Industry report on Food Contract Manufacturing and related food categories

29th June 2026
Prepared for
Functional & Innovative Foods Limited

Disclaimer

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Abbreviation:

Terms	Full Form
AOAC	Association Of Official Analytical Chemists
ASEAN	Association Of Southeast Asian Nations
BE, RE	Budget Estimates, Revised Estimates
BIS	Bureau Of Indian Standards
B2C	Business-to-Consumer
B2B	Business-to-Business
BPA	Bisphenol A
CAGR	Compound Annual Growth Rate
CEPA	Comprehensive Economic Partnership Agreement
CMIE	Centre For Monitoring Indian Economy
CPSE	Central Public Sector Enterprises
D2C	Direct-To-Consumer
EBP	Ethanol Blended with Petrol
FDI	Foreign Direct Investment
FMCG	Fast-Moving Consumer Goods
FOPL	Front-Of-Pack Nutrition Labelling
FRE	First Revised Estimate
FSSAI	Food Safety and Standards Authority of India
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GMV	Gross Merchandise Value
GVA	Gross Value Added
HCES	Household Consumption Expenditure Survey
HFSS	High In Fat, Sugar, Or Salt
IBS	Irritable Bowel Syndrome
IEA	The International Energy Agency
IIP	Index Of Industrial Production
IMF	International Monetary Fund
INR	Indian Rupee
ISO	International Organization for Standardization
IUPAC	International Union of Pure and Applied Chemistry
Mofpi	Ministry Of Food Processing Industries
M-O-M	Month-On-Month
MOSPI	Ministry Of Statistics & Programme Implementation
MPC	Monetary Policy Committee
MPCE	Monthly Per Capita Consumption Expenditure

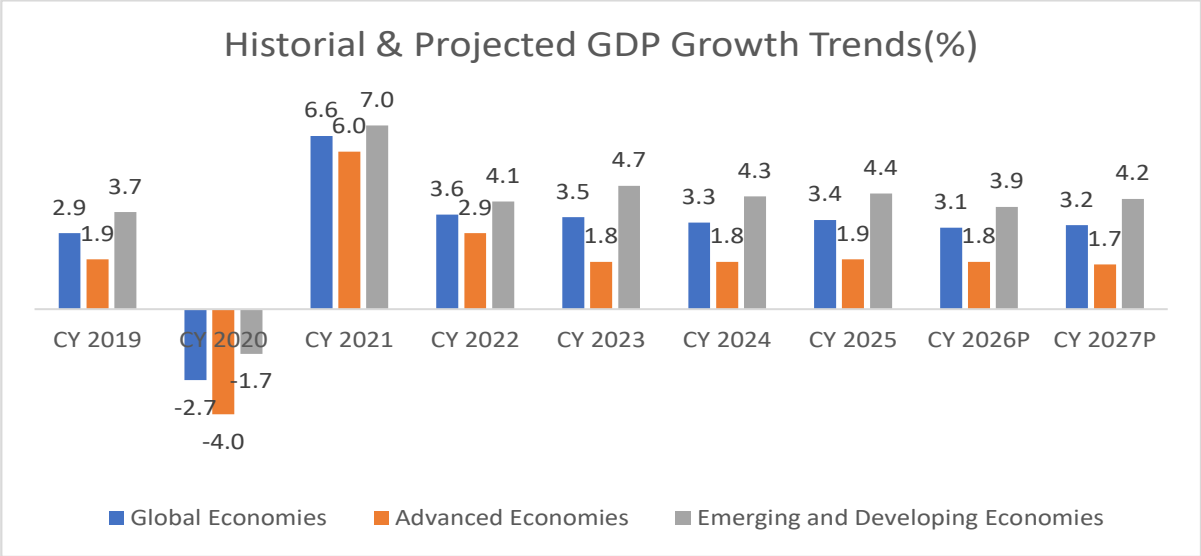
NSO	National Statistics Office
NSWS	National Single-Window System
ODOP	One District One Product
P	Projected
PDS	Public Distribution System
PFAS	Poly- And Perfluoroalkyl Substances
PFCF	Private Final Consumption Expenditure
PLFS	Periodic Labour Force Survey
PLI	Production Linked Incentive
PMFME	Pradhan Mantri Formalisation of Micro Food Processing Enterprises
PMKSY	Pradhan Mantri Kisan SAMPADA Yojana
QSR	Quick Service Restaurant
REIT	Real Estate Investment Trust
RTC	Ready-To-Cook
RTE	Ready-To-Eat
SAARC	South Asian Association for Regional Cooperation
SKUs	Stock Keeping Unit
UAE	United Arab Emirates
USD	United States Dollar
WEO	World Economic Outlook
WPI	Wholesale Price Index
WSO	World Spice Organisation
Y-O-Y	Year-On-Year

Global Macroeconomic Scenario

Global Economic Overview

According to world economic outlook, Global growth is projected at 3.1% in 2026 and 3.2% in 2027, slower than the recent pace of about 3.4% in 2024–25 and is expected to settle at approximately that rate over the medium term, below the historical average of 3.7% during 2000–19. The forecast for 2026 has been revised downward by 0.2 percentage point, while the forecast for 2027 remains unchanged compared with the January 2026 WEO Update. Global headline inflation is expected to rise to 4.4% in 2026 and decline to 3.7% in 2027, reflecting upward revisions for both years.

The Iran conflict is increasingly functioning as a global supply and confidence shock. The International Energy Agency (IEA) describes the current situation as the largest oil supply disruption on record, with flows through the Strait of Hormuz reduced to a trickle and the resulting effects spreading across refined fuels and liquefied natural gas (LNG). At the same time, aviation disruptions and elevated risk premia are weakening services activity and increasing uncertainty around investment decisions. A significant share of global energy flows through the Strait of Hormuz, and shipping disruptions and insurance constraints are therefore translating directly into higher landed costs, supply chain delays, and greater output risks for energy-intensive manufacturing. As a result, the policy environment is becoming increasingly challenging: while growth support is required, renewed cost-push inflation across energy, freight, and eventually food inputs is limiting the scope for faster monetary easing.



Source – IMF Global GDP Forecast Release April 2026

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict economic criteria and has evolved over time. It comprises 40 countries in the Advanced Economies category, including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected Eurozone members (Germany, Italy, France, etc.). The group of emerging and developing economies (156) comprises all economies not classified as Advanced Economies (e.g., India, China, Brazil, Malaysia).

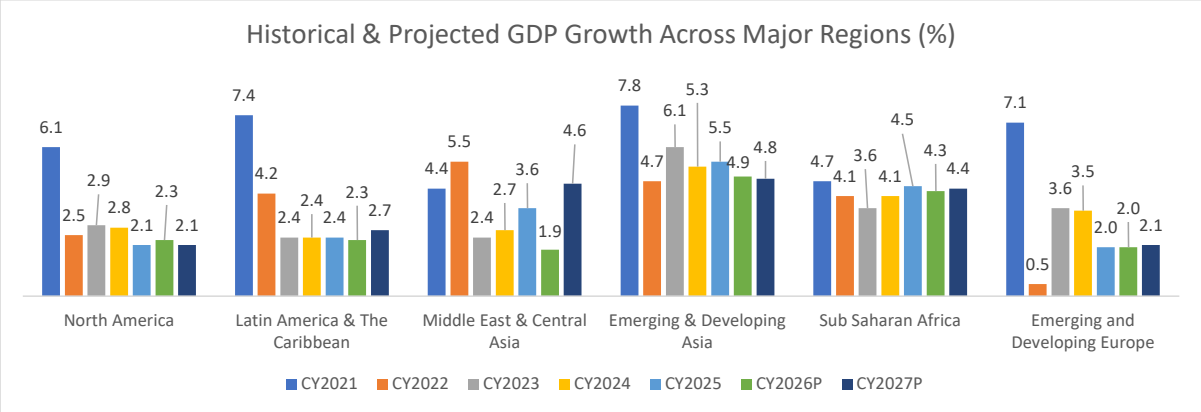
Historical and Projected GDP Growth

GDP growth across major regions showed a mixed trend during 2024–25. While growth in several regions—including Middle East & Central Asia, Emerging and Developing Asia, Sub-Saharan Africa as well as Latin America and the Caribbean—is expected to slow further in 2026, performance remains uneven across geographies.

In the Middle East and Central Asia, economic growth is projected to decline from **3.6% in 2025** to **1.9% in 2026**, before recovering to **4.6% in 2027**, reflecting the region's direct exposure to the conflict and the anticipated rebound thereafter. For commodity-exporting economies directly affected by the conflict, reduced production and export activity are expected to result in a significant downward revision to 2026 GDP growth projections.

Growth in emerging and developing Asia is projected to moderate from **5.5% in 2025** to **4.9% in 2026** and further to **4.8% in 2027**. Within the region, China's 2026 growth forecast has been revised upward by **0.2 percentage**

point relative to the October estimate, to **4.4%**, despite a **0.1 percentage point downward revision** from January. This upward adjustment reflects the impact of lower effective U.S. tariff rates on Chinese goods, along with stimulus measures that are expected to offset the negative effects of the shock arising from the Middle East conflict. However, China's growth is projected to slow to **4.0% in 2027**, as structural headwinds continue to weigh on the economy, including the prolonged slowdown in the housing sector, a shrinking labor force, declining returns on investment, and weaker productivity growth.



Source-IMF World Economic Outlook April 2026 update.

In Latin America and the Caribbean, economic growth is projected to remain broadly stable at 2.3% in 2026 before strengthening to 2.7% in 2027. The effects of the Middle East conflict across the region are expected to be uneven, with smaller economies likely to experience a more pronounced negative impact due to their relatively greater vulnerability to external shocks.

Growth in sub-Saharan Africa is projected to remain relatively stable at 4.3% in 2026 and 4.4% in 2027. However, this regional outlook masks significant variation across countries, with some economies expected to face more pronounced challenges than others. In particular, oil-importing and non-resource-intensive economies are likely to be adversely affected by the conflict in the Middle East, as heightened external pressures may weigh on economic activity and weaken growth prospects. In emerging and developing Europe, economic growth is expected to slow sharply to 2.0% in 2025 and recover only marginally thereafter, with the region projected to expand at an average rate of 2.0% in 2026 and 2.1% in 2027.

Global Economic Outlook

The conflict between Israel/the United States and Iran, which began in February, has developed into a global shock to transport, trade, and security planning. As a result, periodic airspace closures across Israel and parts of the Gulf, together with severe disruption to shipping through the Strait of Hormuz, have affected the movement of oil, oil products, and LNG. Consequently, businesses have faced longer and less reliable supply lines, higher freight and insurance costs, and more frequent "stop-go" operating conditions.

The near-term growth outlook has softened as the conflict is affecting both demand and costs. Disruption to the oil channel is coinciding with pressure on the non-oil outlook as travel and services weaken and risk premia rise. Airspace disruption has increased operating costs and reduced travel reliability, while higher jet fuel costs have added to pressure on carriers and freight forwarders.

Investment conditions have also tightened as higher regional risk premia have increased insurance, shipping, hedging, and working capital costs. At the same time, logistics disruption and higher input costs are raising inflation risks. Fertilizer and related input disruption is also creating a lagged risk to food prices.

Asia-Pacific: In Asia-Pacific, the conflict has created sustained stress for business continuity. Even with fighting paused, energy availability, shipping disruption, and insurance costs are expected to continue weighing on operations over the next quarter. Oil prices remain well above January levels despite easing from March peaks, while war-risk insurance, tighter tanker availability, and rerouting costs remain elevated. As a result, several fuel-importing economies—including Japan, South Korea, India, and parts of Southeast Asia—have faced power-conservation measures and fuel rationing, increasing the risk of operational downtime in energy-intensive sectors. Shipping and supply chains are also facing second-round effects. Many Asia–Europe shipments have been diverted via the Cape of Good Hope, thereby extending lead times by 10–14 days. Although some routes have

reopened, schedules remain compressed and insurers remain cautious, which has increased delivery deadline risk across manufacturing, particularly in chemicals, electronics, and pharmaceuticals. Input volatility and fertilizer disruption are also adding to inflation risks and thereby complicating the policy outlook.

Latin America: In Latin America, the U.S.-Israel-Iran conflict has increased energy market pressures, with higher Brent crude prices raising input costs and inflation risks across the region. Consequently, net hydrocarbon exporters such as Brazil, Colombia, and Ecuador are benefiting from stronger external balances, while net energy importers—including Panama, Chile, and much of Central America—are facing higher import costs. Elevated fertilizer prices are also weighing on agricultural output and margins, including in Brazil and Argentina. In response, governments have introduced fuel subsidies and price controls.

Middle East & North Africa: In the Middle East and North Africa, the conflict continues to affect the region directly, with many countries facing missile and drone attacks from Iran in response to attacks by the United States and Israel on Iran. In the short term, economic growth is expected to slow sharply as exports decline, uncertainty constrains spending, and governments delay investment initiatives. The reduction in food imports is also expected to significantly affect countries with limited domestic production capacity. Bahrain, Qatar, and Kuwait remain highly dependent on imports through the Strait of Hormuz and therefore face risks of food shortages and concerns regarding social stability if disruption persists.

Sub-Saharan Africa: In Sub-Saharan Africa, the conflict continues to disrupt energy and fertilizer supply chains, thereby keeping the region under significant external pressure. Higher global oil prices are sharply raising fuel and transport costs for import-dependent economies such as Kenya, Uganda, Ethiopia, and Ghana. Policy responses have varied across the region. Ethiopia introduced emergency fuel subsidies in mid-March to contain domestic price increases, while Kenya is experiencing stronger pass-through from higher fuel costs, which is weighing on aviation, logistics, and export activity.

Global Growth Projection

The global economic outlook for 2026–2027 has been increasingly influenced by escalating geopolitical tensions in the Middle East. According to the IMF, the conflict has heightened concerns regarding disruptions to global energy supplies, particularly through key transit routes such as the Strait of Hormuz, resulting in increased volatility in crude oil, natural gas, and broader commodity markets. Under the IMF's reference scenario, energy commodity prices are projected to rise by approximately 19% in 2026 due to conflict-related disruptions. Consequently, global GDP growth is projected at 3.1% in 2026, compared to the pre-conflict forecast of 3.4%, while global headline inflation is expected to increase to 4.4%. The IMF further notes that a prolonged disruption to energy supplies could lower global growth to 2.5% and raise inflation to 5.4%, highlighting the significant influence of geopolitical developments on the global economic outlook.

Growth in advanced economies is projected at 1.8% in 2026 and 1.7% in 2027, while the overall impact of the Middle East conflict is expected to remain modest, lowering 2026 growth by 0.2 percentage point relative to the pre-conflict forecast. This limited effect is primarily attributable to higher energy prices and inflationary pressures in net energy-importing economies such as the euro area and the United Kingdom. This limited effect reflects positive terms-of-trade gains in the United States and stronger growth momentum, supported by government measures, in Japan, whereas more significant negative effects are expected mainly in net energy-importing economies, including the euro area and the United Kingdom. In the United States, growth is projected at 2.3% in 2026 and 2.1% in 2027, with fiscal policy and the lagged effects of monetary easing in 2025 continuing to support activity, even as higher trade barriers since April 2025 weigh on growth. The 0.1 percentage point downward revision from the January 2026 WEO Update reflects a small negative effect from the war, but this is partly offset by a rebound following the end of the 2025 federal government shutdown, along with stronger productivity growth and positive carryover effects. Although the International Emergency Economic Powers Act (IEEPA) ruling may reduce tariff-related fiscal revenues, its impact on the fiscal balance and activity is expected to remain limited and spread over the forecast horizon. Growth in 2027 is expected to remain solid, supported by tax incentives, including those for corporate investment under the One, Big, Beautiful Bill Act (OBBBA), while technology-driven momentum is projected to moderate and productivity growth is expected to gradually converge toward historical norms.

Growth in emerging market and developing economies is projected to slow to 3.9% in 2026 before recovering to 4.2% in 2027, while the Middle East conflict is expected to have a greater impact on this group than on advanced economies, reducing 2026 growth by 0.3 percentage point relative to the pre-conflict forecast. The impact is expected to be transmitted through higher energy import costs, elevated inflationary pressures, weaker investor sentiment, and disruptions to tourism and remittance flows in several economies. In emerging and developing Asia, growth is expected to moderate from 5.5% in 2025 to 4.9% in 2026 and 4.8% in 2027. Within the region, China’s 2026 growth forecast has been revised upward to 4.4%, as lower effective U.S. tariffs and stimulus measures offset the impact of the conflict, although growth is projected to slow to 4.0% in 2027 as structural headwinds intensify. India’s growth outlook has also improved, with growth revised upward to 7.6% in 2025 and projected to remain at 6.5% in 2026 and 2027, supported by strong carryover effects and lower additional U.S. tariffs on Indian goods. Meanwhile, several South and Southeast Asian economies are expected to face weaker domestic demand due to lower tourism and remittance inflows, while the Philippines has seen a sharp downward revision for 2026.

In the Middle East and Central Asia, growth is projected to decline from 3.6% in 2025 to 1.9% in 2026 before rebounding to 4.6% in 2027, reflecting the region’s direct exposure to the conflict. The conflict is expected to affect economic activity through disruptions to trade flows, investment sentiment, logistics networks, and hydrocarbon production, given the region’s strategic importance in global energy markets. The downturn is expected to be most severe among affected commodity exporters, particularly Bahrain, Iran, Iraq, Kuwait, and Qatar, whereas the impact is expected to be less severe in other economies. Accordingly, Iran’s growth is projected at –6.1% in 2026 before recovering to 3.2% in 2027, while Saudi Arabia’s growth is projected at 3.1% in 2026 and 4.5% in 2027.

In sub-Saharan Africa, growth is expected to remain broadly stable at 4.3% in 2026 and 4.4% in 2027, although oil-importing economies are likely to face greater pressure, particularly from higher fuel import bills and transportation costs arising from conflict-driven increases in global crude oil prices, while Nigeria and South Africa are expected to record moderate but improving growth profiles.

In Latin America and the Caribbean, growth is projected at 2.3% in 2026 and 2.7% in 2027, with some commodity-exporting economies, including Brazil, expected to benefit from elevated energy and commodity prices in the near

term, with Brazil benefiting modestly in the near term from its net energy exporter position, whereas Mexico is expected to recover gradually to 1.6% in 2026 and 2.2% in 2027.

In emerging and developing Europe, the sharp slowdown in growth to 2.0% in 2025 is expected to reverse only marginally, with the region projected to expand at an average rate of 2.0% in 2026 and 2.1% in 2027. However, energy-importing economies within the region remain vulnerable to elevated oil and natural gas prices resulting from the Middle East conflict. Within the region, Russia's 2026 growth forecast has been revised upward by 0.3 percentage point relative to January to 1.1%, as higher commodity prices are expected to support activity; moreover, this momentum is projected to continue, with growth remaining at 1.1% in 2027. By contrast, Türkiye's 2026 growth forecast has been revised downward by 0.8 percentage point relative to the January 2026 WEO to 3.4%, as weaker-than-expected growth in 2025 and higher oil and gas prices are expected to weigh on activity.

India Macroeconomic Analysis

India's economic growth outlook for 2025 has been revised upward by 1.0 percentage point from the October estimate to 7.6%, supported by stronger-than-expected performance in the second and third quarters of the fiscal year and sustained momentum in the fourth quarter. For 2026, the growth projection has been moderately increased by 0.3 percentage point (including a 0.1 percentage point upward revision from January) to 6.5%, primarily driven by the carryover effect of the strong 2025 performance and the reduction in additional U.S. tariffs on Indian goods from 50% to 10%, which more than offsets the adverse impact of the Middle East conflict. Growth is expected to remain steady at 6.5% in 2027. Across several South and Southeast Asian economies, disruptions linked to the Middle East conflict are anticipated to reduce tourism activity and remittance inflows, thereby weakening domestic demand and moderating overall economic performance.

Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026 P	CY 2027 P
India[1]	–5.8%	9.7%	7.6%	9.2%	6.5%	7.6%	6.5%	6.5%
China	2.3%	8.6%	3.1%	5.4%	5.0%	5.0%	4.4%	4.0%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	2.1%	2.3%	2.1%
Japan	-4.2%	2.7%	0.9%	1.4%	-0.2%	1.2%	0.7%	0.6%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.3%	0.8%	1.3%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.3%	1.0%	1.1%	1.1%
Germany	-4.1%	3.9%	1.8%	-0.9%	-0.5%	0.2%	0.8%	1.2%

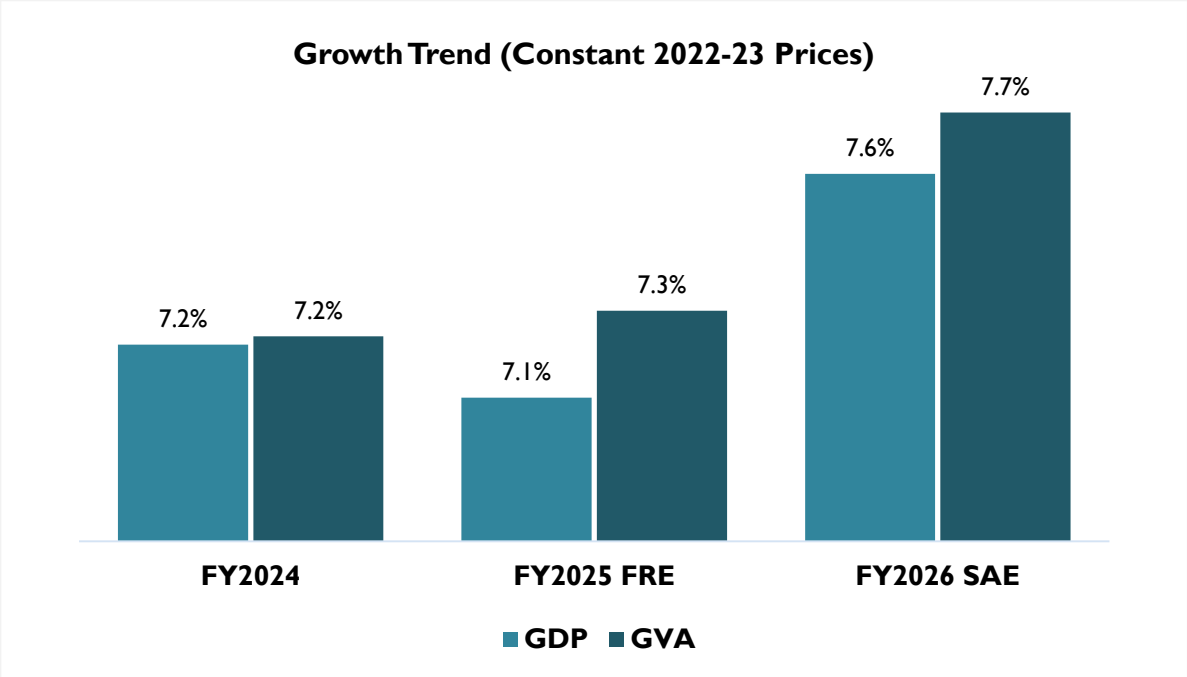
Source: World Economic Outlook, April 2026

Historical GDP and GVA Growth Trend

India Real GDP (GDP at constant prices) for FY 2025–26 is estimated to reach ₹ 322.58 lakh crore, compared to the First Revised Estimate (FRE) of ₹ 299.89 lakh crore for FY 2024–25. This represents a growth rate of 7.6% in 2025–26, higher than the 7.1% growth recorded in 2024–25.

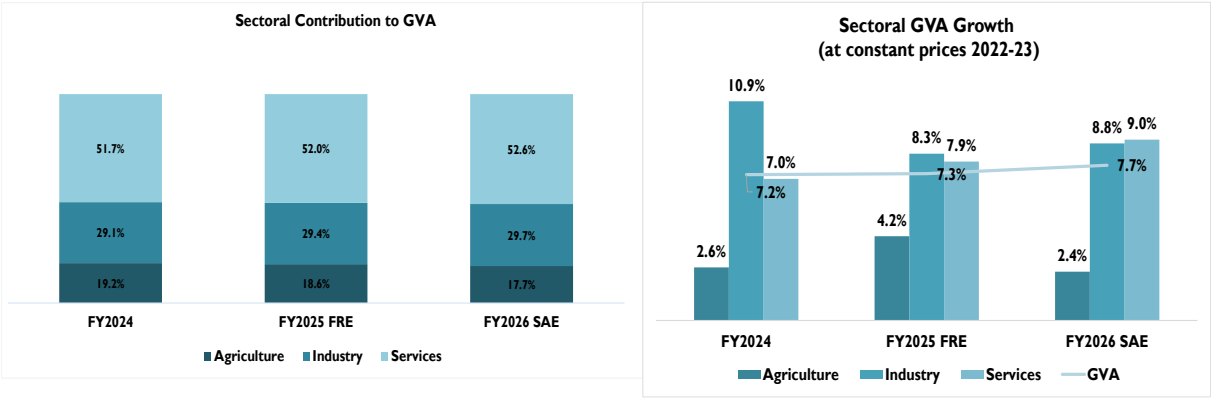
Similarly, Real GVA for FY 2025–26 is projected at ₹ 294.40 lakh crore, up from ₹ 273.36 lakh crore in FY 2024–25. This indicates a growth rate of 7.7%, compared with the 7.3% growth achieved in the previous year.

[1] For India, data and forecasts are presented on a fiscal year basis, and GDP from 2022 onward is based on GDP at market prices with fiscal year 2022/23 as a base year



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025, FRE is First Revised Estimate, SAE is Second Advance Estimate

Sectoral Contribution to GVA and Annual Growth Trend



Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook
FRE is First Revised Estimate, SAE is Second Advance Estimate

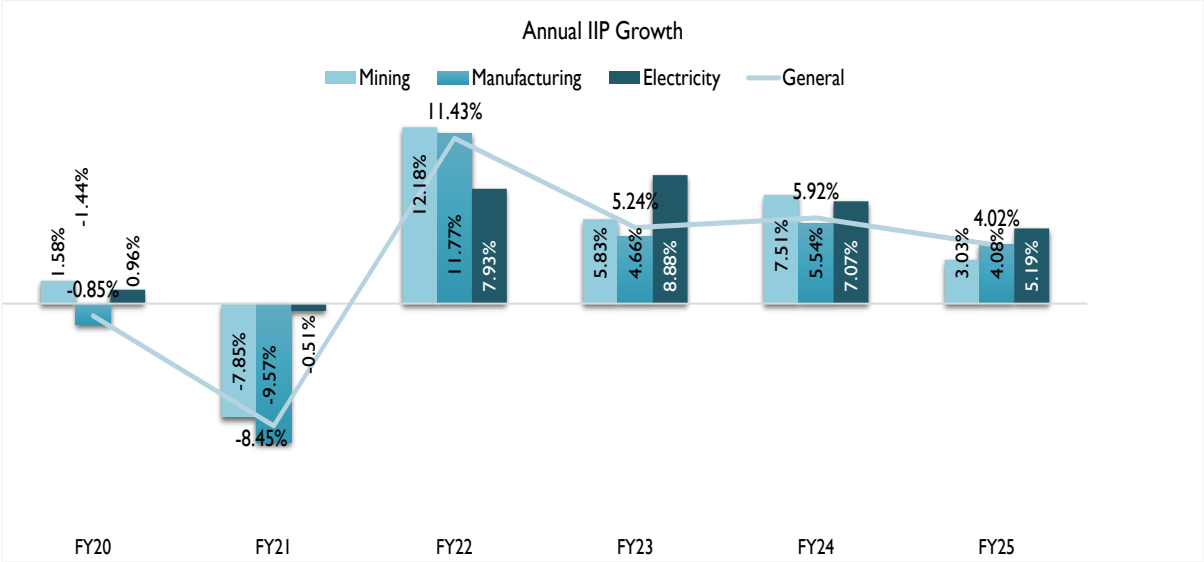
Sectoral analysis of GVA reveals that the industrial sector experienced steady growth momentum in FY 2026, recording a 7.7% y-o-y growth against 7.3% year-on-year growth in FY 2025. Within the industrial sector, growth moderated across sub-sector with mining, and construction activities growing by 4.08%, and 7.08% respectively in FY 2026, compared to 11.69%, and 7.30% in FY 2025. Growth in the utilities sector too moderated to 1.52% in FY 2026 from 2.87% in the previous year. The industrial sector's contribution to GVA increased marginally from 29.4% in FY 2025 to 29.7% in FY 2026.

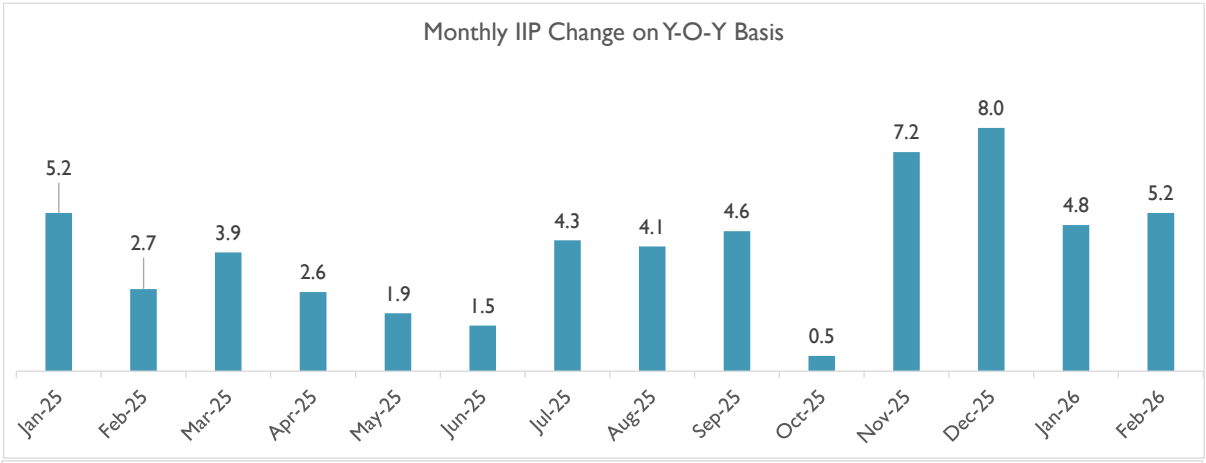
The services sector continued to be the main driver of economic growth. It expanded by 9.0% in FY 2026 from 7.9% in FY 2025. The services sector retained its position as the largest contributor to GVA, rising from 51.7% in FY 2024 to 52% in FY 2025, with a further increase to 52.6% in FY 2026.

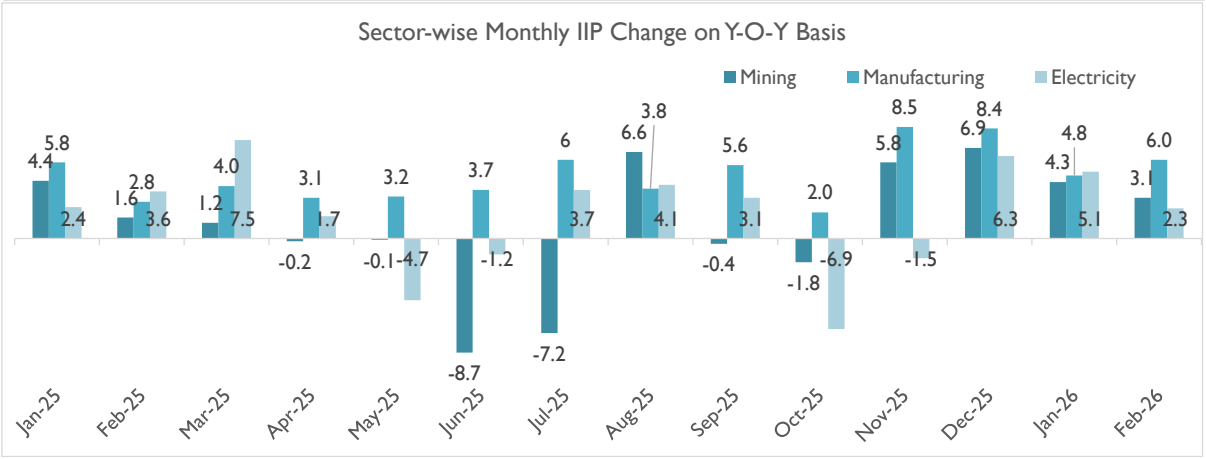
The agriculture sector saw an acceleration in growth, increasing from 2.66% in FY 2024 to 4.18% in FY 2025, before moderating to 2.42% in FY 2026. However, its contribution to GVA declined marginally from 19.2% in FY 2024 to 17.7% in FY 2026. Overall, Gross Value Added (GVA) growth rose to 7.7% in FY 2026 from 7.3% in FY 2025.

Annual & Monthly IIP Growth

Industrial sector performance as measured by the IIP index exhibited moderation in FY 2025, recording a 4.02% y-o-y growth against 5.92% increase in the previous year. The manufacturing index showed moderation, increasing by 4.08% in FY 2025 compared with 5.54% in FY 2024. The mining sector index also moderated, growing 3.03% in FY 2025 compared with 7.51% in the previous year, while the Electricity sector index moderated by 5.19% in FY 2025 compared with 7.07% in the previous year.





