

India

The Market of Contrasts

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THE SCS GROUP
Enabling Agribusinesses to deliver value

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Presentation Outline

- About Us
- Knowing India – Demographics
- Changing India
- Current Status & Market Potential of major products
- The Success Path
- Discussion

About Us

- Agribusiness consulting firm
- Represents various international cooperator groups in South Asia
 - Washington Apples
 - Fresh California Grapes
 - USA Pears
 - California Prunes
 - California Pistachios
 - Turkish Hazelnuts
 - Food Export USA

Knowing India

Population	Approx. 1.14 Billion (3 times USA)
Area Compared	Slightly more than 1/3rd the size of US
Consuming (Middle) Class	Approx. 150 to 250 Million
Languages	15 official; More than 1,000 dialects
Polity	Vibrant Democracy
Religion	Various
Food/Taste Pattern	Significant variance by Region, Religion & Ethnicity
Legal Framework	Strong & Stable; WTO Signatory





“THE” most
exciting,
challenging and
complex market in
the global food
business

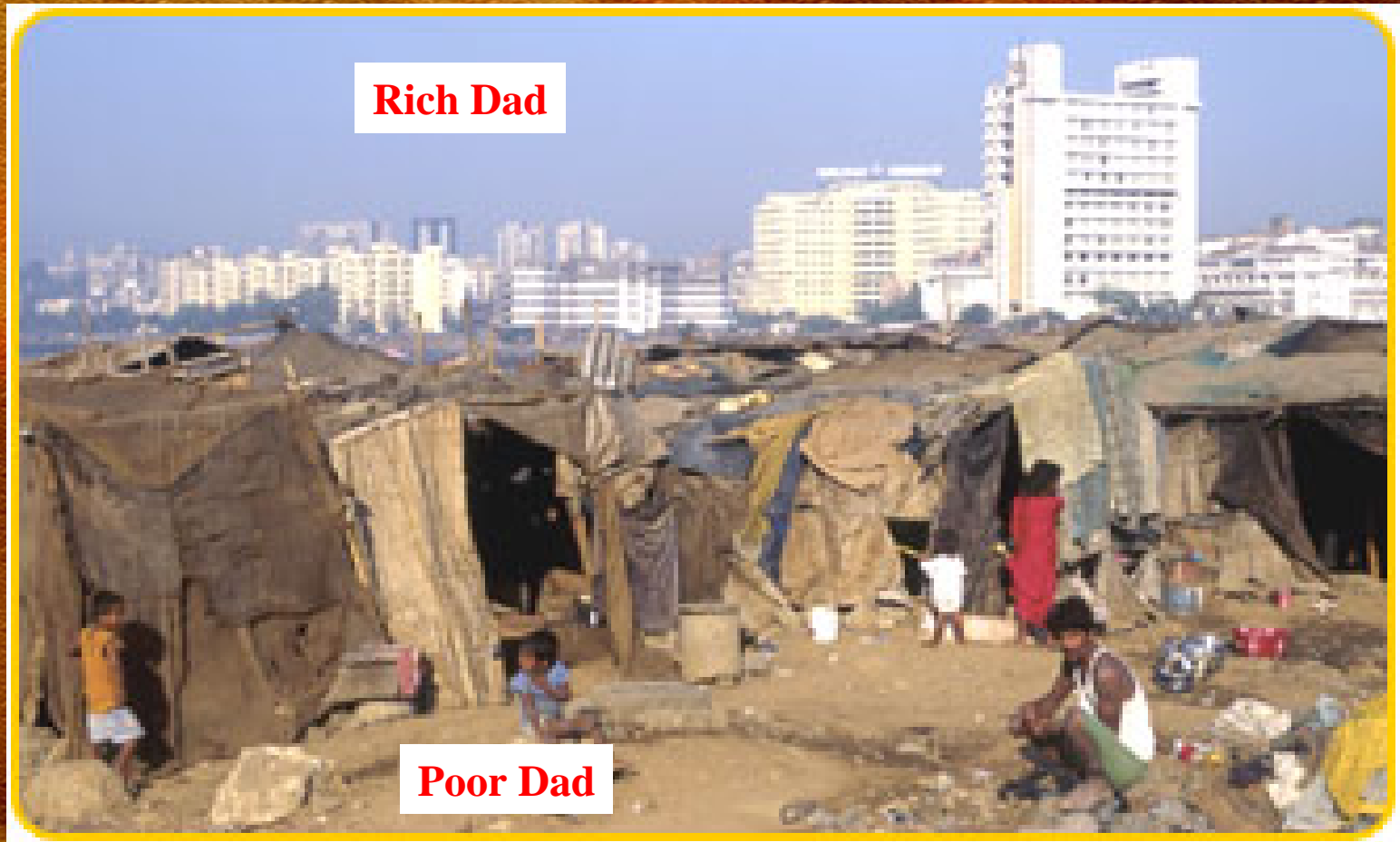
Understanding India

- **1 billion population**
 - 200 million consumers!
 - Unified by aspiration
- **Strong Economy**
 - Comparatively Resilient to the current crisis
- **Young population with high disposable incomes**
 - Part of a global village, ready to accept new products
- **Imported foods**
 - Niche to mainstream
- **Retail Infrastructure**
 - It's a revolution in the making

What is Changing

- India Retail
 - Pop and Sons
 - Ask “Colgate” Get “Colgate”
- Indian Consumer
 - Part of a global village
 - Swamped by a Media Revolution
 - Small Family Sizes
 - High Disposable Incomes
 - Propensity to Spend

Rich Dad/Poor Dad



India and its Rich Dads

- Estimated to be around 6-7% for calendar year 2009.
- A growing middle class of 200-250 million spread across the country
- Dual Household with high disposable incomes

4 MIDDLE INDIA THE LEAP YEAR

SHOCK VALUE

'B' CITIES And The BIG BUCKS

Metropolis slickers may boast of fancy lifestyles, but it's the Nagpurs and Ludhianas where the millions are being made. SAMIRAN CHAKRAWERTTI goes boomtown burrowing



Like the rich in Delhi and Mumbai will continue showing off their Porsche and farm houses, marketers – especially those selling big ticket items – will need to rethink their strategy in the year ahead. Studies show as the lesser-known cities where the millionaires are now concentrated. And as the wealth in these cities grows, so will the desire to live life in class. In 2008, marketers will have to devise new ways of wooing the consumer not in Delhi or Mumbai but in Nagpur and Ludhiana.

