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**Date: August 6, 2021**

**Scrip Symbol: NSE – DABUR, BSE Scrip Code- 500096**

To,  
Corporate Relation Department  
BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai – 400001.

National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor  
Plot No. C/1, G Block Bandra – Kurla Complex  
Bandra (E)  
Mumbai – 400 051.

**Re: Transcript of of Investors' Conference Call for Dabur India Limited Q1 FY 2021-22  
- Financial Results**

Dear Sir,

Please find attached the Transcript of Investors Conference Call organized on August 3, 2021 post declaration of Financial Results for quarter ended on 30<sup>th</sup> June, 2021 for your information and records.

Thanking you,

Yours faithfully,

**For Dabur India Limited**

  
(A.K. Jain)

**EVP (Finance) and Company Secretary**

**Encl: As above**



“Dabur India Limited Q1 2022 Results  
Investors’ Conference Call”

**August 03, 2021**

**MANAGEMENT:**

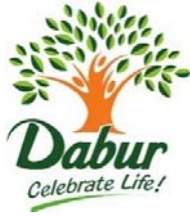
**MR. MOHIT MALHOTRA - CHIEF EXECUTIVE OFFICER**

**MR. ANKUSH JAIN - CHIEF FINANCIAL OFFICER**

**MR. ASHOK JAIN - EVP(FINANCE) & COMPANY SECRETARY**

**MRS. GAGAN AHLUWALIA - VP (CORPORATE AFFAIRS)**

**MR. ADARSH SHARMA - EXECUTIVE DIRECTOR(SALES)**



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**Gagan Ahluwalia:**

Good afternoon, ladies and gentlemen. On behalf of the management of Dabur India Limited, I welcome you to this conference call pertaining to the results for the quarter ended 30th June.

Present here with me are Mr. Mohit Malhotra - Chief Executive Officer; Mr. Ankush Jain - Chief Financial Officer; Mr. Adarsh Sharma - Executive Director, Sales; Mr. Ashok Jain - EVP(Finance) & Company Secretary.

We will start with an overview of the Company's performance by Mr. Mohit Malhotra, followed by a Q&A session. I now request Mr. Mohit Malhotra to start the presentation. Thank you.

**Mohit Malhotra:**

Thank you, Gagan. Good afternoon, ladies and gentlemen. I hope you and your families are staying safe and healthy in these challenging times. Q1 FY22 saw a devastating second wave of COVID-19 which had a huge impact on our lives and health of our near and dear ones. The operating environment has been extremely challenging. But since the lockdowns were more localized and staggered, the business impact was lower this time around. Once again, our entire team stepped up beyond their call of duty and delivered a very strong performance. I want to personally thank each and every member of the Dabur family for their unstinting dedication, commitment during these difficult times. This performance is also an outcome of the cultural change in the organization which led to greater agility and flexibility to adapt to these new changing times.

During the quarter, Dabur achieved a consolidated revenue from operations of Rs. 2,612 crores, growing by 32% over the previous year. India FMCG business reported a growth of 35.4%, backed by a robust volume growth of 34.4%. Consolidated operating profit saw a growth of 32.5% and the operating margin saw an expansion of 10 bps, despite high inflation witnessed during the quarter. Profit before tax recorded a growth of 34%. In spite of a step jump of around 500 bps in our tax rate in India, profit after tax increased by 28% to touch Rs. 437 crores.

Coming to the category by performance. Healthcare portfolio continues to perform well with the growth of 30%. This marks the fifth quarter in a row for healthcare portfolio registering a growth of 20% plus. Dabur Chyawanprash reported a strong performance and gained market share of 170 basis points. Dabur Honey posted a double-digit growth and gained 330 basis points in market share. We continue to be the undisputed market leader in the honey market, with a strong presence in all channels, including e-commerce, modern trade and general trade. The digestive portfolio registered a good recovery with 16% growth, on back of improvement in mobility and out-of-home consumption. Despite a strong base with 34% growth, OTC business posted a growth of 52% on back of the robust performance of Honitus, Lal Tail and Shilajit. The OTC NPDs like health juices and other Ayurvedic products continued to see an uptrend. The ethical business reported a strong growth of 51% on back of robust demand for immunity boosting products.

Within home and personal care division, due to the selective lockdowns and better preparedness by the team, discretionary portfolio registered a strong performance. Our hair oils portfolio grew



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by 38% with all the brands posting a strong double-digit growth. Our market shares in hair oils improved by 160 basis points. This strategy of supporting our core brands with flanker brands is working well, and we will continue to launch variants to cater to varied consumer needs in the hair oil segment.

The shampoo portfolio recorded a growth of 41%. The bottle saliency continued to increase, indicating increased traction for the brand in the urban markets. The newly launched Vatika Ayurvedic shampoo received a good response from consumers and is performing quite well.

Oral care portfolio continued to post industry leading growth of 21%. All the brands recorded a strong double-digit growth. Our market share witnessed 100 basis points gain vis-à-vis last year. Recently launched products like Dabur Herbal range of toothpaste continue to do well with sales 2x versus same period last year. Dabur Lal Dant Manjan also witnessed a growth of 20% during the quarter.

Homecare made a smart recovery with growth of 31%. Skin care portfolio, ex of sanitizers, witnessed a robust growth of 66%, driven by strong growth across brands. Fem performed exceptionally well with sales almost tripling this quarter. There was a revival in Oxy and Gulabari portfolio as well.

Food and beverage business was a star performer in this quarter with growth of 80%. This was backed by strong performance of Real Fruit Juices, especially the 1-liter pack, which is used for in-home consumption. The new formats of Real and coconut water added to the momentum of the Real Juices. The portfolio was further enhanced with launch of carbonated variants under the Real brand, expanding the addressable total market of our beverage portfolio. We further strengthened the food segment with introduction of new products like Dabur Cold Pressed Sesame Oil, Dabur Ghee, Dabur Rose Sharbat. Our foods portfolio under Hommade brand is expected to cross Rs. 100 crores milestone during the financial year 2022, driven by robust demand on account of increased in-home cooking.

Among the channels, e-commerce continued to be the outperformer with growth of 100%. This channel contributes to around 8% of our total sales. Our connect with the digital consumers is seeing a strong uptrend, with impactful digital and social media content advertising. We intend to continue to convert consumer insights into innovative and relevant products for our internet savvy consumers.

Besides the urban consumers, we are continuing to focus on rural consumers as well. In order to enhance the availability and access of our products, we have increased our village coverage by almost 15% in this quarter.



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The international business recorded a strong growth of 34% in constant currency during the quarter. In terms of regions, Middle East, North African (MENA) region posted a strong growth of 50%, Egypt grew by 44%, sub-Sahara Africa grew by 36%, and Namaste business saw a growth of 40%. SAARC business performed well with the growth of 42%, albeit some moderation in Bangladesh business due to country-wide lockdown on account of COVID.

Q1 FY22 performance is a testament to the resilience of the organization. With continued focus on productivity and efficiency enhancement, we were able to counter very high inflation and protect our margins. Going forward, we will continue to drive Project Samriddhi to achieve cost reduction and operational excellence. Our operations team has done an excellent job of meeting the challenges and ensuring smooth supply of product in spite of mobility restrictions. We are investing strongly in all areas of operations that include digitization, automation, productivity, and capacity augmentation.

Work on our new manufacturing unit at Indore has commenced and we will be investing around Rs. 550 crores on this plant over the next two to three years. We have further strengthened the organization through lateral hires at senior positions in marketing, operations, IT and R&D.

Overall, the Company is continuing to focus on building the power brand, building scale, expanding distribution across rural and urban geographies, driving innovation and strengthening the organizational capability at all levels. We believe this will help us drive strong growth across our verticals and capture the opportunities available to us while we build the organization for the future.

With that, I bring my address to a close and open the Q&A and invite your questions. Thank you.

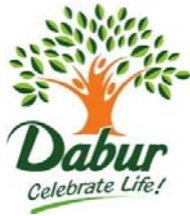
**Abneesh Roy from Edelweiss**

**Abneesh Roy:**

My first question is on hair oils. So, 160 bps gain in market share is from regional or national player? Which sub-segment we have gained market share if you could give some clarity? And two new launches in coconut hair oil, one, why in coconut hair oil? Second, both seem very similar, so one is called Dabur Gold Coconut and other is called Dabur Anmol Gold Coconut, so is it two different SKUs or it is different positioning?

**Mohit Malhotra:**

So, I think to answer your last question first, there are two initiatives here, Abneesh, one is that we are rolling out a Dabur Coconut Oil in South of India and there's another launch that we are rolling out, which is in the East of India. So, one is in the brand name of Anmol and the second is in brand name of Dabur Gold. That's one. As far as the increase in the market share of hair oil is concerned, the hair oil category, as per Nielsen, is growing at the rate of around 22% and Dabur hair oil is growing at the rate of around 40%. So, in all the sub-segments of hair oils, we have registered an increase in market share.