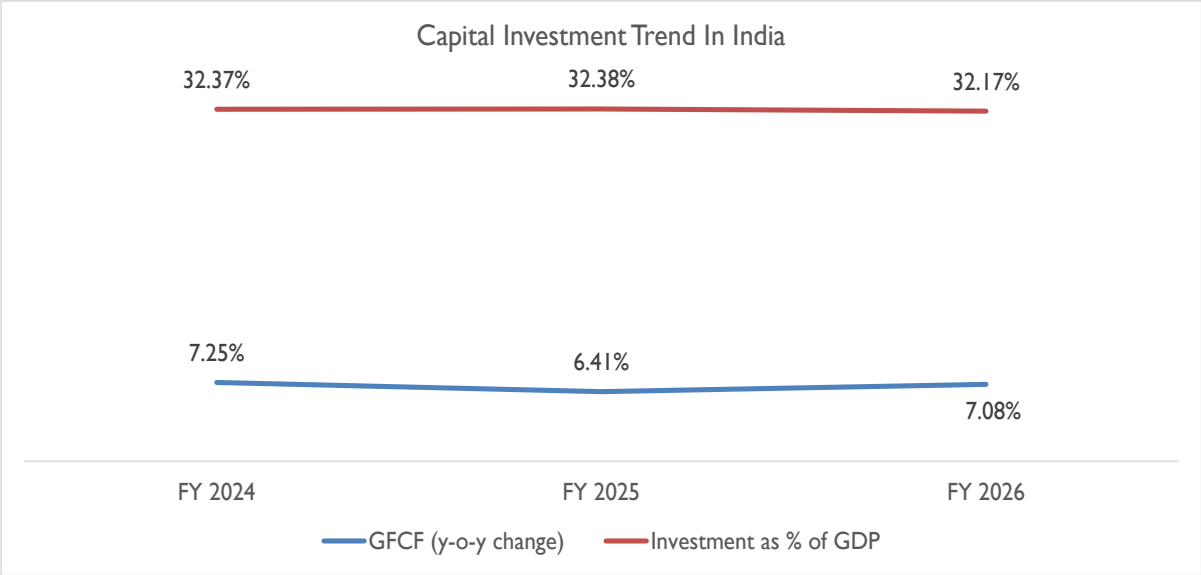


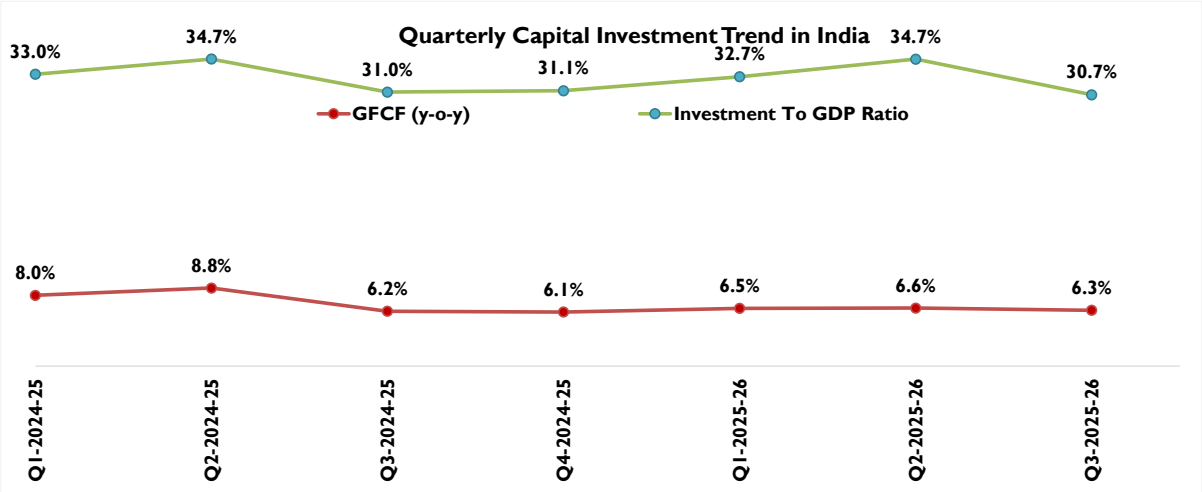
Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of February 2026 is 5.2 percent which was 4.8 percent (Quick Estimate) in the month of January 2026. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of February 2026 are 3.1 percent, 6.0 percent and 2.3 percent respectively

Annual and Quarterly: Investment & Consumption Scenario

Other major indicators, such as Gross Fixed Capital Formation (GFCF), a measure of investment, increased during FY 2026, registering 7.08% year-on-year growth compared with 6.41% in FY 2025, bringing the GFCF-to-GDP ratio to 32.17%.

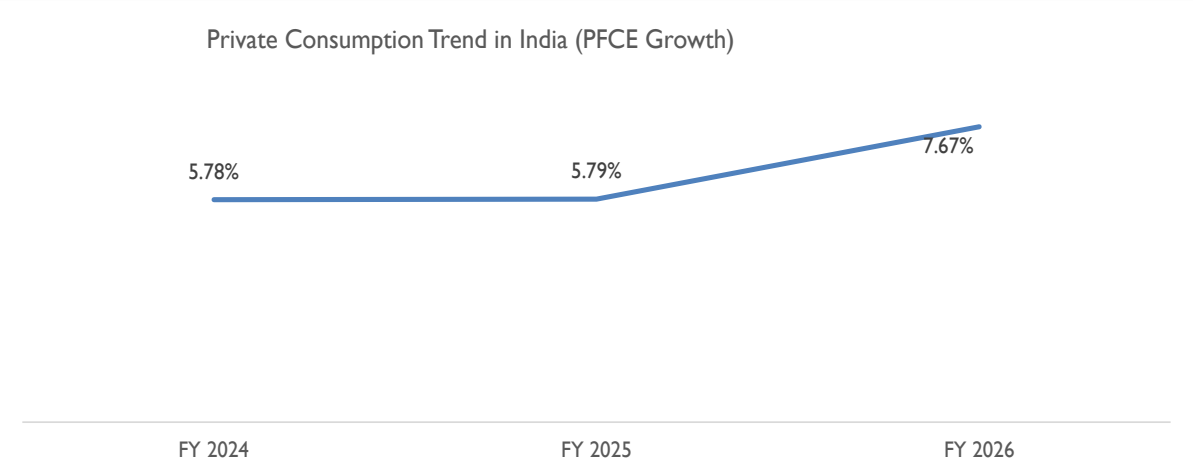


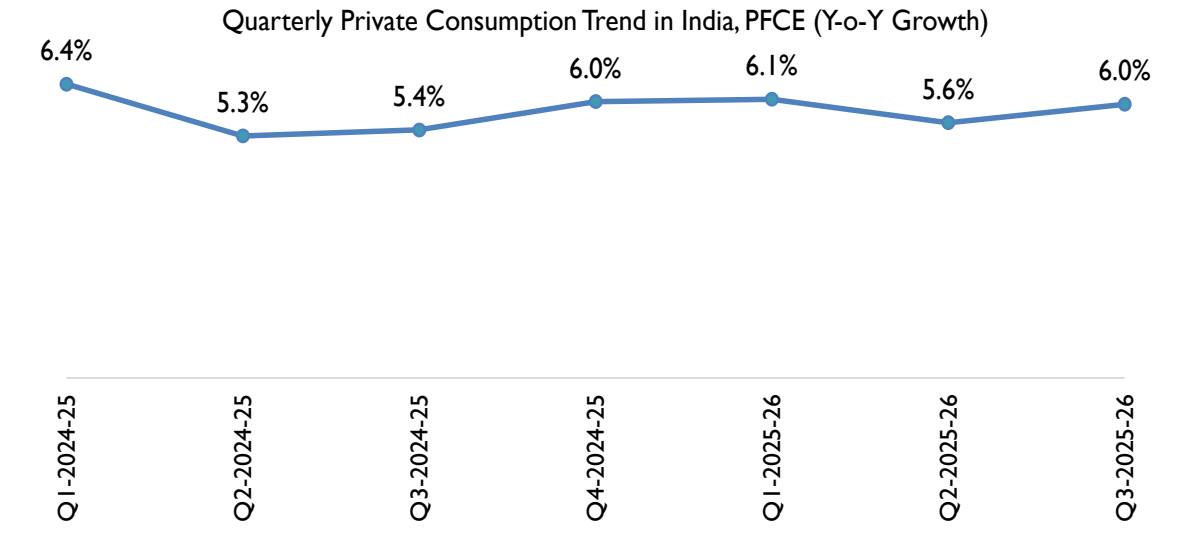


Source: Ministry of Statistics & Programme Implementation (MOSPI), CMIE Economics Outlook

On a quarterly basis, India's capital investment indicators display a pattern of moderate but uneven momentum. The Investment-to-GDP ratio remained above 30% throughout the period but shifted within a narrow and cyclical band—rising from 33.0% in Q1 FY 2024-25 to 34.7% in Q2, before softening to 31.0% and 31.1% in Q3 and Q4, respectively. The ratio recovered to 32.7% in Q1 FY 2025-26 and 34.7% in Q2, before easing to 30.7% in Q3, indicating fluctuating capital deployment across quarters. Meanwhile, GFCF (y-o-y) growth also exhibited volatility. After rising to 8.8% in Q2 FY 2024-25, growth moderated to 6.2% in Q3 and 6.1% in Q4, reflecting a deceleration in both government and private investment activity. Growth improved marginally to 6.5% in Q1 FY 2025-26 and 6.6% in Q2, but eased to 6.3% in Q3, signalling a plateauing in investment momentum. Overall, the data suggests that while investment levels remain healthy, quarterly volatility persists, underscoring the dependence on fiscal spending patterns and the still-gradual recovery of private capital expenditure.

Private Consumption Scenario





Sources: MOSPI, CMIE Economics Outlook

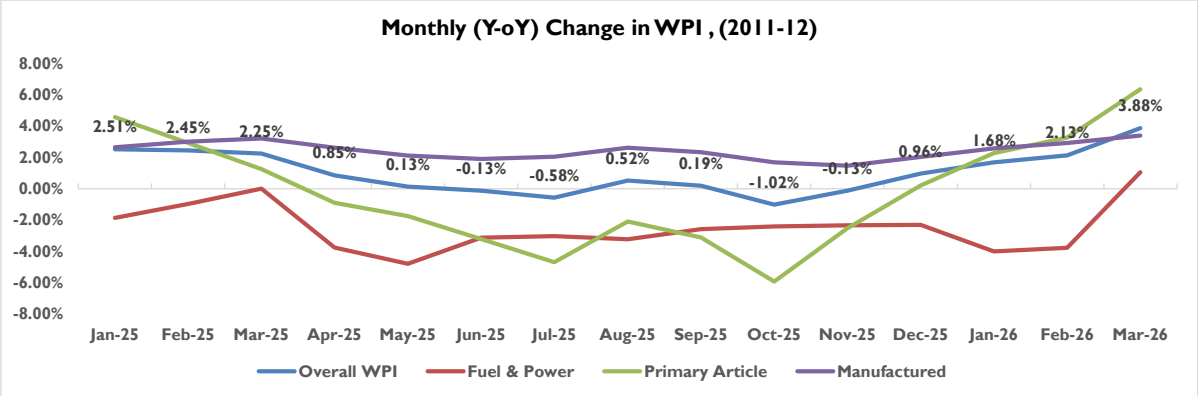
Private Final Consumption Expenditure (PFCE), a practical proxy for household spending, recorded growth in FY 2026 relative to FY 2025. Quarterly Private Final Consumption Expenditure (PFCE) has reported 6.0% growth rate during Q3 of FY 2025-26 as compared to the 5.6% growth rate in the corresponding period of the previous financial year.

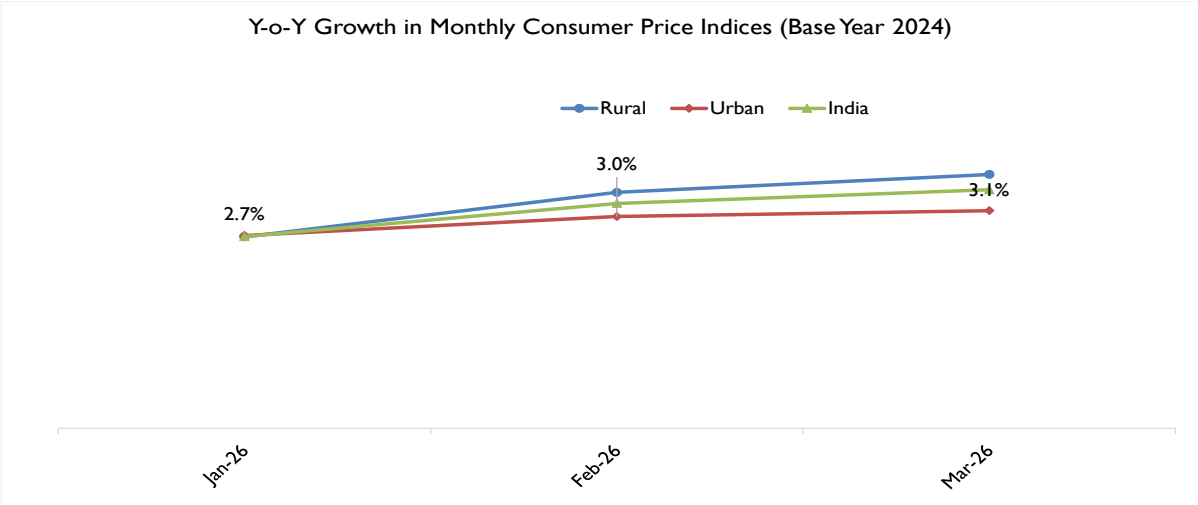
Inflation Scenario

The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 3.88% (provisional) for the month of March, 2026 (over March, 2025). Positive rate of inflation in March, 2026 is primarily due to increase in prices of crude petroleum & natural gas, other manufacturing, non-food articles, manufacture of basic metals and food articles etc

Primary Articles (Weight 22.62%): - The index for this major group increased by 2.28 % from 192.9 (provisional) for the month of February, 2026 to 197.3 (provisional) in March, 2026. The Price of crude petroleum & natural gas (36.16 %) and minerals (0.12%) increased in March, 2026 as compared to February, 2026. The Price of food articles (- 0.85%) and non- food articles (-0.22 %) decreased in March, 2026 as compared to February, 2026.
Fuel & Power (Weight 13.15%): - The index for this major group increased by 4.13 % from 147.6 (provisional) for the month of February, 2026 to 153.7 (provisional) in March, 2026. The Price of mineral oils (8.77 %) increased in March, 2026 as compared to February, 2026. The Price of electricity (-5.07%) decreased in March, 2026 as compared to February, 2026.

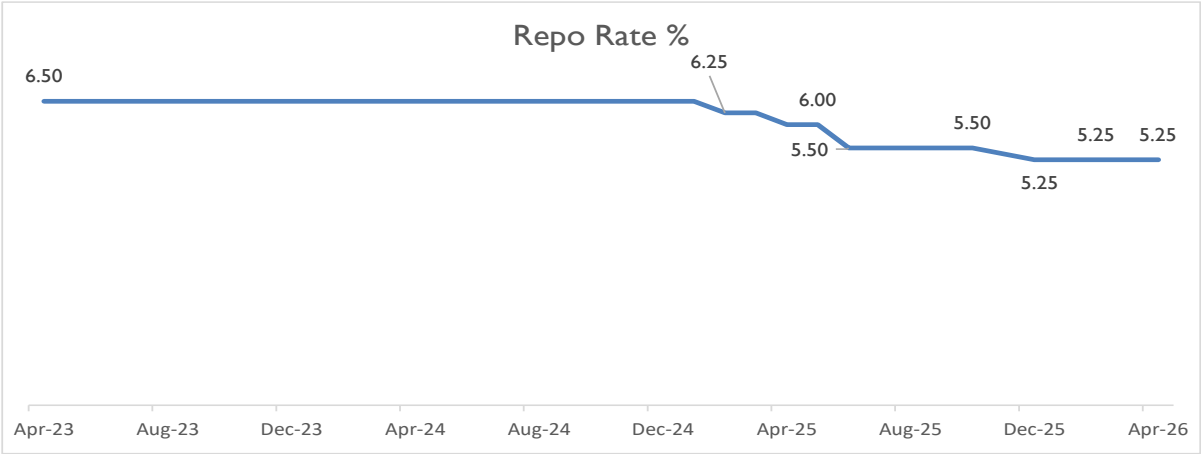
Manufactured Products (Weight 64.23%): - The index for this major group increased by 0.88 % from 148.2 (provisional) for the month of February, 2026 to 149.5 (provisional) in March, 2026. Out of the 22 NIC two-digit groups for manufactured products, 16 groups witnessed an increase in prices and 6 groups witnessed a decrease in prices. Some of the important groups that showed month-over-month increase in prices were manufacture of food products; chemicals and chemical products; basic metals; textiles and other manufacturing etc. some of the groups that witnessed a decrease in prices were manufacture of machinery and equipment; beverages; fabricated metal products, except machinery and equipment; computer, electronic and optical products and wearing apparel etc in march, 2026 as compared to February, 2026.





Source: MOSPI, Office of Economic Advisor

With effect from January 2026, the National Statistics Office (NSO) introduced a revised CPI series with base year 2024=100, drawing revised item weights from the Household Consumption Expenditure Survey (HCES) 2023-24. Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of March, 2026 over March, 2025 is 3.40%(Provisional). Corresponding inflation rates for rural and urban are 3.63% and 3.11%, respectively. On the monetary policy front, the RBI had cumulatively raised the repo rate by 250 basis points between May 2022 and February 2023, bringing it to 6.50%, where it was held steady through January 2025 to anchor inflationary expectations. With inflation moderating below target and growth requiring support, the RBI's Monetary Policy Committee (MPC) commenced an easing cycle in February 2025, delivering a cumulative 125 basis points of rate cuts through four reductions — 25 bps each in February 2025, April 2025, and December 2025, and a larger 50 bps cut in June 2025 — interspersed with pauses in August and October 2025. The repo rate currently stands at 5.25%, following the MPC's decision to hold rates unchanged at its April 2026 meeting.



Sources: CMIE Economic Outlook

Growth Outlook

The Union Budget 2026–27 sets out a quantitatively strong push to build resilient supply chains and develop next-generation industrial capacity. The record ₹12.2 trillion capital expenditure outlay is aimed at easing logistics bottlenecks and enhancing India's cost competitiveness. Employment measures extend across both urban and rural India in one sweep. In cities and large towns, capex is channelled into "connectors" such as the seven proposed high-speed rail corridors and upgraded Tier-2 and Tier-3 infrastructure, thereby creating construction, logistics, and service jobs while cutting commute times. In smaller towns and villages, job creation is expected to be supported by mega textile parks, the Mahatma Gandhi Gram Swaraj Initiative's push for khadi and handloom, training for tourist guides, and new waterways and coastal shipping. Together, these steps broaden the wage base instead of providing a short-term bump.

Strategic supply chains also receive a significant push. Dedicated rare earth corridors in Odisha, Kerala, Andhra Pradesh, and Tamil Nadu; customs exemptions for capital goods used in critical mineral processing and battery cells; and the India Semiconductor Mission 2.0 aim to pull manufacturing deeper into components and materials. If executed well, these measures could reduce import dependence in magnets, batteries, and chip inputs and lift the share of higher-productivity manufacturing jobs — thereby raising household incomes durably.

The conclusion of the India–EU FTA negotiations mark a major strategic milestone, as it offers near-universal market access for 99.5% of India's exports by value and integrates India more deeply into a USD 24 trillion economic bloc. By providing duty-free entry for key labour-intensive sectors, expanding services access, and establishing a mobility framework for Indian professionals, the agreement strengthens India's export competitiveness, supports high-value job creation, and ensures a predictable, rules-based environment for long-term trade and investment flows.

Similarly, the India–Oman CEPA creates a comprehensive framework covering goods, services, investment, and regulatory cooperation. With bilateral trade at USD 10.61 billion in FY 2024–25, the CEPA grants India 100% duty-free access across 98.08% of Oman's tariff lines (99.38% of export value) from Day One. This access expands opportunities across engineering goods, pharmaceuticals, agriculture, chemicals, electronics, textiles, marine products, and gems & jewellery, while a calibrated exclusion list helps protect sensitive domestic and MSME-linked sectors.

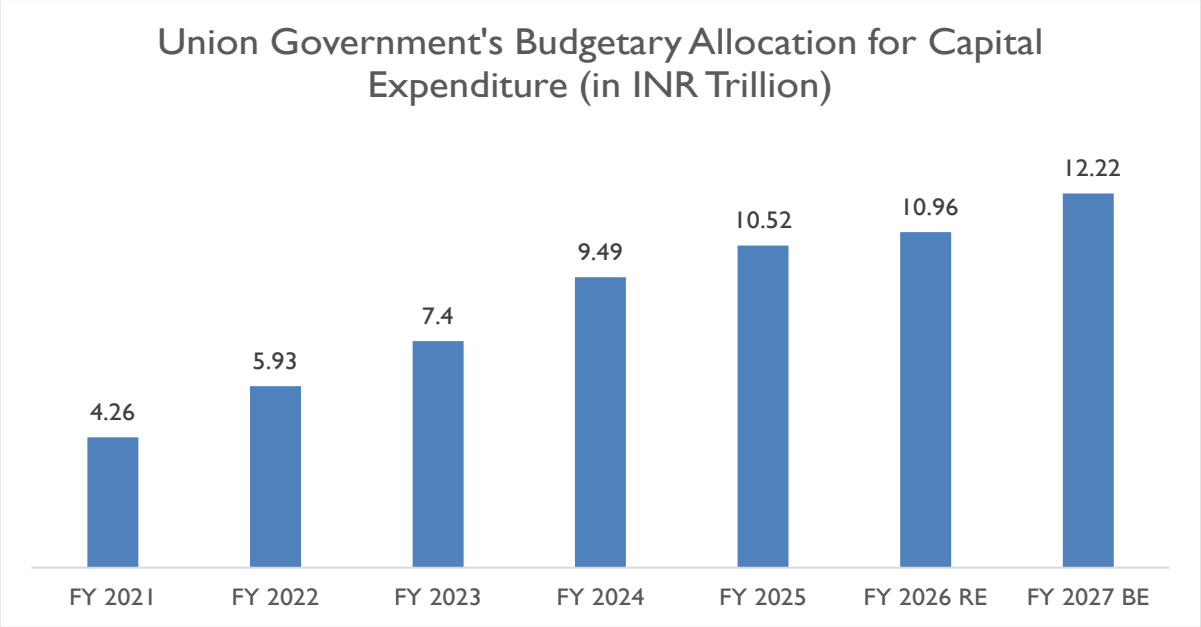
Key Growth/Demographic Drivers for Economic Growth

Government focus on infrastructure development

The infrastructure sector has received a strong boost in Budget FY'27, marked by a record ₹ 12.2trn public capital expenditure allocation, reinforcing the government's focus on making assets more efficient and sustainable. The introduction of the landmark Infrastructure Risk Guarantee Fund aims to provide partial credit guarantees to lenders and revitalise private sector participation in large-scale projects. By lowering project risk premiums and easing borrowing costs, this mechanism is likely to help crowd in private capital and accelerate construction phase financing across the sector. The transport and logistics sector, in particular, will buoy infrastructure growth. Railways have received a substantial boost in allocation, which will help support the planned development of seven new high-speed rail corridors and a Dankuni-Surat DFC, which aims to cut logistics costs and improve national

connectivity. Moreover, the rollout of 20 new National Waterways, new ship repair hubs and a scheme to double the share of coastal and inland water transport from 6.0% to 12.0% by 2047 will together build a greener, more efficient multimodal freight network. Urban transformation continues through targeted development of Tier-2 and Tier-3 cities – with populations over 0.5mn – alongside the creation of City Economic Regions, each supported by multi-year, challenge-based financing to establish new growth hubs and reduce pressure on metros. A broader ecosystem of reforms strengthens medium-term sector prospects. The government aims to scale domestic construction and infrastructure equipment manufacturing, reducing import dependence and improving execution capability in tunnelling, metro construction and road building machinery. The monetisation of CPSE assets will be accelerated through dedicated REIT structures, helping unlock liquidity for redevelopment and new project pipelines. Additional support flows through region-specific initiatives, such as industrial corridor expansion, and tourism development in cultural and Buddhist heritage zones will further reinforce construction demand.

Together, these measures will strengthen India's infrastructure ecosystem through higher public investment, improved risk mitigation tools and wider multimodal connectivity – creating a constructive environment for sustained growth in construction, logistics and urban development.



Union Budget, Government of India
Note: BE (Budget Estimates) and RE (Revised Estimates)

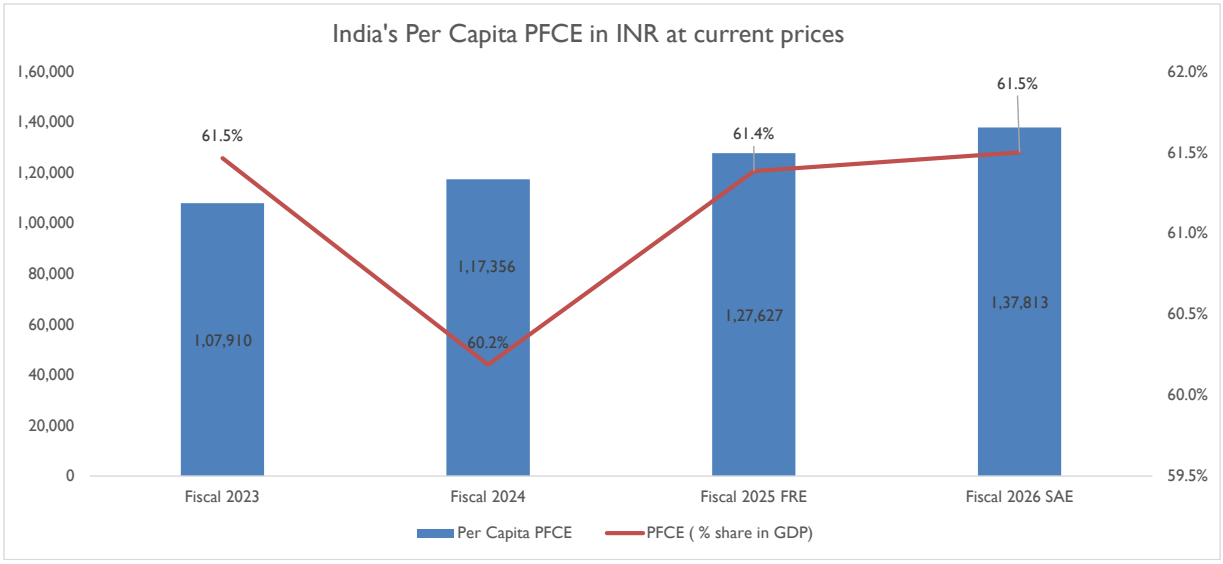
Development of Domestic Manufacturing Capability

The Government launched Production Linked Incentive (PLI) scheme in early 2020, initially aimed at improving domestic manufacturing capability in large-scale electronic manufacturing and gradually extended to other sectors. At present it covers 14 sectors, ranging from medical devices to solar PV modules. The PLI scheme provides incentives to companies on incremental sales of products manufactured in India. This incentive structure is aimed at attracting private investment into setting up manufacturing units and thereby strengthen domestic production capabilities. The overall incentives earmarked for PLI scheme is estimated to be ₹ 2 trillion. If fully realised, the PLI scheme could add nearly 4% to annual GDP growth, by way of incremental revenue generated from the newly formed manufacturing units.

Strong Domestic Demand

Domestic demand has traditionally been one of the key drivers of the Indian economy. After a brief lull caused by Covid-19 pandemic, the domestic demand is recovering. Consumer confidence surveys by the Reserve Bank and other institutions point to an improvement in consumer confidence index, which is a precursor of improving demand. India has a strong middle-class segment, which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. This revival is perfectly captured by the private final consumption expenditure (PFCE) metric. The PFCE at current prices is on steady rise from FY 2022 onwards. Between FY 2015 and FY 2026, PFCE in

India increased by nearly 2.5 times. Its share in GDP also increased from 58.1% to about 61.5% in FY 2026 (as per the first advance estimates).

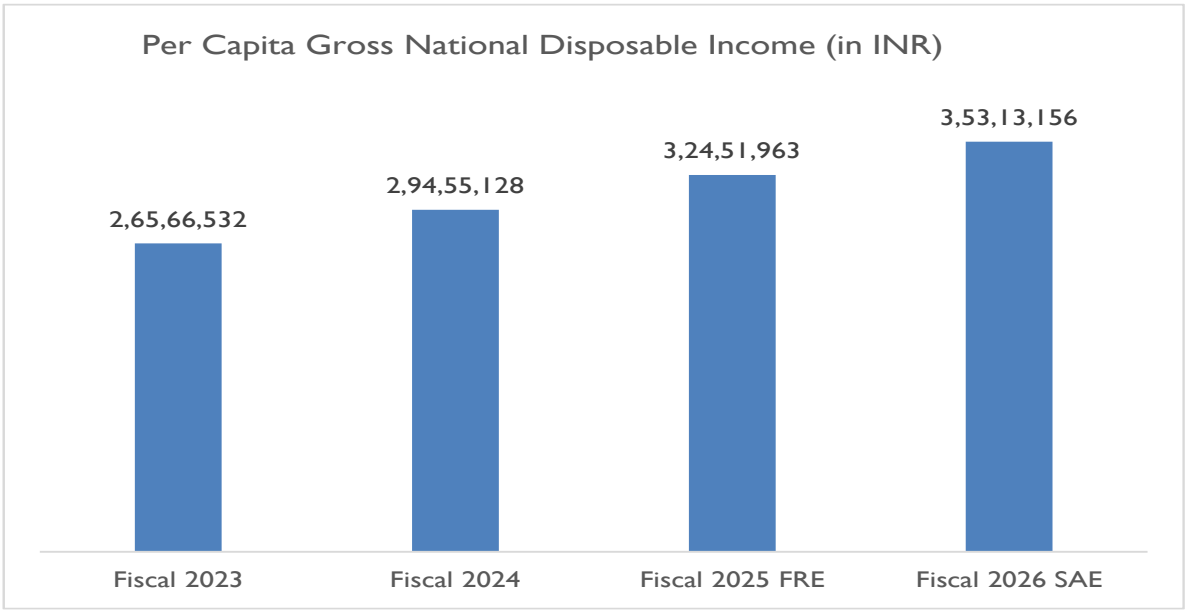


Source: Ministry of Statistics & Programme Implementation (MOSPI)

There are two factors driving this domestic demand: first, the large pool of consumers; and second, the improvement in purchasing power.

- The share of middle class increased from nearly 14% in 2005 to nearly 30% in 2021 and is expected to cross 60% by 20470F0F0F0F[2]. This expanding middle class household segment is fuelling India's growth story and would continue to play a key role in propelling India's economic growth.

- Consumer-driven domestic demand is majorly fuelled by this growth in per capita income. As per National Statistics Office (NSO), India's per capita net national income (at constant prices) stood at ₹ 1,37,813 per person in FY 2026 against ₹ 1,27,627 per person in FY 2025 and ₹ 76379 in FY 2018. This increase in per capita income has impacted the purchasing pattern as well as disposable income. The Gross National Disposable Income during FY 2023-26 has increased from ₹ 2,65,66,532 to ₹ 3,53,13,156.



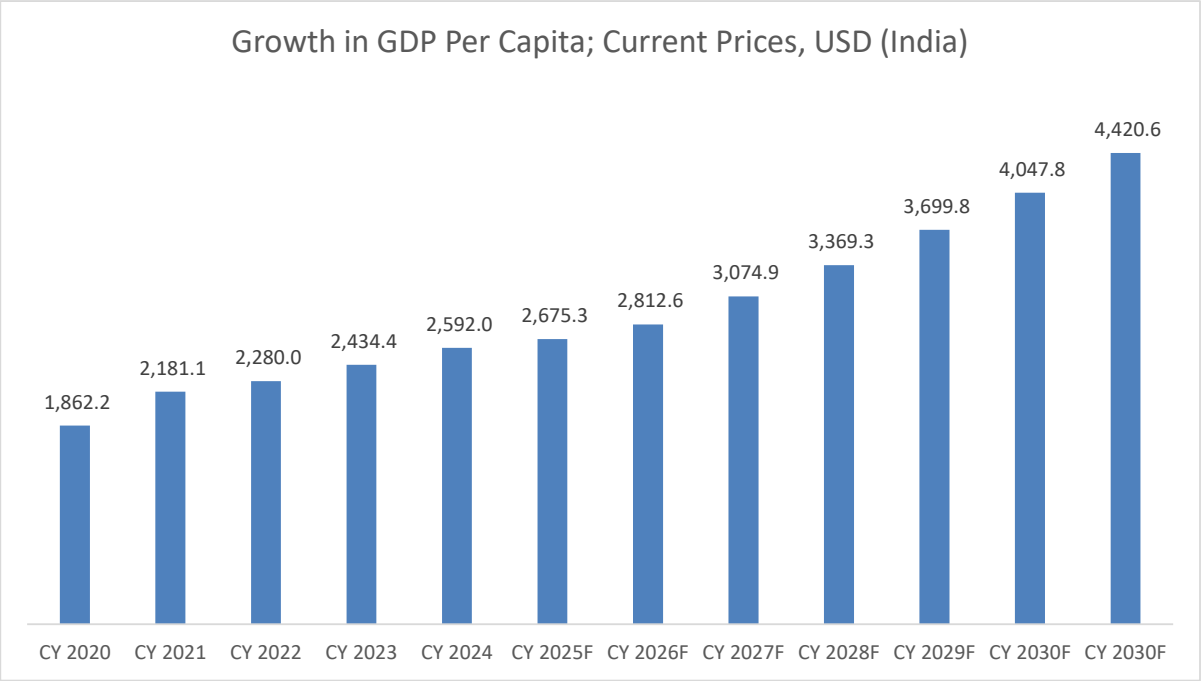
Source: Ministry of Statistics & Programme Implementation (MOSPI)

[2] *As per the survey conducted by People Research on India's Consumer Economy. Households with annual income in the range of ₹ 5 – 30 lakh is considered as middle-class households.*

India's Per Capita GDP Trends

India is poised to become the world's third-largest economy with a projected GDP of USD 5 trillion within the next three years, driven by ongoing reforms. As one of the fastest-growing major economies, India currently holds the position of the fifth-largest economy globally, following the US, China, Japan, and Germany. By 2027-28, it is anticipated that India will surpass both Germany and Japan, reaching the third-largest spot. This growth is bolstered by a surge in foreign investments and a wave of new trade agreements with India's burgeoning market of 1.4 billion people. The aviation industry is witnessing unprecedented orders, global electronics manufacturers are expanding their production capabilities, and suppliers traditionally concentrated in southern China's manufacturing hubs are now shifting towards India.

To achieve its vision of becoming the world's third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.

