



1



The Science of Ayurveda

Dabur India Limited

Investor Communication

Quarter and Nine months ended 31st December, 2016

Demonetisation : Impact on FMCG Industry



2

Demonetisation led to severe liquidity crunch impacting FMCG Sales in Q3FY17

Region	Compliant Business	Wholesale-Component	Modern Trade Component
North	✗	↓	↑ +
East	✗	↓	↑ +
West	✗		↑ +
South	✓		↑ +



Chain Reaction

Consumer product goods (CPG) cos cutting production by **10-20%**

Britannia & Parle have cut down production by **15-20%**

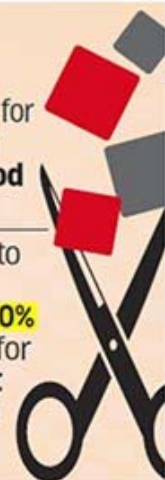
Dabur sales down **20%** over last week

ITC's FMCG product sales down by over **20%** (mostly in discretionary categories like instant noodles, biscuits)

Cash-led traditional trade accounts for about **72%** of CPG sales

Business down for nearly **70%** of neighbourhood outlets

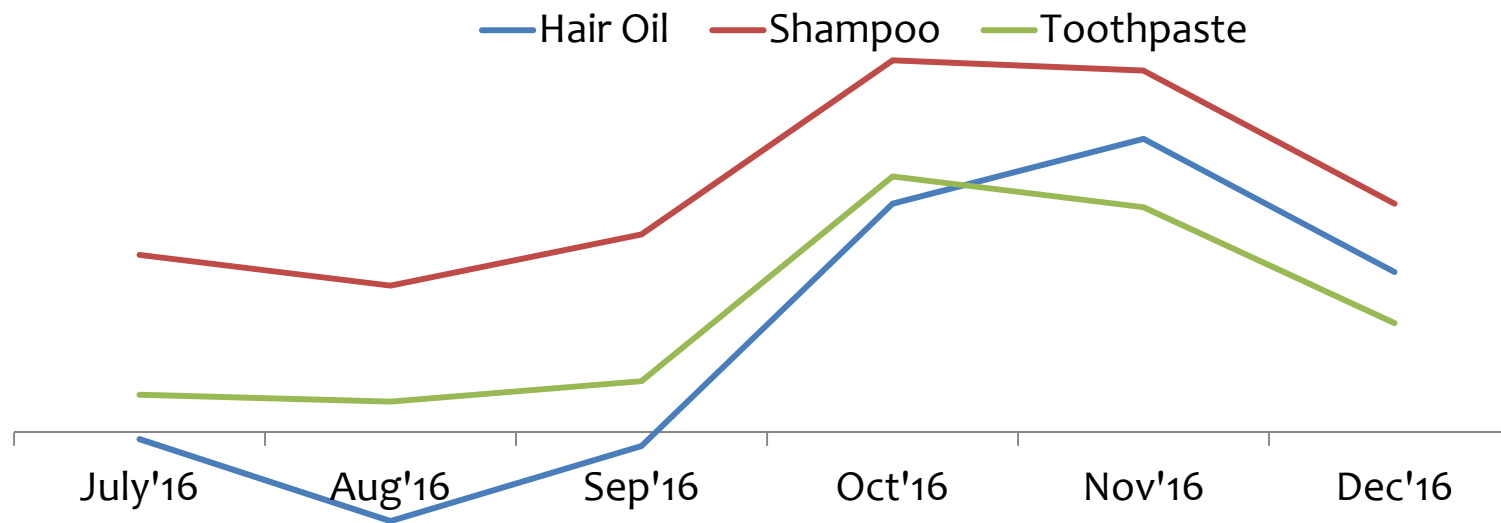
Sales jumped to **30%** during weekdays & **50%** on weekends for India's largest grocer Future Group



