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# High-Growth Segments of Indian Food and Beverage Industry



Ministry of Food Processing Industries  
*Government of India*



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# High-Growth Segments of Indian Food and Beverage Industry

Published for the Ministry of Food Processing Industries (MoFPI) by Ernst & Young LLP (EY) and Confederation of Indian Industry (CII)

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A close-up photograph of a hand holding a bunch of fresh green herbs, including basil and dill, over a white plate of food. The background is bright and slightly blurred, showing more of the plate and the hand's skin tone.

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## Foreword

Food processing is considered as one of the fastest growing industries in India. The growth of the industry is supported by the availability of a large raw material production base. India is the largest producer of milk, bananas, mangoes, guavas, papaya, ginger, okra, second largest producer of wheat, rice, fruits, vegetables, tea, sugarcane and cashew nut and the third largest producer of cereals, coconut, lettuce, chicory, nutmeg, mace, cardamom and pepper globally.

Given the natural supply advantage and a population of 1.3 billion people (that spend a high proportion of their disposable income on food), there is a potential to nurture mutually beneficial relationships with global food processing, food retail and related supply chain organizations who could realize significant business growth opportunities in India, through new technologies, innovations and other methods of value additions.

Further, India's geographical location gives it a unique advantage when it comes to exports, having convenient connectivity to Europe, Middle East & Africa from the western coast, and Japan, Singapore, Thailand, Malaysia, Korea, Australia & New Zealand from the eastern coast.

Food processing is a priority sector for the Indian Government, as well as one of the focus sectors in the Make in India initiative. Further, the availability of affordable credit and other fiscal incentives has also led to India being considered as one of the most favourable markets.

In light of the above factors, and with total consumption of the food and beverage segment in India expected to increase from US\$ 369 billion to US\$1.142 trillion by 2025, output of the food processing sector (at market prices) is expected to increase to US\$ 958 billion for the same period. These estimates clearly evidence the vast market opportunity offered by the Indian food processing, food retail, transport, logistics and related infrastructure sectors to players in the food processing value chain.

We trust that this report would be a useful guide for international as well as domestic food processing, food retail and related supply chain companies that are looking to invest or expand their presence in India.

## Preface

India, the fastest growing economy in the world and with over 1.25 billion consumers of food and beverages, is one of the global leaders in the food and beverage industry. The food and beverage industry in India was the fifth-largest sector in manufacturing.

Within this attractive Indian food and beverage industry, there are certain segments which are growing at a very fast pace in India as they are gaining immense acceptability amongst the Indian consumers thereby creating significant growth opportunities for existing as well as new industry players. This report contains following 10 dominant segments of the Indian food and beverages market which are growing at a very fast rate:

- ▶ Breakfast cereals
- ▶ Savory snacks
- ▶ Ingredients - Seasonings, Dressings & Sauces Market
- ▶ Pet food
- ▶ Naturally healthy beverages
- ▶ Ready meals
- ▶ Confectionery
- ▶ Organic food
- ▶ Dairy food
- ▶ Bakery

This report would serve as a useful guide for both, global organizations as well as for domestic food and beverage companies interested in investing in India.

It is hoped that investors and entrepreneurs would explore, invest and partner in the above segments, of the Indian food and beverages market, which are growing at a very fast pace and are showcasing signs of promising growth in future.







# Executive summary

India with its diverse culture and tradition offers a variety of traditional cuisines. These cuisines vary significantly geographically from north to south and east to west of India and are also influenced by local availability of spices, herbs, vegetables and fruits. These traditional cuisines are getting evolved over a period of time and are now served in different avatars, e.g., inclusion of new ingredients or flavors, change in the traditional preparation style etc.

Further, with India's journey in the last one decade of becoming the fastest growing economy in the world, there has been significant development of the production, processing, distribution and marketing of food and beverages. India offers the largest diversified production base in the food sector which aids the Indian food and beverage industry to source its raw materials:

- The largest producer of milk<sup>1</sup>
- 2<sup>nd</sup> largest producer of fruits and vegetables<sup>1</sup>
- 2<sup>nd</sup> in rice, wheat and production of other cereals<sup>1</sup>
- 2<sup>nd</sup> in fish production<sup>1</sup>
- 3<sup>rd</sup> in egg and 6<sup>th</sup> in meat production<sup>1</sup>

Increasing foreign investments and collaboration in India in the food processing sector signify a vast increase in the food and beverages products being offered by global multinational companies as well as the domestic companies. Within this attractive Indian food and beverage industry, there are 10 segments that are gaining acceptability among the Indian consumers thereby creating immense opportunities for existing as well as new industry players.



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<sup>1</sup> Food and Agriculture Organization of the United Nations

## Snapshot of high-growth segments:

| Segments                    | Categories  | Snapshot of growth  |
|-----------------------------|---|---|
| Breakfast cereals           | Hot and cold cereals  | Grew at a CAGR of 21.28% during the period 2011-16<br>Expected CAGR of 19.23% during the period 2016-21   |
| Savory snacks               | Ethnic/Traditional snacks, Meat snacks, Nuts and seeds, Popcorn, Potato chips, Processed snacks   | Grew at a CAGR of 29.04% during the period 2010-15<br>Expected CAGR of 33.59% during the period 2015-20   |
| Ingredients                 | Seasonings, dressings and sauces  | Grew at a CAGR of 8.07% during the period 2011-16<br>Expected CAGR of approximately 7.92% during the period 2016-21<br>Chutneys and relishes, condiment sauces, dressings and tomato pastes and purees would continue to maintain the momentum with a double digit growth during the period 2016-21 |
| Pet Food Market             | Dog, Cat and other pet food   | All the Indian pet food industry segments, i.e., dog food, cat food and other pet food, had recorded double-digit growth rate (in terms of current value sales in 2016) of 18% and above.   |
| Naturally healthy beverages | 100% fruit/vegetable juice or superfruit juice , Natural mineral water, spring water, RTD green tea, other naturally healthy RTD tea, malt-based hot drinks, other plant-based hot drinks | The Indian natural healthy beverages recorded a robust 22% growth rate in 2016  |
| Ready meals                 | Ambient ready meals and dried ready meals, Chilled/ frozen ready meals  | Grew at a CAGR of 14.80% during the period 2011-16<br>Expected CAGR of 12.36% during the period 2016-21   |
| Confectionary               | Chocolate, Gum and Sugar Confectionery products   | Grew at a CAGR of 17.22% during the period 2011-16<br>Expected CAGR of 16.63% during the period 2016-21<br>Expected that for the period 2016-21 chocolate would grow at a CAGR of 18.57%, gum at 16.90% and sugar confectionery at 12.70%.  |

## Snapshot of high-growth segments:

| Segments     | Categories   | Snapshot of growth   |
|--------------|--|--|
| Organic Food | Organic packaged food and beverages  | The organic packaged food market in India grew at 17% from 2015 to reach sales of INR533 million in 2016.<br>It is expected that the organic packaged food market would grow at a CAGR of 10% during the period 2016-21.   |
| Dairy food   | Milk, Butter and spreadable fats, Drinkable yogurt, Cheese, Dairy-based and soy-based desserts       | Grew at a CAGR of 10.42% during the period 2011-16.<br>Expected CAGR of 8.80% during the period 2016-21<br>Cheese, drinkable yogurt and soymilk and soydrinks registered a double-digit growth during the period 2011-16 and would continue to maintain the momentum with a double-digit growth during the period 2016-21. |
| Bakery       | Breads and rolls, Cakes, pastries and sweet pies including frozen cakes, pastries and pies, biscuits | Grew at a CAGR of approximately 12.76% during the period 2011-16<br>Expected CAGR of approximately 10.98% during the period 2016-21  |

Source - GlobalData research reports and Passport by Euromonitor International

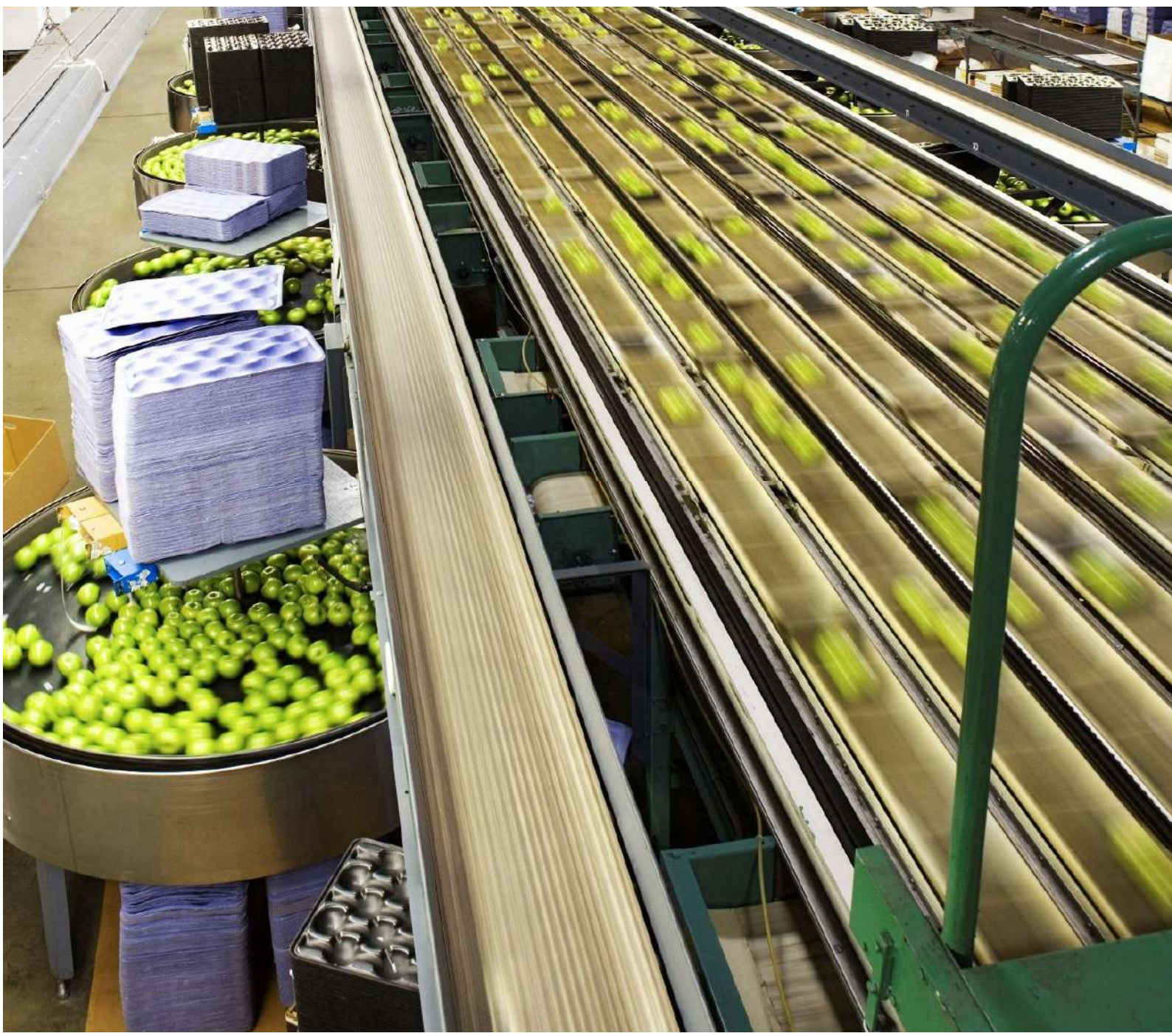
Apart from India's strong macro-indicators and production base, there are seven factors that have led to an increase in the consumption of these fast growing food and beverage segments in India. These factors have positioned India as an attractive market globally:

1. Affluence of working population with increase in disposable income leading to increase in packaged food and beverages
2. Rising urbanization leading to changing lifestyles and less time to prepare food at home
3. Changes in taste and preference of the Indian consumers
4. Increase in tourism in India and international travel
5. Innovative advertisements, rise in supermarkets and e-commerce boom creating increasing awareness among the consumers and also making the products easily accessible to the consumers
6. Promised quality standards, health benefits of the products
7. Increase in consumption of fast growing food and beverage segments during special occasions and celebrations

Due to the above factors and with a strong consumer base of over 1.25 billion, the Indian market offers attractive opportunities for the new as well as existing players in the fast growing food and beverages segments.



# High-growth segments of Indian food and beverage industry – An introduction



# High-growth segments of Indian food and beverage industry – An introduction

India, the fastest growing economy in the world, is known for its rich and diverse culture and is a home to people from different religions and languages living together. Geographically also, India has varied climate and agriculture conditions. With these diversities, India offers a wide variety of traditional cuisines. These cuisines vary significantly geographically from north to south and east to west of India and are also influenced by local availability of spices, herbs, vegetables and fruits. These traditional cuisines are getting evolved over a period of time and are now served in different avatars, e.g., inclusion of new ingredients or flavors and change in the traditional preparation style.

Every country's journey toward economic growth results in improvement in its food supply, both quantitative and qualitative, and a gradual reduction in nutritional deficiencies and India is not an exception. This also results in the development of the production, processing, distribution and marketing of food. Further, diets and taste change due to factors such as per capita income, prices, individual preferences and beliefs, urbanization, globalization etc. This has led to the growth and increasing acceptance of processed/packaged foods and beverages by Indian consumers.

India offers the largest diversified production base in the food sector. This is advantageous to the Indian food and beverage industry to source its raw materials.

- ▶ The largest producer of milk,
- ▶ 2nd largest producer of fruits and vegetables
- ▶ 2nd in rice, wheat and production of other cereals
- ▶ Leading producers of spices, fish and plantation crops
- ▶ 3rd in egg and 6th in meat production

Source : Food and Agriculture Organization of the United Nations





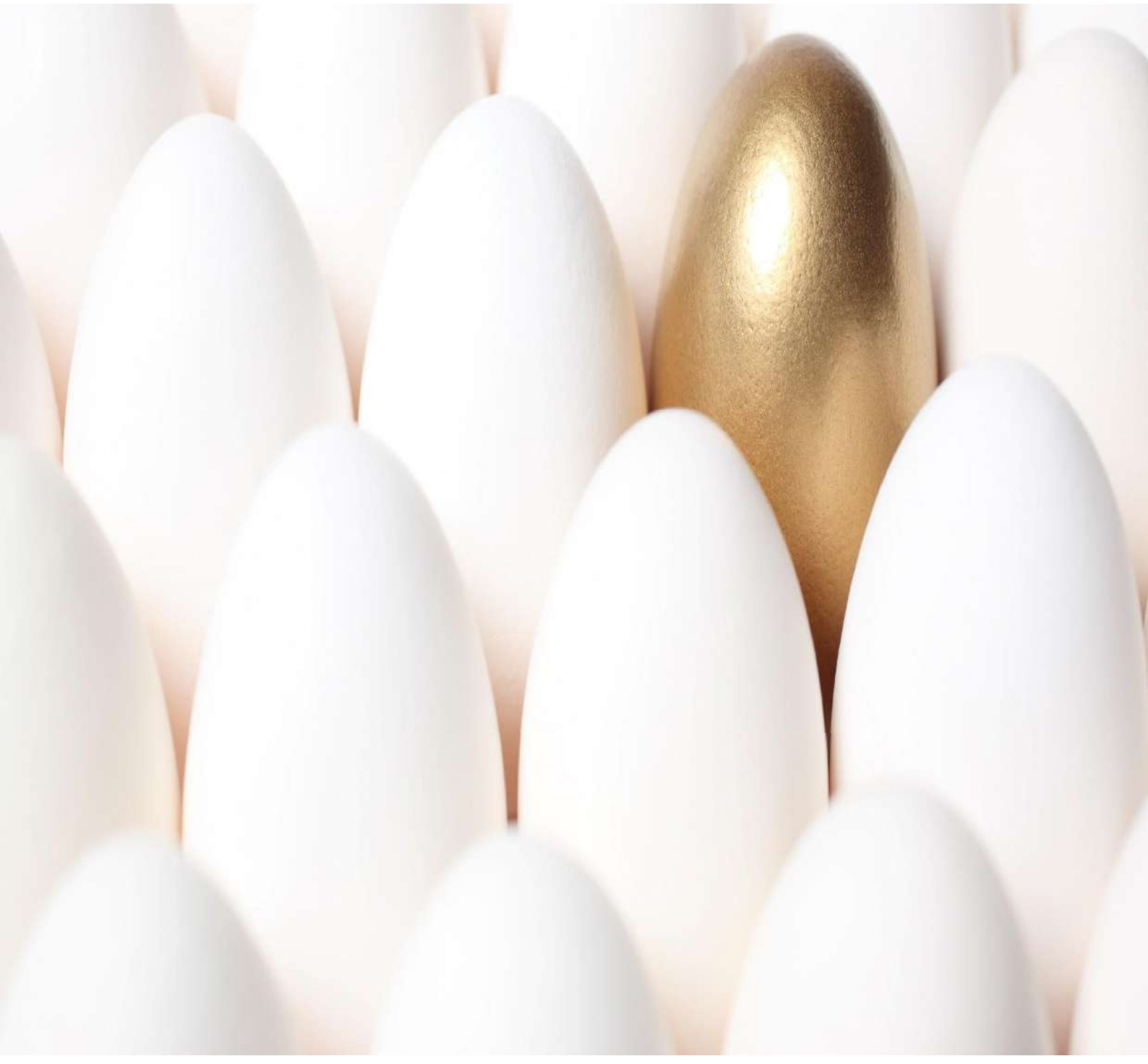
This report includes the following high-growth segments considering their attractiveness in the Indian food and beverage industry:

| High-growth segments        | Categories  |
|-----------------------------|---|
| Breakfast cereals           | Hot and cold breakfast cereals  |
| Savory snacks               | Ethnic/traditional snacks, non-veg snacks, nuts and seeds, popcorn, potato chips, processed snacks  |
| Ingredients                 | Seasonings, dressings and sauces  |
| Pet food                    | Food for cats, dogs and other pets, e.g., bird, fish and small mammal/reptile foods   |
| Naturally healthy beverages | 100% fruit/vegetable juice, superfruit juice, natural mineral water, spring water, cereal/pulse-based drinks, green tea, herbal tea, other naturally healthy tea, malt-based hot drinks |
| Ready meals                 | Ambient ready meals and dried ready meals, Chilled/frozen ready meals   |
| Confectionary               | Chocolate, gum, sugar confectionary   |
| Organic Food                | Organic food processed without artificial ingredients, preservatives or irradiation   |
| Dairy food                  | Butter and spreadable fats, cheese, cream, dairy-based and soy desserts, yogurt, milk   |
| Bakery                      | Cakes, pastries and sweet pies, breads and rolls, cookies and biscuits, snacks bars   |





Why the high-growth  
segments have immense  
opportunities in India

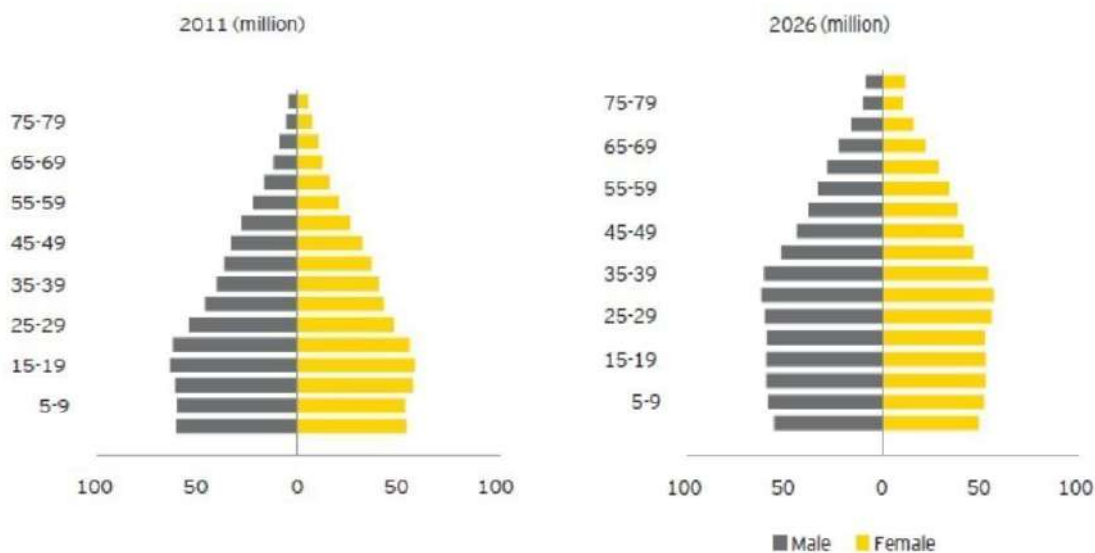


Apart from India's strong macro-indicators and production base, there are seven factors that have led to an increase in the consumption of these fast growing food and beverage segments in India. These factors have positioned India as one of the most attractive markets globally in the high-growth segments.