According to a National Council of Applied Economic Research study, 'The Great Indian Market', millionaires households at households with an annual income of over Rs 10 lakh have been growing at a whopping 60% in Nagpur between 1996 and 2002. The city saw their numbers rise from 1,700 to more than 10,000.

In fact, the rate at which millionaire households have been growing in Delhi and Mumbai is much slower compared to Nagpur. The growth rate of Delhi and Mumbai is 40% and 30% respectively. Chennai and Pune were at Kolkata's heels with 5% of the country's rich while Kolkata had only 2.5% of millionaires.

India's Silicon Valley, Bangalore is the other striking story because of it being projected as the new face of India's globalisation. Bangalore's performance is rather slow in the market expectations. The city's share of millionaires has actually dipped from 2.5% in 1996 to 2.4% in 2002. Clearly, the IT capital is not generating as much wealth as expected.

The bottomline is in the coming years, Mumbai and Delhi may continue to bring the most millionaires, but it's the second rate cities like Pune and Ludhiana where the wealth will be created.

position with the number of millionaire households growing at a less scorching 40%. Pune, Ludhiana and Hyderabad are not far behind either. The number of millionaires in Pune and Ludhiana grew at a 10% over 50%, while Hyderabad, saw their numbers rise at around 50%. Clearly, while Delhi and Mumbai may be spawning mega rich Indians when it comes to millionaires, their growth rates are much lower – 40% and 40% respectively. It's the economic boom outside of the traditional heavyweights that has seen the relative riches of Delhi and Mumbai come down. While in 1996, both cities together accounted for over 90% of all millionaire households, by 2002 the figure was down to 64%, and is still declining. So in the coming year, it's cities like Ahmedabad and Chennai which will emerge as trendsetters.

Kolkata is another interesting story. Even as the rest of the country is booming, Kolkata's fall from economic grace is clear. The rich men who live in the City of Joy has grown the slowest. Of course, it's still the third richest city, but the share of millionaires has fallen dramatically. In 1996, it accounted for one-eighth of the country's millionaire households, but now it holds only one-twelfth.

Between Kolkata and Pune, which is ahead? With 4,750 millionaire households Pune was fourth while Kolkata in the third position had 13,000 households. But by

TOTAL RECALL 05

BUSINESS

"I am married to Lord Krishna. I am his Radha."