Categories Growth Trend



3

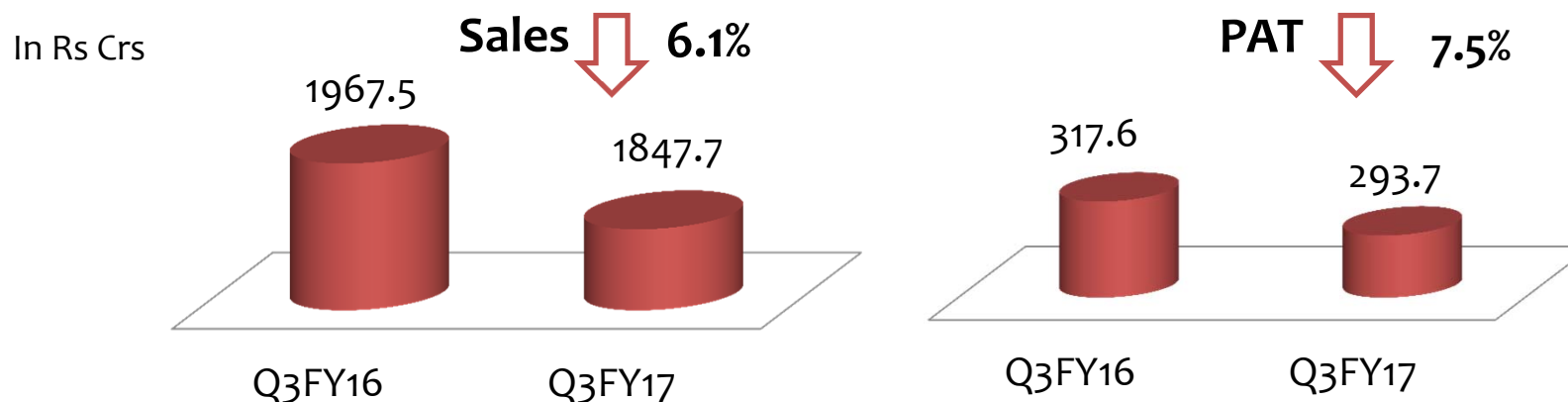


Growth for Personal Care categories like Shampoo, Hair Oil and Toothpaste decelerated sharply in Dec'16 to almost half of Nov'16 levels

Consolidated Financial Highlights : Q3FY17



4

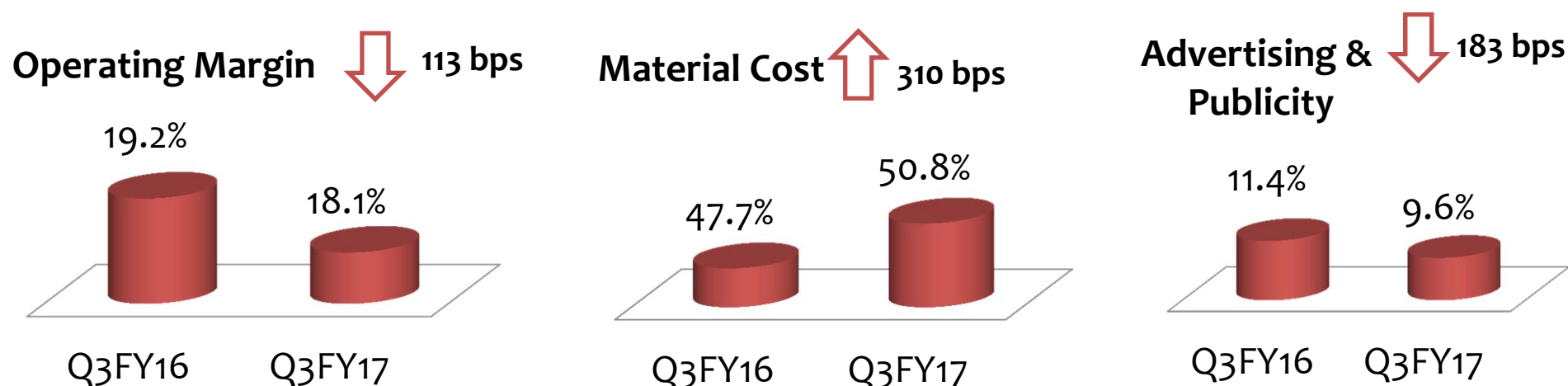


- Due to a challenging macro-economic environment Consolidated Sales declined by 6.1% and PAT by 7.5%
- **Domestic FMCG**
 - Registered a decline of 6.8% in primary terms. However the secondary sales grew by 0.7%.
 - Healthcare & HPC categories posted decline in low teens due to severe liquidity crunch and de-stocking in trade. Decline in Secondary terms was in mid single digit.
 - Foods registered strong growth mainly on account of higher urban & modern trade saliency and helped by low base.
- **International business**
 - Witnessed flattish sales in constant currency terms. However the business declined by 6.2% in INR terms due to currency impact in markets such as Egypt, Nigeria and Turkey

