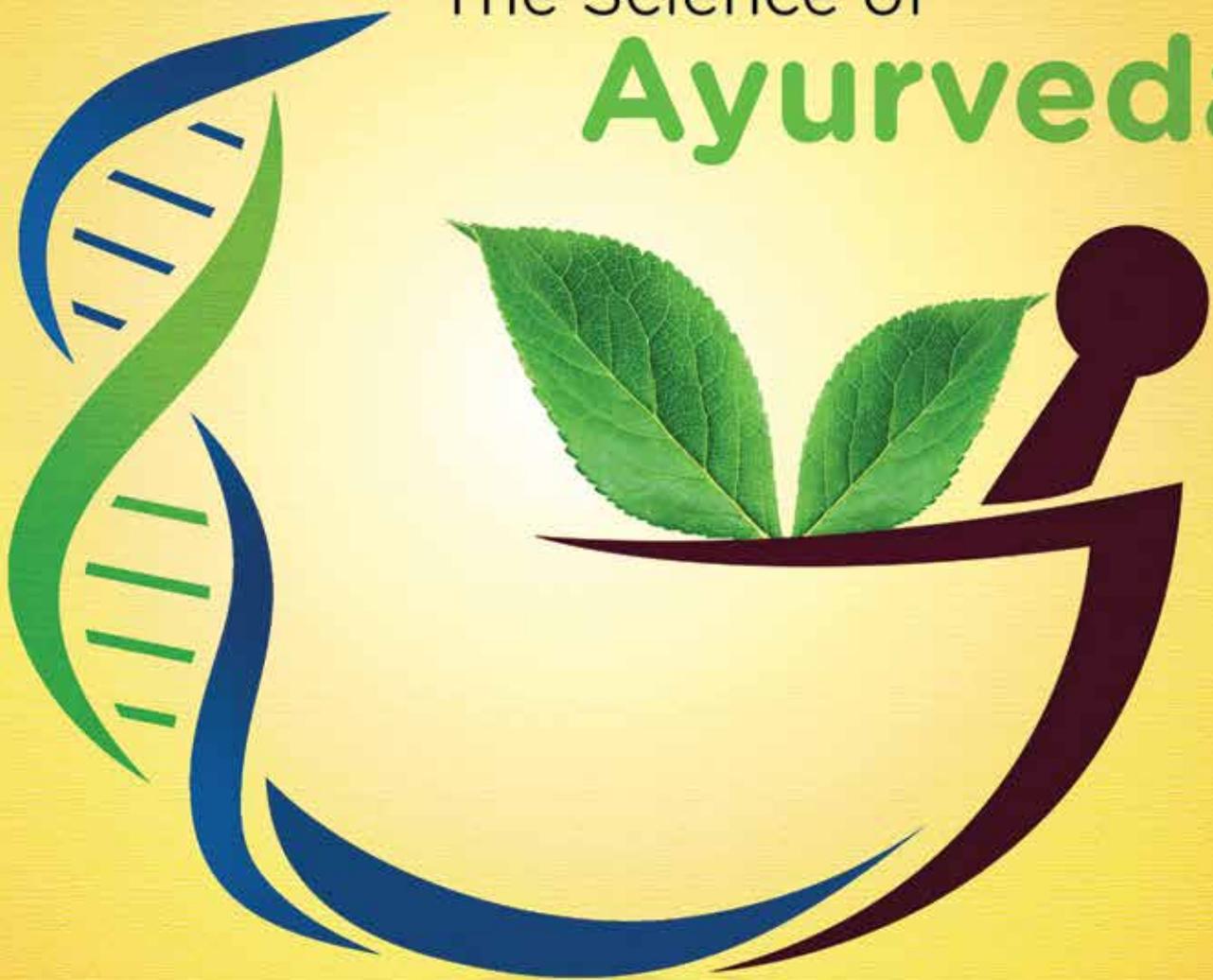




The Science of

Ayurveda



Highlights of FY 2017-18

Revenue: ₹ 7,748.3 crore

Operating Margin: 20.9%

Net Profit: ₹ 1,354.4 crore

Market Capitalization as on 31st March 2018: ₹ 57,602 crore

Area under cultivation of rare medicinal herbs: 5,250 Acres

No. of lives impacted through CSR: 1.4 Million

No. of Brands with turnover of over ₹ 100 crore: 16

The 2017-18 Annual Report complies with financial and statutory data requirements of the Companies Act, 2013 (including the Rules made thereunder and Accounting Standards), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards.

