



The Science of

**Ayurveda**



**Dabur India Limited**

**Motilal Oswal – 14<sup>th</sup> Annual Investor Conference  
August 2018**



## 1. Dabur – Overview

2. Business Structure

3. India Business

4. International Business

5. The way forward

6. Annexure

# Dabur is the largest science-based Ayurveda company...



## Overview

Established in 1884 – 134 years of trust and excellence

One of the world's largest in Ayurveda and natural healthcare

Having one of the largest distribution network in India, covering ~6.4 mn outlets

20 world class manufacturing facilities catering to needs of diverse markets

Strong overseas presence with ~28% contribution to consolidated sales



Market cap:  
US\$  
12bn

## Awards



Dabur Red Paste rated as 2nd most trusted brand by the consumers in the Oral Care category by the **Brand Equity India's Most Trust Brands 2017**



Dabur moves up 4 Places in **Fortune India 500 List**; ranked 163 in the list for 2015



Dabur ranked 25 in the list of **Best Companies for CSR in India**, according to the Economic Times

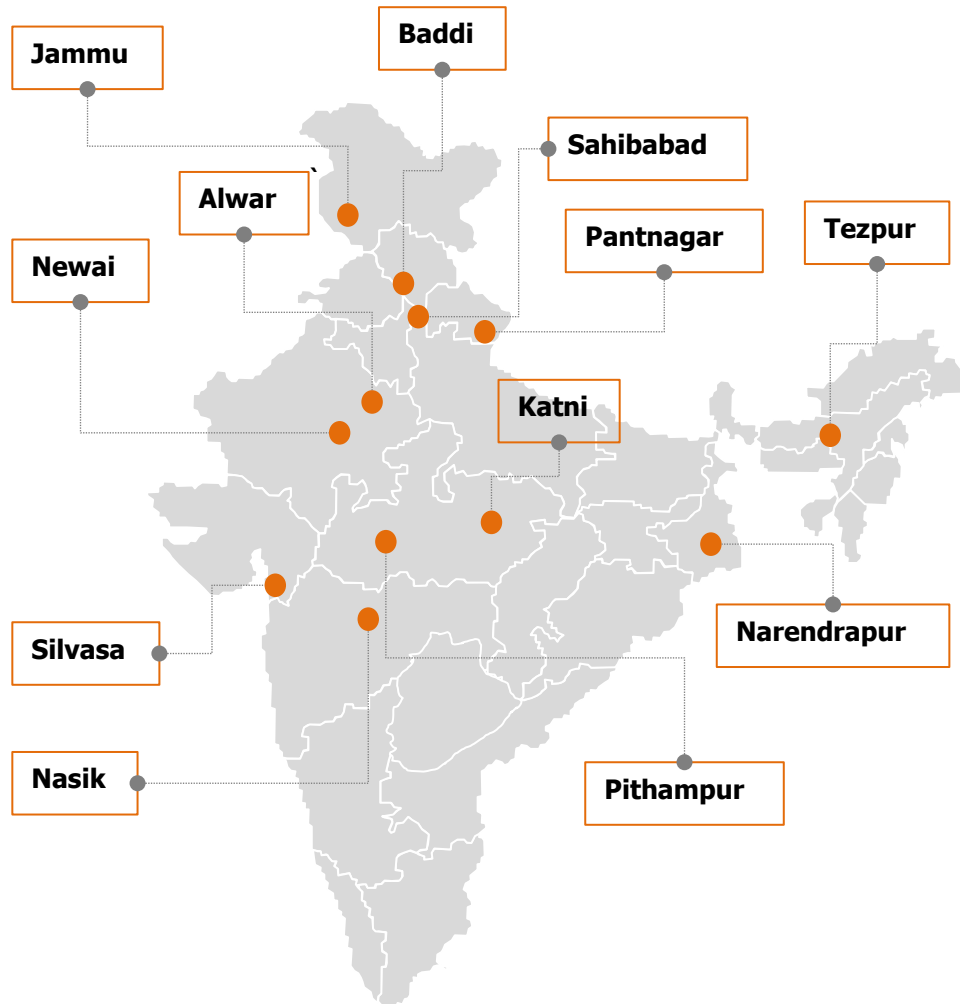


Dabur India successfully held the first-ever Guinness World Record attempt for the largest simultaneous **Nasya Panchkarma Treatment session**









# ...with manufacturing facilities located across the globe,...



## 12 manufacturing locations in India



## 8 international manufacturing locations

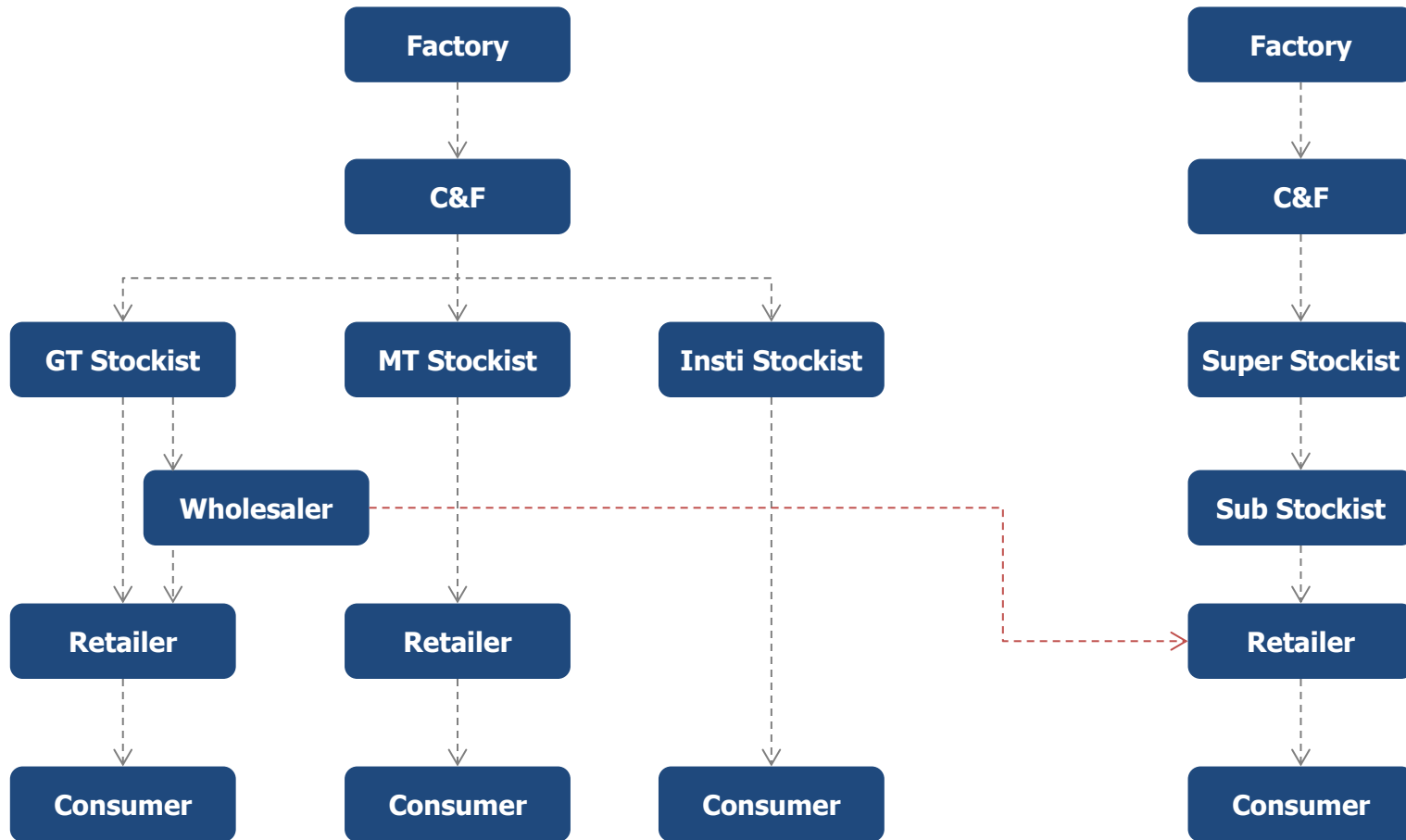
-  UAE
-  Egypt
-  Nigeria
-  South Africa
-  Turkey
-  Sri Lanka
-  Bangladesh
-  Nepal

