

AUGUST 22, 2017

UPDATE

BSE-30: 31,292

**Month in review – July 2017: GST-led price cuts underway.** KIE consumer universe outperformed the broader markets over the past month delivering flattish returns versus negative 2% return for broader markets. RM trends were mixed – while agri-input were broadly deflationary, oil-based inputs inched up and several paint inputs corrected. Post GST, we noticed incremental activity/price changes in soaps, detergents, toothpaste, hair oils (led by Marico) and biscuits (more in pipeline, not yet fully visible in stores). Launch activity was moderate. Sector valuations remain rich at 36X FY2019E earnings (39X, ex-ITC). We retain our ‘tread selectively’ stance. Preferred picks – ITC, CLGT, BRIT, GSK-CH, BJCOR, SHK and TGBL.

### Pricing/promotions – GST-led price cuts in select categories

Refer to Exhibits 2 and 3 for pricing and promotional activity respectively.

- ▶ **Soaps/detergents.** We saw incremental activity in both soaps and detergents this month – (1) in soaps, several companies have cut prices to pass on GST benefit – HUVR has cut prices of Dove and Pears multipacks by 5-6% and Godrej has cut prices of Godrej No1 variants by 11-13%; we note many other price cuts aren’t visible in the market and hence difficult to capture and (2) in detergents, HUVR has cut prices of its Rin and Surf Excel detergent bars (select SKUs) by 10-14%, cut price of Rin detergent powder by 4% and it has introduced fresh promotions in Surf Excel Quickwash. We also noticed high incremental activity from P&G in detergents both in Ariel and Tide in form of price-off and promotional volumes.
- ▶ **Personal care items. (1) Hair oils** – we did notice that level of promotional intensity has gone down – Marico’s 20% extra on 500 ml SKU of Parachute CNO was the only incremental activity we noticed; no major price changes visible in hair oils except for 20% price hike taken by Marico in Hair & Care and **(2) toothpaste** – Colgate has cut prices of most of its toothpaste variants/SKUs by 7-11%; however, we did not notice any price changes yet of other players in toothpaste (more price changes still rolling out in the market and hence not yet fully visible).
- ▶ **Food/beverage items. (1) Biscuits** – we did see incremental promotional activity from both Britannia and Parle in several brands and **(2) edible oils** – promotional offers (extra grammage) continue on select brands like Fortune (offering 1L free on 5L pack) and Riso (offering 2L free on 5L pack); Marico has also launched 1L free promotion on Saffola Gold and is offering price-off in Saffola Active (11% effective price cut).

### RM trends –agri-inputs mixed, oil-based inputs inflationary while paint inputs witness correction

Refer to Exhibit 4 for detailed RM inflation impact.

- ▶ **Agri-inputs.** Agri-inputs exhibited another month of mixed trends – select inputs like domestic tea (up 4% mom), international coffee (both variants up 3-5% mom) and sugar (up 3% mom) witnessed inflationary trends while maize and liquid milk/milk powder were down 4-8% mom; other key inputs like wheat and barley were flattish mom. However, **we note inflation in several key agri-inputs such as wheat, barley and sugar has come down materially over past six months (wheat and barley are down 14-20% and sugar is up just 2% over past six months).**
- ▶ **Oil commodities basket.** Oil basket witnessed a broad-based inflationary trend this month barring LLP (down 5% mom) and PFAD (flattish mom); other inputs like crude oil (up 4% mom), copra (up 5% mom), rice bran oil (up 8% mom), kardi oil (up 16% mom) and mentha oil (up 8% mom) all inched up.

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- ▶ **Other commodities.** Among other commodities, several paint inputs corrected after sustained inflation over past several months – PAN was down 22% mom, Tio2 rutile corrected 2% mom, styrene dropped 12% mom and VAM (domestic) fell 18% mom. However, VAM (China) has inched up 10% mom.
- ▶ **Who benefits?** (1) Deflation in wheat and barley price will give some respite to food companies like Britannia, Nestle and GSK-CH, (2) deflation in liquid milk/milk powder prices will aid dairy companies and food companies like Britannia, Nestle and GSK-CH, (3) fall in LLP prices will benefit all hair oil companies and (4) correction in several paint inputs will benefit all paint majors.
- ▶ **Who gets impacted?** (1) inflation in coffee prices will impact companies like TGBL, HUVR and Nestle, (2) sustained copra inflation will hurt Marico, (3) sharp jump in rice bran oil and kardi oil will also impact Marico, (4) higher mentha oil prices will impact Emami and toothpaste companies, (5) spike in crude oil will hurt all FMCG companies and (6) spike in VAM will impact Pidilite.

### Sector (KIE consumer universe) outperforms broader markets

Our overall consumer coverage outperformed the broader markets delivering near-flattish returns over the last month versus negative 2% returns for the broader markets. Despite flattish return for overall consumer universe, several stocks posted handsome gains led by PCJ (up 44%), Titan (up 13%), BRIT (up 10%) and TGBL (up 10%). Key underperformers during the past month were SHK (down 9%), UNSP (down 8%), GCPL (down 8%) and BJCOR (down 8%).

On a 12-month basis, sector outperformed the broader markets marginally posting 14% absolute return (15% ex-ITC) versus 12% return for broader markets. **We retain our 'tread selectively' stance; preferred picks – ITC, CLGT, BRIT, GSK-CH, BJCOR, SHK and TGBL.**

### New launches/relaunches

- ▶ Dabur has launched a new range of **air fresheners under Odonil brand called Zipper** – it is a small pack of air freshener which lasts up to 30 day and is available in three variants – Jasmine, Lavender and Citrus. It is priced at ₹49 for 10 gm pack – at ~11% discount to Godrej Aer pockets which is priced at ₹55 for a similar pack.
- ▶ Emami has introduced **gel, spray and roll-on formats for Zandu**, its pain management solution brand. While, the Zandu gel and spray formats will cater to the body-ache and joint pain segments; the roll-on will look at providing relief from headache. The Zandu gel is available in pack sizes of 15ml and 30ml priced at ₹50 and ₹98 respectively, Zandu spray is price at ₹100 for 35ml SKU and Zandu roll on is priced at ₹50 for 9ml SKU.
- ▶ Emami has also launched a new advanced whitening cream **Laser 12 Fair and Handsome cream** – it's a multi-benefit premium cream with unique laser action technology and is priced at ₹125 for 30gm SKU.
- ▶ ITC has launched first ever native Indian cow milk biscuits in the country – **Sunfeast A2 NaatMaad Paal Biscuits**. It is priced at ₹10 for 83gm SKU and is currently being test marketed in Tamil Nadu.
- ▶ HUVR has launched a new **limited edition easy carry bag for its Surf Matics range 2Kg SKU** – the product is otherwise available in a box pack.
- ▶ PepsiCo has launched new variant under **Tropicana Essentials premium juice range – Apple, Carrot and Mixed Fruit Blend**. The juice is a blend of fruits and vegetables fortified with important nutrients. It is priced at ₹149 for a 1L pack.

- ▶ Perfetti Van Melle has launched a new candy variant under **Alpenliebe** - Hi-milk – it's a white hard boiled candy with 25% milk solids. It is priced at ₹2 per candy of 3.5gm.
- ▶ Mondelez has launched a new range of **Cadbury Gems** – **Monster Gems**. It is priced at ₹40 for 39.9gm SKU.

Exhibit 1: Key new launches in July 2017



Source: Company, Kotak Institutional Equities

## CEO Speak

Ajay Misra, MD — Tata Global Beverages

- ▶ **Comments on recent moves to rationalize underperforming businesses?** – The company is focused on driving aggressive but profitable growths and wants to bring focus into its portfolio of business. It is looking to rationalize businesses to cut out the loss-making businesses and make the overall profile more profitable. TGBL has put all its loss-making businesses under strict review. Recently, it sold its stake in Chinese JV Zhejiang Tata Tea Extraction and restructured Russian operations transferring ownership and operational responsibility of the Russian business unit to Skodnya Grand. TGBL will receive royalties for its Russian operations. It has also rolled out restructuring initiatives for Eastern Europe business.
- ▶ **Comments on growth strategy?** Growth would come from a mix of strategy that will be applicable differently in different parts of its business because TGBL is a global company. The strategy is to fully exploit the country's growth potential. India business is stable.

### Other newsflow

- ▶ Patanjali Dant Kanti has outpaced Hindustan Unilever's Pepsodent, Colgate's Active Salt and GlaxoSmithKline's Sensodyne after nearly trebling its share in the oral care segment over the past year. Dant Kanti had 6.2% during the quarter ended June 2017, compared to 2.2% a year ago, making it the country's fourth-largest toothpaste company. Colgate still controlling half the market with 52.7% — lost 120 bps, while Hindustan Unilever's share declined 240 bps to 17.6%. Dabur, which has gained 20 bps at 12.1% along with Patanjali, has been fuelling its expansion of the herbal products market, underlining the growing demand for ayurvedic products and forcing most companies to launch herbal variants of toothpastes. Products that have 'natural' ingredients now account for nearly a fifth of the overall toothpaste market.
- ▶ FMCG dealers have sought compensation from consumer companies as they are unable to claim credit on the past stock and therefore, have to shell out extra tax from their pocket for now under GST regime. This has raised their working capital costs. Trade partners of most consumer goods firms had destocked in the two weeks just ahead of the GST rollout to ensure they were not saddled with unsold or transition stocks. Those who did not are now facing this issue of input tax credit for this pre-GST stock. The problem has arisen as there is no clarity on 'Form Tran-2', which is to be filed by dealers to avail credit in lieu of tax paid on goods from pre-GST period. The GSTN does not have the utility needed for filing of this form. As per the GST law, Tran-2 is required to be filed by an assessee wanting to take deemed credit on transition stock where no duty paying documents are available. This is mostly for dealers who get central excise duty paid goods, and have paid value added tax and would now want to claim credit for the taxes paid. The GST rules provide that Tran-2 has to be filed by end of the tax period. Though no clear date has been provided in a tweet it was mentioned earlier that Tran-2 has to be filed by 20<sup>th</sup> of next month. But, no formal notification has been issued so far. Rules specify that an entity can avail transition credit after it has paid due tax on the transition stock. This credit is available for sales made within six months of GST cut-off and can be set off against GST liability on the fresh stock. Since Tran-2 facility has still not been activated, a dealer would need to pay entire amount in cash leading to working capital impact.
- ▶ Consumer goods makers are gearing up for a drop in their high volume Army Canteen business, as they expect the government to impose restrictions on sales of items through this network of 3,900 stores to rein in alleged leakage and misuse. The Canteen Stores Department (CSD) is the single-largest customer of consumer goods companies in the country, and 5-7% of FMCG sales take place through its outlets. Stores run by the state-owned CSD typically sell goods at prices that are 10-40% lower than in regular retail stores to armed services personnel, both serving and retired, and their kin. There is already a limit on purchases by CSD card holders but that hasn't stopped discounted products being bought by some in excess of their needs. The proposal is to ration sales through CSD channels by anywhere between 20-40% on high-offtake products and the rationing will be staggered across different categories. According to some CSD card holders who didn't want to be named, some stores do impose monthly limits on some product categories — 18 bars of soap, 36 packs of biscuits or 10 kg of rice. Liquor limit is pegged at five to 15 bottles per month depending on the rank. For beer drinkers, one can get four bottles of beer for every one bottle of spirits. The plan is to raise limits substantially in grocery and some other product categories such as luggage said consumer goods industry executives. Liquor (26%) and daily consumption grocery products (23%) account for nearly half of CSD's sales, while automobiles and white goods contribute a fifth of the total ₹170 bn sales in FY2017.



