Management Discussion

Unidentified Speaker
Good afternoon, ladies and gentlemen. A very warm welcome to all of you, and thank you very much for coming to this event and taking time to join us in person. It's a pleasure to have with us our valued investors, analysts, as well as members from the financial fraternity. Your continued engagement with Dabur and your perspectives and your valuable feedbacks are always welcome and appreciated. Dabur is a company with a rich heritage and a distinctive place in India's consumer landscape. Over the years, we have built a business around a deep understanding of consumers, a strong connection with our brands, and a continued focus on health, wellness, and everyday household needs.

I'm sure you must have already gone through our Q2 FY27 results, but today this goes a step further. Here we'll be talking more about what is our perspective on our business, what are key focus areas, how we have progressed, and what are opportunities which lie ahead. Today, over the course of today's session, Mr. Herjit, who is our India Business CEO, will take us through the presentation, and which will be followed by a Q&A session. With that, I would like now to invite Mr. Herjit Bhalla, CEO India Business, to come on stage and take us through the presentation.

Thank you. Herjit, over to you. Thank you, Rahul. Uh, a very, very good afternoon to all of you. Thank you for being here, and in advance, uh, wishing all of you all the best, uh, for Diwali. So I'm Herjit Bhalla, and I am delighted to be here today to have this conversation with you, to share with you how I have seen the last 6 months go and as well as take some insights from you on what you guys are thinking as well. So the agenda for the next little bit is going to be as follows. We're just going to do a very quick look at Dabur, how I saw it when I was coming into the organization, what I believe I have learned in my first 6 months.

I'm also going to do a quick assessment of our performance. And what we are going to be doing next. So very, very clearly, you know, it's, it's rare that you join a new organization and you've already been familiar and using the brands for many, many decades. That's how day one at Dabur felt, right? This is truly an amazing organization with a very, very rich heritage. We are all aware, 142 years we've been here building on a lot of trust that the consumers have bestowed on us during this time, right?

It feels great to have the privilege and the honor to be part of this business and now to be able to look to take it forward as we speak. You're familiar with the fact that Dabur is there in 8 out of 10 households. We always keep talking about the distribution reach that Dabur has. But, you know, when I look at the portfolio, what really stood out for me at that moment was the sheer size and play across categories that we have, right? Be it home and personal care, be it healthcare, or be it F&B.

And of course, our Ayurveda ethicals business. We've got strong brands that have played across the board. So right at the top, you have the Rs 1,000 crore plus brands. In the middle, you have those brands that have a lot of opportunity. But more importantly, they are robust category leaders, defining category, defining brands with a lot of headroom given that we still have low levels of penetration here. I think the exciting part is what you see at the bottom. These are the brands, the brands of the future, the brands that have a lot of potential and anyone You know, anyone who gets the opportunity to get a stable of brands that looks like this should consider themselves as a leader, lucky to be at the helm of driving change or driving what comes next.

Now, our aim or ambition is to be- or is to play a leading role in the categories that we are together,

uh, we are part of. What you see on the page are the brands that hold strong market leadership, category-defining brands, and these brands are the core that contribute to over 50% of, of our revenue. So very, very clearly, when I was looking at this, I was seeing that this is an organization with a huge heritage, a very, very rich legacy, amazing brands, but most importantly, it had something for everyone across India, right?

So that's how I saw Dabur from the outside. As I came in, as an organization that is playing across rural, across urban, is playing across the mass segment, is playing across premium. It has a portfolio that is built for every consumer, every market, every single channel, and can cater to every single occasion. That's the first part of how I saw things. Now, I got the privilege to spend the first 6 months where I did a lot of listening, I did a lot of learning, and I did a lot of understanding of what Dabur is.

And some of the things that came up in, in my conversation with what I call the 3 C's which are the most integral part of any organization- our consumers, our customers, and our colleagues- was, was very, very rich in terms of insights. So when I met our consumer, the one key thing that kept coming across to me was the trust that we'd built with them and our responsibility to ensure we hold on to that trust with everything and every step we take with our customers. I met some of them who've been with us for over 50 years.

You know, this is not a normal relationship. This is a relationship where you become an integral part of one's family and you grow together. And we've been blessed to have customers who've been with us over generations. And finally, we did these Unplugged with Herjit sessions that allowed me to spend over 100 hours with small groups of people within the organization, across regions, across channels, where I asked them a very simple question. What's the one thing that you love about Dabur that you would like to retain?

And what's the one thing that frustrates you, you'd like to change? So a lot of rich insights, a lot of things that we can feel really proud of. And I honestly feel that we don't get the level of credit that we have for the strong fundamentals that this organization has. At the same time, there were very, very clear opportunity areas that came through, right? One of the clear messaging I heard from across the board: we have great brands, we need to be focused, and we need to enhance our spending behind our brands.

Are we spending enough? The other area that came through to me clearly in the messaging was we are the house of Ayurveda. We need to be the leaders in health and wellness, and we should do more in this space. Then, of course, the other thing which also came through was how do we transform our portfolio to meet the changing needs of the Indian consumer? So there's work that's happening, but how do we do it faster? And finally was in the area of excellence around our execution. We have a great execution.

How do we enhance the quality of that execution? So those were the 4 things that I really picked up from all of the understanding so that it goes into looking at how we write the future. Having said this, the 6 months that I've been part of the company have also been an incredible 6 months from a macro environment perspective. Right. And I know each one of you knows this far better than I do, but the environment has been challenging given the Middle East conflict. Resulting in crude prices going up, resulting in higher inflation.

But for us within FMCG across the board, it's been a challenging environment in order to drive consumption. It's been an environment where inflation has been elevated and we've had to calibrate what we are doing. My focus and my team's focus during this time is very, very simple: control the

controllables. We can only influence that which is in our control. And in doing so, our approach has been to look at this as an opportunity to look across the length and breadth of our portfolio to be able to see how can we enhance our mix, how can we drive cost optimization more, How can we take calibrated price increases?

Where do we need to be competitive? So all of that's been happening in this environment. But I think at the fundamental of it all, and what's probably most heartening, and like I said, you guys know this better than I do, is that India's growth story continues to remain as robust. As it has been, right? We are the fastest growing economy. We are having a much younger workforce that is also digitally getting savvier as we speak. There is a far higher need for health and wellness. Consumers are looking at labels with a very different perspective.

