

SECTORAL REPORT

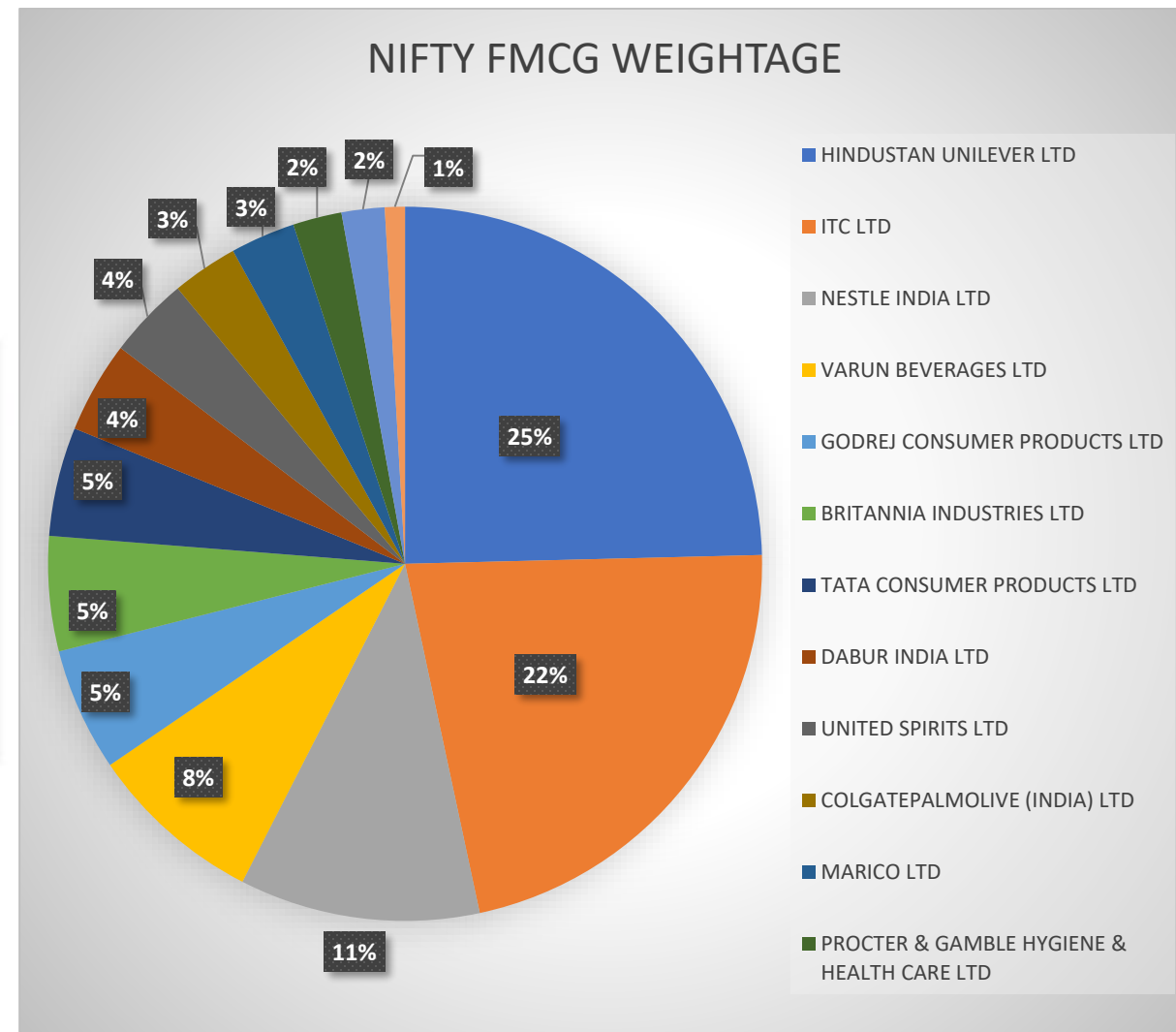
FMCG



FMCG SECTOR OVERVIEW

The FMCG sector in India expanded due to consumer-driven growth and higher product prices, especially for essential goods. FMCG sector provides employment to around 3 million people accounting for approximately 5% of the total factory employment in India. FMCG sales in the country was expected to grow 7-9% by revenues in 2022-23. The key growth drivers for the sector include favourable Government initiatives & policies, a growing rural market and youth population, new branded products, and growth of e-commerce platforms. Resilience needs to be the key factor in the manufacturing process, daily operations, retail and logistic channels, consumer insights and communication that will help FMCG companies to withstand the test of time and create more value for consumers in the long run. India's fast-moving consumer goods (FMCG) sector grew 7.5% by volumes in the April-June 2023 quarter, the highest in the last eight quarters, led by a revival in rural India and higher growth in modern trade.

Fast-moving consumer goods (FMCG) sector is India's fourth-largest sector and has been expanding at a healthy rate over the years because of rising disposable income, a rising youth population, and rising brand awareness among consumers. With household and personal care accounting for 50% of FMCG sales in India, the industry is an important contributor to India's GDP.



MARKET SIZE.

FMCG market reached US\$ 167 billion as of 2023. Total revenue of FMCG market is expected to grow at a CAGR of 27.9% through 2021-27, reaching nearly US\$ 615.87 billion. In 2022, urban segment contributed 65% whereas rural India contributed more than 35% to the overall annual FMCG sales. Good harvest, government spending expected to aid rural demand recovery in FY24. The sector had grown 8.5% in revenues and 2.5% in volumes last fiscal year. In the January-June period of 2022, the sector witnessed value growth of about 8.4% on account of price hikes due to inflationary pressures. In Q2, 2022, the FMCG sector clocked a value growth of 10.9% Y-o-Y higher than the 6% Y-o-Y value growth seen in Q1.

