

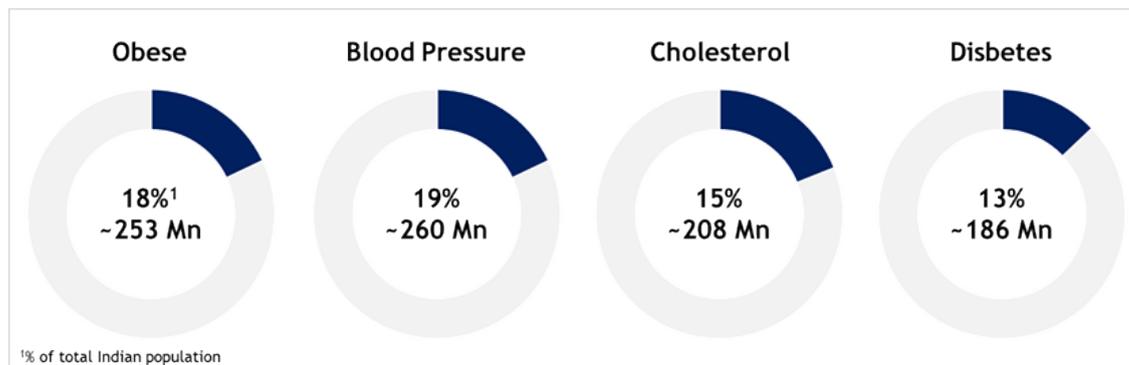


Nutrition & Wellness Market in India

Brief Overview

The COVID-19 pandemic brought about a paradigm shift in people's mindset towards a healthy lifestyle. Over the past 2 years, consumers have started increasingly focusing on fitness, healthy food and nutrition. With changes in overall consumer behaviour and increasing disposable income in the hands of millennials, there has been a greater level of awareness and willingness to spend towards healthy eating.

Over the past decade, statistics have shown an increase in instances of lifestyle diseases among the Indian population. Below is the statistic of the Indian population facing lifestyle diseases in 2021



With increased instances of lifestyle diseases, increasingly people have started looking for healthy alternatives in their day-to-day diets. Also, there is an increased emphasis on immunity building and thus, increased awareness and demand for nutrition products.

Further, the emergence of e-commerce has increased users' access to a wide range of options. This has helped many startups and new-age brands create a strong brand presence without setting up a nationwide distribution network. For most of these companies, a large part of the revenue (>70-80%) comes from the online channel with many players further focusing on creating a strong D2C presence.



Market Size & Growth - India Market

India's overall packaged F&B market is expected to grow at a CAGR of ~15% between 2021-2026 to increase from ~\$ 110 Bn in 2021 to ~\$ 220 Bn in 2026.

Out of the above, India's Healthy Food and Nutrition market is estimated to be ~\$12 Bn in 2021 and is estimated to grow at a CAGR of 20% over the next 5 years to reach ~\$30 Bn by 2026. The share of healthy foods in the overall packaged F&B segment in India is ~10-12% as compared to 31% in the case of the US showing immense potential for growth.

Amongst the Wellness & Nutrition Foods category, healthy foods account for ~70% of the overall market and the rest comes from nutritional foods.

Healthy Foods Category	Nutrition Category
Healthy snacks Plant based food Malt food drinks Breakfast cereals Healthy beverages	Vitamins & minerals Herbal supplements Protein based products

Global Scenario

Global Health and Wellness market is valued close to ~\$ 840 Bn in 2022 and is expected to increase to ~\$ 1 Tn by 2026. The share of healthy food in total packaged in F&B is higher globally (20-25%) as compared to India (~10%). Further, the Indian market has yet to see the emergence of scaled organized players with most companies yet to reach the profitability / public listing stage. Alternately, international has seen multiple healthy food brands tap into capital markets for raising money through an IPO. Below is a list of select such companies:

IPO Date	Co Name	Category	IPO Size	Market cap
May-21	 OATLY!	Vegan Milk	\$ 1.4 Bn	\$ 10 Bn
Nov-20	 Tattooed Chef	Plant-based Food	NA	NA
Oct-20	 On the Border	Healthy Foods	\$ 96 Mn	\$ 1.1 Bn
May-19	 BEYOND MEAT	Plant based Meat	\$ 240 Mn	\$ 1.5 Bn
Jul-16	 Simply Good FOODS	Healthy Snacking	\$ 375 Mn	\$ 1.3 Bn