D.K. Panda
Former Inspector
General of Police,
in Allahabad

GO FIGURE

35 Indian cities have million-plus populations

10% of India's total population live in these 35 cities

North & West have the fastest growing cities of India

Tamil Nadu is the most urbanised state

Gold Rush

How many with the FASTEST increase in exclusive households from 1996-2002

Nagpur	850%
Ahmedabad	800%
Pune	550%
Ludhiana	550%
Hyderabad	500%

BETWEEN 1996 AND 2002, NAGPUR SAW MILLIONAIRE HOUSEHOLDS GROW AT A WHOPPING 850%

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Changing Food Habits

- Indians becoming more health conscious
- Move towards packaged, branded products
- Increased year round consumption of fruits and vegetables
- Rising incomes have meant that Indians are far more willing to try out newer things
- Drive towards healthy lifestyles
- Adoption of new foods that are “good”

Food Imports

- Old Country but a new market
- High Threat factor
- De-mystifying imports
 - Wheat
 - Pulses
 - Edible Oil
 - Almonds
- Increasing the size of the pie
 - Apples/Grapes/Pears etc.
 - Processed foods

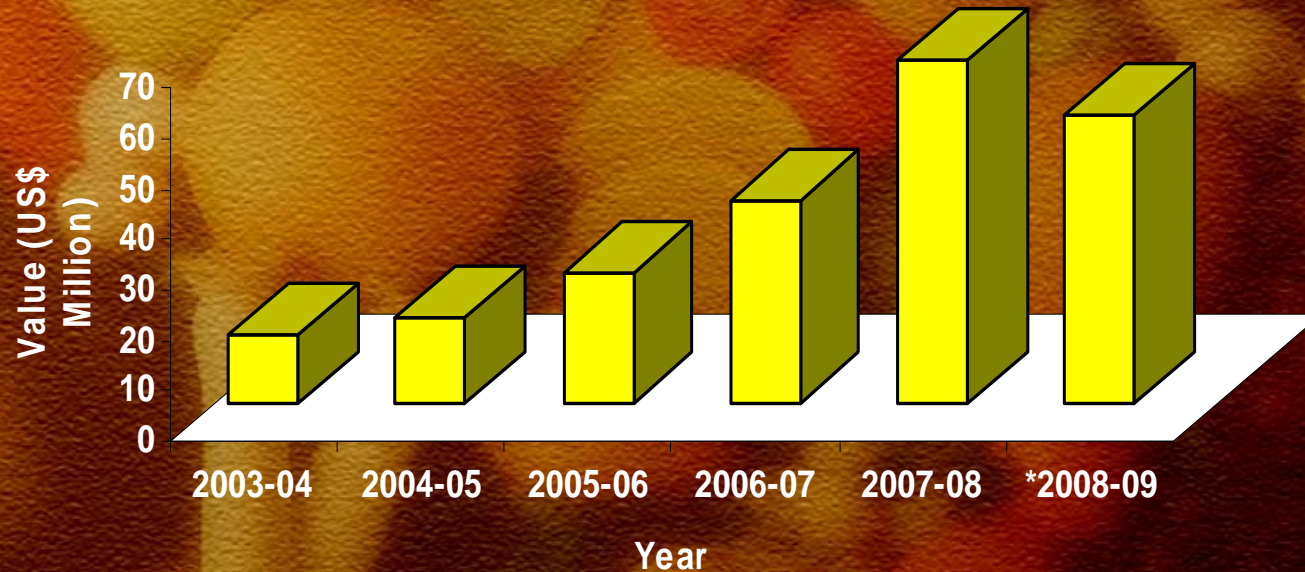
Indian Food Imports

- Supplementary
 - Essential bulk import items like cereal grains, edible oil, pulses etc
- Complimentary
 - Processed foods
 - Dry fruit and Nuts
 - Fresh Produce
 - Beverages

