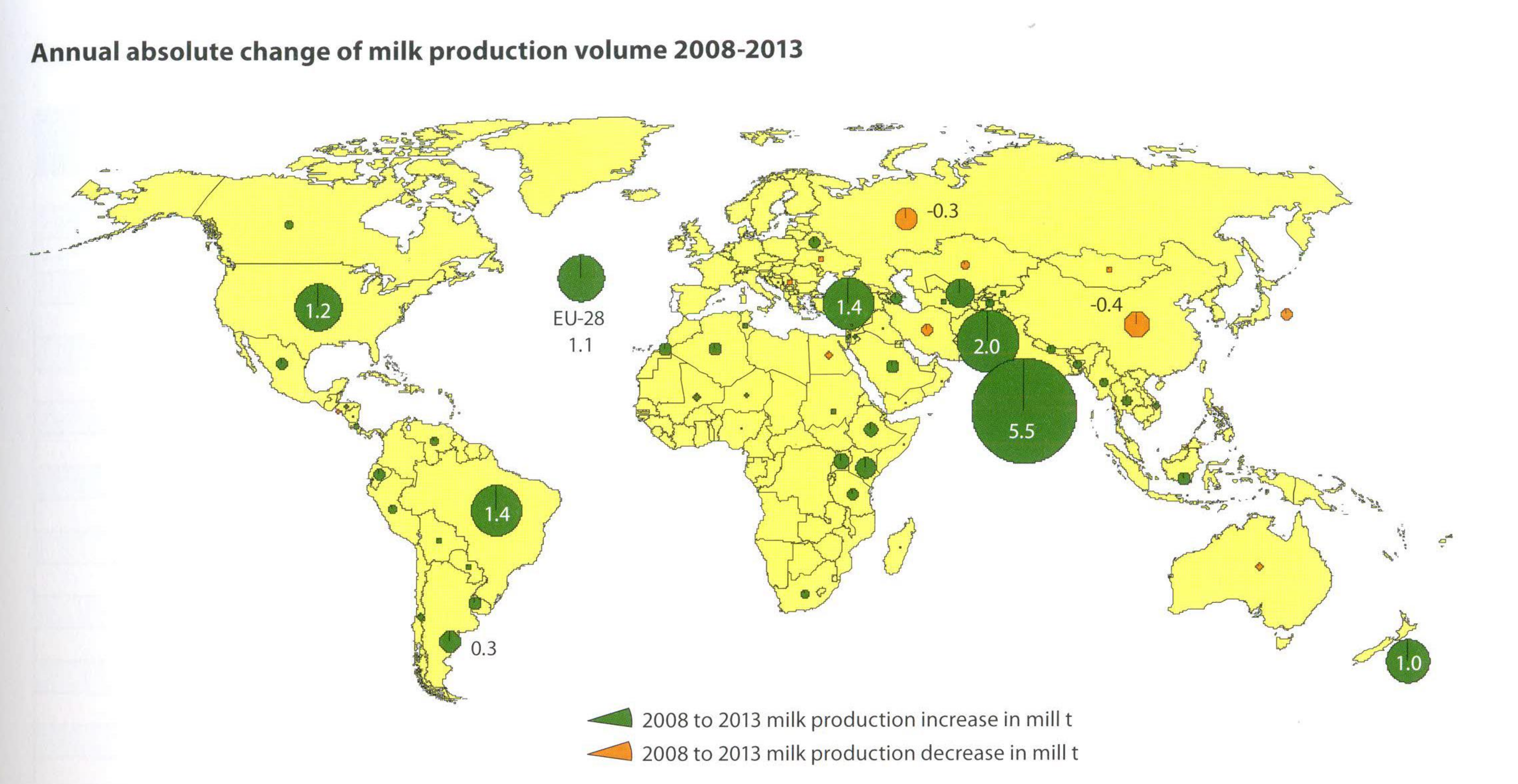
Surplus

India is the largest Producer & Consumer of Milk in the world

Source : FAO / Chartsbin

Absolute Growth in Milk Production : Last 5 years

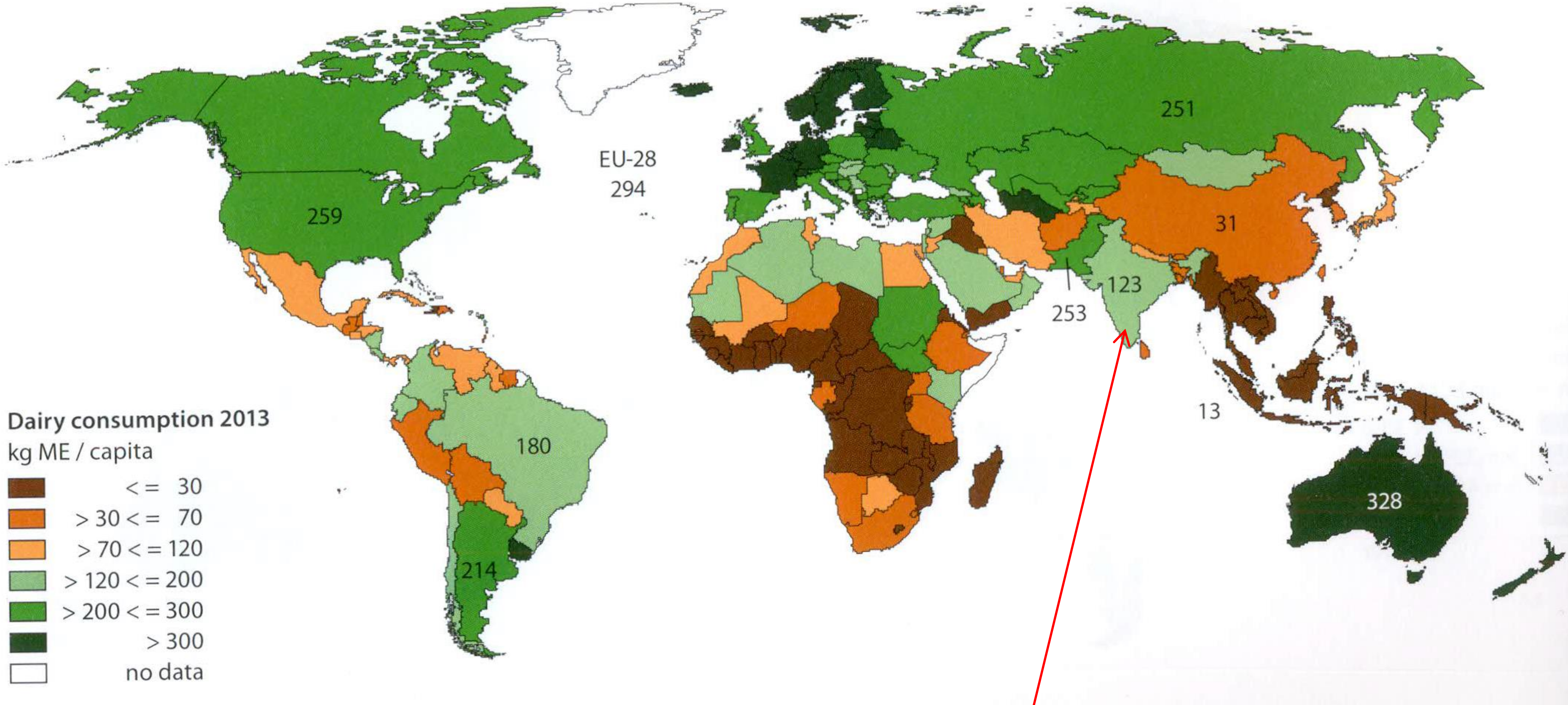
In MMTs / annum (Absolute Quantity)



Source : IFCN

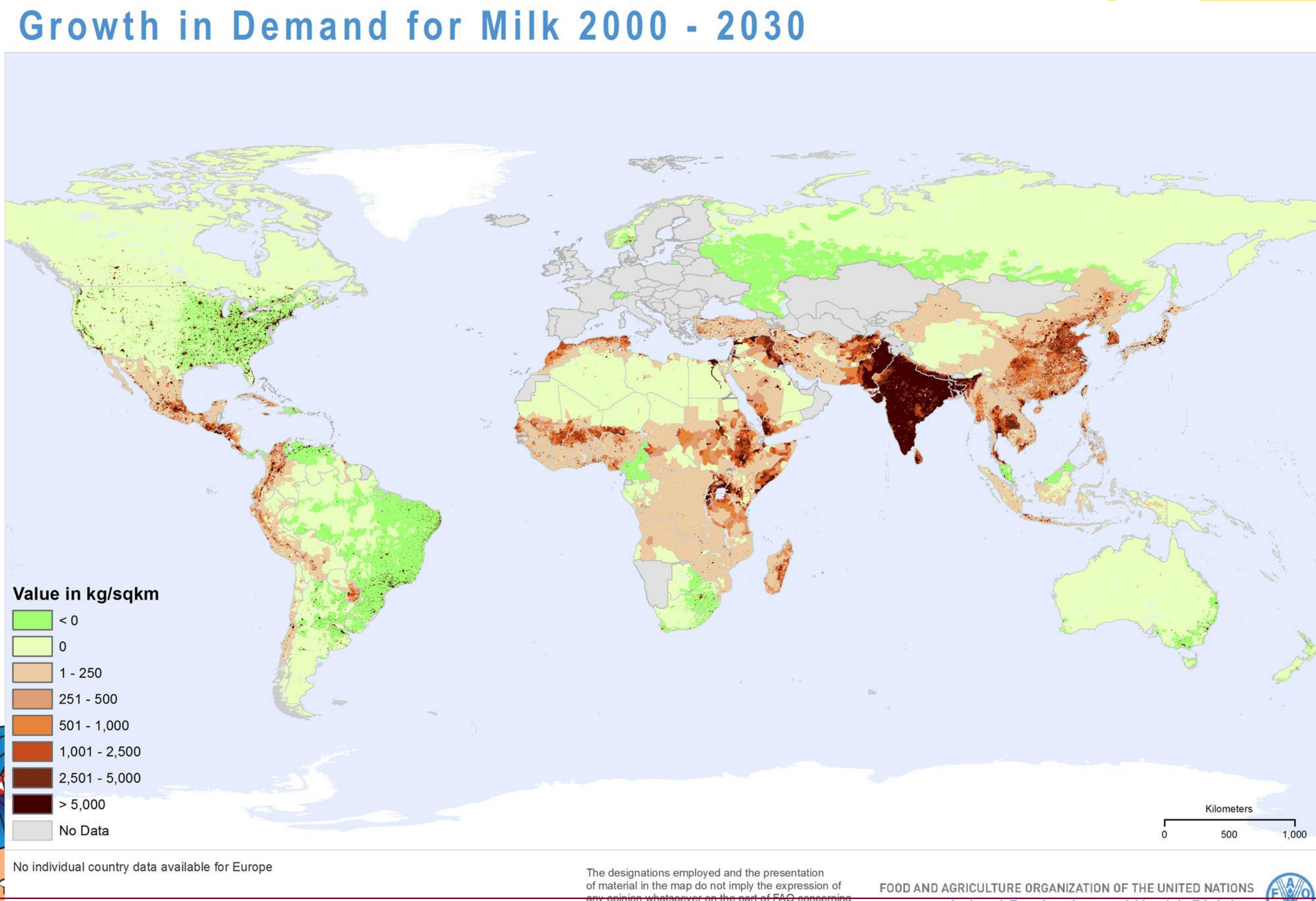
Even in terms of absolute quantity, Milk Production Growth in India is among the highest in the world

