



# The Great Indian Gastro - Economy

Succeeding In India With Investments  
In The Food Industry



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**F**ood has changed and so has the way we consume it. The fruit we eat at breakfast could have been grown on another continent, cooking food could mean only mixing and processing the ingredients of a packet, or simply warming an already cooked packet of our favorite meal.

The food industry has opened up an entire spectrum of possibilities from how food is grown, to how it is sourced, processed, packaged and served. Genetic engineering has made it possible to improve crop yield, even create pest-resistant strains of food. Robotic machines can reap and process crop produce several times faster than the manual process. Food packaging has made it possible to preserve and transport food to far-off destinations. There are farms growing food on vertical walls to optimize space.

The food and agri-business in India is ripe for such innovation in product development, technology integration and process excellence. Half of India's land is arable as compared to the global average of a tenth. A huge agricultural base coupled with one of the world's largest populations of employable human capital, makes India, the sixth largest economy in the world, an investors' haven.

One of the apprehensions of doing business in India for foreign investors has been administrative challenges. However, that is fast changing. There is a clear focus from the government to enable foreign investments. This is reflected in the marked improvement in India's ranking on the "Ease of Doing Business" index. The government is also specifically focused on food and agri-business and is implementing several initiatives to support it. The returns gained by early investors in this space are an indicator of the promise this sector holds for future investors.

**Mandala Capital** together with **Avalon Consulting** has prepared this report to demonstrate the opportunities offered by the food and allied businesses in India for foreign investors. The paper takes a deep dive into key aspects of the opportunity such as demographics, sub-sectors, industry performance and investment landscape.





As India gears up to become the third largest economy in the world by 2030, it offers significant opportunities for investors to gain from and contribute to this growth story.

India's demographic dividend provides an unparalleled strategic advantage to businesses. India has almost one-fifth of the world's people between the ages of 15 and 64 years, giving it a large base of employable human capital and customers. India will be the world's youngest country in 2020 with an average age of 29. A large base of millennial customers who are known to spend on new experiences augurs well for business growth in the food industry.

Food and agri-business in India have been among the best performing sectors with respect to value creation and returns generated. The government has implemented several policies to boost business. The impact is visible in the significant improvement in India's ranking on "Ease of Doing Business". Many initiatives specific to food and agri-business are being implemented across the continuum from mega food park schemes to R&D and skill development.

The food industry has investment hotspots across many sub-sectors, allied sectors, agri-business and food services. The opportunity ranges across packaged food, fruits and vegetables, warehousing, food packaging, contract farming, food ingredients, etc. Demographic and lifestyle changes along with increasing purchasing power will drive growth in processed food, meat, poultry and dairy. There is also significant opportunity for new product development and technology integration.

Private equity and venture capital investments have experienced positive growth. The investment in food and agri-business sector has tripled in the last 10 years. There have been several successful and sizeable exits. The sector has also witnessed notable acquisitions and partnerships.

This is the right time for investors to enter the food and agri-business in India to capture the share of market of what is clearly a high growth area in an investor-friendly eco-system.



# INDIA

## An Investment Destination Of Choice

1. India is expected to reach a GDP of \$10 trillion by 2030, making it the world's third largest economy by 2030, after China and USA
2. The pyramid structure of the Indian economy will transition to a diamond structure due to the rising middle class with a higher disposable income and an appetite for various food products
3. Set to be the world's youngest country in 2020, India has a sizable population of millennials keen on new food experiences
4. Demographic and lifestyle shifts are changing food consumption patterns; demand for Ready-To-Eat (RTE), Ready-To-Cook (RTC), premium and specialty food is on the rise
5. The rise in demand has fuelled growth in modern retail and e-commerce in India
6. Business leaders across large global and Indian food companies are already investing heavily to take advantage of the growth of the food industry in India



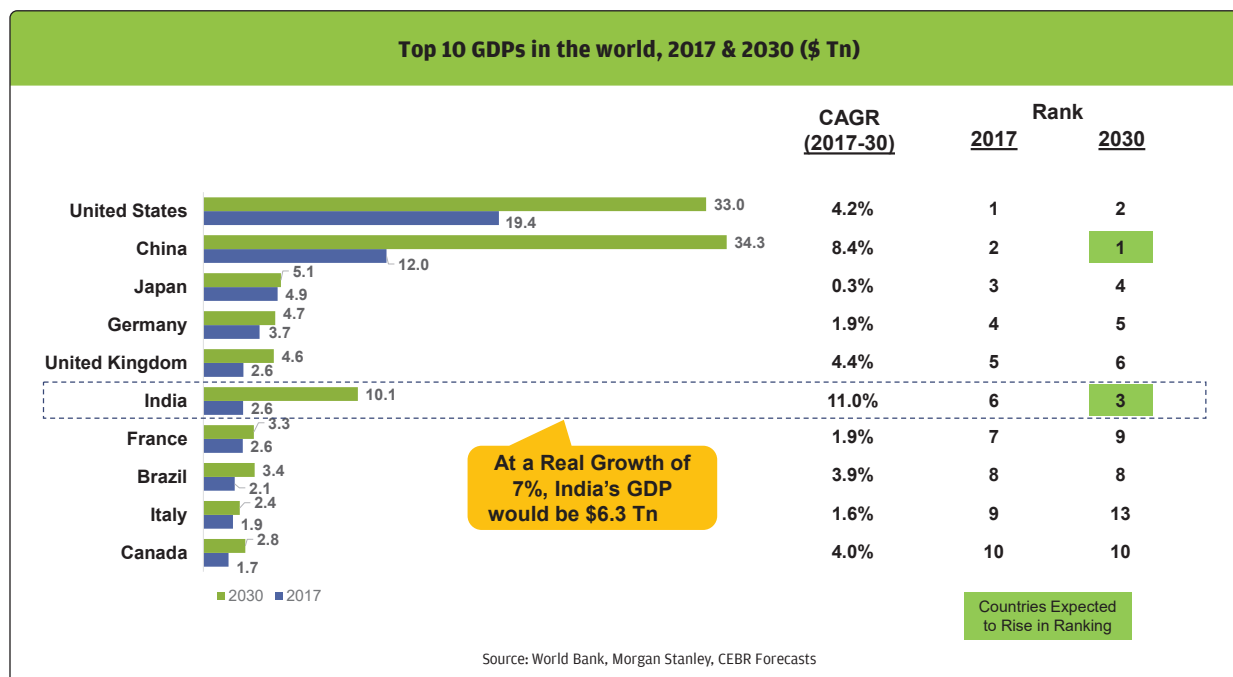
## A DEMOGRAPHIC ELDORADO

India's demographic dividend is a story that has been told often. Soon to be the world's youngest country in 2020, India offers the dual advantage of a sizeable human capital and large consumer base.

Economically, India is currently the world's sixth largest economy with a GDP of \$2.6 trillion. It will become the world's third largest economy by 2030, with a forecasted real GDP growth of CAGR 7% approximately.