As well as the whole opportunity across quick commerce. Now, the way I see this is, wow, this is exactly where Dabur needs to reinforce its position of strength from over the years and bring itself to make a bigger play here. We have the headroom for growth, right? We have the credentials as far as natural and Ayurvedic equity exists backed by science. We have the rural reach. We have the urban strength across our channels. So when I looked at this, for me coming into the organization was amazing opportunity to be part of the future of this amazing organization and help build it a little way that I can contribute.

So from that on, I started to look at one of the ways that you look to build the future is to look at the past. And we started with Doing an assessment of our vision. Now, some of you may know that we do a vision on a 3-year cycle, right? So we build a vision. Of course, given the VUCA world we live in, we can calibrate the vision on an annual basis, but we build the vision on a 3-year cycle. We are, as we speak, we've completed 18 months of that vision. And for the first time, and in a very, very unfiltered, real manner, I'm going to share with you an assessment of where I believe we are at the end of these 18 months and what we need to do as we go into the next part of the vision.

Now, these- what you see on the page are clearly the 7 areas that we said we will focus on, are the 7 key pillars of our vision that was laid out 18 months ago. The first one was to accelerate our core brands. The second one was to make our brands more premium and contemporary. The third one was to take big, bold bets in the area of health and wellness. The fourth one was to simplify and streamline our portfolio. The fifth one was to enhance our go-to-market. The sixth one was to do a strategic M&A.

And the seventh one was to build operating efficiencies. So I'm going to now just dive in, give you a quick perspective of where I feel we are and how we did against that till now. So the first one in terms of accelerating our core brands, these are our core. These are the brands that generate almost 60% of our business. They're all strong brands. Our focus during this time has to be to continue driving investment in these core brands so that we can enhance the category. Because we are market leaders in many of them.

We can further build relevance and we can drive usage and occasions to grow penetration as we go along. Now, we recently released a new communication and I'm going to share that with you on Chavanprash. I know a lot of you are going to be interested and excited. With what we are doing since we are getting into Chawanprash season, right? One of our key focus areas with Chawanprash has been to build relevance, has been to drive more occasions. We are doing it through this new communication as well as through newer formats in the form of gummies.

But let's take a sneak peek at this new communication that just went live 2 days ago. So can we have the TBC please? Oh ho champions! [Foreign Speech] game on. [Foreign Speech] Level 1. Dabur

Chyawanprash [Foreign Speech] Level 2. [Foreign Speech] defence [Foreign Speech] defence Level 3 [Foreign Speech] Dabur Chyawanprash triple action on [Foreign Speech] strong or so that's that's something that went live 2 days ago There's one more campaign that I want to talk to you about, which is around Odonil.

It's one of our key brands, core brands in the home care space, and one brand that we believe has a lot of potential in terms of growth and in terms of opportunity. For the first time, we came out with a campaign that goes across regions. And it talks to consumers in their language, in the region that we are. So since today we are in Mumbai, so for all the Mumbai cars, can we have the new O'Donnell campaign please? Mommy's group [Foreign Speech] bathroom [Foreign Speech] India [Foreign Speech] Odonil [Foreign Speech] bathroom [Foreign Speech] Odonil [Foreign Speech] close on tub [Foreign Speech] so I hope on the way back you're going to be buying some Odonil as you go home but this this is some of the work I think we've done good work in the space of accelerating our core brands But we've had to calibrate investments given the hyperinflation that we have seen, and I will talk a little more about it.

But the other area that I believe we've done a good job has been in the area of digital, where we've really accelerated our spending on digital. Our media spends as far as digital are concerned now are almost 43% of our total spends. But what's really heartening to see is how the team has driven efficiency. And as a result of the efficiency, we've been able to really drive a lot more out of the campaigns that we've spent. All of you, I'm sure, have seen our results and you've seen our Q2 media spends.

But what has been important is how we've spent that money and where we've spent that money. Which has been able to drive a lot more relevance for us. And more importantly, we've upped our influencers by over 3x, and we've been able to do it by driving a lot more efficiency. We're also using a complete 360 approach on our key brands, right, to be able to drive the right conversations, whether it's on the relevant digital screen or online or with access to the right influencers. So I do want to share with you one communication that just went live where we are talking about honey.

And again, this is the season of honey. So about driving the purity of honey and ensuring- just taking you through how honey is made. So can we just look at the honey campaign, please? Okay, this is probably one of the most random DMs I have ever sent. So I have honey almost every morning before leaving for work, but I often wonder, how do I know what actually goes into the making? So I sent a message to Dabur asking, can I come see the process? And instead of sending me a PR answer, they said, come and see it for yourself.

So here I am at the Dabur Honey Factory in Baddi, Himachal Pradesh. So this is where the journey starts, where the honey arrives from the beekeepers in these drums. And every single batch is locked so it can be traced back to the beekeeper and location where it actually came from. Isn't that interesting? You know what really caught my attention is what happens even before the honey enters into production. The sample goes straight to the lab and Every batch is tested against its standard, and if it doesn't make the cut, it doesn't move ahead.

Once the batch passes, it is stored in these massive stainless steel tanks. And now comes the part I am most excited about- filling, capping, labeling. It's all happening at incredible speed with minimal human contact. Wait, so nobody's hands actually touch the honey at any point? No. Almost zero human touch from start to finish. That's impressive. But the checks don't stop even after the honey is bottled. There's another round of quality checks before it reaches the consumer. It is tested across all 22 mandatory quality parameters.

Plus, every pack conforms to Government of India's AGMARK Special Grade certification. Well, so this is one DM I am glad I sent. Because the next time when I'm reaching out for Dabur Honey, I know the entire journey behind every drop and can confidently recommend it as my absolute favorite. Yeah, and there's been a lot of use of AI now, especially in how we do our media planning. We are also using AI in terms of helping us generate content. Right, so I just want to show you one communication which is made in-home, and that's also another way where we are able to maximize our media monies and make them more consumer-facing.

So this is one classic example of how we are doing that. Can we see the next one? Mocktail moments, cocktail nights, let's have fun under party lights. Real cranberries got the perfect mood. Mix it up or drink it straight. One real sip, yeah, tastes so great. Real cranberries set the scene. Make mix-ups smooth and clean. Taste the real. Taste the real. Real cranberries. Real party starter. Yep. Now, when I look at this, you will see at the bottom I've put a small grading scale. As far as I see it, I have still rated this first pillar of ours in the amber.

