FMCG SECTOR IN INDIA

India Sector Notes

May 2014

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India’s FMCG sector at a glance

$44.9 billion

India’s FMCG Market Size in 2013 (2006-13 growth rate of 16.2%)

$135 billion

Estimated FMCG Market Size in 2020 under Optimistic Scenario (2013–20 growth rate of 17%)

33%

Share of Rural FMCG Market in 2013

69%

Share of Food Products and Personal Care in FMCG Revenues in 2013

10–12%

Estimated Share of Modern Trade in FMCG Sales by 2016

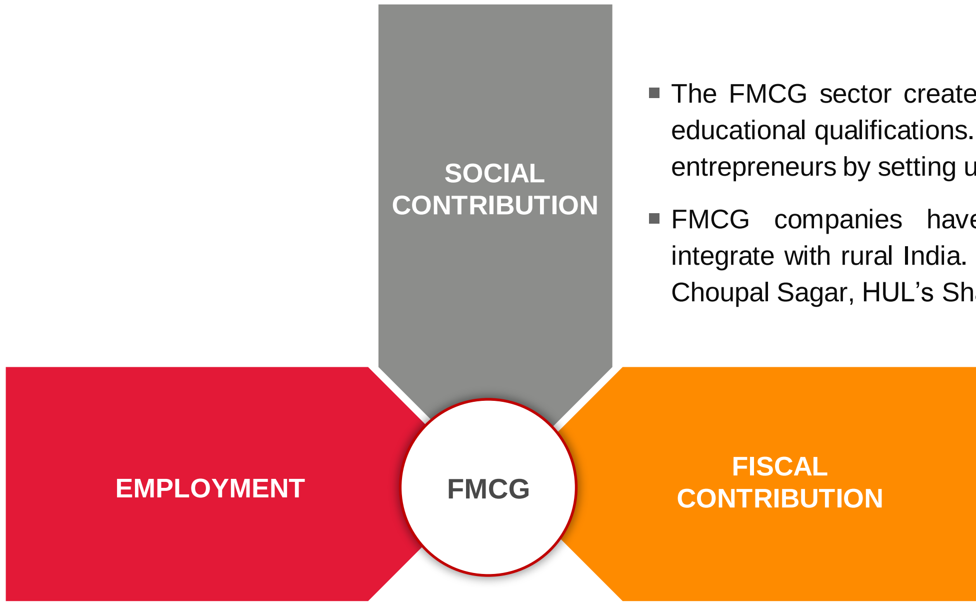
2.4%

FMCG Sector’s Contribution to India’s GDP (2013)

Note: *Fast Moving Consumer Goods (FMCG), also known as consumer packaged goods, comprises consumables (other than groceries/pulses) including toilet soaps, detergents, shampoos, toothpaste, shaving products, shoe polish, packaged foodstuff, household accessories, and certain electronic goods, which are meant for frequent consumption.*

The FMCG sector contributes majorly to the country's economic development

IMPACT OF THE FMCG SECTOR IN INDIA



Social contribution

- The FMCG sector creates employment for people with lower educational qualifications. It encourages many to become small entrepreneurs by setting up their own kirana stores.
- FMCG companies have undertaken specific projects to integrate with rural India. Examples include ITC eChoupal and Choupal Sagar, HUL's Shakti Amma Network, etc.

Employment

- The FMCG sector is one of the largest employers in India.
- The sector's total salary outlay on direct employment is estimated at approximately 6% of turnover (USD2.7 bn).
- Out of the ~12–13 million retail stores in India, ~9 million are FMCG kirana stores. Thus, the sector provides livelihood to ~13 million people.

