

# FAST MOVING CONSUMER GOODS (FMCG)



August 2024

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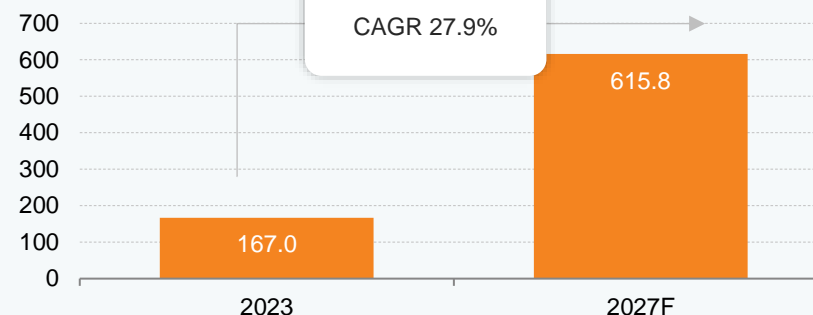
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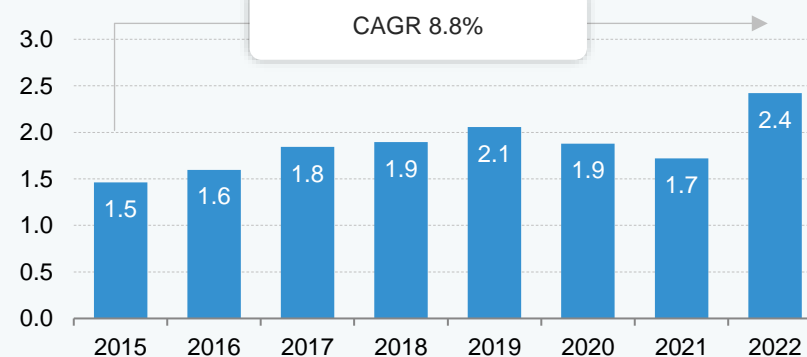
# Executive summary

- The FMCG sector in India expanded due to consumer-driven growth and higher product prices, especially for essential goods.
- The Indian FMCG market reached US\$ 121.8 billion as of 2023
- Total revenue of FMCG market is expected to grow at a CAGR of 27.9% through 2021 to 2027, reaching nearly US\$ 615.87 billion.
- In 2022, urban segment contributed 65% whereas rural India contributed more than 35% to the overall annual FMCG sales.
- In Q4, FY23, the FMCG sector clocked a value growth of 6.0% YoY
- Good harvest, government spending expected to aid rural demand recovery in FY24.
- CRISIL forecasts 7-9% revenue growth for the FMCG sector in the current FY25, driven by increased volume and rural demand recovery.
- According to NielsenIQ's report, the FMCG industry in India is expected to grow between 4.5-6.5% in 2024, on the back of continued strength in the sector and the Indian economy.
- The sector had grown 8.5% in revenues and 2.5% in volumes in FY23.
- India comprise 780 million internet users, where an average Indian person spends around 7.3 hours per day on their smartphone, one of the highest in the world.
- Resilience needs to be the key factor in the manufacturing process, daily operations, retail and logistic channels, consumer insights and communication that will help FMCG companies to withstand the test of time and create more value for consumers in the long run.

**FMCG market in India (US\$ billion)**



**Final consumption expenditure (US\$ trillion)**



*Source: World Bank, CRISIL, Nielsen Report, News Articles*



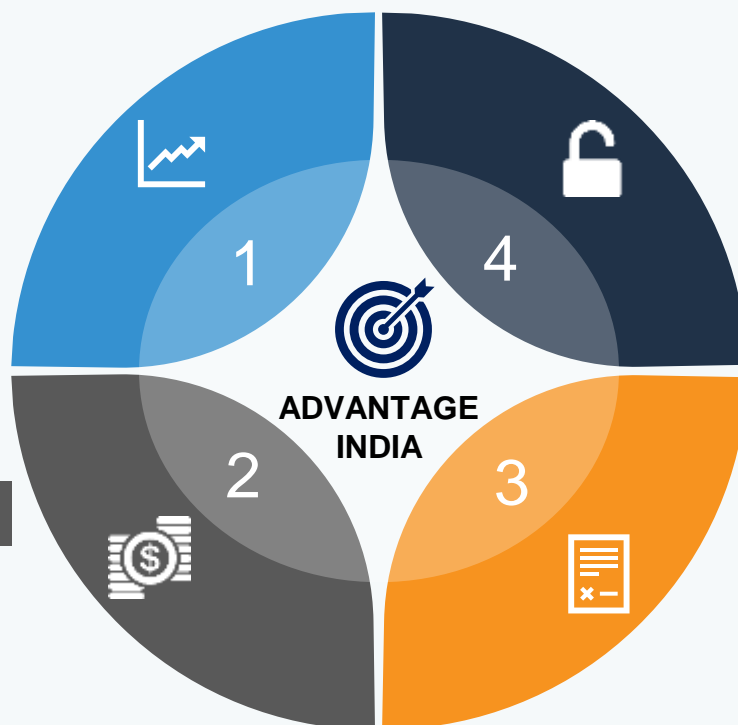
# Advantage India

## 1. Growing demand

- ▶ Indian food processing market size reached US\$ 307.2 billion in 2022 and is expected to reach US\$ 470 billion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028.
- ▶ Digital advertising grew to reach US\$ 9.92 billion by 2023, with the FMCG industry being the biggest contributor at 42% share of the total digital spend.
- ▶ As per CRISIL, India's dairy industry is projected to experience a healthy revenue growth of 13-14% in FY25, driven by strong consumer demand and increased raw milk supply.

## 2. Higher investments

- ▶ In February 2024, Varun Beverages announced of investing Rs. 3,500 crores (US\$ 421.69 million) to setup manufacturing plants, while generating 1,500 employment opportunities.
- ▶ In January 2023, ITC has announced plans to acquire 100% of Sproutlife Foods over a period of three to four years.
- ▶ In December 2022, Hindustan Unilever Limited announced its foray into the 'Health & Wellbeing' category through strategic investments in OZiva and Wellbeing Nutrition.