Consolidated Financial Highlights : Q3FY17



5



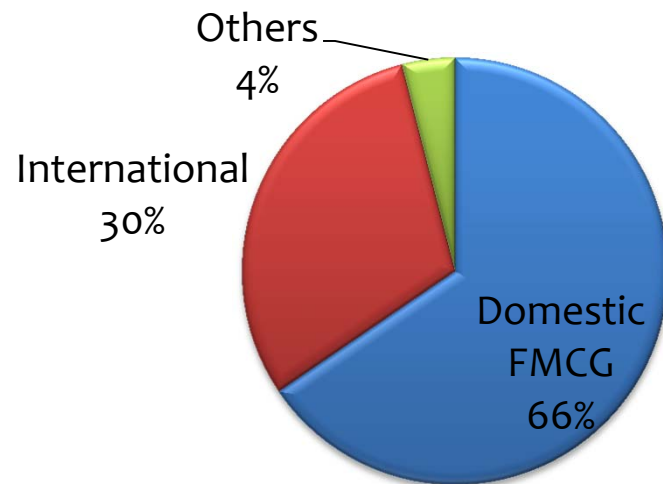
- Operating Profit margin reduced from 19.2% in Q3FY16 to 18.1% in Q3FY17 mainly due to increase in material costs
- Increase in material cost from 47.7% in Q3FY16 to 50.8% in Q3FY17 on account of adverse category mix, increase in some input costs and higher CP impact
- Advertisement & Publicity expense was at 9.6% in Q3FY17 as compared to 11.4% in Q3FY16
- Employee costs and Other expenditure were stable as percent of sales

Business Overview Q3FY17

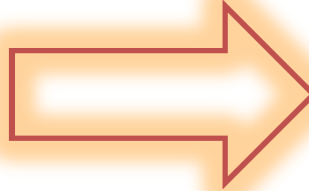


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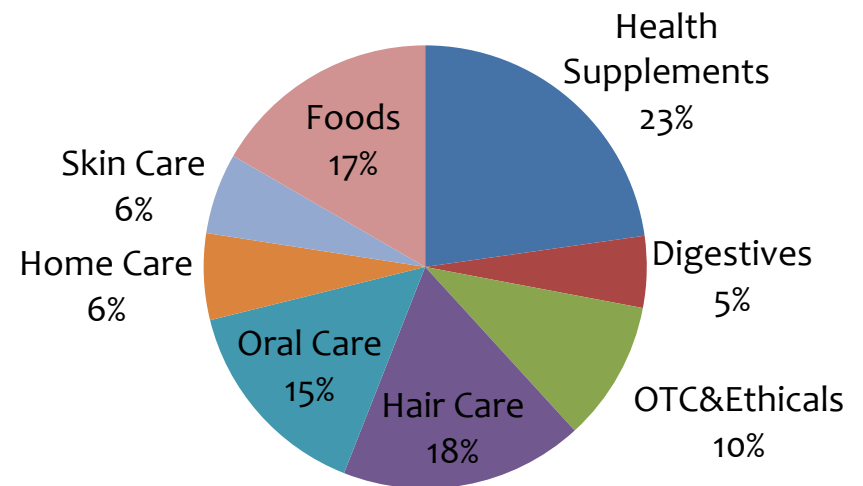
Sales Contribution



