



# 49<sup>th</sup> Flavi Updates

## Flavi Dairy Solutions' Monthly Newsletter

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### Welcome to Flavi Updates!

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## Paras Dairy Expands Galacia Cheese to New Markets

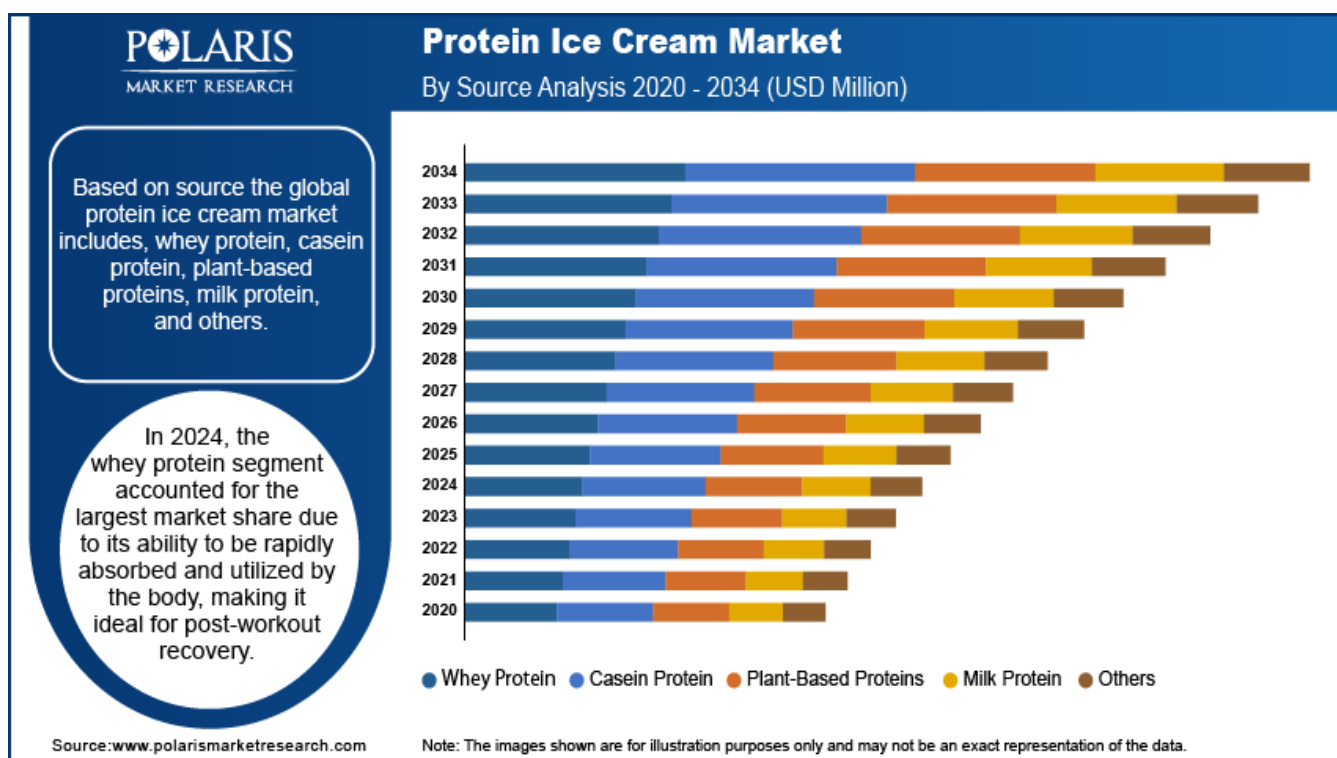
- ❖ Paras Dairy has announced the expansion of its Galacia cheese brand into western and southern India, strengthening its presence in the national dairy market. Known for its premium quality, the brand aims to cater to the rising demand for cheese in diverse cuisines.
- ❖ With growing cheese consumption in home kitchens, QSRs, and bakeries, the expansion reflects the company's confidence in the sector's growth. Paras Dairy is investing in distribution and retail channels to ensure Galacia cheese becomes a household name across India.
- ❖ Industry analysts note that regional penetration of premium dairy brands indicates a maturing Indian cheese market. As consumer tastes evolve, local players like Paras are stepping up to compete with multinational dairy giants.



