



Dairy Sector in India

April 2025



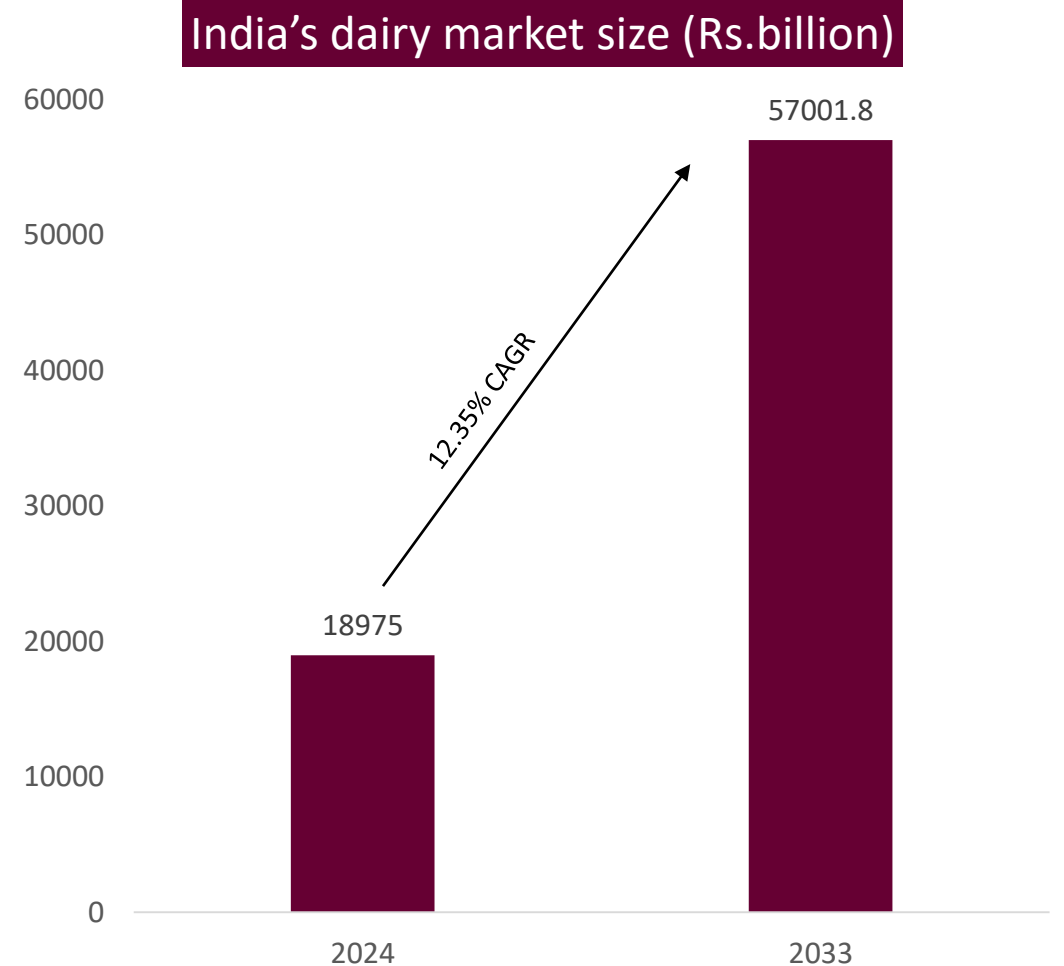
Dairy Sector in India

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Executive summary

- The Indian dairy market size stood at a value of Rs.18,975 billion in 2024. The market is set to grow at a CAGR of 12.35% between 2025 and 2033. The India dairy market is likely to reach Rs.57,001.8 billion in 2033.
- The dairy sector plays a crucial role in India's economy, employing over 80 million rural households, predominantly small and marginal farmers. It has also empowered women significantly within rural communities
- Indian households allocate a substantial portion of their food budget, around 45% to dairy and packaged foods, underscoring the significant role of dairy in the Indian diet
- The sector has seen growth in value-added products like cheese, yogurt and butter due to rising demand driven by changing consumer preferences and increasing disposable incomes
- Amul, Mother Dairy, Orissa State Cooperative Milk Producers Federation, Dudsagar Dairy, Aavin and Kwality Limited are some of the major players in the dairy sector in India
- Leading players in the industry are expanding their operations by setting up new manufacturing facilities, opening outlets in various markets, and introducing innovative products
- Companies are also focusing on launching e-commerce sales channels to distribute products online, which is anticipated to boost their sales and revenue



Market Overview

- India's dairy industry is the largest globally, accounting for 24% of global milk production.
- The industry contributes 5% to the national economy and directly supports more than 80 million farmers.
- The majority of workers in the nation's dairy industry are women.
- The nation's milk production rose at a CAGR of 5.62% from 146.31 million tonnes (MT) in 2014-15 to 239.3 MT in 2023-24.
- India has the world's largest livestock population, with 536.76 million animals, including 303.76 million bovines and 148.8 million goats.
- The major production area of dairy products in India is Uttar Pradesh, Maharashtra, Himachal Pradesh, Madhya Pradesh, Punjab, Rajasthan and Tamil Nadu.
- The Indian dairy industry is experiencing rapid growth, driven by the rising consumption of liquid milk and dairy products across the country, as well as the increasing demand from health-conscious consumers.