- ▶ McDonald's has snapped its franchise agreement with Connaught Plaza Restaurants (CPRL), it's equally owned joint venture with Vikram Bakshi that operated the US chain's restaurants in northern and eastern India. McDonald's has taken away all branding, trademark, design and marketing policy rights from CPRL while culminating a 22-year relationship with Bakshi. The decision could impact about 6,500 direct jobs in India, and lead to the possible closure of McDonald's restaurants in the northern and eastern regions, at least temporarily. CPRL owned 169 outlets, including 43 in and around Delhi that have already been shut down. The recent development is the latest in a long-drawn battle between Bakshi and McDonald's. McDonald's had alleged financial irregularities against Bakshi and removed him as the managing director of CPRL in 2013. But the National Company Law Tribunal reinstated him last month, terming McDonald's action as "illegal, unlawful, unjust and malicious". The battle had not only impacted profitability of CPRL, but also revenue growth, which fell to 6% in 2014-15 from 29% four years earlier. McDonald's remains committed to finding a new partner; however, the process is at very early stages and it will start the process soon. It has engaged in any concrete conversations yet and could take several months before any partner is finalized. According to three industry executives (as per media reports), Amit Jatia, the vice chairman of Hardcastle Restaurants (HPRL) who has the master franchise for McDonald's in West and South India for two decades, is the front-runner to get the rights to operate the US chain's restaurants in the North and East as well.
- ▶ Tata Global Beverages (TGBL) through its subsidiary has signed an agreement with Talking Rain Beverage Company, makers of Sparkling Ice flavored sparkling waters, for a phased launch of Himalayan in the US market. Talking Rain Beverage has a direct-store-delivery distribution network comprising more than 300 distributors covering every county in the United States. Himalayan is currently available in India and Singapore. The brand recently launched a Sparkling variant in select markets in India and is piloting its flavored water 'Orchard Pure' in the Delhi/NCR region.
- ▶ Marico has acquired a South African hair styling brand Isoplus for around ₹360 mn in an effort to complete its ethnic hair care portfolio in the country. The brand of styling products such as oil sheens and gels has annual sales of ₹300 mn and is the market leader in the styling products with about 27% share. The acquisition is through Marico's wholly owned step-down subsidiary and includes manufacturing facilities, working capital and all intellectual property rights from its original owners - JM Products and Mary L Harris. This bolt-on acquisition plugs a critical gap in Marico's portfolio in the ethnic hair care space in South Africa. At present, Marico has brands such as Caivil, Black Chic and Hercules in South African aftercare maintenance, chemical treatments and hair color segments. South Africa accounts for nearly 7% of its international business.
- ▶ United Breweries (UBBL) is targeting to capture 25% share in imported beer market in India in the next 18 months by introducing global brands from the portfolio of its promoter Heineken NV. It has introduced in India five brands -- Sol, Edelweiss, Affligem, Dos Equis and Desperados -- from Heineken's stable in select cities like Delhi, Mumbai and Hyderabad. It also plans to sell these brands in Goa, Gurgaon, Chandigarh and Pune later. Imported beer is a niche market at the moment in India but is growing rapidly driven by affluent consumers in top metro markets. UBL has high expectation from Mexican brand Sol and French beer Desperados. While Edelweiss is an Austrian wheat beer, Affligem has roots in Belgian and Dos Equis in Mexico. The imported beers are shipped from Singapore but they are manufactured in the different parts of the world. The imported beer market is about 2 mn cases a year with Corona leading the market with 950,000 cases. UBL's current share in this segment is negligible. Other brands in the segment that are available in India include Hoegaarden, Stella Artois, Leffe and Erdinger.

- ▶ Kraft Heinz India is going to spend ₹1 bn over the next six months to relaunch Complan at a time when the malt food drink category growth rate has slipped. The company went for a complete brand make-over by making Complan better on the top two consumer drivers of the category – taste and nutrition. It is looking to grow Complan to more than ₹15 bn sales by 2020-21 from at around ₹7 bn now. Complan enjoys around 8% share of the ₹55 bn malted food drink market in India which is led by GSK's Horlicks. The category growth rate has slipped to 3-5% but the company wants to grow upwards of 10% in this segment. Kraft Heinz India is also studying opportunities to enter into compact concentrated nutrition segment with products like fortified biscuit and expand its another top brand Glucon-D into sachets and flavors. Glucon-D too contributes around 40% of revenues at around ₹7 bn and is the leader in the glucose segment with 65% share.
- ▶ Mars Chocolate, the world's largest chocolate confectionery maker, has dislodged rival Mondelez in market share across modern trade chains in India in the filled bar category. According to market researcher Nielsen's data, Mars Chocolate had 48% share on an all-India basis in the category in 2016, moving up from 45.4% a year ago. Mars' brands Snickers, Mars, Bounty and Twix have overtaken Mondelez's 5-Star and Cadbury Fuse, which compete in the same filled bars category nationally across modern trade chains. The chocolate category in India, valued at close to ₹80 bn, is highly competitive with Mondelez, Mars, Ferrero, Nestle and Amul fighting for share across geographies and formats. Nationally, Mondelez leads the category with 65% share. On an all-India basis in the bars segment, Mondelez has more than five times the share of its nearest competitor. MT accounts for 10% of the overall chocolate category.
- ▶ Tata Chemicals, Tata Global Beverages and Star Bazaar have stepped up collaboration in the food consumer space as multiple Tata group companies explore opportunities to work together as a cluster, a strategy suggested by Tata Sons' new chairman N Chandrasekaran. He is looking to restructure the loosely-held conglomerate into tighter clusters based on industries they operate in to achieve scale and cut costs. His focus is to create a few strong industry leaders rather than have many small companies that are unable to achieve scale. Tata Chemicals' consumer businesses include salt, pulses and water purifier, while Tata Global Beverages sells tea, coffee and packaged drinking water. Star Bazaar is Tata Group's hypermarket chain.
- ▶ The Indian government has threatened Philip Morris International Inc with "punitive action" over the tobacco giant's alleged violation of the country's anti-smoking laws, according to a letter sent to the company by the federal health ministry. The letter was prompted by a Reuters investigation last month that revealed how Philip Morris was deploying marketing tactics in India, some targeting young people, that officials said were illegal. The letter cites the Reuters story in the opening paragraph, listing Philip Morris' marketing methods as outlined in the article, including cigarette advertisements at kiosks, the free distribution of Marlboro smokes at nightclubs and bars, and the use of TV screens to promote its cigarette brand at these events. These promotional activities are a violation of the country's tobacco control law and are subject to punishment under the act, says the letter. The health ministry also sent a letter to ITC which Reuters also reported last month was using some of the same promotional methods as Philip Morris, such as point of sale displays.

Indian officials have repeatedly said that tobacco advertisements that use brand names, pack images or promotional messages are banned at kiosks - inside and outside. Philip Morris and ITC have said they are in compliance with tobacco control regulations and that the law allows advertising inside a kiosk. Since October last year, the state government in India's capital New Delhi has sent at least four letters to Philip Morris and at least three to ITC telling them to remove their advertisements at kiosks. Indian officials say tobacco companies get away with violations of anti-smoking regulations because law enforcement is weak. The health ministry also instructed state governments this month to move against cigarette advertising at kiosks, as well as the distribution of free cigarettes. The ministry requested that states submit a progress report on their actions.

- Jewelry major Joyalukkas is looking to invest ₹60 bn in the current fiscal to expand its retail footprint in India. Joyalukkas had clocked a turnover of ₹130 bn in FY2017 from its Indian and overseas operations. The Kerala-based jewelry major has 66 stores in India and 64 in the overseas markets with major presence in the Gulf countries. It is looking to set up 15 new stores in metros and major cities in India, each measuring 3,000 sq. ft. With this addition, the number of stores in India will go up to 81. It has also roped in Bollywood actress Kajol as its brand ambassador for both India and overseas operations and has pegged the total budget for marketing and promotion for the current fiscal year and ₹2 bn.

