



India Almond Trade: Current Scenario and the Way Forward

Sameer Bhanushali
Managing Director & CEO
Ashapura Agrocomm Pvt Ltd, India
Bazana Foods Pvt Ltd
Orchestrade Technologies Pvt Ltd

The India Almond Story



Almonds in India is a tradition more than a snack. We have all grown up to the golden words of **'Eat Almonds for a healthy heart & mind'**. This has been passed on from generations to generations & the tradition continues even today

In the last 40 years, California has overtaken the entire global almond supply chain with **~80% market share**, thereby enjoying a virtual monopoly

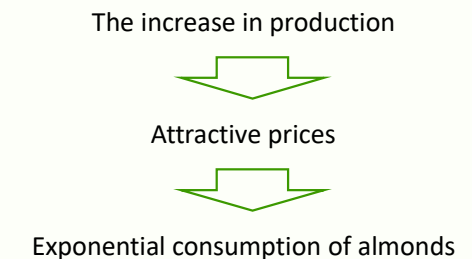
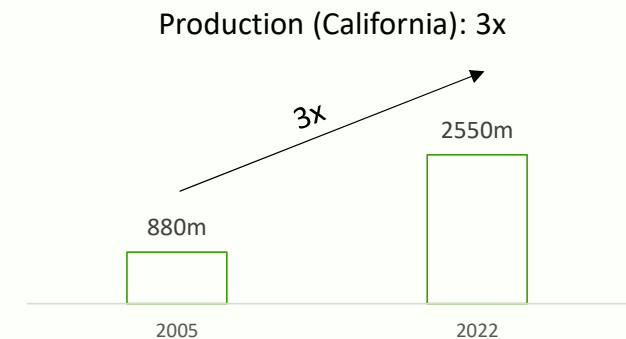
India is the largest export market for Californian almonds

Traditionally, almonds used to be festival driven with gifting being the main sales driver. From being an aspirational nut, it is slowly becoming a necessity in Indian households, with increased emphasis on health & wellness

As a source of plant-based protein, it is an integral part of the Indian vegetarian diet, with a large part of the population, falling under this category

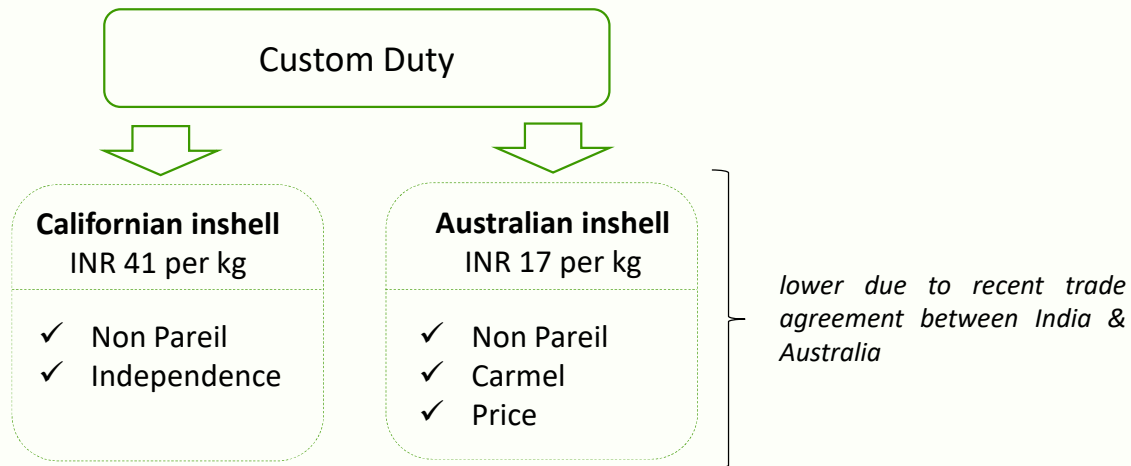
Over the past 15 years we have seen almonds being consumed not just as a snack but as an important ingredient in the confectionery, ice-cream, dairy & bakery industry

The B2B market value of almonds in India is pegged at Rs. 10,000 crores & it is expected to reach Rs. 16,000 crores in the next 5 years with a conservative CAGR of 10%



(All data has been sourced from INC Nuts and Dried Fruits Statistical Year 2022/23 and the Almond Board of California)