The Integrated Report incorporates financial and non-financial information, covering topics on Governance, Environment and Social, to help our stakeholders understand how Dabur creates and sustains value over the long-term.



Dabur India Ltd is a leading packaged consumer products manufacturer, offering a wide range of products based on traditional Ayurveda and Nature. With a legacy of over 134 years, Dabur is today the oldest and the Most Trusted name in the field of Ayurveda and Health Care.

Our wide range of Nature and Ayurveda-based products and medicines, backed by strong Research & Development, helps us deliver on our motto of being

‘Dedicated to the Health and Well-Being of every household’

and meet the health and wellness needs of our consumers.

Some of our most iconic brands, which are popular across the globe, are Dabur Chyawanprash, Dabur Amla, Vatika, Real, Hajmola, Fem and DermoViva.



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Chairman's Message

Dear Shareholders,

It gives me great pleasure to write to you at the end of another year in our 134-year-long journey. The financial year 2017-18 demonstrated yet again the strength of our strategy of being the country's leading Science-based Ayurveda expert, which helped us deliver greater value to all our stakeholders.

The year 2017-18 was marked by the implementation of Goods and Services Tax (GST) w.e.f. 1st July 2017. This major reform in India's taxation structure led to a temporary slowdown in the growth momentum as pre-GST jitters gripped the trade leading to significant pipeline reduction during the first quarter. These jitters were, however, short-lived as both demand and the

economy posted a recovery in the months that followed the GST roll-out. Adverse macro-economic conditions and currency volatility in some of our international markets also posed additional challenges during the year.

Your Company has managed these challenges well on account of resilience and strength of its brands and continuing to invest strongly in sales and distribution and operations infrastructure. During 2017-18 the Company achieved Consolidated Revenue from Operations of ₹ 7,748 crore, growing by 6.9% after adjusting for currency and GST impact. Consolidated Net Profit for 2017-18 stood at ₹ 1,354 Crore, increasing by 6.1% over previous year.

Many of our key brands achieved significant landmarks during the year. Our brand portfolio today includes 16 brands in the Billion Rupee Turnover basket with Dabur Anmol Coconut Oil joining this coveted list this year. The year also saw our flagship toothpaste brand Dabur Red Paste cross ₹ 500 crore turnover mark, making it the fourth Dabur brand to reach this mark after Dabur Amla, Vatika and Réal. Brands such as Hajmola, Dabur Red, Real and Dabur Amla featured in the Most Trusted Brands survey reflecting the trust of millions of consumers.

Recent years have seen the re-emergence of Ayurveda with a growing population of Indians embracing traditional recipes and natural products

for meeting their day-to-day health and personal care needs. This consumer trend continues to gain traction offering numerous opportunities for growth and expansion. As the country's leading Science-based Ayurveda expert, Dabur has been at the forefront of driving innovation to make this traditional Indian knowledge available in a form that appeals to the modern consumer. I am pleased to inform you that we are continuing on this path with renewed vigor and commitment and will continue to build a strong and contemporary portfolio of Ayurvedic products both in consumer health and personal care categories.

In 2017-18, we launched several new products based on the knowledge of Ayurveda to address a variety of Health and Personal Care issues. These include Ayurvedic remedies for managing diabetes, improving digestion, treating cough & cold and maintaining oral health. Details of these new launches have been provided in the Management Discussion & Analysis section of this report. Our Ayurveda focus will only sharpen in the coming years as we have lined up a series of exciting new product launches and consumer connect initiatives to make Ayurveda accessible for the modern-day consumer.

