REPORT ON
DAIRY PRODUCTS MARKET IN INDIA

BIG STRATEGIC MANAGEMENT CONSULTANTS

3, Hindustan Kohinoor Complex, L B S Marg, Vikhroli (W), Mumbai, India
Tel: 022 67427821-29 Fax 022 67427826

P.O. Box 29815, Dubai, United Arab Emirates.
Tel 00971-4-431 5672 Fax 00971-4-431 5673 URL: www.big-consultants.com

Mazustegui 21- 2a Entreplanta Izquierda, 47806, Bilbao Vizcaya, Spain
CONTENTS

1. Indian Economic Overview

2. Packaged Food Overview

3. Understanding Dairy Products

4. Major Players in Dairy Products Industry

5. About BIG Strategic Management Consultants
India is among the top 15 countries in the global economy in terms of GDP at current prices.

**INDIAN ECONOMIC SCENARIO**

![GDP SCENARIO Graph]

- After several consecutive years of strong growth, the world economy entered into the worst recession which started in third quarter of 2008.
- All the advanced economies faced deep economic crisis, as the world GDP dropped by 1.3% in 2009.
- The signs of recovery shall be visible from fourth quarter of 2010.
- The Indian economy which has also been impacted by the global turmoil, posted a growth of 5.4% in FY 2009.

Source: International Monetary Fund (IMF)
## CONTENTS

1. **Indian Economic Overview**

2. **Packaged Food Overview**

3. **Understanding Dairy Products**

4. **Major Players in Dairy Products Industry**

5. **About BIG Strategic Management Consultants**
The dairy exports in 2007–08 rose to US$ 210.5 million against US$ 113.57 last fiscal

UNDERSTANDING PACKAGED FOOD

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Sauces, Dressings and Condiment</td>
<td>Ketchups, Pickles, Mayonnaise, Spreads, Salad Dressings, Jams, Syrups and Cordials.</td>
</tr>
<tr>
<td>II. Dairy Products</td>
<td>Yogurt, Plain and Flavored Milk, Butter, Cheese, Ice Cream, Buttermilk, Pudding.</td>
</tr>
<tr>
<td>III. Bakery Goods</td>
<td>Breads, Cakes, Croissants, Cookies, Bakery Snacks, Sandwiches</td>
</tr>
<tr>
<td>IV. Soup and canned food</td>
<td>Soups, Baked Beans, Fruits and Vegetables, Sweets, Canned Meat, Pulps</td>
</tr>
<tr>
<td>V. Snacks and Candy</td>
<td>Wafers, Chocolates and Confectionaries, Namkeens</td>
</tr>
<tr>
<td>VI. Processed and Ready to eat Meals</td>
<td>Vegetable and Curry Meals, Rice, Cup Noodles, Cooked Noodles and Pastas</td>
</tr>
</tbody>
</table>
CONTENTS

1. Indian Economic Overview

2. Packaged Food Overview

3. Understanding Dairy Products

4. Major Players in Dairy Products Industry

5. About BIG Strategic Management Consultants
World milk production in 2009 was 701 million tonnes, or an increase of just over one per cent, with production growing faster in developing countries than in developed countries.

DAIRY PRODUCTS SHARE IN THE GLOBAL FOOD MARKET (2009)

The size of the global processed-food market is estimated at US$ 3.2 trillion and nearly 80 per cent of agricultural products in the developed countries get processed and packaged.

As nations such as China, India, Brazil and Russia become wealthier, they are changing their eating habits resulting in an increase in consumption of Dairy products. World milk production in 2009 should reach 701 million tonnes.
India's national dairy plan contains a proposed spend of Rs. 173 billion to increase the country's milk production to meet the projected demand of 180 million tonnes by 2021-22.

The industry is growing at 3.8% over the past two-three years. The top ten milk producing states of Uttar Pradesh, Rajasthan, Punjab, Andhra Pradesh, Gujarat, Maharashtra, Madhya Pradesh, Bihar, Tamil Nadu, and Haryana account for more than 80 percent of India's milk production.

Almost 46 per cent of milk produced in India is consumed as liquid milk and only 15 per cent of milk is processed and packed.
The urban population accounts for major cheese consumption in India. Taken together, the four metropolitan cities viz., Delhi, Mumbai, Chennai and Kolkata consume over 60% of the total cheese sold in India.

**INDIAN DAIRY PRODUCT MARKET**

- **The Indian Cheese market has been growing at 10% over the past couple of years.**

- India is one of the fastest growing markets for cheese with a total consumption of about 7,000 tons a year.
- Top players of branded cheese manufacturing in India include Amul, Britannia, Le Bon, Mother Dairy and others.
- During the last few years, the Indian cheese market has grown steadily at 15 to 20 per cent per annum.
The Indian ice cream industry is currently estimated to be worth Rs. 2,100 crores, growing at a rate of approximately 12%.