24% - India's Contribution in Global Milk Production



80 Million People are Employed in the Dairy Industry

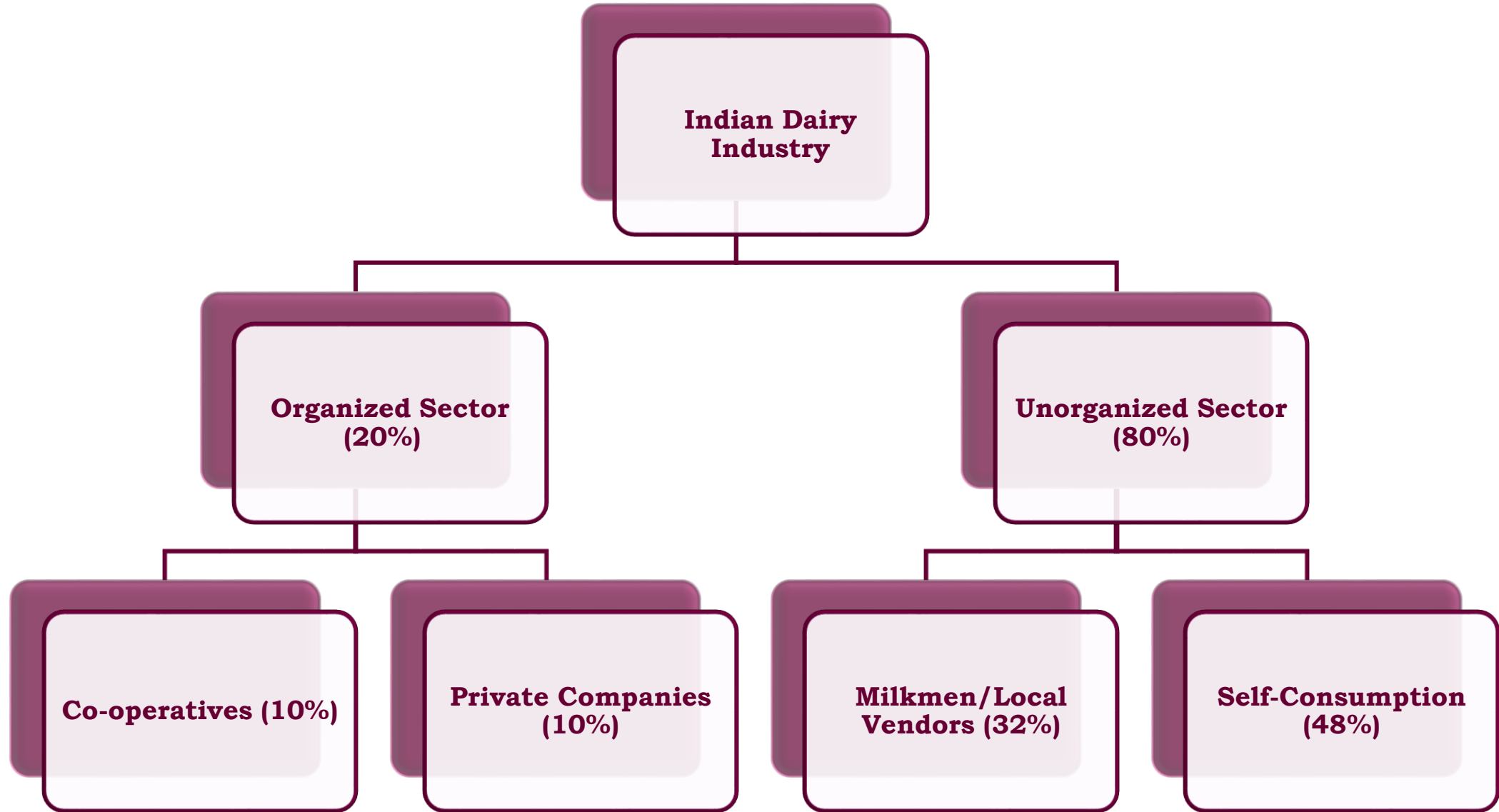


World's largest livestock population with 536.76 million animals



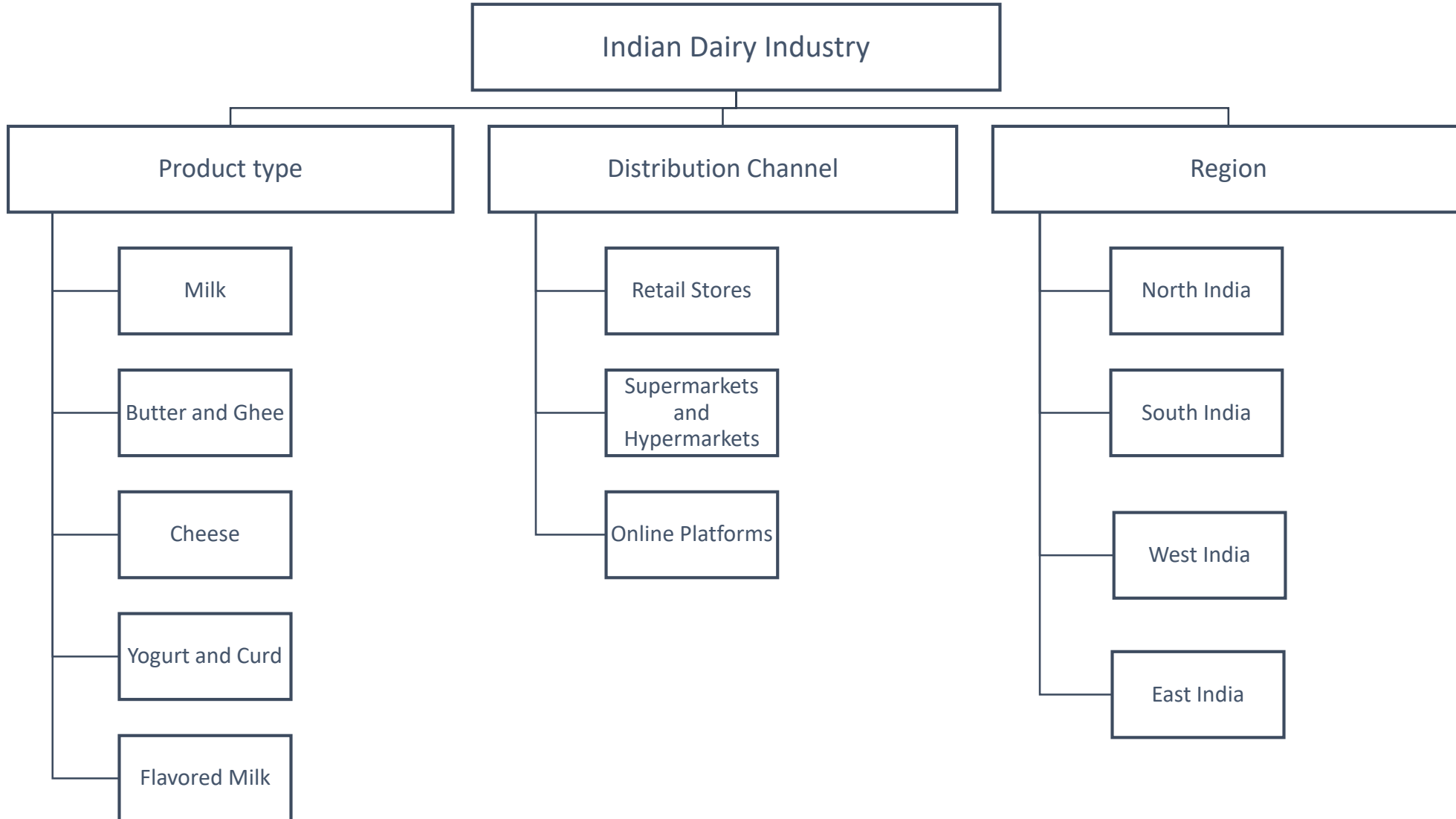
Milk production rose at 5.62% CAGR from FY15 to FY24

Structure of Indian Dairy Industry



Market Segmentation

The India dairy industry is further categorized into several categories based on the product type, distribution channel and region.