## Protein Ice Cream Market Set for Growth

- ❖ The global protein ice cream market is witnessing rapid expansion, fueled by consumer demand for indulgent yet nutritious desserts. Positioned at the intersection of health and pleasure, protein ice cream appeals to fitness enthusiasts and health-conscious millennials.
- ❖ According to recent market research, the segment is projected to grow steadily over the next decade, driven by innovation in flavors, clean-label formulations, and plant-based protein fortification. The U.S. and Europe remain key markets, but Asia-Pacific is emerging as a high-growth region.

- ❖ Food companies see protein ice cream as an opportunity to diversify portfolios and capture new audiences. As consumers move towards functional indulgence, the category is expected to transition from niche to mainstream.
- ❖ Alongside the dairy federation, Shah announced the launch of a Kutch District Salt Cooperative Society will benefit salt workers and grown in to strong cooperative movement, and added that profits from salt production will now go to those who work in the fields.



## Lotte India Launches Pepero Biscuit Snack; Aisle into 2025 with ₹2,000 Crore Target

- ❖ Lotte India, part of the South Korean Lotte Group, has unveiled its first biscuit snack in India—Pepero —marking a strategic expansion into the biscuit snack category, Available in “original” and “crunchy” variants, the product has been carefully tweaked to suit Indian taste preferences—slightly sweeter than the Korean version—reflecting local consumer flavor trends. The launch positions Pepero in the mass-premium segment, with a specific eye on Gen Z consumers—an expanding demographic of approximately 377 million individuals in India.

- ❖ Backed by a significant capital infusion, Lotte India's Rohtak facility—its first manufacturing base outside South Korea—received an investment of ₹475 crore, with ₹225 crore earmarked specifically for the Pepero venture and ₹15 crore allocated for marketing. Post its merger with Havmor Ice Cream, the company is banking on Pepero to help it scale to a ₹2,000 crore revenue milestone in 2025, with confectionery and ice cream divisions expected to contribute ₹800 crore and ₹1,200 crore respectively. Pack pricing ranges between ₹20 and ₹70, spread across trial sizes and "home packs", and the company plans distribution through modern trade, exclusive stores, groceries, and e-commerce platforms targeting urban market.

### **Parle Continues to Be India's Top FMCG Brand at Home, 13th Time in a Row: Report**

- ❖ Parle has reaffirmed its dominance as India's most chosen fast-moving consumer goods (FMCG) brand within homes for the thirteenth consecutive year, according to the latest Brand Footprint India 2025 report by Worldpanel by Numerator. The brand amassed approximately 8,605 million Consumer Reach Points (CRPs), narrowly leading ahead of Britannia, which secured the second spot with around 8,241 million CRPs.
- ❖ The FMCG landscape is changing, with smaller regional and value-driven brands gaining momentum—reflective of evolving consumer preferences, especially in rural areas. However, Parle's performance in 2024 also benefitted from a broader increase in consumer reach, with total CRPs for Indian brands rising to 120 billion. Nearly 59% of brands in the study posted CRP growth, driven by rural penetration and affordability-focused offerings.
- ❖ Analysts note that Parle's sustained success is tied to its deep distribution network, nostalgic brand appeal, and affordability—factors that continue to resonate strongly across both urban and rural household.

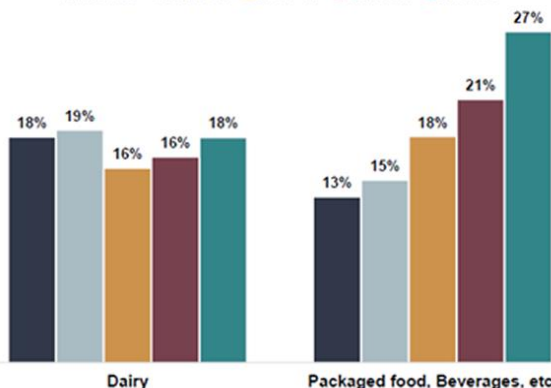
## Milking the Opportunity: Can India's Dairy Sector Be the Next Big Investment Theme?

