



# 2019 Indian Cashew Kernel Market: Review and Outlook

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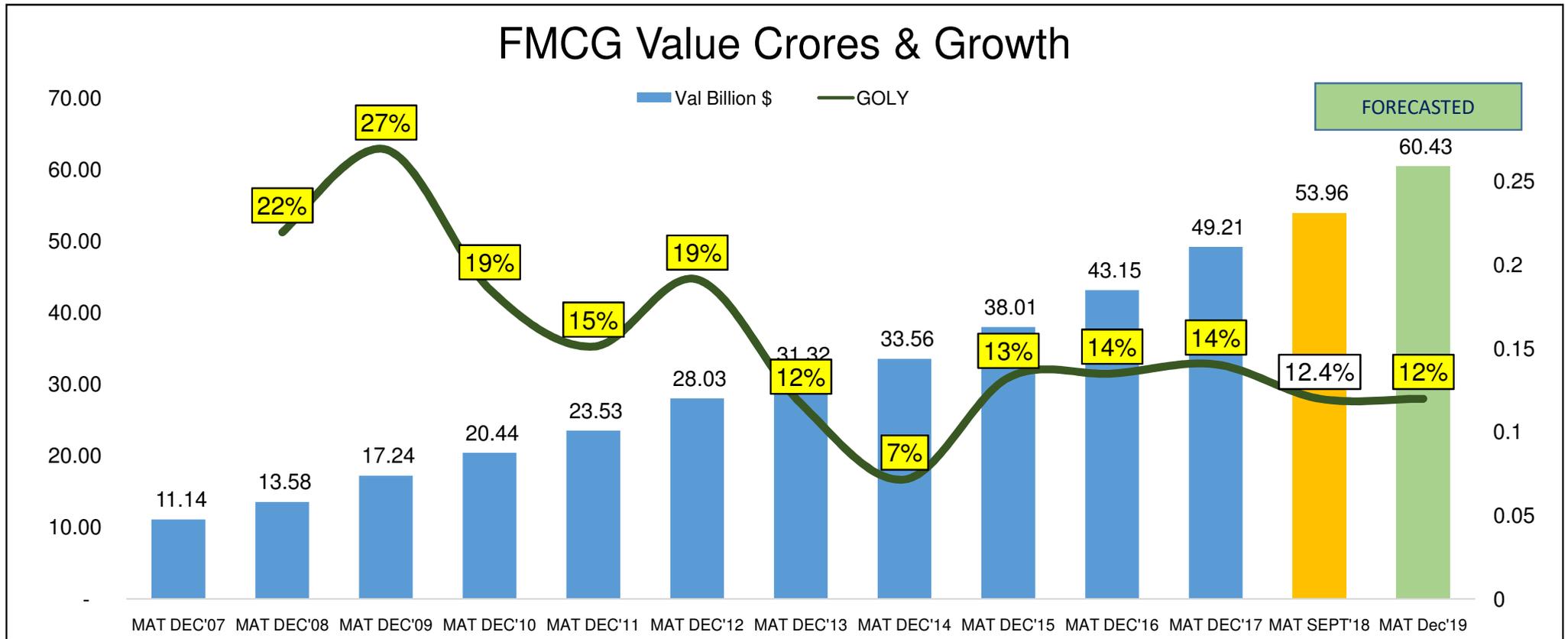
ITC Limited- Foods Division

# Presentation Flow

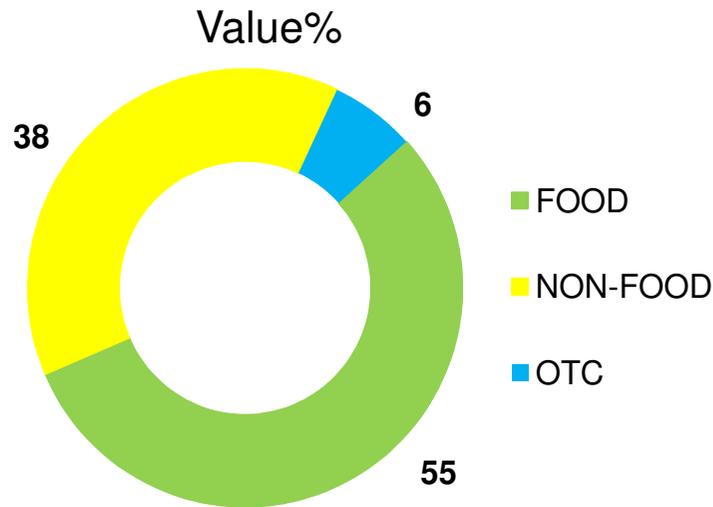
- FMCG Industry
- Consumer Trends
- Usage of Cashew
- India
  - Consumption & Production trends
- Challenges
  - Internal
  - External
- 2019 Prospects



