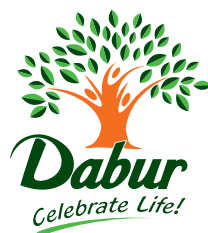


# DABUR INDIA LIMITED



## Company Background

Dabur India Limited (DIL), incorporated in 1884 and headquartered in Ghaziabad, India, is the fourth-largest Fast Moving Consumer Goods (FMCG) company in India. Dabur India has divided its business into four strategic business units - Consumer Care Division (CCD), Consumer Healthcare Division (CHD), Food Business Division (FBD) and International Business Division (IBD). The company has a diverse product portfolio in these businesses, which includes herbal products such as health supplements, digestives, hair oils, shampoos, toothpastes, honey, juice, etc.

Three of DIL's business units - CCD, CHD and FBD - encompass the domestic market, while its entire international business is clubbed into its International Business Division. DIL manages its worldwide operations through its subsidiaries - Dabur Foods, Dabur Nepal, Dabur Egypt, Dabur International Limited, African Consumer Care-Nigeria, Asian Consumer Care-Dhaka and Asian Consumer Care Pakistan Pvt Ltd-Karachi. While CCD and CHD are directly under DIL, FBD is managed by Dabur Foods Limited (DFL).

Apart from its manufacturing facilities in India, DIL has five overseas production facilities in Nepal, Bangladesh, UAE, Egypt and Nigeria. The company markets its products in more than 50 countries spanning the Middle East, the Far East, Europe, the Americas, Africa and Asia. DIL has also tied up with leading food and healthcare companies to enhance its product portfolio through continuous

innovation and extend its market reach. Forbes named DIL among the top 20 'Best under a billion' companies in India.

For the financial year ending 31 March 2006 (FY06), DIL's consolidated net sales stood at US\$ 427.3 million, as against the net sales of US\$ 351.4 million in the previous fiscal year. The company's international sales amounted to US\$ 48.6 million in FY06, thus representing 11.4 per cent of its total sales.

## DIL in the Arab World

DIL has consolidated all its international subsidiaries under a single entity - Dabur International Limited. In the Arab world, DIL is present through its manufacturing facilities in the UAE and Egypt. The company also markets its products in other countries in the Arab world, including Bahrain, Jordan, Kuwait, Libya, Oman, Qatar, Sudan, Morocco and Iraq. The company performed very well in the Middle East, registering a growth rate of 27 per cent for this region in FY06. The company has recently announced its plans of building an additional manufacturing facility in the UAE to cater to growing business volumes.

Apart from Dabur International Limited, DIL also operates in the UAE through its subsidiary - Weikfield International (UAE) LLC. Dabur International Limited holds a 38.4-per cent share in this subsidiary. DIL manufactures cosmetics and food products at the manufacturing plant of this subsidiary and markets its products in the UAE

and other Arab countries. The subsidiary generated revenue of US\$ 7.5 million in FY06.

### **DIL in Egypt**

DIL is present in Egypt through its wholly owned subsidiary, Dabur Egypt Limited. Dabur International Limited and Dabur Overseas Limited hold 24-per cent and 76-per cent stakes, respectively, in this subsidiary. DIL manufactures beauty care products at the manufacturing facility of this subsidiary and markets these products in Egypt and neighbouring countries. Dabur Egypt recorded net sales of nearly US\$ 3 million in FY06, thereby registering a growth rate of nearly 49 per cent.

### **Factors for Success**

#### **Huge Demand of Herbal and Ayurveda-based Products**

DIL banks upon the huge demand of Herbal- and Ayurveda-based products for growth in the international market. These organic products have minimum side-effects; as a result, they are gaining popularity in the Arab world. This is apparent from the fact that more and more companies are now launching their herbal cosmetics and food products in these regions. Over the years, DIL has maintained an edge over its multinational rivals due to its rich herbal and ayurvedic products' portfolio.

#### **Market Specific Strategy**

DIL's success in the international market can be attributed to its strategy of targeting each market with products specific to its needs. The company markets its Ayurvedic supplements in developed markets, personal care products in the Middle East region, toothpastes and soaps in Africa, and healthcare and personal care products in Bangladesh. DIL has been offering customised products to its client base in the Middle East region. It has come up with products such as Dabur Olive Hair Oil, Anti-dandruff hair cream and Herbal

soaps. The company is also planning to introduce other innovative products in the hair care category in the near future. These products are being launched after a detailed survey in the region and gauging market response.

### **Structured Approach**

DIL used to export its domestically manufactured products in the international market. As a result of its tremendous growth, the company set out to expand its operations internationally. Dabur appointed a Dubai-based firm, Redrock, as its franchisee to cater to the demand in the Middle East and Egypt. With rapid growth in these regions, DIL began local manufacturing in Dubai and Egypt. Thereafter, it acquired Redrock and its manufacturing facilities. Dabur established its subsidiary, Dabur International, to consolidate its operations internationally and make them more organised.

### **Future Plans**

#### **Investments in Focussed International Markets**

DIL plans to invest in focussed markets to tap the potential of its international business. The company will split its international business into two portfolios. Portfolio one comprises Asian markets such as Pakistan, Bangladesh, Nepal, Sri Lanka and Malaysia; developed markets such as the USA and the UK; and some Commonwealth of Independent States (CIS) countries; Middle East countries such as Iran and Iraq; African markets such as Egypt, Nigeria, Sudan and Morocco. Portfolio two includes other Gulf Cooperation Council (GCC) countries that will be served through its manufacturing facilities in the MENA. It plans to reap benefits from its 'natural' platform (demand for its natural products) and make investments in these international markets. The company is seeking inorganic growth in these regions and is targeting small- and mid-sized companies in the Gulf region, South Asia, and North and West Africa.