



IT'S SNACK TIME!

₹42,694.9 cr

Size of Indian snacks market in 2023

₹95,521.8 cr

Projected size of Indian snacks market in 2032



While millets are ancient grains in traditional Indian kitchens, the key is to give them to consumers in a product form that they can easily integrate into their lifestyles. "We are scaling the market presence by leveraging the power of Tata Consumer Products' distribution network. From 15,000 outlets at its acquisition by Tata Consumer Products in 2021, Soulfull has expanded to over 400,000 outlets in FY 23," he adds.

Millets will gradually evolve to become a mainstream category. Also, with 2023 celebrated as the 'International Year of Millets,' the awareness for this grain has significantly grown among consumers and millets have started gaining salience as more nutritious grains.

Meanwhile, Soulfull's bestsellers in the snacking portfolio include Ragi Bites Choco Sticks free from maida (refined flour), Ragi Bites No Maida Choco and Masala Oats+. Ragi Bites Choco Sticks is a combination of chocolatey cream inside a millet-based wafer, available at an entry level price point of ₹5. Masala Oats+ is made with the goodness of wholegrain oats, traditional Indian millets such as *navane* and *jowar*, *desi masalas* and real vegetables. It has 25% millets which make the oats non-sticky and crunchy. To cater to regional Indian palates, it is available in variants like Mast Masala, Desi Veggie and Tomato Twist in the north, east and west Indian markets; and Mast Masala, Desi Veggie and Peppy Curry for the southern markets. It is available at an entry level price point of ₹15.

Another healthy snacking category is the air-fried one that claims to cut calories by 75% compared to the traditional deep frying options. "This segment is on the rise. With chips arising from healthier options like beetroot, lady finger, sweet potato and other vegetables catching the eye of consumers, they are replacing traditional deep-fried packed products. The newer technologies have risen the production costs—and this is the only reason that air fried products haven't been able to replace the giant monopoly of deep fried FMCG," feels Lalit Gupta, co-founder and CEO, LandCraft Retail (Food Square), who in his Bandra, Mumbai store houses a portfolio of healthier alternative snacks (air fried/vacuum fried) across brands like TBH, NATCH, Urban Platter, Slurp Farms, Nourish Organics and Urban Mom.

"Air fried products are 7x-10x costlier. Not that the industry is evolving to bridge this price gap, which will further put air fried products into the mainstream. Customer's habits of choosing healthier alternatives have been on the rise and this is further enabling the category to grow," says Gupta. Compared to the total consumption of the snacking category, air fried currently has a 12% share, he adds.

Snacks are now served as modern-day superfoods, consumed directly from the pack for convenience or sprinkled over one's favourite food for a powerhouse of nutrition. Take for instance, Nourish You. The superfood brand has premium nut mixes like cranberry walnut and goji berry. The fills, packed with the power of five supergrains, come in three variants including chocolate, strawberry and vanilla, and are loved by children and adults alike.

"The demand for innovative and nutritious snacks has surged. Edible seeds have been valued for their nutritional density and we're on the cusp of launching a set of 100% natural roasted seeds. There is a demand for a small range of snackable products that are convenient to munch on," says Krishna Reddy co-founder of Nourish You. The brand aims to revive ancient food wisdom with south India as a strong market. It has grown by 2x in 2022 and expects this category to further grow by 5x.

Similarly, Farmley has an extensive range of over 150 products with dry fruits, nuts and healthy snacking, besides pasta made from *makhanas*, which is 100% maida-free, without sugar or cholesterol, and is enriched with five times the calcium found in refined flour pasta. The range of *makhanas* (fox nuts), roasted in olive oil, is available in different flavours like Himalayan salt, peri peri, tangy tomato, cheese and herbs, minty *puddina*, etc. Farmley has recently launched its signature dessert, Farmley Date Bites, comprising almonds, dates, honey, pista, cashews and *ghee* with high fibre and zero added sugar.

"We are open to exploring regional flavours allowing us to cater to a diverse range of taste preferences," says Abhishek Agarwal, co-founder, Farmley. The brand has seen over 100% year-on-year growth in the past couple of years in the snacking segment.

In fact, the segment is poised to grow further. Agarwal of Farmley says, "According to the ministry of food processing industries, the healthy snacking market in India is projected to grow at an impressive CAGR of over 20% from 2020 to 2025. The change in consumption patterns along with altering consumer lifestyles is leading to rising demand for healthy snacks with new flavours and tastes. This is significantly boosting the growth of the industry and its future seems promising."