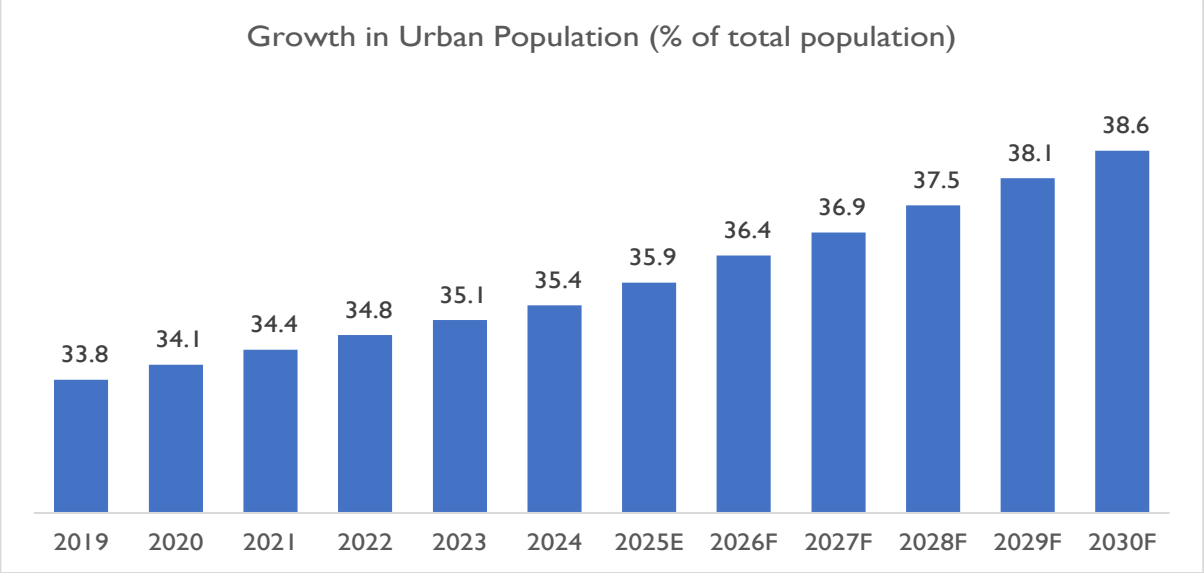


Source: IMF

From CY 2024 to CY 2031, India's per capita GDP is projected to grow at a compound annual growth rate of 7.9%. This growth will be driven by the service sector, which now accounts for over 50% of India's GDP, marking a significant shift from agriculture to services.

Increasing Urbanization

As per the Handbook of Urban Statistics 2022, India's urban population has been on a steady rise. Urban dwellers accounted for over 469 million in 2021 and are projected to rise to over 558 million by 2031 and further exceed 600 million by 2036.



Source: World Bank,1F1F1F1F[3] D&B Research and Estimates

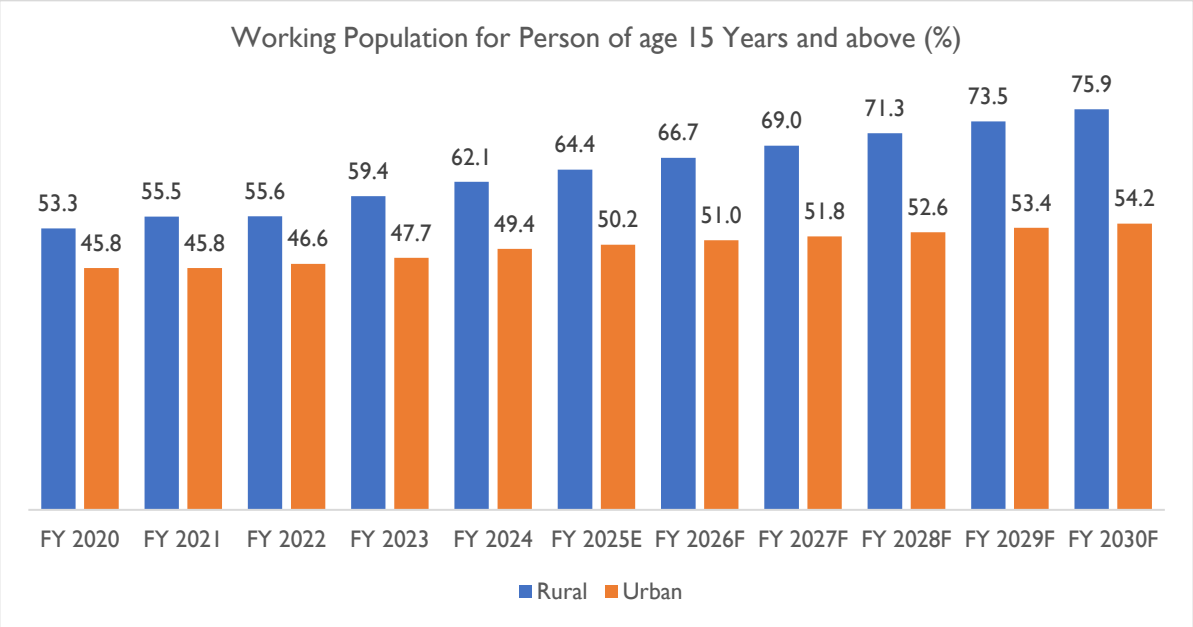
The share of urban population in total population has been quickly escalating. In 2019, 33.81% of the total population was urban. By 2024, it had reached 35.38%, showing an increase over a span of five years of about 1.57%. The share of urban population is further forecasted to cross 40% by 2030. This increase in urban population is set to demand drastic changes in infrastructure development. Cities are a major driver for the construction industry. With cities expanding rapidly, there will be an increased need for improved housing, water supply, sewage systems, and electricity. Urban planning will need to account for higher population densities, necessitating the development of smart cities with integrated technology for efficient management of resources and services. The Smart Cities Mission targeted at 100 cities is aimed at improving the quality of life through modernised, technology-driven urban planning. This transformation will also require significant investment in public health, education, and recreational facilities to enhance the quality of urban living. The surge in urban population will also propel demand for improvement in multimodal transport infrastructure for freight and passenger travel requirements.

Rural vs. Urban Working Population by Age Group

As India continues to experience economic growth and development, the working population in both rural and urban areas is increasing. In the case of the urban population, this growth is reflected in the increase from a share of 45.8% in FY20 to 49.4% in FY24, whereas in rural areas, it grew from 53.3% in FY20 to 62.1% in FY24.

This growth is driven by a combination of factors, including demographic changes, economic policies, and the expansion of various industries. The rise in employment opportunities across sectors such as agriculture, manufacturing, services, and information technology has contributed to the overall increase in the working population, thereby fostering economic stability and enhancing the standard of living for many Indians.

[3] https://data.worldbank.org/indicator/SP.URB.TOTL.IN.ZS?end=2022&locations=IN&skipRedirection=true&start=1960&view=chart



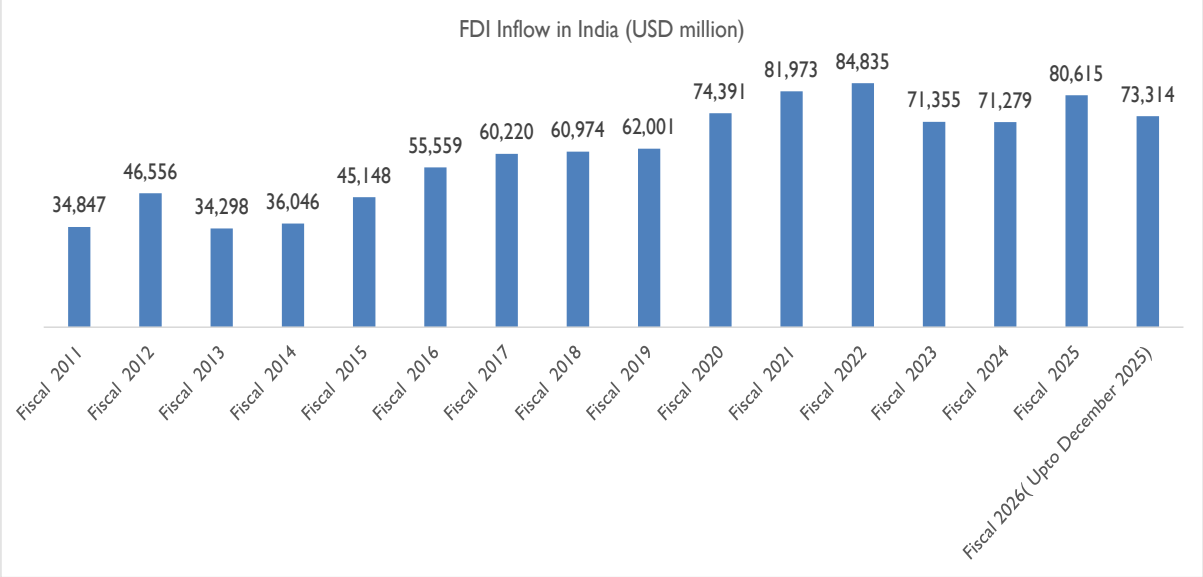
Source: Periodic Labour Force Survey (PLFS) Annual Report 2023-2024, D&B Research and Estimates

In urban areas, the working population is growing rapidly due to the proliferation of jobs in sectors like IT, finance, retail, and healthcare. Additionally, the development of infrastructure, such as improved transportation networks and housing, has made urban centers more accessible and desirable for the working population. In rural areas, the working population remains substantial, primarily due to the dominance of the agricultural sector. Government initiatives aimed at rural development, such as improved access to education and skill development programs, have also played a crucial role in enhancing employment prospects in these regions.

The dominance of the rural working population over its urban counterpart can be attributed to the labour-intensive nature of the agricultural sector, which ensures a consistent demand for human labor despite advancements in mechanization, sustaining employment rates in rural areas.

Foreign Direct Investment Trend in India

FDI inflows in India observed a steady increase from FY 2013 to FY 2022 while it witnessed a decline of 15% in FY 2023 and a decline of 0.1% in FY 2024 due to several factors, including the ongoing conflict between Russia and Ukraine, changes in US monetary policy, and other global uncertainties. However, the country has received substantial FDI inflows from April 2000 to December 2024. This increasing FDI can be attributed to the new investment facilitation measures like the National Single-Window System (NSWS), which streamlines the approval and clearance process for investors, entrepreneurs, and businesses, along with sectoral measures and PLI schemes, supporting growth prospects in tier-2 and tier-3 cities. Further, tax compliance for startups and foreign investors has been simplified, with the Income Tax Act, 1961 has been amended in 2024 to abolish angel tax and to reduce income tax rate chargeable on income of a foreign company.



Sources: Department for Promotion of Industry and Internal Trade

Food Contract Manufacturing Industry in India

The food contract manufacturing industry in India has emerged as a critical enabler for branded food companies, startups, and multinational players seeking scalable, cost-efficient, and compliant production solutions without heavy capital investment. Growth in this industry is being driven by multiple structural factors, including rapid expansion of the packaged food and functional foods market, increasing product innovation cycles, rising compliance requirements under FSSAI, and the need for flexible manufacturing capacities. Contract manufacturers allow brand owners to focus on brand building, marketing, distribution, and R&D, while leveraging specialized processors for production efficiency and quality consistency.

Food contract manufacturing is the outsourcing of food production to third-party manufacturers that produce food products on behalf of brand owners. These manufacturers handle formulation, processing, packaging, and other functions, allowing companies to focus on branding, marketing, and distribution. It is widely used across categories such as packaged foods, beverages, nutraceuticals, and private-label products. The market is growing rapidly due to food companies trying to economize and scale up. The rise of e-commerce and the adoption of new technologies with the growing need for specialized products, such as clean-label or gluten-free options, are also boosting market growth.

India's diverse agricultural base, availability of raw materials, improving food processing infrastructure, and policy support under initiatives such as *Make in India* and *PLI for Food Processing* have further strengthened the contract manufacturing ecosystem. As consumer demand shifts towards health-focused, millet-based, functional, and convenience foods, contract manufacturers with extrusion, blending, fortification, and customized formulation capabilities are seeing rising demand. Overall, food contract manufacturing is transitioning from a cost-led outsourcing model to a strategic partnership model, where manufacturers act as long-term production partners supporting innovation, compliance, and scale-up for food brands.

Types of Food Contract Manufacturing & Service Models

Food contract manufacturing in India spans a range of service models, including (i) Full-Service Contract Manufacturing; (ii) Co- Manufacturing / Collaborative R&D Model; (iii) Private Label Manufacturing; and (iv) Co-Packing. These models are differentiated by the level of involvement in product development, ownership of formulations, and operational responsibility. Selecting the appropriate model depends on the brand's strategy, desired control over formulation, speed to market, and capital investment appetite.

1. Full-Service Contract Manufacturing (End-to-End Model):

Under the full-service contract manufacturing model, the manufacturer manages the complete production lifecycle, including product development support, raw material sourcing, processing, packaging, labelling, quality assurance, and regulatory compliance. The brand owner typically provides a product concept, target specifications, or base formulation, while the manufacturer delivers finished, market-ready goods. This model is widely adopted by emerging brands and functional food companies seeking rapid scale-up without investing in manufacturing infrastructure. It allows the brand to focus on marketing, distribution, and portfolio expansion while leveraging the manufacturer's technical and operational capabilities.

2. Co-Manufacturing / Collaborative R&D Model:

In co-manufacturing arrangements, the brand owner and the manufacturer jointly participate in product development and scale-up. The brand may contribute a base recipe, nutritional objective, or functional ingredient concept, while the manufacturer supports formulation optimization, process engineering, pilot trials, and commercialization. This model is particularly relevant for functional foods, fortified products, and innovation-driven categories where customization, ingredient performance, and process stability are critical. Co-manufacturing relationships are typically long-term and may involve dedicated production lines or customized equipment.

3. Private Label Manufacturing:

Private label manufacturing involves branding pre-developed or semi-customized food products under the buyer's label. The manufacturer offers a portfolio of ready formulations with customized options relating to packaging design, pack size and flavour adjustments. This model is widely used by retailers, e-commerce platforms, and new market entrants aiming for quick commercialization with minimal development risk. While private label

manufacturing offers speed and cost advantages, control over product formulation and differentiation is comparatively lower.

4. Co-Packing (Contract Packaging Only):

Co-packing is a specialized service model where the manufacturer handles only filling, packaging, labelling, and final dispatch. The brand owner supplies bulk, semi-processed, or finished product, retaining full ownership of formulation and ingredient sourcing. This model is preferred by brands with in-house production capabilities or ingredient control but lacking packaging infrastructure or seeking scalable packaging solutions for multiple SKUs.

Manufacturing Process analysis:

The manufacturing process in the food contract manufacturing industry generally involves a sequence of activities beginning with the procurement and inspection of raw materials and packaging materials, followed by storage, processing, manufacturing, quality control, packaging, and dispatch of finished products.

1. Procurement and Receipt of Raw Materials: The manufacturing process begins with the procurement and receipt of raw materials and packaging materials from approved suppliers. Upon receipt, all incoming materials undergo quality assessment and inspection to verify compliance with prescribed specifications relating to physical attributes, quality parameters, food safety requirements, and regulatory standards. Samples may also be subjected to laboratory testing, where applicable, prior to acceptance for production.

2. Storage and Material Handling: Following successful quality assessment, approved raw materials are stored in designated storage areas under controlled conditions. Materials are maintained in clean and dry storage facilities and are placed on pallets to avoid direct contact with the floor and to facilitate proper handling and traceability. Where necessary, fumigation and pest-control measures are undertaken in accordance with established food safety protocols to preserve material quality and prevent infestation during storage.

3. Pre-Processing of Raw Materials: Based on production schedules and product requirements, raw materials are issued to the manufacturing floor and undergo preliminary processing activities such as cleaning, sorting, grading, de-stoning, roasting, drying, or milling, as applicable. The processed ingredients are then transferred for further manufacturing operations.

4. Manufacturing and Processing Operations: The manufacturing stage involves activities such as weighing, batching, blending, mixing, milling, extrusion, cooking, seasoning, fortification, or other product-specific processing operations. These processes are carried out in accordance with approved formulations, standard operating procedures, and process parameters to ensure consistency and product quality. In-process quality checks are conducted at various stages to monitor critical quality attributes and ensure compliance with product specifications.

5. Quality Control and Product Testing: Upon completion of manufacturing, the finished products undergo quality control inspections and testing, which may include physical, chemical, microbiological, and sensory evaluations, as applicable. Only products meeting the prescribed quality standards are released for packaging.

6. Packaging and Labelling: The approved finished products are packaged using suitable packaging materials and formats based on customer requirements and product characteristics. Packaging activities include filling, sealing, coding, labelling, and batch identification to ensure traceability and compliance with applicable regulatory requirements.

7. Finished Goods Storage and Dispatch: Following packaging, the finished goods undergo final inspection and are transferred to designated finished goods storage areas pending dispatch. Products are stored under appropriate conditions to maintain quality and shelf life until shipment. Thereafter, finished goods are dispatched to customers or distributors.

Key Benefits of Food Contract Manufacturing

Food contract manufacturing enables brand owners to scale operations efficiently without incurring significant capital expenditure on plant setup, machinery, and compliance infrastructure. By outsourcing production to specialized manufacturers, companies can convert fixed manufacturing costs into variable costs, improving financial flexibility and reducing balance-sheet risk. This model is particularly beneficial for emerging brands and fast-growing food companies seeking rapid capacity expansion while maintaining capital efficiency.

Another key advantage lies in access to technical expertise, established processes, and regulatory compliance systems. Contract manufacturers typically operate certified facilities with experience in handling quality control, food safety standards, and FSSAI requirements. This allows brand owners to leverage proven manufacturing capabilities, shorten product development cycles, and ensure consistent product quality, especially in complex categories such as functional foods, fortified products, and ready-to-eat offerings.

Contract manufacturing also enhances speed to market and operational agility. Brands can respond more quickly to changing consumer preferences, launch new SKUs, and test innovative product concepts without long lead times. Additionally, the flexibility to adjust production volumes, packaging formats, or formulations enables companies to manage demand volatility more effectively and focus internal resources on brand building, marketing, and distribution rather than operational execution.

Food contract manufacturing industry is inherently relationship-driven because customers typically invest significant time and resources in product development, formulation approvals, packaging design, regulatory compliance, quality validation and supply chain integration before commercial production commences. Once a product is successfully launched and gains market acceptance, customers generally prefer to continue with established manufacturing partners that have demonstrated consistent quality, timely delivery and operational reliability.

Major End-Use Industries / Customer Segments

By Food Type:

The food contract manufacturing industry in India caters to a wide range of food categories, with demand patterns influenced by evolving consumption preferences, shelf-life expectations, pricing sensitivity, and the pace of product innovation across segments. As consumer demand shifts toward packaged, convenient, and health-oriented foods, brand owners increasingly rely on specialized contract manufacturers to meet category-specific production and compliance requirements.

Contract manufacturers typically develop expertise in select food types based on their processing capabilities, capital intensity, quality and hygiene standards, and regulatory complexity. Categories with higher technical requirements such as extruded snacks, functional foods, dairy, and nutrition-focused products often require dedicated infrastructure, formulation expertise, and certification readiness, encouraging manufacturers to focus on defined segments rather than operating as generalists. Additionally, scale requirements, batch flexibility, and shelf-life management further shape specialization, enabling manufacturers to align their operations with the needs of specific food categories and customer profiles.

Key food types served include:

- **Bakery & Confectionery:** This segment includes bread, biscuits, cakes, cookies, chocolates, and sugar confectionery. Contract manufacturing is widely used to manage large-scale production, standardized quality,

and seasonal demand fluctuations. Manufacturers in this segment focus on process consistency, shelf-life optimization, and compliance with food safety standards, particularly for mass-market and private-label bakery products.

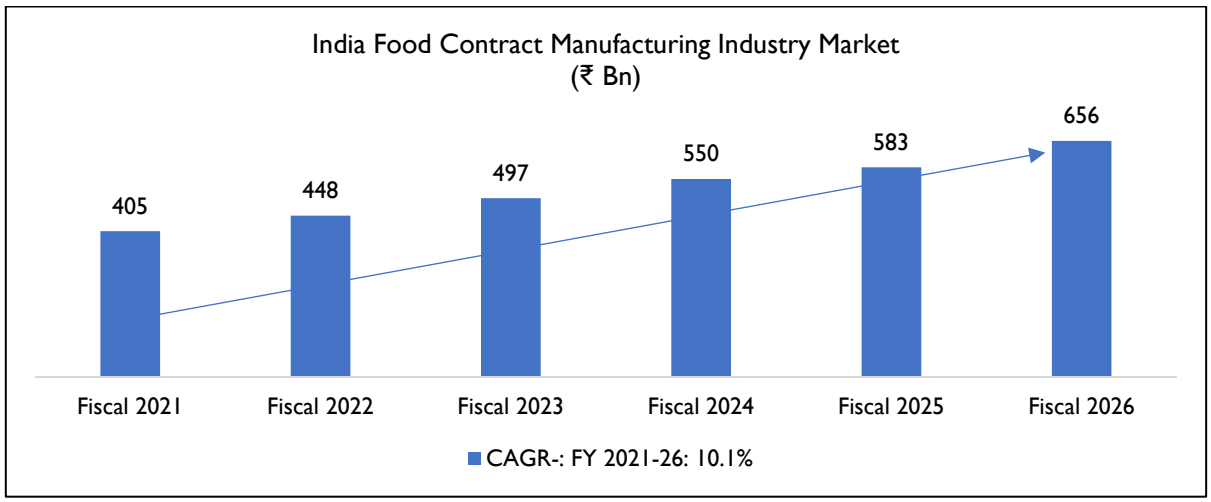
- **Snacks & Convenience Foods:** Snacks and convenience foods form one of the largest and fastest-growing segments within contract manufacturing. This category includes extruded snacks, ready-to-eat and ready-to-cook foods, cereals, millet-based snacks, and instant food products. Demand is driven by urbanisation, changing lifestyles, and increasing preference for convenient and health-oriented food options. Contract manufacturers with extrusion, blending, seasoning, and flexible packaging capabilities are well-positioned in this segment.

- **Dairy & Beverages:** This segment covers dairy products, flavoured milk, yoghurt-based offerings, functional beverages, and ready-to-drink formats. Contract manufacturing is often preferred due to the capital-intensive nature of dairy processing and the need for stringent hygiene and cold-chain compliance. Manufacturers support both private-label production and customized formulations for regional and national brands.

- **Nutritional & Dietary Supplements:** Nutritional and dietary supplements include protein blends, fortified foods, health mixes, and functional nutrition products. Contract manufacturing in this segment requires strong formulation expertise, ingredient traceability, and adherence to regulatory guidelines. Growth in preventive healthcare, fitness awareness, and functional nutrition has increased demand for specialized manufacturers capable of handling value-added and compliance-sensitive products.

Estimated market size of Food Contract Manufacturing industry & historical growth trend

The India food contract manufacturing market has witnessed steady and sustained growth from Fiscal 2021 to Fiscal 2025, expanding from **₹ 405 billion** in **Fiscal 2021** to approximately **₹ 656 billion** in **Fiscal 2026**, reflecting a healthy **CAGR of 10.1%** over the medium term. This expansion highlights the increasing strategic importance of contract manufacturing within India's broader packaged food and ready-to-cook ecosystem, as brands seek scalable, asset-light, and compliant manufacturing solutions.

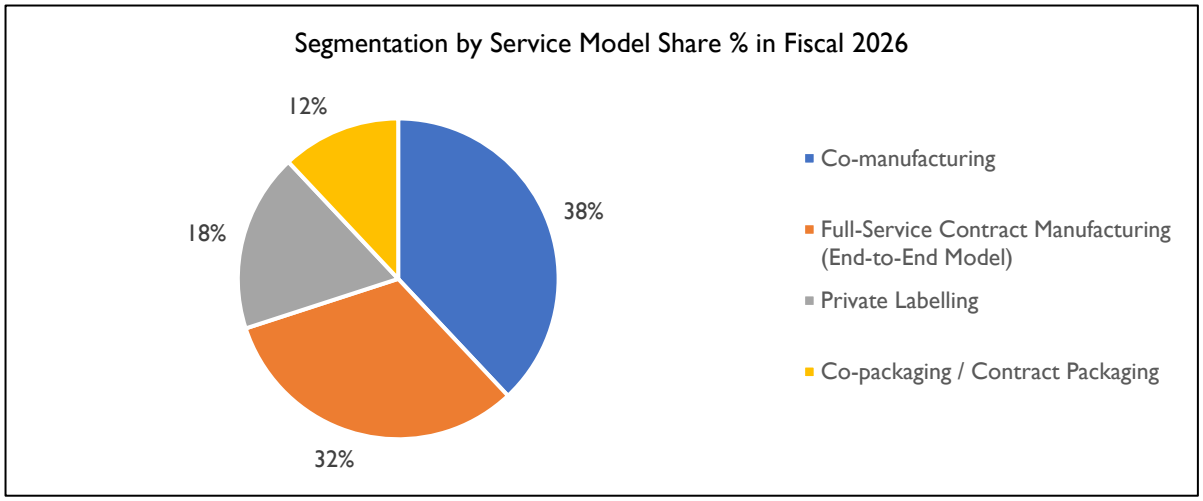


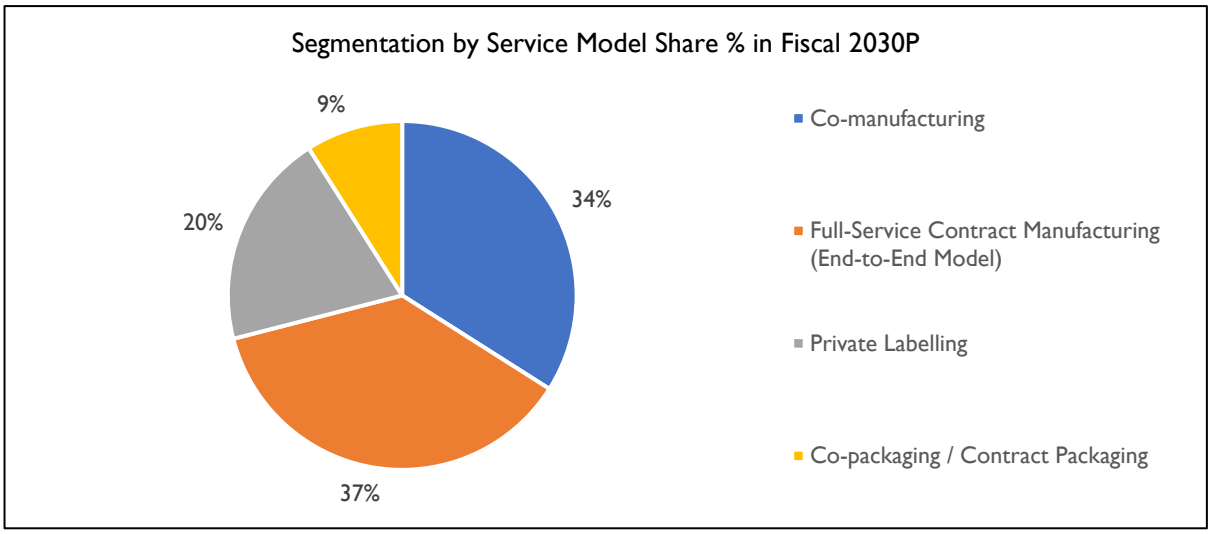
Source: D&B Desk Research

The market has demonstrated **consistent year-on-year growth**, increasing from **₹ 448 billion in Fiscal 2022 to ₹ 497 billion in Fiscal 2023**, followed by further expansion to **₹ 550 billion in Fiscal 2024**. This steady progression underscores strong underlying demand from FMCG companies, emerging food brands, private labels, and D2C players, who are increasingly outsourcing manufacturing to focus on branding, distribution, and innovation. The trend is further supported by growing product complexity, shorter innovation cycles, and the need for flexible production capabilities across multiple food categories.

The projected growth to **₹ 656 billion in Fiscal 2026** reflects continued confidence in the segment's medium-term outlook. Increasing demand for ready-to-cook, ready-to-eat, and specialised food products, along with rising regulatory and quality compliance requirements, is expected to further strengthen the role of organised contract manufacturers. Overall, the food contract manufacturing market represents a **structurally important and steadily expanding opportunity** within India's food ecosystem, offering attractive prospects for players with scalable infrastructure, multi-category capabilities, and strong compliance and quality systems.

Segmentation by Service Models for Food Contract





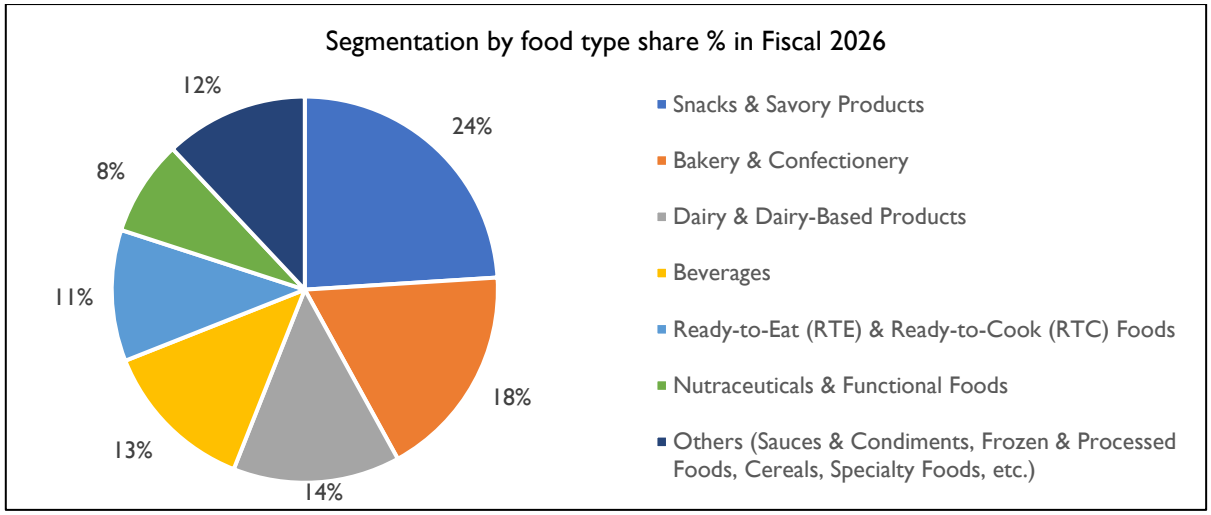
Source: D&B Desk Research

The service model mix indicates a gradual shift in the RTC contract manufacturing market from **traditional production-led outsourcing toward more integrated and value-added service models** between Fiscal 2026 and Fiscal 2030P. **Co-manufacturing**, while remaining an important part of the market, is expected to lose relative share over the period, suggesting that brands may increasingly move beyond standalone manufacturing support and seek partners with broader execution capabilities. In contrast, the share of **full-service contract manufacturing** is projected to increase, indicating stronger demand for end-to-end outsourcing solutions that cover formulation, sourcing, production, packaging, quality assurance and regulatory support under a single platform.

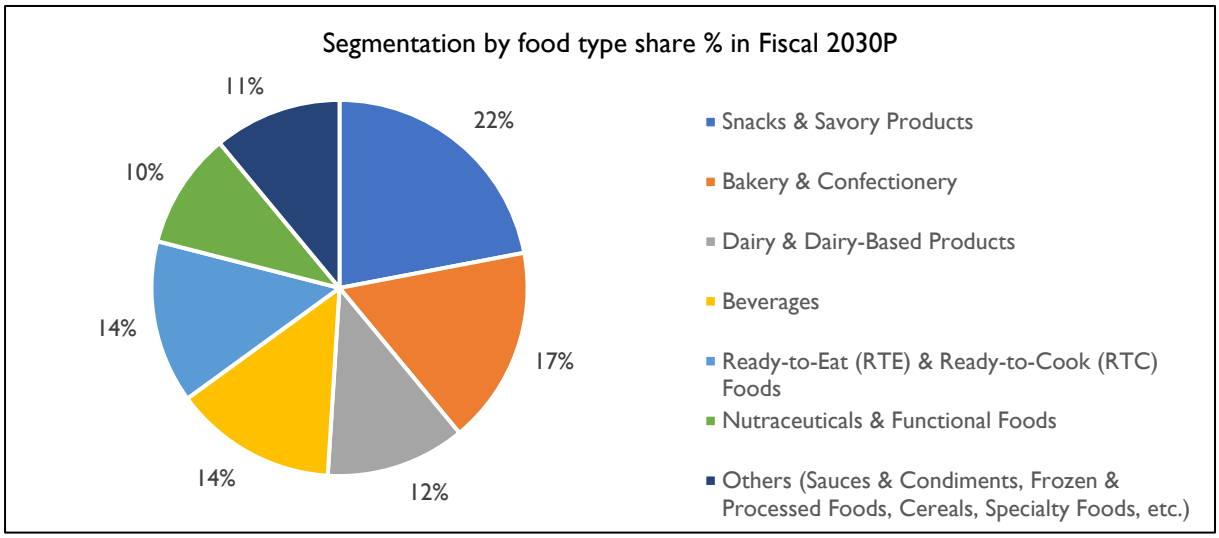
Among these service models, private label manufacturing accounted for approximately 18% of the market in Fiscal 2026 and is expected to gain further relevance, increasing its share to approximately 20% by Fiscal 2030. The growth of the private label segment is expected to be driven by the continued expansion of organized retail, increasing penetration of e-commerce platforms, growing consumer acceptance of retailer-owned brands, and the preference of food brands and retailers to leverage specialized contract manufacturing partners for product development, manufacturing, and supply chain efficiencies.

On the other hand, **co-packaging / contract packaging** is projected to witness a relatively lower share over time, reflecting the market's gradual preference for integrated outsourcing arrangements rather than standalone packaging support. Overall, the comparison suggests that the market is evolving toward **more comprehensive, solution-oriented contract manufacturing models**, with increasing emphasis on scale, speed-to-market, product development support and multi-service execution capabilities.

Segmentation by Food Type for Food Contract



Source: D&B Desk Research



Source: D&B Desk Research

The segmentation by food type indicates that the food contract manufacturing market in Fiscal 2026 is led by **Snacks & Savory Products**, followed by **Bakery & Confectionery** and **Dairy & Dairy-Based Products**, reflecting strong outsourced manufacturing demand in high-volume, frequently consumed packaged food categories. These segments benefit from broad consumer demand, continuous product launches and the need for scalable production capabilities.