# 1 Affluence: Increased affluence of the ever growing working population with increase in disposable income

India is expected to become the most populated country by 2024.<sup>3</sup> The country's population pyramid is expected to "bulge" across the 15-64 age bracket over the next decade, increasing the working age population from approximately 761 million to 869 million during 2011-2020. Consequently, until 2020, India will be experiencing a period of "demographic bonus," where the growth rate of the working age population would exceed that of the total population. Around 64% of India's population is expected to be in the age bracket of 15-59 years by 2026, with only 13% of the total population in the age bracket above 60 years. India is poised to become the world's youngest country by 2020, with an average age of 29 years, and account for around 28% of the world's workforce. In comparison, during the same period, the average age is expected to be 37 years in China and the US and 45 years in Western Europe.<sup>4</sup>



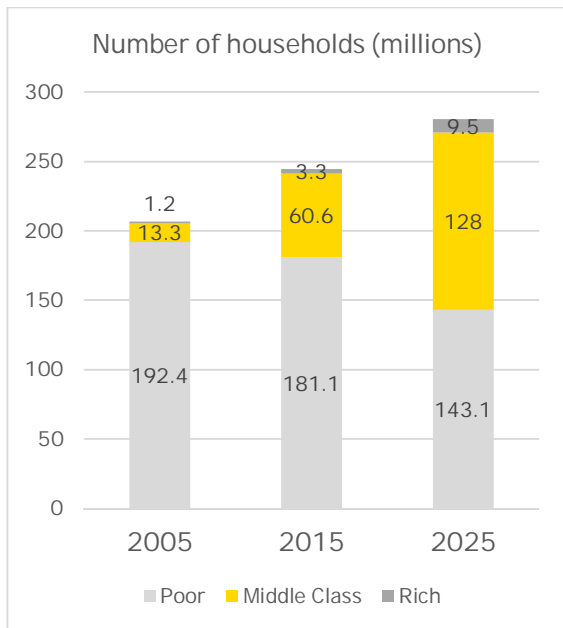
Source – Census of India projections

An increasing proportion of working population will provide a window of opportunity to improve labor productivity, increase domestic production, enhance revenue from services and increase savings.

Empowered with unique demographic advantages and guided efforts, India is poised to position itself among developed economies within the next 10-15 years.

<sup>3</sup> World Population Prospects : The 2017 Revision by the Department of Economic and Social affairs of the United Nations

<sup>4</sup> EY report on Reaping India's promised demographic dividend



Source: McKinsey Global Institute

[http://www.mckinsey.com/assets/dotcom/mgi/interactives/india\\_consumer\\_market/India\\_Interactive1.swf](http://www.mckinsey.com/assets/dotcom/mgi/interactives/india_consumer_market/India_Interactive1.swf) Accessed on 4 October 2017

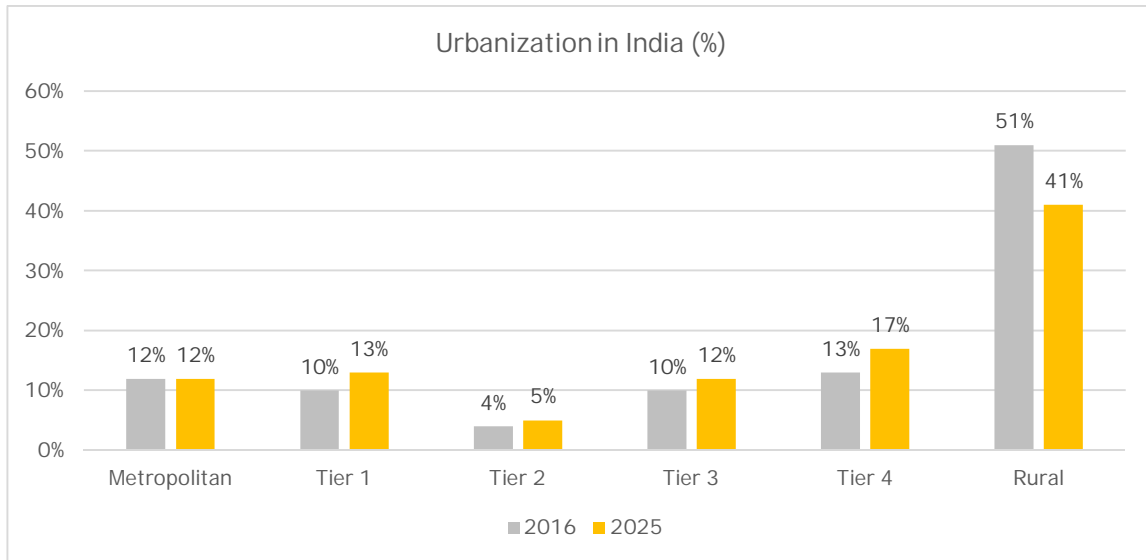
This would also result in an increase in the number of middle-class adults in India. India ranked 8th among 215 countries in terms of the number of middle-class adults in 2015<sup>5</sup>. India is expected to have a middle-class that will be larger than that in the US or EU. India's consumption would therefore be dominated by the middle class who are willing to experiment with the variety of food and beverages offered by the companies. Increase in disposable income would mean the consumers would be willing to spend, experience and taste the offerings in the market. Further, rise in the middle/rich class is also resulting in growth in the number of domestic pets and therefore an increase in the consumption of pet food.



<sup>5</sup> Credit Suisse – The Global Wealth Report 2015

## 2 Urbanization: Rising urbanization leading to changing lifestyles

With India's changing demographic, the population in emerging cities in India is also increasing.



Source: BCG report - The New Indian (March 2017)

This is leading to a change in lifestyles and food habits of consumers, who are shifting from traditional food to adjusting and adapting urban food habits. Further, increasing urbanization also results in increase in nuclear families, increase in percentage of working women, less time available for preparing meals and beverages at home and increasing consumption of food at eating joints, outlets, restaurants etc. This leads to increase in consumption of the high-growth segments food and beverages as consumers look for food that can be made quick and trusted for quality and health.



### 3 Dietary habits: Changes in tastes and preference of Indian consumers

India has a variety of cuisines, with each region (north, south, east and west) having their own specialties. Indians like to experiment with new cuisines as they become more aware about products available in the market. These food habit changes translate into an increase in demand for a variety of ingredients and beverages which leads to different innovative products that would either meet the specific tastes or would meet the health requirements of the consumers. India's consumption of fats, sugar and salt has increased over a period of time which is reflective of the change in dietary habits. As per the report of the working group on Addressing Consumption of Foods High in Fat, Salt and Sugar- 2015, per capita consumption of sugar has risen from 22 g/day in 2000 to 55.3 g/day in 2010; salt intake ranged between 9 and 12 g/per capita/day; and total fat consumption increased from 21.2 g/day in 2000 to 54 g/day in 2010.

Domestic demand of processed foods, sugar sweetened beverages, and savory snacks is linked to household disposable income of middle class and a driving force for the consumer goods market. Naturally healthy beverages, breakfast cereals, organic food and dairy food are also emerging as an additional and significant source of energy both among children and adults. As per the report of the working group on Addressing Consumption of Foods High in Fat, Salt and Sugar- 2015, sale of packaged food is highest in northern India (38%), followed by west (36%), south (28%) and east and northeast (21%). This in turn is also resulting in companies innovating and bringing to market packaged foods with low salt, sugar intake, natural and fresh ingredients.

*"India is changing rapidly and dynamically. The forces of urbanisation, increased experimentation and attitude towards cuisines, is giving us great opportunity as a food and beverage Company to address the consumers with new offerings. We have 2000 brands globally and we will explore ways to bring them to India."*

Chairman & Managing Director - Nestlé India Limited – Annual report 2016-17

## 4 Tourism: Increase in tourism in India and international travel

The number of Indians traveling within India has increased dramatically since 1997, rising from less than 200 million to 1.4 billion in 2015. The rise reflects a variety of factors such as increased car ownership, improved and less expensive domestic air travel, rising disposable incomes, improved accommodation, a strong rail network, high aspiration levels and increasing nuclear families. Foreign tourist and business arrivals have nearly doubled over the past decade, rising to 8 million in 2015 (annual growth of 4.5%). Further, the number of Indians travelling abroad has also increased.

Majority of the Indian consumers would prefer to carry snacks, confectionaries, beverages, biscuits, etc. while travelling. While they would try the local delicacies, the travelers, especially while travelling with family, carry packaged foods and beverages. Increasingly, Indians also carry and consume ready-to-eat foods or prepared meals when they are traveling abroad as they may not get the Indian taste in overseas countries at a reasonable price. Further, rise in foreign travel results in Indian consumers experiencing international cuisines (e.g., Chinese, Mexican and Italian) and products. Therefore, as and when the products that are similar to the taste experienced overseas are available in India, the consumers are likely to purchase them.



Source - e-Book of the Ministry of Tourism - Government of India - 2016-17

Source - World Bank website - link <https://data.worldbank.org/indicator/ST.INT.DPRT?locations=IN> - accessed on 4 October 2017



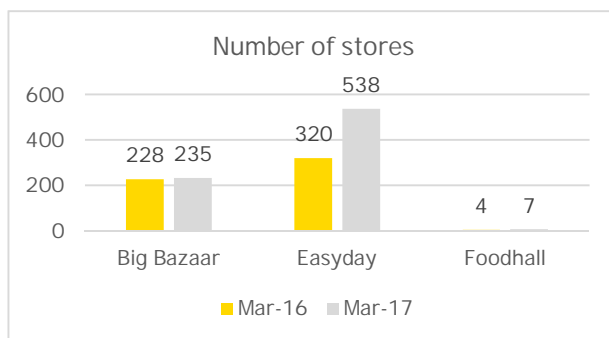
## 5 Awareness and accessibility: Innovative advertisements, rise in supermarkets and e-commerce boom

Advertisements on television and social media by the manufactures of the high-growth segments are making the Indian consumers aware about the new product launches along with their USP.

With rising awareness, the companies are ensuring that the products are also easily accessible for consumers to procure from their nearby stores, supermarkets or e-commerce websites.

Traditionally, food and beverages would be purchased from nearby local stores. However, in the past one decade, there has been a rise in the hypermarket/supermarkets especially in the urban areas wherein consumers can find everything new that has arrived. Families that have very little time for elaborate shopping find it convenient to shop for all household items, from bottled and packaged food items to fresh organic products, from one store. Food stores have turned out to be highly favorable among middle class families too especially during the festive seasons, with lucrative promotions and offers increasing the sales of the stores.

With the population in Indian urban areas increasing, the number of supermarkets has also increased, providing consumers with a range of products under one roof and thereby increasing the awareness of the high-growth segment products and increasing their sales.

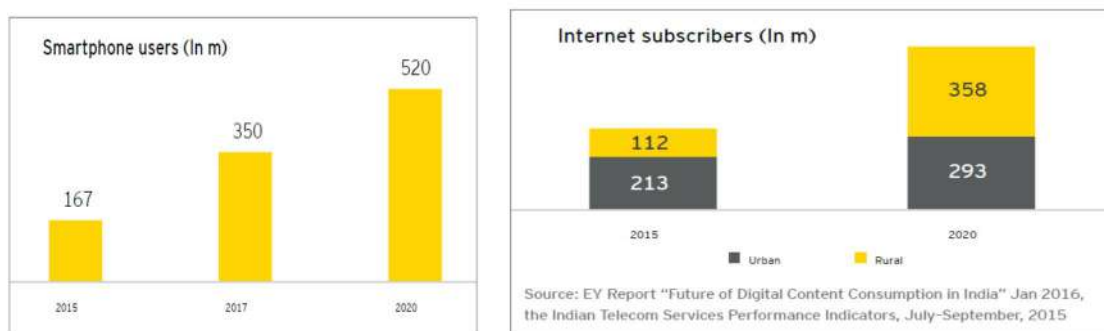


Source - Future Retail Limited - Corporate Presentation - FY 2017





In India, the e-commerce revolution has become a reality. With billions in daily sales and staggering discounts, online shopping is making headlines and attracting both consumers and retailers. This is in contrast to a decade ago, when the prevalent opinion was that too many challenges such as low Internet penetration, limited payment infrastructure (i.e., restricted use of credit cards), consumer psychology and behavior, logistics and warehousing issues would prevent online shopping's emergence. Despite the challenges, online retail, or "e-tail," has grown at a breakneck speed of 50%-55% CAGR over the period from 2009 to 2013 to reach around US\$4.5 billion in 2014 in India. The sector is expected to see similar growth going forward driven by favorable demographics.



Further, almost all major food and beverages companies have made their products available online through e-commerce websites such as Amazon, Big Basket, Merricart, Snapdeal and Nature's Basket, all of which are recording increase in sales in packaged food and beverages.

For example, Big Basket processes over 50,000 orders per day and has crossed the 5 million customer milestone in 2017<sup>6</sup>. Further, Godrej's Nature's Basket, India's pioneering and premium food destination, is targeting 3x growth and revenue of INR1,000 crore by 2020<sup>7</sup>.

<sup>6</sup> [http://www.business-standard.com/article/companies/bigbasket-crosses-5-mn-customer-milestone-117051901055\\_1.html](http://www.business-standard.com/article/companies/bigbasket-crosses-5-mn-customer-milestone-117051901055_1.html)

<sup>7</sup> Press release dated 14 December 2016 issued by Godrej Nature's Basket

## 6 Acceptability and trust: Quality standards, health benefits

Consumers are increasingly seeking value and better outcomes from self-management of health and wellness. Therefore, certain sections of consumers do check the health benefits before buying. With the growth in e-commerce, supermarkets and food chains, the health benefits of associated packaged food and beverages are visible. Therefore, Indian consumers are increasingly consuming dairy foods, breakfast cereals, healthy snacks, organic food, etc. due to their health benefits promised by the products or the natural ingredients used to make the products. Further, consumers trust branded products due to the quality standards assured by the manufacturers. Therefore, with increase in disposable income and awareness, Indian consumers are increasingly consuming the food and beverages of high-growth segments.



Source – Nielsen featured insights – India acquires a taste for health and wellness – 2016

## 7 Festivals and occasions: High-growth segment products becoming part of the celebrations

India has a variety of festivals spread across the whole year that bring families and friends together to celebrate. These celebrations are incomplete without traditional foods and beverages especially traditional sweets, snacks, beverages, etc.

The last two quarters of the calendar year are the time when the festive season starts with Eid and Dussehra, continues with Diwali and is followed by Christmas and the New Year. This is when food and beverage companies connect with the Indian consumers with their new product offerings for the festive seasons through innovative advertisements and marketing campaigns, lucrative discounts and offers such as buy one get one free. For example, Cadbury came up with a new ad campaign for their product Dairy Milk during Diwali through which they advertised chocolate as a substitute for the Diwali sweets. Coca-Cola India had in last quarter of 2016 released its Social Occasions campaign for the festival season featuring actor Deepika Padukone.

There has been a gradual shift in consuming products of high-growth segments during these festive seasons along with traditional foods especially in urban areas. Further, special occasions are not restricted to festivals alone but also to birthdays, anniversaries, marriages etc.

Therefore, consumer spending during festivals, occasions, etc. on confectionaries, bakery products, snacks and beverages etc. increases significantly.





# Breakfast cereals



# Breakfast cereals

Traditionally the typical breakfast in India would be to consume hot and home-made breakfast with tea or milk. Having breakfast out of home in India is either during travel or special occasions and concentrated mostly in either restaurants/hotels or consuming the quick street food. Each region in India has popular breakfast meals, e.g., *parathas* in north India, *idli* and *dosa* in south, flattened rice flakes (*chivda/poha*), dhokla, upma, aloo-puri in western and central India.

However, the trend of eating breakfast at home especially among kids and young adults has been changing in recent years.

Rising urban population, increase in disposable income, and higher consumer health awareness are driving Indian families to bring packaged breakfast cereals into their diet. This trend is increasingly witnessed in the metros and first and second tier cities, where life is fast-paced and is characterized by increasing spending power, higher need for convenience, health consciousness, increase in working hours and increasing commute times, resulting in families with very less or almost no time for indulging in traditional, elaborate home cooked breakfast.

India's demographics is also playing a vital role in this high-growth segment as the number of young adults in India is steadily expanding. Also, increase in foreign travel by Indians has resulted in them experimenting with different tastes and eating preferences, which is creating a demand for world-class food products at affordable prices. All these factors have encouraged Indians, especially in urban areas, to opt for breakfast cereals. India's vast market therefore holds a huge potential for the growing base of breakfast cereal foods which are not only healthy but also quick to prepare.

## Breakfast cereal categories for the purpose of this report

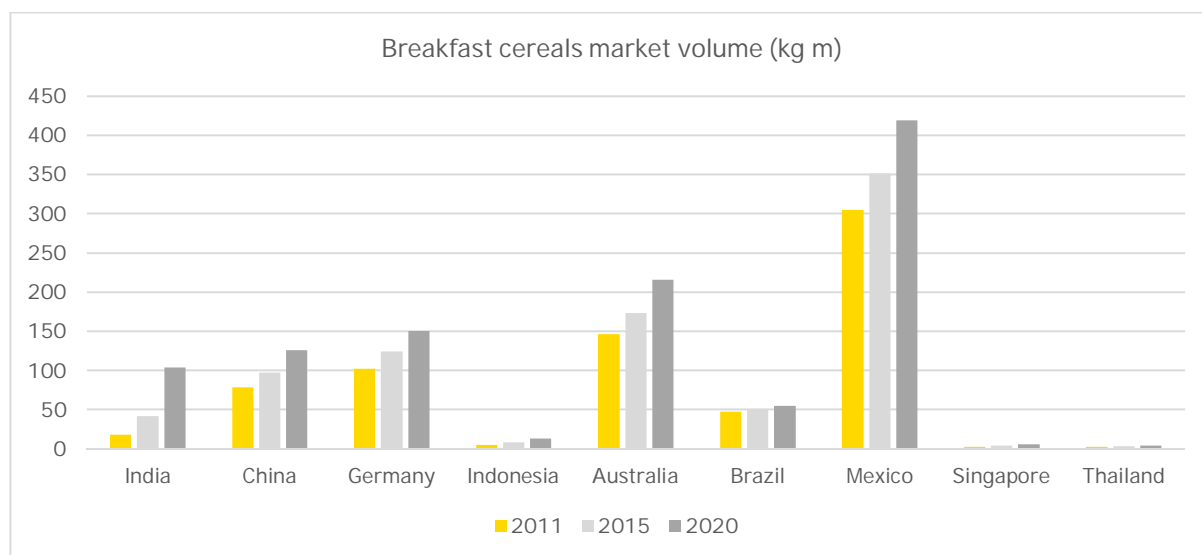
The breakfast cereal market in India could be divided into:

- ▶ Hot cereals: Breakfast cereals that require heating before consumption. They consist of cereal grains that are soaked and/or boiled to soften them and make them palatable.
- ▶ Cold cereals: Breakfast cereal that does not require heating. These include dry cereals and pre-packaged cereal/milk kits e.g. cornflakes, wheat flakes and muesli.



## Breakfast cereals: Comparison with global markets

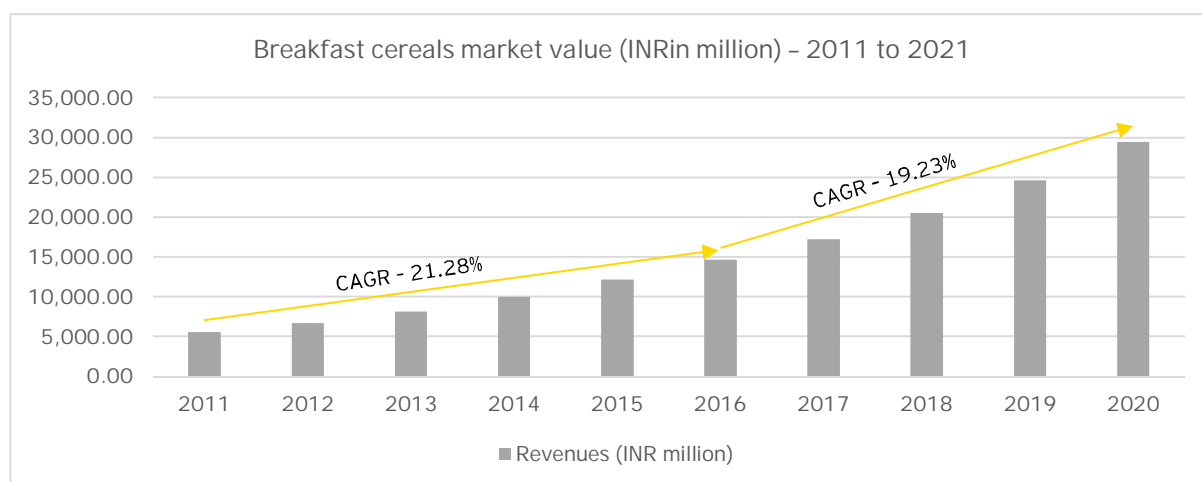
- ▶ A comparison of the countries in terms of market volume of the breakfast cereals consumed shows that India stands out as the fastest growing market in breakfast cereals, which is expected to grow at 19.85% from 2016-21.
- ▶ While countries like China, Germany, Mexico and Australia have a larger market volume, the market value of India signifies relatively low consumption of breakfast cereals thereby making itself more attractive for the new market players to enter the market considering the double digit CAGR.



