



A N N U A L R E P O R T
2000 - 01

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Beyond Ayurveda -
Natural Remedies for Health & Well Being



D A B U R I N D I A L I M I T E D



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This is the story of more than a century old partnership, Dabur has enjoyed with nature. In this long and fruitful relationship Dabur has endeavoured to understand the hidden treasures of nature. And has brought this rare knowledge to the consumers in the form of natural health and personal care products. During this journey, Dabur has imbibed the knowledge of Ayurveda and moved beyond... to new frontiers, to add more to the knowledge of nature and natural products.

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BOARD OF DIRECTORS

Chairman Emeritus

Mr. A.C. Burman

Chairman

Mr. V.C. Burman

Vice Chairman & Managing Director

Mr. G.C. Burman

Dy. Managing Director

Dr. Anand Burman

Whole Time Directors

Mr. Ninu Khanna

Mr. P.D. Narang

Mr. Sunil Duggal

Directors

Mr. Pradip Burman

Mr. Sidharth Burman

Air Chief Marshal N.C. Suri (Retd.)

Mr. Ashok Goenka

His Highness Maharaja Gaj Singh

Raja Vijay Karan

Mr. S.M. Datta

Mr. Uday S Kotak

Dr. A.M. Singhvi

Mr. Ajay Bahl

Mr. P.N. Vijay

Company Secretary

Mr. Ashok Jain

Auditors

M/s G Basu & Co.

Chartered Accountants

Internal & Management Auditors

Price Waterhouse Coopers

Bankers

Punjab National Bank

Standard Chartered Grindlays
Bank Ltd.

American Express Bank Ltd.

HSBC Ltd.

State Bank of India

Deutsche Bank AG

ABN Amro Bank NV

Citibank NA

United Bank of India

Corporate Office :

Dabur India Limited
Kaushambi,
Sahibabad-201010

Registered Office :

Dabur India Limited
8/3, Asaf Ali Road,
New Delhi-110002



CHAIRMAN'S MESSAGE

It gives me great pleasure to present Dabur's performance for the year 2000-01. This year has been one of the most testing years for the FMCG sector. At the close of the year, I look back with pride and satisfaction at the contribution your company has made to the economy and the quality products it has provided to the millions of Indians across the country. It is heartening to see that the company withstood the tough market conditions.

Macro Economic Picture

This year was one of the most turbulent year for the industry. This was testing time for Indian economy with agricultural growth down to meager 1.4% and industrial growth also slowing down to record just 6.5% growth.

A national calamity in the form of earthquake in Gujarat resulted in additional burden on Indian economy but at the same time brought the national feelings to the fore. A nation stood united when the big problem loomed large.

This year's Union Budget was hailed by Indian business as landmark budget, which would support growth, but the turbulence at Indian stock exchanges nipped optimism in the bud.

This enduring year has given some key learnings, which the Indian business must adhere to - greater efficiency, good corporate governance and reaping greater internal economies are the maxim for future growth.

Industry Scenario

The FMCG industry saw a year in which growth in sales revenue came under severe pressure with every quarter. The growth rate in sales for the industry kept going down with each quarter. The industry could manage an average growth rate of around 6%. Your company is one of the few who could manage double digit growth and have outperformed the industry average.

While sales plateaued the industry focused on reaping the benefits of internal efficiencies, which resulted in average 25% bottom line growth. Dabur fared better by posting 39.2% growth in profit after tax. The focus has also shifted on getting new set of users to the portfolio which resulted in expanding our vision beyond the horizon of Ayurveda to herbal/natural health and personal care.

Issue of Counterfeits

Counterfeits and fakes, which has been a major problem for FMCG industry for many years now, has taken astronomic proportion in the last couple of years. A study by A C Nielsen put fakes and counterfeits sale in India at worth Rs. 2500 crore.

Under the aegis of FICCI, FMCG companies decided to come together to fight this menace by setting up Brand Protection Committee (BPC). Dabur is also part of this effort. BPC has assigned the job of identifying and conducting raids against counterfeit and fakes manufacturers to an independent agency, which has already conducted few successful raids. Dabur independently also continued its war against such unscrupulous manufacturers and distributors which has resulted in containing this menace to some extent.