At the same time, categories such as **Beverages**, **RTE/RTC Foods**, and **Nutraceuticals & Functional Foods** also account for a meaningful share, highlighting the market's diversification beyond traditional processed foods. Overall, the mix suggests that food contract manufacturing demand in India is spread across multiple categories, creating opportunities for players with varied processing, formulation and packaging capabilities.

By Fiscal 2030P, the food contract manufacturing market is expected to remain diversified, with **Snacks & Savory Products** continuing to hold the largest share, while **Bakery & Confectionery** and **Ready-to-Eat (RTE) & Ready-to-Cook (RTC) Foods** also account for a significant portion of the market. This indicates sustained outsourcing demand in large packaged food categories supported by high consumption frequency, product innovation and broad consumer relevance.

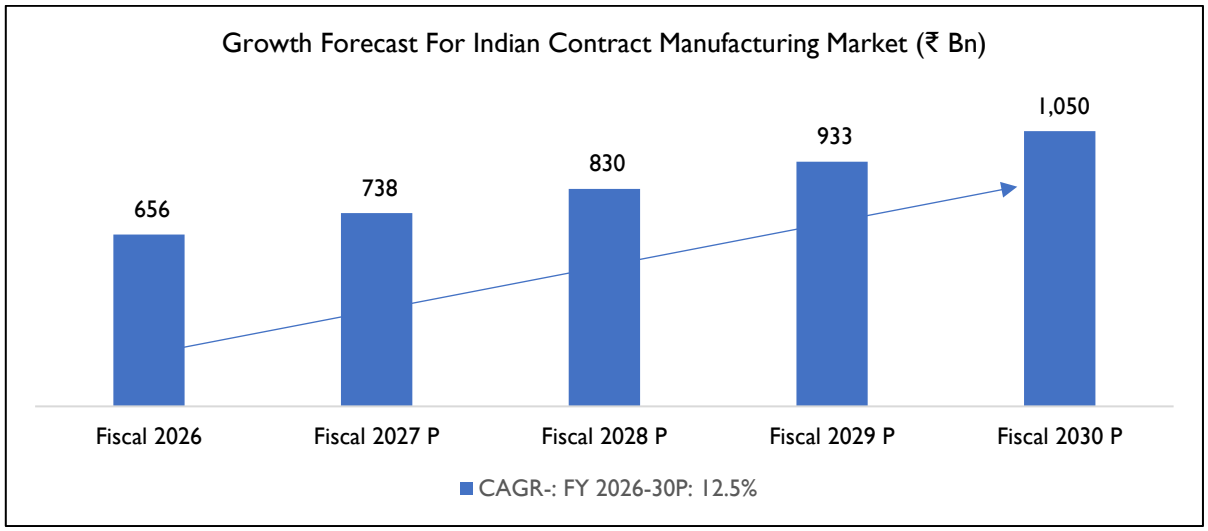
At the same time, the increasing contribution of **Beverages** and **Nutraceuticals & Functional Foods** suggests a gradual shift toward health-oriented, convenience-led and specialised food segments within the outsourced manufacturing landscape. Overall, the Fiscal 2030P mix reflects a market that is becoming more balanced across

categories, with growth opportunities extending beyond traditional processed foods into higher-value and evolving consumption segments.

In terms of product-wise market share under food contract manufacturing, RTE/RTC, functional foods, Snacks & savory products possess approximate 43% of contract food manufacturing market in Fiscal 2026, representing a market size of approximately ₹ 282 billion. By Fiscal 2030, the same category is expected to possess 46% of contract food manufacturing market, representing a market size of approximately ₹ 483 billion.

Expected growth in Food Contract Manufacturing industry in India

The **India Food Contract Manufacturing market** showed **strong and sustained growth** over the forecast period, expanding from **₹ 656 billion in Fiscal 2026 to approximately ₹ 1,050 billion by Fiscal 2030**, reflecting a **robust growth trajectory** of **12.5% CAGR**. This expansion underscores the rising strategic importance of contract manufacturing within India's packaged food, ready-to-cook, and value-added food ecosystem, as food brands increasingly adopt asset-light models to scale operations efficiently.



Source: D&B Desk Research

The market is expected to grow steadily on a year-on-year basis, reaching **₹ 656 billion in Fiscal 2026**, **₹ 737.5 billion in Fiscal 2027**, and **₹ 830 billion by Fiscal 2028**, before further expanding to **₹ 933 billion in Fiscal 2029**. This consistent progression highlights growing reliance on third-party manufacturers by FMCG companies, private labels, and emerging D2C food brands, driven by rising product innovation, expanding SKU complexity, and the need for flexible and scalable production capacities across multiple food categories.

From a strategic perspective, projected growth of food contract manufacturing reflects a structural shift in India's food manufacturing landscape, where contract manufacturers are evolving from capacity providers to integrated partners offering compliance, quality assurance, and process expertise. Increasing regulatory requirements, higher focus on food safety, and expanding demand for RTC and specialised food products are expected to sustain momentum through Fiscal 2030. Overall, the food contract manufacturing segment represents a **high-growth and structurally important opportunity** for organised players with scalable infrastructure, multi-category capabilities, and strong compliance-driven operations. The opportunity in food contract manufacturing is closely linked to the performance and growth of the underlying food categories served by contract manufacturers including, Packaged food and Ready to Cook (RTC) market, Food Staple market and Packaged Spices market.

Global Scenario:

Insights on Global Packaged Food, Breakfast Cereals & Snacks: Market Overview and Key Drivers

The global packaged food industry including breakfast cereals and snack foods is shaped by broad structural trends in food systems, population growth, dietary transitions, and agricultural production dynamics. Packaged food consumption continues to expand as urbanisation and rising incomes alter food habits, especially in emerging economies where convenience, modern retail access, and diversified diets are driving demand. The *OECD-FAO Agricultural Outlook* highlights how changes in agricultural commodity markets underpin these consumption shifts, as staple crops and food supplies form the primary inputs for many processed and packaged food products. A key grain supply indicator supporting these industry trends is the projection that global cereal production will grow by approximately 1.1% per year to reach about 3.2 billion tonnes by 2034, largely driven by yield improvements (around 0.9% p.a.) rather than expansion in harvested area. This reflects ongoing agricultural productivity enhancements, improved seed adoption, and better resource use, which help maintain cereal availability for food, feed, and industrial processing markets including breakfast cereals and grain-based snacks. The same projections indicate that about 40% of all cereals are expected to be consumed directly by humans in 2034, with the remainder used for feed, biofuels, and other purposes, illustrating the fundamental role cereals play in global diets and downstream food industries.

Regional demand patterns show that Asia-Pacific currently dominates global consumption dynamics due to its large population base, rapid urbanisation, and rising middle class, which collectively drive consumption of packaged and convenience food categories, including breakfast cereals and snack foods. Emerging markets in Asia and Africa are expected to account for a substantial share of future growth in cereal consumption due to population expansion, while mature markets such as North America and Europe remain significant in terms of per-capita consumption and product innovation, focusing on health, nutrition, and private-label categories. Meanwhile, regions such as the Middle East and North Africa rely heavily on imports and modern retail channels for packaged and snack food products, while Latin America supports stable demand through established consumption patterns.

- **Urbanisation and lifestyle shifts:** Growing urban populations and busier lifestyles are increasing reliance on packaged, ready-to-eat, and convenient food formats such as breakfast cereals and snack foods.

- **Population growth and cereal-based dietary demand:** Rising population, particularly in Asia-Pacific and Africa, is driving higher food consumption, with cereals remaining a core dietary staple and a key input for packaged and snack food products.

- **Productivity-led cereal supply stability:** Growth in global cereal production, driven primarily by yield improvements and technological advancements, is supporting long-term availability of raw materials for cereal-based packaged foods and snacks.

Overall, the global packaged food, breakfast cereals, and snack food industries are positioned for sustained, structurally driven growth, supported by stable agricultural supply, evolving consumption patterns, and expanding demand in high-population regions. The convergence of productivity-led cereal availability with changing food habits particularly in Asia-Pacific creates a supportive ecosystem for cereal-based packaged and snack products. These dynamics reinforce the long-term relevance of efficient, scalable, and innovation-capable food manufacturing and processing models across global markets.

Insight on the packaged food, breakfast cereals & snack food industry in Africa:

The packaged food, breakfast cereals, and snack food industry in Africa, particularly Sub-Saharan Africa, is undergoing a strong structural expansion supported by improving macroeconomic conditions, demographic shifts, and evolving consumer lifestyles. According to Euromonitor, retail sales in the packaged food market reached USD 107.1 billion, reflecting a 53.7% increase (USD 37.4 billion) since 2020, underscoring the rapid formalisation of food consumption across the region. Looking ahead, retail sales in Sub-Saharan Africa are projected to reach USD 211.1 billion by 2029, with an incremental growth of USD 62.5 billion from 2025, indicating sustained momentum driven by rising urbanisation, income growth, and expanding retail penetration. Further estimated to reach approximately USD 228 billion by CY 2030, reflecting continued expansion in organised retail, packaged staples, and convenience-oriented food consumption across the region.

Demand growth is particularly pronounced in high-growth categories such as **sweet spreads, rice, pasta and noodles, sauces, dips and condiments, edible oils, sweet biscuits, snack bars, fruit snacks, soups, and breakfast cereals**. These products benefit from convenience-led consumption, longer shelf life, and affordability, making them well suited to Africa's urbanising population and increasingly time-constrained households. The World Bank's 2024 assessment highlights that **increased private consumption and easing inflationary pressures** are supporting an economic rebound across Sub-Saharan Africa, further strengthening household spending on branded and packaged food products. In select high-growth economies such as **Ivory Coast**, rapid economic expansion is fostering a more affluent middle class, creating opportunities for **premium, value-added, and aspirational food and beverage offerings**, particularly within cereals and snack segments.

- **Rising private consumption and declining inflation**, improving household purchasing power across Sub-Saharan Africa.
- **Urbanisation and lifestyle changes, driving demand for convenient, ready-to-eat, and packaged food products.**
- **Expansion of modern retail and informal-to-formal shift in food distribution, improving product availability and brand penetration.**
- **Demographic growth and a young population base, supporting higher consumption of snacks and breakfast cereals.**
- **Emerging middle-class and premiumisation trends in select markets (e.g., Ivory Coast), boosting demand** for higher-value packaged food and cereal products.

Insight on the packaged food, breakfast cereals & snack food industry in Middle East:

The packaged food, breakfast cereals, and snack food industry in the Middle East is witnessing steady, structurally supported growth, driven by strong consumer demand, tourism-led consumption, and government-led food security initiatives. According to USDA GAIN Retail Foods reports, the **UAE's packaged food retail market was valued at USD 6.8 billion in 2023 and is projected to reach USD 9.4 billion by 2028**, reflecting robust expansion fuelled by the revival of international tourism, population inflows, and rising demand for convenient and premium food products. Strategic food security investments such as initiatives aimed at **tripling domestic food production by 2030** are further strengthening the packaged food ecosystem, supporting both local manufacturing and imports across cereals, snacks, and value-added food categories.

Saudi Arabia represents the largest and most influential market in the region. The country's packaged food market **exceeded USD 50 billion in 2024**, with **around 5% growth expected in 2025**, supported by the rapid expansion of hypermarkets, supermarkets, and e-commerce platforms. Changing consumption patterns driven by urbanisation, a young population, and higher female workforce participation are accelerating demand for **breakfast cereals, ready-to-eat foods, and packaged snack products**. Additionally, Vision 2030–linked investments in retail infrastructure, logistics, and local food processing are enhancing market depth and product availability, reinforcing long-term growth prospects for packaged food manufacturers and brands operating in the region.

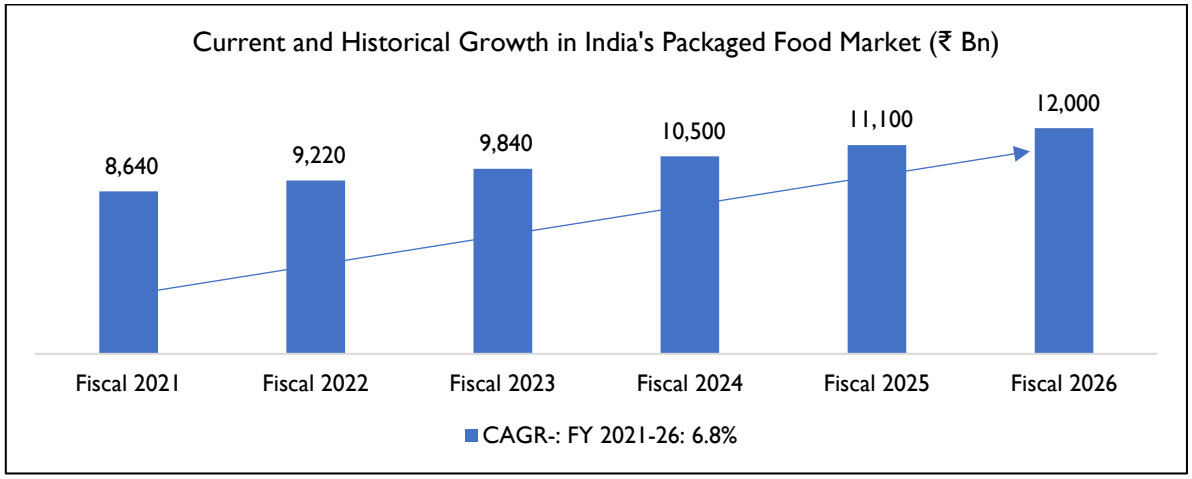
- Tourism recovery and expatriate population growth, particularly in the UAE, boosting out-of-home and retail food consumption.
- Government-led food security and localization initiatives, supporting packaged food production and supply chain resilience.
- Expansion of modern retail formats and e-commerce, increasing accessibility and visibility of cereals and snack foods.
- Urban populations in cities like Riyadh, Dubai, and Cairo drive demand for quick, portable cereals and snacks due to busy schedules; 53% of consumers order prepared foods weekly, with UAE food service growing at 7.2% CAGR to 2030.

- 67% of consumers avoid ultra-processed foods, boosting clean-label, low-sugar cereals and functional snacks; health CPG segments grow at 5.6% CAGR from 2025-2033 amid lifestyle diseases.

India Scenario: Packaged Food Market

Estimated market size of packaged food market in India & historical growth trend

The India packaged food market has exhibited strong and consistent growth over the period Fiscal 2021 to Fiscal 2026, increasing from ₹ 8,640 billion in Fiscal 2021 to an estimated ₹ 12,000 billion in Fiscal 2026, registering a CAGR of approximately 6.8%. Growth has been driven by rising disposable incomes, rapid urbanisation, changing dietary habits, increasing workforce participation, and the expanding availability of packaged food products across both traditional and modern retail channels.

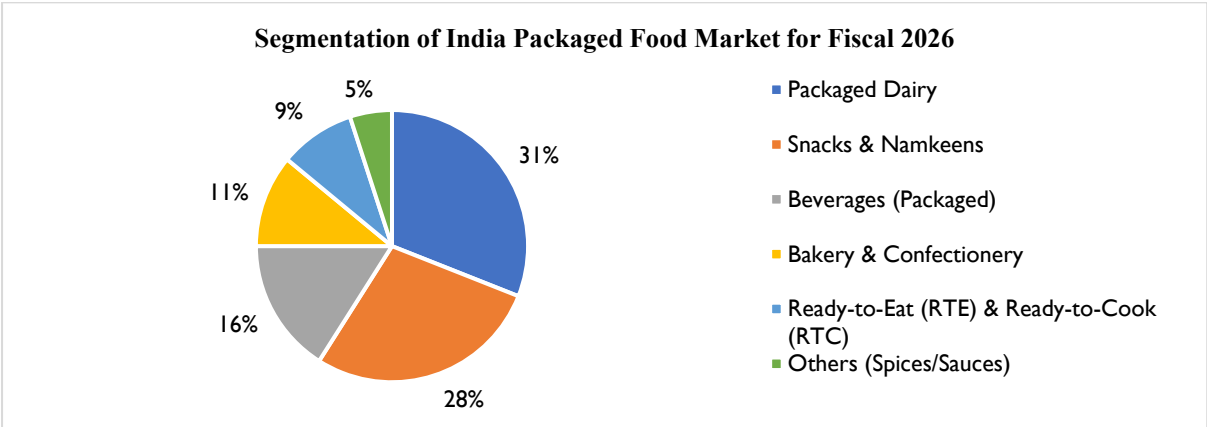


Source: D&B Desk Research

This upward trend continued with the market reaching an estimated ₹ 11,100 billion in Fiscal 2025 and is projected to attain ₹ 12,000 billion in Fiscal 2026. The consistent year-on-year growth indicates a resilient demand environment supported by increasing consumption of convenience foods, ready-to-cook products, snacks, dairy products, and health-focused packaged food offerings.

The projected increase to ₹ 12,000 billion in Fiscal 2026 highlights the sector's positive growth outlook. Future expansion is expected to be supported by deeper penetration into Tier II and Tier III cities, growing e-commerce and quick-commerce platforms, product innovation, premiumisation trends, and rising consumer awareness regarding food safety and quality. Overall, the packaged food market is expected to maintain its growth momentum, creating significant opportunities for food manufacturers, private-label players, contract manufacturers, and distribution companies operating across the value chain.

Market segmentation by Product Category (for Fiscal 2026):

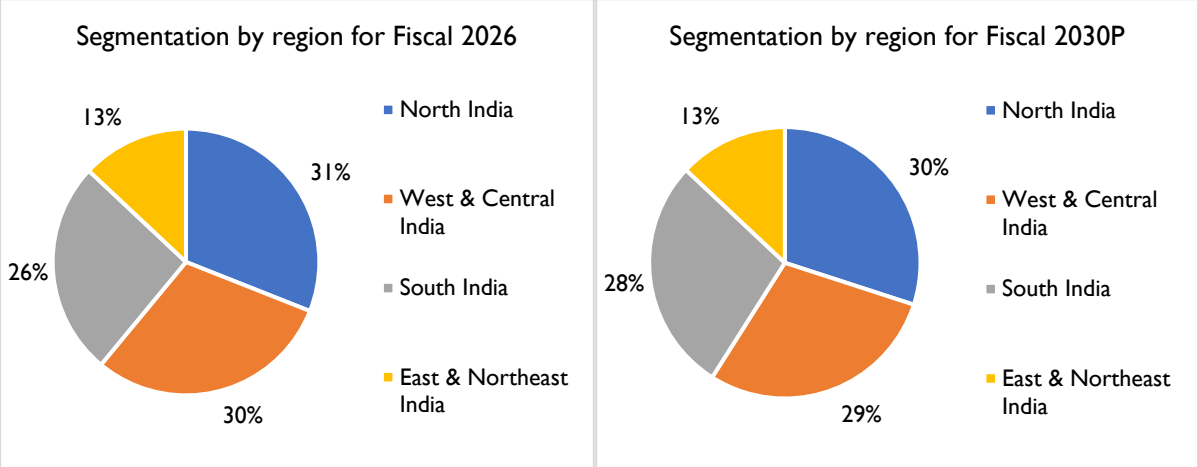


Source: D&B Desk Research

The India packaged food market in Fiscal 2026 appears to be led by **Packaged Dairy** and **Snacks & Namkeens**, which together account for a substantial share of the overall market. This highlights the importance of categories that combine **high consumption frequency, daily household relevance and broad distribution reach**. **Packaged beverages** also hold a meaningful share, indicating the growing role of convenience-led drink formats within India's branded food and beverage landscape.

At the same time, **Bakery & Confectionery** and **RTE/RTC foods** represent important growth-oriented segments, supported by changing lifestyles, urbanisation and rising demand for convenience foods. The presence of **spices, sauces and other packaged food categories** further reflects the diversified nature of the market, where demand is spread across both staple and discretionary food segments. Overall, the category mix suggests that India's packaged food market is supported by a combination of everyday essentials, indulgence-driven products and convenience-focused offerings.

Market segmentation by region:



Source: D&B Desk Research

The regional distribution of India's packaged food market indicates a **fairly balanced demand base across North, West & Central, and South India**, with these three regions accounting for the majority of market consumption in both Fiscal 2026 and Fiscal 2030P. North India remains the largest regional market with 31% of market share, closely followed by West & Central India with 30% of market share and South India by 26% market share in Fiscal 2026, reflecting the presence of large urban consumption centres, strong retail penetration, higher packaged food adoption and a broad consumer base across these regions. South India accounted for approximately 26% of the market in Fiscal 2026 and is expected to increase its share to approximately 28% by Fiscal 2030, driven by strong demand for packaged staples, snacks, dairy products, and ready-to-cook food products. The close share distribution across these regions suggests that India's packaged food demand is well diversified geographically rather than concentrated in a single regional market.

Between Fiscal 2026 and Fiscal 2030P, the market mix appears to become **slightly more balanced**, with **South India gaining relative share**, while North India and West & Central India remain broadly stable. This indicates that packaged food consumption is expanding steadily across southern markets, supported by rising urbanisation, growing disposable incomes, and increasing adoption of convenience-oriented and branded food products. **East & Northeast India continue to represent a smaller but stable share**, reflecting comparatively lower market penetration at present, but also pointing to a long-term growth opportunity as distribution reach, modern retail access and packaged food awareness continue to improve in these regions.

Key Trends of the Indian Packaged food market

- **Rising Demand for Healthy, Functional, and Nutrient-Enriched Foods:** Indian consumers are increasingly shifting toward health-oriented packaged foods, including fortified staples, multigrain products, high-protein snacks, and functional foods enriched with vitamins and minerals. Growing awareness of lifestyle diseases and nutrition has increased demand for organic, whole-grain, and fortified packaged products. Consumers are also showing interest in superfoods such as quinoa, chia seeds, and traditional grains like millets, which are marketed in modern packaged formats. This trend reflects a structural shift from

calorie-centric to nutrition-centric consumption patterns. It is particularly strong among urban middle-class consumers and young professionals seeking convenient yet healthy diets.

- **Health-Conscious Snacking and Clean-Label Products:** There is a strong trend toward **preservative-free, low-sugar, and clean-label packaged foods**, with consumers demanding transparency in ingredients and nutritional content. Studies indicate that more than half of Indian consumers prefer preservative-free snacks and eco-friendly packaging, highlighting a shift toward healthier consumption habits. Brands are responding with ingredient transparency, minimal processing, and QR-code-based product traceability. This trend is driven by millennials and Gen Z consumers, who are more informed and digitally influenced in their purchasing decisions. The clean-label movement is reshaping product formulation and branding strategies in the packaged food industry.

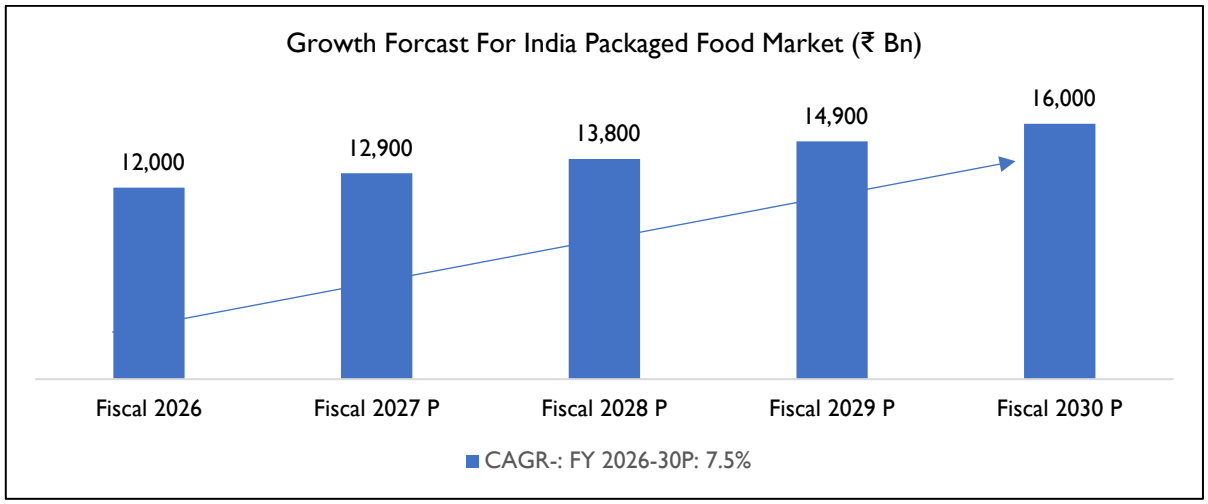
- **Rapid Growth of E-commerce, Quick Commerce, and D2C Channels:** Digital platforms, direct-to-consumer (D2C) brands, and quick commerce are transforming the distribution of packaged foods in India. Consumers increasingly purchase packaged foods online due to convenience, rapid delivery, and wider product choice. Startups and niche brands leverage online channels to test new products and reach urban consumers without traditional retail infrastructure. Quick commerce platforms have significantly increased impulse purchases and demand for ready-to-eat and snack products. This trend is reshaping supply chains, marketing strategies, and pricing dynamics in the packaged food market.

- **Millet, Plant-Based, and Alternative Protein Product Boom:** Millets and plant-based foods are emerging as a major trend in India's packaged food segment, supported by government campaigns promoting traditional grains and rising consumer interest in sustainable diets. Packaged millet snacks, gluten-free products, and plant-based protein snacks are gaining popularity among health-conscious and vegetarian consumers. Vegan and dairy-free packaged foods such as protein bars, nut-based snacks, and plant-based dairy alternatives are becoming mainstream. This trend is driven by health awareness, sustainability concerns, and global dietary trends influencing Indian consumers.

- **Sustainable, Smart, and Eco-Friendly Packaging Innovations:** Sustainability is becoming a core trend in the Indian packaged food industry, with increasing adoption of biodegradable, recyclable, and plant-based packaging materials. Companies are also introducing smart packaging solutions such as time-temperature indicators, oxygen scavengers, and QR-enabled traceability systems to improve shelf life and food safety. Environmental regulations and rising consumer awareness are accelerating the shift toward sustainable packaging solutions.

Expected growth in Indian packaged food market in India

The India packaged food market has witness strong and sustained expansion over the medium to long term, growing from ₹ 12,000 billion in Fiscal 2026 to approximately ₹ 16,000 billion by Fiscal 2030 with CAGR of 7.5%. This growth trajectory reflects structural shifts in consumption behaviour, rising income levels, and deeper penetration of packaged food products across both urban and non-urban markets. The projected increase of nearly ₹ 4,000 billion over five years highlights the significant scale of opportunity within the sector.



Source: D&B Desk Research

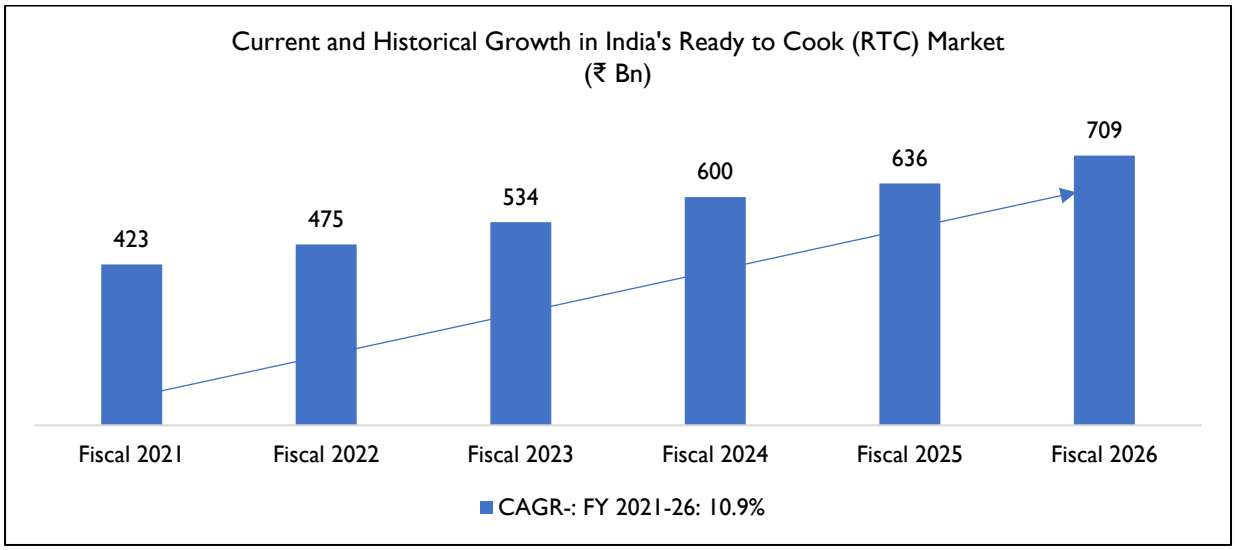
Growth is expected to be progressive and consistent, with the market expanding from ₹ 12,000 billion in Fiscal 2026 to ₹ 13,800 billion by Fiscal 2028, followed by further acceleration to ₹ 14,900 billion in Fiscal 2029. This pattern indicates a combination of volume-led growth, driven by higher penetration and consumption frequency, and value-led growth, supported by premiumisation, innovation, and increasing preference for branded and value-added food products. Segments such as ready-to-cook, snacks, packaged dairy, and functional foods are expected to outperform the broader market and act as key growth engines.

From a strategic perspective, this growth outlook suggests a favourable operating environment for food manufacturers, RTC players, and food contract manufacturers. Continued expansion of modern retail, e-commerce, and quick-commerce platforms, combined with rising consumer focus on convenience, hygiene, and variety, is expected to sustain market momentum through Fiscal 2030. Overall, the packaged food market's forecasted expansion reflects a long-term structural growth opportunity, rather than a cyclical upswing, making the sector attractive for capacity expansion, product innovation, and long-term investments.

India Scenario: Ready to Cook (RTC)

Estimated market size of ready to cook (RTC) in India & historical growth trend

The India Ready-to-Cook (RTC) market has witnessed strong and sustained growth over the period from Fiscal 2021 to Fiscal 2026, expanding from ₹ 423 billion in Fiscal 2021 to ₹ 709 billion in Fiscal 2026, reflecting a CAGR of approximately 10.9%. This robust growth highlights the increasing importance of RTC products within India's evolving food consumption landscape, supported by changing lifestyles, rapid urbanisation, and a growing preference for convenient yet home-style meal solutions.

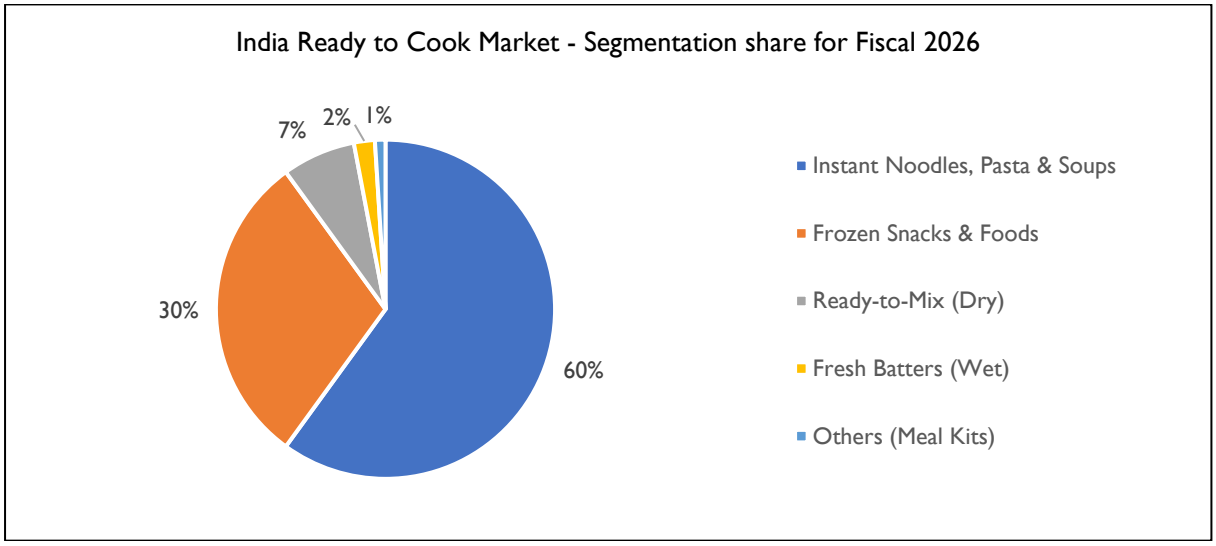


Source: D&B Desk Research

The market's steady year-on-year expansion from ₹ 475 billion in Fiscal 2022 to ₹ 534 billion in Fiscal 2023, ₹ 600 billion in Fiscal 2024, and ₹ 636 billion in Fiscal 2025 underscores strong and consistent underlying demand. RTC products are increasingly being adopted as regular meal options rather than occasional substitutes, driven by rising participation of working professionals, dual-income households, and time-constrained consumers. Improved availability through modern retail, e-commerce, and quick-commerce platforms has further accelerated category adoption by enhancing accessibility and increasing purchase frequency across urban and semi-urban markets.

The further growth of the market to ₹ 709 billion in Fiscal 2026 indicates continued confidence in the segment's medium-term outlook. Ongoing product innovation, the introduction of regional and international cuisines, premiumisation across product categories, and growing acceptance in non-urban markets are expected to support deeper market penetration going forward. Overall, the RTC market represents a high-growth opportunity within the Indian packaged food ecosystem, offering attractive prospects for branded food companies, emerging D2C players, and food contract manufacturers with scalable and compliant manufacturing capabilities.