Moving forward on this mission, we have also increased the coverage of our biodiversity initiatives. The year 2017-18 saw an increase of 25% in the area under cultivation of rare medicinal herbs to over 5,000 acres. This would not only help in generating sustainable supply of rare herbs but also contribute to the environment. The Company continues to invest strongly in Research

and Development and has filed several patents for some of the developments in the field of Ayurveda.

With the market place changing rapidly due to GST, Dabur has focused on growing its distribution network not only in traditional trade but also in emerging channels like Modern Trade, E-commerce, etc. During fiscal 2017-18 our direct reach crossed 1 million retail outlets, making it one of the largest direct distribution networks in the FMCG space in India. We have also significantly strengthened our rural footprint with Dabur now reaching close to 42,000 villages across the country. This distribution enhancement initiative has helped increase the average number of brands being sold in the hinterland by nearly 10%, besides significantly augmenting the availability and reach of smaller brands. During the year, several purpose-driven digital campaigns were also initiated in the digital space to amplify and complement similar initiatives run both on traditional media as well as on-ground.

A true transnational organization is recognized by its innovation and its ability to deftly adapt to changes in the business environment. Dabur's International Business has been facing currency and geopolitical headwinds for the past couple of years. We have put in place measures to respond to the changing market dynamics and launched a number of unique value-added nature-based offerings that helped our International Business report strong growth in constant currency terms. During the year the company signed an agreement to acquire 100% shareholding of D&A Cosmetics Proprietary Limited and Atlanta

Body & Health Products Proprietary Limited. These companies own and operate the Long & Lasting brand of hair care products in Africa. This acquisition is expected to be a good bolt on to our existing hair care portfolio in Africa through the ORS brand.

As an organization, Dabur is committed to sustainable development and being a responsible corporate citizen. We continue to focus on conserving our natural resources and reducing the water and energy use at our manufacturing units across the globe. Our commitment to social responsibility is also reflected in the several welfare programs initiated by Dabur. Details of these activities are provided in the following sections of this Annual Report.

