Quarterly Snapshot

INDIA FMCG

Navigating High Base & Channel Shift

Jan-Feb-Mar 2026
India RMS

FMCG KEY HIGHLIGHTS

Jan-Feb-Mar 26

All India - Growth% JFM'26 Vs YA		
Value	Volume	Price
3.0%	0.9% ↓	2.1%

- Traditional Trade lag, drag FMCG to single digit value growth in first quarter of 2026.
- Modern Trade strong grows, led by non-Metro expansion & low base.
- E-Commerce has reached 19% share in Top 8 Metros. Q-comm drives most of E-comm growth.
- Price growth drop to lowest levels in last six quarters while average pack sizes improve.
- Rural volume declines on high base while urban grows due to Modern Trade & Metro recovery.

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High base impacts TT while MT leads Urban growth

Growth% JFM'26 Vs YA

Pop Strata

Urban India (61%)

Value	Volume	Price
3.2%	2.2%	1.0%

Rural India (39%)

Value	Volume	Price
2.7%	-0.8% ↓	3.5%

Channels

Traditional Trade (89%)

Value	Volume	Price
1.3%	-1.7% ↓	3.0%

Modern Trade (11%)

Value	Volume	Price
17.4%	22.7% ↑	-4.3%

E-commerce in Metro Cities now contribute 19% of FMCG sales

Meta group

Food (61%)

Value	Volume	Price
3.2%	1.2% ↓	2.0%

HPC (32%)

Value	Volume	Price
2.7%	0.2% ↓	2.5%

OTC (7%)

Value	Volume	Price
2.2%	-2.4% ↓	4.7%

Number in brackets shows saliency

↓↑ Consumption growth slower/faster than the previous quarter growth (OND'25)

Source: NielsenIQ, FMCG Quarterly Snapshot Q1 2026 (JFM'26)

Macroeconomics

Macro Environment:
Stable Base, Emerging Caution

- Macro fundamentals remain stable, but consumer confidence softens, indicating near-term caution
- IIP moderation (~4.1%) is largely transient (GST normalization, base effects)
- Inflation re-emerging (CPI ~3.4%, WPI ~3.9%) with risk of cost pass-through
- Unemployment stable (~5%) but weak income momentum, especially in rural

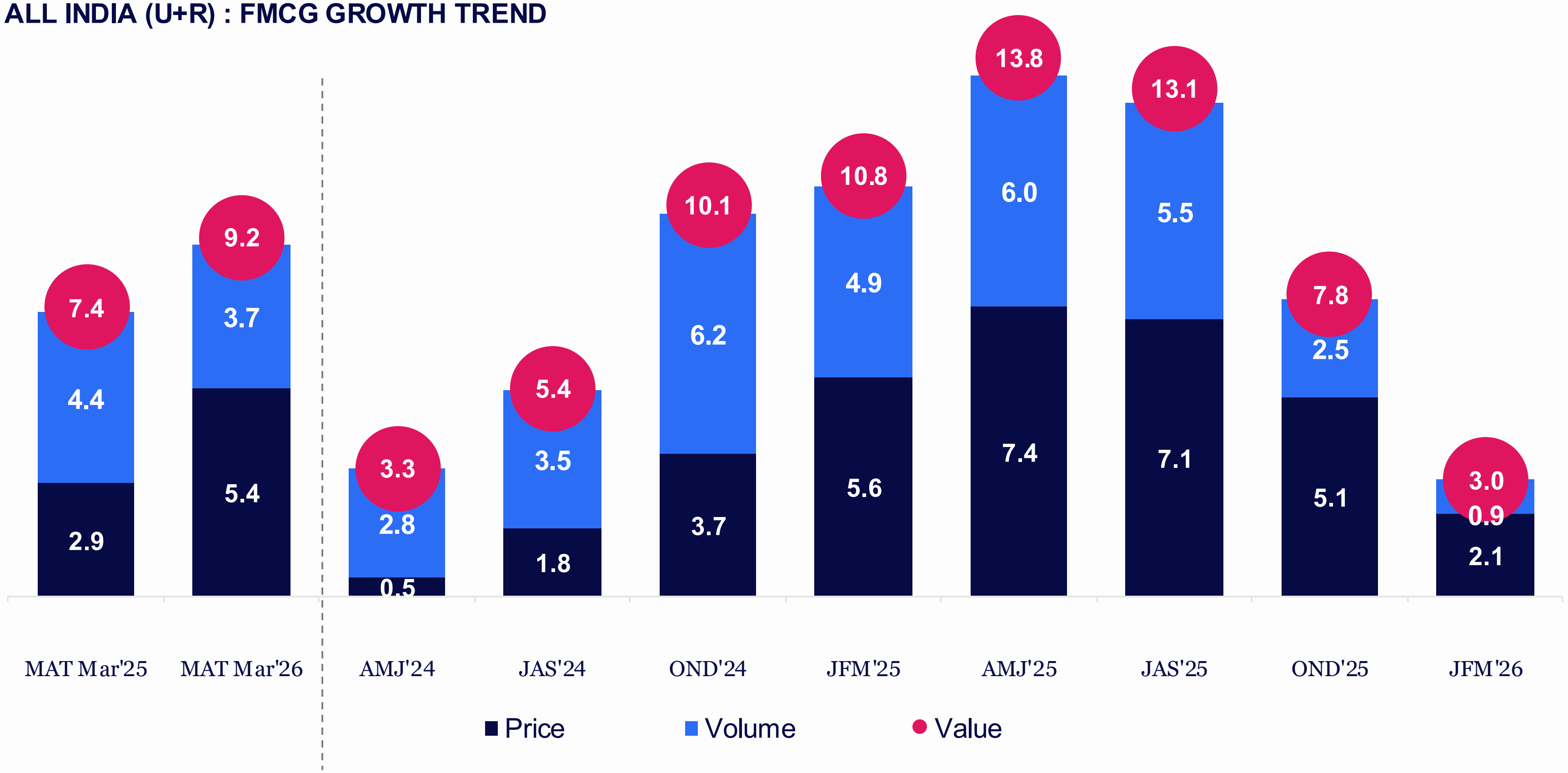
Outlook: Stable base with rising short-term demand volatility

FMCG Trends

Pricing Moderates While Larger Packs Support Value Growth

Slower price growth, along with a shift towards larger pack sizes, helps FMCG values remain resilient despite moderated volumes

