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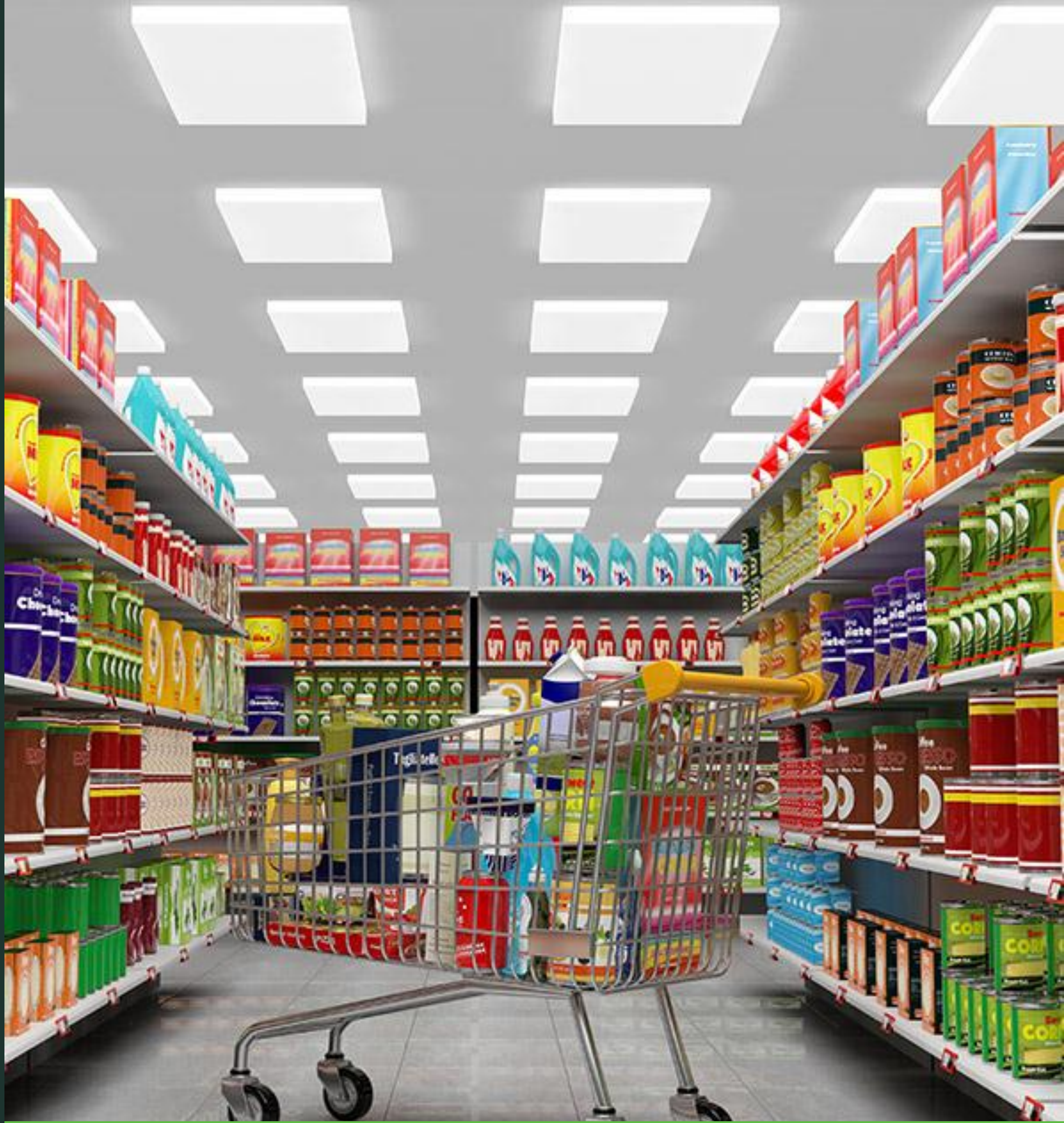
MARC Insights
FMCG Industry Overview