Fresh Fruit Imports

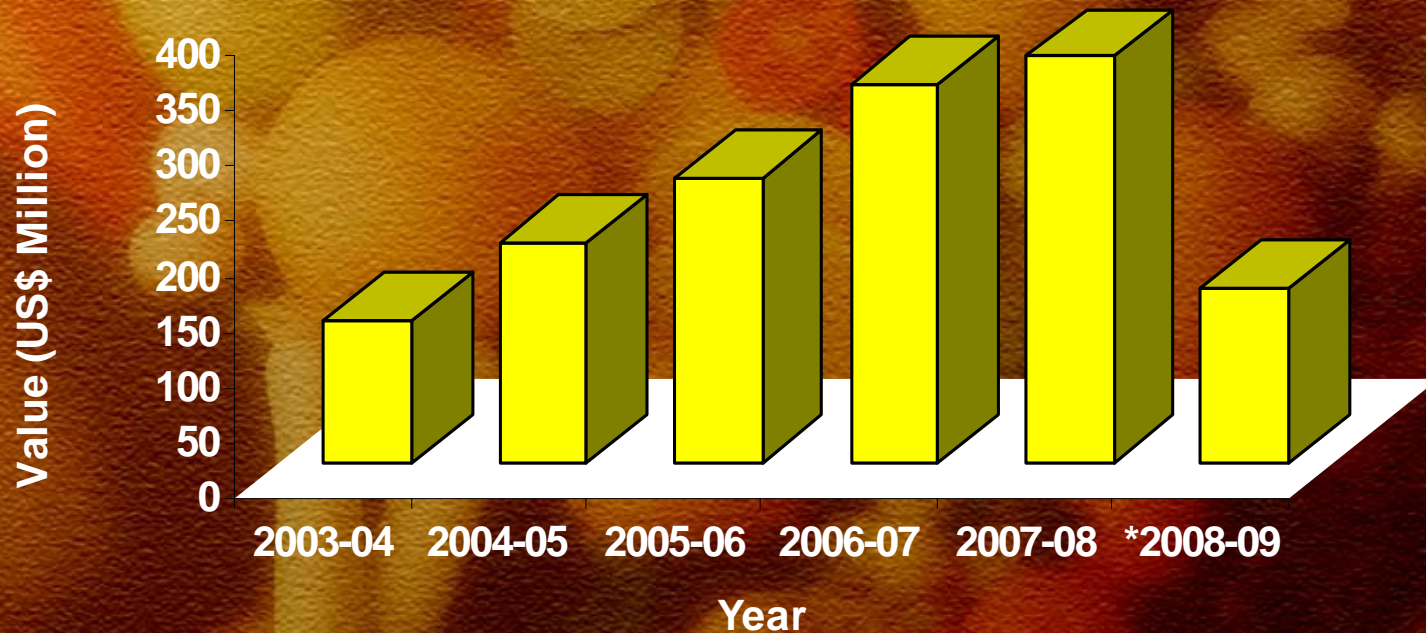
Fresh Fruits Imports in India

*2008-09 Data for period of April-September



Dried Fruits & Nuts Imports

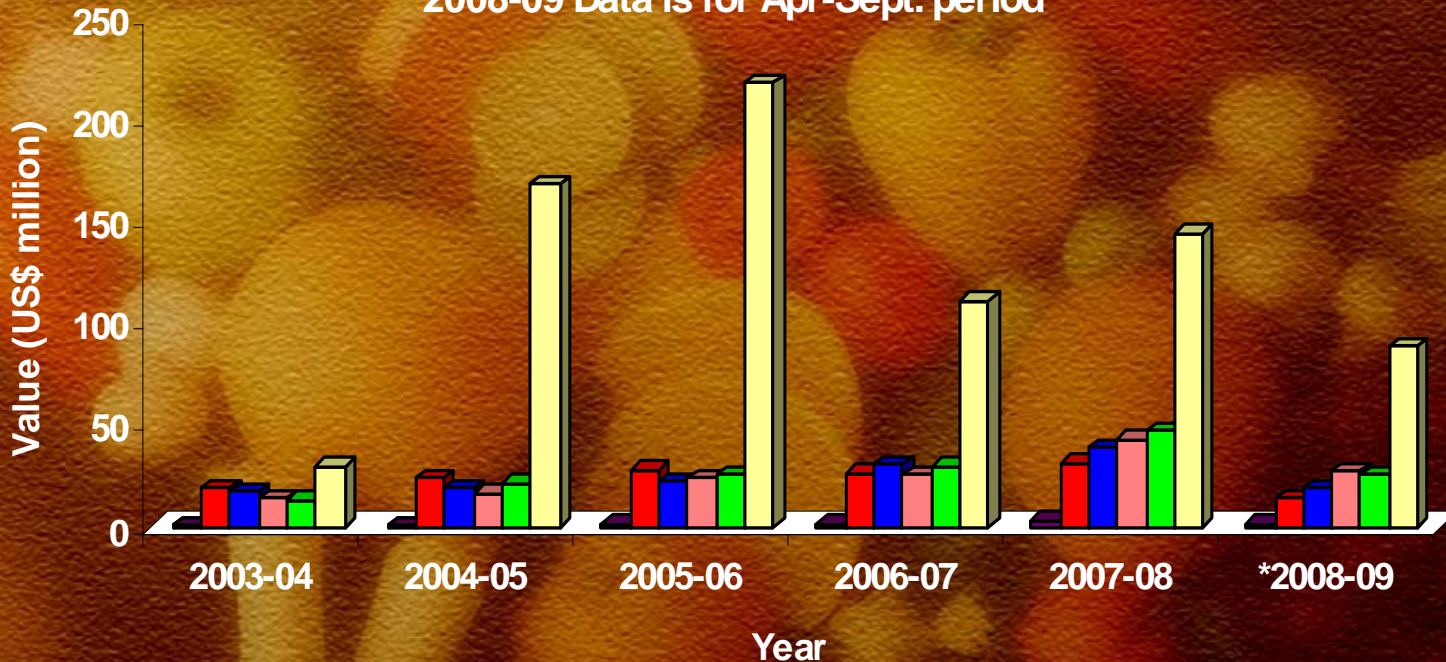
Dried Fruits & Nuts Imports in India
*2008-09 Data is for Apr-Sept. period