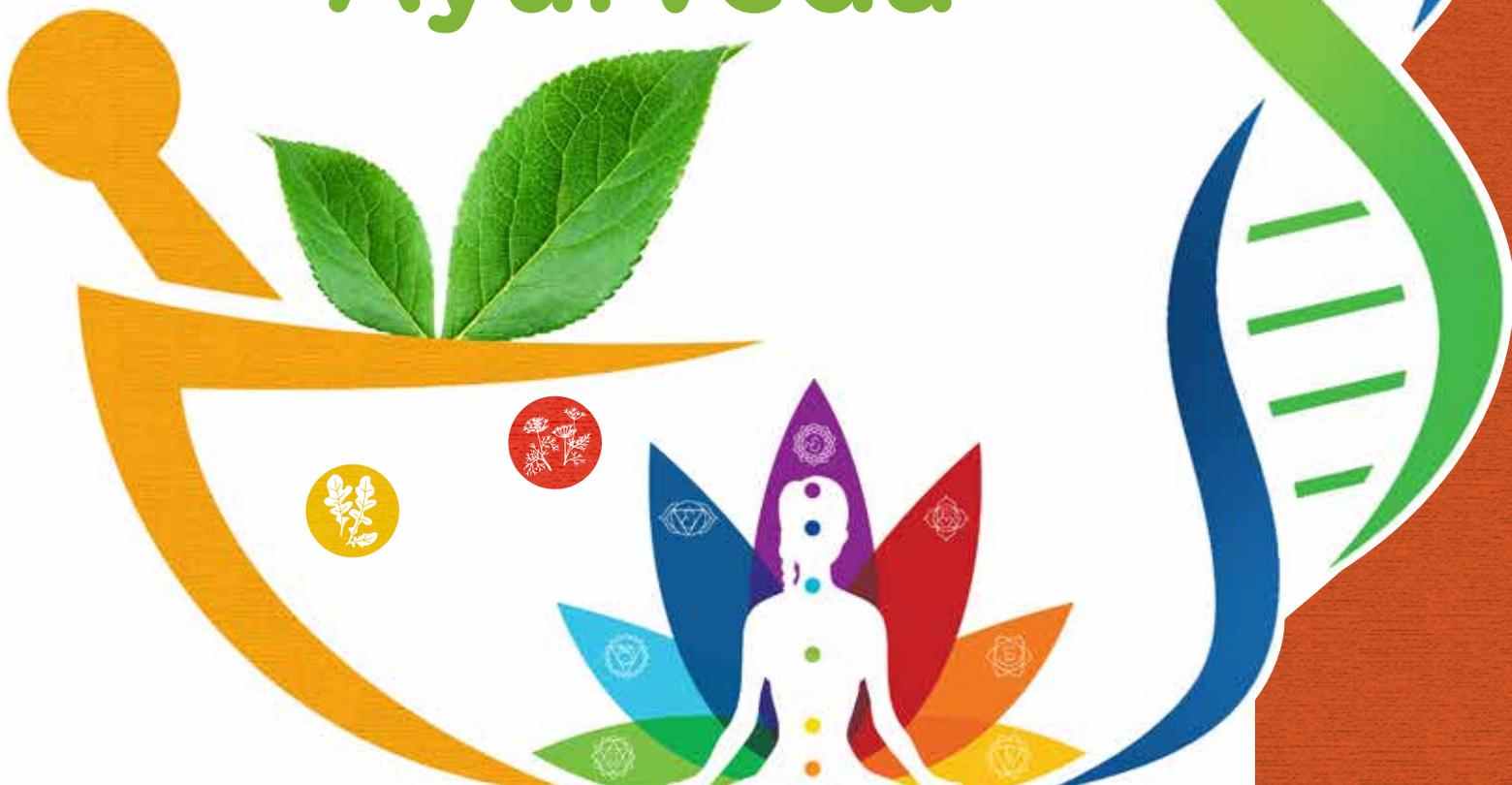
At Dabur, we are committed to our mission of generating sustainable value for all our stakeholders, through more innovation, greater efficiency and profitable growth. On behalf of the entire Board and the Management of Dabur India Ltd, I would like to express my gratitude to all our employees, suppliers, consumers, distributors, partners and shareholders for their continuing faith and confidence in the company, our brands and products. We look forward to continuing this journey together in the current fiscal and beyond.

Sincerely,
Dr. Anand C. Burman
Chairman

Integrated Report



The Science of **Ayurveda**





Consumers across the globe are reaffirming their trust in nature. In India too, this trend is gaining pace with a growing number of consumers embracing products made from natural ingredients. This is leading to a resurgence in Ayurveda and preference for products derived from this traditional system of health and wellness.

Ayurveda is generally understood as 'Science of life' translating 'Ayuh (r)' as life and 'Veda' as science. It is an ancient system of life dating back almost 5,000 years and is also the oldest surviving medical system in the world. Dabur is associated with Ayurveda since its inception. The company has been

focusing on its Ayurvedic heritage to cater to the ever-changing needs of its consumers and introduce products leveraging its over-a-century-old experience in this area.

As the custodian of Ayurveda and Science-based Ayurveda expert, Dabur has been investing behind validating the benefits of Ayurveda and Ayurvedic ingredients and products through a series of scientific interventions. Modern day science has been infused into this traditional knowledge to generate evidence and support for the claims made on our products. Ayurveda is the core philosophy on which our product portfolio is built and some of our efforts in this direction are captured below.

