

Crisil: Indian Dairy Revenue to Grow 11-13% This Fiscal

Crisil Ratings predicts Indian dairy companies will see **11-13% revenue growth** this fiscal year, up from approximately 10% last year. This surge is driven by strong demand, an increasing share of higher-margin **value-added products (VAP)**, and elevated retail milk prices.

Key Highlights:

- **Profitability Boost:** Operating margins are expected to improve by 20-30 basis points to around 5.3%, thanks to better realizations and stable raw milk procurement prices (only a modest 2-3% increase anticipated due to favorable monsoon forecasts and increased productivity).
- **VAP Dominance:** The VAP segment is forecast to grow 16-18%, increasing its share in the product mix to about 45%. Liquid milk growth will remain steady at around 10%.
- **Increased Capex:** Companies will boost capital expenditure by about 10% (to approximately Rs 3,400 crore), with over 60% allocated to VAP capacity expansion.
- **Stable Credit Profiles:** Despite higher debt from capex, strong balance sheets and improved cash flows will maintain stable credit profiles for dairy companies.

Crisil's analysis of 34 dairies, representing about 60% of the organized segment's revenue, supports these positive projections.

Reference - <https://economictimes.indiatimes.com/industry/cons-products/food/dairy-companies-likely-to-record-11-13-revenue-growth-in-fy26-crisil-ratings/printarticle/121569660.cms>