Processed Food Imports

Processed Food Imports in India - Major Categories

*2008-09 Data is for Apr-Sept. period



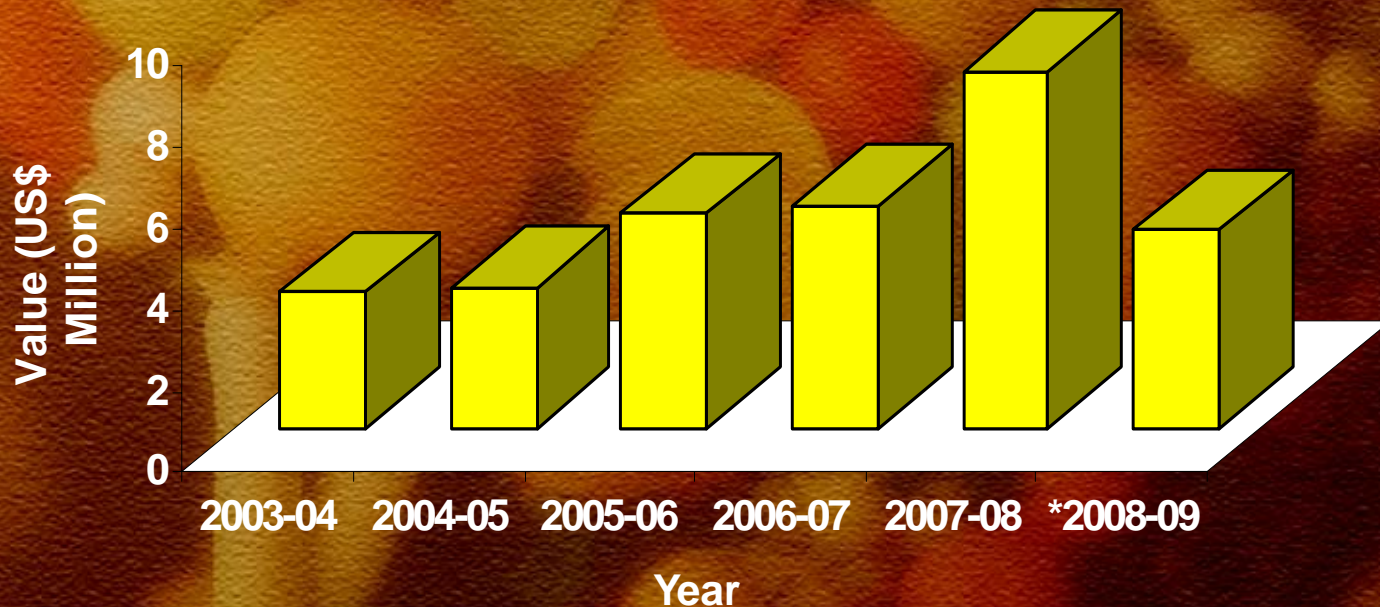
- Preparations of Meat & Fish
- Preparations of Vegetables, Fruits & Nuts
- Cocoa and Cocoa Preparations

- Preparations of Cereals
- Misc. Edible Preparations
- Beverages, Spirits & Vinegar

