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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 Q2 FY 2021-22 - Financial Results

Dear Sir,

Please find attached the Transcript of Investors Conference Call organized on November 2, 2021 post declaration of Financial Results for quarter and half year ended on 30th September, 2021 for your information and records.

Thanking you,

Yours faithfully,

For **Dabur India Limited**

ASHOK KUMAR JAIN
Digitally signed by ASHOK KUMAR JAIN

(A K Jain)
EVP (Finance) and Company Secretary

Encl: As above

"Dabur India Limited Q2 FY22 Results Investors Conference Call"

November 02, 2021

MANAGEMENT:

MR. MOHIT MALHOTRA - CHIEF EXECUTIVE OFFICER
MR. ANKUSH JAIN - CHIEF FINANCIAL OFFICER
MR. ADARSH SHARMA - ED (SALES)
MR. ASHOK JAIN - EVP (FINANCE) & COMPANY SECRETARY
MRS. GAGAN AHLUWALIA - VP (CORPORATE AFFAIRS)

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 results for the quarter ended 30th September 2021. Present here with me are, Mr. Mohit Malhotra – Chief Executive Officer, Dabur India Limited, Mr. Ankush Jain – CFO, Mr. Adarsh Sharma – ED (Sales), and Mr. Ashok Jain – EVP, (Finance) and 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 Mohit to start his presentation. Over to you Mohit.

Mohit Malhotra: Thank you Gagan Ma'am. Good afternoon, ladies and gentlemen. At the outset, I would like to convey my best wishes to you and your families for Diwali and the festive season.

COVID situation has eased, as vaccination is being ramped up across the country. With mobility and reasoning, there is an improvement in out-of-home consumption and some of the channels like modern trade and enterprise, which were more impacted, are seeing a revival. The quarter also saw a strong recovery in our food and beverage business and HPC business.

The consolidated revenue from operations increased to the Rs. 2,818 crores during Quarter 2, growing by 12% over previous year, in spite of a high base of 13.7%. India FMCG business registered a growth of 11.9% backed by volume growth of 10%. This reflects the 2-year CAGR of 15% in the India business and 13% in the consolidated revenues.

Consolidated operating profit increased by 9%, despite unprecedented inflation across categories. Profit Before Tax saw a growth of 12%. Our Profit After Tax crossed Rs. 500 crores mark for the first time reaching Rs. 504 crores during the quarter. The increase in PAT was around 5% on account of the step jump in tax rate in India business.

HPC portfolio performed well with 16.7% growth driven by a good momentum across all sub segments of HPC. Hair oil reported a growth of 27.9% with a strong double-digit growth across all sub segments. Our market share in hair oils improved by 80 bps. Both perfumed and coconut oil performed very well driven by marketing investments and distribution expansion. Shampoos performed very well and recorded a growth of 20%.

Our market share in shampoos increased by 30 bps during the quarter. Salience of bottles in our portfolio is increasing and touched 23% during the quarter indicating the traction of shampoos in urban markets for the products. The newly launched Vatika Ayurvedic shampoo and Neem shampoo showed good consumer acceptance and performed well.

Oral care portfolio, continued to post industry leading growth of 13.3%. The Red Toothpaste, our flagship brand posted a double-digit growth riding on a strong Ayurvedic heritage and consumer pull. Our market share increase by 40 bps in the toothpaste category.

Home care reported a strong growth of 25% driven by double digit growth across segments. Odonil reported an increase in market share of 210 bps and Odomos increased market share by 120 bps.

Skincare portfolio witnessed a robust growth of 27% with a good traction in all the three brands Fem, Oxy and Gulabari. We have entered the face wash category with the launch of Vatika face washes and have also introduced Amla Aloe Vera nourishing gel.

Healthcare portfolio reported a marginal decline on a very high pace. Our healthcare business has grown by 50% over last year, driven by COVID contextual and immunity building products. Health supplements including Chyawanprash, and honey showed some moderation, although the 2-year CAGR on the brand was more than 20% and the brands continued to be salient in consumer's mind. This was reflected in the strong uptick in the market shares, which in Chyawanprash category went up by 520 bps and in honey by 430 bps. We continue to be undisputed market leader in the honey market with strong presence in all channels, e-commerce, modern trade and general trade.

The digestive portfolio registered a good recovery with 23% growth, on back of improvement in mobility and out-of-home consumption. While COVID contextual OTC products saw some moderation, the power brands such as Honitus, Lal Tail, Pudin Hara saw strong growth.

Ethical portfolio continued to perform well with growth of 12.6%, despite a high base.

Food and beverage business was a star performer in this quarter with a growth of 43%. The business saw a strong revival in juices and nectars with the beverage business under Real brand growing by 45%. The NPDs including Real Koolerz, Real Fizzin and Real Frappe added to the momentum. The Food business under the Hommade brand also performed well with growth of around 16% driven by robust demand and innovation. It is well poised to cross Rs. 100 crores for the year.

Among channels modern trade showed a strong recovery growing by 26%. Enterprise business also saw a good turnaround with 44% growth. E-commerce business reported double digit growth and contributed to around 7% of sales. Rural growth was the head of the urban growth by around 100 bps.

International business recorded strong constant currency growth of 13.8% with strong growth in almost all geographies. MENA our largest market reported a growth of 12.8%, Egypt grew by 17%, sub-Sahara Africa grew by 25.4% and Namaste business grew at 16.7%. Turkey business was impacted by currency depreciation, SAARC business performed well with a growth of 17.6%.

Overall, our portfolio continues to be on a good trajectory with increase in market shares in almost 95% of all the categories. Our focus continues on brand building, building power brands, expanding distribution, driving innovation, enhancing efficiency and building organization capability for being future ready. Inflation remains a big concern going forward, however our intent is to mitigate this impact from calibrated price increases and saving initiatives resists as saving initiatives. 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: I've got four questions. First question is on shampoo. You have seen one of your fastest growth on 2-year basis in shampoo. Want to understand, here in terms of Ayurvedic, what is the salience, can a repeat of toothpaste happen in this category? You have launched Neem, Ayurvedic. Is there a pipeline filling which is helping 19% CAGR on a 2-year basis and 30 bps gain in market share also. If you could take through in terms of naturals and Ayurvedic, because in shampoo anyway, a lot of the competitor products also have some level of naturals, unlike say toothpaste, so if you could clarify on that?

