



Bridging the Expectation Gaps

Mr. Gunjan V. Jain
VKC Nuts Pvt Ltd.
21-05-2022



Our Esteemed Panelists



Processor Perspective

- Mr. Kalbavi Prakash Rao, Kalbavi Cashews
- Mr. Sathish Arokiaraj, TNCPEA-processor

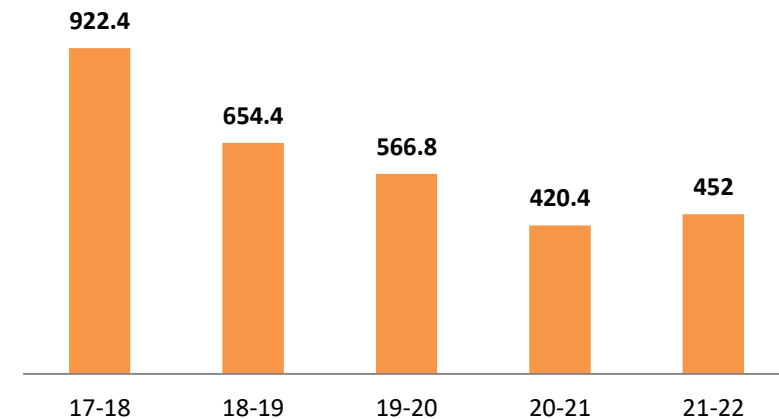
Buyer Perspective

- Mr. Srinadh Choudary, ITC Limited
- Mr. Prakash Raichur, Reliance Retail (Video message)
- Mr. Prabhu Shankar Agarwal, Haldiram Bhujawala, Kolkata

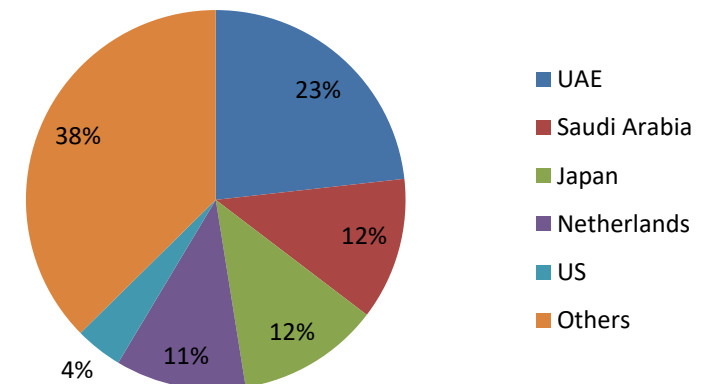
Indian Cashew Market

- The largest producer, processors and consumers of the world.
- Covers 0.7 million hectare of area and produces 0.4 Million Metric tonnes of Raw Cashews Annually.
- Accounts for 15% Contribution of Cashew Exports Globally.
- Forecasted growth of CAGR of 4-5%(2021-2027) for RCN.
- Estimated to reach US\$1,136 Mn by 2050.
- Exports grew 7% from FY 20-21 to US\$ 452 Mn in FY 21-22.
- India exports cashews to Canada, France, Israel, Italy, Japan, Netherlands, Saudi Arabia, UAE, the UK and the US.

India Cashew Export Trend (US \$ Mn)



Indian Exports for Cashew



Indian Cashew Consumption



- Largest consumer of Cashew kernels in the world accounting 25% of the overall consumption.
- Cashew is the most consumed nut in India among all available nuts and dried fruits .
- In 2019, consumption of cashew recorded at 285,000 Mt Tonnes.
- Per Capita Consumption of Cashew kernel has seen a decline form 0.245 Kg to 0.150 Kg, this has happened for the second time since 2017.
- COVID 19 has had an negative impact on the consumption of Cashew Nuts but the trends and consumer behaviour is changing for the better.
- However with increasing awareness of the health benefits and movement of consumers to a healthier snacking option, value added cashews are bound to see a change in the Indian Market.

2022 Indian Market of Cashews

• Whole Cashews

- Gifting- On a downward trend post Covid 19, but now looking for a comeback.
- Snacking- Downward trail to pick up in 2022.
- Marriages- At an all time low is expected to scale up this year.
- Big sizes Low premiums as very low offtake

• Broken Cashews

- Mithai(Indian Sweets)- Initially down, but has picked up.
- Namkeens(Indian Savouries)- Sector consistently doing well.
- Organized Ingredients- Cookie, Chocolate, Ice Cream, demand is up now.
- HoReCa(Food Service)- Was down due to Covid 19, but now is picking up.
- Temples- Was really down, slowly scaling up.



