August 13, 2026

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

Dear Sir / Madam,

Sub: Transcript of Earnings Conference Call under Regulation 30 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

In continuation to our letter dated August 4, 2026 and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Transcript of the Earnings Conference Call held on Friday, August 7, 2026 for discussion on financial and operational performance of the Company for the quarter ended June 30, 2026.

The aforementioned transcript is also available on Company's website i.e. www.paragmilkfoods.com.

You are requested to kindly take the same on records.

Thanking you.

For **Parag Milk Foods Limited**

Virendra Lalbahadur Varma
Digitally signed by Virendra Lalbahadur Varma
Date: 2026.08.13 20:03:15 +05'30'

Virendra Varma
Company Secretary &
Compliance Officer
FCS No: 10520

Encl: As above

"Parag Milk Foods Limited

Q1 FY27 Earnings Conference Call"

August 07, 2026

MANAGEMENT: **MS. AKSHALI SHAH – EXECUTIVE DIRECTOR – PARAG MILK FOODS LIMITED**
MR. RAHUL KUMAR SRIVASTAVA – CHIEF OPERATING OFFICER – PARAG MILK FOODS LIMITED
MR. ANKIT JAIN – CHIEF STRATEGY OFFICER– PARAG MILK FOODS LIMITED
MR. RAKESH KOTHARI -- CHIEF FINANCIAL OFFICER– PARAG MILK FOODS LIMITED

Moderator: Ladies & Gentlemen, good day and welcome to Parag Milk Foods Limited Q1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Brian D'Penha, Head of Investor Relations at Parag Milk Foods Limited. Thank you, and over to you, sir.

Brian D'Penha: Good day, good evening, everyone, and a warm welcome to the Q1 FY27 Earnings Call of Parag Milk Foods Limited. We are pleased to have you all join us for this virtual meeting. For the meeting today, we have with us our Executive Director, Ms. Akshali Shah; our Chief Operating Officer, Mr. Rahul Kumar Srivastava; our Chief Strategy Officer, Mr. Ankit Jain; and myself, Head of Investor Relations, Brian D'Penha.

Today, it gives me great pleasure to introduce you all to Mr. Rakesh Kothari, who has been elevated as the Chief Financial Officer and key Managerial Personnel of Parag Milk Foods Limited effective 7th of August 2026.

I would now like Rakesh to introduce himself and speak a few words.

Rakesh Kothari: Yes. Thanks, Brian. Good evening, everyone. It's a privilege to join Parag Milk Foods as the Chief Financial Officer. I thank the Board and the management team for their confidence in me, and I'm excited to be a part of the company, which has strong brands and significant growth potential.

With over 25 years of experience in banking and corporate finance, including more than 2 decades with Citibank, I look forward to leveraging my experience in financial strategy, fundraising, treasury and business transformation to support Parag's next phase of profitable growth.

Our focus will remain on disciplined capital allocation, stronger cash flows, sound governance and creating long-term value for all stakeholders. I look forward to engaging with the investor community and appreciate your continued trust and support. Thank you. Over to you, Brian.

Brian D'Penha: All the very best, Rakesh, and congratulations. Best wishes for continued excellence and impact. After the presentation concludes, we will commence with the Q&A session. Just a couple of points to remember, while asking a question, we request you to announce your name and organization. We request you that you limit your participation to one question at a time and rejoin the queue if you have additional questions.

For the purpose of completeness, I do want to read out our safe harbor statement. Certain statements in this meeting with regard to our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

I now hand over to Ms. Akshali Shah for opening remarks. Over to you, Akshali.

Akshali Shah: Thank you, Brian. Good evening, everyone, and thank you for joining us today. Before I begin, I would like to welcome Mr. Rakesh Kothari, who has recently taken over as the Chief Financial Officer of the company. I'm confident that he will add a significant strength to our finance function as we continue to build a stronger governance and financial framework and will take Parag to a newer height. Let me begin with the quarter.

Q1 FY27 has been a quarter of continued execution for Parag Milk Foods. We delivered our highest ever Q1 revenue of INR945 crores, representing 11% year-on-year value growth and 3% volume growth. EBITDA stood at INR70 crores. Absolute EBITDA grew by 6% year-on-year, while the EBITDA margin was 7.4% compared to 7.7% last year. The PBT remained broadly flat, while the PAT declined by 20%, primarily due to the current tax impact in this year.

What is important to us is not just the headline revenue growth, but how we have navigated the cost environment while continuing to build the business. The milk prices at INR42 per litre during the quarter, 13% higher year-on-year and flat sequentially. We responded to this through a combination of calibrated price increases, a better product mix and targeted promotional optimization and acceleration.