Fiscal contribution

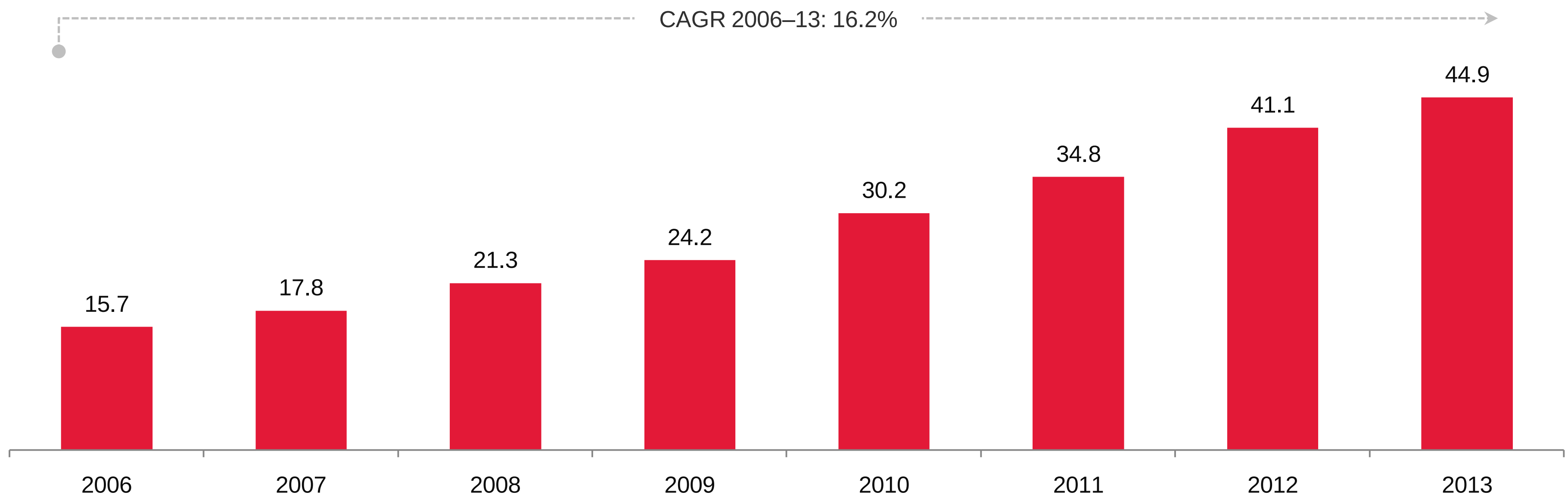
- Cascading multiple taxes (import duty, CENVAT, service tax, CST, State VAT, octroi/entry tax, and income tax) are paid at multiple points by the FMCG sector.
- On an average, ~30% of the sector's revenue (USD13.5 bn) goes into direct and indirect taxes.

Source: *Federation of Indian Chambers of Commerce and Industry (FICCI), The Hindu, Aranca research*

The sector grew at a CAGR of 16.2% from 2006–13 to reach USD44.9 billion in 2013

TOTAL FMCG SECTOR REVENUES* (2006–13)

(USD billion)



- The FMCG sector is the fourth-largest in the Indian economy, with a total market size of USD44.9 bn in 2013. The sector grew at a CAGR of 16.2% during 2006–13.
- The sector's growth has been driven by increasing consumption, resulting from rise in incomes, changing lifestyles, and favorable demographics.
- Though the FMCG sector continues to grow in double digits, there has been some moderation (9.4%) in growth rates during 2013 due to deceleration in GDP growth and high inflation.

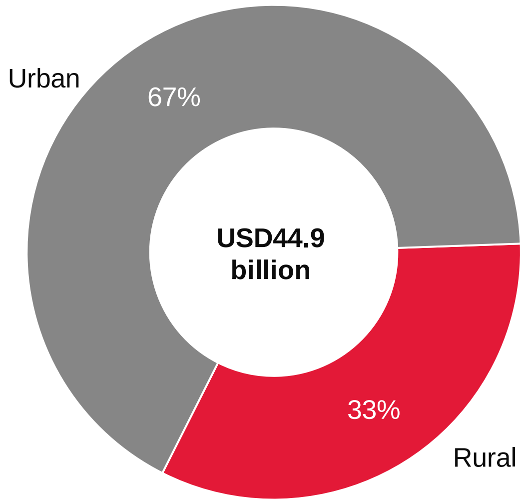
Source: *Dabur, AC Nielsen, The Economic Times, Aranca analysis*

**2006–11 FMCG revenues are sourced from AC Nielsen and Dabur reports. 2012 and 2013 revenues have been calculated using growth rates of 18% and 9.4% respectively as per AC Nielsen report*