“The size of opportunity here means we need to double our business. The aim is to continue to grow in double digits”

- Regional President and CEO, PepsiCo India



Demographically, India has the world's second largest population at 1.2 billion. By 2027, India will have 18.6 % of the world's 15 to 64-year-olds, making it the country with the highest working age population. This would result in a large section of earning population with a higher demand for food products.

Geographically, 53% of India's land is arable as compared to the world average of 10.9%.

India offers unparalleled demographic advantage that can be leveraged by businesses to create value and returns.





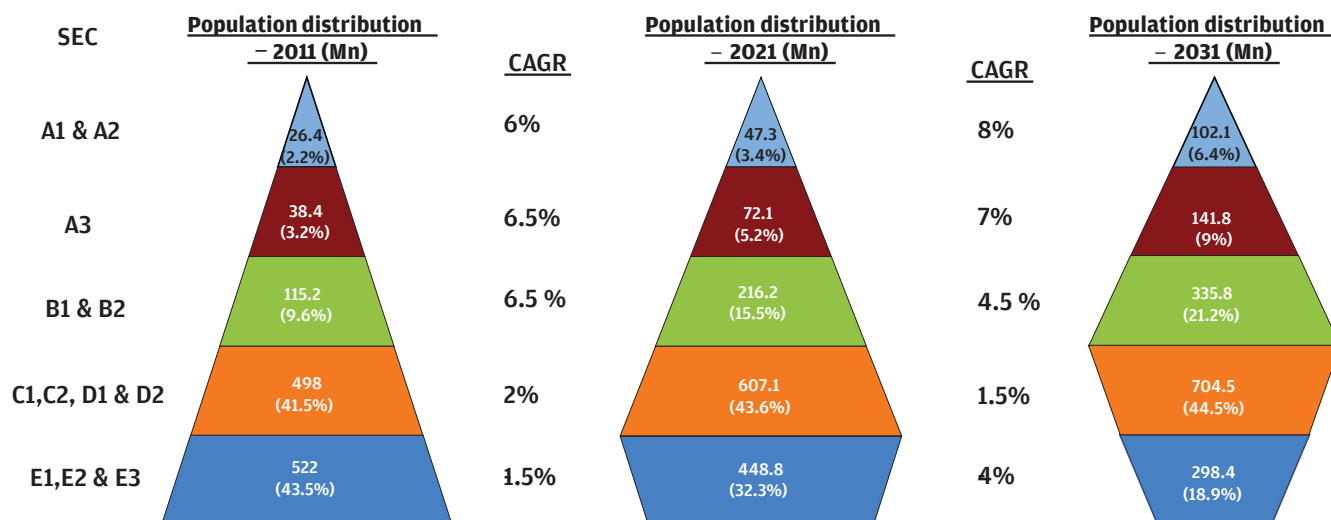
## RISE OF THE MIDDLE CLASS

“The opportunity in food in India is huge, with a population of 1.3 billion people, emerging middle class, a youth segment larger than the entire population of the US, and increasing rate of urbanization. The opportunity for providing nutritious, safe and tasty food to over one billion people must be addressed”

- Global President, Foods, Unilever

India is predicted to undergo a marked shift in population distribution by 2031. BARC (Broadcast Annual Research Council India) categorizes SECs (Socio-Economic Classes) based on ownership of "discriminating durables" which are indicative of the purchasing power and education level. Between 2021 and 2031, population level is expected to grow at CAGR of 7-8% for SEC A, 4-5% for SEC B, 1-2% for SECs C and D and negative growth in SEC E. The growing middle class is expected to alter the population distribution from a pyramid to a diamond.

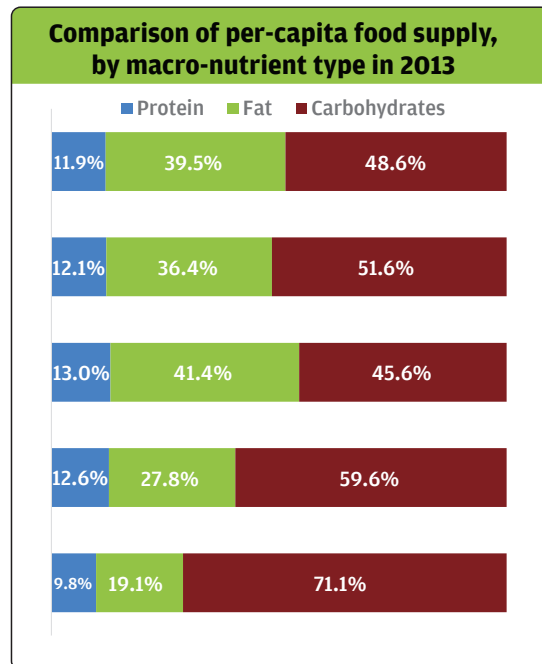
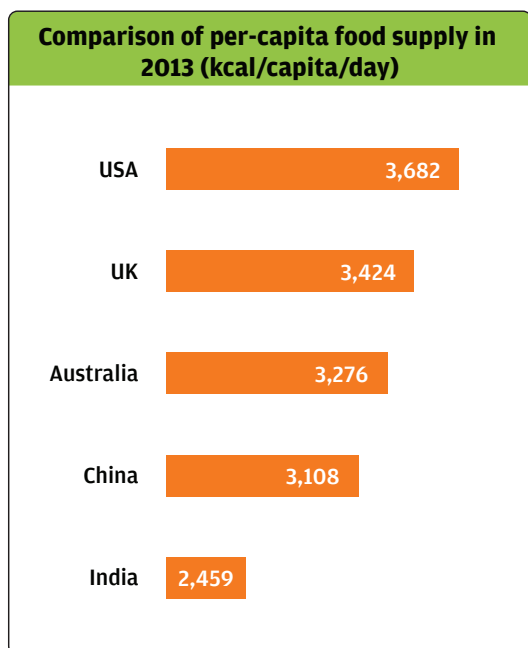
### Shift in distribution of Socio-Economic Classes (SECs) in India



Overall, the purchasing power of the Indian customer is increasing which is a lead indicator of greater consumption. FAO (Food and Agriculture Organization) estimates consumption across nations through a metric called per-capita food supply, measured in kilocalories per capita per day. In 2013, it was 2459 for India compared to 3108 for China, 3276 for Australia, 3424 for UK and 3682 for USA. The demographic shift will create a large middle class increasing the overall consumption levels resulting in narrowing the calorie gap

between India and other developed nations.

Further, a shift in the macro-nutrient consumption pattern is also expected due to the change in SECs. Traditionally, 71% of per-capita food supply comes from carbohydrates as compared to approximately 50% for other nations. However, the demand for protein and fat based food such as meat and fish are expected to increase in the future.



## CHANGES IN LIFESTYLE AND CUSTOMER PREFERENCES

Few critical changes in customer lifestyle and preference is catalysing greater demand for food products.