## 4. Attractive opportunities

- ▶ Entrepreneurs interested in setting up food-related FMCG industry can setup their processing units in the government-designated agro-processing clusters, which help cut down the plant setup costs.
- ▶ With the advent of online retail and e-commerce, FMCG businesses are able to market and sell their products across the country without investing much in marketing activities.

## 3. Policy support

- ▶ Union Budget 2023-24 has allocated US\$ 976 million for PLI schemes that aims to reduce import costs, improve the cost competitiveness of domestically produced goods, increase domestic capacity, and promote exports.
- ▶ Union budget 2023-24 focuses on reviving rural demand by boosting disposable income, allocation to farms and higher fund allocation on rural infrastructure, connectivity, and mobility to create long-term jobs.

Source: News Articles

# Market Overview





# Evolution of FMCG in India



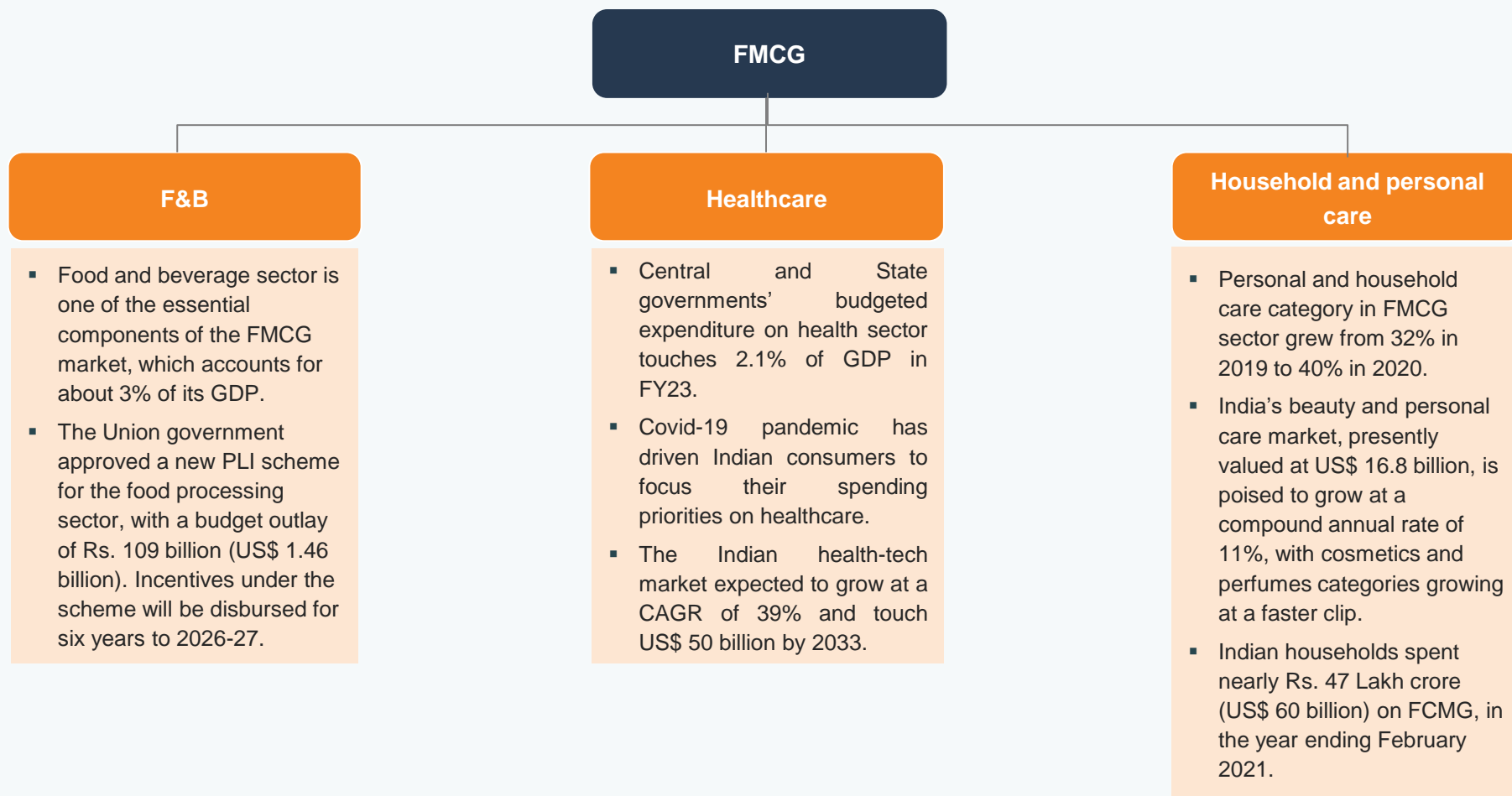
- FMCG market reached US\$ 167 billion as of December 2023.
- FMCG companies posted 7.4% rise in sales in 2022, primary led by price hikes.
- Total revenue of FMCG market is expected to grow at a CAGR of 27.9% through 2021 to 2027, reaching nearly US\$ 615.87 billion.

- India's fast-moving consumer goods (FMCG) sector grew 7.5% by volumes in the April-June 2023 quarter, the highest in the last eight quarters, led by revival in rural India and higher growth in modern trade.
- FMCG sector provides employment to around 3 million people accounting for approximately 5% of the total factory employment in India.
- FMCG sales in the country were expected to grow 7-9% by revenues in 2022-23.
- The key growth drivers for the sector include favourable Government initiatives & policies, a growing rural market and youth population, new branded products, and the growth of e-commerce platforms.
- Number of active internet users in India will increase to 900 million by 2025 from 759 million in 2022.
- In 2022, India's consumer spending was US\$ 2,049.57 billion.
- Indian villages, which contribute more than 35% to overall annual FMCG sales, are crucial for the overall revival of the sector.
- E-commerce now accounts for 17% of the overall FMCG consumption among evolved buyers, who are affluent and make average spends of about Rs. 5,620 (US\$ 68).
- While modern trade maintains its high double-digit growth of 19.5%, rural markets are still recovering at a volume growth rate of 6.4%. The growth rates in the food and non-food categories are 8.7%, respectively.
- As per NielsenIQ, during Q3 FY24, the volume of the industry exhibited a YoY growth of 6.4%, while anticipating growth between 4.5% to 6.5% in 2024.