July 2025



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Industry Overview

Overview

Indian FMCG: Major Components

- Household & Personal Care
- Healthcare
- Food & Beverages

Rise Of FMCG Industry

- Rising Disposable Income
- Rising Brand Awareness
- Rising Youth Population

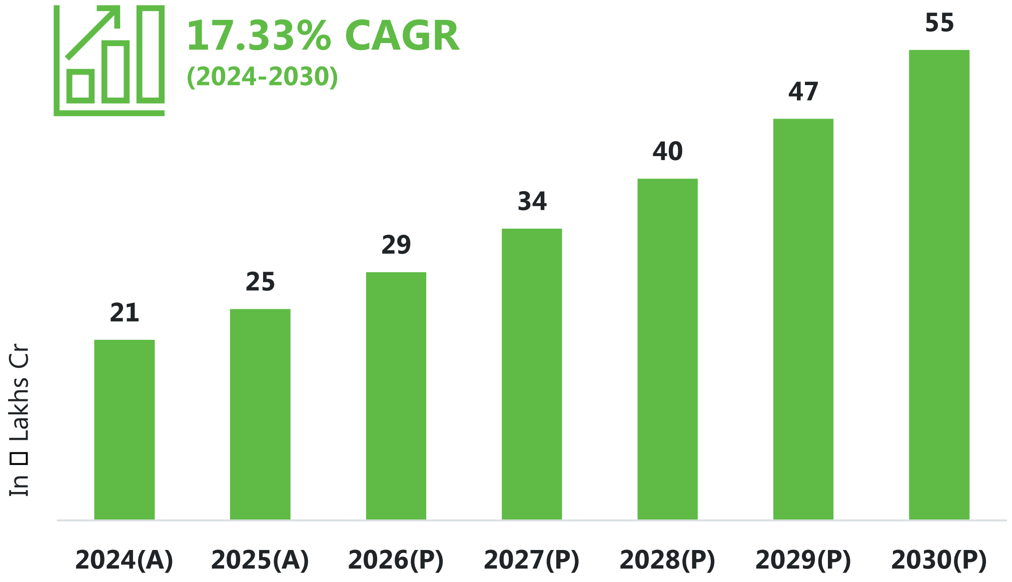
- The FMCG sector in India is one of the country's largest and fastest-growing sectors that spans a wide range of products including packaged food, beverages, personal care products, and household goods.
- High competition, ever-shifting consumer preferences, and a mix of international and domestic players make it a dynamic and fast-growing industry with boundless potential for growth and innovation.
- Fast-moving Consumer Goods (FMCG) sector was India's fourth-largest sector in 2024. Rising disposable income, a rising youth population, and rising brand awareness among consumers has led to its immense growth and prominence over the years.

Source: ibef

Market Size & Growth Drivers

FMCG Market Size

The Indian FMCG market is expected to increase at a **CAGR of 17.33%** to reach **₹55 Lakhs Cr by 2030**, from **₹21 Lakhs Cr in FY24.**



Growth Drivers

Rural Demand Outpacing Urban Growth
Rural markets, accounting for 35-40% of FMCG sales, have shown strong growth driven by better harvests and government welfare schemes. In FY25 Q3, the FMCG sector grew by 10.6% YoY in value terms from 5.7% YoY in the FY25 Q2.

E-commerce and Quick Commerce Boom
The rise of quick commerce platforms has boosted FMCG sales, particularly in urban and semi-urban areas. The online grocery market is projected to grow at a CAGR of 32.7% from 2024 to 2032.

Premiumization and Innovation
Companies are focusing on premium products to improve margins. Dabur, for example, is launching zero-sugar, preservative-free beverages and emphasizing brands like Dabur Red and Chyawanprash, which constitute 70% of its business.

Government Support
Initiatives like the Production Linked Incentive (PLI) scheme for food processing, with a ₹8,360 Cr allocation, and policies promoting rural development are enhancing the sector's growth prospects.

Source: economictimes, India-briefing, ddnews, maximizemarketresearch, imarcgroup, financialexpress, ibef

Digital Growth for FMCG

Overview

Growing Contribution to India's GDP:
E-commerce influences Private Final Consumption Expenditure (PFCE), which is estimated to have risen by 7.2% in FY25 & will account for 61.8% at current prices of GDP.

Quick Commerce fuels Online Grocery Market:
The rise of quick commerce platforms has boosted FMCG sales. The online grocery market is projected to grow from ₹28,000 Cr in 2024 to ₹ 6,57,000 Cr by 2032 at a CAGR of 32.7%.

Primary Sales Channel for FMCG:
Over 60% of FMCG companies consider e-commerce their most critical sales platform, with nearly 75% of mid-sized businesses prioritizing it as their top channel.