Source: GlobalData report - Bakery and Cereals: Market snapshot to 2021 (September 2017)

## Breakfast cereals market in India

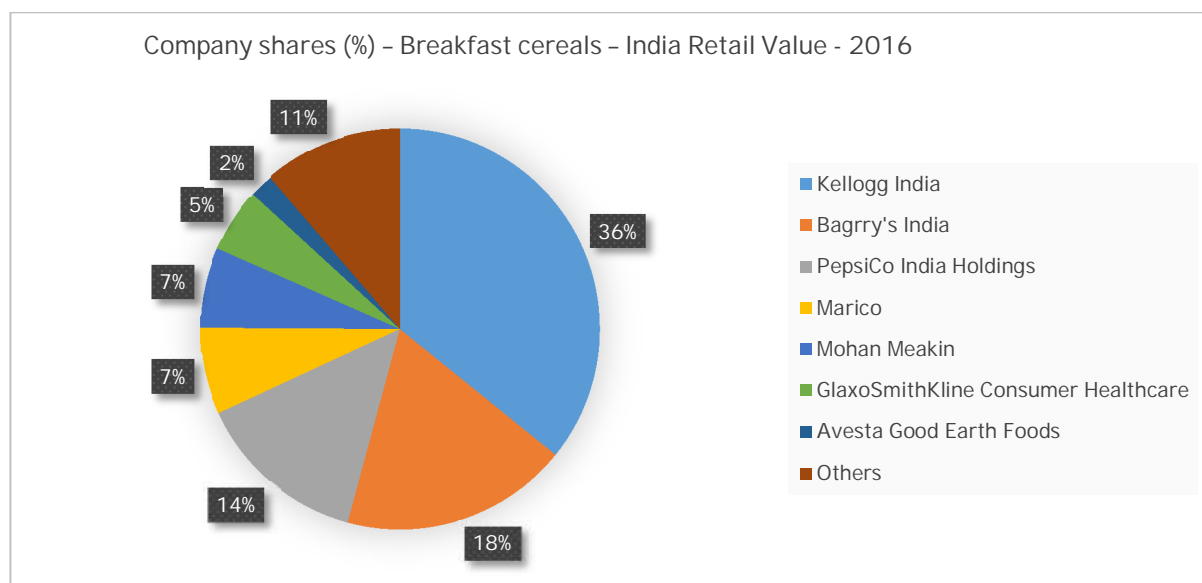
Indians prefer hot breakfasts, so hot cereals are growing at a faster pace than ready-to-eat cold cereals. The breakfast cereal market in India grew at a very promising CAGR of 21.28% during the period 2011-16. The market value of this high-growth segment was at INR5,588 million in 2011 and almost tripled to INR14,661 in 2016. Further, it is expected that the breakfast cereal market would continue to grow at a CAGR of 19.23% and is expected to reach to INR29,466.25.



Source: GlobalData report - Bakery and Cereals Market in India: Market snapshot to 2021 (September 2017)

## Breakfast cereals: Key players in India

Kellogg India is the leader in the breakfast cereal market in India with a share of almost 36%. India's breakfast cereals market is dominated by Kellogg's India along with Bagrry's India Limited together having a market share of over 50% market. With PepsiCo, the three constitute an almost 70% market share in India. Kellogg in its presentation on Visibility into the future - November 2015, as part of its strategy and considering the potential of this high-growth segment, envisaged to triple the size of the Indian business through building winning portfolio, expanding distribution channels and e-commerce.



Source: Passport by Euromonitor International via Sector Capsule - Breakfast cereals in India (December 2016)

| Companies                           | Breakfast cereals - Some products/brands              |
|-------------------------------------|---|
| Kellogg                             | Kelloggs Corn flakes, Chocos, Muesli, Oats, Special K |
| Bagrry's                            | Crunchy Muesli, Oats, Oat Bran, Cornflakes Plus       |
| PepsiCo India Holdings              | Quaker Oats   |
| GlaxoSmithKline Consumer Healthcare | Horlicks Oats   |
| Marico                              | Saffola Multigrain Flakes, Saffola Oats               |
| Patanjali                           | Patanjali Choco Flakes                                |
| Express Foods                       | Harvest Crunch White Oats, Light and Crunchy Muesli   |
| Avesta Good Earth Foods             | Good Earth Classic Muesli                             |
| Pagariya Food Products              | Corn flakes, Choco flakes, Oats, Muesli               |

Source: Passport by Euromonitor International and company's website



# Savory snacks



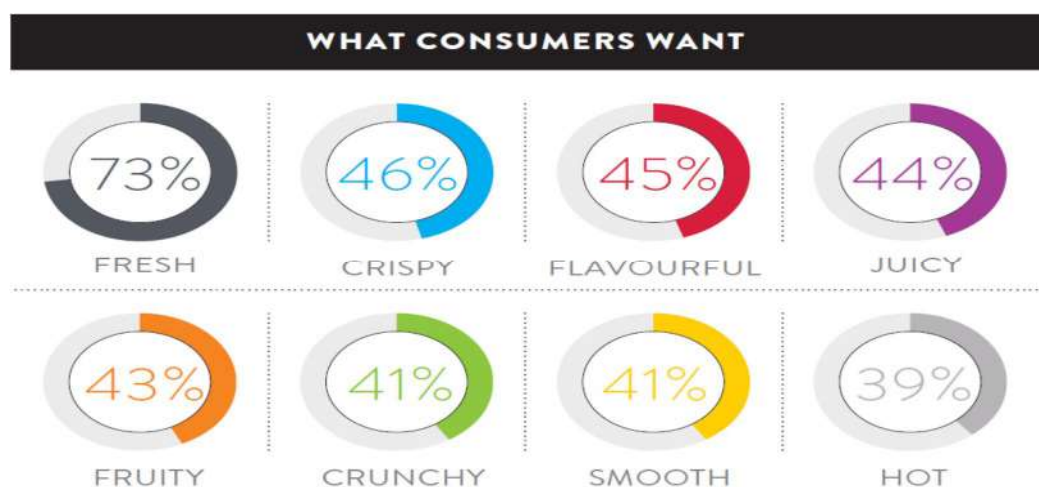


# Savory snacks

Savory snacks are the most convenient food as they are portable and quick to consume. Apart from daily consumption, savory snacks are increasingly consumed by the Indians when they are traveling, in between meals, having a get together or during special occasions.

Traditionally, Indian families would prepare snacks at home for consumption between meals or during travelling, e.g., pakoras, samosas, vada, idlis, chivdas, tikkis, papdi, chats, namkeens, theplas and khakras. However, the rise in urban population, increasing per capita income, busier lifestyles, higher disposable income and need for convenience arising out of the fast-paced lifestyles have led to a high demand for ready and packed savory snacks.

Indian consumers are looking for snacks that are fresh, crisp and flavorful. Freshness is one of the top criteria in choosing a snacking product.



Source: Nielsen survey - Biting into the Indian snacking market - 2014

As Indian consumers are becoming more health conscious, healthy and nutritional snacks are also growing in demand.

## Savory snacks categories for the purpose of this report

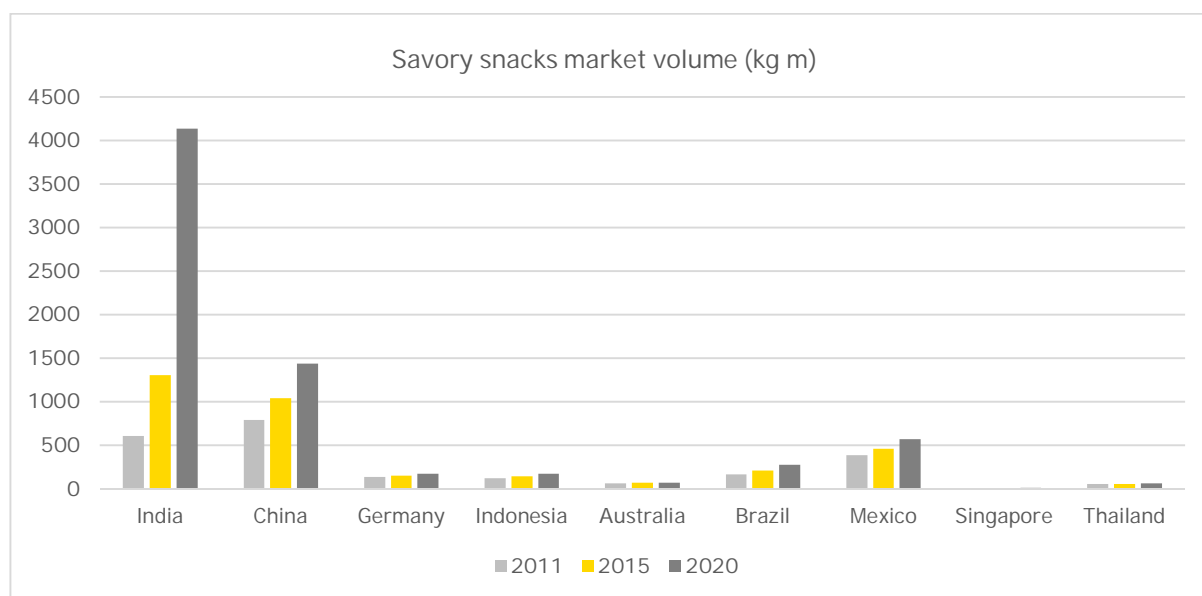
The savory snacks market in India could be divided into:

- ▶ Ethnic/Traditional snacks, e.g., Bombay mix
- ▶ Non-veg snacks: Ambient savory snacks made from meat, e.g., Slim Jim
- ▶ Nuts and seeds, e.g., Good Life Raw Peanut
- ▶ Popcorn, e.g., Act II
- ▶ Potato chips, e.g., Cheetos and Lays
- ▶ Processed (extruded) snacks, e.g., corn chips and tortilla chips

## Savory snacks: Comparison with global markets

A comparison of the countries in terms of market volume of the breakfast cereals consumed shows that India is the fastest growing market in savory snacks, which is expected to rise at 25.92% in terms of volume during the period 2015-20.

Countries like China (expected CAGR - 6.98%), Germany (expected CAGR - 2.50%), Indonesia (expected CAGR - 4.16%), Mexico, Australia and Singapore have lower market volume and expected CAGR. Given the fact that India is the second most populated country in the world and the expected CAGR for the next four years is approximately 25.92%, it makes the savory snacks market a very critical market for business.

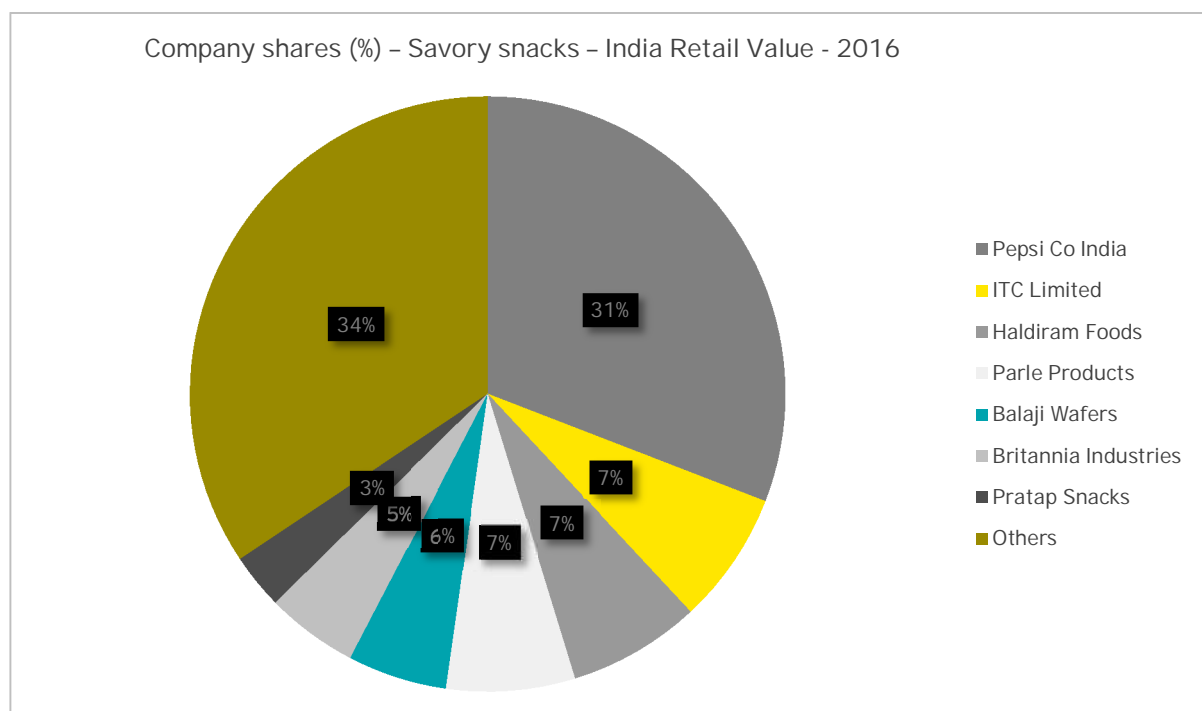


Source: GlobalData report - Savory Snacks Market - Market snapshot to 2020 (May 2017)



## Savory snacks - Key players in India

PepsiCo India is the market leader in savory snacks in India with a share of 31%. ITC, Haldiram, Parle together with PepsiCo hold 50% of the market share in India. 2016 saw PepsiCo reorganize its Indian snacks portfolio, streamlining its offer to two core brands Lay's for western salted snacks and Kurkure for traditional Indian ones. The strategy significantly extends the range of Kurkure's offer, with the brand moving beyond its core tedha medha (crooked shaped) extruded corn-based chips into areas such as peanuts and fried moong dal. The reorganization involves the phasing out of Lehar, which has struggled to build its presence in the traditional namkeen market. In May 2016, PepsiCo announced a major expansion of the Kurkure range with the launch of 15 new products, including South Tangy Twist, Chiwda Mix for the west, Punjabi Chatka, Shahi Mix, and Navratan Mix. The new products are available in 150 different pack offerings in order to satisfy demand across a wide range of consumption occasions and levels of disposable income.



Source: Passport by Euromonitor International via Sector Capsule: Savory Snacks in India (December 2016)





# Ingredients: Seasonings, dressings and sauces market



# Ingredients: Seasonings, dressings and Sauces Market

India is known for its spices and masalas for adding flavor and taste in the food. Traditionally, majority of the Indians would make the required masalas, spices, sauces at home depending on their generation old tastes and flavors and depending on the availability of local herbs and spices. While the traditional spices, herbs and masalas continue to be in demand, there is also an increasing demand for variety of ready sauces, dips, dressings that are used with the traditional Indian food or with international cuisines.

Rapid urbanization, rise in disposable income in the age group that likes experimenting with food and busy lifestyle have resulted in consumption of seasonings, sauces and dressings. Another important reason for the growth of this segment is globalization coupled with growing influence of international cuisines as increasing number of Indian are travelling overseas. The seasoning, dressings and sauces markets are growing tremendously due to the rise in consumption of these ingredients for better tastes.

Further, the growth of hotels, food outlets and restaurants having multi cuisines has also increased the demand for these ingredients.

The sauces market is also growing rapidly in India as it provides consumers with different tastes and flavours and makes the recipes attractive. The various table sauces products such as tomato ketchup, Chinese and hot sauces, pizza and pasta sauces, mayonnaise and salad dressings are in increasing demand, thereby providing high impetus to the Indian table sauces market.

## Ingredients: Seasonings, dressings and sauces market categories for the purpose of this report

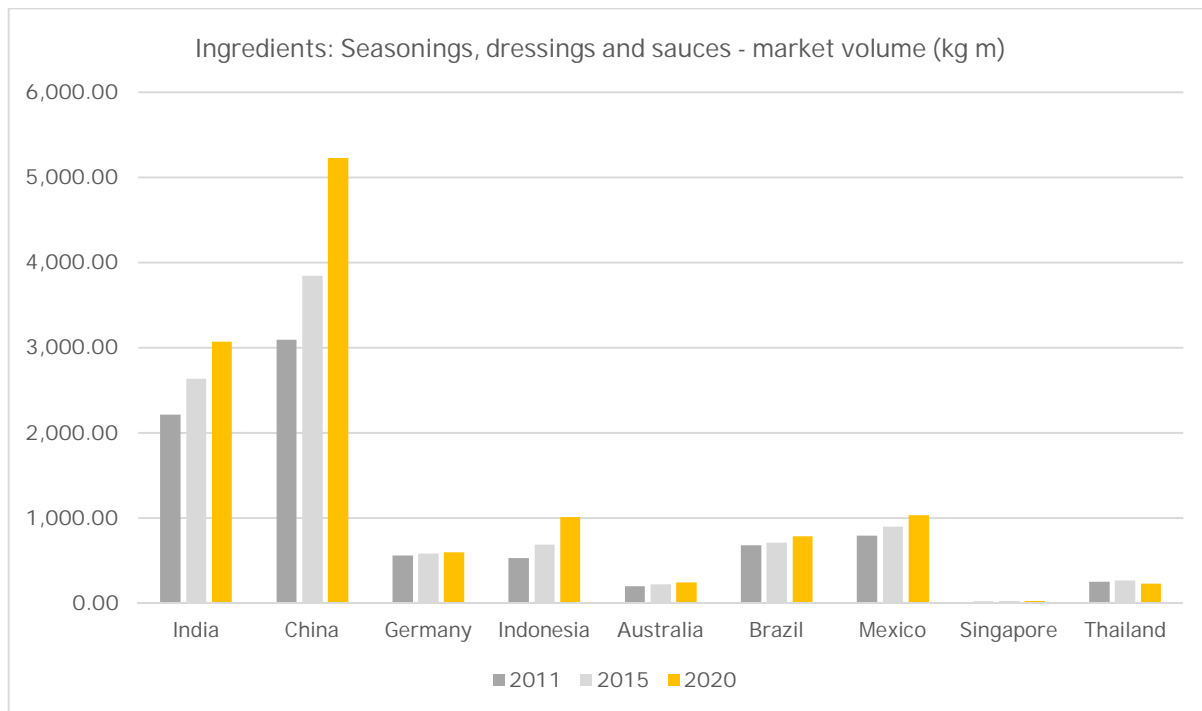
This market in India could be divided into:

- ▶ Bouillons and stocks - gravy makers: made from meat or vegetables used to thicken soups, stock cubes
- ▶ Chutneys and relishes: Includes pickles of Indian origin made of fruits, spices and herbs mixed in spices or savory condiment, spices, etc
- ▶ Condiment sauces: Barbecue sauces, brown sauce, chilli/hot sauce, cocktail sauces, tomato ketchup, mustard sauces etc.
- ▶ Dips: Cream style dips, oil based dips, tomato based dips etc.
- ▶ Dressings: Cream style dressings, mayonnaise, tomato based dressings, etc.
- ▶ Dry cooking sauces: Instant gravy, dry sauces mixes
- ▶ Herbs, spices and seasonings: Dried herbs, pepper, salt etc.
- ▶ Tomato pastes and purees
- ▶ Wet cooking sauces: Pasta sauces, oriental sauces etc.

## Ingredients: Seasonings, dressings and sauces – Comparison with global markets

A comparison of countries in terms of market volume of the ingredients consumed shows that India's market in terms of volume is less than that of China but higher than countries like Australia, Germany and Indonesia.

Given the fact that India is the second most populated country in the world and the various seasonings, dressings and sauces arising out of the international cuisines is consumed more in urban areas there is still an untapped market in India which can be explored. Further, the Indian market is largely dominated by domestic players and therefore with accurate market strategies, India market could be a highly attractive destination for growth.