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First of all, I will talk about the perfumed hair oil segment. In the perfumed hair oil or the value-added segment, so you call it, we have gained market shares here also and the business in amla portfolio has grown by roughly around 26% to 27% as compared to the category of around 22% growth rate. Now, coming to coconut oil, we have a brand called Anmol there, that has registered a growth of 36% and the market share increase there is 200 basis points. We were a 4.5% market share in coconut oil category and now we have become 6% market share in the coconut oil category. So, in all the sub-segments of hair oils, we are chugging ahead of the market growth rates.

**Abneesh Roy:**

So, my question was also, the growth is coming largely from the regional players? And in coconut, the higher aggression, is it something new you are planning? Your market share is still quite small, 6%, so it's in context of that or is there a marked increase in aggression in coconut, you want to become much larger given there is one large national player?

**Mohit Malhotra:**

Our market share gains are coming from all sub-segments of the hair oil, so perfumed hair oils also, whether it's a mustard hair oil or it is a flanker brand of Badam Amla or it is a Dabur Amla, in all the three brands we have gained very healthy market share points. And it is on back of our aggression, our innovation, launching of new brands, packaging, upgradation and marketing and consumer promotion and price aggression. As far as coconut oil is concerned, it is aggression in the marketplace because there is a single player and we feel there's a huge opportunity for us to gain share in coconut oil also.

**Abneesh Roy:**

Sure, that's useful. My second question is on honey. So, in honey you have gained 330 bps in market share, so now the premium edible oil brand has also done exceedingly well, they have also gained double digit in modern trade and 25% in the e-commerce. So, want to understand how can that happen, both things happened, so 330 bps gain in market share and the premium edible also doing well, so does it mean that tail has lost market share? And a related question is on Honey Tasties, you have tried the spreads earlier also in the honey in the premium format around two years back, so what is different this time in terms of going from health platform to indulgence? So, what will work this time what had not worked two years back?

**Mohit Malhotra:**

As far as honey is concerned, Abneesh, be it e-commerce or be it modern trade or it is general trade, we have gained share. I don't know what the competitor is talking about of taking 25% market share because there is no syndicated market data available from these platforms. So, what we have done is, I can comment upon us, we have grown by around 54% on e-commerce on the back of around 40% growth last year. So, we have by a mile gained share as far as e-commerce is also concerned. Number one. As far as modern trade is concerned, we have grown by around 30% in modern trade as far as honey is concerned, and in GT market also, in honey we have gained shares. And our distribution expansion has also happened and penetration increase has also happened. The consumer data also says that we have been gaining share in the consumer franchise.



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So, I can't say as to what competition is saying. What my hypothesis could be that maybe competition is taking share from smaller fringe players, but not at least from Dabur. We don't see that problem in the marketplace. As far as Honey Tasties is concerned, it's our endeavor to take honey from therapeutic platform to food table. And therefore, Honey Tasties introduction is an endeavour in that pursuit. Last time around, at least four or five years back you are talking about when Honey Tasties was launched sometime back, I think it must be six, seven years.

**Gagan Ahluwalia:**

So, the earlier launch was a test launch many years ago. And it was on a very different, very premium price points. Now this is a different product altogether and it's on a very affordable price point.

**Abneesh Roy:**

Yes, that's useful. And my last question on Real Juice business, good growth coming back on a very favorable base. So, my question is, when I compare the distribution of fruit Real Juice business versus, say, a Coke or a Pepsi, Varun Beverages, etc, if you could talk about that? And versus your own universe, what would be the reach of Real, given so many innovations and lower packs have happened?

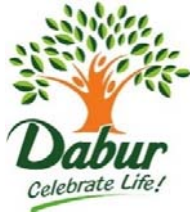
**Mohit Malhotra:**

Right. So, a couple of innovations, Abneesh, in the foods and the beverage business. First of all, the innovation is in a smaller price point, which is Rs. 10 and a Rs. 20 price point. Earlier, Real was an urban distributed brand and the distribution was restricted to around 100,000 as compared to our distribution available direct reach of around 1.2 million. So, we saw a lot of headroom available for us to grow. But the only constraint was the price point. With the price point constraint being breached and we are available in Rs. 10 and Rs. 20 price point, and also having a drink portfolio, now we are able to leverage our distribution. So, there's a huge headroom available for us to grow within urban and also getting on to rural with drinks portfolio coming in now. Now we are at all price points within Rs. 10, Rs. 20, Rs. 60 or Rs. 100 price point. So, we are catering to a separate consumer cohort which is coming to e-commerce to purchase it, separate available in our tetra pack and modern trade and separate in rural. So, therefore, we are trying to leverage the Dabur distribution. As compared to Varun and carbonated beverages, we are not comparing ourselves, because it's going to be one decade and we will keep expanding our distribution as we grow our volume. And that is what our strategy was in the beginning, we can't compete with the behemoths right day one when we are initiating a portfolio, so we will grow the portfolio and we will keep expanding our distribution as we go along.

**Avi Mehta from Macquarie**

**Avi Mehta:**

Sir, I just wanted to understand this demand a little better. A, has this sales trend been similar across the months? And has the recovery kind of started to move two-year sales growth back to double digit levels as we exited 1Q? Thank you.



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**Mohit Malhotra:**

Yes. So, I think demand situation is actually becoming sequentially better as the lockdowns and the restrictions and out-of-home consumption eases. And as you know, as the markets gradually slowly are opening up, the demand situation is becoming better. I shouldn't say the demand situation is becoming better, but I think the supply situation is becoming much better, the supply chain hiccups which were there are completely removed now. The shops are also open from morning till evening, earlier there were restricted times. So, on back of supply chain restrictions getting eased, I think the business is kind of becoming better. As far as demand is concerned, there are two parts to the demand, the urban demand and the rural demand. If I allude to the Nielsen data, what we find is there is a total FMCG growth happening around 36%. And for the first time in past around five to six quarters, we see that urban growth is trending ahead of the rural growth.

Now, urban growth is trending ahead is because it's coming on the back of a severe lockdown same time last year, that's why you see urban growth trending well. If you look at the CAGR figures, we still find a growth of 13% happening in rural which is ahead of the urban. And this quarter was an exception. If we look at next quarter onwards, I think rural once again, with a V-shaped recovery of the cases which happened in rural, should be trending ahead of the urban going forward from next quarter onwards. And we are extremely bullish about the rural growth because rural growth is still around 25%, 26%, while urban growth in our terms is almost like 45% to 48% in terms of consumption. This is because of the back of a hammered base last year. But going forward, CAGR basis, I think rural should be chugging ahead of urban going forward on back of a lot of government stimulus also.

So, for the full year, we expect demand recovery to happen from the COVID second wave, with the caveat of COVID third wave. If the COVID third wave doesn't hit, then we should do a double-digit growth rate for the full year. And I am pretty hopeful of us doing a double-digit growth rate for the full year, but with a caveat of COVID third wave hitting us, which may again impact the supply chains, which one can't comment. But I think the key acid test to the demand will be year after next, after we complete the fiscal year 2022 and we lap over the normal year, next year, that is if the GDP growth goes back to around 6% to 8% level, and the demand is ahead of that, that's when we say that the demand situation is okay in India. But this year, on a low base of last year, we can say that this year we should be able to do well, but for COVID third wave. I hope I answered your question?

**Avi Mehta:**

Sir, if I may, just to clarify, in the healthcare portfolio in particular, you alluded towards immunity seeing a very strong boost. And in that context, I was trying to understand whether as we see normalization playing out, has that immunity portfolio kind of seen a moderation? And if it has, has that been compensated by the out-of-home kind of categories, which is what was the broad kind of thesis or what I was trying to understand.





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**Mohit Malhotra:**

In Healthcare we saw a moderation, moderation to an extent that Chyawanprash will grow by around 50% for us, but last year, same time, there was a growth of around 200% in Chyawanprash. So, 200% getting moderated to 50% is what we see. And as we go along in subsequent quarters, we have quarter two and quarter three, there are huge humps there. So, when we encounter the hump, the growth will be muted in low single digit for a couple of quarters, then it will probably come back. But overall, full year healthcare portfolio should deliver a mid to high single digit growth rate for us. Because for healthcare, it is just not honey and Chyawanprash, we got ethical portfolio and OTC portfolio, and a lot of NPDs also coming in, new products, which are also in the range of around 5% to 6% of the total turnover. So, I think, overall, mid to high single digit growth in healthcare. As far as HPC portfolio, which is more discretionary, is concerned, is more than compensating for the depression in healthcare. As you saw it has grown by 26% and we expect it to grow at mid-teens for the full year, and the food portfolio coming on a hammered base should have high double digit growth rate. So, as a mix, I think we should more than adequately compensate for the depression in healthcare, on account of the peaks that you will encounter in the second and the third quarters.

**Avi Mehta:**

Perfect. This is very clear. If I may just second question on the input cost, sir. Could you kind of give us a sense on initiatives because you had alluded to taking price increases, but clearly they have been just enough to mitigate cost pressures, so any sense on how should we look at the gross margin as we go forward? Thank you very much.