Sector	Average MPCE (Rs.) over different periods				
	1999-'00 NSS (55 <sup>th</sup> round)	2004-05 NSS (61 <sup>st</sup> round)	2009-10 NSS (66 <sup>th</sup> round)	2011-12 NSS (68 <sup>th</sup> round)	2022-23
Rural	486	579	1,054	1,430	3,773
Urban	855	1,105	1,984	2,630	6,459
Difference as % of Rural MPCE	75.9	90.8	88.2	83.9	71.2

Source: Dabur Annual Report, Economic Times, CII, News Articles, Household Consumption Expenditure Survey Report, NielsenIQ

# Three main segments of FMCG



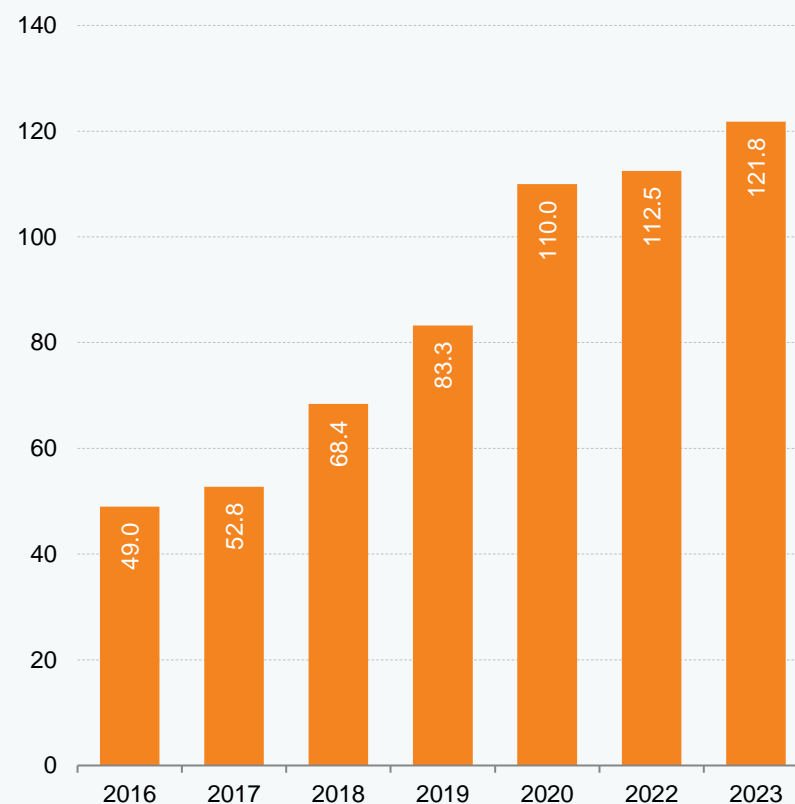
Source: Economic Times, News Articles



# Strong growth in Indian FMCG sector

- The FMCG sector's revenue reached US\$ 1.58 billion (Rs. 12,934.67 crore) as of December 2022.
- FMCG sales in the country grew 7-9% by revenues in 2022-23.
- The fast-moving consumer goods (FMCG) sector in India is likely to witness revenue growth of 7 to 9% in 2023-24 (FY24), marginally lower than 8-9% in the last two years.
- In Q4 FY23, FMCG industry saw a 6% value growth, aided by volume growth
- The sector had grown 8.5% in revenues and 2.5% in volumes last fiscal year.
- In the January-June period of 2022, the sector witnessed value growth of about 8.4% on account of price hikes due to inflationary pressures
- Consumption in urban markets sustained at 1.2% during the September 2022 quarter as compared to 0.6% in the quarter ended June 2022.
- Rural households play an important role, contributing 35-36% of India's FMCG market.
- Small manufacturers (apart from the Top 400 players or manufacturers with less than US\$ 13.6 million (Rs 112 crore) offtake this year) are driving consumption and witnessed a positive volume growth of 0.5% in Q3'22.
- Total revenue of the FMCG market is expected to grow at a CAGR of 27.9% through 2021 to 2027, reaching nearly US\$ 615.87 billion.

Trends in FMCG revenues over the years (US\$ billion)



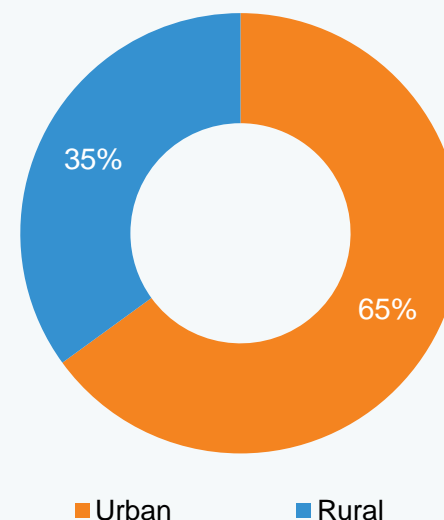
**Note:** \* - As of December 2022

**Source:** Dabur, AC Nielsen, Nielsen India, CRISIL Ratings, News Articles, Economic Times

# Urban market accounts for major chunk of revenues

- Accounting for a revenue share of around 65%, the urban segment is the largest contributor to the overall revenue generated by the FMCG sector in India in 2022.
- India's villages contributed more than 35% to overall annual FMCG sales in 2022.
- Urban demand will see stable growth on a higher base while rural demand is in recovery mode.
- In Q2, FY22, the FMCG sector clocked a value growth of 10.9% year-on-year — higher than the 6 per cent y-o-y value growth seen in Q1. Urban markets clocked a positive volume growth of 0.6%.
- In the third quarter of 2023, urban markets experienced an enhancement in the non-food sector, witnessing a consumption growth rate of +10.4%, which marked an increase from the previous quarter's +8.9%.
- Good seasonal harvests, resulting in improved liquidity in the hands of farmers, higher government spending on infra, and the wedding season are aiding consumer sentiment in India's villages.
- Dabur India derived about 47% of its sales from rural India, and it is stepping up direct distribution to cover more than 100,000 villages as demand starts recovering in rural areas.
- Rural markets contribute about 45% to Emami's annual sales.
- Nestle India plans to expand its reach to 1,20,000 villages by the end of 2024.
- Good harvest, government spending expected to aid rural demand recovery in FY24.