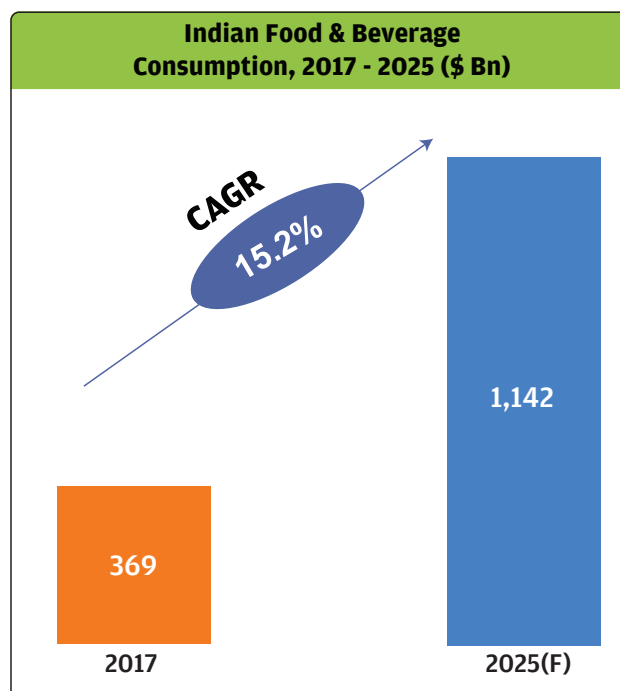
People living in urban settlements will increase from 33% to 40% between 2016 and 2025. Higher exposure to western lifestyles is increasing, improving general awareness of brands and expectations on quality.

Family size is decreasing, simultaneously increasing the number of decision makers which is an indicator of higher consumption. Nuclear families are expected to increase by 6% over the next 10 years.

More women are expected to join the workforce. Girls' secondary education enrolment rate increased by approximately 30% between 2005 and 2014. This is a strong lead indicator of a larger skilled female workforce in the near future.

The current level of processing in the food industry is approximately 10% in India compared to 80% in USA and 70% in France. All the above trends are expected to drive growth in F&B consumption at a CAGR of 15% till 2025, making the overall value of food and beverage consumption reach \$1.14 trillion by 2025. As brand awareness increases with urbanization and higher disposable incomes, the organized sector will get an impetus due to demand for branded, high quality and specialized food. Increase in disposable income will make consumers seek more differentiated food experiences and

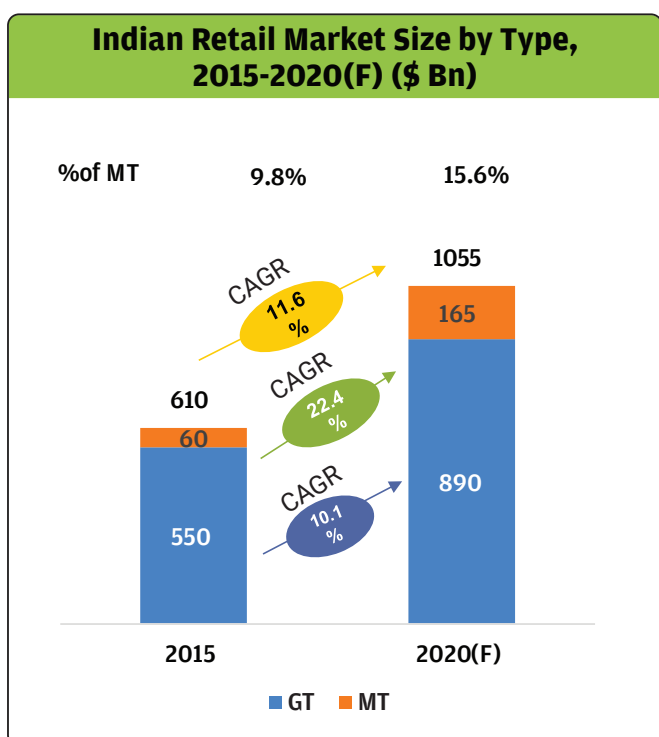
non-essential impulse purchases, driving further growth in the food services industry. As more women contribute at workplaces, coupled with busier lifestyles in general, there will be a shift towards RTC and RTE food products.





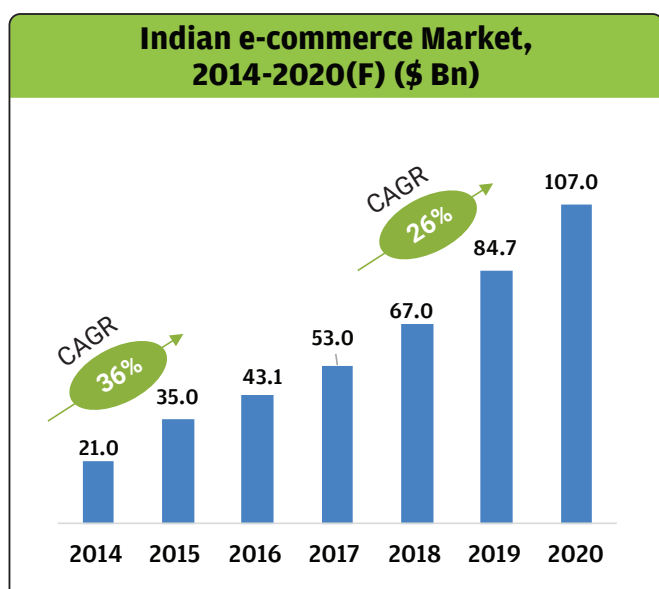
## GROWTH IN MODERN RETAIL AND E-COMMERCE

Growth in modern trade and retail in India provides a robust launch pad for investment in food and allied sectors. Between 2015 and 2020, modern trade is expected to grow at CAGR of 22.4%. E-commerce market will also grow at a CAGR of 26% from 2017-2020. This corresponds to a \$165 billion modern trade market and a \$107 billion e-commerce market in India by 2020.



“The opportunity is huge because branded packaged food is about 12 percent of the total food market and there is a huge portion that is unbranded and unorganized. Only 3 percent of the staple market is organized, 16 percent of the dairy products market is organized and in oil the organized market is only 14 percent”

- Divisional Chief Executive, Foods, ITC



With e-commerce and modern trade facilitating wider range selling, there will be opportunity for more brands to operate in the market. Opportunities for different categories of foods will emerge, such as:

1. Refrigerated and frozen products such as frozen vegetables and snacks, aided by improved cold chain infrastructure
2. Premium, imported and specialty food products such as berries, croissants, dips, condiments imported chocolates and pastries, aided by specialty food stores such as Godrej Nature's basket and Brown Tree; along with online food grocers such as Big Basket and Amazon