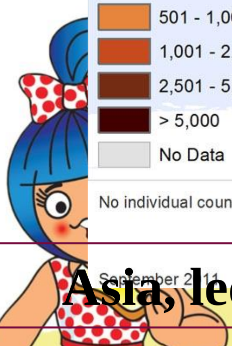
World Milk Consumption per Capita



India: Low Per Capita Consumption – But increasing rapidly due to rising income levels & better availability

Future Projected Growth in Milk Demand





Asia, led by India – highest demand, Europe and developed nations slow down


Supply
Side
Scenario

Supply Side Scenario

Growing Milk Production in Milk exporting Countries

Farm gate Price Fell sharply in EU and NZ

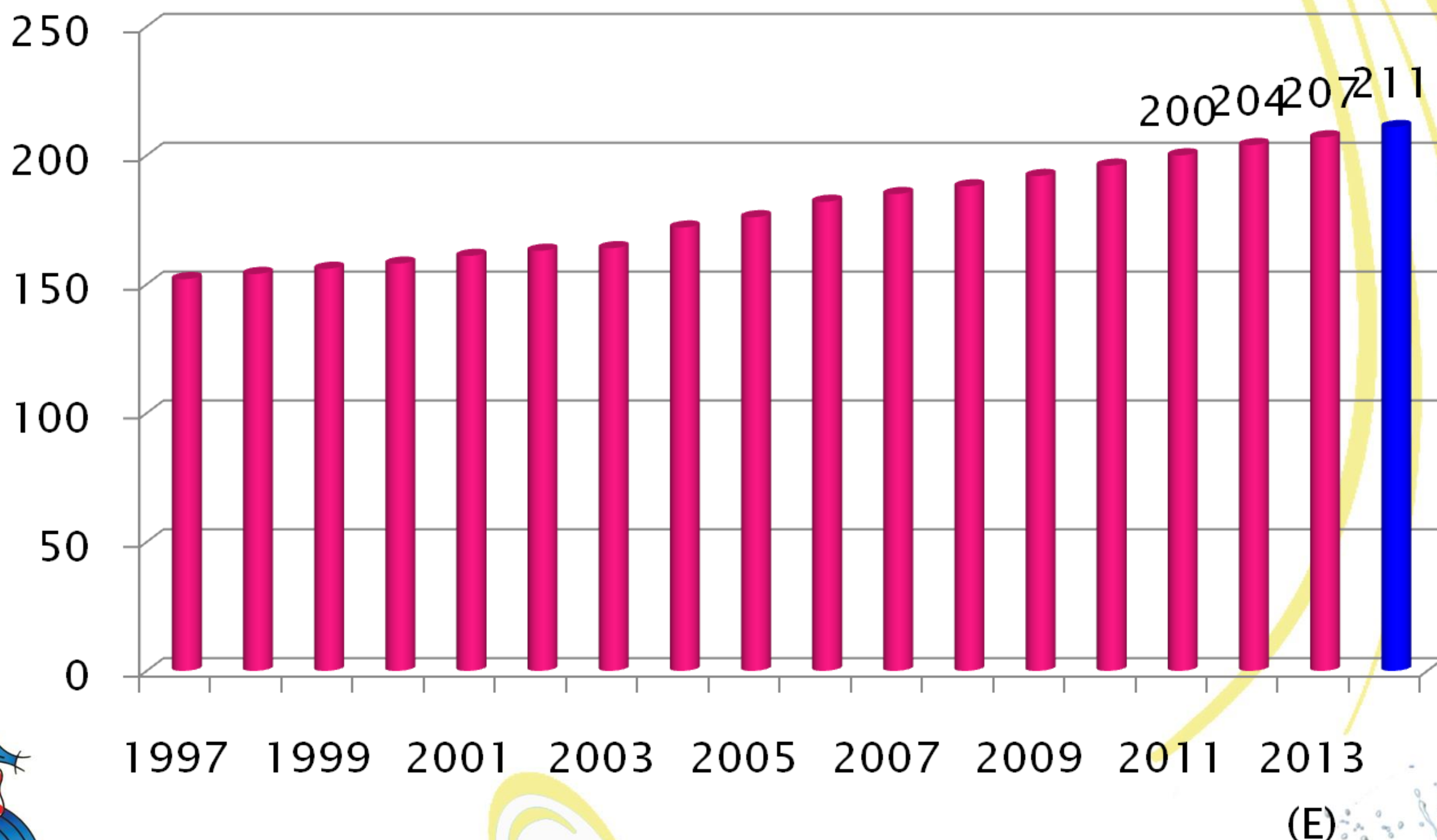
Milk Price Forecast revised downwards in NZ

Removal of EU Quota

Plenty of Milk Availability in the Days to Come

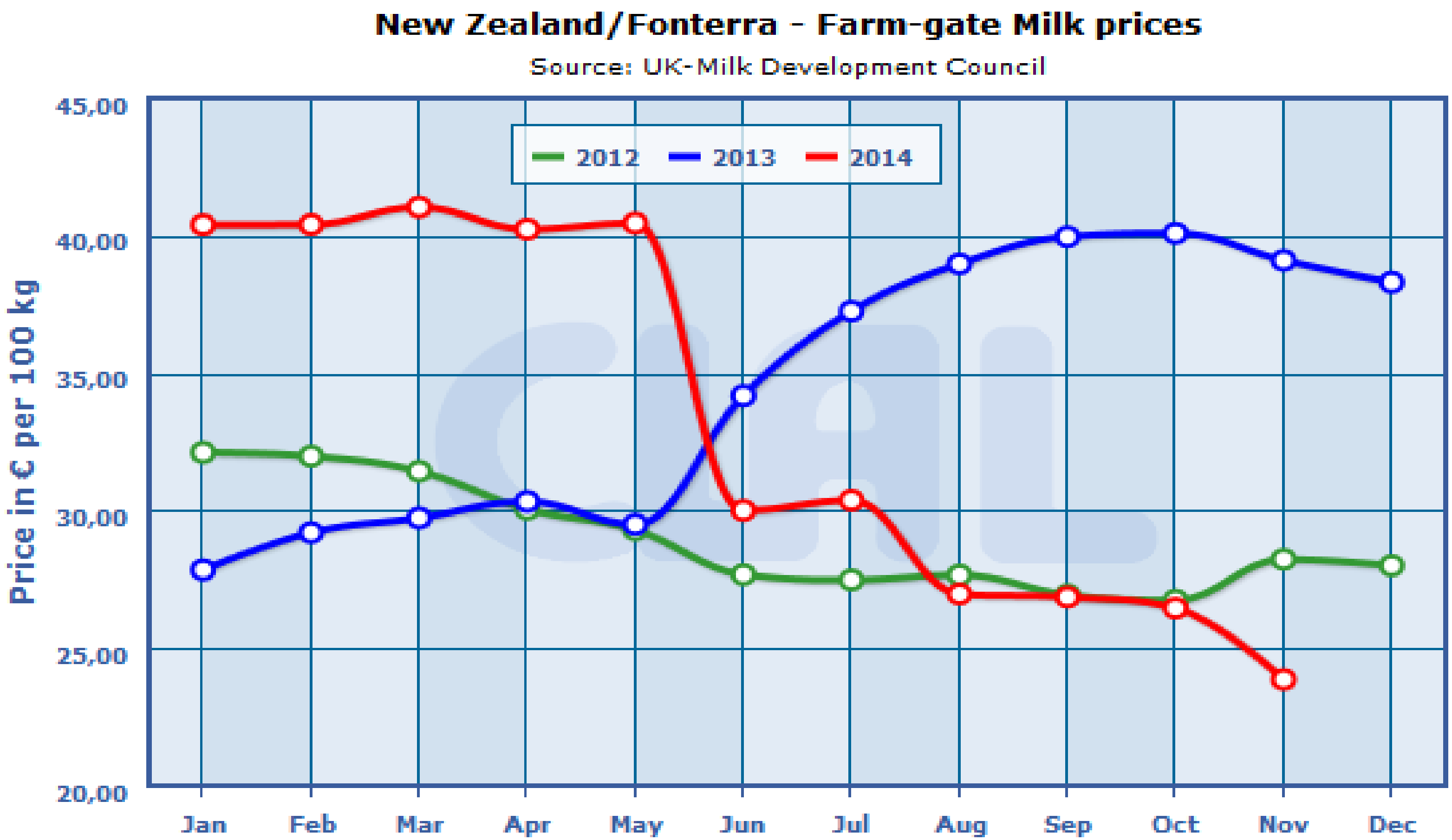
Farmers continue to get Margins as feed price is low

World: Milk Production (Cr Lit / day)