Olive Oil Imports

Olive Oil (Virgin, Non-Virgin & Its Fractions) Imports in India

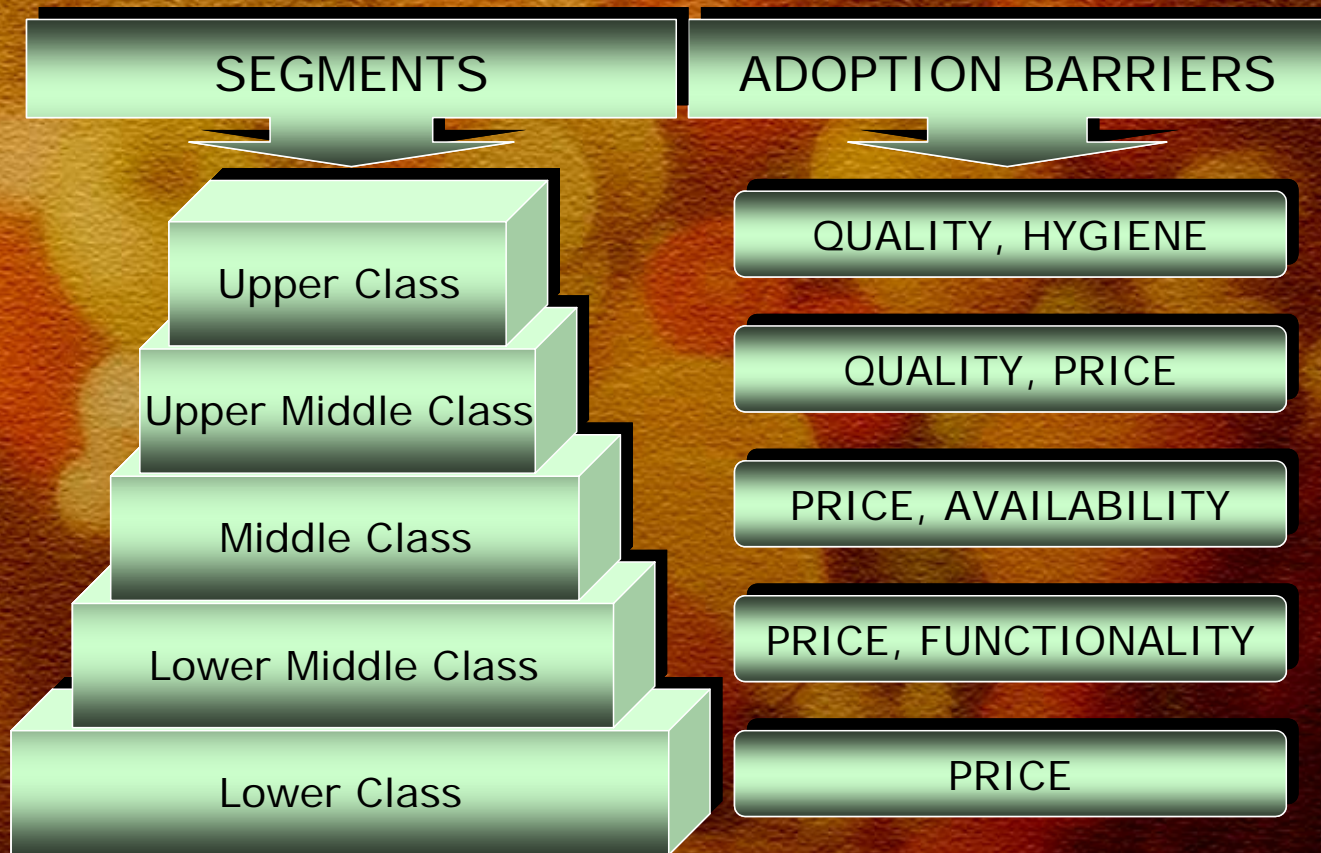
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Key Constraints OR Opportunities

- Cold-chain
- Trade Relationships
- Ability to Supply
- Multiple markets
- Understanding the changing Indian Consumers
- Policies and Duties
- Price

Price Points



Source: Anderson Consulting

The Success Path

Enter, Establish and Persevere

- Sustained efforts will be the key as sporadic market initiatives will be destined for failure in India
- Have a well defined entry strategy based on detailed research
- Due-diligence of partners
- Work with existing players to form win-win relationships
- Look beyond the numbers and target your consumer and markets



Look beyond the
numbers

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Questions/Discussion



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