# ...one of the largest distribution network in India...



## Urban

## Rural

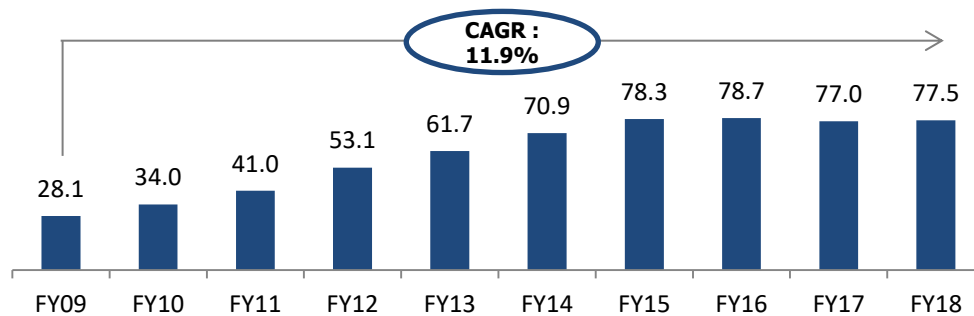


Distribution reach of 6.4 mn retail outlets with direct reach of 1 mn+

# ...and a strong financial profile

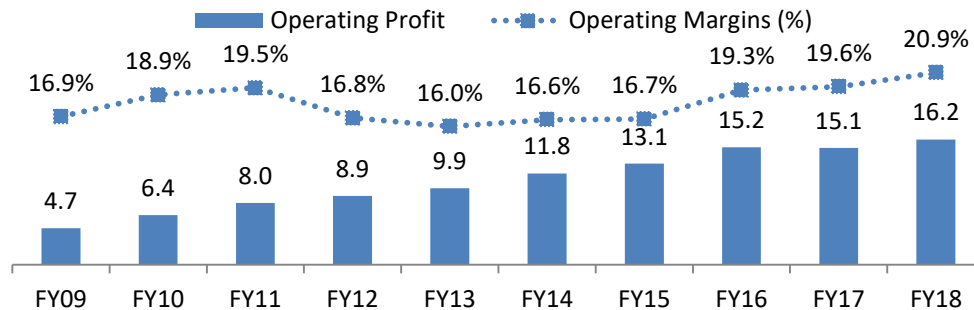


## Revenue from Operations



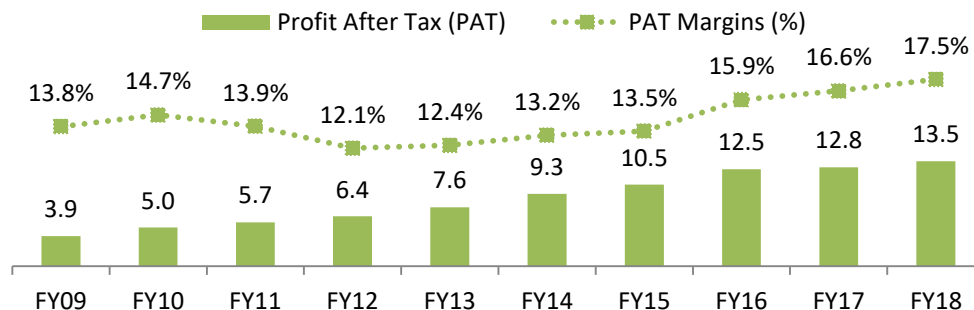
- Revenue has become ~3x over the last 10 years
- Last 3 years' revenue looks optically static due to change in accounting standards, demonetization and implementation of GST

## Operating Profit



- Steady increase in operating margin, touching 20.9% in FY18

## PAT



- PAT has grown at a CAGR of 15% over the last 10 years
- PAT margin went up to 17.5% in FY18

Note: All figures are in INR bn  
 FY09 to FY15 is basis IGAAP, FY16 and FY17 are as per IndAS and FY18 is as per IndAS and takes into account GST

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 **2. Business Structure**

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4. International Business

5. The way forward

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# Business Structure



**Domestic  
(72%)**

**International  
(28%)**

**Domestic  
FMCG  
(68%)**

**Others  
(4%)**

**Organic  
(67%)**

**Acquired  
(33%)**

**Key Brands**



**Key Brands**





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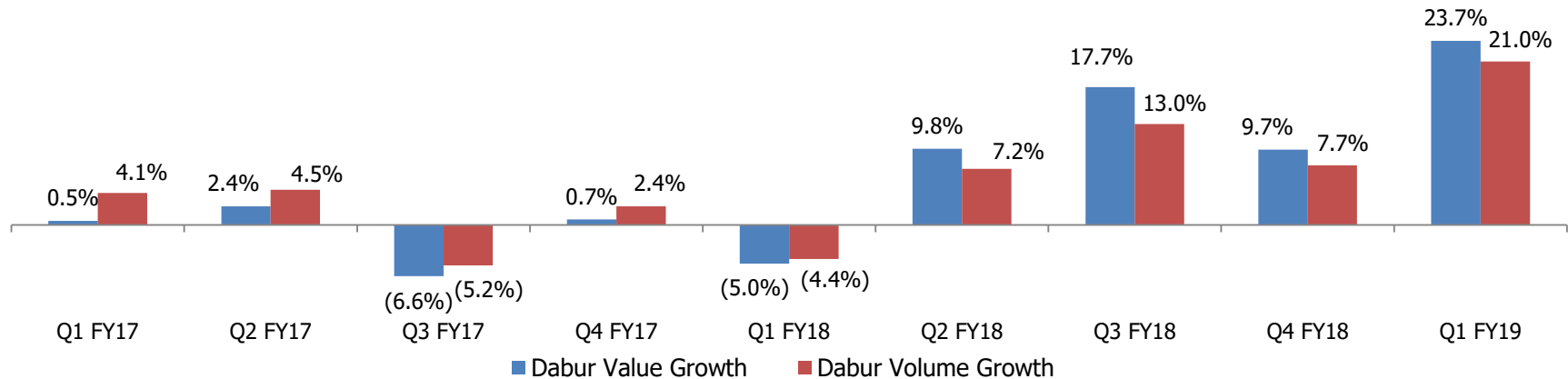
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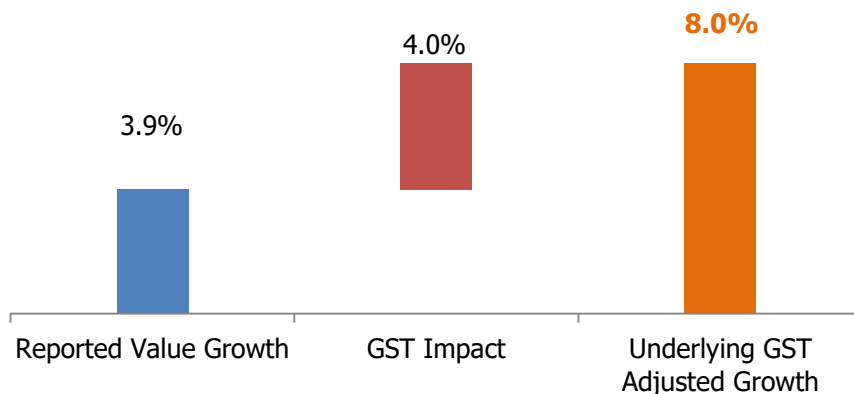
# The domestic business has seen recovery in the past fiscal year with growth picking up since Q2 FY18...