Global Cashew Consumption



WORLD CASHEW ESTIMATED CONSUMPTION (Kernel Basis)															
COUNTRY	2014			2015			2016			2017			2018		
	Consumption (M)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (M)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (M)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (M)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²	Consumption (M)	Cons. per capita (kg/year) ¹	Estimated Cons. per capita (kg/year) ²
India	224,384	0.18	0.36	257,190	0.20	0.41	301,719	0.23	0.46	253,768	0.19	0.38	329,427	0.24	0.49
USA	128,342	0.40	1.22	141,119	0.44	1.33	143,256	0.44	1.35	150,230	0.46	1.40	151,087	0.46	1.40
Germany	23,016	0.28	1.13	23,810	0.30	1.18	35,930	0.44	1.10	56,955	0.69	1.73	51,405	0.62	1.87
Brazil	8,061	0.04	0.08	20,288	0.10	0.20	10,341	0.05	0.10	13,720	0.07	0.13	18,277	0.09	0.17
UK	16,052	0.25	0.76	19,854	0.31	0.93	16,772	0.25	0.77	19,857	0.30	0.91	17,329	0.26	0.78
Indonesia	4,747	0.02	0.04	6,853	0.03	0.05	13,089	0.05	0.10	15,127	0.06	0.11	15,580	0.06	0.12
France	10,027	0.15	0.61	10,418	0.16	0.65	8,649	0.13	0.53	12,788	0.20	0.79	14,015	0.22	0.86
China	52,159	0.04	0.12	49,925	0.04	0.11	50,051	0.03	0.11	47,549	0.03	0.10	12,407	0.01	0.03
Australia	16,572	0.71	1.43	15,893	0.66	1.33	16,471	0.68	1.37	15,084	0.62	1.23	11,560	0.46	0.93
Japan	11,523	0.09	0.17	11,235	0.09	0.16	8,040	0.06	0.11	10,245	0.08	0.15	10,401	0.08	0.16
UAE	4,925	0.52	0.70	5,055	0.55	0.74	6,703	0.72	0.96	9,041	0.96	1.28	9,999	1.04	1.38
Netherlands	20,796	1.24	1.55	23,536	1.39	1.74	17,236	1.01	1.27	10,417	0.61	0.77	8,464	0.50	0.66
Saudi Arabia	7,977	0.27	0.82	8,541	0.27	0.82	7,854	0.24	0.74	7,716	0.23	0.71	7,986	0.24	0.72
Russian Fed.	12,161	0.09	0.34	3,604	0.03	0.10	5,830	0.04	0.16	6,978	0.05	0.19	7,897	0.05	0.22
Italy	7,000	0.12	0.78	6,745	0.11	0.75	7,060	0.12	0.79	6,522	0.11	0.73	7,760	0.13	0.85
Thailand	2,860	0.04	0.11	2,294	0.03	0.09	2,371	0.03	0.09	3,978	0.05	0.15	7,558	0.11	0.15
Spain	4,511	0.10	0.38	5,303	0.11	0.46	3,498	0.08	0.30	5,649	0.12	0.49	7,057	0.15	0.60
Poland	2,938	0.08	0.31	3,404	0.09	0.35	2,166	0.06	0.23	6,172	0.16	0.65	7,033	0.19	0.74
Belgium	1,467	0.13	0.18	1,391	0.12	0.16	5,972	0.53	0.70	6,450	0.56	0.75	6,888	0.60	0.80
Iran	16,169	0.21	0.62	13,843	0.17	0.53	12,003	0.15	0.45	10,833	0.13	0.40	6,504	0.08	0.24
WORLD TOTAL	601,642	0.09		716,682	0.10		724,556	0.10		771,847	0.10		720,170	0.09	

¹ Total consumption expressed in Kg per person. Population data from United Nations, Department of Economic and Social Affairs, Population Division (2019). World Population Prospects 2019, Online Edition, Rev. 1.

² Based on the estimated percentage of population consuming the specific product.

Megatrends Opportunities and Risks on both the Processor and Buyer Side



1. Scale

Automation and involvement of machinery has helped scaling of business volume for processors . We are seeing some very large scale capacities being built up

2. Decentralization of Supply

Processors moving to non traditional places, to help strengthen the supply chain gap, thereby reducing the fulfilment TAT.