ALL INDIA (U+R) : FMCG GROWTH TREND



Unit Growth vs YA

4.1	4.8	1.6	2.5	6.2	5.9	8.3	8.2	3.6	-0.6

Modern Trade taps double digit growth while TT Lags

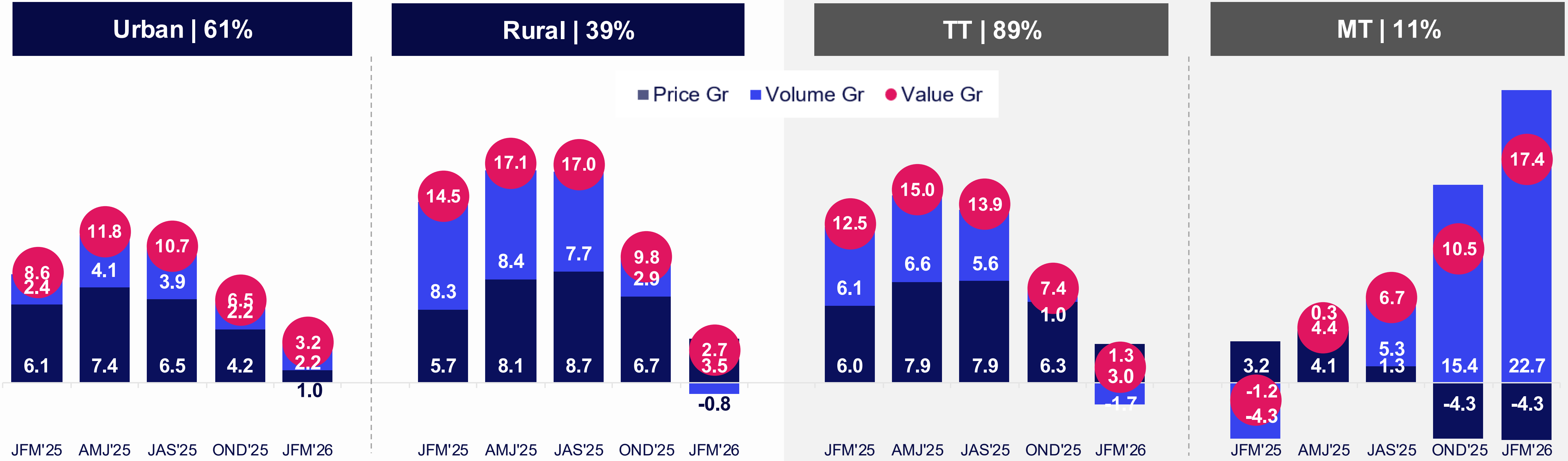
Lowest Price growth in year. Edible Oils also observe price drop.

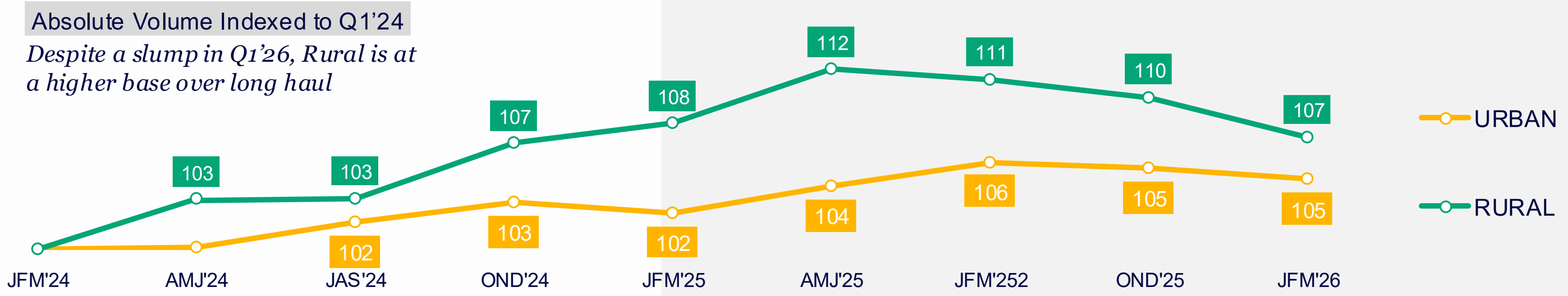
Average Pack Size increased versus JFM'25

Source: NielsenIQ, FMCG Quarterly Snapshot Q1 2026 (JFM'26)
Markets : All India (U+R) GT & MT (Offline)

Growth Momentum Shifts Further Toward Urban Markets

Urban India increasingly drives FMCG growth while rural consumption remains muted versus last year's high base





Value contribution (%) on MAT Mar'26

Source: NielsenIQ, FMCG Quarterly Snapshot Q1 2026 (JFM'26)
Markets : All India (U+R) offline