Segments in Indian Dairy Industry

CATEGORIES BASED ON PRODUCT TYPE

- **Liquid Milk:** This segment holds the largest market share, encompassing various forms such as toned, standardized, and full cream milk.
- **UHT Milk:** Ultra-high temperature milk has a longer shelf life due to its processing method.
- **A2 Milk:** A2 Milk is gaining popularity for its perceived health benefits as compared to regular milk.
- **Organic Milk:** It is produced without synthetic fertilizers or pesticides, appealing to health-conscious consumers.
- **Flavored Milk:** It includes various flavors to cater to diverse consumer preferences.
- **Curd and Lassi:** These are traditional fermented dairy products widely consumed in India.
- **Butter and Ghee:** These are essential ingredients in Indian cooking, with significant demand.
- **Cheese:** It is a staple in many Indian dishes, it also includes paneer.
- **Ice Cream and Dairy Desserts:** These are popular among consumers for treats and desserts.
- **Dairy Powders:** Dairy powders such as skimmed milk powder and dairy whitener are used in cooking and baking.

CATEGORIES BASED ON DISTRIBUTION CHANNEL

The distribution of dairy products in India can be classified into two main channels:

- **Retail:** This is the primary channel for dairy sales, including:
 - **Supermarkets and Hypermarkets:** They dominate the market with over 47% of value share in 2022.
 - **Convenience Stores:** These have seen increasing sales due to urban consumer preferences for quick shopping options.
 - **Online Retail:** It is gaining traction as more consumers turn to e-commerce for grocery shopping.

REGIONAL SEGMENTATION

The dairy market in India is also influenced by regional dynamics. Key states include:

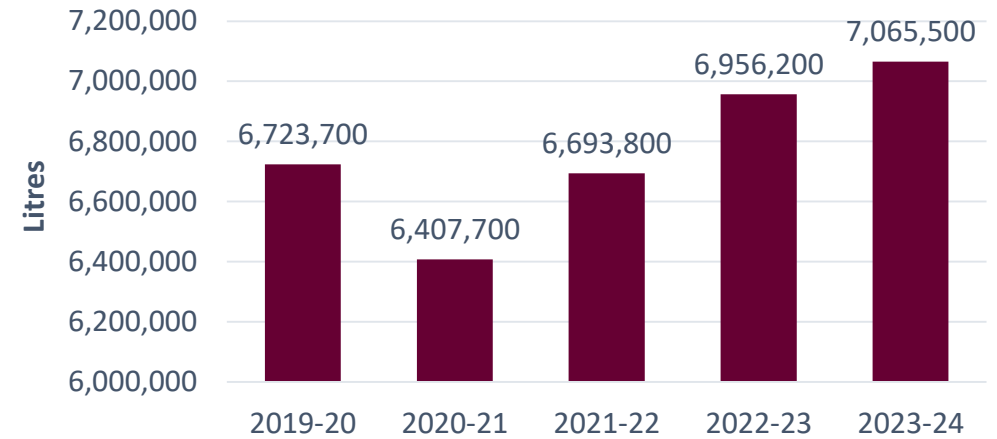
- **Uttar Pradesh** currently dominates the market due to its large dairy farming population.
- **Maharashtra, Karnataka, Tamil Nadu, Gujarat** are the other significant contributors to the dairy production landscape.
- Each region has its unique preferences and consumption patterns that affect the types of dairy products produced and consumed.

Dairy Production in India

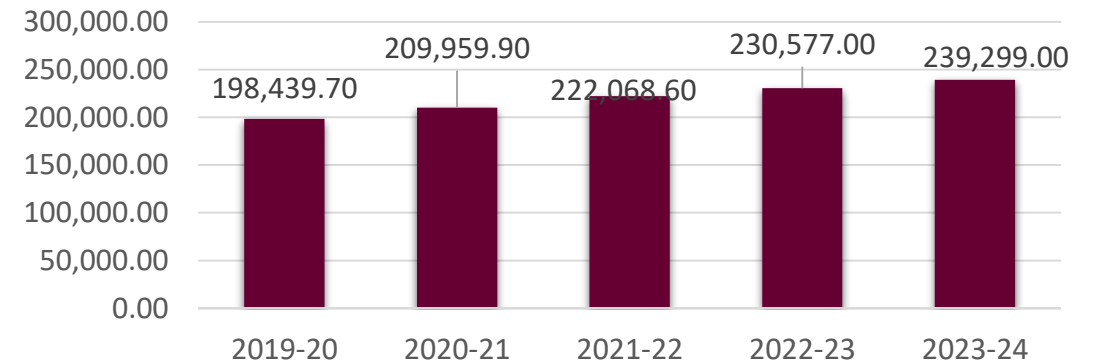
- ❖ India is the largest producer of milk globally, contributing approximately 23-24% of the world's total milk production
- ❖ The per capita availability of milk in India has improved significantly, reaching 459 grams per day in 2022-23, which is notably higher than the global average of 322 grams per day
- ❖ Major milk-producing states include Uttar Pradesh, Maharashtra, Himachal Pradesh, Madhya Pradesh, Rajasthan, Punjab, and Tamil Nadu, with these regions leading in both production and cooperative initiatives
- ❖ However, India's milk production growth has significantly slowed, dropping from 6.62% in FY18 to 3.78% in FY24, with total output reaching 239.3 million tonnes
- ❖ This slowdown is attributed to several challenges, including a decline in buffalo milk production, smaller herd sizes, rising costs, and the impact of a poor monsoon on feed and water availability. Additionally, per-animal yields remain low, raising concerns about the long-term sustainability of the sector
- ❖ In spite of being the largest producer of milk globally (accounting for 24% of world production), India's share in global dairy exports is only about 0.25%. This low percentage highlights a disparity between production capacity and export activity

India's Dairy Production

Milk Production in India ('000 litres)



Milk Production in India ('000 tonnes)