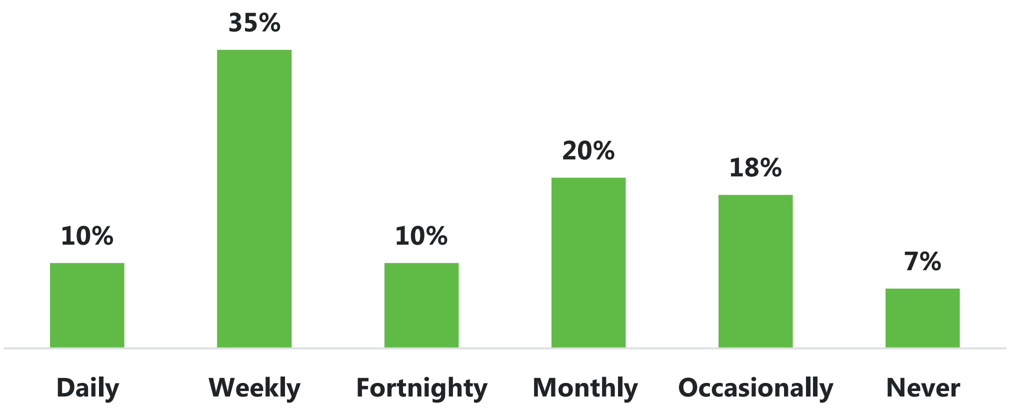
Manufacturers Outpace E-commerce Growth:
Emerging manufacturers are experiencing 1.5 times the growth in e-commerce compared to category averages in segments such as noodles, refined oil, biscuits, coffee, and packaged atta.

E-commerce Giant Enters Quick Commerce with Dark Stores:
Major e-commerce companies are entering the quick commerce space by establishing dark stores in top cities, anticipating increased sales. Examples include Flipkart, More, and Amazon.

Dabur and Amul: Launching new initiatives

- Dabur, the maker of Vatika and honey products, has ramped up its delivery capacity, now offering services to 19,000 pin codes, compared to 16,000 last year.
- Amul is planning to launch its own quick commerce delivery service, using its extensive network of outlets as the delivery backend.

Frequency of ordering online grocery in FY24



Source: fast-moving-consumer-goods, business-standard, Deloitte India Consumer Survey 2024, ibef, mospi

Government Initiatives

Government Initiatives

Production Linked Initiative (PLI) Scheme

1. Production Linked Incentive Scheme for Food Processing Industry (PLISFPI-2021):

- Launched with an outlay of ₹10,900 crore, this scheme aims to support the creation of global food manufacturing champions.
- It incentivizes manufacturing in four major food product segments: Ready-to-Cook/Ready-to-Eat (RTC/RTE) foods (including millet-based products), Processed Fruits & Vegetables, Marine Products, and Mozzarella Cheese.
- It also promotes innovative/organic products of SMEs and supports branding and marketing of Indian food products abroad.

2. PLI Scheme for Millet-based Products (PLISMBP-2023):

- Scheme launched with an outlay of ₹800 crore, specifically focusing on promoting millet-based products, utilizing savings from PLISFPI.

3. Pradhan Mantri Kisan SAMPADA Yojana (PMKSY-2017):

- This comprehensive umbrella scheme aims to create modern infrastructure with efficient supply chain management from farm gate to retail outlet.

4. Pradhan Mantri Formalization of Micro Food Processing Enterprises (PMFME) Scheme-2020:

- It provides credit-linked subsidies to individual micro-enterprises (up to 35% of eligible project cost, maximum ₹10 lakh), seed capital to Self-Help Groups (SHGs), and support for common infrastructure, branding, marketing, and capacity building.

Make in India

"Make in India" Initiative:

- This broader initiative, while not exclusive to FMCG, has significantly impacted the sector by encouraging domestic manufacturing, reducing import dependency, and fostering innovation.

Initiative announced in Union Budget

The Union Budget 2025-26 significantly boosts consumer spending, especially benefiting the FMCG industry. Increased disposable income, a focus on rural development, and MSME support collectively foster an ideal environment for growth.

Union Budget FY24 has allocated USD 976 million for PLI schemes that aim to reduce import costs, improve the cost competitiveness of domestically produced goods, increase domestic capacity, and promote exports. Allocation is for 6 year till 2029-30.