As a result, the gross profit increased by 11% to INR258 crores, in line with the overall revenue growth, demonstrating that the cost push has been passed on. And as a result, gross margins remain stable. For us, this is an important aspect of the Parag model. We are not looking at pricing in isolation. We are managing price, product mix, promotion and category growth while continuing to protect the health of our overall dairy ecosystem.

Our flagship categories, that is ghee, cheese, paneer and dahi, continue to form the backbone of the business contributing to 61% of our Q1 revenue. The flagship categories volume declined by 2% year-on-year, mainly due to a transient slowdown. But in B2C within the flagship categories recorded a robust growth, while the B2B declined modestly. The overall value growth, however, stands at 10% year-on-year. Go Cheese has 35% market share, and we are #2 in the cheese category in India.

We are doubling our cheese production capacity from 60 metric tons per day to 120 metric tons per day over the next 1.5 years. With this capacity expansion, we will be able to drive a parallel expansion in our whey protein generation. This will enable us to tap the opportunity of both the categories, which is cheese and whey, a step towards becoming a health and nutrition powerhouse.

The new age business, that is Pride of Cows and Avvatar, grew by 59% year-on-year in this quarter and now contributes to around 13% of our overall revenue versus 9% in the Q1 last year. This progress is in line with the road map that we have laid out for this business. Through these brands, we are building a differentiated presence across premium dairy, health and wellness, sports nutrition and functional nutrition, clearly defining and strengthening our right to win in this space.

Avvatar is allowing us to build a much broader sports and nutrition functional and nutrition platform. The portfolio has expanded well and beyond the whey protein powders to now protein bars to ready-to-drink products, creatine, and other functional and nutrition products. The newly launched ready-to-drink Avvatar coffee with 15 grams protein per serving has received a very encouraging response.

During the quarter, we have engaged with one of the most viral shows, which is India's Got Latent Season 2, hosted by Mr. Samay Raina, gave Avvatar a strong disruptive platform. This show has generated more than 80 million unique reaches on YouTube and Netflix together. For us, the importance of this association was not the massive media reach but giving Avvatar the right eyeballs to the relevant targeted audience. As we look ahead, we remain constructive in the upcoming quarters.

Milk availability should benefit from the progress of monsoon, and the festive period should provide a supportive demand environment for the value-added categories. We will, however, continue to maintain our discipline on the calibrated pricing in response to commodity costs and promotional investments. In a nutshell, our strategic direction remains very clear. We are strengthening the flagship categories, which is ghee, cheese, paneer and dahi.

We are building new age through Pride of Cows and Avvatar. We are expanding our manufacturing capabilities well in advance. We are evolving our route-to-market strategy. We are investing behind innovation and brand building. We have the Dairy Legacy, Farmer Connect, state-of-the-art facility, the power brands and our distribution network.

We look forward to continue nourishing traditions, delivering nutrition and continue to build a strong space for Parag. With a clear defined right to win and a focused road map, we remain aligned in our ambition to strengthen our leadership in categories we operate in and create sustainable and long-term value for all our stakeholders. Thank you once again for the continued trust and confidence in Parag Milk Foods. Over to Brian. Thank you.

Brian D'Penha: Thank you very much, Akshali. We will now begin with the question-answer session.

Moderator: First question is from the line of Kiran from TableTree Capital.

Kiran: Very commendable performance, maintaining our operating margins as well as gross margins. I have a couple of questions. The first question is probably more broader, not with respect to this particular quarter. So from March '23 onwards, over the past 3 years, we've grown by 10% in sales, right, INR2,900 crores, INR3,100 crores, INR3,400 crores, INR3,800 crores.

Is this a year where Parag is going to break out of the 10% growth band in sales and really grow by 15%? Or are we, kind of, given the slightly muted sales in Q1, do you think we're still going to be a 10% grower in FY27 as well?

Rahul Kumar Srivastava: Very relevant question because your query is whether we are poised to do more than 10% growth this year. So I would say that certainly, it will be more than 10% because normally the quarter 1 is quite, not that great any year.

And as Akshali told that it is the best quarter we had in Q1, having 10% growth. So obviously, the second quarter and third quarter with a lot of festive season and demand, certainly, we are going to grow more than 10%. So certainly, this year, we'll be breaking this 10% growth benchmark.

Akshali Shah: And just to add to what Rahul ji is saying, is, of course, the product mix was also very different in FY23 versus in FY27. We're doing much more value-added products in Health and Nutrition, especially our new age business in FY23 was less than 3%, 4%. And today, as we speak, we are around 13%.