Key to Growth

At Dabur key to our growth is knowledge of nature, which provides the basis, and use of modern research tools for continuous innovation. Innovation in products, processes and methods will drive Dabur to global leadership in health and personal care products.

Research and Development

Dabur has been involved in research in fields of Ayurveda, chemical entities and formulations, pharmaceuticals and biotechnology with over 125 research scientists working on various research projects across all the fields.

Dabur's use of modern scientific tools has helped in enriching our knowledge of Ayurveda and has also helped in Dabur's

entry into high technology areas like cancer drugs. Dabur is the leader in Indian anti cancer drug market. Your company is the leading Indian healthcare company working in the areas of genomics, proteomics and bioinformatics - the new areas of scientific research.

Our newly constructed state of the art infrastructural facility, comparable to the best in the world, marks the completion of phase I of our modernization project, which included oncology and biotechnology research and library. The remaining phase will be completed by the year end.

Dabur has always emphasized on use of latest technology and thinking ahead of time, this not only gives the company a broader outlook but also helps in giving maximum benefit to our consumers.

Leadership and continuous innovation

Today, we are the leaders in herbal healthcare and oncology. To maintain our leadership position, we must innovate. Innovation in products and processes is must for an efficient and fitter organization. We must keep the flame of creativity burning within us forever. We must have a confidence in our ability to innovate and the rest would follow. But this confidence has to be backed up by a well trained and skilled human resource, a focus area for your company.

Corporate Governance

Your company is firmly committed to building long term shareholder value and has instituted several measures to achieve accordance with practices of good corporate governance.

The process of bifurcation of management from ownership of the company is completed and has paved the way for new standards of transparency in corporate governance.

During the year, your company revamped the Audit Committee that has a majority of independent directors and is headed by Mr. Ajay Behl who has vast experience in this field. The committee would be advising and assisting the Board in formulating a sound system of internal control in order to safeguard shareholders' investment and the company's assets.

The other board level committees continue to give their valuable recommendations to the board for formulating strategies.

The company has already demated its shares adding transparency and ease in transactions besides providing safety to your holdings. For increasing the liquidity of the stock the company split its Rs. 10 share into 10 shares of Re 1 each.

Care for Environment

Dabur is committed to environmental issues. During the year we developed saplings, through micro propagation, for more than 40 herbs of which 12 are on the list of endangered species. Dabur through its contract cultivation and bee-keeping initiatives continues to focus on providing employment to the people and also improving the quality of life of the people.

After four years at the helm of affairs of the company, I have decided to step down from the chairmanship of your company. I would handover charge to Mr. Gyan C. Burman after the Annual General Meeting. Mr. G.C. Burman does not need any introduction to you. He has worked in different positions in the company for almost thirty five years and has been one of the prominent architects of Dabur of today.

Before I conclude, I would like to take this opportunity to thank all stakeholders in the company - our shareholders, our employees, business partners and last but not the least the consumers - all of whom have contributed to our success. I once again reaffirm that Dabur is and will always be- Dedicated to the health and well being of every household.

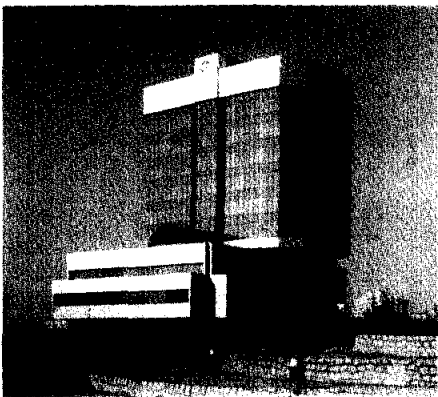
Thank you,


V C BURMAN

MANAGEMENT DISCUSSION AND REVIEW

INDUSTRY SCENARIO

Dabur has been one of the few companies in the Fast Moving Consumer Goods industry who have

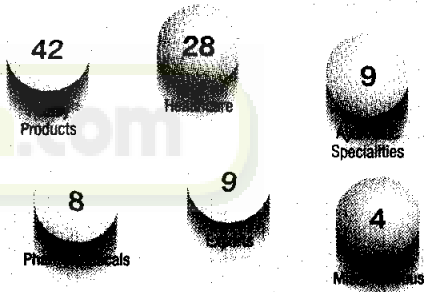


managed a double-digit growth this year. A year in which average industry growth in sales volume and revenue came under severe pressure, witnessing a downward trend, in every quarter. The FMCG industry grew at around 6% in value. Dabur has been able to manage a healthy growth of 11.9% over last year.