Exhibit 2: KIE Consumer Pricing monitor

Category/Brand/SKU	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)													Change (%)			
	Jul-17	Norm Wt	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	1M	3M	6M	1Y
<b>Soaps</b>																		
Dove Moisturising Cream 3*100gm	172	100g	61	61	61	61	61	61	61	61	61	61	61	57	(5)	(5)	(5)	(1)
Dove Moisturising Cream 75gm	49	100g	64	64	64	64	64	61	61	64	65	65	65	65	—	—	7	7
Breeze Lemon Splash (3+1)*75gm	30	100g	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	—
Hamam 100gm	32	100g	28	28	30	30	30	30	30	30	32	32	32	32	—	—	7	19
Lifebuoy Clini Care 10 Complete125gm	44	100g	35	35	35	35	35	35	35	35	35	35	35	35	—	—	—	—
Lifebuoy Total 125gm	29	100g	21	21	21	21	22	22	22	22	23	23	23	23	—	—	7	21
Lifebuoy Total 3*100gm	60	100g	19	19	19	19	20	20	20	20	20	20	20	20	—	—	—	3
Liril 2000 Soft Aloe Vera Lemon 125gm	52	100g	40	40	40	40	40	40	40	40	42	42	42	42	—	—	4	4
Lux Creamy White 125gm	50	100g	40	40	40	40	40	40	40	40	40	40	40	40	—	—	—	4
Lux Sandal & Cream 150gm	40	100g	25	25	25	25	25	25	25	25	27	27	27	27	—	—	5	5
Pears Pure Gentle 3*125gm	164	100g	45	45	46	46	46	46	46	46	46	46	46	44	(6)	(6)	(6)	(2)
Vivel Satin Soft 3*100gm	72	100g	23	23	23	23	24	24	24	24	24	24	24	24	—	—	—	3
Vivel's Luxury Olive Butter 4*100gm	100	100g	25	25	25	25	25	25	25	25	25	25	25	25	—	—	—	—
Fama Di Wills Clear Spring 125gm	62	100g	48	48	50	50	50	50	50	50	50	50	50	50	—	—	—	3
Fama Di Wills Soft Green 3*100gm	186	100g	60	60	62	62	62	62	62	62	62	62	62	62	—	—	—	3
Fama Di Wills Mild Dew (3+1)*115gm	186	100g	39	39	40	40	40	40	40	40	40	40	40	40	—	—	—	3
Cinthal Original 100gm	35	100g	33	33	33	33	34	34	34	34	35	35	35	35	—	—	3	6
Cinthal Original 4*100gm	135	100g	32	32	32	32	33	33	33	33	34	34	34	34	—	—	3	6
Godrej No 1 Lime & Aloe Vera (3+1) *75gm	40	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Godrej No 1 Saffron & Milk Cream (3+1) *100gm	66	100g	17	17	17	17	17	18	18	18	18	19	19	17	(13)	(8)	(8)	(3)
<b>Shower Gels/Facewash/Handwash/Bodywash</b>																		
<b>Facewashes</b>																		
Pears Pure & Gentle Cleansing 60gm	110	100g	158	183	183	183	183	183	183	183	183	183	183	183	—	—	—	16
Lakme Strawberry 50ml	99	100ml	198	198	198	198	198	198	198	198	198	198	198	198	—	—	—	—
Dove Beauty Moisture 50gm	105	100g	210	210	210	210	210	210	210	210	210	210	210	210	—	—	—	—
Ponds Daily Act Cleansing System 50gm	70	100g	140	140	140	140	140	140	140	140	140	140	140	140	—	—	—	—
Fair & Lovely Multivitamin 50gm	55	100g	110	110	110	110	110	110	110	110	110	110	110	110	—	—	—	—
Olay Cleanser Total Effect Foaming 100gm	260	100g	260	260	260	260	260	260	260	260	260	260	260	260	—	—	—	—
Fama Di Wills Aqua Pluse Men 100gm	150	100g	100	100	100	100	100	100	100	100	100	100	100	100	—	—	—	—
<b>Handwash</b>																		
Lifebuoy Total 215ml	82	100ml	35	35	35	35	35	35	35	35	38	38	38	38	—	—	9	19
Lifebuoy Activfresh Pouch 185ml	46	100ml	24	24	24	24	25	25	25	25	25	25	25	25	—	—	—	10
Lifebuoy Colour Changing Pump 200ml	95	100ml	48	48	48	48	48	48	48	48	48	48	48	48	—	—	—	—
<b>Bodywash/ Shower Gels</b>																		
Fama Di Wills Shower Gel Clear Spring 200ml	160	100ml	80	80	80	80	80	80	80	80	80	80	80	80	—	—	—	—
Lux Bodywash Soft Luxury Strawberry & Cream 240	145	100ml	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—
Cinthal Shower Gel Energy Deodorize 200ml	150	100ml	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—
<b>Detergents</b>																		
<b>Detergent Bars</b>																		
Wheel Active Blue 140gm	5	100g	4	4	4	4	4	4	4	4	4	4	4	4	—	—	—	—
Rin Advance 85gm	5	100g	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	—
Rin Advance 150gm	10	100g	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	—
Rin Advance 240gm	15	100g	7	7	7	7	7	7	7	7	7	7	7	6	(12)	(12)	(12)	(8)
Surf Excel Bar 100gm	10	100g	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	—
Surf Excel 250gm	25	100g	11	11	11	11	11	11	11	11	11	11	11	10	(7)	(7)	(7)	(7)
Surf Excel 4*200gm	92	100g	11	11	11	11	11	11	11	12	12	12	12	12	—	—	5	5
Tide 135gm	10	100g	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Tide 85gm	6	100g	9	9	9	9	9	9	9	9	9	9	9	9	—	—	—	—
Tide 4*250gm	78	100g	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—

Source: Kotak Institutional Equities

Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)													Change (%)			
	Jul-17	Norm Wt	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	1M	3M	6M	1Y
<b>Detergent Powders</b>																		
Wheel Active Lemon & Jasmine 1kg	52	100g	5	5	5	5	5	5	5	5	5	5	5	5	—	4	4	8
Rin Advance 1kg	75	100g	7	7	7	7	7	7	7	7	7	8	8	8	(4)	(4)	3	7
Rin Matic 1kg	115	100g	12	12	12	12	12	12	12	12	12	12	12	12	—	—	—	—
Surf Excel Easy Wash 1.5kg	187	100g	12	12	12	12	12	12	12	12	12	12	12	12	—	—	—	—
Surf Excel Matic 1kg	185	100g	19	19	19	19	19	19	19	19	19	19	19	19	—	—	—	—
Surf Excel Matic Front Load 1kg	242	100g	24	24	24	24	24	24	24	24	24	24	24	24	—	—	3	3
Surf Excel Quickwash 1kg	199	100g	19	19	19	19	20	20	20	20	20	20	20	20	—	—	—	4
Ariel Complete Pp 1kg	199	100g	19	19	20	20	20	20	20	20	20	20	20	20	—	—	—	8
Ariel 24Hour Fresh Complete 1kg	210	100g	21	21	21	21	21	21	21	21	21	21	21	21	—	—	—	2
Ariel Matic Complete Box 1kg	242	100g	24	24	24	24	24	24	24	24	24	24	24	24	—	—	—	3
Tide Natural Lemon & Chandan 150gm	10	100g	7	7	7	7	7	7	7	7	7	7	7	7	—	—	—	—
Tide Plus 1kg	96	100g	9	9	9	9	9	9	9	9	9	10	10	10	—	4	4	7
Henko 1kg	138	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
<b>Fabric Conditioners/ Dishwash/ Floor Cleaners</b>																		
<b>Fabric Conditioners/Liquids</b>																		
Comfort Fabric Conditioner Anti Bacterial 200ml	55	100ml	27	27	27	27	27	27	27	28	28	28	28	28	—	—	4	10
Ala Liquid Bleach Fabric Whitener 200M	27	100ml	13	13	13	13	13	13	13	14	14	14	14	14	—	—	8	13
Ezee Detergent Liquid 500gm	90	100g	18	18	18	18	18	18	18	18	18	18	18	18	—	—	—	—
<b>Dishwashing Bar/Gels/Powder</b>																		
Vim Drop Dishwash Active Gel Green Lime 250ml	65	100g	26	26	26	26	26	26	26	26	26	26	26	26	—	—	—	8
Vim Drop Dw Active Gel Green Lime 500ml	120	100g	23	23	23	23	24	24	24	24	24	24	24	24	—	—	—	9
Vim Utensil Bar 130gm	10	100g	7	7	7	7	7	7	7	7	7	7	7	7	—	—	—	—
Vim Utensil Bar 200gm	18	100g	9	9	9	9	9	9	9	9	9	9	9	9	—	—	—	6
<b>Floor Cleaners/Other Cleaners</b>																		
Domex Floor Cleaner Thick 500ml	78	100ml	15	15	15	15	15	16	16	16	16	16	16	16	—	—	—	11
Sanifresh Toilet Cleaner Shine 1L	114	100ml	11	11	11	11	11	11	11	11	11	11	11	11	—	—	—	—
<b>Oral Care</b>																		
<b>Toothpaste</b>																		
Colgate Cdc 150gm	62	100g	41	41	43	43	43	45	45	45	45	45	45	41	(7)	(7)	(7)	—
Colgate Cibaca 175gm	46	100g	27	27	27	27	27	27	29	29	29	29	29	26	(8)	(8)	(4)	(2)
Colgate Active Salt 100gm	49	100g	50	50	52	52	52	55	55	55	55	55	55	49	(11)	(11)	(11)	(2)
Colgate Maxfresh Blue 150gm	88	100g	60	60	60	60	60	60	60	63	63	63	63	59	(7)	(7)	(2)	(2)
Colgate Sensitive Pro Relief 70gm	115	100g	164	164	164	164	164	164	164	164	164	164	164	164	—	—	—	5
Colgate Sensitive 80gm	99	100g	131	131	131	131	131	131	131	138	138	138	138	124	(10)	(10)	(6)	(1)
Colgate Total Adv Health 140gm	97	100g	75	75	75	75	75	75	75	75	75	75	75	69	(8)	(8)	(8)	(8)
Pepsodent 2 In 1 150gm	94	100g	60	61	61	61	61	61	61	63	63	63	63	63	—	—	2	4
Pepsodent Centre Fresh 150gm	90	100g	59	59	60	60	60	60	60	60	60	60	60	60	—	—	—	2
Pepsodent Whitening 150gm	91	100g	59	59	59	59	59	59	59	61	61	61	61	61	—	—	2	3
Pepsodent Exp Prot Complete 150gm	114	100g	73	73	73	73	73	75	75	76	76	76	76	76	—	—	2	4
Pepsodent Expert Prot Sensitive 80gm	80	100g	100	100	100	100	100	100	100	100	100	100	100	100	—	—	—	—
Pepsodent Expert Prot Pro Sensitive 80gm	99	100g	124	124	124	124	124	124	124	124	124	124	124	124	—	—	—	—
Close Up Fire Freeze 150gm	102	100g	68	68	68	68	68	68	68	68	68	68	68	68	—	—	—	2
Close Up Red 150gm	87	100g	56	56	56	56	58	58	58	58	58	58	58	58	—	—	—	6
Babool 180gm	46	100g	23	23	23	23	23	23	23	26	26	26	26	26	—	—	10	10
Dabur Red 200gm	92	100g	44	44	44	44	44	44	44	45	46	46	46	46	—	—	5	5
Meswak 200gm	95	100g	45	45	45	45	45	45	46	46	46	46	48	48	—	3	6	6
Sensodyne Fresh Gel 70gm	100	100g	125	125	125	125	125	125	125	143	143	143	143	143	—	—	14	14
<b>Toothpowders</b>																		
Colgate 200gm	70	100g	35	35	35	35	35	35	35	35	35	35	35	35	—	—	—	4
Dabur Lal Dant Manjan 100gm	38	100g	38	38	38	38	38	38	38	38	38	38	38	38	—	—	—	—
<b>Mouthwashes</b>																		
Colgate Plax Complete Care 250ml	99	100ml	40	40	40	40	40	40	40	40	40	40	40	40	—	—	—	—
Colgate Plax Freshmint 250ml	99	100ml	40	40	40	40	40	40	40	40	40	40	40	40	—	—	—	—