The ice cream market in India can be divided into: the branded market and the grey market. The branded market at present is 100 million litters per annum valued at Rs. 800 crores. The grey market consists of small local players and cottage industry players.

- The per capita consumption of ice cream in India is approximately 300 ml, as against the world average of 2.3 litters per annum.
- Vanilla, Strawberry and Chocolate together constitute approximately 60% of the market.

Source: Intecos – cier’s Market Forecast and Indicators
Excise duty on ready to eat packaged foods and instant food mixes has been brought down to 8 per cent from 16 per cent.

**GROWTH DRIVERS FOR MILK & DAIRY PRODUCTS IN INDIA**

**POTENTIAL TO CONSUME:**
As a developing nation with a healthy growth in per capita income, unlike in the developed world, there is an increasing acceptance of milk and milk products in India. This potential can only increase with the rise in disposable income levels, increasing urbanisation and distribution levels.

**STRONG CO-OPERATIVE EFFORTS:**
With support from the government, the Co-operative movement is gaining strength in the country. This has lead to better prices for farmers and a more organised method of collection, processing and distribution. Many private sector players have now entered the business and their efforts will only help to market, distribute and popularise the consumption of milk and milk products.

**POTENTIAL TO STORE:**
The government plans to open 30 mega Food Parks and many Cold Storage by the end of the 11th five year plan (2007-2012).

**SURGE IN RETAIL TREND:**
The arrival of food multinationals, rising popularity of quick-service restaurants, modern retail trade and technological advancements
CONTENTS

1. Indian Economic Overview

2. Packaged Food Overview

3. Understanding Dairy Products

4. Major Players in Dairy Products Industry

5. About BIG Strategic Management Consultants
Recognising the growth potential of the branded health food sector in India, fast moving consumer goods (FMCG) majors are foraying into this sector in a big way.

### COMPETITION ANALYSIS

The industry is mainly unorganized with 75% of the processing units belonging to the unorganised category, the organised category though small, is growing fast.

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Name</th>
<th>Sales Turnover 2008-09 (Rs. crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amul</td>
<td>6,705</td>
</tr>
<tr>
<td>2</td>
<td>National Dairy Development Board</td>
<td>3,200</td>
</tr>
<tr>
<td>3</td>
<td>Britannia</td>
<td>2,738</td>
</tr>
<tr>
<td>4</td>
<td>Vijaya</td>
<td>2,500</td>
</tr>
<tr>
<td>5</td>
<td>Nestle India Dairy Products</td>
<td>2,311</td>
</tr>
<tr>
<td>6</td>
<td>Gowardhan Heritage</td>
<td>320</td>
</tr>
<tr>
<td>7</td>
<td>Kraft</td>
<td>233</td>
</tr>
<tr>
<td>8</td>
<td>Vadilal Group</td>
<td>189</td>
</tr>
</tbody>
</table>

The other Prominent companies in India are Vijaya, Verka, Fromageries Bel, Dabur
CONTENTS

1. Indian Economic Overview

2. Packaged Food Overview

3. Understanding Dairy Products

4. Major Players in Dairy Products Industry

5. About BIG Strategic Management Consultants
Foundation
➢ BIG Strategic Management Consultants, established in 2008, is a fusion of the vast experience of industry veterans and its synergy with the young blood, which blends to give superior consulting services to both domestic and international clients in fields as diverse as strategic consulting, technology consulting, financial consulting, market research and analysis, feasibility studies and manpower planning.

Our Goal
➢ To exceed the expectations of every client by providing outstanding services which are timely, accurate and innovative.

Our Associates
➢ Are distinguished by their functional and technical expertise along with their hands-on experience, thereby rendering the most effective and professional service.

Our Services help clients
➢ Define new areas of businesses.
➢ Give a competitive edge to current and new businesses.
➢ Service with inventive business solutions which are realistic and achievable.
OUR SERVICES

- The regional exposure has a reach in Asia-Pacific, Middle East and Europe.
- The various industries covered by the panel are divided into 3 different sectors covering the various industries as mentioned below.

A - Government Departments and Organizations
(Policy Formulations, Organization Redesign, Impact Assessment Studies)

B – Manufacturing Industry
(Automotive, Chemicals, Consumer Goods, Food & Beverage, Pharmaceuticals, Textiles, Cement, Building Materials)

C - Service Industry
(Advertising, Financial Services, Banking & Insurance, Media and Telecom, Healthcare, Hospitality, Transportation & Logistics, Travel & Tourism, Aviation, Shipping)

D – Miscellaneous Industry
(Agriculture, Construction and Real Estate, Power and Water, Oil and Gas, Infrastructure)
HOW CAN HELP?

- Assessment of the Current Dairy Product Market in India.
- Market Research for foraying into new Product and Demand Assessment for the same.
- Competitive Positioning, Branding and Acquiring Market Share
- Strategy Formulation for Entering New Segments and Portfolio Expansion

GROWTH

IDENTIFICATION & VALUATION STUDIES
Thank You