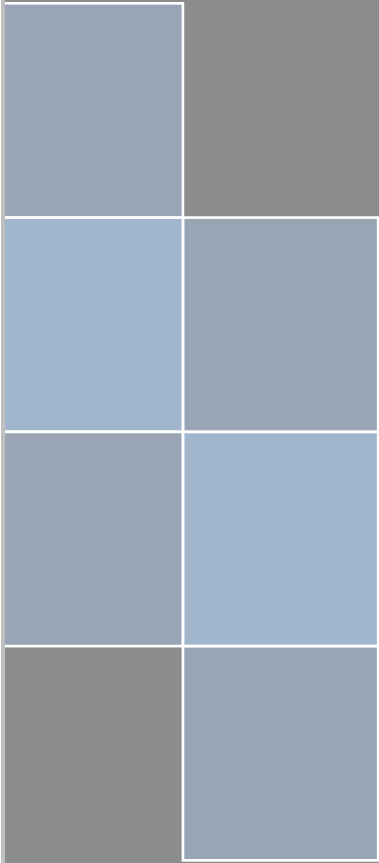


# Industry Report On **Organic Food Market in India**

3rd January 2022



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# 1. Macroeconomic Overview of India

## 1.1 India GDP and GDP Growth

**India is the world's 6th largest economy and expected to be in top 3 global economies by FY 2050**

Currently, India ranks sixth in the world in terms of nominal gross domestic product ("GDP") and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is estimated to be among the top three global economies in terms of nominal GDP by FY 2050.

**Exhibit 1: GDP Ranking of Key Global Economies (CY 2020)**

Country	Rank	% Share (World GDP, at current prices)	Rank PPP	% Share (World GDP, PPP)
USA	1	24.7%	2	15.8%
China	2	17.4%	1	18.3%
Japan*	3	5.8%	4	3.9%
Germany	4	4.5%	5	3.3%
United Kingdom	5	3.2%	9	2.3%
India	6	3.1%	3	6.7%
France	7	3.1%	8	2.3%
Italy	8	2.2%	10	1.8%
Canada	9	1.9%	14	1.3%
Korea, Republic	10	1.9%	13	1.7%

Note: \*- Available for 2019

Source: World Bank Data, RBI, Technopak Analysis

For India, CY 2019 is FY 2019

**India expected to fare better than developed economies and recover to a high growth path in coming years**

The impact of COVID-19 has caused several large economies to shrink. However, it is estimated that India's GDP is expected to resume its pre-COVID growth rate by FY 2022.

**Exhibit 2: Real GDP growth rate of Key Global Economies (CY 2018 - CY2021(P))**

Country	GDP Growth Rate - 2018 (in %)	GDP Growth Rate - 2019 (in %)	GDP Growth Rate - 2020 (in %)	GDP Growth Rate - 2021P (in %)
USA	3.0%	2.2%	-3.5%	5.1%
China	6.8%	6.0%	2.3%	8.1%
Japan	0.6%	0.3%	-5.8%	3.1%
Germany	1.1%	1.1%	-4.6%	3.5%
United Kingdom	1.3%	1.4%	-10.0%	4.5%
India*	6.1%	4.2%	-7.3%	9.5%
France	1.9%	1.8%	-7.9%	5.5%
Italy	0.9%	0.4%	-8.9%	3.0%
Brazil	1.8%	1.4%	-4.1%	3.6%
Canada	2.4%	1.9%	-5.3%	3.6%

Source: World Bank data, WEO January 2021 by IMF; Data of India is based on Financial Year (April-March) basis.

\* Secondary sources and Technopak Analysis

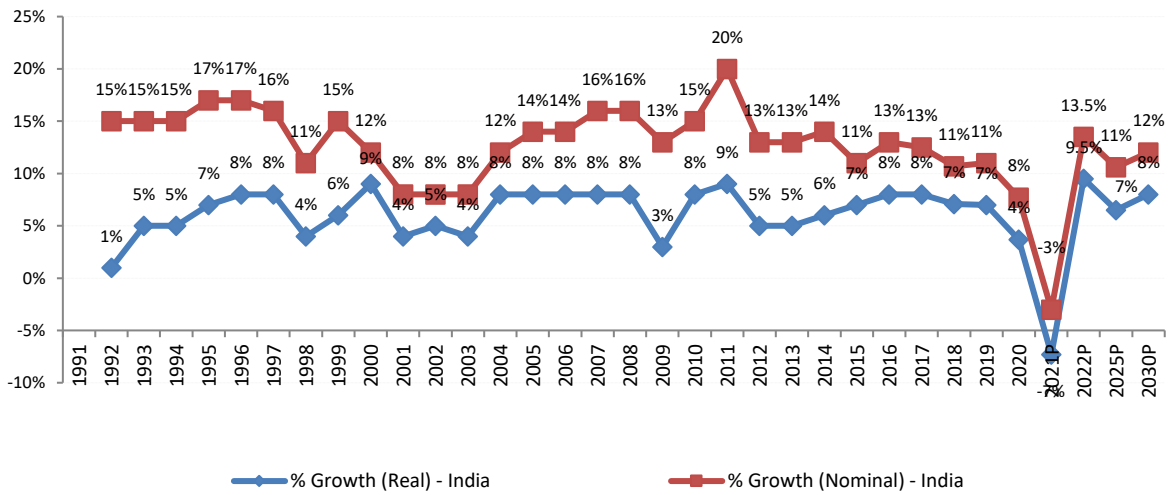
2021P: Predicted numbers for 2021



### India's GDP Growth

Since FY 2005, Indian economy's growth rate has been twice as that of the world economy and it is expected to sustain this growth momentum in the long term. In the wake of COVID-19, India's nominal GDP has contracted by approximately 3% in FY 2021 and is expected to bounce back and reach USD 4 Tn by FY 2025. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 2050.

Exhibit 3: Historical GDP Growth (%)



Source: RBI Data, World Bank, IMF

\*2012- GDP Spike in Real growth rate due to change of base from 2004-05 to 2011-12. Hence excluded from decadal growth rate as well

## 1.2 Domestic Consumption

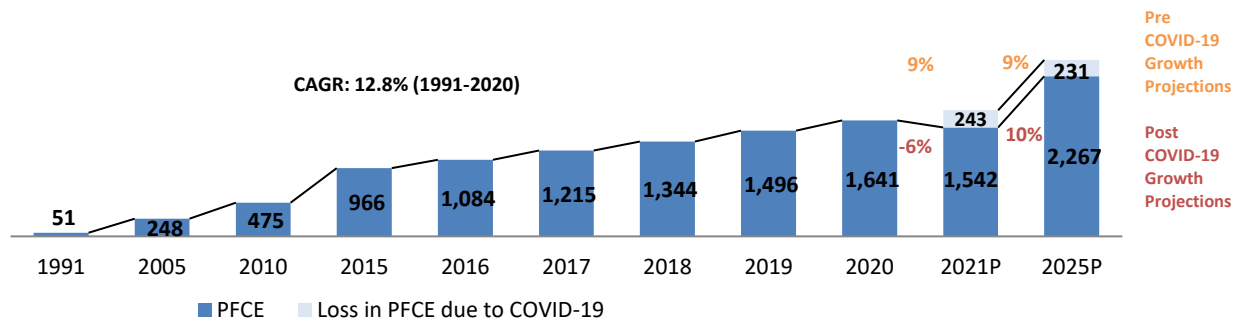
### High share of domestic consumption in Private Final Consumption Expenditure

India's economy is primarily consumption-driven and India's share of domestic consumption, measured as private final consumption expenditure, in its GDP was ~60.5% in FY 2020. This private consumption expenditure comprises both goods (food, lifestyle, home, pharmaceuticals etc.) and services (food services, education, healthcare etc.). In comparison, China's domestic consumption share to GDP in 2020 was 39.24%. High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 7.3% between FY 2016 and FY 2021, compared to 2.8% and 4.7% in the USA and China, respectively during the similar period of CY 2015 and CY 2020.

Consumption priorities are also driven by the health and safety concerns and the other behavioral changes adopted due to the outbreak of the COVID-19 pandemic. While the discretionary categories like apparel and lifestyle have been severely impacted by the pandemic, need based categories like food and pharma have witnessed growth in the last financial year.



Exhibit 4: India's Household Final Consumption Expenditure



Source: Technopak Analysis, RBI Data; Year indicates FY

Exhibit 5: Total Private Final Consumption Expenditure (Current Prices USD Bn)

Country	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021P	Contribution to GDP (2019)	CAGR 2015-2020
U.S.	10,260	10,699	11,047	11,363	11,847	12,263	12,693	13,239	13,993	14,428	14,047	14,347	64.80%	2.75%
Brazil	2,090	2,637	3,019	3,429	3,845	4,178	4,344	4,745	5,353	5,605	NA	6,347	37.20%	-
Italy	1,872	2,036	1,937	2,036	2,075	1,778	1,829	1,918	2,068	2,018	1,951	1,924	49.60%	1.87%
India*	411**	447**	749	863	966	1,084	1,215	1,344	1,505	1,641	1,542	1,718	57.50%	7.30%
Indonesia	1,463	1,573	1,469	1,536	1,549	1,318	1,341	1,397	1,503	1,463	1,398	1,394	48.80%	1.19%
Malaysia	1,296	1,401	1,279	1,304	1,309	1,116	1,128	1,179	1,258	1,202	1,093	1,108	54.80%	-0.42%
France	1,330	1,577	1,514	1,526	1,546	1,153	1,154	1,331	1,239	1,216	906	1,230	56.40%	-4.71%
Germany	424	495	518	519	509	495	539	582	594	648	624	723	48.50%	4.74%
Thailand	178	196	212	221	214	206	207	223	248	271	265	259	50.20%	5.17%
China	123	143	156	167	177	163	165	177	206	218	205	226	19.00%	4.69%

Source: World Bank, RBI, Technopak Research & Analysis

2020P: The projections have been arrived at by considering impact of COVID-19

\* For India, CY 2020P means FY 2021P

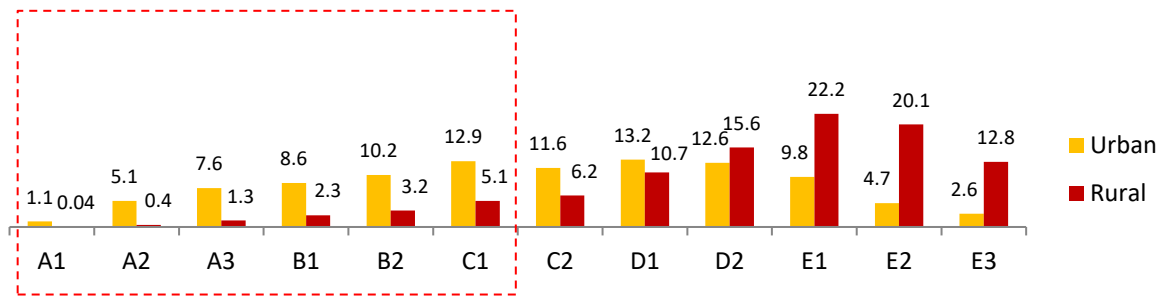
\*\* For CY 2010 & CY 2011, base year was 2004-05

1USD = INR 75

### Top 20% of Indian households account for ~50% of the total household consumption

Household consumption in India is skewed towards the urban population. Socioeconomic classifications ("SEC") A, B and C1, which account for approximately 45.5% of urban population and approximately 12.3% of rural population is commonly referred to as the "top 20%" by income of Indian households. However, within the "top 20%" group, SEC A population accounts for ~14% of urban population and ~1.7% of rural population. Overall SEC A households account for ~6% of the total number of households in India.

**Exhibit 6: SEC Break-up of Indian Households (in %age) FY 2019**



Source: RBI Data, Economic Survey, World Bank, EIU, IMF

In FY 2019, the top 20% accounted for 40% to 50% of total household consumption expenditure and approximately 44% of household income. The next 40% of households accounted for 40% of the overall household expenditure, whilst the bottom 40% of households (largely comprising SEC E) made up 10% to 20% of household consumption. The per capita consumption for the top 20%'s was twice the national average.

Source: Secondary Research, Technopak BoK

Note: Socio economic classification is a stratification of Indian households used by marketers to understand consumer worthiness and consumption lifestyle. It is widely agreed that consumption behaviour in India is better predicted by SEC (socio economic class) classification, which is based on Education of chief earner and number of "consumer durables" (from a predefined list)-owned by the family. The list has 11 items, ranging from 'electricity connection' and 'agricultural land' to cars and air conditioners

## 1.3 Growth Drivers

India's medium to long term growth and its positive impact on private consumption will be determined by inter-play of demographics, urbanization, and policy reforms.

### a. Demographic Profile of India

#### Young population

India has one of the youngest populations globally compared to other leading economies. The median age in India is estimated to be 28.1 years in FY 2021 as compared to 38.1 years and 37.4 years in the USA and China, respectively, and is expected to remain under 30 years until 2030.

**Exhibit 7: Median Age: Key Emerging & Developed Economies (CY 2021 Estimated)**

Country	India	China	USA	Singapore	Russia	Korea	Canada	UK
Median Age (Yrs.)	28.1	37.4	38.1	34.6	39.6	41.8	42.2	40.5

Source: World Population Review, Technopak Analysis

#### Women Workforce

Numerous factors, including better health care and greater media focus are allowing women in India, in both urban and rural areas, to exercise greater influence on their families and society. This increase of women in the workforce has seen a shift of patterns in terms of household activity, including a downward trend in home cooked meals and an increase in demand for "out of home" consumption and packaged food consumption.