Source: GlobalData report - Ingredients - seasonings, dressings & sauces: Market snapshot to 2021 (September 2017)

*“Currently we are the leaders in the mayonnaise market owning a whopping 70% market share. The Future of Mayonnaise looks very bright and it is expected to be INR1000 crore market by 2020 and our vision is to own a sizeable market share. As a market leader it is our responsibility to grow the category and we have already started work on it by launching first ever advertisement campaign on Mayonnaise. Our strategy is to educate consumers that FunFoods Mayonnaise is the magic ingredient which helps mothers create juicy sandwiches, wraps, burgers or even a creamy white sauce for macaroni and other recipes at home. We are also leading in Italian Sauces, Sandwich Spreads and Peanut Butter. Our plan is to grow these markets considerably over the years.”*

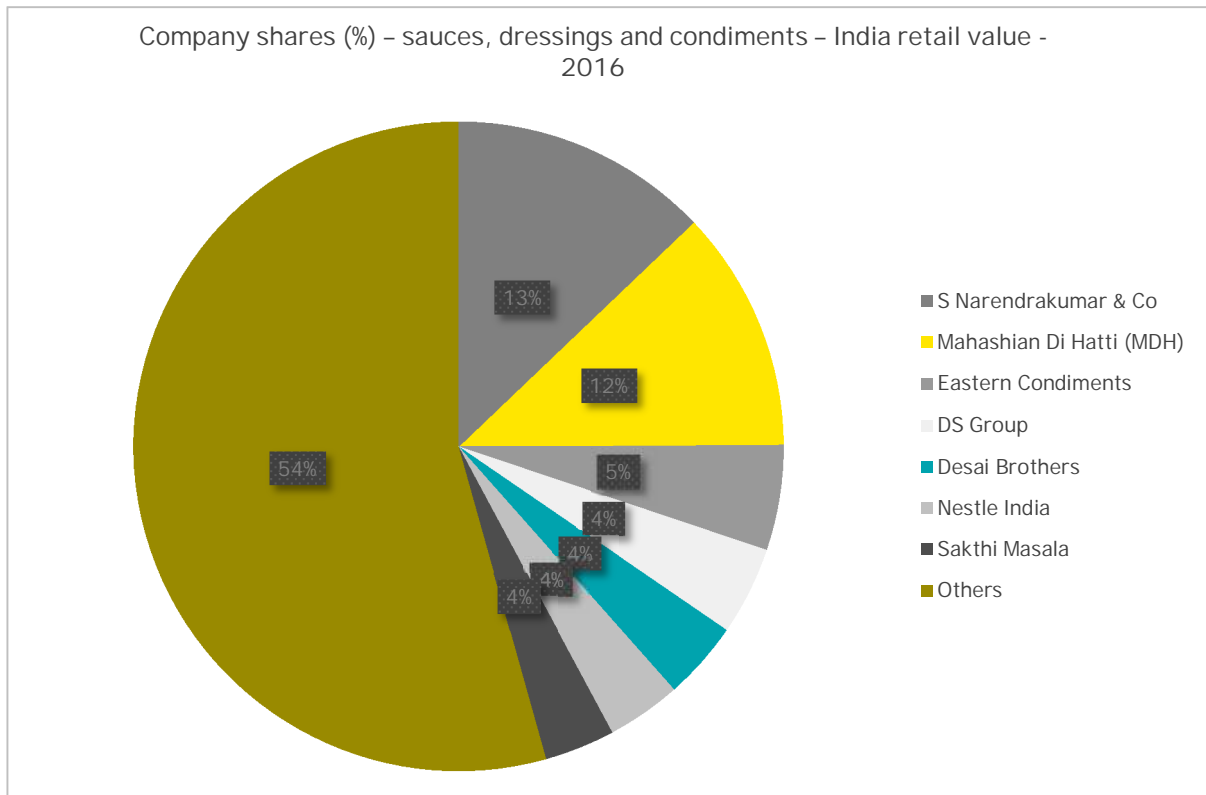
*– MD and CEO – Dr Oetker India Private Limited – BW Disrupt – 23 June 2017*





## Ingredients: Seasonings, dressings and sauces - Key players in India

S Narendrakumar & Co. led sauces, dressings and condiments in 2016 holding a 13% value share. The company ranked second in dry sauces/powder mixes and first in herbs and spices. The company's flagship Everest brand also benefits from the variety of its spices, dressings and condiments brands. The company continued to appeal to rural consumers in India and well as those living in smaller cities, which supported its leading position.



Source: Passport by Euromonitor International via Sector Capsule: Sauces, Dressings and Condiments in India (November 2016)

| Companies               | Some products/ brands   |
|-------------------------|---|
| S Narendrakumar & Co    | Everest spices/masalas  |
| Capital Foods           | Ching's Secret, e.g., hakka noodles, sauces, sauce mixes, Smith & Jones – cooking pastes, pasta masala, pizza ketchup |
| Dabur                   | Hommade: Cooking paste and puree  |
| Desai Bros              | Mother's Recipe: Chutneys, pickles, pastes  |
| Dr Oetker               | Fun Foods: Mayonnaise, sandwich spreads, salad dressings, Italian sauces  |
| Eastern Condiment       | Eastern spices  |
| Heinz                   | Heinz Tomato Ketchup  |
| Hindustan Unilever      | Kissan, Knorr   |
| Mahashian Di Hatt (MDH) | MDH Masala and spices   |
| MTR Foods               | MTR: Masala powders, pastes, spices   |
| Sakthi Masala           | Sakthi masala   |
| Nestlé India            | Maggi masala  |
| Jhaveri Industries      | Badshah   |
| General Mills           | Parampara ready to cook spice and sauce mixes   |

Source: Passport by Euromonitor International and company's website

Pet food



# Pet food

With the emergence of middle and upper class population along with increased knowledge about the health of pets, the demand for pet food is increasing in India. Major factors driving the demand for pet food in the country include rising number of nuclear families particularly in urban areas, increasing pet ownership and rising per capita disposable income.

India has experienced double-digit growth in its pet industry in the last few years. Increasing awareness about pets and availability of pet food products via internet are the major force behind this growth making this one of the fastest growing segments. Another reason is the fact that the people are now realizing that homemade food do not meet the adequate nutritional requirements for pets.

The pet population in India grew from 7 million in 2006 to 10 million in 2011. On average, 600,000 pets are adopted every year. In India, dogs are more popular pets than other animals such as cats, birds and fish.

In India, pet food predominantly includes packaged, ready-to-eat food products that are manufactured to provide complete nutrition to pets. Available in dry, wet and treat/snack form, these products are suitable for consumption by dogs, cats, birds and other pets.

## Pet food categories for the purpose of this report

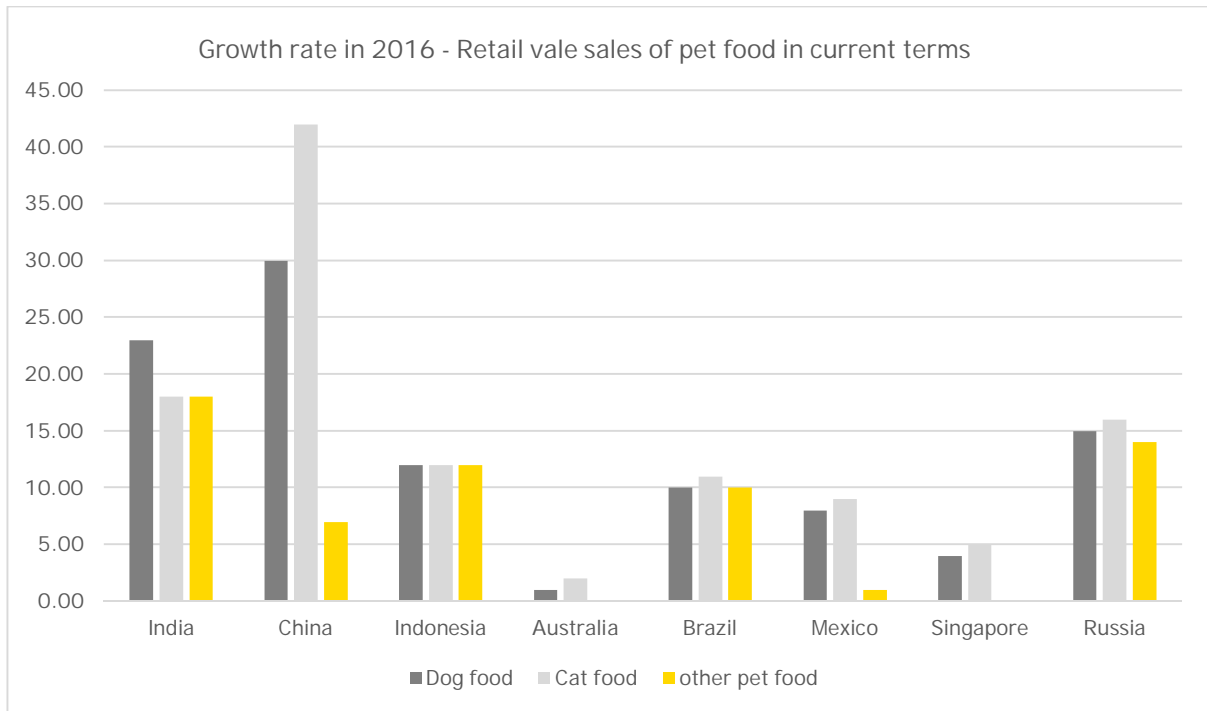
The pet food market in India could be divided into:

- ▶ Dog food
- ▶ Cat food
- ▶ Other pet food for fish, birds, small mammals/ reptiles



## Pet food: Comparison with global markets

All the Indian pet food industry segments, i.e., dog food, cat food and other pet food, recorded double-digit growth rate (in terms of current value sales in 2016) of 18% and above.. Dog food recorded double the growth rate recorded in countries such as Australia, Brazil and Mexico. While China, recorded a higher growth rate, the Indian pet food industry is rapidly growing as the number of pets is bound to increase and there is an increase in awareness about pet food in India. The potential of the pet food market is also evident from the fact that in 2016, the retail sales value of dog food was approximately 46,000 tonnes whereas in China it was over 120,000 tonnes.

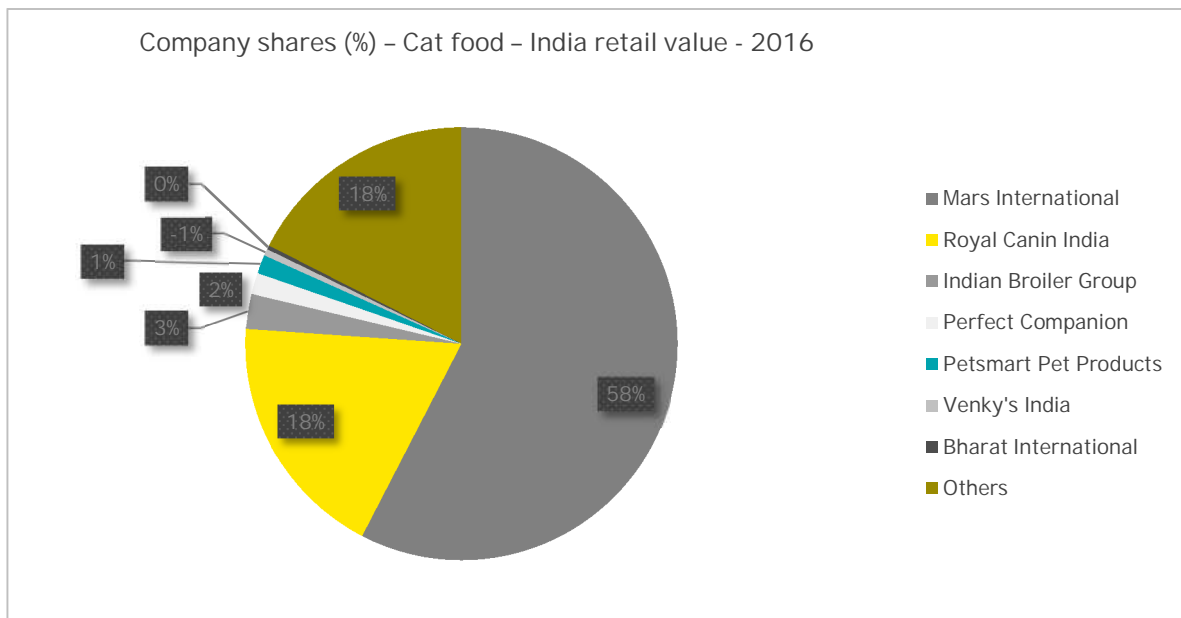


Source: Passport by Euromonitor International

## Pet food - Key players in India

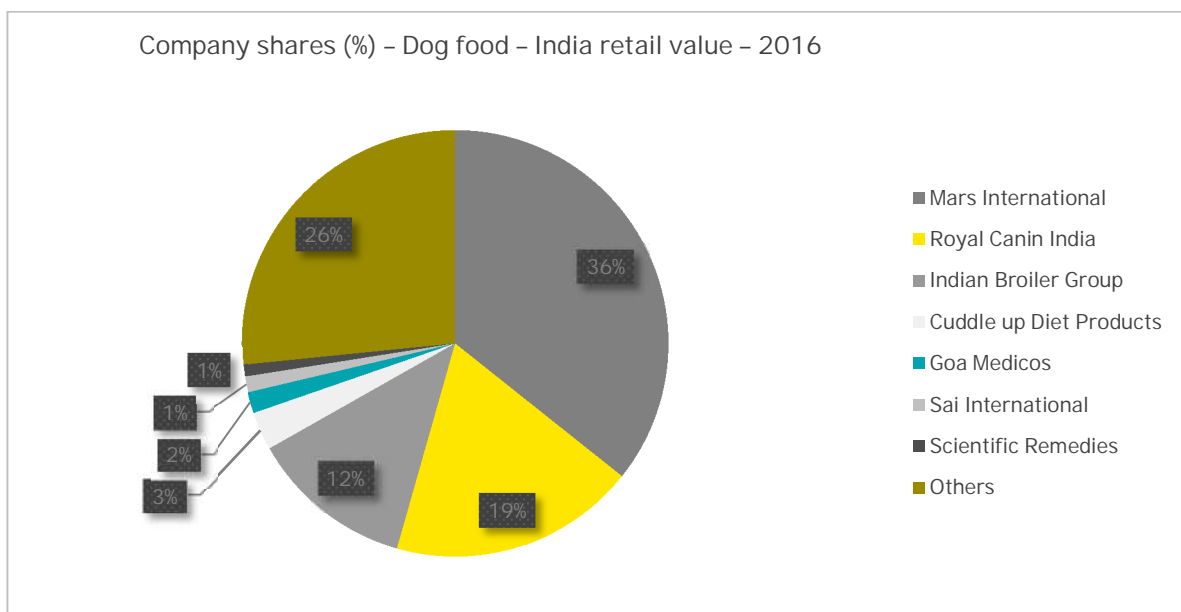
Dog food and cat food are expected to register a double digit growth, during the period 2017-22, with increase in the number of pets in India.

In 2016, Mars International continued to lead cat food with a value share of 58%. Its flagship brand Whiskas continued to enjoy high levels of popularity among existing consumers and also among new consumers shifting from home-cooked food to packaged cat food.



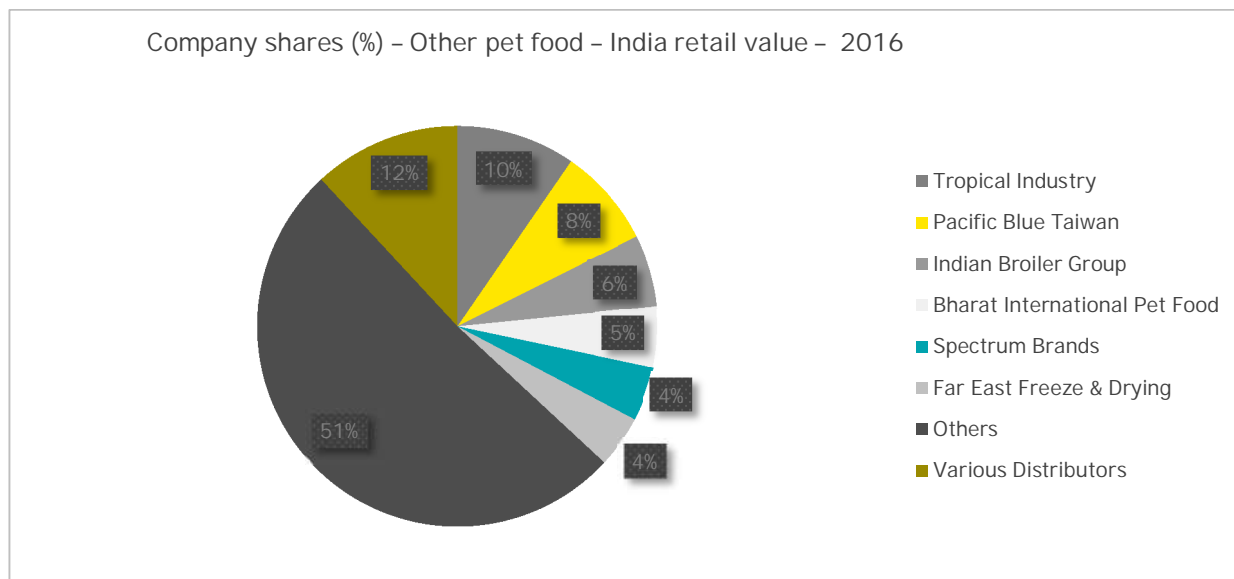
Source: Passport by Euromonitor International

Mars International remained the category leader in 2016 with a value share of 36% in dog food. This was followed by Royal Canin, which competes with a premium positioning, with a value share of 19% in 2016. Demand for Pedigree and Royal Canin is largely supported by the strong consumer base and wide distribution networks.



Source: Passport by Euromonitor International

The other pet food category is highly fragmented, with brands like Taiyo and Toto holding strong market positions. Taiyo remained the leading other pet food brand in 2015, with a 10% value share across the country.



Source: Passport by Euromonitor International

| Companies                      | Some products/brands            |
|--------------------------------|---------------------------------|
| Mars International             | Whiskas, Eukanuba, Pedigree     |
| Royal Canin India              | Royal Canin                     |
| Indian Broiler Group           | Drools                          |
| Perfect Companion              | Me-O                            |
| Petsmart Pet Products          | Maxx Cat, Top Cat               |
| Venky's India                  | Venky's Show cat                |
| Bharat International Pet Foods | Miglior Gatto, Vitapol, Zupreem |
| Cuddle Up Diet Products        | Stylam Choostix                 |
| GOA Medicos                    | Cibau                           |
| Tropical Industry              | Taiyo                           |
| CVM Products                   | Hello Fish                      |
| Pacific Blue Taiwan            | Toto                            |

Source: Passport by Euromonitor International and Company's website





# Naturally healthy beverages



## Naturally healthy beverages

Naturally health beverages for the purpose of this report consist of 100% fruit juice, natural mineral water, green tea and malt-based hot drinks. For all categories in this high-growth segment, the most important growth drivers are awareness about health benefits of consuming these products, increase in disposable incomes and urbanization.

Urban India is the key growth driver for naturally healthy beverages. With lifestyle diseases and conditions, such as hypertension and diabetes, experiencing an exponential rise in the country, an increasing number of Indians are opting for healthier options, such as naturally healthy fruit/vegetable juice, fruit-based drinks and nectars.

The Indian bottled water industry has witnessed an unprecedented boom in recent years, again owing to the improvement in living standards of the middle class and a significant increase in their disposable incomes. With the increase in awareness about health benefits of natural mineral water, this segment of bottled water industry is also going to be promising. Further, increase in tourism and also increase in consumers visiting hotels, restaurants, fitness clubs and air ports is driving growth in this segment. The key consumers would therefore be the tourists and high profile customers who demand only premium products or Indians who have travelled abroad and have tried natural mineral water. Further, the increase in the expatriate population as well as the increasing consumer awareness and brand consciousness amongst Indians is increasing the demand.

In India, malt-based beverages are also called health drinks as they are fortified with nutrition and used to enhance the taste of milk. Malt has always been a part of the diet of growing children and the elderly as a nutritious supplement. While marketers have positioned such beverages as nutritious drinks, these are also widely consumed as taste enhancers to encourage drinking of milk among growing children. Greater health consciousness, aspirations for higher standards of living and comfortable disposable incomes become the main drivers of consumption patterns.

More and more tea makers are adding green tea in their portfolio as consumers in India are developing a taste for the beverage for its many health-promoting effects.