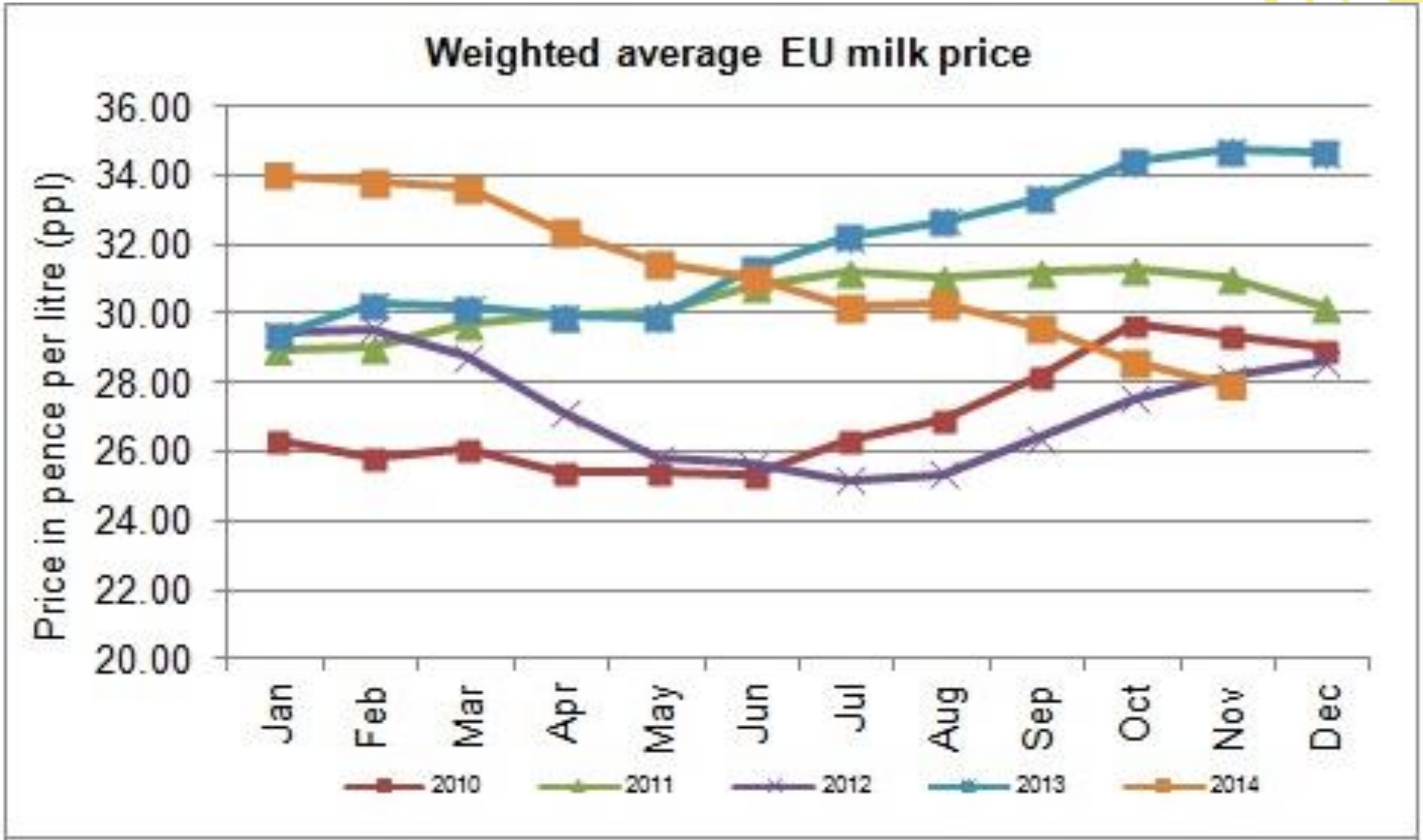


CAGR : 1.9%

Trend in Farm Gate Price – NZ



Trend in Farm Gate Price – EU



World Farm-gate Prices

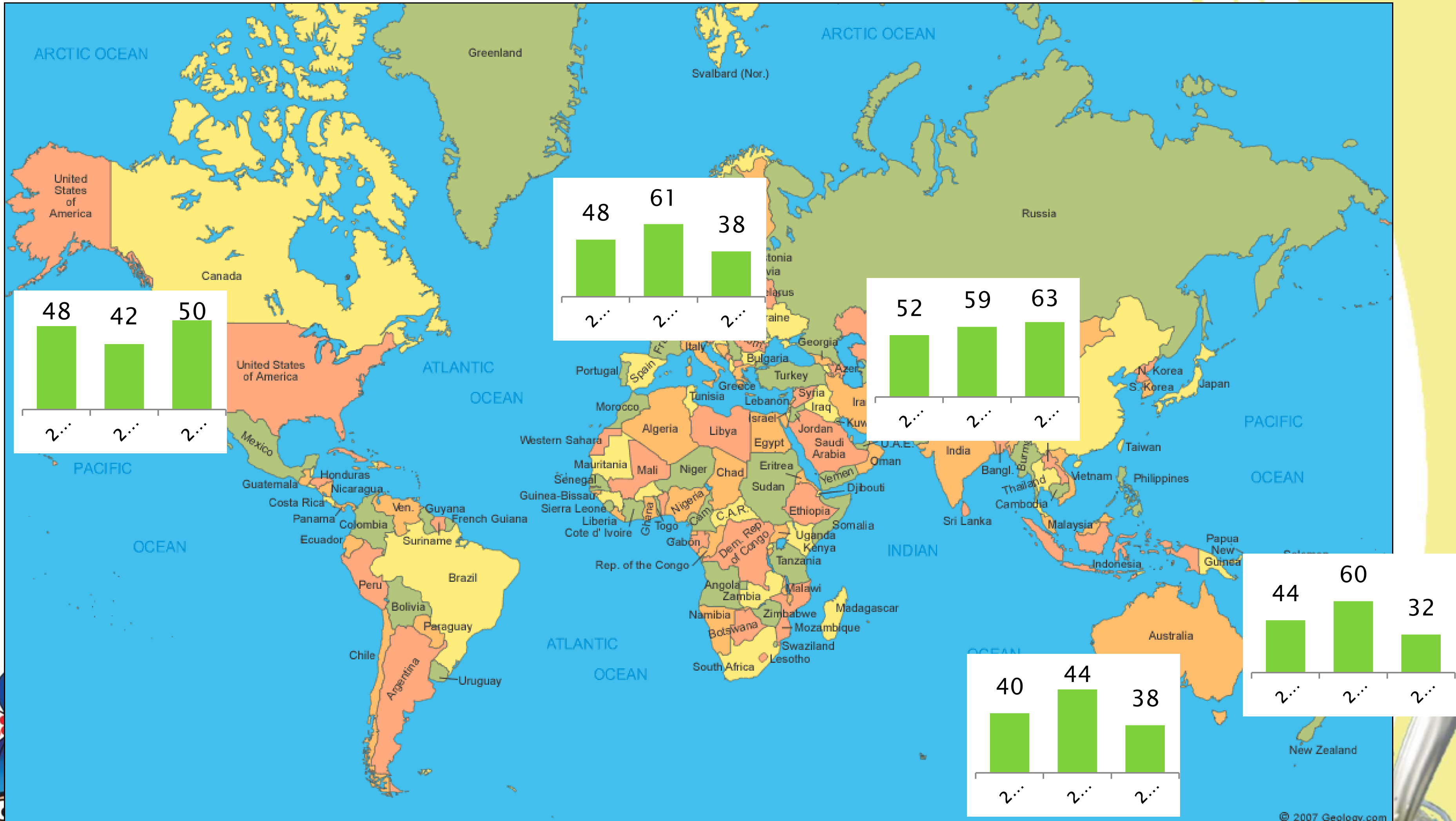


Fig in $/100 Lit Milk


Demand
Side
Scenario

Demand Side Scenario

- Outside US, the global economy is struggling to improve and currencies are falling in emerging market making imports expensive

- Weak Chinese buying due to improved local supply, modest growth in demand and high inventory

- Import ban by Russia, the second largest dairy importer of 2013, has resulted in fall of overall global demand

- However, improved availability and low price has created strong gains in imports of South East Asia, Middle East and North Africa

- Currently, Asia alone accounts for close to 40% of Global Dairy import

Demand Side Scenario

- Total milk consumption in developed countries stayed more or less constant over the last twenty years

- Demand is growing in the developing countries because of
  - Rising of per capita income
  - Emergence of an affluent middle-class in many low and middle income countries in Southeast Asia, Latin Developing Countries and Eastern Europe
  - “westernization” trends leading to increasing preferences for new value-added products

Current Scenario in Global Dairy Industry

- Continuous growth in production in the major milk exporting countries.
  - For example, Milk production growth in New Zealand is approx 5.8 per cent on a year-on-year basis in 2014.

- Import demands from China have gone down on year on year basis.

- Trade sanctions by Russia has also led to stock accumulation in EU which is already seeing continuous growth in milk production

- Due to softening in import demands and higher production at the milk exporting countries, the prices of dairy commodities have gone down.
- Lifting of EU milk quota to increase global milk supply further


Competitiveness
Of Indian Dairy

Milk and Dairy Products have been part of Indian Culture & Tradition for centuries

Apart from being consumed as food & beverages, Milk is also widely used in religious & traditional ceremonies

Milk is the largest Agricultural Crop in India in value terms

FARMGATE VALUE OF MAJOR CROPS IN INDIA			
	Output (Million MTs)	Price @ US$/Kg	Value of Output Billion US$
Milk	133.7	0.42	55.7
Rice*	156.6	0.21	32.6
Wheat	92.5	0.23	20.8
Oilseeds	31.1	0.50	15.5
Sugarcane	339	0.04	14.1
Pulses	18.45	0.58	10.7
Cotton**	17.34	0.60	10.4

**Paddy Equivalent **Unginned Cotton Equivalent*

@ Support Price except Milk

Source: Hindu Business Line, Dec, 2013

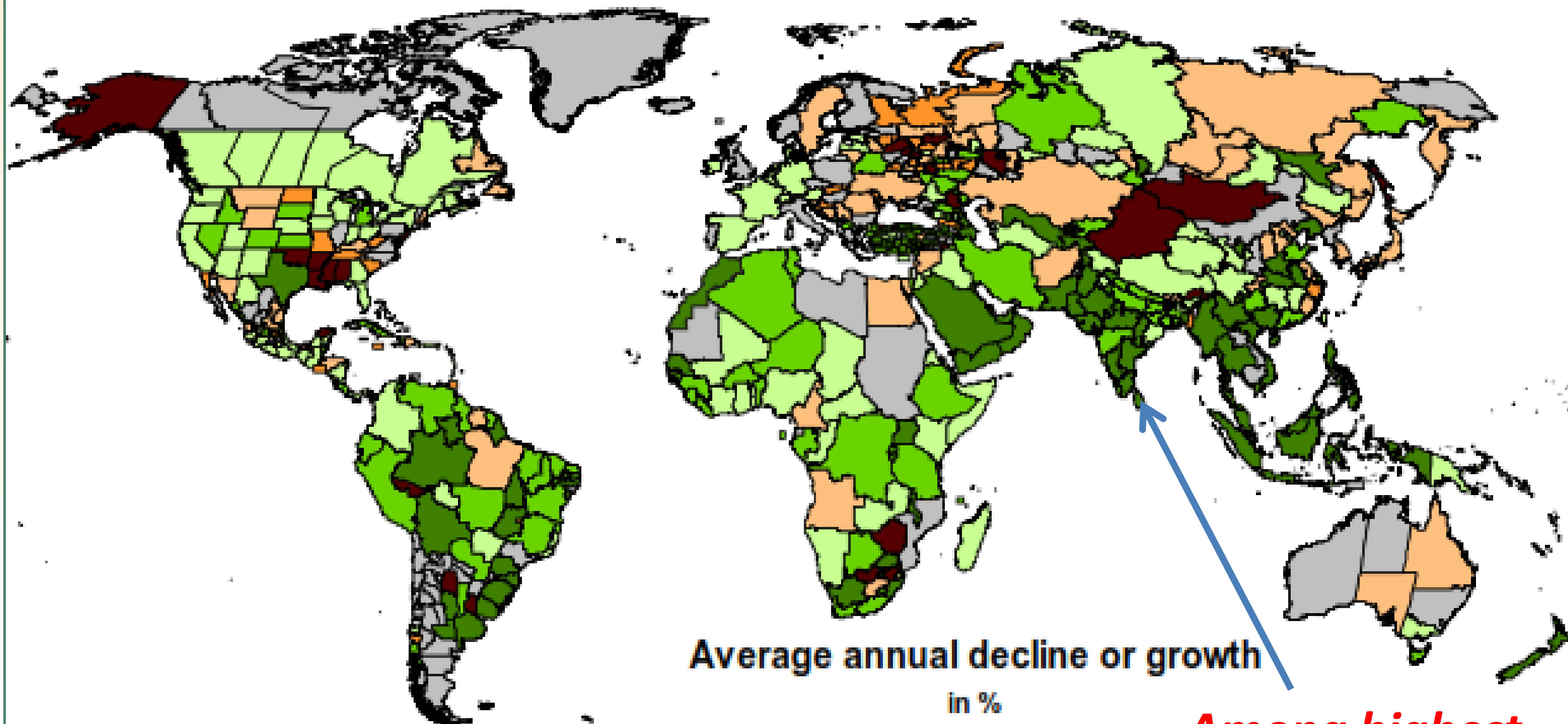
Largest Bovine Population in the world : 300 Million