Products, Production and Policies

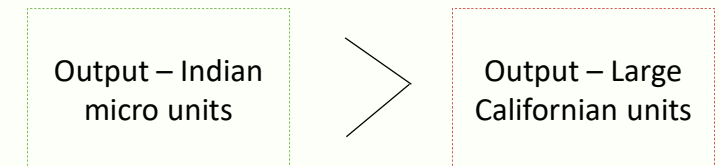


After the recent visit by Honourable Prime Minister to the United States, it has been proposed to lower the duty from INR 41 to INR 35 per kg on California almonds

Iranian almonds constitute less than 5% of consumption in India priced at over INR 3000 per kg on wholesale level due to high demand from the higher income bracket based on perceived notional value

Almond processing in India is a low cost, low return industry with very little capex requirements (unlike cashews)

The low cost has brought about the **inception of hundreds of processors** across the country



Focus on quantity over quality

The government's emphasis on promoting labor in India has led to India mainly importing inshell almonds instead of kernels (despite kernels being much cheaper than inshells)

Markets & Consumption Trends

Almond sales are mainly driven through major Mandis like:

Khari Baoli (Delhi)

APMC market (Mumbai)

Emerging Mandis:

Ahmedabad

Jaipur

Nagpur

Hisar

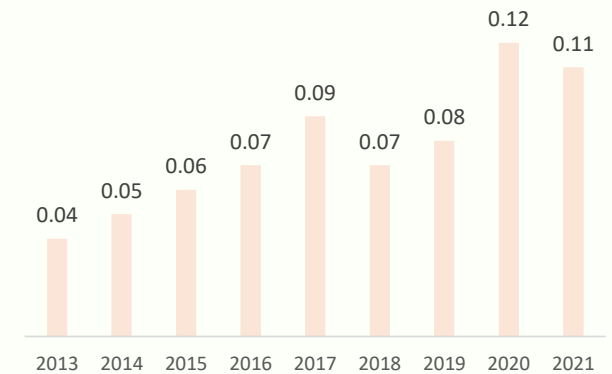
Ludhiana

and many more

Buyers

- ✓ Wholesalers
- ✓ Kiranas
- ✓ Modern Trade (D-Mart, Reliance, other institutions)
- ✓ HORECA
- ✓ Ice-cream manufacturers
- ✓ Sweet shops
- ✓ Online & e-commerce (5-8 % of the industry share)

Per Capita Indian Consumption Trend (kgs)



PRODUCTS



Indian sweets



Almond butter & spreads



Ice cream



Marzipan chocolates



Chocolate coated nuts



On the go snacking



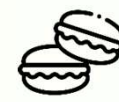
Cookies & biscuits



Energy bars



Almond Milk



Macarons



Pastries & Croissants

We continue to see **advanced innovation** in almond based products due to effective price competency as compared to cashews, pistachios, walnuts, hazelnuts, macadamia

As California continues to increase almond production, **we expect the almond pricing to stay very competitive for the next few years**, thereby promoting innovation in this category

(All data has been sourced from INC Nuts and Dried Fruits Statistical Year 2022/23 and the Almond Board of California)

Price Trends



Almond pricing globally has seen a lot of **volatility in the past 10 years** due to droughts & erratic weather events
Modern age information flow enables markets to react almost immediately to information, thereby making it very volatile

Matured markets (USA & Europe)

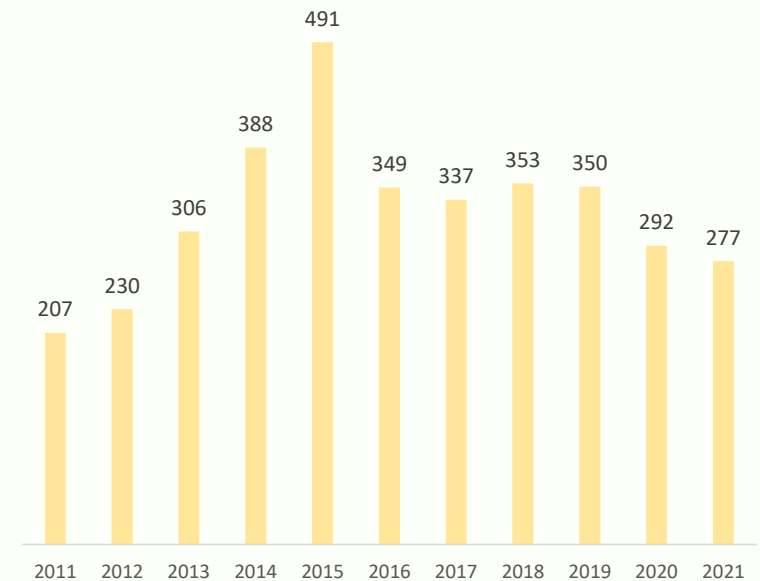
Price inelastic & hence they have very steady consumption during high or low prices. The retail shelf price is generally steady & it does not reflect the price movement at the origin