Urban - Rural industry Breakup in 2022

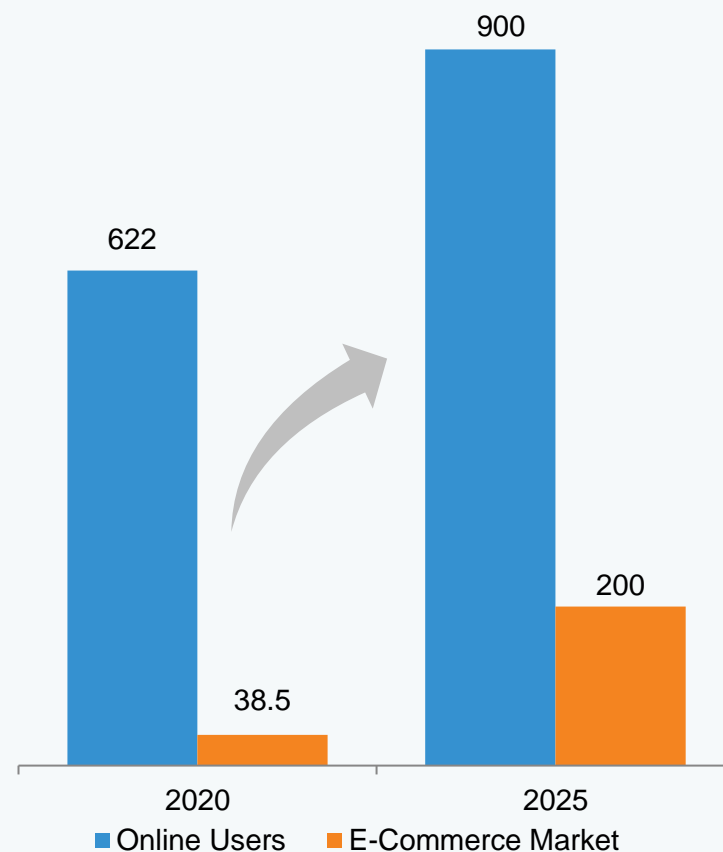


*Source: Winning in India's Retail Sector, CRISIL report, Nielsen India, News Articles, Economic Times*

# Increasing online users boost online FMCG sales

- India's e-commerce industry recorded a 36.8% year-on-year growth in 2022.
- The Indian e-commerce market is anticipated to grow from US\$ 83 billion in 2022 to US\$ 185 billion in 2026.
- By 2030, it is expected to have an annual gross merchandise value of US\$ 350 billion. Fuelling e-commerce growth, India has had over 907 million internet users in 2023, which accounts for ~64% of the total population of the country.
- The market has grown exponentially over the past five years due to the surge in internet and smartphone users, improved policy reforms, and an increase in disposable income.
- Mobile wallets, Internet banking, and debit/credit cards have become popular among customers for making transactions on e-commerce platforms.
- India includes 780 million internet users, where an average Indian person spends around 7.3 hours per day on their smartphone, one of the highest in the world.
- The total value of digital transactions stood at US\$ 300 billion in 2021 and is projected to reach US\$ 1 trillion by 2026.
- The India online grocery market size was projected to grow from US\$ 4,540 million in 2022 to US\$ 76,761.0 million by 2032, at a CAGR of 32.7% through 2032.
- Zepto saw the highest increase in both Daily Active Users (DAUs) & Monthly Active Users (MAUs) in November 2023 at 8% & 10% respectively.
- Blinkit plans to increase its dark store count to 2,000 by the end of 2026 from the current 639.

**Growth in Online Users to drive Online FMCG Market**



Source: Economic Times, News Articles



# Strategies... (1/4)

1

## Strengthen rural network

- Total revenue of FMCG market revenue is expected to grow at a CAGR of 27.9% from 2021 to 2027, reaching nearly US\$ 615.87 billion.
- This is because the rural population uses e-commerce and digital connectivity services due to the high penetration of smartphones, credit and debit cards, and online banking.
- Nestle aim to reach 1.2 lakh villages directly by 2024.
- Marico targeted to cover 33% growth in Rural Stockist by September 2022 i.e.H1, FY23.
- Dabur India targeted of establishing fresh 15 lakh direct outlets in Rural India by 2022.

2

## Direct-to-consumer channels (D2C)

- The Indian D2C market is growing at a CAGR of 40% (FY22-27P). The combined revenue of D2C brands is expected to hit US\$ 60 billion by FY27 from US\$ 12 billion in FY22.
- Since 2016, India has launched 600+ D2C brands and growth momentum suggests that the total addressable market size will touch US\$ 100 billion by 2025.
- In 2021, FMCG major Marico Ltd announced that it has acquired 60% stake in Apcos Naturals Private Limited, which owns the Ayurvedic beauty brand 'Just Herbs'
- Emami controls 45.96% stake in The Man Company (Men focused D2C grooming brand) emerging as the largest stakeholder.
- In 2018, Colgate-Palmolive made an investment of Rs. 18 crore (US\$ 2.6 million) acquiring a 14% stake in Indian start-up Bombay Shaving Company.

3

## New product launches

- In July, 2023, GrowUp Farms, has launched Unbeleafable®, the first range of ready-to-eat salads grown in a vertical farm to be sold in a major UK supermarket after three products from the range were made available in selected Tesco stores.
- In May 2023, ITC launched Sunfeast Farmlite Super Milets Cookies.
- In May 2023, Gritzo introduces the 'Mango Delight' super milk variant.
- In February 2023, women wellness brand Nutrizoe has introduced new flavours for its lactation-aiding bar Lactobites and nausea-inhibiting oral strips Nail the Nausea.