55% of total milk production

45% of total milk production

% Growth in Milk Production : Last 5 years

CAGR in %age per annum



Average annual decline or growth in %

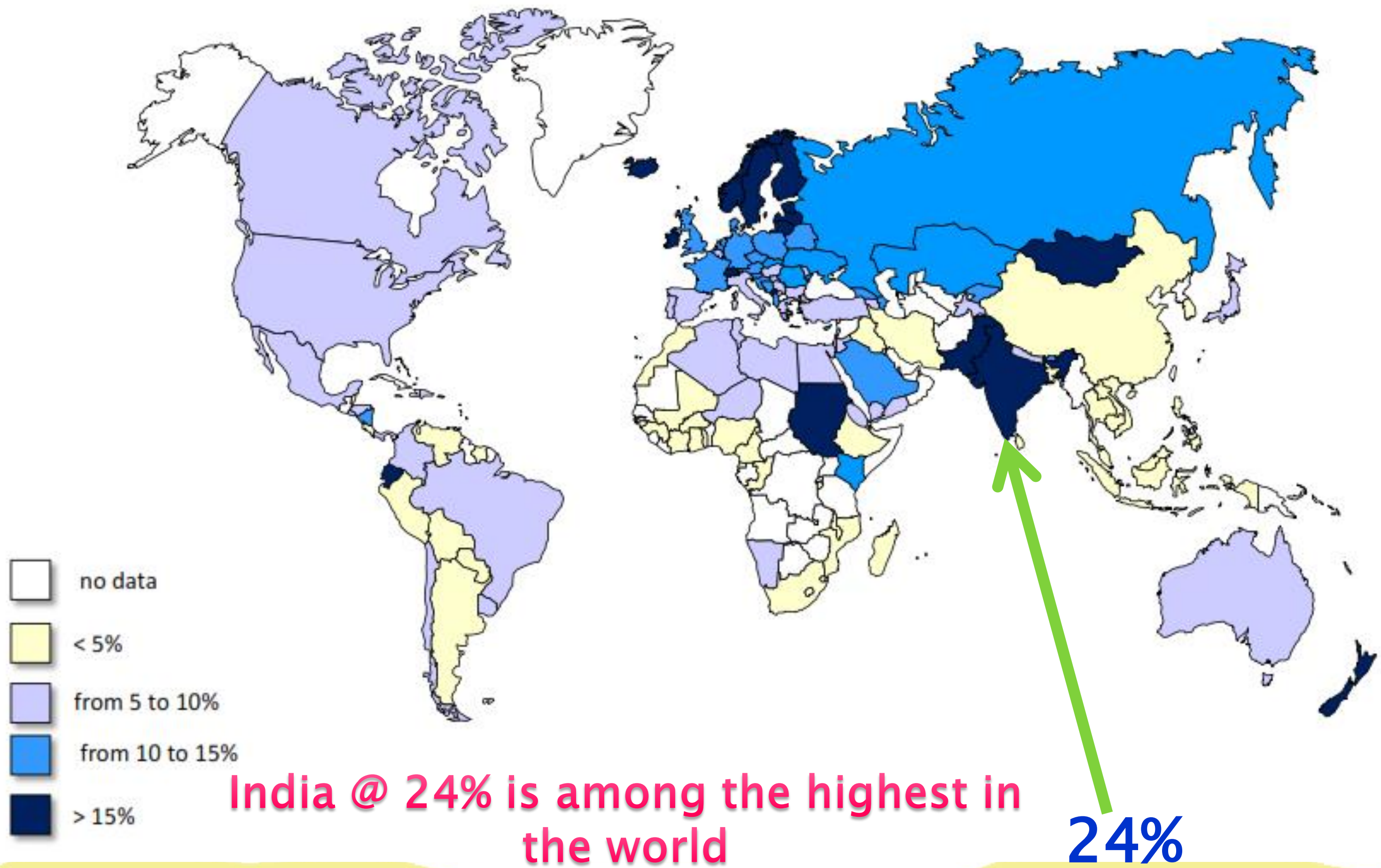
<= -5	
> -5 <= -2.5	
> -2.5 <= -0.5	
> -0.5 <= 0.5	
> 0.5 <= 2.5	
> 2.5 <= 5	
> 5	

Among highest growth in Milk Production

D Source : IFCN

Data: 2012 and 2007 in ECM, regional data in natural fat and protein content. If not available, 2011 data was taken for CN, IN, AR. TR based on milk delivery 2012 to 2010 in natural fat and protein content.

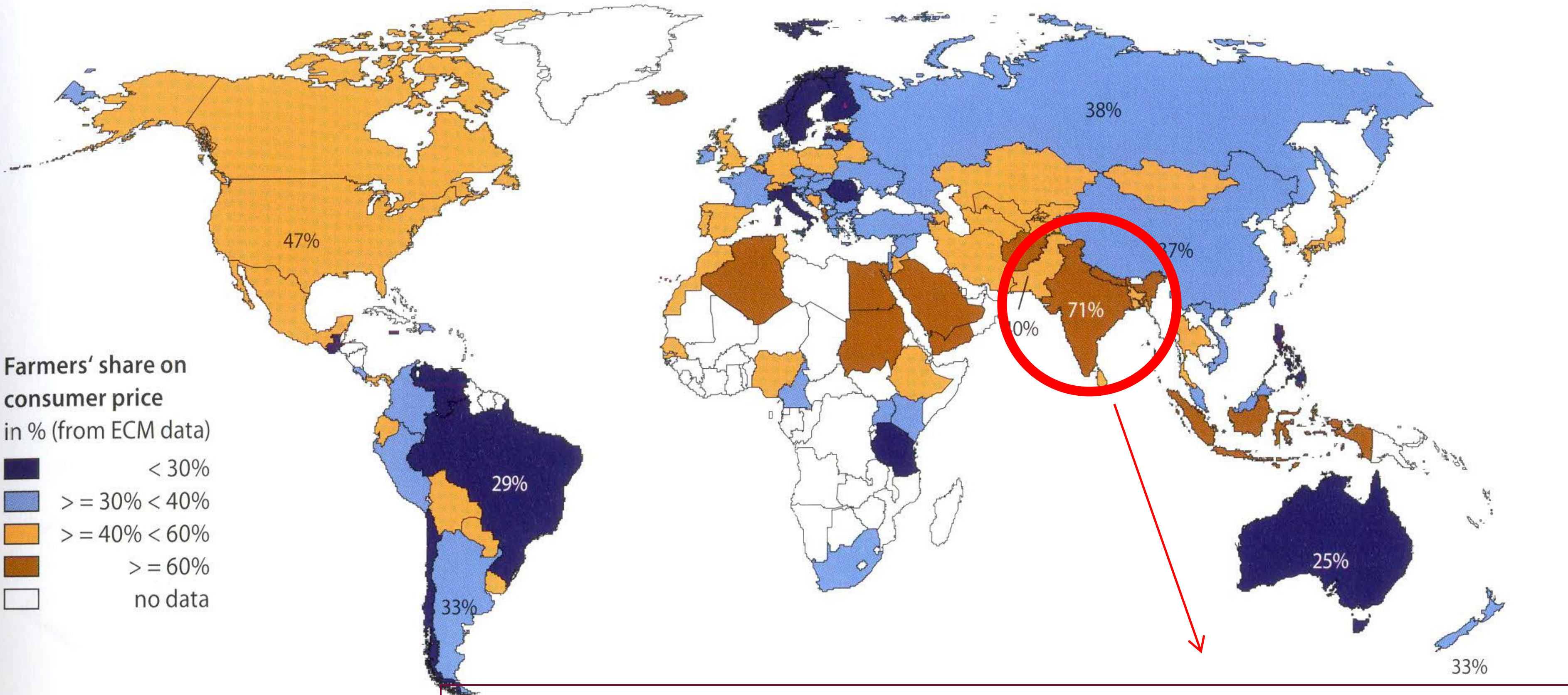
% Share of Dairy sector in total Agricultural Production