# Softening FMCG growth. . largely stable over the last few years . .

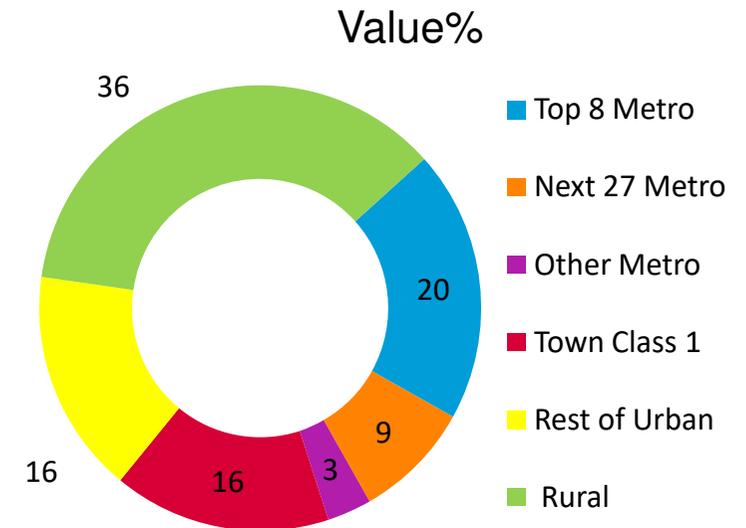


# Branded Food Industry nearly 30 Billion \$ & Growing the fastest



FMCG : 53.96 Billion \$  
Food : 29.80 Billion \$

Market	Growth %	CAGR over MAT Jun 2016
FMCG	12.40%	13.40%
Food	13.50%	14.40%
Non Food	11.00%	12.20%
OTC	11.70%	12.30%



Market	Growth %	CAGR over MAT Jun 2016	Store Contr. %
All India	12.4%	13.4%	100%
Top 8 Metro	10.6%	12.5%	7%
Next 27 Metro	11.0%	11.3%	5%
Other Metro	13.0%	12.8%	2%
Town Class 1	13.5%	13.0%	11%
Rural	14.5%	14.9%	61%

Store Base : 10.1 Million Stores

# Consumer trends are evolving...



## **BUSY LIVES - CONVENIENCE SEEKING ON THE RISE**

Consumers seeking out products and services that either help facilitate their busy lifestyles or help free up time on less enjoyable tasks



## **PERSONAL SPACE & TIME**

Consumers seeking out products that offer moments of escapism and comfort, and encourage them to step back from the pressures of everyday life



## **HEALTHY LIVING**

Consumers are becoming increasingly skeptical of product claims and conscious about the traceability of products and want manufacturers to address these issues



## **VALUE WORTHINESS**

Consumers becoming more discerning and showing a willingness to trade-up or trade-down if they feel an alternative product offers better value for money