Source: News Articles

# Strategies... (2/4)

4

## New market entry

- In 2023, BCS Globals, a UAE based food & beverage company, forays into the Indian energy drink market with the launch of one-of-its kind brand Wox and plans to introduce a diversified product portfolio.
- In 2023, Inspired by Japanese beauty secrets, Keomi Beauty recently kick-started its journey in the Indian beauty and skincare space
- In December 2022, Reliance Group launched its FMCG brand "Independence" in Gujarat which will bring a wide choice of high quality and affordable products including edible oils, pulses, grains, packaged foods and other daily need products.

5

## E-commerce

- The E-Commerce segment is projected to contribute 11% of overall Indian FMCG companies' sales in 2030.
- India is the eighth largest market for eCommerce with a revenue of US\$ 63 billion in 2021.
- With an increase of 26%, the Indian eCommerce market contributed to the worldwide growth rate of 15% in 2021.
- FMCG major Emami expects to increase the combined contribution of its ecommerce and modern trade business to 25% in the next 3-4 years.
- In 2020, Marico has witnessed healthy growth across core categories as well as the newer categories such as foods, hygiene and immunity products on e-commerce platforms.
- Increasing smartphone and internet penetration will further help people in rural areas easily access online shopping on various e-commerce websites.

6

## Green initiatives

- ITC on World Environment Day 2023 reaffirmed its commitment to address the issue of plastic waste management through its multi-dimensional initiatives.
- Homegrown FMCG and ayurvedic products maker Dabur India announced to be a plastic waste positive by collecting, processing and recycling more plastic waste than it sold in its product packaging in FY23.
- FMCG companies are looking to invest in energy-efficient plants to benefit society and lower costs in the long term.
- Amazon aims at making all shipments net-zero carbon, with 50% net zero carbon by 2030.
- In 2021-22, Dabur India has become a complete plastic waste-neutral firm in the country after collecting, processing and recycling around 27,000 metric tonnes of post-consumer plastic waste.

Source: News Articles



7

## Product/category expansion

- Large multinational companies are likely to lead product development and launch more premium products in the market in the near future.
- In January 2023, under the ITC Mission Millets programme, the company over the next few years will launch millet-based noodles and pasta under the YiPPee brand, ragi vermicelli, multi-millet dosa and rava idli mixes under the Aashirvaad brand.
- In January 2023, south India's largest edible oil brand, Sunpure forays into the spices market with the launch of red chilli powder, turmeric powder and coriander powder.
- In December 2022, Dabur India announced its entry into the women's personal hygiene space with the launch of Fem Ultra Care Sanitary Napkins.
- In July 2022, Tata Consumer Products expanded its snacking portfolio with the launch of Tata Soulfull Masala Oats.

8

## Analytics

- Technologies like Artificial intelligence, Big Data and Predictive Analysis are being increasingly used by FMCG companies to predict customer behaviour accurately, helping them to understand what actually interests their customers.
- In 2022, ITC launched its super app ITCMAARS, a 'phygital' ecosystem that provides farmers with AI/ML driven value-added personalised and hyperlocal crop advisories.
- Marico is using machine learning, predictive analytics and prescriptive analytics to launch new offline products, expand categories and create new categories.

9

## New branding

- In December 2022, Reliance Group launched its FMCG brand "Independence" in Gujarat which will bring a wide choice of high-quality and affordable products including edible oils, pulses, grains, packaged foods and other daily needs products.
- Marico has been launching new food products under the Saffola brand.
- Mars Chocolate Drinks and Treats (MCD&T) has announced the launch of new Mars Secret Centre Biscuits into the Special Treats sub-category.

## 10

### Investments

- Chairman and Managing Director Mr. Sanjiv Puri said ITC Ltd. has come up with a Rs. 20,000 crore (US\$ 241.55 million) capex plan for the mid-term to expand its capacities in fast moving consumer goods (FMCG), paperboard and other businesses.
- In October 2023, Unilever announced that it has entered into an agreement to sell Dollar Shave Club with completion expected before the end of 2023. Unilever will retain a minority shareholding of 35%.
- In June 2023, Skincare brand VLCC acquires men's grooming brand Ustraa.
- In May 2023, Reliance Retail Ventures completes acquisition of controlling stake in Lotus Chocolate
- In January 2023, ITC has announced plans to acquire 100% of Sproutlife Foods (SFPL), a direct-to-consumer (D2C) startup and parent company of health food brand 'Yoga Bar' over a period of three to four years.
- In January 2023, ITC opened 59 acres food processing plant in Telangana, that will make in phases biscuits, chips, noodles as well as atta that ITC markets under its popular brands, including Sunfeast and Aashirvaad.

## 11

### Advertising volumes

- FMCG ad volumes on television rose by 33% in the year 2021 when compared to 2019. The growth was 22% when compared to the year 2020. The top 10 advertisers on TV accounted for a 60% share of ad volumes in the year 2021 with HUL topping the list, followed by Reckitt Benckiser (India), and Brooke Bond Lipton India.
- India's FMCG sector has long been the top spender in the country's advertising market, commanding nearly one third share Rs. 31,000 Crore (US\$ 3.75 billion) in 2023 of the total Advertising expenditure.

## 12

### Collaboration

- In January 2023, Reliance Retail FMCG arm form joint venture with Sosyo Hajoori Beverages.
- In January 2023, Hindustan Unilever Limited and UNDP announced the launch of an "Inclusive Circular Economy" project focusing on end-to-end management of plastic waste by promoting the segregation of waste at source, and collection of the segregated waste.
- In November 2022, ITC collaborates with IIT Delhi to strengthen the crop residue management programme in north India and to develop a Geographical Information Systems (GIS) tool to track, monitor and identify areas where stubble-burning is practised and where it is not.