Domestic FMCG
Category Breakup



Domestic FMCG



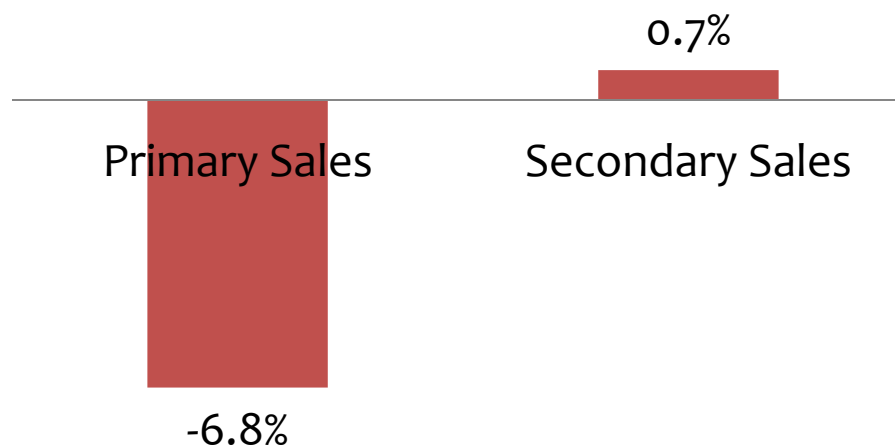
- Domestic FMCG segment contributed 66% to the Consolidated Revenue and reported a decline of 6.8% in primary sales value and 5% in volume. However, secondary sales reported growth of 0.7%.
- International business contributed 30% to the Consolidated Revenue with sales being flattish in constant currency and 6.2% in INR terms on account of currency devaluation in EGP, Naira and Lira.

Domestic FMCG Overview : Q3FY17



7

Sales Growth



- Secondary Sales for Domestic FMCG business grew by 0.7% as compared to decline of 6.8% in Primary Sales
- Pipeline reduction of 10-12 days for Domestic FMCG business during the quarter



Category Highlights



HOME & PERSONAL CARE

Oral Care



10

- Oral Care reported a decline of 5% in primary terms but was flat in terms of secondary growth
- Nielsen data reported tertiary offtake growth in double digit leading to increase in market share by 70 bps yoy of the toothpaste category
- Red Toothpaste reported growth while rural brands like Babool and Lal Dant Manjan were under pressure
- “Proof Hai TVC” to convey the superiority of Red Toothpaste as a most effective product has received good response
- Dabur Red Paste **ranked third in the Oral Care category** of Most Trusted Brands Survey*



*Brand Equity -Most Trusted Brands 2016, ET

Hair Care



11

- Hair Care reported a decline of ~20% in primary terms and 12% in secondary terms mainly on account of major pipeline de-stocking in rural and wholesale channels
- Market share as reported by Nielsen showed improvement of 20 bps in Hair Oils and 30 bps in shampoos reflecting better than category tertiary sales
- Dabur Almond Oil which is more urban and modern trade driven reported double digit growth
- New campaign on Dabur Amla Hair Oil ready for launch



Rural Activations for Dabur Brahmi Amla Hair Oil



12



Visibility Drive and Van Activation for consumer awareness

Home Care & Skin Care



13

- **Home Care** category declined by ~ 5% however reported growth of around 4% in secondary terms
- Odomos mosquito repellants performed well with the more convenient formats- Spray, Patches, Bands doing well
- In the Home Care segment Dabur gained volume market share by 100bps in Air fresheners and 420 bps in Mosquito Repellent Creams
- **Skin Care** being more discretionary in nature was impacted by slowdown in GT and recorded a decline of ~ 11%. The secondary sales decline was lower at 5%





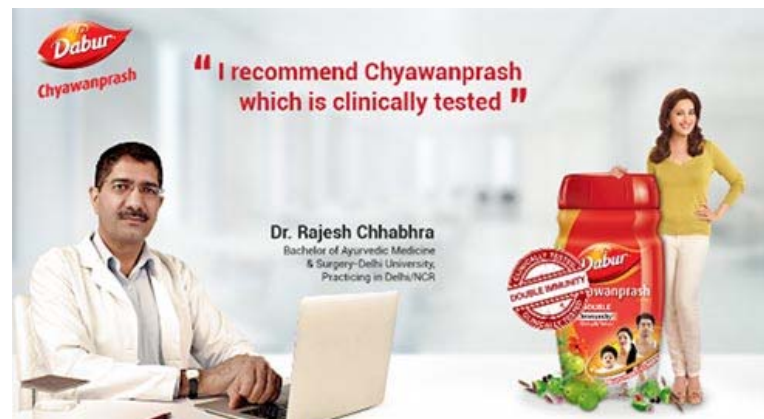
HEALTH CARE

Health Care



15

- **Health supplements** registered ~14% decline in Q3FY17 mainly on account of demonetization led pipeline correction; however in secondary terms the compression was ~5%
- Aggressive advertising and promotions in Chyawanprash led to a high single digit growth in sales in December '16
- **Digestives** posted around 10% decline this quarter while in secondary terms this was ~6%
- TVC for recently launched Hajmola Amrud was well received
- Hajmola moved up in Most Trusted Brands* ranking to be part of top 5 brands in OTC category



*Brand Equity -Most Trusted Brands 2016, ET

Advertising & Promotion for Dabur Chyawanprash



16

डॉ. राजेंद्र छवड़ा
बैचलर ऑफ़ आयुर्वेदिक मेडिसिन
एंड सर्जरी, दिल्ली यूनिवर्सिटी,
दिल्ली/एनसीआर.