3. Increased Players

Increased Market penetration and Opportunities for New Players to be a part of the New Age of Cashews as processors.

4. Connectivity Processors & Consumers

With transparent processes and easy access to all associated parties, creating direct connect between Processors and the final consumers

5. Volatility

Price Volatility and risk in business has increased.

1. Channel Diversification

New Channels have Emerged with Tech at its paramount creating New Age buyers, and deeper penetration within the market not just for consumers but for resellers, wholesalers and distributors.

2. Supply Chain

Deeper penetration to Tier 3 and Tier 4 Cities to capture mass audiences to ensure volume.

3. Consumerism at peak

Consumers are becoming more aware and demanding and expecting more at less and scope for error is zero.

4.. Shifting Occasion

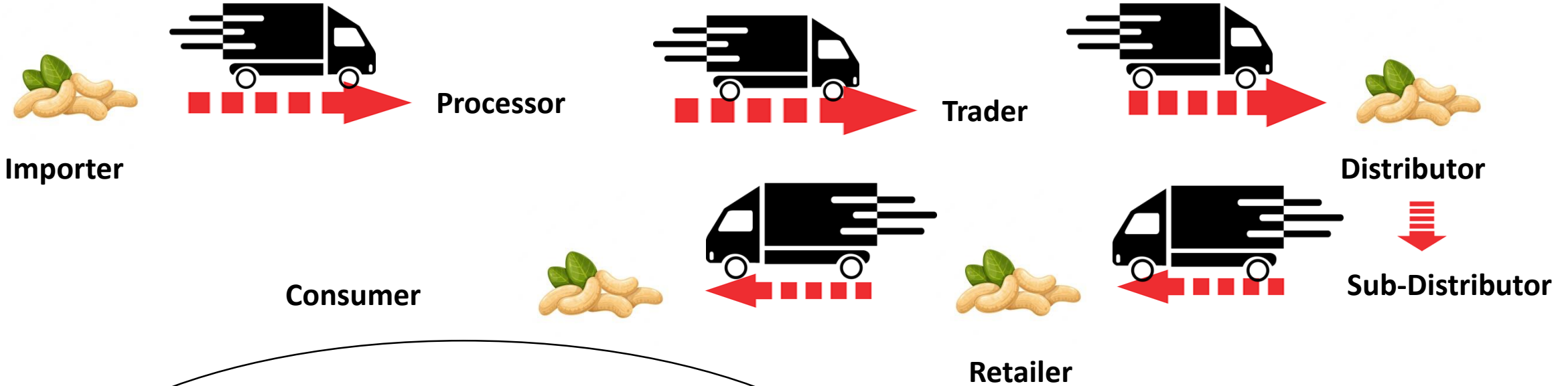
There has been a drastic shift of consumption post pandemic, with Nuts and Dried Fruits as an integral part of the consumer staple diet.

5. Competition

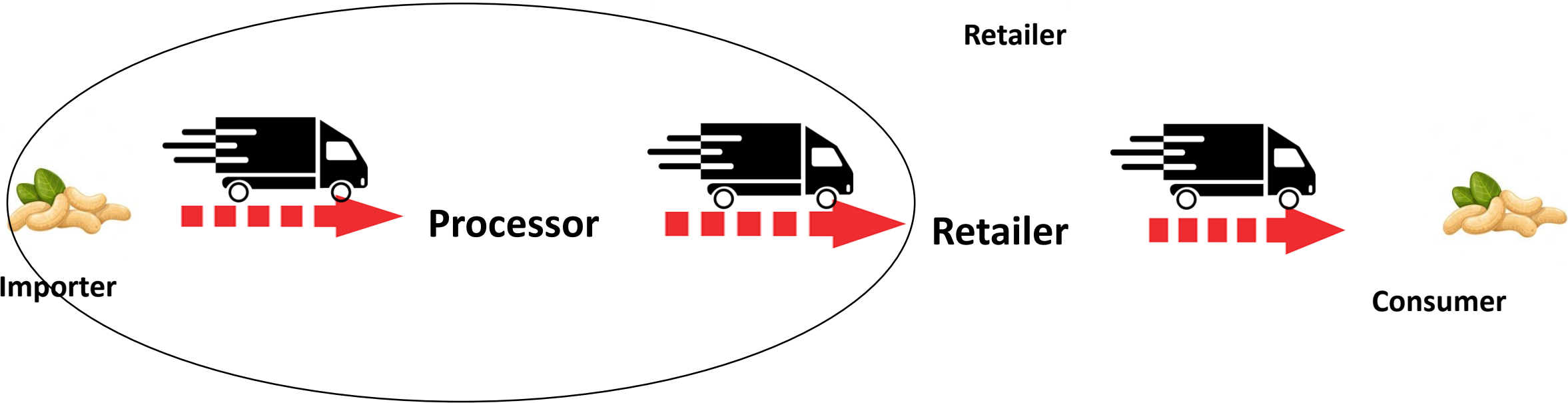
Easy access and transparency have led newer players enter and disrupt market to Market Capitalization.