Source: News Articles

# Growth Drivers



# Growth drivers for India's FMCG sector

## 2. INCREASE IN PENETRATION

- FMCG sector is more lucrative because of low penetration levels, well-established distribution network, low operating cost, lower per capita consumption, large consumer base and simple manufacturing processes for most products resulting in fairly low capital investments.
- In 2022, UAE announced to invest US\$ 2 billion to develop a series of integrated food parks across India that will incorporate state-of-the-art climate-smart technologies to reduce food waste and spoilage, conserve fresh water, and employ renewable energy sources.

## 1. SHIFT TO ORGANISED MARKET

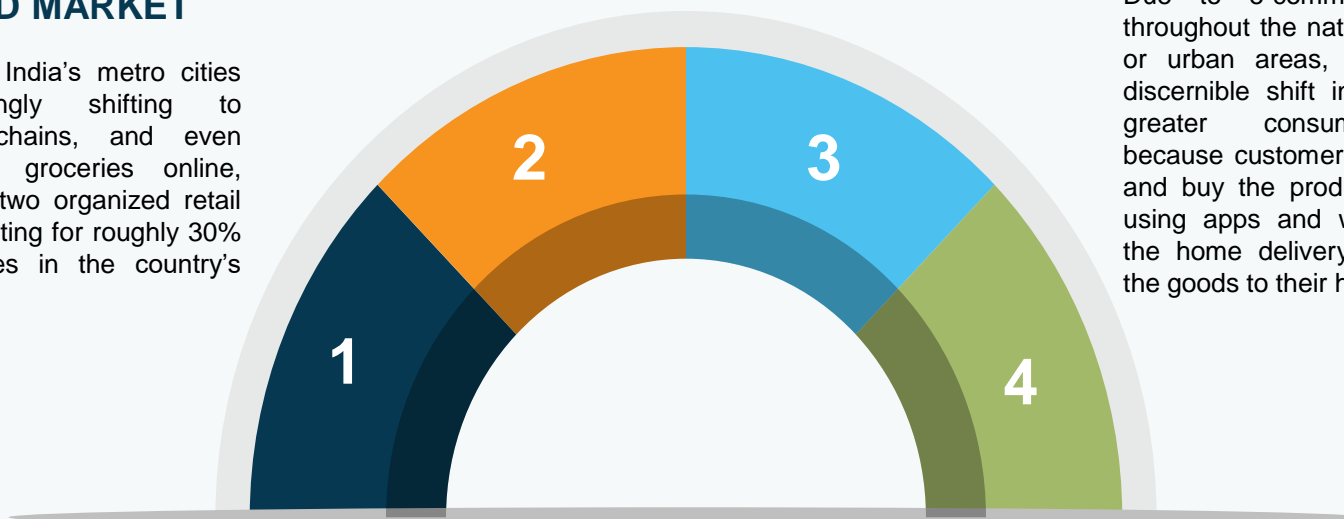
- Consumers in India's metro cities are increasingly shifting to supermarket chains, and even ordering their groceries online, prompting the two organized retail formats accounting for roughly 30% of FMCG sales in the country's metro cities.

## 3. RURAL CONSUMPTION

- With increasing disposable income in rural India as well as low penetration levels, the rural market provides huge growth opportunities for FMCG players.
- Growth in rural consumption has increased and hence there is an increased demand for branded products in this huge untapped market.

## 4. EASY ACCESS

- Due to e-commerce's accessibility throughout the nation, whether in rural or urban areas, there has been a discernible shift in demand. It offers greater consumer convenience because customers can easily choose and buy the products of their choice using apps and websites. Moreover, the home delivery option will deliver the goods to their homes.



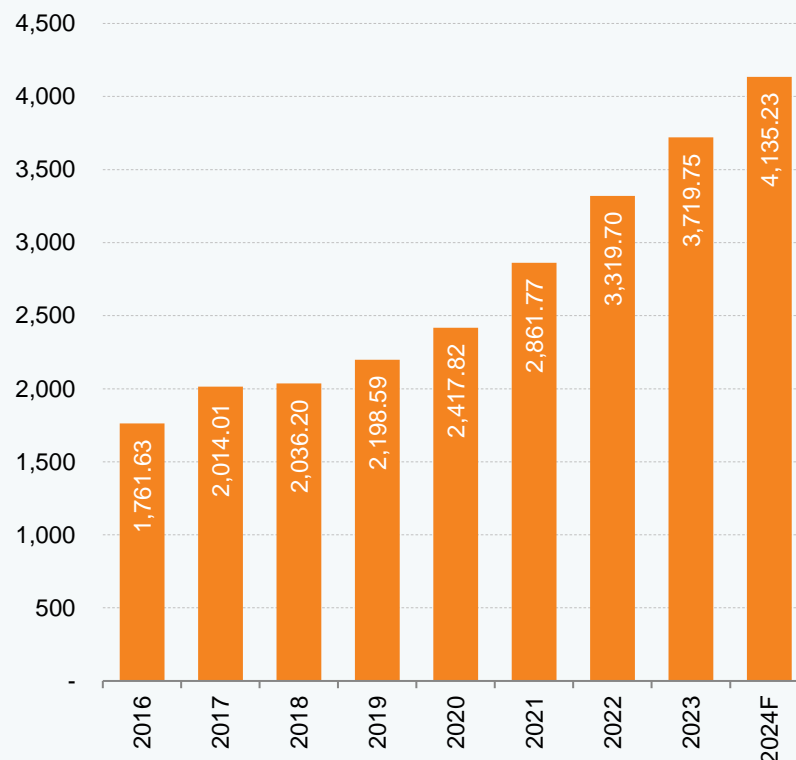
*Note: GST: Goods and Services Tax, News Articles*

*Source: Dabur, Nielsen*

# Higher incomes aid growth in urban and rural markets

- India's economy continues to grow at the highest rate in the world, outpacing that of emerging and developing Asia and economic expectations for China.
- India has been ranked as the fifth-largest economy in terms of exchange rate and the third-largest economy in terms of purchasing power parity.
- In the fiscal year 2024, the Indian economy grew at 8.2% against 6.5% in 2023, 7% in 2022 and 8.7% in 2021.
- According to Moody's, India's GDP growth is projected to be 6.8% for the fiscal year 2024-25 as the nation managed to deliver a spectacular Q3 FY24 growth of 8.4%
- India's GDP per Capita reached US\$ 2,320.403 in March 2022, compared with US\$ 1,968.769 in March 2021.
- India's GDP per Capita reached US\$ 2,850 in 2024, compared with US\$ 2,610 in 2023.
- India's GDP Per Capita data is updated yearly, available from March 1958 to March 2022, with an average number of US\$ 323.238.
- India's GDP can grow from the current US\$ 3 trillion to US\$ 9 trillion by 2030, and US\$ 40 trillion by 2047, if the country's working-age population — which is expected to increase by over 100 million people between 2020-30, is productively employed.

