Brand Finance®

Royal Enfield's brand value – almost doubled this year

- **Tata's brand value has decreased by 11% to a value of US$13.7 billion**
- **Royal Enfield grew 91% in brand value to US$519 million**
- **Infosys experiences over 110% growth in two years from renewed leadership**
- **Adani Enterprises drops to 60th place after falling 64% in brand value**

Every year, leading brand valuation and strategy consultancy, Brand Finance, puts thousands of the world's top brands to the test. They are evaluated to determine which are the most powerful and the most valuable by country, by industry and against all other brands worldwide. India's 100 most valuable brands, which have a combined total value of US$120 billion, are ranked in the Brand Finance India 100.

Tata remains the country's most valuable brand this year, with a brand value of US$13.7 billion despite an 11% decrease. Tata's revenue in the first three quarters of the financial year fell 11%. The current state of vulnerability the steel industry faces as a result of an oversupply has created instability and Tata falls prey to the volatility. The oversupply has largely been caused by a surge in exports from Chinese steelmakers responding to decreasing demand in their own country.

The UK market has been particularly badly affected and the conglomerate announced plans to sell its UK steel operation in March which caused considerable panic as around 40,000 UK jobs are thought to rely on the business. A partial recovery in the steel price, the pound's plunge on currency markets after Brexit and the UK government's promised package of support have caused a re-think, although doubts remain over the long-term profitability of the UK plants, which have experienced persistent losses in recent years.

Royal Enfield is India's fastest growing brand in the table this year, rising a hugely impressive 91% in brand value to US$519 million. The motorcycle manufacturing company owned by Eicher Motors enjoyed a 36% rise in sales in June 2016, on a year-on-year basis while exports rose a huge 118%. Royal Enfield has "created a niche for itself" over the years, a recent report on the company by JP Morgan stated. Their dominance in India has been matched by soaring exports with high performing stores across Asia, Europe and North America and Royal Enfield even overtook Harley-Davidson in 2014 in terms of global sales. This success has continued with its nifty range of smaller capacity models offering a lower cost option to customers. Schemes such as Road Side Assistance offered with every new motorcycle in India also aid the brand's customer-caring image.

Of the top 25 ranked brands, Airtel, India's top telecom service provider has increased 28% in brand value to US$5.77 billion after recently launching 'Happy Hours' which allows pre-paid customers to get 50% of data back for all in-app content downloads scheduled between 3:00 am and 5:00 am. Mahindra Group increased 37% in brand value to US$2.95 billion whilst HDFC Bank, Idea Cellular and Amul moved up to 14th, 15th and 16thin the table respectively.

Infosys, providing business consulting, information technology and outsourcing services, also had an excellent year, rising from 7th to 5th with a brand value of US$4.79 billion, which equates to a 40% increase from last year. Renewed leadership and ambitious goalposts set for value creation has led to over 110% in brand growth over the past two years.

After recently striking a deal to buy Jaypee Group's cement assets, UltraTech rose 15% in brand value to US$932 million whilst Kotak Mahindra Bank and Hero Motors moved towards the top 25 with 54% and 9% increases respectively.

Brand Finance India's country head, Ajimon Francis, stated, "Brand India's story is strengthening. There is an emergence of new age brands from E-Commerce, IT Services and Banks, and the new players emphasise India's continual growth".

Yes Bank, India's fifth largest private sector bank has signed an agreement with SIDBI to finance Energy Efficiency Projects program as their brand value surges 68% to US$342 million and sees them move up 26 places to 73rd. Jet Airways' brand value is also on the rise as a 21% increase has seen them break the US$400 million threshold at US$405 million.

Skin care and health care company, Emami, low-cost airline, Indigo, and electrical equipment company, Havells, have all had excellent years as they make the top 100 for the first time.