**जो क्लिनिकली टेस्टेड है
मैं तो वही च्यवनप्राश
लेने की सलाह देता हूँ।**

डॉ. राजेंद्र छवड़ा
बैचलर ऑफ़ आयुर्वेदिक मेडिसिन एंड सर्जरी, दिल्ली यूनिवर्सिटी,
दिल्ली/एनसीआर.

च्यवनप्राश में है अरुणग, तुलसी, जीरा जैसे 40
से भी ज्यादा हर्ब। जो शरीर की इम्युनिटी बढ़ाकर देते
हैं बीमारियों से लड़ने की शक्ति। और च्यवनप्राश है,
क्लिनिकली टेस्टेड च्यवनप्राश।

आयुर्वेदिक बीमारी - शिथिलता, कमजोर होना, थकान और नींद कम होना, कमजोर शरीर, कमजोर शरीर, कमजोर शरीर।

DABUR CARES: CALL OR WRITE
A/3, ASAF ALI ROAD, NEW DELHI-110002
T-8002 : daburcare@rediffmail.com
Website: dabur.com
TOLL FREE 1800-103-1644

**— डबल इम्युनिटी —
डबल फ़ायदे के साथ**

**1kg डबल च्यवनप्राश के साथ
Rs.74 का 150g
डबल रेड पेरेंट मुफ्त।**

**Dabur Chyawanprash
DOUBLE Immunity**

FREE

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इम्युनिटी अब शुगर फ्री

जैसे ही सर्दी आती है और मौसम बदलता है, मधुमेह रोगी होने के नाते आपको बीमार पड़ने की चिंता निरंतर सताने लगती है। क्या कोई समझ सकता है कि निरंतर इस चिंता में रहना कितना कठिन है? जी हाँ, हम समझते हैं। इसीलिए तो हमने बनाया है एक खास शुगर फ्री फॉर्मूला जो आपको दे इम्युनिटी के फ़ायदे - डबल च्यवनप्राश जो आपकी इम्युनिटी के गुण शुगर फ्री फॉर्मूले में। आपकी इम्युनिटी की रोज़ाना खुराक के लिए बस प्रतिदिन दो चम्मच। एक स्वस्थ और खुशहाल जीवन के लिए।

**Dabur Chyawanprash
SUGARFREE**

**CLINICALLY TESTED
Safe for Diabetics
CLINICALLY TESTED**

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A/3, ASAF ALI ROAD, NEW DELHI-110002
T-8002 : daburcare@rediffmail.com
Website: dabur.com
TOLL FREE 1800-103-1644

*शिथिलता और शिथिलता, कमजोर होना, थकान और नींद कम होना, कमजोर शरीर, कमजोर शरीर, कमजोर शरीर।

IMMUNITY NOW SUGAR FREE

**CLINICALLY TESTED
Safe for Diabetics
CLINICALLY TESTED**

**Dabur Chyawanprash
SUGARFREE**

*Based on preclinical and clinical study. Ayurvedic Medicine. Dosage and Directions as per label. 1 teaspoon is equivalent to approx. 12g. The product is not meant for diabetes treatment. Stress refers to common day to day infections like cough and cold.

Aggressive Promotions in Dabur Honey



17

The banner features a honeycomb background. At the top center, the Dabur Honey logo is displayed above the text "Celebrating 30 years" in a decorative frame, with "of trust & good health" written below it. Three sets of honey jars are shown, each with a red ribbon. Below each set is a promotional offer in a red box.