## About Time: **INVESTMENT IN FOOD & AGRI- BUSINESS IN INDIA**

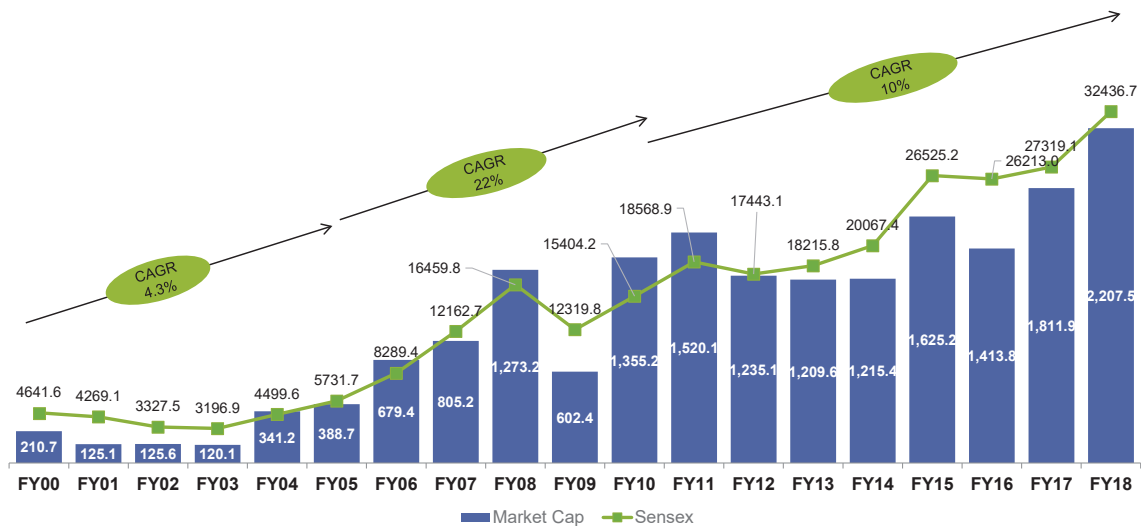
1. The growth in market cap in the last 16 years is a clear indicator that India is an attractive destination for investment
2. F&B and agri-business have been among the best performing sectors with respect to value creation and returns generated
3. Economic reforms and policy changes have enabled marked improvement in the ease of doing business in India
4. Significant investments have been made in air, rail and road connectivity as well as cold-store infrastructure
5. Government programs that support food processing and cold store infrastructure have further increased the attractiveness of the food & allied sectors



## STELLAR SECTOR PERFORMANCE

Market Capitalization of companies listed on the BSE (Bombay Stock Exchange) increased from \$210.7 billion in FY00 to \$2,207.5 billion in FY18.

**Indian Listed companies on BSE - Market Cap (USD Billion) and Average Sensex, FY00-18**



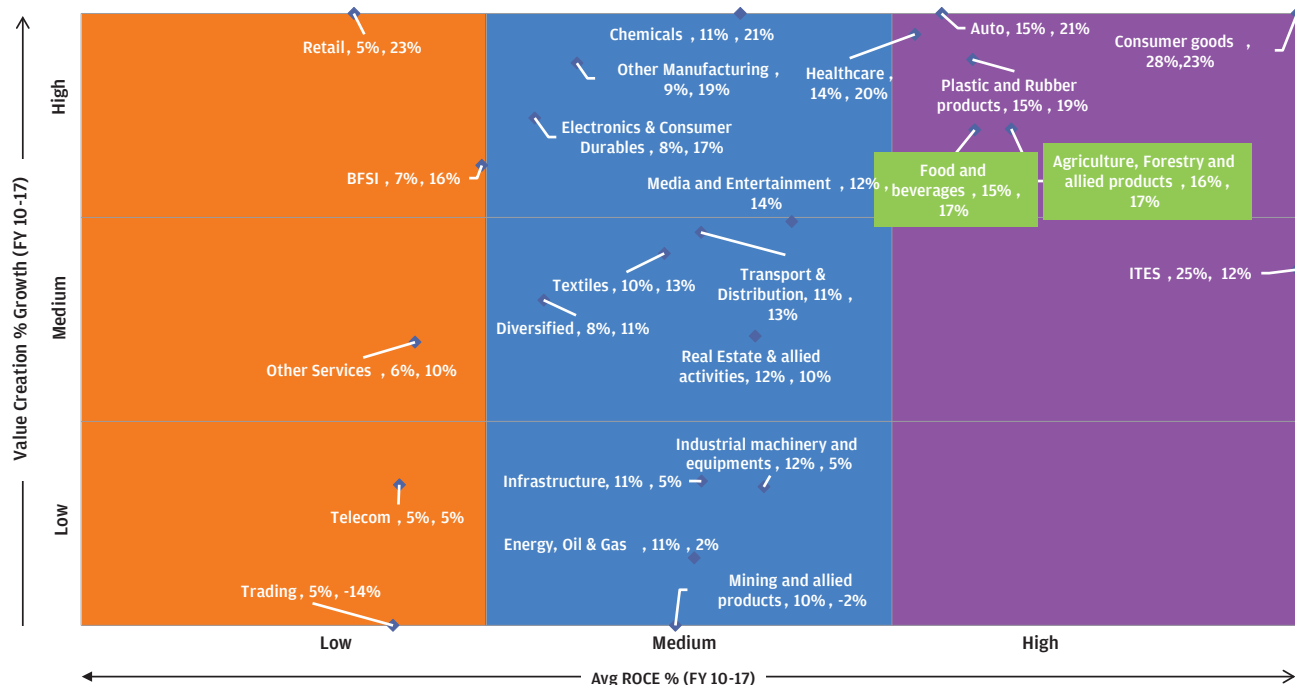
Plotting average ROCE (Return on Capital Employed) percentage against value creation growth for different sectors during FY10-16 shows that F&B and agri-business sectors are among the best performing sectors in India with respect to value creation and returns

generated. It is evident that food and agri-business is an industry that makes business sense and is comparable to industries like ITES, auto and consumer goods.





### Average ROCE (%) vs. Market Capitalization (% growth) (FY10-17)



Note : The above plot is not to scale. (X,Y) denote Value Creation % Growth and % RoCE during the period  
Note : Number of companies for FY10 is 3,146 and for FY17 is 2,726

## IMPETUS FROM GOVERNMENT REFORMS





India climbed up 30 ranks in the Ease of Doing Business ranking in 2017. India was also among the 10 economies in the world that improved the most in parameters used for measuring the ease of doing business by World Bank. Among the parameters used, India vaulted up 53 places on the taxation index. This is expected to improve once GST is factored in since the cut-off for last year's index was June 1, 2017. This improvement has been enabled by investment in infrastructure and implementation of government reforms such as:

1. Faster building permits through an online single window system for approval
2. Streamlined business incorporation through SPICE (Simplified Proforma for Incorporating Company electronically)
3. Reduced border compliance time due to improved port infrastructure
4. Reduced export and import border compliance costs
5. Strengthened access to credit







			
<p>Budget allocation to Civil Aviation Ministry tripled in FY19 to \$1.01 billion. Investment of \$25 billion expected in the <b>aviation sector</b> over the next decade</p>	<p>Approximately 7,600 <b>cold storage facilities</b> with combined capacity of 35 million MT; expected to grow by approximately 15% annually over the next few years</p>	<p><b>2nd largest road network</b> in the world. Approximately \$83 billion approved for phase 1 of Bharatmala program covering 35000 km of road to improve connectivity</p>	<p>Posted its <b>highest ever freight loading</b> in FY18 at approximately 1.2 billion MT "National Rail Plan" to be launched soon to create a multi-model transport system by connecting rail to other transport modes</p>

The government has come up with several schemes which will make it easier for food & agri-business companies specifically to operate in India.