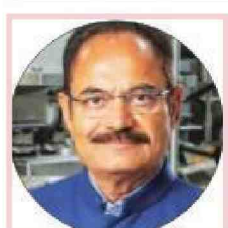
SMALL BITES, big returns

India's snacks market is packing a powerful punch, not just in terms of variety, but also in offerings and growing sale figures



MANISH AGGARWAL, BIKANERVA FOODS

PACKAGED SNACK FOODS, DRIVEN BY CONVENIENCE AND EVOLVING EATING HABITS, HAVE SEEN AN UPTICK. STRINGENT STANDARDS SET BY FSSAI HAVE PROVIDED A SUPPORTIVE FRAMEWORK



CHANDUBHAI VIRANI, BALAJI WAFERS

TASTE IS AN IMPORTANT FACTOR, AND SNACKS OR NASHTA IS ONE SATISFYING MEAL THAT CAN BE CONSUMED ANY TIME OF THE DAY. IT PACKS A TASTY PUNCH AND IS AFFORDABLE

contributing about 40% to this category. The organised western salty snack segment is estimated at about ₹240 billion and projected to grow 14-15% for next two to three years," he adds.

New formats & flavours

The increasing demand for regional and spicy profiles has been leading consumers to eagerly embrace new formats and flavours. PepsiCo India's products crafted to align with these preferences is a case in point. The brand's India expansion of the 'Sizzlin' Hot range' of flavours and the launch of Kurkure Chaat Fills, an authentic essence of street food tapped into the country's love for chilli, has been tailored for its iconic brands such as Kurkure, Lay's and Doritos.

The company's India business reported a 'double digit' volume growth in the beverage category in Q3 along with a gain in savoury snack share. On a year-to-date basis, "we have gained savoury snack share in many of our international markets, including China, India, Turkey, the Netherlands, South Africa, Belgium, Pakistan, Guatemala, and Puerto Rico, and for beverages, we have gained market share in Mexico, Brazil, Turkey, China, Thailand, Egypt and Nigeria," the company said in an earnings report announcement.

Incidentally, when it comes to packaging, size plays an important role. For instance, the mini range of ProV Foods is a concept akin to the 'sachetisation' of nuts. "Think of it as the convenience of visiting a local store and grabbing a bag of healthy and nutritious nuts at a competitive price

point of just ₹30. It is about exploring novel ways to make snacking healthier and accessible," says DP Jhavar, MD and CEO of ProV Foods, whose packaged and branded snacks have witnessed remarkable growth, with a CAGR exceeding 20%.

It has been observed that products available at ₹1, ₹5 and ₹10 per unit, which are called low-unit packs, have a penetration of 35-40% in the domestic FMCG market, as per NielsenIQ. "We combine service and snacking in a ₹5 pack of *chataka pataka*, *moong dal* or wafers," adds Virani of Balaji Wafers, which has over 1,300 dealers in India and distributors across the US, UK, Australia, Dubai and Singapore.

Local taste, mass appeal

Chitale Bandhu Mithaiwale has a legacy tracing back to 1939 when the visionary Bhaskar Ganesh Chitale started a humble milk distribution business at Bhilwadi in Sangli district of Maharashtra. The company is now selling more than 40 varieties of namkeens like *bakarwadi*, lemon *bhel*, cornflakes *chivda*, *chakli*, *farsan*, *papadi*, *sev* and *shankarpali*, as well as *samosa* and *kachori*. The company currently exports to countries across the European Union, the US, South East Asia and Australia with an annual turnover of ₹200 crore.

Another regional player, Indore-based Prataap Snacks, known for brands such as Yellow Diamond chips and Avadh *namkeen* (this alone churns out an impressive 100 tonne of snacks per day), is leading the growth. In its Q4 & FY23 earnings, the brand estimated revenues of ~₹16.5 billion and a 9-year revenue CAGR of 18%

(FY14 to FY23).

Innovation in flavours has played a pivotal role in shaping the Indian snack industry with snack manufacturers consistently introducing novelty in taste inspired from the diverse food culture of the country. Haldiram's *chutney sev* or Punjabi *pakoda*, Bingo's *achari* mad angles or *tede mede*, Too Yum's baked multigrain chips, veggie stix, rings and potato stix are among the new flavours vouching for authentic taste and offerings.