Rural India accounts for one-third of the total FMCG market and grew at a faster pace (12.2%) than urban market (8%) in 2013

SECTOR COMPOSITION – RURAL VS. URBAN (2013)

(% share)

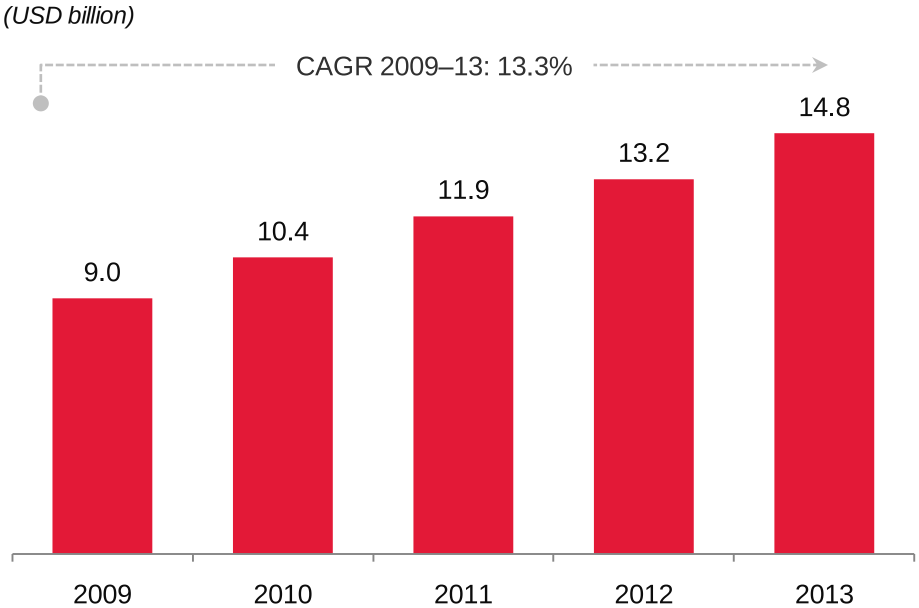


- The urban sector constitutes 67% of the total FMCG market and had a market size of ~USD30 bn in 2013.
- The rural FMCG sector with a market size of ~USD15 bn contributes the remaining 33%.
- However, in the last few years, the FMCG market has grown at a faster pace in rural India compared with urban India.
- The urban FMCG market grew 8% while rural India expanded 12.2% in 2013, as per AC Nielsen.
- It also forecasts the rural FMCG market to reach USD100 billion by 2025.

Source: *The Hindu Business Line, Business Standard, Aranca analysis*

The rural FMCG market has grown owing to various welfare schemes undertaken by Indian government

RURAL FMCG MARKET (2009–13)



GOVERNMENT SPENDING IN RURAL INDIA

Initiatives (USD billion)*	2009–10	2010–11	2011–12	2012–13	2013–14
Sarva Shiksha Abhiyan (SSA)	2.8	3.3	4.2	4.7	4.5
Mid Day Meal (MDM)	1.7	2.0	2.1	2.2	2.2
National Rural Employment Guarantee Act (NREGA)	8.2	8.7	8.3	6.8	5.5
Indira Awaas Yojana (IAY)	1.8	2.2	2.1	2.2	2.5
Pradhan Mantri Gram Sadak Yojana (PMGSY)	2.5	2.6	4.1	4.4	3.6
National Rural Health Mission (NRHM)	3.3	3.7	4.1	3.8	3.5

- The rural FMCG market expanded at a CAGR of 13.3% to USD14.8 billion during 2009–13.
- The growth of the rural market can be ascribed to various development schemes, such as NREGA, introduced by the Indian government. These schemes have empowered the rural masses and increased their purchasing power, thus boosting FMCG consumption.
- The government's focus on rural markets is also encouraging many FMCG companies, such as HUL, Dabur, and ITC, to expand their rural network and increase product penetration.