Source: pib, telangana, economictimes,, mofpi, mofpi.gov.in

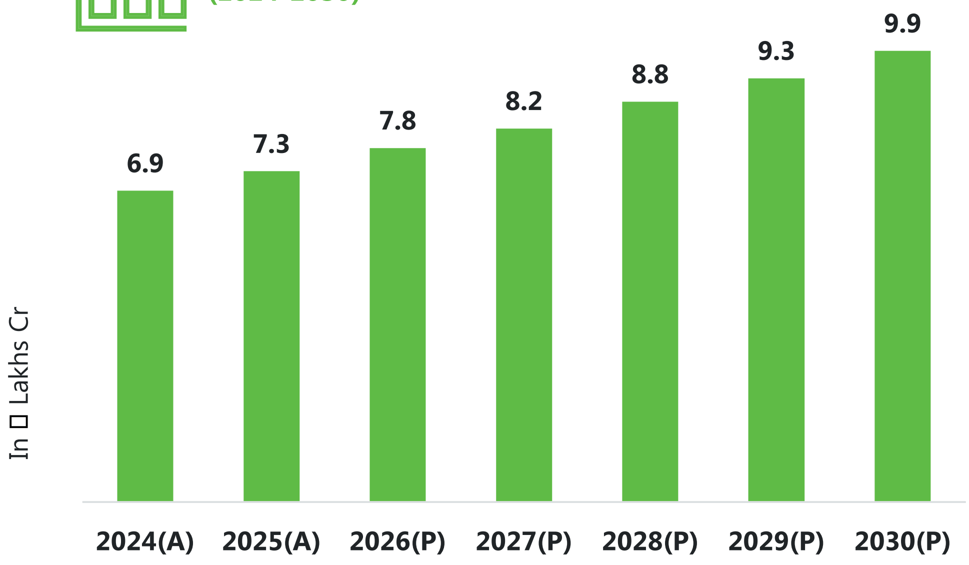
Segment-wise FMCG Analysis

Packaged Food Industry

Packaged Food Industry in India

The Indian packaged food market is expected to increase at a CAGR of 6.32% to reach □9.92 Lakhs Cr by 2030, from □6.84 Lakhs Cr in FY25.

6.32% CAGR
(2024-2030)



**Above graph comprised of : Non-alcoholic Beverages, Dairy Products, Confectionery, Ready Meals, Snacks, Breakfast Cereals, Others*

Source: techsciresearch.com, fnbnews.com, blueweaveconsulting, pib, imap

Market Drivers

Changing Lifestyles and Urbanization
The Indian food packaging industry's future is driven by rising demand for convenient, ready-to-eat food options, fueled by busy lifestyles, urbanization, and evolving dietary habits.

Expanding Retail Sector and E-commerce Penetration
The growth of supermarkets, hypermarkets, and convenience stores has made a wider variety of packaged food products easily accessible to consumers.

Government Initiatives and Supportive Policies
Government’s initiatives like the Production Linked Incentive Scheme for Food Processing Industry (PLISFPI) & Pradhan Mantri Kisan Sampada Yojana (PMKSY) provides financial incentives and infrastructural support

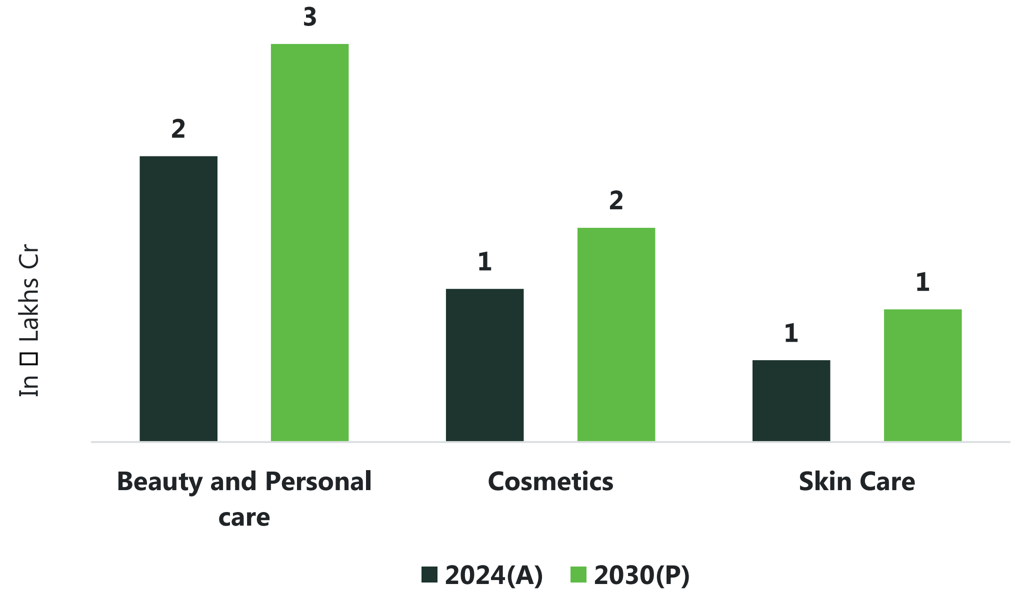
Technological Advancements and Innovation
The emergence of smart packaging solutions like QR codes, RFID tracking, and intelligent labels allows real-time monitoring of food quality and safety, increasing consumer trust.

Personal Care Industry

Personal care Industry in India

This market is expected to witness an annual growth rate of 8.45% to reach ₹6 Lakhs Cr by 2030, from ₹4 Lakhs Cr in FY25. The largest segment within this market is the Personal Care segment.

8.45% CAGR
(2024-2030)



Market Drivers For Personal care Market

Rise of Organic and Natural Beauty Products:
Indian consumers are increasingly shifting to organic & natural beauty products due to health & sustainability concerns; a FICCI survey shows 71% preferred them over synthetic in FY24.