- ❖ The Indian dairy sector is quietly emerging as a compelling investment story, increasingly moving beyond its traditional agricultural roots to become a dynamic consumer-driven landscape. In the past three years alone, the organized segment of this industry has surged from 32% to 40%, with forecasts projecting it to reach 54% by 2026 — a clear signal of consolidation and professionalization within the market. Legacy players such as Dodla, Heritage, and Parag are at the forefront of this transformation, making strategic investments in procurement systems, cold chain infrastructure, and value-added products like cheese, yogurt, paneer, and probiotic beverages. These value-added products are transforming the Indian dairy narrative into a pro-consumer story — meeting growing demand for convenience, nutrition, and variety.
- ❖ As India's dairy industry blurs the lines between farming and fast-moving consumer goods (FMCG), brands with strong capital efficiency, robust distribution networks, and margin resilience are positioning themselves to be the “cream of the crop”—and capture significant growth along the way.



Share in Household Food Expenditure (%)

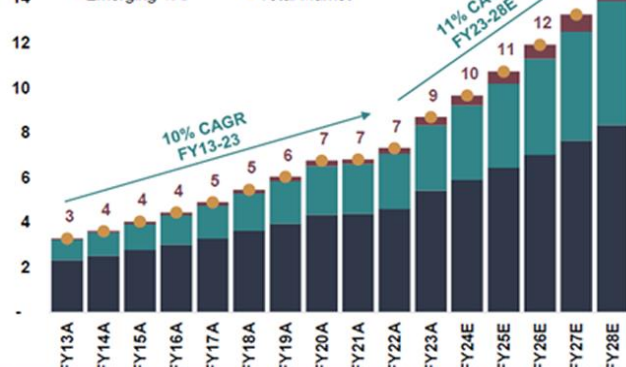
■ 1999-00 ■ 2004-05 ■ 2009-10 ■ 2011-12 ■ 2022-23



Source: HCES FY23, Investec Equities estimates

India Dairy Market Size (Rs trillion)

■ Liquid milk ■ Traditional VAP ■ Emerging VAP ■ Total Market

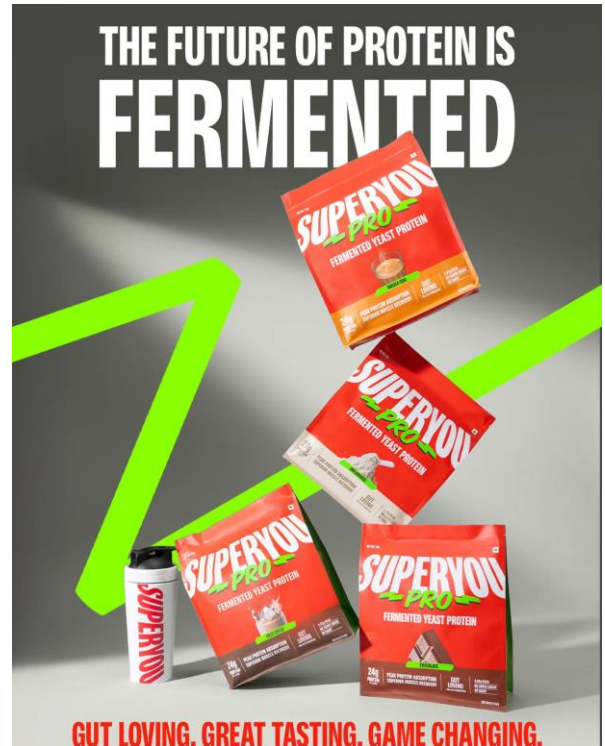


Source: Company, Industry, Investec Equities estimate



## Ranveer Singh Launches Fermented Vegan Protein Powder

- ❖ Bollywood actor Ranveer Singh has stepped into the wellness industry with the launch of a fermented vegan protein powder, priced at ₹3,000 per kg. The product aims to provide a plant-based alternative to conventional protein supplements, catering to the growing demand for vegan and sustainable nutrition in India.
- ❖ What makes this innovation unique is its fermentation process, which enhances protein digestibility and improves the amino acid profile. Experts highlight that fermentation also helps reduce anti-nutritional factors often present in plant proteins, making them easier for the body to absorb. With fitness culture on the rise, especially among urban millennials and Gen Z, Singh's move into health supplements reflects the shifting consumer mindset towards clean, functional, and sustainable foods. Nutritionists believe such products could play a role in bridging India's protein gap.