Source: Kotak Institutional Equities



## Exhibit 2: KIE Consumer Pricing monitor (continued)

	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)														Change (%)			
Category/Brand/SKU	Jul-17	Norm Wt	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	1M	3M	6M	1Y	
Shampoo bottles																			
Clear Active Care Antidandruff 80ml	59	100ml	74	74	74	74	74	74	74	74	74	74	74	74	—	—	—	—	
Clinic Plus Anti Dandruff 80ml	47	100ml	50	50	50	50	58	58	58	58	59	59	59	59	—	—	2	18	
Dove Dandruff Care 80ml	58	100ml	70	70	70	70	73	73	73	73	73	73	73	73	—	—	—	4	
Sunsilk Anti Dandruff 80ml	48	100ml	59	59	59	59	60	60	60	60	60	60	60	60	—	—	—	2	
Tresemme Hair Fall Defense 100ml	56	100ml	62	62	62	62	62	62	62	62	62	62	62	62	—	—	—	—	
Head & Shoulders Anti Hair Fall 170ml	135	100ml	79	79	79	79	79	79	79	79	79	79	79	79	—	—	—	—	
Pantene Hair Fall Control 180ml	110	100ml	61	61	61	61	61	61	61	61	61	61	61	61	—	—	—	—	
Dove Daily Shine 80ml	60	100ml	70	70	70	70	75	75	75	75	75	75	75	75	—	—	—	7	
Sunsilk Black Shine 80ml	48	100ml	59	59	59	59	60	60	60	60	60	60	60	60	—	—	—	2	
Head & Shoulders Smooth & Silky 170ml	135	100ml	79	79	79	79	79	79	79	79	79	79	79	79	—	—	—	—	
Pantene Long Black 180ml	110	100ml	61	61	61	61	61	61	61	61	61	61	61	61	—	—	—	—	
Skin Creams/Lotions/Talcs																			
Face Creams/Fairness Creams/Facial Cleansers																			
Fair & Lovely Skin Cream Multi Vitamin 50gm	93	100g	182	182	182	182	182	182	182	186	186	186	186	186	—	—	2	4	
Fair And Lovely Forever Glow 25gm	59	100g	236	236	236	236	236	236	236	236	236	236	236	236	—	—	—	—	
Ponds Face Cream Oil Control Skn Mattifying 100g	130	100g	130	130	130	130	130	130	130	130	130	130	130	130	—	—	—	—	
Olax Cleanser Total Effect Foaming 100gm	260	100g	260	260	260	260	260	260	260	260	260	260	260	260	—	—	—	—	
Anti-Ageing/Special Creams																			
Ponds Skin Cream White Beauty Naturals 50gm	249	100g	498	498	498	498	498	498	498	498	498	498	498	498	—	—	—	—	
Ponds Skin Cream Age Miracle Daily 50ml	575	100ml	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	1,150	—	—	—	—	
Olax Age Protect Anti Ageing Cream 40gm	290	100g	725	725	725	725	725	725	725	725	725	725	725	725	—	—	—	—	
Olax Skin Cream Total Effect Normal 50gm	799	100g	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	1,598	—	—	—	—	
Body Lotions																			
Dove Go Fresh Normal Skin 400ml	350	100ml	88	88	88	88	88	88	88	88	88	88	88	88	—	—	—	—	
Ponds Derm Flower 100ml	73	100ml	73	73	73	73	73	73	73	73	73	73	73	73	—	—	—	7	
Vaseline Healthy White 100ml	95	100ml	95	95	95	95	95	95	95	95	95	95	95	95	—	—	—	—	
Parachute Normal 100ml	59	100ml	59	59	59	59	59	59	59	59	59	59	59	59	—	—	—	—	
Talcs																			
Ponds Talc Dream Flower Pink 100gm	76	100g	69	69	69	76	76	76	76	76	76	76	76	76	—	—	—	17	
Cinthol Talc Original 100gm	55	100g	45	45	45	55	55	55	55	55	55	55	55	55	—	—	—	22	
Deodorants																			
Deodorants																			
Axe Dark Temptation 150ml	199	100ml	130	130	130	133	133	133	133	133	133	133	133	133	—	—	—	2	
Cinthol Spray Dive 150ml	195	100ml	123	123	123	130	130	130	130	130	130	130	130	130	—	—	—	11	
Set Wet Deodorant 150ml	199	100ml	127	127	127	133	133	133	133	133	133	133	133	133	—	—	—	5	
Home Insecticides																			
Coils/Machine/Mats																			
Good Knight Mosquito Coil Low Smoke 12Hr	32		32	32	32	32	32	32	32	32	32	32	32	32	—	—	—	—	
Goodknight Coil Maha Jumbo 10P	31		31	31	31	31	31	31	31	31	31	31	31	31	—	—	—	—	
Goodknight Machine Activ Combi	99		99	99	99	99	99	99	99	99	99	99	99	99	—	—	—	—	
Hair Oils																			
Coconut Oils																			
Parachute coconut oil 100ml	32	100ml	30	30	30	30	30	30	30	32	32	32	32	32	—	—	7	14	
Parachute coconut oil 250ml	83	100ml	26	26	26	26	26	26	26	28	28	28	28	28	—	—	8	8	
Dabur Vatika hair oil 75ml	33	100ml	44	44	44	44	44	44	44	44	44	44	44	44	—	—	—	—	
Perfumed Hair Oils																			
Parachute Advansed hot oil 190ml	110	100ml	58	58	58	58	58	58	58	58	58	58	58	58	—	—	—	—	
Parachute Advansed 80ml	45	100ml	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—	
Parachute Jasmine 200ml	85	100ml	38	38	38	38	38	38	38	38	38	38	43	43	43	13	13	13	
Hair & Care 100ml	60	100ml	50	50	50	50	50	50	50	50	50	50	50	60	20	20	20	20	
Shanti Badam Amla 175ml	49	100ml	23	28	28	28	28	28	28	28	28	28	28	28	—	—	—	—	
Dabur Amla hair oil 100ml	42	100ml	42	42	42	42	42	42	42	42	42	42	42	42	—	—	—	—	
Dabur Hair Oil Almond Damage Free100ml	60	100ml	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—	
Dabur Vatika Enriched Almond hair oil 100ml	60	100ml	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—	
Bajaj Almond hair oil 100ml	60	100ml	60	60	60	60	60	60	60	60	60	60	60	60	—	—	—	—	
Navratna Cooling oil 100ml	67	100ml	65	65	65	65	65	65	65	65	65	67	67	67	—	3	3	3	

Source: Kotak Institutional Equities

Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)													Change (%)			
	Jul-17	Norm Wt	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	1M	3M	6M	1Y
<b>Edible Oils</b>																		
Saffola Kardi Oil - 1L	195	100ml	19	19	19	19	19	19	19	19	20	20	20	20	—	—	3	5
Saffola Gold - 1L	155	100ml	15	15	15	15	15	15	15	15	15	16	16	16	—	3	3	3
Saffola Active - 1L	135	100ml	13	13	13	13	13	13	13	13	13	14	14	14	—	4	4	4
Sundrop Heart - 1L	210	100ml	21	21	21	21	21	21	21	21	21	21	21	21	—	2	2	2
Sundrop Nutrilite - 1L	135	100ml	14	14	14	14	14	14	14	14	14	14	14	14	—	—	—	—
Sundrop Superlite Advanced -1L	195	100ml	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—
<b>Tea/ Coffee</b>																		
<b>Tea</b>																		
Red Label Ctc 1kg	410	100g	40	40	40	40	41	41	41	41	41	41	41	41	—	—	—	5
Red Label Ctc Pp 500gm	205	100g	40	40	40	41	41	41	41	41	41	41	41	41	—	—	—	5
Red Label Natural Care Box 500gm	240	100g	47	47	47	47	47	47	47	47	48	48	48	48	—	—	1	3
Taaza Ctc 1kg	285	100g	29	29	29	29	29	29	29	29	29	29	29	29	—	—	—	—
Tajmahal Ctc Box 250gm	132	100g	51	51	51	52	53	53	53	53	53	53	53	53	—	—	—	3
Agni Ctc Leaves 1kg	232	100g	23	23	23	23	23	23	23	23	23	23	23	23	—	—	—	—
Tata Ctc Gold 1kg	420	100g	420	420	420	420	420	420	420	420	420	420	420	420	—	—	—	—
<b>Coffee</b>																		
Bru Gold Jar 100gm	265	100g	245	245	255	255	255	255	255	255	265	265	265	265	—	—	4	8
Bru Instant Jar 100gm	170	100g	150	150	170	170	170	170	170	170	170	170	170	170	—	—	—	13
Nescafe Classic Box 200gm	475	100g	220	220	225	225	225	225	225	225	225	238	238	238	—	6	6	12
Nescafe Classic 50gm	145	100g	260	260	260	260	270	270	270	270	270	290	290	290	—	7	7	21
Sunrise Premium Jar 50gm	100	100g	200	200	200	200	200	200	200	200	200	200	200	200	—	—	—	—
<b>Dairy</b>																		
<b>Milk/Condensed Milk/ Milk Powder</b>																		
Nestle Milk Slim 1L	80	100ml	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	14
Nestle Milk Toned A+ 1L	75	100ml	7	7	7	7	7	7	7	8	8	8	8	8	—	—	9	15
Britannia Milk 1L	75	100ml	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Britannia Milk Slimz 1L	69	100ml	7	7	7	7	7	7	7	7	7	7	7	7	—	—	—	—
Amul Taaza 1L	60	100ml	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	3
Amul Gold 1L	64	100ml	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	3
Amul Lite 1L	58	100ml	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	—
Everyday Milkpow Dairy Whitner Pouch 400gm	178	100g	44	44	44	44	44	44	44	45	45	45	45	45	—	—	2	2
<b>Butter/Cheese</b>																		
Britannia Cheese Spread Classic 180gm	81	100g	45	45	45	45	45	45	45	45	45	45	45	45	—	—	—	—
Amul Butter 500gm	215	100g	39	41	41	41	43	43	43	43	43	43	43	43	—	—	—	10
<b>Health Drinks/ Juices/ Health Supplements/ OTCs</b>																		
<b>Health Drinks</b>																		
Horlicks Chocolate Jar 500gm	235	100g	46	46	46	46	46	46	46	46	47	47	47	47	—	—	2	2
Horlicks Junior Jar 500gm	280	100g	55	55	55	55	55	55	55	55	56	56	56	56	—	—	2	6
Horlicks Standard Jar 500gm	240	100g	46	46	46	46	46	48	48	48	48	48	48	48	—	—	—	5
Horlicks Lite Malt Jar 500gm	290	100g	56	56	56	56	56	58	58	58	58	58	58	58	—	—	—	4
Horlicks Womens Chocolate Jar 330gm	299	100g	89	89	89	89	89	91	91	91	91	91	91	91	—	—	—	1
Boost Jar 500gm	240	100g	46	46	46	46	46	48	48	48	48	48	48	48	—	—	—	7
Actilife Malt Jar 250gm	160	100g	64	64	64	64	64	64	64	64	64	64	64	64	—	—	—	—
<b>Juices</b>																		
Real Juice Active Orange 1L	105	100ml	11	11	11	11	11	11	11	11	11	11	11	11	—	—	—	—
Real Juice Orange 1L	99	100ml	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	—
Real Juice Apple 1L	99	100ml	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	—
<b>Health Supplements/OTCs</b>																		
Dabur Chyawanprash 1kg	295	100g	30	30	30	30	30	30	30	30	30	30	30	30	—	—	—	—
Dabur Digestive Hajmola Regular 120 P	28	100g	28	28	28	28	28	28	28	28	28	28	28	28	—	—	—	—
Dabur Glucose-D Jar 1kg	170	100g	16	16	16	16	16	16	16	16	17	17	17	17	—	—	6	6
Dabur Honey 500gm	199	100g	40	40	40	40	40	40	40	40	40	40	40	40	—	—	—	—