Market segmentation of the Indian RTC Segment: Segmentation by product type

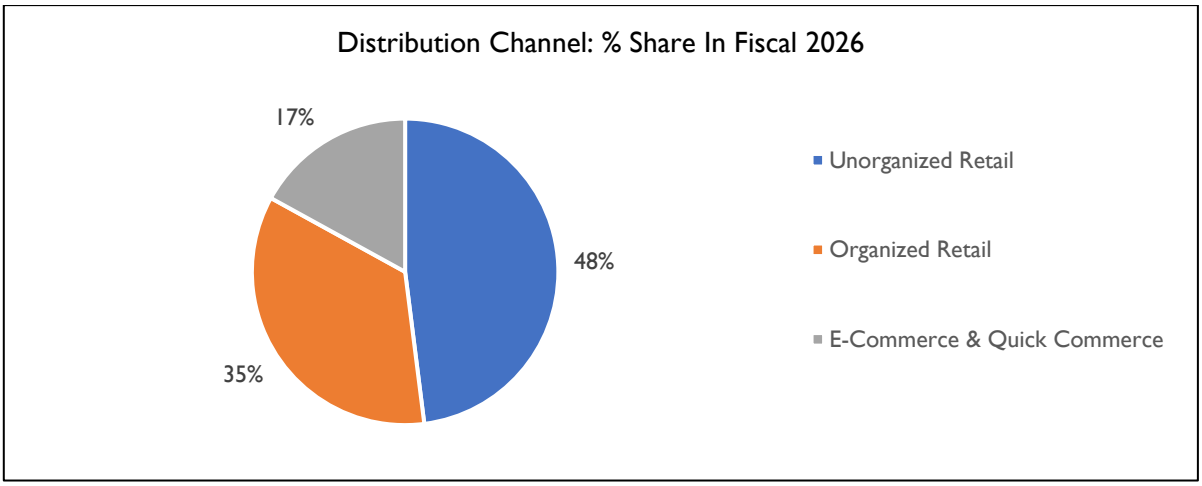


Source: D&B Desk Research

The India Ready-to-Cook (RTC) market in Fiscal 2026 is heavily concentrated in Instant Noodles, Pasta & Soups (60%) and Frozen Snacks & Foods (30%), which together account for nearly 90% of the market. This highlights that the category is primarily driven by products offering high convenience, affordability and frequent consumption, supported by strong retail availability and growing demand for quick meal and snack solutions across urban households.

The balance market comprises Ready-to-Mix (Dry) products (7%), Fresh Batters (Wet) (2%) and Others/Meal Kits (1%), indicating that these remain relatively niche but strategically relevant segments. While these categories currently have a smaller share, they reflect the market's gradual expansion toward regional, fresh and premium convenience food formats, which are expected to gain traction as consumer preferences continue to diversify.

Segmentation by distribution channel: % Share in Fiscal 2026



Source: D&B Desk Research

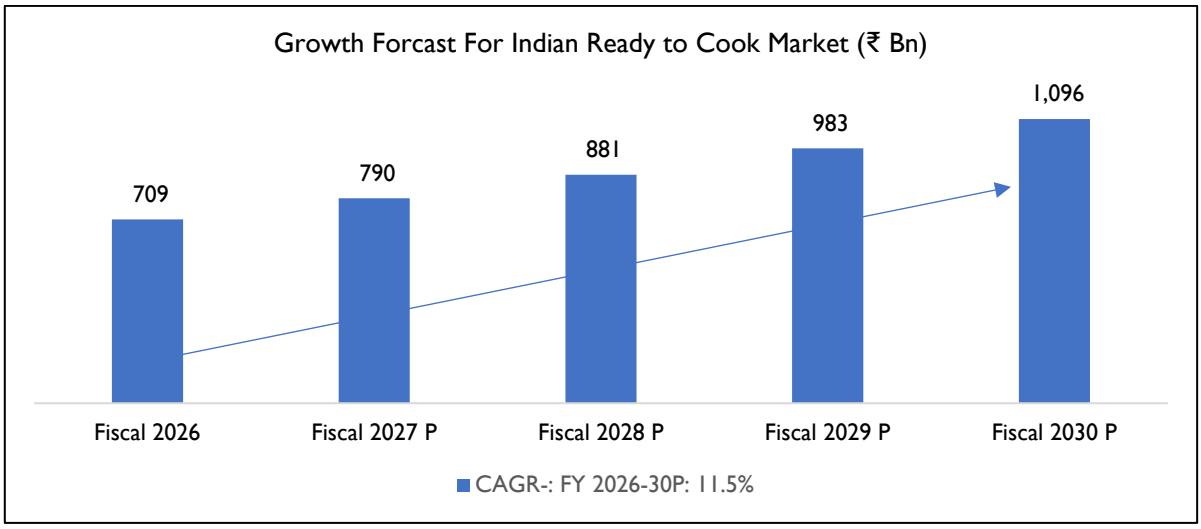
In Fiscal 2026, Unorganized Retail remains the largest distribution channel for the India RTC market, accounting for around 48% of sales, highlighting the continued importance of traditional kirana-led distribution for mass-market RTC products such as instant noodles and dry mixes. These products benefit from wide geographic reach, affordable pack sizes and high household familiarity, making unorganized retail the key volume driver, particularly for shelf-stable RTC categories.

At the same time, Organized Retail (35%) and E-commerce & Quick Commerce (17%) are playing an increasingly important role in category expansion and premiumisation. Organized retail is critical for consumer discovery, new

product launches and the sale of frozen RTC products that require better cold-chain infrastructure, while e-commerce and quick commerce are emerging as key growth channels for higher-value and convenience-oriented segments such as frozen snacks and fresh batters. This mix suggests that although traditional retail continues to dominate the RTC market, future growth is likely to be increasingly supported by modern trade and digital-first channels.

Expected growth in ready to cook (RTC) in India

The Indian Ready-to-Cook (RTC) market witnessed strong and sustained growth over the forecast period, expanding from ₹ 709 billion in Fiscal 2026 to approximately ₹ 1,096 billion by Fiscal 2030, reflecting a CAGR of around 11.5%. This growth trajectory highlights the continued shift in consumer food habits toward convenience-oriented solutions and positions RTC as one of the fastest-growing segments within India's packaged food ecosystem.



Source: D&B Desk Research

The market is expected to grow steadily year-on-year, this consistent expansion indicates increasing integration of RTC products into regular household consumption, supported by urbanisation, a growing working population, and rising adoption across modern retail, e-commerce, and quick-commerce platforms. From a strategic standpoint, the projected growth reflects a **structural transformation in India's food consumption landscape**, where RTC products are evolving from occasional convenience items to everyday meal solutions.

Continued innovation in regional cuisines, healthier formulations, and portion-controlled formats, along with improved cold-chain and distribution infrastructure, is expected to sustain momentum through Fiscal 2030. Overall, the RTC market represents a **high-growth opportunity** for branded food companies and food contract manufacturers focused on scalable production, product innovation, and compliance-driven operations.

Convenience Food Market in India

Within the broader packaged food industry, **convenience foods** can be positioned as a distinct sub-segment characterized by products designed to minimize preparation time and effort for consumers. While packaged foods broadly include staples, snacks, condiments, and beverages that may still require conventional cooking or preparation, convenience foods specifically focus on ease of use, quick consumption, and reduced cooking requirements. This sub-segment includes ready-to-eat, ready-to-cook, instant, frozen, and shelf-stable meal solutions, positioning convenience foods as a differentiated, value-added category within the packaged food market.

The **convenience food market in India** has been expanding steadily, driven by rapid urbanization, rising disposable incomes, and changing consumer lifestyles. Increasing workforce participation, particularly among women, along with busy work schedules, smaller household sizes, and the growing prevalence of nuclear families have accelerated demand for time-saving food solutions. The expansion of modern retail formats, e-commerce grocery platforms, and quick-commerce delivery services has significantly improved product accessibility and availability, supporting market penetration and consumption.

Consumer preferences are also evolving toward hygienically processed, branded, and standardized food products due to rising awareness of food safety and quality. Exposure to global cuisines and changing dietary habits, especially among younger and urban consumers, is encouraging demand for diverse and premium convenience food offerings. Manufacturers are introducing health-oriented and region-specific products, including low-calorie, organic, and fortified variants, to cater to diverse dietary preferences and income segments. Additionally, government initiatives promoting food processing infrastructure, cold chain development, and organized retail are strengthening the industry ecosystem and improving supply chain efficiency. Overall, the Indian convenience food market is expected to maintain its growth trajectory, supported by demographic shifts, digital retail expansion, and continuous product innovation across categories.

Different Sub-segments in the Indian Convenience Food Industry:

Sub-segment	Description
Ready-to-Eat (RTE) Foods	Ready-to-eat foods include fully cooked products that can be consumed directly without additional preparation, such as packaged curries, rice meals, snacks, and bakery items. This sub-segment caters to urban consumers, working professionals, and travelers seeking instant meal solutions. Demand is supported by rising disposable incomes, increasing single-person households, and improved packaging technologies such as retort and vacuum sealing that enhance shelf life and food safety.
Ready-to-Cook (RTC) Foods	Ready-to-cook foods consist of semi-processed products that require minimal cooking, such as meal kits, marinated foods, chopped vegetables, and pre-mixed gravies. These products appeal to consumers seeking convenience while retaining some control over cooking and taste customization. Growth is driven by lifestyle changes, growing health consciousness, and increasing adoption of premium and gourmet cooking solutions among urban households.
Instant Food Products	Instant foods include products that require only hot water or minimal preparation, such as instant noodles, soups, breakfast cereals, and powdered mixes. This sub-segment has strong penetration in India due to affordability, long shelf life, and convenience, particularly among students, young professionals, and lower-income households. Innovation in flavors, nutrition fortification, and regional taste profiles continues to drive product differentiation and market expansion.
Frozen and Chilled Foods	Frozen and chilled convenience foods include frozen snacks, ready meals, frozen vegetables, and desserts that

Sub-segment	Description
	require refrigeration or freezing. This sub-segment is gaining traction due to the expansion of cold chain infrastructure, modern retail stores, and quick-commerce platforms. Increasing urbanization and consumer willingness to pay for premium convenience products are further supporting growth.
Shelf-Stable Meal Solutions (Retort and Packaged Meals)	Shelf-stable meals include retort-packaged curries, rice, and complete meal kits that can be stored at ambient temperatures for extended periods. These products are particularly relevant for defense, travel, institutional catering, and remote locations. Advancements in packaging technology and rising demand for hygienic, long-shelf-life products are contributing to segment expansion.
Convenience Snacks and Beverages	This sub-segment includes packaged snacks, functional beverages, and on-the-go nutrition products positioned for quick consumption. Although snacks and beverages are broadly part of packaged foods, those positioned for immediate consumption and portability are often classified within convenience foods. Growth is supported by changing eating habits, rising snacking frequency, and increasing demand for fortified and health-oriented products.

Key Growth Drivers – Indian Convenience Food Industry

1. Rapid Urbanisation and Rise of Nuclear Households

India's urban population continues to expand, with migration to Tier-1 and Tier-2 cities leading to smaller nuclear family structures and higher reliance on externally sourced food solutions. Nuclear households and working couples typically have lower time availability for traditional meal preparation, increasing dependence on ready-to-cook and ready-to-eat formats. Urban rental housing, shared living spaces and student populations further support demand for compact, easy-to-store packaged meals.

Impact:

- Higher per-capita consumption of RTC/RTE meals in urban clusters
- Growth in single-serve packs and small SKUs
- Increased demand from students, migrants and young professionals

2. Modern Retail Private Labels and Brand Proliferation

Large, organised retailers and e-commerce platforms are expanding their private label convenience food portfolios across frozen foods, instant mixes, and RTC meal kits. These products are often priced competitively compared to national brands and are widely promoted through in-store visibility and digital marketplaces. The proliferation of SKUs across price points has widened consumer access to convenience foods beyond premium urban consumers.

Impact:

- Wider product availability across mid-income consumer segments
- Increased penetration in Tier-2 and Tier-3 markets
- Faster category experimentation through retailer-led product launches

3. Cold Chain and Frozen Food Infrastructure Expansion

Improvement in cold storage capacity, refrigerated logistics, and freezer penetration across modern retail stores has supported the growth of frozen RTC and RTE food categories such as parathas, snacks, and ready meals. Investments in cold chain by logistics players and quick-commerce platforms are enabling wider geographic reach for temperature-controlled convenience foods.

Impact:

- Growth in frozen RTC/RTE categories
- Improved shelf life and product quality
- Expansion of convenience foods into non-metro markets

4. Product Innovation and Premiumisation

Manufacturers are introducing differentiated offerings such as millet-based mixes, protein-enriched meals, plant-based products, international cuisine kits, and preservative-free formulations. Innovation in packaging (microwaveable bowls, retort packaging, vacuum sealing) has enhanced shelf life and ease of consumption. Premium and specialised products are attracting urban consumers seeking variety and quality in convenience foods.

Impact:

- Expansion into premium and niche segments
- Higher value realisation per unit
- Increased brand differentiation and consumer trial

5. Quick Commerce and On-Demand Grocery Ecosystem

The rise of quick-commerce platforms delivering groceries within short time windows has strengthened impulse purchasing of convenience foods. RTC and instant meal products are among frequently stocked categories due to their high repeat consumption and ease of storage. This channel also supports discovery of new brands and SKUs.

Impact:

- Increased purchase frequency
- Higher visibility of convenience foods
- Strengthened demand from urban consumers

Sugar Alternatives Overview

Sugar alternatives are sweetening ingredients used to replace or reduce refined sugar in food and beverages. They are used for different purposes such as reducing added sugar, lowering calorie intake, managing sweetness, and developing healthier or clean-label food products. Some sweeteners add few or no calories and generally do not raise blood sugar levels, while others are natural sweeteners that still contain calories.

Types of Sugar Alternatives

Sugar alternatives can be broadly divided into four categories:

- **Natural sweeteners:** These include jaggery, honey, maple syrup, coconut sugar, and date syrup. They are often preferred because they are perceived as more natural or less processed than refined white sugar
- **Plant-based low-calorie sweeteners:** These include stevia and monk fruit. They provide sweetness with very low or no calories and are commonly used in health-oriented beverages and packaged foods.
- **Artificial sweeteners:** These include aspartame, sucralose, saccharin, acesulfame potassium, neotame, and advantame. These are much sweeter than sugar, so only small quantities are required
- **Sugar alcohols:** These include xylitol, sorbitol, erythritol, and maltitol. They are commonly used in sugar-free chewing gum, candies, chocolates, and bakery products

Jaggery Overview

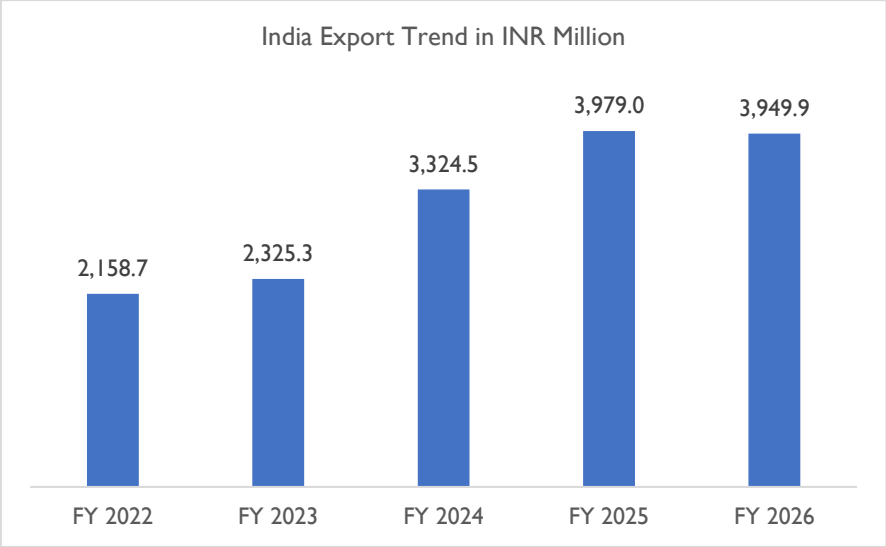
Jaggery is an unrefined natural sugar produced without the use of chemicals, with India accounting for over 70% of the total global production. This makes it the world's largest jaggery producer. Nearly 20–30 percent of the country's sugarcane production is used for jaggery production. It is one of the major agro-processing industries in rural India. The sector is marked by decentralized processing, low transport costs, small-scale entrepreneurship and cottage industries. It supports approximately 2.5 million livelihoods. Jaggery is increasingly recognized as a superfood, a natural, nutrient-rich alternative to refined sugar.

Often referred to as "medicinal sugar," jaggery is nutritionally comparable to honey and has been utilized as a sweetener in Ayurvedic medicine for 3,000 years. In Indian Ayurvedic practices, jaggery is believed to aid in the treatment of throat and lung infections. Unlike refined sugar, which primarily consists of glucose and fructose, jaggery contains glucose and sucrose, along with essential minerals and vitamins absent in refined sugar. The mineral content of jaggery includes calcium, phosphorus, magnesium, potassium, iron, and traces of zinc and copper, while its vitamin content features folic acid and B-complex vitamins. In addition to being a good source of energy, jaggery is reported to prevent rheumatic conditions and bile disorders, alleviate fatigue, and aid in the relaxation of muscles, nerves, and blood vessels. It is also known to help maintain blood pressure, reduce water retention, increase hemoglobin levels, and prevent anaemia.

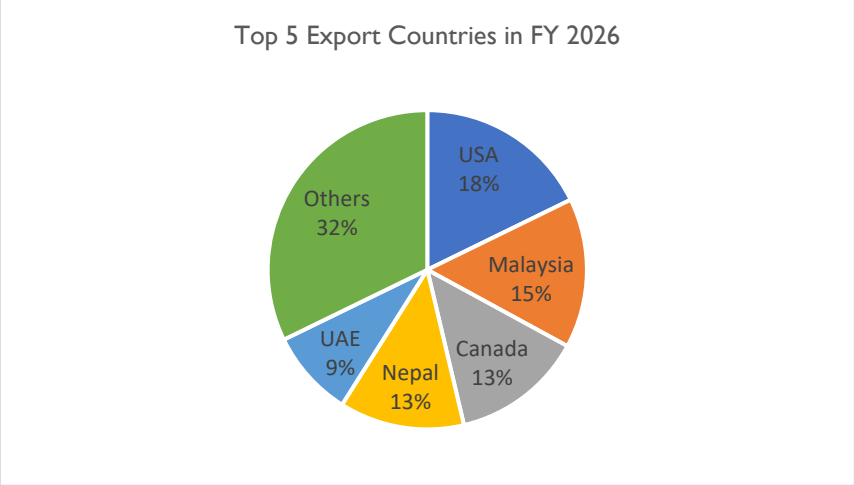
Export Scenario

India's trade dynamics from fiscal year (FY) 2022 to FY 2026 reveal significant trends in the country's economic engagement on the global stage. India's jaggery exports show a strong growth trend, rising from INR 2,158.7 million in FY 2022 to INR 3,949.9 million in FY 2026, marking an overall increase of about 83%. The sharpest jump was recorded in FY 2024, with exports growing by nearly 43%, indicating strong international demand. Exports further peaked in FY 2025 at INR 3,979.0 million. In FY 2026, exports declined slightly by 0.7%,

reaching INR 3,949.9 million. However, the value remained close to the previous year's peak, suggesting market stabilization rather than a slowdown.



Source: CMIE Industry Analysis



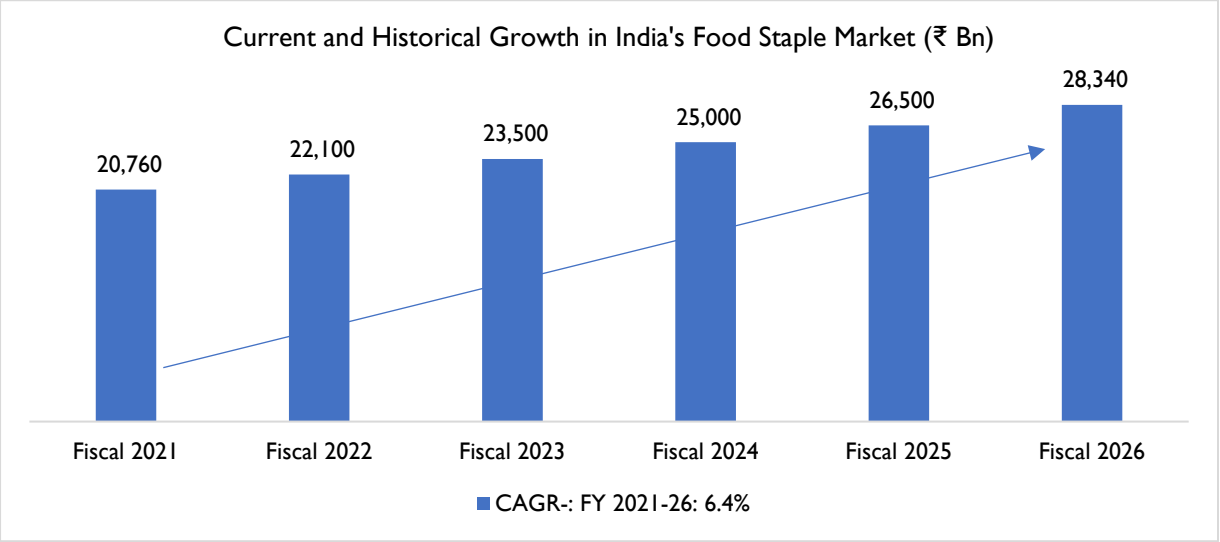
Source: CMIE Industry Analysis

In FY 2026, India's jaggery exports were spread across multiple markets, with the USA emerging as the largest destination at 18%. Malaysia followed with a 15% share, while Canada and Nepal each accounted for 13%, showing strong demand from both developed and regional markets. The UAE contributed 9%, reflecting continued demand from the Gulf region. The top five countries together accounted for 68% of total exports, while Others contributed 32%, indicating that India's jaggery export market is moderately diversified. Overall, the export mix shows strong demand across North America, Southeast Asia, South Asia, and the Middle East, highlighting India's growing global presence in natural sweeteners.

Indian Scenario: Food Staple Industry

Estimated market size of food staple market in India & historical growth trend

The India food staple market has demonstrated consistent and resilient growth over the period Fiscal 2021 to Fiscal 2026, expanding from ₹ 20,760 billion in Fiscal 2021 to an estimated ₹ 28,340 billion in Fiscal 2026, demonstrating CAGR of 6.4% during the period, highlighting the essential and non-discretionary nature of staple food products in India. Growth has been supported by population expansion, rising household consumption, increasing food security, and the growing shift towards packaged and branded staple products across both urban and rural markets.

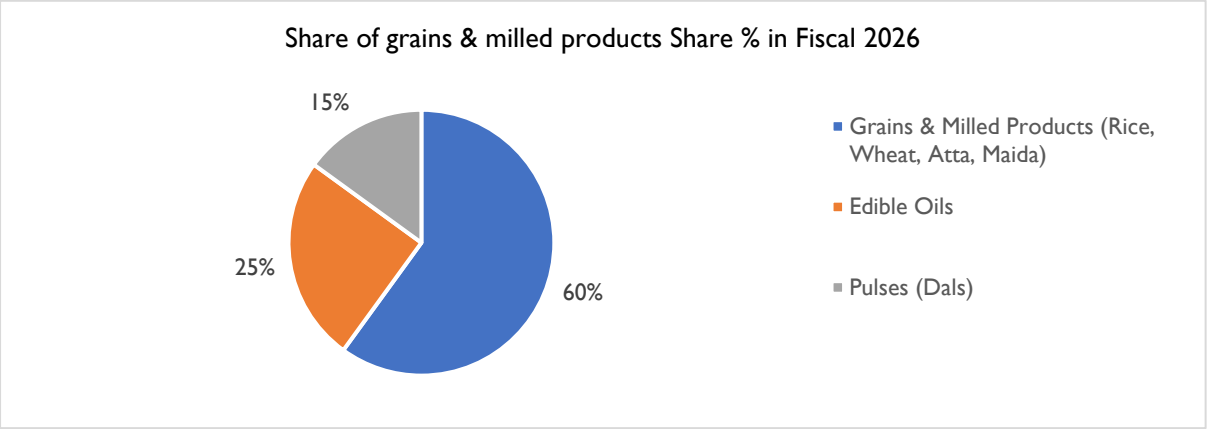


Source: D&B Desk Research

The market has recorded stable year-on-year growth, increasing from ₹ 22,100 billion in Fiscal 2022 to ₹ 23,500 billion in Fiscal 2023, followed by further expansion to ₹ 25,000 billion in Fiscal 2024 and ₹ 26,500 billion in Fiscal 2025. The market is projected to reach ₹ 28,340 billion in Fiscal 2026, reflecting sustained demand for essential food categories such as rice, wheat, pulses, edible oils, and other staple products. The sector continues to benefit from increasing consumer preference for quality-assured and branded products, improved supply chain infrastructure, greater retail penetration, and enhanced accessibility through organised retail and e-commerce channels.

The projected growth to ₹ 28,340 billion in Fiscal 2026 highlights the positive medium-term outlook for the industry. Rising disposable incomes, growing awareness regarding food quality and safety, and increasing penetration of packaged staples in Tier II, Tier III, and rural markets are expected to support future growth. In addition, premiumisation trends within selected staple categories and ongoing investments in food processing and distribution infrastructure are likely to create further value addition opportunities.

Key product categories: Estimated share of grains & milled products

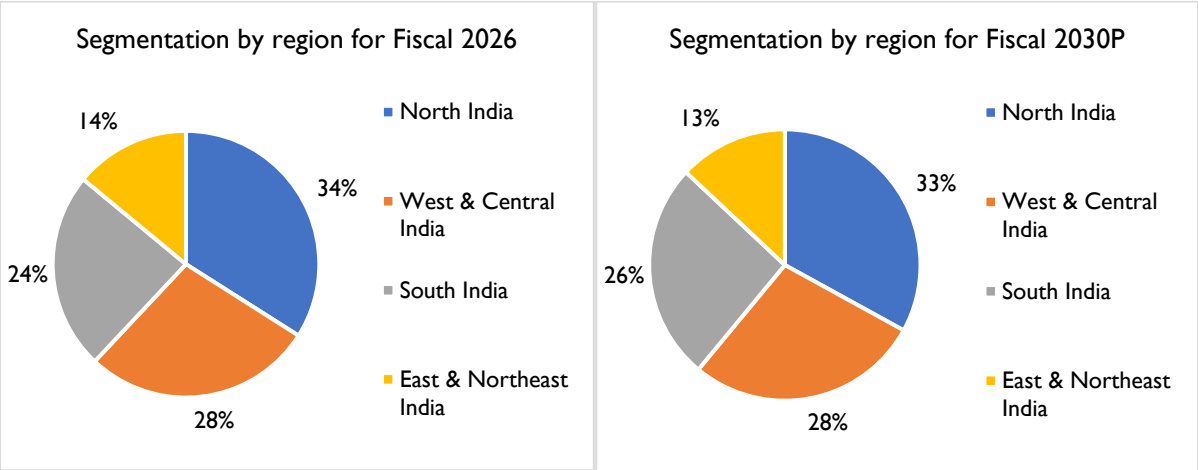


Source: D&B Desk Research

The food staples market in Fiscal 2026 is heavily dominated by grains and milled products (60%), followed by Edible oils (25%) and Pulses (15%). Staples such as rice, wheat, atta, and maida continue to form the core of household food consumption across India, driven by their essential nature, high consumption frequency, and widespread use across both rural and urban households. The large share also reflects the gradual shift from loose grains to branded and packaged formats, supported by improved availability through organised retail and digital channels.

Edible oils represent around 25% of the staples market, highlighting their importance as a daily-use consumption item, albeit with greater exposure to price volatility and import dependence. **Pulses (dals), with a 15% share**, remain a critical protein source in Indian diets but account for a comparatively smaller market share due to price sensitivity and substitution across pulse varieties. Overall, the segmentation underscores the centrality of grains and milled products in India's food staple consumption, while oils and pulses contribute meaningfully to market depth and diversification.

Market segmentation by region:



Source: D&B Desk Research

The regional composition of India's food staples market suggests that **North India and West & Central India continue to form the core consumption base**, together accounting for the largest share of the market in both Fiscal 2026 and Fiscal 2030. Their continued leadership reflects the scale of household staple consumption, large population base, and stronger penetration of branded packaged staples across these regions. South India also represents a meaningful market, underpinned by demand for packaged rice, pulses, flour and other staple-based food products, making it an important contributor to the overall market structure. The region accounted for approximately 24% of the market in Fiscal 2026 and is expected to increase its share to approximately 26% by Fiscal 2030, reinforcing its importance within the overall market.

Over the forecast period, the regional mix remains largely stable, indicating that growth in India's food staples market is expected to be **broad-based rather than concentrated in a single geography**. While North India continues to retain the leading position, South India appears to strengthen modestly, pointing to rising packaged staple consumption and improving organised distribution in the region. **East & Northeast India remain relatively smaller in market share**, but continue to represent an important long-term expansion opportunity as branded food penetration, distribution access and consumer shift toward packaged staples deepen over time.

Key Growth Drivers in the Indian Staple Food Industry

- **Large Agricultural Production Base and Raw Material Availability**

India has one of the world's largest agricultural bases, ranking among the top global producers of cereals, pulses, dairy, fruits, and vegetables, which ensures abundant raw material availability for staple food products. The country's diverse agro-climatic conditions enable year-round production of wheat, rice, pulses, coarse cereals, and oilseeds, supporting consistent supply for milling, processing, and packaged staple food industries. Record foodgrain production and rising horticulture output have strengthened supply-side stability, reducing dependency on imports and improving food security. This abundant raw material base significantly lowers procurement costs and supports large-scale processing and distribution of staple foods across domestic and export markets. Overall, agricultural production growth is a fundamental structural driver for India's staple food industry expansion.

- **Government Food Security Schemes and Public Distribution System (PDS)**

Government food security initiatives such as the National Food Security Act (NFSA) and Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) have significantly increased demand for staple food grains by ensuring subsidised distribution to a large population base. These schemes cover over 80 crore beneficiaries, guaranteeing regular consumption of rice, wheat, and coarse cereals, which stabilises demand volumes and market offtake. Public procurement and buffer stock policies provide assured markets for farmers and ensure supply stability for staple food processors. The continuation of free foodgrain distribution policies further reinforces consumption levels, supporting large-scale production and processing of staple foods in India. This policy-driven demand is a critical growth driver for the staple food market.

- **Policy Support and Infrastructure Development in Food Processing**

The Government of India has implemented multiple policy reforms and schemes such as Mega Food Parks, cold chain infrastructure projects, and agro-processing clusters to strengthen the food value chain. These initiatives aim to reduce post-harvest losses, improve storage, and enhance processing capacity for staples like grains and pulses. Infrastructure development improves supply chain efficiency, reduces logistics costs, and enhances shelf life, enabling nationwide distribution of staple food products. Increased government focus on processing capacity expansion is driving investments and industrialisation in the staple food segment. This structural policy support is a major growth catalyst for the staple food industry.

- **Growth in Exports and Integration with Global Food Markets**

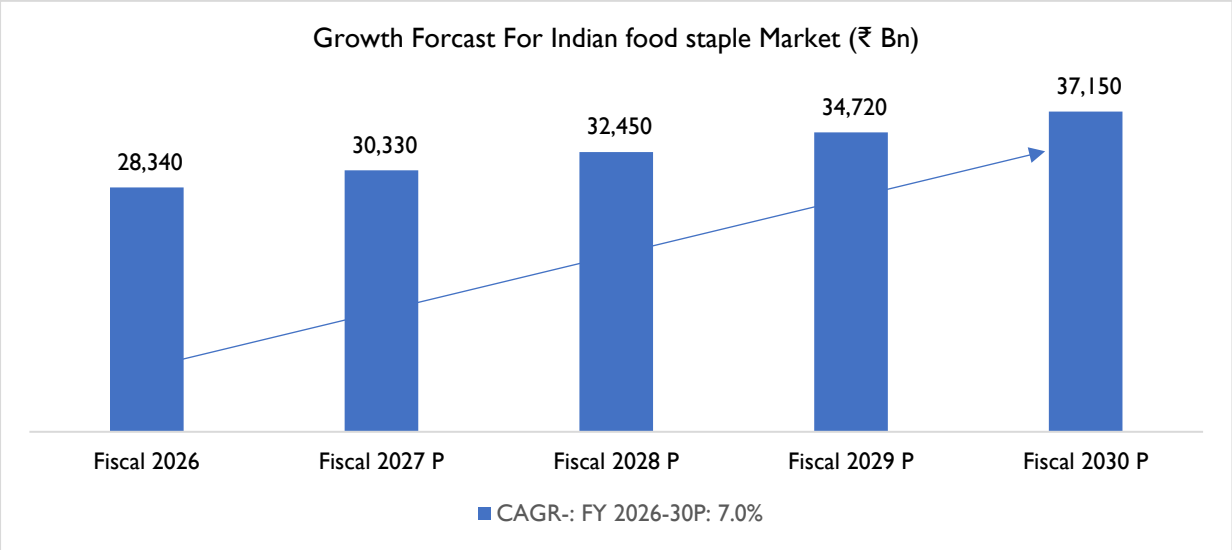
India's agricultural and processed food exports have grown significantly, supported by government trade policies and rising global demand for staples such as rice, wheat, and pulses. Government data shows steady growth in agri-food exports and increasing integration with global markets, strengthening domestic production incentives. Export demand encourages farmers and processors to expand production and invest in quality improvements, benefiting the staple food ecosystem. Global market integration also drives adoption of quality standards and value addition in staple food processing. This export-driven growth enhances the scalability and competitiveness of India's staple food industry.

- **Strong Policy Push for Value Addition and Food Processing Industry Expansion**

The Ministry of Food Processing Industries (MoFPI) has prioritised value addition, infrastructure creation, and employment generation through targeted policy frameworks and industry development programmes. Government initiatives have increased the share of processed food in agri-exports and boosted employment in the organised manufacturing sector. The government's focus on modernising the agri-food ecosystem, promoting private investment, and reducing post-harvest losses is strengthening the staple food value chain.

Expected growth in Indian food staples market in India

The Indian food staple market has demonstrated steady and resilient growth and is expected to expand from ₹ 28,340 billion in Fiscal 2026 to approximately ₹ 37,150 billion by Fiscal 2030, reflecting a CAGR of around 7.0%. This growth underscores the essential and non-discretionary nature of food staples in India's consumption basket, supported by population growth, rising household consumption, and increasing penetration of branded and packaged staple products.



Source: D&B Desk Research

The market is expected to grow progressively in Fiscal 2026, ₹ 30,330 billion in Fiscal 2027, and ₹ 32,450 billion by Fiscal 2028, before further expanding to ₹ 34,719.7 billion in Fiscal 2029. This consistent upward trend indicates strong baseline demand and limited cyclicality, with growth driven primarily by volume expansion, improved distribution reach, and gradual premiumisation within staples such as grains, edible oils, and pulses.