## b. Urbanization

India has the second largest urban population in the world in absolute terms at 472 Mn in FY 2019, second only to China. However, only 34.5% of India's population is classified as urban compared to a global average of 54%. It is the pace of India's urbanization that is a key trend to note for implication on India's economic growth. Currently urban population contributes 63% of India's GDP. Going forward, it is estimated that 37% (541 Mn) of India's population will be living in urban centers by FY 2025. Urban population is expected to contribute 75% of India's GDP in FY 2030.

India's urbanization trend will also witness the following sub-trends:

- The growth of urbanization will witness people moving into cities from rural areas, from smaller towns to bigger cities and from one city to the other due to nuclearization of families which would result in 'migrant tendencies' among citizens. They will have limited or no attachment to past baggage of habits and would no longer be bounded by any rigid rules like food or retail preferences. They will be open to experimentation and form new habits which may result in an increase in consumer adoption of upcoming trends and practices in retail sector.

*Exhibit 8: Urban Population as Percentage of Total Population of Key Economies (CY 2020)*

Country	World	India	China	USA	Singapore	Russia	Malaysia	Vietnam	UK
Urban Population as %age of total population	56.15%	35%	61%	83%	100%	75%	77%	37%	84%

Source: World Bank

### Growing Middle Class

The households with annual earnings between USD 5,000-10,000 have grown at a CAGR of 10% from FY 2012-2020. The households with annual earnings between USD 10,000-50,000 have grown at a CAGR of 20% between FY 2012-2020.

Increase in number of households with annual earnings of USD 10,000 to USD 50,000 has been leading to an increase in discretionary spending on food and beverages, apparel & accessories, luxury products, consumer durables and across other discretionary categories. The consumption pattern also has moved towards higher spend on branded, high quality food products, wellness products, ready to eat / on the go categories etc.

*Exhibit 9: Household Annual Earning Details*

Year	Total House Holds (in Mn)	HHs with earning USD 10,000 (Mn)	Annual earning USD 5,000 - 10,000 (Mn)	% of total HHs	HHs with Annual earning USD 10,000 -50,000 (Mn)	% share of total HHs
2009	236	36		15.2%	11	4.7%
2012	254	60		23.8%	22	8.7%
2014	267	71		26.5%	27	10.2%
2015	274	85		30.9%	36	13.2%
2018	295	121		41.2%	86	29.3%
2020*	310	132		42.5%	95	30.6%

Source: EIU, \*Technopak Estimates



## Nuclearization

The growth in the number of households exceeds population growth, which indicates an increase in nuclearization in India. According to the 2011 census, 74% of urban households have five or less members, compared to 65% in 2001. The growing trend in nuclearization and higher disposable income will lead to higher spend in health and wellness categories as it is one of the priority categories.

## 1.4 Retail Market in India

Retail Market in India was valued at USD 796 Bn in FY 2020 and is expected to grow at a CAGR of 6.23% to reach USD 1,077 Bn by FY 2025.

Exhibit 10: India's consumption funnel

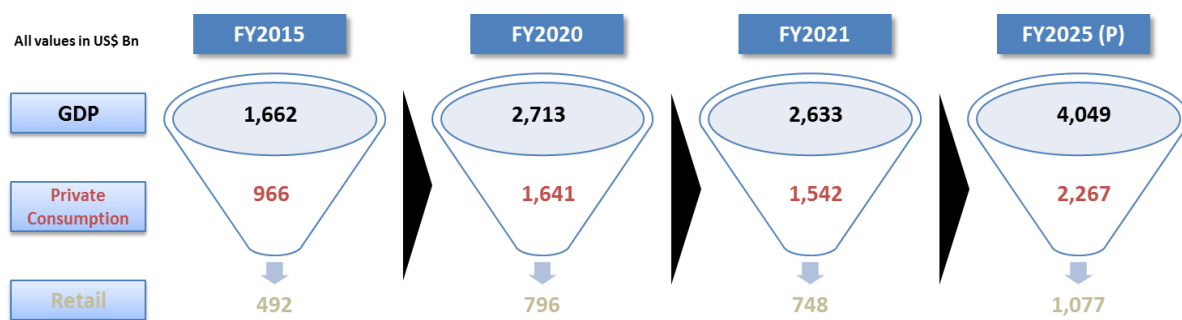


Exhibit 11: Share of Merchandise and Services in Household Expenditure (FY 2020)

	Category	Share of Wallet
Merchandise Retail	Food and Grocery	32%
	Jewellery	4%
	Apparel & Accessories	4%
	Footwear	1%
	Pharma & Wellness	1%
	Consumer Durables & Information Technology	3%
	Home & Living	2%
	Others Retail Categories	2%
Services		52%

Source: Technopak Analysis

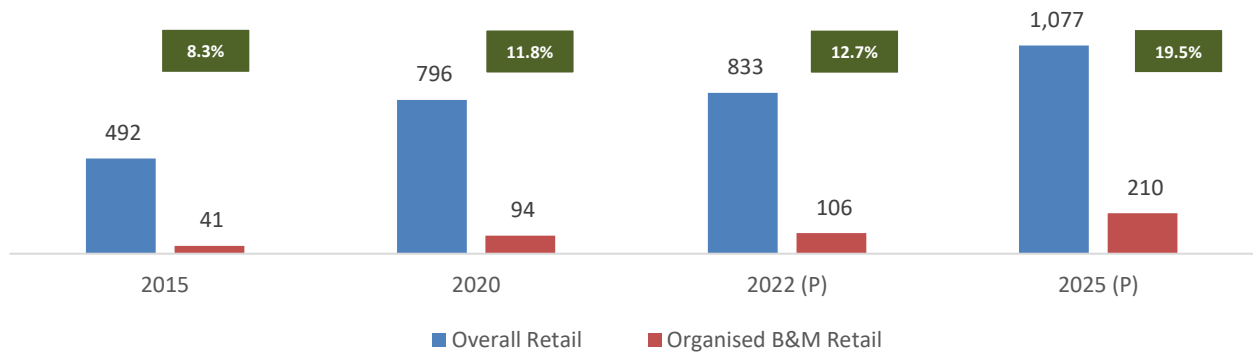
## Extent of Organization – Overall & Category wise

While organized retail, primarily brick & mortar, has been in India for 2 decades now, its contribution to total retail is low at 11.8% (USD 94 Bn) in FY 2020. The organized retail penetration was only 8.3% in 2015.





**Exhibit 12: Overall Retail Market (USD Bn)**



Source: Technopak analysis

**Exhibit 13: Organized Penetration across Key Categories**

Categories	2015	2020	2022 (P)	2025 (P)
<b>Total Organized Retail (USD Bn)</b>	<b>41</b>	<b>94</b>	<b>106</b>	<b>210</b>
Food and Grocery	3%	4.5%	5.5%	9.0%
Jewellery	27%	32%	32%	40%
Apparel & Accessories*	23%	32%	35%	45%
Footwear	9%	30%	30%	38%
Pharmacy & Wellness	5%	10%	15%	20%
Consumer Electronics	26%	32%	35%	45%
Home & Living	9%	15%	22%	30%
Others	11%	14%	20%	22%

\*Accessories include Bags, Belts, Wallets and Watches

Others include Books & Stationery, Toys, Eyewear, Sports Goods, Alcoholic Beverages & Tobacco etc.

**Exhibit 14: Size of Organized Retail across Categories**

	2015	2020	2025P	CAGR 2015-20	CAGR 2020-25
<b>Total Organized Retail (USD Bn)</b>	<b>41</b>	<b>94</b>	<b>210</b>	<b>18.1%</b>	<b>17.4%</b>
Food and Grocery	8.0	23.7	61.3	24.3%	20.9%
Jewellery	9.6	19.1	36.4	14.7%	13.8%
Apparel & Accessories*	9.7	21.1	44.7	16.8%	16.2%
Footwear	1.6	2.7	5.3	11.0%	14.4%
Pharmacy & Wellness	0.7	2.3	7.1	26.9%	25.3%
Consumer Electronics	7.0	16.3	34.5	18.4%	16.2%
Home & Living	2.0	5.1	14.1	20.6%	22.6%
Others	2.0	3.7	6.9	13.1%	13.3%

\*Accessories include Bags, Belts, Wallets and Watches

Source: Secondary research, Industry reports, Technopak Analysis



**Exhibit 15: Share of Brick & Mortar and E-commerce across Categories**

	FY 2020					FY 2025 (P)				
	Share of Retail	Retail Size (USD Bn)	Share of traditional retail	Share of B&M Retail	Share of E-commerce	Share of Retail	Retail Size (USD Bn)	Share of traditional retail	Share of B&M Retail	Share of E-Commerce
Food and Grocery	66.10%	526	95.50%	4.00%	0.50%	63.30%	681	91.00%	5.00%	4.00%
Jewellery	7.50%	60	68.00%	28.00%	4.00%	8.40%	91	60.00%	33.00%	7.00%
Apparel & Accessories*	8.30%	66	68.00%	14.50%	17.50%	9.30%	100	55.00%	23.00%	22.00%
Footwear	1.20%	10	70.00%	14.00%	16.00%	1.30%	14	62.00%	16.00%	22.00%
Pharmacy & Wellness	2.90%	23	90.00%	7.80%	2.20%	3.30%	36	80.40%	11.20%	8.40%
Consumer Electronics	6.40%	51	68.00%	4.70%	27.30%	7.10%	77	55.00%	9.00%	36.00%
Home & Living	4.30%	34	85.00%	7.70%	7.30%	4.40%	47	70.00%	11.00%	19.00%
Others	3.30%	26	86.00%	5.30%	8.70%	2.90%	31	78.00%	11.00%	11.00%
<b>Total</b>	<b>100%</b>	<b>796</b>				<b>100%</b>	<b>1077</b>			

\*Accessories include Bags, Belts, Wallets & Watches

Source: Technopak Analysis

### Consumption of Retail basket across Key Categories

Currently, the Food & Grocery segment forms the major share of the retail market (~66.1%). F&G will continue to be the dominant contributor in the retail market with 63.3% share in FY 2025.

### Share of Spends on Foods

Food and Grocery retail market in India was at USD 526 Bn in FY 2020, contributing ~65% to India's PFCE (Private Final Consumption Expenditure).

**Exhibit 16: Total Share of Spends on Food in India (in USD Bn)**

	2020	2025
Private Final Consumption Expenditure in India	796	1077
Merchandising Retail	66.1%	63.2%
Total Food and Grocery Retail in India	526	681
- Urban Share	46%	52%
- Rural Share	54%	48%
Total Food and Grocery in Urban India	242	354

Source: Secondary Research, Technopak Analysis. Note: All values in USD Bn

**Exhibit 17: Share of Spends on Food in Urban India (in USD Bn)**

	2020	2025
Total Food and Grocery Retail Value in Urban India	242	354
- Fresh Fruits and Vegetables	99	145
- Dairy	37	54
- Poultry and Fish	28	41
- Non-Packaged Food	34	50
- Packaged Food & Beverages	32	47
- Premium Foods	3	5
- Non-Food FMCG	8	11



Source: Secondary Research, Technopak Analysis. Note: All values in USD Bn  
 Note: 34.5% of Urban India contributes to 46% of Spend in Food and Grocery in India

## 1.5 Health and Wellness Industry in India

The health and wellness food industry in India is currently at ~INR 60,980 Cr and has grown at 19% CAGR between FY 2015 and FY 2020. 'Fortified Functional Food' and 'Naturally Healthy' products have the highest contribution with ~36% and ~52% respectively. While organic food contributes ~4% to the overall market, the category has shown tremendous growth with CAGR of over 21% between FY 2015 and FY 2020.

In FY 2025, the Indian Health and Wellness industry is expected to reach INR ~1,27,290 Cr, growing at CAGR of 16% between FY 2020 and FY 2025. Organic Foods is expected to grow at a CAGR of ~24% CAGR between FY 2020 and FY 2025 and is expected to further increase its share to 4% of the overall Health and Wellness market.

### Exhibit 18: Health and Wellness Industry in India (in INR Cr)

	Market Size FY 2015 (INR Cr)	Share in FY 2015	Market Size FY 2020 (INR Cr)	Share in FY 2020	Market Size FY 2025 (INR Cr)	Share in FY 2025	CAGR (FY 2015-FY 2020)	CAGR (FY 2020-FY 2025)
<b>Better For You</b>	2,190	9%	5,630	9%	11,660	9%	21%	16%
<b>Fortified/Functional</b>	8,250	32%	21,750	36%	51,750	41%	21%	19%
<b>Free From</b>	110	<1%	200	<1%	310	<1%	13%	9%
<b>Naturally Healthy</b>	14,170	56%	31,500	52%	58,000	46%	17%	13%
<b>Organic Food</b>	730	3%	1,900	3%	5,600	4%	21%	24%
<b>Total Health and Wellness Market</b>	<b>25,450</b>		<b>60,980</b>		<b>1,27,290</b>		<b>19%</b>	<b>16%</b>

Source: Secondary Research, Technopak Analysis

### Future of Health and Wellness Industry in India

COVID-19 pandemic has brought about a significant change in the Health and Wellness Industry, giving it a boost by making Indian consumers aware about the benefits of health and wellness. Implementation of mandatory lockdown during the 1<sup>st</sup> and 2<sup>nd</sup> waves of COVID-19 impacted the retail and traditional markets, slashed business, and consumer confidence. However, businesses have adapted to the new normal by implementing doorstep delivery and e-retailing due to Indian government's push to prefer e-commerce as a major distribution channel to maintain social distancing.