**Mohit Malhotra:**

The input prices, Avi, have been unprecedented. So, there's a 9% to 10% of inflation which we have never seen. So, the cost inflation actually has been huge. And this has been across our portfolio buckets. So, whether its agri commodity based or it's a fossil fuel based, or it is herbs and spices based or edible oil base, so across the entire portfolio, the cost increase has been huge, and we have been able to pass on these cost increases to consumers to an extent of 3% MRP increase that we have taken. But that is not good enough for us to mitigate the impact of inflation. Apart from this, then we embarked on Samriddhi project. On account of Samriddhi we have got a cost savings of around Rs. 20 crores across the value chain in the Company, whether it's a supply chain driven or fixed overheads or variable overheads or packaging re-engineering or raw material reengineering, we have done that. So, by virtue of which we have been able to save around 20 cr. The balance we have rationalized the margins of the trade. It has come on back of that, we have rationalized some consumer promotions, it has come on back of that. So, we feel that we will not let the operating margin get dented. As far as gross margin is concerned, we don't expect the inflation to abate in next quarter, inflation will continue unabated because the crude will not soften, it's in the range of around 72 to 73. So, LLP and the HDPE and PET packaging prices will remain at the same level. So, you will see some depression compression in the second quarter on the gross margin. But with the saving initiative, we will want to maintain, if not slightly increase our operating margin going forward. For the full year, we should say that operating margin for us should remain same, if not increase a little bit. But there could be some compression on account



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of gross margin, and we don't want to take any rash price increases, because the demand situation is also not very great and you are caught between a rock and a hard place. So, at one end there's a demand which is not very, very resilient and there is the inflation hitting us. So, we don't want to price out ourselves as far as the consumer is concerned. So, calibrated price increases, one round one has taken, and second round one will only consider if push comes to shove.

**Latika Chopra from J P Morgan**

**Latika Chopra:**

Most of my questions actually got answered, but I wanted to have a check on the foods business. There was a substantial change in the quarterly run rate for beverages, this is quite encouraging despite one was anticipating mobility could be relatively subdued. Just wanted to understand this better, if you could elaborate what is the share of the new launches in these lower price packs that you talked about? What is the kind of contribution you are seeing from here? Was any kind of seasonal loading or anything to read here? Are these quarterly revenues run rates for beverages sustainable? That was my first question. And the second bit was, you talking about NPD share in the healthcare segment, but at an aggregate basis for the domestic business, how are we stacking up? Thank you.

**Mohit Malhotra:**

Latika, as far as foods business is concerned, I think we were preparing ourselves for almost one year for this situation, and I think everything has come to fruition in a quarter, I should be saying. But all sub-segments of our beverage portfolio have actually done well. Let's start with the 1-litre tetra pack. I think 1 liter tetra pack has also grown in very high double digits for us and we have gained almost 20 basis points of market share as far as the juice segment, and tetra pack being almost 60% market share there so we have gained business. And in-home consumption, as you know, is trending up. And on back up of in-home consumption, summer season coming in, a little more protracted, I think tetra pack has done well.

Then the second initiative that we had launched is the accessible price points of Rs. 10, wherein we launched the Real Mini, and Rs. 10, Rs. 20 price point, that has also done exceedingly well and we have been able to leverage our rural distribution on back of that. The third initiative that we had taken is entry into PET bottle, PET bottle itself has done very well. The PET bottles got extended into 250- and 600-ml packs also, which is essentially out-of-home consumption. As out-of-home consumption increases and the mobility restrictions reduced, we will only see this business going up, and now we are operating in a much larger addressable market here, which is around Rs. 8,000 crores in drinks as compared to earlier we were operating at Rs. 1,800 crores, so therefore larger market, leveraging distribution, now on back of innovation.

The fourth initiative that was taken is, we have now gone into carbonated beverage drinks and we have launched three variants there in the carbonated PET bottle. So, the first one is Jeera Cola which is carbonated, second is Nimbu which is carbonated, and third is Apple which is carbonated.



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So, we have released that, and innovation will continue. This is as far as our beverage portfolio is concerned. So, while you will see a lot of these initiatives in accessible price points in drinks market, this has been compensated by premiumization of portfolio that we have launched on e-commerce so that there is no margin dilution. If you look at the segment wise reporting results, you will see our gross margins inching up in the foods business at a very fast pace, on back of cost cutting, and a lot on premiumization portfolio.

Then, another area that we are strengthening, which I have alluded for past couple of years is a Hommade brand, which is extremely underleveraged for us. We have a great brand called Hommade and no better time than COVID when everybody was looking at in-home and ready-to-eat and ready-to-cook kind of product. So, we have extended Hommade from onion, garlic paste to now into chutneys and pickles. And last quarter, we have rolled out Red Chilli Pickle, and our chutneys, pickles and masalas have received very good response from the marketplace. Early days yet, but we have received a good response. This year, full year we will be looking at Rs. 100 crores, and next four to five years we are looking at Rs. 500 crores franchise out of our Hommade portfolio. And a lot of these brands are getting nurtured and being launched in e-commerce and we will keep extending them into modern trade as the situation improves and as they scale up the business. So, therefore there's a range of cold pressed edible oils that we rolled out, you saw mustard coming in and now we have launched sesame oil also. And you will see virgin coco and others also coming in now on e-commerce space. So, on back of all this, the overall NPD percentage to the foods business, which annually is around Rs. 1,000 crores, in the range of around 8% to 10% for us. And for the whole Company, NPD ratio will be in the range of around 5% to 6% going forward for the full year, Latika.

**Percy Panthaki from IIFL Securities**

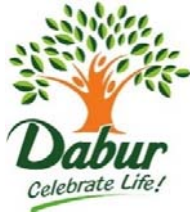
**Percy Panthaki:** Mohit, Gagan, congratulations on a very good set of numbers. My first question is on the foods portfolio, especially the juices and drinks. So, could you give me some rough percentages in terms of what percentage of your revenue comes from the 1-liter pack as of today? And how much was that let's say, two years ago?

**Mohit Malhotra:** So, today, the percentage for 1 liter will be 70% and a couple of year's back it would be in the range of 90. Because 200 ml was trending at the time, now 200 ml is out-of-home consumption pack and a little under pressure. But I think the PET bottles have also come in which out-of-home has compensated for that, so around similar.

**Percy Panthaki:** I am not able to get the complete picture here.

**Mohit Malhotra:** So, it's 70% of the overall portfolio and it used to be 70% or similar range.

**Percy Panthaki:** But you have launched so many new SKUs, so isn't that really helping?



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**Mohit Malhotra:** That is definitely helping and that's why the overall pie is growing, but so is the 1-litre pack also growing, and we are increasing our market share there. As we are increasing the Real franchise, and tailwind and the benefits of the equity enhancement is coming on the 1 litre, which is the mother brand.

**Percy Panthaki:** Secondly, I just wanted to understand, see, we have now diversified away from being only in juices to being in fruit drinks as well, which is a much larger category. So, if you can just give some idea as to what contribution of the turnover is now coming from fruit drinks instead of fruit juices.

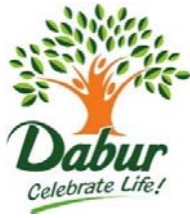
**Mohit Malhotra:** I think about 10% contribution will be coming from drinks, still it is small as far as the drinks portfolio is concerned.

**Percy Panthaki:** So, that's the annualized run rate of over Rs. 100 crores?

**Mohit Malhotra:** Yes, it will be slightly more than Rs. 100 crores, like I told you around Rs. 25 crores to Rs. 27 crores we have registered in the current quarter, so there will be a run rate of Rs. 100 crores annualized, Percy.

**Percy Panthaki:** Okay, got you. And just wanted to get a sense of the other new launches that you had done, specifically in areas like pickles, milkshakes and surface cleaners. If you can just give some sort of idea as to, let's say, all three of them put together would be what sales contribution for you? I know you would not like to give out separately because they are too sub-scale. And apart from this any qualitative commentary that you can give on each of these three?

**Mohit Malhotra:** So, I think first, I will talk a little qualitative, as the numbers are not really large. In milkshakes, we have been able to register 1% market share, total size being in the range of around Rs. 800 odd crores. Milkshake portfolio has received a very good response in the market, be it e-commerce or modern trade. And in the milkshake we launched three variants, out of which our chocolate variant is doing exceedingly well. As far as pickles is concerned, early days yet, but pickles portfolio also has been received very well in the market and that's why we have launched another variant of a red chilli variant in pickles, the green chilli variant and other variants in pickles and chutneys is doing well. As far as surface cleaners is concerned, that's a little damp squib. So, I think that was very contextual in the COVID times and that's not doing very well. We had launched Dazzl surface cleaners, those are not doing well, and the entire sanitizer linked portfolio under the Sanitize and the Dazzl brand, that is not doing well for us. So, that is what we are liquidating, including sanitizers. If you see, last year first quarter we had registered a sale of around Rs. 80 crores odd in sanitizer, but that business has gone down by 70%, because it's become completely commoditized, no money to be made and therefore we are getting out of sanitizers and doing liquidation there. So, that and the surface cleaner linked portfolio is not doing well, so that we are weeding out.



