

The Economic Times

Vishal Dutta & Shramana Ganguly Mehta, ET Bureau Feb 11, 2013, 11.57AM IST

Private dairies grow steady in Amul's backyard

AHMEDABAD: Regional milk producers like Vimal Dairy, [Jain Dairy](#) and Flourish Pure Foods are expanding in a state largely dominated by \$2.5-billion Gujarat Co-operative Milk Federation-owned [Amul](#) brand, offering product categories similar to the market leader's.

"They (small players) are eying for investors' attention and finally an IPO. Hence, the focus on scale and presence in various markets," GCMMF GM (planning & marketing) Jayen Mehta said.

Amul's might in the region notwithstanding, home-grown Jain Dairy recently opened its second outlet in Ahmedabad. From a single outlet in the city in 1988, the dairy has come a long way, extending its network across other towns in the state like Nadiad, Anand, Baroda, Bharuch, Surat, Bhavnagar, Junagadh, Rajkot and Gandhidham. It has even ventured outside the state like Pune, Chennai, Udaipur and Jaipur.

Nishit Shah, one of the partners at Jain Dairy said, "We are growing slowly as a supplier of dairy products." Handling 20,000 litres of milk per day, the company's product basket consists of butter milk, cottage cheese, mozzarella cheese to nachos cheese.

Yet another dairy company, Flourish Purefoods, owned and run by the ex-director of Claris Lifesciences, Sushil Handa, has recently entered the dairy market with pouched milk. Its Flourish brand of dairy products sells in Ahmedabad market. Now, the company plans further growth in the milk segment, traditionally dominated by Amul. Flourish plans to offer Flourish UHT (ultra-high temperature) tetrapack milk and farm fresh milk in Ahmedabad.

Last year, Ahmedabad-headquartered Vimal Group expanded its reach beyond Mehsana district in Gujarat, where it has its production unit. Vimal sells buttermilk, cottage cheese, mozzarella and curd. However, it got entangled in a legal battle with GCMMF that filed an infringement suit against it for launching five products with similar packaging and names.

Meanwhile, [Vimal Dairy](#) has launched exclusive outlet called Vimal Product Outlet (VPO) at Science city Road, Naroda, Gatlodia and Bopal in Ahmedabad. CMD Jayesh Patel hopes to scale up to 100 outlets in Ahmedabad within one year." Vimal Dairy procures 2 lakh litre of milk per day, out of which one lakh goes for pouched milk.

The milk procurement area is mainly north Gujarat. "Increased consumption of milk and milk products is one of the manifestations of economic development and wealth creation in India. In some states, private [dairies](#) have benefited from greater flexibility in milk procurement rules," says Sunay Mathure, managing partner, ASK Pravi Capital Advisors.

[Private equity](#) firms have taken note of the spurt in private dairy sector led by rising demand for milk and milk products. In 2010, Washington-based Carlyle group invested \$22 million in Tirumala Milk Products. But last year, the country's Rs 3.5 lakh crore dairy sector saw at least four PE deals. [IDFC](#) PE invested \$29-million in Lucknow based Parag Milk. Abraaj Capital and Rabo Equity infused \$18.5-million in Ahmednagar, Maharashtra-based Prabhat Dairy and [Cargil Venture](#) put \$20 million fund into Dodla Dairy, headquartered in Hyderabad. **Last year also saw investments by Ambit Pragma in Neo Anurena Tristar Food Products, a New Delhi-based company.**