Buy	Get	Free
Buy 250g worth Rs.122/-	Get 50g worth Rs.37/-	Free
Buy 500g worth Rs.199/-	Get 100g worth Rs.59/-	Free
Buy 1kg worth Rs.380/-	Get 250g worth Rs.122/-	Free

Red Toothpaste and Hajmola : Brand Equity Most Trusted Brands Ranking



18



ORAL CARE		
2016 2015		
1	Colgate	1
2	Closeup	2
3	Dabur (Toothpaste)	4
4	Pepsodent	3
5	Patanjali Dant Kanti	NE
6	Oral-B	5
7	Vicco Vajradanti	7
8	Babool	6
9	Sensodyne	9
10	Anchor	8

- **Dabur Red Paste** and **Dabur Hajmola** – have been ranked amongst the **biggest gainers** in the latest **Brand Equity Most Trusted Brands List**
- Dabur Red Paste moved up 66 places and **was ranked 34** in the **Brand Equity Most Trusted Brands 2016** list, released by The Economic Times, up from its ranking of 100 in the previous year
- In the Oral Care category list, **Dabur Red Paste took the third place**, a gain of one rank from the previous year. The year 2016 had seen Dabur Red Paste also break into the Top 3 in the market, becoming the third largest toothpaste brand in the country.
- **Hajmola** gained 38 places and was ranked 85 in the list. The brand was also ranked in the **Top 5 in the OTC category** for 2016



- OTC & Ethicals category posted a decline of around 11% with a lower secondary sales decline of around 6%
- Due to delayed winter, brands like Lal Tail Honitus and Shilajit remained impacted
- Ethicals range clocked good growth driven by Doctor detailing and sampling initiatives in Health camps
- Madhurakshak Activ (Ayush 82)- An Ayurvedic medicine for Diabetes test launched in a few states
- We shall continue to focus on building the brands through the Doctor Advocacy Route.

Key Initiatives

Chemist & Rural Visibility

Leveraging E-Commerce

Value Packs

Doctor Engagement

NPD & Restage

Recently launched: Madhurakshak Activ (Ayush 82 powder)



20

Madhurakshak Activ (Ayush 82 Powder)



- **DABUR MADHU RAKSHAK ACTIV** launched in partnership with C.C.R.A.S. (Ministry of Ayush, Govt. of India)
- Dabur Madhu Rakshak Activ is an Ayurvedic product developed for effective management of Diabetes
- A clinical study conducted with Madhumeha (Non-Insulin Dependent Diabetes Mellitus, NIDDM), demonstrated **DABUR MADHU RAKSHAK ACTIV** (AYUSH 82 powder) as effective in reducing fasting and post prandial blood sugar levels after 24 weeks of treatment
- Madhurakshak Activ has been test launched in Ethical channel in a few states

World Ayurveda Congress and Arogya Expo



21

Dabur at World's Largest Ayurveda Conference, December 2016

A platform to endorse the vitalizing properties and principles of Ayurveda



4600 Delegates/40 Countries



FOODS

Foods



23

- Foods business recorded robust growth of 52% in Q3FY17 led by modern trade and off a low base due to the supply disruption in Nepal last year
- Both Real and Activ Fruit Juices posted strong double digit growth
- Market Share in J&N back to pre supply disruption levels : 500 bps increase YOY
- Amla Plus Juice was recently added to the Real Wellnezz range
- Digital initiatives, Brand Activations & increasing Modern trade saliency has been the key focus for Hommade brand



Real : Advertising Initiatives



24



Jamun 200ml sampled with Real MF
1Ltr in June 2016 in
16 lakh homes





Macro Economic Headwinds: Geo- political environment led to a business slowdown in key markets