- 1. Mega food park scheme:** Is based on a cluster approach which envisages a well-defined food processing zone containing state-of-the-art processing facilities
- 2. Scheme of cold chain, value addition and preservation infrastructure:** To promote the development of integrated cold-chain from farm to the end-consumer
- 3. Scheme for creation/expansion of food processing/preservation capacities:** To improve the state of existing food processing and preservation and improve future capacity
- 4. Scheme for creation of backward and forward linkages:** To help plug the gaps in the supply chain with raw material availability and linkages to the market
- 5. Scheme for R&D in the food processing sector:** To develop new products, cost-effective food processing and packaging technologies; and standardize various products such as additives, coloring agents and preservatives
- 6. Scheme for promotional activities, advertisements, publicity, studies and surveys:** To help organize seminars, commission studies and surveys; create awareness and develop software for the food processing sector
- 7. Scheme for skill development:** To enable skill development and make human capital available for the food processing industry
- 8. Scheme for strengthening of institutions:** To enable improvement of Food Processing related Government institutions such as NIFTEM (National Institute of Food Technology Entrepreneurship and Management) and IIFPT (Indian Institute of Food Processing Technology)

**The government's policy support will not only help in developing the processed food segment but also enable the overall shift to the organized sector.**



# OPPORTUNITY HOTSPOTS:

## Sub-Sectors In F&B

In the F&B sector, there is great opportunity in sub-sectors across different types of products, including the following:

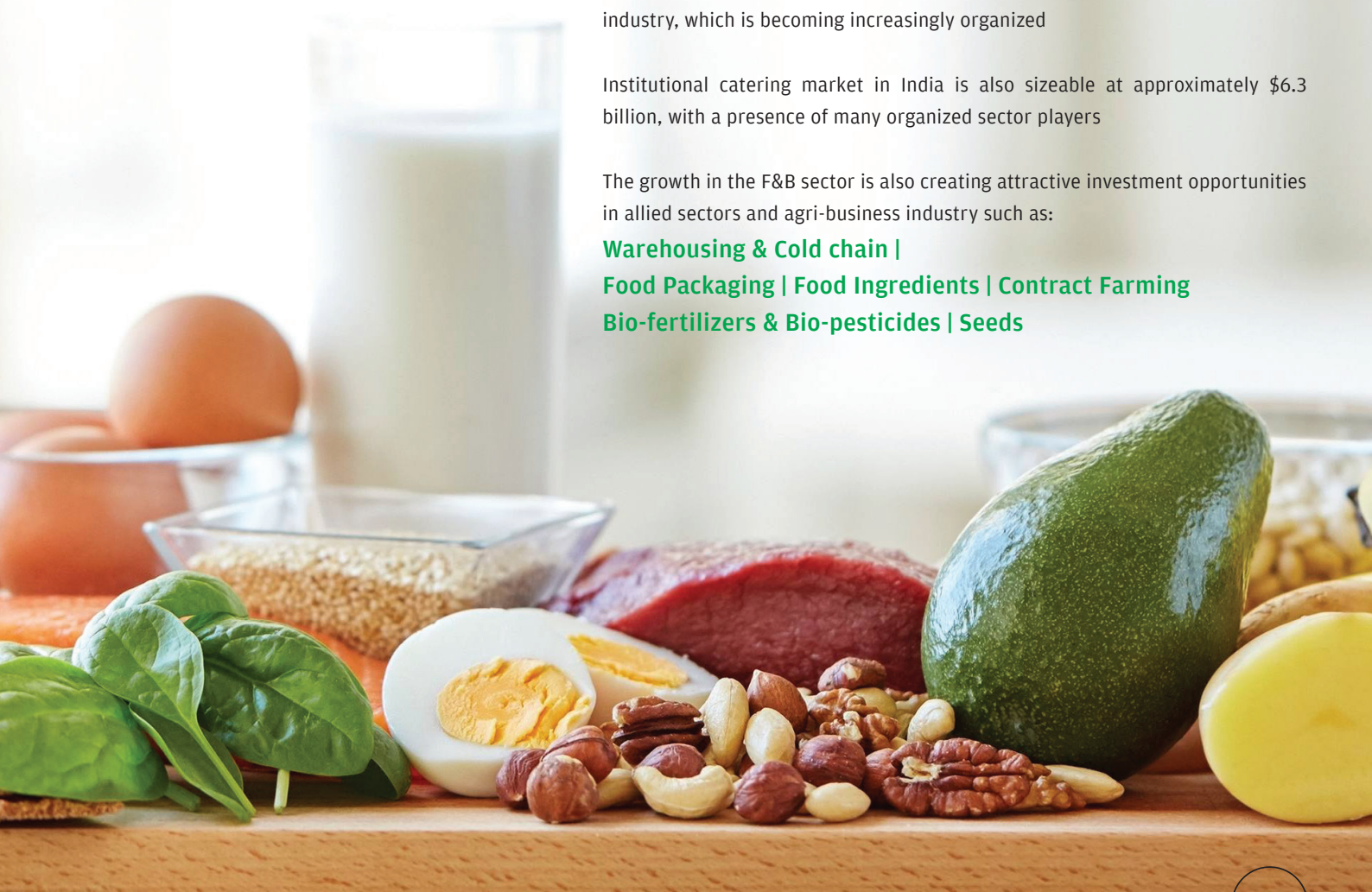
**Packaged Food | Fish and Marine Products | Fruits and Vegetables (F&V) | Dairy Products  
Poultry Products | Meat Products | Beer & Alcohol**

Trends such as westernization and higher disposable incomes have increased the frequency of people eating-out, driving growth of the hotel and restaurant industry, which is becoming increasingly organized

Institutional catering market in India is also sizeable at approximately \$6.3 billion, with a presence of many organized sector players

The growth in the F&B sector is also creating attractive investment opportunities in allied sectors and agri-business industry such as:

**Warehousing & Cold chain |  
Food Packaging | Food Ingredients | Contract Farming  
Bio-fertilizers & Bio-pesticides | Seeds**





## LUCRATIVE SECTORS IN F&B

### Packaged Food

The packaged food market in India is approximately \$25 billion with high growth expected across most product categories. Big wins are expected in savouries and snacks, carbonated soft drinks, biscuits, bakery products and chocolates.