Mohit Malhotra: I will take your question; I think balance three questions may be after once I answer your first question. I think shampoo market, absolutely right observation, I think in our view shampoo will have very similar trajectory, the way toothpaste market has had. The salience of herbal market and shampoo is not even 10% as we speak. And our market share out of that is roughly overall market be around 6.7%. We have been certainly gaining our market share. So, this time also around we've gained 30 bps and we've reached our highest market share on 6.7% in shampoo. All the regions have done well, we are deliberately and consciously trying to improve our bottle saliency which is accretive in terms of our gross margin to us, while 80% is the sachet business, but 23% is also bottle saliency that we have registered which is a very good growth and the salience increase is happening in modern trade and also in e-commerce for us, while in GT still our sachet is the one that which is ruling the roost. But in long-term we expect shampoo to trade the path of oral care where in the herbal segment is almost 32% of the total market segment in shampoo. There's huge headroom from 10% to 30% and there are not very many larger players present in the herbal. We launched neem shampoo and also Ayurvedic shampoo. Ayurvedic shampoo that we have rolled out, is getting a very good traction in the marketplace. And we will be launching multiple alpha ingredient shampoos and multiple benefit shampoos also in the trade. This was one of the good drivers of our business.

Abneesh Roy: My second question is on Odomos liquid vaporizer. The earlier leadership of Dabur had shown the reluctance in entering this part of HI. If you could take us, what is different here, given a 4 to 5 players already there here. Plus, fits all machine also is already well established by many players. Will this be largely like ghee and cold-pressed oils in terms of being present largely on online or do you see medium long-term being very aggressive even in kirana?

Mohit Malhotra: Yes, we've got a very strong brand, Odomos. Odomos market share in the personal application cream market is almost 62% and year-on-year we have been increasing our market share. As we speak Odomos has increased its market share by around 120 bps in this current quarter also, the brand is very salient. Unfortunately, the brand was only operating in the 300 crores category and the 62% market share. And, for good or bad,the earlier regime thought for this is way to go on. But in my view, we have to fish in a pond where there are fishes and therefore now, we started operating the 300-crore franchise and the brand like Odomos and we will be operating in all sub-segments of HI with the Odomos brand. We made multiple attempts earlier also to launch, innovative products on Odomos, not very successful. As we know we will be getting into sprays, we have gone into LVP, and we have gone into nets already and this will be across the board launch. It will not be a launch which will be restricted to e-commerce, because e-commerce is very small salience of LVP market. In terms of our right to win and the key differentiator also here we are less invasive and less chemical and there'll be a natural additive which will added in the LVP in the active.

Abneesh Roy: And pricing-wise any difference?

Mohit Malhotra: Pricing-wise we will be pretty competitive in the marketplace to start with and at a competitive pricing also, our gross margins are good here, in the range of around 50% odd.

Abneesh Roy: My next question is on beverage, so 17.5% on CAGR on 2-year basis. How much is the new product and PET etc., how much is the volume growth, largely volume growth here?

Mohit Malhotra: Yes, so the NPD contribution is almost around 10% for us, almost 9.5% to 10%. This year we've launched multiple NPDs last year and all those NPDs are firing on all cylinders for us. Just to give you a couple of points our PET bottles that we rolled out in the mango drink where we compete with Maaza and Frooti, that's been doing exceedingly well. This year on the dinks market we should have a 100-crore turnover coming only from drinks. Our Apple mini is doing exceedingly at Rs. 10 price point. Our Rs. 10 price point even in drinks in tetra pack is doing exceedingly well. We have launched aerated fruit drinks also, early days yet. We are small players, that's also doing exceedingly well. We have not taken any price increases much in the beverage segment because there has not been much of inflation here and most of the growth of 43%-45% that you see is all on the back of volumes.

Abneesh Roy: Last question. Chyawanprash, honey, I wanted to understand where are you getting such a big gain in market share? So, 520 bps in Chyawanprash, 430 bps in honey and second is this double-digit YoY dip, how do you retain the new customers? So Chyawanprash for example, penetration increased in the COVID. How will you ensure that a lot of these new customers continue to remain?

Mohit Malhotra: That's really tough question which you asked. Obviously during COVID happened there was strong tailwind and on the back of tailwind what happened was that the penetration levels of Chyawanprash which happen to be so low in the country actually doubled the penetration. So, Chyawanprash penetration was in the range around 4% actually became in the range of about 8% while we see this is initial headwind in terms of penetration in Chyawanprash. The last one quarter, the penetrations have gone a bit down because there is little fatigue in terms of healthcare products you faced with the consumer, but overall, 4% penetrations have actually gone up to a level of around 7% still if I see it at 12 month MAT. There is a penetration increase which is happening, but Chyawanprash is a small category and to expand the category, we are doing all it takes to expand the category, to rope in more consumers into it. Therefore, the launch of tablet in Chyawanprash different format, launch of powder format sugar-free. On back of all this, we are only expanding the addressable market of Chyawanprash and trying to encroach little bit of MFD consumers into Chyawanprash. So Chyawanprash is a very sticky product and if consumers use Chyawanprash then they stick to it and the lapsage is not very high in Chyawanprash kind of product and they get hooked on to it once they get used to the taste of it. So lapsage is not the issue, roping in more consumers, spreading more awareness and increasing penetration which is what we are working on, and we get 520 bps because we are the big player. As more players enter into the Chyawanprash market we strengthen our position in Chyawanprash and we are the beneficiaries of that share of voice going up in the Chyawanprash market. So that is how we are getting benefited and 520 bps turns on back of increased awareness of Chyawanprash driven by the Government of India, more players coming in, better SOV and also, we are doing better execution in market place. Pre-season loading and all that, that is really helping us in Chyawanprash. As far as honey is concerned, while there are other players entering into honey market which is a great thing that more competitors are coming in, they are actually increasing the size of the penetration levels of honey market also and we are again the beneficiaries of that SOV going up. Unlike last time wherein we were not very competitive and not very aggressive, we lost market shares to Patanjali. This year we are being competitive and we are actually gaining our market shares and we gained there were market shares in e-commerce, modern trade, GT across the board everywhere. We are also extending honey into multiple other formats that I spoke. We launched Honey Tasties, we extended honey to Throat Relief variant. We launched Tulsi Honey and Ashwagandha Honey last year and all of them are doing well and we are trending on path of introducing more value-added honey in the market and our initiative of taking honey from a therapeutic chest to foods continues.

Avi Mehta from Macquarie

Avi Mehta: I just have two questions. First essentially a lot of your peers has called out signs of weakness in rural demand. Even you seem to have indicated some softness and sentiment towards in the run-up to festive season. Could you share your thoughts on this, and also are there any factors which make it possible that we will not have a material impact, even if we see a rural slow down, thank you?