It's about how do we make the most about every litre of milk that is coming in. Now we are selling whey protein, which is somewhere around INR3,000 to INR4,000 in MRP. So the value of that is much far superior and the product portfolio has also changed from there. So moving forward from here, of course, we're just expecting a better growth in volume and in value.

Kiran: Got it. My second question on Avvatar, especially. So ma'am, we have grown 58% this quarter year-on-year. I just wanted to kind of get my head around this. Our retail prices of Avvatar and rest of our relevant competition have moved up by 100%, right? So the ISO concentrate chocolate was INR2,200 Now it's about INR4,200 or roughly there because of increased whey prices everywhere, and we wanted to increase to be relevant to the competition. So if we have grown by 59%, but the prices have actually doubled in the last 3 to 6 months in terms of retail price that we sell, have you, kind of, stagnated in volumes? Or I'm just not able to figure out how that kind of math works?

Ankit Jain: Yes. So Kiran, Ankit this side. With respect to Avvatar, while we have reported a new age business growth of 59%, we have a very strong volume growth as well on the new categories. That's why you look at when there is a modest decline of 2% in overall flagship categories, we are able to deliver a 3% volume growth for the company overall.

So this is mainly coming, of course, from new age business. See, while when you have seen from a consumer lens in terms of the change in the prices, there are various formats of whey protein.

For example, there is an Isopure, Isorich form of protein, which is more of whey protein isolate. Then there are whey blends, then there is a performance whey, there is fuel whey. So there are various categories of protein. When the protein prices changes consumers also switch we have seen a pattern where consumers also shift themselves to whichever format of protein they want to cater to. But all in all, what I'm saying is this is not just backed by a value growth. This is strongly backed by volume growth as well.

Akshali Shah: Aligned volume growth as well. And as he mentioned, there are, of course, the newer categories that we've also added like your ready-to-drink, then we also have some protein, which is for beginners, which is of much lower cost. Plus, the prices have really not gone up by 100% for Avvatar. We have taken a very stagnated price increase over the last couple of quarters. So the prices have not been that much of a change.

Moderator: The next question is from the line of Kanishk Gupta from SS Family Office.

Kanishk Gupta: My question is on distribution. I have observed that Gowardhan Ghee is widely available, but many of our higher-margin new age business products like Go Cheese and Avvatar Protein Bars and Coffee are either unavailable or partially available in the same stores. So could you help us understand what is the primary bottleneck over there?

Rahul Kumar Srivastava: See, actually, if you see our new age business like we have Avvatar Protein Bar, we have Avvatar Protein ready-to-drink. These are the very channel-specific and outlet-specific products, and we know that where these products have to be placed. So just to give you 2 examples like because one of the largest throughput of these products are vending machines.

So we have already got into this kind of channel where all the airport or hostels or canteens, we have put these products. Apart from that, we were never present in the channel like pharmacy. So where there also, these products are quite readily available. So we are present in the relevant outlets, which we know that these products are having very good throughput on those outlets, and we are working on those lines rather than spreading kind of a guerrilla distribution there.

Akshali Shah: The coffee category is really new. We launched it this quarter. So of course, it will take us a couple of quarters to reach the distribution that we want to achieve. A category like protein works really well on the quick commerce platform. So we are widely available there.

Kanishk Gupta: Yes. Definitely, you have your strategy of placing the products in your strategic stores, but the market leaders still have their products available in the same stores when Gowardhan Ghee selling, and people are still purchasing those products of the market leader of protein bars.

Akshali Shah: Distribution is a never-ending battle as we keep saying in FMCG. So of course, the point is to revamp distribution as it comes and for not just the length of distribution, but also the depth. And we've given a guideline saying that in the next 3 years, we want to be available in more than 1.5 million outlets, and we are reaching towards that and we are working towards that road map.

Moderator: Next question is from the line of Priyanshu Jain from Growth X Infinity.

Priyanshu Jain: I have a few questions, but like, mainly as in the initial commentary, the management has said about the very viral show about India's Got Latent. So just wanted to know that like what is the time line for this deal which we have done with Mr. Samay Raina?

And can you share some data like how much like in the total sales from our value-added business, how much we are getting from that show? And like what is the CAC percentage which we are getting? And how much we are spending on this deal, like we are getting a good ROI on the sales, which we are getting. So like this is the question.

Ankit Jain: See, brand building is one of the important pillars as we look forward. While we have done participation with KBC as well, but all these are purely special commercial deals. We cannot share the specific nitty-gritties what you are asking about with respect to how much is the cost, how much is the time line and how is the ROI.

See, overall, as Akshali has said in her opening remarks, that it is not just one of the media reach, but it is more about catching the right eyeballs for the brand so that we can create the brand awareness and especially for the product categories where we have recently introduced like Avvatar Protein Wafer Bars and ready-to-drink.