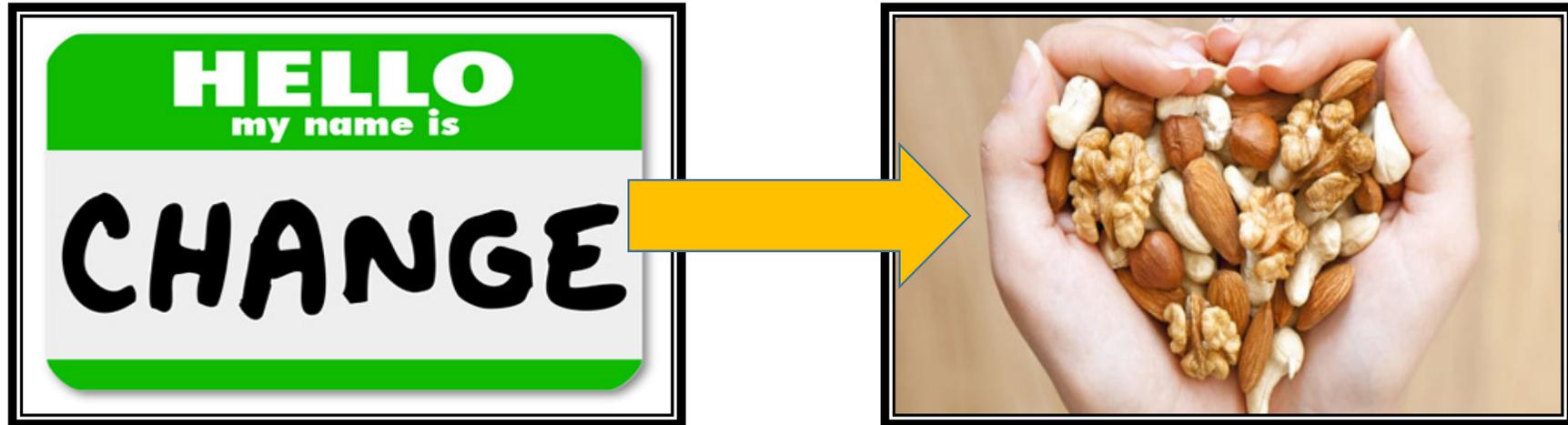
## **EXPERIENCE SEEKING**

Consumers seeking out products that are novel and unusual, even when buying everyday groceries such as exotic flavours or unique packaging



## **TRUST & AUTHENTICITY**

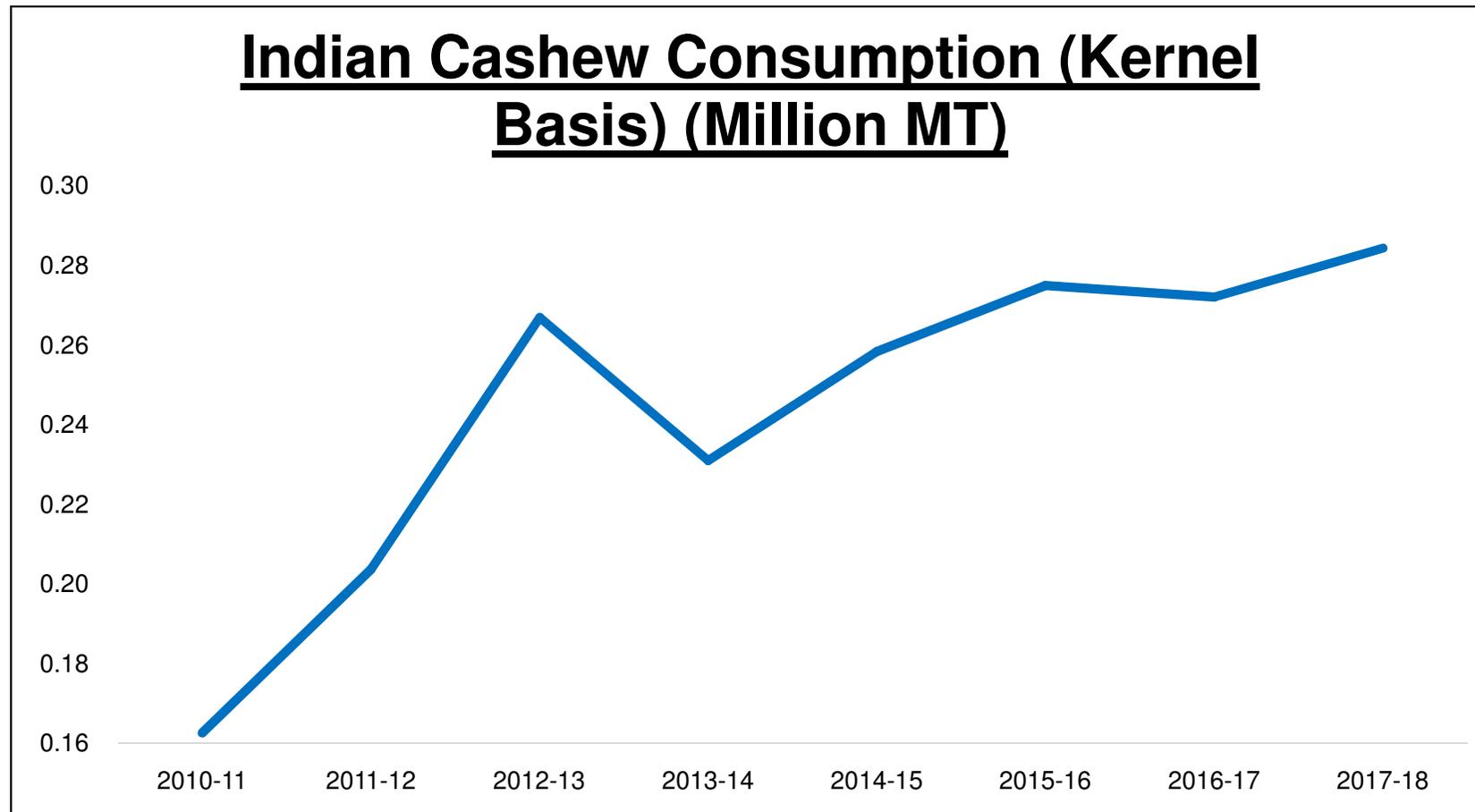
Focus on full disclosures, ingredients and process information. Brands coerced to build relatable & authentic RTBs.