## Naturally healthy beverages categories for the purpose of this report

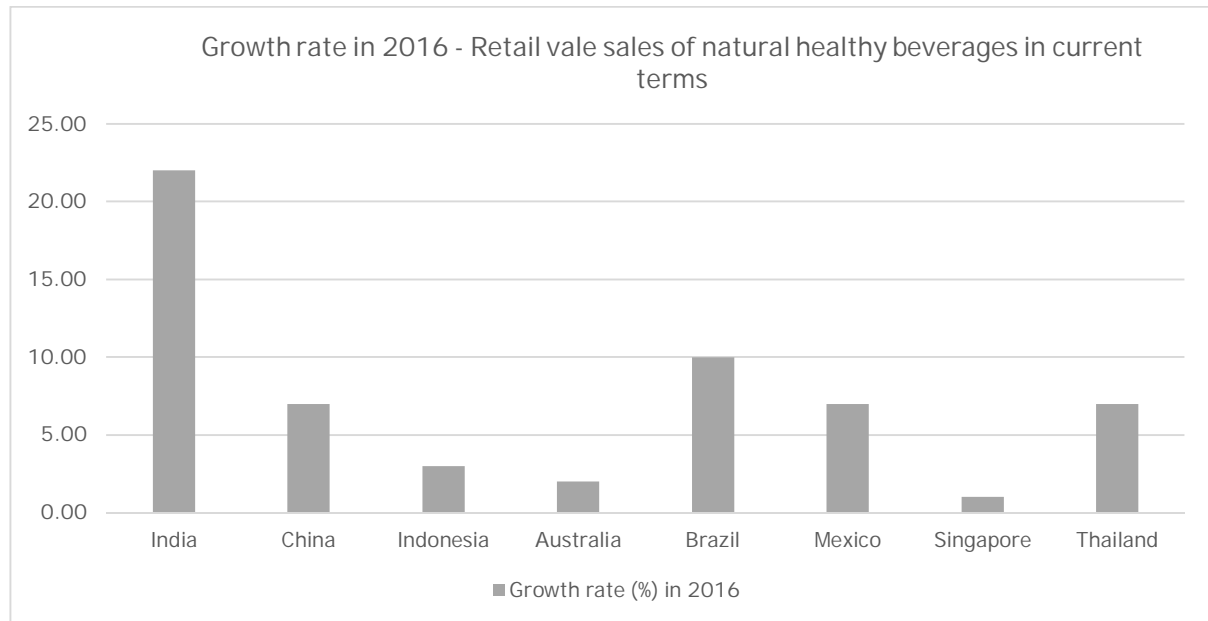
The naturally healthy beverages market in India could be divided into:

- ▶ 100% fruit/vegetable juice or superfruit juice, e.g., ceres orange juice has no preservatives, artificial color or flavor; Tropicana cranberry delight
- ▶ Natural mineral water, spring water
- ▶ Cereal/pulse-based drinks, other Asian specialty drinks
- ▶ RTD green tea, herbal tea, other naturally healthy tea
- ▶ Malt-based hot drinks, other plant-based hot drinks

*The year saw Dabur introduce a new sub-brand Réal Wellnezz with 100% Jamun Juice. In addition, the Réal Activ range was also expanded with the launch of 100% Mixed Fruit Juice. Réal Activ Coconut Water, which was launched last year, found greater acceptance and grew at a healthy pace. Today, Dabur has the largest range of fruit juices in the market and will continue to add new variants to this range to keep up the excitement and grow its market share. This summer will see the launch of Mausambi (Sweet Lime) juice under the Réal brand.*  
Dabur India Annual Report 2016-17

## Naturally healthy beverages: Comparison with global markets

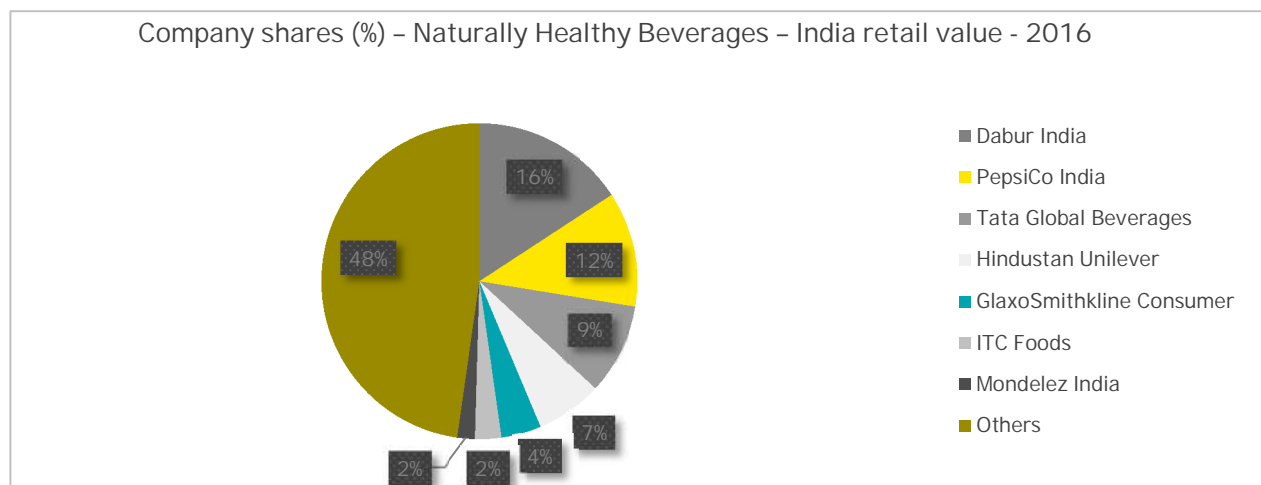
The Indian natural healthy beverages recorded a robust 22% growth rate in 2016. If compared with countries like China, Indonesia, Brazil, Mexico, Singapore and Thailand, the only country that had a double-digit growth rate in 2016 was Brazil, which recorded half the growth rate of India, i.e. 10%. With India's demographic advantage over the other global countries, this high-growth segment clearly advantageously stages India to the most important market for the industry players globally.



Source: Passport by Euromonitor International

## Naturally healthy beverages - Key players in India

Dabur led the category and also achieved a strong increase in sales in naturally healthy beverages in 2016. This was mainly due to the popularity of its Réal brand and its wide distribution, which further helped boost the brand's performance.



Source: Passport by Euromonitor International

| Companies                           | Some products/ brands                   |
|-------------------------------------|---|
| Ceres Fruit Juices                  | Ceres orange juice                      |
| Coca-Cola                           | Minute Maid                             |
| Cosmic Nutracos Solutions           | Gaia green tea                          |
| Dabur                               | Real fruit juices                       |
| Dharmapal Satyapal                  | Catch Natural Spring Water              |
| GlaxoSmithKline Consumer Healthcare | Boost, Horlicks                         |
| Hindustan Unilever                  | Lipton green tea, honey lemon green tea |
| ITC Foods                           | B Natural Apple, Guava                  |
| Mondelez India Foods                | Bournvita                               |
| Mount Everest Mineral Water         | Himalayan                               |
| Narangs Hospitality Services        | Qua natural water                       |
| PepsiCo                             | Tropicana                               |
| Tata Global Beverages               | Tetley                                  |
| Tunip Agro                          | Onjus                                   |
| Patanjali                           | Patanjali juice                         |

Source: Passport by Euromonitor international and company's website

*Conventionally, the demand for sparkling water in India was met through imported brands. Our natural mineral water brand Himalayan saw an opportunity to leverage its expertise and enter this segment by offering a superior product experience to those who prefer sparkling to still!*  
Tata Global Beverages – Annual Report 2016-17



# Ready meals



# Ready meals

Ready meals, also known as convenience meals, which are gaining popularity globally, are also making their place in the Indian market. Ready meals are products that have had recipe "skills" added to them by the manufacturer, resulting in a high degree of readiness, completion and convenience.

Ready meals are generally accepted to be complete meals that require few or no extra ingredients. Ready meals can further be divided into:

- ▶ Ambient ready meals and dried ready meals: Meals that are pre-packed and do not require any special storage conditions
- ▶ Chilled ready meals: Meals that are to be stored at specific temperatures and just need to be heated
- ▶ Frozen ready meals: Meals that need to be frozen at all times and need to be defrosted and heated

Majority of the Indian consumers prefer fresh home-made meals. However, factors such as increase in working population in India, urbanization, growing western cultural influence, rise in per capita disposable income and busier lifestyle are the major growth drivers for ready meals in India. Further, India's demographic advantage of youth being the majority of the population in India and increase in the number of working women are also contributing to the growth and acceptance of the ready meals in India.

Further, as the products offered in the market promise the use of high quality ingredients, the busy Indian consumers are adopting ready meals to avoid elaborate cooking, i.e., buying the ingredients, understanding the recipes, having necessary infra to make meals etc.

*"In order to maintain an impeccable standard of quality, we strive to use the highest quality ingredients. Our products are prepared simply with wholesome ingredients made by good people who care about delivering quality in every box, every bag and every bite."*

- McCain Foods (India) website

Companies in India are offering a range of ready meals that cater to the traditional tastes and cuisines, e.g., vegetables dishes such as aloo mutter, pav bhaji, chicken darbari, curries and rice (including pulao, biryani) and also products like frozen ready-to-eat breads, pizza, stuffed breads and parathas.

Another important factor for the growth of ready meals in India is increase in tourism in India and overseas travel by Indians. Traditionally, while travelers would carry with them home made food. However, due to busy schedules and convenience ready meals available in the market, the consumers are gradually substituting the traditional home-made food with ready meals especially during overseas travel.

Further, there is also growth in the exports of the ready meals made in India on account of demand from the consumers staying overseas who want to consume traditional Indian cuisine.

*"Over the years we observed that culinary skills are diminishing among the youth. The pride of cooking resonates mainly with the older generation. We had several consumer insights that bluntly said: 'We love Gits gulab jamun, but don't want to cook it'. We, thus, were losing out on a new younger set of consumers that grew up eating our product made by their mothers, but now want it more easily accessible. Hence, we have now launched it in more convenient 'open & eat' cans."*

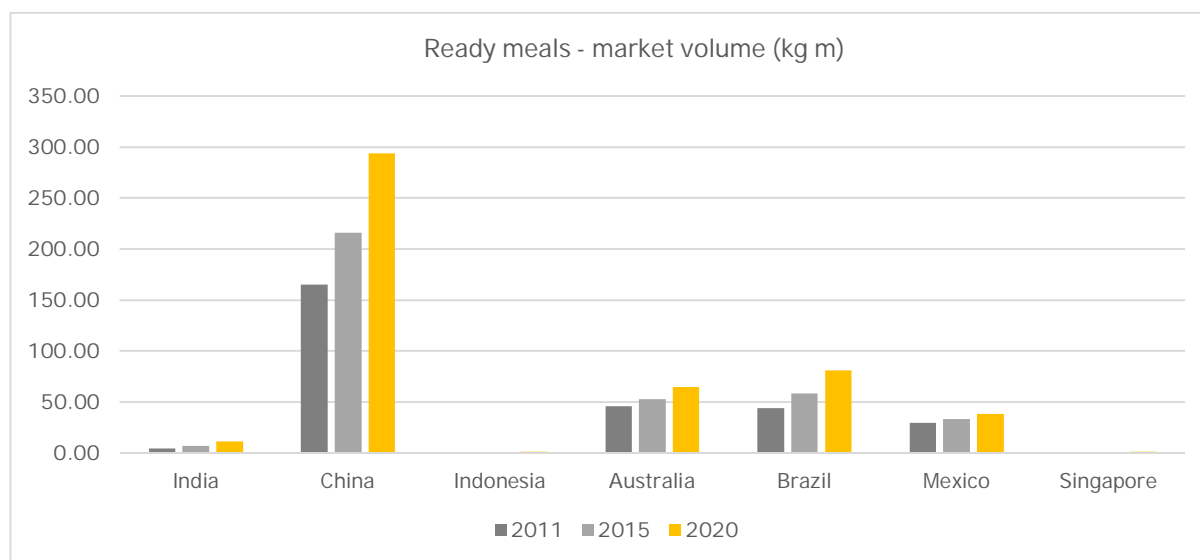
- Director (sales & marketing), Gits Food Products

Source - <https://timesofindia.indiatimes.com/business/india-business/millennials-push-cos-to-serve-ready-to-eat/articleshow/59431765.cms>

## Ready meals: Comparison with global markets

A comparison of some of the countries in terms of market volume of the ready meals consumed shows that India's market in terms of volume is less than that of China, Australia, Brazil, Mexico. However, in terms of volume, India is the only country out of these countries that recorded a double-digit CAGR of 12.84% during the period 2011-16 and it is expected that India will register a CAGR of 7.75% in terms of market volume during the period 2017-21.

With the increase in population of India in the urban areas, demographic advantage and awareness, this high-growth segment is ready to gain momentum in India.



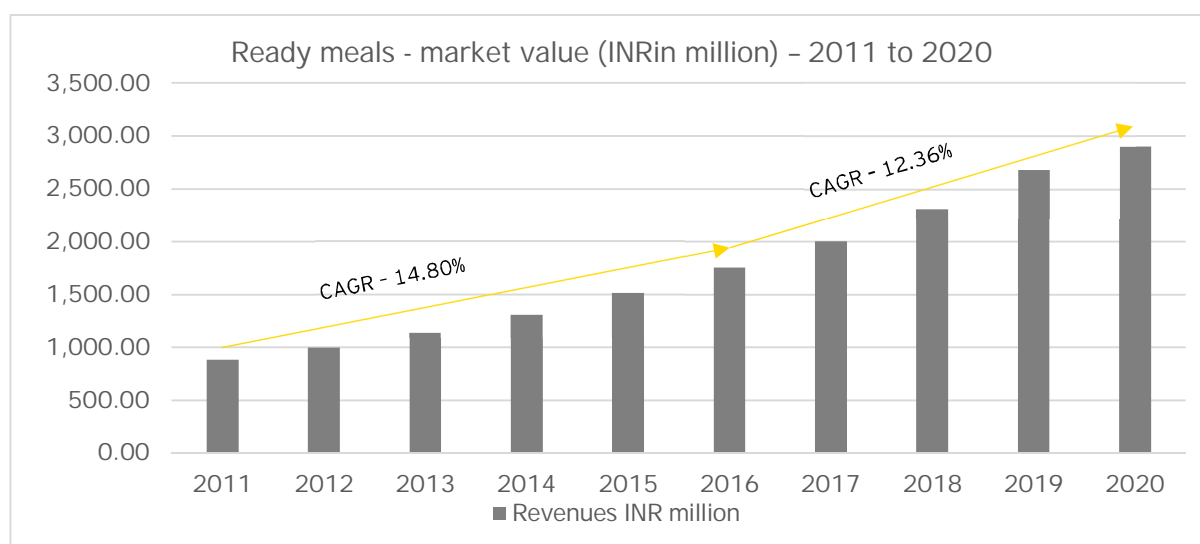
Source: GlobalData report – Prepared meals - Market snapshot to 2021 (September 2017)

*“On the back of growing demand of our clients for Ready to Eat & Ready to Cook products we plan to increase the Production capacity from existing 15,000 to 50,000 ready meals per day by next financial year. Our focus would be on product innovation to develop healthy food products from locally available raw material. We will continue to Invest & Innovate and expand our product offering to add value to our Food business operations.”*

*Kohinoor Foods Limited – Annual Report 2016-17*

## Ready meals market in India

The ready meals market in India, in terms of market value, grew at a double digit CAGR of 14.80% during the period 2011-16. The market value of this high-growth segment was at INR880.57 million in 2011 and increased to INR1,755.89 million by 2016. It is expected that the ready meals market in India would continue to grow at a CAGR of approximately 12.36% during the period 2016-21 and reach INR2,901.53 million by 2020.

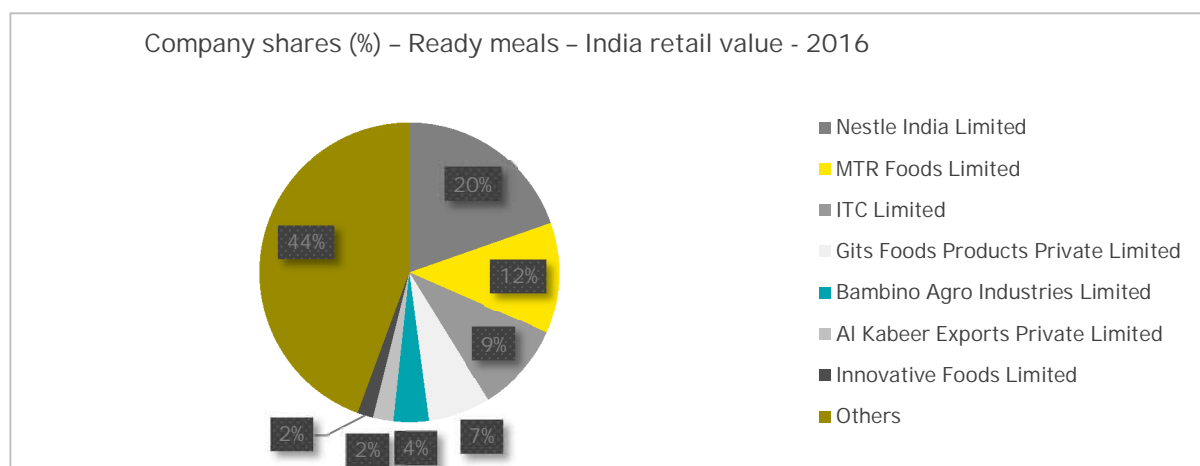


Source: GlobalData report - Prepared Meals Market in India: Market snapshot to 2021 (September 2017)

## Ready meals - Key players in India

Nestlé India Ltd. remained the leader in the ready meals category in India with a 20% value share in 2015.

MTR Foods Ltd. has expanded its portfolio based on consumers' taste preferences and has also expanded its distribution to smaller cities in India. These factors helped the company to gain one percentage point in value share in 2015. Furthermore, introducing new varieties and running huge advertising campaigns are strategies that appear to be working for the company.



Source: Passport by Euromonitor International

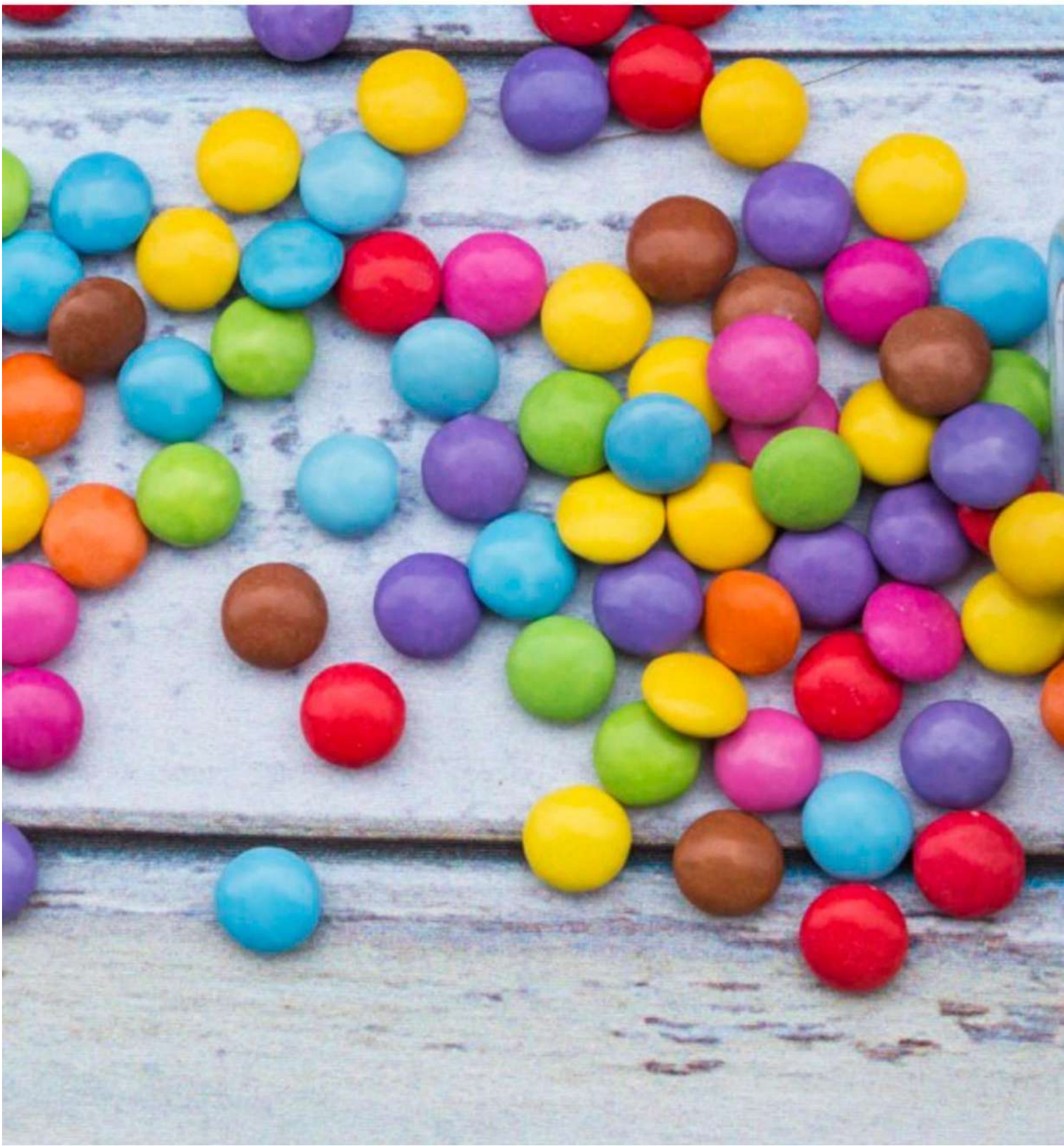


| Companies               | Few products/ brands  |
|-------------------------|---|
| Al Kabeer Exports       | Al Kabeer ready meals – Biryani, Chicken Tikka Masala, Parathas, Trotilla Wraps   |
| Bambino Agro Industries | Bambino – Vegetable soup, Idli, pasta   |
| Gits Food Products      | Gits – Dosa, idli, gulab jamun, biryani, pav bhaji, masala rice, dal palak  |
| Innovative Foods        | Sumeru – ready to eat vegetarian, non-vegeterian food including sea food  |
| ITC                     | Kitchens of India – Chicken Darbari, Mirch Ka Salan, Paneer Malai   |
| Kohinoor Foods          | Ready to eat food e.g. Kohinoor Curries, Microwaveable Rice, Rice and Curry Combo meals; Frozen ready to eat e.g. Nan and stuffed breads, Curries, Rice e.g. Chinese Fried Rice |
| McCain Foods            | Aloo Tikki, French fries, Smiles  |
| Merino Industries       | Vegit Snack Mixes: Ready to make e.g. Sabudana vada, corn star, cutlet, etc.  |
| MTR Foods               | MTR Ready to eat, e.g., Sambar rice, pulao, pav bhaji   |
| Nestlé                  | Pazzta  |
| Venky's                 | Chicken nuggets, pops, samosa, kheema, biryani  |