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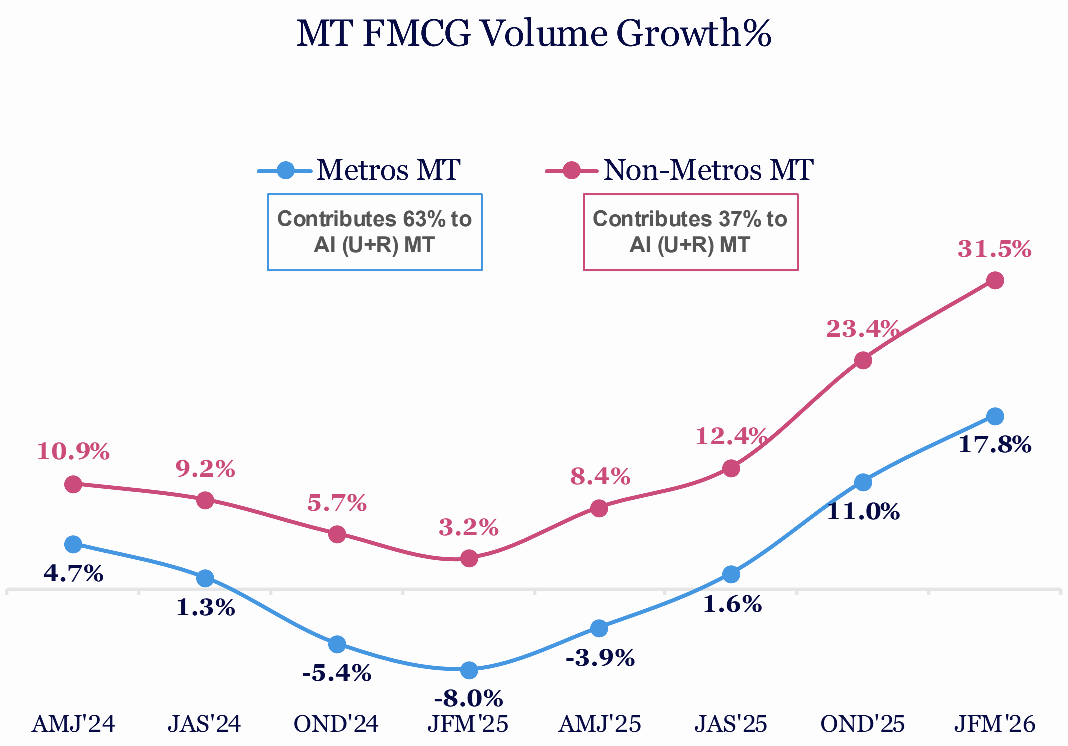
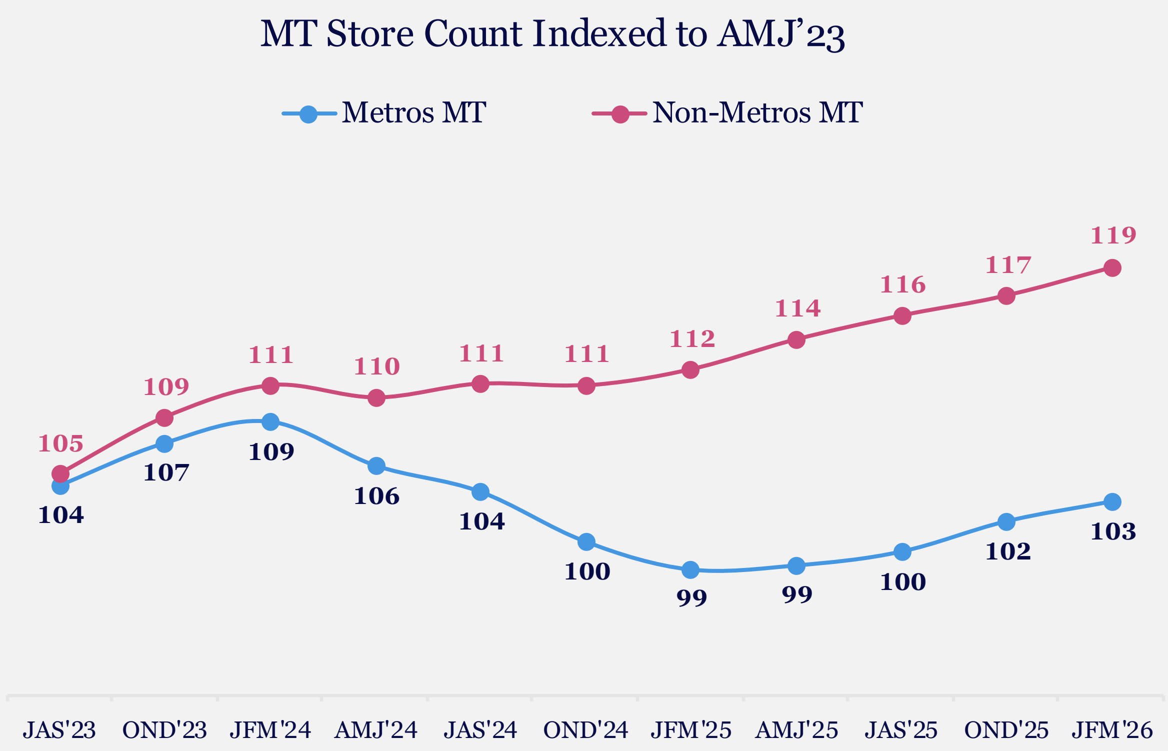
Non-Metro MT grows 1.5x faster than Metro MT led by store expansion (indexed to AMJ'23)

Store increase, low base & GST 2.0 smoother transition fuels MT growth overall





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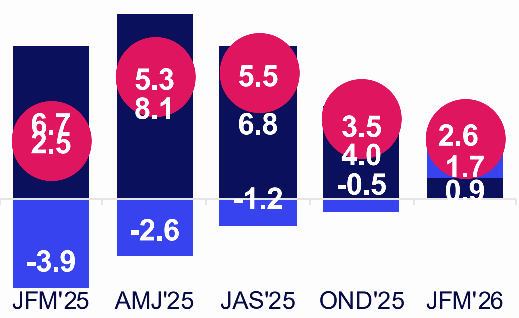
Lower town class driving growth for Urban

Metro observed consumption led growth after 4 quarters. Omnichannel Metro surpass Rural & TC1 volume growth

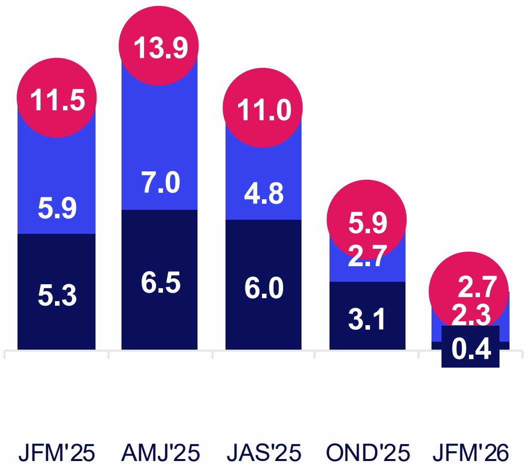
Metro | 26%

Val Gr	6.9	9.8	10.0	7.6	6.5
Vol Gr	0.1	1.4	2.7	3.0	4.3
Price Gr	6.8	8.4	7.3	4.6	2.2

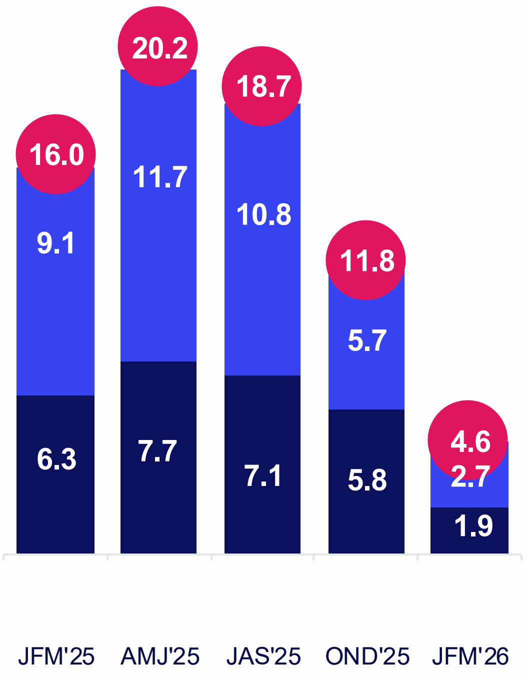
Omni Metro* including E-comm



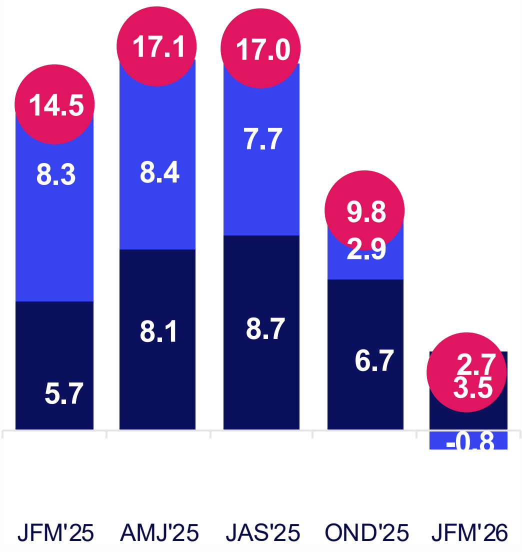
Town Class 1 | 16%



TC2+ROU | 19%



Rural | 39%



■ Price Gr ■ Volume Gr ● Value Gr

Population Size:
Metro : >10 Lakhs ;TC1 : 1-10 Lakhs ;ROU : >10K -1 1Lakhs ;Rural: <10K
Omni Metro* = TT & MT data from RMS + E-comm co-op only data from EMS [LFL categories]

Value contribution (%) on MAT Mar'26

Source: NielsenIQ, FMCG Quarterly Snapshot Q1 2026 (JFM'26)
Markets : All India (U+R) offline

FMCG: Moderation with Structural Shifts

FMCG growth is showing signs of moderation despite easing price inflation and GST rationalization, with rural demand softness becoming more pronounced.