So I think the tie-up is more towards catching the right eyeballs, create awareness. And, of course, as in the previous question, we answered about distribution, how do we increase or expand our distribution so that the product is available at the right time to the consumer. So this is all-in strategy. You will appreciate that specific commercials will not be disclosed.

Akshali Shah: Yes. But just to give you a little bit of on the number aspect and a show like India's Got Latent works really well on awareness and it will be very difficult to drive what is the sales. But one of the parameters that we really see is, of course, the traffic on our website and what are the searches on Google. And over the last 2 months, it's gone up by almost 200%. So that's a good overall achievement that we have got.

Moderator: Next question is from the line of Kavina Desai from Sky Ridge Wealth Management.

Kavina Desai: Congratulations on the good set of numbers. Just wanted to ask one question on the 'Others' category. So this quarter, you have seen a 46% decrease in this category. Can you give some light on this because this quarter also was a strong summer and ideally, drinkables, all these sales should have at least been stable, if not higher. So if you could throw some light here.

Ankit Jain: See, 'Others' is a category whereby, I would say you would have noticed that we have renamed the Core categories to now Flagship categories, which now includes Dahi as well. So that's where a seasonal portion or a significant portion of Dahi has moved to Flagship categories. With respect to others, currently, it comprises of beverages, UHT milk and miscellaneous other items.

You will also appreciate that all the other operating revenues are part of other categories. The other operating revenues primarily also include the income from cattle feed, job processing as well as the state incentives, the PSI incentives, PLI incentives. These are one-off items. These are items which are not on a volume trend, right, recurring.

For example, post the GST changes in September 2025, the PSI income has substantially reduced because the GST rate has changed for ghee and cheese products like from 12% to 5%. The state incentive, which is backed by GST, the state GST has considerably reduced. So 'Others' is very much on a miscellaneous part. However, within the others category, we have hero products like UHT, beverages, which have done reasonably well.

Moderator: Next question is from the line of Neogi Debashish from Abaan Dubai.

Debashish Neogi: My question is on the operating margin. I'm giving 3 data points. First is, like, Akshali said that our contribution from new age has moved from 3% to 12%, 13%. And there, in the previous con-call, we heard that the margin here is double than the core category. This is one data point. Second data point is in the previous con-call, we also said that we are premium to Amul. And then also we said institution sales are coming down. So my question is that why we are in the business of brand.

So why we are not able to pass on the price increase because of inflation, even with the time lag? I'm talking 2 years. Why your operating margin is not increasing? And we are the only one who are spending so much on media. There is no equivalent to anyone in the competition who is doing this. So why your operating margin is stagnant for so many quarters around the same range?

Ankit Jain: So with respect to gross margin, if you were to look at sequentially, which is from 28% to now 27.3%, we are almost 70 basis points down approximately. If you would observe that, see milk prices increase, but we are not in a business where we sell only the milk. So we sell more of a value-added product. If you look at quarter 3, the milk price was INR40, while in quarter 4, the milk price was INR42.

So there is always a lag considering the, kind of, inventory, the weighted average cost of the inventory which we carry. However, in quarter 1 of current financial year, the full quarter had seen a INR42 of milk price versus the previous quarter of INR42. So the increase goes for the full absorption of this quarter as well.

Now while your observation is right when the new age portfolio mix has improved, yes, it has improved, but it has correspondingly got offset with the increase in the impact on the milk prices. Having said that, as Akshali rightly mentioned that even going ahead, we are looking at calibrated price increases.

So even in quarter 1, we have, towards the fag end of the quarter 1, we have taken up prices again further in ghee. And we have revisited prices recently for even new age business as well. So this will be a continuous exercise, whereby we try to keep the blended portfolio in a certain way, and we don't absolutely increase or pass on the cost push.

On a weighted average portfolio level, if you look at Y-o-Y, if the sales growth is 11%, gross margin growth is 11%, this clearly demonstrates that the entire cost push has been passed on as a blended portfolio.

Having said that, the benefit of mix should arrive, what is your aspiration or even what is our aspiration. It is a combined effect. We cannot just look at one product in isolation. Cheese and whey go hand-in-hand, same as ghee or SMP or WMP. I hope this answers.

Moderator: Next question is from the line of Viraj from Enigma Investment Partners.

Viraj: My question is for Rahul. Rahul, if we look at the distribution expansion that we have talked about post your joining and the team that you have hired, and we have gone into newer cities in South India where we were not present and going into some of the other markets where we were lacking and in spite of that, our core categories have declined in volume, which is not the case for some of the other players.