Source: *Dabur investor presentation: February 2013, The Economic Times, AC Nielsen, Spark Capital report, Aranca analysis*

Note: *SSA's 2013–14 figures and NRHM 's 2012–13 and 2013–14 figures have decreased on a year-on-year basis due to INR/USD fluctuations. The same have increased on INR terms. Refer slide 28 for Exchange rates*

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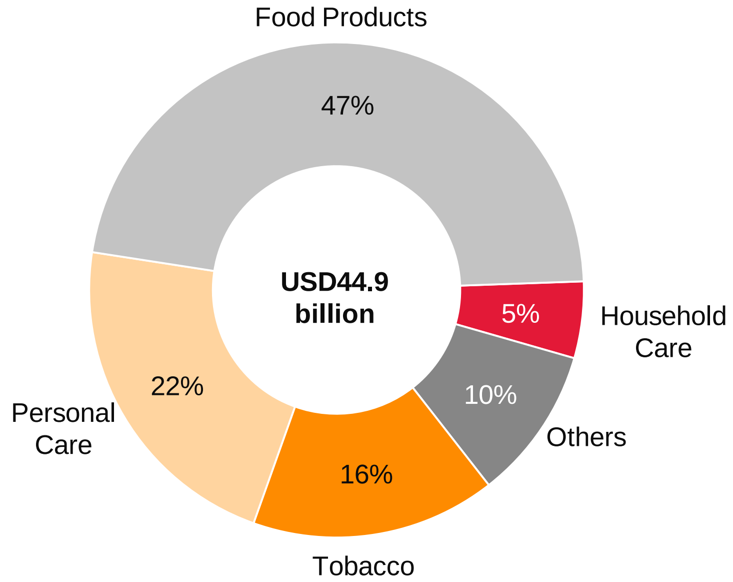
Food products & personal care are the largest segments accounting for ~69% of the FMCG market; biscuits and refined oil are the largest product categories

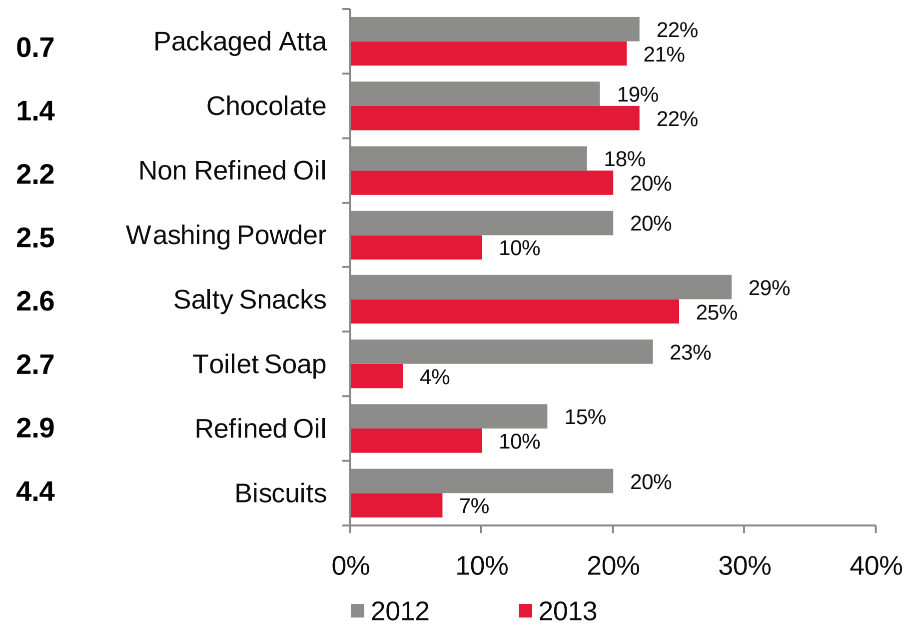
FMCG REVENUES – BY SEGMENT (2013)

(% share)



REVENUES / GROWTH BY PRODUCT CATEGORIES

(2013 Sales: USD billion) *(Growth: %)*



- Food products is the largest FMCG segment, constituting ~43% of the total market, followed by personal care products (22%).
- Salty snacks was the fastest growing FMCG category in 2013 with a growth rate of 25%. Other categories such as packaged atta, chocolates, and non-refined oil grew over 20% in 2013, as companies aggressively focused on increasing their penetration.
- Sales in biscuits, refined oil, soap, and washing powder (among the top five FMCG product categories) grew 4–10% in 2013, down from 15–23% in 2012. Their value growth was affected due to consumers opting for cheaper options due to economic slowdown and inflation, forcing companies to offer discounts to push volume sales.