India @ 24% is among the highest in the world

Source :FAO

Farmers' Share on Consumer Price

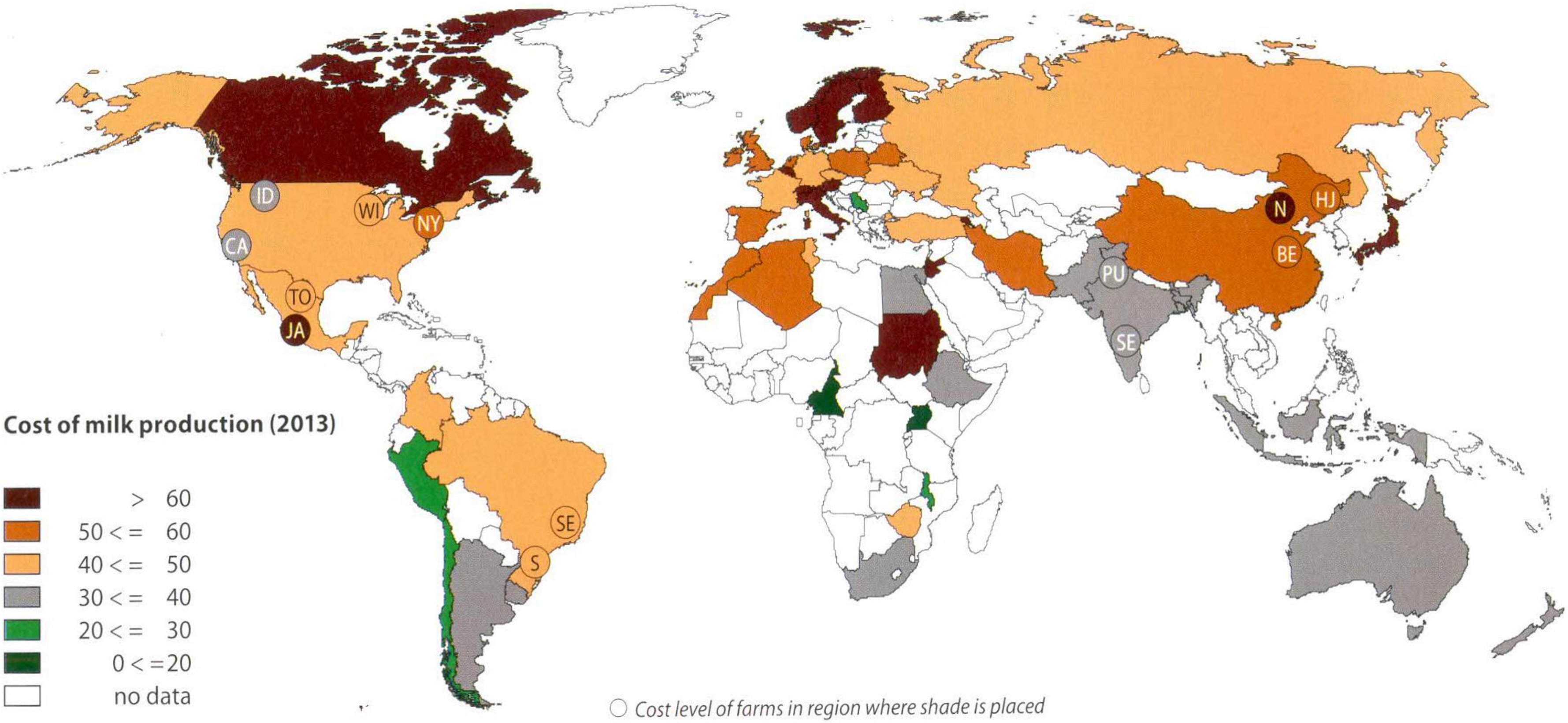


India has the highest share on consumer price

Source: IFCN

Cost of Milk Production

Cost of milk production in average sized farms in 2013

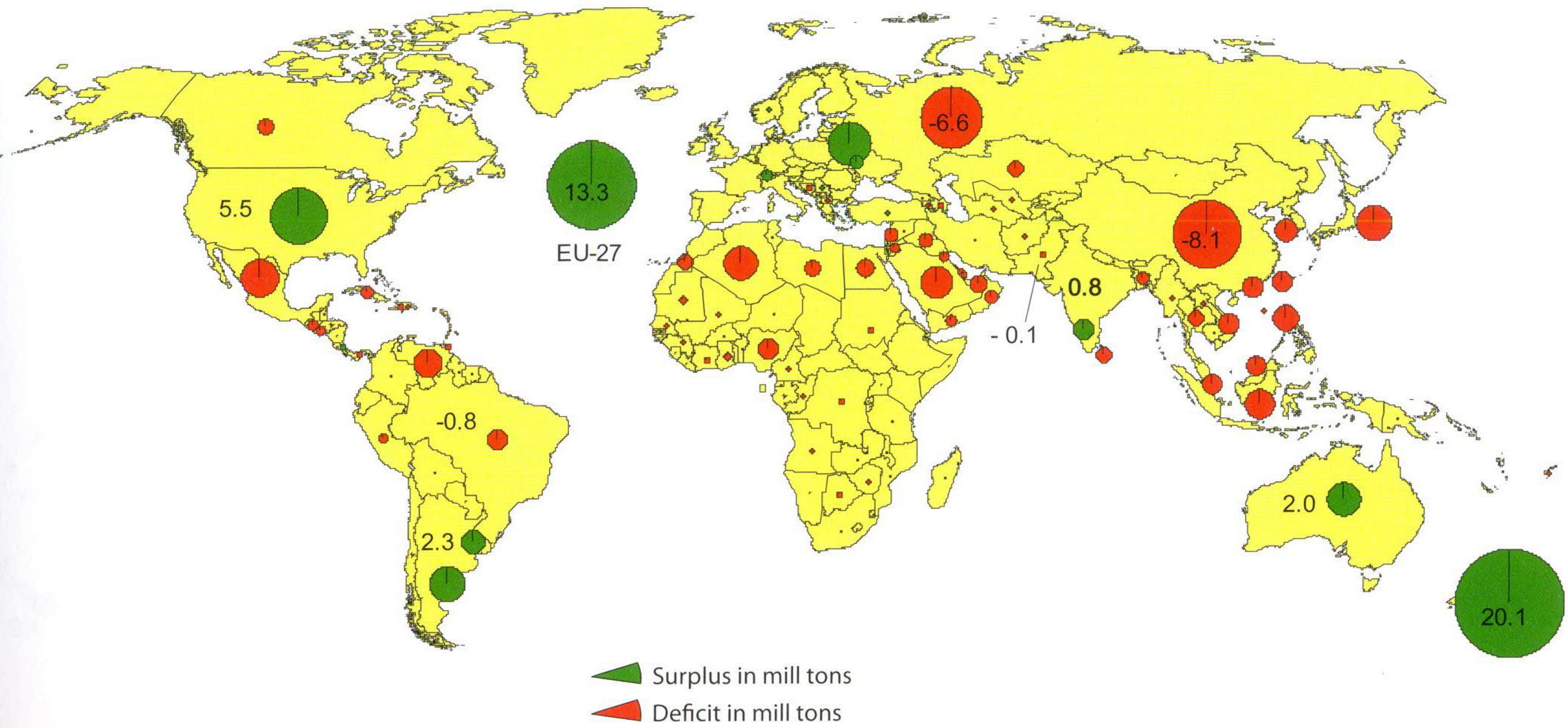


Indicator: *Cost of milk production (excluding quota cost) of the "average sized" typical farms analysed in the countries.*

In terms of Cost of Milk Production, India is competitive as compared to EU & US and is at par with Oceania

Source : IFCN

Milk Surplus & Deficit Countries



India is self-sufficient but surrounded by Milk deficient regions

Source : IFCN

India as potential supplier

- **Free Trade Negotiation**
  - Provide Import duty advantage by negotiating FTA esp with **neighboring country** like
    - Pakistan (Import duty 25% - only SMP from India gets lower duty advantage of 5%)
    - Sri Lanka (Import duty about 27% from India no advantage)
    - Bangladesh (Total duty about 70% - no advantage to India)
    - Nepal (Import duty 15% from India no advantage)
- **Advantage India for SAARC / Middle East**
  - Lower Marine freight and transit time

India as potential supplier

- **Indonesia**
  - Self sufficiency in milk: 49%
  - Does not approve Indian dairy products on FMD ground
- **Malaysia**
  - Self sufficiency in milk: 8%
  - Need self certification of plants
- **Thailand**
  - Self sufficiency in milk: 69%
  - Imposed quota system to restrict imports

India as potential supplier

- **Vietnam**
  - Self sufficiency in milk: 33%
  - Should explore India for importing milk products
- **Philippines**
  - Self Sufficiency in milk : 1%
  - Need FDA approval for each SKU
- **Myanmar**
  - Milk deficit nation
  - Need import FDA approval for each SKU

India as potential supplier

- **High duty**
  - Act as barrier to trade in Several countries like
    - Bangladesh (70%),
    - Sri Lanka (27%),
    - Pakistan (25%)

  - **Should include dairy products in FTA to take advantage of**
    - **India as reliable supplier**
    - **Saving on transit time**
    - **Saving on marine freight**

Amul Vision

A vehicle for economic and social transformation

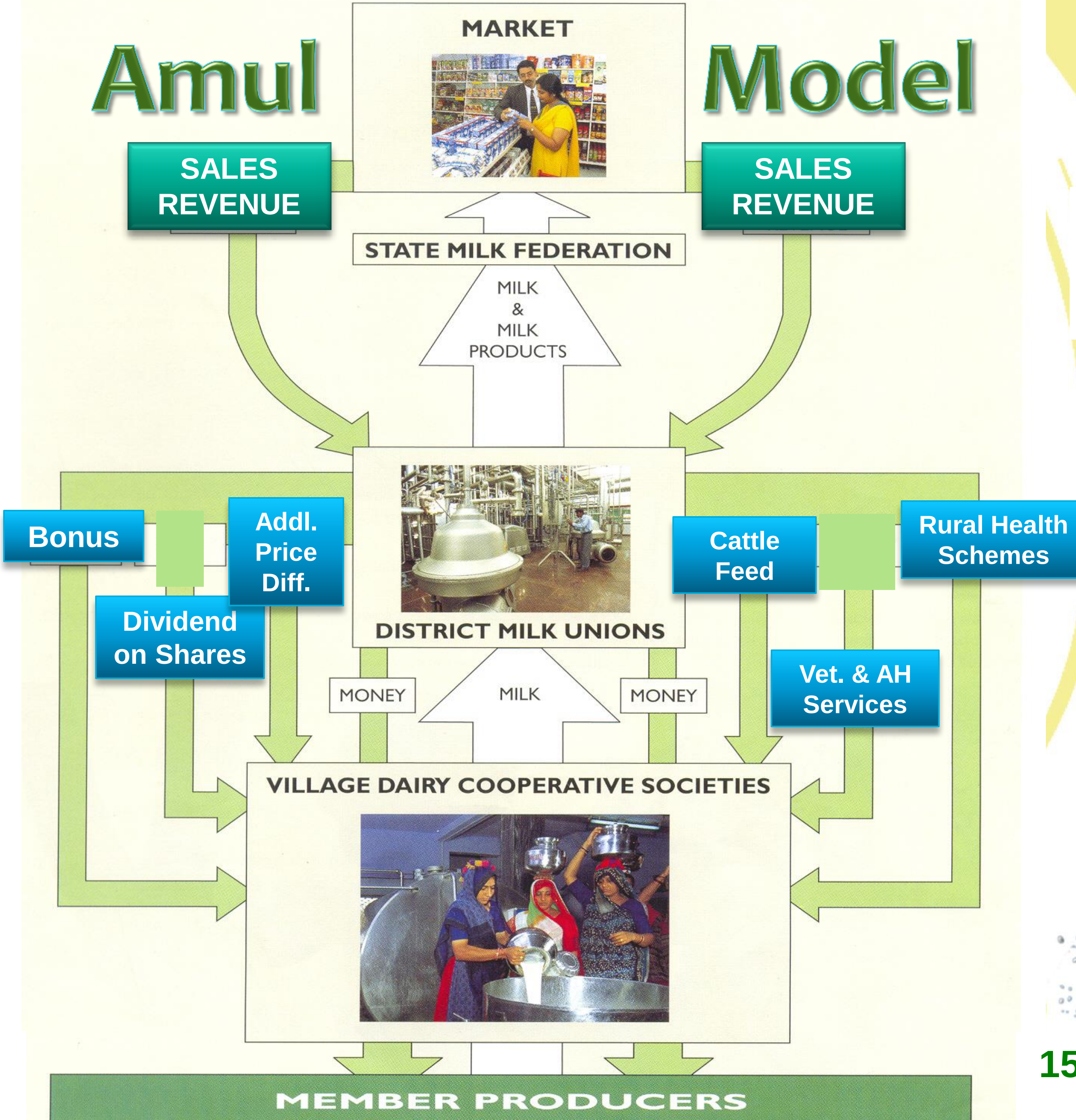
Amul
The Taste of India

Beyond a Brand

Farmers’ determination to manage own resources

Glorious tradition and legacy

Amul Model



Gujarat	India
GCMMF in Gujarat	22 State Fedns. in India
17 District Unions in Gujarat	184 District Unions in India
17,025 VDCs in Gujarat	1,61,913 VDCs in India
3.5 million in Gujarat	15.4 million in India

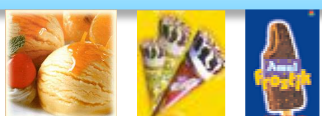
Amul Value Chain

3.5 Million Families,
17000 Villages

56 Dairy Plants
across India

4 High Traffic Distribution Highways

FROZEN



CHILLED

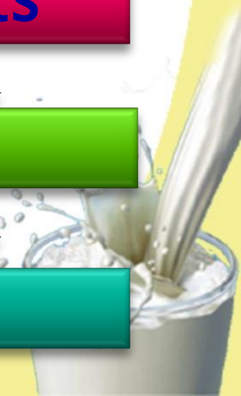
AMBIENT

FRESH

54 Sales Offices & Stock Points + Exports

10,000 Distributors

10,00,000 Retailers across India



AMUL - Manufacturing facilities

- Dairy Plants : 56
- Total Milk Handling Capacity: 24.00 MLPD
- Avg. Milk Procurement: 14 MLPD
- Plants with one MLPD Capacity: 6
- Milk Drying Capacity: 820 MTPD
- Cattle Feed Mfg. Capacity: 6800 MTPD


Animal
Husbandry
&
Extension
activities

Integrated Initiatives so far…

- Amul initiated veterinary services (1950)
- Established compound balanced cattle feed factory (1965)
- Artificial Insemination services (1965)
- Cooperative Development Programme(1990)
- Internal Consultant Development Programme (1999)
- Fertility Improvement Programme (2007)
- Strategic Productivity Enhancement Programme (2011)
- Entrepreneurship Development Programme for dairy farmers (2013)