Growth of Men's Grooming Products:
Driven by changing attitudes and targeted marketing, the Indian men's grooming market is rapidly expanding as more men embrace skincare, haircare, and grooming products.

Digital Influence & Beauty Awareness:
Social media is a primary discovery channel for beauty brands, 80% of shoppers finding them there, largely on Meta platforms & expanded awareness driven by influencers, vlogs, & reviews.

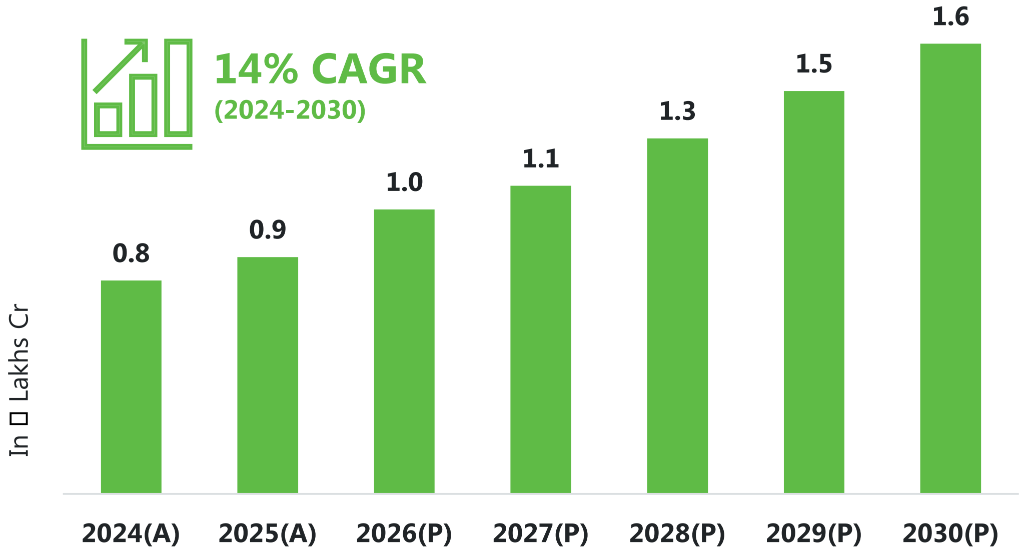
Multi-tasking Products:
Busy lifestyles, especially among working women, are driving demand for efficient, multi-tasking products that offer convenience and cater to multiple needs simultaneously.

Source: beauty-personal-care, india-skincare-market, india-cosmetics-market, india-perfume-market, kenresearch, dearbrightly

Healthcare Industry

Health care Industry in India

The healthcare segment of the FMCG industry mainly consists of Over-the-counter (OTC) products. OTC drugs are non-prescription drugs that can be consumed by individuals without requiring a prescription from a healthcare professional. Market is expected to increase at a CAGR of 14% to reach □1.6 Lakhs Cr by 2030, from □0.8 Lakhs Cr in FY24.



Market Drivers For OTC Drug Market

Self-Medication Trends
A significant portion of the Indian population engages in self-medication for minor ailments, which contributes to the demand for OTC products.

E-Pharmacy Expansion
The rise of e-pharmacies has improved access to OTC drugs, especially in remote and rural areas.

Government Initiatives
Policies aimed at increasing healthcare accessibility and affordability have bolstered the OTC market. Such as Ayushman Bharat Digital Mission.

Rising Geriatric Population
India's increasing elderly population fuels the OTC drug market due to frequent chronic health issues, driving demand for pain relievers, laxatives & ointments that enhance daily comfort.

Source: techsciresearch

Strategic Initiatives by Few of the Key Players

The company is rationalizing underperforming products like Vedic Tea and diapers to focus on high-margin categories. Its seven-point strategy aims for double-digit CAGR by FY28, leveraging core brands and premiumization.

Godrej is expanding its distribution network, targeting a 20% increase in outlets within FY27, and focusing on under-penetrated categories like deodorants, air care, and pet care.

HUL is accelerating portfolio transformation through acquisitions like Minimalist and increased innovation in high-growth segments, aiming to maintain EBITDA margins of 22-23%. HUL uses AI driven insights to optimize its supply chain & personalize marketing campaigns.

ITC has launched several digital initiatives, an app for farmers to streamline procurement and improve product quality.

Source : tkc.in

Challenges in FMCG Industry

1

Rising Commodity Costs

The surge in prices of key raw materials such as crude oil, palm oil, and sugar has significantly increased production costs for FMCG companies. This has squeezed profit margins and forced companies to balance price hikes with maintaining sales volumes.