This trend is driven by:

- High base effects weighing on incremental growth
- Pressure on key price points (₹5/₹10 packs), impacting affordability-led consumption
- Underperformance of core, high-weight categories

In contrast, urban markets remain relatively resilient, supported by metro-led volume recovery and strong momentum in modern trade. Notably, modern trade continues to deliver double-digit growth, driven by rapid store expansion—particularly in non-metro regions.

However, rising crude oil and packaging costs present a key upside risk, with the potential to delay the pace of volume recovery.

E-commerce

Reshaping channel dynamics

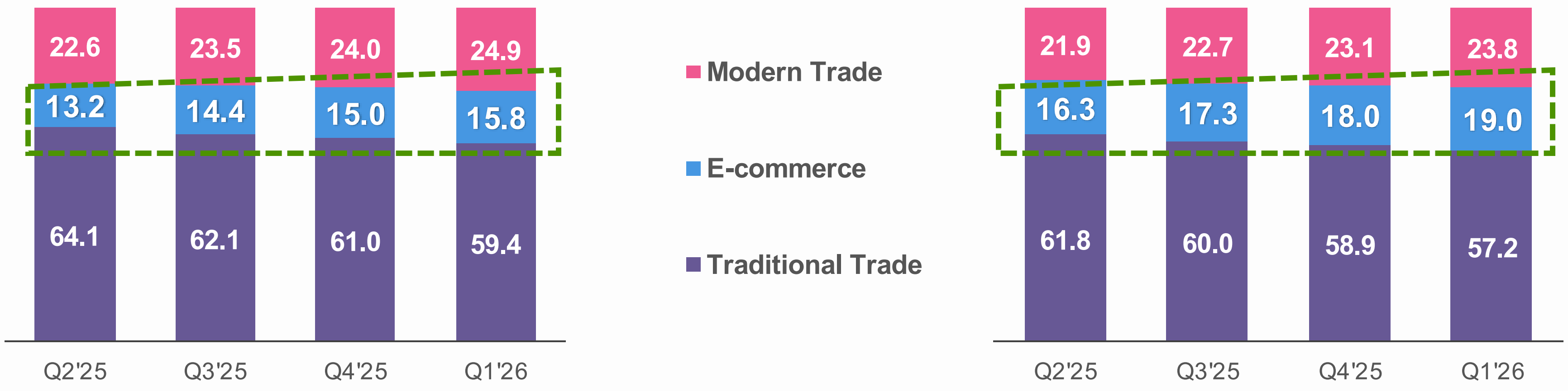
E-comm momentum continues: 7% in Urban India; 19% in 8 Metros (JFM'26)

E-comm Share

*FMCG 72 Categories
MAT Mar'26

All India Urban*	All India Metro	8 Metros
7%	15%	18%

All India Metro (52 Metros) | **8 Metros**



Note: Data of TT & MT is projected while E-comm is All Co-operating retailers' data.

All India Urban* includes E-comm ie. TT(Urban)+MT+E-comm metros
All India Metro ie. 52 metros aggregate with 1M+ population
8 metros includes Ahmedabad, Bangalore, Chennai, Hyderabad, Delhi NCR, Kolkata, Mumbai, Pune
Source: NIQ RMS, NIQ's E-commerce Measurement Solution (EMS)

Caveats in EMS data
- e-POS data from co-operating retailers (marketplaces & Q-comms)
- Value information is End Consumer Price (net of discounts)
- No estimation for non co-op retailers

Key Metros shift

North & East Metros – Delhi + NCR & Kolkata

Q2'25	Q3'25	Q4'25	Q1'26
13.2	13.6	13.5	13.6
16.4	17.0	17.7	18.2
70.4	69.4	68.9	68.2

West metros – Mumbai, Pune & Ahmedabad

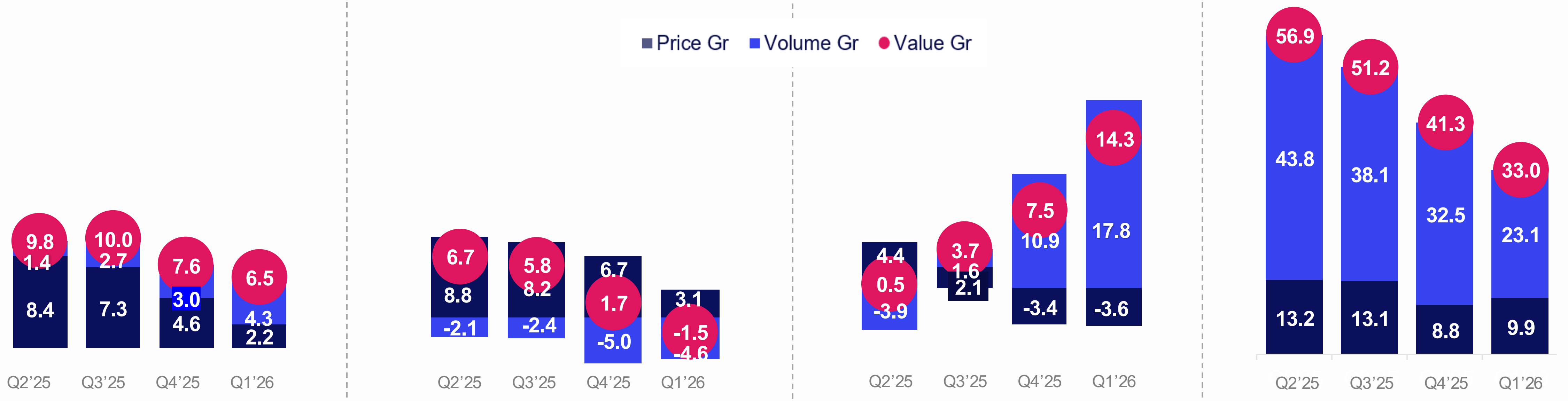
Q2'25	Q3'25	Q4'25	Q1'26
34.0	36.4	37.2	37.5
13.1	14.3	14.7	16.1
52.8	49.2	48.0	46.2