So I just want to understand the dichotomy that in spite of increasing this reach, it's not kind of fructifying for our core category volume growth. So what's your thinking? How do we catch up to grow at least 8%, 10% volume every year? And what is it going to take for your team to get it done?

Rahul Kumar Srivastava: Just to answer your very specific question on the distribution and the core category growth. So just like to clarify that when we talk about core category, it consists of both B2C and B2B. So our main distribution expansion is basically created for more growth in B2C, which is already there. There, we are not degrowing. Let's be correct on that. We are not degrowing on the B2C part of the total business.

Though B2B, we have to maintain our profitability and all these things. So sometimes we forego some volumes from the few customers, which are negotiating very hard and we don't go to that kind of pricing to maintain our profitability. So that is the only thing. So overall, there might be a degrowth of minus 2%, but we don't have any degrowth in B2C category, which is basically arising from our better distribution in the existing market as well as the new markets.

Moderator: Next question is from the line of Anil Desai from Total Capital Investments.

Anil Desai: So I'm kind of digging a bit deeper on the earlier participant's question. So I think last 2 quarters, we have seen, kind of, softening of the volume growth in the core categories, and you said that largely it is coming from the B2B side of it. So one, if you can help us understand how the B2C part is, kind of, growing in terms of volumes?

And is it that we want to, kind of, cede some space in the B2B side because of the pricing pressure or not enough margin being there? Will this trend continue? Will we be back to that double-digit aspiration of volume growth in the core category? If you can dwell a little bit more on that, that would be very helpful.

Ankit Jain: See, when we look at business as a whole, both B2B and B2C are a reality and one business. What Rahul ji just mentioned with respect to B2C growth, he's absolutely correct because the volume growth in B2C per se has grown significantly because there are one-offs. We are not here to name certain customer-specific profile or certain channel where we have taken certain stringent action.

So that's where if you look at, we have categorized this more as a transient slowdown in certain specific channel so that we remain stuck to our, you can say, pricing so that we don't get down to what is the requirement by the other channel or other specific chain.

So this is broadly the thing. I'll not be able to share specifically the specific number. But on the guidance, I can definitely share that the B2C category in core categories has grown towards high single digit or close to double digit.

Moderator: Next question is from the line of Rupal from Arthos Finserv.

Rupal: So just wanted to know, does the price increase has recently happened, as we said, 35%, kind of, increase in our new age business, especially Avvatar whey protein side. So will it directly hit our PBT levels because we are, kind of, backward integrated in our whey production? And the price increase in the whey protein market, is it structural or is it temporary?

Rahul Kumar Srivastava: So globally, the whey protein demand has increased exponentially, you know the reasons because of this fat reduction medicines is there. And after that, a lot of protein is recommended to eat. So across U.S. and Europe, the demand has increased, so here also. So I would say it's not a temporary, it will be a, kind of, a futuristic, kind of, demand-supply gap in our protein segment.

Moderator: Next question is from the line of Anubhav Goel from Cosma Ventures.

Anubhav Goel: Yes. I just want to congratulate the team on good efforts on brand building for the Pride of Cows. Sir, my question is, if I caught it right, you mentioned on the B2C side, we saw high single-digit growth. So is that the growth rate we should expect for the flagship part of the portfolio?

Because my understanding was these are categories growing double digit in volume for organized players. Like, I think paneer has been growing 15%, 20%. So is it also a reflection that a large part of the portfolio is ghee and then cheese and paneer and dahi are very, very small?

Ankit Jain: See, ghee, cheese, paneer, dahi, I'm not giving you a breakup in terms of what is the composition within the Flagship categories. But all in B2C categories, all the portfolio is growing and growing very fast. As you rightly mentioned, specifically on paneer that, yes, it is growing in double digits. So we are seeing that at an overall Flagship categories, we have grown specifically in B2C category at a very high single digit.

The aspiration is to, of course, grow double digit. We are working on it. And that's where you see we are taking conscious effort. But it is not that B2B we will not entertain. See, we are here for being present across the spectrum. So we will be there in B2B as well as B2C. The idea of updating specific numbers on B2C category was that the primary focus is, of course, the consumer who is directly picking your brand.

So with that perspective, I think when it is growing towards very high single digit or maybe towards the double-digit growth, that is a reasonable growth, which we had witnessed even last year. On an overall basis, full year, we had an 8% volume growth on Core categories when we had reported it last year.

And if you look at YTD December, it was almost as high as 12% volume growth. There are certain channels. There are certain specific chains which are more on pricing, which is make or break on a deal. So we will like to hold ourselves instead of just pushing for volumes or just getting the revenue, we would not like to go for dilution in margin. So that will be our focus. Profitability remains our key focus.