From a strategic standpoint, the projected growth highlights a stable and long-term opportunity for participants across the food staples value chain. Increasing consumer preference for quality, hygiene, and standardisation is expected to support continued shift from loose to packaged formats, while organised retail, e-commerce, and supply-chain modernisation will further enhance market access. Overall, the food staple market's forecasted growth trajectory reflects structural strength and predictability, making it an attractive segment for capacity expansion, operational scaling, and long-term investment planning.

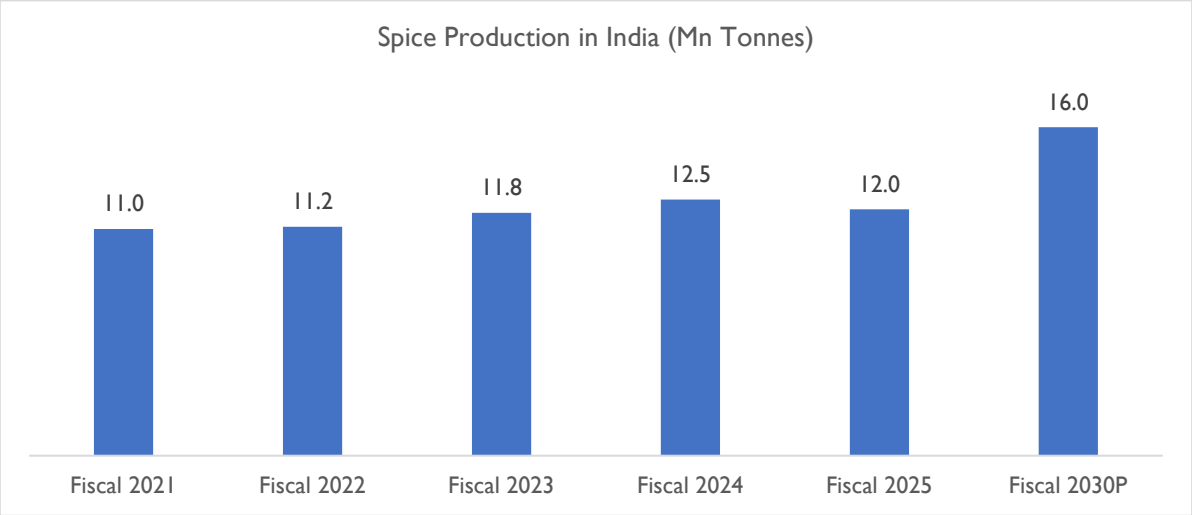
Indian Scenario: Spices Industry

Industry Overview

India holds a structurally dominant position in the global spice's ecosystem, being the **largest producer, consumer, and exporter** of spices worldwide. The country cultivates a wide range of spices across diverse agro-climatic zones, including chilli, turmeric, cumin, coriander, cardamom, black pepper, ginger, garlic, fenugreek, mustard, cloves, and nutmeg. This diversity of production, combined with strong domestic consumption and export orientation, positions India as a critical supply base for the global food, flavouring, and nutraceutical industries. The Indian spices sector is characterised by a large agricultural base, fragmented primary production, and an increasingly organised processing and export ecosystem. Over the past decade, improvements in agricultural practices, expansion of cultivation areas, and greater focus on value addition and processing have supported steady growth in production and trade.

Production Scenario of Spices industry in India:

India's spice production has witnessed steady growth over recent years, supported by expanding cultivation, improved agricultural practices, and strong domestic and export demand. The sector benefits from India's diverse agro-climatic conditions, enabling large-scale production of a wide range of spices, and from increasing government and industry focus on enhancing productivity and value addition. Rising consumption in the domestic market, coupled with India's dominant position in global spice exports, continues to strengthen production fundamentals. The production trend and future projections reflect the sector's long-term growth potential, driven by rising global demand, export targets, and investments in processing and supply chain infrastructure.

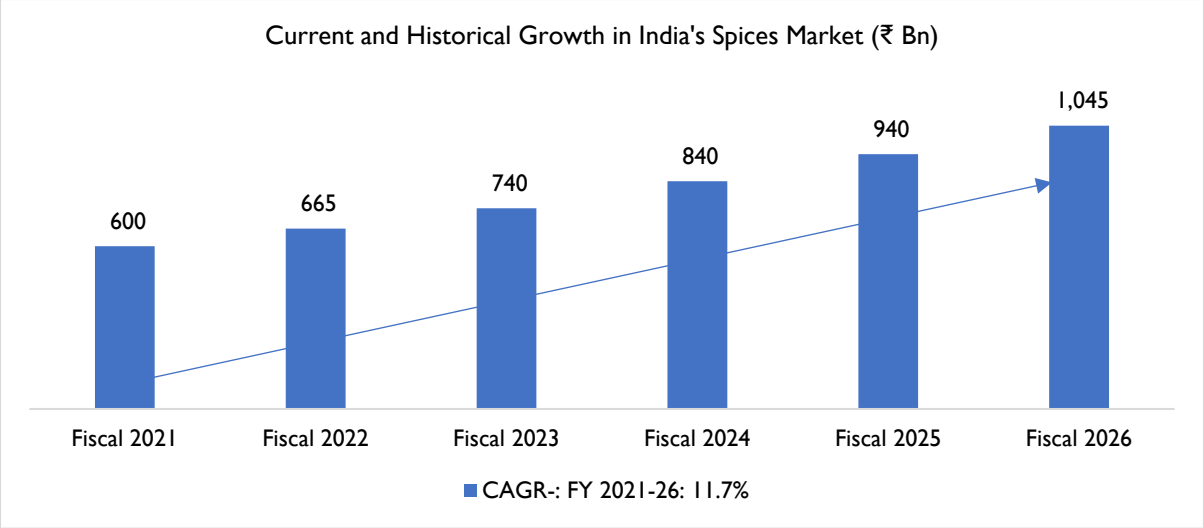


Source: Spices Board India, World Spice Organisation (WSO), P=Projected

India's spice production has demonstrated a steady upward trajectory over the period Fiscal 2021 to Fiscal 2030P, highlighting the structural strength and scalability of the sector. Production increased from **11.04 million tonnes in Fiscal 2021** to **11.15 million tonnes in Fiscal 2022**, followed by a stronger rise to **11.83 million tonnes in Fiscal 2023** and **12.48 million tonnes in Fiscal 2024**. Although there was a marginal moderation to **12.00 million tonnes in Fiscal 2025**, the market is projected to witness a significant expansion to **16.00 million tonnes by Fiscal 2030P**, indicating long-term growth driven by domestic consumption, export demand, and improved agricultural productivity.

Indian Spices Market in India

India's spices market has recorded **strong and steady growth** over the period from Fiscal 2021 to Fiscal 2026, increasing from **₹ 600 billion to ₹ 1,045 billion**, at a CAGR of **11.7%**. This reflects the essential role of spices in Indian households and foodservice consumption, along with the increasing shift toward branded and packaged spice products.



Source: D&B Desk Research

The market's consistent expansion over the period indicates rising demand across both **basic spice staples and blended/value-added spice mixes**, supported by growing urbanisation, convenience-led consumption and wider penetration of packaged food products. Increasing consumer preference for branded offerings, driven by quality assurance, hygiene, and standardised taste profiles, has further supported category growth.

The strong growth momentum through Fiscal 2026 also suggests a favourable medium-term outlook for the segment. Continued premiumisation, product innovation in blended spices and seasoning mixes, and deeper reach of branded players into semi-urban and rural markets are expected to remain key growth enablers for the India spices market.

Packaged Spices Market in India

The packaged spices segment in India has witnessed a gradual shift from loose and unbranded spice consumption toward branded and processed formats, particularly in urban and semi-urban markets. Traditionally, a large portion of spice consumption in India occurred through loose sales and home-ground blends; however, increasing consumer preference for convenience, standardised quality and food safety has supported the growth of packaged spices across retail channels. Branded spice powders, blended spices and ready-to-use seasoning mixes are gaining wider acceptance as households increasingly rely on packaged food products and organised retail formats.

Growth in the packaged spices market is being supported by rising penetration of modern retail, e-commerce platforms and regional brands expanding into organised distribution channels. Packaged spices are also seeing increased usage across ready-to-cook, ready-to-eat and processed food segments, where consistent flavour profiles and longer shelf life are important for manufacturers. In addition, food safety awareness, standardised packaging and quality certifications have encouraged consumers to shift from unorganised to branded products in certain categories. While loose spice consumption continues to remain significant, the packaged segment is expected to gradually expand its share, driven by urbanisation, rising disposable incomes and increasing demand for convenience-oriented food products.

From an industry perspective, the packaged spices segment is characterised by a mix of large national brands, regional players and private-label offerings. Manufacturers are increasingly focusing on value-added products such as blended spices, seasoning mixes and ready-to-cook spice bases to cater to evolving consumer preferences. The segment also benefits from export demand for branded and processed spice products, particularly in markets with a strong Indian diaspora. Overall, the packaged spices category represents an important value-added segment within the broader spices industry, reflecting the ongoing transition from commodity spice consumption toward branded and processed formats.

Key demand driving the Spices Industry in India:

1) **Rising domestic consumption driven by population growth and higher food intake**: [4]

India's growing population, rapid urbanization, and evolving food consumption patterns continue to drive demand for spices across households, foodservice outlets, and the processed food industry. Spices are an integral part of Indian cuisine, resulting in consistently high consumption across regions and food categories. Rising disposable incomes, increasing preference for packaged and convenience foods, and the expansion of the food processing sector are further supporting the demand for both basic and value-added spice products. Additionally, India currently produces over **75 of the 109 internationally recognized spice varieties**, reinforcing the country's strong spice consumption culture and diversified culinary usage.

According to the World Bank, India's urban population is expected to reach approximately **600 million by 2036**, accounting for nearly **40% of the country's population**, compared to **31% in 2011**. Urban areas are also expected to contribute nearly **70% of India's GDP**. This increasing urbanization, coupled with changing dietary habits and higher food consumption, is expected to drive greater demand for packaged foods, ready-to-cook products, restaurant meals, and processed food items, all of which are significant consumers of spices and seasonings.

2) Expansion of packaged foods, ready-to-cook and convenience food segments

The rapid expansion of India's packaged food, ready-to-cook (RTC), ready-to-eat (RTE), and convenience food segments has emerged as a significant demand driver for the spices industry. These products rely extensively on spices, seasonings, spice blends, and flavoring ingredients to deliver consistent taste, enhance shelf appeal, and cater to evolving consumer preferences. Rising urbanization, increasing workforce participation, busy lifestyles, and growing demand for quick meal solutions have accelerated the adoption of convenience foods across urban and semi-urban markets. Reflecting this trend, the Indian Ready-to-Cook (RTC) market expanded from **₹ 423 billion in Fiscal 2021 to an estimated ₹ 636 billion in Fiscal 2025**, registering a CAGR of approximately **10.7%**. The continued growth of packaged food categories, including instant mixes, frozen foods, snacks, sauces, and meal kits, is expected to drive higher consumption of both conventional spices and value-added spice blends, thereby supporting the long-term growth of the Indian spices industry.

3) Growth of food processing, QSR chains, and organised retail [5]

The expansion of India's food processing industry, quick service restaurant (QSR) chains, and organised retail sector has emerged as a significant demand driver for the spices industry. These segments rely extensively on spices, seasonings, spice blends, and flavouring ingredients to ensure product consistency, enhance taste profiles, and cater to evolving consumer preferences. Rising urbanization, changing lifestyles, increasing workforce participation, and growing preference for convenience-oriented food consumption have accelerated demand for packaged foods, ready-to-cook (RTC), ready-to-eat (RTE), frozen foods, snacks, sauces, and meal solutions, all of which require significant spice inputs.

India's consumption landscape remains favourable for food and spice demand. Consumption growth accelerated from approximately 3–4% in the first quarter of 2025 to 7–8% in the second quarter, with double-digit growth recorded during the latter part of the year. In parallel, discretionary consumption is projected to grow at a CAGR of approximately 10.8% during 2025–2035, outpacing staples and necessity products (9.5%), reflecting increasing consumer spending on branded, premium, and value-added food products. This trend is expected to support demand for premium spice blends, seasonings, and packaged spice products.

The continued expansion of organised retail is further strengthening market access for spice manufacturers. India's retail market, estimated at approximately ₹ 90–95 trillion in 2025, is projected to exceed ₹ 210–215 trillion by 2035. Organised retail channels recorded approximately 16% growth in 2025, compared with 11% growth in the overall retail market, highlighting increasing consumer preference for modern trade formats. The expansion of supermarkets, hypermarkets, e-commerce platforms, food processing companies, and QSR chains is expected to drive higher consumption of processed spices, blended seasonings, and customized flavour solutions, thereby supporting the long-term growth of the Indian spices industry.

[4] https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap15.pdf
https://www.indianspices.com/sites/default/files/key_schemes.pdf
[5] *https://rai.net.in/images/insights/BCG-2026.pdf*

4) Strong Export Demand from Global Food Manufacturing and Ethnic Cuisine Markets

India remains one of the leading suppliers of spices to international markets, benefiting from the growing global demand for processed foods, seasonings, sauces, snacks, and ready-to-eat products. In addition, the increasing popularity of Indian and Asian cuisines across North America, Europe, the Middle East, and other regions has expanded the consumption of spices in both retail and foodservice channels. The widespread use of Indian spices by global food manufacturers for flavouring and product formulation continues to create significant export opportunities for the domestic industry.

5) Increasing Use of Spices in Nutraceutical, Wellness, and Functional Food Applications

The application of spices is increasingly extending beyond culinary uses into health and wellness-oriented products. Ingredients such as turmeric, ginger, cinnamon, black pepper, and cloves are being incorporated into dietary supplements, herbal formulations, functional beverages, immunity-boosting products, and nutraceutical preparations due to their perceived health benefits. Growing consumer preference for natural, plant-based, and clean-label ingredients is encouraging manufacturers to utilize spice-derived ingredients across a broader range of wellness and healthcare products.

6) Shift toward Value-Added Products such as Spice Blends, Extracts, and Oleoresins

The industry is gradually moving up the value chain through the production of spice blends, seasonings, oleoresins, essential oils, and standardized extracts. Unlike raw spices, these products offer higher realization, improved consistency, and greater suitability for large-scale food processing applications. Demand from packaged food manufacturers, QSR chains, nutraceutical companies, and cosmetic manufacturers is accelerating this transition toward value-added offerings.

This shift is also helping spice companies diversify their revenue streams and reduce dependence on commodity-driven pricing cycles. As global buyers increasingly seek customized flavour solutions and standardized ingredients, value-added spice products are expected to account for a larger share of industry revenues over the coming years.

7) Government Support through Export Promotion, Quality Certification, and Infrastructure Development

The Government of India continues to strengthen the competitiveness of the spices sector through initiatives focused on export promotion, quality enhancement, and supply chain modernization. The Spices Board of India actively supports exporters through market development programs, international trade promotion activities, quality certification initiatives, and compliance support for overseas markets. Simultaneously, investments in processing infrastructure, testing laboratories, post-harvest facilities, and traceability systems are improving product quality and helping Indian exporters meet increasingly stringent global food safety standards.

Growth Outlook: Spices Industry in India

The Indian spices industry is expected to maintain steady medium-to-long-term growth, supported by rising domestic consumption, expanding export markets, and increasing value addition. Production is projected to reach 15- 16 million tonnes by FY 2030, reflecting improvements in productivity and supply chain infrastructure.

India continues to dominate the global spice ecosystem as the **largest producer, consumer, and exporter**, accounting for **around 25% of the global spice market valued at USD 20 billion**. The country exports **1.5 million tonnes of spices valued at USD 4.5**, underscoring strong international demand and export competitiveness, says World Spice Organisation (WSO) till March, FY 2025. Looking ahead, the **Spices Board's target of USD 10 billion in exports by 2030** reflect strong growth fundamentals across global markets. The projected production increase to 15.0 million tonnes by FY 2030P indicates capacity expansion, improved yields, and rising value-added processing, positioning India as a long-term global hub for spice production and trade.

Key Challenges

- **Climate variability and crop yield fluctuations:** Dependence on monsoon patterns and extreme weather events continues to impact spice output and price stability across key producing regions.
- **Price volatility and supply-side pressures**: Fluctuations in raw spice prices, driven by production cycles and global demand shifts, affect margins for traders, processors, and exporters.
- **Stringent global quality and compliance requirements**: Increasing scrutiny on pesticide residues, contamination, and traceability in export markets has raised compliance costs and quality-control requirements.
- **Supply chain and productivity constraints**: Fragmented farming, limited mechanisation, and gaps in storage and post-harvest infrastructure continue to impact efficiency and value realisation across the value chain.
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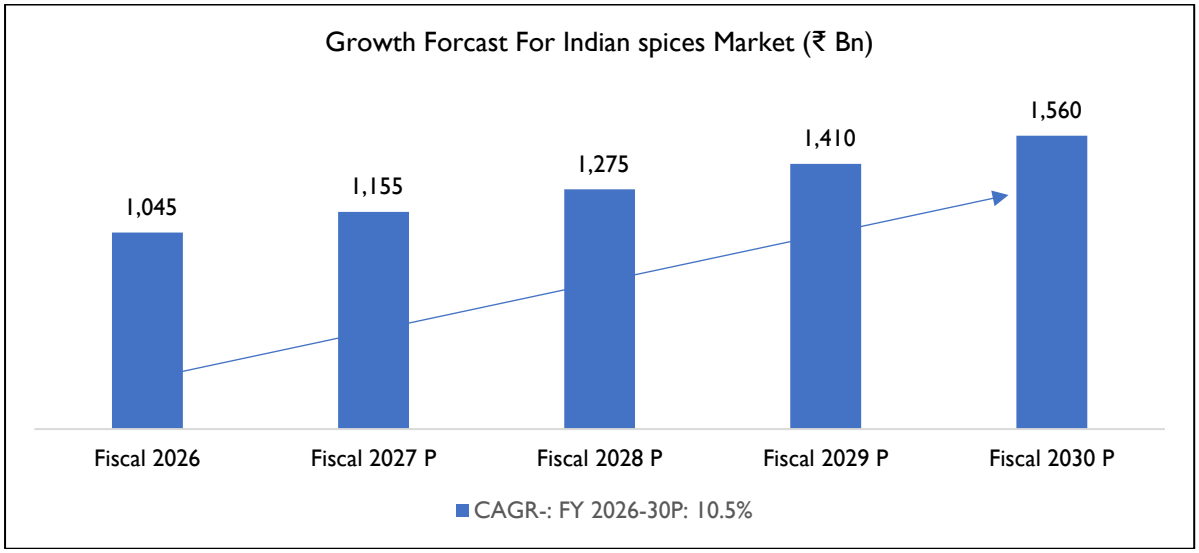
Expected growth in Indian spices market in India



The Indian spice market grew from ₹ 600 billion in Fiscal 2021 to ₹ 1,045 billion in Fiscal 2026, demonstrating CAGR of 11.7% and is expected to further expand to ₹ 1,560 billion by Fiscal 2030, with CAGR of 10.5%.

The Indian spices market is projected to maintain a **strong upward trajectory through Fiscal 2030P**, expanding from **₹ 1,045 billion in Fiscal 2026 to ₹ 1,560 billion by Fiscal 2030P**. The steady increase over the forecast period reflects the resilience of spices as a staple consumption category, while also highlighting the growing contribution of branded and value-added products within the market. Future growth is likely to be supported by **rising household demand for packaged spices and blended seasonings, increasing premiumisation, and wider penetration across semi-urban and rural markets**. In addition, the expansion of modern retail, e-commerce and foodservice channels is expected to strengthen category visibility and accessibility, enabling branded players to capture a larger share of India's evolving spices consumption market.

Functional Food/Specialized food market: Sprouted grain flour

Brief overview: Insight on product profile: attributes, comparison & benefits

The functional and specialized food segment in India is evolving rapidly, driven by increasing consumer focus on nutrition, wellness, and preventive health. Within this segment, **sprouted grain flour** is emerging as a niche but growing product category, positioned at the intersection of traditional dietary practices and modern functional nutrition. Indian consumers are increasingly seeking food products that go beyond basic sustenance and offer enhanced nutritional value, improved digestibility, and alignment with clean-label and natural food preferences.

Sprouted grain flour fits well within this evolving consumption landscape, as it is derived from familiar grains and pulses while offering perceived functional benefits.

The growing awareness of lifestyle-related health concerns, coupled with a shift toward plant-based and minimally processed foods, has supported the gradual acceptance of sprouted grain-based products. Sprouting is a traditional food processing technique in India, long associated with improved nutrient absorption and digestive benefits. Its modern adaptation into packaged flour formats allows consumers to integrate these benefits into daily diets conveniently, supporting adoption across households, health-focused consumers, and manufacturers of value-added food products. As a result, sprouted grain flour is increasingly viewed as a **specialized ingredient** within the broader functional food ecosystem, with applications spanning home consumption, bakery, ready-to-cook mixes, and health-oriented food formulations.

Insight on Product Attributes & Characteristics – Sprouted Grain Flour

- **Enhanced Digestibility:** Sprouted grain flour is produced through a controlled germination process that activates natural enzymes in grains, which is widely associated with improved digestibility compared to conventional grain flours.

- **Improved Nutrient Bioavailability:** The sprouting process is perceived to enhance the absorption of key nutrients by reducing anti-nutritional factors, positioning the product as a functional alternative within the grain-based food category.

- **Natural and Clean-Label Positioning:** Sprouted grain flour aligns with consumer preference for natural, minimally processed, and clean-label foods, as it relies on a traditional processing method rather than chemical or artificial enhancement.

- **Traditional Processing with Modern Relevance:** Sprouting is a well-established traditional practice in Indian diets, which supports consumer acceptance while allowing the product to be repositioned in modern functional food and wellness contexts.

- **Versatility in Applications:** The product can be used across multiple food formats, including home cooking, bakery products, ready-to-cook mixes, and health-focused formulations, enhancing its commercial adaptability.

- **Plant-Based and Wellness-Aligned:** As a plant-based product derived from grains and pulses, sprouted grain flour fits well within broader trends toward plant-centric, wellness-oriented diets.

- **Perceived Functional Benefits without Dietary Disruption:** The product offers functional and nutritional positioning while remaining compatible with familiar food habits, reducing resistance to adoption among mainstream consumers.

- **Premium and Specialized Ingredient Perception:** Sprouted grain flour is increasingly viewed as a specialized or premium ingredient within the broader flour and grain segment, supporting differentiated product positioning for manufacturers.

Sprouted grain flour differs from conventional grain products primarily in terms of processing method, nutritional perception, and functional positioning. Conventional grain flours are typically produced by milling dried grains without prior germination, which preserves caloric content but does not actively enhance nutrient accessibility. In contrast, sprouted grain flour undergoes a controlled germination process before drying and milling, which is widely associated with improved digestibility and enhanced nutrient bioavailability. As a result, sprouted grain products are increasingly perceived as more suitable for health-conscious consumers seeking foods that support digestion and overall wellness.

From a consumption standpoint, conventional grain products continue to dominate due to familiarity, affordability, and widespread availability. However, rising awareness around food quality, clean-label ingredients, and traditional processing methods has led to a gradual shift toward sprouted grain products among select consumer segments. Sprouted grain flour retains compatibility with familiar cooking practices while offering differentiated functional benefits, positioning it as a specialized alternative rather than a complete substitute for conventional grain products. This functional differentiation supports its growing relevance in premium food segments, ready-to-cook applications, and health-oriented formulations.

Key Advantages of Sprouted Grain Flour

- **Improved Digestibility:** The sprouting process activates natural enzymes, which is widely associated with easier digestion compared to conventional grain flours.
- **Enhanced Nutrient Availability:** Sprouted grains are perceived to offer better nutrient absorption due to reduction in anti-nutritional factors.
- **Clean-Label and Natural Processing:** Sprouting is a traditional, non-chemical process, aligning with consumer preference for minimally processed and natural foods.
- **Functional Food Positioning:** Sprouted grain flour is viewed as a functional and specialized food ingredient offering health-oriented benefits beyond basic nutrition.
- **Compatibility with Traditional Diets:** The product integrates easily into familiar recipes and cooking practices, reducing barriers to consumer adoption.
- **Premium Differentiation:** Compared to conventional flours, sprouted grain flour supports premium positioning and value-added product development.
- **Applicability Across Food Formats:** Suitable for home consumption, bakery products, ready-to-cook mixes, and health-focused food applications.

Increasing awareness of specialized functional food products, focusing on sprouted grain products

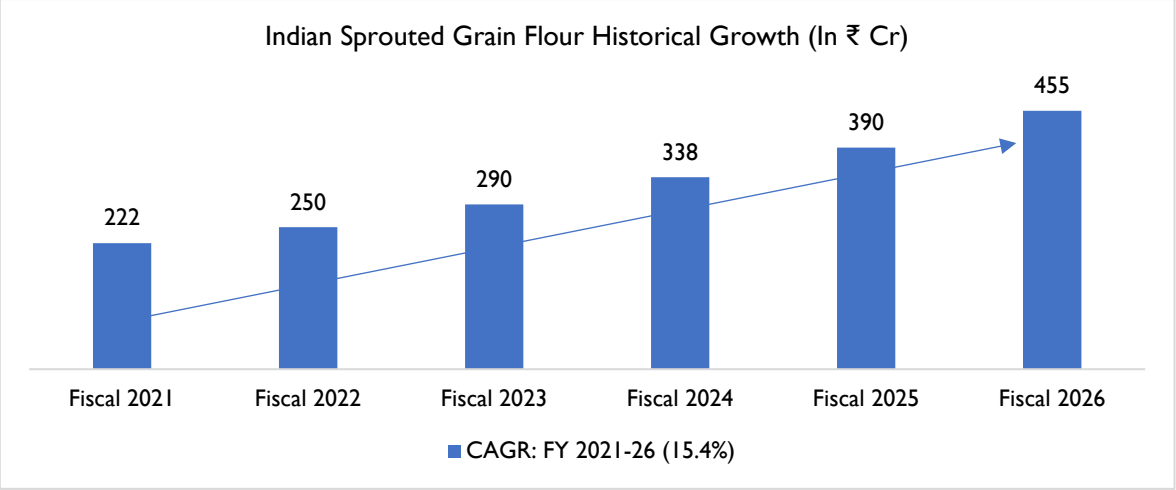
Awareness of specialized and functional food products in India has been rising steadily, supported by government-led nutrition initiatives and increasing consumer attention toward digestive and overall health. A key institutional driver of this trend is the **"Eat Right India – Safe, Healthy and Sustainable Food for All" initiative by the Food Safety and Standards Authority of India (FSSAI)**, which promotes informed food choices and encourages adoption of nutritious, balanced, and sustainable diets. This government-backed program has played an important role in improving nutrition literacy among consumers and reinforcing trust in food products positioned around health and functional benefits.

In parallel, growing recognition of digestive health issues is influencing dietary choices and fuelling demand for functional and specialized food products. As per the **Ministry of Food Processing Industries (MoFPI)**, an **ITC survey indicated that 56% of Indian families report digestive health issues**, highlighting the widespread nature of digestive discomfort across households. Additionally, awareness around digestive disorders such as **Crohn's disease, irritable bowel syndrome (IBS), and celiac disease** is increasing, contributing to rising demand for foods that are perceived to be easier to digest and nutritionally supportive.

Within this context, sprouted grain products are gaining relevance due to their association with traditional processing methods and perceived digestive benefits. As consumers become more conscious of gut health, ingredient quality, and natural food choices, sprouted grain flours are increasingly viewed as suitable alternatives within the functional food landscape. The convergence of government-led nutrition awareness initiatives and heightened consumer sensitivity toward digestive health is therefore creating a supportive environment for the gradual adoption of sprouted grain-based functional food products in India.

Estimated market size of sprouted grain flour

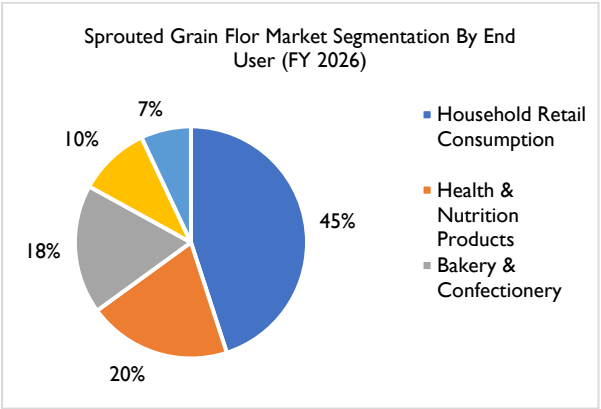
The Indian sprouted grain flour market has demonstrated strong and consistent growth, increasing from ₹ 222 crores in FY2021 to ₹ 455 crores in FY2026. The market is projected to expand at a CAGR of 15.4% during FY2021-FY2026, reflecting rising consumer preference for healthier and nutrient-dense food ingredients. The growth of the Indian sprouted grain flour market is being driven by increasing consumer awareness regarding nutrition, digestive health, and functional food products. **Sprouted flour is one of the most growing segments under the functional foods category in India**, owing to its enhanced nutrient profile, improved digestibility, and higher bioavailability of vitamins and minerals compared to conventional flour. Growing adoption of clean-label and minimally processed food products among health-conscious consumers has further supported market expansion.

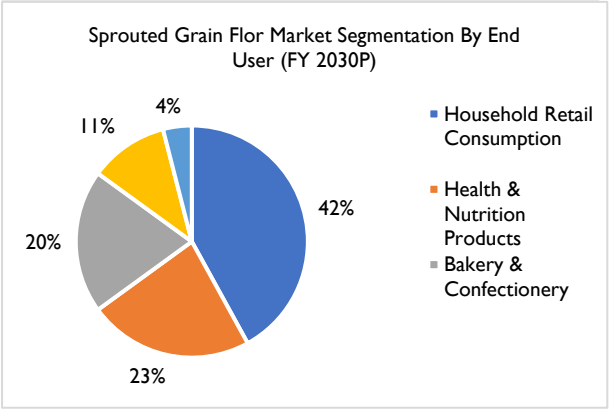


Source: D&B Desk Research

Additionally, the market is benefiting from rising demand for value-added bakery products, ready-to-cook mixes, health snacks, and fortified food formulations incorporating sprouted grain ingredients. The increasing penetration of organized retail and e-commerce channels, coupled with product innovations by food manufacturers, is improving consumer access and awareness. As urbanization, disposable incomes, and preventive health trends continue to strengthen, the sprouted grain flour market is expected to maintain robust double-digit growth through FY2026.

Segmentation of sprouted flour market by End User





Source: D&B Desk Research

For the **sprouted grain flour market**, **household retail consumption remains the largest end-use segment in both Fiscal 2026 and Fiscal 2030P**, indicating that demand is primarily driven by direct consumer adoption of sprouted flour as a healthier staple and ingredient alternative. However, its share moderates slightly over the forecast period, while **health & nutrition products** and **bakery & confectionery** gain traction, reflecting the increasing use of sprouted flour in packaged wellness foods, functional formulations, and clean-label baked

products. This suggests that the market is gradually moving beyond household consumption into more diversified commercial applications.

At the same time, **infant & baby foods** also register a modest increase in share by Fiscal 2030P, highlighting the growing relevance of sprouted grains in nutrition-focused and digestibility-led food categories. In contrast, **foodservice & other applications** remain comparatively smaller and decline marginally, indicating that the category's growth is likely to be led more by retail and packaged food applications than by out-of-home consumption. Overall, the end-user mix suggests a gradual broadening of sprouted flour demand from household use toward health-oriented packaged foods and specialised nutrition segments.

Major growth drivers of Sprouted Grain Flour market

- **Rising Consumer Health Consciousness and Nutritional Awareness**

Demand for sprouted grain flour is being supported by the increasing consumer focus on nutrient-dense and minimally processed food products. Compared with conventional grain flour, sprouted grain flour is generally perceived to offer improved digestibility, enhanced nutrient bioavailability, and a more balanced nutritional profile, making it relevant for consumers seeking healthier alternatives in everyday staples. This is particularly supporting its adoption in premium atta blends, multigrain flour products, breakfast applications, and health-positioned bakery formulations.

- **Clean Label and Ingredient Transparency Movement**

Sprouted grain flour also benefits from the broader shift toward clean-label food products, where consumers are increasingly scrutinizing ingredient lists and preferring products perceived as natural, simple, and less processed. As sprouting is viewed as a natural grain enhancement process rather than a chemical or additive-led intervention, sprouted grain flour is well positioned within products marketed around natural nutrition, wholesome ingredients, and label transparency. This makes it particularly relevant for packaged flour, bakery premixes, and health-focused convenience food brands.

- **Expansion of Functional Food Applications and Product Innovation**

The market is also being supported by the widening application of sprouted grain flour across functional and specialized food categories. Manufacturers are increasingly incorporating sprouted grain ingredients into multigrain atta, high-fibre bakery products, protein-enriched mixes, breakfast cereals, snack products, and gluten-conscious or wellness-oriented food formulations. This expanding usage is gradually shifting sprouted grain flour from a niche health ingredient to a broader value-added grain input within the packaged food ecosystem.

- **Digital Commerce and Direct-to-Consumer Channel Growth**

Digital commerce and direct-to-consumer (D2C) platforms are playing an important role in improving consumer access to niche and premium food categories such as sprouted grain flour. Unlike conventional flour products that rely heavily on general trade, sprouted grain flour is more likely to be discovered through health-focused online marketplaces, brand-owned websites, modern trade, and digital wellness communities. These channels allow brands to better communicate product benefits, target health-conscious consumers, and scale newer grain-based formulations without depending solely on traditional retail distribution.

Current landscape in India: Key players / brands operating in sprouted grain segment

The sprouted grain flour segment in India is currently at a **nascent stage**, with a fragmented competitive landscape dominated by **niche, health-focused, organic, and millet-specialist brands**. These players primarily operate through **direct-to-consumer (D2C) platforms, specialty health stores, and online marketplaces**, positioning sprouted grain flours around functional benefits such as improved digestibility, natural processing, and alignment with traditional nutrition practices. The category remains largely premium and wellness-oriented, catering to health-conscious urban consumers.