Mohit Malhotra: It is very contradictory. We are getting different feedback coming in. As per the syndicated data is concerned, we find that urban is trending better compared to rural, , which is very optically, the case being so. But if you look at CAGRs, pre-COVID, COVID and post-COVID, rural has been very, very resilient and rural has been growing and if you actually plot the index, the rural index will be at the rate of around 104-105 to the pre-COVID during COVID level that rural has been resilient through COVID all through. As for as urban is concerned, urban growth are still not in line with what a pre-COVID growth was. So, it is still on a recovery path. So urban growth that you are actually seeing, you are seeing on back of modern trade recovery, e-commerce doing well and lockdown easing out and mobility actually improving. That's why urban is growing. But long-term, if you plot this going forward, rural will be resilient. If I look at our numbers now in our numbers, we see rural is growing almost at around 12% and this 12% growth is coming on back of 26% base of rural. So rural is trending well. Urban growth is in the range of around 9% coming on back of 18% base. So rural is trending well for us and the annual monsoon has been great, the harvest has been fantastic, MSPs have not been rolled out, MGNREGA arrangement is good, unemployment rates in rural are kind of lowest at this time and the festive season is coming in. We saw in the month of August and in the month of July and August rural was doing very well, only in the month of September we have seen some slow down, I should not say slow down some liquidity pressure in the rural and that also the barometer of that has been the wholesale demand has been little lower as compared to what we saw in the month of July and August, but I think with festive season approaching and people back on the buying spree and mobility picking up, I think it is a matter of time. In my view rural will keep trending well going forward also as compared to urban at least for us and we are also putting up infrastructure improvement in place. We have already appointed around 7,000 Yoddhas, seeking operation for the villages. Our village coverage was targeted to be at around 80,000 and which we have already done, we are at around 83,500 already done and next year we should look at around 90,000 villages to be covered directly. We appointed more sub- stockists and Yoddhas also. So rural is resilient and I don’t think there should be so much of a problem, while urban keeps recovering.

Avi Mehta: You would not be so concerned about this sign is what I kind of read, is that is correct?

Mohit Malhotra: We are concerned a bit, but I think the festive season should do the trick and MSPs are not being ruled back and government will take initiatives to see that rural demand remains resilient. So we are hopeful on the macroeconomics.

Avi Mehta: Just the second question is essentially on the margin side, you called out these post cost pressures. Now we've done this quarter performance, so just that you've used levers of cost savings and price hikes very well to offset this impact. Would you say that we're still kind of confident of maintaining our expectations of flattish to margin expansion in FY22 or would you like to revisit those numbers given the inflation?

Mohit Malhotra: The inflation has been tough on us. We thought that there'll be a little softening of inflation, which will happen in Q3, but the projection that we are getting for Q3 is also inflation only picking up from there and we are not seeing any signs of softening happening in inflation. That said to offset that impact of inflation and continued sustained inflation we've taken price increases. In our segments of food, we've been able to mitigate all the impact of inflation, through price increases, cost saving etc. In our healthcare business, we've taken more price increases to more than cover up the inflationary impact on healthcare and HPC business, 50% of our business and 80% of our subcategories of HPC also, we've been able to cover up the impact of inflation, barring hair oils and hair care, where we are letting up ourselves only. We are not taking very aggressive price increases because we think demand is also recovering from a COVID mobility ease out happening in the market. As you see and the syndicated data also tells us that hair oil market itself is around -2%. So, in a market, which is showing a volume growth of around -2, we don't want to take a price increase in a hurry, and we want to wait and watch, and we want to wait as much as we can. That's where the maximum impact of inflation is also. And we are deliberately not pushing, and we are being calibrated there which is the hair oil portfolio where we are dependent on lower price point. Also, the market is pretty competitive here. That is what we are waiting and watching. If push comes to shove and if inflation doesn't abate, even in the third quarter or in the fourth quarter, then we'd be forced to take another round of price increase across the board. One advantage of the company is, that we have brand which are market leaders in the category are they are the ones which head the pricing table and we are able to dictate the prices there, be it our healthcare range or juices range, home care products range, even juices where we are market leaders and in other segments of oral care where we are market leaders in the Ayurvedic sub-segment, so we are able to take those price increases. We ourselves voluntarily are not really pushing on well upon the price increases, so that it doesn't have an impact on the demand for us, volume share is most critical. Then we want to maintain operating margins for the full year.

Shirish Pardeshi from Centrum

Shirish Pardeshi: There are two questions, which I see here, is that NPD what you mentioned is about 10%. Is that correct number for the quarter?

Mohit Malhotra: No, it is only in the food and beverage segment, it is around 9.5% to 10%. That's food and beverage segment. Overall NPD ratio is around 4.6% for us.

Shirish Pardeshi: My question related on this is that there is a lot of noise and most of the companies are talking about D2C brand. Are we making some efforts to exclusively have this, or we will use the traditional product extension strategy and getting into more aggressive into the adjacencies?

Mohit Malhotra: Now on the D2C, we are making efforts and by end of, I think December, hopefully we should have a platform which is a direct D2C connect, that D2C connect is besides the regular conventional e-commerce connect on D2C that we already have. And, in terms of NPD, we are launching exclusive e-commerce brands, our innovation rate in e-commerce portal, which is around 5% of the overall business is in the range of around 10% to 12% also, besides the food and beverage business. E-commerce NPDs are racing much ahead because there is a cradle for us to see a lot of innovations. Those are exclusive e-commerce brands for us. Like you have seen the apple cider vinegar, you've seen the virgin coconut oil coming in, Sesame oil coming in, baby care range happening now we launched, diapers. These are all e-commerce exclusive initiatives that we have rolled out. So, for that, that's the cradle of innovation for us. We will keep seeding brands, which are D2C connect exclusively on shared portals, which are like Amazon etc. and try to create our own portal also for a D2C connect with the consumer, with the objective of creating of a first party data and which will help us in our conventional route to market in terms of reaching out to the target consumers. So that's the plan of D2C.

Shirish Pardeshi: My second question is thanks to Mr. Adarsh Sharma. We have seen, I mean, you have guided about 55,000, 60,000, 65,000 village coverage, and you are much ahead of time, and you're covering 84,000. Could you spend a minute or two explaining that what is it that it means to the revenue growth is that momentum, the coverage. And you mentioned about 7,000 Yoddhas. What is it that in the second half we can expect? Is the throughput going to improve and you are also indicating that you will try to get it to 90,000 villages.

Mohit Malhotra: We continuously want to grow and keep investing behind rural infrastructure where Dabur is actually the front runner in terms of creating that entire infrastructure. We have both the seeding operation, Yoddhas and it is yielding great results for us. In the beginning we appointed Yoddhas in only the Hindi belt, which is UP, MP and Bihar these three states we identified, and we appointed Yoddhas there. Now we are extending these three states to 6 states where in we include Maharashtra, we are including Gujarat and we are taking West Bengal also into our count and we are doing the seeding operation. After this seeding operation, we appoint a rural village level entrepreneur, we create a stocking point there and as the business scales up, then we convert them into a sub stockist and the business is on the rolls there and then it becomes an integrated part of our super and sub network. That's the way we are growing. And this has given us very rich dividends and we have been able to beat any sort of depression or compression in demand which may happen in the rural. We are not witnessing that. So, on back of that I think we guys are doing very well. And we are also simultaneously creating a lot of low unit price points and accessible price points which these villages can afford, which is Rs. 10. In the presentation we have also shared with you, with Chyawanprash we have created a Rs. 55 price point. Chyawanprash was a Rs. 200 which could not be afforded by rural and rural is 47% of our business, so we have introduced smaller price points so that that can ride the rural infrastructure and consumers can benefit from these products at the right affordable price point. I don't know if I got your question right. I hope I answered.