Source: Passport by Euromonitor International and Company's website



# Confectionary

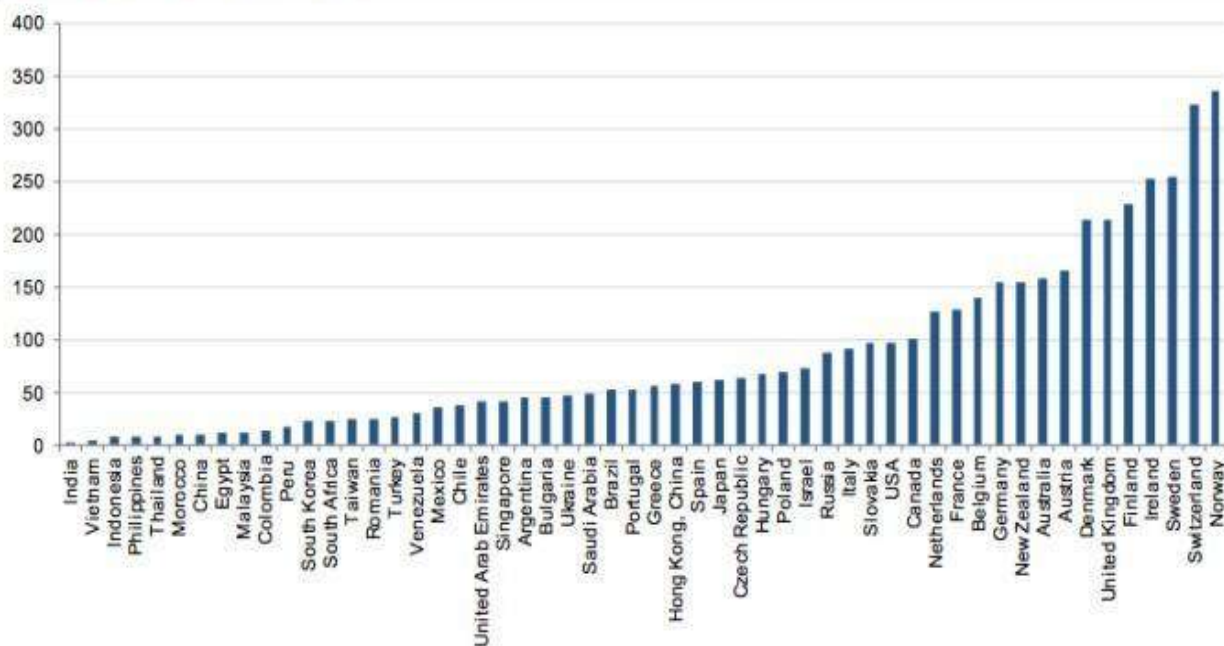


# Confectionery

The confectionery market in India consists of chocolate, gum and sugar confectionery products. India is one of the fastest growing confectionaries market in the world. Some of the key reasons for the growth are:

- ▶ Increase in disposable income means that the consumer base now have the resources to purchase non-essential commodities and products like chocolates and candy.
- ▶ Urbanization, increased consumer awareness about the new innovative products available in the market, willingness to spend on premium confectionery products have all contributed to growth in this segment.
- ▶ Globalization and increasing international travel by Indians have led to experiencing new tastes and accepting the confectionaries manufactured by the international players.
- ▶ Indians traditionally celebrate festivals such as Diwali, Rakhi and other special occasions with Indian sweets. However, it is now becoming a common practice to purchase premium confectionaries like chocolates to celebrate festivals and special occasions like birthdays and anniversaries, thereby leading to increasing confectionaries purchase.
- ▶ The chocolate-gifting culture for festive as well as non-festive occasions is on the rise due to advantages of a longer shelf life than Indian sweets, increased convenience and attractive packaging options.
- ▶ Further, cocoa plants typically respond well to relatively high temperatures and a hot and humid atmosphere is essential for the optimum development of cocoa trees. Due to its geographic location, the climate in large parts of India (particularly the southern region) is favorable for the cultivation of cocoa plants. Multinational companies are looking at India to boost cocoa production to meet the rising demand. For example, Mondelez in April 2016 inaugurated its cocoa processing center in India, which is its largest processing center in the Asia-Pacific.

Per capita spend on confectionery (\$)



Source: SG Cross Asset Research/Equity, Euromonitor

- ▶ Despite India being one of the fastest growing confectionaries markets in the world, it is interesting to note that India's per capita spending on confectionery is very less, which translates into immense opportunities for new entrants as well as existing players.
- ▶ The companies in India are increasingly innovating to cater to rapidly evolving consumer tastes and preferences with premium chocolates. For example, Nestle India had in 2016 introduced a variant to its premium chocolate KitKat called KitKat Duo at INR10 per unit, Mondelez India, in August 2017, announced the launch of Cadbury Dairy Milk Cashew and Coconut and Cadbury Dairy Milk Butterscotch Crunch – two limited flavors in its Cadbury Dairy Milk portfolio, Mars International launched its world's biggest confectionery brand M&M in India in August 2017, Parle Products announced launch of Friberg – a premium chocolate brand imported from Belgium and Switzerland and ITC launched a luxury range of chocolates under the Fabelle brand at exclusive Fabelle Chocolate Boutiques set up in seven ITC Hotels across the country.

"Chocolate consumption in India is gaining popularity and we at Parle are always looking to innovate as we understand the evolving palate and tastes of the Indian consumers who are now looking for unique, self-indulgent food products," Parle Products Brand Manager - The Hindu - BusinessLine - November 2016

*"We are really excited to launch one of our globally loved platforms in India, in the form of Cadbury Dairy Milk Silk Oreo. Indian consumers now demand unique formats and eat experiences and given our global leadership in chocolate, we are well positioned to identify and bring some of our world leading brands to India. - Director - Marketing (Chocolates), Mondelez India - Mondelez International newsroom - January 2017*

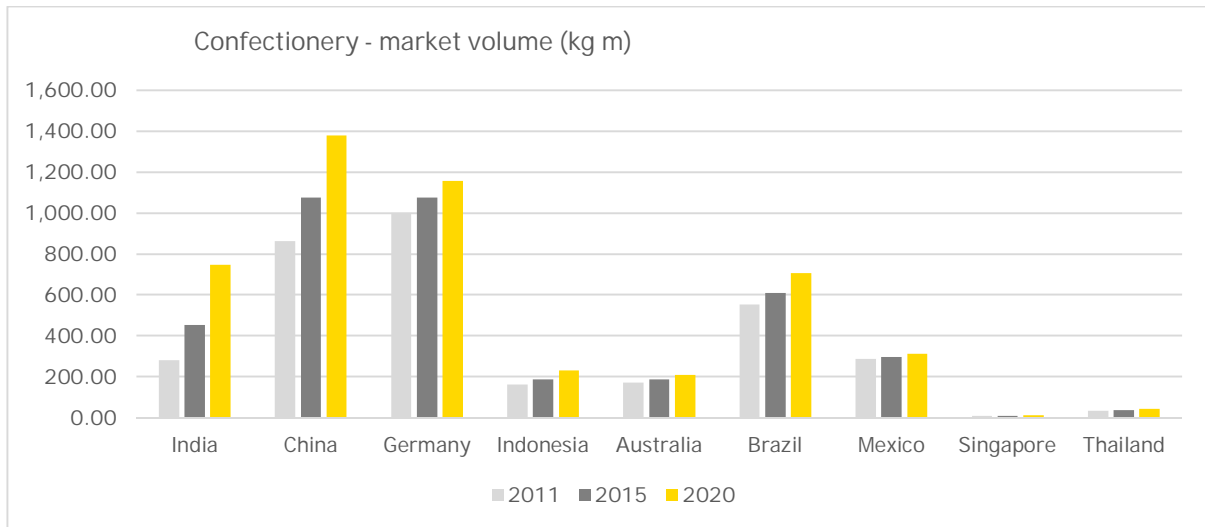
Our innovations in Amul chocolates have attracted consumer attention and our new range of chocolates is so popular that we have to undertake massive production capacity expansion to be able to service demand. - Amul Chairman at annual General Meeting held on June 2017



## Confectionery: Comparison with global markets

A comparison of some of the countries in terms of market volume of the confectionaries consumed shows that India's market is less than that of China and Germany. However, India is the only country out of these countries that is expected to record a double digit CAGR of 10.28% during the period 2016-21. Further, the chocolate segment is expected to grow at a CAGR of 14.93% from 2016-21 and the gum segment at a CAGR of 11.16% in terms of volume.

India's confectionery market therefore has a lot of potential to be explored not only by the existing players but also new entrants who can enter the market with their innovative tastes and products.

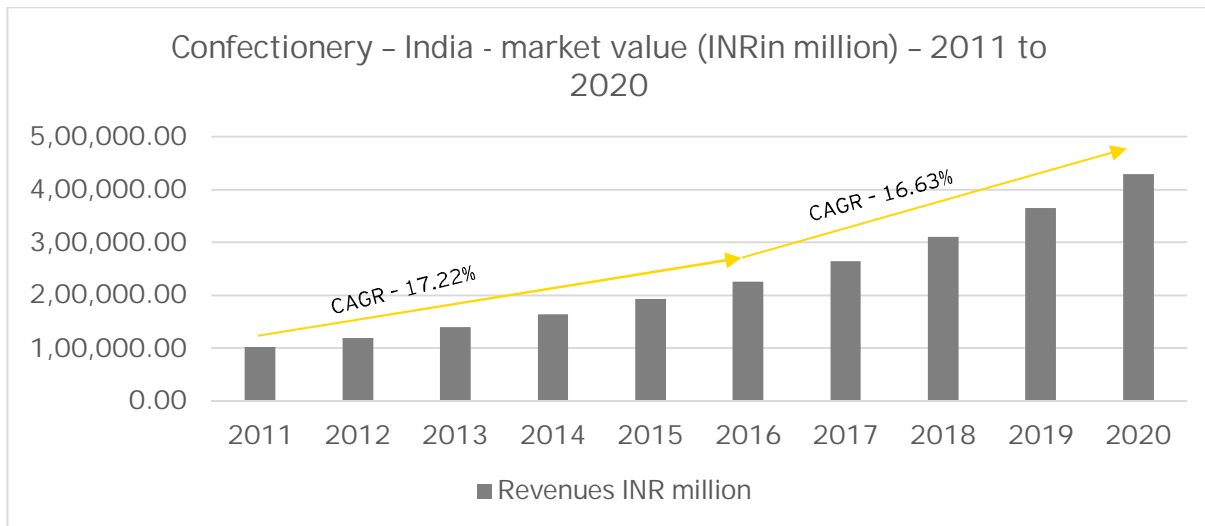


Source: GlobalData - Confectionery: Market snapshot to 2021 (September 2017)

*"Brands like Ferrero with no historic baggage has discovered and led the top down approach of premiumising through innovation versus old school thinking of focusing mainly on low priced products. Ferrero has shown that there is a large market even at the top end." President - FMCG and Brands at Future Group - Economic Times - 7 July 2016*

## Confectionery market in India

The confectionery market in India grew at a double digit CAGR of 17.22% during the period 2011-16. The market value of this high-growth segment was at INR102,143.10 million in 2011 and more than doubled to INR226,068.60 million by 2016. It is expected that the confectionery market in India would continue to grow at a CAGR of approximately 16.63% during the period 2016-21 and is expected to reach to INR430,067.2 million by 2020. It is expected that for the period 2016-21 the chocolate segment would grow at a CAGR of 18.57%, gum at 16.90% and sugar confectionery at 12.70%.



Source: GlobalData report - Confectionery Market in India: Market snapshot to 2021 (September 2017)

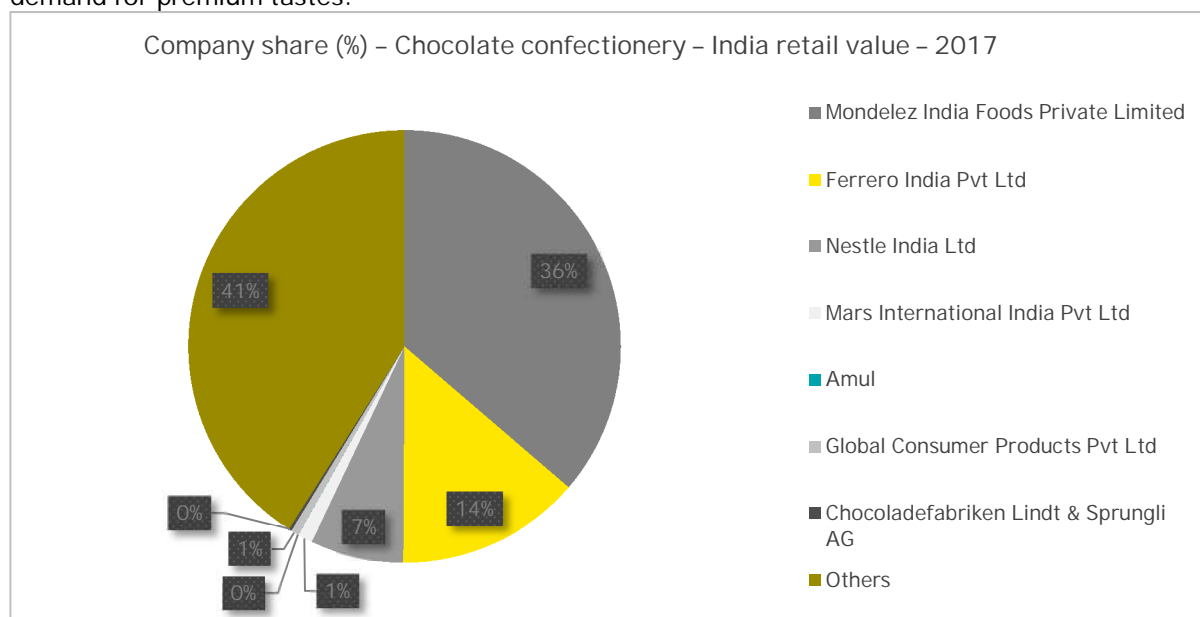
*"India is a priority market for us, and we continue to invest behind our brands, routes to market and people to drive sustainable growth. We are bullish about India and see this country as a huge opportunity. We are investing today and building capacity for tomorrow," - EVP & President, Asia Pacific, Mondelez International*  
Source - Mondelez International website



## Chocolate confectionery - Key players in India

Mondelez India Foods Private Limited continued to lead chocolate confectionery with 36% of retail value sales in 2017. The company's position owed much to constant product innovation and a well-established distribution network.

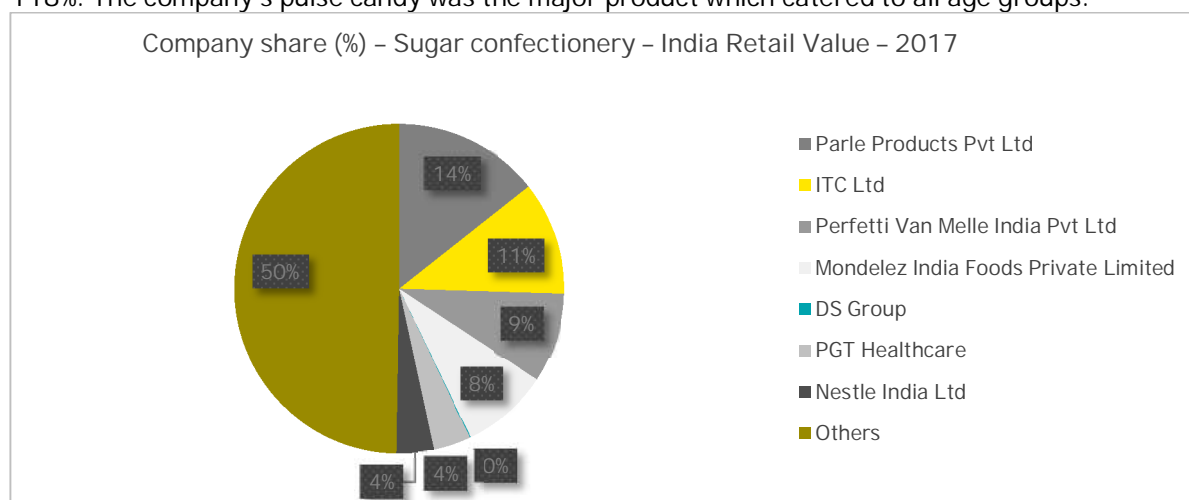
Ferrero India posted the fastest retail current value sales growth of 23% in 2017, following on from a 49% increase in 2016. The company benefitted from product availability across distribution channels, the growing popularity of Ferrero chocolate confectionery as gift options and a higher demand for premium tastes.



Source: Euromonitor International - 2017

## Sugar confectionery - Key players in India

Parle products was the leading manufacturer in sugar confectionery in 2017 with 13% share of retail value sales. Strong brand penetration, lower price points and consumer loyalty for its brands contributed to the company's position. DS Group recorded retail current value sales growth of 118%. The company's pulse candy was the major product which catered to all age groups.



Source: Euromonitor International - 2017

| Companies   | Some products/ brands   |
|---|---|
| Mondelez  | 5 star, Bournville, Cadbury Celebrations, Cadbury Dairy Milk, Cadbury Shots, Cadbury Gems, Cadbury Choclairs, Halls |
| Nestle  | Bar One, Kit Kat, Milkybar, Munch, Polo   |
| Ferrero India   | Ferrero Rocher, Kinder Joy, Tic Tac   |
| Gujarat Co-operative Milk Marketing Federation (Amul) | Amul Bitter Chocolate, Amul Sugar Free Chocolate, Amul Tanzania Noir Dark Chocolate                                 |
| Mars International                                    | Mars, Snickers  |
| Global Consumer Products                              | LuvIt   |
| Parle Products  | Kismi, Londonderry, Parle   |
| Perfetti Van Melle India                              | Albenliebe, Chlor-Mint, Cofitos, Fruit-tella, Marbels, Mentos   |
| ITC   | Candyman, Mint-O  |
| DS Group  | Pulse   |
| Lotte   | Coffee bite, Lacto King   |
| PGT Healthcare  | Vicks   |
| Hershey   | Maha Lacto, Koka Naka   |
| Ravalgaon Sugar Farms                                 | Ravalgaon   |
| Wrigley   | Bonkers   |

Source: Passport by Euromonitor International and Company's website





# Organic food



# Organic food

The growth of organic packaged food in India is directly related to India's favorable climatic conditions and bio-diversity and the GOI's commitment to boost organic farming in India

India has had a tremendous growth in agricultural production during the last four decades through input intensive chemical energy based agriculture.

The Green Revolution adopted in India since the 1960s has paid rich dividends as farmers have been able to enhance food production of the country. Food grain production increased from 83 metric ton in 1960-61 to about 253 metric ton in 2014-15<sup>8</sup>. Fertilizer consumption likewise has shown a continuous upward trend, with consumption from less than 1 million ton of total nutrients in the mid-60s to almost 25.6 million tons in 2014-15. About 50% of increase in agricultural production is attributed to the use of fertilizers.

While the Green Revolution resulted in increase in the food production, it also resulted in loss of nutrients in soil.

India is losing 5,334 million tonnes of soil every year due to soil erosion because of indiscreet and excessive use of fertilizers, insecticides and pesticides over the years. The present GOI has laid greater emphasis on organic farming considering the existing potential of organic farming, future demand for organic produce and to also meet its commitment of doubling the farmers income by 2022.