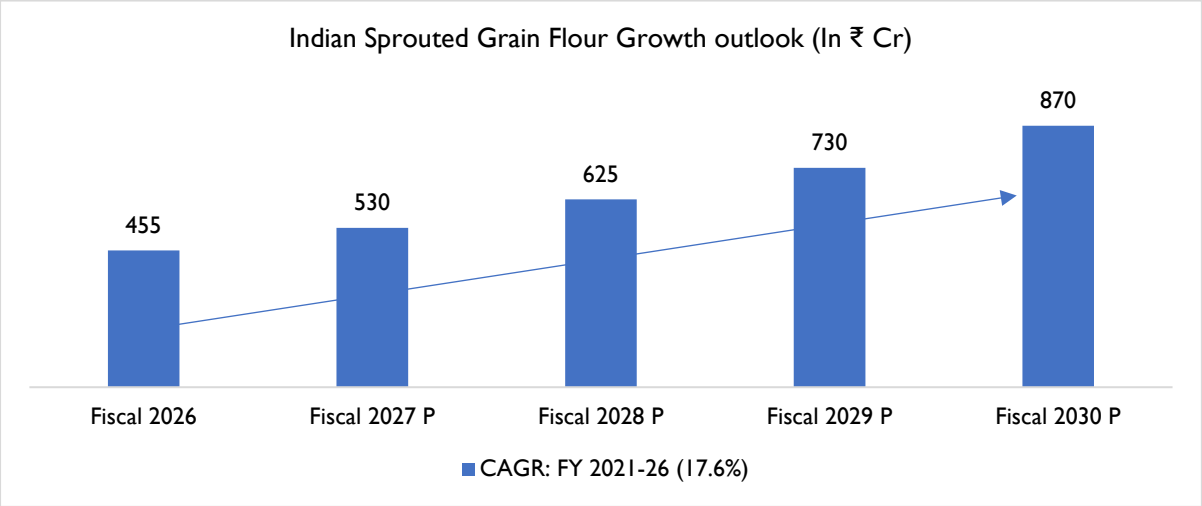
At the same time, **large food and FMCG companies have only limited and selective exposure to the broader functional and health foods space**, with **no large-scale, dedicated sprouted grain flour portfolios** as of now. Established food players such as **ITC (Aashirvaad range), Patanjali, Tata Consumer Products, and Marico (Saffola)** are active in health foods, atta, and nutrition-focused categories, but their participation in sprouted grain flour remains either indirect or exploratory rather than core. As a result, the sprouted grain flour category continues

to be shaped mainly by **smaller specialist brands**, while larger players' presence signals early-stage interest rather than category leadership.

Overall, the current landscape reflects an **early-development functional food segment**, where awareness is rising faster than penetration. The absence of scaled mass-market players highlights both the specialised nature of the product and the potential opportunity for future expansion, either through portfolio extensions by large FMCG companies or partnerships with food contract manufacturers as consumer demand matures.

Expected growth in Sprouted flour market in India

The Indian sprouted grain flour market is projected to witness accelerated growth over the forecast period, increasing from ₹ 455 crore in FY2026 to ₹ 870 crore by FY2030. The market is expected to expand at a CAGR of 17.6% during FY2026- FY2030, highlighting strong future demand for functional and health-oriented food ingredients. The projected growth reflects the increasing consumer shift toward nutrient-rich, natural, and functional food products. As awareness regarding preventive healthcare, gut health, and clean-label nutrition continues to rise, sprouted grain flour is expected to gain wider acceptance across households and commercial food applications. Its superior nutritional profile, including enhanced protein, fiber, and micronutrient content, positions it as a preferred ingredient among health-conscious consumers seeking healthier alternatives to conventional flour.



Source: D&B Desk Research

Furthermore, the market is likely to benefit from expanding usage in bakery products, ready-to-eat snacks, breakfast cereals, and health-focused food formulations. Growing investments by food manufacturers in product innovation, coupled with the increasing availability of specialty flours through modern retail and e-commerce channels, are expected to support market expansion. Rising disposable incomes, urbanization, and demand for premium wellness-oriented foods are anticipated to further drive the market, enabling it to nearly double in size by FY2030.

Demand Drivers

Analysis of key factors driving the demand for food staples and ready to cook industry in India

India's food staples and ready-to-cook (RTC) segments are an integral part of the country's food processing industry and are witnessing sustained demand growth driven by macro-economic expansion and evolving consumption patterns. The strong growth of the Indian economy, reflected in a **Total Economy GVA growth rate of 9.55% in Fiscal 2025**, has supported rising disposable incomes and increased spending on packaged and branded food products. Growing urbanisation, changing lifestyles, and higher awareness of food safety and quality are accelerating the shift from unbranded loose staples to organised, standardized, and quality-assured food offerings. At the same time, RTC products are gaining traction as consumers seek convenience without compromising on taste and nutritional familiarity, positioning them as a natural extension of the staples market.
In parallel, the industry is undergoing structural transformation supported by innovation, technology adoption, and modern distribution. Investments in **plant-based foods, functional nutrition, and clean-label products** are enabling manufacturers to align with health-oriented consumer preferences, while technologies such as **AI-based grading, blockchain traceability, high-pressure processing, and cryogenic freezing** are improving efficiency, traceability, and product quality. The rapid expansion of digital and quick-commerce platforms, including **BigBasket, Zepto, and Blinkit**, is further enhancing market reach and accelerating penetration of branded food staples and RTC products, particularly in urban and semi-urban markets. Collectively, these factors are creating a supportive demand environment for organized food manufacturers and food contract manufacturing players in India.

Impact of macroeconomic factors:

Macroeconomic trends in India are playing a fundamental role in shaping consumption behaviour and driving demand for food staples and ready-to-cook (RTC) products. Government consumption data indicates a steady improvement in overall economic well-being, reflected in rising average consumption expenditure across both rural and urban households and a narrowing gap between rural and urban consumption levels. This convergence suggests that growth in purchasing power is becoming more broad-based, expanding the addressable market for packaged food staples and convenience-oriented food products beyond metropolitan centres.

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- **Shifts in Household Consumption Structure**

In **rural India (2023–24)**, food continues to remain a dominant component of household consumption, accounting for **approximately 47% of the value of average rural household consumption**. Within food expenditure, **beverages, refreshments, and processed food** represent the **largest contribution at 9.84%**, while **cereals and cereal substitutes account for about 4.99%** of total consumption expenditure. This indicates a gradual shift away from basic calorie-led consumption toward **higher value, processed, and convenience-oriented food items**, even within rural households. The increasing share of processed food within overall food expenditure highlights rising acceptance of packaged formats and value-added staples, supporting demand for branded food staples and RTC products.

In **urban India**, food expenditure accounted for **around 40% of Monthly Per Capita Consumption Expenditure (MPCE) in 2023–24**, while **non-food items constituted approximately 60%**, reflecting higher discretionary spending capacity. Similar to rural trends, **beverages, refreshments, and processed food formed the largest share of food expenditure at 11.09%**, underscoring stronger urban demand for packaged, convenience, and ready-to-consume food categories. This pattern reflects lifestyle-driven consumption, where time efficiency, product variety, and consistency increasingly influence food purchasing decisions.

- **Rising Disposable Income and Lifestyle-Led Spending**

Urban consumption data further highlights how rising incomes and aspirational changes are influencing spending priorities. Key non-food expenditure components in urban India include **conveyance (8.46%)**, **miscellaneous goods and entertainment (6.92%)**, **durable goods (6.87%)**, and **rent (6.58%)**, indicating lifestyle upgrades and increased mobility. These patterns are typically associated with **time-constrained, urbanised living**, which structurally favours demand for convenient food solutions such as RTC products, packaged staples, and semi-processed food offerings.

At the macro level, **private consumption accounted for 62.5% of India's nominal GDP in September 2025**, up from **60.3% in the previous quarter**, reinforcing the central role of household spending in economic growth. This increase in consumption intensity reflects improving disposable incomes and higher consumer confidence, which directly supports increased spending on food products, including branded staples and convenience-oriented food categories.

Overall, the improving economic well-being, changing household expenditure mix, and rising aspiration-led consumption are structurally strengthening demand for **food staples and ready-to-cook products** in India. These macroeconomic factors are expected to continue supporting volume growth, premiumisation, and wider penetration of branded and packaged food offerings across both urban and non-urban markets.

Expansion of distribution channels & its impact:

- **Expansion of Distribution Channels & Its Impact**

The expansion of distribution channels in India has emerged as a critical structural driver supporting growth in food staples and ready-to-cook (RTC) products. Rapid evolution across **modern retail formats, organised supermarkets and hypermarkets, and online commerce platforms** has significantly improved product accessibility, assortment visibility, and consumption frequency. This transformation is occurring alongside favourable demographic and policy developments, creating a supportive environment for sustained retail and consumption growth.

A key macro tailwind underpinning distribution expansion is the **rapid growth of India's middle class**, which is projected to increase by **110 million households by 2030**. This expanding middle-income consumer base is driving higher discretionary spending, increased preference for organised retail formats, and greater adoption of branded food staples and convenience-oriented products. As household purchasing power rises, consumers increasingly favour supermarkets, hypermarkets, and digital platforms that offer wider choice, quality assurance, and convenience, directly benefiting packaged food and RTC categories.

- **Role of Policy Reforms and Investment Climate**

Government-led reforms have further accelerated the expansion of organised and digital distribution channels. **Implementation of GST** has simplified interstate movement of goods and enabled consolidation of supply chains, improving efficiency for large retailers and e-commerce players. In parallel, **100% foreign direct investment (FDI) under the automatic route** in single-brand retail and e-commerce has enabled international players to scale operations in India, fostering competition, infrastructure development, and technology adoption across the retail ecosystem.

These reforms have translated into tangible growth in online and organised retail. In **Fiscal 2025, India's e-commerce sector recorded a Gross Merchandise Value (GMV) of approximately ₹1.19 lakh crore (USD 14 billion), reflecting a 12% year-on-year growth**, highlighting the increasing importance of digital channels in consumer purchasing behaviour. As of Fiscal 2025, India also ranks as the **third-largest e-retail shopper base globally**, underscoring the scale and maturity of the country's online retail adoption.

- **Investments in Modern Retail and Supply Chain Infrastructure**

The scale of investment by large retailers further demonstrates the strategic importance of distribution expansion. Leading players such as **Reliance Retail, Walmart-Flipkart, and Amazon** are investing billions of dollars in **warehousing, logistics networks, cold chains, and technology infrastructure**, significantly strengthening last-mile delivery and inventory management capabilities. These investments are improving availability of food staples and RTC products across geographies, reducing stockouts, and enabling faster replenishment cycles.

Notably, in **August 2025, Reliance Retail announced plans to invest ₹40,000 crore (USD 4.67 billion) over three years to establish Asia's largest integrated food parks**, leveraging advanced technologies such as AI, robotics, and sustainable processing solutions. This initiative aligns with the company's target of achieving **₹1,00,000 crore (USD 11.67 billion) in annual FMCG revenue**, and reflects the growing integration of food processing, distribution, and retail at scale.

India's retail sector now ranks **among the top five globally**, with **food and grocery forming the dominant category**. Overall, the continued expansion of distribution channels supported by rising middle-class consumption, favourable policy reforms, large-scale investments, and rapid digital adoption is structurally strengthening the growth outlook for India's food staples and ready-to-cook industry. This evolving retail ecosystem is expected to remain a key enabler of volume growth, category expansion, and premiumisation over the medium to long term.

Health-Conscious consumers driving demand for nutritious options

Health consciousness has emerged as a key structural driver influencing food consumption patterns in India, with consumers increasingly prioritising **safety, nutrition, and functional benefits** in their food choices. Recent studies indicate that **84% of Indian consumers actively seek safer and healthier food options**, reflecting a widespread shift toward diet-led wellness and preventive health management. This heightened focus on health is reshaping demand across food staples, ready-to-cook (RTC) products, and value-added food categories, as consumers increasingly evaluate foods based on nutritional quality rather than price or familiarity alone.

The growing adoption of digital health tools further reinforces this trend. **Around 80% of consumers now use at least one healthcare app or wearable technology for personalised wellness**, signalling greater awareness of health metrics, dietary intake, and lifestyle optimisation. This digitally enabled health monitoring is translating into more informed food choices, with consumers showing a stronger preference for products that support energy, digestion, protein intake, and overall well-being. As a result, demand for nutritionally enhanced and functional food products is gaining momentum across both urban and emerging consumption markets.

This shift is particularly visible in snacking and convenience food segments, which are increasingly being evaluated through a health lens. A **consumer insights study by Farmley**, conducted at the **Indian Healthy Snacking Summit 2025** and covering **approximately 6,000 respondents across age groups**, revealed that **72% of consumers actively seek snacks offering functional benefits**, such as improved energy levels, enhanced mood, and higher protein content. This finding underscores the growing expectation that convenience foods should deliver nutritional value alongside taste and ease of consumption.

Importantly, the study also indicates a rising willingness to pay for healthier food options. **Two out of five respondents expressed readiness to pay a 20% premium for healthier snacks**, highlighting emerging premiumisation trends within health-oriented food categories. This willingness to trade up supports the commercial viability of nutritious, functional, and clean-label food products, including healthier variants of staples and RTC offerings. Overall, the convergence of heightened health awareness, digital wellness adoption, and premiumisation of nutrition-led food choices is structurally strengthening demand for **nutritious, functional, and better-for-you food products** in India. These consumer-driven shifts are expected to continue supporting innovation, portfolio diversification, and value creation within the food staples and ready-to-cook industry.

Growing demand for convenience and time-saving solutions

The demand for convenience and time-saving food solutions in India has increased significantly, driven by changing lifestyles, urbanisation, and evolving household dynamics. As work patterns become more demanding and dual-income households become more common, consumers are increasingly seeking food options that reduce preparation time while maintaining taste, familiarity, and nutritional value. This shift is directly benefiting convenience-oriented categories such as ready-to-cook (RTC) foods, meal kits, and semi-prepared food solutions. A strong indicator of this trend is the **rapid expansion of the RTC segment**, which **grew by 58% in volume in 2024**, substantially outpacing the **broader packaged food market, which recorded approximately 8% growth** during the same period. This sharp divergence highlights how convenience has become a primary purchase driver, rather than a secondary consideration, across multiple consumer segments. RTC products are increasingly being adopted as regular meal solutions rather than occasional substitutes, reflecting deeper integration into daily consumption habits.

Busy urban lifestyles and the rising number of working couples are further accelerating demand for **time-efficient meal solutions**, including meal kits and semi-processed foods that simplify cooking while reducing effort and planning time. These formats also help **minimise food waste** by offering portion-controlled and pre-measured ingredients, aligning with evolving consumer preferences for efficiency and sustainability in household consumption.

Overall, the growing preference for convenience and time-saving solutions is structurally reshaping India's food consumption landscape. The strong growth of RTC products, combined with lifestyle-driven demand for efficient meal preparation, is expected to remain a key driver supporting sustained growth across food staples, RTC categories, and related value-added food segments.

Shift in consumption pattern: from unbranded foods or home cooked foods to packaged RTC foods

India's food consumption behaviour is undergoing a structural transition, marked by a gradual shift away from unbranded foods and exclusively home-cooked meals toward **packaged and ready-to-cook (RTC) food products**. This change reflects evolving lifestyles, increased urbanisation, and changing household dynamics, where convenience, consistency, and time efficiency are becoming critical decision factors in food purchases.

Consumption data highlights the pace of this transition. While the **overall packaged food market recorded a relatively modest growth of around 8%**, the **RTC segment witnessed a sharp 58% growth in 2024**, significantly outperforming the broader category. This divergence underscores the growing consumer preference for semi-prepared and convenience-oriented food solutions that bridge the gap between raw ingredients and ready-to-eat products. RTC foods are increasingly being adopted not merely as occasional alternatives but as **regular meal solutions** within households.

The shift is clearly visible across a wide range of product formats, including **dosa batters, curry mixes, and cake mixes**, where consumers are increasingly opting for packaged options that simplify preparation without eliminating the experience of home-style cooking. Notably, **yearly purchases in this category have doubled**, indicating both higher penetration and increased frequency of consumption. This behavioural shift is being fuelled by **urbanisation, a growing number of dual-income families, and fast-paced lifestyles**, which collectively reduce the time available for traditional meal preparation.

Overall, the accelerating transition from unbranded and fully home-cooked foods to packaged RTC products represents a **long-term structural change** in India's food consumption landscape. The strong growth momentum of RTC foods suggests sustained demand expansion, supported by lifestyle changes and the growing acceptance of packaged solutions as part of everyday diets.

Changing consumption pattern: Acceptance of new tastes & changing preferences

India's food consumption patterns have undergone a lasting transformation following the COVID-19 pandemic, leading to a fundamental shift in dining behaviour, taste preferences, and food expectations. The pandemic permanently altered how consumers interact with food and foodservice, shaping new norms that continue to influence consumption trends in 2025. These changes have not only impacted dining formats but have also accelerated openness toward new cuisines, functional foods, and evolving eating occasions.

Post-pandemic, consumers have demonstrated a greater focus on hygiene and safety protocols, which has raised quality and compliance standards across the restaurant and foodservice ecosystem. The rise of contactless ordering and digital payments, along with increased acceptance of hybrid consumption models combining dine-in, delivery, and takeaway, has expanded exposure to a wider variety of cuisines and food formats. These changes have enabled consumers to experiment with new tastes in a lower-commitment, convenience-driven manner, thereby accelerating the adoption of non-traditional and global food options.

Changing consumption occasions have also played a significant role in shaping taste preferences. Data from quick commerce platforms indicates that 7 of the top 10 protein products ordered were protein bars, highlighting a growing preference for functional, protein-rich foods that align with modern lifestyles and health-conscious consumption. This trend reflects increasing acceptance of nutrition-forward products as everyday food choices rather than niche supplements.

Additionally, consumer behaviour data shows that Korean food orders peaked during evening and late-night hours, closely aligning with binge-watching habits and social media-driven food discovery. This pattern illustrates how

digital content consumption and social media influence are reshaping taste exploration, encouraging consumers to try global cuisines and new flavour profiles outside traditional mealtimes. Overall, the convergence of post-pandemic behavioural shifts, digital ordering ecosystems, and evolving lifestyle habits has significantly broadened consumer openness to new tastes, global cuisines, and functional food formats.

Increasing popularity of regional cuisines: Growth in awareness about regional cuisines & resultant demand

Indian food consumption is increasingly characterised by a growing appreciation for **regional cuisines**, driven by heightened cultural awareness, exposure to diverse food traditions, and improved accessibility through organised retail and digital food platforms. Consumers today are no longer confined to the cuisines of their immediate geography and are increasingly exploring regional flavours from across the country, reflecting a broader shift toward experiential and authenticity-driven food choices.

This growing awareness has been supported by multiple structural factors, including increased travel, migration to urban centres, and the influence of digital media and food-focused content. As consumers become more familiar with the diversity of Indian regional cuisines ranging from South Indian, Maharashtrian, Bengali, Rajasthani, and North-Eastern to lesser-known local food traditions there is rising demand for **authentic regional taste profiles** in both home-consumption and foodservice formats. This trend is encouraging experimentation and repeat consumption, particularly among urban and younger consumer segments.

The expansion of **packaged and ready-to-cook (RTC) formats** has further accelerated adoption of regional cuisines by reducing the complexity traditionally associated with preparing regional dishes. Products such as regional spice blends, batters, gravies, and meal mixes enable consumers to recreate authentic flavours conveniently, thereby widening the consumer base beyond native regions. As a result, regional cuisines are transitioning from occasional, restaurant-led experiences to **regular at-home consumption options**.

Overall, the increasing popularity of regional cuisines represents a meaningful demand driver within India's food staples and RTC ecosystem. Rising awareness, improved accessibility, and growing consumer preference for authenticity are collectively expanding demand for region-specific food products, supporting product innovation, portfolio diversification, and sustained growth across both organised retail and packaged food segments.

Demand Drives: South India market

Demand for staple foods in South India is structurally supported by the region's **high dependence on cereal- and pulse-based diets**, where rice and lentils constitute the primary source of daily caloric intake across income groups. Staple food consumption remains largely **non-discretionary and income-inelastic**, ensuring consistent baseline demand irrespective of economic cycles. The dominance of home-cooked meals, combined with multi-meal consumption patterns centered on rice–pulse combinations, results in sustained high-volume consumption. Unlike processed or convenience foods, staples are consumed daily and in fixed quantities, making demand predictable and resilient.

The southern region plays a significant role in India's staple food ecosystem, producing **518.1 lakh tonnes** of food grains out of the country's total output of **3,430.8 lakh tonnes**, underscoring its strong agricultural base and supply reliability. This substantial production capacity supports a large and growing population across southern states, where relatively larger household sizes translate into high aggregate consumption of staple grains. Rapid urbanisation has not weakened staple food demand; instead, it has reshaped consumption toward higher-quality, branded, and packaged staples, particularly in urban and peri-urban markets. Rising disposable incomes are further driving value growth through premium rice varieties, better-grade pulses, and increased inclusion of millets, while overall consumption volumes remain stable, expanding market value without diluting the structural importance of staples in the regional diet.

Government policy intervention acts as a critical stabilising driver for staple food demand. Widespread coverage under the **Public Distribution System (PDS)** ensures assured consumption of rice and pulses among economically vulnerable households, creating a strong institutional demand base. Additionally, procurement mechanisms such as minimum support prices and state-level food security schemes help maintain price stability and ensure consistent availability. Complementing this, increasing health awareness and government-led promotion of traditional grains have revived demand for millets such as ragi and foxtail millet, broadening the staple food basket while reinforcing long-term consumption sustainability.

1. Production-led availability and regional self-sufficiency

Staple food demand in South India is structurally anchored in the region's dominance in **rice and coarse cereals**, which together form the backbone of both agricultural production and everyday consumption. Unlike regions where staples compete with alternative food categories, South India's food system is organised around the assured availability of these two crops, making them integral to household food security, institutional feeding programmes, and public welfare distribution. This production-led availability ensures that staples remain physically accessible and economically viable across income segments, reinforcing habitual, high-frequency consumption. As a result, demand for staple grains in the region is driven less by discretionary choice and more by structural necessity, making it resilient to short-term price movements and economic cycles.

Rice remains the **primary production and consumption crop** in South India, directly shaping demand patterns. In Fiscal 2025, the region produced **over 37 million tonnes of rice**, compared with **India's total rice output of 150.18 million tonnes**, underscoring the South's critical role in sustaining national rice availability. Telangana alone contributed **17.45 million tonnes**, accounting for **11.6%** of India's rice production, while Andhra Pradesh produced **8.16 million tonnes (5.4%)** and Tamil Nadu added **7.09 million tonnes (4.7%)**. This scale of rice output ensures uninterrupted regional availability, enabling rice to remain a non-substitutable dietary staple across rural households, urban consumers, foodservice operators, and public distribution systems. The assured presence of locally produced rice sustains consistent consumption volumes and anchors long-term demand stability irrespective of external supply disruptions.

Alongside rice, **coarse cereals constitute the second major production pillar** supporting staple food demand in the southern region. In Fiscal 2025, South India produced approximately **18.4 million tonnes of coarse cereals**, out of **India's total output of 63.92 million tonnes**. Karnataka emerged as a dominant contributor with **8.59 million tonnes**, accounting for **13.4%** of national production, followed by Telangana with **3.79 million tonnes (5.9%)**, Tamil Nadu with **3.47 million tonnes (5.4%)**, and Andhra Pradesh with **2.57 million tonnes (4.0%)**. This strong and diversified coarse cereal production base ensures sustained availability of millets and maize, which are increasingly consumed through government nutrition schemes, institutional catering, and health-conscious urban households.

Importantly, the rise of coarse cereals in the regional production mix has **not displaced rice consumption** but has instead broadened the overall staple basket. Millets and maize add incremental demand layers by catering to

nutrition-led consumption, institutional procurement, and policy-supported food programmes, while rice continues to dominate daily caloric intake. Together, the dual dominance of rice and coarse cereals converts agricultural output into a **predictable, consumption-led offtake**, supporting stable demand across households, public distribution systems, mid-day meal schemes, hostels, and commercial foodservice operators. This production-driven ecosystem ensures that staple food demand in South India remains **volume-led, structurally resilient, and insulated from short-term supply and price volatility**, reinforcing its long-term market stability.

2. Urbanisation, population density, and institutional demand are reinforcing staple food consumption

South India's staple food demand is underpinned by a **large population base of approximately 27.4 crore people**, combined with rapid urbanisation and high population density across key economic centres. Major southern cities such as **Chennai**, **Bengaluru**, **Hyderabad**, and **Kochi** act as employment and education hubs, attracting sustained rural-to-urban migration. With India's urban population projected to exceed **40% of the total population by 2030**, South India is witnessing a steady concentration of consumers in urban and peri-urban clusters. This demographic shift has not reduced staple food intake; instead, it has **rechannelled staple consumption into organised and institutional formats**, where rice and coarse cereals remain the dominant calorie base.

High population density within this **27.4-crore consumer base** directly translates into **large, recurring volumes of staple grain consumption**, particularly rice. Urban working populations, migrant labour clusters, students, and single-person households increasingly depend on hostels, corporate canteens, mess services, and food service providers for daily meals. These channels rely heavily on staples due to their affordability, scalability, and cultural acceptance, resulting in **bulk procurement of rice and cereals rather than discretionary food items**. As a result, urbanisation amplifies staple demand by aggregating individual consumption into high-volume institutional offtake.

Institutional demand is further strengthened by government food security and nutrition programmes that are explicitly **staple-centric**. Under the **Pradhan Mantri Poshan Shakti Nirman (Mid-Day Meal Scheme)**, cooked meals containing rice are provided to approximately **11.8 crore children across more than 11 lakh schools nationwide**, creating a large, policy-backed demand stream for food grains. Similarly, the **Public Distribution System (PDS)** under the National Food Security Act ensures regular distribution of subsidised rice and other staples to a significant share of households. Southern states, many of which supplement central allocations with state-level schemes, consistently record **high PDS offtake**, reinforcing baseline staple demand regardless of income or economic conditions.

Taken together, the combination of a **large 27.4-crore population**, accelerating urbanisation, and extensive institutional feeding programmes converts demographic scale into **predictable, non-cyclical demand for staple foods**. Unlike discretionary food categories, staples such as rice and coarse cereals benefit from simultaneous consumption across households, institutional kitchens, and welfare systems. This multi-layered demand structure ensures that staple food consumption in South India remains **volume-driven, resilient to economic slowdowns, and structurally insulated from short-term income and market volatility**, providing long-term demand visibility across the value chain.

3. High per-capita consumption driven by dietary patterns

Staple food demand in South India is underpinned by entrenched dietary habits and a large regional consumption base. The southern region supports a population of approximately **27+ crore people**, making it one of the largest and most cereal-intensive consumer markets in the country. Rice and coarse cereals form the foundation of daily diets across income groups, resulting in consistently high per-capita and aggregate consumption of staple food grains.

Rice remains the dominant cereal staple in the region, accounting for a **very high share of total cereal consumption**, significantly higher than in wheat-dominant regions of North and West India. Consumption assessments indicate that rice constitutes **over 90% of cereal intake** in several southern states, reflecting deep-rooted food preferences aligned with local agro-climatic conditions and production patterns. This strong rice-centric consumption behaviour anchors long-term demand stability for staple grains, as rice continues to be consumed multiple times daily in traditional meal formats across rural and urban households.

Household consumption data from the **Household Consumption Expenditure Survey (HCES) 2023** indicate that cereals, including rice and coarse grains, continue to account for a substantial share of monthly per-capita

food consumption in southern India. While overall dietary diversification is visible at the national level, cereal consumption in the South remains comparatively resilient, with rice retaining its position as the largest single cereal component. In several southern states, per-capita rice consumption levels remain **above national cereal consumption averages**, highlighting the region's sustained dependence on rice as a primary calorie source.

Even as income levels rise and food baskets diversify, staple consumption in South India has not declined materially. Instead, households increasingly upgrade within the staple category, shifting toward better-quality rice and nutritionally positioned coarse cereals, while maintaining overall consumption volumes. As a result, rice and cereals continue to command a **significant share of household food expenditure**, making staple food demand relatively inelastic to short-term price movements or income variability. This combination of dietary preference, population scale, and consumption continuity ensures that staple food demand in South India remains **structurally strong, volume-led, and predictable over the long term**.

4. Climate suitability, food-grain production, and staple demand resilience (Fiscal 2025)

The southern region's staple food demand is closely linked to its **climate suitability for food-grain cultivation**, which supports consistent production of rice and coarse cereals across varying rainfall conditions. In Fiscal 2025, southern states together accounted for a meaningful share of India's total food-grain output, highlighting the region's ability to sustain staple production despite climatic variability. Within the region, **Telangana** accounted for around **6.0%** of national food-grain production, followed by **Karnataka** at **4.1%**, **Andhra Pradesh** at **3.3%**, and **Tamil Nadu** at **3.1%**. **Kerala** and **Goa** contribute relatively smaller shares, largely due to agro-climatic conditions, land availability, and cropping patterns.

This distribution reflects the **southern region's agro-climatic advantage for staple crops**, supported by a combination of irrigated river basins, monsoon rainfall, and suitability for both water-intensive rice and rain-fed coarse cereals. The region demonstrates flexibility in allocating acreage between rice, millets, maize, and pulses in response to rainfall patterns, reservoir levels, and seasonal water availability. Such adaptive cropping behaviour enables continuity in food-grain output even during uneven monsoon years, ensuring regular availability of staple foods across markets.

From a demand perspective, this climate-aligned production structure supports **uninterrupted consumption of staples** across households, institutional channels, and public distribution systems. Rice continues to dominate staple consumption, while coarse cereals increasingly complement diets through nutrition programmes and diversified consumption preferences. The ability to sustain food-grain production that aligns closely with regional dietary habits limits supply-side disruptions that could otherwise affect staple consumption volumes.

Innovations & Trends

Product Innovation and Variety

Product innovation and expansion of product variety have become key strategic levers for food staples and ready-to-cook (RTC) players in India, as consumer expectations evolve beyond basic functionality toward choice, differentiation, and experiential value. Manufacturers are increasingly diversifying their portfolios to address multiple consumption occasions, dietary preferences, and taste profiles, enabling them to move away from commoditised offerings toward more value-added and specialised products.

Innovation is increasingly focused on **extending traditional food categories into differentiated variants**, including regional, functional, health-oriented, and convenience-led formats. Staple products such as flours, grains, batters, and mixes are being offered in multiple forms to cater to varying consumer needs, ranging from everyday use to specialised dietary requirements. This approach allows companies to leverage existing consumption habits while simultaneously introducing novelty and premiumisation within familiar categories.

In the RTC segment, variety-driven innovation is particularly evident through the expansion of cuisine options, flavour profiles, and meal formats. Brands are introducing a broader range of regional Indian and global-inspired offerings to meet growing consumer interest in experimentation and variety without increasing cooking complexity. Additionally, innovations in pack sizes, portion-controlled formats, and modular meal components are enabling flexibility, reducing food waste, and improving affordability. Collectively, the emphasis on product innovation and variety is supporting higher consumer engagement, repeat purchases, and long-term category growth across the food staples and RTC market.

Sustainability and Ethical Consumerism

Sustainability and ethical consumerism are increasingly influencing product development, sourcing strategies, and brand positioning within India's food staples and ready-to-cook (RTC) industry. Consumers are becoming more conscious of the environmental and social impact of their food choices, prompting manufacturers to adopt practices that emphasise responsible sourcing, reduced waste, and environmentally friendly operations. This shift is encouraging the use of sustainably sourced raw materials, improved traceability across supply chains, and greater transparency in production processes.

Packaging innovation is also playing a role in sustainability-led trends, with companies exploring recyclable, biodegradable, and reduced-plastic packaging formats to align with evolving consumer expectations. Ethical considerations such as support for local farmers, traditional farming practices, and fair procurement are increasingly being integrated into brand narratives, particularly among premium and health-focused food brands. These developments are strengthening consumer trust and influencing purchasing decisions, especially among urban and younger demographics.

Supporting personalized nutrition through innovative formulations

The growing emphasis on personalised nutrition is shaping innovation across food staples, RTC products, and functional food categories. Consumers are increasingly seeking food solutions tailored to specific dietary needs, lifestyle choices, and wellness goals, such as higher protein intake, improved digestion, balanced nutrition, or plant-based diets. In response, manufacturers are developing **innovative formulations** that allow customisation without significantly altering familiar consumption habits.

This trend is evident in the development of specialised variants, blends, and modular food formats that enable consumers to select products aligned with their individual preferences and health objectives. Ingredient innovation, functional fortification, and targeted formulations are supporting this shift, allowing brands to address diverse consumer requirements while maintaining scalability. Personalised nutrition-focused innovation is also encouraging deeper consumer engagement, as products are increasingly positioned as solutions rather than commodities.

Others

Beyond sustainability and personalised nutrition, several other innovation trends are shaping the evolution of India's food staples and RTC market. These include greater emphasis on **clean-label formulations**, simplification of ingredient lists, and reduction of artificial additives to meet growing consumer demand for transparency and

natural food products. Brands are also focusing on improving product shelf life and consistency without compromising taste or nutritional integrity.

Additionally, digitalisation and data-led insights are increasingly guiding product development and portfolio expansion. Consumer feedback, purchasing behaviour, and platform-driven analytics are being used to refine product offerings, identify emerging taste preferences, and accelerate innovation cycles. Together, these trends reflect a broader industry shift toward **consumer-centric innovation**, enabling food manufacturers to remain relevant in a rapidly evolving consumption landscape.

Regulatory Landscape

Analysis of key regulatory policies / programs that has an impact on the functioning of the industry

The food contract manufacturing, packaged food, breakfast cereals & snack food, food staples (grains, pulses, milled products), ready-to-cook (RTC), and sprouted grain flour industry in India is significantly shaped by a combination of incentive-based manufacturing schemes, MSME formalisation programs, infrastructure development initiatives, and policy reforms under the Make in India framework. These interventions collectively aim to enhance value addition, improve food safety and quality, strengthen supply chains, promote sustainability, and build globally competitive Indian food brands.