Growing awareness towards health and preventive care is driving wellness category. Within Packaged Food and beverages, products such as Organic Staples, Organic Beverages, Concoctions, Immunity boosting products, Nutraceuticals, etc. saw high growth. Indian consumers are aware of the benefits of Organic and Health and Wellness products over their counterparts and while they are not ready to completely switch to organic products, they are willing to have some portion of their grocery basket dedicated to health and wellness products such as organic spices, organic beverages, concoctions, etc.

### Focus on Health and Wellness Industry will further drive Organic Food consumption

Organic Products (both Food and Non-Food categories) are expected to benefit from the growth of Health & Wellness Industry. As the COVID-19 situation subsides, customers may increasingly substitute organic foods including staples and other grocery items in place of non-organic foods. Organic food is considered safer than conventionally grown produce as they are free from harmful pesticides and



chemicals. Consumers trust certified organic food products as they meet the required standards. These standards regulate how such foods are grown, handled and processed.

Post COVID-19, customers have also started to demand sustainable, transparent and clean labels for consumption. Organic farming is widely considered to be a far more sustainable alternative to conventional methods and provide product traceability in most cases.



## 2. Overview of Global Organic Food Market

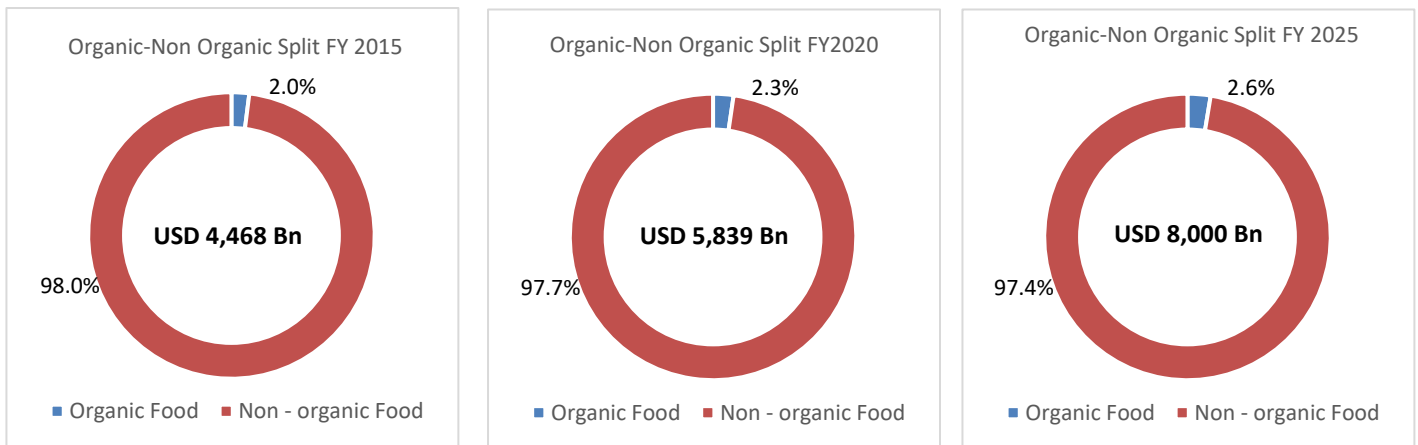
### 2.1 Global Food Market

The Global Food Market, currently valued at USD 5,839 Bn, is expected to grow at 6.5% over the next 5 years reaching a value of USD 8,000 Bn by FY 2025.

*Exhibit 19: Global Food Market Size (CY 2015- CY 2025) (USD Bn)*

	Market Size CY 2015 (USD Bn)	Share in CY 2015	Market Size CY 2020 (USD Bn)	Share in CY 2020	Market Size CY 2025 (USD Bn)	Share in CY 2025	CAGR (CY 2015-CY 2020)	CAGR (CY 2020-CY 2025)
<b>Total Food Market</b>	<b>4,468</b>	-	<b>5,839</b>	-	<b>8,000</b>	-	<b>5.5%</b>	<b>6.5%</b>
<b>Organic Food Market</b>	89	2.0%	135	2.3%	210.	2.6%	8.7%	9.4%
<b>Non-Organic Food Market</b>	4,379	98.0%	5,704	97.7%	7,890	97.4%	5.4%	6.7%

Source: Secondary Research, Technopak Analysis



Source: Secondary Research, Technopak Analysis

### 2.2 Global Organic Food Market

As per FAO (Food and Agriculture Organization of the UN), organic agriculture is practised in 187 countries, and 72.3 million hectares of agricultural land is under organic cultivation by at least 3.1 million farmers. Globally, organic farming continues to grow and is accepted widely by the farmers, consumers and policymakers. Preference for organic products has been growing due to safety, human health, and environmental concern. Consumers also prefer other attributes of organic food such as taste, appearance, freshness etc.

Global organic food market was worth USD 89 Bn in CY 2015 and subsequently grew to USD 135 Bn in CY 2020. The share of organic food in the total food market grew from 2.0% in CY 2015 to 2.3% in CY 2020.



Organic food market is expected to grow at 9.4% between CY 2020 and CY 2025 reaching a value of USD 210 Bn and contributing 2.6% share to the total food market.

Packaged foods is expected to grow faster than fresh food segment, growing at a CAGR of 13.1%, constituting 55% of global organic food market by FY 2025

**Exhibit 20: Global Organic Food Market Size (2015-2025) (USD Bn)**

	Market Size CY 2015 (USD Bn)	Share in CY 2015	Market Size CY 2020 (USD Bn)	Share in CY 2020	Market Size CY 2025 (USD Bn)	Share in CY 2025	CAGR (CY 2015- CY 2020)	CAGR (CY 2020- CY 2025)
<b>Packaged Food*</b>	32	36.0%	62	46.0%	115	55.0%	14.1%	13.1%
<b>Fresh**</b>	57	64.0%	73	54.0%	95	45.0%	5.1%	5.4%
<b>Total</b>	<b>89</b>		<b>135</b>		<b>210</b>		<b>8.7%</b>	<b>9.4%</b>

Source: Secondary Research, Technopak Analysis

Note\*- Including Staples, Snacks, Frozen and Processed Foods, Organic Beverages

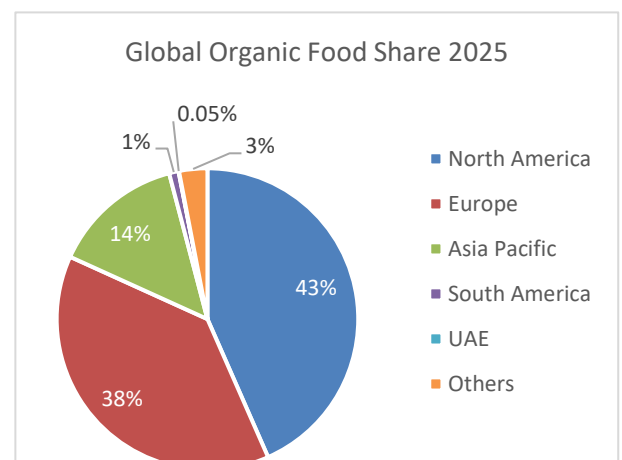
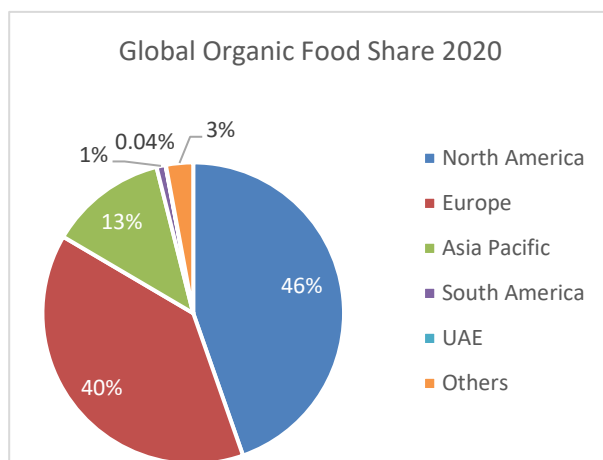
Note\*\*- Including Dairy, Fruits and Vegetables, Meat, Fish, and Poultry, etc.

### Region wise Split of Global Organic Food Market

**Exhibit 21: Region-wise Global Food Market (2015-2025) (USD Bn)**

	Market Size CY 2020 (USD Bn)	Share in CY 2020	Market Size CY 2025 (USD Bn)	Share in CY 2025	CAGR (CY 2020-CY 2025)
<b>North America</b>	60	46%	90	43%	8.5%
<b>Europe</b>	52	40%	80	38%	9.0%
<b>Asia Pacific</b>	17	13%	30	14%	12.0%
<b>South America</b>	1	1%	2	1%	14.9%
<b>UAE</b>	0.05	0.04%	0.1	0.05%	14.9%
<b>Africa</b>	NA	NA	NA	NA	NA
<b>Others (Rest of World)</b>	4	3%	7	3%	14.9%
<b>Total</b>	<b>135</b>	-	<b>210</b>	-	<b>9.4%</b>

Source: Secondary Research, Technopak Analysis



Source: Secondary Research, Technopak Analysis



### United States is the largest market for Global Organic food market

North America contributes ~46% of the global organic food market and was valued at USD 60 Bn in FY 2020. United States has the largest share in North American Packaged Organic Food sales, contributing to ~USD 56 Bn in Organic food and beverages and has presence of over 500 brands in organic food space. Organic Food Market (USD 56 Bn) had a share of 5.8% in the Total Food Market (USD 968 Bn) in US in FY 2020.

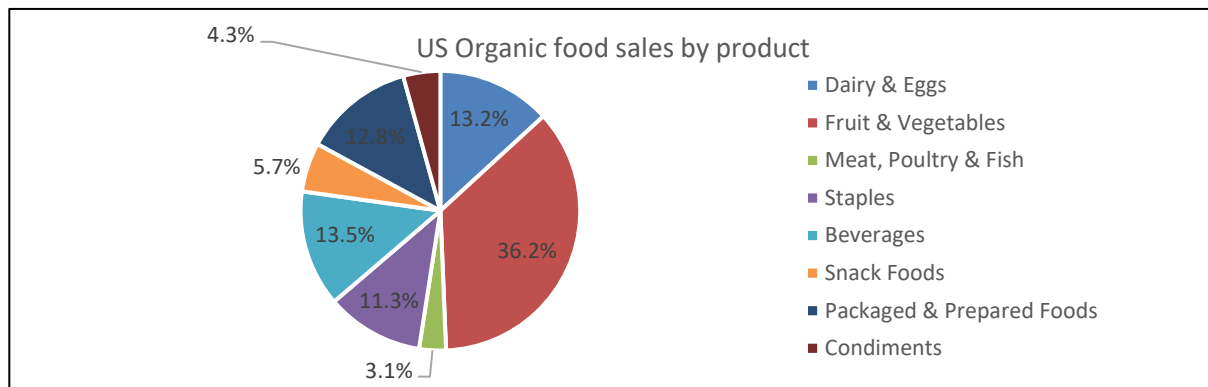
#### Exhibit 22: United States Organic Food Market (2015-2025) (USD Bn)

	Market Size CY 2015 (USD Bn)	Market Size CY 2020 (USD Bn)	Market Size CY 2025 (USD Bn)	CAGR (2015-20)	CAGR (2020-25)
<b>United States</b>	39	56	89	6.7%	10.5%

Source: Secondary Research, Technopak Analysis

While the fresh organic category (including dairy, fruits and vegetables, meat, fish, and poultry etc.) constituted 52.5% of the organic food sales in US, the overall organic packaged food category (including staples, snacks, frozen and processed foods, organic beverages) contributed ~47.5% to the total organic food sales in US.

#### Exhibit 23: United States Organic food sales by product categories (2020)



Source: Secondary Research, Technopak Analysis

Since there is sizeable presence of Indian diaspora in the United States, there is demand for organic staples, rice, flour, pulses, and other cooking aids suitable for Indian taste palate and cooking style. There are number of brands both of Indian origin as well as from the United States catering to this demand, targeting Indian diaspora, and providing a good substitute to the non-organic food and grocery products. Most of the brands offers complete range of packaged organic food and grocery products through the leading retail stores in the United States, which includes Indian ethnic stores and mainstream stores. 24 Mantra is one of the leading Indian organic food brands in the United States with presence in 39 states across Indian ethnic stores and mainstream stores.

#### Exhibit 24: Indian Organic Brands in United States

Organic Brands in United States offering Indian Food and Grocery Products
24 Mantra Organic
Organic India
Eco Life
Dwaraka
Jiva Organics

Notes: Players with B2C branded play considered.



## 2.3 Consumption vs Export of Organic Food

### *Europe is the largest producer of Organic Food Globally*

Europe has the highest area under cultivation for organic products with 16.5 Mn hectares of agricultural land used for producing organic products.

#### *Exhibit 25: Organic Land under Cultivation*

	Organic Land (in Hectare)
North America	3,64,623
Europe	1,65,28,677
Asia Pacific	59,11,622
South America	82,92,139
Africa	20,30,829
Others (Rest of World)	3,95,22,391
<b>Total</b>	<b>7,22,85,658</b>

Source: FiBL 2019

#### *Exhibit 26: Countries with highest exports of Organic Produce (Food and Non-Food) (USD Bn)*

Country	Organic Exports (in USD Bn)
USA	3.3
Italy	2.7
Spain	1.0
France	0.9
India	~1.0
Vietnam	0.6
Others	5.6
<b>Total</b>	<b>15.2</b>

Source: FiBL 2019, Exchange rate 1 € = 1.1 US \$

## 2.5 Distribution Channel of Global Organic Food Market

### *Modern Retail formats have most relevance for the sale of Organic Food*

The channel of distribution for organic food varies by geography. In USA, majority of sales happens through Modern Retail channels contributing 70% of the total organic food sales, especially through supermarkets and hypermarkets. There is also a significant contribution of specialty stores to the sales of organic food. Specialty stores contribute ~18% to the total organic food sales in the US.