Why have I done it? I've done it because while we've generated the growth on our core brands that we had put as part of the vision, we fell short on the media spending or the support that we had committed to put behind it. Of course, that was driven by the The environment. However, it's something- it's a good assessment of where I see it right now so that it allows us to build what the focus is going to be going forward. So that was the first pillar. Quickly on to the second pillar, which was around premiumization.

Here we've been really focused on how we can really service the needs of our consumers Through evolving- through their evolving needs and through a higher margin portfolio. Now, I'm very happy to share with you that for us, our premium portfolio used to contribute 17%. It has now gone up during these 18 months from 17% to 20%. And this premium portfolio is growing at 4x our overall rate and is margin accretive. So it's, it's a very simple formula as far as I see it, that we need to continue to grow and to advance premiumization for us because it's going to be able to sustain a higher top line and a higher top line which is more profitable.

And there have been some great examples on premiumization, whether it's on honey, where we've got our organic honey, we've got our region-specific honey, and now we're about to launch a monofloral honey later this month. And all of these operate at 2.5 times the cost of normal honey. So there is a lot of work that's happening on making honey more relevant, offering consumers different kinds of premium opportunities. Similarly, on toothpaste with charcoal, and I just want to share one last ad with you which talks about how we are driving this premiumization.

So you get a real sense on what we are doing. Wanna know the secret behind my white smile? Keep watching. They ask why black because black doesn't. Scream. It doesn't need to. Black isn't absence, it's a choice for those who want the white to stand out. And the white that deserves to shine the most is your smile. But whiter smiles need more than just white. What you need is black. Charcoal. That's why I choose Dabur Herbal Activated Charcoal Charcoal toothpaste powered by active charcoal particles.

The black that helps reduce the toughest of stains up to 7 years old. Yes, you heard that right, 7 years! And gives one shade whiter teeth in 7 days for a smile that outshines all. Take the 7-day test for yourself and find out. Dabur Herbal Activated Charcoal Toothpaste. Choose black for white. Charcoal. Yeah, and the second leg of driving premiumization was really making our portfolio look a lot more contemporary. Again, there's been good work with the launch of new products, right? We launched our first bio-infusion shampoo, which is no salt.

That's gone out. We've got our new Oxy Detan face packs. That we're getting a very good response from. There have been new formats and there's been new packaging. And one of the areas that we've really been focused on is how we enhance the packaging of our portfolio to make it more contemporary and make it more modern. And you see that classic example being the new packaging for Dabur Red amongst the others that we have here. On this one, I have rated us On the verge of getting into green, because I think there's great work.

We've seen the results, and we now just need to sustain and make make make it happen a lot more. The next pillar, or the third pillar, was really on bold bets in health and wellness. In terms of the opportunity here, it was very very clear: gut health is something that we have focused on. Our digestives business comprising Hajmola, Pudinara, and Aesop Gold has done incredibly well for us. We've been growing at strong double-digit growth in this space. We need to keep up the momentum. There is opportunity to do more in the area of functional beverages as well as strength and vitality versus what we had laid out at the start of the 18 months.

So here I've given us another amber here. Because I believe there is more headroom to grow. So right now I'm being tough on ourselves because we are getting solid growth from this portfolio, but it's the opportunity that we can look to gather if we were to put more focus in terms of investments in this space. So that's, that's the rating there. The next one was around simplification, right? A lot of you would have heard that our portfolio is diverse. We play in multiple categories and within multiple categories we play in- we have multiple brands.

So one of the areas that we've been focused on is to rationalize, is to simplify, and is to drive prioritization. In terms of what we focus on, so six brands, 350 SKUs are gone. I've given us a rating of green in this space, but I promise you this is going to be a big area of focus as we look to our future as well, because this is where we will be able to ensure that we focus our energies on the few big priorities. That we are going to be focused on. Moving on, the next pillar, which was our 5th pillar, was on Project Saksham.

Now, Saksham was put together to be able to really recalibrate and evolve our go-to-market to meet the changing retail landscape that we are seeing across the country, right? That was the focus in the area of GT, uh, general trade. And most of the numbers you see here are general trade numbers. We've carried out a very massive consolidation exercise over the last year, right? It's, it's resulted in, uh, a reduction in our distributors by about 43%. And honestly, it was the need of the hour, and I'm glad the teams have done such a strong job of it because that has resulted in lower distributor attrition by almost 80%.

It has resulted in their throughput going up by 2x. It has resulted in their ROIs going up by 30%. So very, very clearly, there's been Strong work here, work that is already beginning to, to start showing results. We've now delivered 2 quarters where our growth on GT has been mid-single-digit growths, right? Uh, this quarter we were- we've delivered our highest growth in the last many, many, I think 19 quarters or so. Uh, in GT, and that's beginning to come through from Saksham. Now, at this stage, I will not say Saksham is done and complete.

There is a lot more to be done here, and we will talk about it as I go further in this presentation. But for the work that was laid out, we, uh, believe that we've done a good job, and hence that's where I've rated us Agreed on that one. The next one, the sixth one, and I'm sure all of you will be wanting to see how I rate this one. This was on strategic M&A. We clearly called out a priority, and we put a number behind what we were looking to get at this stage. We've we've we're looking at M&A in two parts.

One is in the area of taking minority stake. In D2C companies that allows us to learn, that allows us to understand trends, that allows us to engage and play a role in, in how these companies evolve with the founders. We got Ras in as part of Dabur Ventures. Dabur Ventures was formed in October '25, and Ras was the first investment that was done earlier this year. So that's one aspect of it. And then as far as strategic acquisitions, and that's the big area that we had called out as part of this vision, we'd acquired Bacha that continues to deliver robust growth.

We've got Cesar that's going to be integrated starting 1st of December into the Dabur business, and it is going to be integrated with retrospective effect from 1st April. However, in terms of looking at everything we had set out for ourselves to do, I've given us a red on this front. Uh, it's been 18 months, we still have 18 months to go, so this red can become a green. But at this stage, this is where we stand. And at this stage, I do also want to acknowledge that We're not looking at doing an M&A for the sake of doing an M&A.