South metros – Bangalore, Chennai & Hyderabad

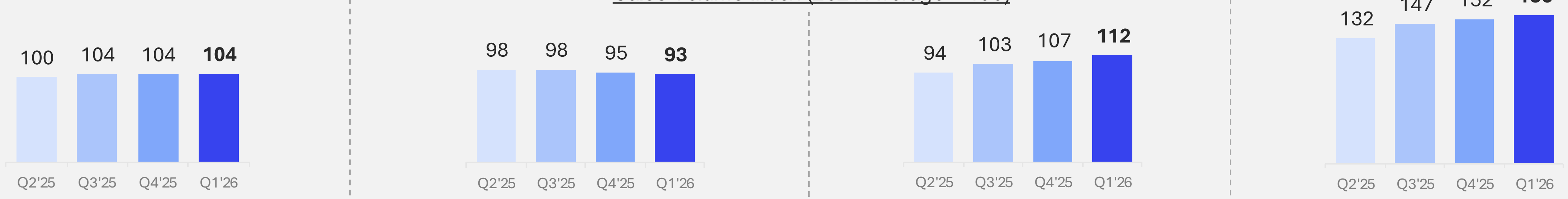
Q2'25	Q3'25	Q4'25	Q1'26
23.8	23.6	24.0	25.6
19.0	20.6	21.4	22.5
57.2	55.8	54.6	51.9

E-comm delivers organic growth through Q1’26, holding firm against Q-comm high base

Omni Metros* | 100% | **TT Metros | 62%** | **MT Metros | 24%** | **E-comm Metros | 15%**



Sales Volume Index (2024 Average = 100)



Omni definition:
72 like-to-like categories available within RMS as well as EMS
Markets: All India 52 Metros
Channel: TT & MT data from RMS + E-comm co-op only data from EMS
Channel value contribution% is on MAT MAR’26
Source: NIQ RMS, NIQ's E-commerce Measurement Solution (EMS)

E-commerce Reshapes the FMCG Growth Playbook

E-commerce continues to demonstrate structural, outsized expansion, now accounting for:

- ~7% of urban FMCG sales
- ~19% share in top metros, with consistent ~1% quarterly gains

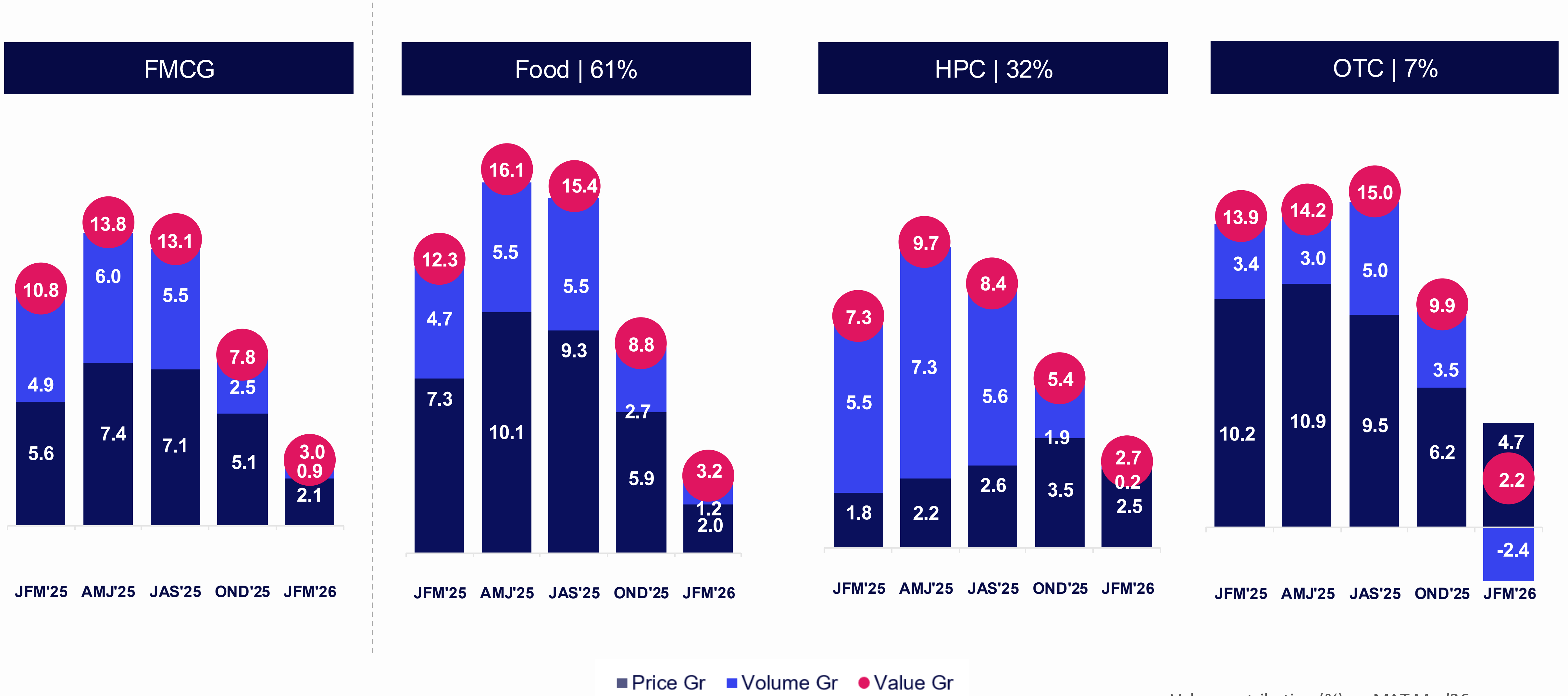
Growth is regionally skewed, with strong acceleration in South and West metros, while in North and East, e-commerce has already scaled to become the second-largest channel, overtaking modern trade.

Importantly, this growth is not incremental—it is largely substituting traditional trade, signaling a permanent channel rebalancing within FMCG.

Implication: E-commerce has moved from a high-growth channel to a strategic core driver of FMCG growth and channel strategy.