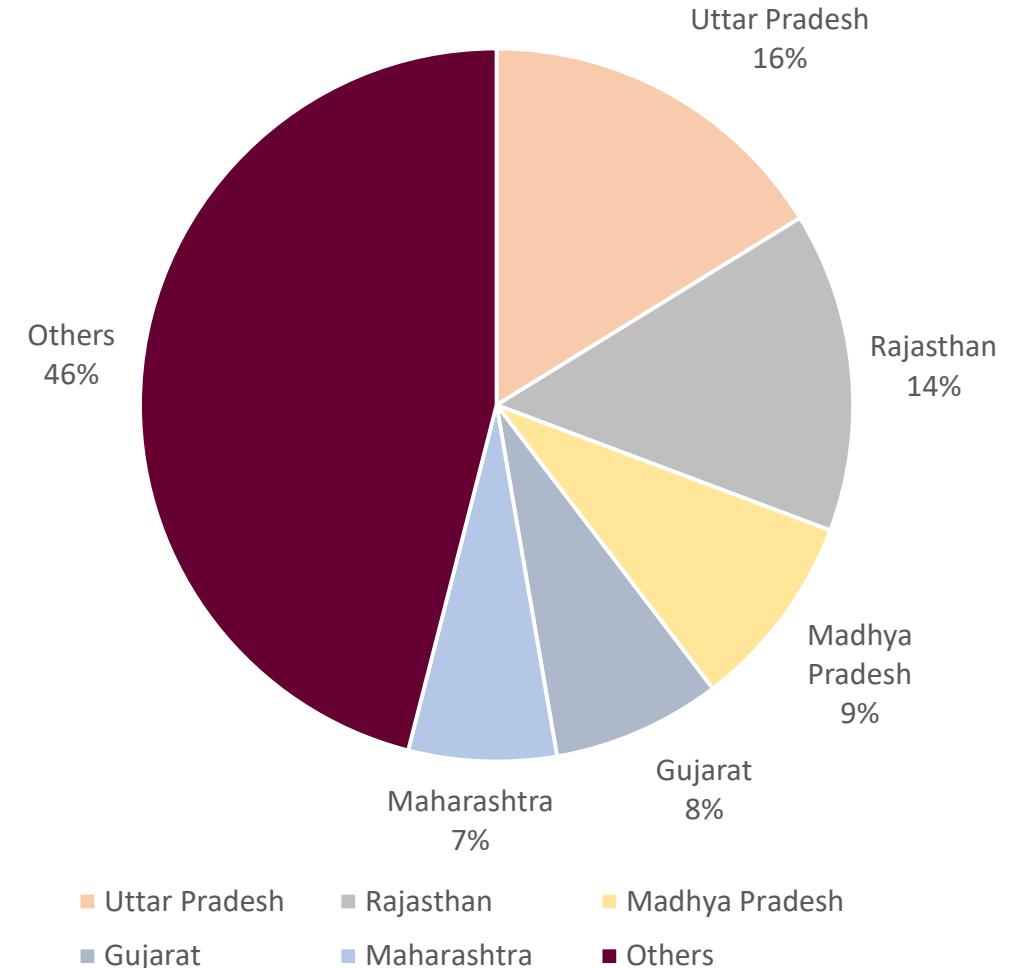


Source: CMIE

Dairy Production – State Wise

- Uttar Pradesh is the leading state in dairy production in India, contributing 16% of the total milk production in 2023-24. It is followed by Rajasthan at 14%, Madhya Pradesh at 9%, Gujarat at 8%, and Maharashtra at 7%
- The total milk production in India for 2023-24 was around 239,299,000 tonnes
- The northern and western states of India, such as Uttar Pradesh, Rajasthan, and Gujarat, dominate the milk production scene, while states like Tamil Nadu, Maharashtra, and Madhya Pradesh also contribute significantly
- Uttar Pradesh, the most populous state in India with a strong agrarian economy, is home to the largest number of dairy animals in the country, playing a crucial role in the nation's overall milk production. The state's dairy sector thrives due to government support, a widespread network of milk cooperatives, and efficient procurement and distribution systems
- India's milk production is supported by a robust dairy cooperative system, especially in states like Gujarat. The dairy sector plays a crucial role in providing employment and nutrition to millions of people across India
- Small and marginal dairy farmers form the backbone of this industry, which is further supported by the growing population and increased disposable incomes, leading to higher spending on milk and milk-based products

State-wise Break-up of India's Milk Production in 2023-24 : % share



Source: CMIE.

Exports – Dairy sector

- In the fiscal year 2023-24, India's dairy exports stood at approximately \$272.64 million
- The primary markets for Indian dairy products include the United Arab Emirates, Bangladesh, Nepal, Sri Lanka and Bhutan
- India exports a variety of dairy products such as fresh butter, ghee, yogurt, and milk powder
- Despite being the largest producer of milk, India's share in global dairy exports remains relatively low at about 0.25% of the total world dairy trade, indicating substantial room for growth in export markets

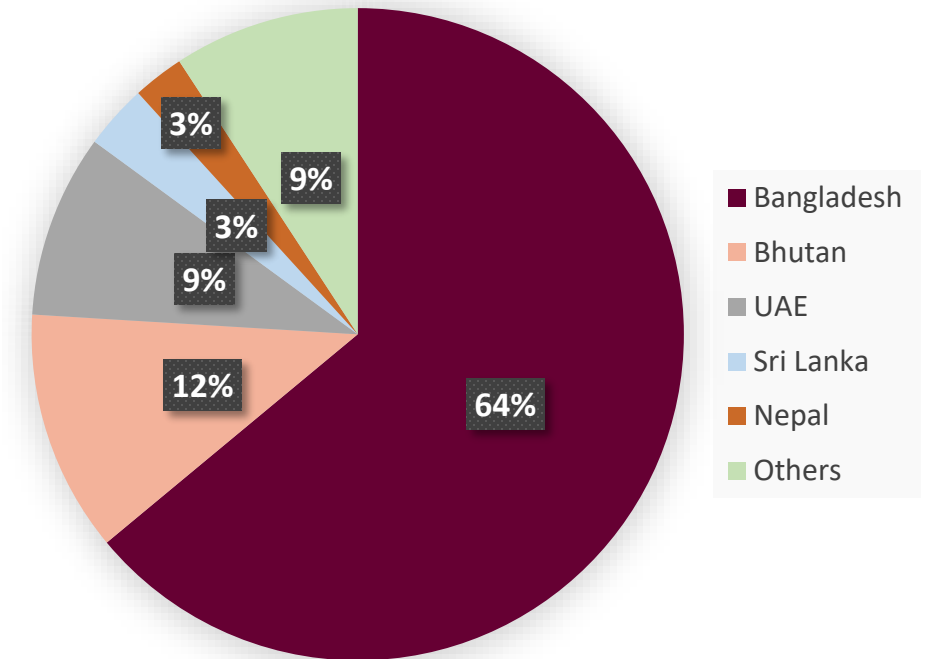
Challenges:

Domestic Demand: A significant portion of milk production is consumed domestically, limiting the exportable surplus. India's high domestic consumption is a key factor in its low export value

Low Productivity: The average milk yield in India is approximately 1.1 tonnes per animal, which is significantly lower than that of leading exporters like New Zealand and Australia (3.9 and 5.9 tonnes per animal, respectively)

Quality Standards: The quality of Indian dairy products often falls short of international standards, necessitating improvements to meet global market requirements, including compliance with WTO agreements on sanitary measures

State-wise Country-wise exports of milk powder (2023-24)
of India's Milk Production in 2023-24 : % share



Source: CMIE.