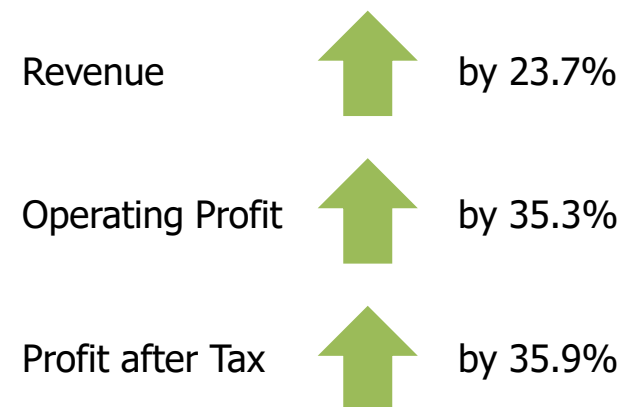
## Value and Volume Trend for Domestic FMCG



## India Business grew by 8.0% in FY18...



## ...and has started FY19 on a strong footing



# ...with broad-based growth...



	Category	Key Brands	Revenue Contribution (FY18)	FY18 Growth	Q1 FY19 Growth
Healthcare (32%)	Health Supplements		17%	9.4%	27.5%
	Digestives		6%	10.2%	21.6%
	OTC & Ethicals		9%	3.8%	16.9%
HPC (50%)	Hair Care		21%	4.1%	20.6%
	Oral Care		17%	14.4%	17.3%
	Home Care		7%	13.0%	17.4%
	Skin Care		5%	11.0%	27.1%
Foods (18%)	Foods		18%	0.7%	26.1%

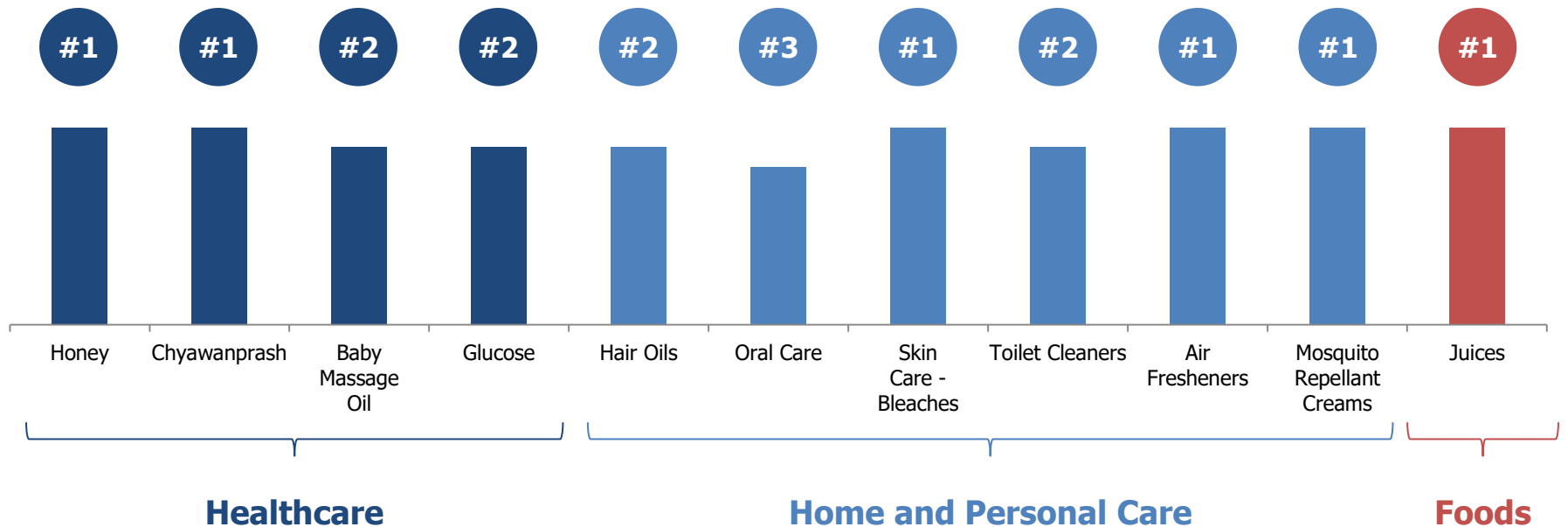
Note: Numbers in the charts represent GST adjusted growth (like-to-like)

# ...and market leadership in most categories



## Leading position in key categories across verticals

#Relative Competitive Position<sup>1</sup>



<sup>1</sup>. Position basis Nielsen Market Share data MAT Jul'18

# Drivers of growth – 1 Project Buniyaad



## Urban Strategy

*Leveraging potential through Channel based approach*



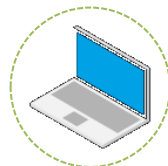
## Rural Strategy

*Split the front line teams into two to increase reach and frequency – Showing significant positive gains*



## Portfolio Focus

*Leveraging split teams for focused portfolio building*



## Enabling Technology

*Using technology to track and improve performance and automate processes*



## New Avenues of Growth

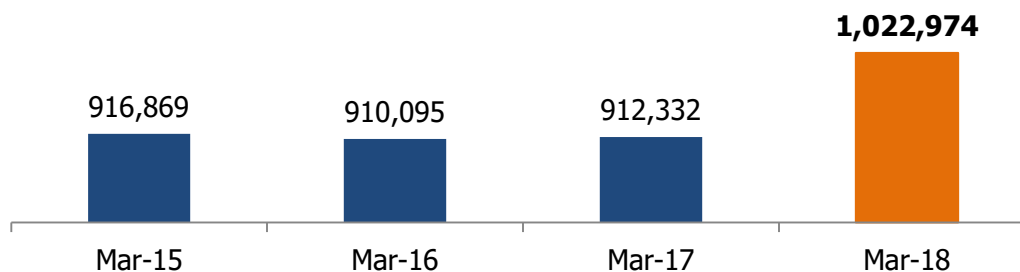
*Leveraging the alternate channels of MT and E-comm to grow at a rapid pace*



## Continue Engagement

*Using initiatives and technology to build and continuously motivate the trade and front line teams*

## Direct Reach – No. of Outlets

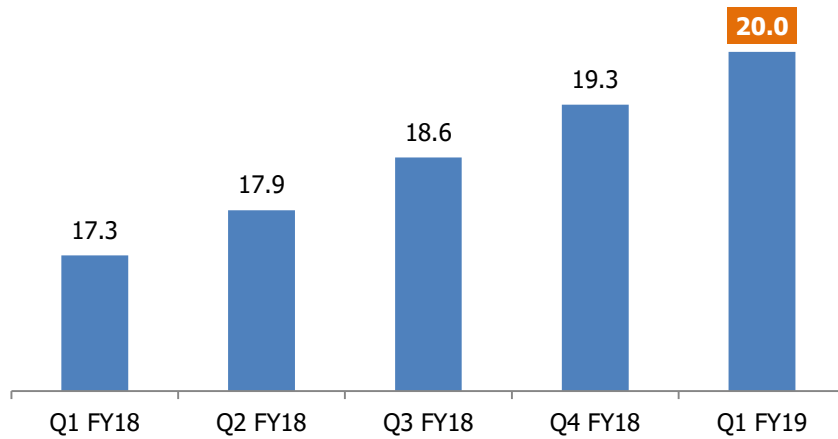


**Project Buniyaad achieved its direct reach target of 1 mn outlets and continues to expand distribution**

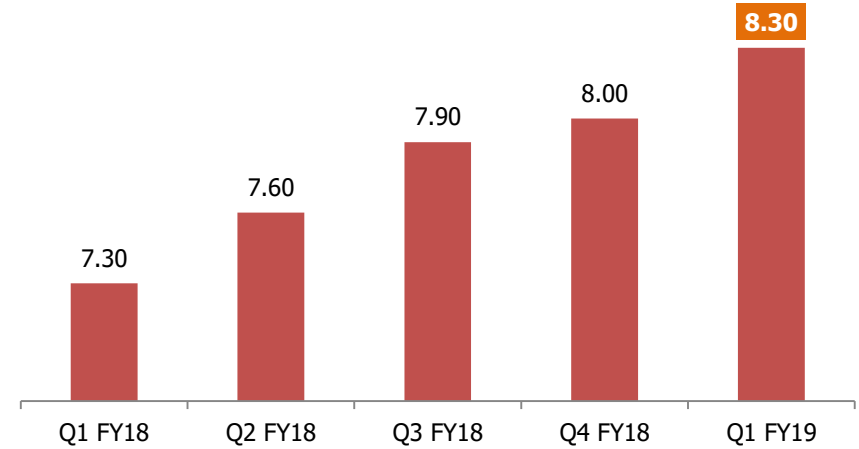
# Project Buniyaad has led to larger distribution, higher efficiencies and improved hygiene