We are looking at doing an M&A if it meets with the strategic requirements of where Dabur is and where Dabur needs to get to. It meets the ability of us to be able to generate synergies, both from a distribution and a supply chain perspective. It meets the right wagon wheel within which we want to operate, and most importantly, it comes at the right valuation because that's going to be critical for us as we close this out. But right now, 18 months in on this vision, this is where we are on this initiative.

And the last one was around operating efficiencies. Now, the role of operating efficiencies as a pillar was to make us more efficient from a supply chain perspective. So how do we manage our costs and how do we do better from that aspect of business, from a manufacturing or from a product portfolio perspective? And this is where our Project Samridhi, which is the cost-saving initiative that we drive within the organization, has been working for us. We've generated over 115 crores during the vision period that's come.

That has allowed us to be able to deliver what we've been delivering. Even on this front, I've given ourselves towards the green because this was in line with the goals that we'd set out at that time. So that really was the 7 key pillars of our vision, and I have honestly put a scorecard out there in front of you that tells you that there's some areas that we are doing really well. We will continue to keep doing well. There's some areas that are opportunities, and that's how I see them, because there is a quick difference that we could make in some of those areas And some that we need to continue to keep working on more from a future long-term perspective.

At this stage, I do want to tell you that, you know, like I said, we do a vision every 3 years. So ideally, the next vision exercise is only to happen in March of '28, right? But with everything that one has been Uh, working on with the team. We believe that the time is right for us to get into a strategic midterm exercise that we will initiate now, right? So I look forward to come back to you all in the next 6 to 8 months with a medium-term vision which talks about a 2031 plan and share with you What are the things that we will continue to keep doing?

What are the things that we are going to accelerate in terms of how we evolve our portfolio and make it future-ready? And what are the things that we are going to be doing in terms of execution? So look out for that. That's what we're going to be doing in the next 6 to 8 months. Having said this, when we were spending time with people within the organization, One of the key feelings we were picking up is, what do we do differently now? What are we going to do to step change? You've seen the step change in the last 2 months when you look at our performance, but it's early days.

It's, it's something that needs a lot more work to be done on. So how are we going to do that? And

we were looking to put out a mantra that we want to bring alive The organization with. Now let me just remind you, this is not a new strategy. This is our mantra to reignite the organization, and that's what is called as Ignite. You see Ignite everywhere. We believe that if we come together, we can fuel growth by winning together, and for that We needed to ignite the entire organization of Dabur India to really, as I say, come to the party.

And that is what we're going to be focused on going forward. Now, what exactly is going to happen in this area in the immediate future? We're already working on Ignite now for the last 3 months. We're focused on 4 key areas. We want to accelerate growth. That's very, very clear. That is something that this business needs to be doing and has the right to do so. We want to further enhance our execution. We want to build a future-ready portfolio. And lastly, we need to find the monies to invest behind all of this.

So very, very clearly, 4 key priorities. The first one is on accelerating the core. We call it energize the core and scale the stars. So as part of Ignite, we are going to be energizing the core. How are we going to do that? We believe we've not put in as much investments in certain areas of our core. We're going to do that. And for that, we're going to look to invest 150 to 200 basis points of ad pro. Extra or media investments that go in further in areas. Now this needs to be in the area of consumer-facing investments on brands where we feel we are going to get the biggest return on that investment.

Then it's going to be scaling our stars. We have amazing stars that I spoke to you about. There is opportunity in some of these And we will look to ensure that especially in certain areas, we invest disproportionately in the area of OTCs and digestives, in some parts of our skincare, home care, and foods portfolio that allows us to continue growing at strong double digit in the, the scale, in the stars part of our portfolio. With this, We are reiterating our guidance for the full year to remain at double digit.

We'd called that out at the start of the year. We've managed to deliver that a little ahead of that in the first 2 quarters, and we look to maintain that momentum going forward for the remainder of the year as well. So that's the first one. On the second one, in the area of execution excellence, A lot gets spoken about Dabur's reach, the quantity of coverage. A lot of numbers get spoken about it. I want to tweak this with my team to focus now on the quality of coverage. It's not the reach that's important, it is what we are getting out of that reach that's going to be important.

And in order to do, do so We are ramping up our channel program, and that is something that we are now building across 40,000 stores. We call it the Retail Next program. Within that, we are very, very clear that we want to deliver a growth which is 1.5 times the growth of the rest of GT, and we're going to be doing that with very, very clear ways of working, ways of selling in, the use of MSL in terms of what is the right portfolio, in what quantity that needs to be sold, what is the right level of visibility that we want inside these stores.

So this is going to be a big focus. The aim is to drive pull for our brands with a combination of enhancing our media on air, driving more digital, and ensuring that they are visible and available in the high-weighted stores that we focus on. In rural, since that is going to be key as well, we are going to be focused on enhancing our direct reach. So the idea is to get over 100,000 villages where we go directly. And each of these is going to be geotagged so that there's very, very clear what the- that the person is going in, what is being sold, so that we can really enhance the quality of this coverage.

Alternate channels have been growing at a fast clip for us. Strong double-digit performance in this

space. And for me, the way I see it, they are going to play a key role in the evolution, right? A lot of people ask me that for a company like Dabur where distribution has been a moat, how does growth in quick commerce impact us? You know, the honest truth is it's fantastic because what quick commerce is allowing me to do, it's allowing me to innovate better. It's allowing me to ensure my premium portfolio goes there.

It's allowing me to get more lines in that a classic traditional GT system cannot do beyond a certain level. So for me, it's complementary. And as we evolve, you will start to see a more differentiated portfolio that gets carried in each one of these channels, which complements Dabur as a whole. So that's going to be the one big focus for us. GT execution, modern trade execution is critical. So, you know, I'll be honest with you, I can present any strategy to you, but for that strategy to work, it's going to be an outcome of the execution we drive every single day.

So that is what we are going to be focused on. The third pillar is around building a future-ready portfolio. Now, premiumization is doing well. Premiumization is something we want to enhance further. So we want to take our premiumization up to 23% over the next 18 months, maybe even sooner. We've identified health and wellness. It's clearly what I've been hearing ever since I've come. We need to evolve our play and strengthen our play And actually claim our right to win in this segment. So that's an opportunity.

