

## Milking opportunities: Dairy players churn growth beyond geographies, and milk

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Industry players and analysts see a shift as value-added products will drive profitability

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Companies have also expanded their presence in newer markets and categories. | Photo Credit: THOMAS WHITE

The organised dairy market in India has been witnessing significant activity recently, with players exploring new markets and diversifying product categories to strengthen their presence.

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### Expansion mode on, value-added products drive margins

Industry experts emphasise that while milk ensures market penetration, higher margins come from value-added products.

Shilpa Maheshwari, Managing Director, Strategy and Finance, Aavishkaar Group explains, “Milk is just a ‘leg in the door’. Volumes and topline revenue come from milk, but margins are thin. Real profitability lies in value-added products like curd, and others. The key to growth is how quickly companies innovate and expand their product portfolios to attract a broader consumer base.”

Echoing this, Shashi Kumar, CEO and Co-founder of Akshayakalpa Organic, notes that fixed consumption patterns push companies to innovate. “Real growth will come from expanding product portfolios beyond basic dairy.”

This trend is evident in the rise of health-focused dairy offerings. Rajat Diwaker, CEO (India) of iD Fresh Foods, points to the increasing demand for protein-rich dairy products.

Similarly, Hyderabad-based Heritage Foods has launched probiotic buttermilk, and probiotic curd, according to Srideep Nair Kesavan, CEO, Heritage Foods.

Harish Bijoor, a business and brand strategy expert, predicts an intensifying battle in this space, “The players who dominate the protein battle will win the war. Geography is history for dairy brands, as we will see more players entering newer markets.”

Companies have also expanded their presence in newer markets and categories.

Amul has entered the US, and Europe market, Nandini has expanded into Delhi, and Hatsun Agro Product Ltd (HAP) has acquired Odisha-based dairy start-up Milk Mantra for ₹233 crore (\$27.5 million). While Mother Dairy has entered the batter market, with idly and dosa batter, under ‘Safal’.

Maheshwari also noted the vast potential for organised players to gain market share, as a significant portion of the population is still served by the unorganised sector.

However, achieving this is no easy feat, says Ambi Parameswaran, a branding veteran. He adds, “Amul has been diligently building its brand for four decades, yet in smaller towns, the local doodhwala (milkman) continues to dominate.”

### **Consolidation to continue**

Maheshwari expects continued consolidation in the sector, noting that Aavishkaar has already received inward interest from other companies.

While demand is growing, dairy production in India has been facing a slowdown. Akshayakalpa CEO, highlighted a concerning trend, “We used to see dairy production grow at around 6 percent, but recent projections estimate it at just 3- 3.5 per cent. This decline is creating pressure across the industry, including for giants like Amul.”

Amul, known for its stronghold in Gujarat, Madhya Pradesh, and Uttar Pradesh, has had to expand its procurement networks due to slowing production in its traditional strongholds. Kumar notes that this shift in strategy is a key indicator of evolving market dynamics.

In addition, he observed that going forward, upstream integration will become critical. “In 10- 15 years, factors such as how much milk is produced, at what cost, who produces it, and the overall volume will be tightly controlled. This will define the competitive advantage of dairy players.”

**Source:** <https://www.thehindubusinessline.com/news/milking-opportunities-dairy-players-churn-growth-beyond-geographies-and-milk/article69266945.ece>