## Increase in Lines Sold in Rural

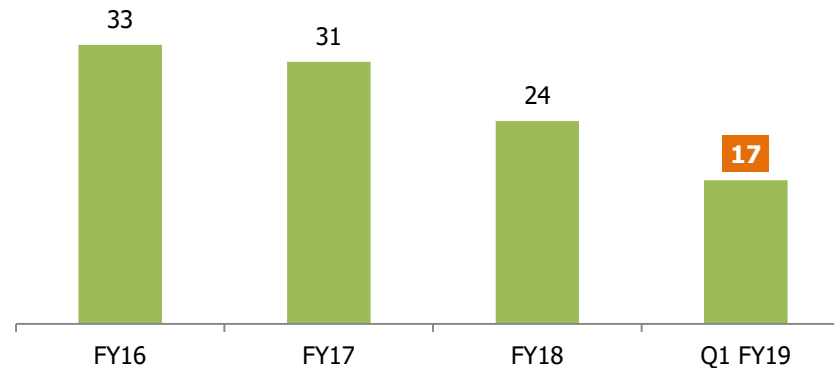


## Increase in Average Brand Sold (ABS) in Rural

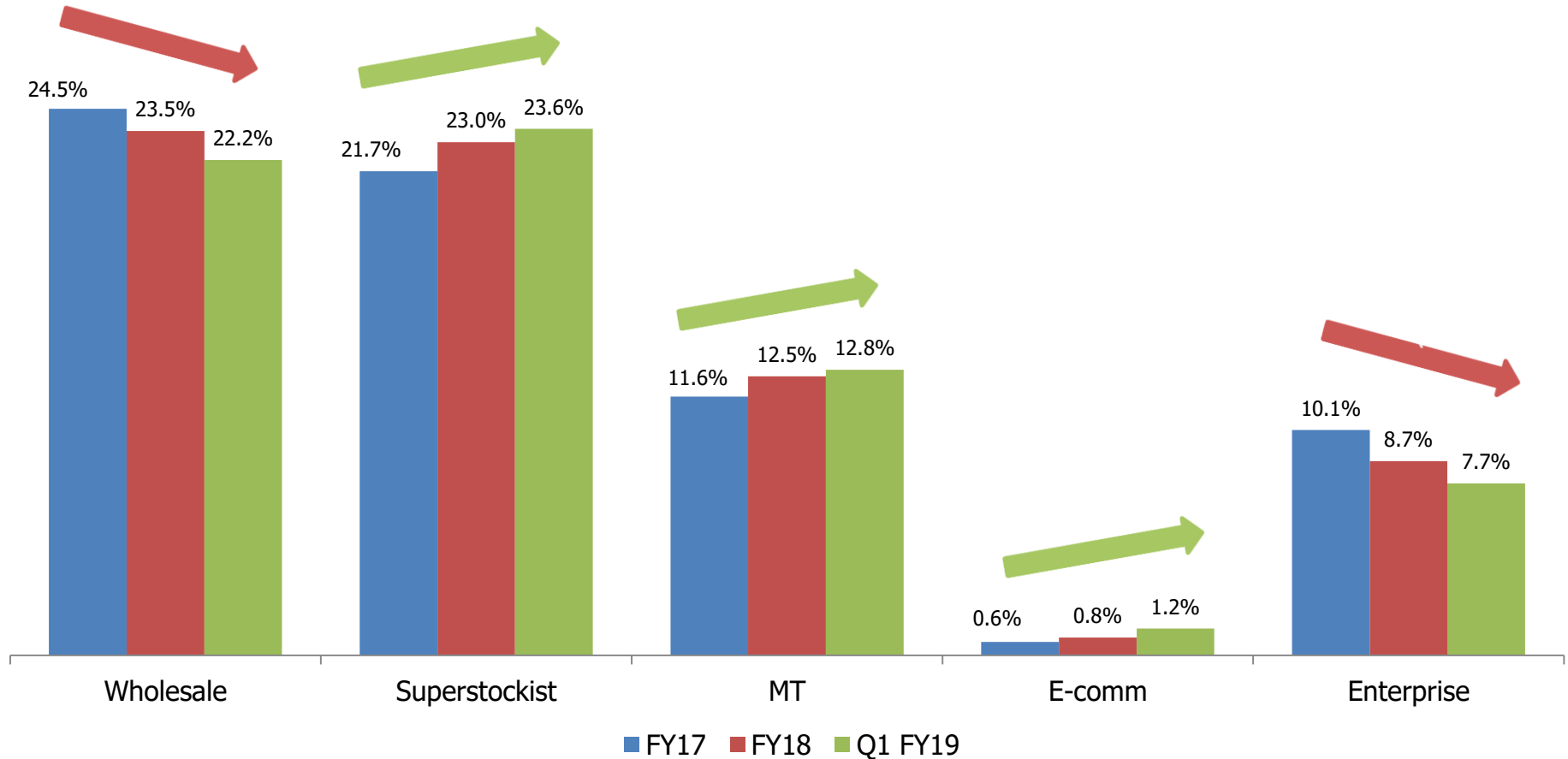


## Reduced Pipeline

### Days of Stock



# Drivers of growth – 2 Channel Changes



**Superstockist, MT and E-comm gaining saliency; Wholesale and Enterprise continues to shrink**

Note: Enterprise includes Institution, Para Military, CSD and Food Services

# Recent Product Launches



**Real Ethnic Range**



**Real Koolerz**



**Real Mocktails**



**Hajmola Chat Cola**



**Vatika Enriched Coconut Hair Oil**



**Vatika Shampoo with Satt Poshan**



**Anmol Jasmine HO**



**Odonil Zipper**



**Honitus Hotsip**



**Fem De-Tan Bleach**



**Dabur Red Gel**



**Oxy Pro Clear Facial Kit**



**Odonil – Fruit Blast**



**Odomos Fabric Roll On**



**Glycodab Tablets**



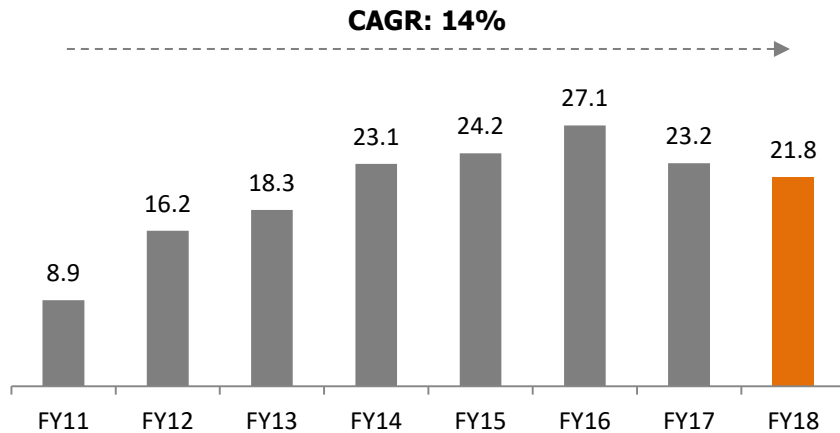
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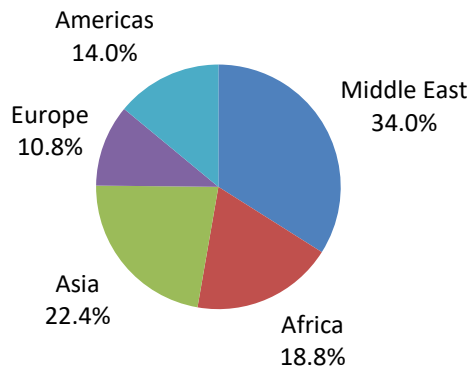
5. The way forward
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## Sales (INR bn)