Category Dynamics

FMCG Consumption led by Food Portfolio; HPC remains muted



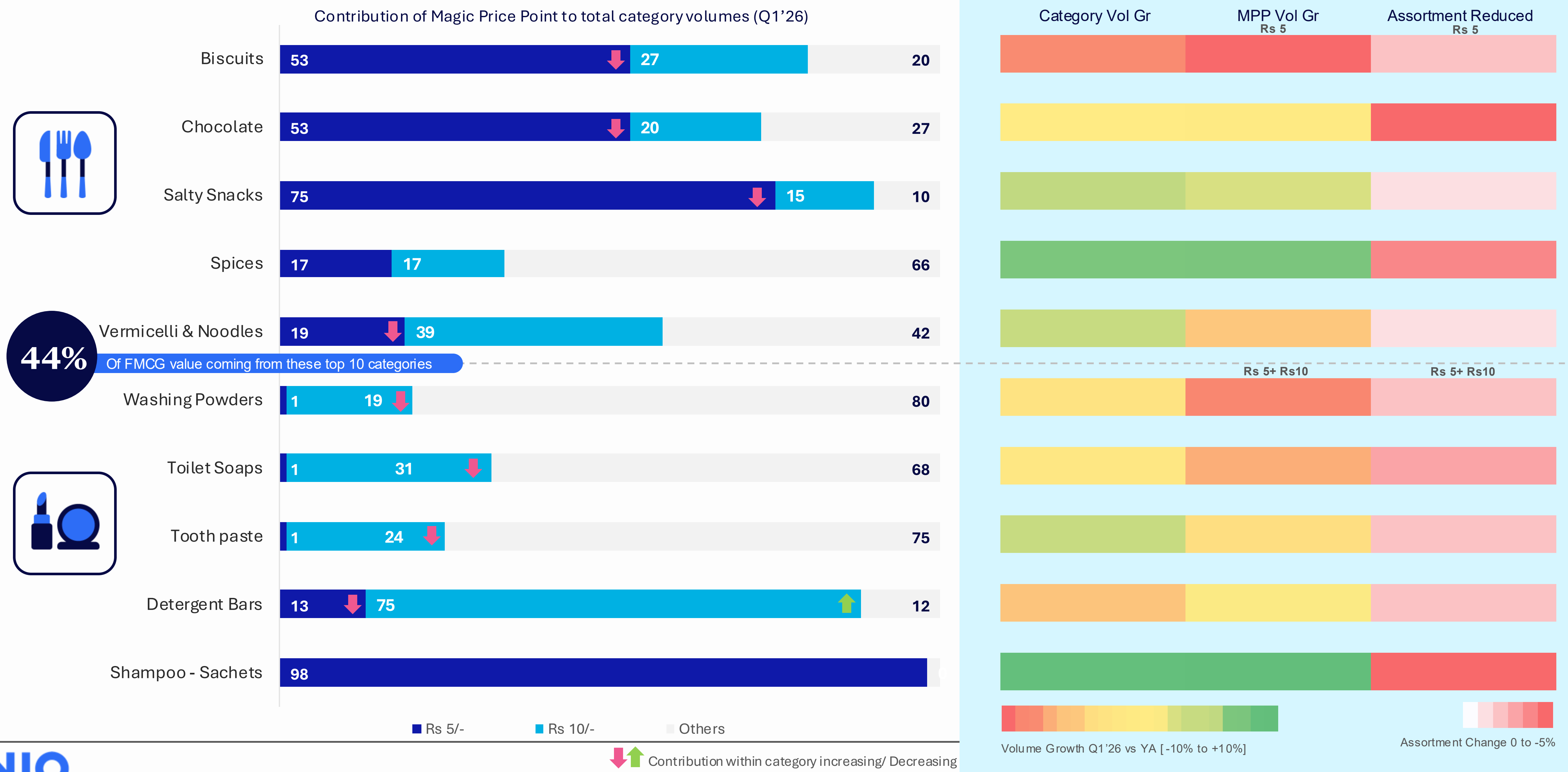
Value contribution (%) on MAT Mar'26

Source: NielsenIQ, FMCG Quarterly Snapshot Q1 2026 (JFM'26)

Inflation Is Breaking the Magic Price Point Model in Rural

High reliance on ₹5 & ₹10 SKUs amplifies volume decline under inflationary & GST 2.0 transition

Rural India



*Assortment Ch is compared to 2YA

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Rising Costs Begin to Reshape What and How India Buys

FMCG underperformance is increasingly concentrated in key, high-weight categories such as biscuits, laundry, oils, and soaps—highlighting stress limited to core consumption.

This is driven by commodity volatility, import disruptions, and pricing cycles, creating uneven demand.

A deeper structural pressure is visible in the ₹5/₹10 “magic price point” segment, especially in rural markets, where companies are:

- Rationalizing assortments
- Adjusting pack sizes under cost pressure
- Seeing declining relevance of entry-price SKUs

Implication: The traditional affordability-led growth model is weakening, signaling a reset in entry-level demand.

Rising Costs Begin to Reshape What and How India Buys

Growth moderation is visible across all manufacturer segments, but uneven:

- Small & mid players:
- Stronger slowdown
- Higher dependence on rural and traditional trade
- Large & giant players:
- Better positioned
- Benefit from metro recovery and modern trade expansion

Implication: Scale, channel strength, and urban exposure are becoming key differentiators of growth resilience.

GST 2.0
Learning the impacts

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TT stabilizes in Feb, while MT continues to grow fast

Modern Trade tackles disruption with faster price execution

GST 2.0

FMCG Performance

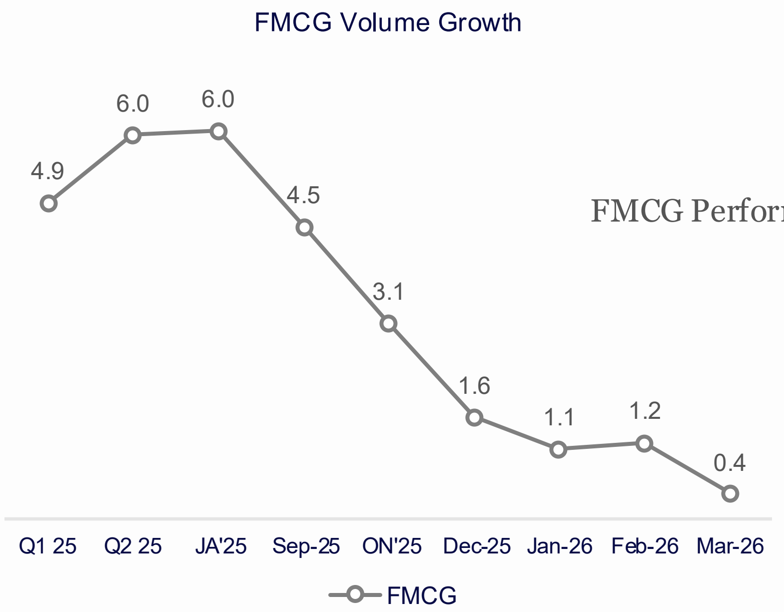
- With the rollout of GST 2.0 in September '25, FMCG sector faces **short-term turbulence** as volumes dipped.
- While volume growth showed signs of recovery in February '26, it weakened again in March '26, driven primarily by a high base effect rather than GST 2.0. The decline was more pronounced in categories where GST rates remained unchanged.