2

Counterfeiting & Tampering

Counterfeit goods & product adulteration not only erode market share but also damage brand reputation & pose health risk to consumer. In India Counterfeiting is estimated to up to 28% of FMCG market.

3

Geopolitical Tensions and Trade Wars

Ongoing geopolitical tensions and trade wars have created an uncertain business environment. Tariffs and trade restrictions have affected the import and export of goods, adding to the challenges faced by FMCG companies.

4

Hiked Interest Rates

Central banks, including the Reserve Bank of India (RBI), have raised interest rates to combat inflation. Higher borrowing costs have impacted consumer spending and investment, contributing to the slowdown in demand.

Source : tkc.in, relexsolutions, godenext, genefiedtech

Mergers & Acquisitions

Merger & Acquisition in India(1/2)

~$3.84 Billion

Mergers & acquisition

Mergers & acquisitions in Indian FMCG sector reached ~$3.84 Billion in 1st half of 2025.

139

Volume of deal

The volume of deals reached 139 in Q1FY25, compared to 78 in Q1FY23 and 102 in Q1FY24.

$539 Million

Private equity & Venture Capital

The private equity (PE) and venture capital (VC) deals in the fast-growing FMCG sector touched $593 million in 2024.

Acquisition in Direct-to-Consumer (D2C) startups and niche brands:

- Emami Limited acquired the 100% stake in Helios Lifestyle (The Man Company) in August 2024, making it a wholly-owned subsidiary.
- Hindustan Unilever (HUL) acquired Minimalist, a new-age beauty brand, for approximately $355 million announced in late 2024/early 2025, reflecting 2024 deal intent.

Growth drivers

1. Focus on Core Categories: A significant portion of M&A deals in the FMCG sector are now directed towards acquiring companies within the acquirer's core business areas. This is driven by a desire to consolidate market share, leverage cost synergies, and protect profit margins in the face of increasing inflationary pressures.

2. Acquisitions of Digital-First Brands: FMCG companies are also actively acquiring direct-to-consumer (D2C) brands and those with strong digital presence, reflecting the growing importance of online channels and changing consumer behavior.

3. Strategic Consolidation: Companies are using M&A to strengthen their market position, reinforce their existing strengths, or divest underperforming assets.

4. Emerging Categories: Snacks, pet care, and premium personal care are emerging as attractive categories for FMCG M&A, with companies looking to expand their portfolios and tap into new consumer segments.

Source : clarity-ventures, unilever, livemint, tata-consumer-acquires, indian-fmcg-market, deals-acquisitions

Merger & Acquisition in India (2/2)

Sample of a few Marquee Merger and Acquisition in the FMCG sector in 2024 & 2025

ACQUIRER	TARGET	VALUE	STAKE	TYPE
Jubilant Beverages Pvt Ltd	Hindustan Coca-Cola Beverages Pvt. Ltd	US$ 1,488 Million	Strategic stake to 40%	Domestic Acquisition
Wilmar International	Adani Wilmar	US$ 1,400 Million	Raising stake from 44% to 75%	Domestic Acquisition
Temasek	Haldiram Snacks	US$ 1,000 Million	Strategic stake to 10%	Inbound Acquisition
Tata Consumer Products	Capital Foods	US$ 610 Million	Strategic stake to 100%	Domestic Acquisition
Tata Consumer Products	Organic India	US$ 228 Million	Strategic stake to 100%	Domestic Acquisition

Source : grantthornton, torusdigital, investing, business-standard, business-standard, angelone

Competitor Analysis

Profit & Loss Snapshot – Hindustan Uniliver Limited (1/2)