Now you will start to see small stuff. It's not going to evolve significantly, but these are areas and you will find these areas also get more strengthened when we come back to you with the revised strategic way forward. But this is my focus today and the immediate future. We're looking at M&A. It's going to be key. And like I called out, it has to be a strategic fit. It has to be scalable. It has to have adjacency to a category. I am not looking at entering into a new category. For us, the mantra has to be on focus and prioritization.

That's where we're going to be looking in, and it needs to come at the right valuation. So that was the third big area of focus. And coming to the last area of focus is really about operating efficiencies. Now, you've heard about Saksham with our GT initiative to reduce our cost to serve. You've heard about Samridhi, something that we drive to enhance more efficiencies. We recently launched an initiative called Iris, which is really about Continuous replenishment or CRS and forecasting accuracy to be able to take more value out of that space and to drive further efficiencies in that aspect of our business.

The focus is the savings that we generated, the 115-odd crores. We need to deliver 1.5x of that savings. The way I see it, I, I take the number as 200, though my team says my maths is not as good. It's a little lower, but yeah, the aim is to to generate the savings that we can then look to plow back into the business. And we've already seen that this is a challenging inflationary environment, so it's going to be even more important that we get the right level of efficiencies going. So if you walk away from here with nothing but A fair assessment of how we've done, a real understanding of where we believe some of the gaps are, and how we're going to ignite our way in these 4 areas to unlock growth, where we deliver faster growth that allows us to hold our guidance on our top line.

We deliver better quality reach. We deliver a more premium portfolio. And lastly, We do it by enhancing our savings, right? So that is what I wanted to share with you from the perspective of looking at the business and the strategic way forward. Like I said, we've already getting into the process of initiating a full-fledged strategy exercise. We look to come back to you in the next 6 to 8 months with my entire team to be able to showcase that. Before I open this up, a quick look at how our Q2 has been.

You've already seen the numbers, right? So this is going to be a quick snapshot. We've delivered 11%, 11.6% growth at a console level. We did have some impact on our operating profit, and that's largely been on account of higher inflation from a supply chain and freight and logistics level at the international business level. And but we've still managed to ensure we deliver a strong PAT. Now you would see that this is the 2nd consecutive quarter of double-digit growth at the revenue level and the 4th quarter of double-digit growth at the PAT level.

So you see, just to give you a perspective, that the business is looking to build sustainable growth as we go along. The India standalone business, 8.9%, and I think what really stands out here is that on a margin lens, our dilution was only 10 basis points. We mitigated A huge amount of inflation that has happened, and for us, the inflation largely is happening in the area of HPC, and the HPC business has managed to mitigate bulk of this inflation in this quarter to ensure we deliver a robust PAT.

Big one: India FMCG growth, okay, 10.7 percent coming on the back of. Decent volume growth at 5.5% and pricing being 5.2%. So, and the international business continues strong growth momentum. It's growing at 20%. All of this is what enabled us to deliver a good quarter performance in this quarter. Within segments, it's been broad-based, right? It's been growth that's coming in. HPC double-digit growth despite the inflation. Healthcare- now a lot of people ask me healthcare performance. To me, the 6.9% performance, if you see, is strong recovery.

We had a recovery started, uh, last quarter as well. If I look at it, it's not where we need it to be, but But if you look at it from the context of where this business was, we are beginning to see good recovery and the team has strong plans to take this forward. F&B, the foods business continues its accelerated growth momentum, strong, strong double digits. The beverages business bounced back on the back of, of course, a good season, but more importantly, what we are doing on the premium end of the portfolio.

With Active Coconut and Real Active Juice, which is, is growing strongly, and the additional incremental investments that we put behind, uh, Real in this quarter. It's, it's been broad-based, and that's what really sets us up for the conversation we're going to have now. Just the last few highlights- I've spoken about all of these- India FMCG Strong growth. Beverage bounce back. GT back to growth ways now, 2 quarters running on the back of Saksham. We feel good about it. Alternate channels sustain their strong double-digit growths, and we look forward to a robust performance going forward on the back of all these initiatives.

So with that, that was what I wanted to share with you. Thank you for your time, and I'm going to give it back to Rahul. We're just heading into a few minutes. Thank you, Herjit, for taking us through the presentation, sharing your perspective on Dabur and the road ahead. Before we start the Q&A session, I would just put a small request to everyone. In the interest of time and interest of broader participation, just restrict yourself from asking multiple questions. If you have any follow-up questions, we'll take it up later.

Now I would like to invite our CFO, Mr. Ankush Jain, and our India CEO, Mr. Herjit Bhalla, to come on stage for the Q&A session. Request all participants to raise your hand and to introduce yourself before asking questions. So we'll take the first question from, uh, Abhish Roy. So can we have the mic? Uh, yeah, thanks for the presentation, and we are seeing a recovery in your India business. Uh, I will ask one question and 2 subsegments to that. If I compare Dabur to The other listed companies, I see 2 gaps.

One is, of course, in terms of M&A, where you have yourself rated as red. My specific question there is, 18 months is a long time. You still have 18 months. Uh, how confident are you that this could move

to green? Because you did say no new category, and you did say that, uh, the fitment to the portfolio, valuation, everything has to be there. Is the board backing there? Because ultimately, for a Dabur kind of company, it has been professionally run. But when I see Marico, Tata Consumer, ITC, they have done multiple acquisitions and scaled up well.

So if you could give us how much are you confident that in 18 months there can be multiple real acquisitions- I'm not talking about small stake because that doesn't move the needle. Second, uh, related question is, in your presentation I missed 2 things. One is in terms of disruptive products, last 2-3 years was what Dabur has really done. I think that in FMCG really matters a lot. If you can discuss your plan for disruptive products and D2C, because again, a great legacy company, but D2C clearly is the way forward.

So how much is the D2C currently? Will disruptive products and D2C essentially come from M&A? So I think the question is related. If you could answer that, thank you. Yeah, so firstly, thank you for your question. You picked up both the things clearly. On the first one, I won't lock ourselves up into an 18-month timeline. I think that would be unfair on the team. We would definitely want to do something, but given a lot of the valuations we are seeing in the marketplace today, It's important that you look at it from the lens of how we can benefit from doing the M&A.