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**Percy Panthaki:** I understand that if it's COVID contextual it will not work in the longer run. But what are your thoughts on the larger categories in homecare like your floor cleaners or toilet cleaners or dishwashing liquids, any thought there, do you want to like play seriously in these categories are no?

**Mohit Malhotra:** Sanifresh is a huge opportunity and there is a single big boy present here with a majority market share, we are scaling up our business as far as Sanifresh is concerned in toilet cleaners. As far as air fresheners also we are scaling up our business and we got around 60% market share in the air freshener business, with the Odonil brand, that we are also scaling up. We have a Odomos brand, that also we are expanding the net in terms of total addressable market. And as you know, Odomos was earlier only a personal application cream, now we are getting into more insecticide business and also extending it into rackets and mosquito nets, which is what we rolled out in the last quarter. And that's got a good response on e-comm. So, those areas we are strengthening there. But as far as surface cleaner is concerned, that's not got great market and we have got enough and more portfolio for us to handle, so that we are weeding out basically.

**Percy Panthaki:** Okay. Got you. Also, just some general thoughts on your new launches. Would you focus new launches mainly in healthcare and foods? And do you want to sort of take a backseat as far as new launches are concerned for, let's say, beauty and personal care? Because many years ago, you were not there at that time, but we had this launch of a brand called U-veda, which was probably ahead of its time, but nowadays with sort of niche beauty care brands combined with the Ayurvedic platform, wouldn't you think something like this would work very well with Dabur's brand equity?

**Mohit Malhotra:** See, Percy, as far as new products are concerned, innovation is the cornerstone of our strategy and we feel that no Company can grow to the next level without innovation. So, innovation will continue at a pace that you can't imagine, so in every brand. As you know, we have got a guardrail or architecture of eight power brands in the Company. And in eight power brands, , in healthcare there is Dabur, and in foods there is Real, in HPC there is Vatika and Amla. So, under Vatika, under Amla, under Real, under Dabur, Chyawanprash or Honey brand, there will be a lot of innovation happening, and this innovation will fuel the scaling of these brands. So, these innovations will come on selective channels which will be image drivers, profit drivers as far as e-commerce is concerned and volume drivers as far as GT is concerned. So, we are very clear on what we need to do in terms of scaling up the business through NPDs and innovation. So, which includes foods under the Real brand or Hommade brand, which includes the skincare also and HPC also, which will have Vatika and Amla as brands, and healthcare in which there will be a Dabur Chyawanprash and Honey anchored around the Dabur brand.

**Percy Panthaki:** If basically, let's say, there is an opportunity in beauty and skincare, which doesn't fit within a Vatika or Dabur brand, then for now you would not explore that, is that what I am reading?



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**Mohit Malhotra:** Yes, at the moment, but that could be an inorganic opportunity for us, more so.

**Prakash Kapadia from Anived Portfolio Managers**

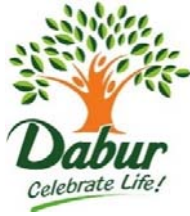
**Prakash Kapadia:** Congrats on a good set of numbers. A couple of questions Mohit. If I look at gross margins, they are a tad lower sequentially. Obviously, in your comments, you mentioned about inflation and input cost, does the mix change of higher contribution of food and beverages this quarter also affect that?

**Mohit Malhotra:** Absolutely right. So, the majority, I should say 85% impact is happening on account of inflation. And around 15% impact is coming on account of the mix change in favor of beverages. But you should also understand that this is a beverage season for us. And therefore, beverages were low in the previous year same quarter on account of COVID and out-of-home consumption not being so. So, healthcare trended up and therefore the gross margin inched up, but sequentially that's why they look a tad down, but majorly on account of inflation issues. So, that is how it is. But going forward, that should get sequentially mitigated. But that said, the inflation impact is too much. I think in quarter two also we will see this inflation, but in quarter three we expect the inflation to cool down a little bit and also it will come on a higher base once again. So, therefore, inflation will be tamed from third quarter onwards. If it doesn't moderate, then it might warrant a second round of price hike, which also we are prepared to take.

**Prakash Kapadia:** Sure. And you articulated the shift from juice to a broader drink play very well, that was very helpful. So, from next two, three-year perspective, if I look at the broader drinks portfolio contribution being around 10% odd, so over the next two, three years is it fair to say that on the back of distribution leverage, should continue to grow at a much faster pace, and that should be 20%, 25% of sales over the next three to four years, is that a fair assumption?

**Mohit Malhotra:** Yes, I don't know whether the drinks portfolio will increase in terms of percentage, because as we are planning drinks portfolio to become more mainstream, we also plan to have a premiumized portfolio to manage the margin pressure, the dilution which the drinks may show that's what we have done in our current quarter. If you see, our overall gross margin of foods has only gone up, our gross margins have been stuck despite our entry into drinks and drink becoming from almost 0 to 10% of the portfolio. So, we have managed it very well, and we hope to manage it like that going forward in the future also. And that's why we are fortifying our foods portfolio which will be more margin accretive. And also, a health portfolio of health juices will come in, which is what we saw Amla juice, aloe vera juice, ashwaganda juices, they all come in at a much higher margin than the average margin of our juice business. So, that helps to offset the dilution, if any.

**Prakash Kapadia:** And as we are scaling the drink portfolio, the 250 ml which we are launching, is it going to be a target for CSD and institutional side also, as the unlock happens and as mobility increases? Or



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currently we are focusing just on B2C and you know the consumer side of the business, especially in the rural markets?

**Mohit Malhotra:** So, at the moment then on the B2C side and more GT side of business, and not so much CSD because CSD is last of all, and it dilutes the margin further and we have enough in the portfolio for CSD increase. And as we speak, CSD has become 2% of the business, used to be 3% and CSD is going down. The government allocation for CSD canteens have also gone down. So, we are nowhere even close to last-to-last year's level. So, CSD is really eroding the top line to that extent, as one of the areas where we are suffering, despite listing a lot of new products out there, but still CSD business is quite low for us. So, it's really not the priority.

**Prakash Kapadia:** And just last bookkeeping question. With the current tax rate increase, what kind of tax rate we should look at over the next two to three years at a consol level?

**Ankush Jain:** I think, the overall tax rate should hover between 22% to 23% at the consol level, and in that range, over next two to three years.

**Vivek Maheshwari from Jeffries India**

**Vivek Maheshwari:** Mohit, a couple of things. First on foods, again, I am repeating, but just want to make sure that there is no channel inventory related issue, because when I look at Rs. 365 crores this quarter, this is something that you have never ever done in your history. So, I just want to make sure there is no primary secondary delta over here.

**Mohit Malhotra:** No, Vivek, we have actually corrected our inventory. Like I told you, in the previous quarter, we have corrected our inventories, and even in the current quarter we have only corrected our inventories. So, primarily is equivalent to secondary. So, there is no pipeline filling as we speak in the food business. And even in the other part of the business, we have corrected the pipeline by around two days further in the current quarter. So, earlier, we were 17 days and now we are sitting at a 15-day inventory, which is all time low inventory for us. But that said, in the next quarter when the season comes and there's a pre-season loading, we might increase the inventory, because that will be the call for that day. So, when Diwali loading happens, we invariably do that and that might happen. So, that's a dynamic environment. But in the quarter one no, there has been absolutely no loading whatsoever.

**Vivek Maheshwari:** Got it. And just for seasonality, the current run rate what you have done in this quarter, there is no reason to believe that this growth will not sustain, right, adjusting for seasonality?

**Mohit Malhotra:** Adjusting for seasonality, because overall consumption goes up, Vivek, I am only alluding to the foods business, I think your question is only pertaining to foods?



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- Vivek Maheshwari:** That's right, primarily beverages.
- Mohit Malhotra:** Foods is a seasonal business, so in season the consumption really spikes up, and when the consumption spikes up the market leader consumption also goes up. In the subsequent quarters, I don't think 80% will be the growth rate we will be having, but we will have a high double digit growth rate for sure in the foods on account of low base and the season which is coming in. But if the third wave comes in, again, out-of-home consumption will get impacted, those caveats will remain. But 80% growth rates will not happen, but high double digit growth rate, yes, that is eminently possible.
- Vivek Maheshwari:** See, actually Mohit, I am that's why not looking at the growth numbers because food base has been low and there have been a lot of issues at different points of time. So, I am just saying this Rs. 365 crores number that you have done in this quarter, if we adjust for seasonality going ahead, this is a run rate that you can maintain, as I said, adjusting for seasonality quarter-to-quarter.
- Mohit Malhotra:** I can't comment on this number of 365. I think seasonality, the business grows by roughly around 40% in the season. So, I think I can only comment upon the growth in foods business should be high double digit for the full year, very high double digit for the full year. That's what I can say.
- Gagan Ahluwalia:** I think, Vivek, you should look at annualized number.
- Vivek Maheshwari:** Okay. And finally on the foods, just to close the loop. So, for the past several quarters you have had somewhat of challenge in the food business, do you think you are completely out of the woods now, you know you have cracked the code and from here on precisely what you have to do to get this high double-digit growth going?
- Mohit Malhotra:** I don't know whether out of woods because we are market leaders, Vivek, as you know, we have got a 60% market share in the beverage business, and this time around the category has also grown by around 70% and we have grown ahead of the category. Now, if there is a headwind of COVID and out-of-home consumption, then again we may enter the woods, but that nobody knows. But as long as there is a category growth rate, we will be chugging it ahead at category level. So, therefore, as for situation today is concerned, I think we can clearly say that we are out of woods and this should only get better as out-of-home consumption improves.
- Vivek Maheshwari:** Got it. And on the oral care side, you mentioned something on the market share, what is the market share expansion and what is the exit market share in first quarter FY 2022?
- Mohit Malhotra:** We have increased our market shares by 100 basis points in oral care, Vivek. And our total market share is around 16.6%. We are a little tad behind HUL. I think full year ending we should be the number two brand in the country. If all is well and we keep our fingers crossed, by the end of the year we should be the number two brand in the country.