Macro Economic Issues

- Saudi Arabia, Dubai, Iraq, Libya

Currency Depreciation

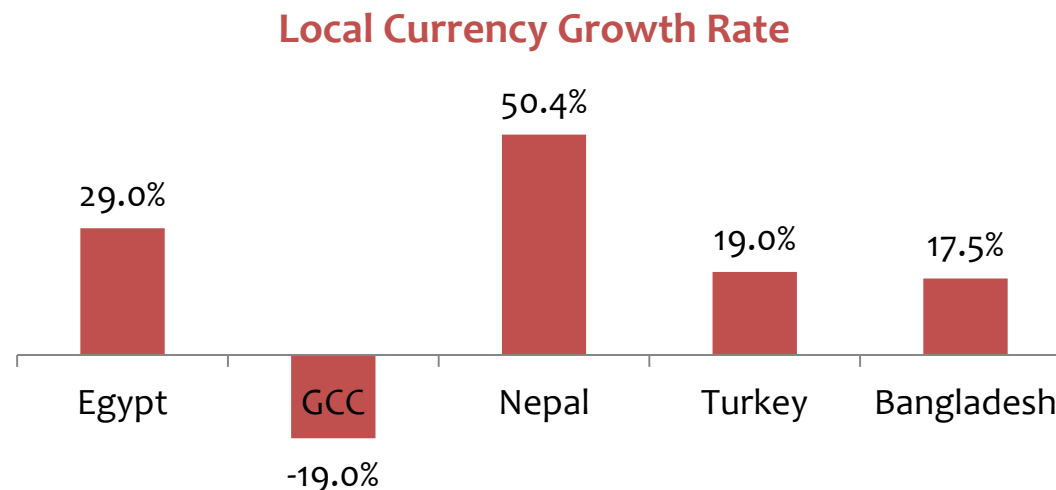
- Egyptian Pound, Naira, LIRA, GBP

International Business



26

- International Business posted flattish sales in constant currency terms and 6.2% in INR terms
- Severe currency devaluation of ~50% in EGP, ~12% in LIRA and ~60% in Naira
- GCC markets like Saudi & UAE were under pressure due to macro-economic headwinds
- SAARC markets viz Nepal and Bangladesh recorded strong growth led by good momentum in Fruit Juices and Oral care
- Market shares in most categories & countries remained stable to increasing