Snapshot of HUL FY23 – FY25

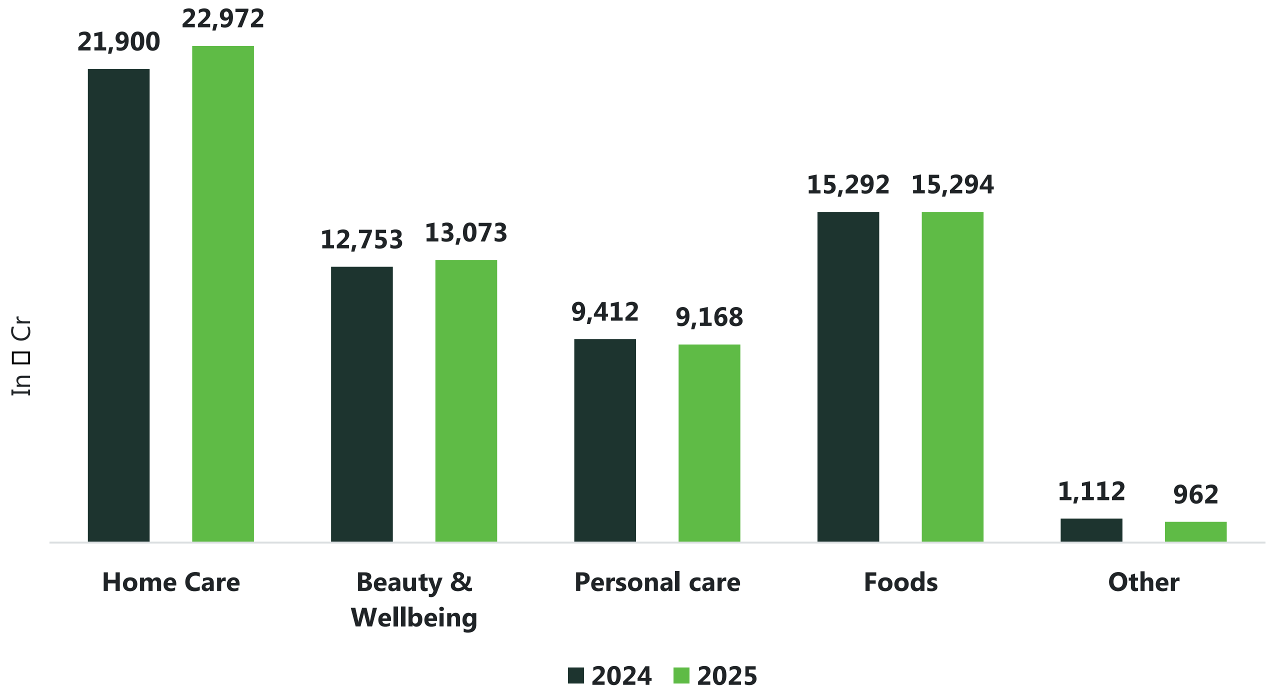
	Actuals			Common size		
In INR Crore	**FY23**	**FY24**	**FY25**	**FY23**	**FY24**	**FY25**
Revenue From Operations	59,144	60,469	61,469	100%	100%	100%
Total Revenue	**59,144**	**60,469**	**61,469**	**100%**	**100%**	**100%**
Cost Of Materials Consumed	31,197	29,335	30,282	53%	49%	49%
Gross Margin	**14,315**	**16,944**	**16,898**	**24%**	**28%**	**27%**
Expenses						
Employee Benefit Expenses	2,665	2,782	2,840	5%	5%	5%
Other Expenses	11,650	14,162	14,058	20%	23%	23%
Total Expenses	**45,512**	**46,279**	**47,180**	**77%**	**77%**	**77%**
EBITDA	**13,632**	**14,190**	**14,289**	**23%**	**23%**	**23%**
Depreciation	1,030	1,097	1,224	2%	2%	2%
Finance Costs	101	302	364	0%	0%	1%
Other Income	578	884	1,599	1%	1%	3%
EBT	**13,079**	**13,675**	**14,300**	**22%**	**23%**	**23%**
Tax	3,117	3,561	3,656	5%	6%	6%
PAT	**9,962**	**10,114**	**10,644**	**17%**	**17%**	**17%**

- Revenue from operations increased from 59,144 Cr to 61,469 Cr in FY25, at an average growth rate of 4%. This majorly included segmental revenue of Home care which amounted to 22,972 Cr as of FY25, contributing to 37% of the total revenue.
- Cost of material consumed contributes 49% of total expenses on an average. However, due to an increase in the revenue it has reduced from 53% as a % to revenue in FY23 to 49% in FY25.
- Other expenses remained constant in FY24 & FY25. Advertising and promotion contributed to 43% of other expenses & amounted to 6,028 Cr as of FY25.
- EBITDA & PAT has remained constant as a percentage to revenue through the review period. While the Company's Gross Margin has improved from 24% as a % of revenue in FY23 to 27% in FY25, it has been offset by an increase in Other Expenses which rose from 20% as a % of revenue in FY23 to 23% in FY25.

Source: HUL

Profit & Loss Snapshot – HUL Ltd (2/2)