Source: Kotak Institutional Equities

## Exhibit 2: KIE Consumer Pricing monitor (continued)

Category/Brand/SKU	MRP (Rs)	Normalised price in Rs (adjusted for grammage changes)													Change (%)			
	Jul-17	Norm Wt	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	1M	3M	6M	1Y
<b>Biscuits/Atta</b>																		
<b>CreamBiscuits</b>																		
Sunfeast Dark Fantasy Chocolate 100gm	25	100g	25	25	25	25	25	25	25	25	25	25	25	25	—	—	—	—
Britannia Cream Jim Jam 150gm	30	100g	20	20	20	20	20	20	20	20	20	20	20	20	—	—	—	20
Britannia Cream Treat Bourbon 150gm	27	100g	18	17	17	17	17	18	18	18	18	18	18	18	—	—	—	4
Sunfeast Cream Bourbon 150gm	25	100g	17	17	17	17	17	17	17	17	17	17	17	17	—	—	—	—
Parle Cream Hide & Seek Bourbon 150gm	25	100g	17	17	17	17	17	17	17	17	17	17	17	17	—	—	—	—
<b>Cookies/Healthy biscuits</b>																		
Sunfeast Cookie Butter 100gm	10	100g	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	—
Britannia Good Day Butter 150gm	20	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Britannia Cookies Good Day Cashew 100gm	15	100g	15	15	15	15	15	15	15	15	15	15	15	15	—	—	—	—
Britannia NutriChoice Digestive 75gm	12	100g	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—
Britannia Cookies NutriChoice Oats 150gm	60	100g	40	40	40	40	40	40	40	40	40	40	40	40	—	—	—	—
<b>Marie/Glucose/Salted/Nice Biscuits</b>																		
Sunfeast Marie Light 100gm	10	100g	9	9	9	9	9	9	9	9	9	9	9	9	—	—	—	—
Britannia Vita Marie Gold 150gm	20	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Parle Digestive Marie 100gm	10	100g	10	10	10	10	10	10	10	10	10	10	10	10	—	—	—	—
Sunfeast Biscuits Glucose 80gm	5	100g	6	6	6	6	6	6	6	6	6	6	6	6	—	—	—	—
Britannia Tiger 133gm	10	100g	8	8	8	8	8	8	8	8	8	8	8	8	—	—	—	—
Parle Glucose 144gm	10	100g	7	7	7	7	7	7	7	7	7	7	7	7	—	—	—	—
Horlicks 100gm	10	100g	11	11	11	11	11	11	11	11	11	11	11	11	—	—	—	—
Sunfeast Snackys Salted 80gm	10	100g	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—
Parle Salted Krackjack 80gm	10	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Parle Salted Monaco Classic 80gm	10	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Sunfeast Plain Nice 150gm	20	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Britannia Nice Time 150gm	22	100g	15	15	15	15	15	15	15	15	15	15	15	15	—	—	—	—
<b>Atta</b>																		
Aashirvaad Atta Multigrain 5kg	265	100g	5	5	5	5	5	5	5	5	5	5	5	5	—	4	4	4
Aashirvaad Atta Whole Wheat 5kg	220	100g	4	4	4	4	4	4	4	4	4	4	4	4	—	—	—	—
<b>Soups/Sauces/Spreads</b>																		
<b>Ketchup/Sauces/Spreads</b>																		
Maggi Ketchup Tomato 1kg	150	100g	14	15	15	15	15	15	15	15	15	15	15	15	—	3	3	7
Kissan Ketchup Fresh Tomato Bt 1kg	125	100g	15	15	15	15	15	15	15	15	15	15	15	13	(15)	(14)	(14)	(11)
Kissan Jam Mixed Fruit 200gm	60	100g	28	28	28	28	28	30	30	30	30	30	30	30	—	—	—	15
<b>Soups</b>																		
Maggi Rich Tomato 54gm	45	100g	83	83	83	83	83	83	83	83	83	83	83	83	—	—	—	—
Knorr Classic Thick Tomato 55gm	55	100g	100	100	100	100	100	100	100	100	100	100	100	100	—	—	—	10
Maggi Sweet Corn Vegetable 36gm	45	100g	125	125	125	125	125	125	125	125	125	125	125	125	—	—	—	—
Knorr Sweet Corn Vegetable 47gm	55	100g	117	117	117	117	117	117	117	117	117	117	117	117	—	—	—	10
<b>Chocolate bars</b>																		
Nestle Kit Kat 76.8gm	60	100g	78	78	78	78	78	78	78	78	78	78	78	78	—	—	—	—
Nestle Milk 18gm	10	100g	56	56	56	56	56	56	56	56	56	56	56	56	—	—	—	—
Nestle Bar One 22gm	10	100g	45	45	45	45	45	45	45	45	45	45	45	45	—	—	—	—
Nestle Munch 151.5g	100	100g	58	58	58	58	58	58	58	58	58	58	58	58	—	—	—	—
Nestle Alpero Bar 22gm	40	100g	136	136	182	182	182	182	182	182	182	182	182	182	—	—	—	33
<b>Noodles</b>																		
Maggi Masala 70gm	12	100g	17	17	17	17	17	17	17	17	17	17	17	17	—	—	—	—
Maggi Masala 140gm	23	100g	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—
Maggi Masala 280gm	45	100g	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—
Maggi Masala 560gm	89	100g	16	16	16	16	16	16	16	16	16	16	16	16	—	—	—	—
Maggi Chicken 304gm	60	100g	21	21	21	21	21	21	21	21	21	21	21	21	—	—	—	—
Maggi Veg Atta 320gm	78	100g	24	24	24	24	24	24	24	24	24	24	24	24	—	—	—	—
Sunfeast Yippee Magic Masala 75gm	10	100g	13	13	13	13	13	13	13	13	13	13	13	13	—	—	—	—
Sunfeast Yippee Chinese Masala Pp 75gm	15	100g	20	20	20	20	20	20	20	20	20	20	20	20	—	—	—	—
<b>Baby Food</b>																		
Cerelac Babycereal Rice S1 300gm	171	100g	54	54	54	54	54	54	54	56	56	56	57	57	—	2	6	6
Cerelac Babycereal Wheat S1 300gm	167	100g	53	53	53	53	53	53	53	54	54	54	56	56	—	2	5	5
Cerelac Babycereal Multigrain Dal Veg 300gm	230	100g	71	71	71	71	71	71	71	73	73	73	77	77	—	5	8	8
Lactogen Babycereal Nan 1 Frml 400gm	540	100g	129	129	129	129	129	129	129	133	133	133	135	135	—	2	5	5

Source: Kotak Institutional Equities

Exhibit 3: Ongoing promotional activity across FMCG categories (home and personal care) for July 2017

	SKU	MRP (Rs)		Eff change (%)	Promotional offer
		Original	Offer		
Soaps					
Lifebuoy Total 10 soap	56gm	10	10	(13.8)	Free 15% extra
Lifebuoy Clini-care	125gm	52	44	(15.4)	Price off of Rs8
Lifebuoy Clini-care 10 (3 x 125gm pack)	375gm	145	120	(17.2)	Price off of Rs25
Detergents/Dishwash					
Surf Excel Quickwash detergent powder	1Kg	199	199		Free Surf Excel detergent bar worth Rs25
Surf Excel Quickwash detergent powder	4Kg	544	479	(11.9)	Price off of Rs65
Ariel detergent powder	1Kg	205	180	(12.2)	Price off of Rs25
Ariel Matic detergent powder Front Load	4Kg	960	960	(33.3)	Free 2Kg
Ariel Matic detergent powder Front Load	4Kg	860	860	(33.3)	Free 2Kg
Ariel Matic detergent powder Front Load	1Kg	205	180	(12.2)	Price off of Rs25
Tide Plus detergent powder	4Kg	399	349	(12.5)	Price off of Rs50
Tide Plus detergent powder	6Kg	599	479	(20.0)	Price off of Rs120
Rin detergent bar	4x250gm	68	59	(13.2)	Price off of Rs9 - increased from Rs3 price off pre-GST
Rin detergent bar	150gm	10	10	(14.3)	Free 25gm extra - increased from 5gm free pre-GST
Surf Excel detergent bar	250gm	29	27	(6.9)	Price off of Rs4 - increased from Rs2 price off pre-GST
Surf Excel detergent bar	90gm	10	10	(10.0)	Free 10gm extra
Surf Excel Quickwash detergent powder	500gm	100	100		Free Surf Excel detergent bar worth Rs10
Surf Excel Easywash detergent powder	500gm	68	56	(17.6)	Price off of Rs12
Surf Excel Easywash detergent powder	700gm	96	77	(19.8)	Price off of Rs19
Surf Excel Easywash detergent powder	1.5Kg	207	187	(9.7)	Price off of Rs20
Surf Excel Easywash detergent powder	4Kg	544	479	(11.9)	Price off of Rs65
Tide Plus detergent powder	1Kg	102	96	(5.9)	Price off of Rs6
Tide Plus detergent powder	500gm	52	49	(5.8)	Price off of Rs3
Vim dishwash bar	125gm	10	10	(16.7)	Free 25gm extra
Other home & personal care items					
Parachute coconut oil	500ml	159	159	(16.7)	Free 20% extra
Bajaj Almond hair oil	100ml	60	60		Free Bajaj Almond drops moisturizing soap free
Dabur Vatika Enriched Coconut hair oil	300ml	167	167		Free Vatika hair oil 75 ml
Dabur Almond hair oil	100ml	60	60		Free Dabur Almond 50 ml

Notes:

(1) Highlighted offers are new promotions launched in July.