So without locking ourselves into an 18-month timeline, I think the focus is very, very clear. And the reason I mentioned no new category, what I'm trying to say is it has to be adjacent to the categories we play in because One of the areas I clearly- I see it personally, I have feedback on- is that we have a diversified portfolio, and the diversified nature of the portfolio also makes it challenging for us to focus our investments. So for me, the focus is clearly going to be about sharpening the saw when it comes to what are the big areas that we want to put investments behind.

So that's the first one. On your second one, D2C is something we are beginning to nurture within our organization as well. We have a Dabur Shop that is small, right? So that's beginning to grow. We also have our own D2C brand that is called Science by Dabur, which is in the area of nutraceuticals. Which is again small but is growing handsomely. And we're going to look to accelerate this space because this allows us to also learn and incubate D2C from within. And now with the CESA integration also coming in, we will look at some parts of the higher end of CESA portfolio that also goes into strengthening this space.

So both your points bang on and is something that we are looking at. Thank you. Yeah, the second question comes from Mihir. Yeah, he raised his hand first. Yeah, thank you. Uh, thank you, sir. Uh, good evening and thank you for taking my question. I am Mihir Shah from Nomura. So I have a few questions. I'll rattle them away. First question is on pillar 1, which is on your stepping up ad spends in Chavanprash, etc. If you see the historical growth of Chavanprash, it actually has remained flat for the past 3-4 years just after COVID.

A new TVC probably was not a solve in my mind. So wanted to understand your thoughts around What can be the solve for shifting the gear in Chavanprash? Similarly, on juices as well, that portfolio also has been struggling this year. Yes, El Nino benefited and we've seen good growth coming back after maybe like 4-5 years of declines. So that's on the first question. Second question is on pillar 5. 43% of dealer distributor count that got Seems to be a very large number in my mind. What was the percentage of sales that was attributed to that?

And how was the white space that that thing created filled? 2 more small ones. One is if you can just share your view on the management changes, the group CEO, will there be a group CEO or who will be, or will it be an international? How will that work out? And lastly, what is the thing with the

consultants, uh, uh, the consultant that was appointed earlier, uh, I think few years back? So are they continuing? Will you be appointing a consultant as well? Uh, so these are my few questions. Okay, um, I'll look to answer- I'll try to answer all of them, and hopefully they'll answer some of the questions other people had in the room as well.

First one around Chavanprash. So no way are we saying that making a new TVC is going to solve Chavanprash. That's, that's not happening. But we're very clear that in the case of Chavanprash here, we have a brand that's iconic. It has very, very strong credentials and it works. What we need to do is we need to make it more relevant for consumers today so that they understand what it does for us, and hence we are talking to them in a different form, different manner. That's one aspect of it. The other aspect of it is we also realize that the format in which it comes today could be a little challenging for, let's say, the younger consumers.

And hence we have the gummies. That is the new format that's, that's come out that is going to offer them the opportunity to really interact with the brand. So what is going to be needed on Chaman Prash is going to be multiple things. Strong distribution in the current context of the season. Chaman Prash has had a strong winter loading. So we've gone in strong right now. We're feeling good about how the winter loading has happened. We're feeling good about the new communication that's gone in, which is further enhancing relevance.

It's also driving usage where it talks about two spoons. We've got new formats, and the first aspect of new format is gummies. There's more work happening in this space that you will see play out by. Over the course of next year. So very, very clearly, we understand what needs to be done and we're just looking to get that out there. So that's, that's Chamanprash. As I look to focus on beverages, again, beverages is really about- there is the core, which has been our nectars, but where the focus has been and focus in the form of innovation Focus in the form of communication, focus in the form of where our media monies, our digital spends are going, is all in the area of premiumization, right?

Our real active 100% juices, our 100% no added sugar juices are doing incredibly well, going at strong double digit, gaining strong market share. Coconut water. Is something that we've done extremely well at. That's going to be a big area of focus. So the path to managing or getting beverages to continue or sustain the momentum is to be going the route of premiumization, is to be going the route of more value-added beverages. That's going to come through. So that's, that's the The second question- was the third question about the, the new structure?

Yeah, yeah, it was about the new structure. Okay, so let me talk about the new structure. Uh, there is not going to be, uh, a new global CEO. The, the board and the management very strongly feels that what we have right now in the model that we just called out with the announcement yesterday is what we need in the business at this stage. So what you read was I have been inducted onto the board. I will continue to be focused on the India business, the SARC business, and the duties that come to me as being part of the board.

The international business even today runs independently, will continue to run independently, and all our Dabur businesses will get the oversight, the advice, and the guidance from Mr. Narang, who's been with the business for over 43 years. So that's the model, to answer your question. Sorry, distributor consolidation was the other bit. Uh, no, we've not generated white spaces. So I'll tell you, over the years, a lot of distributors We had started making distributors independently for different parts of our business.

So foods had a completely separate distribution system, right? In some cases, healthcare and HPC were also different. This consolidation has not been about vacating any geographies. It has been

about consolidating. We still have a few foods distributors in markets where their focus is- they're very big. But largely we've moved towards concerned distribution system. And maybe just to add, in a project section, uh, this was done in a time frame of almost 1 year in a seamless manner wherein almost, you know, half of the distributors were consolidated and still the growth in general trade improved, say, you know, sequentially and going forward as well.

So it was a brilliant exercise, collaborative done along with an external partner, uh, in coordination with our sales team. So lastly, on consultant that, that was appointed earlier, uh, are you saying in reference- McKinsey was appointed earlier? This was, this was a different consultant. Look, we're talking about- yeah, yeah, the, the strategy, right? Yes, the McKinsey strategy consultant. So we're going to figure that out as we speak. Yeah, over the course of the next, next month. We haven't taken a final decision on that.

But yes, McKinsey has been part of the journey with us as part of Vision 7. Wishing you all the best, sir. Thank you so much. Thank you. So next question, I guess, Avi. Can we have the mic to Avi? Uh, hi, Herjit. Thanks a lot for taking time for this. This is Avi Mehta from 361. Uh, I just wanted to understand, you know, the need for incremental growth capital that is required to bring the investments in whether it's the core, the strategic M&A to the level that you want. Could you help us understand where is this likely to come or is this likely to impact the flow-through of sales growth to EBITDA growth over say the next 18 months to 2 years?