GDP per capita at current prices (US\$)



*Note: F- Forecasted*

*Source: IMF World Economic Outlook Database April 2023, News Articles*

# Policy and regulatory framework

## Production-Linked Incentive (PLI) Scheme

- In 2022, Government announced that the food processing industry has invested Rs. 4,900 crore (US\$ 593 million) so far under the PLI scheme which was approved in March 2021, with a budget outlay of Rs. 10,900 crore (US\$ 1.3 billion), likely to increase sales and exports of food products.
- A total of 182 applications have been approved under the PLI scheme for the food processing industry. This includes 30 applications for millets-based products under the PLI scheme (8 large entities and 22 SMEs).
- In 2022, a total of 112 food processing projects were completed and operationalized, leveraging the private investment of Rs. 706.04 crore (US\$ 85.4 million) and generating direct and indirect employment for 25,293 people.

Sectors	Ministry/Department	Approved financial outlay over a five-year period
Food Products	Ministry of Food Processing Industries	Rs. 10,900 crore (US\$ 1.3 billion)



# Policy and regulatory framework

## Reduction in excise duty

- In order to boost the food processing sector, the Centre has permitted under the Income Tax Act a deduction of 100% of profit for five years and 25% of profit in the next five years in case of new agro processing industries set up to package and preserve fruits and vegetables.
- Excise Duty of 16% on dairy machinery has been fully waived off and excise duty on meat, poultry and fish products has been reduced from 16% to 8%.



## FDI in organised retail

- In order to promote the FMCG sector in India, the Government of India has approved 100% Foreign Direct Investment (FDI) in the FMCG segment in single-brand retail along with 51% FDI in multi-brand retail.

## SETU scheme

- An amount of Rs. 1,000 crore (US\$ 120.7 million) is being set up initially in NITI Aayog for SETU for setting up of incubation centres and enhance skill development to facilitate the startup ecosystem in the country while improving the ease of doing business.

Source: SBI

# New goods and service tax (GST) would simplify tax structure

## 2. PRICING AND PROFITABILITY

- In the FMCG sector, substantial savings can be generated by companies in logistics and distribution costs as GST will eliminate the need for multiple sales depots. FMCG distributors and retailers will be benefited as they will be able to set off input credit from services (say transport, rent, etc.) against their GST liability.

## 3. SYSTEM CHANGES AND TRANSITION MGMT

- GST had an impact on the pricing, working capital, contracts with vendors and customers, ERP systems, business processes, internal control and accounting.
- GST transition is not just a transition of tax; it impacts every aspect of the business operations and therefore it requires a 'whole of business approach to ensure a smooth transition.

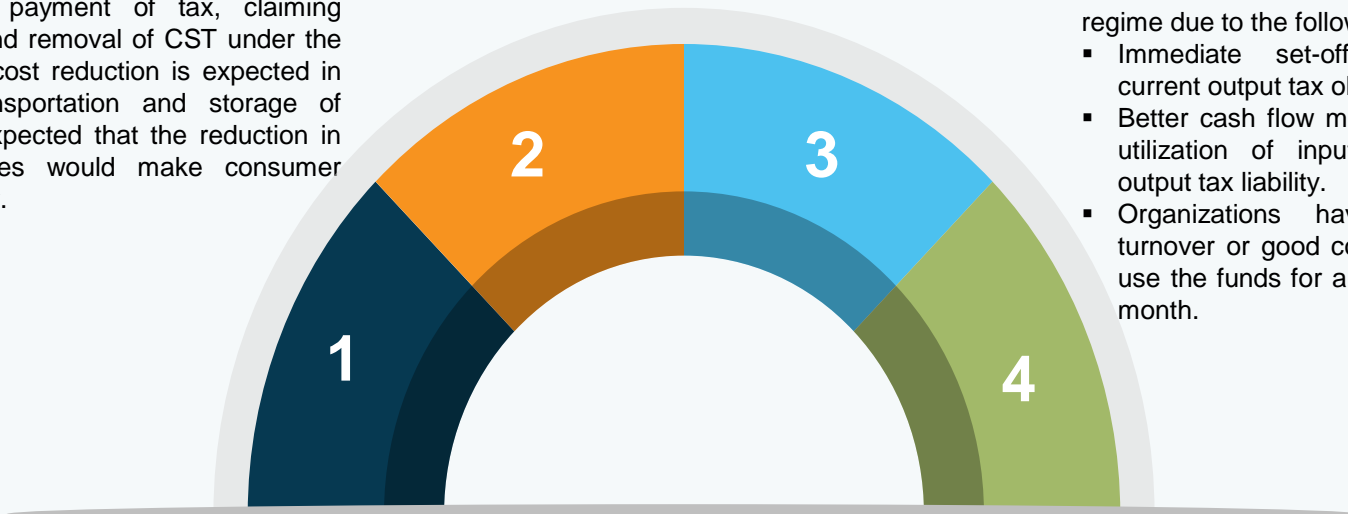
## 1. SUPPLY CHAIN STRUCTURE

- Due to the smoother supply chain management, payment of tax, claiming input credit, and removal of CST under the GST regime, cost reduction is expected in terms of transportation and storage of goods. It is expected that the reduction in cost and taxes would make consumer goods cheaper.

## 4. CASHFLOW

Cash flows are at ease with the GST regime due to the following:

- Immediate set-off availability from current output tax obligations
- Better cash flow management from the utilization of input credit to honour output tax liability.
- Organizations having fast debtors turnover or good collection periods can use the funds for a few days during the month.