Source: Kotak Institutional Equities

Exhibit 3: Ongoing promotional activity across FMCG categories (foods and beverages) for July 2017 (continued)

	SKU	MRP (Rs)		Eff change (%)	Promotional offer
		Original	Offer		
Biscuits/Cakes					
Britannia 50 50	80gm	10	10	(20.0)	Free 25% extra
Britannia Tiger Kreemz	50gm	5	5		7 Biscuit now versus 6 earlier
Parle Bakesmith Marie	250gm	30	30		Free Rs18 Paytm cash
Parle Hide N Seek	200gm	50	50		Free Rs25 Paytm cash
Parle Happy Happy	65gm	10	10	(23.5)	Free 25% extra
Parle Monaco	75gm	10	10	(18.8)	Free 23% extra
Britannia Good Day Chocochip cookies	44gm	10	10	(21.4)	Free 27% extra
Britannia Nutrchoice Oats	75gm	20	20	(25.0)	Free 33% extra
Britannia Good Day Butter cookies	75gm	20	20	(25.0)	Free 33% extra
Britannia Nutrchoice Digestives	100gm	20	20	(16.7)	Free 20% extra
Britannia Tiger Glucose	124gm	10	10	(8.8)	Free 9% extra
Sunfeast Mom's Magic Rich Butter	66gm	10	10	(20.1)	Free 25% extra
Sunfeast Mom's Magic Cashew & Almond	100gm	20	20	(16.7)	Free 20gm extra
Sunfeast Bounce	34gm	5	5	(17.1)	Free 20% extra
Sunfeast Marie Light	70gm	10	10	(17.6)	Free 17% extra
Other foods (including dairy)					
Saffola Gold	5L	750	750	(16.7)	Get 1 Litre free
Saffola Active	1L	135	120	(11.1)	Price off of Rs15
Saffola Oat	1Kg	180	180	(28.6)	Free 400 gm extra
Maggi Tomato Ketchup	1L	150	150		Free Maggi noodles pack worth Rs45
Aashirvaad whole wheat atta	10Kg	400	400		Free Aashirvaad Select Atta 500gm
Aashirvaad whole wheat atta	5Kg	220	220		Free Sunfeast Marie Light worth Rs22
Fortune Vivo	5L	725	725	(16.7)	Get 1 Litre free
Riso Ricebran oil	5L	700	700	(28.6)	Get 2 Litres free
Sundrop peanut butter	924gm	500	300	(40.0)	Price off of Rs200
Sundrop peanut butter	462gm	250	250	(9.1)	Free 10% extra
Pediasure	400gm	500	500		Free Paytm cash worth Rs50
Dabur Honey	250gm	122	122		Free 100gm Meswak toothpaste worth Rs49
Dabur Honey	1Kg	380	380	(20.0)	Free 250gm Dabur honey
Dabur Chyawanprash	1Kg	295	295		Free Dabur Red toothpaste 75gm worth Rs37
Beverages					
Cadbury Bournvita	500gm	200	200	(13.0)	Free Cadbury Bournvita 75gm worth Rs30

Notes:

(1) Highlighted offers are new promotions launched in June.

Source: Kotak Institutional Equities



Exhibit 4: Monthly raw material trends for July 2017

											Inflationary = +3%	
											Deflationary = -3%	
No	Commodity	Unit	Current	% chg - local currency				% chg - currency Adj.				Companies impacted
				MoM	3M	6M	YoY	MoM	3M	6M	YoY	
Agri Commodities												
1	Tea - India Avg.	Rs/Kg	141	4	12	14	(4)	4	12	14	(4)	HUL, TGBL
2	Tea - World Avg.	USD/MT	3,210	—	5	7	18	(0)	5	2	13	HUL, TGBL
3	Tea - Mombassa/Kenya	USD/Kg	4	—	5	3	36	(0)	5	(2)	31	HUL, TGBL
4	Coffee Arabica - Intl.	US cents/Pound	152	5	(3)	(10)	(12)	5	(3)	(14)	(16)	HUL, Nestle, TGBL
5	Coffee Robusta - Intl.	US cents/Pound	108	3	1	(3)	11	3	1	(8)	6	HUL, Nestle, TGBL
6	Sugar - domestic	Rs/Quintal	4,019	3	3	2	5	3	3	2	5	HUL, Nestle, GSKCHL, ITC, Dabur, Britannia
7	Wheat	Rs/Quintal	1,758	1	1	(14)	(1)	1	1	(14)	(1)	ITC, Nestle, GSKCHL, Britannia
8	Barley	Rs/Quintal	1,432	(0)	(8)	(20)	(12)	(0)	(8)	(20)	(12)	GSKCHL
9	Maize (corn)	USD/MT	145	(8)	(7)	(9)	(10)	(8)	(7)	(14)	(14)	Colgate, HUL, Dabur (Sorbitol)
10	Liquid Milk - domestic	Rs/Ltr	43	(4)	(4)	2	13	(4)	(4)	2	13	Nestle, GSKCHL, Jubilant Foodworks, Britannia
11	Milk Powder - domestic	Rs/Kg	273	(7)	(5)	(5)	4	(7)	(5)	(5)	4	Nestle, GSKCHL, Britannia
12	Cocoa Bean	USD/MT	2,254	1	4	(9)	(34)	1	4	(14)	(37)	Nestle
Oil Commodities												
13	Crude Oil - Brent	USD/Barrel	49	4	(8)	(11)	8	4	(8)	(16)	4	HUL, GCPL, Jyothy Labs, Asian Paints, Pidilite
14	Palm oil	MYR/Ton	2,627	(2)	(4)	(20)	12	(2)	(2)	(21)	1	HUL, GCPL, Jyothy Labs
15	PFAD	USD/MT	613	(0)	(4)	(12)	12	(0)	(4)	(17)	7	HUL, GCPL, Jyothy Labs
16	Light liquid paraffin (LLP)	Rs/Ltr	39	(5)	(9)	3	11	(5)	(9)	3	11	Marico, Dabur, Bajaj Corp
17	Copra	Rs/Quintal	8,955	5	3	14	73	5	3	14	73	Marico, Dabur
18	Coconut oil	Rs/Quintal	13,414	6	4	15	78	6	4	15	78	Marico, Dabur
19	Rice Bran oil	Rs/10Kg	574	8	(2)	(7)	(1)	8	(2)	(7)	(1)	Marico
20	Kardi oil/ Safflower oil	Rs/MT	1,216	16	16	4	27	16	16	4	27	Marico
21	Sunflower oil	Rs/MT	59,810	2	2	(10)	(9)	2	2	(10)	(9)	Marico
22	Groundnut oil	Rs/MT	92,024	(1)	(12)	(6)	(33)	(1)	(12)	(6)	(33)	Marico, Dabur
23	Linseed oil	Rs/MT	77,452	(0)	(7)	(17)	(35)	(0)	(7)	(17)	(35)	Marico, Dabur, Bajaj Corp, Asian Paints
24	Castor oil	Rs/MT	95,428	0	(8)	16	32	0	(8)	16	32	Marico, Dabur, Bajaj Corp, Asian Paints
25	Mentha oil	Rs/Kg	1,083	8	1	2	4	8	1	2	4	Emami, Colgate, HUL, Dabur
Chemicals/Paints/Other Commodities												
26	Caustic soda	Rs/ 50Kg	2,519	8	15	27	39	8	15	27	39	HUL, GCPL, Jyothy Labs
27	Soda ash	Rs/ 50Kg	1,290	2	2	7	6	2	2	7	6	HUL, GCPL, Jyothy Labs
28	LAB	Rs/Kg	94	(2)	(5)	(1)	2	(2)	(5)	(1)	2	HUL, Jyothy Labs
29	HDPE - domestic	Rs/Kg	101	(1)	1	(1)	(5)	(1)	1	(1)	s	All companies
30	PAN	Rs/Kg	70	(22)	(22)	(4)	(4)	(22)	(22)	(4)	(4)	Asian Paints
31	PENTA	Rs/Kg	115	—	—	—	(8)	—	—	—	(8)	Asian Paints
32	Tio2 Anatase	Rs/Kg	175	—	13	30	30	—	13	30	30	Asian Paints
33	Tio2 Rutile	Rs/Kg	210	(2)	(2)	14	26	(2)	(2)	14	26	Asian Paints
34	Tio2 Dupont	Rs/Kg	261	(7)	2	14	21	(7)	2	14	21	Asian Paints
35	Turpentine oil	Rs/Ltr	76	(3)	(5)	(5)	(8)	(3)	(5)	(5)	(8)	Asian Paints
36	Formaldehyde	Rs/Kg	23	—	5	10	10	—	5	10	10	Asian Paints
37	Acrylic acid	Rs/Kg	110	5	3	9	45	5	3	9	45	Asian Paints
38	Vinyl Acetate - Domestic	Rs/Kg	75	(18)	13	33	27	(18)	13	33	27	Asian Paints
39	Vinyl Acetate - China	US\$/MT	947	10	2	8	5	10	1	2	1	Pidilite, Asian Paints
40	Styrene - domestic	Rs/Kg	106	(12)	9	8	33	(12)	9	8	33	Asian Paints
41	Gold	Rs/10gm	28,156	(2)	(3)	(2)	(9)	(2)	(3)	(2)	(9)	Titan, Jewellery companies
42	Diamond price index	USD/Carrat	117	0	(0)	(1)	(3)	(0)	(1)	(6)	(7)	Titan, Jewellery companies