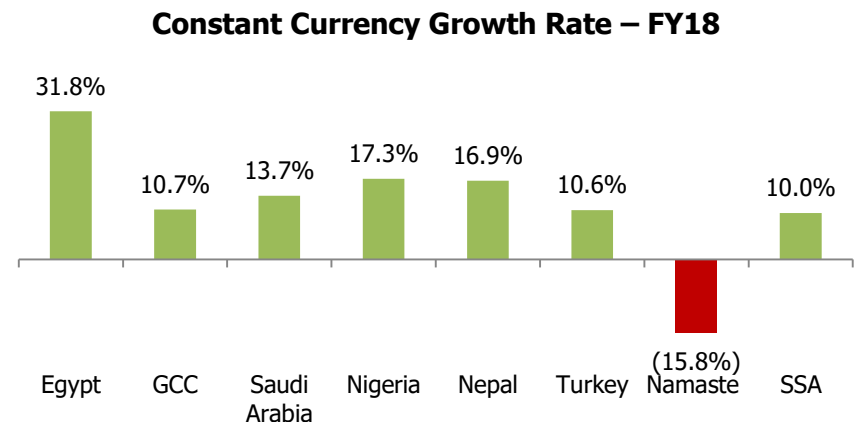


- International Business comprises the Organic and Acquired business
- Organic business (67% of international) is an extension of Indian portfolio with the same personal care brands operating internationally
- Acquired business (32% of international) comprises Hobi and Namaste
- FY17 and FY18 were impacted due to geopolitical headwinds and severe currency devaluation in our key markets

## Region-wise Sales (FY18)

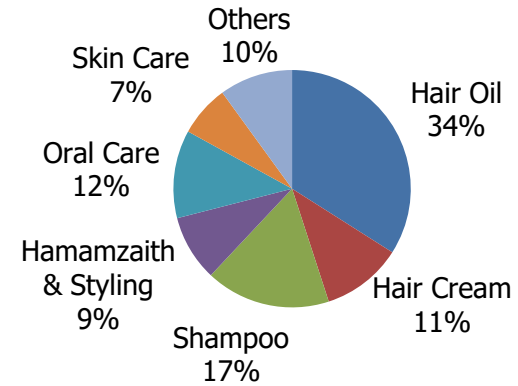
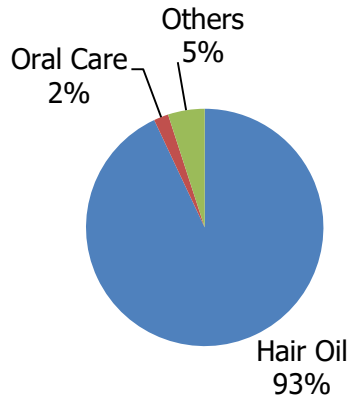


## Performance of Key Markets (FY18)



FY06

FY18



Key Brands



DermoViva™

Organic International Business has evolved from being just a Hair Oil business to a diversified personal care entity

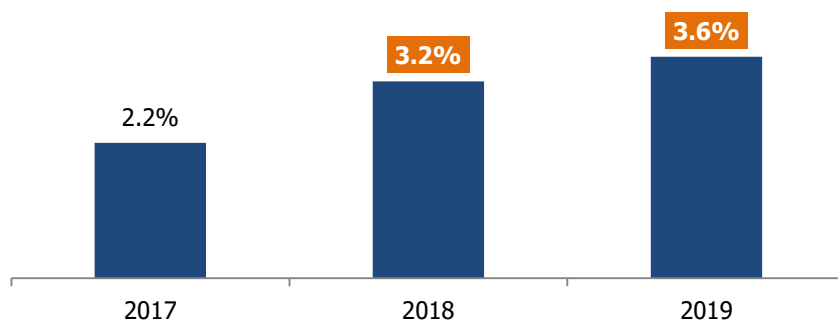
# MENA and SSA GDP Growth Expected to Improve



## Middle East & North Africa



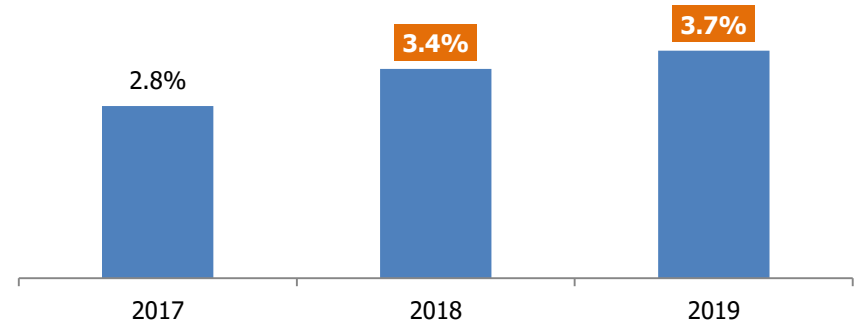
MENA Region - GDP Growth %



## Sub-Saharan Africa



SSA Region - GDP Growth %



## Dabur Amla Hair Oil

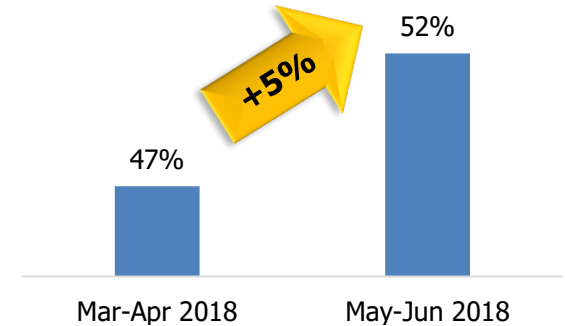
- New 360 degree campaign with Mother-Daughter Thematic
- Disproportionate Media spends on PAN-Arab Media
- Increase in Vol. MS%



Dabur Amla Hair Oil for Long & Healthy Hair  
22,264,362 views

30K 7.8K SHARE

### Dabur Amla Hair Oil - Vol. MS% (Saudi Arabia)



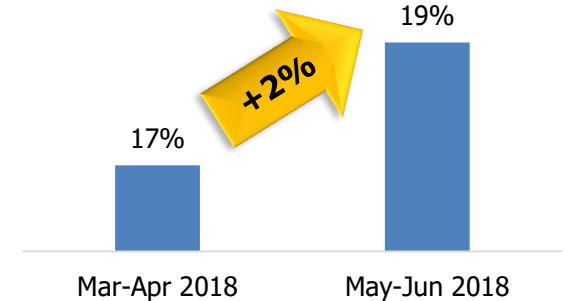
## Vatika Gel

- Influencer Campaign
- Ferrari Challenge: Hair Style remains intact @ 120 km/hr



**Ferrari**

### Vatika Gel - Vol. MS% (Saudi Arabia)



## Hobby

- Launch of Cream Wax
- Packaging upgrade in Body Wash



### NPD – Cream Wax



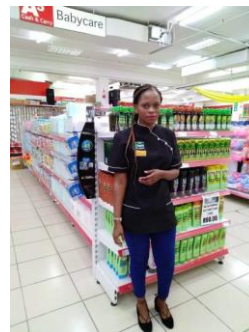
### Premium Packaging – Body Wash



## Vatika

- In-Store and Outdoor visibility improvement in Southern Africa

### Merchandisers



### Gondola



### Billboards



## Dabur Herbal Toothpaste

- Thematic Micro-branding in Nigeria (Lagos and Abuja)