### Factors resulting in shift of demand to dry fruits

- Increasing awareness of health needs
- Increasing disposable income levels
- Nuts and dried fruits carry an overall healthy image
  - Nuts and dried fruits also carry rich emotional associations, making them one of the most popular choices for gifting in India

## Indian Cashew Consumption (Kernel Basis) (Million MT)

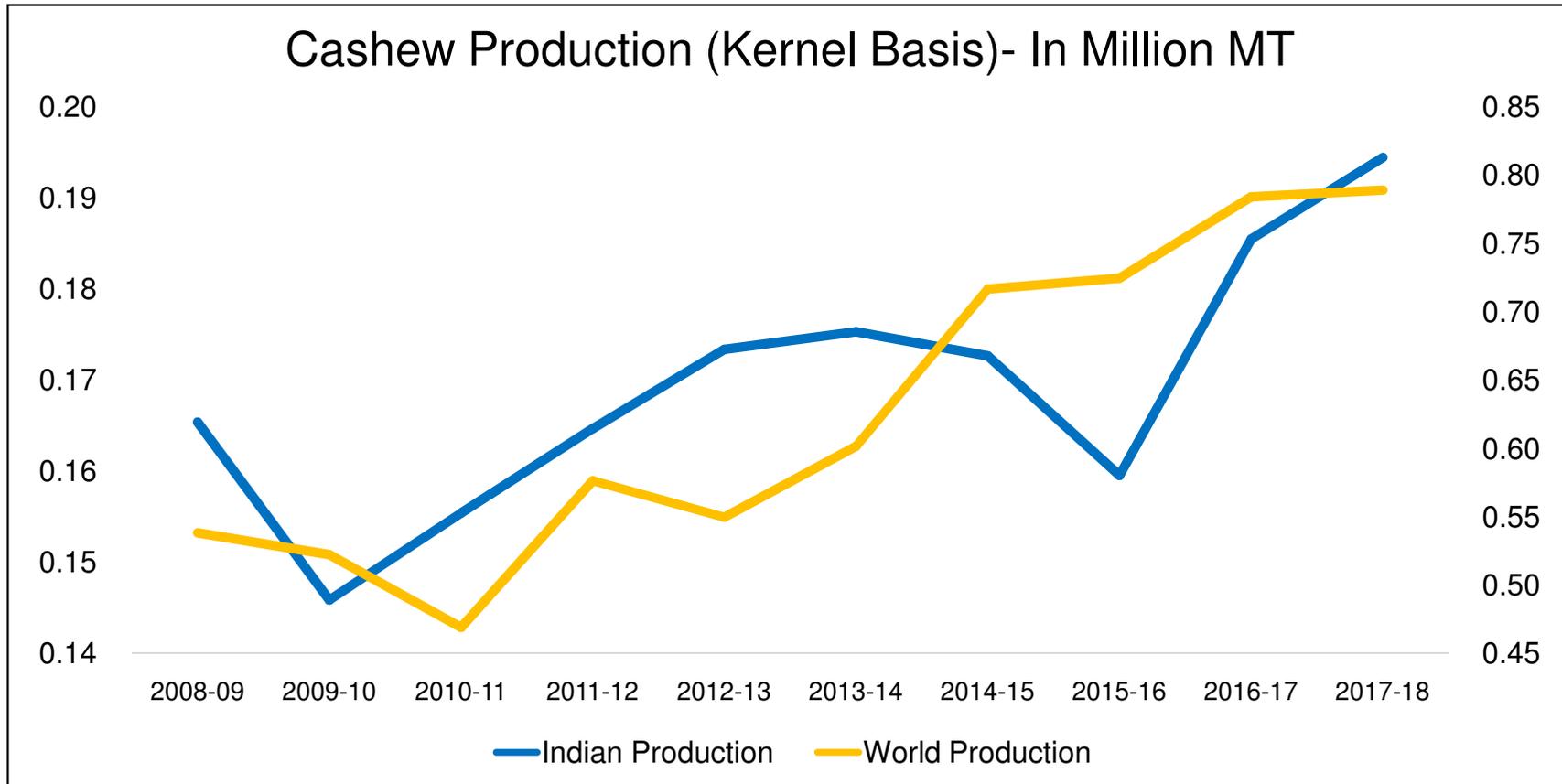


- India leads the cashew consumption charts in the World
- Recorded a growth of over 75% cashew consumption over a period of last 7-8 years