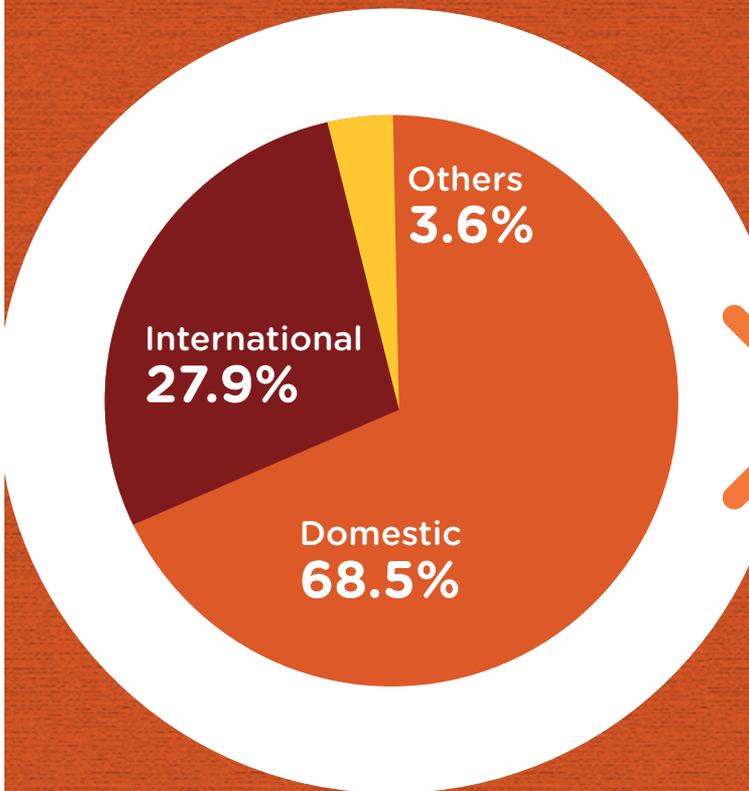


New Product Developments during 2017-18

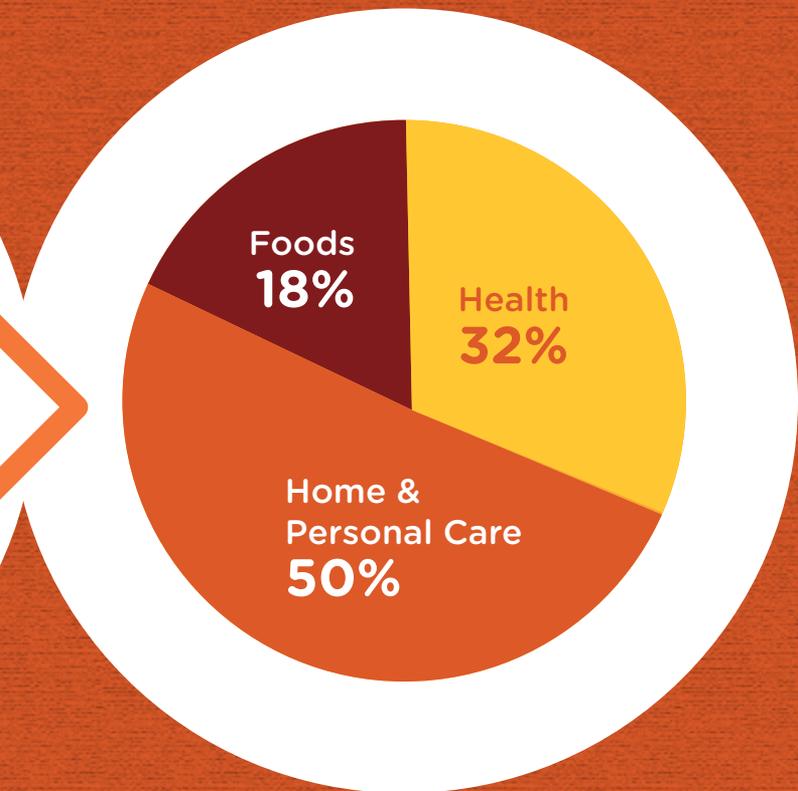
- **Pudin Hara Antacid**, a ready-to-use natural solution for all gastro diseases, combining Godhuma, Shatavari, Mentha Oil, Pudina and numerous other beneficial herbs
- **Dabur GlycoDab Tablets**, an Ayurvedic solution for effective management of Diabetes
- **Dabur Red Gel**, India's first Ayurvedic Gel toothpaste
- **Dabur Honitus Hot Sip**, a ready-to-use Ayurvedic kadha for relief from cough and cold
- **Agnisandeepam Churna**, an Ayurvedic medicine for improving digestion. It is enriched with Anardana, Amaltas, Elaichi and Kutki among other ingredients
- **Dadimavaleha**, a digestive tonic with Anar juice as the main ingredient. It helps cure acidity besides improving digestion
- **Vasant Meha Ras** is an Ayurvedic medicine for managing diabetes and its complications. It has Shilajit, Swarna Bhasma and Moti Bhasma, among other ingredients

