



GUJARAT CO-OPERATIVE MILK MARKETING FEDERATION LIMITED

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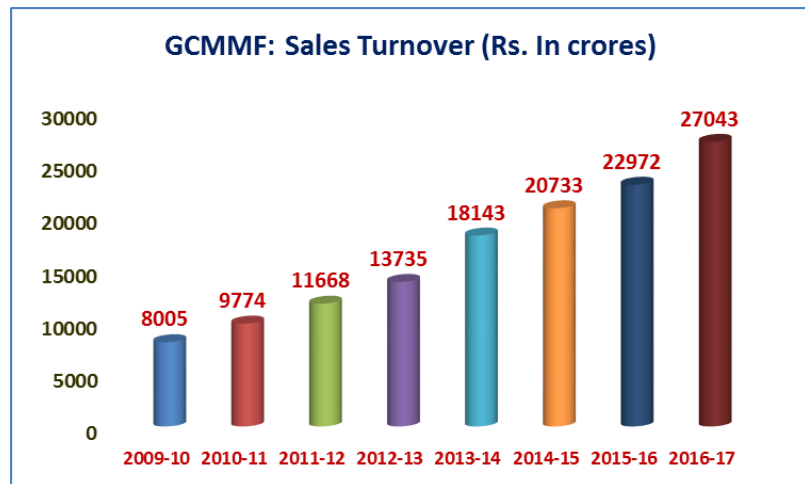
AMUL SUCCESSFULLY QUADRUPLES FARMER'S INCOME IN SEVEN YEARS

Date: 15th June 2017

Gujarat Cooperative Milk Marketing Federation Ltd (GCMMF), which markets the popular Amul brand of milk and dairy products, has successfully quadrupled the income of its dairy farmers in last seven years, demonstrating the efficacy of Amul model in exceeding our national goal of doubling farmer's income in six years. During the last seven years, Amul's milk procurement prices to its farmer-members more than doubled from Rs. 24.30 per litre for buffalo milk (Rs. 337 per kg fat) in 2009-10 to Rs. 49 per litre (Rs. 680 per kg fat) in 2016-17. Since the cooperative's total milk procurement also doubled during this period, from 90.9 lakh litres per day to 176.5 lakh litres per day, this effectively increased the income of its dairy farmers, four-fold in the last seven years.

Turnover of GCMMF has registered quantum growth of 238% in last seven years, which implies an impressive cumulative average growth rate (CAGR) of 19% during this period. The mantra of rapid expansion had yielded rich dividends with the GCMMF's sales turnover increasing 3.5 times, from Rs. 8,005 crore in 2009-10 to Rs. 27,043 crore in 2016-17.

Results of the apex body of dairy cooperatives in Gujarat were declared on 15th June 2017, in the 43rd Annual General Meeting of GCMMF. In fact, the group turnover of GCMMF and its constituent Member Unions, representing



unduplicated turnover of all products sold under Amul brand was Rs. 38,000 crores or US\$ 6 Billion. GCMMF aims to achieve a business turnover of Rs. 50,000 crore and become the largest FMCG organization in India by 2020-21. In the long-term, Amul claims to establish itself as the largest dairy organization in the world, rising up from its current ranking of thirteenth largest dairy organization to number one.





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Shri Jethabhai Patel, Chairman, GCMMF, emphasized the fact that “during the last seven years, our milk procurement has witnessed a phenomenal increase of 96%. This enormous growth was a result of the high milk procurement price paid to our farmer-members which has increased by 102% in this period. This highly remunerative price has helped us retain the farmers’ interest in milk production. Better returns from dairying have motivated them to enhance their investments in increasing milk production.”

The chairman added “the drive towards digital and cashless payments, which received a huge boost thanks to Government of India’s demonetization initiative, has brought about significant benefits to our farmers in rural Gujarat. We have actively helped our farmer-members to open bank accounts and have linked an additional 13 lakh farmers’ bank accounts to our system. Now, milk payments are cashless and directly transferred into their bank accounts.”

The Vice-Chairman of GCMMF, Shri Jethabhai Bharwad, explained in detail “our digitalization drive has brought in complete transparency in payment to milk producer members. Farmer-members are aware of the exact amount due to them and the rationale behind the same. Payments going directly into their bank accounts also helps inculcate the savings habit in them. The need for an active bank account has brought large number of the Amul family farmer households directly into the formal banking network. Automated Milk Collection Systems installed at village dairy cooperative societies have now been linked through common online software applications. This helps to further enhance transparency among producer members using digital technology”.

Shri R S Sodhi, Managing Director, GCMMF, emphasized that Amul’s success has been driven by its ‘3E’ mantra – Rapid expansion in milk procurement, rapid expansion in manufacturing facilities and rapid expansion in marketing & distribution network. He added “we have significantly enhanced our production capacities for major dairy products during the last three years. During this period, we set up several new dairy plants including new dairy factories at Faridabad, Rohtak, Lucknow, Kanpur, Amreli and Kutch. Our new Cheese factory at Palanpur in Gujarat’s Bansakantha district was inaugurated, by our Hon Prime Minister, Shri Narendra Modi, in December 2016. This has led to a three-fold increase in our Cheese manufacturing capacity. Our new dairy plants at Taloja in Maharashtra, Kolkata, Surendranagar and Ahmedabad are in various stages of construction and will further add to our capacities, when commissioned. The processing capacity of our AmulFed dairy at Gandhinagar is being enhanced from 35 lakh litres per day to 50 lakh litres per day. We are also





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enhancing our milk powder manufacturing capacity with a new factory of 150 MT per day production capacity coming up at Gandhinagar, along with another new milk powder plant at Himmatnagar. We are also putting into effect significant capacity expansions for Chocolates and Paneer”.

Shri Sodhi said “We have simultaneously enhanced our distribution footprint by adding 15 new Branch Offices in recent years and expanding our network of distributors, super-stockists and sub-stockists to reach millions of retail shops across the country. We have added another 1,250 distributors during the year. We have also further strengthened our rural reach with 181 Super-stockists covering 3,600 interior markets. Using information technology, our common distributor management software application seamlessly integrates all our distributors into our business, enabling us to track and thereby enhance shop-wise sales, across the country. This year, we leveraged heavily on our technological capabilities and data analytics to enhance communication with our channel partners and expand our distribution reach”. “Product innovation has always been part of our DNA and has inspired us to launch more than 50 new products in the market during the last three years”, added the Managing Director.