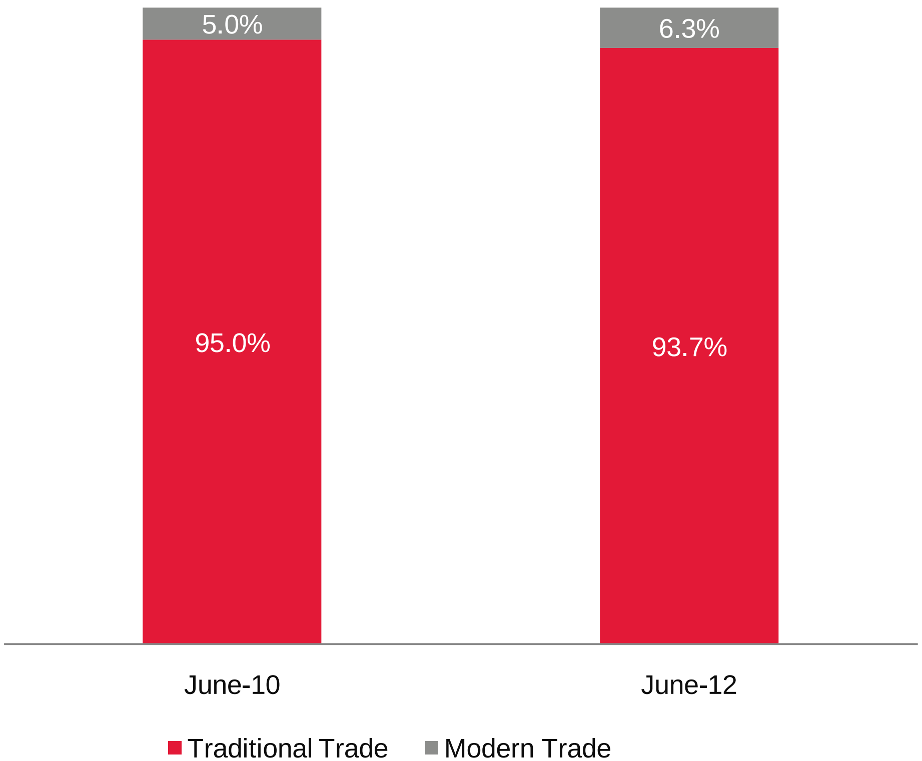
Source: *AC Nielsen report, The Economic Times, Industry estimates, Aranca analysis*

Note: *1 USD = 48.544 INR*

Share of modern trade increased from 5% in 2010 to 6.3% in 2012 and is expected to double to 10–12% by 2016

FMCG SALES – BY CHANNELS

(% share)



- Traditional trade (includes grocers, general stores, chemists, etc.) has a share of 93–95% in overall FMCG sales. However, its share declined 0.7% to 93.7% in 2012 compared with 95% in 2010.
- Modern trade channels, comprising hypermarkets and supermarkets, account for 5–7% of the overall FMCG market.
- As per Mint estimates*, share of modern trade in FMCG sales is expected to double to 10–12% by 2016.
- The growth is expected with new consumers accessing hypermarkets and supermarkets for the first time, existing consumers buying more, and retailers opening new outlets. Opening up of foreign direct investment (FDI) in multi-brand retail is also expected to boost modern trade sales.

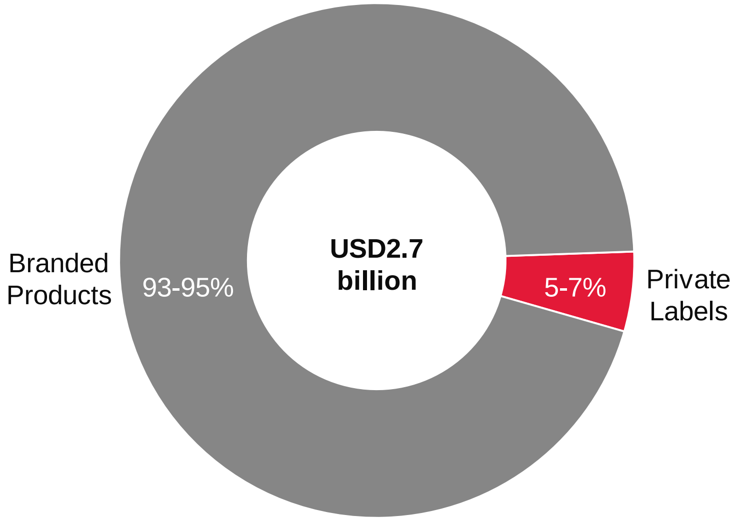
***Source:** AC Nielsen, The Economic Times, Mint, Business Standard, Aranca analysis*