Indian food processing market size reached US\$ 307.2 billion in 2022 and is expected to reach US\$ 547.3 billion by 2028, exhibiting a growth rate (CAGR) of 9.5% during 2023-2028. The Union government approved a new PLI scheme for the food processing sector, with a budget outlay of Rs. 109 billion (US\$ 1.46 billion). Incentives under the scheme will be disbursed for six years to 2026-27. Digital advertising will grow to reach US\$ 9.92 billion by 2023, with FMCG industry being the biggest contributor at 42% share of the total digital spend.

India includes 780 million internet users, where an average Indian person spends around 7.3 hours per day on their smartphone, one of the highest in the world. Number of active internet users in India will increase to 900 million by 2025 from 759 million in 2022. In 2021, India's consumer spending was US\$ 1,891.90 billion. Indian villages, which contribute more than 35% to overall annual FMCG sales, are crucial for overall revival of the sector. E-commerce now accounts for 17% of the overall FMCG consumption among evolved buyers, who are affluent and make average spends of about Rs. 5,620 (US\$ 68).

The Indian e-commerce market is anticipated to grow from US\$ 83 billion in 2022 to US\$ 185 billion in 2026. By 2030, it is expected to have an annual gross merchandise value of US\$ 350 billion. Fuelling e-commerce growth, India is expected to have over 907 million internet users by 2023, which accounts for ~64% of the total population of the country.

The market has grown exponentially over the past five years due to the surge in internet and smartphone users, improved policy reforms, and increase in disposable income. Mobile wallets, Internet banking, and debit/credit cards have become popular among customers for making transactions on e-commerce platforms. As of 2021, there were 1.2 million daily e-commerce transactions. The total value of digital transactions stood at US\$ 300 billion in 2021 and is projected to reach US\$ 1 trillion by 2026.

The India online grocery market size has been projected to grow from US\$ 4,540 million in 2022 to US\$ 76,761.0 million by 2032, at a CAGR of 32.7% through 2032.



TECHNICAL OVERVIEW NIFTY FMCG – 54,015.60 (WEEKLY CHART)

- Nifty FMCG was one of the few indices which failed to match the main index momentum.
- On a daily, the index has retrace from the all time high levels and now it has rested at the support of rising trendline. The index is holding its bullish structure as it is forming higher high, and higher low formation.
- **Looking at the bullish structure, the index may resume its journey in the north direction. 54,550 will act as an initial resistance level, and on the lower end, 53,600 will act as an initial support level.**



SECTOR REPORT PERFORMANCE

DATE	MONTHLY SECTOR	PERFORMANCE
1/02/24	NIFTY PHARMA	UP BY 5.93% IN THE MONTH OF FEB
1/01/24	NIFTY AUTO	UP BY 2.67% IN THE MONTH OF JAN
1/12/23	NIFTY IT	UP BY 9.00% IN THE MONTH OF DEC
1/11/23	NIFTY FMCG	UP BY 3.42% IN THE MONTH OF NOV
3/10/23	NIFTY METAL	DOWN BY 5.70% IN THE MONTH OF OCT
1/09/23	NIFTY REALTY	UP BY 3.09 % IN THE MONTH OF SEPT
1/08/23	NIFTY MEDIA	UP BY 11.23 % IN THE MONTH OF AUGUST
1/07/23	NIFTY IT	UP BY 1.24 % IN THE MONTH OF JULY

Disclaimer

This report has been prepared by ITI Securities Broking Limited (hereinafter referred to as ITISBL) to provide information about the company(ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). ITISBL is a Stock Broker and Depository Participant registered with and regulated by Securities & Exchange Board of India. ITISBL and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group.

This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and ITISBL is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients.. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that ITISBL and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on the profitability of ITISBL which may include earnings from investment banking and other business.

ITISBL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, ITISBL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. ITISBL and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of ITISBL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition ITISBL has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt ITISBL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold ITISBL or any of its affiliates or employees responsible for any such misuse and further agrees to hold ITISBL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent ITISBL's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavour to update the information herein on reasonable basis, ITISBL and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent ITISBL and/or its affiliates from doing so. ITISBL or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ITISBL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations. This report is intended for distribution to investors. Recipients who are not investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents ITISBL and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ITISBL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. Subject Company may have been a client of ITISBL or its associates during twelve months preceding the date of distribution of the research report. ITISBL and/or its affiliates and/or Research analyst / or relative of research analyst or Employees may have interests/positions, financial or otherwise of over 1% at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, ITISBL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. Neither the Research Analysts nor ITISBL have been engaged in market making activity for the companies mentioned in the report. ITISBL and/or its affiliates and/or Research analyst/ relative of research analyst have not any material conflict of interest at the time of publication of this report. There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of ITISBL research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement - Companies where there is interest

Analyst ownership of the stock: No

Served as an officer, director or employee: No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ITISBL & its group companies to registration or licensing requirements within such jurisdictions.

ITI Securities Broking Limited

SEBI – Research Analyst REG. NO. : INH000001535

SEBI REG. NO: NSE&BSE: INZ000005835, CDSL-IN-DP-70-2015, AMFI Reg. No. ARN-12576,

CIN NO: U74120MH1994PLC077946

ITI House, 36, Dr. R. K. Shirodkar Road,

Parel, Mumbai - 400 012,

Boardline - (91) 22 69093600 Fax- 022 69093700

For queries, write to us at iti.research@itiorg.com