The industry focused on reaping the benefits of internal economies that resulted in average industry bottom line growth of 25%. Our company outperformed the industry average by registering a growth of 39.2% in profit after tax. The company plans to broaden its customer base organically hence the focus is on:

- Natural/herbal health and personal care products for modern consumers
- New dosage forms for better product efficacy and convenience
- Reaching out to every household and every family member

BUSINESS UNITS
Contribution (%) to Total Sales



BUSINESS UNITS REPORT

The major business units recorded double-digit growth during the year. The Family Products, the largest division, contributed 42% to the business. The division achieved a turnover of Rs.489.7

DABUR INDIA LIMITED



crore recording a growth of 11.5% over last year. Healthcare division contributed 28% to the business achieving a growth of 10% in sales to record turnover of Rs.329.7 crore in the year.

Ayurvedic Specialities achieved a distinction of crossing Rs.100 crore mark in the turnover this year. The division contributed 9% to the company's turnover to reach Rs.104.3 crore recording a growth of 19.1% over previous year. Pharmaceuticals had the distinction of fastest growing division with 29.7% growth over previous year. The division recorded a turnover of Rs.96.4 crore, contributing 8% to the company's turnover.

GROWTH TREND

Revenue grew by 11.5% over last year. Profit after tax by 11.5% over last year. Operating margin increased by 10.7% over last year. Business growth was 11.5% over last year.

Exports recorded a decline of 8.8% to record a turnover of Rs.104.2 crore.

This has been due to shift in exports arrangement for Middle East. The company has given the rights of sales in Middle East market for health and personal care products to Redrock Limited and would get 3% royalty on the sales proceeds. This has reduced the exports turnover to Middle East from this year, resulting in a decline. However, on like to like basis there has been an increase of 11.3% in exports.

Miscellaneous sales such as sales of bulk drugs in domestic market, sales to Dabur Ayurved Limited and sales of guar gum contributed another 4% of the turnover.

CONTRIBUTION (%) TO TOTAL SALES





The company has five brands which contribute more than Rs.100 crore each. Vatika has joined this elite group this year, which already had Dabur Amla Hair Oil, Dabur Chyawanprash, Dabur Lal Dant Manjan and Hajmola. These 5 brands together contribute 55% of the turnover of the company.

FAMILY PRODUCTS DIVISION

The Family Products Division is the largest revenue contributor in the company and is continuously outpacing market growth with superior product offerings and innovative marketing. This division witnessed a growth of 11.5% and has a large potential for growth. Family products division boasts of three brands worth Rs.100 crore each, Amla Hair Oil, Lal Dant Manjan and Vatika.



This segment includes

Hair Care products- Dabur with 19% of hair oil market is a dominant player with Dabur Amla and Vatika having strong brand equity. Dabur has a presence in almost all segments of hair oil. With our focus on value added categories, we have expanded our portfolio in this segment by adding:

Vatika anti-dandruff shampoo - first mass marketed anti-dandruff shampoo having natural ingredients to fight dandruff.

Amla lite - launched nationally in phased manner from May 2001. The unique back label which is visible through see through bottle and oil for





Amla Lite was very well appreciated by trade as well as consumers.

Oral Care products - Dabur Lal Dant Manjan gained market share to command 29.4% of total toothpowder market. The brand commands leadership position in coloured toothpowder category. The division extended Binaca brand equity to toothpowders also during the year with the launch of Binaca Fresh toothpowder.



Binaca Fresh Toothpowder - This launch marked the entry of Dabur into white toothpowder category. Binaca toothpowder was launched in refreshing blue colour pack, which has a unique lock mechanism in its cap.



Dabur Honey is the largest player in branded packaged honey with around 40% market share. Accredited with bringing honey out of the medicine chest to the breakfast table, Dabur Honey continued to focus on kids in its advertising. The label was changed to add more colour and fun imagery to the product.

Skin Care products

Dabur entered this segment with Dabur Gulabari - the rose water. Positioned as a natural skin toner, Gulabari has recorded a growth of 100% in the last two years. The company is contemplating entry in other skin care categories, as this has a potential to be a large market in near future.