Shirish Pardeshi: Yes. One follow-up, but if you can spell out, this volume growth what you have reported, if the fact that your coverage in rural has gone up, and I would tend to believe that our direct coverage also would have gone up, so could you spell out what is our direct coverage? And the second part in that is that, does that mean that our dependence on wholesale has come down because our throughput and direct coverage will improve our efficiencies?

Mohit Malhotra: Yes, definitely it is coming down as we speak, wholesale reliance is coming down. But that said, wholesale still remains a very important and essential part of our business. Wholesale contribution to the business is in the range of around 30% odd and it used to be around 33%. So, it’s a channel that we can't ignore at all. And we are very conscious on **rate equitability** on Cash ‘n’ Carry because it disrupts this channel and we have seen lot of disturbances coming on account of these Cash ‘n’ Carry channels also. So, our direct reach has gone up which used to be 1.2 million. We have increased it to, as we speak it’s around 1.3 and going forward next year, we are targeting a 1.4 million reach, total direct reach. So, the ultimate objective is to reduce the reliance on wholesale and go direct because when you go direct you sell a higher assortment and a greater number of SKUs as compared to wholesale which will only sell the KVIs for you.

<u>Aditya Gupta from Goldman Sachs</u>

Aditya Gupta: A couple of questions. First on the hair oil business. There has definitely been a step up in the quarterly revenue run rate and you improved upon all the segments doing well and then the margin pressure also. So, between volume growth, market share, margin pressure, how are you looking at this segment going forward? How competitive are you willing to be to drive volume growth over here?

Mohit Malhotra: Hair oil is a market on account of it being discretionary. I don’t think it's fully recovered from the COVID. If we look at the syndicated data, we see the hair oil market at (-)2 as we speak.

Whereas we guys are not really fettered by market not growing because our task is to take share from the competitors and all up segments be doing well as compared to market declining by (-) 2 we are kind of growing at (+) 28% in hair oils. And all the sub segments of hair oils are growing for us. So, first of all, in coconut oil, we have grown coconut oil market, Anmol brand has grown by around 23% and done very well for us and it's continuously growing, probably become around 200 crore brand for us. And we will be premiumizing the brand also going forward. So, coconut oil is doing well. So, second sub segment is perfumed hair oil. In perfumed hair oil both our flanker brands and the hero brand Dabur Amla are also doing well. Sarson Amla, Brahmi Amla, Badam Amla, flanker brands are doing well. And the third market is almond and almond oil is opening up a modern trade and almond would be more significant and modern trade is also registering a very good double-digit growth. That said, our market shares have gone up in all these three segments. We have gained 80 basis points market share in overall hair oils, including all the sub segments here. So, we are very positive because the headroom is huge in hair oils for us. So, we are only around 1,000 odd crores and the market size is around 10,000 crores and there is always a scope to play. Our **Anmol has become a** number two brand to the market leader now. We have placated the number two brand already Shalimar and now we are the number two here. So, we are very positive about the hair oil market, and we continuously keep striving. That said, there's a lot of inflationary pressure in hair oils on account of hydrocarbon linked raw materials going up and also packaging material going up which is PET and PET linked so there is the pressure. But we are trying to absorb that pressure. We are not passing that pressure of margins to the consumer as I speak, because market share gain is more important and hair oil is a business only 10% of the overall business of the company and it is not something that we are completely dependent on and we can try to relent as much as possible, that’s what are trying to do.

Aditya Gupta: Got it, very clear. Second bit on the HI business. You earlier alluded that you are there in all the segments. How widespread is the launch already? Is it national or what percentage of your total, let’s say, umbrella of outlets which is already reaching and what’s the timelines to distribution here?

Mohit Malhotra: We have started, we have just announced an entry. We are now available in e-commerce and in modern trade to start with and then gradually slowly we will be rolling it out in the other channels. We will not be launching in GT to start with. So, it will be first e-comm and then modern trade and then eventually it will be rolled out to other channels also. So, it’s very early beginnings as yet. While Odomos is doing very well for us, but in other categories we have just seeded an entry.

Aditya Gupta: And the last bit, again a little bit on margins. I think you talked in some of the previous quarters that the A&P spends, or your aspiration is to take it higher north of 9%-9.5% but if I look at what's happened in standalone or consol, it's in the range of 6.5%-7%-7.5%. So, how should we be thinking about this line items especially in the current inflationary scenario?

Mohit Malhotra: So, Aditya, we look at A&P expenses and for us A&P expenses is just not advertising which the ATL, but also BTL. It depends upon the demand, the situation in the marketplace, competitive intensity, SKUs, channel mix, product mix. It all depends. And most important is competitive scenario. So, if we find that competition is very aggressive on the trade end, then we channel those resources on trade and gain market share. If we find that if consumer is getting more value and there are more discounters, then we channel the resources to giving more value to consumer by way of giving them consumer promotions. If we find that market is under-penetrated, then we invest the money in increasing the market penetration and therefore advertising. So, if you look at the overall A&P spend of the company, A&P spend has been in the range of around 12.5% which is in line with our top line growth. So that is good enough. That's not got diluted. What you see, what is visible to you is only the ATL and the TV spends. TV spends have been optimized and that has been done because last year there was also a lot of COVID contextual advertising which has not come in in this year. So, there is an efficient and optimized spending on ATL which has actually happened. And that said, we will be backing up our power brands and innovations with sufficient investments so that our market shares don't go down and that's what we are committed to doing. And overall, for the whole year we will be investing around 7% to 8% on ATL, etc., BTL is even higher.

Ankush Jain: Also, just to add on, on a media basis the CAGR has been 18%, so last to last year we were 6.5% sales in this quarter and this year it is 7.2%. So, on a consistent basis two-year basis we have increased it by 70 bps.

Percy Panthaki from IIFL Securities

Percy Panthaki: On hair oil, just one data point if you can give me your two-year CAGR for the revenues is 9.5%, what would be the volume CAGR in the hair oils business?

Mohit Malhotra: I think it will be in the same range around 7% to 8%. We have not taken much price increases in the hair oil business. Because of the competitive intensity, our focus has been to gain market shares and not much price increase we have taken here.

Percy Panthaki: Can you give some data on the broad basing of your hair oils business versus let's say 5 years ago or something, your main unit, which is your Dabur Amla Hair oil, what salience was that be 5 years ago, what it is today, so that we can get a sense of how you have broad-based, your business with different sort of sub variants?