- ▶ The GOI has launched the Paramparagat Krishi Vikas Yojana (PKVY) scheme under the National Mission of Sustainable Agriculture to promote organic farming through a cluster approach, through which assistance is provided for organic farming. Under PKVY, it is proposed to develop 10,000 clusters with a cluster size of 50 acres so as to increase the certified area by 5 lakh acres in the next 3 years and to develop potential markets for organic products
- ▶ The Indian Ministry of Commerce and Industry has formulated the National Programme for Organic Production for certification of organic products. Organic products in India can be exported only when certified by an accredited certification body under NPOP [for detailed information on the list of certification bodies please refer <http://apeda.gov.in/apedawebsite/organic/index.htm>]. The NPOP has earned equivalence with European Union and Switzerland. USDA has accepted the conformity assessment system of NPOP.
- ▶ The FSSAI in June 2017 announced the Draft Food and Standards (Organic Food) Regulations, 2017, aimed at curbing sale of fake organic products. This regulation will require products sold in the market as "organic" to be certified by either the NPOP of the commerce and industry ministry, or the PGS of the agriculture ministry.
- ▶ The state of Sikkim became the *first fully organic state* in India in December 2015

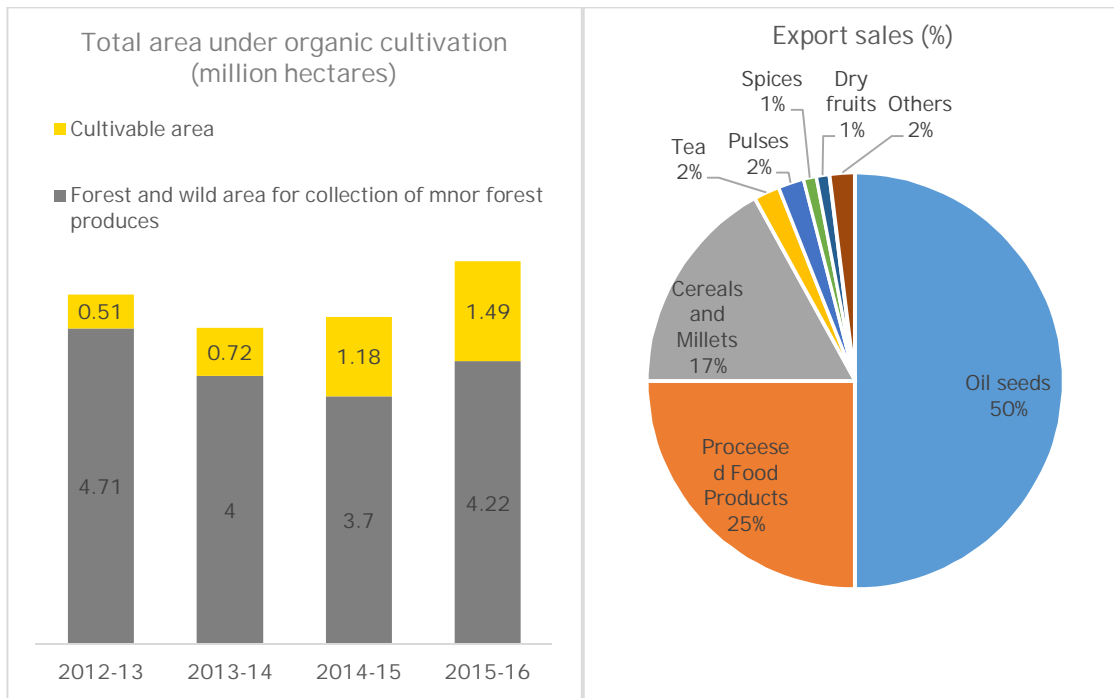
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<sup>8</sup> source Standing Committee on Agriculture - 29<sup>th</sup> Report - 2015-16

## Snapshot of organic farming in India

|   |   |
|---|---|
| Total area under organic certification                      | 5.71 million hectare in 2015-16 <sup>9</sup>  |
| The total cultivable area under organic cultivation         | Increased from 0.51 million hectare to 1.49 million hectare in 2015-16, i.e., within a period of three years, the area has tripled <sup>9</sup>   |
| Rank of India in terms of world's organic agricultural land | 15 <sup>th</sup> as per 2013 data (second in Asia) <sup>9</sup>   |
| Number of organic cultivators                               | 0.65 million - largest in the world   |
| Organic production  | Increased from 1.24 million MT in 2013-14 to 1.35 million MT in 2015-16 <sup>9</sup>  |
| Export of organic produce from India                        | Increased from US\$327 million in 2014-15 to US\$370 million in 2016-17. <sup>9</sup>   |
| Major states from where organic produce is exported         | Approximately 58% of the exports during the 2016-17 was from Madhya Pradesh, New Delhi, West Bengal and Gujarat. <sup>9</sup>   |
| Organic products  | All varieties of food products namely Sugarcane, Oil Seeds, Cereals & Millets, Cotton, Pulses, Medicinal Plants, Tea, Fruits, Spices, Dry Fruits, Vegetables, Coffee etc. The production is not limited to the edible sector but also produces organic cotton fiber, functional food products etc. <sup>9</sup> |

<sup>9</sup> [http://apeda.gov.in/apedawebsite/organic/Organic\\_Products.htm](http://apeda.gov.in/apedawebsite/organic/Organic_Products.htm)



[http://apeda.gov.in/apedawebsite/organic/Organic\\_Products.htm](http://apeda.gov.in/apedawebsite/organic/Organic_Products.htm)

India is bestowed with a lot of potential to produce all varieties of organic products due to its various agro climatic regions. In several parts of the country, the inherited tradition of organic farming is an added advantage. This holds promise for organic producers to tap the export market while steadily growing the domestic market.

Along with the agro climatic conditions advantage that India enjoys, the GOI has also a macro agenda of sustainable agriculture development and has taken various initiatives to promote organic farming in India which has resulted in growth of the organic food and beverages market in India.

In addition to the above the following factors has also resulted in growth of the organic food and beverages market in India:

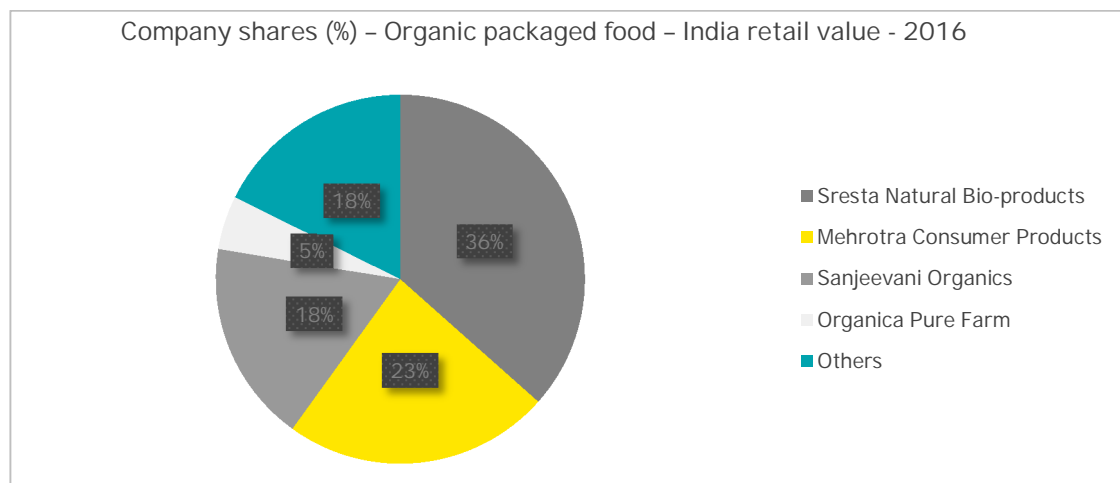
- rising disposable income;
- increase in awareness about the benefits of consuming organic food and beverages; and
- easy availability of organic produce through supermarkets and E-Commerce websites like Big-basket, Reliance Smart, Godrej, Amazon India, Jaivik Haat, etc. have made the products easily available from producers/ manufacturers directly to the consumers

As per the Indian Organic Sector - Vision 2025 report, India's organic business has immense potential to reach the INR75,000 crore mark by 2025 from INR2,700 crore (in 2015).

As per the Sector Capsule - Organic packaged food in India - Euromonitor International 2017, the organic packaged food market in India grew at 17% from 2015 to reach sales of INR533 million in 2016. It is expected that the organic packaged food market would grow at a CAGR of 10% to reach INR871 million by 2021.

## Organic packaged food - Key players in India

The leading players in organic packaged food are domestic producers of organic herbs and spices. Sresta Natural Bioproducts is the leader with a 37% value share in 2016, benefiting from being an early entrant to this area in 2004 and from its farm-to-fork traceability. By the end 2016, this company was working with 25,000 farmers, cultivating 150,000 acres across 15 states. Mehrotra Consumer Products meanwhile ranks second with a 23% share, while Sanjeevani Organics is third with an 18% share.



Source: Passport by Euromonitor International

*Sresta took small steps starting 2004. With the focus on creating means of sustainability for the farmers, we set about addressing two key areas- farmers and the products. For the farmers our efforts addressed issues of creating communities for farmers who are committed to the cause of organic farming, ensuring continuing means of livelihood and building mutually beneficial relationships with the farmers. For products we adopted a unique farm to fork approach to ensure farmers produce 100% Organic products and the same was brought to our customers. It has been a challenging journey from 2004 to now... Today 25,000 farmers cultivate 1,50,000 acres across 15 States. And our goal is to expand this circle of sustainability by reaching 500,000 acres under Organic farming by 2020. - <http://www.sresta.com/overview/about-us/>*

| Companies                   | Some products/brands  |
|-----------------------------|---|
| Mehrotra Consumer Products  | Organic flour, pulses, rice, sugar and jiggery, grains, spices, breakfast cereals                           |
| Organica Pure Farm Products | Olive Oil pickles, Tea Bags, Loose Tea, Honey, Spices   |
| Sanjeevani Organics         | Organic sweets, atta, ghee, pickle, sugar, spices, tea, vegetables  |
| Sresta Natural Bio products | 24 Mantra Organics - Cereals, dals, flours, spice powders, Breakfast cereals, juices, snacks, ready to cook |

Source: Passport by Euromonitor International and company's website

# Dairy food market



# Dairy food market

Dairy consumption in India has been traditionally centered around consumption of milk and milk products made at home like curd, buttermilk, lassi and sweets.

However, in the last one decade due to rise in the purchasing power, change in dietary patterns and availability of quality and healthy dairy products, the production and consumption of dairy products (other than liquid milk), e.g., butter, cheese, drinkable yogurt, flavored lassi, curd and creams, has also increased manifold.

## Production

- ▶ India is the world's largest producer (20% share in global market) and consumer of dairy products.
- ▶ The milk production in India was 155.5 million tonnes in 2015-16 and is expected to grow to 200 million tonnes by 2022<sup>10</sup>.
- ▶ India has the largest bovine population in the world with a processing capacity of 98.3 million liters per day<sup>11</sup>.
- ▶ The majority (i.e., 80%) of the dairy industry market in India is unorganized. It is expected that the organized segment would grow at a CAGR of 19.6% during the period 2015-2020<sup>12</sup>.

## Consumption

- ▶ Over 65% of milk is consumed in the liquid form, as opposed to developed countries that consume a large portion of milk in the form of dairy products.
- ▶ India's per capita consumption of milk stands at only 97 liters per annum as compared with the US at 285 liters per annum and the EU at 281 liters per annum<sup>13</sup>. With growing disposable income and India being the second most populated country in the world (of which 60% of the population is of the age 15 to 59 years) there lies significant potential of growth in the Indian dairy market.
- ▶ Currently, 15% of the average household's food expenditure is on milk or milk-based products.
- ▶ With over 31% of the population of India being vegetarian, dairy products are a critical source of proteins, fats, carbohydrates, calcium and vitamins in India<sup>11</sup>.
- ▶ Further, value added products like cheese finds usage especially in international cuisines like pasta, nachos, pizza and burger. Due to increase in consumption of these cuisines, demand for such value added products is increasing in India.
- ▶ Growth of e-commerce and supermarkets has also ensured that the dairy products are easily available to the consumers, which also increases awareness about new products available in the market.

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<sup>10</sup> National Dairy Development Board

<sup>11</sup> Annual Report - Prabhat Dairy Limited - 2016-17

<sup>12</sup> Annual Report - Kwality Limited - 2016-17

<sup>13</sup> Business Today - June 2016

- ▶ Consumption of value added products is increasing due to exposure and adoption of western consumption pattern. Therefore, Indian consumers are increasingly consuming emerging value added products such as flavored yogurt and low-fat cheese.



### Government initiatives to boost dairy industry infrastructure:

- ▶ In the Union Budget 2017-18, the GOI had set up a dairy processing infra fund worth INR80,000 million.
- ▶ In Union Budget 2015-16, budget outlay of INR4,900 million was allocated to Dairy Vikas Abhiyaan, which proposes to bring surplus milk produced under unorganized sectors for procurement.
- ▶ The National Dairy Plan, Phase 1, was launched in April 2012, with an aim to enhance production by 65% over the next 15 years till 2027.
- ▶ 134 cold chain projects are being set up to develop supply chain infrastructure. As on 22 July 2016, out of 134 cold chain projects, 87 projects are completed

*India is strategically a great place to be in, especially for international players. With milk available in surplus and consumption of milk products on rise, they can not only tap the Indian market, but also use India as a base to serve other global markets."*  
 Chairman, Rabo Equity



## Dairy food market categories for the purpose of this report

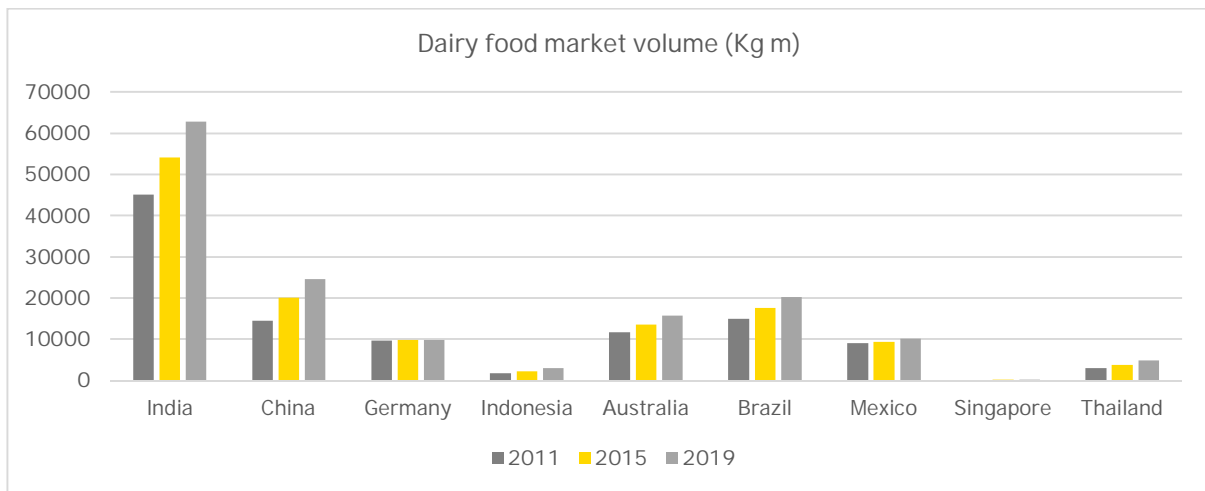
The dairy food market in India could be divided into:

- ▶ Milk: includes buttermilk, concentrated milk, liquid milk, powdered milk etc.
- ▶ Butter and spreadable fats: Butter is made exclusively from milk and/or cream and spreads are made by mixing the cream/butter/milk with vegetable oils
- ▶ Drinkable yogurt: Includes Yakult and other probiotic drinks
- ▶ Cheese: includes natural cheese, processed cheese etc.
- ▶ Yogurt: Includes frozen yogurt, set yogurt, flavored yogurt etc.
- ▶ Dairy-based and soy-based desserts: Includes cheesecakes, flans (puddings/ desserts), frozen puddings/ deserts, mousse, soy desserts, trifles etc.



## Dairy food industry: Comparison with global markets

India's market of dairy food in terms of volume is the highest as compared to other countries. The Indian dairy industry has registered positive growth in the last decade and promises considerable potential in the near future. Production of milk and value-added dairy products will rise at a faster rate in the coming years and demand will be even stronger. Factors such as growing disposable incomes, rising awareness and availability of dairy products through channels such as organized retail and food service segments, a health conscious society, increased government support to the cooperative sector in the form of capital expenditure and technological improvement, and increasing demand for pro-biotic drinks will drive the growth of the dairy industry in India. Further, the Indian market is largely dominated by domestic players and therefore with accurately devised business strategies, this segment could be an attractive destination to capture the Indian market share.

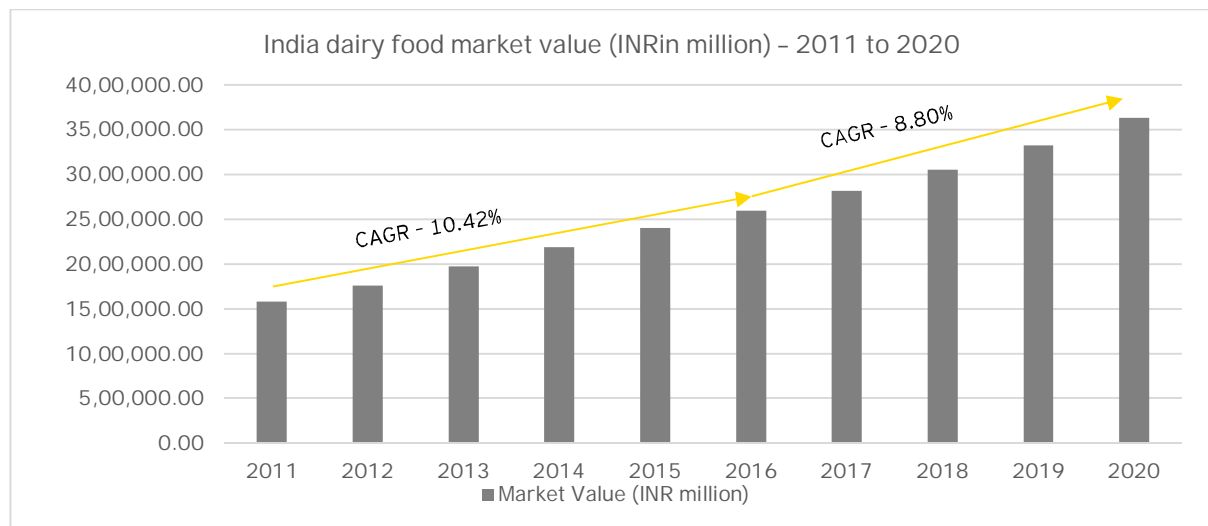


Source: GlobalData - Dairy food market : Market snapshot to 2021 (April 2017)

*"We will leverage our global expertise in yogurts to build the category in India and establish the relevance for the category through the right product innovation. The dairy division is poised for a healthy growth with new product offerings."*  
 - Managing Director, Danone India

## Dairy food market in India

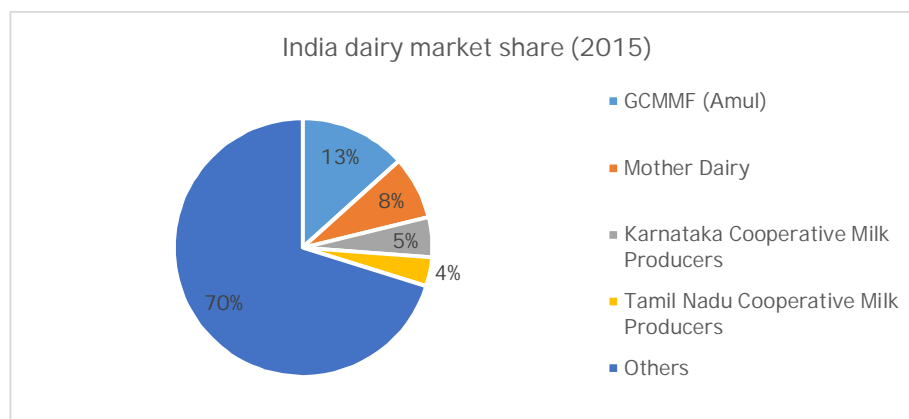
The dairy food market in India grew at a very promising CAGR of 10.42% during the period 2011-16. The market value of this segment was at INR1,583,821.42 million in 2011 and increased to INR2,599,437.90 million by 2016. It is expected that the dairy food market in India would continue to grow at a CAGR of approximately 8.80% and reach INR3,633,594.70 million by 2020. Cheese, drinkable yogurt and soymilk and soydrinks registered a double-digit growth during the period 2011 to 2016 and would continue to maintain the momentum with a double-digit growth during the period 2016 to 2021.



Source: GlobalData report - Dairy Food Market in India: Market snapshot to 2021 (April 2017)

## Dairy food market - Key players in India

GCMMF and its brand Amul lead the Indian dairy market with 13% share of the market's value in 2015. Mother Dairy owned by the National Dairy Development Board and KCMPF held second and third positions with 8% and 5% market shares, respectively. In the cheese market, Amul is the leader with a 46.5% market share in India. Mother Dairy, Amul, Danone Yakult and Nestle are the leading producers of probiotic food products in India. The Indian dairy market holds tremendous potential that can be harnessed with focused strategies. Worth INR5,000 billion in 2016, 80% of the industry remains unorganized. While multiple opportunities exist for dairy companies, rural focus and wellness/premium products will be primary.



