

**COSTLIER CRUDE, WEAK RUPEE TAKE A TOLL**

# HUL, Nestle Hint at Price Hikes Amid Rising Costs

Increase in commodity prices and other costs to force move, say heads of Indian FMCG majors

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**New Delhi:** Hindustan Unilever and Nestle plan to selectively increase prices of their products to take into account higher crude oil and petrol costs, the rupee's depreciation against the dollar and more expensive commodities such as wheat.

"If crude remains where it is and if the rupee has depreciated, of course there are headwinds as far as costs are concerned," Sanjiv Mehta, chairman of consumer goods giant HUL, told ET on Wednesday on the sidelines of the 45th national management convention of the AIMA. "There will be some price increases, though we will keep the price-value equation intact."

Suresh Narayanan, chairman of Nestle India, the country's biggest packaged foods maker, also said price increases are on the cards.

"Headwinds on commodities have already started and with the combination of the depreciating rupee and spiralling oil prices, we would take up prices

## Domino Effect

**Headwinds on commodities have started... we would take up prices selectively in some categories**



**SURESH NARAYANAN**  
chairman, Nestle

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**SANJIV MEHTA**  
chairman, HUL

selectively in some categories," Narayanan told a media roundtable at the company's headquarters in Gurugram. Nestle India's logistics providers, too, are looking to renegotiate rates after record high petrol and diesel prices.

Mehta declined to comment on when and by how much prices would increase.

"We don't indicate pricing guidance. Price increases would

not be based on a one-to-one correlation with input costs and we will keep the price-value equation intact. We are always circumspect when it comes to a pricing decision," he said.

Mehta said HUL had dropped prices in November after the Goods & Services Tax was introduced last year and an increase in prices now would likely not hurt consumers.

"Even if the price goes up now

because of input costs and the devaluation of the rupee, we believe the consumer will be cushioned," he said.

ET reported in its September 7 edition that prices of daily consumption products would increase by about 5% starting in the third quarter, citing companies such as Britannia and Parle Products.

The impact of the minimum support price — guaranteed by the government to farmers for their produce — has been in the range of 10-12% and is in itself steep, the companies said. However, the companies said they will not pass on the entire burden to consumers because it could hamper growth.

"We will try and ensure that price increases are selective and growth doesn't get impacted," Narayanan said.

On the consumption outlook given the inflationary environment, Mehta said: "Market consumption does not change overnight. Definitely the market bottomed out when we saw a period when we had two consecutive years of drought to now, when volume growth has moved up."