Changing Supply Chain

Traditional



Current





Bridging the Expectations- Processors

Mr. Kalbavi Prakash Rao

Kalbavi Cashews

21st May 2022

Points to Ponder

- Indian consumption : 285,000 MT
- HoReCa : 115,000 MT ,
- Confectionary & frozen dessert: 28,000 MT
- Value Added: 15,000 MT
- Snacking : 127,000 MT .
- Clearly Ingredient segment is growing the fastest and in spite of India's mechanization plans, demand outstripping supply.
- Indian market growing @ 6-8%
- Is it saturating ? Last two seasons saw domestic /export price gap narrowing briefly. Processing base has expanded by 10%?
- Need to look at market segments closely to identify the gaps

Market segments

- General Trade(GT)-65%
- ORGANIZED RETAIL(MR)-15%
- END USERS/INSTITUTIONAL SALES-15%
- ECOMS/QUICKCOMS-5%

ORGANIZED RETAIL

- **EXPECTATIONS**
- MANUFACTURE SHOULD BE OF DECENT SIZE/SUPPLY GOOD VOLUMES
- UNIT MUST BE HAVING QUALITY CERTIFICATION
- TRACEBILITY- GOOD FOOD SAFETY TEAM/DELAING WITH CUSTOMER COMPLAINTS
- ABILITY TO MANAGE THE ASSORTMENT (BUYER DOES NOT UNDERSTAND THE TRADE)
- INDUSTRY MUST UNDERSTAND THEIR **TOT** AND COOPERATE/ LISTING FEES/ FESTIVAL BONUS/ RTV/ BACK HAND COSTS
- FIXED PRICE COSTING /NO CHANGES IN MRP
- DOOR DELIIVERY –DIRECT TO SHELF
- FILL RATIO/OTD /LEAD TIME ISSUES

GENERAL TRADE

- **EXPECTATIONS**
- GOOD QUALITY- CHEAP PRICE
- CONSISTANT SUPPLY/CONSISTANT QUALITY
- GOOD CREDIT TERMS
- SUPPLY TO ONE DEALER PER MARKET AND AVOID COMPETETION
- DO NOT SUPPLY TO RETAILERS DIRECTLY

ECOMS/QUICKCOMS

- ABILITY TO PROVIDE AT **OPP**
- ABILITY TO DELIVER QUICKLY PAN INDIA FC'S
- ABILITY TO INVEST ON VISIBILITY
- ABILITY TO PROVIDE STABLE RATES FOR 2-3 MONTHS
- ABILITY TO MANAGE YOUR ASSORTMENTS
- ABILITY TO DELIVER THE GOODS IN EXPECTED TIME
- PARTICIPATION IN BIG DAYS SCHEMES

BRIDGING THE GAP

- LOOKING AT LONG TERM RELATIONS WITH THE PARTNER / NO FLIRTING
- CHOOSING THE SEGMENT WE SHOULD BE COMFORTABLE IN
 - GT BUYS 75% OF YOUR ASSORTMENT/MR BUYS 20% OF INDUSTRY ASSORTMENT**
 - 0% REJECTIONS IN GT(NEGOTIATED SETTLEMENT), MR- NEED TO RELOOK AT BROKEN TOLERANCE**
- UPGRADING OUR FACILITIES TO MEET THE REQUIREMENTS
- CREATING PRODUCTS SUITABLE TO EACH OF THAT SEGMENT(CUSTOMER DRIVEN)
- ESTABLISHING A FULL FLEDGED FOOD SAFETY TEAM