Mohit Malhotra: I think overall, if I compare a couple of years back, Dabur Amla is a brand since we started the flanker brand strategy since then to now flanker brands now contribute to more than 10%, although 10% I think 15% of the overall sales of Dabur Amla. Gradually, slowly if that pie of the business is also growing and we are taking share from the cheaper player in the marketplace with half the price with these flanker brands. So, I think around 15% of the saliency of hair oil should be the flanker brands that we introduced and therefore, we say that flanker brands are creating a moat around our main hero brand which is Dabur Amla is working well for us. I hope that's the question Percy that you asked.

Percy Panthaki: Yes.

Gagan Ahluwalia: The salience of coconut oil and this from before and Anmol brand was very small. Now it's fairly significant and we are aggressively growing that.

Percy Panthaki: Understood. You also mentioned that your innovation rate is 4.6%. How do you define this?

Mohit Malhotra: Innovation is defined by NPDs that we roll out the current year and last year. So that's how.

Percy Panthaki: For FY21 and FY22.

Mohit Malhotra: Yes, that's right.

Percy Panthaki: Basically, if I glance, let's say 2 years into the future, would you think at that point of time also your innovation rate will maintain more or less at this kind of a level?

Mohit Malhotra: Yes, I think that's the least we can do. I think if not more, it will be in the range of about 4% to 5% consistently.

Percy Panthaki: And I know this is sort of sensitive information and I am not looking for any exact sort of an answer. But broadly, in which areas would you focus your innovation going ahead. Till now I believe your innovation at least in terms of number of launches been more focused on health, immunity, hygiene, etc. In value wise, yes, one fruit juices will be a big contributor just that one innovation. But going ahead in terms of number of innovations would the focus shift from health, immunity, hygiene, etc., to something else?

Mohit Malhotra: No Percy, that's not been our track record. We have actually been doing innovations across our 8 power brands. The logic is that we have 8 power brands. We have to scale them up. We have to make them bigger, and innovations are coming under every power brand. So, what you are seeing is under Chyawanprash and Honey, we have introduced capsules, powders and honey has gone into Teas and throat relief and all that. That said, even in Odomos for example, home care, which is a home care brand for us, that is also getting extended. The Real has got extended into drinks at Rs 10. So, innovations more on the rural end which is at LUP and at the premium end at the e-commerce end and that's how we are trying to capture innovations at every power brand.

In addition to that we have a RISE mechanism, so the regional insights which we capture and then we seed innovation for every region for us. So, it would be across the board to answer the question, not selective.

Percy Panthaki: Understood. One last clarification here in the innovation rate, I know it would not be adjusted as a number but would you also at the back of your mind have some calculation as to the amount of cannibalization because if it's some kind of a variant and not a completely new subcategory you are entering into, a variant will give you sales, but it will also cannibalize some existing unit. So, the actual addition to the sales might not be 4.6% although those products which are launched in the last couple of years might be 4.6%.

Mohit Malhotra: No, not really. The way we see is, we see an incremental addition to the turnover of a product and that's how we see innovations. And if you say it will cannibalize, yes, it will cannibalize but that's a conscious cannibalization. So, it will be a weeding and feeding and the more you feed, the more you grow, that's the way we look at it. So, every brand has been given a task or a KPI of having a 5% incremental revenue coming in from innovations and not only innovations per se, but you also know what I am saying.

Arnab Mitra from Credit Suisse

Arnab Mitra: My first question was on fruit juices or beverages where you have grown very strongly and after a long time, we are seeing a 2-year growth in this category being strong. I just wanted to understand your confidence level in terms of, is this really marking a turnaround for that business or were there some specific factors in this quarter which could have helped this growth. I am kind of guessing that as the channels were reopening out of home, there could have been some restocking in this category and things like that. So just wanted to gauge your confidence in terms of, is this really a turning point and would you kind of continue at reasonably good growth rates into the second half?

Mohit Malhotra: Arnab we are very confident. I think we have turned the bend on juices' business. So, to your point, there are both reasons, one, the market is easing out and therefore mobility is increasing out of home consumption and in home consumption both have fired as far as the juices are concerned. We have gained market share. What's happened is the market which is declining is now declining is now growing at 37%. So, there is also the tailwind of the market. I would not say it's only our initiatives only. The market is growing by 37%. We have grown by 43% and therefore our market shares have gained around 100 base points. Our NPD have contributed to around 10% here and most of the initiatives that we put in place have also fired. So, on back of all this, I feel if COVID wave 3 doesn't come in, then I feel the juices is in the good place and should keep firing for next couple of years at least.

Arnab Mitra: Just a follow up on that, on the NPDs, the aerated product as well as the fruit drinks, how far are you on the distribution here in terms of where you would potentially want to be versus where your products currently are available?

Mohit Malhotra: There's a huge headroom available. We are not even scratching the surface as far as distribution is concerned. First, we are looking at the immediate frontier which is our Real distribution. So, first drinks will cover that distribution. And as we cover that distribution, we will keep appointing distributors which is a different ecosystem all together for E&T outlets so that we have the next milestone in place for us. So that is a huge headroom. We are not even covering 10% of what the drinks is today in terms of the universe.

Arnab Mitra: My second and last question is that this entry into, this launch of Dabur Vita which I am assuming is the MFD and the LV under Odomos. These are obviously very large categories; lot of advertising spend happens in these categories. So, while I do see the point of kind of making the frontier bigger, is it spreading too thin because would you have the ability to do advertising in those categories where the incumbents do a lot of advertising and also in the context that you have Hommmade which you want to scale up, so just wanted your thoughts on that choice that you are making.

Mohit Malhotra: Arnab we are not launching very many new brands actually if you see. Hommade is a brand which is already existing and already salient, so we just scaling up that brand. This year it will be 100 crores. Next year we are looking at a 200-crore coming out of Hommade brand. So that's one, which is our existing brand for us. And Vita is the extension of Dabur brand, and we are promising immunity plus growth to the consumer and that it's right to win for us, to increase the addressable market size. LVP, we are launching. Odomos brand is very salient in the consumers' mind, so it is just an extension. So, I don't see these as very new products. Yes, there is a requirement of advertising and that we will begin but we will be going in calibrated manner in the modern trade first and selective outlets, so the requirement of advertising will be limited as compared to mass advertising. And we are not spreading the product too thin across for it to require mainstream advertising. So, we will be going in a very slow calibrated approach gradually slowly and geography by geography, channel by channel to see how it actually grows.

Harit Kapoor from Investec

Harit Kapoor: I had three questions, the first one on the innovation side. So, is there a measure that you are using on judging success rates of these innovations, maybe all that you have done over the last 2 year which has been fairly significant. How do you judge success rate? Is there a metric if you could share anything on that side with us?

Mohit Malhotra: Harit, a couple of matrices. First of all, when we launch a product with a set KPI which is a turnover to be achieved. Then we have a list of outlets where we reach out and what is the repeat purchase rate coming in from the outlet. If the hurdle rate goes beyond 20%, then we attribute success to NPD and if the hurdle rate is less than 20% then we keep reworking and refining the mix till the time we correct it and we increase the hurdle rate. Once the hurdle rate goes up to 20% then we grow this beyond a point. So that's the way we look at a metric. And then as we launch the product, then immediately, we do a launch track to refine the mix going forward. So that's the way we work.