Price trends in dairy industry

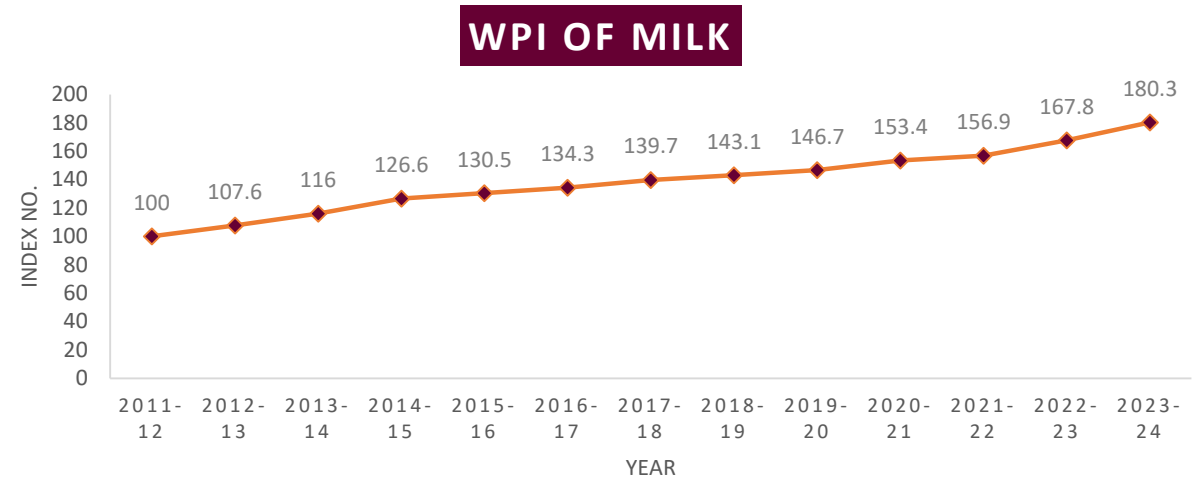
The dairy industry in India has experienced significant fluctuations in milk prices over recent years, influenced by various factors including production costs, consumer demand, and environmental conditions

Both Mother Dairy and Amul have implemented multiple price increases since 2022. For instance, Mother Dairy raised its prices by Rs.10 per litre between March and December 2022, while Amul increased its prices three times in the same year, with the last hike being Rs.2 per litre in October 2022

Reasons for increase in milk prices in India are as follows:

- ❑ **Seasonal Variations:** Milk production is affected by seasonal factors, particularly the monsoon. During the lean seasons (post-monsoon), milk production tends to decline, leading to price hikes
- ❑ **Increasing Demand:** India has a growing demand for milk, driven by a rise in population and an increase in the consumption of dairy products like paneer, curd, and cheese. This often puts upward pressure on prices
- ❑ **Production Costs:** The price of cattle feed, labor, and fuel costs also impact milk prices. If the cost of production increases, dairy farmers may pass those costs onto consumers in the form of higher prices
- ❑ **Subsidies and Regulations:** Government policies, such as subsidies on cattle feed or milk procurement prices, can affect milk prices. State-run dairy cooperatives like Amul and Mother Dairy often stabilize milk prices through controlled procurement and distribution systems
- ❑ **Price Control:** In some states, governments have put caps on milk prices to protect consumers, but this can lead to challenges for producers, especially in times of supply disruptions

The milk industry in India is experiencing an overall upward trend in prices, driven by a combination of supply-demand dynamics, inflation, and input cost increases. Government intervention, along with increased production efficiency in certain regions, may help stabilize or moderate price hikes in the future.



Key Players in the Indian Dairy Market

Dairy Cooperatives

- **Gujarat Co-operative Milk Marketing Federation Ltd (GCMMF):** It is known for the popular `Amul` brand. GCMMF is a major player in India's dairy market, providing a wide range of dairy products like milk, butter, ghee, cheese, and ice cream
- **Karnataka Co-operative Milk Producers Federation Limited (KMF):** It is an important player in Karnataka's dairy sector and operates under the `Nandini` brand, offering milk and milk-based products across the state
- **Orissa State Cooperative Milk Producers Federation Ltd (OMFED):** OMFED plays a vital role in Odisha's dairy sector, providing a diverse range of dairy products such as milk, butter, paneer, and yogurt
- **Maharashtra Rajya Sahakari Dudh Mahasangh Maraydit:** It is commonly referred to as `Mahanand Dairy`. It is a cooperative dedicated to milk production and distribution across Maharashtra
- **Punjab State Cooperative Milk Producers Federation Limited:** It is known for its `Verka` brand. It is a prominent cooperative in Punjab, offering a wide range of products including milk, paneer, butter, and sweets

Private Companies

- **Mother Dairy Fruits & Vegetables Pvt Limited:** A subsidiary of the National Dairy Development Board (NDDB), it is a leading name in India's dairy market, renowned for its wide range of milk, ice cream, and yogurt products
- **Britannia Industries:** It is widely recognized for its dairy offerings, including cheese, butter, and yogurt, alongside its popular bakery products. The company continues to expand its dairy portfolio in India
- **VRS Foods Limited:** It is recognized for its `Paras` brand and is a key player in the Indian dairy market, providing milk, butter, and ghee across multiple states
- **Parag Milk Foods Limited:** Parag Milk Foods is known for its `Gowardhan` and `Pride of Cows` brands. The firm provides a variety of premium dairy products, including milk, ghee, and cheese
- **Nestlé India Limited:** The company is a key player in India's dairy industry, offering a wide range of dairy products, including milk powder, flavored milk, yogurt, and infant formula
- **Sterling Agro Industries Limited:** It is known for its `Nova` brand. The company is a prominent player in the Indian dairy market, offering products like butter, milk powder, and cream
- **Kwality Limited:** Kwality Limited is one of the leading dairy product manufacturers, producing milk, yogurt, butter, and ghee under various brands

Startups in Dairy Industry in India



The Indian dairy startup landscape has transformed with modern platforms surpassing traditional brands like Amul, Mother Dairy, and others through innovative retail channels



Indian dairy-tech startups are addressing long-standing challenges such as poor-quality feed, inadequate animal healthcare, and ineffective disease management



Country Delight, Milkbasket, Sid's Farm, Stellapps, Matratva Dairy, Puresh Daily, Klimom, Whyte Farms, The Milk India Company, Milk Mantra, and Happy Milk are among such upcoming dairy startups in the country



Many startups are leveraging technology such as IoT, AI, and big data to optimize supply chains and improve product quality



The Indian dairy startup ecosystem is vibrant and rapidly evolving, driven by innovation and a commitment to quality. These startups not only contribute to the economy but also play a crucial role in transforming traditional dairy practices into more sustainable and tech-savvy operations

Dairy Industry – Recent developments

- Amul made a significant announcement of investing USD 500 million to expand its processing capabilities and diversify its product offerings in 2023. This investment is aimed at meeting the rising demand for value-added dairy products such as cheese, butter, and flavored milk
- Nestle India launched a new range of organic dairy products in 2022, catering to the growing demand for healthier and environmentally sustainable choices. This range includes organic milk, curd, and ghee, all sourced from certified organic farms
- In 2023, Mother Dairy revealed plans to expand its distribution network by adding 1,000 new retail outlets across India. This expansion is designed to enhance the availability of quality dairy products and solidify its presence in the market
- In 2022, Parag Milk Foods unveiled a series of functional dairy products, including protein-enriched and lactose-free milk, aimed at health-conscious consumers. These products cater to the increasing demand for specialized dairy options that provide additional health benefits
- The Ministry of Cooperation has launched White Revolution 2.0, a strategic initiative to transform the dairy cooperative sector. Its key objectives include:
 - Increasing milk procurement: The goal is to boost procurement by 50% over the next five years, reaching 1,000 lakh kilograms per day by 2029
 - Empowering women farmers: The initiative aims to make women more self-reliant and combat malnutrition through enhanced employment opportunities
 - Strengthening dairy infrastructure: Financial assistance under the National Programme for Dairy Development (NPDD) 2.0 will support village-level milk procurement systems and chilling facilities