Emerging markets (India & China)

Price elastic & hence the consumption gets affected during high prices & picks up significantly during low prices. The retail shelf prices immediately get adjusted according to the price movements at the origin

- In the last 10 years, **India has emerged as the leading player in price determination** for the California market
- We are the early movers as we procure our Diwali needs during the harvest period of July-August thereby determining rates for the rest of the industry
- Since we are their largest export market, we sway the market prices for the rest of the year as well due to our ability to move volumes
- **Indian market loves speculation** & the market participants make money only when there is volatility in prices. This holds true mainly because almonds are traded as a raw commodity with very little value addition. Hence, there are no intrinsic margins other than the speculative margins

Average Import Price for Inshell Almonds in INR/kg



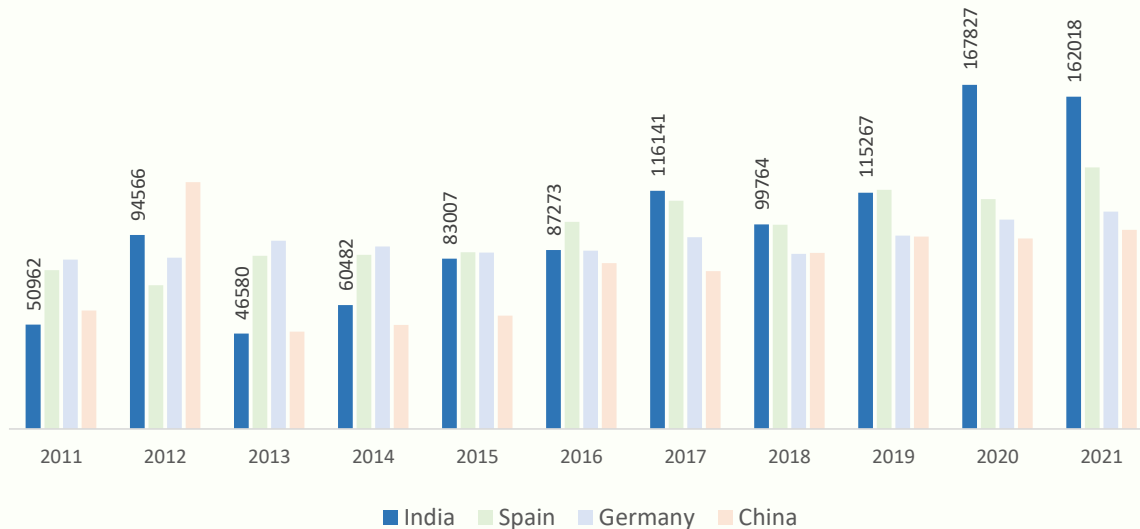
(All data has been sourced from INC Nuts and Dried Fruits Statistical Year 2022/23 and the Almond Board of California)

Outlook



The 2023 crop year has been largely affected due to frost & cold weather during bloom time.

World Almond Imports / Kernel Equivalent* / (Metric Tons)



Estimated Crop:
2.3 to 2.5 billion pounds

Expected carryout:
700-800 million pounds

- Prices have moved up in anticipation of lower-than-expected crop
- The Objective report is due to be released on 12th July, 2023 which shall give further direction to the market along with the position report due to be released on 11th July
- A **crop estimate of 2.35 billion or under will lead to firm prices** for the rest of the year
- A **crop estimate of 2.5 billion or over will correct the prices & will generally mean bearishness** for the rest of the year
- A **crop estimate between 2.35 to 2.5 should keep the market rates in the current range of \$ 1.80 to \$ 2 per pound**

(All data has been sourced from INC Nuts and Dried Fruits Statistical Year 2022/23 and the Almond Board of California)