Channel Performance

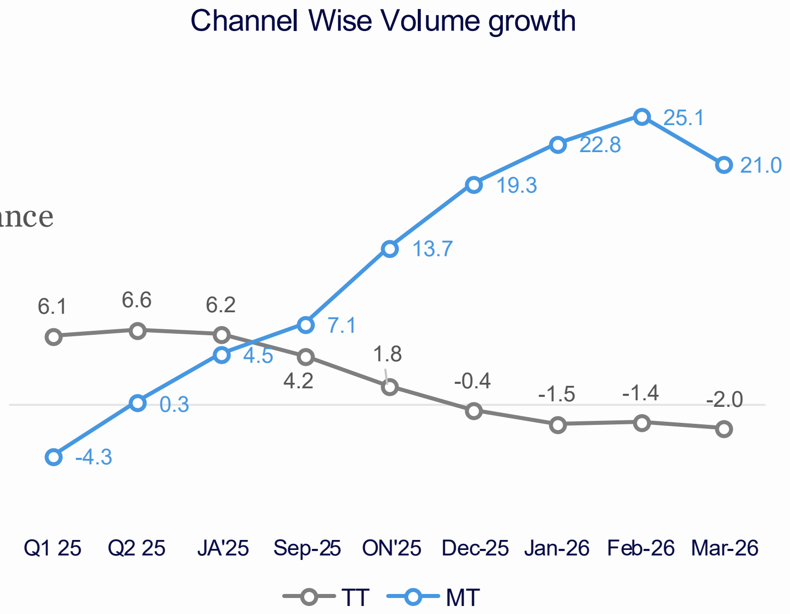
- Distributors and **TT stores** prioritized clearing high-MRP inventory before restocking, causing a dip in volumes and purchases causing volumes to drop in OND'25. In Feb 26, the downward trend has slowed.
- **Modern Trade** managed the disruption due to GST 2.0, through discounts, driving volume growth in MT.

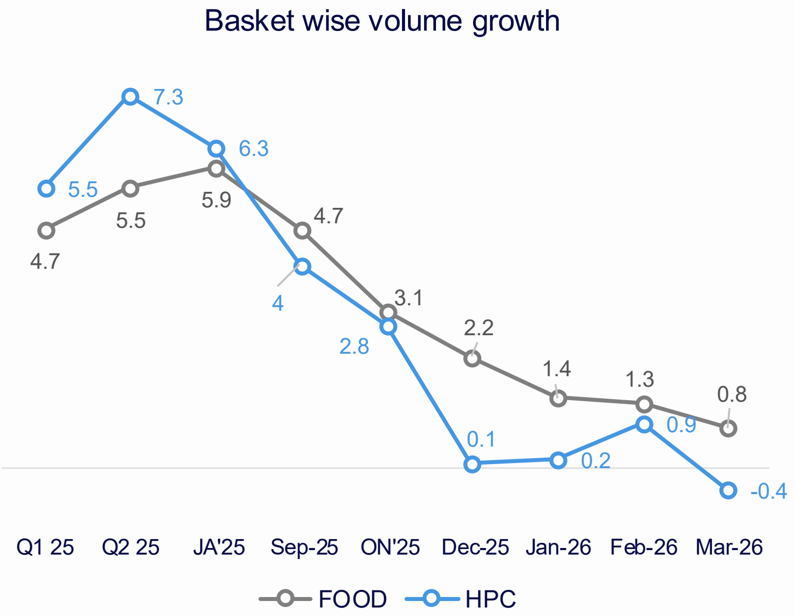
Baskets Performance

- HPC has been more impacted by GST 2.0, this transition led to an initial disruption in volumes; however, the recent decline is largely driven by underperformance in categories such as Laundry and Coconut Oil.
- Food categories, on the other hand, have seen relatively limited impact due to smaller GST changes, with the recent slowdown primarily attributable to a high base from last year.