Current challenges before the industry

- Enhanced processing capacity- over supply issues
- Change in consumption pattern- No takers for Premium range
- Need for changing the Grades- Premium, Standard and Popular
- Dealing with lower grades demand- FSSAI SPECS
- Dealing with “Benin” demand, No vocal for Local in cashew!
- Dealing with the new start up ECO SYSTEM and funding options- Fortune favors the Brave
- Dealing with risks
- SEARCHING FOR “CASH” IN CASHEW

Bridging the Expectations- Processors

Mr. Sathish Arokiaraj

M/s Regal Farm Industries Private Ltd

21st May 2022

PACKAGING SOLUTION- Regal Farm Industries Private Ltd

- **Pros**

- Less Broken percentage when compared to Tin packed cashew kernels during transit
- Less space required for storing empty containers
- No rust
- No Odour even after 6 months of packing
- Opening and resealing of Plastic Container is made easy
- Less manpower required while packing the materials
- The containers could be re-used for storing food materials such as rice, pulses, etc..
- Electricity or high end machines are not required for packing

- **Cons**

- The plastic container has to be food grade plastic
- Plastic containers are considered as NOT Environment friendly
- The cost of Plastic container is slightly expensive when compared to metal Tin's



Fig. Prototype Plastic Container



Quality and food safety management for cashew suppliers

Srinadh Choudary
ITC Limited (Foods Division)
21st May 2022

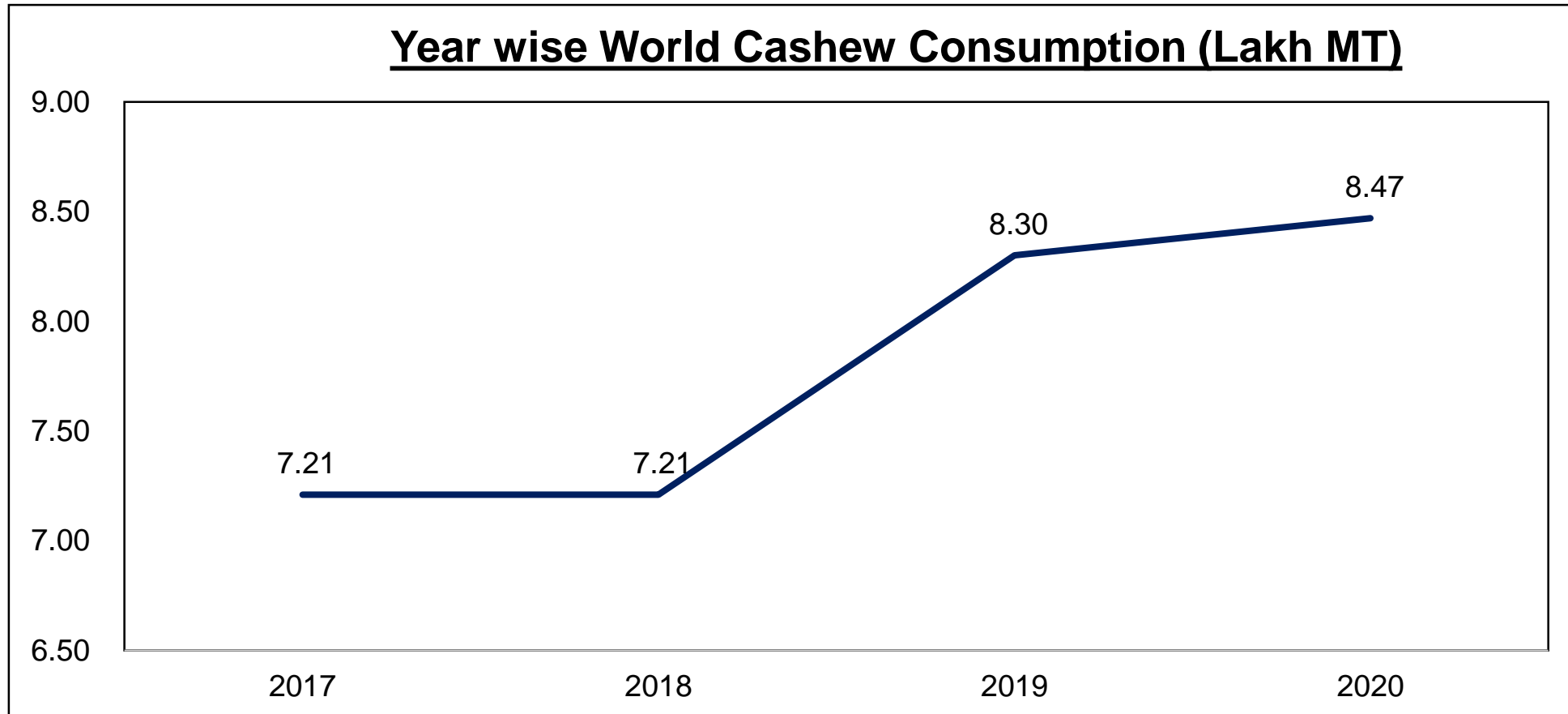
Wide usage of cashew



Traditional sweets
Breakfast cereals
Homemade foods & curries
Biscuits & Snacking
Confectionery

Bakery
Ice Creams
Chocolates
Beverages

Cashew consumption on an increasing trend



Source: INC stats



It's time to evaluate how compliant are our manufacturing practices towards food safety norms !