Dairy Industry – Financial Ratios

S. No.	Ratios	Unit	2018 - 19	2019 - 20	2020 - 21	2021 - 22	2022 - 23
1	Debt to equity ratio	Times	1.17	1.28	1.39	0.81	0.81
2	Interest Coverage ratio	Times	-	0.85	1.04	2.16	2.53
3	Debt service coverage ratio (DSCR)	Times	0.28	0.29	0.26	0.40	0.39
4	Net Working Capital	Rs. Million	15,871.20	-5,551.50	-8,819.30	16,036.80	19,498.20
5	Current Ratio	Times	1.09	0.97	0.95	1.13	1.14
6	PBDITA as % of total income	%	3.50	4.72	4.42	9.51	4.23
7	PAT as a % of total income	%	-2.16	-0.58	-1.91	5.63	0.99
8	Debtors turnover	Times	18.60	14.04	12.49	17.21	25.76
9	Creditors turnover	Times	14.03	12.46	11.35	13.17	15.89
10	PAT as a % of capital employed	%	-8.80	-1.80	-5.02	16.82	3.23

Source: CMIE.

Dairy Industry – Financial Performance (1/3)

Revenue Growth

- India's dairy sector sales grew at a CAGR of 9.1% between FY19-FY24, driven by increasing demand for value-added dairy products, urbanization, health awareness, and expansion of cold chain networks.
- In FY25, the industry is expected to report robust growth in sales on account of increased consumer demand, improved milk supply and steady milk procurement prices. The consumption of value-added products (VADPs), such as ghee, paneer, butter, curd, yogurt, whey and cheese, is likely to increase significantly, aided by higher income levels and a shift towards branded products. This will support the growth in sales.
- The sector experienced consistent revenue growth, with Amul (GCMMF) experiencing a 11% YoY increase to ₹65,911 crore in FY25, Parag Milk Foods growing 7.7% to ₹31,639 million in FY24, Heritage Foods experiencing a 17.1% surge to ₹37,939 million

Cost Structure

- Raw materials account for around 75% of the total expenses of the dairy industry. Raw material expenses rose by a mere 0.36% in FY24. Raw material expenses are expected to remain low on account of the stabilization in milk procurement costs.

Operating Profit Margin

- Operating profit margin was under pressure in FY23 because of high input costs. It stood at 3.8%. It improved in FY24 to 5% because of better milk procurement management and a product mix skewed towards VADPs. The industry is expected to report improved profitability in FY25 due to stable milk procurement prices.

Net Profit Margin

- The industry's net profit margin improved to 1.7% in FY24 as compared to 1% in FY23. The industry's net profit margin is expected to be moderate due to operating leverage and procurement and processing efficiency. PAT margins are compressed due to competitive pricing, high input cost sensitivity, and limited pricing power in certain segments, with branded and value-added players performing better.

Balance Sheet

- Fixed assets form a significant part due to large-scale processing plants and logistics infrastructure, while value-added dairy product players have expanded their capacity, leading to higher capex. Inventory levels are moderate but rise during procurement season. Debt levels vary, with cooperatives like Amul having low debt due to internal funding and member contributions, and listed private players carrying moderate debt to fund capex and working capital.

Dairy Industry – Financial Performance (2/3)

Debt to Equity Ratio

- The industry's debt-to equity ratio stood at 0.9 times in FY24 and 0.8 times in FY23. The D/E ratio of dairy sector has been stable, indicating prudent borrowing practices. Established dairy companies typically have a conservative capital structure with a debt-to-equity ratio below 1.0. Cooperative dairies and large private players have access to internal accruals, reducing reliance on long-term debt. Newer entrants or expansion-driven firms may have higher leverage temporarily. The outlook is stable due to strong cash flows and moderated capex in the near term

Interest Coverage Ratio

- The industry's interest coverage ratio averaged 2x during FY20 to FY24. This indicates that companies can effectively service their debt using their operating income.

Debt Service Coverage Ratio (DSCR)

- The industry's interest coverage ratio averaged 0.35x during FY20 to FY24. Adequate DSCR ratios indicate healthy earnings and debt servicing ability, with companies with integrated operations and diversified product offerings demonstrating stronger metrics.

Net Working Capital

- Dairy businesses have a positive but tight net working capital trend, with larger players having better vendor credit terms and efficient inventory management systems. However, the sector's working capital intensity increases for players with high value-added products, such as cheese, paneer, and yogurt, due to longer processing and storage requirements.
- The sector operates on a tight working capital cycle due to its perishable nature, daily procurement, and fast-paced processing and distribution requirements. Key elements influencing this cycle include daily milk procurement, rapid processing, short shelf life, high inventory turnover, receivables from institutional buyers and retailers, and seasonal fluctuations in milk availability. Milk procurement requires immediate cash outflow or short credit periods, while processing is quick and short, causing spoilage and increased inventory costs. The high inventory turnover ratio requires tight logistical coordination, while the receivables cycle can be stretched due to credit periods. Seasonal fluctuations in milk availability also impact procurement costs and working capital requirements

Dairy Industry – Financial Performance (3/3)

Current Ratio

- The industry's current ratio averaged 1.1x during FY20 to FY24. This indicates prudent cash management and inventory practices.

Debtors Turnover Ratio

- The industry's debtors turnover ratio averaged 19.4x during FY20 to FY24. The sector typically experiences quick realization of receivables, particularly in the B2C segment, with longer cycles in B2B or institutional sales. Strong debtor turnover is attributed to efficient collection practices and limited credit sales.

Creditors Turnover Ratio

- The industry's creditors turnover ratio averaged 13.5x during FY20 to FY24. Companies pay milk farmers and vendors promptly, while packaging and feed suppliers have slightly longer credit periods, which helps manage cash flow in the sector.

PAT as a % of Capital Employed

- The return on capital employed (ROCE) in the sector averaged 1.6% during FY20 to FY24.

The Indian dairy sector is stable, with strong liquidity and moderate profitability. Risks include high input cost sensitivity, competitive pricing, and demand cyclicality in certain regions. Opportunities include margin expansion through value-added products, supply chain digitization, and rural distribution.