Moderator: Next question is from the line of Arya Shah from Wealth Guardian Services.

Arya Shah: We believe that our margins are lower against competitors due to 2 key reasons. One, on the procurement side, 60% of our milk procurement is from agents. And on the revenue side, 35% of our revenue is from B2B. So how do you see both of these improving over the next 3 to 5 years? And also on the bookkeeping side, the other income has been spiking every alternate quarter. So what is driving this? And what should we expect at the normalized pace?

Rahul Kumar Srivastava: So to answer your first part of the question about this procurement breakup of our own procurement as well as from the agents. So for your information, the landing price to our dairy for both are same. So we don't have any much difference between what we procure ourselves and what we buy from the aggregators. So that level, we don't have much difference, just to be very clear on that. What is the second?

Ankit Jain: The second question is, as compared to other listed players, they have observed that our EBITDA or gross margins are lower. See, gross margin is more from accounting perspective. I'm not commenting in terms of what, kind of, cost somebody is accounting. We can tell you from our perspective, we have been accounting all the cost pertaining to the procurement, which is the landed milk cost landed at the factory gate as a part of our cost of procurement.

And thereby, the gross margins are there. So it is always a like-to-like comparative, whether you look at last quarter or the sequential quarter, et cetera. That's our accounting framework. However, with respect to EBITDA margins, you will know that there are a couple of reasons. There are a couple of differences, which are quite evident that we spend very heavy on brand building.

I'm again here not comparing what has happened to Q1 for many other players in terms of the Y-o-Y change in the gross margin profile, or even the EBITDA profile. For us, we have been able to maintain it, sustain it, and we have held it. So for example, on a consolidated basis, we have EBITDA margin of 7.4% versus 7.7%, which is pretty stable without commenting upon how other companies have gone.

So please appreciate that we continue to remain invested in terms of brand building. We have the presence pan-India. We have a distribution network pan-India. So based on that, all our supply chain costs, et cetera, is part of the same. And having said that, quarter 1 is always typically for us is a little lower as compared to quarter 2 or quarter 3, primarily because of the festive.

So the absorption of the fixed overheads is relatively on a lower base. But that's reality that will be there for even the past last year quarter 1 as well. So on a like-to-like basis, I would like to only reserve my comment that our margins have remained pretty stable towards 7.4%. And that's all.

Moderator: Next question is from the line of Vinod Krishna from Avendus Wealth.

Vinod Krishna: Sir, B2B, you said some channels we are losing because of pricing. Is it because some other players are getting in? Is it because of competitive pressures? And how confident are you that we can grow our B2B cheese and maintain our market shares? And if you can, because it's mostly 3, 4-player market, right? So somebody is so particular on pricing. So are they giving it to somebody else? And is competition price cutting?

Ankit Jain: Again, it is about detailing to a very high detail. See, over the call, we have shared the details that, yes, B2C has grown decent for the Flagship categories. Beyond this, we will not be able to share specific that which chain or which channel or what is this transient slowdown. Please appreciate the fact that while we can share the details, it will not be fair and appropriate. And hence, we reserve our comment.

But to just give you confidence with respect to the brand, the core categories are performing well, overall in B2C. B2B is more of dealings, which happens on a quarterly basis or on a monthly contract basis. So these come and go. We are there to hold ourselves not to just get swayed with respect to too much heavy discounting, etc~~.~~. So we will continue to ensure that overall profitability is not impacted for the organization, and we uphold or rather improve upon our profitability.

Rakesh Kothari: Conscious call to ensure that profitability is maintained.

Moderator: Next question is from the line of Ashish Kumar Singh from Arthos Finserv.

Ashish Kumar Singh: Sir, we have noticed that your prices have increased from INR2,500 per kg to around INR3,400 per kg last month. So my first question would be if that increase would be directly hitting your PBTs because we are backward integrated. Also, can you tell us the total cost of production for whey per kg?

Rahul Kumar Srivastava: Ashish, we don't disclose the cost of production. As you know that we have our own this thing backward integration for the whey raw material. But normally, we don't disclose the cost of production.

Ashish Kumar Singh: Okay. So the increase in price would directly be hitting the profit before tax? can that be disclosed?

Ankit Jain: We transparently disclose the milk prices at what rate we have purchased the milk. With respect to how much, what is the weighted average cost in the inventory for specific product, etc., these are quite a lot of detailing, which is there as part of the financials or as part of the accounts. But these are normally not disclosed. So you need to look at it instead of focusing on how, what is the cost because each product will have different costs. Ghee or cheese are not comparable.