Business Model

The company's business model is based upon its three verticals: **Healthcare (HC), Home and Personal Care (HPC) and Foods**. For details, please refer to Management Discussion & Analysis section in this report. The healthcare vertical is based on Ayurveda and the company has the entire range of Ayurvedic classical medicines in its portfolio. In addition, the company offers a wide range of proprietary products called Branded Ethicals, which are based on the principles and knowledge of Ayurveda. The company's HPC vertical also has strong linkages with Ayurveda as most of the products incorporate herbal and natural ingredients, which provide additional health benefits as compared to other products. Our Hair Care and Oral Care portfolios are strongly positioned as 'Herbal' and have been gaining market share based on this proposition. The company's Foods portfolio is strongly positioned on the Health & Wellness platform. The brands Réal, Activ and Hommade are centered on the theme of Health and Nutrition and provide a host of products based on the goodness of fruits and vegetables in a convenient format.



Breakdown of Consolidated Sales: FY2017-18



Breakdown of Domestic Sales by vertical

Go to Market Strategy

The company's products are available on **6.3** million retail outlets in the country. In addition, they are sold through organized retail chains, e-commerce platforms and specialized channels such as beauty retail and salons, chemists and Ayurvedic pharmacies.

The company has set up a network of super stockists and sub-stockists in rural areas to tap the opportunities in these markets. Through this network, the company has a direct presence in **41,000** villages with **370** super-stockists and over **10,000** sub-stockists.

The company also has a team of around **175** medical sales officers who cover more than **39,000** doctors, both Ayurvedic and Allopathic, to garner endorsement from the medical community for our products. This medical detailing team, armed with tablets, has been engaging with doctors and providing them detailed information about Dabur's Health Care range as also information on various ingredients and clinical study data about each product. The company covers over **200,000** chemists and over **10,000** Ayurvedic pharmacies to promote and sell its Healthcare products.