Dairy Industry – Financial Performance of Industry Players

S. No.	Company	Net Sales (Rs. Million)*	Net Profit (Rs. Million)*	Operating Profit (Rs Million)*	Debt-to-equity *
1	Mother Dairy Fruit & Vegetables Pvt. Ltd.	152,048.50	1,062.70	3,538.30	3.12
2	Hatsun Agro Product Ltd.	79,904.00	2,672.90	9,220.60	1.72
3	Parag Milk Foods Ltd.	32,514.00	919.40	2,242.30	0.62
4	Heritage Foods Ltd.	38,756.70	910.40	1,967.70	0.16
5	Dodla Dairy Ltd.	29,069.00	1,538.80	2,726.70	0.01
6	Schreiber Dynamix Dairies Pvt. Ltd.	21,653.90	611.70	1,790.40	0.06
7	Milky Mist Dairy Food Pvt. Ltd.	18,875.20	194.60	2,235.90	5.20
8	Sri Vijaya Visakha Milk Producers Co. Ltd.	17,130.60	-108.10	41.30	-
9	Creamline Dairy Products Ltd.	16,293.30	77.90	671.30	2.08
10	Devyani Food Inds. Ltd.	8,163.90	-685.10	280.10	2.07

*Note: Data as of FY 2024.

Market Share of Companies - Milk Powder and Condensed Milk

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Indapur Dairy & Milk Products Ltd.	5.33	1.52	1.3	14.39	16.68	15.6
Sterling Agro Inds. Ltd.	3.32	6.22	20.24	17.26	16.67	12.38
Schreiber Dynamix Dairies Pvt. Ltd.	4.2	7.92	7.29	8.06	5.18	11.22
Nature Delight Dairy & Dairy Products Pvt. Ltd.						5.95
Sunfresh Agro Inds. Pvt. Ltd.	5.74	11.9	12.59	10.02	10.31	5.92
Bhole Baba Milk Food Inds. (Dholpur) Pvt. Ltd.	1.6	3.23	5.52	1.79	3.9	3.33
Parag Milk Foods Ltd.	-	-	-	-	3.55	2.62
Tirumala Milk Products Pvt. Ltd.	-	-	-	3.81	3.48	2
Markandeshwar Food & Allied Product Ltd.	1.42	2	5.02	2.28	2.25	1.67
Govind Milk & Milk Products Pvt. Ltd.	0.78	-	-	-	1.78	1.5
Umang Dairies Ltd.	1.51	2.55	2.57	2.59	1.8	1.48
Bhole Baba Milk Food Inds. Ltd.	1.07	1.98	3	1.86	1.72	1.33
S M C Foods Ltd.	-	-	-	-	-	1.09
Narayan Agro Foods Ltd.	0.49	1.14	1.31	0.8	0.93	0.71
Shri Dutt India Pvt. Ltd.			0.23	0.25	0.37	0.19
S R Thorat Milk Products Pvt. Ltd.	0.34	0.8	0.58	0.18	0.19	0.04
Continental Milkose (India) Ltd.	0.16	0.39	-	-	-	0.02
Heritage Foods Ltd.	0.03	0.01	0	0.01	0	0
Kwality Ltd.	41.52	23.73	1.41	1.03	0.35	0
Param Dairy Ltd.	0.45	0.87	1.56	1.03	1.67	-

Market Share of Companies - Butter, Ghee and Other Fats from Milk

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Parag Milk Foods Ltd.					7.75	8.15
Bhole Baba Milk Food Inds. Ltd.	5.55	5.56	5.45	4.22	5.34	7.51
Anik Milk Products Pvt. Ltd.	5.09	4.18	8.78	8.61	8.52	6.95
G R B Dairy Foods Pvt. Ltd.	6.41	6.45	6.53	7.63	8.18	5.79
Bhole Baba Milk Food Inds. (Dholpur) Pvt. Ltd.	1.33	4.02	3.35	5.89	3.18	4.08
Milkfood Ltd.	7.73	8.41	7.33	4.69	3.94	4.06
S M C Foods Ltd.	-	-	-	-	-	3.74
Manorama Industries Ltd.	-	-	1.17	2.35	3.58	3.18
Govind Milk & Milk Products Pvt. Ltd.	2.25	-	-	-	2.44	2.19
Milky Mist Dairy Food Pvt. Ltd.		-	-	2.01	1.84	1.93
Heritage Foods Ltd.	4.74	3.33	1.95	1.9	1.81	1.37
Sundarbans Food Products (India) Pvt. Ltd.	0.92	0.99	1.5	1.47	1.69	1.19
Virat Crane Inds. Ltd.	1.6	1.38	1.16	1.11	1.24	1.13
Sri Vijaya Visakha Milk Producers Co. Ltd.	1.2	1.56	1.16	1.18	1.52	0.94
Modern Dairies Ltd.	1.55	1.38	-	-	0.44	0.6
Markandeshwar Food & Allied Product Ltd.		1.02	1.39	0.76	0.55	0.54
Gits Food Products Pvt. Ltd.	2.83	2.72	0.35	0.35	-	0.38
Shri Dutt India Pvt. Ltd.		-	0.27	0.28	0.45	0.33
V R B Consumer Products Pvt. Ltd.	0.07	0.14	-	-	-	0.24
Jhandewalas Foods Ltd.	3.25	2.5	0.65	0.38	0.43	0.11

Market Share of Companies - Ice-creams

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Havmor Ice Cream Pvt. Ltd.	10.72	11.41	11.87	13.53	14.02	12.83
Vadilal Industries Ltd.	11.54	10.21	10.3	11.23	11.32	11.86
Devyani Food Inds. Ltd.	11.33	10.06	9.79	9.86	9.54	9.54
Dinshaw's Dairy Foods Pvt. Ltd.	6.2	5.22	5.06	4.11	4.16	4.7
Ramani Icecream Co. Ltd.	4.39	3.94	3.71	3.13	2.85	2.86
Graviss Foods Pvt. Ltd.	2.56	3.02	2.74	2.75	3.19	2.78
Kamaths Ourtimes Icecreams Pvt. Ltd.	2.89	3.2	3.36	2.94	3.51	2.23
Kreem Foods Pvt. Ltd.	0.97	1.7	1.77	1.26	1.24	1.65
Vadilal Dairy Intl. Ltd.	0.97	0.94	0.76	0.33	0.38	0.38
K S E Ltd.	0.22	0.22	0.21	0.25	0.29	0.27
Combined Foods Pvt. Ltd.	-	-	-	-	0.12	0.24
Snofield Foods Pvt. Ltd.	0.3	0.03	0.39	0.33	0.27	0.24
Kaira Can Co. Ltd.	0.29	0.31	0.28	0.23	0.25	0.21
Sri Vijaya Visakha Milk Producers Co. Ltd.	0.01	0.02	0.07	0.1	0.08	0.07
Green Valley Food Processors Pvt. Ltd.	-	-	0.05	0.05	0.05	0.05
Natural Sugar & Allied Inds. Ltd.	0	0.02	0.04	0.06	0.05	0.04
Sheetal Cool Products Ltd.	1.2	3.47	3.2	3.69	2.49	-
Kawre Ice Creams Pvt. Ltd.	0.16	0.13	0.11	0.07	0.04	-
Satish Sugars Ltd.	-	-	-	-	0	-
Warana Dairy & Agro Inds. Ltd.	0.31	0.32	0.24	0.38	-	-

Trends in dairy sector

Increasing Population

- As the population grows, the demand for dairy products increases, resulting in a larger consumer base.
- Rising incomes allow more individuals to afford nutritious foods, with dairy continuing to be a staple in Indian diets.