Major programmes

- Cooperative Development Programme
- Internal Consultant Development
- Fertility Improvement Programme
- Strategic Productivity Enhancement Programme
- Strengthening Veterinary Services Programme for developing MUs of Saurashtra and Kutch milk shed areas.
- Entrepreneurship Development Programme

Productivity Enhancement Programme

Animal Health Services
2013-14

- No. of veterinarians : 833
- No. of villages covered under AI : 10730
- No. of Veterinary cases treated : 3.8 million
- No. of Semen station : 3
- No. of semen dose production : 4.4 million
- No. of AI done : 4.62 million

Village Core Group for Implementation of Total Quality

Consultant Training Programme under various modules

Village Awareness Programme

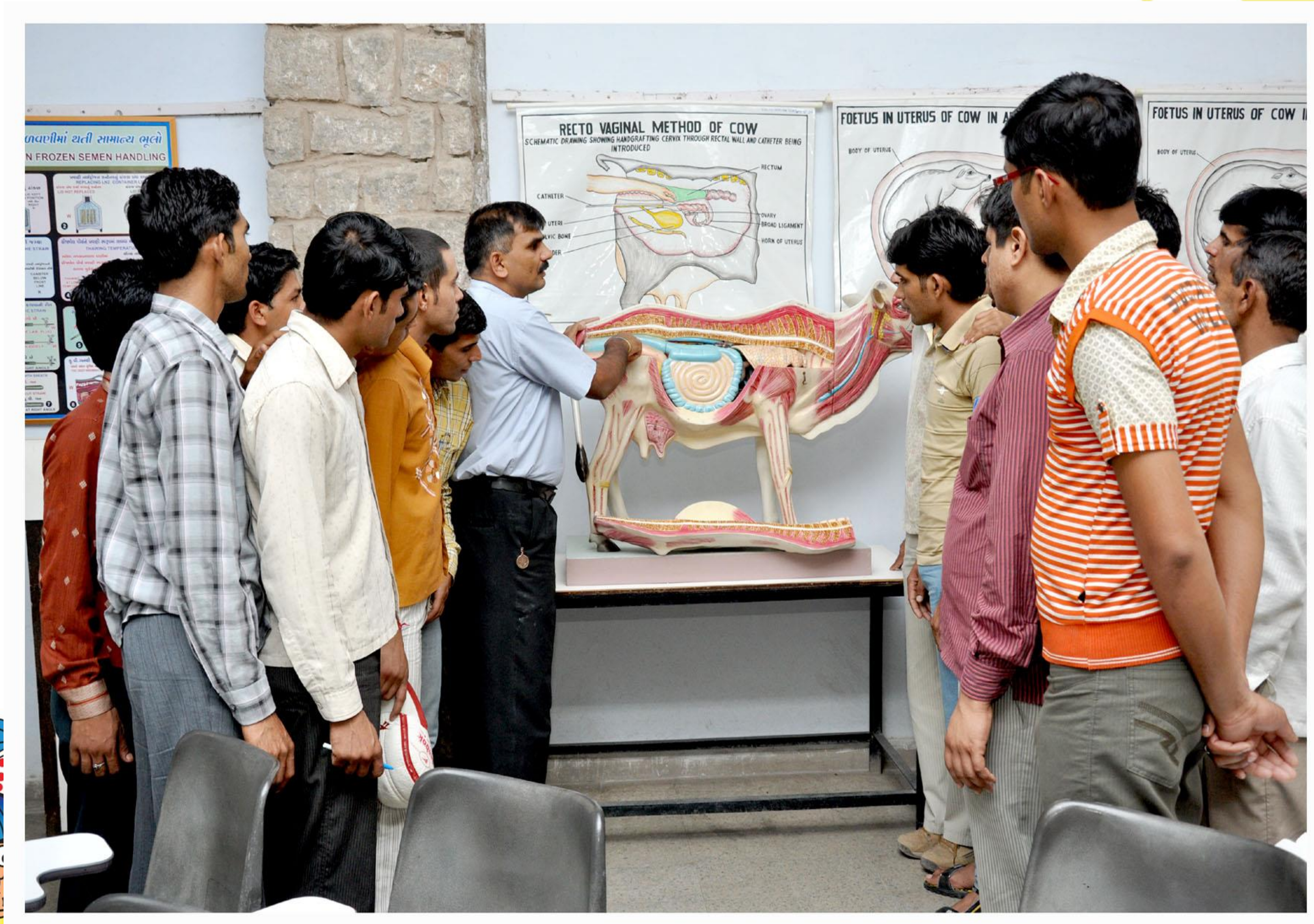
Red Tag Day

Semen Production

Liquid Nitrogen Distribution System

Village level A. I. Centre

Training to AI workers



Doorstep AI services

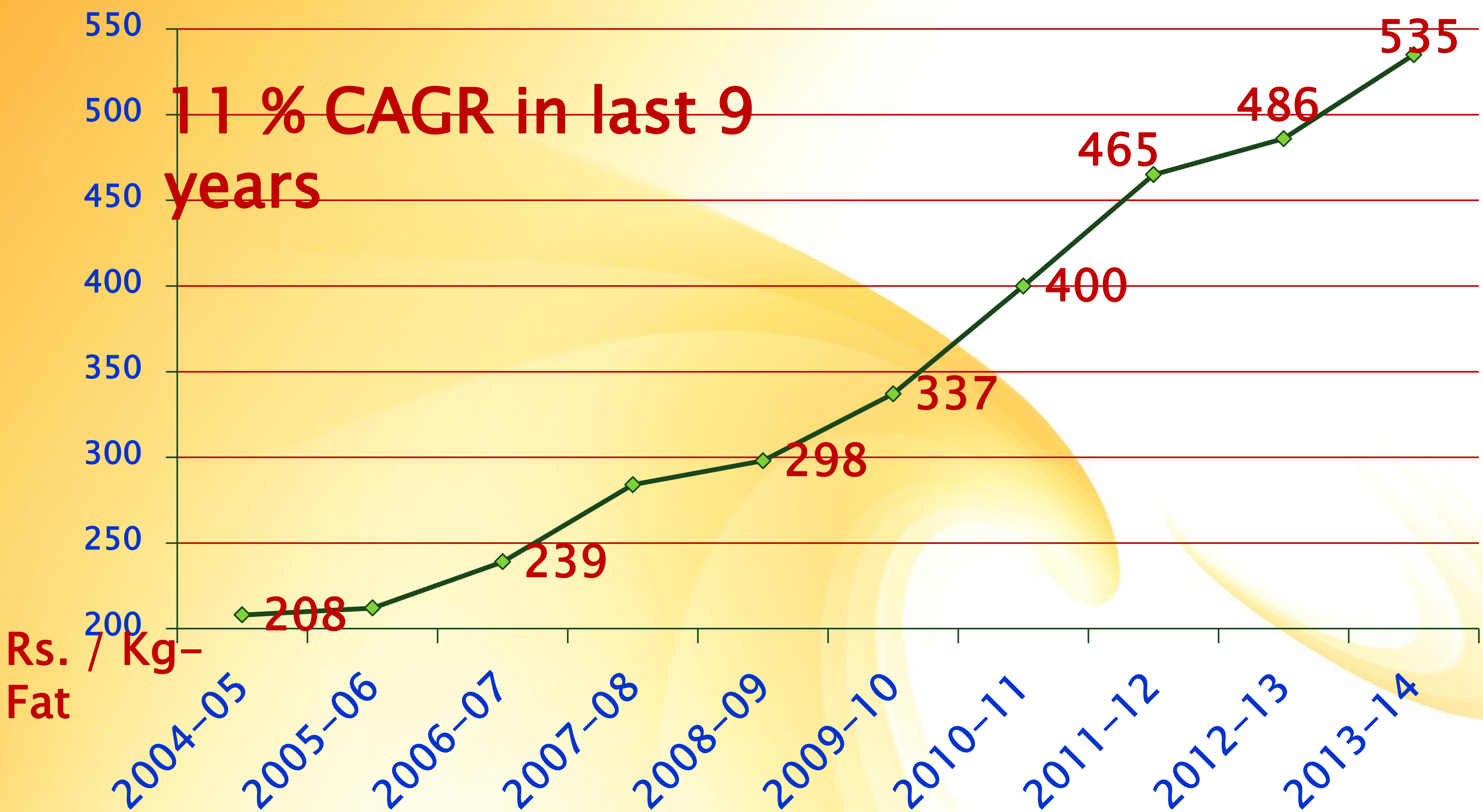
Bull Rearing

Calf Rearing

Urea Straw Treatment

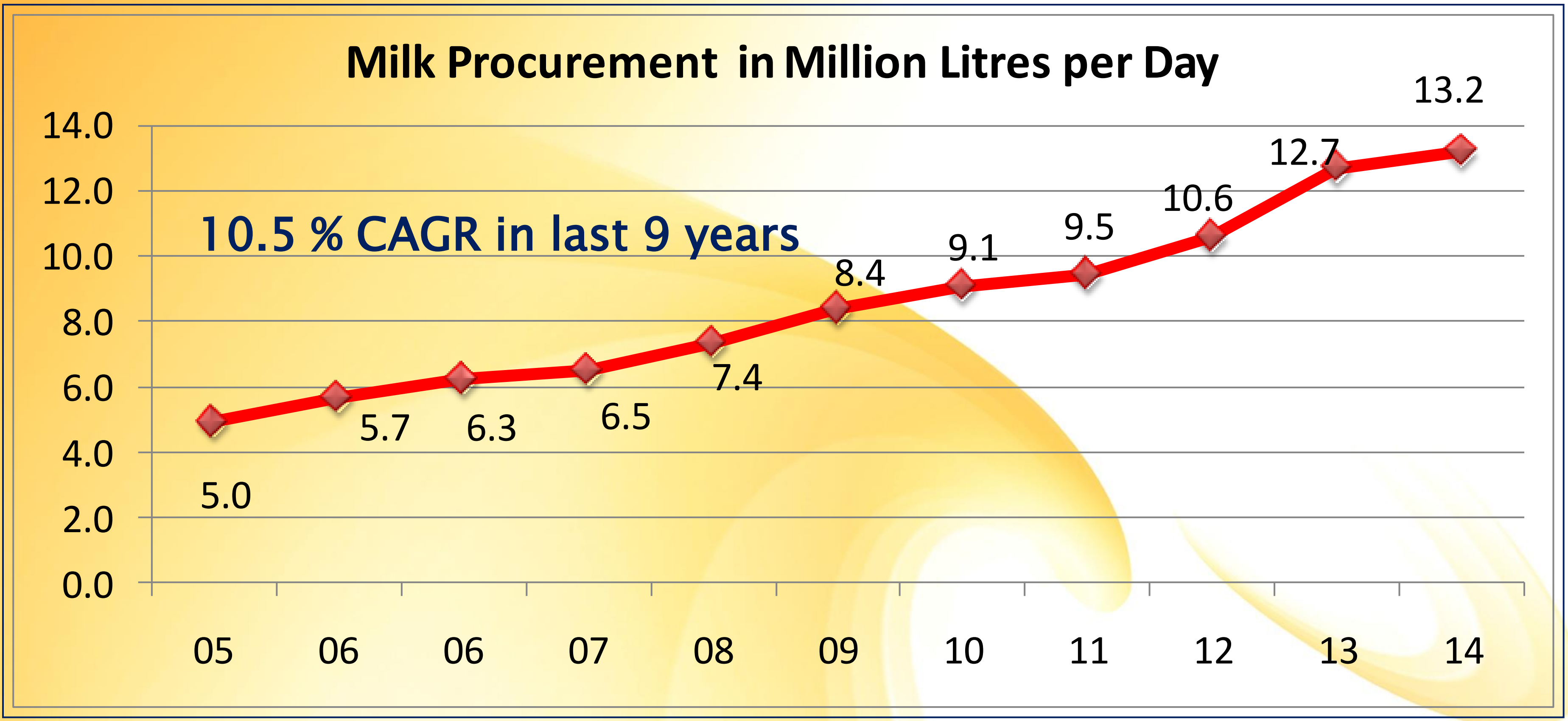
Cattle feed and mineral mixture supply

We ensured remunerative prices to maintain farmer's interest in dairy business

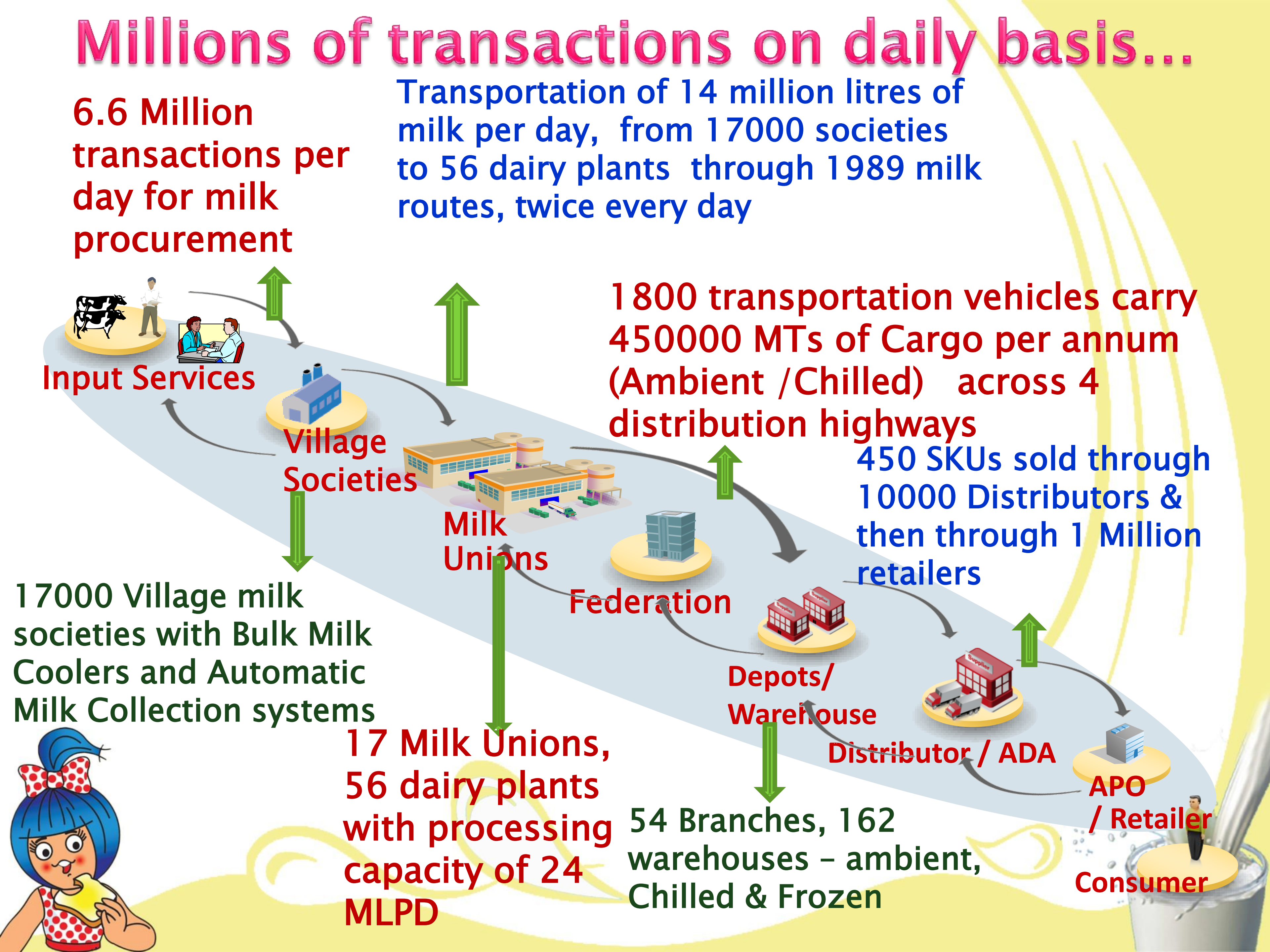


Average Milk Procurement rate paid to farmers (Rs. per Kg Fat)

You can easily see the impact on our milk procurement over the last 9 years



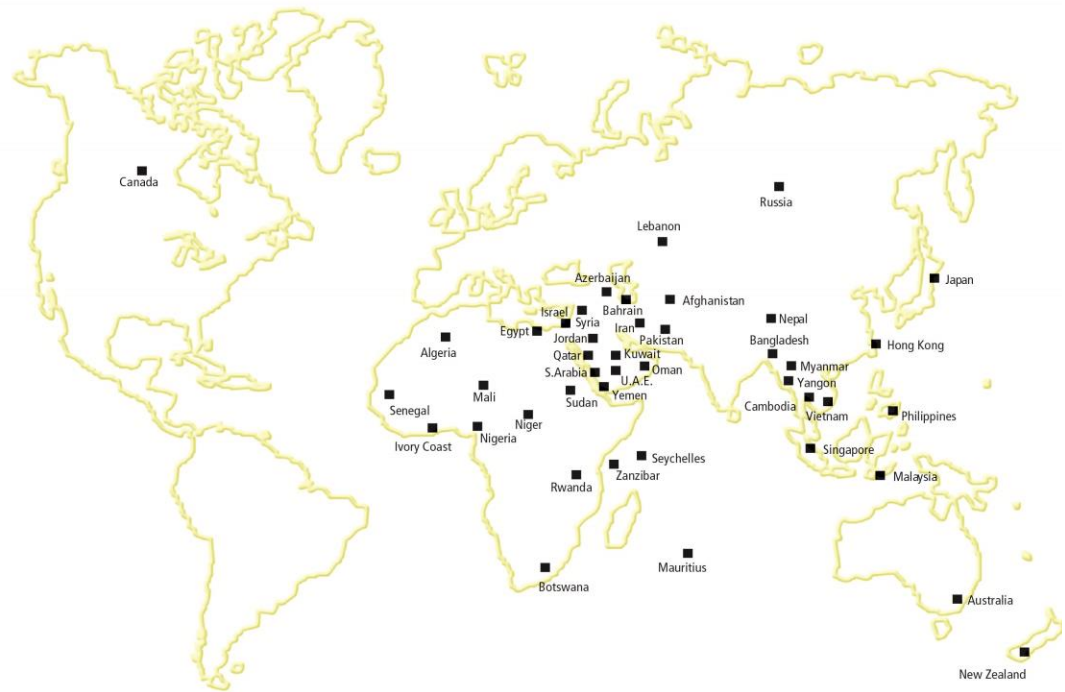
AMUL: Average Milk Procurement (Million litres. per day)


Millions of transactions on daily basis…
6.6 Million transactions per day for milk procurement
Transportation of 14 million litres of milk per day, from 17000 societies to 56 dairy plants through 1989 milk routes, twice every day