Even Bikaner's packaged food products, including sweets and *namkeens*, sold under the Bikaner brand, have a wide range of regional varieties such as tanga tomato chips, cream and onion, simply salted, *puddina*, cheese ball, jungle safari, puffed, pasta crunch to *aloo bhujia*, Bikaneri *bhujia*, *kurkuri bhujia*, *natkhat nimbu*, *gathiya*, *malai sev* and *magic bhujia*; *navratan* mixture, *khatta meetha*, *shahi* mixture and more.

"The flavours are inspired by regional tastes and preferences with an authentic and diverse snacking experience," says Aggarwal. Three varieties stand out as their bestsellers—*aloo bhujia*, Bikaneri *bhujia* and *navratan* mixture, he adds.

Another alternative to the existing fried savoury chips category is rice cracker, which has been introduced in the Indian market by Kameda LT Foods. The rice cracker format, called Kari Kari, is also adding more flavours and formats in the next six months. "Consumers are looking for a better alternative to fried salty snacks, which taste better and use ingredients that are healthy. With our collective strengths in rice, we decided to pivot on rice

71%

consumers around the world snack at least twice a day

75%

consumers 'always find room' in their budget for snacks

55%

consumers make a meal out of snacks at least weekly

61%

consumers will go out of their way to find their favourite snack

Source: IMARC Group; Mondelez International's 2022 State of Snacking report



VAISHALI DAR

TAKE A WALK down the snack aisle in a local supermarket and you will be amazed by the sheer variety of products on offer—be it healthy, fried, deep fried, baked, grilled, air-fried or roasted—available across categories like vegetable sticks, nuts, seeds, whole grains and rice crackers, and that too in flavours like creamy cottage cheese, yoghurt, hummus, avocado, salt and pepper, roasted in cheese or butter, and with ingredients or condiments such as spices, herbs, etc. Every grain, fruit or vegetable is turning into a snack. The mantra is also 'root to fruit', and you have options ranging from brinjal, banana, lady's finger, jackfruit and potato chips to *chana dal*, roasted peanuts and *moong dal*, among many others.

Factors such as a growing population, rising income levels and changing consumer preferences are leading to a surge in demand and growth in the sector. According to a report published by market research company IMARC Group, the Indian snacks market size was ₹42,694.9 crore in 2023 and is expected to reach ₹95,521.8 crore by 2032, exhibiting a growth rate (CAGR) of 9.08% during the forecast period. "The rising popularity of convenient food products, increasing implementation of quality standards by the Food Safety and Standards Authority of India (FSSAI), and increasing number of e-commerce brands and distribution channels represent some of the key factors driving the market," the report adds.

No wonder, snacking as a category is catching the attention of businesses worldwide. From global behemoths like PepsiCo, which owns popular brands such as Lay's, Cheetos, Doritos and Kurkure, to home-grown companies such as Haldiram's, Bikaji and TTC (Reliance is also now entering the segment), regional players like Balaji Wafers, Prabhujii and Prataap Snacks or niche players like BRB, Too Yum and Farmley, the market is witnessing both demand and higher sales.

Traditional sweets and snacks brand Haldiram's recorded sale of snacks worth ₹9,215 crore (\$1.1 billion) for the fiscal year ending March 2023, which is a substantial 19% surge compared to the previous year. PepsiCo's snack sales stood at ₹6,430 crore (\$773 million) while Balaji Wafers registered ₹5,296 crore (\$637 million) in sales, as per data from Nielsen.

"With population increase, hunger pangs in urban and rural districts of India are also growing every year. Taste is an important factor, and snacks or *nashta* is one satisfying meal which can be consumed any time of the day. It packs a tasty punch, has less oil and is affordable," says Chandubhai Virani, founder of the ₹5,000-crore snack food manufacturer and distributor Balaji Wafers, which is expecting an increase of 15-20% in its snacking revenue this year.

Manish Aggarwal, director of Bikaner, Bikaner Foods, adds, "Packaged snack foods, driven by convenience and evolving eating habits, have particularly seen a significant uptick. Additionally, stringent regulatory standards set by the FSSAI have provided a supportive framework for the sector's growth."

Currently, the packaged food industry stands at approximately ₹3.75 trillion, of which the snacks and sweets comprise 33.4%, says Amit Mehta, VP and MD of Kameda LT Foods, a joint venture of LT Foods (owner of Daawat brand) and Kameda Seika, a brand of rice crackers in Japan. "The industry is predicted to grow at 15-16% CAGR in the next two to three years. The unorganised snack sector is still