Harit Kapoor: In the last 2 years what would have been that success rate? Is it higher than what you did in the previous 2 or anything you could share?

Mohit Malhotra: See our NPD success rate has been very good except the COVID contextual portfolio where we were pushed back especially the sanitize, and the home and the hygiene portfolios. There we have seen the market only shrink, which is sanitizer market and there we made good turnover of around 100 odd crore, that's been reduced to around 7 crore. So that's been a negative as far as our success rate is concerned. But rest of the places wherever we have launched our products, be it health care or beverages or HPC, we have had a significant good rate of success.

Harit Kapoor: The second question was on the rural side, so compared to 18 months back pre-COVID versus now, has the overall share of rural in India business increased because rural has also grown faster and you have also sharply increased your distribution on the village side. Has there been an increase? And if yes, how much is that?

Mohit Malhotra: Rural has been growing faster as compared to urban for Dabur. I think only in the quarter 1 where the post COVID there was recovery urban happening, urban business grew higher than us. For us overall rural contribution is around 47% to 48% depending on quarter to quarter, it ranges between 47 to around 49 for us. So, it's almost remained pretty much similar from 47 to now around 49. As we speak in the current quarter, it is around 47 for us. But rural is growing at a much faster pace as compared to urban.

Harit Kapoor: And pre COVID this might have been just this little lower than 47, right, I am assuming.

Mohit Malhotra: Right. Around 45.

Harit Kapoor: And the last question was on the bandwidth side, you are sharply increasing distribution on rural as well as with a significant new product and new category introductions which you are doing, over the last 5 quarters people cost which is employee costs have actually grown below sales growth. So, I just wanted to understand, to support both distribution and increasing your TAM on the product side, do you envisage in the near or medium term a sharper increase at least on the employee line item to kind of handle this or do you believe that you can still drive leverage from here?

Mohit Malhotra: We are consistently investing in the front end. So, be it advertising, that investment is going on and S&D investment is also continuing. As you would have seen our infrastructure, so we are appointing a greater number of sub stockists. We have appointed a greater number of Yoddhas and those are distributors for us. That is a seeding operation. That doesn't cause increase in terms of overall S&M cost. What calls for an increase in the cost is engagement program, so we have embarked on chemist engagement programs, modern trade engagement programs and e-commerce programs, which costs money but that's adequate enough, whereas the scale and volume of the business kind of is coming and we have a volume growth of about 10%. We are easily able to subsume the cost of infrastructure increase and get a positive operating leverage because of volume growth and the value growth is higher and that's happening. But that said, we are continuously investing on infrastructure and people also. So, what we have done of late under Samriddhi Project is that we have increased the span of control. We have reduced people at the top and we have increased our feet on street below. That said, investments in front-end is a priority. We will get a leverage from indirect overheads and staff costs, and we will keep investing in the front end and that's a priority for us.

Alok Shah from Ambit Capital

Alok Shah: My first question is on the rural distribution that you mentioned that it is being sold through Yoddha. I just want to check that who serves this Yoddha channel currently? And a follow-up to that would be what would be the revenue contribution that you get from the incremental 20,000 villages that you have, if you had the number handy?

Mohit Malhotra: Alok Sorry, I couldn't get, there was a little garble in the line. Can you please repeat your question?

Alok Shah: Yes, my question is, you said that the rural distribution strategy that you have adopted, is being done through Yoddha currently and they are more like village level entrepreneurs. The question is, does Dabur directly service this Yoddha or are they being serviced through some mediatory?

Mohit Malhotra: No, we directly serve this Yoddha, through the super stockist we serve the Yoddha, and super stockist takes this operation wherein he appoints the Yoddhas and to the unserved villages. That's how it becomes a stocking point. We have rural sales promoters who actually go and appoint these Yoddhas and create a stocking point over there and that Cash ‘n’ Carry operation that we guys have got, and we don't extend too much of credit also to the Yoddhas. As the business streamlines and the person converted into a stockist.

Alok Shah: So, basically that is a channel where you do not intend to have a channel conflict going ahead because there's lot of new channels which are coming who are trying to tap this untapped rural. Is that understanding correct?

Mohit Malhotra: Not really. These are completely hinterland villages that we are talking about which are not served actually. So, here is not what we see too much of conflict. And we are actually working with other players also. In Maharashtra there are a couple of other players that we are working with them also with the seeding operations. So, there's a joint work which is happening with them.

Alok Shah: My second question is on D2C. Now Mohit, ever since you have come as CEO, Dabur has been very adaptive to anything vis-à-vis changing, be it at the time of COVID, the technical launches, etc. But in D2C platform, somehow you have taken time. Now, according to my understanding maybe your products are absolutely ideal for D2C with high gross margin, ability to increase your LTVs, lower CACs, etc. But somehow, we are still targeting about few more months after which we will plan and then will invest behind it. S, can you share your views as to why is it that on D2C platform you have taken some more time possibly?

Mohit Malhotra: Alok I will tell you, yes, you are absolutely right. I think you observed it correctly. So, when I came to the India business there was a platform which was created Ask Dabur, which was a D2C platform that we guys had created. It was a direct platform wherein we were soliciting orders from the consumers, and we were serving the consumers our products and it was a complete bleed. We had almost around 10-11 crores we lost in that operation because it was an operation where consumer used to put out the order, we used to service that order and when we used to take the order to the house, he used to put out the order, we used to service that order. When we should take the order to the house, he/she used to cancel the order because it was more cash. So, we were bitten by D2C, and we had huge losses that we had taken, so we want to be very careful when we do D2C. This time the D2C operation that we will embark on is not going to be a revenue model operation for us. It is more going to be a brand building and getting the first party data for us. It's a marketing tool rather than being a commercial tool for us. That is why we are taking time. We are working with a couple of vendors who are using building this to see model for us which could have exclusive brand, it could be available to our existing brand portfolio also. We are taking some time, but I think we want to get it right this time on.

Alok Shah: Mohit my last question is on your cash and liquid surplus. Now broadly you have close to about I think 5,000-6,000 odd crores cash plus liquid investment sitting in your books. Now what are the alternate uses for this, are you looking at some acquisition very seriously because while in the past also you've mentioned but domestic acquisitions have not come by. So, what can we think of this cash surplus that you have on your books? That's all from my side.

Ankush Jain: Yes. Right observation, we are sitting on almost 5,600 crores cash at a consolidated level and almost 4,500 crores at an India level. We keep on evaluating right opportunities which are something which are very strategic, very strong either the product portfolio mixes or from a geographic footprint, but they must come at the right value and at the right time for us to invest.