# Wide Usage of Cashew



## ... On the production front !!!



- 18% increase in India in cashew production over a period of last 10 years
- However, World cashew production increased by 47% over a period of last 10 years



# Production related challenges

Poor farm mechanisation

Low cashew productivity

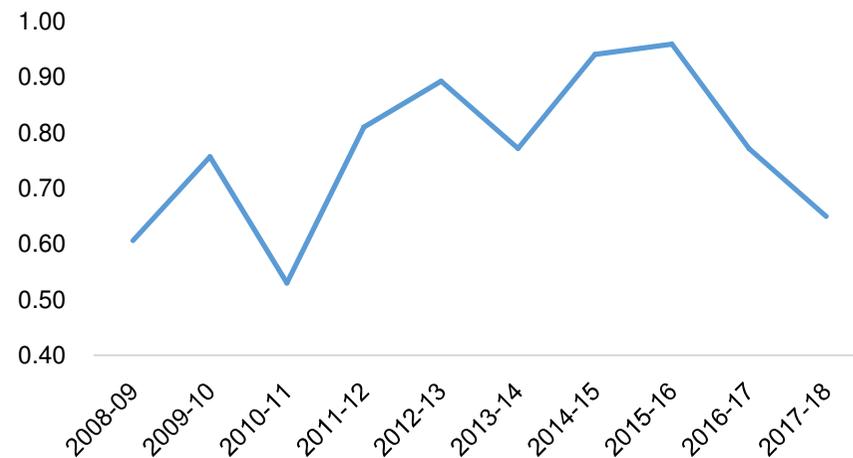
Higher dependency on imports

Stringent factories and labour laws

**Production, Area of Production & Productivity of RCN – A comparison of Growth Rate**

S.No	Region	Production	Area	Productivity
1	India	4.30	2.79	1.51
2	Vietnam	12.32	4.45	7.87
3	Brazil	2.11	1.00	1.11
4	East Africa	3.72	2.13	1.59
5	West Africa	13.87	11.07	2.81
6	Others	5.06	5.71	(-)0.65
7	WORLD TOTAL	6.35	4.78	1.57

**Indian RCN Imports (in Million MT)**



# Other Internal Challenges...



# External Challenges. . .

Competition from key producing countries

Reduced raw nut supplies & raw nut suppliers turning out to be competitors

Geo-political concerns

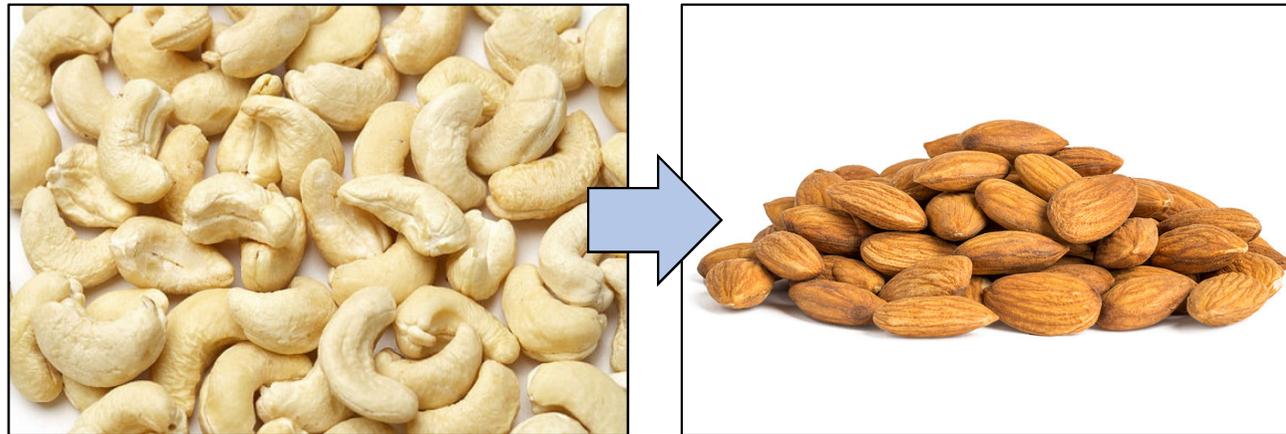
Low cost of raw material and processing cost in the raw nut producing countries