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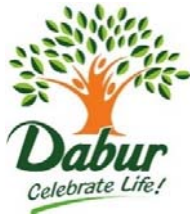
**Vivek Maheshwari:** Right. And lastly, on the A&P spend, so you did about 7% this quarter, and you have historically highlighted that this is a number which should creep up as we go ahead. How do you think about the rest of the year FY 2022? And your outlook from our next, let's say, two, three-year perspective?

**Mohit Malhotra:** So, I think a great highlight. Overall, what is visible to you, Vivek, is only the advertising and the publicity spend that we do on above the line, what is not visible to you, which is getting netted from the top line and also the other BPL expenses that we incur. Total ad growth that the Company has invested is roughly around 50% in India business, and the growth is 50% in India business, which is pretty high. So, we have allocated the expenses looking at the competitive intensity in the channel mix. And because during the quarter one, the channel mix was more skewed towards e-commerce and modern trade; a lot of money has gone behind consumer promotions and less on advertising. And depending upon the situation and where we are selling, that is where the investment will go. But your point, we want to invest behind our brand, we want to grow our brands, we want to increase our market share, we want to scale up our brands, for all that we require fodder and investments to be going behind building demand for our power brands. So, we are committed to be spending higher resources behind our power bands, and therefore we want to go to a level of around 9%. But we have our operating profit guardrail also here. So, depending upon this situation, we will increase. But overall, the next two to three years we want to inch up our advertising spending and investments behind the brand to a level of around 9% odd.

**Bharat Shah from ASK Investment Managers**

**Bharat Shah:** Just one issue on the e-commerce. You mentioned that the e-commerce business grew 100%, and the share of it in the overall turnover is about 8%. But I am not sure whether to think of it as a good thing or not so good thing, because over the period of time with e-commerce, the terms of trade and the brand equity slowly but subtly may shift away in favor of the e-commerce entity. And there the repository of the data of the customer, and then you lose the touch and data about the customer. So, I mean, in a way the distributor then becomes a brand and the brand slowly becomes like a commodity or a manufactured backend of the distribution. Any thoughts on that?

**Mohit Malhotra:** Very good question. As far as e-commerce is concerned, we are also looking at e-commerce from cradle of nurturing our brands today, with much lesser resources required and doing a test pilot and doing a proof-of-concept test. It also works as a test marketing for us, and there are not much entry barriers in e-commerce for us to launch brands, etc. That's another perspective of looking at things the way we do business. So, I think this is providing us an avenue to grow and nurture our brands there. And once you scale up, then we put it to GT. Before e-commerce became significant percentage of business earlier, the cost of entry or launching a new brand used to be very high and now it's a very easy way. That's one space. The second vector is that you can connect with a millennial and Gen Z very well and you connect with the brand. As far as the long-term question



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of eroding the brand equity and it is becoming more of a commodity and bargaining power shifting in the hands of the Amazons of the world or Big Buckets and they have the customer data and the consumer data. I completely agree with you, to find that risk we are also trying to build a D2C model which is direct-to-consumer through our own website so that we are able to collect the first party data, and basis the first party data we are able to do a programmatic buying and razor-sharp address the consumer and address the millennial and the centennial consumer and do it independently.

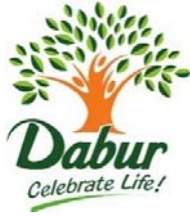
But the way I see it is a channel available. And we need to get that first party data with us. So, with a lot of the platforms, we are trying to do deals in terms of trade, wherein we get the ownership of the data as to who is buying and what is the consumer behavior. But that said that little amount of risk will remain and that is a risk it's just not in India, that risk is more so in developed countries where e-commerce contribution today in India is around 8%, with other countries this percentage goes up to around 20% or 30% in the U.S., and there also they don't share any data. So, that's the evolution of the market, we can't go against the grain as far as evolution is concerned. And India will very soon leapfrog to the levels of U.K. and U.S. where also the intellectual property of who's the consumer who's purchasing, investing with Amazon or Walmart or others. So, that's the nature of the beast here as far as the market, and you better go with the flow. And we can't fight with them. The only thing one can do is build your own platform, so that is what we are doing, building a D2C business and quickly scaling that business to modern trade and to e-commerce and to connect with the same consumer so that we know who's buying and who's not.

**Bharat Shah:**

I hear you. Actually, the second question was going to be on D2C part, but you talked about in the developed world where much higher percentage of the activity has already moved to e-commerce. But that is a market where growth rate of the consumer businesses is very poor, very, very low. And there is a brand proliferation, almost resulting in commoditization of brands. Because too many choices actually erode the brand equity, and that has probably happened in most categories as far as Europe, America is concerned. My worry was that slowly but certainly, when the distribution channel acquires a greater power than the brand, then the brand is to do something to remain a pull brand and where its salience remains. And therefore, far greater energy has to be devoted to creating such a powerful brand equity and a pull. Apart from of course DTC and other initiatives we in any case would be welcome in or warranted. But if one takes it is an inevitable fatalistic way, then without any doubt, over a period of time, the equity will shift away.

**Mohit Malhotra:**

Bharat ji, I think absolutely you rightly alluded. So, I think equity is in the hands of the brand owner who owns the trademark and the proprietary rights of the brand. That's why investment outside the platform is so much more critical. So, we don't invest all the money with the platform, so we are investing the money outside to build the equity, and also then indirect channels to directly connect with the consumer so that you are owning the brand franchise and you are the one who are building the equity and the proprietary right rests with you. If you take another example of



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modern trade, in modern trade when modern trade flourished to a level of around 15% of the business, there also the worry was that modern trade will launch private label, and private labels will commoditize the brand and you will lose the brand equity. But private labels have been limited to only some selective areas of homecare which are commoditized, but in personal care space and food space, where taste is so unique and so peculiar, and in HPC space, and Ayurvedic space where we are talking about medicines and APIs and proprietary, there the commoditization doesn't happen. If you look at the Dabur's portfolio, our portfolio of homecare is hardly around 8%, 9% of the overall portfolio. We are in Ayurvedic business, we are in the business of HPC, and in foods where taste, preferences and brands matter so much, which is what we are building on our own. So, we are not overtly varied with the kind of mix that we have. I hope I have been able to answer your question.

**Shirish Pardeshi from Centrum Broking**

**Shirish Pardeshi:** Congratulations for good set of numbers. My observation is that the most of the companies that set South have seen a lot of disruption, you also alluded to modern trade has seen higher lockdown. So, my short point is that two years before when we had the physical meeting, you did mention that South is a focus area, so could you talk something about our progress in the southern market?

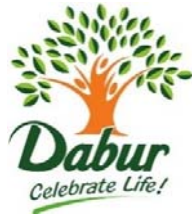
And the observation what I am trying to point out, if the lockdown is going to open and we will come back to normalcy, I think can we expect a little higher or current run rate for the next three to four quarters?

**Gagan Ahluwalia:** You are referring to the south business, Shirish, only?

**Shirish Pardeshi:** Yes. I have two questions in that, one is about the South initiative; and the other is that, right now we are seeing about Rs. 2,600 crores odd run rate, and whatever initiatives we have taken, I am expecting that we should be doing a run rate of about Rs. 2,800 crores, Rs. 3,000 crores average revenue. So, is it possible or there are still hurdles?

**Gagan Ahluwalia:** We don't look at it that way, we look at it more year on year, Shirish, so we can't comment on that. But to the point on South market, we have taken a number of initiatives.

**Mohit Malhotra:** Right. So, South, undoubtedly Shirish, we see a huge potential coming out of South and we are trying to build the organization in the South ahead of the organization in other regions. And we are not even doing around 25%, and if I compared to other companies, they will be doing a 35% turnover coming from South with per capita consumption staying much higher in the South of India. So, in the Rise project, we have created a separate organization in South and we are trying to build the brand and increasing our share of voice in South much ahead than other regions. That said, South is growing at a much faster pace as compared to our other regions, so to say. So,



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therefore, there are initiatives being planned for the South and should grow ahead of the other regions. And we are gaining market shares across our categories in the south region.

