

Nutraceuticals is an evolving concept and generally refers to substances that provide medical or health benefits, including the prevention and treatment of diseases. The nutraceutical market typically comprises three segments -Functional Foods, Functional Beverages and Dietary Supplements.

The global nutraceutical market is valued at over USD 124 bn, and is growing at close to 7%. Of this, the Functional Beverages is the fastest growing segment growing at over 11%, followed by Functional Foods.

The Indian nutraceutical market currently accounts for only 1% of the global market, but while the global market is growing at 7% the Indian market has been growing at a CAGR of 18% in the last 3 years, and is forecast to grow at over 21% up to 2012. United States, Europe and Japan are the largest markets that together account for a combined market share of over 80%.

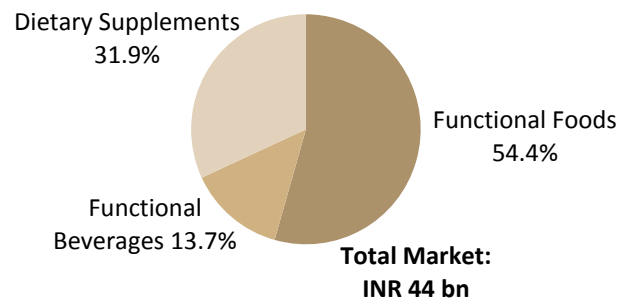
Functional Foods is the largest segment, followed by Dietary Supplements. Aggressive marketing and distribution support from FMCG companies has ensured healthy growth in sales of Functional Foods and Beverages, energy drinks, probiotic foods and fortified juices in particular.

Lifestyle changes, rise in disposable income, increasing health awareness, rising medical care costs a shift towards preventive therapies and self medication, growth in pharma retail and availability of better distribution channels are driving market growth

Domestic companies currently enjoy a stronger foothold in the market, but a number of

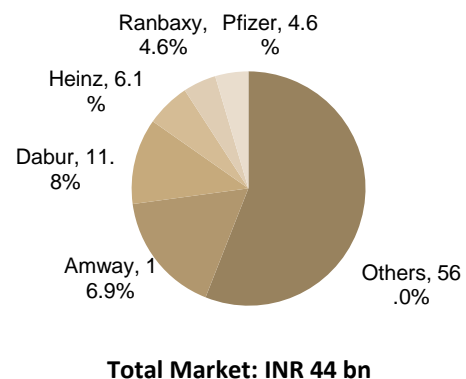
multinationals have also been increasing their presence. Players include large FMCG companies, pharma companies as well as niche nutraceutical ingredient and product manufacturers.

Exhibit 1: Indian Nutraceuticals Market, by Segment, 2008



Source: E&Y, Netscribes

Exhibit 2: Major Players by Market Share, 2008



Source: Netscribes

For a detailed report, please mail to prashant.jain@o3capital.com