Yes, we are open to opportunities as we said for the right strategic set, and we will be keen on investing going forward. So, we are evaluating.

Alok Shah: Any hurdle, timeline where you will think that if we don't have then possibly it is we will increase our dividend pay-out or look at some alternate ways of cash repatriation, any thoughts?

Ankush Jain: In terms of we are evaluating but it depends on the timing. It depends on the right opportunities when will it come, how is that we keep on doing the due diligence also. But on both the parties must agree at the right terms for it to be executed and if you remember, in the month of May '21 we had increased the dividend pay-out to the shareholders.

Mohit Malhotra: We have increased the dividend pay-out as you see, so that's what we have done. But acquisitions are chance events, and you can't really plan the acquisitions. We can plan diligence and we can do market working and that's what we keep doing all the time and evaluating targets to Ankush's point but we can't have a fixed timeline. It is a big chance event.

Harsh Sheth from HDFC.

Harsh Sheth: You have consistently spoken about the massive opportunity in health supplements category getting gross under penetration of products, but the growth as one might anticipate has moderated. So, couple of questions here. Are we looking for new category launches outside of Honey or Chyawanprash, in broader nutraceutical space? Secondly the COVID most likely behind us, do you feel there's a need to revamp the communication? Now as most of the products across multiple categories are being marketed as protectors against COVID and there might be a need to change a consumer perception. Lastly, we have mentioned about the stickiness in Chyawanprash. So just wanted to know who would it be the larger audience here? Is it the senior folks or is it the youngsters? Just wanted to check if you're doing any white space mapping here.

Mohit Malhotra: Harsh, your voice wasn't really clear but I think what I've understood is you are saying that are we planning to get into other categories besides Chyawanprash and Honey? I think the answer is yes, we have already gone to the nutraceutical markets by entering to pure herbs. We have already launched a range of pure herbs in the marketplace and gradually slowly we are scaling it up. And range of pure herbs that we have rolled out is Ashwagandha, the Giloy and multiple of pure herbs, pure herbs in both capsule form and in form of powders what we've rolled out and we are gradually scaling it up. Now answer to are we planning to exploit new white spaces, yes. We have plans to get into MFD space which is white space as far as we are concerned. And we feel we have a right to win and therefore Dabur Vita is being rolled out in that space and that's the huge market, the big entry. That's what we are planning. Was there a second part of your question also?

Harsh Sheth: Chyawanprash?

Mohit Malhotra: The target audience is for Chyawanprash is more in adults, who have low immunity and they are the ones who actually use it and it's made for the family, for kids and for adults and for the whole family and after COVID the product has become actually family product and not only for adults but the perception to your point is more adult today, it makes an entry from the adult and then it's being used by the family, the mother and the child and everyone and to improve the organoleptic and sensorial of the product we are working on it. And that's why Chyawanprash is available in the tablet form and going forward in the powder form will help a broad based the target audience of Chyawanprash from adults to the kids and to the mothers and the Dabur Vita initiative will also help us the sale.

Harsh Sheth: Secondly we have a big ambition in foods business, I think we 're aiming for 500 odd crores in next 3 to 4 years. Wanted to understand what specific categories are we looking here, beyond condiments and opportunity size and what does current pipeline look like in this space?

Mohit Malhotra: So, we have Hommade brand and Hommade we are scaling it up as we know that we've already rolled out chutneys and pickles and for confidentiality reasons I will not be able to tell you as to which all categories we will be getting in, the market is becoming very competitive. I'm sure you'll appreciate that. We are proposing to scale up the Hommade brand drastically and increase the brand franchise. As and when we keep launching the brands you will come to know but attempts with pickles and chutneys to brand the unbranded huge market which is already there in India. We got a very positive response with pickles and chutneys.

Harsh Sheth: Can we presume that the growth year can be largely through an inorganic or will it be organic growth only and then the foods business specifically?

Mohit Malhotra: It would be a combination of both organic and inorganic. We are scouting out for target for inorganic but that's again per chance, but we are still working on an organic entry as well.

Jay Doshi from Kotak Securities

Jay Doshi: I've got two or three questions. First one is over the past 2 to 3 years new product launches have started contributing 5% to sales as against maybe 1.5% earlier. So, during this period how has your allocation of advertising budgets been between the mature brands and the new products that you have been launching, if you throw some color and essentially the idea of asking questions because both in digital first brands D2C brands as well as some of the new categories that you're launching the requirement for A&P support would be significant. So just want to understand how are you balancing the aspirations of different brand managers?

Mohit Malhotra: Jay for us it is really not launching new brands. We are getting into adjacent categories through power brands. We have got a power brand architecture of eight power brands and most of our resources are deployed behind power brands like in Real. Real is a power brand for us. If we get into drinks which is adjacent category of drinks in distant to nectar and therefore requirement of advertising is not as much. It is more requirement of distribution and more requirement of bandwidth which is what we provide. That's how we guys manage our resources. So Real is the 1000 crores brand, if we get into drinks market, we broad based the addressable market from 1,600 to 6,000-7,000 crores and therefore requirement of those advertising resources was not much. If I'm scaling up a Hommade brand, I was in onion paste, a garlic pastes, ginger paste, now I am getting into chutneys, yes there's the different ad is required but within the similar ad pro as I keep growing the brand, I have my advertising investments also growing. That's the way. If I'm in a homecare Odomos brand launched an electric racquet, I don't have to advertise so much its only e-commerce portal advertising that one has to do. Likewise, brand by brand we do the same thing. If in Amla we known the Amla-Almond it's a blanket brand for us. It is getting subsumed under the Amla franchise for us. That's the way we get plans wherein it doesn't put too much strain on our post strings.

Jay Doshi: Second question is what is the level of planning that would have gone behind the launches in case of Dabur Vita your foray into MSD category and a liquid vaporizer, so what a typical product development life cycles and when would you've started working in that direction from the time of conception to go to market?

Mohit Malhotra: These are all gate process for all the NPD. A gate process invariably used to take around 2 years prior to COVID in COVID we've been able to shrink the entire window of NPV launches, which was 2 years now it is also, it is taking us in COVID. It used to take us 3-4 months, but now I think after back post COVID it is again taking as almost a year to tell you we've been planning for almost a year and a half as far as the Dabur Vita is concerned and now it's in the light of the day. So is the case of LVP and so invariably around a year or so.

Jay Doshi: Finally, a quick bookkeeping question, you indicated that July and August were quite good as far as rural demand and growth was concerned. There was a little bit of slowdown in September and then you indicated that you're hopeful with festive season demand will improve. I'm not really sure whether you made any comment on October month whether it was better than a September or an in line with what you witnessed in July and August. This is with respect to the rural demand?

Mohit Malhotra: We've seen a little I told you pressure from the rural and from the wholesale segment, which we have seen and with carried on in September and also into October. Hopefully November with this Festive season things should actually get better, but there is a pressure on the demand that we guys are seeing and the Kantar syndicated data also alluded to what I'm saying and also the Nielsen September data which has just come out today is also talking about almost a flat volume growth in the FMCG market as we speak.