## AI Predicts Mouthfeel

- ❖ Food scientists are increasingly turning to artificial intelligence to decode something as elusive as “mouthfeel.” A new AI tool has been developed to predict texture and sensory perception, creating digital “fingerprints” for compounds like procyanidins that affect bitterness, smoothness, and astringency.

- ❖ The technology allows researchers to map the molecular basis of taste and texture, enabling more accurate formulation of foods without extensive trial-and-error testing. This could accelerate the development of plant-based products, functional beverages, and healthier snacks that still deliver on sensory satisfaction.
- ❖ As consumer expectations rise, food companies are under pressure to replicate the indulgence of traditional foods in healthier versions. AI-driven mouthfeel prediction could revolutionize how products are designed, bridging the gap between health and indulgence.

## Evocus Launches Hydration IV: A Game-Changer in Sports Hydration

- ❖ Functional beverage brand Evocus, best known for its black alkaline water, has broadened its product range by entering the ready-to-drink sports hydration segment with Hydration IV Electrolytes Drink. This new offering is positioned as a clean-label, fast-acting hydration solution tailored for health-conscious Indian consumers—a strategic move aimed at capturing a growing market niche in wellness beverages.
- ❖ Evocus CEO Aakash Vaghela emphasized that Indian consumers increasingly demand hydration that goes beyond quenching thirst, especially amid the accelerating wellness movement. Hydration IV represents the company's ambition to establish dominance in the premium hydration category, with plans to achieve a remarkable fourfold revenue growth in FY 2026.



## **Punjab's Milk Revolution: A Genetic Leap**

- ❖ In a pioneering initiative to strengthen dairy productivity, Guru Angad Dev Veterinary and Animal Sciences University (GADVASU) has entered a strategic collaboration with the Progressive Dairy Farmers' Association (PDFA). This partnership aims to address key challenges faced by farmers in accessing high-quality frozen semen for livestock breeding.
- ❖ Under the MoU, elite male calves from PDFA member herds—particularly those of the Holstein Friesian and Jersey breeds—will be rigorously selected. GADVASU will then produce superior frozen semen from these genetics and distribute it to dairy farmers.
- ❖ Punjab already leads in terms of high-genetic-merit cattle, with around 80% of its herd being high-yielding breeds producing nearly 40% of the state's milk. This initiative strengthens Punjab's role as a breeding hub while establishing an innovative, replicable model of academia-farmer collaboration that can drive dairy sector growth across India.

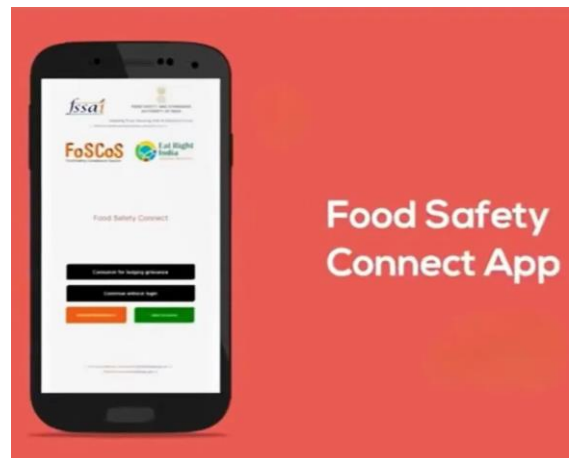
## **MoFPI Approves 1,601 Projects Under PMKSY**

- ❖ The Ministry of Food Processing Industries (MoFPI) has approved 1,601 projects under the Pradhan Mantri Kisan Sampada Yojana (PMKSY), with grants worth ₹6,411 crore disbursed so far. The program aims to modernize India's food processing sector, reduce wastage, and enhance farmer income through value addition.
- ❖ The projects span cold chain infrastructure, food parks, agro-processing clusters, and modern retail support, creating a more robust supply chain for perishable commodities. This investment is also expected to generate employment opportunities across rural and semi-urban regions. Industry experts note that the scale of support indicates a strategic push by the government to strengthen India's agri-food ecosystem, ensuring food security while opening export opportunities.