Source: Bloomberg, Kotak Institutional Equities

## Exhibit 5: KIE Consumer universe valuation summary

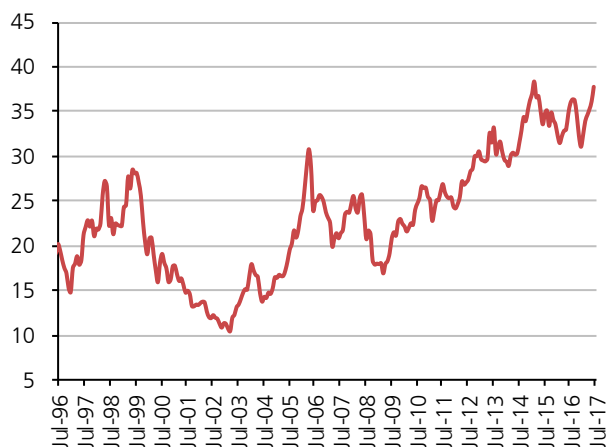
Company	Rating	TP	22-Aug-17	Upside /	Mkt cap.		EPS (Rs)			EPS Growth, %			PER (X)			EPS	Sales
		(Rs)	Price (Rs)	(%)			(Rs bn)	(US\$ m)	2017	2018E	2019E	2017	2018E	2019E	2017		
Consumer Products																	
Asian Paints	REDUCE	1,000	1,129	(11)	1,083	16,796	19.9	21.9	25.8	6.5	9.6	17.9	56.6	51.6	43.8	13.7	16.3
Bajaj Corp	ADD	460	397	16	59	908	15.8	16.9	19.4	(0.5)	7.1	14.5	25.1	23.5	20.5	10.7	12.8
Britannia Industries	ADD	4,300	4,200	2	504	7,813	73.7	88.5	110.0	7.3	20.0	24.4	57.0	47.5	38.2	22.2	14.2
Coffee day Enterprises	BUY	290	242	20	50	773	2.2	5.8	9.8	NM	158.2	69.7	107.9	41.8	24.6	109.3	13.0
Colgate-Palmolive (India)	ADD	1,200	1,083	11	295	4,569	20.6	24.5	29.9	(8.4)	18.8	22.1	52.5	44.2	36.2	20.4	12.0
Dabur India	REDUCE	300	301	(0)	531	8,226	7.3	7.7	8.8	3.8	5.8	13.9	41.4	39.1	34.4	9.7	8.7
GlaxoSmithKline Consumer	ADD	5,750	5,384	7	226	3,511	156.1	158.0	180.3	(4.5)	1.2	14.1	34.5	34.1	29.9	7.5	10.8
Godrej Consumer Products	SELL	820	886	(7)	604	9,359	19.1	21.3	24.6	12.3	11.3	15.3	46.3	41.6	36.1	13.3	10.5
Hindustan Unilever	REDUCE	1,100	1,200	(8)	2,596	40,251	19.6	23.1	26.7	3.2	17.8	15.4	61.1	51.9	44.9	16.6	9.4
ITC	ADD	340	283	20	3,458	53,610	8.3	9.2	10.2	7.6	10.8	11.0	34.2	30.9	27.8	10.9	9.6
Jubilant Foodworks	SELL	1,025	1,357	(24)	89	1,388	10.0	16.2	25.7	(37.2)	62.0	58.9	136.0	84.0	52.8	60.5	11.8
Jyothy Laboratories	NR	—	378	—	69	1,065	6.5	10.9	11.4	25.1	67.1	5.0	58.0	34.7	33.0	32.5	9.9
Manpasand Beverages	REDUCE	760	819	(7)	47	727	12.7	17.5	23.4	25.8	37.7	34.0	64.5	46.9	35.0	35.8	38.6
Marico	REDUCE	290	315	(8)	407	6,304	6.2	6.6	7.7	12.2	7.2	15.9	50.9	47.5	41.0	11.5	11.1
Nestle India	REDUCE	6,100	6,595	(8)	636	9,859	105.0	123.4	148.3	13.2	17.6	20.1	62.8	53.4	44.5	18.8	12.7
Page Industries	REDUCE	15,200	17,214	(12)	192	2,977	238.7	295.1	358.7	15.0	23.6	21.5	72.1	58.3	48.0	22.6	20.8
PC Jeweller	ADD	290	370	(22)	133	2,055	11.8	14.0	16.4	5.7	18.8	17.4	31.5	26.5	22.6	18.1	18.6
Pidlite Industries	REDUCE	775	817	(5)	419	6,495	16.8	17.9	21.4	7.1	6.8	19.4	48.7	45.6	38.2	13.0	11.5
S H Kelkar	ADD	295	246	20	36	551	7.2	8.6	10.1	37.3	19.0	17.1	33.9	28.5	24.3	18.0	11.3
Tata Global Beverages	ADD	200	190	5	120	1,857	6.1	7.4	8.9	17.3	21.2	21.3	31.2	25.7	21.2	21.2	7.3
Titan Co.	SELL	470	615	(24)	546	8,466	8.6	12.4	14.6	11.1	43.7	17.7	71.3	49.6	42.1	30.1	21.2
United Breweries	SELL	675	802	(16)	212	3,289	8.7	11.6	15.9	(23.0)	33.3	37.8	92.4	69.3	50.3	35.5	11.7
United Spirits	REDUCE	2,400	2,493	(4)	362	5,616	27.3	34.8	55.4	59.0	27.2	59.4	91.2	71.7	45.0	42.4	5.1
Varun Beverages	BUY	580	548	6	100	1,548	8.6	12.0	15.2	66.3	39.0	27.3	63.6	45.8	36.0	33.0	9.6
KIE universe					12,672	196,464				8.1	14.7	16.4	47.5	41.4	35.6	15.5	11.9
KIE universe (ex-ITC)					9,214	142,855				7.9	17.1		54.9	46.9	39.3	18.2	12.5

	Price performance (%)				EV/EBITDA (X)			EV/Sales (X)			FCF yield (%)			Dividend yield (%)	
	1-mo	3-mo	6-mo	1-yr	2017	2018E	2019E	2017	2018E	2019E	2017	2018E	2019E	2018E	2019E
Bajaj Auto	(2)	2	11	2	35.7	32.2	27.0	7.1	6.2	5.2	0.8	1.1	1.5	1.0	1.2
Asian Paints	(8)	9	8	(0)	21.1	20.3	17.0	6.9	6.3	5.4	3.2	3.2	3.2	3.3	3.7
Bajaj Corp	10	16	30	25	39.3	31.3	25.2	5.5	4.9	4.2	0.1	1.6	2.0	0.6	0.8
Coffee day	(1)	(5)	5	2	14.2	12.2	10.7	2.5	2.2	2.0	(2.3)	2.6	1.0	—	—
Colgate-Palmolive (India)	1	8	20	14	30.9	26.0	21.4	7.3	6.7	5.8	1.3	1.7	2.6	1.2	1.5
Dabur India	(0)	9	11	2	35.5	34.2	29.7	6.9	6.5	5.7	1.7	1.9	2.3	1.0	1.2
GlaxoSmithKline Consumer	(2)	2	6	(15)	23.5	23.3	19.7	4.9	4.5	3.9	0.7	2.1	2.1	1.5	1.7
Godrej Consumer Products	(8)	(0)	4	16	33.7	30.7	26.1	6.9	6.4	5.6	0.3	1.6	2.5	0.8	0.8
Hindustan Unilever	4	18	39	29	42.1	35.4	30.8	8.0	7.3	6.6	1.4	1.7	2.1	1.5	1.8
ITC	(2)	(7)	7	11	23.6	21.2	19.0	8.4	7.7	7.0	2.1	2.4	2.7	2.0	2.4
Jubilant Foodworks	8	32	34	10	36.6	26.1	20.5	3.4	3.0	2.7	(0.2)	0.1	2.0	0.4	0.7
Jyothy Laboratories	(2)	1	7	33	28.4	26.1	22.9	4.3	4.0	3.5	2.7	2.9	2.7	1.6	1.9
Manpasand Beverages	7	4	18	12	30.5	22.5	15.7	6.1	4.4	3.2	(4.3)	(2.9)	2.0	0.1	0.2
Marico	(4)	(1)	15	7	34.6	33.2	28.6	6.8	6.2	5.4	1.3	1.9	2.1	1.2	1.4
Page Industries	3	21	24	21	31.3	29.7	25.1	6.8	6.0	5.2	2.0	2.6	3.1	1.3	1.6
Nestle India	(3)	(0)	3	(3)	31.3	29.7	30.7	6.8	6.0	5.2	2.0	2.6	3.1	0.7	0.9
PC Jeweller	44	63	97	70	16.8	12.4	10.6	1.5	1.2	1.0	4.4	2.6	2.2	0.2	0.4
Pidlite Industries	2	10	17	16	32.1	30.6	25.5	7.2	6.6	5.7	1.3	1.9	1.8	0.7	0.9
S H Kelkar	(9)	(16)	(19)	(18)	21.2	17.3	14.7	3.6	3.3	2.8	1.8	1.7	2.2	0.9	1.1
Tata Global Beverages	10	28	36	37	15.2	13.6	11.3	1.8	1.7	1.5	3.3	3.8	3.8	1.4	1.6
Titan Co.	13	28	40	53	46.0	33.3	27.7	4.1	3.3	2.8	3.2	0.9	1.2	0.6	0.7
United Breweries	(2)	3	1	0	33.6	28.5	23.4	4.6	4.1	3.5	1.3	1.2	1.6	0.2	0.3
United Spirits	(8)	21	4	12	41.4	37.6	27.1	4.7	4.7	4.0	0.9	2.5	1.1	—	—
Varun Beverages	8	11	41	—	15.3	14.2	12.2	3.2	2.9	2.5	(2.0)	0.3	2.5	—	—
KIE FMCG universe	(0)	5	17	14	30.6	27.1	23.2	6.3	5.7	5.0	1.5	1.9	2.2	1.0	1.2
KIE universe (ex-ITC)	0	11	20	15	34.4	30.0	25.3	5.8	5.2	4.5	1.3	1.7	2.0	0.9	1.2
Sensex	(2)	2	8	12											

Source: Bloomberg, Company, Kotak Institutional Equities estimates

**Exhibit 6: Consumer sector P/E rich at ~38X**

One-year forward P/E based on consensus estimates (X)