1800 transportation vehicles carry 450000 MTs of Cargo per annum (Ambient /Chilled) across 4 distribution highways
450 SKUs sold through 10000 Distributors & then through 1 Million retailers
Input Services
Village Societies
Milk Unions
Federation
Depots/ Warehouse
Distributor / ADA
APO / Retailer
Consumer
17000 Village milk societies with Bulk Milk Coolers and Automatic Milk Collection systems
17 Milk Unions, 56 dairy plants with processing capacity of 24 MLPD
54 Branches, 162 warehouses – ambient, Chilled & Frozen

IFCN Top 20 milk processor list 2014 – measured by milk intake

Rank	Company name	Orgin & main operation countries	Milk intake, in mill. t milk equivalants	Estimated turnover per kg milk, in US-$	Market share in % of world milk production
1	Dairy Farmers of America	USA	27.8	0.5	3.7%
2	Fonterra Co-operative Group	New Zealand/ others	22.0	0.7	2.9%
3	Groupe Lactalis (incl. Parmalat)	France/others	15.0	1.3	2.0%
4	Nestlé	Switzerland/others	14-15*	1.25*	2.0%
5	Arla Foods	Denmark/Sweden/others	12.7	1.1	1.7%
6	FrieslandCampina	Netherlands/others	10.3	1.1	1.4%
7	Dean Foods	USA	10.1	0.9	1.4%
8	Danone	France/others	8-9*	1.9*	1.1%
9	California Dairies	USA	8.1	0.7	1.1%
10	DMK Deutsches Milchkontor	Germany	6.8	1.0	0.8%
11	Saputo	Canada/USA/others	6.0	1.1	0.8%
12	Glanbia Group	Ireland/USA/others	6.0	0.7	0.8%
13	Land O' Lakes	USA	5.4*	0.7*	0.7%
14	Groupe Sodiaal	France	5.2	1.0	0.7%
15	Amul (GCMMF)	India	4.8	0.5	0.6%
16	Yili Group	China	4.5 - 5*	1.6*	0.6%
17	Unternehmensgruppe Theo Müller	Germany/UK, others	4.4	1.5	0.6%
18	Mengniu Dairy Company	China	4 - 4.5*	1.6*	0.6%
19	Bongrain	France/others	4.2	1.4	0.6%
20	Darigold (Northwest Dairy Association)	USA	3.6	0.6	0.5%
Sum of Top 20			**184.2**	**1.0**	**25%**

