

CASE STUDY

FMCG · DAIRY & INGREDIENTS

STRATEGIC GROWTH ADVISORY

Commercial due diligence of a leading European dairy ingredients business.

A leading European dairy company dealing in value-added products and specialty ingredients engaged Bedford Consults to conduct a rigorous commercial due diligence of its India business — assessing market position, revenue quality, and the structural sustainability of its growth trajectory.

8 wks

Full CDD delivery

6

Dairy sub-segments assessed



THE STORY

Four lines. What leadership needed to know — and what we found.

A leading European dairy giant — with a significant India business spanning specialty protein ingredients, bioactive dairy components, and functional blends for food manufacturing — commissioned Bedford Consults to conduct an independent commercial due diligence of its India operations, seeking an unflinching assessment of where its growth thesis held and where it did not. **Bedford Consults interrogated six product sub-segments from the ground up**, conducting primary research across 80+ food manufacturers and institutional buyers, analysing revenue quality account by account, and forensically reviewing the company's regulatory and import duty position — uncovering an 8–11 percentage point duty reclassification opportunity that management had not identified. Our diligence confirmed the **B2B specialty ingredients business as the structural core** — deeper in competitive moat and more durable in customer relationships than internal projections suggested — while exposing concentrated revenue risk and a cold chain infrastructure gap that constrained the company's geographic expansion ambitions. **The leadership team emerged with a sharper, more defensible India strategy**: a focused B2B ingredients expansion, a 100-day cold chain partnership plan, and the regulatory roadmap to unlock margin improvements that had been sitting unrecognised inside their own cost structure.

SCOPE OF ASSESSMENT

Six sub-segments.
Full commercial picture.

- Whey protein concentrates and isolates — B2B food manufacturing and sports nutrition
- Cheese cultures and specialty starter cultures — food service and industrial dairy processing

OUR ANALYSIS

Market position, revenue quality, and competitive moat.

- **Demand-side primary research** — 80+ interviews with food manufacturers, nutraceutical companies, clinical nutrition brands, and institutional buyers; built bottom-up volume and pricing models for each sub-segment independently

KEY FINDINGS

What the diligence actually revealed.

- **India's protein deficit is the real opportunity** — with 73% of Indians protein-deficient by dietary assessment, demand for bioavailable dairy protein ingredients in food manufacturing is structurally underserved and growing at twice the headline dairy market rate

- Functional dairy blends and protein fortification systems — nutraceutical and clinical nutrition
- Milk mineral concentrates and bioactive ingredients — pharmaceutical and infant formula application
- Lactose and permeate derivatives — industrial food processing and excipient supply
- Cold chain logistics and last-mile distribution infrastructure — operational capability assessment

- **Revenue quality and switching cost analysis** — assessed contract tenure, formulation dependency, and customer-level renewal risk; distinguished structurally embedded accounts from commercially vulnerable ones
- **Regulatory and tariff forensics** — reviewed FSSAI technical classification, import duty structure, and reclassification eligibility for key ingredient categories; identified an 8–11pp duty reduction opportunity
- **Competitive intelligence** — mapped pricing, distribution reach, and technical service capabilities of Amul, Nestlé, and four specialty ingredient importers; identified three sub-segments under margin compression and two with defensible white space

- **The B2B moat is deeper than management recognised** — food manufacturer switching costs for specialty cultures and functional blends are high; formulation lock-in with three large FMCG clients provided a durability that the revenue concentration figure alone did not capture
- **61% concentration — but not equally risky** — one anchor relationship carried genuine renewal risk; the other was structurally embedded through a proprietary culture format that could not be replicated by domestic competitors within a 3-year horizon
- **Import duty as a hidden margin lever** — reclassification of two ingredient categories under revised FSSAI technical codes would reduce effective import duty by 8–11 percentage points — a finding management had not identified and which materially improved the India P&L case
- **Tier-2 is ready; infrastructure is not** — demand signal for specialty dairy ingredients in Pune, Ahmedabad, and Coimbatore food manufacturing clusters was validated; but the absence of temperature-controlled last-mile coverage made the revenue opportunity inaccessible without a third-party cold chain partnership

B2B

Growth Thesis Validated

Food service ingredients and whey protein confirmed as the defensible core — redirected as primary India investment priority

61%

Revenue Concentration Risk

Dissected anchor-by-anchor — one relationship structurally embedded through proprietary culture formats; one flagged for active renewal risk management

3 of 6

Sub-Segments Downgraded

Consumer-facing sub-segments deprioritised; capital reallocated to protein ingredients and bioactive supply — where the structural demand case was strongest

100-day

Value Creation Plan

Delivered alongside CDD — prioritising B2B ingredients expansion and cold chain investment as first-year anchors

CLIENT PERSPECTIVE

"Bedford did not simply validate our assumptions — they interrogated them. The customer concentration finding was something our internal team had not surfaced, and the challenge to our consumer dairy projections was uncomfortable but entirely correct. The diligence gave our leadership team the clarity to redirect our India strategy with conviction."

— Chief Strategy Officer · European Dairy Ingredients Company

SECTOR

FMCG · Dairy · Specialty Ingredients

CLIENT

European Dairy Giant · Anonymised

BUSINESS

Value-Added Dairy · Specialty Ingredients · India

ENGAGEMENT

Commercial Due Diligence · Strategy Advisory

DURATION

8 Weeks · Full Delivery