### Bus Branding



### Van Branding



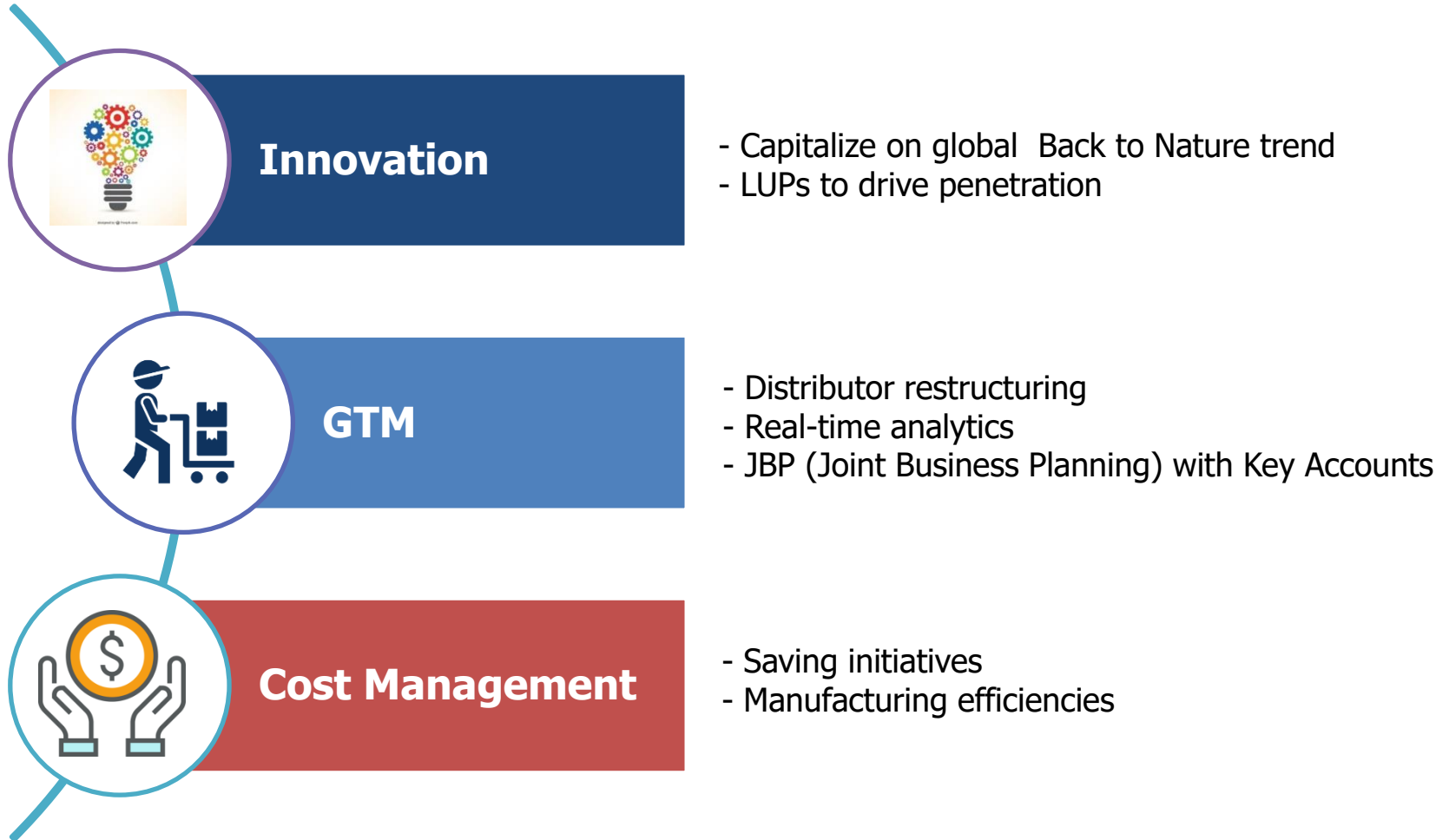
### Dealer Boards



## ORS (Namaste)

- New POS Execution in UK Retail Outlets

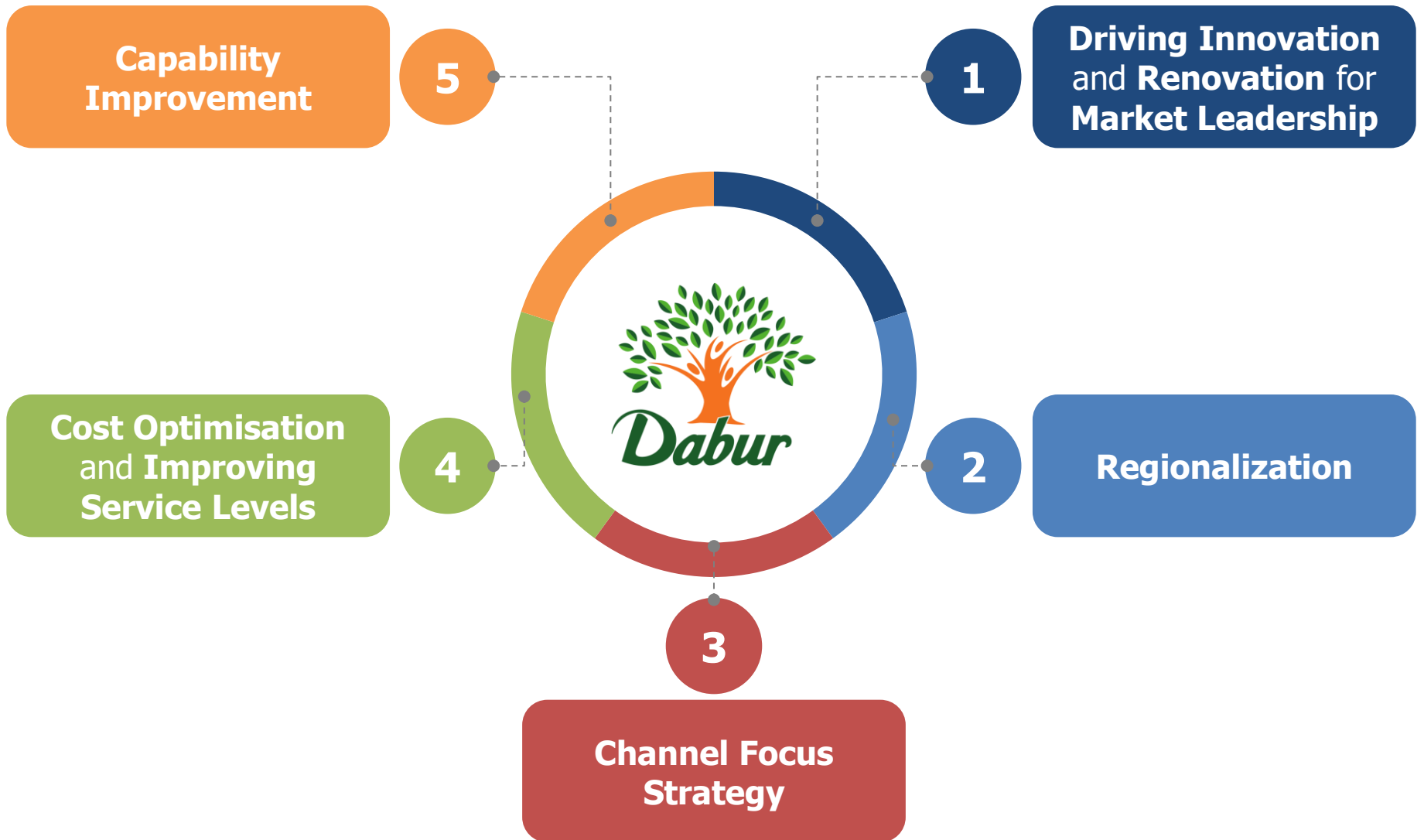






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# Key Elements



# 1 Driving Innovation and Renovation for Market Leadership



## (a) Focus on Core and Scalable Brands

### Enhanced Investments in Core Brands



### Accelerated Growth from Scalable Brands



# 1 Driving Innovation and Renovation for Market Leadership



## (b) Creating Competitive Leverage

### Superior Claims



### Superior Formulation



Superiority over mineral oils



Superiority over other Almond HO



2x stronger hair vs Other Amla HO

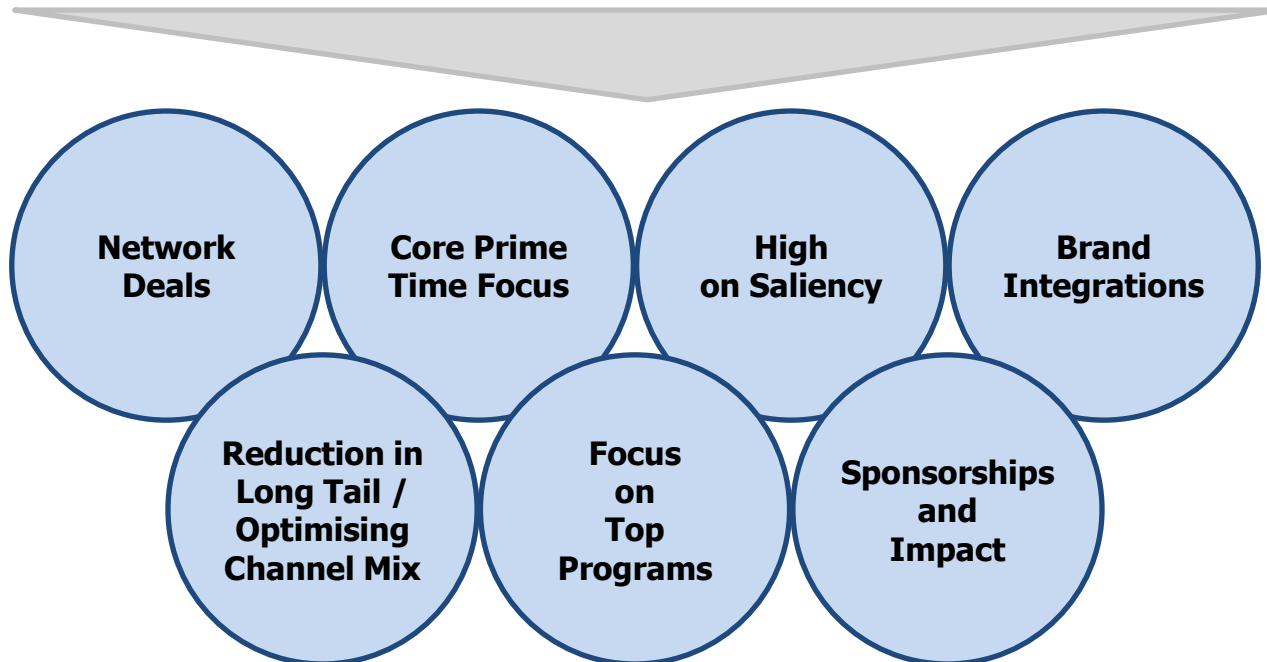
### Superior Packaging



# 1 Driving Innovation and Renovation for Market Leadership



## (c) Media Strategy for Driving Brand Preference



# 1 Driving Innovation and Renovation for Market Leadership



## (d) Driving NPDs

Q1 FY19



The Way Ahead

Strengthening  
our  
Ayurvedic/  
Natural  
Offerings

Products  
for  
Gen Y and Z

Premiumization



### **RISE** Regional Insights And Speed of Execution

#### **RI : Regional Insights** *(Long Term Strategic)*

- Capture Consumer, Packaging and Media Insights
- Use Analytics for Specific meaningful actions
- Dive into new adjacent categories