In European countries for instance Italy, Traditional Retail stores have a higher share in of sale of Organic Food, while some countries such as Spain have Modern retail dominating the sales of Organic Food. Asian countries such as India and China have higher distribution through Traditional Channels while the share of Specialty Stores is still negligible.

#### *Exhibit 27: Distribution Channel in Leading countries in Global Organic Food Market (2020)*

	North America	Europe		Asia	
	USA	Italy	Spain	India	China
Traditional Retail	4%	51%	11%	60%	35%
Modern Retail	70%	42%	82%	28%	56%
Specialty Stores	18%	3 %	1%	-	-
Online Channel	8%	4%	6%	12%	9%

Source: Technopak Analysis





## 2.5 Countries with high presence of Indian Diaspora

### *USA has the largest population of Indian diaspora*

India has the highest transnational population in the world with approximately 23.4 Mn migrants (of Indian origin) spread across the globe.

Indian diaspora is distributed across several major countries with USA being the most preferred destination with 4.4 Mn Indian diaspora. The Saudi Arabia and UAE are the second and third most preferred countries with 4.1 Mn and 3.8 Mn Indian diasporas respectively. The total addressable population (excluding students, low and semi-skilled workers etc.) for organic food is 9.2 Mn (out of 23.4 Mn). Middle- and high-income groups are the key target consumers for organic food products.

#### *Exhibit 28: Region wise Indian Diasporas*

Region	Indian Diaspora (2020) (in Mn)	Relevant Population
<b>North America</b>	<b>6.1</b>	<b>2.9</b>
USA	4.4	2.2
Canada	1.4	0.7
Others	0.3	Negligible
<b>Asia Pacific</b>	<b>10.8</b>	<b>3.5</b>
Saudi Arabia	4.1	1.0
UAE	3.8	1.0
Malaysia	2.1	1.1
Singapore	0.7	0.4
<b>Europe</b>	<b>1.6</b>	<b>0.8</b>
United Kingdom	1.0	0.5
European Union	0.6	0.3
<b>Africa</b>	<b>3.0</b>	<b>1.5</b>
South Africa	1.4	0.7
Others	1.6	0.8
<b>Other</b>	<b>1.9</b>	<b>0.5</b>
Oceania	1.01	0.3
Australia	0.4	0.1
Fiji Islands	0.3	0.1
New Zealand	0.1	0.1
<b>TOTAL</b>	<b>23.4</b>	<b>9.2</b>

Source: Technopak Analysis

## 2.6 Preference for Sustainable Food Brands in the Developed Countries

Modern digital customers are increasingly inclined to prefer products that can help them live a more sustainable, socially responsible life.

One of the key trends in the global food industry is growth in *ecolabels* (*Ecolabelling* is a voluntary method of environmental performance certification and labelling that is practised around the world. An *ecolabel* identifies products or services proven to be environmentally preferable within a specific category). It is known that organic was the first eco-label which was introduced in the 1990s. Organic remains the most successful eco-label in the food industry, with other important eco-labels specifically in the U.S. food industry such as Non-GMO Project Verified, Fair Trade, and Rainforest Alliance.



## 3. Overview of Packaged Food Market in India

### 3.1 Packaged Food Market in India

Indian Packaged Food Market is currently valued at ~INR 6,02,000 Cr and contributes 15.3% of the total Food and Grocery industry in India. By FY 2025, it is expected to value at ~INR 10,13,000 Cr and contribute ~20% to the total Food and Grocery market showing a significant growth in the next 5 years. It is estimated that by 2030, the Packaged Food market will reach a value of ~INR 13,03,850 Cr and will contribute 20.2% to the overall Food and Grocery market in India.

*Exhibit 29: Indian Packaged Food Market Size (FY 2015- FY 2025) (in INR Cr)*

	Market Size FY 2015 (INR Cr)	Share in Packaged Food 2015	Market Size FY 2020 (INR Cr)	Share in Packaged Food 2020	Market Size FY 2025 (INR Cr)	Share in Packaged Food 2025	Market Size FY 2030 (INR Cr)	Share in Packaged Food 2030
<b>Total Food &amp; Grocery Market</b>	<b>26,00,000</b>		<b>39,45,000</b>		<b>50,92,500</b>		<b>64,55,000</b>	
<b>Share of Packaged food in Total F&amp;G</b>	<b>14.5%</b>		<b>15.3%</b>		<b>19.9%</b>		<b>20.2%</b>	
<b>Total Packaged Food Market</b>	<b>3,76,000</b>	<b>100%</b>	<b>6,02,000</b>	<b>100%</b>	<b>10,13,000</b>	<b>100%</b>	<b>13,03,850</b>	<b>100%</b>
-Packaged Fresh Dairy	55,000	14.6%	96,800	16.1%	1,67,000	16.5%	2,08,750	16%
-Packaged Meat	12,000	3.2%	15,000	2.5%	20,000	2.0%	25,000	2%
-Packaged Staple	1,51,000	40.2%	2,26,000	37.5%	3,54,000	34.9%	4,56,500	35%
-Other Processed Packaged Food	1,28,000	34.0%	2,16,200	35.9%	3,95,000	39.0%	5,13,500	39%
-Packaged Beverages	30,000	8.0%	48,000	8.0%	77,000	7.6%	1,00,100	7.7%

Source: Secondary Research and Analysis, Technopak estimates

### **Indian Packaged Food market is expected to contribute 20.2% to the overall Food and Grocery market by 2030**

While the Indian food retail remains dominated by unbranded products such as fresh fruits and vegetables, loose staples, fresh unpackaged dairy and meat, the packaged food market is growing at almost double the pace of the overall category and is expected to gain a market share.

Health concerns and limitation in movement due to COVID -19 have accelerated the growth of packaged food products which offer consistent and assured quality along with convenience. However, the penetration of packaged food is limited in the Indian households. Annual per capita spend on all categories of packaged food in India is estimated to be ~INR 4,650, much lesser as compared to China at ~INR 16,000 and the USA at more than INR 1,12,500, thereby offering vast scope for growth in India.

### 3.3 Growth of Packaged Food in India

#### **Growth of Packaged Food lead by entry of established Indian conglomerates in Food & Grocery segment**

Adani and ITC were one of the first large multi-product companies to venture into the packaged staples market and have now expanded their portfolio into various categories of food & grocery, including oils,



fats, ready to eat, ready to cook, snacks, frozen foods etc. In 2019, Tata Group, formally ventured into packaged food with formation of Tata Consumer Products Pvt. Ltd. Traditionally Tata Group owned Tata Salt and Tata Tea which helped in building wide portfolio of brands across segments packaged food and staples. Other large Indian conglomerates such as ITC, Fortune, LT Foods also added multiple SKUs in packaged staples and have scaled food & grocery business.

### ***D2C and Digital First brands led play in Packaged Food & Beverage***

Apart from national brands, regional brands and private label, packaged food industry also saw number of D2C (direct to consumer) and Digital First (primarily sold through online channel) brands vying for consumer attention. These brands often differentiate their offering in a unique way and are available primarily through digital mediums to begin with and work on an asset light business model. Growth of D2C and Digital First brands has also happened due to COVID-19 led changes in consumption pattern, increase in time spent on digital mediums and lack of product alternatives.

#### ***Exhibit 30: D2C and Digital First Brands in Indian Food and Beverage industry***

D2C Brand	Year of incorporation	Sub-sector	Key Investors	Total amount raised till date (USD Mn)	Total amount raised till date (INR Cr.)	Annual Revenues in 2020 (INR Cr.)
Blue Tokai	2012	Coffee	Snow Leopard Technology Ventures	5.6	42.0	Not disclosed
Freshtohome	2015	Packaged Meat	Abu Dhabi Investment Office (ADIO), Investment Corporation Of Dubai (Icd), Iron Pillar	152.0	1140.0	~600
Growfit	2015	Nutrition Meals	Manipal Group	5.4	40.5	Not disclosed
Licious	2015	Packaged Meat	Multiple Alternate Asset Management Private Limited, Temasek Holdings	286.5	2148.8	~130
Tea Box	2012	Tea	Nb Ventures, Rb Investments Pte. Ltd	14.0	105.0	20.25
Vahdam Teas	2015	Tea	Sixth Sense Ventures, Innoven Capital, Mumbai Angels, Fireside Ventures	15.1	113.3	20.63*
Yoga Bar	2016	Protein Bars	Saif Partners, Fireside Ventures	11.6	87.0	~50-100
ZappFresh	2015	Packaged Meat	Sidbi Venture Capital, Amit Burman	7.7	57.8	48.38**
Slay Coffee	2015	Coffee	Fireside Ventures, Kanwaljit Singh, Manish Singhal	1.7	12.8	30.00
Bonhomia Coffee	2012	Coffee and Tea	Valpro Capital, Apurva Salarpuria, Nita Mirchandani, Alok Rawat, Kanwaljit Singh	3.5	26.3	Not disclosed
Country Delight	2015	Packaged Dairy	Orios Venture Partners, Matrix Partners India, Alteria Capital, Elevation Capital	44	330	65#
Soulfull	2011	Packaged Snacks	Aavishkaar Venture Capital	5.4	40.5	40
Sleepy Owl	2016	Coffee	Rukam Capital	0.5	3.8	5.2
Good Dot	2016	Packaged Meat	New Crop Capital, RCM Business	1.9	14.3	10.95**

Source: Secondary Research and Analysis

Note\*- As of December 2018, \*\*- as of December 2019, #- for FY19

While a number of D2C have emerged in the food and non-food categories, there has been limited play in the organic food space though organic food has higher percentage penetration in the online e-commerce segment than the overall food & grocery segment. There is scope for building a strong D2C brand in the organic food space.



### ***Heightened PE/VC investments in Packaged Food space***

The Indian packaged food industry is expected to grow at 10.5% CAGR over the next 5 years. One of the key factors for this growth is high investments (value and volume) from private equity and venture capital firms.

Companies (subsequently brands) which follow a balanced approach for growth and customer acquisition are far more capital efficient compared to start-ups (new-age companies) which attempt to grow faster on the back of capital raise and external funds.

D2C/ Digital Brands have created a niche as consumers are seeking multiple options across categories rather than relying on a few established brands. These brands have created differentiated products and have different operating models than traditional brands. D2C/ Digital First Brands leverage ecommerce, social media and technology to gain quicker visibility and access to consumers. This allows them to tread on a much faster growth path which has led to rising investor interest in such brands as they expected to achieve milestones much quicker than traditional brands.



## 4. Overview of Organic Food Market in India

### 4.1 Organic Food Market in India

**Organic Food Market in India is valued at INR 1,900 Cr.**

The demand for organic food has witnessed a steady growth in India.

Production of organic food in India is also being promoted by the Indian government through various schemes and support programs providing financial help and technical know-how to the organic farming community.

Though the Indian organic food market is at a very nascent and evolving stage, the market has high potential for growth in future. Currently the domestic organic food market in India is estimated at INR 1,900 Cr and is expected to reach INR 5,600 Cr by 2025, growing at a CAGR of 24% accelerated by COVID-19 induced demand for the segment.

The organic food market contributes 0.3% to the total food market in India which is quite low as compared to the current global contribution of ~3.5% of organic food to the total food market and ~5.8% contribution of organic food market to the total food market in US. Following a similar trajectory, the organic food market has the potential to achieve penetration of 5-6% of the total packaged food market in the top 300 cities in India in the long term and grow to INR 35,000 Cr.

**Exhibit 31: Indian Organic Food Market Size and Growth (FY 2015- FY 2025) (INR Cr)**

	Market Size FY 2015 (INR Cr)	Share in FY 2015	Market Size FY 2020 (INR Cr)	Share in FY 2020	Market Size FY 2025 (INR Cr)	Share in FY 2025	CAGR (FY 2015- FY 2020)	CAGR (FY 2020- FY 2025)
<b>Packaged Food*</b>	375	51%	1,050	55%	3,000	54%	23%	23%
<b>Fresh**</b>	355	49%	850	45%	2,600	46%	19%	25%
<b>Total</b>	<b>730</b>		<b>1,900</b>		<b>5,600</b>		<b>21%</b>	<b>24%</b>

Source: Secondary Research, Technopak Analysis

Note\*- Including Staples, Snacks, Frozen and Processed Foods, Organic Beverage

Note\*\*- Including Dairy, Fruits and Vegetables, Meat, Fish, and Poultry, etc.

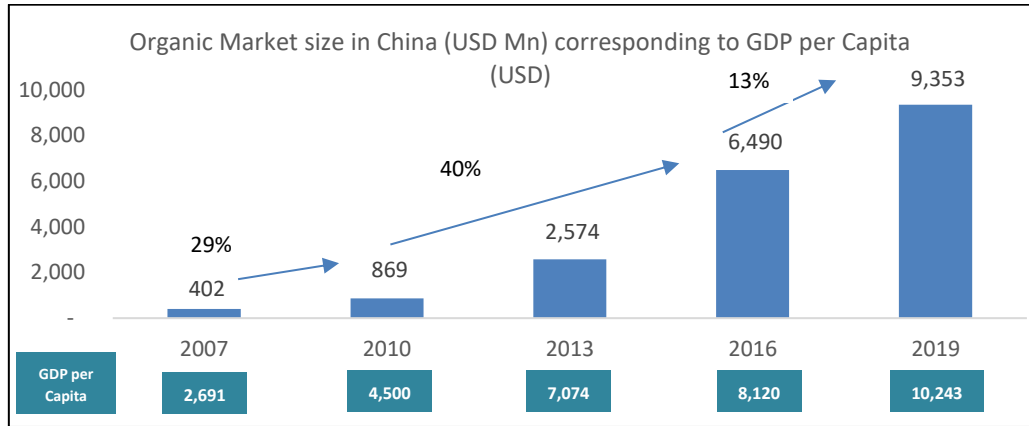
### Organic Food Market in China and India

In FY 2020, packaged food and beverages contributed 55% to the total organic food market in India and the share is expected to remain similar in the next five years. Packaged food and beverages is likely to contribute almost 54% of the total organic food market in India by FY 2025 and will be worth INR 3,000 Cr.