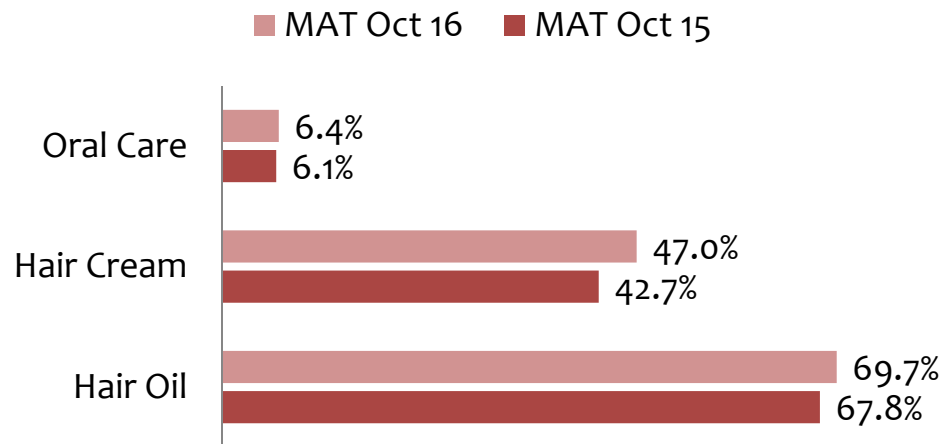


International Business: Market Shares stable to increasing

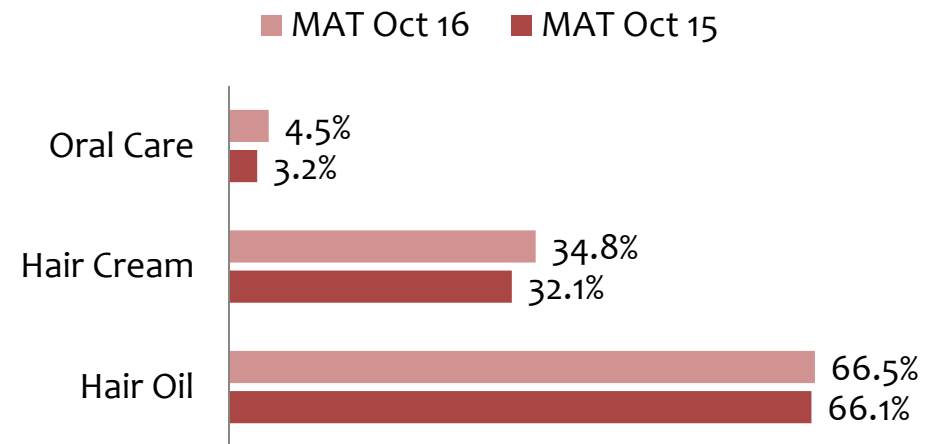


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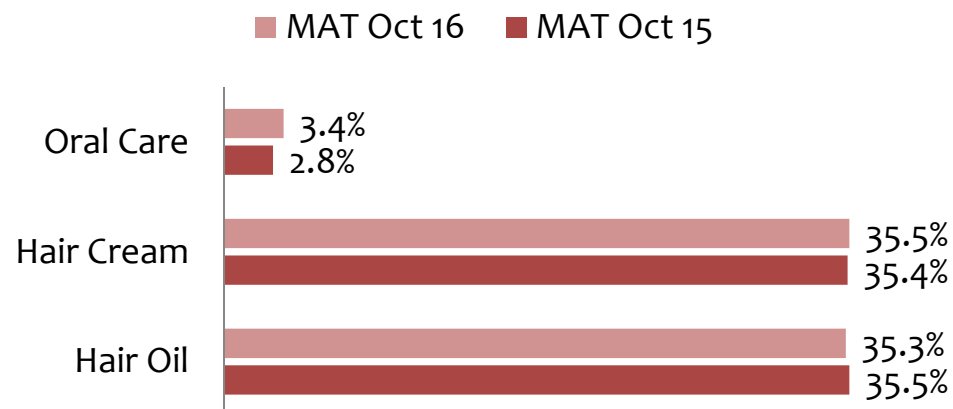
Egypt



Saudi Arabia



UAE



Inspite of headwinds in the Internal Business:

- **Egypt** MS showed an improvement of 430 bps in Hair Creams; 30 bps in Oral care and 190 bps in Hair Oil
- **UAE** MS showed an improvement of 60 bps in Oral Care with stable MS in Hair Cream & Hair Oil
- **Saudi Arabia** MS showed an improvement of 130 bps in Oral Care, 270 bps in Hair Cream & 40 bps in Hair Oil

Brand Renovations : International Business



28



**Vatika Shampoo Packaging
Relaunch**



**Vatika EHO
Packaging Relaunch**



DermoViva Face Wash
Stronger natural proposition
Soap & Paraben free communication



Vatika Henna Hair Colors
Pack upgrade + Formulation change

Consolidated Profit & Loss



29

DIL (Consolidated) P&L - in Rs. crores	Q3FY17	Q3FY16	YoY (%)	9MFY17	9MY16	YoY (%)
Net Sales	1,847.7	1,967.5	-6.1%	5,771.1	5,844.6	-1.3%
Other Operating Income	5.2	4.6	15.2%	15.7	14.1	11.4%
Material Cost	938.3	938.2	0.0%	2867.1	2857.5	0.3%
% of Sales	50.8%	47.7%		49.7%	48.9%	
Employee Expense	189.2	202.6	-6.6%	616.5	592.3	4.1%
% of Sales	10.2%	10.3%		10.7%	10.1%	
Advertising & Publicity	177.2	224.7	-21.1%	523.1	615.1	-15.0%
% of Sales	9.6%	11.4%		9.1%	10.5%	
Other Expenses	214.3	228.7	-6.3%	688.7	690.7	-0.3%
% of Sales	11.6%	11.6%		11.9%	11.8%	
Operating Profit	333.9	377.8	-11.6%	1,091.4	1,103.1	-1.1%
% of Sales	18.1%	19.2%		18.9%	18.9%	
Other Non Operating Income	83.1	59.8	38.8%	233.3	163.3	42.9%
EBITDA	416.9	437.6	-4.7%	1,324.7	1,266.4	4.6%
% of Sales	22.6%	22.2%		23.0%	21.7%	
Finance Costs	13.9	11.0	26.6%	42.4	35.3	20.1%
Depreciation & Amortization	33.3	32.1	3.5%	103.3	97.4	6.1%
Profit Before Tax (PBT)	369.7	394.5	-6.3%	1179.0	1133.7	4.0%
Exceptional Item	0.0	0.0		0.0	0.0	
Tax Expenses	75.3	76.7	-1.9%	232.7	213.1	9.2%
PAT (Before Minority Interest)	294.5	317.8	-7.3%	946.3	920.6	2.8%
% of Sales	15.9%	16.2%		16.4%	15.8%	
Minority Interest - Profit/(Loss)	0.9	0.3		2.8	1.3	
Share of profit / (loss) of associates & joint venture	0.18	0.04		0.33	0.34	
PAT (After Minority Int)	293.7	317.6	-7.5%	943.8	919.7	2.6%
% of Sales	15.9%	16.1%		16.4%	15.7%	



Thank You