

Mother Dairy looks at east-west to fight rivals

Sidhartha & John Sarkar | TNN

New Delhi: Increased competition from smaller players has prompted Mother Dairy to look beyond Delhi NCR region as it senses growth opportunity in the eastern and western areas of India. The wholly-owned subsidiary of the National Dairy Development Board (NDDB) with sales of around Rs 7,200 crore, has drawn up a strategy — called 'purab-paschim' — to expand into new geographies, starting with Maharashtra.

To begin with, Mother Dairy has bought an old plant in Nagpur and is spending Rs 10-15 crore to revamp it. It is also setting up milk procurement facilities in the area that is estimated to cost around Rs 30 crore. "We are in talks with the Maharashtra government for a new plant in Bhiwandi that may require investment of around Rs 150 crore," Nagarajan S, MD of Mother Dairy, told TOI.

Apart from these, the company is looking to set up a plant for cut fruits and vegetables in

REVAMPING SAFAL

- Mother Dairy is working to revamp Safal. It is spending ₹10-15 lakh per store to introduce modern retail practices
- It is looking to set up a plant for cut fruits and vegetables in Jharkhand for ₹80 crore
- Plans to test waters in the juice business. Innovations in fruit pulps, pastes and concentrates on the cards



Jharkhand for Rs 80 crore. This will help Mother Dairy tap into the Rs 1,100-crore frozen fruits and vegetables business.

Plans are afoot to test waters in the juice business in some of the pockets using cold press technology. On the cards are also innovations in fruit pulps, pastes and concentrates.

Mother Dairy is also working to revamp its Safal stores that currently sell fruits and vegetables. It is spending Rs 10-15 lakh per store to bring in modern retail practices. At present, Safal which operates around 300 stores in Delhi NCR,

contributes around 10% (Rs 750 crore) to its revenues, while milk (Rs 5,000 crore), edible oil (Rs 1,000 crore) and value-added dairy products (Rs 1,200 crore) make up rest of its portfolio. Mother Dairy is aiming to open 250-300 milk booths in these new territories, as well.

The plans are part of the company's strategy to notch up Rs 10,000 crore sales. Partly helped by the demonetisation-driven shift, the company is expecting to see 15-20% growth in revenues in next two years and is expected to close the year with sales of around Rs 8,000 crore.