## FSSAI Mandates Display of Food Safety Connect App QR Code at Food Premises

- ❖ Food Safety and Standards Authority of India (FSSAI) has recently mandated that all food business operators—including restaurants, cafes, dhabas, and street-side eateries—must prominently display a QR code linked to the Food Safety Connect App alongside their FSSAI licence or registration certificate. This code should be placed in highly visible areas such as entrances, billing counters, or seating zones, enabling consumers to easily submit complaints related to food safety, hygiene, or misleading labeling. Once scanned, the QR code directs users to the app, where complaints are automatically routed to the appropriate jurisdictional authorities, ensuring faster resolution and reducing bureaucratic delays.



## FSSAI and Its New Nutrition Ratings

- ❖ The Food Safety and Standards Authority of India (FSSAI) has launched a new nutrition rating system under the Indian Nutrition Rating (INR) framework to guide consumers toward healthier food choices. The system assigns packaged foods a rating from ½ star (least healthy) to 5 stars (healthiest), based on sugar, fat, sodium, and beneficial nutrients. Interestingly, both dairy-based flavored milk and energy drinks received a three-star rating, raising concerns about how diverse products are being compared.

- ❖ Critics argue that the methodology may undervalue natural dairy products while favoring fortified or processed alternatives, which could mislead consumers about actual nutritional quality. This highlights the need for refinements in the system to ensure ratings reflect true health benefits. The initiative comes as part of India's broader Front-of-Pack Nutrition Labeling (FOPNL) reforms, with the Supreme Court directing FSSAI to finalize and implement them within three months. Going forward, the challenge lies in designing labels that are simple, transparent, and scientifically robust—helping consumers make informed decisions while maintaining trust in staple categories like dairy.

### **FSSAI CEO Stresses 100% Inspection of Packaged Drinking Water**

- ❖ FSSAI CEO Shri G. Kamala Vardhana Rao, in a review meeting at Hyderabad, directed 100% inspection of Packaged Drinking Water (PDW) units and strict audits of water treatment facilities. He emphasized stronger sample collection, risk-based inspections, and resolution of violations within 90 days under the FSS Act. The meeting was attended by Additional District Magistrates and around 50 Food Safety Officers from 33 districts.
- ❖ To boost surveillance, RAFT kits are being distributed to FSOs and mobile testing labs deployed for real-time checks. Mr. Rao urged fast-tracking the setup of a Food Safety Laboratory in Hyderabad to enhance testing accuracy. He also stressed public campaigns to cut down salt, sugar, and oil consumption amid rising obesity. Training programs for food handlers in anganwadis and hostels were highlighted as a priority. The focus was on strengthening grassroots-level food safety. FSSAI and the Telangana government jointly reaffirmed their commitment to stricter enforcement.
- ❖ The goal: safer, healthier, and more transparent food systems for the public.

## **India at the Forefront of Global Food Security**

- ❖ India signed a Letter of Intent with the World Food Programme (WFP) to supply fortified rice to vulnerable populations globally, leveraging its agricultural surplus. As a food surplus nation, India stands out as the largest producer of milk, pulses, and spices, and ranks second globally in output of grains, fruits, vegetables, sugar, tea, and farmed fish.
- ❖ Indian institutions like ICAR actively promote agricultural innovation and technology, sharing high-yield seeds and sustainable practices through South–South cooperation. Landmark domestic schemes such as the National Food Security Act (2013), POSHAN Abhiyaan, and PM Garib Kalyan Anna Yojana not only strengthen India’s food and nutrition security but also serve as models for other developing nations. India has delivered emergency food aid during global crises—like in Afghanistan and parts of Africa—often in coordination with the WFP . In WTO negotiations, India champions the right to public stockholding, defending food security frameworks for developing countries. Domestically, India’s NFSA transitioned from welfare to a rights-based food security framework, benefiting up to 75% of rural and 50% of urban populations.
- ❖ India’s holistic strategy supports SDG 2 (Zero Hunger) and SDG 12 (Responsible Consumption & Production), combining fortified food initiatives, resilient agriculture, and nutrition-focused programs.

## **Country Delight Unveils High-Protein Milk**

- ❖ Direct-to-consumer dairy brand Country Delight has launched a new high-protein milk variant, targeting India’s widespread issue of protein deficiency. The product aims to offer double the protein of regular milk, addressing nutritional gaps in everyday diets. This move reflects the growing demand for functional foods among urban families who are looking for healthier, fortified alternatives. By focusing on protein — a nutrient often overlooked in Indian diets — the brand seeks to position itself beyond just fresh milk delivery.