Conversely, mining and energy giant Adani Enterprises is the worst performing brand in the table this year, decreasing 64% in brand value to US$417 million and dropping from 26th place in 2015 to 60th this year. The company, started by self-made billionaire Gautam Adani almost thirty years ago, is the largest trading house of India in importing coal with a market share of 60%. However, international coal prices have reached record lows this year and further falls are predicted as the commodity faces growing competition form renewables and many of the largest economies look to more environmentally friendly options. Adani's US$10 billion controversial Carmichael mine, rail and port project in Queensland also now looks under serious threat after facing long delays due to legal challenges from environmental groups and a lack of investors due to the plunge in coal prices.

Big Gains in India Top 100

1. **Top 25 ranks**
    a. Airtel
    b. M&M
    c. Idea
    d. HDFC
    e. Amul
2. **26 to 50 ranks**
    a. Kotak
    b. Ultratech
    c. Hero Motors
3. **51 to 75 ranks**
    a. JSW
    b. IndusInd bank
    c. Yes Bank
    d. Jet Airways
4. **76 to 100 ranks**
    a. Emami
    b. Indigo
    c. Havells

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Note to Editors

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2016 brand values are calculated in USD with a valuation date of 1/1/16.

About Brand Finance
Brand Finance is the world's leading branded business valuation and strategy consultancy, with offices in over 30 countries. We provide clarity to marketers, brand owners and investors by quantifying the financial value of brands. Drawing on expertise in strategy, branding, market research, visual identity, finance, tax and intellectual property, Brand Finance helps clients make the right decisions to maximise brand and business value and bridges the gap between marketing and finance.

Methodology
Definition of Brand
In the very broadest sense, a brand is the focus for all the expectations and opinions held by customers, staff and other stakeholders about an organisation and its products and services. However when looking at brands as business assets that can be bought, sold and licensed, a more technical definition is required. Brand Finance helped to craft the internationally recognised standard on Brand Valuation, ISO 10668. That defines a brand as "a marketing-related intangible asset including, but not limited to, names, terms, signs, symbols, logos and designs, or a combination of these, intended to identify goods, services or entities, or a combination of these, creating distinctive images and associations in the minds of stakeholders, thereby generating economic benefits/value."
However, a brand makes a contribution to a company beyond that which can be sold to a third party. 'Brand Contribution' refers to the total economic benefit that a business derives from its brand, from volume and price premiums over generic products to cost savings over less well-branded competitors.

Brand Strength
Brand Strength is the part of our analysis most directly and easily influenced by those responsible for marketing and brand management. In order to determine the strength of a brand we have developed the Brand Strength Index (BSI). We analyse marketing investment, brand equity (the goodwill accumulated with customers, staff and other stakeholders) and finally the impact of those on business performance. Following this analysis, each brand is assigned a BSI score out of 100, which is fed into the brand value calculation. Based on the score, each brand in the league table is assigned a rating between AAA+ and D in a format similar to a credit rating. AAA+ brands are exceptionally strong and well managed while a failing brand would be assigned a D grade.
Approach
Brand Finance calculates the values of the brands in its league tables using the 'Royalty Relief approach'. This approach involves estimating the likely future sales that are attributable to a brand and calculating a royalty rate that would be charged for the use of the brand, i.e. what the owner would have to pay for the use of the brand—assuming it were not already owned.
The steps in this process are as follows:
1 Calculate brand strength on a scale of 0 to 100 based on a number of attributes such as emotional connection, financial performance and sustainability, among others. This score is known as the Brand Strength Index.
2 Determine the royalty rate range for the respective brand sectors. This is done by reviewing comparable licensing agreements sourced from Brand Finance's extensive database of license agreements and other online databases.
3 Calculate royalty rate. The brand strength score is applied to the royalty rate range to arrive at a royalty rate. For example, if the royalty rate range in a brand's sector is 0-5% and a brand has a brand strength score of 80 out of 100, then an appropriate royalty rate for the use of this brand in the given sector will be 4%.
4 Determine brand specific revenues estimating a proportion of parent company revenues attributable to a specific brand.
5 Determine forecast brand specific revenues using a function of historic revenues, equity analyst forecasts and economic growth rates.
6 Apply the royalty rate to the forecast revenues to derive brand revenues.
7 Brand revenues are discounted post tax to a net present value which equals the brand value.