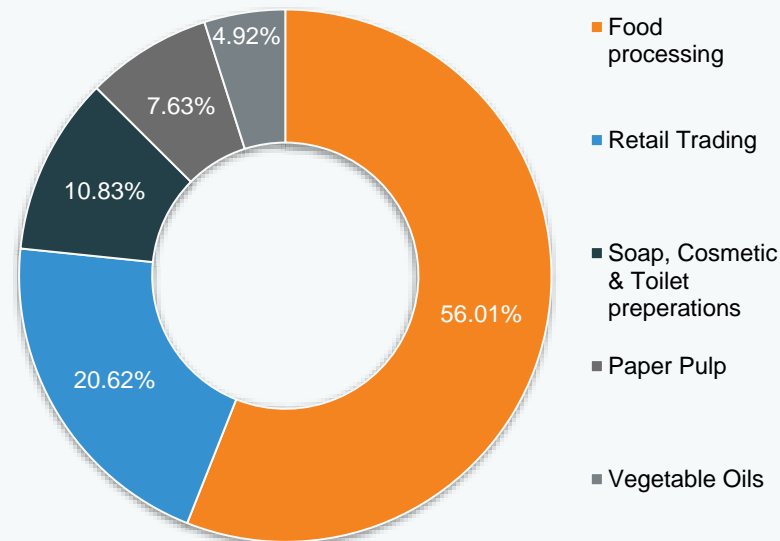


Source: GST India

# Boosts in FDI inflows and investments

- 100% FDI is allowed in food processing and single-brand retail and 51% in multi-brand retail.
- From April 2000-March 2024, the food processing industry received US\$ 12,578 million FDI.
- The governments' incentives and the FDI funds have helped the FMCG sector strengthen employment, establish a more robust supply chain, and capture high visibility for FMCG brands across established retail markets.
- In December 2022, Hindustan Unilever Limited announced its foray into the 'Health & Wellbeing' category through strategic investments in Zywie Ventures Private Limited ("OZiva") and Nutritionalab Private Limited ("Wellbeing Nutrition").
- In October 2022, Dabur India Limited announced the acquisition of a 51% stake in Badshah Masala Private Limited for Rs. 587.52 crore (US\$ 71 million).
- In 2021, Britannia Industries planned to invest Rs. 94 crore (US\$ 11.3 million) to add two new manufacturing lines that will increase its capacity by 85% from the current 35,000 metric tonnes to 65,000 metric tonnes per annum.

**Cumulative FDI Inflow Share – from April 2000-March 2024**



Source: DPIIT, News Articles

# Key M&A deals in the industry

Target Name	Acquirer Name	Merger/ Acquisition	Year
Tata Coffee	Tata Consumer Products	Merger	2024
Ustraa	VLCC	Acquisition	2023
Tata Consumer Products (TCPL)	Tata SmartFoodz Limited (TSFL)	Acquisition (100%)	2021
Kuppies	Dr. Oetker	Acquisition (100%)	2021
BigBasket	Tata Digital Ltd.	Acquisition (64%)	2021
Kottaram Agro Foods (KAF)	Tata Consumer Products Limited (TCPL)	Acquisition	2021
Eveready Industries	Dabur's Burman family	Acquisition (19%)	2020
GlaxoSmithKline Consumer Healthcare Limited	Hindustan Unilever Ltd. (HUL)	Merger	2020
Glenmark Pharmaceuticals Ltd.'s Vwash Brand	Hindustan Unilever Ltd. (HUL)	Acquisition	2020
Eastern Condiment	Orkla	Acquisition (68%)	2020
Beardo	Marico	Acquisition (100%)	2020

**Source:** Bloomberg, Economic Times, Business Standard, News Articles

# Opportunities



# Growth opportunities in the Indian FMCG industry

## 1. Sourcing base

- FMCG sector has a powerful presence of leading multinational companies, competition between organized and unorganized players, a robust distribution network, and low operational cost.
- Majority of global corporations look at India as one of the keys.
- emerging markets where future growth is more likely to emerge.

## 2. Penetration

- Post-pandemic, there is a good time for FMCG companies to achieve household penetration by experimenting while lowering prices, effective advertising and understanding customer needs.

## 3. Online FMCG

- Online FMCG market is expected to grow rapidly in the coming years, driven by the increasing adoption of smartphones and the internet, the growing popularity of e-commerce platforms, and the availability of a wide range of products at competitive prices.



## 6. Rural market

- The Indian rural FMCG market is estimated to reach a valuation of US\$ 220 billion by 2025.
- Rural India accounts for more than 40% of consumption in major FMCG categories such as personal care, fabric care, and hot beverages.

## 5. Innovative products

- Indian FMCG companies are investing in research and development to create new and innovative products that cater to the changing needs and preferences of consumers such as plant-based milk, tofu, nutritional yeast, etc.

## 4. Premium products

- Purchase habits of India's new generation of customers have resulted in a market attitudinal shift. There will be 370 million Generation Z consumers in India in 2030, with different preferences. The modern Indian consumer is defined by a high level of awareness, a passion for health and nutrition, and a large amount of disposable income. As a result, new FMCG sub-sectors have emerged, such as air & water purifier and organic food staples.




*Source: Assorted articles and reports, Indian Retailer, Economic Times*



# Key Industry Contacts



# Key industry contacts

Agency	Contact Information
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# Glossary

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- **FDI:** Foreign Direct Investment
- **MSP:** Minimum Selling Price
- **NREGA:** National Rural Employment Guarantee Act
- **FY:** Indian Financial Year (April to March); So, FY09 implies April 2008 to March 2009
- **SEZ:** Special Economic Zone
- **MoU:** Memorandum of Understanding
- Wherever applicable, numbers have been rounded off to the nearest whole number

# Exchange rates

**Exchange Rates (Fiscal Year)**

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60
2023-24	82.80
2024-25**	83.42

**Exchange Rates (Calendar Year)**

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024*	83.22

*Note: \* - Until June 2024, \*\* - April-June 2024*

*Source: Foreign Exchange Dealers' Association of India*

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