Source: MarketLine via EMIS (June 2017)

*"The next level of value growth (for Amul) will come from beverages, paneer, cheese and ice-creams."  
- Managing Director, Amul*

| Companies                                    | Few products/ brands  |
|--|---|
| GCMMF  | Amul: Amul milk, bread spreads, cheese, UHT milk, Amul PRO, etc   |
| KCMPF  | Nandini: Milk, UHT milk, curds and other fermented products, ghee and butter, etc                               |
| Rajasthan Co-operative Dairy Federation      | Saras: Milk and milk products   |
| Kerala Cooperative Milk Producers Federation | Milma: Milk and milk products   |
| Nestle India                                 | Greek Yogurt, Fresh 'n' Natural Dahi  |
| Hatsun Agro Products                         | Arokya: Milk<br>Arun: Ice creams<br>Hatsun: Curd, yoghurt, ghee and butter                                      |
| Sterling Agro                                | Nova: Milk, ghee, dairy whitener/ dairy creamer, butter , paneer, etc   |
| Parag Milk Foods                             | Gowardhan: Milk, ghee, p, Curd, etc<br>Go: Cheese<br>Pride of Cows: Farm-to-home milk<br>Topp up: Flavored milk |
| Britannia Industries                         | Britannia: Milk, cheese, masala vhaas, etc  |
| Yakult Danone                                | Yakult: Probiotic fermented milk  |
| Danone Food & Beverages                      | Danone: Milk, lassi, yoghurt, etc   |
| Kwality                                      | Kwality: Milk, dahi , Chaach, cream, etc  |
| Heritage Foods                               | Heritage: Milk, buttermilk, curd, etc   |
| Prabhat                                      | Prabhat: Milk, dairy whitener, cow ghee, etc  |
| Kraft Heinz                                  | Kraft Cheese  |

Source: Passport by Euromonitor international and company's website

# Bakery market



# Bakery market

For the purpose of this report, bakery includes breads and rolls, cakes, pastries and sweet pies including frozen cakes, pastries and pies.

Bakery is one of the largest food industries consisting of various large product categories such as breads, biscuits, pastries, cakes, buns and rusks. A wide variety of these products is being offered to the consumers with attractive packaging. Biscuit is the largest category accounting for nearly two-third of the revenue. Bread, cake and rusk constitute the majority of its remaining one-third.

These bakery products are now increasingly consumed on account of the following:

- ▶ changing lifestyle and taste patterns of Indians
- ▶ increase in population, foreign influence, emergence of a female working population and the fluctuating eating habits of people;
- ▶ high nutrient value and affordability;
- ▶ increase in number of healthy products launched in the bakery segment;
- ▶ rise in bakery chains, e.g., Barista, Café Coffee Day and Monginis, and also hotels and restaurants where items like pudding, pastries, sandwiches, cakes and mousses are being increasingly offered;
- ▶ increase in consumption of bakery products like cakes and pastries during special occasions like birthdays, anniversaries and Valentines Day, as well as various festivals, e.g., Christmas, Diwali and New Year's eve
- ▶ increase in travel.

The biscuit category will continue to benefit on account of three critical attributes:

- a) Highly convenient form
- b) Above par organoleptic delivery
- c) Preparation process (baking), which has considerable health quotient attached to it.

Competitive activity within the segment is encouraging players toward more innovation and better delivery.

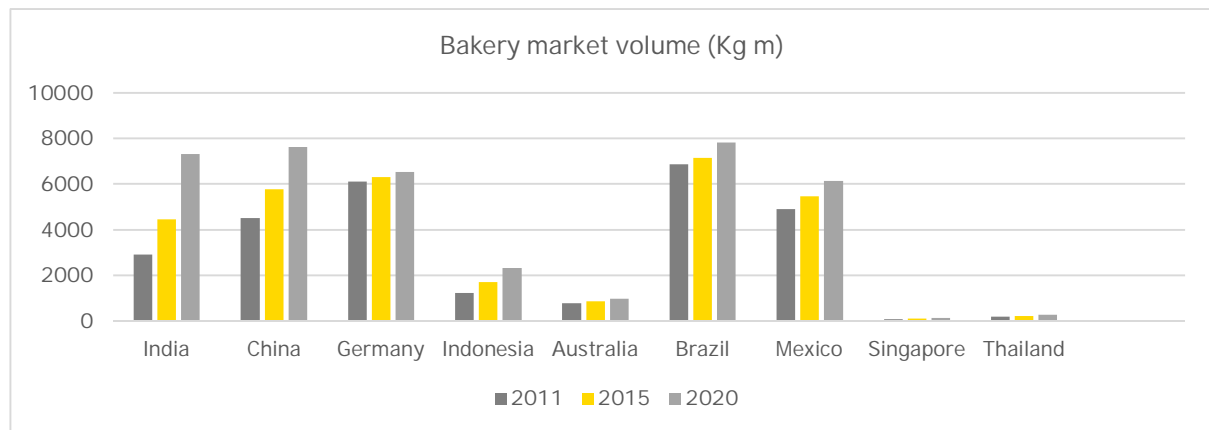
Traditionally, bread has strong regional pockets of consumption but with consumers increasingly adding wheat to their diet, bread has been gaining traction in new markets as well. With a short shelf life, bread is produced and consumed in a short radius. This has meant that players of national significance are not common. Further, the bread category has been undergoing significant transformation through the introduction of healthier variants.

In addition, products like buns/pavs, both filled and plain, pastries, cake and rusk are noteworthy. Each of these products possess a distinctive organoleptic signature and has occupied either consumer or consumption occasion niches.

## Bakery market in India: Comparison with global markets

India's bakery market in terms of volume is smaller than that of China, Germany, Brazil and Mexico but larger than that of countries like Indonesia, Australia and Singapore.

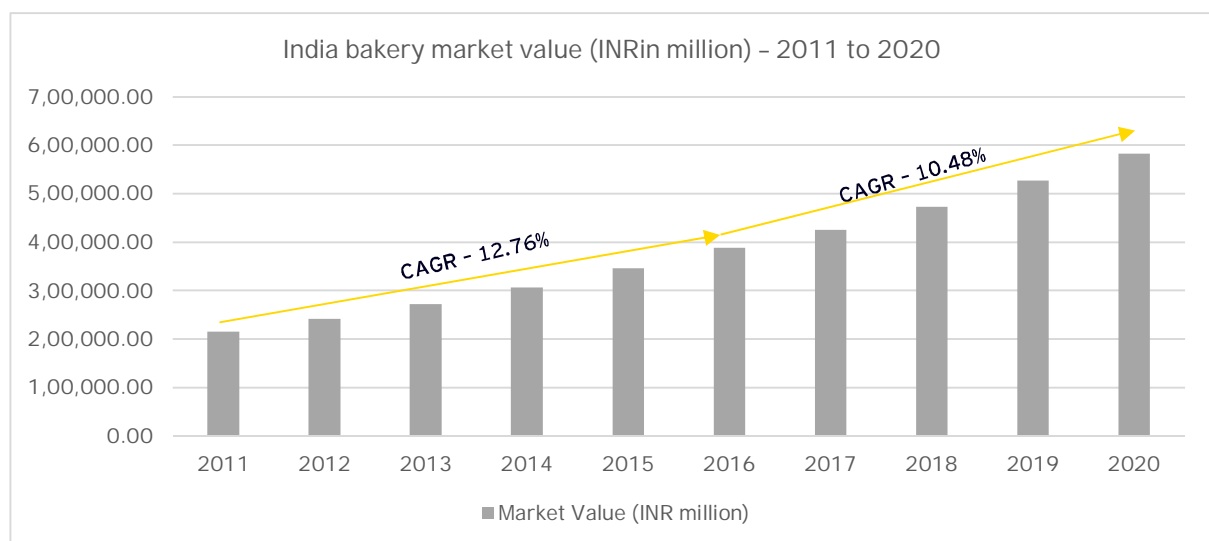
Given the fact that India is the second most populated country in the world and demand for various bakery products is increasing rapidly, the Indian bakery market holds tremendous potential yet to be tapped. This is evident from the forecasts for the period 2016-2021 wherein the bakery market volume in India is expected to grow at a CAGR of approximately 10.48% as compared to that of China, which is expected to grow at a CAGR of approximately 5.65%. Therefore, the Indian bakery market holds tremendous potential that can be harnessed with focused strategies.



Source: GlobalData - Bakery market: Market snapshot (September 2017)

## Bakery market in India

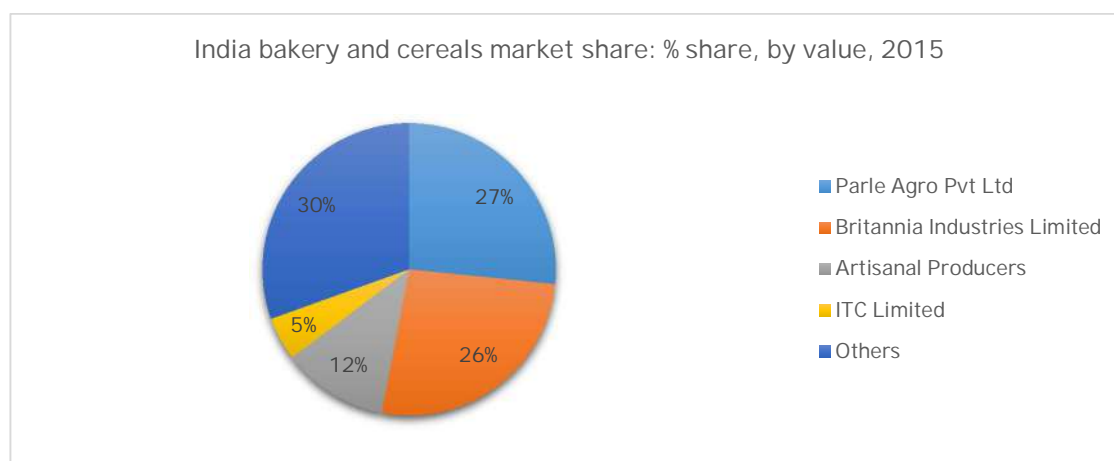
The bakery market in India grew at a very promising CAGR of approximately 12.76% during the period 2011-16. The market value of this segment was at INR222,987.87 million in 2011 and increased to INR406,437.80 million by 2016. It is expected that the bakery market in India would continue to grow at a CAGR of approximately 10.98% and reach INR5,83,191.33 million by 2020. In 2016, Cookies (sweet biscuits) was the largest category in the Indian bakery market, accounting for 49.72% of the total market with a value of INR202,088.89 million.



Source: GlobalData - Bakery & Cereals Market in India : Market snapshot to 2021 (September 2017)

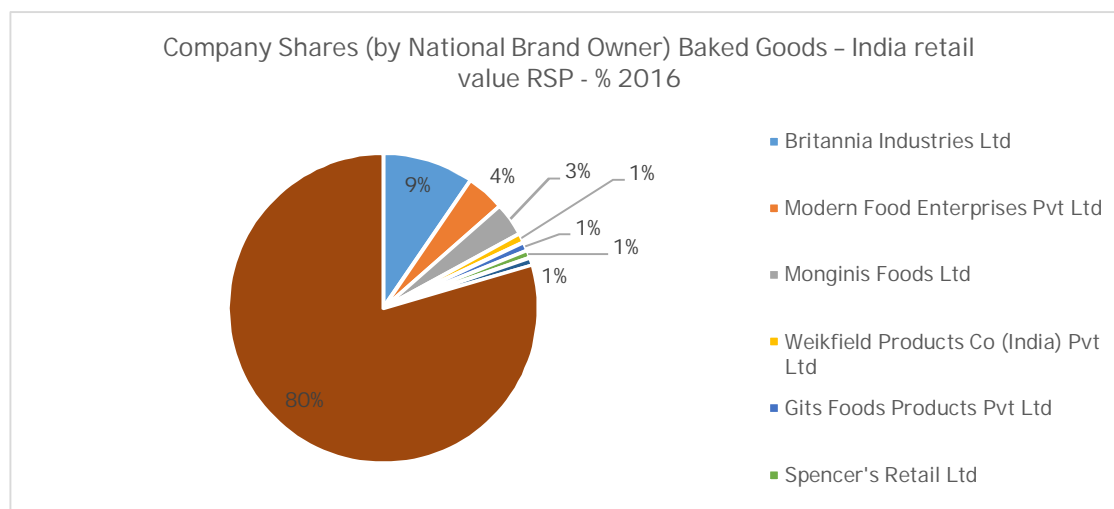
## Bakery - Key players in India

Parle Agro Pvt. Ltd. is the leading player in the Indian bakery and cereals market, generating a 26.6% share. Britannia Industries Limited further accounts for a further 26.4% of the market. In 2015, cookies (sweet biscuits) was the largest segment of the bakery and cereals market in India, accounting for 49.9% of the market's total value. The Bread and rolls segment accounted for a further 19.7% of the market. Further, the Indian bakery and cereals market is largely dominated by domestic players and therefore with accurately devised business strategies, this food segment could be an attractive destination to capture the Indian market share.



Source: MarketLine via EMIS (June 2017)

Britannia Industries Ltd. led the Indian baked goods market with 9% share of the market's value in 2016. Modern Food Enterprises Pvt. Ltd. and Monginis Foods Ltd. held the second and third positions with 4% and 3% market shares, respectively. Domestic company Britannia Industries remained the leading branded player in baked goods in India in 2016 as it maintained a trend of share expansion that extended throughout the review period. Further, the Indian baked goods market is largely dominated by domestic players and therefore, with well-designed business strategies, this food segment could be an attractive destination to capture the Indian market share.



Source: Passport by Euromonitor International



| Companies               | Some products/brands  |
|-------------------------|---|
| Parle Agro              | Biscuits brand: 20-20 Cookies, BakeSmith English Marie, Happy Happy, Hide & Seek, Krackjack, Magix Crème, Milano, Monaco, Parle-G etc.<br><br>Rusk brands: Premium Rusk Elaichi, Premium Rusk Milk, Garlic Bread Toast, etc.  |
| Britannia Industries    | Biscuits brand: GoodDay, 50-50, Nutrigochoice, Marie Gold , Tiger, Milk Bikis, JimJam, Treat, Bourbon, Little Hearts, Pure Magic, Nice Time etc.<br><br>Breads brand: MultiGrain, Brown, Atta, Vitamin Enriched, Healthy Slice, Popular, Kulcha, Fruit Bread etc<br><br>Premium Bake Rusk |
| ITC                     | Sunfeast Biscuits   |
| Milka Nutriments        | Milka Biscuits  |
| Modern Food Enterprises | Breads brand: Modern Fruity Bread, Milk Plus, Family Special, Sandwich Supreme, Atta Shakti, etc.   |
| Monginis Foods          | Monginis cakes and pastries   |
| Spencer's Retail        | Mexican Spicy Salsa Picante Bread, the Indian Masala Bread, dry fruit cakes, assorted cookies , cakes and pastries etc,   |

Source: Passport by Euromonitor International and Company's website

*All the innovations launched in the market are with superior organoleptic experience at optimum cost. Your Company's R&D team developed new-to-market product category 'Cake Biscotti' and expanded healthier product portfolio with the launch of Nutrigochoice Oats Orange and Milk & Almond which were developed by incorporating the taste design principles of indulgent products. Milk Rusk, Good Day Choco Chips and Good Day Nuts Cookie are other innovations which were launched during FY 2016-17 and have received very positive response from the market. R&D team is also developing disruptive and new-to-market products which will be launched in coming years.*

- Britannia – Annual Report 2016-17

# Conclusion



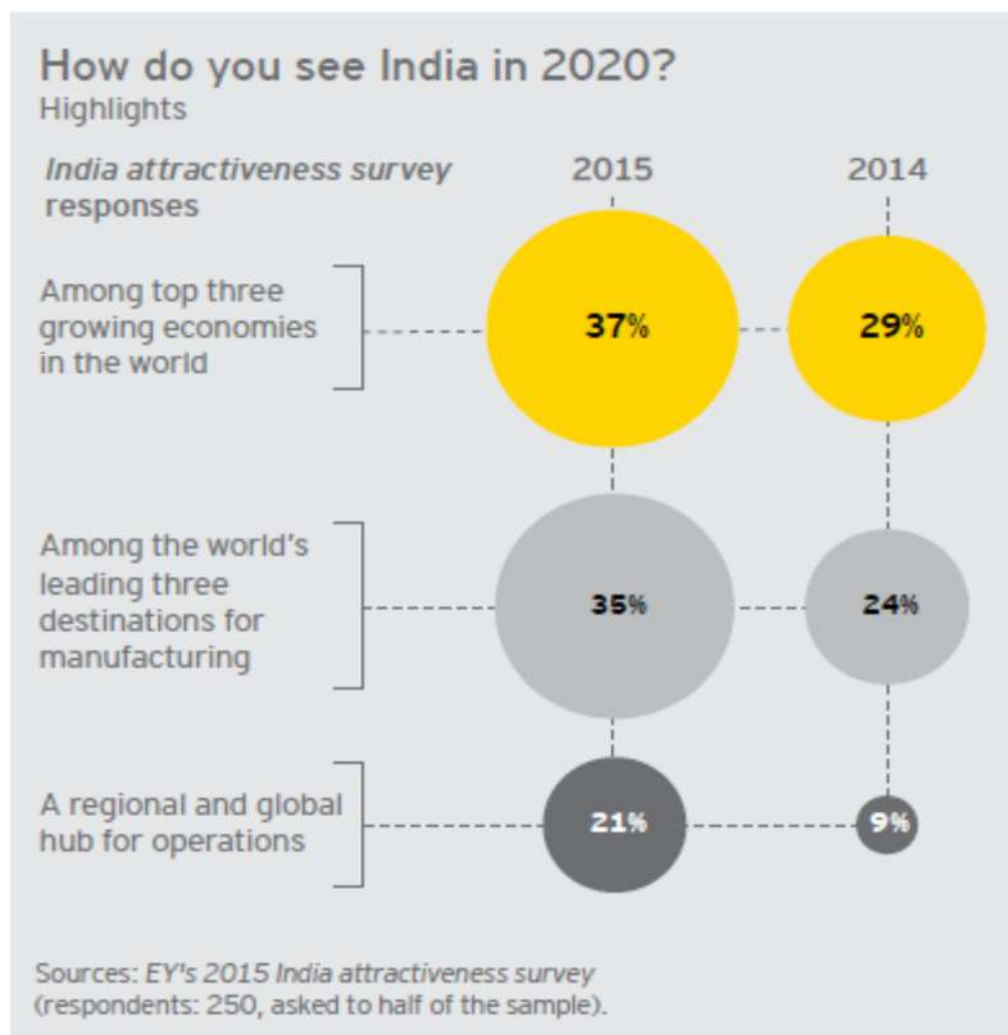
## Conclusion

The Indian market is undoubtedly a very critical market for the global players in the fast growing food and beverages segment.

The seven strong demand drivers of the food and beverage industry of India are affluence of working population and increase in disposable income, rising urbanization and change in lifestyle, change in tastes and preferences, increase in tourism in India and number of Indian travelling within and outside India, increasing awareness and accessibility of new products and acceptability of these products during occasions and celebrations.

Further, India's strong macro-economic indicators, strategic location, India transforming into a manufacturing and research and development hub for global players, availability of labor at low cost, India's vision and commitment for developing a world-class infrastructure etc. are all contributing to making India an attractive destination for global players.

With many of the global players in these segments having already established their strong footprint, India with a consumer base of over 1.25 billion people is the world's largest consumer market and offers an attractive opportunity to the players who are looking to now establish their footprint in India.



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## Ministry of Food Processing Industries

Government of India

The Ministry of Food Processing Industries is concerned with formulation and implementation of the policies for the food processing industries within the overall national priorities and objectives.

The Ministry acts as a catalyst for bringing in greater investment into this sector, guiding and helping the industry and creating a conducive environment for healthy growth of the food processing industry. The Ministry aims at:

- ▶ Creating the critical infrastructure to fill the gaps in the supply chain from farm to consumer;
- ▶ Value addition of agricultural produce;
- ▶ Minimizing wastage at all stages in the food processing chain by the development of infrastructure for storage, transportation and processing of agro produce;
- ▶ Induction of modern technology in the food processing industries;
- ▶ Encouraging R&D in food processing for product and process development;
- ▶ Providing policy support, promotional initiative and facilities to promote value added produce for domestic consumption and also exports.



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### Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

As a developmental institution working towards India's overall growth with a special focus on India@75 in 2022, the CII theme for 2017-18, **India@75: Inclusive. Ahead. Responsible** emphasizes Industry's role in partnering Government to accelerate India's growth and development.

Founded in 1895, India's premier business association has over 8500 members, from the private as well as public sectors, and an indirect membership of over 200,000 enterprises from around 250 national and regional sectoral industry bodies. With 67 offices in India and 11 overseas offices, CII serves as a reference point for Indian industry and the international business community.