Comparing India to another developing economy like China, India's organic food market is at its inflexion point with similar GDP per capita of China as in 2007. China followed a high growth path a per capita income surpassed USD 2,000. It is expected that a similar trend will be followed in India as GDP per capita crosses the USD 2,000 level between CY 2019 and CY 2024.

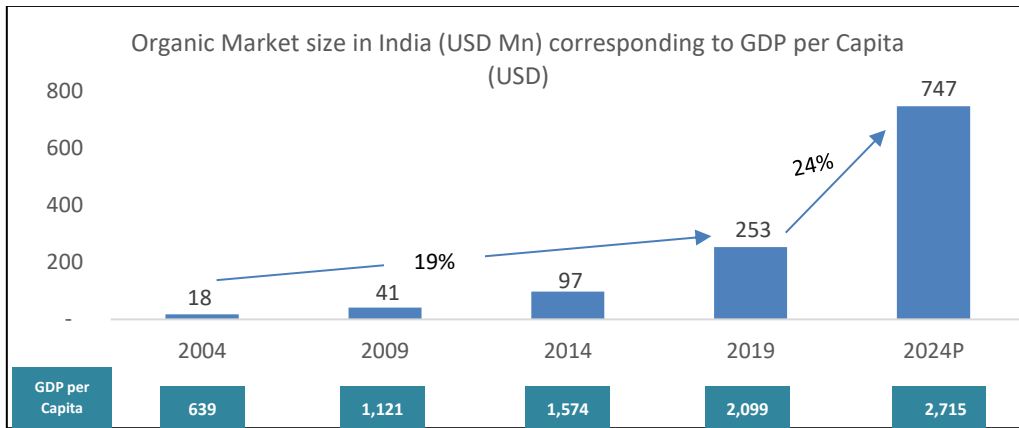


Exhibit 32: Organic Food Market in China (In USD Mn)



Source: Secondary Research, Technopak Analysis  
 GDP per capita in USD; Data for China in CY

Exhibit 33: Organic Food Market in India (In USD Mn)



Source: Technopak Analysis  
 GDP per capita in USD; Data For India in CY.

## 4.2 Organic Food Market in India

Organic food products such as staples, packaged food, organic beverages, etc. which are sold by certified farmers/retail brands primarily through organized retail channels are in the packaged form. Other organic produce including organic fruits and vegetables, food grains are often sold as both loose as well as in packaged form, largely through organized formats.

The penetration of organic food in the total packaged food is estimated at 0.3% (in FY 2020 and is estimated to increase to 0.6% by the year FY 2025). The organic food market has grown at CAGR 21.4% from FY 2015-2020 and is expected to grow at ~24% from FY 2020 to 2025.



**Exhibit 34: Indian Food Market Size (FY 2015- FY 2025) (in INR Cr)**

	Market Size FY 2015 (INR Cr)	Share FY2015	Market Size FY 2020 (INR Cr)	Share FY2020	Market Size FY 2025 (INR Cr)	Share FY2025	CAGR (FY 2015-FY 2020)	CAGR (FY 2020-FY 2025)
<b>Total Packaged Food Market</b>	<b>3,76,000</b>	<b>100%</b>	<b>6,02,000</b>	<b>100%</b>	<b>10,13,000</b>	<b>100%</b>	<b>10%</b>	<b>11%</b>
<b>Packaged Organic Food Market</b>	730	0.2%	1,900	0.3%	5,600	0.6%	21%	24%
<b>Non-Organic Packaged Food Market</b>	3,75,270	99.8%	6,00,100	99.7%	10,07,400	99.4%	10%	11%

Source: Secondary Research, Technopak Analysis

**Total packaged food market** includes food and grocery products sold in packaged forms through any channel.

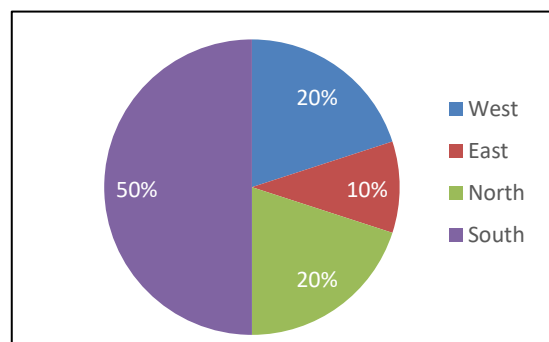
**Packaged Organic food market** includes packaged and processed organic food (and grocery) products sold through any retail channel. This will include products like processed dairy, fruits & vegetables, meat sold in packaged form.

As the packaged food market mature, there will be demand for niche segment within packaged food segment such as naturally healthy foods, organic variants, premium priced, fortified, and functional foods and many more. The various niche sub segments of packaged food are expected to benefit corresponding the growth in packaged food industry.

### 4.3 Region wise Split of Indian Organic Food Market

South India has the highest contribution to the sales of packaged organic food in India, market. East India, is showing high growth and currently contribute 10% to the packaged organic food market in India.

**Exhibit 35: Share by Region - Indian Packaged organic food market (FY 2020) (USD Bn)**



Source: Secondary Research, Technopak Analysis

### 4.4 Distribution Channel of Organic Food in domestic market

#### **Organic Food Brands adopting a multichannel strategy to fuel growth of Organic Foods**

Modern Retail channels contributed 40% to the total sales of packaged organic food products in the year 2020 and the trend further continuing in 2021 and beyond, driven by sudden rise in the contribution of online retail medium (owing to COVID-19).



*Exhibit 36: Distribution Channel in Indian Organic Food Market (FY 2020)*

Channel	Share (FY 2020)
<b>Traditional Retail</b>	<b>60%</b>
- Grade A+ and A Stores	50%
- Small Kirana Stores	10%
<b>Modern Retail</b>	<b>40%</b>
- Cash and Carry Hypermarkets	3%
- Supermarkets	12%
- Specialty Retail	13%
- Online Grocery Specialists	8%
- E-com Marketplaces	4%

Source: Technopak Analysis

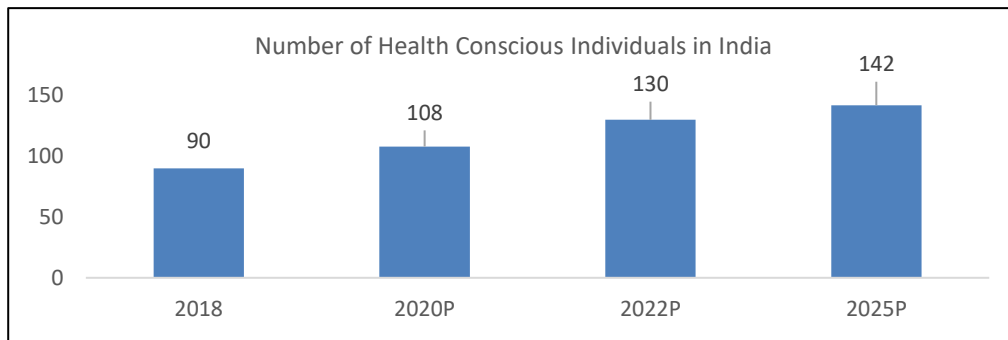
## 4.5 Growth Drivers of Organic Food Market in India

### 1. Growing Consumer Base for Organic Food

- **Rising number of Health-Conscious individuals in India**

Lately, there has been a shift in the consumer behavior towards health and well-being which has been acceleration due to the pandemic. There has been an increase in the focus towards consumption of food supplements as part of diet and the quality of the nourishment. Consumers are becoming increasingly aware about the side-effects caused by chemically synthesized foods and health and wellness products. This paves the way for an increase in the use of natural substances over artificially created/modified products which contains harmful chemicals. This, in turn, increases the acceptability of organic products especially after understanding its health benefits.

*Exhibit 37: Number of Health-Conscious Individuals in India (2018-2025) (in Mn)*



Source: Technopak Analysis

- **Inherent capacity for growth of Organic Food and Grocery**

As of 2020, it is estimated that the addressable target audience for organic food in India (which includes health-conscious households (coinciding with the elite and affluent households) is approximately 25 Mn households. It is estimated that only 10-12% of the addressable customer segment (3 Mn households) is consuming organic food.





- **Working Population and Urbanization**

Urbanization in India is on the rise and is expected that about 45% of the total population will be residing in cities (Tier 1/2) by 2030. This will result in increased spending power and a wider target audience for organic producers.

## 2. Growth in Modern Retail (Offline & Online) Fuelling the Growth of Organic Food Market

- **Modern Retail Offline Chains and Grade A Stores provide higher sales and visibility to organic food brands**

There are 10,000+ modern retail outlets and Grade A stores (including various large formats, EBO's and MBO's) which stock (or can potentially stock) organic food & grocery.

### Exhibit 38: Modern retail footprint in India

Format	Indicative examples	No. of Outlets
Gourmet Stores	Nature's Basket, Foodhall, Le Marche, Modern Bazaar, Dorabjee's, Loyal World Mart, Namdhari's Fresh	250+
Hyper Market and Super Markets (includes regional Super Market chains)	Big Bazaar, More Supermarket, D-Mart, Spencers, Needs, Nilgiri's, Star Bazaar/Market, Reliance Fresh/Mart, Kolkata Mart	3500+
Traditional Stores (Grade A)	NA	6500+
Speciality Organic Stores (EBO's and MBO's)	24 Mantra, Organic India, Fab India	~350-400

Source: Technopak Analysis. Note: EBO refers to Exclusive Brand Outlets and MBO's means Multi Brand Outlets; Store count as on 10<sup>th</sup> August 2021

Further a trend of organic specialty stores which have come up in leading Indian cities is also contributing to creating awareness regarding organic food and non-food products. Such stores are experiential in nature and serve as key point of insemination of knowledge regarding benefits of consumption of organic food.

### Exhibit 39: Organic speciality stores in key Indian cities (offline)

Cities	Organic Speciality Stores
Delhi NCR	Nature soul, Earth's Organic, Roots Organic Lifestore
Mumbai	The Farmer's Store, Conscious Food, Cornucopis
Pune	Satvyk, Organomart, Swap4pure
Hyderabad	Goodseeds, Jiva Organics
Bangalore	Green Path, Organic Planet

Source: Technopak Research

- **E commerce growing as a complementary channel to Offline Retail in Food & Grocery and fueling the growth of organic food market**

E-commerce in food & grocery segment is projected to grow at a CAGR of over 50% between FY 2020 and FY 2025 on the back of convenience and time saving that it offers resulting in the wider adoption of e-commerce, not only in metros but also in Tier I cities and beyond. The pandemic has accelerated the shift of brand sales towards ecommerce.

Food & Grocery segment including packaged food have shown high growth, while offering products via e-commerce platforms such as Blinkit, BigBasket, Flipkart and Amazon. GMV of Food & Grocery sold online was estimated at USD 7 Bn in FY 2021.



**Exhibit 40: Growth in share of E-Commerce to F&G retail in India (in USD Bn)**

Year	F&G Retail Market Size (in USD Bn)	Value of E-commerce led Sales (in USD Bn)	Share of E-commerce (%)
2020	526	2.75	0.5%
2021	548	7	1.3%
2025E	681	28	4.1%

Source: Technopak Analysis

Organic Food has a relatively higher penetration in the e-commerce channel (12% penetration) vs the overall food & grocery segment (0.5% penetration). Due to COVID-19 induced disruption and increasing last mile delivery in cities beyond the metros and mini metros through the online channel, few organic packaged food brands managed to leverage online e-commerce channel to capture new markets without the need to open an exclusive store or set up a distribution network to cater to traditional retail. Players that had a significant presence through online channel pre-COVID had advantage over brands with limited online presence during the pandemic.

**Exhibit 41: Share of Organic Food & Grocery Sales via Digital Channels FY 2020**

	Value (and % Share)
Total Food and Grocery (F&G) Sales	INR 39,60,000 Cr
F&G Sales via Digital/E-commerce channel	INR 19,800 Cr
Share of F&G Sales via Digital/E-commerce channel	0.5%
Total Organic Food Sales	INR 1900 Cr
Organic Food Sales via Digital/E-commerce channel	~INR 250-280 Cr
Share of Organic Food Sales via Digital/E-commerce channel	~12%

Source: Secondary Research, Technopak Analysis and estimates

### Digital footprint of Food & Grocery companies in India

**Exhibit 42: GMV Estimates for key E-com marketplaces offering Food and Grocery**

Brand	Gross Merchandise Value for 2020 (in USD Bn)	Share of Food and Grocery	Share of Serviceable pin codes
Big Basket	1.1	95-96%	30%-40%
Blinkit	1.4	95-96%	30%-40%
Flipkart	13	<5%	100%
Swiggy	1.5	<5%	30%-40%
Amazon	10	<5%	100%
Jio-Mart	NA	NA	Not available

Source: Secondary Research, Technopak Analysis and estimates

While the share of sales of F&G through online channels is estimated at only 0.5%, the share of organic food through online channels (marketplaces, specialists and own website) is approximately 12%. Players like 24 Mantra are front runners in enabling this significantly higher penetration. 24 Mantra has generated approximately 32% of revenue in FY 2021 from online channels.