- Regions to provide new growth opportunities

#### **SE : Speed of Execution** *(Quick Wins, Low Investment)*

- Trade interventions
- Activations and visibility drives
- Distribution initiatives
- Consumer promotions

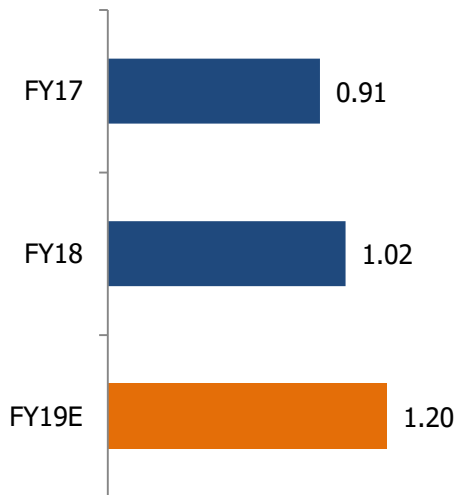
# 3 Channel Focus Strategy



## Increasing Direct Distribution

One of the largest distribution network in FMCG in India covering 6.4 mn+ outlets

Aim to increase direct reach to 1.2 mn outlets by end of FY19



## Rural Focus

### Range Expansion

1. Increase lines sold in rural
2. Conversion of bigger substockist to direct

### Drive Sell Out

1. Activations involving RSP
2. Involvement of Substockist
3. Activation and sell out at Wholesale

## E-commerce/ MT Focus

- **E-commerce and MT saliency going up**
  - Strong growth across platforms
- **Backed by media activation, visibility and consumer promotions**





## Project Lakshya

### Targets



- **Improve range availability at C&FA and Distributors**
- **Improve Lead Time Adherence**
- **Improve MT OTIF**



- **Reduction in Logistics Cost**

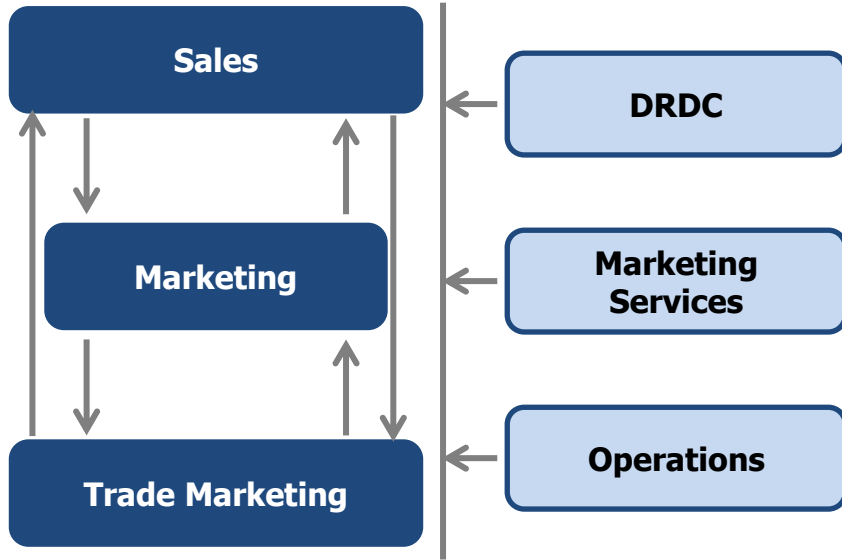


- **Reduction in Finished Goods Inventory**

# 5 Capability Improvement



## Matrix Organisation



**Shared Goals across Functions**

## Strengthening the Team





## **Build bigger brands**

*More than 15 brands in the range of INR >0.1 to 1 bn which can grow to INR 1bn+*