**Shirish Pardeshi:** Thank you.

**Shalini Gupta from Ashika Stock Broking**

**Shalini Gupta:** I had just one question. So, when I look at it, basically this quarter again there is market share increase in Chyawanprash and Honey, and if I remember the first quarter, there was something like a 700 bps increase in market share and in Chyawanprash it almost seems like a walkover. So, sir like whose market shares are you taking? And what does the market look like?

**Mohit Malhotra:** Right, because there is so much more competitive intensity, Shalini, I won't be able to talk about the exact numbers as to how much is the market and what the market share looks like. It's not a walkover, I think it's very difficult. I think the entire credit goes to the team and exemplary execution on ground which has actually enabled these market share increases. But just to tell you, the market share increases come on account of the number of players. There are a number of players in the market, in the west there is Dhootapapeshwar who is a very big player, then there is Baidyanath who is the number two player, so it comes on account of those two players. And a very big unorganized market of Chyawanprash which is also there. So, we guys are almost 60% market share player, with a penetration of roughly around a single digit there. And we are continuously embarking on a path to increase the penetration levels in the country. So, that's as far as Chyawanprash is concerned, and because we are market leaders, that's why you see we are coming out with modern formats and changing formats for Chyawanprash for it to become mainstream. Chyawanprash has already been launched in a tablet form, so you need to take a tablet once in a day and it's equivalent to a teaspoon of taking Chyawanprash to connect with the millennials, who may be aware but non-users of this category because of the taste and the format that it is available in. And you will see multiple newer formats of Chyawanprash we introduce as we go along. So, it's a pretty arduous task to grow the category as a leader and not just a walkover.

**Shalini Gupta:** I mean, I didn't mean it like that. Sir, I also wanted to ask you, you have been gaining market share in oral care, in hair care. Now, these are very competitive markets. So, again, the question is, who are you gaining market share from? I mean, whose market shares are you gaining?

**Mohit Malhotra:** Right. If you look at the hair oils market, in hair oils market there are a couple of players, we are 15%, 16% market share player, the lead player Marico which is there, there are other players like Bajaj which is there, then there are many other regional players also which are there. If we take share of 160 basis points, we are taking shares from the mix of the market. And we also take data, which is a Kantar data, which tells us the panel data from whom we gained share and whom we are losing to, what is the gain and what is the loss. So, we exactly know who we are taking share from and whom we are losing share to. In oral care market, we are around 16%, 17% market share,



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other players being Patanjali, Colgate, Unilever, etc. So, if we take share, we take share from leaders or other market lead players. So, that's whom we are taking share from.

**Shalini Gupta:** Okay. So, basically the smaller regional players are who you are taking the market share from?

**Mohit Malhotra:** Share from regional players, we are taking market share from lead multinationals also.

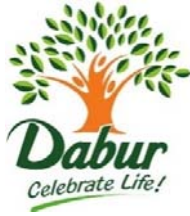
**Vishal Gutka from PhillipCapital**

**Vishal Gutka:** Congrats on a good set of numbers. Just wanted to know more about oral care. In the annual report you have stated that you have become number one player in Tamil Nadu market, the Tamil Nadu state is a very big market, can you elaborate what actions you have taken that has led to this? And other markets like Assam, West Bengal and Punjab, where you are number two, what is the gap between the leader and you? And can you become number one in those states also in the medium term?

**Mohit Malhotra:** So, specifically Tamil Nadu, I will not be able to share the exact details of Tamil Nadu market, I think the category guys would know. But overall, oral care strategy is very clear, we want to eventually take the leadership in the herbal, natural and Ayurvedic segment, which is 30% and actually 32% today, which used to be around 28%, 29% around two years back. So, we see there's a tailwind of herbal, natural and Ayurvedic sub-segment growing in the country, Vishal, all and growing at a very fast pace. It is a matter of time the 30% will become 50% and we are the beneficiaries of this tailwind, and we are already 50% plus market share in the herbal market. If the overall market, if I look at two years CAGR in the oral care market, the overall oral care market is declining by around 0.6% on a CAGR basis, in which the non-herbal market is declining at the rate of around 2.5% and the herbal sub-segment is growing at around 2% plus.

So, there is a 2x or 2.5x percent growth of the herbal market. And in that herbal market, we are growing at 1.5x. So, we are by far leading the pack as far as the growth in the herbal market is concerned. And we want to continue with that lead, in the sense that we are launching innovations one after the other. For example, in Dabur Red we launched Dabur Red Mouthwash very recently, Kavala/Gandusha therapy is what we launched, we are the first one. Now, already in South India we rolled out, in Tamil Nadu for example, our Dabur Herb'al toothpaste, a Clove toothpaste, Neem toothpaste is doing exceedingly well in Tamil Nadu. On back of that we have actually become the number one brand, and Dabur Red is doing exceedingly well. And going forward, we will be launching multiple other variants in e-commerce, which is going to be our incubation ground. And that's how we are getting share in oral care.

So, in gel market, we are little lagging behind, but I think we should be strengthening our presence in the gel market also going forward. So, we are represented in all the three price points in the oral care. So, we are in the belly of the market with a brand called Babool, we are in the top end of the



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market with a brand called Meswak. And in the middle bracket, which is a premium popular, we are with the Dabur Red, and in popular market we have entered with Dant Rakshak. So, all the sweet price points we are trying to occupy and that's the flanker strategy that we have in oral care. And on back of that we are gaining ground.

**Vishal Gutka:** Okay. And then the second question on Odomos brand. Given that HI category is seeing a lot of tailwinds as of now because people are being extra cautious with regards to their health and hygiene standards, all have extended to mosquito nets and racket. But any plan of taking to mainstream segments like liquid vaporizer or coils, any sense on that?

**Mohit Malhotra:** Not into coils, because coil is very much dilutive and we had tried coils a couple of years back and there is no money to be made because we fight with all the unbranded players, and coils is also very invasive on health. And we are pursuing a vision of health and wellness and coils doesn't go very well with that. But for liquid vaporizers, definitely, we are considering it very seriously. And other HI formats also we are looking at very seriously.

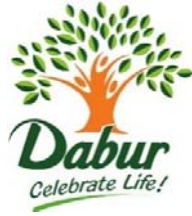
**Krishnan Sambamoorthy from Motilal Oswal**

**Krishnan Sambamoorthy:** Congrats on a great set of numbers to you and the team. My question is on the international business, a couple of your peers have called out that Middle East and markets like Bangladesh have started slowing down because of the second wave of COVID. Outlook here, at the end of the last year you were confident about the double-digit growth in the international business, is that still likely to come through?

**Mohit Malhotra:** Krishnan, as far as IBD is concerned, if you look at the current quarter, all our markets have done very well. Middle East market is growing by 48%, and there's a great recovery on the back of a depressed base. And Egypt market has grown by 44%, our SAARC market has also grown by around 41%, Nepal has actually grown by 75%, or Americas has grown by around 40%. Their key business in constant currency basis is around 11%, 12% growth, sub-Saharan Africa is growing by around 35% plus. So, I think all the markets are doing very well in terms of international business. And we think full year basis we are targeting a double-digit growth rate, but for the caveat of the COVID cases, there could be a little setback. But one can't predict anything, the situation is pretty much in a flux. So, I think we should be able to do a double-digit growth, and that's what we have targeted ourselves to do.

**Krishnan Sambamoorthy:** Just to clarify, as I said, a couple of peers have said that June and July, there has been some effect in a few of the international markets because of the second wave, you have not seen anything significant Indian in your markets?

**Mohit Malhotra:** In Bangladesh market, we have seen the cases spike up. And as we speak, there are 16,000 cases happening per day in Bangladesh and the entire country is in a complete lockdown. In Saudi



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Arabia, as a market also cases have spiked up and they have banned all the flights coming in from India till the end of August. So, there are cases coming up. So, the situation is pretty dynamic and I can't comment with conviction as to how the situation will evolve. But as far as U.S. is concerned, despite the signs of third wave, our U.S. business continues to be on resilient growth path.

**Krishnan Sambamoorthy:** Thanks, Mohit. Just one quick question on cost savings, you talked about Rs. 20 crores of cost savings in Q1 as a part of Samriddhi targets for the full year?

**Mohit Malhotra:** 100 crores is what we are targeting the full year. Last year, around Rs. 50 crores is what we saved, but we started Samriddhi somewhere in the first quarter, in the full year we had got six months last year. So, this full year, we should get Rs. 100 crores benefit from Samriddhi.

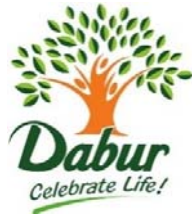
**Aditya Soman from Goldman Sachs**

**Aditya Soman:** So, just one question from my end on pricing. So, do you expect to see sort of continuous price increases over the next couple of quarters to mitigate the sort of input cost increase you talked about earlier?