Primary concerns

Foreign matter contamination



**Hair/ Stones /
wood pieces**



Bangle Piece

**Receipt of poor quality &
infested kernels for
processing**

Infestation



Nuts with high AEF



Other grain contamination

**Unhygienic processing
area / irregular plant
fumigation**

Cross Infestation

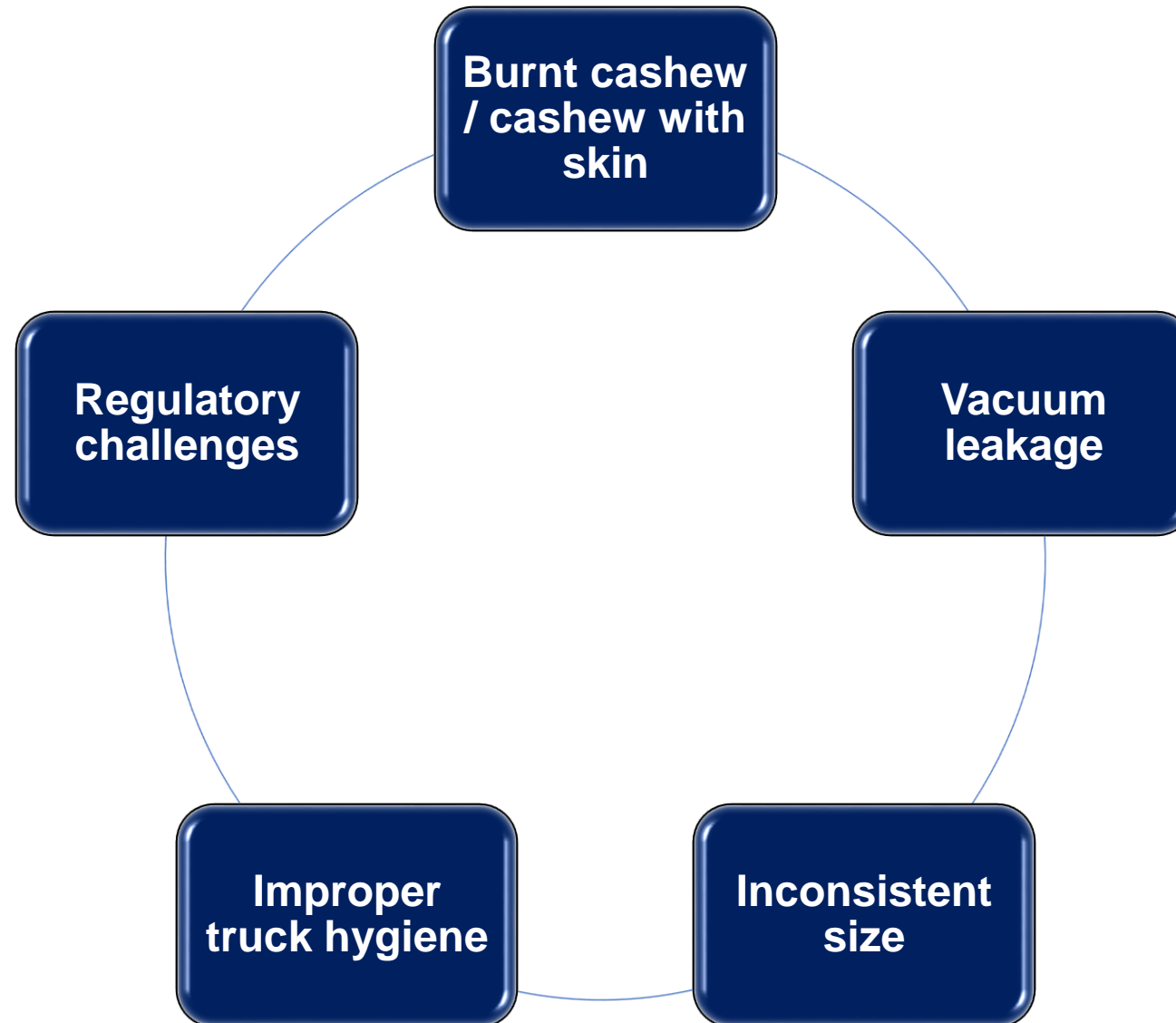
Sensory failure



Infestation in Kernels

Absence of regular checks

Other issues





**Statutory compliances with respect to FSSAI
still remains a challenge**

Makes us to think.....



**Making the industry
organized will help in
providing visibility and
collaboration across supply
chain**

Efficient Quality Management System





Small Things

Make a Big Difference

Bridging the Expectations- Buyers

Mr. Prakash Raichur
Reliance Retail
21st May 2022



Mr. Prakash Raichur



Bridging the Expectations- Buyers

Prabhu Shankarji Agarwal
Haldiram Bhujiawalla
21st May 2022

Expectations of Indian Kernel Buyer

Challenges As a Buyer

- Lack of Standardization-
 - All Specs need to be standardized across the industry for benchmarking

Grades

1. WW240, W240,A240, P240, D240, S240, SW240
2. Tolerances of Each grade to be same across the industry