Consumer Connect Initiatives

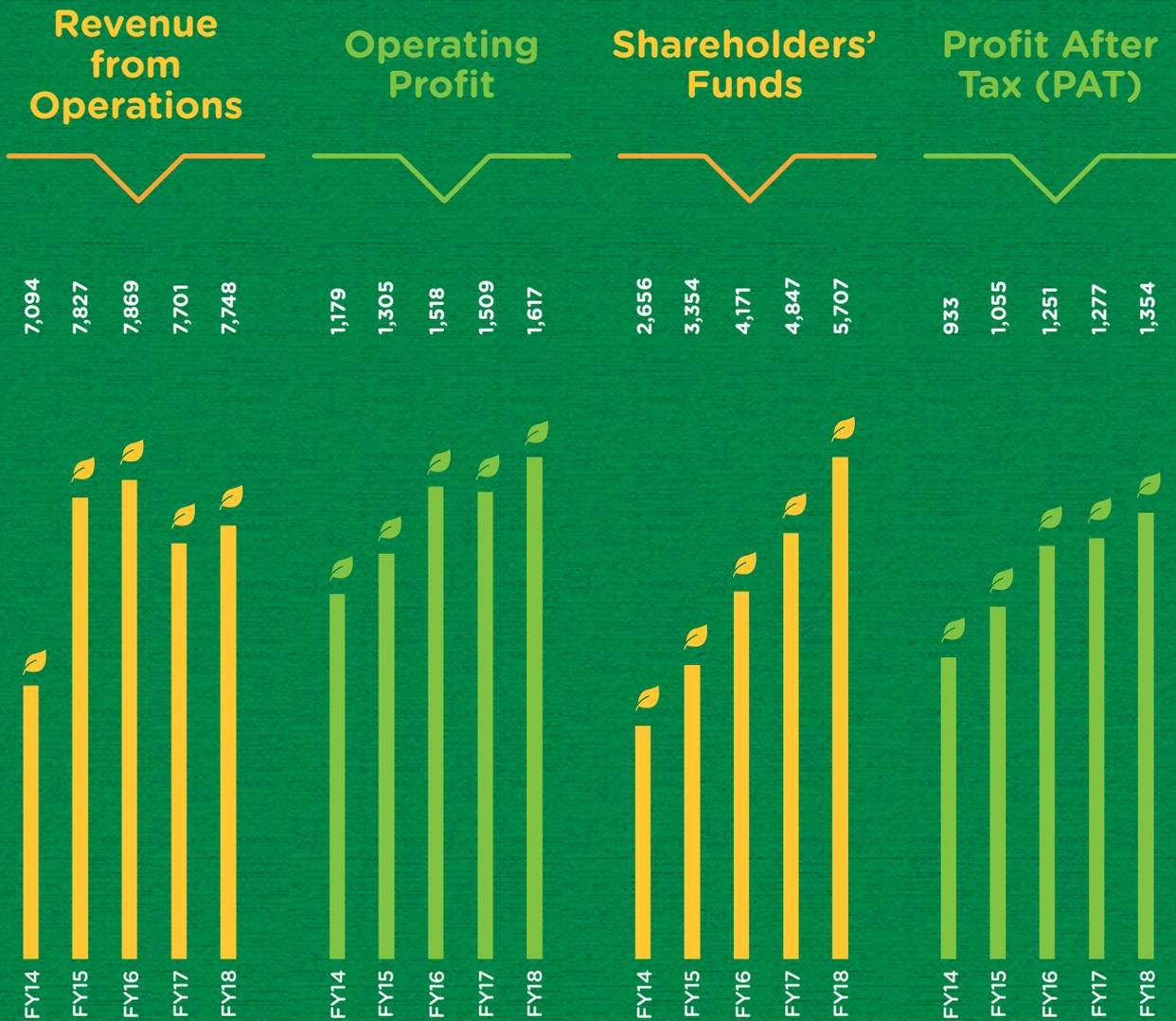
The company conducts a number of consumer connect initiatives from time to time, enabling the consumers to experience our products. Some of these initiatives during 2017-18 are:

- An exclusive Dabur Red Paste "Dant Snan Zone" created at Magh Mela to spread the message of Oral hygiene amongst lakhs of devotees using a unique Toothpaste dispenser
- Dabur entered Guinness World Record book for successfully organising the largest simultaneous Nasya Panchkarma Treatment session involving over **1,000** participants in Jaipur. Nasya treatment refers to an Ayurvedic therapy that includes instillation of herbal oils and medicines through the nasal route
- Offered Honitus Hot Sip kadha to devotees visiting the Golden temple in Amritsar during Guru Parv
- Ayurvedic Health Camps set up for *Kanwariyas* en-route their holy journey for *jal-abhishek* of Lord Shiva, offering services like Health check-ups, Ayurvedic foot and back massage, etc.
- Dabur bagged another Guinness Record for holding the largest Oral Hygiene session with **1,822** school students in Gurgaon
- A 22-feet-high Dabur Pudina Hara bottle, the largest product replica ever, installed at the Nauchandi Mela in Meerut



Performance Highlights

All data in ₹ Crs



FY18 is as per IndAS and takes into account GST
 FY16 and FY17 are as per IndAS
 FY14 and FY15 is basis IGAAP