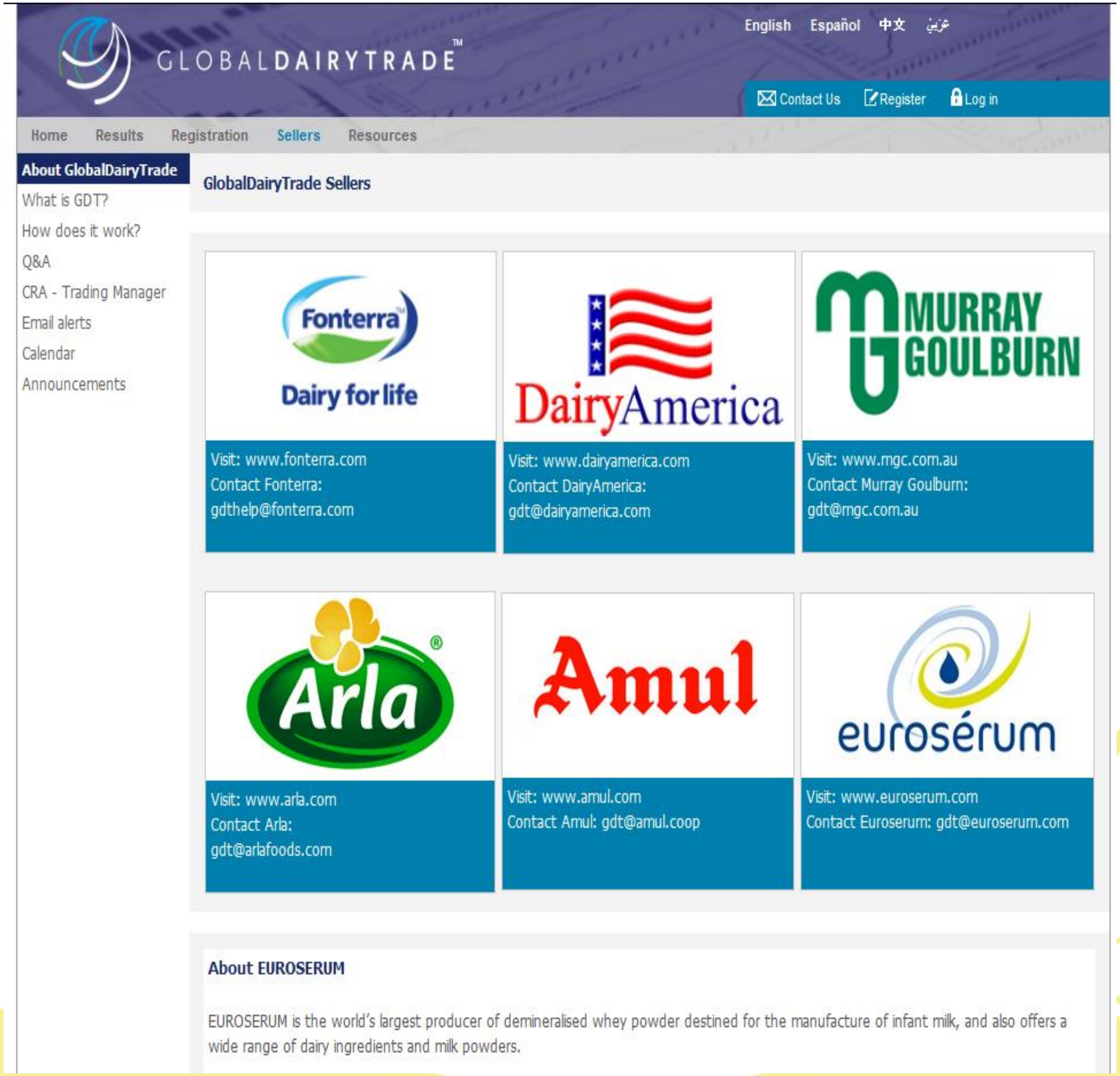
The Largest Exporter



- India's Largest Exporter Of Dairy Products
- UHT Milk, Full Cream Milk Powder, Ghee, Cheese, Butter, Paneer, etc. exported in consumer packs
- Whole Milk Powder, Skimmed Milk Powder in bulk
- Major Markets : Gulf, SAARC Region, USA, Singapore, Hong Kong,

The Philippines, Cambodia, Japan, Vietnam, China, Australia and Africa

Amul in GDT



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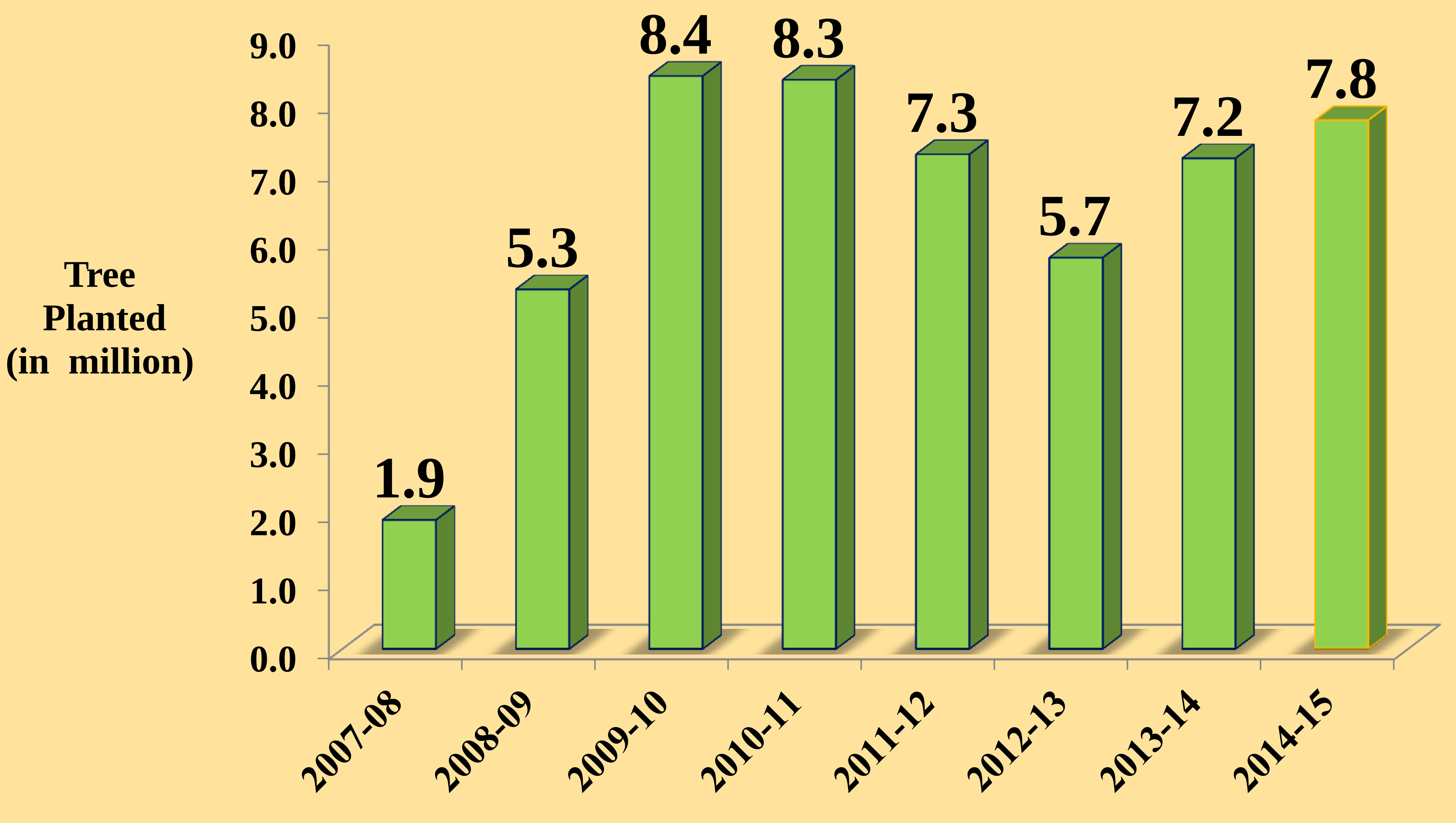
About EUROSERUM
EUROSERUM is the world's largest producer of demineralised whey powder destined for the manufacture of infant milk, and also offers a wide range of dairy ingredients and milk powders.

Our Initiatives towards Environmental Conservation

Tree Plantation by Milk Producers

Tree Plantation by Milk Producers

Total tree plantation: 51.86 million




Mission
2020:
GCMMF
Ltd

Amul in 2020

Expansion in Procurement processing and Marketing

More than 20% of milk to come from outside Gujarat

To Maintain25% market share in the branded food category

Milk processing capacity to increase up to 36.0 MLPD

Milk Procurement to Grow from 15.5 MLPD to 30.0 MLPD

Projected Turnover to reach USD 8.5 billion by 2020

And finally…

1921-2012

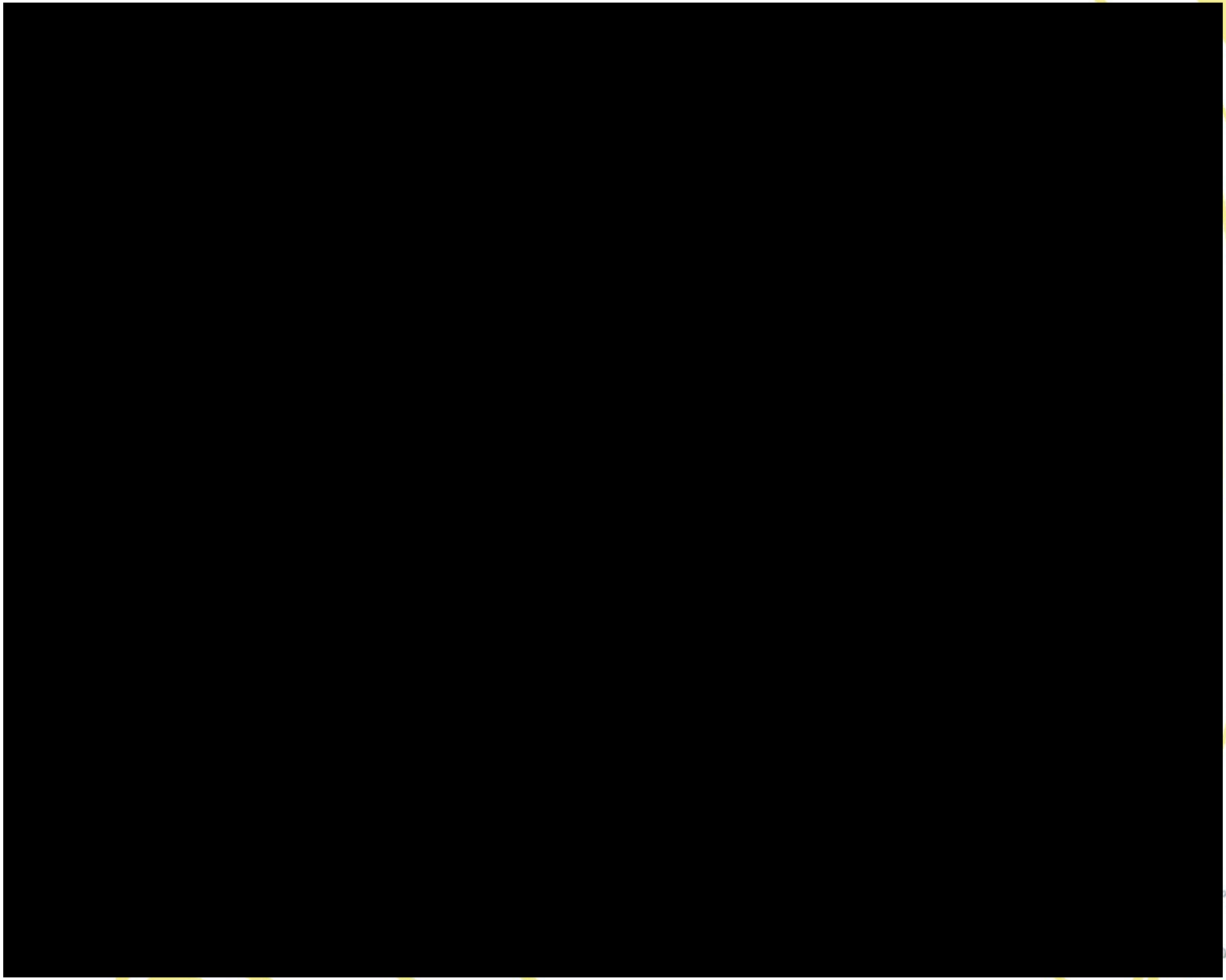
“We have traversed a path that few have dared to.

We are continuing on a path that still fewer have the courage to follow.

We must pursue a path that even fewer can dream to pursue.

Yet, we must, because we hold in trust the aims and aspirations of millions of our countrymen.”

– Dr V. Kurien



Thank you

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