So hence, I would like to, as Rahul ji said, we do not share cost of production for each product or each product category, et cetera. So the dissection of the revenue shared to the greatest possible detail so that we give a transparent and fair disclosure on the dissection of the revenue. But on the margin piece, it is more of a blended approach, and we should appreciate that a blended portfolio, we are able to deliver what we have been able to deliver.

Moderator: Next question is from the line of Ajay Choudhary from AKC Capital.

Ajay Choudhary: Actually, a few years ago, you talked about your investment in renewable energy, like, solar projects and other things. But then you never update on those things, like, what is the cost savings because of those investments. Could you please update on that?

Akshali Shah: Can you please repeat your question?

Ajay Choudhary: Sure. Just one second. Just a few years ago, you guys did some investments in renewable energy, for example, solar projects. Maybe the number was roughly INR50 crores or something. But I haven't seen any update based on that, like, what, kind of, cost savings you have had after those investments. And what is the recurring savings because of those investments?

Rahul Kumar Srivastava: Yes. So actually, for this renewable energy, we had a collaborative project with Tata Solar Power company. So there, we have our renewable energy contribution with that collaboration. Apart from that, we are working on the solar power projects in our various sites that is in future. So this is what is present situation. And we make some electricity out of the biogas also, which we have from the farm.

We have about 5,000 cattle. So out of that, we generate some energy for the farm also from the biogas. So there are 3 things. One is that we are going to have because we have a lot of sites where we have sheds and all for the cattle. On the top of the cattle shed, we can put the solar panels. We have a collaboration with Tata Solar Power, where we have some contribution with the joint venture. And then we produce some biogas power for the uses in our farm.

Ankit Jain: Yes. With respect to the number, I think what has been quoted is INR50 crores that probably you would be referring to the previous report, probably it could be INR50 million, but what we have, -if you refer to even last annual report, it is INR4.6 crores is the investment value and not INR50 crores.

Moderator: Next question is from the line of Naman Maheshwari from Sanghvi Family Office.

Naman Maheshwari: Great. No, just wanted one small clarification, probably a little new to the company. So in that sense, what could be the peak margin profiles for our new emerging verticals, which are more focused towards the protein offerings? And what is the management aspiration over 3 to 5 years that what proportion, say, from this 13%, can this new age emerging business go to? So just 2 quick clarifications, 3 questions.

Ankit Jain: See, while the margins are, of course, not disclosed at a category level, that's a standard practice. But however, as a guidance, we have always provided, I think, on over multiple calls that the new age business carries our premium offerings and more value-added offerings and carry superlative margin than the overall company's average.

The margins are almost as high as double the company's average. But this is more of indication just for your update, but we would like to reserve sharing any specific gross margin across each of the category or across each of the portfolio.

Moderator: Next question is from the line of Amish Kanani from Knowise Investment Managers.

Amish Kanani: Recently, the reports of this Maharashtra FDA being very active on so many restaurants and closing down on these things. And there were also anecdotal reports about generally in Maharashtra and in general, paneer and proteins are many times being found as adulterated or mixed up.

Any sense of how is it affecting us on the ground either positively or negatively? Because considering that we are a more Western India player, I would like to know your thoughts on is it positive or negative?

Rahul Kumar Srivastava: So answering your question on the FDA on paneer. So basically, they have restricted the sale of analogue paneer, which is basically a paneer which is not made out of milk fat, but vegetable fats. So normal consumer, they don't know whether this contains milk fat or vegetable fat. So just to eliminate that confusion, they have banned any paneer, which is basically not made out of the milk fat, which is not a case with us because we make 100% with milk fat.

So in that case, it's good for us to at least provide the good quality paneer to the consumer because then the bad quality is banned. So basically, this is good for us. But this is only for the paneer, which is made out of the vegetable fat, which FDA has banned. Rest, I think FDA in general is going for all the food products and outlets, yes.

Rakesh Kothari: So overall, this is a good move for the industry because then everything is moving towards milk-based and dairy-based products. So this will help us also and the entire organized industry.

Moderator: Next question is from the line of Rahul Jain from Credence Wealth Management.

Rahul Jain: Congratulations to the entire team on a good set of operating performance in a tough environment. Sir, my question is regarding, one, the milk price inflation somewhere now it is stable. We don't expect milk prices to move further from here on. And accordingly, the prices of products which we have increased in, say, last quarter also, are we done with price increases to take care of the milk inflation till INR42.

So thereby going ahead, can we see improving operating margins given that we have mentioned in previous participants' answers that we will improve our sales performance. And one more just question is about the new age business. New age business has done extremely well for us in the last 3, 4 years, growing from about INR115 crores to almost INR365 crores in the FY26.