In case of organic food brands, apart from online food & grocery specialist platforms, health and wellness platforms have also enabled customer development and sales.



### 3. Marketing Spend shifting towards targeted advertising through digital medium

Marketing spends traditionally represented the amount of money a company spends on activities such as print media and TV commercials. With the advent of digital centric consumer base, brands started to focus on activities such as content marketing, paid advertising, SEO, social media, trade shows, etc. This allowed the brand to connect with their consumers on a real-time basis and allows them to target new customers. D2C brands tend to spend a higher share of their revenue to increase their visibility and establish themselves amongst their competitors in the digital space. Brands are increasingly pursuing focussed marketing through print media, digital marketing and BTL activities.

#### Exhibit 43: Typical Marketing spend as a share of revenue

	Growth state	Stable state
- FMCG Large companies (Food and Non-Food)	5%-7%	4%-5%
- Mid-Sized companies	10%-15%	8%-12%
- Startup/D2C Brands/ New Age Brands	~20%	NA

Source: Secondary Research, Technopak Analysis and estimates

Note: Large companies represented by HUL, Nestle, Dabur, ITC and similar

Mid-Sized companies represented by Cremica, Veeba, Capital foods, Ferrero Rochers and similar

Startups/D2C Brands represented by Epigamia, Mamaearth, Wingreens and similar

#### Exhibit 44: Marketing Spend by Key Organic Brands

Organic Food Brands	24 Mantra		Pro Nature		Organic Tattva	
	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20
Revenue from Operation (INR Cr)	221.9	273.6	40.8	53.7	70.6	NA
Advertisement Spend (INR Cr)	8.9	7.3	1.5	5.9	0.03	NA

Source: MCA Reports

**Advertising Spend as a percentage of Revenue**, or advertising to sales ratio indicates the efficacy of advertising strategies of the company. Players like 24 Mantra have been able to maintain a 3-4% advertising spend

### 4. Support from Government

With the introduction of various Governmental schemes such as Paramparagat Krishi Vikas Yojna, National Food Security Mission, the Indian Government aims to promote organic farming in India with a vision to make India the largest exporter of organic products in Asia. The government also aims to decrease the red taping and promote organic farming to increase the organic land under cultivation.

#### Exhibit 45: Quality certifications for Indian Organic food Producers

Government Scheme	Year of establishment
Paramparagat Krishi Vikas Yojna	2015
Mission Organic Value Chain Development for Northeastern Region	2015
Capital Investment Subsidy Scheme	2005
National Food Security Vision	2007
National Mission on Oilseeds and Oil Palms	2015

Source: Technopak Analysis



### **Food & Grocery manufacturing to get a significant boost from Govt of India's PLI Scheme**

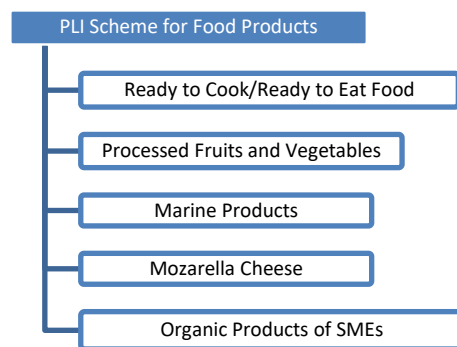
Starting FY 2021-22, the government has allocated **INR 1.97 lakh Cr.** to the Production Linked Incentive (PLI) Scheme over 5 years. The scheme aims to ensure that manufacturers in India become part of global supply chains, use cutting-edge technology, and possess core competencies. Focussed on 13 key sectors, the PLI scheme aims to generate employment, bring size and scale to the manufacturing sector and attract investments. The scheme also provides support for branding and marketing abroad to incentivise emergence of strong Indian brands.

The government has earmarked **INR 10,900 Cr.** for the PLI Scheme for food products. The scheme will also provide support for branding and marketing of Indian food products abroad. It is expected to create ~2.5 lakh jobs by FY27 and increase processed food output by INR 33,494 Cr. It will also benefit other segments such as organic food and beverages. PLI Scheme will also empower Indian SMEs to expand their business internationally. The scheme is favourable for all Organic food companies such as 24 Mantra, Organic India, etc. If the industry achieves a minimum amount of sales and minimum investment in each sub-segment, then for incremental sales, a portion of that amount will be given as subsidy. A robust mechanism will be followed, which will consist of annual action plans, mid-term reviews, and third-party evaluations.

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#### **Exhibit 46: Sub-Sectors of Food Industry considered under the PLI Scheme**

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Source: Union Budget FY 2021-22, Secondary Research and Analysis.

Note: Innovative/Organic Products also include free range eggs, poultry meat, and egg products.

## **4.5 Key Trends**

### **1. Preference for Health Foods**

One of the main driving forces of the demand for organic products is the perception that they are healthier. Post the 2020 pandemic, there has been a paradigm shift as consumers began to buy more organic foods as a preventive health measure. This change in perception is likely to drive the growth of the organic food market in future as well.

### **2. Influence of Millennials**

Lately Millennials are moving towards healthier lifestyle, improved eating habits and cleaner living. The increasing media coverage on food trends and healthy eating, especially from social media influencers, has also significantly contributed to millennial's newfound interest in organic food.



### 3. *Rising consumption in Middle- and Upper-Class families in Urban & Semi-Urban Locations*

Consumers have raised great interest to healthy and tasty diet with high nutritional compounds, confidence in food safety, environmental and animal welfare concerns and sustainability. Middle Class and Upper Middle-class segment are a stable driver of the organic food business because of its diversity in demand for commodities and because they can be easily inspired by promotional campaigns and have quick access to information on the importance of natural food.

### 4. *Consumer Preference for Sustainable/ Organic Products has the Potential to further UN SDG Principles*

Since organic farming is free of harmful agro-chemicals and work in harmony with nature, they have the potential to further UN SDG (Sustainable Development Goals) principles. The UN SDGs that are impacted are as follows:

#### *Exhibit 47: UN SDG Principles impacted by Organic Farming*

Name	Goal	Description
SDG-15	Life on Land	One of the main reasons why natural habitats are under pressure is intensive farming practices, and therefore, United Nations Food and Agricultural Organization encourages organic farming as one of the five forms of sustainable agricultural farming practices.
SDG-13	Climate Action	Many organizations like The Intergovernmental Panel for Climate Change (IPCC) recognizes the important link between agriculture, soil, and climate change. Organic farming and other sustainable forms of agriculture allows Carbon Sequestration. Therefore, since organic farmers build healthy soils that take up CO <sub>2</sub> and do not use agrochemicals that produce CO <sub>2</sub> , organic agriculture further the SDG of Climate Action.
SDG-14	Life below Water	One of the major issues that our oceans and seas faces is eutrophication. Since organic agriculture involves crop rotation and a better recycling of biomass and nutrients, organic agriculture has the potential to combat Eutrophication.
SDG-6	Clean Water and Sanitation	Chemical pesticides and artificial fertilizers used in conventional farming not only stay on the plants but also reach the water systems through the soil and groundwater. According to WWF, the use of pesticides and fertilizers on farms has increased by 26-fold over the past 50 years and this has had serious environmental consequences. As Organic Farming refrains from the use of chemical pesticides and fertilizers, and improves soil quality, it can be seen as solution to SDG-6.
SDG-2	Zero hunger	According to the FAO, with sustainable soil management practices, that are adopted as a part of Organic Farming, we could produce up to 58% more food.

Source: Technopak Analysis

## 4.7 Share of Domestic Consumption and Export of Organic Food from India

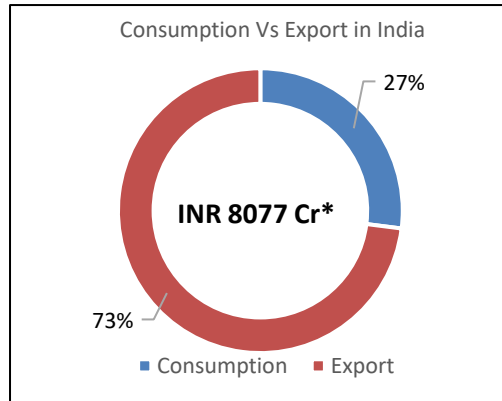
### *India has the highest number of organic producers and the fifth highest land under cultivation for organic products*

As of CY 2020, India is leading in terms of organic producers in the world with over 1.3 Mn certified Organic producers which is ~30% of the total Organic producers in the world. India also has the fifth highest organic land under cultivation following Australia, Argentina, Spain, and USA. As of CY 2020, India exports over 77% of the organic produce, mainly organic Processed Food (products such as staples,



spices, condiments, and other Packaged Food), Cotton, Oil Seeds (and edible oils) and Cereals and Millets.

**Exhibit 48: Consumption v/s Export Share in Indian Organic Food Production (CY 2020)**



Source: Secondary Research, Technopak Analysis. \*Note: Includes packaged food and grocery products

**Organic Products exports out of India stood at INR 7,080 Cr.**

The export of Indian organic produce has been consistently rising over the last decade. The total organic exports out of India (including food and non-food) were INR 4,686 Cr in calendar year 2015 and the same grew to reach INR 7,080 Cr in calendar year 2020. The total export value of organic exports out of India is expected to reach INR 26,567 Cr by the calendar year 2025.

**Exhibit 49: Organic Products Exports from India (in INR Cr)**

	2015	2020	2025	CAGR (2015- 2020)	CAGR (2020-25)
Total Organic Export	4,686	7,080	26,567	8.6%	30.3%

Source: Secondary Research, Technopak Analysis, with inputs from APEDA

**Processed food (including soy meal) has the highest share in the export of organic products**

India's export of organic food products rose by 51% in terms of value (compared to calendar year 2020) to INR 7,078 Cr. during calendar year 2021. In terms of export value realization, processed foods including soy meal (57%) is a leading category among the products followed by oilseeds (9%), cereals and millets (7%), plantation crop products such as tea and coffee (6%), spices and condiments (5%), medicinal plants(5%), dry fruits (3%), sugar(3%), and others.

While a large share of processed food is soy meal, it also includes processed fruits and vegetables, pulp, processed cereals, beverages etc.

**Exhibit 50: Indian Organic Food Exports (segmentation by category) CY2021**

Categories	Export Value (in INR Cr)	Share of Packaged/ Branded Food
Processed Food (including soy meal)	4,002	Low
Oil Seeds	640	Low
Cereals and Millets	517	Low

Spices and Condiments	381	Low to Mid
Tea	345	Low to Mid
Medicinal Plant Products	319	Low to Mid
Dry Fruits	238	Low
Sugar	190	Low
Pulses	130	Low
Coffee	111	Low
Essential Oils	71	Low to Mid
Fodder	42	Low
Fresh Fruits and Vegetables	26	Low
Flowers	16	Low
Tuber Products	15	Low
Oils	1	Low
Miscellaneous	1	Low
Other	33	Low

Source: NPOP - APEDA

### **USA is the largest importer of Organic Products from India**

India exported organic products to 58 countries in CY2020 and CY2021. USA, being the largest market for organic food and having the highest presence of Indian diasporic population is the largest importer of Indian organic food products. USA contributes 54% to the exports of organic food products from India.

India also exports its organic products to other regions including Europe, Great Britain, Canada, Korea Republic, GCC etc.

### **Exhibit 51: Country wise Export of Indian Organic Products (CY 2020)**

Categories	Export Value (in INR Cr)
USA	3,793
Europe	2,418
Canada	387
Great Britain	133
Korea Republic	29
Others	320
<b>Total</b>	<b>7,080</b>

Source: APEDA, Secondary Research and Analysis

## **4.8 Background and Modalities on Organic farming In India**

The organic farming system is a method of farming which uses organic fertilizers and farming methods to grow healthy crops, as it results in the sustainable production of crops without affecting the quality of the production. Organic Farming has become a rapidly growing concept with an increased demand in the recent years with the rise in consumer awareness and consumer consciousness to eat healthy and quality food.



### **1. Time required to convert land to organic**

To establish an efficient organic management system and to achieve full organic status (symbol status), with efficient soil fertility, the land must go through an interim period, known as the conversion period. While the conversion period may not always be sufficient to improve soil fertility and for re-establish the balance of the ecosystem, it is the period in which all the actions required towards creating an organic land are started. Annual and biennial crops can be certified organic after going through a conversion period of at least 2 years before sowing (for Indian and European standards; 4 years for US standards). Perennial plants other than grassland (excluding pastures and meadows), the first harvest may be certified as organic after at least 36 months of organic management.

### **2. Certifications required for Domestic selling and Exports**

Crops that are sown or transplanted into fully organic land may be sold as organic, if they acquire certification under National Program for Organic Production (NPOP) or PGS-India, which is a pre-requisite for handling organic food and is a requirement for taking Registration or License under FSSR. To export organic fruits and vegetables, one needs to obtain an organic certification, a procedure for verifying that the production process conforms to certain standards, under NPOP (for exports) or PGS (for sale in Indian markets). Once certified, organic products are marketed, usually carrying a certification label, indicating that the products are certified as organic. The cost of certification can be relatively high in some cases, as it depends on farm size, volume of production and which certification body is chosen.

### **3. Benefits to Farmers and their average realizations compared to non-Organic farming**

Organic farming offers many benefits to farmers, like Low energy consumption, Reduced Soil Erosion, better water management and Familiarity with the techniques. Manufacturing synthetic fertilizers consumes a significant amount of energy; therefore, the energy usage is lower by at least 30-50% in the organic farming systems. Organic crops and organic dairying use 35% and 74% less energy respectively than their conventionally grown counterparts, thereby saving costs that farmers need to bear. Both soil improvement and the concept of keeping the ground covered as much as possible, either by mulches or cover crops, reduces soil erosion. Soils with improved structure and higher content of organic matter and the more compact growth of an organic crop also reduces the water consumption in agriculture, thereby benefiting the farmer. Farmers can also easily understand and adapt to the techniques of organic farming that deploys traditional knowledge. The farming techniques are based on how well a farmer can make the best use of his immediate natural resources.