FMCG Performance

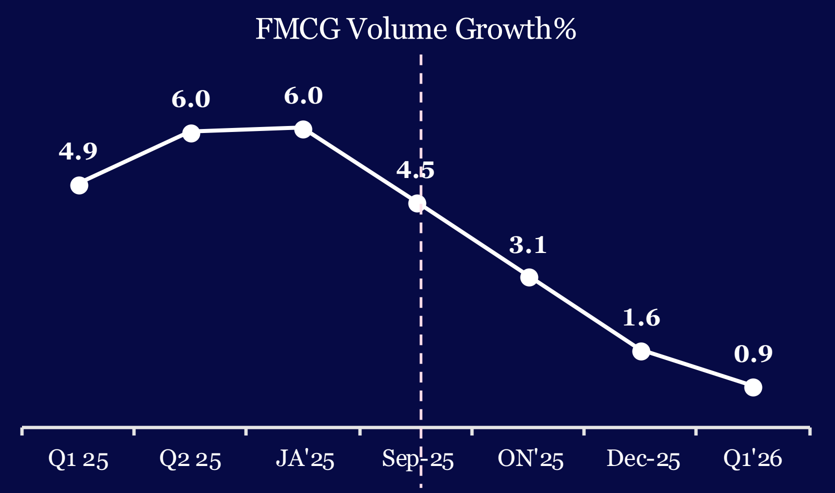


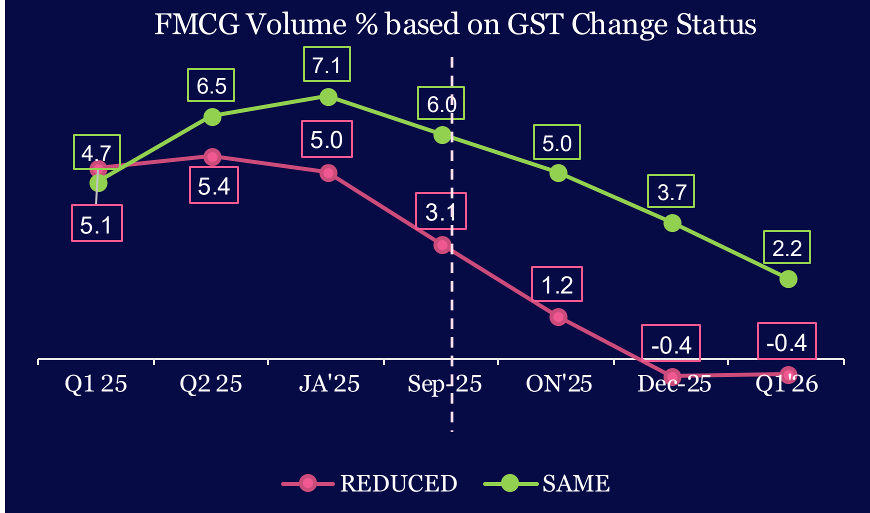


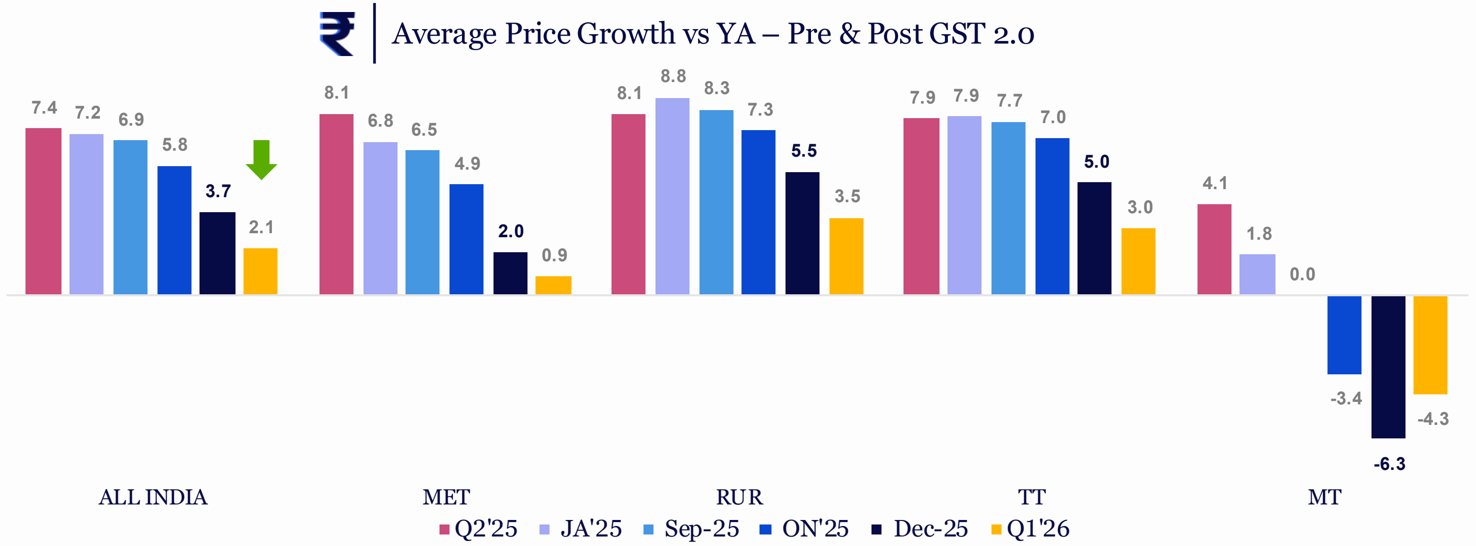
Source: NielsenIQ RMS, FMCG 88 Categories, All India (U+R)

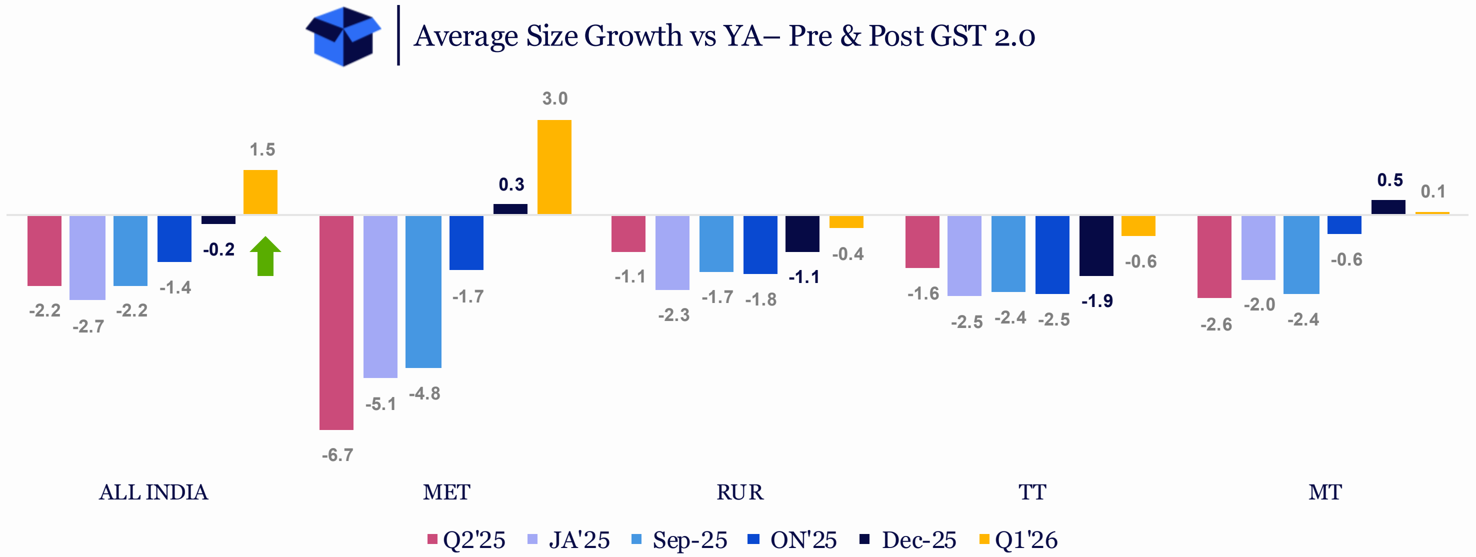
Stable-GST Categories Show Minimal Volume Disruption

In Q1'26, ASP growth continues to decline paired with increased average pack size









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Quarterly Snapshot

(Jan – Feb – Mar’26)

Key takeaways

India’s FMCG sector delivered steady value growth in *Q1’26* as the market moved into a phase of normalization. Easing price inflation and pack-size shifts supported value, even as volume growth moderated versus last year.

Growth momentum remained *urban-led, driven by Modern Trade and rapid e-commerce expansion*. Rural consumption stayed muted against a high base, shaped by affordability and price-point dynamics.

FMCG Growth Normalization

Value growth remains positive in Q1’26, supported by pricing and mix, while volume growth moderates versus last year. The sector transitions from inflation-led expansion to more calibrated, demand-led growth

E-commerce Accelerates FMCG Growth

E-commerce continues to grow at 2 - 3x the rate of overall FMCG, driven primarily by quick commerce in metros. Digital channels now account for ~10%+ of urban FMCG value, with penetration significantly higher in the top metros. Despite a high base and regulatory adjustments, demand remains resilient and incremental

Urban and Modern Trade Drive Incremental

Urban markets strengthen further, led by Modern Trade expansion and e-commerce acceleration, especially quick commerce. Rural consumption remains muted versus a high base, reflecting affordability pressures rather than structural weakness.

Category Dynamics : Volume Pressure

Food, HPC and OTC continue to grow, though at a slower pace compared to prior quarters. Inflationary & GST transition has impacted the magic price point SKU performance across major categories .

GST 2.0 & Anticipated Crude Oil Pressure

FMCG volume growth has been impacted by a high base effect. Although GST 2.0 is driving benefits via ASP reduction and pack size expansion, increasing crude oil prices could pose risks to volume recovery in upcoming quarters.

Coming *into view*