❖ Nutritionists believe that protein-enriched staples like milk could play a crucial role in combating malnutrition, particularly in households where dietary diversity is limited. Country Delight’s innovation could encourage mainstream acceptance of functional dairy in India.



Nutritional Information			
Protein Cow Milk			
serving size – 425 ml   serving per pack – 1*			
Nutrient Information	*Per 100 ml	*Per Serve	*** RDA per serve
Calories, Kcal	70	298	15%
Protein, g	7.1	30.2	56%
Carbohydrates, g	3.2	13.6	5%
Total Sugar, g	3.2	13.4	-
Added Sugar, g	0	0	0%
Total Fat, g	3.2	13.6	20%
Saturated Fat, g	2.3	9.8	45%
Cholesterol, mg	11.4	48.3	-
Calcium, mg	206.3	876.7	88%
Sodium, mg	22.2	94.3	5%

\*Approximate Values.  
\*\*The % Recommended Dietary Allowance (RDA) is based on 2000 Kcal diet. Your Daily needs may vary based on your calorie needs.

Dairy Contributes 25% of India’s F&B Sector: NDDB Executive Director

❖ India’s food processing and F&B sector is witnessing rapid expansion, with projections showing an 8.8% CAGR for the food processing and ingredients segment, set to double by 2030. The food-tech sector is scaling even faster at 14% CAGR, outpacing global benchmarks, while allied industries like food processing equipment and packaging machinery are also projected to thrive, reaching USD 1.5 billion and USD 6.6 billion, respectively, within the next decade. Amid this growth, dairy stands out as a cornerstone of the sector. At the inauguration of Anuga FoodTec India and Anuga Select India 2025 in Mumbai, NDDB Executive Director Seetharaman Raghupathi emphasized that dairy alone contributes 25% to India’s F&B chain, with the country producing one-fourth of the world’s milk valued at approximately ₹12 trillion. Nearly 17 million farmers across 235,000 villages—35% of them women—participate in dairy cooperatives that return 75% of the consumer rupee to producers, infusing about ₹2.1 billion daily into the rural economy.

- ❖ With initiatives like White Revolution 2.0 aiming to create 75,000 new cooperatives by 2028–29, the sector is set for even greater transformation. These themes resonated strongly at Anuga FoodTec India 2025, a major trade expo attracting over 60,000 visitors and 1,100 exhibitors across 55,000 sqm, serving as a key platform for showcasing innovation, collaboration, and future opportunities in South Asia's fast-growing F&B industry.

### **Delhi Milk Scheme Expands Offerings with Cow Milk and Co-Branded Products**

- ❖ The Delhi Milk Scheme (DMS) has launched a new line of cow milk and co-branded dairy products in a bid to modernize its portfolio and strengthen consumer engagement across Delhi and the NCR. Announced at a digital event in New Delhi, the initiative focuses on improving product quality while reinforcing the rural-to-urban dairy value chain, thereby supporting both consumers and livestock producers. As part of the launch, DMS also distributed 22 booth allotment letters, creating new business opportunities and expanding its retail footprint in the region. This strategic expansion underscores DMS's role as a key bridge between farmers and urban markets, with officials highlighting it as a potential model for other state-run dairies seeking to upgrade supply chains and boost rural economic participation.

### **Nestlé and IBM Collaborate on Sustainable Packaging**

- ❖ Nestlé has joined forces with IBM to accelerate its sustainable packaging initiatives, leveraging block chain and digital technologies to track materials and reduce waste. The partnership aims to make packaging more transparent, recyclable, and resource-efficient.
- ❖ By integrating AI-driven insights with packaging design, the companies are working to minimize carbon footprints and ensure compliance with evolving global regulations. Block chain-based traceability could also improve consumer trust in environmental claims.



- ❖ This collaboration reflects the broader trend of food giants investing heavily in green packaging solutions. With regulatory pressures and consumer expectations rising, innovations in sustainable materials and digital monitoring are becoming critical to long-term success.