**Mohit Malhotra:** Due to inflation we have taken a one round of price increase, around 3% odd, and Samriddhi benefits to set off the impact of inflation. But the second round of price increase only we will take in the third quarter if we don't see cooling off of inflation coming in third quarter. But the indications that we found, we think that edible oil inflation, which is coconut oil and mustard and rice bran etc, should cool off on back of good harvest season may be in the U.S. of soybean etc. So, that the indications are that that should cool off and then we may not warrant to take another round of price increase. So, we will shy away from taking price increase which will have an impact on the demand. And because our products are expensive, so we will wait and watch for price increase. We rather have a contraction of gross margin for one more quarter and maintain operating margin by cost saving, rather than taking a price increase. The price increase will be slow, because the demand situation is also not very, very robust at this point in time.

**Abhijeet Kundu from Antique Stock Broking**

**Abhijeet Kundu:** Congrats on a very strong set of numbers. My first question was on oral care. In oral care, specifically in case of Dant Manjan, you have said that you are seeing a very strong recovery there. What was the ballpark contribution of toothpowder or Lal Dant Manjan to overall oral care? And what would be the growth in that category? Why I am asking this is, at one point in time, it had a good amount of contribution to your oral care segment, and toothpaste had some receding of growth and at one time was declining. So, what's the scenario there now? Tooth Powder has gone down and from there it has seen a recovery and helping growth. What could we expect there?



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**Mohit Malhotra:** Abhijit, your voice wasn't very clear, but what I could understand is what you want to know is about tooth powder market, how the growth rate has been and what's the contribution? I could follow the first part of your question, the second part I couldn't understand.

**Abhijeet Kundu:** Yes, that's the question.

**Mohit Malhotra:** So, our toothpowder contribution is around 10%, 11% of the business and it is growing at the rate of 20% in the first quarter, and this is coming on back over very resilient rural growth for us. And as you know, the tooth powder category is more rural, so it's growing on backup of our infrastructure growing in rural India, and Lal Dant Manjan is performing exceedingly well, and also on back of resurgence of advertising on tooth powder. We have started advertising tooth powder on mainstream channels and that has given us very good benefit, which earlier we had stopped advertising. So, it's a positive impact of tooth powder, leveraging or having a good rub off on tooth paste and toothpaste having a good rub off on our tooth powder. We are looking at revamping our packaging in tooth powder. And looking at a variant of tooth powder even for e-commerce, our tooth powder sales are also pretty good in the Western markets like the U.S. and U.K., and we are exporting a fair bit of it in terms of private label. So, we are getting some learnings from there and we will be revamping our portfolio in India also.

**Abhijeet Kundu:** So, there is a good chance that this digit growth should sustain over the next two year, three years, that's by distribution expansion in villages in India itself?

**Mohit Malhotra:** Yes. And that's what our attempt would be.

**Abhijeet Kundu:** And in hair oils, presently in coconut oil, what we have seen earlier is that procurement of copra is a sort of a challenge in scaling up coconut oil. So, what are your thoughts on that, I mean, are you working on improving your copra procurement or the coconut oil business for you is so small that you can really get your requirement till the time you come to a certain stage, so what's your view on that, any challenges there in procurement of copra?

**Mohit Malhotra:** See, we are a very small player, we have fringe player as far as copra purchase is concerned and oil is concerned, we are not facing any problem. I think it will be for the larger players who will have a problem in terms of copra purchase. As you know, we are 6%, 7% in coconut oil market, so we are not facing any issues in copra purchase, except the coconut oil prices have gone up. And because coconut oil price table has gone up, so we are buying at a high price of copra, which is impinging on the margin. So, that's the only setback that we are facing. But as we speak, the outlook is that the prices of copra should also moderate and then the margins should become better, because we have not rolled back the prices here. So, that's the take on copra.

**Abhijeet Kundu:** And the last question is on homecare, in Odonil, though it's a small component of your overall business, but you have seen a market share gain there, so category on a low base has done well,





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that is understood, but there has been a market share improvement also. So, what are the reason for that, both in Odonil as well as in Odomos we have seen market share gains.

**Mohit Malhotra:**

So, what we are doing with Odonil is in Odonil we are completely revamping our entire portfolio. We have introduced the Air Care portfolio in Odonil which is doing exceedingly well, and we have gained market share in modern trade, wherein we have got the category captainship. And we are by far the lead players as far as air care is concerned in Odonil. Also, on the PDCP blocks, we are doing well, as the PDCP prices have kind of softened, so we are doing well in PDCP blocks also and we have introduced multiple new fragrances which are natural fragrances like Neem and all, and which are doing well in the market place. On back of packaging revamp, introducing of new fragrances, and aggression as far as modern trade is concerned. So, we are doing well in the Odonil portfolio. As far as Odomos is concerned, we are expanding the total addressable market by extending Odomos from cream format to overall HI format, which includes products like insect repellent, vaporizers and also getting into mosquito nets, rackets, etc. So, we are expanding the whole franchise there.

**Abhijeet Kundu:**

And in beverages, the strong growth that has been seen, could a part of that be also because of distribution expansion?

**Mohit Malhotra:**

As we grow our portfolio in the beverages, Rs. 10, Rs. 20 price point, we are only expanding. We are doubling our distribution network. As you know, in metros we have a separate channel which sells our beverages with eating and drinking outlets, so we are expanding that. And we are also now putting the portfolio on to our HPC distribution which is almost 10x larger as compared to our beverage distribution. And as we scale up the business, we will set up a separate distribution channel as far as a small town is concerned.

**Rahul Maheshwari from Ambit Capital**

**Rahul Maheshwari:**

Remarkable quarter, Mohit and Dabur team. I just had one question that in terms of the branding, Mohit, can you help to explain that a particular brand like Dabur Amla, which is mainly into the hair oil brand, and you are leveraging the same brand into Dabur Amla health juices. Generally, a brand can have a multiple extensions or product extensions or innovation, but one brand being used completely into different category, so how the preposition works on hair oil and juice having the same brand?

**Mohit Malhotra:**

So, it's like when you go to a grocery shopping, your wife will get Amla at home and you will crush that Amla, you will have it as a salad. She will take the Amla, she will put it in a kadhai and make a hair oil out of it. And she will take that amla, she will dry it, she will make a powder of it and in the morning you will have it in the glass and drink it. And you know it is the largest source of vitamin C, so its ingredient driven equity. Most of the companies we are driving our equity from the ingredient, which is Amla as an ingredient, it is the richest source of vitamin C. So, vitamin C



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in a body can be used on hair, can be used on wounds, can be had in the body, like that. You can have amla juice, you can have an amla hair oil, everything promises better growth, whether it's in body or prevention of disease or hair fall, it is one and the same thing.

Now that is from a layman perspective. From a branding and a marketer perspective, Dabur Amla is a brand in itself and Amla juice is an ingredient equity, that's the way we look at it. In healthcare. Dabur Amla provides that heritage, that trust to the consumer, for the amla ingredient that we are procuring, we are processing in the most quality environment. In Dabur Amla hair oil, it is more of a brand that we are trying to extend. Just to give you an example, Rahul, in Middle East amla is called lice. You know lice, in the hair, it is called lice. Yet Dabur Amla is the largest selling hair oil in the world today because there it is not treated as an ingredient or a name, it is treated as a brand. So, that's the way it is.

**Rahul Maheshwari:**

Sure, that's helpful. And just last one more question. A few quarters back you had mentioned in the concall that the HPC division in distribution perspective it has been bifurcated into two lines from the stockist point of view to focus on oral and homecare as two different divisions, how that is working, and how it's getting rewarded in terms of throughputs and overall strategy? Can you share some highlights or early signs that you are witnessing?

**Mohit Malhotra:**

Rahul, that's what we did, because our HPC portfolio is pretty wide, so we have divided the HPC portfolio in select markets into two verticals. One is oral care driven vertical and one is the hair oil driven vertical, so we have separated the two. And what we have done is, every salesman we have given him a gate target for him to achieve his incentive. So, the incentive gate is given on the return on what he sells in the marketplace. So, if he goes and every day a salesman does bit, he has to do a threshold level of business of roughly around I think Rs. 2,000 business in an outlet for him to justify his salary. So, the gate incentive is at that **and** if he does that kind of target in an outlet, which is productive, then we open every day great execution for the 30% incentive, which is a part of his salary. And we found that around 40% the people are cutting that particular score for us. And that means the business is doing exceedingly well. Wherever he is not able to do a ROI accretive business, there we are providing a subsidy to the stockiest in the beginning because we have to handhold him till the time he becomes independent and ROI accretive.

**Rahul Maheshwari:**

As you mentioned that the 40% have cut through the ROI, can you mention the ROI?

**Mohit Malhotra:**

So, that's what I am saying, the ROI threshold is in the range of around Rs. 2,000 for us per outlet.

**Amnish Aggarwal from Prabhudas Lilladher**

**Amnish Aggarwal:**

I have a couple of questions. My first question is on the growth rate. We have grown our top line at 32%, but if I compare this number with 1Q FY 2020, then our growth rate is 15% approximately. And if I look at say the remaining quarters, last year, we grew top line by 14%, 16% and 25%, in



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backdrop of this, what sort of number, assuming that the environment remains good, and there are no big disruptions, what sort of growth range we should presume for the rest of the year?