Rakesh Roy from Inse

Rakesh Roy: Can you highlight demand outlook for international market regionwise?

Mohit Malhotra: So international markets are doing well for us. I think they are out of the COVID crisis and all the markets are doing well for international. Overall international business has grown by 13.8% constant currency terms with the largest market Middle East, North Africa has grown in constant currency term by 12.8% and all the countries in the MENA markets have done well. Sub-Sahara which is the Africa market has grown by 25%, Nigeria business is the key market in sub-Sahara is grown by 21%, our Namaste business which is a North America business and a bit of sub-Sahara has grown by 16%. Turkey key business was little impacted in the last quarter as we got out of COVID, it grows has been around 3.5% for us and been currency depreciation there also. The SAARC business has also grown by around 17.6%, but also the overall international business is in a good space and doing well for us. We would anticipate double digit growth coming international business, if the COVID third wave and any lockdowns don't happen in international markets.

Abhijeet Kundu from Antique

Abhijeet Kundu: My first question was on the tax part, bookkeeping questions. For the year where do we see the effective tax rate, because in this quarter tax rate has gone up significantly? So, for the full year what should be the tax rate that we'll have to factoring on a consolidated basis?

Ankush Jain: Consolidated basis we are almost 23% both at a quarter level and YTD level and we expect it will be in a similar range for the full year around 23% to 23.5% for full year.

Abhijeet Kundu: Next question was on you just said that there have been some issues with liquidity, tightening of liquidity in the rural markets and Nielsen has indicated or flat year on year volume growth. In the light of this, how do we see the year ahead December and March quarter, so what are your expectations because the first half has been really strong despite a very strong base? Now what are the expectations, would it be possible a steady grow in double digits on the pipeline front?

Mohit Malhotra: We've indicated that we've taken a target of double-digit growth for the full year double digit volume growth for the full year and we will maintain a target to do double digit growth. There is a base hump, which is there in the current quarter and that we have to circumvent that. But some quarters, one of the quarters could be having a single digit and another could have a double-digit growth, but overall for the full year we'll maintain a double-digit growth rate in the India and also in the international business. I think that is what we will do, not because of the macro-economic but all of our own efforts and a good execution.

Abhijeet Kundu: And lastly in oral care as per our channel sales there has been some amount of pressure in terms of growth because the competitor activity has gone up. So, last year one of the largest players was finding it difficult to reach out to the markets. There was some issue with distribution or back and so this year there has been heightened competition. For Dabur what we've seen is Dabur was growing at a very strong rate in oral care led by Dabur Red Toothpaste. So is there any increase in competition or a slight moderation in growth or on a high base growth has moderated a bit in oral care. So what the scenario there?

Mohit Malhotra: In oral care we are in a good space I think we have a very differentiated proposition and we are completely unfazed by the competition till now and Dabur Red which is a flagship brand has grown by 20% in the last quarter also. Why do you see a 15% growth overall for oral care, but that is coming because of a very high base of Lal Dant Manjan last year which grew by around 40% and that is almost flat quarter. But our Red Toothpaste has got a CACR also 20% and this quarter we've gained 40 basis points in terms of market share also and we are steadily increasing. Now if you look at the market size the market segment of herbal which is around 30% has actually grown at 1.3X of the non-herbal, where the market leaders which you are saying is more aggressive that is growing at around 8%-8.5%, which is non-herbal and herbal market is growing at 11% to 12% so there's a huge delta between a non-herbal and herbal market, Dabur is growing at 1.3X for the herbal market also.

Therefore, from a market share standpoint, we are consistently gaining market share and it's a matter of time. I think another two quarters we have 50 basis point behind being a number two brand in the country number two company in the country in oral care. I am extremely confident on oral care despite competition going up, but the competition is good for us because we will be able to manage competition recently well here and I don't think this so much a pressure plus we going to right to win and we are the number one in the herbal and there's nobody else in herbal and equivalent the competitors does herbal offering they only add to our team win. So, we become the beneficiaries of that. All the new product initiatives of Dabur Herbal clove and alpha ingredient that are doing well. So overall I think we are in a good space as far as the oral care is concerned.

<u>Richard Liu from JM Financial</u>

Richard Liu: My question I've noticed some announcements in recent times with regards to private placements of NPDs. Just wanted to check what is this regarding especially since you've got cash balance of odd 5,000 crores?

Ashok Jain: It has been placed primarily to fund the capex and we know that recently we put down by new plant in Indore which will be costing over Rs. 500 crores. In addition to the modernization expansion, we keep on going over existing plants in other places like Baddi, Jammu or Pant Nagar or Tezpur. Generally our investment which we had that and we are investing for a higher return for a longer period and it was not making any sense to withdraw that money and we had raised this money at a very fine rates that is why we have resorted to placement of NCD's.

Richard Liu: Mohit the next question to you is really that, if you can walk us through the numerous NPD's that you've been doing since the last year and a half, as in how have these done in quarters subsequent to the quarter of launch and if we can just take an example of maybe the best performing NPD and the worst performing NPD, how large they have become since launched and how big these can become overtime?

Mohit Malhotra: So, NPD's going to be centre stage of our strategy and that's one of the ways how we are trying to grow, and which will be the key going forward also. If I take one of the best in NPD's would be drinks, then we extended Real tetra pack in to drinks and we entered the Mango drink market which is 7,000 crores and that's doing well. It's the second year of the launch, sorry I think it's a first year going forward, we launched it sometime last year and this year we'll put 100 crores in the drinks space as far as that's the best. The worst will be sanitizer; during COVID we launched the sanitizer. We did 100 crores of sales in sanitizers in some six months' time. This year we'll do a sale of not even 7 crores. That's the worst NPD for me. The ones which are medium will be COVID contextual NPDs like Tulsi Drops, Haldi Drops, Health Juices during the COVID period they have done very well. Now post second wave of COVID, the growth is actually much lower, but I will not say that this launch is not doing well. It's a huge market and we'll continuously grow. The CAGRs are still in double digits, more than double digits and wait forward it to sustain as we keep killing up these NPD's and we've done one of the better launches in e-commerce is Apple Cider vinegar. Apple Cider vinegar is also doing equally well around 1.5 to 2 crores business is which we are clocking every month in that. Even the baby range that we rolled out in e-commerce is doing a business of around 1-1.5 crores monthly. So, overall, I think that I would say 80% of NPD's have done very well, 20% they have not done so well but so we're okay with it. So, it is not giving us the sleepless nights. We'll manage it and we are incorporating a culture a fearless culture of NPDs as a company and even if some of them fail it's all right.

Gagan Ahluwalia: Thank you for your participation in this conference call. The web cast audio recording and transcripts will be available on our website very soon. Thank you and stay safe and healthy.