

# Mother Dairy takes on Amul in Mumbai

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Mumbai, 1 March

New Delhi-based milk major Mother Dairy is beefing up its presence in Mumbai — a market it entered three years ago, and which is dominated by its arch-rival Amul. Unlike in New Delhi and the National Capital Region where Mother Dairy has a presence via company-owned booths as well as in allied retail outlets, it has to depend only on the latter in Mumbai.

As both national and regional brands try to outdo each other, milk distribution in the financial capital is fierce. Besides, the market is fragmented with players, such as Amul, Mahanand, Warna, Dwarka and Gokul, having a retail presence in excess of 13,000-15,000 outlets. In comparison, Mother Dairy retails in 10,000 outlets in Mumbai till now. But, according to company executives, it is ramping up the number of its allied retail outlets.

Mumbai is among the larger consumers of milk in India. On an average, an individual in Mumbai consumes about 200 millilitres of milk a day, second only to the north, where average consumption is about 260-270 millilitres a day.

Milk production in India is pegged at about 122 million tonnes per annum. Of this, processed milk accounts for 35 per cent, while



**A woman buys Mother Dairy milk pouches from a shop in Mumbai. Unlike in Delhi, the company retails in allied outlets and does not have company-owned booths.** PHOTO: SURYAKANT NIWATE

unprocessed (which is the unorganised sector) is 65 per cent.

The organised national milk brands in India include Amul, Mother Dairy, Hatsun and Kwality. Of this, Amul and Mother Dairy are promoted by cooperatives Gujarat Cooperative Milk Marketing Federation (GCMMF) and National Dairy Development Board (NDDB), respectively.

In Delhi, Mother Dairy, which has been around for over three decades, has about 15,000 outlets, including 3,000 booths. It has a market share in excess of 60-65 per cent across categories — milk and dairy products. In Mumbai, the company's share in milk (primari-

ly, pouch milk) is about 9-10 per cent in comparison to Amul, which is closer to 40 per cent.

But Mother Dairy leads in dairy products, such as set curd or dahi, in Mumbai, launched simultaneously with pouch milk three years ago. Its market share in dahi in Mumbai is 20 per cent compared to Amul's 18-19 per cent. There are allied players in dahi too, such as Nestle, Danone and Britannia, but Mother Dairy and Amul have a clear leg-up in the city.

Subhashis Basu, head of dairy and frozen products at Mother Dairy, says the focus on items such as dahi is growing as consumption increases. At present, Mother

Dairy's dahi portfolio reaches some 4,500 outlets in Mumbai, which will be ramped up to 6,000 outlets going forward. It is also expanding its frozen portfolio with the introduction of fruit and flavoured yoghurts and regional desserts such as misti doi in Mumbai. In the coming months, similar frozen products will be launched to keeping with consumers' tastes and preferences, he adds.

In ice creams, Mother Dairy stands fourth after Amul, Vadilal and Kwality Walls in Mumbai. But Basu says it is growing in double digits in the segment. The firm has also increased production of yoghurts, dahi, cheese and UHT milk at its plants in Mumbai, Thane, Vashi and Baramati. These places will double-up as hubs for the western region, as Mother Dairy looks to enhance its presence in Pune and Bangalore. The coming months will also see the milk major step into states such as Madhya Pradesh and Orissa in a bid to acquire a national footprint.

Amul, too, in the last one year has kicked off a massive distribution exercise to make its dairy products available in small towns and cities. The aim, according to R S Sodhi, managing director, GCMMF, is to derive incremental growth from these new markets.

# High milk production weighs on product prices

AJAY MODI

New Delhi, 28 March

With an estimated seven per cent increase in domestic milk production this year, availability of milk and dairy products has improved. The improved supply, driven by higher production, has led to a fall in domestic prices of dairy products like skimmed milk powder (SMP) and butter oil (ghee).

Prices of liquid milk that saw a series of increases in the past year have not come down. However, consumers can expect a more stable price, this year and the government can breathe easy, as milk has a high weightage of 4.37 per cent in the wholesale price index-based inflation.

R S Sodhi, managing director, Gujarat Cooperative Milk Marketing Federation, which sells milk and milk products under the Amul brand, said,

"Farmers have got good prices for the past two-three years and they have worked towards expanding production. Compared to a milk production of 123 million tonnes (mt) last year, we expect production to be 130-132 mt." He said price increases in liquid milk this year should not be as frequent as last year.

An improved supply on an extended winter season has exerted pressure on prices of SMP and butter oil.

"There has been a 20-25 per cent drop in prices of both, SMP and butter oil, since Diwali. Export of milk products is banned and domestic availability has improved. Therefore, the higher production is exerting pressure on product prices and milk procurement prices," said Sandeep Aggrawal, director, SMC Foods, which sells SMP under the Madhusudan brand. The SMP is currently priced at ₹160 a kg, while butter oil is around ₹220 a kg. The industry has reduced

the price of milk it procures from farmers to ₹24 a litre from ₹29 a litre.

R G Chandramogan, chairman and managing director of Chennai-based Hatsun Agro, said the export ban had left the industry with 100,000 tonnes of milk solid-not-fats and dairy cooperatives had imported 50,000 tonnes of SMP, adding to the improved domestic availability.

## Global prices also crash

Prices of milk products have been falling internationally as well, due to high production in countries like New Zealand and the US, said Aggrawal.

"If we compare current SMP prices to last year's rate in New Zealand, the biggest dairy product exporting nation, it points to a 20-per cent drop. A bumper produce in the US, where the price is prevailing lower than in countries like New Zealand, is exerting pressure on global prices," he said.



Milk output is estimated to be 130-132 mt this year, compared to 123 mt last year. PHOTO: THINKSTOCK