Segment-wise Revenue from operations for FY24 & FY25



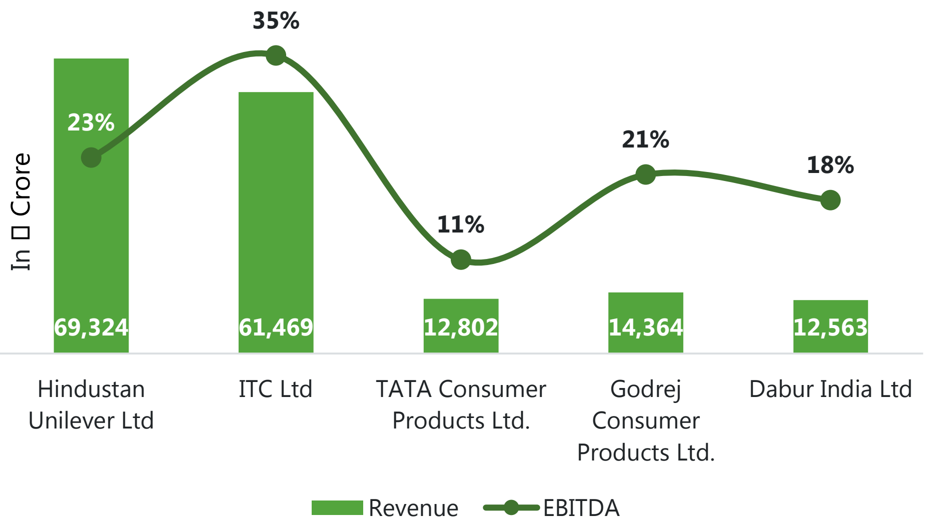
- Home care contributed the largest portion of revenue, accounting for 37% in FY25, up from 36% in FY24.
- As per revenue earned by geographies, the company's operations in India earned 61,469 Cr in FY25, while operations outside India earned only 757 Cr.

1. Home Care includes Fabric Solutions, Home & Hygiene Etc.
2. Beauty & Wellbeing includes Skin care, Hair care Etc.
3. Personal care includes Skin Cleansing, Oral care & Deodorants.
4. Foods includes Tea, Lifestyle Nutrition, Coffee, etc.
5. Others includes Exports, Consignment income, etc.

Source: HUL

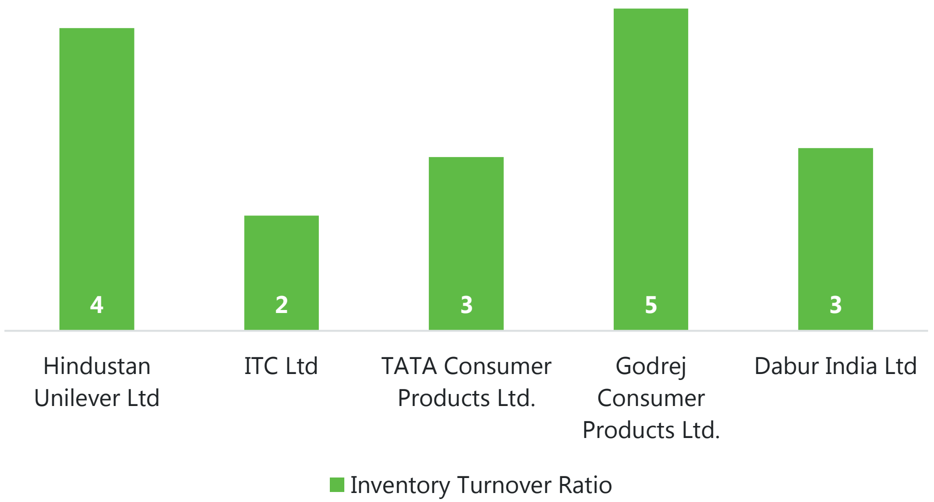
Competitor Analysis

Profitability analysis FOR FY25



- Revenue from operation of Hindustan Unilever Ltd has surpassed the average revenue from operation of the competitors.
- Hindustan Unilever Ltd has the highest revenue, its EBITDA is 12% lower than ITC.
- Hindustan Unilever Ltd is a market leader in terms of revenue, signifying its dominant market share.

Inventory Turnover Ratio for FY25



- Hindustan Unilever Ltd has an Inventory Turnover Ratio of 4 and performs better than most of the peers.
- Godrej Consumer Products Ltd with a market cap of 1.29 lakh crore, has the highest Inventory Turnover Ratio at 5. This indicates that Godrej Consumer Products Ltd is very efficient at managing its inventory, selling and replacing its stock.
- Across the competitors average turnover ratio is 3.

Source : ITC , TATA , Godrej , Dabur , Hindustan

KPI's in comparison - FY25

Particulars	Hindustan Unilever Ltd	ITC Ltd	TATA Consumer Products Ltd.	Godrej Consumer Products Ltd.	Dabur India Ltd
Net Profit Margin (%)	17.31%	50.77%	9.80%	15.15%	15.46%
Return On Equity	21.21%	29.19%	6.63%	7.23%	19.57%
Inventory Turnover Ratio	4.4	1.69	2.55	4.73	2.68
Current Ratio	1.33	3.03	1.28	0.97	1.28
Total Asset turnover Ratio	0.79	0.81	0.64	0.68	0.84
ROCE	29.43%	38.79%	37.54%	7.48%	24.20%

Source : ITC , TATA , Godrej , Dabur , Hindustan

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