Source: Bloomberg, Company, Kotak Institutional Equities

**Exhibit 7: Consumer sector (ex-ITC) is trading at ~45X**

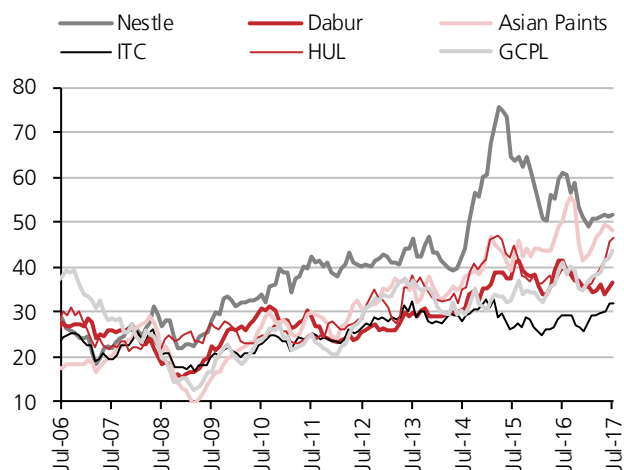
One-year forward P/E based on consensus estimates (X)



Source: Bloomberg, Company, Kotak Institutional Equities

**Exhibit 8: P/E multiples are fairly high for the earnings profile**

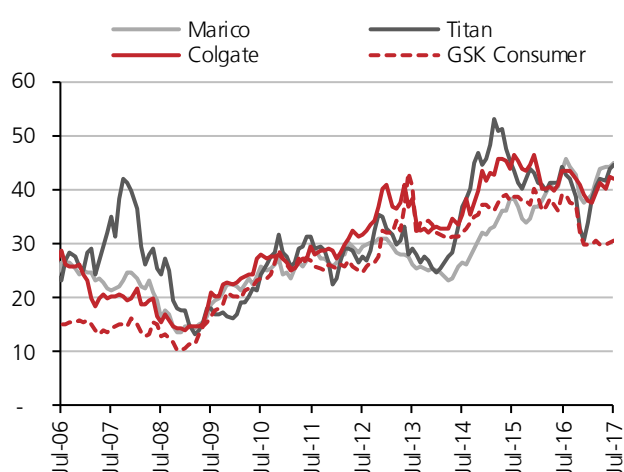
One-year forward PE (based on consensus estimates)



Source: Bloomberg, Company, Kotak Institutional Equities

**Exhibit 9: P/E multiples are fairly high for the earnings profile**

One-year forward PE (based on consensus estimates)



Source: Bloomberg, Company, Kotak Institutional Equities

**Exhibit 10: Most FMCG stocks are trading at premium to their 5-year historical average barring Nestle, GSK-CH and TGBL**  
One-year forward PE based on consensus estimates (X)

	HUL	ITC	Nestle	Colgate	GSKCHL	APNT	GCPL	Marico	Dabur	Titan	TGBL	Britannia	Pidilite	Sector
<b>Average P/E (X)</b>														
3-Yr	40.1	28.6	58.5	42.0	35.7	45.0	35.8	37.8	37.0	42.6	23.2	36.6	37.0	34.6
5-Yr	37.4	28.8	52.0	39.3	34.4	40.9	34.8	33.5	33.6	37.6	24.8	29.5	33.4	32.9
10-Yr	31.1	25.6	42.2	31.2	27.1	32.1	28.3	28.1	28.9	31.4	21.6	27.7	27.3	28.1
Current P/E	46.4	32.0	51.5	42.2	30.5	48.1	43.5	44.9	36.6	44.6	21.3	41.7	43.0	37.9
<b>Current Prem/Disc to Avg (%)</b>														
Prem/Disc to 3-Yr Avg	16	12	(12)	0	(14)	7	22	19	(1)	5	(8)	14	16	10
Prem/Disc to 5-Yr Avg	24	11	(1)	7	(11)	17	25	34	9	19	(14)	41	29	15
Prem/Disc to 10-Yr Avg	49	25	22	35	12	50	54	60	27	42	(1)	51	58	35
<b>5-year P/E variables (X)</b>														
Median	36.6	28.7	50.8	40.0	34.3	40.3	34.3	32.2	34.2	39.3	25.5	29.8	33.4	32.7
Average	37.4	28.8	52.0	39.3	34.4	40.9	34.8	33.5	33.6	37.6	24.8	29.5	33.4	32.9
STD	4.6	1.8	10.0	4.3	3.9	6.2	3.3	6.6	4.7	7.5	4.1	9.9	5.4	2.7
Max	47.1	32.9	75.5	46.3	43.1	55.7	43.5	45.5	41.6	53.1	30.6	45.2	43.3	38.4
+1 STD	42.0	30.6	62.0	43.6	38.3	47.1	38.0	40.1	38.3	45.1	28.9	39.5	38.8	35.6
Min	27.7	24.8	39.4	32.0	25.6	30.9	29.3	23.3	25.9	24.6	17.0	15.6	22.4	28.3
-1 STD	32.9	26.9	42.1	35.1	30.5	34.7	31.5	27.0	28.9	30.1	20.7	19.6	28.0	30.2
<b>Difference versus current P/E (%)</b>														
Median	27	11	1	5	(11)	19	27	39	7	14	(17)	40	29	16
Average P/E	24	11	(1)	7	(11)	17	25	34	9	19	(14)	41	29	15
Max	(2)	(3)	(32)	(9)	(29)	(14)	-	(1)	(12)	(16)	(30)	(8)	(1)	(1)
+1 STD	10	5	(17)	(3)	(20)	2	14	12	(4)	(1)	(26)	6	11	7
Min	67	29	31	32	19	56	48	93	41	82	25	168	92	34
-1 STD	41	19	22	20	0	38	38	67	27	48	3	113	54	26

Source: Bloomberg, Company, Kotak Institutional Equities

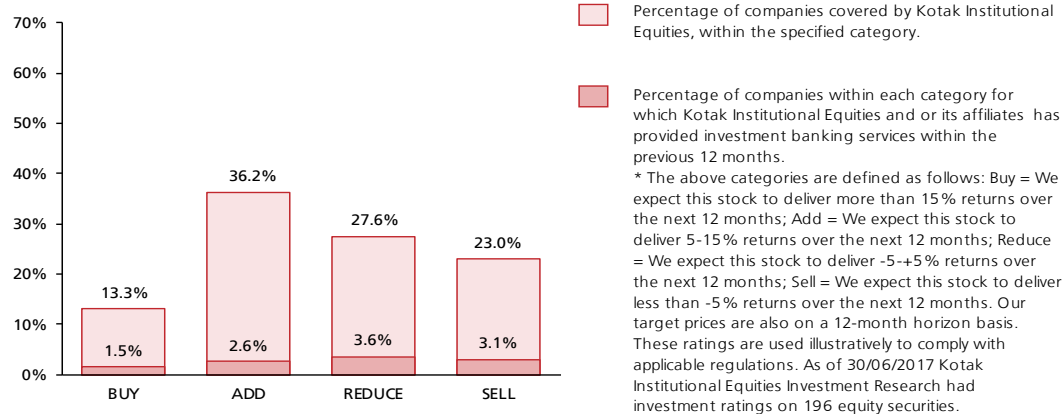
**Exhibit 11: Relative valuation (to Sensex)**  
One-year forward premium to Sensex based on consensus estimates (X)

	HUL	ITC	Nestle	Colgate	GSKCHL	APNT	GCPL	Marico	Dabur	Titan	TGBL	Britannia	Pidilite	Sector
<b>Average Relative P/E (X)</b>														
3-Yr	2.0	1.5	3.0	2.1	1.8	2.3	1.8	1.9	1.9	2.2	1.2	1.9	1.9	1.8
5-Yr	2.1	1.6	2.9	2.2	1.9	2.3	2.0	1.9	1.9	2.1	1.4	1.6	1.9	1.8
10-Yr	1.8	1.5	2.4	1.8	1.6	1.8	1.6	1.6	1.7	1.8	1.3	1.6	1.6	1.6
Current Relative P/E	2.4	1.6	2.6	2.2	1.6	2.5	2.2	2.3	1.9	2.3	1.1	2.1	2.2	1.9
<b>Current Prem/Disc to Avg (%)</b>														
Prem/Disc to 3-Yr Avg	16	12	(11)	1	(14)	7	22	19	(1)	5	(7)	14	16	10
Prem/Disc to 5-Yr Avg	14	1	(8)	(2)	(19)	8	13	23	0	10	(22)	32	19	5
Prem/Disc to 10-Yr Avg	30	9	8	19	(1)	33	35	41	12	27	(13)	33	42	19
<b>5-year relative P/E variable (X)</b>														
Median	2.0	1.5	2.9	2.2	1.9	2.3	2.0	1.9	1.8	2.1	1.4	1.4	1.8	1.8
Average	2.1	1.6	2.9	2.2	1.9	2.3	2.0	1.9	1.9	2.1	1.4	1.6	1.9	1.8
STD	0.2	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.1	0.2	0.3	0.4	0.2	0.2
Max	2.6	2.2	3.5	2.7	3.0	2.9	2.6	2.3	2.2	2.4	2.0	2.2	2.2	2.2
+1 STD	2.3	1.9	3.1	2.4	2.2	2.5	2.3	2.2	2.0	2.3	1.7	2.0	2.1	2.0
Min	1.8	1.3	2.2	1.8	1.5	1.8	1.4	1.3	1.6	1.5	1.0	1.0	1.4	1.6
-1 STD	1.9	1.4	2.6	2.0	1.6	2.0	1.7	1.6	1.7	1.9	1.1	1.2	1.6	1.7
<b>Difference versus current relative P/E (%)</b>														
Median	16	8	(8)	(1)	(17)	8	12	22	2	7	(20)	47	20	7
Average P/E	14	1	(8)	(2)	(19)	8	13	23	0	10	(22)	32	19	5
Max	(8)	(25)	(24)	(21)	(48)	(14)	(14)	(2)	(15)	(5)	(45)	(5)	(1)	(13)
+1 STD	5	(12)	(16)	(11)	(29)	(3)	(2)	6	(7)	(0)	(37)	5	7	(3)
Min	33	30	20	21	1	34	56	73	19	47	13	115	56	23
-1 STD	24	19	1	9	(5)	21	35	47	9	23	1	80	33	15

Source: Bloomberg, Company, Kotak Institutional Equities

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As of June 30, 2017

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