And second, just the last bit, if you could just clarify when you said sharpening the saw, does it mean an even sharper streamlining of the portfolio versus what we've seen? Thank you. Yeah, so I'll answer the second one and then I'll request Ankush to also get in. In terms of sharpening the saw, in terms of focus, right, we've got a wide portfolio of brands and we've also got a lot of SKUs that we believe, especially in this inflationary environment, we are looking at our portfolio from the lens of size of business and profitability.

And we believe that it's important for us to look at that in terms of either we enhance the profitability or then we push to move out of that part of those SKUs. So we want to do this not as a one-off exercise but as an ongoing exercise Because the mix is going to play an incredibly important role given the current inflationary environment. Yeah, thanks. Thanks, Abhi, on your first question. You know, uh, the operating efficiencies across the value chain, whether it is product mix, you know, mix maximization, then production efficiencies across value lever That will fund most of the requirements for E&P, and I also hope and think that with the recent geopolitical developments, you know there would be gross margins upside next year, next fiscal, and therefore that will flow back to the PNL and also give funds for redeployment back into the business.

Point number one, and point number two was more for your capital allocation for inorganic. Opportunities, which I think we have a strong balance sheet, strong war chest with us, almost six thousand crores in India itself. So that funds are always available for us, provided there is a right acquisition, you know, at a right valuation, which is more synergistic. And as Herjit said in his presentation, we would be calibrating it, and it will not be acquiring it just for the sake of acquisition. Got it, Ankush.

Thank you very much and wish you a happy festive season. Thank you. Thanks, same to you. Yeah, so can we have the mic to Mr. Amit from UBS? Yeah, hi, thank you so much. This is Amit Sajdeva from UBS. So my question, we have seen Dabur obviously through its journey of last decade and it has periods of good growth, then muted growth, And then obviously a plan to resurrect growth. Now, double-digit growth kind of, you know, framework, it has become almost like a, you know,

ritualistic cliché. We'll do double-digit, which is somehow try to do 10.

When you're reimagining Dabur, are you reimagining Dabur? That's the first question as well. But if you're reimagining Dabur, why not reimagine for 15%? Why not reimagine for 20%? Barriers of entry have fallen in this industry. You know, a lot of businesses are reinventing themselves. I can give 10 examples. We are growing at 50%, many brands, many categories. Why FMCG companies just are such as yours would imagine double digit as some sort of goal to go for and not really imagine for a much higher growth and reimagine business because there's an opportunity here when you're reimagining it.

Is it like trying to sort of maintain the status quo and somehow live with that? This is a philosophical question, number one, but, uh, and who you want to be in this process. What is the core? What is the pull? Or 5 categories and, you know, somehow allocate capital and try to sort of maintain it? So that's a broader question, but I just wanted to have your thought. Why not 15% or 20% growth ambition? No, firstly, uh, You asked whether you want to maintain status quo. The answer to that is a big resounding no.

You said, would you want to reimagine Dabur and what the future of Dabur is going to look like? The answer to that is yes. And that's exactly why we are advancing our whole strategic exercise much earlier, a year and a half or so earlier. Than what we would do. And we want to look at Dabur with different pockets of where we can deliver. There are pockets that you can deliver the 20s, the 30s, the 40s, even the 50% growths. And there are people who are doing that. And we also have those opportunities that we are going to be focused on.

So I'm not going to broad brush it. But I'm going to say I can reassure you that we're definitely looking at accelerating the momentum. And we don't want to be known as just any other company, right? We, we believe that Dabur is the poster child of for India, from India. So we want Dabur to be known as a company that inspires great amount of trust. And that we take a lot of pride in, in terms of fulfilling the needs. We are there in 8 out of 10 households in the country and how we can further enhance health and wellness in the country as well.

Right. So there is, there is a lot happening. What I'm sharing with you today was an outcome of 6 months at the helm. Uh, please keep watching the space and keep pushing us to be able to do more here. Yeah, sure. I- yeah, yes, yes, mic please. Yeah, hi, good evening. This is Harit from Investec. Uh, so, you know, a few years back, uh, you know, at, at your day-long presentation, uh, you know, it seemed like foods and healthcare will be the key drivers, or, you know, among the 3 segments of growth.

Um, you know, last year, uh, you know, it seemed like HPC is going to be the key driver, you know, for the business. Uh, you know, just thinking about these categories, it seems like, uh, intuitively, you know, food and healthcare should be a higher growth space as compared to HPC. I was just wondering, as you are relooking at the portfolio, uh, you know, amongst the 3 categories Is there an opportunity priority in your mind that where the incremental growth that you're seeing can come from? Is it say one healthcare, two foods, three HPC, or whichever way you kind of look at it?

Just wanted your thought process. I'm sure there is opportunities everywhere, but just how you're thinking about it would be very helpful. Thank you. Yeah, so what I'll say is overall there are opportunities in various parts of these businesses. But if you were to say what's the one area that we believe that we have a right to win, we have the right portfolio, we need to enhance it further, I think I would say in the area of health and wellness. Within that, given the fact that we have our health supplements business which has remained challenged and we need to find a solve for that,

but we also have our OTC business which is growing incredibly strongly.

And then we have our digestives business, which is also growing incredibly strongly. So for me, it's the opportunity to take this OTC and digestives business to the next level as one of the big areas that we will be focusing on within F&B. It's foods and premium beverages, and HPC needs to be HPC. Has been the core of our business and will need to sustain a growth rate which allows me also to be able to fund some of these investments as we go along. But yes, we will have a calibrated approach to what is the definitive role for each one of these players, because within HPC, skin is going to be an opportunity, right, with what we are doing with Oxy or even with Gulabari.

We believe there is a lot of potential in home care with Odonil. There is a lot more opportunity to drive growth in the categories we are playing in and some of the new categories like car and the automatic diffusers that we've entered in. So there is opportunity across that we can focus on specifically, which is what we are doing today. But it'll be more calibrated when we come with the vision exercise. Just to add, you know, the healthcare portfolio, while you saw 7% growth and we know healthcare, health supplement was challenged, but the other portfolio within healthcare was in teens growth, which means there is a momentum and certain things are going in the right direction.