**Key trends include:**

1. Premiumization across categories
2. High growth in indulgence products such as chocolate and confectionery
3. Growth in products that increase convenience such as RTE, RTC and breakfast cereals

#### Size and growth of organized food market category-wise

Category - wise Organized market size, 2017 (\$ Mn)	Value growth in next five years
Savouries and Snacks	12%
Carbonated soft drinks	4%
Biscuits	8%
Bakery products	8%
Chocolates	8%
Juices	8%
Confectionery	8%
Spices and Masalas	5%
Sauces	8%
RTC	10%
Others	10%

“Among packaged food, highest growth is expected in savouries and snacks growing at CAGR 12% over the next five years”

- Regional President and CEO, PepsiCo India

### Ferrero's India growth story: Tapping customer willingness to pay a premium

When Ferrero entered India in 2004, the most expensive chocolate was priced at \$0.37. Ferrero identified that there was a segment willing to buy chocolates at a premium. Ferrero focused on this segment and built its business in India. It launched Kinder Joy, a product targeted towards children, positioned as a healthy choice with milk contents and priced at a premium. By targeting these unaddressed customer needs, Ferrero became the number two chocolate confectionery player in India with a market share of 14% and a revenue of approximately \$220 million in FY17.

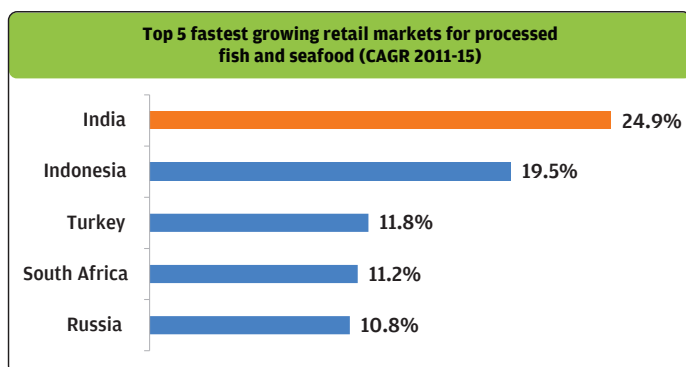




## Fish and Marine

India is the 2nd largest producer of fish with a production of 9.6 million MT in 2014 at a CAGR of 4% from 2010-14. India's share in global shrimp exports is 60%.

The processing levels of fish in India is approximately 23% with high quality products catering to export demand. India is among the fastest growing consumer markets for processed fish and seafood. Good availability of resources and domestic potential will create opportunities such as value-added product development in RTE and RTC category and cold chain development for marine food.



## Fruits and Vegetables

“India is the second largest producer of F&V in the world and the world's largest producer of mango, guava, banana and papaya”

India's exports of F&V between FY13 and FY17 grew at a CAGR of 9.2%. Although the availability of resources is high, there is significant level of wastage that happens in F&V in India, amounting to a loss of approximately \$6 billion worth of F&V. Investing in modern harvesting

and farm preservation systems can reduce wastage levels and improve quality for export. There is also good opportunity in organized F&V retail to cater to the quality conscious customers arising from increased levels of awareness about hygiene and western practices.

## Processed F&V

In processed F&V, there is good head-room for growth with current levels of processing in India being at 2% as compared to 23% in China and 70% in USA. Categories such as sauces, fruit juices and jams, dried vegetables and fruits are some of the key high-growth processed consumer F&V products.

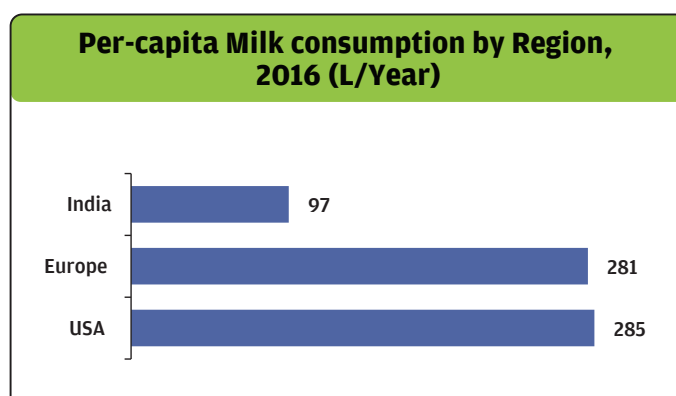
There are attractive opportunities in new technology for improving levels of processing in the F&V supply chain and new product development such as:

1. Dehydrated F&V
2. Nutraceuticals
3. Natural ingredients for processed foods
4. Traditional beverages based on F&V

## SECTORS CHARACTERISED BY LOW PER-CAPITA CONSUMPTION

### Dairy

India's per-capita consumption of milk is one-third of USA and Europe. Fresh Milk dominates the dairy market with 55% share. This category has an EBITDA of 6% to 7% and is expected to grow at 8% CAGR till 2020. Value added dairy products, which have EBITDA% levels at 20%-30%, are expected to grow at 25% CAGR till 2020 thus making the dairy sector very attractive.





### Poultry

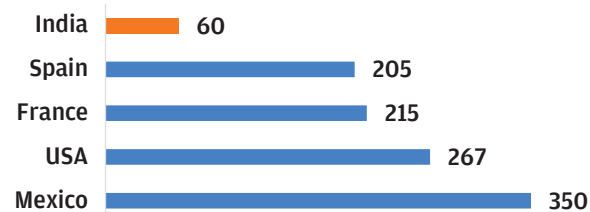
India's per-capita consumption of chicken meat and eggs is significantly low. However, with a positive growth outlook and new demographic scenario, it is likely that the per-capita consumption levels of egg and poultry meat would witness significant growth in India. Opportunities which will arise owing to the anticipated growth in this market include:

1. Improving poultry processing machinery
2. Improving quality of feed given to poultry
3. Infrastructure development such as climate-controlled farm houses and automated feed lines

#### Per Capita Consumption Chicken Meat, 2017 (Kgs/year)



#### Per Capita Consumption of Eggs, 2014 (No of Eggs per year)



“India has the largest livestock population in the world and is the world's largest producer of buffalo meat and world's second largest producer of goat meat”

### Non-poultry Meat

The per-capita consumption level of meat in India is significantly below developed nations. For example, the per capita meat consumption for India in 2016 was 1.2 kg annually as compared to 37.9 kg for china and 49.7 kg for US. The demographic shift is expected to grow the meat consumption levels in India as a result of increased purchasing power. Increase in consumption will create several opportunities such as infrastructure development, modern abattoir, processed frozen meat products and modern meat retail.

#### Per-capita consumption of Non-Poultry Meat, 2016(Kgs/year)

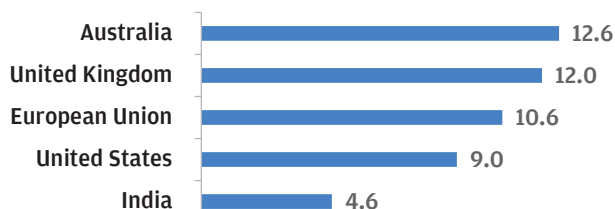




## Beer and Alcohol

The alcoholic beverages industry in India in FY16 was \$7.6 billion and grew at a CAGR of 8% between FY12-16. Per-capita consumption of alcohol in India, at 4.6 litres per annum, is almost one-third of Australia. Some of the opportunities that are emerging in this space include selling of craft beer and setting up of microbreweries.