### **4. Quality Certifications**

The National Program for Organic Production (NPOP) under the Ministry of Commerce & Industry, governs the organic farming certification in India. Its standards and procedures are in accordance with other International Standards regulating import and export of organic products. Anyone who wishes to obtain organic farming certification for agricultural produce must apply in the requisite format along with the fee and complete field verification. The farmer should also ensure that his/her farm conforms to the standard laid out by the National Program for Organic Production (NPOP) for organic crop production, beforehand.





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**Exhibit 52: Quality certifications for Indian Organic food Producers**


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Certifications	Year of establishment
National Program for Organic Production (NPOP)	2001
Participatory Guarantee Scheme for India	2011

Source: Technopak Analysis

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**Exhibit 53: Quality certifications required for export to other countries**


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Country	Certifications	Year of establishment
USA	USDA-NOP	1990
Europe	EU Organic Certification	2007

Source: Technopak Analysis

### 5. Jaivik Bharat

Formed by a collaboration between Agricultural and Processed Food Products Export Development Authority (APEDA) and Participatory Guarantee System for India (PGS-India) of the Ministry of Agriculture and Farmers, Jaivik Bharat is an identity mark to distinguish organic food products from non-organic products that communicates adherence to the National Organic Standards



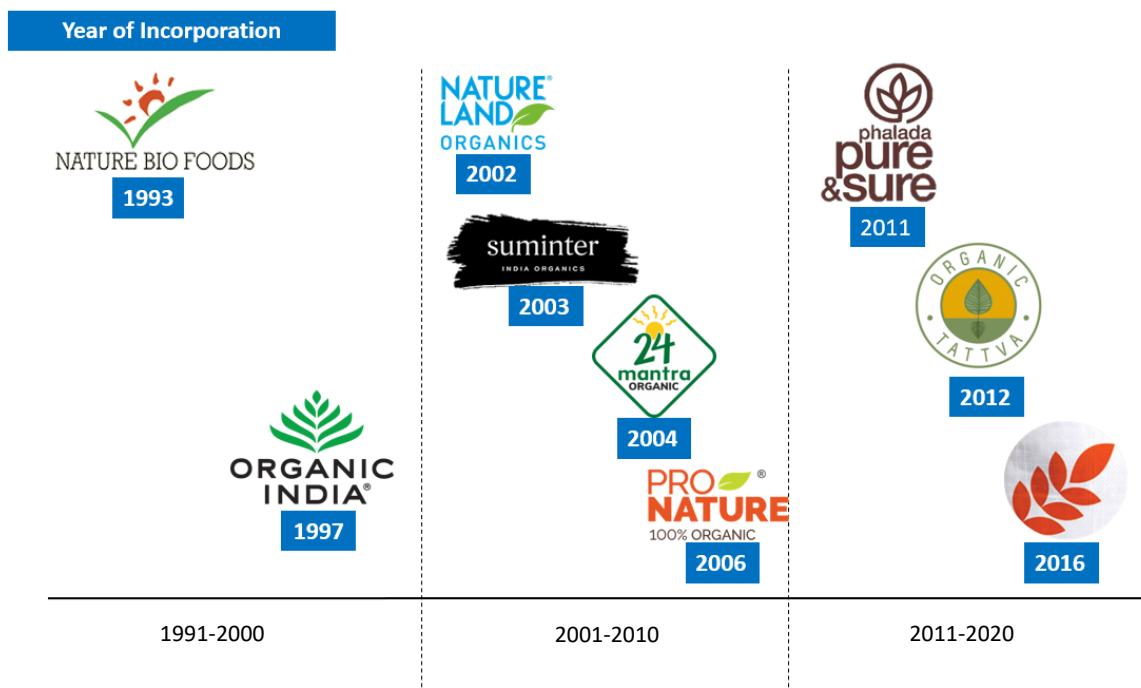
## 5. Competitive Landscape

### 5.1 Domestic Market for Packaged Organic Food and Beverages in India

The domestic market is largely branded and marked by large players like 24 Mantra and Organic India and a long tail of mid/small sized players.

24 Mantra led by parent company Sresta Natural Bioproducts Pvt. Ltd. is one of the pioneers for organic food in India. Over the course of 16 years since its incorporation, they have ventured into various organic food categories such as staples, packaged food, spices and condiments, edible oils, RTE/RTC (Ready-To-Eat/Ready-To-Cook), dry fruits and organic beverages such as tea. 24 Mantra was also one of the first organic consumer brands which had its products exported out of India in countries such as USA, UK, and many other European countries.

Other key brands launched in the last 2 decades in the organic food segment are Pronature, NatureLand, Organic Tattva etc. The category also has a long tail of brands sold largely through modern brick chains, specialty stores, online channel etc.



## 5.2 Key Players in Indian Packaged Organic Food & Beverages Market

### **24 Mantra is amongst the top 5 players in the Organic Food & Beverages products in India**

24Mantra and Organic India are some of the large organic food companies in India. While 24 Mantra is present across packaged food segment including staples, processed food etc., Organic India is largely present in packaged tea and coffee and supplements with limited presence in packaged food segment.

#### *Exhibit 54: Key Players in Indian Organic Food & Beverages Market*

Key Players with B2C presence*	Year of incorporation	Revenue in INR Cr (FY 2020)	Primary Nature of Business
Organic India <sup>#</sup>	1997	342.6	B2C (Branded)
Sresta Natural Bio Products (24 Mantra) <sup>#</sup>	2004	273.6	B2C (Branded)
Conscious Food Pvt Ltd	2001	8.3	B2C (Branded)
Nourish Organic Food Pvt Ltd	2002	6.8	B2C (Branded)
Mangal Organics (Corelife Wholefoods Pvt Ltd)	2017	6.1	B2C (Branded)
Induz Organics (Aryavarta Organics Pvt Ltd)	2019	4.3	B2C (Branded)
Organic Nations (Earthyfoods Pvt Ltd)	2013	3.1	B2C (Branded)

Key Players with B2B and B2C presence*	Date of incorporation	Revenue in INR Cr (FY 2020)	Primary Nature of Business
Nature Land Organic	2002	108.2	B2B and B2C (Branded)
Phalada Agro	1999	20	B2B and B2C (Branded)
Organic Tattva	2012	~85	B2B and B2C (Branded)
ProNature Organic Foods	2006	53.73	B2B and B2C (Branded)

Source: Technopak Analysis, MCA Reports

Note<sup>#</sup>: Considered consolidated MCA Reports for Sresta (24 Mantra), Organic India

\*Players like Suminter and Nature Bio Foods have been excluded as they are not present in the domestic retail market in India

B2B includes exports and institutional sales (bulk pack/ loose form)

B2C includes branded sales in consumer packs in domestic market and export market

Big Basket Private Label Organic brand revenue not mentioned as it is a part of Big Basket and no separate MCA available for the same.

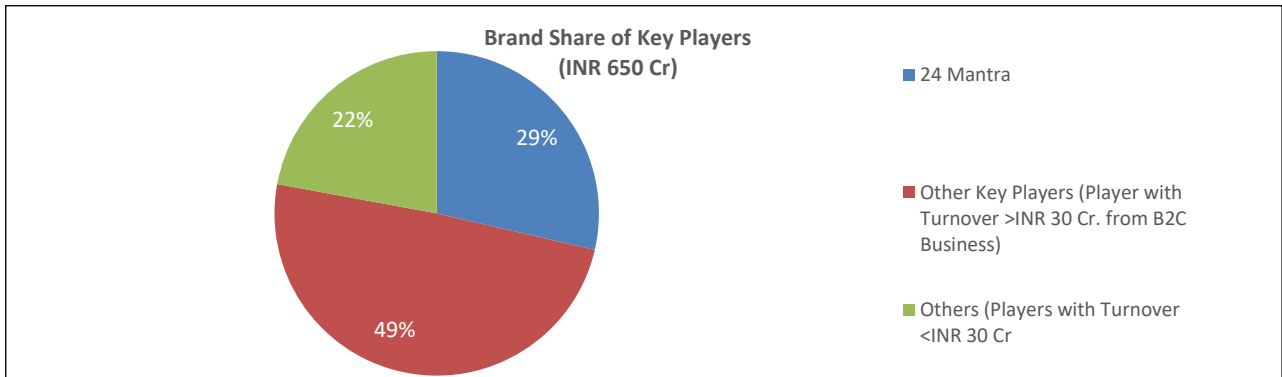
## 5.3 Market Share of leading players in Indian Organic Packaged Food Market\*

### **24 Mantra is the largest brand in Indian Organic Packaged Food Segment**

The organic packaged food market (excluding organic packaged beverage & packaged tea and coffee) was estimated to be INR 650 Cr. in FY 2020. 24 Mantra was the largest brand in the packaged organic food segment (excluding organic packaged beverage & packaged tea and coffee) with the market share of ~29%.



Exhibit 55: Brand share of Key Players in Indian Organic Food Market



Source: Technopak Analysis

Other Key Players include Big Basket Private Label, Pro Nature, Natureland, Organic Tattva etc.

\* Only Packaged Food considered. Packaged beverages excluded.

## 5.4 Major Product Categories in the Indian Organic Food Industry

Exhibit 56: Product Categories of Key Companies in Indian Organic Food Market

	24 Mantra	Organic India	Pro Nature Organic Foods	Nature Land Organics	Phalada Agro	Organic Tattva	BB Royal Organic
<b>Staples</b>							
- Pulses	✓	✓	×	✓	✓	✓	✓
- Flour	✓	✓	✓	✓	✓	✓	✓
- Rice	✓	✓	✓	✓	✓	✓	✓
- Salt and Sugar	✓	✓	✓	✓	✓	✓	✓
- Noodles, Pasta etc	✓	×	×	✓	✓	×	×
<b>Spices and Condiments</b>							
	✓	✓	✓	✓	✓	✓	✓
<b>Oils and Fats</b>							
- Edible Oil	✓	✓	✓	✓	✓	✓	✓
- Ghee	×	✓	✓	✓	✓	×	✓
<b>Other Packaged Food</b>							
- Snacks	✓	×	×	×	✓	×	×
- Breakfast Cereals	×	✓	✓	✓	✓	✓	✓
- Spreads, sauces, and ketchup	✓	×	×	✓	✓	✓	×
- RTE and RTC	✓	×	✓	×	✓	×	×
- Pickles	×	✓	×	×	×	×	×
<b>Beverages</b>							
- Tea	✓	✓	×	✓	✓	✓	×
- Coffee	×	×	×	×	✓	✓	×
- Juices	×	×	×	✓	×	×	×



- Other Beverages	-	Apple Cider Vinegar	Apple Cider Vinegar	Apple Cider Vinegar, Sugarcane Vinegar	Coconut Water	-	-
<b>Other Categories</b>	Papadam, dry fruits	Herbal Formulations, Body care	Dry fruit,	Dry Fruit, Sweets	Herbs, Essential oils, Chutney powder,	Dry fruits	Honey

Source: Secondary Research, Technopak Analysis

Among the key players in the organic products market with presence in the packaged food segment, 24Mantra is present across most of the segments. 24Mantra offers all types of grocery staples, spices and condiments, edible oils, packaged food, beverages, meal accompaniments etc. Players such as 24 Mantra and others which have wider coverage in the food & grocery vertical helps the overall organic food industry to complete the consumption basket for the customers.

## 5.5 Retail Penetration of Key Players in Indian Organic Food Industry

At a national level, there is a potential market for organic food & grocery in 300 cities. 24 Mantra is the only national player having wide presence across 550+ cities and towns.

*Exhibit 57: City Wise presence of Key Players in Indian Organic Food Industry*

	Number of Cities Present	City Wise presence				
		Metro	Mini Metro	Tier 1	Tier 2	Tier 3
<b>24 Mantra</b>	237	✓	✓	✓	✓	✓
<b>Organic India</b>	100	✓	✓	✓	✓	×
<b>ProNature Organic Foods</b>	<50	✓	✓	✓	×	×
<b>Nature Land Organic</b>	<50	✓	✓	✓	×	×
<b>Phalada Agro</b>	22	✓	✓	×	×	×
<b>Organic Tattva</b>	<50	✓	✓	✓	×	×

Source: Secondary Research, Technopak Analysis

Metro cities consist of Delhi NCR and Mumbai Metropolitan Region. Mini Metro consist of the next 6 key cities such as Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, and Pune.

Cities having population higher than 1 Mn (as of Census 2011) are categorized under Tier 1 category. Cities having population from 0.3 Mn to 1 Mn are categorized under Tier 2 cities. Cities having population less than 0.3 Mn are categorized under Tier 3 cities.

Amongst the various organic food & grocery brands, 24 Mantra is one of the most widely distributed brands. The company's wide and deep product offerings and pan-India approach enabled it to be present in 7,500+ outlets in India.