Rising Disposable Incomes

- Economic growth has led to higher disposable incomes, enabling consumers to spend more on diverse and premium dairy products. This trend is particularly evident in urban areas where packaged and processed dairy products are becoming more popular.

Health Consciousness

- Consumers are increasingly seeking out dairy products for their nutritional benefits, such as protein and essential vitamins.
- This shift has led to a rise in demand for value-added products like flavored yogurts, fortified milk, and probiotic drinks

Evolving Distribution network

- New dairy startups are capitalizing on subscription models, home delivery services, and digital supply chains to provide fresh, high-quality products, catering to the increasing consumer demand for convenience. These startups typically focus on premium, organic, or specialized dairy offerings, distinguishing themselves from traditional retail alternatives.

Dairy Industry – Challenges & Opportunities

Challenges



Prevalence of the Unorganized Sector: The unorganized sector handles most milk processing, with under 18% managed by government, private, and cooperative sectors. A key challenge for dairy producers is the lack of a stable, profitable market.



High Production Costs: High dairy production costs—mainly for feed, labor, and energy—pose a major challenge. According to the National Dairy Development Board (NDDB), feed alone makes up 60% of total expenses. Price volatility and labor shortages further reduce farmers' profitability.



Lack of Cold Chain Infrastructure: Poor cold chain infrastructure leads to significant post-harvest losses and compromises dairy quality, limiting market growth.

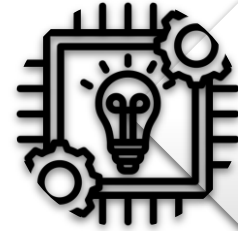


Fragmented Supply Chain: India's dairy supply chain is fragmented, with 80% of farmers owning fewer than five cows, according to the Food and Agriculture Organization (FAO). This causes inefficiencies in milk collection, processing, and distribution, impacting overall productivity.

Opportunities



Increasing health awareness: Rising awareness of dairy's health benefits is boosting demand. India's per capita milk consumption grew by 15% from 2018 to 2023, according to the National Institute of Nutrition.



Technological Advancements: Advances in processing and cold chain logistics are enhancing dairy quality and shelf life.



Rise of Functional Dairy Products: Demand for functional dairy products like fortified milk and probiotic yogurt is rising as health-conscious consumers seek nutrient-rich options.



Increasing demand for organic and A2 milk: Demand for organic and A2 milk is growing due to health perceptions. The organic milk market is expected to grow 20% annually, while A2 milk gains popularity for its easier digestion.

Risks in Dairy Industry

Climate Changes

Climate variability significantly affects dairy farming practices in India. Changes in weather patterns can impact feed availability and quality, leading to nutritional deficiencies among dairy cattle. Furthermore, limited grazing land due to industrial expansion exacerbates feed shortages.

Disease Outbreak

Frequent outbreaks of diseases such as Foot and Mouth Disease and Lumpy Skin Disease severely impact livestock health and productivity. For instance, Lumpy Skin Disease has led to a reduction in milk production by 3 to 4 lakh liters per day in affected areas like Rajasthan. These diseases also contribute to increased mortality rates among dairy animals.

Hygiene and Quality Control

Poor hygiene practices in milking parlors and cattle sheds lead to quality deterioration of milk products, increasing the risk of contamination and reducing consumer confidence. Ensuring proper sanitation is vital for maintaining product quality.

Fragmented Supply Chain

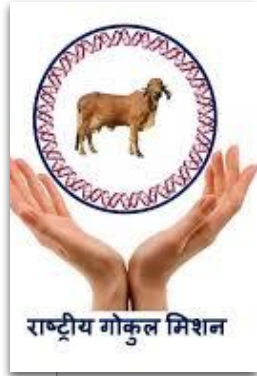
The dairy sector faces significant challenges in maintaining both quality and quantity within its diverse supply base. Due to the perishable nature of dairy products, the industry requires more complex supply chain operations and logistics to ensure freshness and safety.

Unorganized nature of the sector

The dairy sector in India remains largely unorganized, which results in minimal technological adoption and high wastage rates. This lack of organization also contributes to inconsistent product quality and market access for small farmers

Government initiatives to promote dairy industry

The government has implemented various initiatives to promote the growth of the dairy industry in India. Some of the key measures taken to enhance opportunities in the dairy sector include:



Rashtriya Gokul Mission: It is aimed at enhancing the genetic quality of indigenous cattle, this program has led to increased milk production across millions of animals. It employs advanced breeding techniques, including In-Vitro Fertilization (IVF) and Sex-Sorted Semen, to improve herd quality and efficiency in breeding programs.



National Livestock Mission: This initiative promotes the cultivation of high-quality fodder and focuses on disease prevention and control, particularly for diseases like Foot and Mouth Disease and Brucellosis, which adversely affect milk production.



Dairy Entrepreneurship Development Scheme (DEDS): This scheme aims to modernize and create world-class infrastructure for dairy production and processing. The fund provides financial assistance to dairy cooperatives and private dairy players for developing cold chain infrastructure, establishing new processing plants, and improving existing facilities.



National Programme for Dairy Development (NPDD): The NPDD aims to enhance the quality of milk and increase organized milk procurement. It involves creating infrastructure for quality testing and chilling facilities for dairy cooperatives. The program is supported by international funding, including assistance from the Japan International Cooperation Agency (JICA), focusing initially on states like Uttar Pradesh and Bihar.

Outlook

Set for continued growth

- India is currently the biggest producer of milk and one of the world's largest exporters of dairy products. The rising trend of utilizing functional dairy products like vitamins & minerals-fortified milk among health enthusiasts influences the market growth.

High demand for milk

- The dairy industry has been recognized as one of the dynamic sectors in the Indian agricultural industry and has witnessed phenomenal growth in its production and consumption in the last 15 years. Milk is in high demand in Indian households due to its perception as a wholesome food, driving the growth of the market.

Growing middle class population

- A large and expanding middle class, combined with a preference for fresh, locally sourced dairy products, ensures a steady demand for milk and other dairy items.

Increase in demand for value-added products

- The demand for milk will be aided by the increasing consumption of value-added products. The demand for value-added dairy products such as flavored milk, yogurt, cheese, and ice cream is increasing, driven by changing consumer preferences for convenience and variety.

Technological Innovations

- Innovations in dairy farming, processing, and packaging technologies are expected to improve efficiency, product quality, and shelf life, contributing to the market growth of the dairy industry.

Sustainability and innovation

- India's dairy industry is poised for growth, with opportunities for both traditional and innovative dairy products as well as increased focus on quality and sustainability.

Government initiatives

- Government initiatives to support dairy farming, improve infrastructure, and enhance milk production are likely to provide a stable foundation for continued industry growth.

** Views are personal*

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