### Per Capita Consumption of Alcohol, 2015 (L/year)



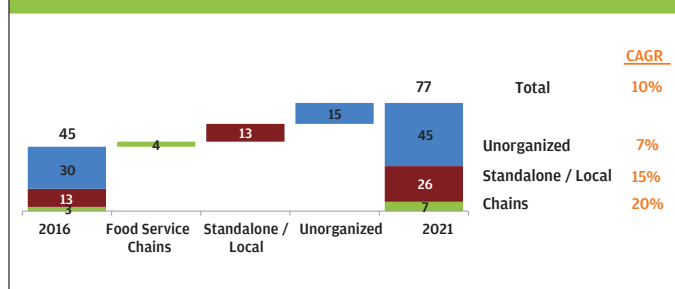
## OPPORTUNITIES IN FOOD SERVICES: HOTELS, RESTAURANTS AND CATERING

“Mobile penetration has enabled hyperlocal food delivery firms such as Swiggy and Zomato. This augurs well for the generation of young digital natives who are on the lookout for new food experiences”

The overall hotels and restaurants market in India was \$45 billion in 2016. The organized segment is expected to grow fast and contribute to approximately 43% of the overall hotels and restaurants market in India by 2021. This corresponds to a CAGR of 15% for standalone restaurants and 20% for chains during the same period.

Across different restaurant categories, the share of chains was highest in QSRs (Quick Service Restaurants) at 45% followed by dessert counters at 40%. In all categories, the share of chains was above 10% indicating that there is an opportunity to set up chains across various formats.

### Indian Hotels & Restaurants Market, 2016-2021 (\$Bn)



With a good projected GDP outlook, there is also opportunity in the organized food catering and services business. Institutional catering in India is approximately \$6.3 billion. Small caterers hold more than 60% of the market. MNCs and large caterers hold 20% of the market each and both segments are growing fast

## OPPORTUNITIES IN ALLIED SECTORS AND AGRI-BUSINESS

### Allied Sectors

#### Warehousing and Cold Chain

“Cold chain industry in India is expected to grow at a CAGR of 25% over the next 5 years”



The annual loss in all agri-produce in India is approximately \$13.7 billion owing to gaps across components of the cold-chain. The percentage gap from required capacity for pack houses is 99.6%, ripening chambers is 91%, reefer vehicles is 85% and cold storage is 10%. These gaps are expected to drive an opportunity of \$6.5 billion in areas including modernization of existing storage infrastructure, building an integrated cold-chain and creation of energy efficient storage technology.

### Food Packaging

Food packaging market in India is \$15 billion, expected to grow at a CAGR of 11% till 2020 to reach \$20 billion. Significant impetus to this sector is expected to come from:

1. Growth in convenience foods enabled by busier lifestyles and higher disposable incomes
2. Growth in packaged fruit juices and dairy products markets
3. Growth in hyperlocal food delivery leading to growth in food takeaways

There are attractive opportunities in creation of packaging for RTE foods to increase shelf life and light and cost-effective packaging options for food delivery.

### Food Ingredients

The market for food ingredients in India is \$764 million of which nearly 50% is from food flavours and remaining 50% from food emulsifiers, stabilizers, sweeteners, food enhancers and food preservatives. Key drivers for growth in this market are rising urbanization, changing customer needs, development of mega food parks, high growth in demand for processed foods, RTE and RTC products. There will be opportunity in R&D to create innovative and quality flavours and natural food ingredients.

### Agri-business

#### Contract Farming

Recent government policies, such as the Model Contract Farming Act, aim to promote contract farming in the agriculture sector. Opportunities in contract farming include:

1. Poultry contract farming, with expected growth in meat consumption
2. Services for contract farming community such as easier access to agri-inputs, technology, credit



“PepsiCo has successfully implemented contract farming in Punjab for tomatoes. Ugar Sugar took the contract farming route in Karnataka to produce barley”



### Fertilizers and Pesticides

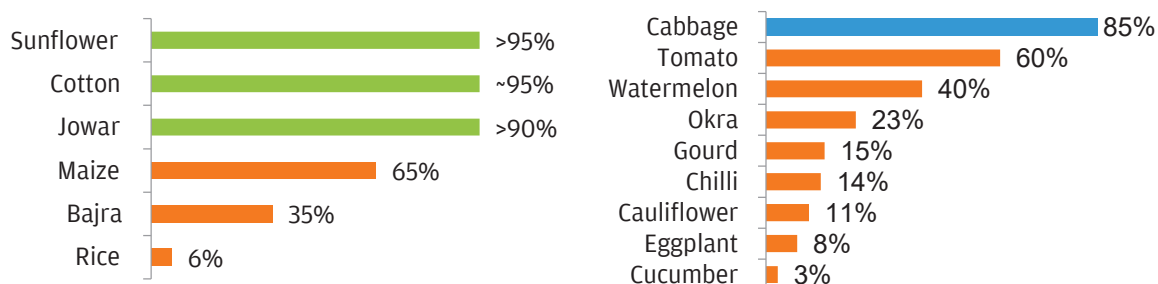
Production of biofertilizers in India more than tripled between FY09 and FY15. Bio-pesticides market is expected grow at a CAGR of 19% till FY20 to reach \$362.1 million by FY20. Key growth drivers are:

1. Government's support to promote bio-agriculture
2. Rising demand for chemical free products for crop protection and yield enhancement due to increased consumer awareness
3. Growing demand of organic food as a result of increased health consciousness among consumers

### Seeds

The seeds market for food crops in India was \$2.48 billion in 2016 and grew at a CAGR of 16% between 2010-16. Rice, vegetables, maize, pulses and wheat seeds make up approximately 50%-60% of the overall seeds market by value. With food consumption in India set to grow, there is a clear need for increasing food productivity. One of the ways to improve productivity is through the use of hybrid seeds. There is an opportunity to increase the hybridization level across many products to help boost productivity.