3. Even Different factories of same supplier has quality variations

Examples

M180-2-890
SW180-1-860
W210-1-960
W240-4-900
M240-5-820
SW240-1-795
W320-7-820
SW320-7-730
W300-15-795
A300-12-770
W400-2-755
A400-3-735

FW-2-710
FW1-2-580
DW-3-700
OW-6-440

JH-1-780
JH1-5-765
SJH-1-750
K-4-730
LWP-9-715
LWP1-2-695
SS-1-720
SP-3-695
DP-2-660
BB-2-510
DP2-2-450

FW1-2-650
PKW-7-610
PKW1-1-490
DW-1-690
SSW-11-740

JJH-1-785
JH-5-770
S-17-755
SS-8-730
JK-4-730
K-9-720
LWP-15-710
LWP1-6-685
SP-10-685
DS-3-650
SWP-2-650
SWP1-3-600
DP-1-650
PKS-1-520
PKP-1-430
BB-2-510

W180-4-1080
A180-3-1020
W210-3-970
A210-3-935
W240-12-915
A240-12-870
M210-1-870
M240-1-830
SW240-1-800
DW240-1-780
W320-12-830
A320-10-815
W300-15-800
300-3-780
W400-6-760
A400-1-740

SW1-1-760
DW-1-710
DW1-2-630
FW-5-710
FW1-1-640
KW-4-620
KW1-4-520

JH-8-785
S-20-770
SS-5-750
DS-2-550

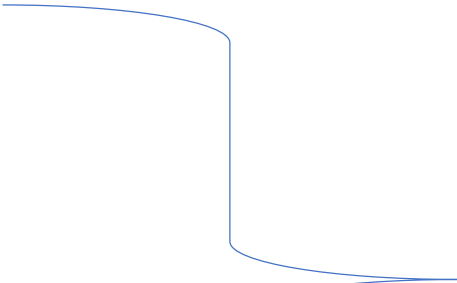
W320-17-820
A320-24-805
300-23-770
W400-8-750
A400-9-730
SW400-1-700
DW320-3-710
M320-3-750

JDW-3-770
FW-1-710
FW1-2-630
PKW-7-610
PKW1-1-490
DW-1-690
SSW-11-740

JJH-1-785
JH-5-770
S-17-755
SS-8-730
JK-4-730
K-9-720
LWP-15-710
LWP1-6-685
SP-10-685
DS-3-650
SWP-2-650
SWP1-3-600
DP-1-650
PKS-1-520
PKP-1-430

