Early Warning System

IFC-33134

Parag Dairy

This project is still under review by the EWS. Project information and/or project analysis may be incomplete.

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Borrower	Parag Milk Foods Limited

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Project Description

PROJECT DESCRIPTION

Parag, established in 1992, is one of India's largest private dairy companies. It has a milk processing capacity of up to 2,000,000 litres per day (LPD) - 1,200,000 LPD at its facility in Manchar, and another 800,000 LPD at Palamner.Parag procures milk from 22 districts in 4 states - Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu. The Company collects raw milk from over 4,300 village level collection centres, 77 chilling centres (including 37 owned by the Company), and 37 Bulk Cooling units across the Manchar / Palamner districts. The Company has a diversified product portfolio ranging from liquid milk to value added products like UHT milk, cheese, butter, ghee (clarified butter), paneer (cottage cheese), yoghurt, curd, lassi, flavoured milk, dairy whitener and milk powder sold under the brands 'GO', 'Gowardhan' and 'Top Up', with value added products being > 60% of sales. It owns one of the largest integrated cheese plants in Asia with capacity of 40 tons per day.The Company also established backward integrated operations into dairy farming in 2005 when it established Bhagyalakshmi Dairy Farms (a fully owned subsidiary), a modern farm with ~2500 cows (of which ~1100 are milking cows) that serves as an R&D unit for improving the yield and quality of milk.The project under consideration is Parag's further expansion into value added products, especially whey (de-mineralised whey powder) and UHT milk, strengthening its current operations through plant automation, refurbishing of old manufacturing areas and expanding its procurement and distribution networks. The expansion, automation and refurbishment activities will be carried out at Parag's existing facilities in Manchar and Palamner.

OVERVIEW OF IFC'S SCOPE OF REVIEW

IFC's review of this proposed investment consisted of appraising technical, environmental, health and safety (EHS) and social related information submitted by Parag Milk Foods Pvt. Ltd. ("Parag" or the "Company"), including business plans, corporate EHS policies, Human Resources related procedures and documents; organization charts; training records; relevant authorizations and permits, environmental monitoring reports, resource consumption data, etc.The appraisal included site visits to (i) Parag's milk processing facilities in Manchar, Maharashtra (60 km from Pune) and Palamner, Andhra Pradesh (130 km from Bangalore) (ii) Bhagyalakshmi Dairy farm in Manchar, as well as (iii) two chilling centers around Manchar; document review; and discussions with Parag's senior management and technical teams .

IDENTIFIED APPLICABLE PERFORMANCE STANDARDS**

While all Performance Standards are applicable to this investment, IFC's environmental and social due diligence indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards.PS 1 - Assessment and Management of Environmental and Social Risks and ImpactsPS 2 - Labor and working conditionsPS 3 - Resource Efficiency and Pollution PreventionIf IFC's investment proceeds, IFC will periodically review the the project's ongoing compliance with the Performance Standards

ENVIRONMENTAL AND SOCIAL CATEGORIZATION AND RATIONALE

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Investment Description

- International Finance Corporation (IFC)

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Contact Information

ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

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Other Related Projects

- IFC-43983 RSE COVID Parag