### Hybridization Levels in the Seed Market in India (FY13, %)







# INVESTMENT LANDSCAPE

## In The Food & Agri-business Industry In India

1. The food and agri-business space has attracted several strategic investments from global leaders
2. PE investments in India are in resurgence since 2014 and have hit an all-time high of \$22.6 billion in 2017
3. The exit scenario is also very good supporting further growth in investments
4. There have been several sizeable PE exits with attractive returns across the food and allied sectors over the past few years
5. IPO issues have also grown significantly in value in the last few years; there were significant number of IPOs in 2017 that could have been potentially backed by PEs



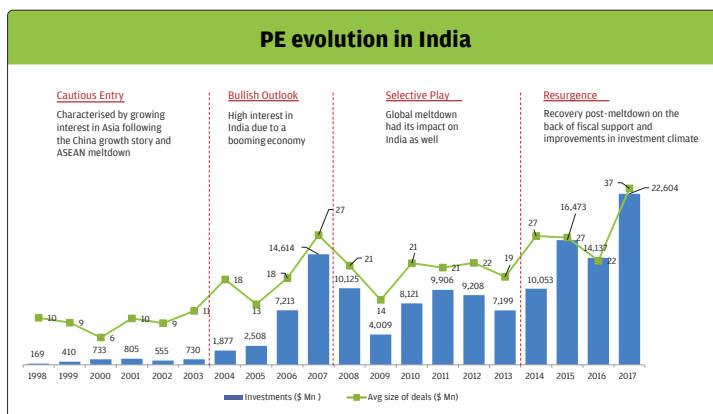
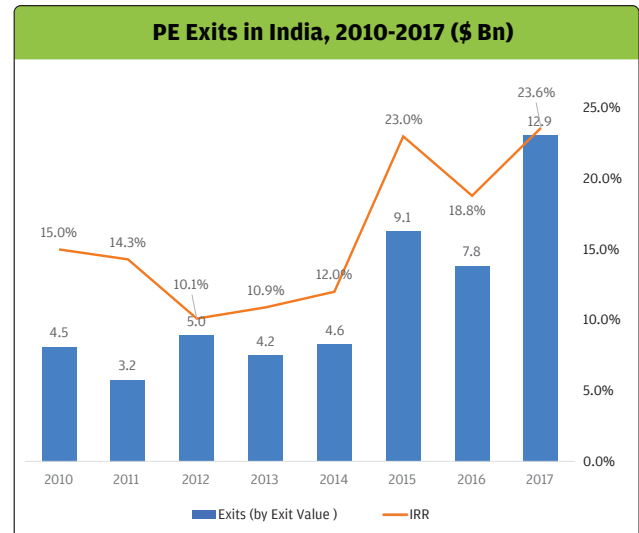




## RESURGENT PRIVATE EQUITY ECO-SYSTEM

PE (Private Equity) in India has grown from \$169 million in 1998 to \$22,604 million in 2018. The industry has gone through several phases over the years.

The period of 1998 to 2003 was characterised by growing interest in Asia following the China growth story and ASEAN meltdown. In 2004-2007, there was high interest in India due to a booming economy. The global meltdown impacted the period between 2008-2013, and the shocks were felt in India as well. The last five years have witnessed resurgence, as the post-meltdown recovery on the back of fiscal support, has resulted in improvement in the investment climate in India.



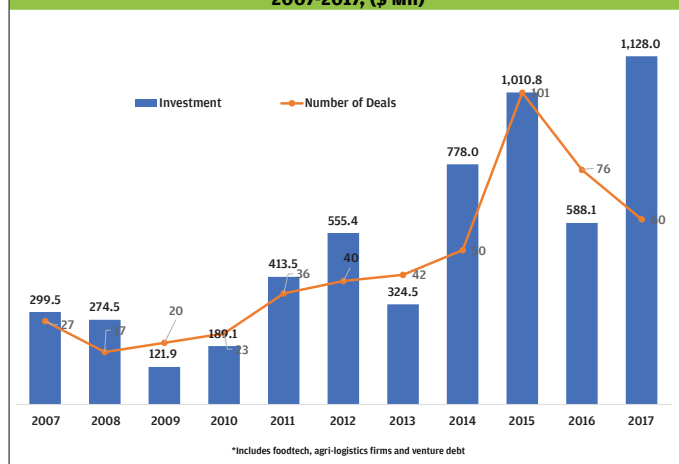
## PROOF OF THE PUDDING: WHY FOOD & AGRI-BUSINESS IS ATTRACTIVE

PE and VC (Venture Capital) investments in food & agri-business sectors in India have grown from \$299.5 million in 2007 to \$1,128 million in 2017. The average size of investments has also grown over the last decade, with the average increasing from \$13 million in 2007 to \$22.1 million in 2017.

The exit scenario in India has also been very attractive with the overall value of exits in India growing from \$4.5 billion in 2010 to \$12.9 billion in 2017.



**PE/VC Investments in Food and Agri-business firms\***  
**2007-2017, (\$ Mn)**



Some of the large PE investments in the recent years include:

1. \$184.7 million investment by General Atlantic in Capital Foods in 2018
2. \$104 million investment by Temasek in Godrej Agrovet in 2012
3. \$82 million investment by Temasek in Devyani International in 2014
4. \$60 million investment by Mandala Capital in Jain Farm Fresh in 2016

There have been several sizeable PE exits with attractive returns across the food and allied sectors. Some examples of successful exits are:

1. In 2012, Proterra invested \$20 million in Dodla Dairy. In 2017, Proterra sold its 23% stake in a secondary sale for \$44.7 million generating a return of 2.2 times and an IRR of 17.5%
2. In 2014, Faering Capital made an investment of \$2.71 million in Snowman Logistics between Dec-15 and Aug-16. Faering Capital sold its complete stake in a public market sale for \$5.55 million generating a return of 2.04 times and an IRR of 47.3%

Food and agri-business sectors have also witnessed a number of large acquisitions and partnerships over the last decade. Some of the notable acquisitions include:

1. Swedish Specialty Fats manufacturer AAK's acquisition of India's Kamani Oil industries
2. Global dairy industry leader Lactalis' acquisition of Tirumala Milk
3. European processed food company Orkla's acquisition of MTR Foods

The food and agri-business in India is ready for its next leap. There are established success stories of investments that stand to testify the opportunity that this sector offers, to create real value and generate return on investments. The consumer base is massive and purchasing power is increasing. The government is taking concrete steps to make it easy for companies to invest and operate in India. Thus, food and agri-business in India is a lucrative investment opportunity. The time is right for investors to foray into the sector to gain an early advantage to capture their share of a growing market.



## WHAT CAN INVESTORS DO TO BENEFIT FROM THE INDIA GROWTH STORY?

There are many ways in which investors can benefit from the investment opportunity in the Food industry in India which include:

**Evaluate investing in Food and Agri-focused Funds in India:** There are Food and Agri-focused funds in India such as Mandala Capital which focus on Food and Agri-business companies across the value chain and provide financial and operational support to create sector-leadership. Investors should consider evaluating the attractiveness of investing in Food and Agri-focused funds in India

**Evaluate the potential of Fund Managers giving higher allocation to Food Sector in India:** Given the immense opportunity in Food and allied sectors in India, it would be worthwhile to evaluate the attractiveness of allocating higher funds to Food sector in India

**Evaluate direct investment in attractive opportunities in the Food business in India:** Government policies facilitate direct investment in Food business in India and investors can evaluate the best ways to directly invest in India

**Evaluate the potential of current portfolio Companies in Food Business to explore expansion into India:** There are several sectors in Food and allied sectors which are expected to witness robust growth over the next few years in India and evaluating expansion into India should be considered



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