**Mohit Malhotra:** Sorry, the last bit was, growth rate for the current year you said?

**Amnish Aggarwal:** What I am saying is that 1Q last year was a normal year with a very, you can say, decline in sales. So, our growth rate is 31%, but rest of the three quarters were normal last year. So, in that backdrop, what sort of a growth range should be presume for the remaining part of the current year?

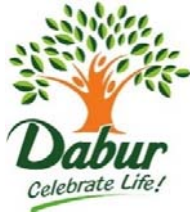
**Mohit Malhotra:** So, what we are looking at is a high single digit of volume growth, topped by some sort of a price increase. So, that is what we are looking at, if the situation is completely normal. So, like I told you, in healthcare we will be looking at mid to high single digit sort of a growth rate. Our food business should do a high double digit growth rate, and HPC should be in teens for us. So, we should end up doing high single in volume topped by some price increase, so double digit, in my full year guidance, which will lead to growth rate for the full year also.

**Amnish Aggarwal:** Okay, that's very helpful. And my second and last question is regarding the new launches, last year we had a spate of new launches and you clearly elucidated about the success you had in the foods business, as well as the fact that sanitizer and some of these surface cleaners' partners have not done well. So, can you elaborate that beyond foods which are the products where we have actually been able to create a mark for ourselves?

**Mohit Malhotra:** Yes, so I think the foods business is by far stellar, the healthcare category also new product has done exceedingly well, especially Tulsi Drop, health juices have done well, our chutneys range, pickles range, drinks range have done well, our baby care range is doing very well as far as e-commerce is concerned. Our Dant Rakshak, which was launched is also showing from green shoots, but for the COVID lockdown, it got a setback, we will be investing behind Dant Rakshak. Our Badam Amla in the hair oil portfolio is doing well, our Ayurvedic shampoos are doing well, our entire revamp of shampoos is doing well, the revamp of homecare business has done well. So, I find barring the sanitizer portfolio, antiseptic portfolio, rest of the brands have all done well for us.

**Amnish Aggarwal:** Okay. So, do we have plans to continue with Dazzl or slowly Dazzl and some of these surface cleaners we are going to discontinue?

**Mohit Malhotra:** We are still evaluating, because the answer is not simple because the category is really big for us. And the opportunity is big and there are few players present here. I think the distribution muscle should carry us through. But because of pressure with the sales team is so high in terms of so many SKUs to be sold, that's why we are facing the problem and the pushback coming. We have good products so we will be limiting these to the regional launches and not national. So, wherever it is



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showing traction there we will keep, wherever it is not showing traction we will weed it out. So, early days yet to call a funeral for Dazzl brand.

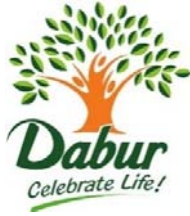
**Aditya Kondawar from JST Investment**

**Aditya Kondawar:** I had two questions on the online first, D2C brands. Number one, what have been your learnings from the online brands that you launched? I mean, how does it help you going forward? Like you said before, in connection with Millennials and Gen Z. Number two, I have seen the new product launches, the way they have been designed and marketed, I wanted to congratulate you on that because the products look really good. On that I just wanted to know, are there any companies on the branding or marketing side that you look up to, maybe in India or globally? Thank you.

**Mohit Malhotra:** Sorry Aditya, we couldn't get the second part of the question, first part I understood is D2C, second part I did not understand.

**Aditya Kondawar:** Sir, on the branding and marketing side, are there any companies that you look up to or you learn from them, any companies in India or globally?

**Mohit Malhotra:** Right. So, first of all, D2C learning, I think D2C is a very interesting space. As I have been telling you, D2C gives you first party data, and that first party data becomes extremely important for you to put those learnings across modern trade, GT, etc. and you become razor sharp in your thinking, understanding the consumer, understanding the customer and the entire mix can be refined and formalized. So, I think D2C is extremely important in terms of that learning curve. We have launched some brands on D2C like apple cider vinegar, our entire baby range, our Odomos range and healthcare range, Vatika Select shampoos, and all of them, surprisingly, are gaining good traction in the marketplace. And we are not withdrawing any brand as of now. And it also gives you an opportunity to correct as you keep moving on. So, that is doing well and as the brands are scaling up for example Apple Cider vinegar is becoming big for us now we are trying to roll it out to modern trade. So, we are scaling up that business and we may be the case with Baby also that may be doing. Early days for Vatika Select shampoo but that also we can consider. So, as far as branding marketing companies are concerned in the D2C space yes, there are many inspirational brands that you have and a lot of learning to be picked up from there. In the Indian space why go far I think there are multiple great examples like WOW, Botanica, MamaEarth, The Moms Co. I think hundreds of example are in the different spaces which are doing well and which are startups and we have to learn the entrepreneurial way of doing business through them and that is the ecosystem that we are trying to create in our ecommerce vertical which is a completely independent. That is why we have changed the structure in the Company and ecommerce head is almost like a chief executive officer running a separate Company having youngsters who are all 20 years of age and taking calls themselves and there is absolutely no interference and they almost



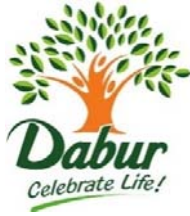
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report to the management committee and take those calls for us and that is the ecosystem that we are trying to nurture in the organization by giving complete autonomy to them.

**Shirish Pardeshi from Centrum Broking**

**Shirish Pardeshi:** Mohit, the bigger question which I wanted to ask previous time is that you did mention two to three occasions that you have been getting your senior management team to staff, you have done some structural changes. What exactly we should read from this? is that the efforts what you have put in on the productivity agility which are not enough and that is pushed for the structural change or there are some operational gaps and these are the gaps which you have filled in?

**Mohit Malhotra:** So, therefore, we are trying to build the capabilities in the Company Shirish. Capability can come in the organization two ways either you build the capabilities from within and if the capabilities are a little alien to the existing organization the learning curve may be too long then you acquire the capabilities from outside. So, when we recruit the talent from outside we recruit talent for the capabilities which are not existing internally in the Company or we cannot learn those capabilities in the short period of time which is the expectation of the management. So, most of the lateral hires that we are doing at the senior management level has the capabilities that we want to acquire from the outside the organization. Giving you an example IT is the capability that we acquired. We have acquired a gentleman from Unilever who has come in from outside and he is heading our IT vertical and Naren is the name of the gentleman, he is youngster who is driving IT capabilities within the Company and IT capabilities means the core IT and also the business IT roles. Earlier IT was only IT in the organization but now the core IT is going to be percolating into the business IT and business automation that capability we did not have. Similarly, we have got talent from outside in terms of sales digital transformation which is the capability we did not have in the organization so again we got a talent form Unilever who has joined us. He used to be with Dabur then joined Unilever for more than a decade and then came back to Dabur and who is driving the digital capabilities in the S&D to automate the organization. We might look at digital capabilities in the marketing also. As in the marketing organization my span of control is very large so we have kind of from my four head of marketing we reduced it two heads of marketing and we have got the talent from outside in the HPC and Food vertical. Abhishek who has joined us from Coca Cola he is come in and he brings in sales and marketing capabilities of charting out the route to market path for the foods business the way Pepsi and Coke have done which we don't understand that space. So, it is all acquiring capabilities which hitherto were not existent in the Company like in R&D also we have got the chief executive officer of Ministry of Ayush who joined us head of R&D, Dr. Shastri. He has again joined us back. He was with Dabur. He joined Ministry of Ayush got the education, understands regulation more than anybody else, was sitting on the policy creating framework with the Government of India come back to us who will be driving public policy with government while with the organization and also providing us vision of the R&D, how to take



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Ayurveda main stream, Har Ghar Ayurveda which is the vision of the Company so we are trying to acquire capabilities which are hitherto not present in the Company where we are not able to manage and that is why we are trying to get people building the organization for the future is what we are we are trying to do here. So, whether it is sales, marketing, R&D, IT, Automation, etc., and then manufacturing also. We have got vice president manufacturing because the way we were manufacturing and the efficiency and the effectiveness robotization we do know this learning where the market is moved. So, a gentleman is joining us from Unilever again who will be driving the entire manufacturing automation going forward in the future. Mr. Rahul Awasthi is the one who joined us, again from Unilever, having spent his lifetime and he has joined us and he will be driving the entire automation and efficiency and the equipment OEE Scores and quality framework which we don't have in the Company so therefore it is acquiring lateral talent to build capabilities in the Company to build the organization for the future. I hope I have answered question.

**Shirish Pardeshi:**

Wonderful, it was an excellent commentary and I hope I am not bothering you further. It is a good move and I think yes, you harped on the agility part and I am looking at this talent would definitely have a bigger contribution in further dreams to achieve. With that note thank you and all the best and that is what my question.

**Gagan Ahluwalia:**

Thank you for your participation in this Conference Call. The Webcast, Audio Recording and Transcript of this Call will be available on our Website soon. Thank you and stay safe and healthy. Have a nice evening.

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