## Bill Gates Backs Carbon Butter

- ❖ A new player in alternative dairy has caught global attention — a lab-made “carbon butter” that mimics real butter’s taste and texture while drastically reducing emissions. Backed by Bill Gates, the innovation uses precision fermentation and carbon-capture technology to create a sustainable fat source.



- ❖ Carbon butter claims to replicate the melting profile, flavor, and cooking properties of dairy butter without relying on livestock. By harnessing microbes to convert captured carbon into fats, it represents a radical departure from traditional dairy and plant-based alternatives.
- ❖ Food scientists view this as a glimpse into the future of climate-friendly food production. If scaled successfully, carbon butter could redefine both sustainability standards and consumer expectations in the fats and spreads market.

### **Jaipur Dairy's ₹15 Crore Sweets Plant: A Strategic Move for value addition**

- ❖ Jaipur Dairy, under its trusted Saras brand, has made a bold move into the value-added dairy sector by establishing a ₹15 crore semi-automated sweets production facility equipped with state-of-the-art SCADA (Supervisory Control and Data Acquisition) systems. Developed with the technical expertise of the Indian Dairy Machinery Company (IDMC), this new plant is designed to ensure hygienic and efficient manufacturing of traditional Indian sweets. While the cooperative presents this initiative as an expansion into the sweets market, Dairy Dimension sees it as part of a larger, strategic play—similar to the diversification approach famously adopted by Amul—to elevate product offerings and strengthen brand presence.



- ❖ Beyond meeting growing consumer demand for hygienic, ready-to-eat mithai, this facility offers a clever logistical solution for managing surplus Skim Milk Powder (SMP), a recurring challenge for dairy cooperatives during peak procurement periods. By converting low-margin SMP into high-margin, branded sweets like peda and burfi, Jaipur Dairy not only improves its working capital usage and shelf-life efficiency but also enhances product value and profitability. This mirrors how leading cooperatives like Amul have transformed excess dairy commodities into brand-driven products, reinforcing both supply chain resilience and economic returns.

### **Nestlé Elevates Asia's Coffee Game with Nescafé Espresso Concentrate from Malaysia**

- ❖ Nestlé Malaysia has officially launched Asia's first production line for Nescafé Espresso Concentrate at its advanced Sri Muda facility in Shah Alam, marking a major leap in the company's regional coffee strategy. This line is designed to meet surging demand for cold coffee across Asia — especially among younger, café-enthused consumers — by enabling café-style premium coffee experiences at home and on the go. Malaysia's central location, coupled with Nestlé's established liquid beverage manufacturing capabilities, positions the Sri Muda plant as a strategic export hub, supplying markets such as Singapore, Oceania, the Middle East, North Africa, and potentially Europe. This innovative product is designed to meet the evolving nutritional demands of Indian consumers, offering an enhanced protein profile without
- ❖ The milestone underscores Nestlé's commitment to sustainability and innovation. The Nescafé Espresso Concentrate is packaged in 100% recycled PET bottles with carbon-black-free caps — the latest in a series of eco-conscious measures implemented at Sri Muda, which also led the phased removal of plastic straws and adoption of paper wrappers.





- ❖ Backed by nearly CHF 290 million in investments over the past five years and plans to infuse another CHF 150 million by 2028, this launch reinforces Malaysia's role as a future-ready, halal-certified manufacturing and innovation nucleus for the Nestlé Group.

## Dairy Automation Market Growth

- ❖ The global dairy automation market is set to witness remarkable growth, projected to reach USD 13.2 billion by 2033 with a strong CAGR of 8.2% from 2025 onwards. This expansion is being driven by rising demand for enhanced productivity, cost efficiency, and improved milk quality across the dairy sector. Increasing labor shortages and the push for consistent production standards are accelerating the adoption of automation technologies worldwide. Robotic milking systems, automated feeding, and smart herd management solutions are now emerging as integral tools for modern dairy farms. These systems not only streamline operations but also improve animal welfare by reducing stress and ensuring timely care. Automation further helps in achieving higher yields while optimizing the use of resources like feed, energy, and manpower. The industry is also aligning automation with sustainability goals, making dairy farming more resilient and environmentally friendly. As consumer demand for quality and traceability in dairy products grows, automation offers greater control and transparency. Overall, automation is no longer optional but a strategic necessity for the dairy industry's long-term growth and competitiveness.