*Exhibit 58: Channel presence of Key Players in the Organic Food Industry*

	Modern Retail			Traditional Retail	Online			
	Hypermarkets/ Supermarkets	Speciality Stores	EBOs	General Trade	Amazon	Flipkart	Big Basket	Own Website
<b>24 Mantra</b>	✓*	✓	✓	✓**	✓	✓	✓	✓
<b>Organic India</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>ProNature Organic Foods</b>	✓	✓	×	×	✓	×	✓	✓
<b>Nature Land Organic</b>	✓	✓	×	×	✓	✓	✓	✓
<b>Phalada Agro</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>Organic Tattva</b>	✓	✓	✓	✓	✓	✓	✓	✓

Source: Secondary Research, Technopak Analysis



Note: Others include Speciality Marketplaces such as MilkBasket  
 \*: 24 Mantra is present in ~1,600 Supermarkets and Hypermarkets  
 \*\*: 24 Mantra is present in ~6,200 General Trade Stores  
 Note: As of 10<sup>th</sup> August 2021

## 5.6 Revenue Contribution of Key Players in Indian Organic Food Industry

### Region wise Revenue Contribution - Global

USA is the most important destination for organic exports from India followed by EU. Majority of the organic players are exporting to high consumption markets including USA, European Union, GCC countries, United Kingdom, Japan etc.

#### Exhibit 59: International Presence of Key Players in the Organic Industry

Organic Player	International Footprint
24 Mantra	USA, Canada, Gulf Cooperation Council countries, Australia, Singapore, Europe
Organic India	USA, Australia, Israel, UK, Germany, many other European nations
Suminter India Organics	Europe, United States
Nature Bio-Foods	USA, Netherlands
Pro Nature Organic Foods	NA
NatureLand Organics	USA, Canada, Australia, South Africa, Singapore, UAE
Phalada Agro	USA, Germany, Switzerland, Italy, France

Source: Secondary Research, Primary Research

24 Mantra has carved for itself a unique position in the international markets for organic food & grocery including organic packaged food. The company has deep presence in the USA, which also happens to be the largest market of organic food in the world and hosts largest Indian diasporic population.

#### Exhibit 60: Region-wise Revenue Contribution for Global Market (% Share)

	North America	Europe	Asia-Pacific	South America	UAE	Africa	Others
24 Mantra	70%-75%	<5%	<5%	-	10%-15%	-	-
Organic India	80%-85%	5%-10%	<5%	-	<5%	-	-
Suminter India Organics	60%-65%	10%-15%	-	-	-	-	15%-20%
Nature Bio Foods	65%-70%	15%-20%	-	-	-	-	5%-10%
Pro Nature Organic Foods	NA	NA	NA	NA	NA	NA	NA
NatureLand Organics	60%-65%	20-25%	<5%	-	<5%	<5%	-
Phalada Agro	65%-70%	15%-20%	-	-	-	-	5%-10%
Organic Tattva	50%-60%	10%-15%	<5%	-	5%-10%	-	-

Source: Secondary Research, Technopak Analysis; Estimations based on Primary and secondary research

### Region wise Revenue Contribution – India

#### South India is the largest market for Organic Food

South India has the highest share in the organic food & grocery market in India. Southern Indian states contribute to as much as ~50% of the total market for organic food in India.



Among the key players in the Indian organic food market, 24 Mantra is the only brand having a well-distributed nationwide presence. The company's revenue contribution from Northern and Western India combined contributes to ~40% of its overall revenue and sales from Southern India constitute ~50% of its revenue, signifying well distributed presence across consumption regions.

*Exhibit 61: Region-wise Revenue Contribution for Domestic Market (% Share)*

	North	South	East	West
<b>24 Mantra</b>	20%	50%	10%	20%
<b>Organic India</b>	15%-18%	50%-60%	7%	18%-20%
<b>Pro Nature Organic Foods</b>	15%-20%	40%-45%	10%-15%	15%-20%
<b>NatureLand Organics</b>	20%	50%	10%	20%
<b>Phalada Agro</b>	10%-15%	55%-60%	<5%	15%-20%
<b>Organic Tattva</b>	10%-15%	40%-45%	5%	20%-25%
<b>Indian Organic Food Market</b>	20%	50%	10%	20%

Source: Secondary Research, Technopak Analysis, Estimations based on primary and secondary research

Note\*: Suminter India is a B2B brand and is not present in any of the above channels

### **Channel wise Revenue Contribution – India**

#### **Organic food & grocery is widely available in both modern and traditional retail channel**

Supermarkets and Hypermarkets have been the major channel for sales of organic products by contributing about 35% to the total domestic sales of key companies in Indian organic food industry.

#### **During COVID-19, online channels boosted sale of organic food & grocery, this trend could be here to stay**

Online channels have contributed to the growth of sales of organic food & grocery in a significant way. Customers at large were already struggling to include healthier options in their day-to-day diet and concerned over immunity and nutritional benefits of food they are consuming. As a result, there was high demand for organic food & grocery which was primarily met by online channels till offline retail markets opened gradually. The conversion from non-organic buyers of food & grocery to organic has been fastest since the onset of COVID-19.

However, the share of online channels which went disproportionately high specially for the organic food & grocery, might stabilize as other modern and traditional channels would open fully and draw footfalls equivalent to pre COVID-19 levels.

In FY2021, online sales contributed ~32% of sales of organic food and beverages for 24 Mantra which was considerably higher than the average of ~12% (which is average share of sales via digital mediums for other food and grocery brands in general). 24 Mantra is one of the key organic food brands having high digital presence with an active social media presence on Instagram & Facebook and providing constant blogs & recipes on their website making D2C as a major channel for revenue. The upwardly mobile users of social media, who are seeking premium, organic, naturally healthy food and grocery brands coincide with 24 Mantra's target customer segment. These individuals often tend to adopt a healthy lifestyle and have significantly higher spends on health and wellness product categories making them a key segment for brands like 24 Mantra.

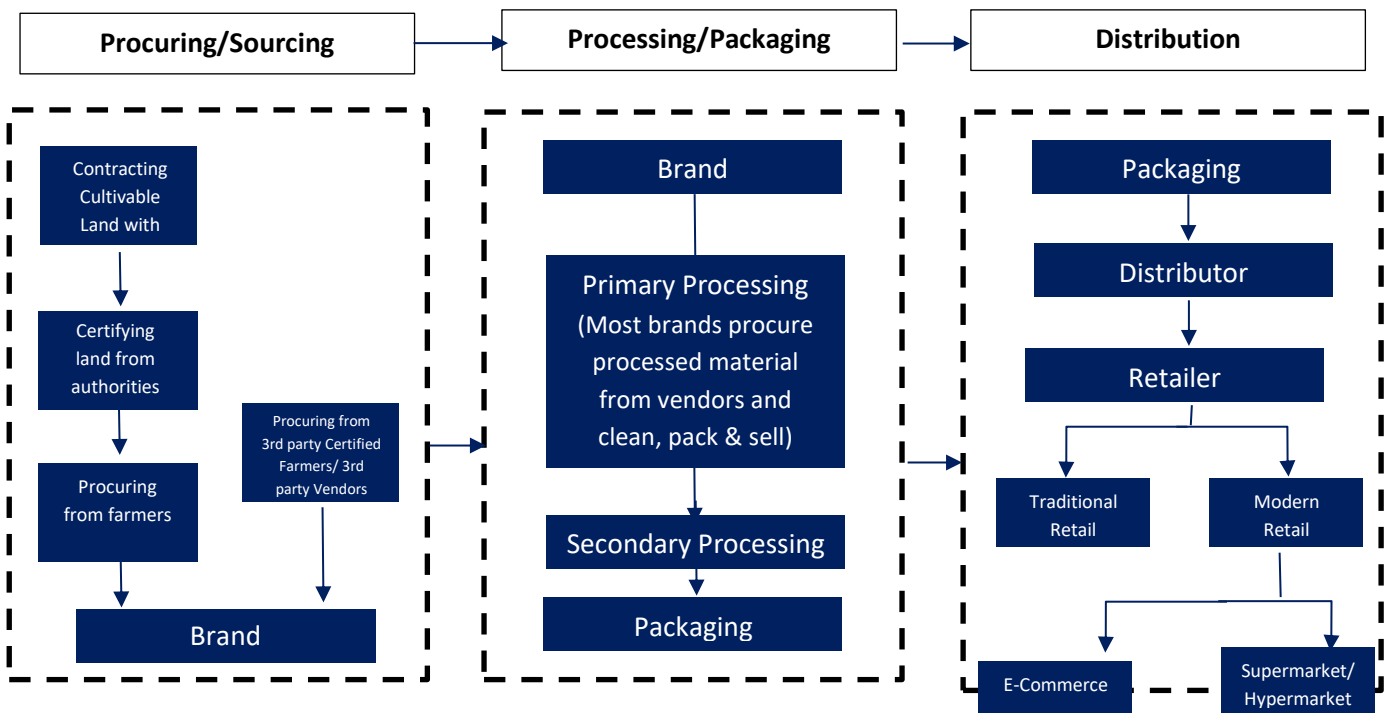


### 5.7 Organic Land available for Key Players in Indian Organic Food Industry

#### Value Chain of Organic farming in India

Organic Brands usually have 2 major methods of sourcing Organic Products. Raw Materials can either be sourced from organically certified farms or organic certified vendors. Brands can also adopt a farm to fork model, where brands self-produce the organic products. The Raw Materials are then sent for primary processing. This is the most crucial step where raw materials are converted into processed finish products. In case of Fresh Products, quality checks are done to ensure no usage of chemical products. They are then sent for secondary processing where processes such as secondary quality checks, final cleaning and packaging are done. They are then sent for distribution to various retail outlets where they are sold through Traditional Retail, Modern Retail and E-Commerce platforms.

Exhibit 62: Value Chain of Organic farming in India



Source: Secondary Research, Technopak Analysis

#### 24 Mantra and Nature Bio-Foods have the largest Organic Land available for farming

Among B2C players offering organic food, 24 Mantra has the highest acreage under organic cultivation of 77,258 hectare for organic farming. Nature Bio Foods, primarily a B2B player in the organic food segment has land availability of 94,403 hectares for organic farming.

Exhibit 63: Organic Land available for Key Players

	24 Mantra	Organic India	Suminter India Organics	Nature Bio-Foods Ltd.	Phalada Agro	Organic Tattva	Pro Nature Organic Foods	Nature Land Organics	BB Royal Organic
<b>Organic land Available (in Hectare)</b>	77,258	20,235	44,515	94,403	4,045	NA	NA	NA	NA

Source: Secondary Research, Technopak Analysis





### **Organic industry is witnessing a movement towards 'farm to fork' model**

Few players in the organic food industry have adopted a 'farm-to-fork' model which refers to a model wherein various processes are integrated and self-owned beginning from sowing (and harvesting) to consumption by end-user. As part of 'farm-to-fork' model, the organic players invest in organically cultivable land, instead of procuring from contracted farmers. This enables the companies to build a vertically integrated value chain giving them complete control over quality, pricing, margins, discounts, and promotions etc. The benefits of 'farm-to-fork' model are consistent quality, better margins, low operating costs and understanding and relationship building with the end-users. 'Farm-to-fork' players maintain high customer engagement through social media and commerce and have deployed technology driven solutions to build their business.

Few companies like Sresta, have a complete farm to fork supply chain. Such players register the farmers directly and procure from the farmers. Most other companies procure from vendors and do not directly with farmers. Directly working and procuring from farmers helps in establishing traceability and ensuring organic integrity. This also ensures availability of organic raw materials.

**Exhibit 64: Farm-to-fork players characteristics for key players in India**

Target	Farm to Fork Model				
	Farming and Sourcing	Quality Control and Processing	Packaging	Consumer Brand	Retail Presence (EBO)
24Mantra	✓	✓	✓	✓	✓
Nature Bio-Foods Limited*	✓	✓	✓	✓*	×
Suminter India Organics*	✓	✓	✓	×	×
Organic India**	×	✓	✓	✓	✓
Nature Land Organic	✓	✓	✓	×	×
Phalada Agro	×	✓	✓	✓	✓
Organic Tattva	×	✓	✓	✓	✓
ProNature Organic Foods	×	✓	✓	✓	×
True Elements	×	✓	✓	✓	×
Conscious Food Pvt Ltd	×	✓	✓	✓	×
Nourish Organic Food Pvt Ltd	×	✓	✓	✓	×
Mangal Organics	×	✓	✓	✓	×
Induz Organics	×	✓	✓	✓	×
Organic Nations	×	✓	✓	✓	×

Source: Secondary Research and Analysis

\*Primarily B2B through exports/ institutional sales

\*\* Focus on Tea and Supplements



## 5.8 Financial Metric Comparison for Key Players in Indian Organic Food Industry

*Exhibit 65: Financial KPIs of Key Players (INR Cr)*

	24 Mantra		Organic India		Organic Tattva		Conscious Foods		Nourish Organics		Pro Nature	
	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20	FY 19	FY 20
Revenue (INR Cr)	221.9	273.6	336.1	344.8	69.4	NA	8.4	8.3	5.8	6.8	40.0	53.7
Revenue y-o-y Growth FY20 vs FY19	-	23%	-	2.60%	-	NA	-	-1%	-	17%	-	34%
COGS	108.5	138.7	84.2	95.5	44.7	NA	3.4	3.5	2.6	2.7	27.5	36.7
GP	113.4	134.9	251.9	249.4	24.7	NA	5.0	4.8	3.2	4.1	12.5	17.0
GP Margins	51.1%	49.3%	74.9%	72.3%	35.6%	NA	59.6%	58.0%	55.3%	60.4%	31.3%	31.7%
EBITDA	15.4	23.9	44.2	28.4	6.2	NA	0.3	0.7	-1.1	-3.4	-0.3	-1.8
EBITDA Margins	6.9%	8.8%	13.2%	8.2%	8.9%	NA	3.2%	8.1%	-19.0%	-50.0%	-0.8%	-3.4%
Gross Block	184.3	193.8	442.4	506.6	56.9	NA	2.9	3.7	10.1	7.4	9.6	9.2

Source: MCA Reports, Technopak Analysis

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