Subsidized production inputs and external funding in competing countries

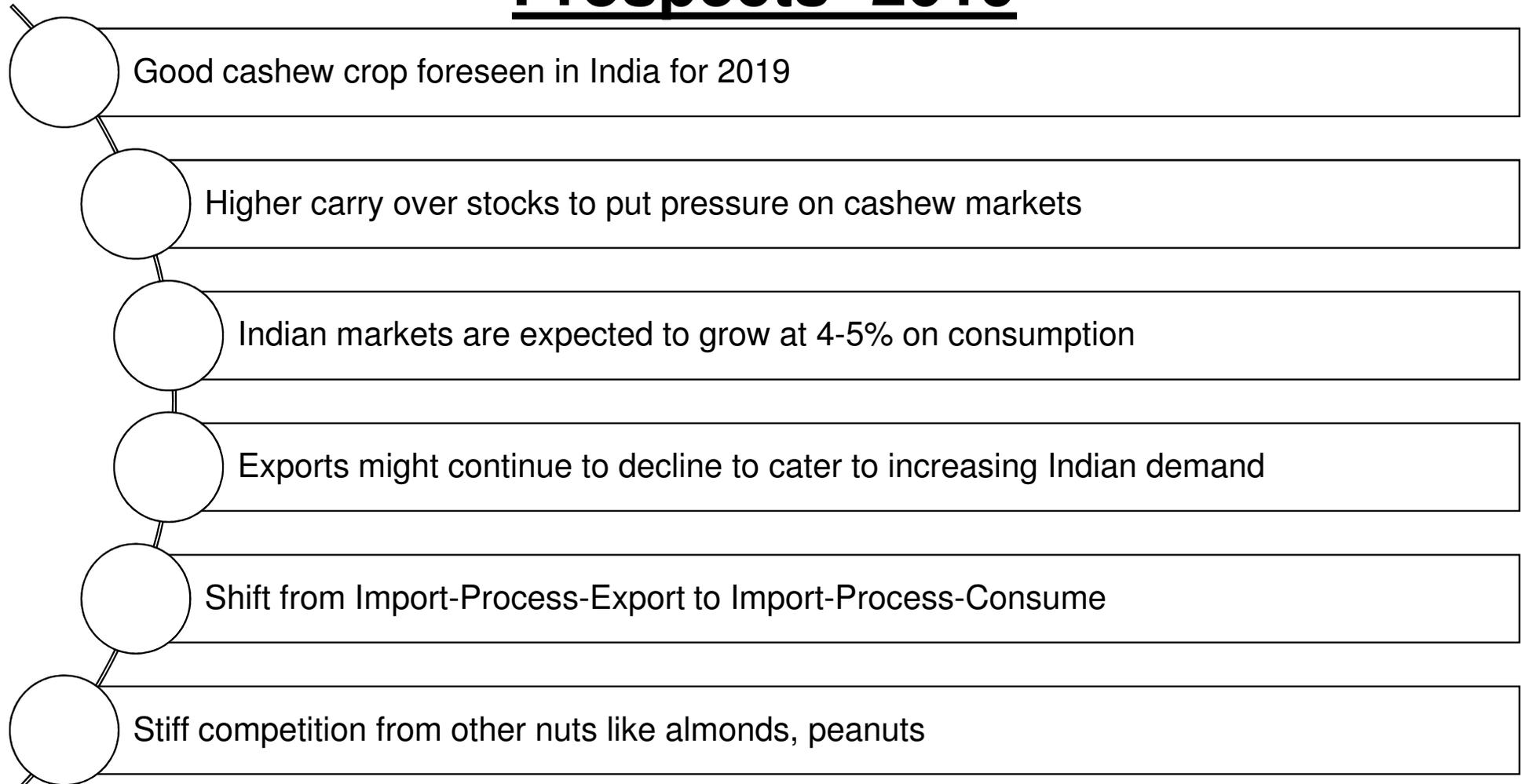
Counterparty Risk

Product Substitution

# Likely shift towards. . . Product substitution !



# Prospects- 2019



*Thank  
you*