It's just that we need to plug, uh, you know, the Chavanprash piece which Harjit spoke about, and which also there are encouraging signs as we speak because the loading has been good. So we think it could be a good potential going forward, overall healthcare. Thank you. Thank you. Sorry, can we have the question from Latika? Hi, uh, thank you for the presentation. Harjit, you've been hired, uh, you know, Externally. This is the first time at least I've seen, you know, in time of covering Dabur that an external person has been hired to head the firm and the India business.

You've been in the firm for quite some time now in the last few months. Could you share some insights into the people capability aspect of the business? I'm talking about the India business. Do you see need to change the operating structure here in terms of how brands are managed, how region is managed? Or if you could talk about where you think the company needs more investments. Is it on the sales front? Is it on the innovation front? Is it on the marketing front? And the second question is, what are your KPIs?

Is it largely driven with volume revenue growth or you also need to show margins in a certain healthy band? Why I'm asking this is because it seems Dabur has underinvested, and you talked about this a bit, but would 150 basis points increase in ANP be enough, or, you know, we need a step change for some time and, you know, see a change in the, you know, the financial P&L before we see an acceleration on the top-line growth? Yeah, okay, let me try and answer this in parts. Your first question around people capability.

I can tell you one thing that really stands out for me, having now spent 6 months at Dabur, that the- and having also worked at MNCs all my life prior to that, the commercial capability that I see at Dabur is best in class, is brilliant. The ability to drive execution is absolutely fantastic because decisions get taken and once a decision is taken, the call to action is strong, the execution is brilliant. So from the lens of your earlier question of do you see the need for a big change as far as people is concerned, no, I don't think so.

I think we've got a fairly capable team, uh, and that's how I'm going to be focused on in terms of building, growing, and fueling growth and winning together. And that's one of the big things that I called out as part of Ignite. So that's, that's something that we are going to be doing, uh, as we speak. So people-wise All good. On your second bit, in terms of investments, see, there is investments that, that needs to come in, but there is also opportunity in the area of efficiencies that

we believe exists in the business.

So for me, the focus is first to be able to ensure that I can get these efficiencies out. And then reinvest on the basis of these efficiencies. So that's one. Secondly, we also have the width of our portfolio to play with, which is going to allow me to do disproportionate investments in certain past parts of the business that require that focus, as well as calibrated, let's say, price increases or other initiatives in certain other parts of the business. So what you see is the overall total, but what plays out within is going to be sharp choices that are going to get made and a faster, higher push on driving efficiency of that spend, right?

We spoke about how we are doing it with digital. So the whole mantra is, let's say, a war on cost, and the teams really need to ensure that every money that we are spending spending, we are getting the right bang for buck out of it. This is the last question that we'll be taking. Yeah. Yeah, hi, Vishal from Yes Securities. You talked about the focus on healthcare in a bigger way going forward, and in your presentation you also mentioned about the change in distribution channel under GTM 2.0, where you have reduced distributors.

But there was no mention about the focus on chemist channels or what initiatives have been taken to renew that channel or to focus on that channel in a bigger way, because healthcare focus will obviously require that channel to be growing at a much faster pace. Absolutely, and thank you for calling that out. The chemist program, and within that the chemist channel program, is a key aspect of Project Saksham as well. I think for us it's really about- and I, I go back to how we're going to use MSL and use digitization, uh, to enable us to ensure we get the right Portfolio in the right store.

The chemist program is critical for us from an OTC or a digestive lens, and that is part of the focus that is being driven. So just to reassure you, it is there. I didn't speak about all aspects. In fact, Saksham is focused not only on GT, and I mentioned that on MT and e-commerce as well. I just highlighted some of the big things. That we've just completed. But thank you for your point. Chemist is going to be a key area for focus. So maybe we can take this as a last question. Thank you. Uh, hi, this is Nihal from HSBC.

I just had one question. You, you know, maybe it's been asked earlier that the perception sometimes with Chavan Prashad is that it just moved out of consumer psyche, out of the regime that it once used to be. So what are your thoughts that while we can do the TVC and improve distribution, but how do you get it back on the table or on the fridge? Because eventually maybe customers have moved more into protein or certain other aspects of nutraceuticals to somewhere solve for what Chawanpras used to do 30 years back.

And the same thought even with nectars where people maybe consider it too sweetened and maybe sometimes used to be a part of the breakfast table. Now it is not. So how do you solve for these 2 big parts of your portfolio? So I think we've spoken a lot about Chavanprash, so I'm going to focus the response on honey. Just to give you a perspective of what we are doing, right, there are 2-3 different elements of how we have focused on honey. The first one is driving relevance or usage on our core through all the work that is happening around, uh, purity and driving the, the, the purity benefit through our influencers.

There is also traceability that we are working on, and it will- we'll start talking about it soon, where we are now being able to trace the, the honey back to the beekeeper, that's going to be made available to consumers. So as far as honey is concerned, that's going to be big work that's happening on the core. In addition to this, we are also focused on driving usage or occasion-based usage, which is important so that we can drive more penetration of honey. Then there is the whole

area of premiumization on the top where a lot of urban new-age consumers are looking for the added benefit of whether it's organic or it comes from a region-specific like Sundarbans, or it, it's coming like a mono-floral honey that we are- the lychee honey that we are bringing to the market.

So there's work at the top end, and then there is at the bottom end, because penetration of honey is still low. There is a lot of work where we are enhancing our sampling initiatives to be able to really focus on ensuring more and more trials happen of of honey. So if you look at it, it's a full-pronged approach across the core, across our penetration. Packs and then larger packs in terms of the premium end of the portfolio. Similar approach will happen on Chawanprash, but very clearly those are areas.

But in this whole space, like when we talk health, there is also the opportunity which we are focused on, which is how do we further accelerate our OTC and digestives portfolio at the same time. So we also increase the contribution, the salience of that part of the portfolio to the overall healthcare business as well. Thank you. All right, with this we come to the end of the Q&A session. Now we'll have, uh, you will get chance to interact with the management over the informal networking session.

Uh, we also have kept our products at display. You can have a look at those, and maybe if you have any further questions, we can take it up as part of our informal networking session, which will start I just want to take this opportunity to thank you all for being here today. We really appreciate that. I look forward to spending some time outside to be able to understand your views better and wish you and your families a very, very happy Diwali. All the best and thank you so much and see you outside.

Thank you. Thank you. Thank you.