Suggestive Grades

- WW320
- W320
- A320
- P320
- D320
- 300
- S320
- Sw320



W320



SW320

Standardization



Weights

- All units in Metric Systems KG or Tonnes

Packs Sizes

- Preferably of 10 Kgs

Rates

- To be mentioned in Standard Metric Units
 - Like KGs or Metric Tonnes

Present Challenges

- We get rates in 11.340 or 22.680 KGs which becomes difficult

Packaging Concerns

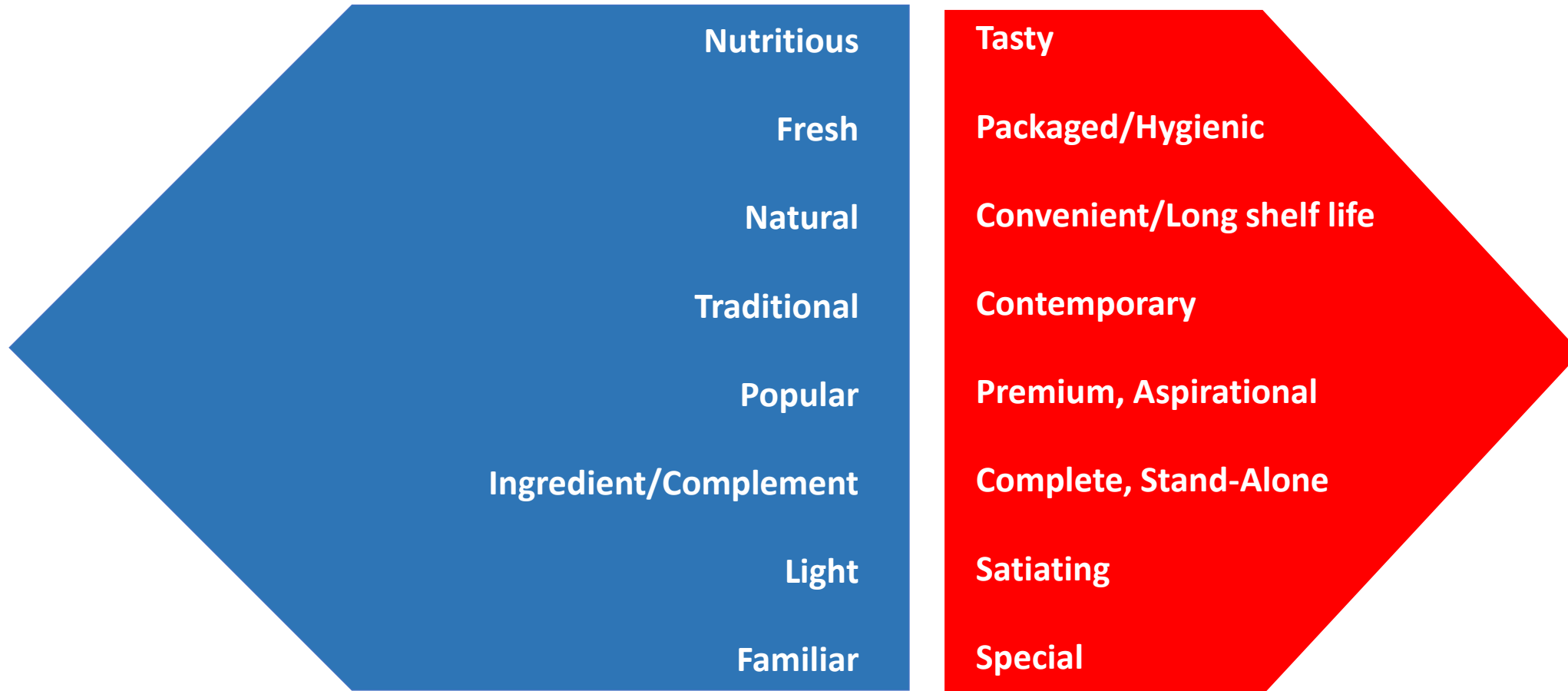
- Smaller the Better- Vacuum retention
- 5 KGs or 10 KGs Pack- Better pack from buyers perspective instead of 20 KGs packs
- Impact on Tin Boxes during Logistics



Questions?



Cashews holds an enviable place in consumer beliefs – on the sweet spot of polarities



India -A land of opportunities

- With all the trials and tribulations still a 1.
*Billion Populations awaits
the best of the cashew world.....*

Thank You