Theme based Brands

Most of the successful players have marketed themselves around emerging themes to create strong category-leading brands. In fact, the past couple of years have seen stories of new-age brands emerging as category creators over the traditionally scaled FMCG companies. Below is a table representing select emerging categories and the brands within these categories:

Ayurvedic	Beverages	Healthy Cereals	Healthy Snacking
Protein	Vegan	Plant-based Meat	Organic Food





Emerging Industry Trends

A. Post-pandemic Awakening

The COVID-19 pandemic has propelled consumers to re-visit their daily food habits and pushed consumers to make lifestyle changes in terms of eating and fitness habits. There has been an increased impetus to eating healthy foods. The past 2 years saw people move from their traditional choices of wheat and maida to healthier options like ragi and millet.

B. Ease of Entry facilitated by E-commerce

Previously, product launches especially in the food space were challenging given the elongated process involved in setting up sales & distribution channels. However, the majority of the new-age brands started as online focused brands with limited presence in the traditional retail brick-and-mortar channel. This has made it easier for new entrants to get country-wide coverage through online aggregators like Amazon and Flipkart even at a smaller scale of operations.

C. Emergence of New Age D2C brands

The past 5-7 years have seen the emergence of multiple D2C brands in the healthy food and nutrition space. Brands like Epigamia, Yoga Bar, True Elements, Slurrp Farms, and Urban Platter which were started within the last decade have been instrumental in driving consumer behaviour change with some of them being the category creators for a few of the speciality food categories.

D. Willingness of People to Spend / Experiment

With rising disposable income, there is much more willingness to spend on non-conventional speciality food products. This is more pertinent in the case of the millennial population which has shown greater acceptance towards new categories like healthy bars, health juices, and non-dairy products.



Recent Deals in the Nutrition & Wellness Space

Past 5-7 years have seen keen interests of PE/VC investors in the speciality food space largely driven by new age brands focused on category creation. Post the COVID-19 pandemic, the larger FMCG players have started efforts to grow into this space through acquisitions of strong brands.

Select M&A / Strategic Transactions

Closing Date	Acquirer	Target	% Stake	Amount (INR cr.)
Dec-22			51%	265
Dec-22			20%	70
May-22			54%	NA
Mar-21			100%	83
Feb-21			100%	156

Select PE / VC Transactions

Closing Date	Target	Investor(s)	% Stake	Amount (INR cr.)
Jan-23		Sequoia Capital, Matrix Partners, Others	21%	120
Feb-22		Motilal Oswal PE	13%	180
Dec-21		Morgan Stanley PE	NA	170
Nov-21		Investcorp, Omidyar Network	10%	124
Sep-21		IIFL AMC, White Whale Ventures, Sixth Sense Ventures, Others	25%	174
Jan-19		Verinvest PE, Danone, DSG Consumer Partners, Others	29%	182



Road ahead

India's Wellness & Nutrition market is expected to have multiple levers of growth coming from consumer awareness, the growing millennial population, and the emergence of strong established brands. Considering these factors, the healthy food space is poised for growth over the next decade.

Until now, the healthy F&B market has majorly been driven by startups and new brands. Over the past few years, the larger FMCG players in India have realized the potential in the space and have planned to make huge investments into this space by way of launching new brands as well as through the acquisition of established brands.

Also, the interest of PE/VC firms in the space is far from over. Given the size of most companies, the past few years were dominated with VC deals. However, over the coming years as these brands start to go bigger, we may see an increasing number of large PE deals happening in the space as well.

Overall, the sector has generated good interest from financial/strategic investors and is expected to continue to do so over the next 4-5 years.

Sources:

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NASDAQ

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India Fit Report 2022

Avendus Report - India Unjunking 2022

Ernst & Young Report - The Sunrise Consumer Health and Nutrition Sector

News Articles

WCA Proprietary Analysis



How can Wodehouse Capital Advisors help?

Wodehouse Capital Advisors has extensive network and prior experience across each of the service vertical



Family Office Services

- Investment Management
- Succession Planning
- Real Estate Advisory
- Business Consulting
- India Entry Strategy



Merger & Acquisitions

- Buy Side Representation
- Sell Side Representation
- Bolt- On- Acquisitions



Debt

- Structured Finance
- Refinancing
- Additional Funds for Set-up



Equity

- Growth Capital
- Strategic Capital

THANK YOU