## **Continued Innovation and Renovation for Younger Consumers**

*NPD pipeline primed to deliver new products in key categories – 4-5 new products every year*



## **Driving distribution expansion**

*Direct reach of 1.2 mn+, increasing the no. of SKUs, rural potential, IT enablement, data analytics and e-commerce*



## **Consumer Health**

*Strong core competence, low competitive intensity, strong profitability, low penetration*



## **Geographical expansion**

*Expand into overseas focus markets where our brands are relevant – MENA, Africa, SAARC*

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# Consolidated Profit & Loss



	Q1 FY19	Q1 FY18	Y-o-Y (%)	FY18	FY17	Y-o-Y (%)
<b>Revenue from operations</b>	<b>2,080.7</b>	<b>1,790.1</b>	<b>16.2%</b>	<b>7,748.3</b>	<b>7,701.4</b>	<b>0.6%</b>
Other Income	73.7	81.3	(9.4%)	305.2	298.3	2.3%
<b>Total Income</b>	<b>2,154.3</b>	<b>1,871.3</b>	<b>15.1%</b>	<b>8,053.5</b>	<b>7,999.8</b>	<b>0.7%</b>
Material Cost	1,048.6	914.5	14.7%	3,846.4	3,843.2	0.1%
<i>% of Revenue</i>	<i>50.4%</i>	<i>51.1%</i>		<i>49.6%</i>	<i>49.9%</i>	
Employee expense	224.1	203.5	10.1%	792.8	789.6	0.4%
<i>% of Revenue</i>	<i>10.8%</i>	<i>11.4%</i>		<i>10.2%</i>	<i>10.3%</i>	
Advertisement and publicity	199.0	150.0	32.6%	606.7	646.1	(6.1%)
<i>% of Revenue</i>	<i>9.6%</i>	<i>8.4%</i>		<i>7.8%</i>	<i>8.4%</i>	
Other Expenses	222.9	213.1	4.6%	885.0	913.5	(3.1%)
<i>% of Revenue</i>	<i>10.7%</i>	<i>11.9%</i>		<i>11.4%</i>	<i>11.9%</i>	
<b>Operating Profit</b>	<b>386.1</b>	<b>308.9</b>	<b>25.0%</b>	<b>1,617.4</b>	<b>1,508.9</b>	<b>7.2%</b>
<i>% of Revenue</i>	<i>18.6%</i>	<i>17.3%</i>		<i>20.9%</i>	<i>19.6%</i>	
<b>EBITDA</b>	<b>459.8</b>	<b>390.2</b>	<b>17.8%</b>	<b>1,922.6</b>	<b>1,807.3</b>	<b>6.4%</b>
<i>% of Revenue</i>	<i>22.1%</i>	<i>21.8%</i>		<i>24.8%</i>	<i>23.5%</i>	
Finance Costs	14.9	13.3	12.0%	53.0	54.0	(1.8%)
Depreciation & Amortization	42.7	39.1	9.4%	162.2	142.9	13.5%
Profit before exceptional items, tax and share of profit/(loss) from joint venture	402.1	337.8	19.0%	1,707.4	1,610.4	6.0%
<i>% of Revenue</i>	<i>19.3%</i>	<i>18.9%</i>		<i>22.0%</i>	<i>20.9%</i>	
Share of profit / (loss) of joint venture	0.2	0.4	n.m.	0.2	0.3	(5.6%)
Exceptional item(s)	0.0	14.5	(100.0%)	14.5	0.0	n.a.
Tax Expenses	72.4	58.9	22.9%	335.4	330.3	1.5%
Net profit after tax and after share of profit/(loss) from joint venture	330.0	264.8	24.6%	1,357.7	1,280.3	6.0%
<i>% of Revenue</i>	<i>15.9%</i>	<i>14.8%</i>		<i>17.5%</i>	<i>16.6%</i>	
Non controlling interest	0.8	0.7	7.4%	3.3	3.4	(0.7%)
<b>Net profit for the period/year</b>	<b>329.2</b>	<b>264.1</b>	<b>24.6%</b>	<b>1,354.4</b>	<b>1,276.9</b>	<b>6.1%</b>
<i>% of Revenue</i>	<i>15.8%</i>	<i>14.8%</i>		<i>17.5%</i>	<i>16.6%</i>	

Note: All figures are in INR crores, unless otherwise stated

# Consolidated Balance Sheet (1 of 2)



All figures are in INR crores, unless otherwise stated

Particulars		As at 31/03/2018 (Audited)	As at 31/03/2017 (Audited)
<b>A</b>	<b>Assets</b>		
<b>1</b>	<b>Non-current assets</b>		
	(a) Property, plant and equipment	1,552	1,479
	(b) Capital work-in-progress	42	42
	(c) Investment property	54	55
	(d) Goodwill	412	411
	(e) Other Intangible assets	10	14
	(f) Financial assets		
	(i) Investments	3,092	2,499
	(ii) Loans	13	12
	(ii) Others	4	4
	(g) Other non-current assets	3	3
	(h) Non-current tax assets (net)	80	95
	<b>Total Non-current assets</b>	<b>5,262</b>	<b>4,615</b>
<b>2</b>	<b>Current assets</b>		
	(a) Inventories	1,256	1,107
	(b) Financial assets		
	(i) Investments	713	741
	(ii) Trade receivables	706	650
	(iii) Cash and cash equivalents	154	163
	(iv) Bank Balances other than (iii) above	152	142
	(v) Loans	35	11
	(vi) Others	28	14
	(c) Current Tax Asset(Net)	2	0
	(d) Other current assets	391	290
	(e) Assets held for sale	2	0
	<b>Total current assets</b>	<b>3,440</b>	<b>3,117</b>
	<b>Total Assets</b>	<b>8,702</b>	<b>7,732</b>

# Consolidated Balance Sheet (2 of 2)



All figures are in INR crores, unless otherwise stated

Particulars		As at 31/03/2018 (Audited)	As at 31/03/2017 (Audited)
<b>B</b>	<b>Equity and Liabilities</b>		
<b>1</b>	<b>Equity</b>		
	(a) Equity share capital	176	176
	(b) Other Equity	5,530	4,671
	Equity attributable to shareholders of the Company	5,707	4,847
	Non Controlling Interest	27	25
	<b>Total equity</b>	<b>5,733</b>	<b>4,872</b>
<b>2</b>	<b>Non-current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	364	471
	(ii) Other financial liabilities	4	4
	(b) Provisions	56	53
	(c) Deferred tax liabilities (Net)	109	108
	<b>Total Non-current liabilities</b>	<b>534</b>	<b>636</b>
<b>3</b>	<b>Current liabilities</b>		
	(a) Financial liabilities		
	(i) Borrowings	464	440
	(ii) Trade payables	1,410	1,309
	(iii) Other financial liabilities	238	174
	(b) Other current liabilities	173	169
	(c) Provisions	107	93
	(d) Current tax Liabilities (Net)	41	38
	<b>Total Current liabilities</b>	<b>2,434</b>	<b>2,224</b>
	<b>Total Equity and Liabilities</b>	<b>8,702</b>	<b>7,732</b>



**INDIA'S NO. 1 JUICE AND NECTAR BRAND\***  
**OFFERS YOU THE WIDEST RANGE OF HEALTHY JUICES & BEVERAGES.**

**100%**

Rich in Antioxidant and Phytonutrients

**Fruit + Veggie**

Goodness of Fruits and Vegetables

**100% TENDER Coconut\*\***  
water

Hydrates Naturally

**Mixed Veggie**

Power of 5 Vegetables with Goodness of Phytonutrients

**Wellnezz**

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