And the first quarter growth is also around 57%. Given that should also improve, can we say this year, we should be clocking around INR620 crores, INR650 crores of revenues in the new age business given the quarter 2 and quarter 3 will be better? So these are my 2 questions.

Rahul Kumar Srivastava: Coming to your first question on the milk prices, I would say that milk prices are almost on the stable platform. Maybe there will be very slight increase in coming months because of the onset of monsoon, because of seasonality milk production goes down a little bit because of the humidity and some other factors, environmental factors. Second is that demand is more in terms of festivities. So there might be some slight increase in the milk prices. I would not say that it won't increase.

So there will be slight but not much because we're already on the good platform on the milk prices. Your question on the new age business, I think you have to see the evolution. It is already from 9% to 13% now, which is almost 50% jump in terms of growth rate, growth and percentage in the total revenue. So perhaps even if we are able to maintain that, I think this is a very good remarkable progression on the new age business. So 13% out of whatever we do this year and then last year, it was only 9%.

Moderator: Next question is from the line of Swapnil Gupta from White Pine Investments.

Swapnil Gupta: Could you please clarify whether the announced increase in cheese production capacity from 60 metric tons to 120 metric tons refers to finished cheese output metric ton per day or the amount of milk processed for cheese production? Additionally, what is the current capacity utilization of the existing cheese plant?

Rahul Kumar Srivastava: So we are increasing our cheese capacity to double it from 60 metric tons per day to 120 metric tons per day. And as Akshali said in her opening statement that it will be done in the next 1.5 years. So maybe by March '28, we'll be able to make our capacity to 120 metric tons. Simultaneously, we have to increase the milk procurement also to catch up the requirement which is needed by the cheese plant. So that also we are working on that. But that will not be an issue because we have good strength to collect milk.

Moderator: Next follow-up question is from the line of Debashish from Abaan Dubai.

Debashish Neogi: My question is the channel of distribution for whey protein and whey protein bar, I'm assuming it is more tilted towards e-commerce and quick commerce. So my question is what is the contribution of the category from e-commerce and quick commerce? And what is our market share of Avvatar now? And what's the market share of ON and MuscleBlaze?

Akshali Shah: Yes. So just to give you and you can also refer to the investor ppt, Page Number 28. Our revenues from quick-com, e-com and our website is 75% and 25% is coming from the traditional retail or specialized protein outlets. So this is the mix of distribution for Avvatar.

Moderator: Next follow-up is from the line of Kiran from TableTree Capital.

Kiran: I wanted to understand around the raw milk prices. I heard you just now saying milk prices might go up slightly due to festive season. Just wanted to understand, we generally have the flush season in the next, whatever, 3 to 6 months, right, till October, November, and milk price generally go down in the flush season.

So are we saying that we don't have the flush that usually happens this year because of intermittent monsoons or the flush is going to happen, but the demand for milk by everybody, not just us, but by so much competition is so high that the milk prices are not going to come down?

Akshali Shah: Kiran, just to correct what I said. I actually said that because of the monsoon, we are expecting a milk flush. And because of the festive season, we are expecting the demand to go up in the value-added categories. Milk prices, as we speak, are stable, but we are in a dynamic environment, and commodity prices can fluctuate. So you never know the future how the milk prices are going to pan out. But as we speak, we are seeing the milk prices being stable at current.

Moderator: Next follow-up question is from the line of Arya Shah from Wealth Guardian Services.

Arya Shah: My question on the bookkeeping side, the other income has been spiking every alternate quarter. It's been fluctuating. So what is driving this? And what should we expect at a normalized pace?

Ankit Jain: Yes. So the other income in this current quarter is very, very low, largely primarily from the interest on bank deposits. However, as you mentioned, it fluctuates. See, typically, there are 2 reasons to it. One is the fair valuation on the biological assets, which is an exercise which we do on an annual basis and based on the change in number of cows. So that's where always March numbers will have a higher share on fair value changes in the livestock based on the overall valuation.

This is just like actuarial valuation the way we do for other employee benefit expense. If you look at the previous year, which is the Y-o-Y Q1 last year, during Q1 last year, we had one-off item with respect to sale of one of the assets. Specifically, we had mentioned last year, it was sale of our Sonipat plant, which was lying idle. So we had sold off that plant and the entire capital gain or the gain on sale of fixed assets is part of the other income. I hope this answers.

Moderator: Ladies and gentlemen, we'll take that as the last question. I would now like to hand the conference over to Mr. Brian D'Penha for closing comments.

Brian D'Penha: On behalf of Parag Milk Foods Limited, thank you all for joining us today. Have a wonderful evening.

Moderator: Thank you. On behalf of Parag Milk Foods Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.