- **Production Linked Incentive (PLI) Scheme for Food Processing Industry**

The Production Linked Incentive Scheme for Food Processing Industry (PLISFPI), approved in March 2021 with a total outlay of ₹ 10,900 crore and a tenure from Fiscal 2022 to Fiscal 2027, is a cornerstone policy supporting large-scale manufacturing and brand building in the food processing sector. The scheme provides financial incentives to encourage capacity expansion, modernisation, and competitiveness in high-growth food categories. It covers four major product segments **Ready-to-Cook (RTC) / Ready-to-Eat (RTE) foods including millet-based products, processed fruits and vegetables, marine products, and mozzarella cheese** along with **innovative and organic products manufactured by MSMEs**, such as free-range eggs, poultry meat, and egg products. Eligible applicants include Indian-registered companies, LLPs, partnerships, proprietary firms, cooperatives, and MSMEs. The scheme directly benefits packaged food, cereals, snacks, and RTC manufacturers by incentivising scale, technology adoption, export orientation, and the creation of strong Indian brands.

- **PLI Scheme for Millet-based Products**

To promote sustainable and nutrition-focused food systems, the government introduced a dedicated **PLI Scheme for Millet-based Products** in Fiscal 2023 with an outlay of ₹ 800 crore. This scheme supports processing of millets into value-added products such as breakfast cereals, RTC foods, snacks, and flours. Given millets' lower water requirement, climate resilience, and high nutritional value, the scheme aligns closely with sustainability goals while opening growth opportunities for manufacturers of cereals, RTC products, and functional grain-based foods.

- **Pradhan Mantri Formalisation of Micro Food Processing Enterprises (PMFME) Scheme**

The PMFME Scheme focuses on **formalising and strengthening micro food processing units**, which form the backbone of India's food staples, RTC, and grain-based processing ecosystem. The scheme provides **credit-linked capital subsidy of 35% of eligible project cost**, capped at ₹ 3 crore for groups (FPOs, cooperatives, SHGs, government agencies) establishing common infrastructure and ₹10 lakh per unit for individuals and enterprises setting up or upgrading processing units. The **One District One Product (ODOP)** approach, implemented across **713 districts with 137 unique products**, enables cluster-based development, economies of scale, and improved market access. Additional support through **seed capital for SHGs**, branding and marketing grants (50% support), and structured **capacity-building and entrepreneurship training** enhances the viability and competitiveness of micro and small food processors, including those engaged in grains, pulses, milled products, RTC foods, and sprouted grain flours.

- **Pradhan Mantri Kisan SAMPADA Yojana (PMKSY)**

PMKSY addresses critical infrastructure and technology gaps in the food processing sector, particularly for SMEs. The scheme supports the development of **cold chains, food processing units, integrated supply chains, and quality assurance infrastructure**, thereby reducing post-harvest losses and improving storage and logistics

efficiency. As of recent updates, **1,281 projects have been approved under PMKSY**, contributing to capacity expansion, improved product quality, and enhanced market access. PMKSY has also generated significant employment, with an estimated **13.09 lakh jobs**, largely in rural areas. Its R&D component supports innovation in food quality, safety standards, and processing technologies, while the **Food Safety and Quality Assurance Infrastructure** sub-scheme funds the establishment and upgradation of food testing laboratories critical for compliance with FSSAI regulations and global export standards.

- **Ethanol Blended with Petrol (EBP) Programme and Grain-based Ethanol Policies**

The government's push to increase ethanol production under the **Ethanol Blended with Petrol (EBP) Programme** has indirect implications for food staples and grain availability. Interest subvention schemes introduced between 2018 and 2022 offer **6% interest subvention or 50% of interest cost (whichever is lower)** for five years, with a one-year moratorium, to support new and expanded distilleries. The inclusion of **grain-based ethanol production in 2021** affects demand-supply dynamics for cereals, influencing raw material pricing and availability for food processors, particularly those dependent on grains and milled products.

- **Make in India – Food Processing Sector Initiatives**

Under the Make in India programme, the food processing sector has emerged as one of the **fastest-growing segments within organised manufacturing**, outperforming overall manufacturing growth between Fiscal 2014 and Fiscal 2024. The policy allows **100% FDI through government approval**, which has been a key driver for investment, technology transfer, and global integration. A 2025 Standing Committee report highlighted both progress and gaps, noting that only **42% of allocated funds (₹830 crore)** had been disbursed by March 2025. The Committee recommended strengthening FSSAI compliance mechanisms, increasing trained manpower, completing pending food testing laboratories under PMKSY, and upgrading existing labs measures that directly affect operational standards, compliance costs, and quality assurance across packaged foods, cereals, snacks, and RTC products.

Collectively, these regulatory policies and programmes create a **supportive but compliance-intensive ecosystem** for the food processing industry. Incentive schemes such as PLI, PMFME, and PMKSY drive capacity expansion, formalisation, innovation, and brand building, while food safety, quality assurance, and sustainability-linked policies raise operational standards. For manufacturers across packaged foods, cereals, snacks, staples, RTC foods, and sprouted grain flours, these initiatives enhance long-term growth prospects, export readiness, and resilience, while requiring continuous alignment with evolving regulatory, safety, and sustainability requirements.

Insight on policy initiatives aimed at strengthening the industry

Recent policy initiatives by the **Food Safety and Standards Authority of India (FSSAI)** are aimed at strengthening India's food processing ecosystem by improving safety oversight, enhancing transparency, aligning domestic regulations with global standards, and promoting sustainable manufacturing practices. These measures are particularly relevant for food contract manufacturing, packaged food, breakfast cereals, snack foods, RTC products, and allied segments, as they directly influence compliance requirements, product design, sourcing strategies, and long-term competitiveness.

1. Food Safety and Standards (Import) First Amendment Regulations, 2025

FSSAI has notified the **Food Safety and Standards (Import) First Amendment Regulations, 2025**, which tighten food import testing norms and will come into force from **1 May 2026**. The policy is intended to enhance the efficiency, credibility, and global alignment of India's food import control system, thereby improving the quality of imported ingredients and finished food products entering the domestic market.

- Mandates the use of **FSSAI-prescribed analytical methods** by food testing laboratories.
- Permits adoption of **internationally validated methods** (AOAC, ISO, BIS, Codex Alimentarius, IUPAC, Food Chemicals Codex, etc.) where domestic methods are unavailable.
- Improves **testing reliability and turnaround time**, reducing delays in import clearance.
- Strengthens oversight of imported raw materials used by packaged food, cereal, and RTC manufacturers.

- Supports smoother trade flows while ensuring higher safety and quality standards.

2. Review of Food Labelling Regulations and Proposal for Front-of-Pack Nutrition Labelling

FSSAI has convened a **national stakeholder consultation** to review existing food labelling, advertising, and claims regulations, following directions from the Supreme Court. The objective is to evaluate implementation challenges, strengthen consumer protection, and align India's labelling framework with international best practices.

- Proposal to introduce **front-of-pack nutrition labelling (FOPL)**, particularly warning labels for foods high in fat, sugar, or salt (HFSS).
- Review of the effectiveness of current labelling norms, including the proposed Indian Nutrition Rating system.
- Focus on **improving transparency and informed consumer choice**, especially for packaged foods, cereals, and snacks.
- Emphasis on **restricting misleading claims and marketing to children**.
- Encourages manufacturers to reformulate products and adopt healthier nutritional profiles over time.

3. Draft Food Safety and Standards (Packaging) Amendment Regulations, 2025

In October 2025, FSSAI opened a public consultation on the **draft Packaging Amendment Regulations, 2025**, proposing the prohibition of certain hazardous substances in food contact materials. This initiative reflects India's move toward safer and more sustainable food packaging practices.

- Proposed ban on **Bisphenol A (BPA) and its derivatives** in food contact polycarbonate and epoxy resins.
- Proposed ban on **poly- and perfluoroalkyl substances (PFAS)** in food contact materials.
- Aims to reduce **chemical migration risks** from packaging into food products.
- Aligns India's packaging standards with evolving **global environmental and safety norms**.
- Encourages innovation in **non-toxic, sustainable, and compliant packaging alternatives** for packaged foods, RTC products, and cereals.

Collectively, these policies represent a shift toward **quality-led, safety-driven, and sustainability-oriented growth** of the food processing industry. While they increase compliance intensity and may raise short-term operational costs for manufacturers, they are expected to enhance **consumer trust, export readiness, and long-term competitiveness** of Indian food manufacturers. For contract manufacturers and branded food players alike, these measures create a more structured, globally aligned operating environment that supports sustainable industry development over the medium to long term.

Opportunities Arising from India's Free Trade Agreements (FTAs)

India's expanding trade engagement through bilateral and regional agreements has played an increasingly important role in enhancing the country's export competitiveness across manufacturing and agri-based sectors, including food processing and value-added food products. These agreements aim to reduce tariff and non-tariff barriers, facilitate smoother customs procedures, and improve regulatory cooperation, thereby enabling Indian manufacturers to access larger consumer markets with greater ease. For the food and functional food industry in particular, FTAs support export diversification, encourage contract manufacturing and private-label opportunities, and help position India as a cost-competitive sourcing hub for global markets.

As per the Ministry of Commerce and Industry, Government of India, the country has signed **13 Regional Trade Agreements and Free Trade Agreements** with various countries and regions, including Japan, the Republic of Korea (South Korea), the Association of Southeast Asian Nations (ASEAN), member countries of the South Asian

Association for Regional Cooperation (SAARC), Mauritius, the United Arab Emirates, and Australia. Over the past decade, India's merchandise exports to these partner regions have recorded sustained growth, reflecting the positive impact of improved market access, tariff concessions, and deeper trade integration enabled through these agreements.

More recently, India signed the **India–Oman CEPA on 18 December 2025**, under which **98% of Indian exports including textiles, engineering goods and food products will receive duty-free access to Oman**, with the agreement expected to come into force in **Q1 2026**. Such agreements are expected to enhance export competitiveness for Indian processed food and value-added agri products in West Asian markets.

In addition, the **India–EU FTA**, currently under negotiation, is widely regarded as a strategically significant trade pact and is expected to create substantial opportunities for India's agri and processed food sectors. Under the proposed framework:

- Approximately **20.3% of tariff lines covering ~2.9% of India's exports** could receive zero-duty access over 3–5 years for select products including certain marine and processed food items.

- The agreement aims to eliminate tariffs on **over 90% of tariff lines by the EU (91% by value)** and **86% of tariff lines by India (93% by value)**, with overall trade liberalisation coverage expected to reach **99.3% for the EU and 96.6% for India**.

- Preferential access for agricultural and processed food products such as **tea, coffee, spices, fruits, vegetables, gherkins, and other processed foods** is expected to improve competitiveness of Indian exports in European markets.

- The agreement is also expected to support **farmer incomes, rural livelihoods, and value-added agri exports**, while India has retained safeguards for sensitive sectors such as dairy, cereals, poultry and select crops.

Overall, India's expanding FTA network is expected to support export-oriented growth across the food processing and functional food ecosystem by improving duty competitiveness in key markets, enabling contract manufacturing and private-label export opportunities, supporting diversification into premium global markets, and strengthening integration into global food value chains.

Fortified Flour in India's Nutrition Ecosystem

Fortified flour has emerged as a key component of India's broader fortified foods landscape, driven by the need to address widespread micronutrient deficiencies through commonly consumed staple foods. As wheat flour and millet-based flours form a significant part of daily diets across regions, fortification has gained policy and industry support as a practical and scalable nutrition intervention. Over time, initiatives led by government agencies, state distribution systems and institutional feeding programmes have helped integrate fortified flour into mainstream consumption channels, increasing both availability and awareness. With continued emphasis on nutrition security, expansion of fortified staples through public programmes and growing acceptance of nutrition-positioned food products, fortified flours are increasingly being positioned as an important segment within India's evolving food and nutrition ecosystem.

Fortified staple foods, particularly wheat and millet flours, are being actively promoted in India as a scalable intervention to address micronutrient deficiencies such as iron and vitamin deficiencies. Given the widespread daily consumption of cereal-based staples, fortification of flour has emerged as one of the most effective vehicles for delivering essential nutrients at population scale. Over the past decade, fortified staples have evolved from pilot public-health initiatives to mainstream adoption across government distribution systems and institutional feeding programmes, positioning fortified flour as a key component of India's nutrition security strategy. Large-scale institutional procurement has played a central role in mainstreaming fortified flour consumption across India.

- **Public Distribution System (PDS):** Government procurement for distribution to low-income households has created steady demand for fortified wheat flour.
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- **Nutrition & Welfare Programmes:** Institutional schemes such as school meal programmes and ICDS have supported bulk procurement of fortified staples.

- **State-Level Implementation Examples:**

    - Himachal Pradesh has implemented fortified wheat flour distribution through PDS covering approximately **70 lakh beneficiaries**

    - Kerala State Civil Supplies Corporation (SUPPLYCO) produces around **60,000 metric tonnes of fortified wheat flour annually**, with nearly **90% distributed through ration shops**, reaching over **85 lakh families also** Ladakh has introduced fortified wheat flour distribution through the PDS benefiting around **2 lakh people**

These initiatives demonstrate how fortified flour has transitioned from pilot interventions to embedded components of public nutrition delivery systems. There is increasing policy emphasis on fortified flours derived from nutrient-dense cereals such as millets. India accounts for approximately **38.4% of global millet production (FAO)**, providing a strong raw material base for fortified millet and multigrain flour products. National initiatives promoting millets as nutritionally rich and climate-resilient crops are expected to further support adoption of fortified multigrain and millet-based flours across both institutional and retail segments.

The fortified flour segment in India has gradually moved from being a targeted public-health intervention to a more mainstream staple category. Expansion across public distribution systems, growing awareness of micronutrient deficiencies, and increasing acceptance of nutrition-positioned staples have supported this transition. As a result, fortified wheat and millet flours are emerging as key components of India's fortified foods ecosystem, with opportunities spanning institutional procurement, branded retail products and value-added staple categories.

Overall, fortified flours particularly wheat and millet-based variants are emerging as critical vehicles for improving nutritional outcomes at scale in India. Supported by government-led nutrition programmes, institutional procurement and growing awareness of micronutrient deficiencies, fortified staples have transitioned from targeted public-health interventions to increasingly mainstream consumption across both welfare and retail channels. With continued policy emphasis on food fortification, expansion of fortified staples through public distribution systems and rising consumer interest in healthier staple foods, fortified flours are expected to remain an important segment within India's broader fortified foods ecosystem, offering sustained opportunities across institutional supply chains, branded packaged staples and value-added grain-based products.

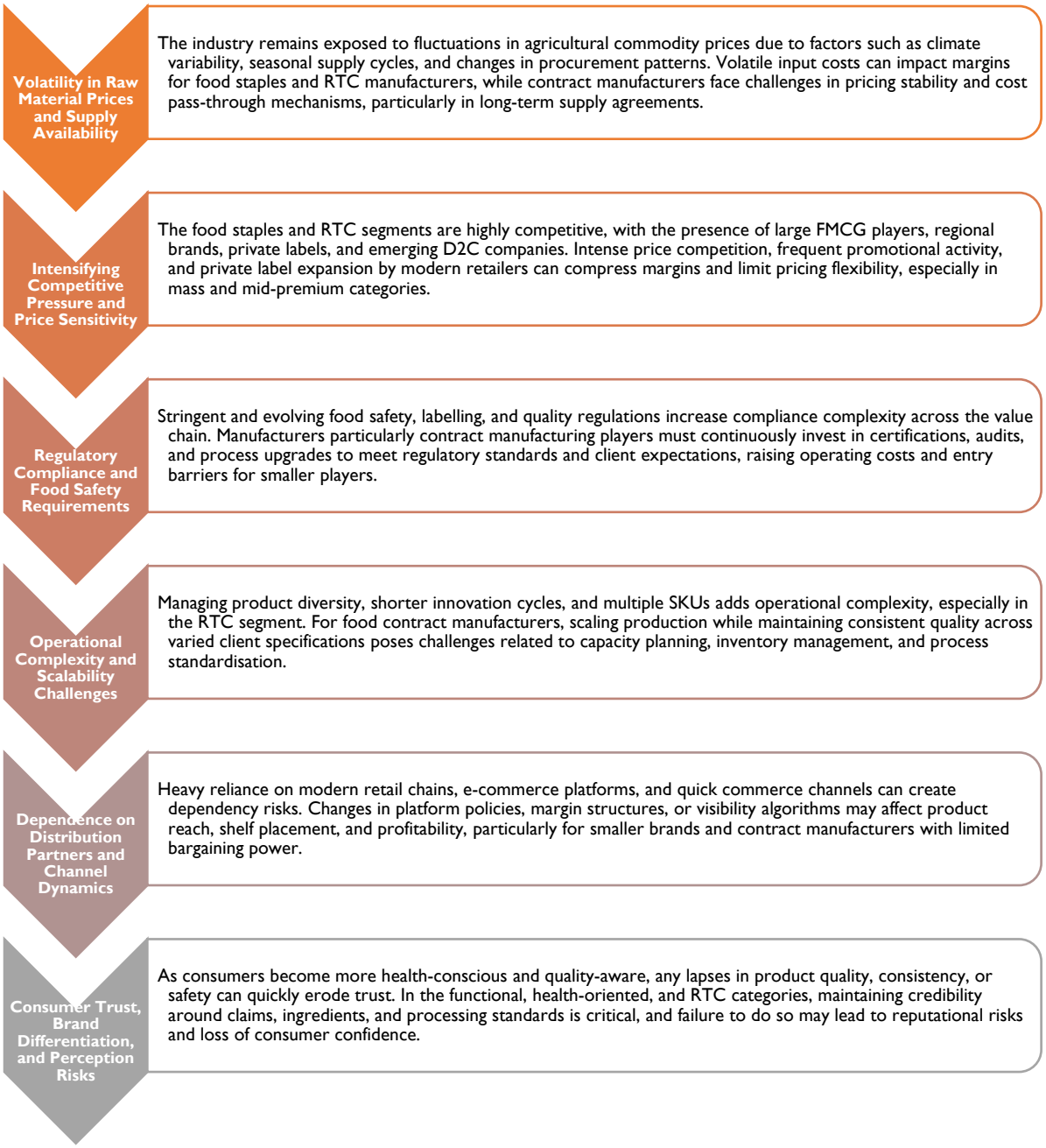
Nuts such as almonds and other tree nuts are commonly processed into value-added formats including diced, slivered and blanched forms to improve usability across food manufacturing applications. These processing steps enhance texture consistency, visual appeal and ease of incorporation into finished products, making processed nuts suitable for use across bakery, confectionery, snacks and ready-to-eat food categories. Blanching involves removal of the outer skin through heat or steam treatment to achieve a uniform appearance and flavour profile; while slivering and dicing enable nuts to be supplied in standardised sizes that are easier to handle and integrate into industrial food production processes.

Blanching involves the removal of the outer skin of nuts commonly almonds, peanuts and hazelnuts through heat or steam treatment followed by cooling and peeling. This process improves appearance, texture and flavour consistency, while also making nuts more suitable for use in bakery, confectionery and dairy applications. **Slivering** refers to slicing nuts into thin elongated pieces, typically used as toppings or inclusions in sweets, bakery products and ready-to-eat foods. **Dicing** involves cutting nuts into small uniform cubes or granules, allowing for easy incorporation into snack mixes, chocolates, breakfast cereals and processed food formulations. These processing steps help standardise size, improve handling efficiency and ensure consistency in end-product formulations.

In the context of the Indian bakery segment represents a key end-use industry for processed nut ingredients such as diced, slivered and blanched nuts used in premium and value-added product variants. In recent years, production in the segment has moderated from around 659 million kg in FY2021 to approximately 565 million kg in FY2025, reflecting short-term adjustments linked to input cost pressures, supply chain disruptions and evolving consumer dietary preferences. Despite this moderation, underlying demand drivers remain intact, supported by increasing snacking occasions, product innovation and growing consumer preference for premium and healthier variants such as multigrain, digestive and low-sugar cookies. As manufacturers continue to introduce value-added and premium offerings, the use of processed nut inclusions in select biscuit and cookie formats is expected to remain relevant, although credible industry-level data on the exact usage share of nuts in this segment is limited in the public domain.

Threats & Challenges

Key threats & challenges facing the industry



Competitive Landscape

The competitive landscape across India's food staples, ready-to-cook (RTC), and food contract manufacturing segments is **highly diverse**, with participation from large FMCG companies, regional and mid-sized players, private labels, and emerging niche brands. The food staples segment is relatively mature and scale-driven, where competition is led by strong brands with extensive sourcing networks and nationwide distribution. Pricing, supply chain efficiency, and brand trust remain key differentiators, although premium and health-oriented variants are gradually introducing elements of product differentiation within an otherwise commoditised market.

In contrast, the RTC segment is **more fragmented and innovation-intensive**, characterised by frequent product launches, shorter innovation cycles, and greater emphasis on taste, convenience, and menu variety. Competition

in this segment includes established FMCG players expanding their convenience food portfolios, alongside regional specialists and digital-first brands targeting specific cuisines or consumption occasions. Private labels and quick-commerce-led assortments are further intensifying competition, making agility, speed-to-market, and brand positioning critical success factors.

The food contract manufacturing segment operates largely behind the scenes and is marked by a **fragmented base of small to mid-sized manufacturers**, with competition centred on quality standards, regulatory compliance, scalability, and cost efficiency. While entry barriers are moderate, rising compliance requirements and client expectations around certifications and traceability are increasing operational complexity. Long-term client relationships and customised production capabilities provide some stability; however, pricing pressure and capacity utilisation remain key competitive challenges. Overall, the competitive landscape across these segments is evolving toward greater emphasis on **operational capability, innovation, and reliability**, alongside traditional scale and pricing advantages.

Analysis of key factors shaping competition in the sector

Competition across the food staples, ready-to-cook (RTC), and food contract manufacturing segments is primarily shaped by **scale, distribution reach, and brand strength**, particularly in the staples category where pricing and supply chain efficiency remain critical. Large FMCG players benefit from established procurement networks, nationwide distribution, and strong brand recall, enabling them to operate at lower unit costs and maintain competitive pricing. In parallel, the expansion of organised retail and digital commerce platforms has intensified competition by lowering market access barriers for new and regional brands, increasing shelf competition and accelerating product turnover.

In the RTC and contract manufacturing segments, competition is increasingly driven by **innovation capability, operational agility, and compliance standards**. Shorter product life cycles, rapidly changing consumer preferences, and rising demand for customised and differentiated offerings favour players that can quickly innovate and scale production. At the same time, stricter food safety regulations and client audit requirements are raising expectations around quality, traceability, and process control, influencing competitive positioning and favouring organised and compliant manufacturers.

Analysis of entry barriers / other factors

- **Capital and Infrastructure Requirements:** Establishing scalable manufacturing facilities, cold chain infrastructure, and quality-controlled processing units requires significant upfront capital investment, particularly for RTC and contract manufacturing operations.

- **Regulatory Compliance and Certifications:** Adherence to food safety standards, labelling norms, and client-specific certifications increases compliance complexity and raises entry barriers, especially for new or smaller players.

- **Distribution Access and Shelf Space:** Securing visibility in modern retail, e-commerce platforms, and quick-commerce channels is competitive and often requires strong trade relationships, promotional spend, and consistent supply capability.

- **Brand Trust and Consumer Acceptance:** Building credibility and trust in food products especially in staples and health-oriented categories takes time and sustained investment, creating an intangible but significant entry barrier.

- **Economies of Scale and Cost Competitiveness:** Established players benefit from scale-driven cost advantages in procurement, production, and logistics, making it challenging for new entrants to compete on price while maintaining margins.

Company Profiling: Functional & Innovative Foods Limited

Company Overview:

Functional & Innovative Foods Ltd., incorporated in 2020, is a prominent Indian food contract manufacturing company headquartered in Andipalayam Village, Tiruchengode, Namakkal district, Tamil Nadu. The company specializes in private-labeland contract manufacturing solutions, offering end-to-end product development from formulation and processing to packaging of fully finished food products ensuring consistent quality and market readiness. Its branding appears on all product packaging, reinforcing credibility and visibility across distribution channels. With over three decades of industry expertise, Functional & Innovative Foods has established itself as a pioneering player in India's health and functional foods segment.

The company focuses on breakfast cereals, millet-based foods, and ready-to-cook mixes, blending traditional Indian flavors with modern convenience. Its products are designed to deliver nutritional value, great taste, and ease of preparation, catering to health-conscious and time-pressed consumers. Committed to quality, innovation, and sustainability, Functional & Innovative Foods develops wholesome, functional food solutions that support overall well-being. The company offers a diverse portfolio of over 28 product offerings across 700 SKUs, including Pancakes, Flakes, Muesli, Granola, Health Mix, Baby Food, Trail Mix, Sugar Substitutes, Chilla & Dosa Mixes, Oats, Chia Seeds, Nut-Fruit-Seed Trail Mix, and Pasta many crafted from millets and other superfood ingredients. Its esteemed clients include Slurrp, Big Basket, The Whole Truth, Millet Bank, Urban Platter, Kellogs, Marico, and others. Based on the selected peer set comprising Hindustan Foods Limited and Ganesh Consumer Products Limited, ***Functional & Innovative Foods Limited appears to be the fastest-growing company in terms of revenue growth, with a revenue CAGR of approximately 50.21% over Fiscal 2023 to Fiscal 2025***. In comparison, Hindustan Foods Limited and Ganesh Consumer Products Limited recorded lower revenue growth over the same period. This reflects the Company's relatively stronger scale-up in operations among the selected peer group during the period under review

Key Customer Segments Served:

- **Retail & FMCG Brands:** Functional & Innovative Foods serves retail and FMCG brands with innovative, health-oriented food products. The company supports brand owners through private-label manufacturing and customized formulations. Its capabilities help brands respond quickly to changing consumer preferences. This segment is central to the company's growth strategy.

- **Institutional & B2B Clients:** The company caters to institutional buyers and B2B customers with bulk food products, premixes, and customized solutions. These offerings are designed to meet large-scale consumption needs with consistent quality. Strong process control and compliance ensure reliability for long-term partnerships. This segment supports stable, volume-driven demand.

- **Health & Wellness-Oriented Consumers:** Through its product portfolio, the company indirectly serves health-conscious consumers seeking nutritious, millet-based, and functional food options. Its focus on innovation and nutrition aligns with evolving dietary trends. This segment reflects the company's commitment to wellness-driven food solutions.

Key Strengths:

- **Expertise in Functional & Millet-Based Foods**: Functional & Innovative Foods Pvt. Ltd. has developed strong domain expertise in functional, nutrition-enhanced, and millet-based food products. The company's focus on millets, health-forward ingredients, and balanced formulations aligns closely with changing consumer preferences and national initiatives promoting millet consumption. This specialization enables the company to create products that combine nutrition, taste, and functionality, strengthening its position in the health and wellness food segment.

- **Advanced Processing & Extrusion Technology**: The company is equipped with modern food processing and extrusion technologies including automated systems that support the manufacture of a wide range of products, including extruded snacks, millet flakes, noodles, and pasta. These advanced capabilities ensure uniform quality, improved shelf life, and efficient large-scale production. The use of technology-driven processes allows the company to maintain consistency while rapidly scaling output to meet growing demand.

- **Strong Brand Visibility and Trust:** The prominent display of Functional & Innovative Foods' name on all products fosters trust and brand association, attracting businesses looking to launch or expand their product lines. This positioning establishes the company as a reliable gateway for emerging brands while deepening collaborations with existing partners.

- **Customization & Private Label Manufacturing Capability:** Functional & Innovative Foods offers comprehensive customization and private-label manufacturing services for B2B, institutional, and FMCG clients. From product formulation and ingredient selection to packaging and scalable production, the company provides end-to-end solutions. This flexibility allows partner brands to launch differentiated products efficiently while relying on a dependable manufacturing partner. ***Functional & Innovative Foods have one of the largest SKU counts among the leading food contract manufacturing players with a national presence and diversified product category offering.***

- **Global Recognition:** As the flagship entity of its group, Functional & Innovative Foods holds internationally recognized certifications, including **ISO 22000, BRCG, USFDA, GMP, and Halal**, positioning it as a trusted partner for export-oriented and global markets. & Innovative Foods is among the few companies in India to hold the BRC Global Standard for Food Safety certification.

Peers Profiling

Company Name	Overview
Hindustan Foods Limited	Hindustan Foods Limited (HFL) is an India-based public company incorporated in 1984 and engaged primarily in contract manufacturing of fast-moving consumer goods (FMCG) across food and non-food categories. Headquartered in Mumbai, the company operates as a multi-category contract manufacturer supplying products for brand owners across segments such as foods and beverages, personal care, home care and leather products, with manufacturing competencies spanning formulation, processing, packaging and private-label production. The company originated with a focus on food processing and has subsequently diversified into multiple FMCG categories following a change in shareholding in 2013, when the Vanity Case Group acquired a controlling stake and expanded its manufacturing footprint and product range. HFL functions as a listed entity on Indian stock exchanges and operates manufacturing facilities across several locations in India, supporting retail and institutional supply through business-to-business manufacturing partnerships and private-label arrangements. The firm holds standard corporate registrations and operates as a contract manufacturing platform serving domestic and export markets within the packaged consumer goods and food-processing industry.
Ganesh Consumer Products Limited	**Established in 2000 and headquartered in Kolkata, West Bengal**, Ganesh Consumer Products Limited is an India-based fast-moving consumer goods (FMCG) company engaged in the manufacturing and marketing of packaged food products. The company operates across multiple consumer staple categories including whole wheat flour (atta), refined wheat flour (maida), semolina (sooji), roasted gram flour (sattu), gram flour (besan), cracked wheat (dalia), spices, ethnic snacks, instant food mixes, and other grain-based food products marketed primarily under the "Ganesh" brand. The company's product portfolio comprises 32 products and 225 stock keeping units (SKUs) catering to a broad range of consumer preferences and consumption occasions. The company operates a multi-location manufacturing network comprising seven facilities located across West Bengal, Uttar Pradesh, and Telangana. These facilities support the production of a diversified range of food products and are equipped with automated processing systems, quality control laboratories, and food safety management infrastructure. Ganesh Consumer Products Limited maintains an extensive procurement network for key raw materials such as wheat, gram, and spices sourced from various agricultural regions across India. Its products are distributed through business-to-consumer (B2C) and business-to-business (B2B) channels, serving retail customers, institutional buyers, foodservice establishments, and other commercial customers. Over the years, the company has expanded its product portfolio through the introduction of new product variants and categories, strengthening its presence within the packaged food and consumer staples market.

Positioning Benchmarking:

Name of Company	Products	SKUs
Functional & Innovative Foods Limited	Functional and innovative food products; specific product-level portfolio not provided in the information shared	**700**
Hindustan Foods Limited	**Food & Beverages:** Extruded cereals & snacks, RTC, RTE, breakfast cereals, instant porridges, rice crispies, instant mixes, soups & soup powders, spices & masala, sauces, dips, pastes, jams, jellies, preserves, gravies, cookies, protein bars, granola bars, chikkis and muesli. **Personal Care / Beauty / Home Care / Healthcare / Household Insecticides / Pet Care:** personal care, beauty & make-up, home care, healthcare & wellness, insecticides and pet care products.	**100**
Ganesh Consumer Products Limited	**Grains:** atta, maida, sooji, dalia, sattu, besan and other grain-based / flour products. **Spices:** whole spices, chilli powder, turmeric powder, coriander powder and blended spices. **Snacks:** bhujia, chanachur and other ethnic snacks. **Pulses:** pulse-based / gram-based products as part of its staples portfolio. **Others:** instant food mixes (including khaman dhokla and bela kachori), singhara flour, bajri flour and other ethnic / specialty flour products.	**225**

Source: Company annual report, business profiles, company official websites[6]

As of December 31, 2025, Functional & Innovative Foods Limited had the largest product portfolio among the Selected Peers in the Indian contract food manufacturing industry in terms of product varieties, with over 700 SKUs spanning multiple product categories.

[6] https://www.hindustanfoodslimited.com/investor-section/annual-reports/40th%20Annual%20Report%202024-2025.pdf https://admin.ganeshconsumer.com/uploads/investor_relations/173495125000 2_DETAILS_OF_BUSINESS.pdf

Financial KPI:

Particulars	Unit	Functional & Innovative Foods Limited				Hindustan Foods Limited				Ganesh Consumer Products Limited			
		For the Period / Year ended on				For the Period / Year ended on				For the Period / Year ended on			
		31-Dec-25	31-Mar-25	31-Mar-24	31-Mar-23	31-Dec-25	31-Mar-25	31-Mar-24	31-Mar-23	31-Dec-25	31-Mar-25	31-Mar-24	31-Mar-23
Revenue from Operations	(₹ in Million)	2,324.43	2,601.17	1,614.27	1,152.84	30,315.10	35,643.80	27,547.13	25,981.31	6,533.61	8,504.62	7,590.73	6,107.51
Profit After Tax	(₹ in Million)	256.08	232.22	137.59	32.24	1,030.60	1,096.40	930.17	711.17	328.50	354.32	269.92	271.03
Revenue CAGR	(In %)	NA			50.21	NA			17.13	NA			18.00
EBITDA	(₹ in Million)	369.66	338.29	208.65	68.83	2,532.10	2,931.50	2,217.26	1,732.10	680.61	732.38	633.54	561.44
EBITDA Margin	(In %)	15.90	13.01	12.93	5.97	8.35	8.22	8.05	6.67	10.42	8.61	8.35	9.19
PAT Margin	(In %)	11.00	8.91	8.49	2.79	3.39	3.06	3.37	2.73	5.00	4.14	3.53	4.41
Return on Equity	(In %)	51.74	85.58	69.40	42.72	NA	14.27	18.22	20.95	NA	15.81	12.68	14.21

Note: We used Consolidated Financial Statements for Hindustan Foods Limited and Standalone Statements for Ganesh Consumer products Limited.
NA means Not Available

Analysis:

The Company was among the fastest-growing companies within the Selected Peer set in terms of revenue growth, having recorded a revenue CAGR of 51.25% between Fiscal 2023 and Fiscal 2025.