

“We are working to achieve growth of 18% this fiscal”

Monday, 02 November, 2015, 08 : 00 AM [IST]

(Interview)



Amul, one of the leading manufacturers of dairy products, has pioneered milk processing in India. The company has captured the dairy and dairy products market with its wide range of products - pasteurised milk, ghee, butter, cheese, ice cream and more. Gujarat-based company Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF) has been conducting the operations in procuring and processing milk and selling under its brand name Amul. **R S Sodhi**, managing director, Amul, in a telecon with **Pushkar Oak** talks about the brand, the business, the growth, the challenges and more. *Excerpts:*

What is the current status of the dairy industry in regards to market production in volume and value?

The current dairy industry is around 145 million tonne and will experience growth in the coming years. The Indian dairy industry accounts for Rs 4 lakh crore plus approximately. The industry has only 17% of organised business.

Tell us about the status of the imports and exports in the dairy sector in India.

India is the world's largest milk producer. India's exports are highly concentrated in skimmed milk powder (SMP), milk derived proteins - casein and ghee contributing close to 45%, 30% and 15% of our total dairy exports respectively. But the exports are not up to the mark. India has a huge potential to tap the growing demand in the dairy segment with the much-needed support infrastructure which is undertaken recently by the new government.

The main reason for losing our exports is the commodity market crash.

Amul is said to be investing Rs 250 crore in a dairy processing plant at Sankrail Food Park. How far has the set up completed?

Amul has been allotted 16.15 acre of land at Food Park Phase III in West Bengal. We will be setting up a fully automated dairy unit for production of milk and other dairy products. We have proposed to invest 190 crore for the project.

According to you, how beneficial is the food parks concept to the dairy industry in India?

Yes, definitely, it is a very significant concept and will add up to the growth of Indian economy as well. India is growing, cashing in on its potential with the development of food parks, which allows all-at-one-place approach.

What are your expansion/ acquisition plans for the next five years?

We usually invest in our businesses for improvements, additions and expansions. We invest

around Rs 800 to 1,000 crore regularly after every two or three years.

We are coming up with new dairy plants in Faridabad, Kanpur, Lucknow and Kolkata. Our mega cheese plant near Palanpur is in its completion stage.

How crucial is the role of effective cold storage mechanism? How can issue of wastage/spoilage in milk be addressed?

Cold storages are very important. Cold chains provide an opportunity to increase the production of perishable products and ensure whatever is produced can be kept and stored safely. Suppose, if there are processed products of milk, the shelf life of those products can be increased with the usage of such cold storages in the key areas where there is a good transport connectivity.

Supply chain is ineffective if it does not possess a proper cold storage mechanism in place. Cold storages can prove beneficial in eradicating the wastage or reduce it. Cold storage gives an extended shelf life to the perishable products.

How and in what way will the Indo-Russian dairy protocol benefit the dairy industry in India?

It will enable India to get competitive rates. It will develop an opportunity to avail good rates to our farmers. The competition will lead to more growth.

Are you planning to introduce anything new in view of consumer demand in the market?

Yes, Amul is coming up with varieties in ice creams and we are coming up with products in small pack sizes. These small packs are introduced looking at the recent trends in packaging innovation. Similar other products in the market have shown a good response. Everything now is sold in small packets for example: cheese cubes and cheese slices. Also the transition of shampoos from bottles to sachets was very successful in consumer market.

What was Amul's turnover last year and your expectations from this year? How much is the share in the Indian market?

Amul had a turnover of around Rs 20,733 crore last year. We are working ahead to achieve a growth of 18% in this fiscal. Also we are working on increasing our milk procurement by around 13% by this year.

What are your plans in the new fiscal?

We will be looking ahead for more penetration in the markets of cheese as mentioned earlier we have a mega cheese plant. Cheese segment is growing in the market, but paneer, a form of cheese, is more liked by Indian consumers.