

Better tech, demand for innovation make dairy industry attractive

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PUNE: Nearly half-a-dozen startups have entered the Indian dairy sector as improved technology and demand for innovation in the supply chain makes the sector attractive for new ventures. These companies, many of which are being set up by software professionals who are switching careers, are offering better packaging, wider range of dairy products and creating more efficient supply chains in areas like Orissa, interior Karnataka, Andhra Pradesh and even the national capital region.

"I had invested in land and my brother decided to start this dairy farm as I felt the potential for this sector was big," said Santhosh Singh, who runs Amrutha Dairy Farms in Dodaballapur, adjacent to north Bangalore. The 36-year-old worked with technology companies Dell and American Online before he quit to start his new venture.

But not before he acquired some learning by way of a course at the National Dairy Research Institute. "We went through a rough patch during the drought a year ago. We had to stop our expansion plans due to acute shortage of green fodder," said Singh, whose farm produces around 300 litres of milk daily. With an investment of Rs 80 lakh so far, the next step for the four-year-old venture is a partnership with a Netherlands-based company to start production of exotic cheese.

"Almost half the prospective entrepreneurs who consult us to enter the dairy sector are from the IT industry," said Kuldeep Sharma, principal mentor at Suruchi Consultants, a 25-year-old dairy consulting organisation. The dairy market is estimated to be Rs 4.3 lakh crore and is growing at a rate of 17% every year according to the Investor Relation Society of India.

"Amul and Mother Dairy are among the largest players and they have done the work of creating awareness regarding a host of dairy products from lassis to milkshakes, and this has eased the way for new start-ups to enter the segment," said Sharma. Companies like Milk Mantra in Orissa and Neo Milk Products in Gurgaon and Milk Route in Bangalore are amongst those active in the sector.

Milk Mantra, started by Srikumar Mishra in 2010 in Bhubaneswar, has raised venture funding from social venture firm Aavishkaar. "We have raised around Rs 35 crore of investment and had a turnover of Rs 50 crore last year. This financial year we plan to double our turnover," said Mishra, whose company has launched a range of probiotic dahi products.

Aavishkaar managing director Vineet Rai said there are sections of India where there is milk deficit and the presence of dairy brands are nil or few. "We are investing in startups which are entering markets such as Chhattisgarh, Jharkhand and eastern India, where milk demand is high and organised supply chains are lacking," he said.

Since the sector deals with perishable products, start-ups typically set up locally focused businesses. Purica Foods founder Sachin Tandon, 33, started his venture as a social enterprise in 2012 to reach out to farmers and form a direct link between them and consumers in Unnao, near Kanpur, UP. The company has set up a new plant with a capacity of one lakh litres investing around Rs 18 crore in the venture. "We should break even before the winter season this year, when we start processing around ..

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