** Based on forecasts from BCG, Ernst and Young, Deloitte Haskins and Sells, KPMG Advisory Services, Technopak Advisors, and Booz and Co.*

Private labels account for 5–7% of modern trade sales and tissue paper is its largest contributor

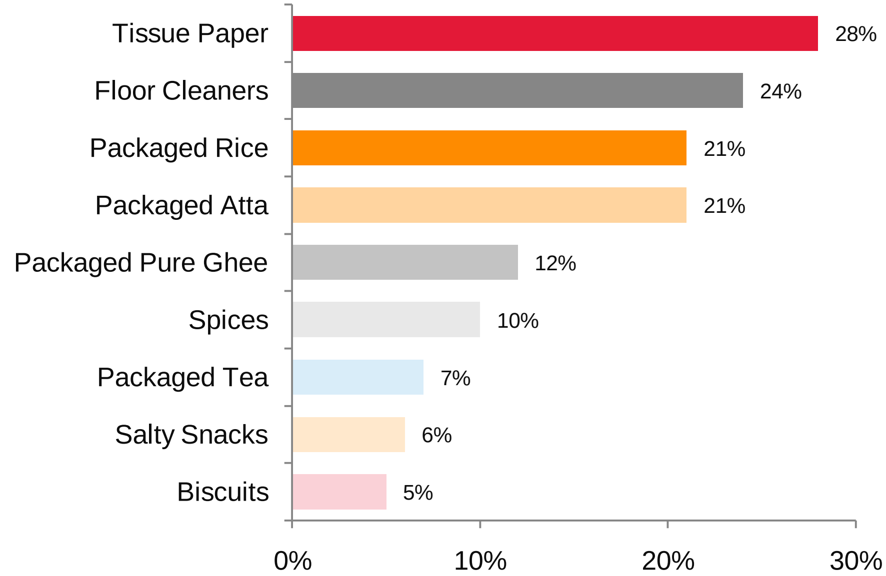
MODERN TRADE CATEGORIES (2013)

(% share)



TOP PRIVATE LABEL CATEGORIES (2012–13)

(% contribution to Modern Trade)



- Branded products accounted for 93–95% share of the modern trade sales in India in 2013, while private labels accounted for the remaining (approximately 5–7%).
- According to Nielsen, the expenditure on private labels is estimated to reach USD500 million in 2015, growing at a CAGR of 49.5% during 2011–15.
- The top five FMCG categories in private labels in India for 2012–13 were tissue paper, floor cleaners, packaged rice, packaged atta, and packaged pure ghee.

Source: *AC Nielsen, The Economic Times, Aranca analysis*

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FMCG sector has been witnessing premiumization, product customization, rural market outpacing urban FMCG market, and globalization

PREMIUMIZATION

- Despite the slowdown, consumers are willing to buy premium goods at higher prices in the space of convenience, health, and wellness.
  - *For example, sale of cornflakes, muesli, baked and non-fried potato chips and snacks, diet beverages, 100% juices, and organic/green tea is increasing.*
- This has led companies, such as HUL, P&G, Kraft/Cadbury, to launch an increasing number of premium products at higher price points to cater to the increasing consumer demand.

DEVELOPMENT OF CUSTOMIZED PRODUCTS

- Consumers have started demanding customized products specifically tailored to their individual tastes and needs.
- The complexities within the categories are increasing significantly.
  - *For example, earlier a shampoo used to have two variants: normal and anti-dandruff. Now, anti-dandruff shampoos for short hair, oily hair, curly hair, etc., are available in the market.*
- The trend toward mass-customization of products is expected to intensify further.

RURAL INDIA OUTPACING URBAN MARKET

- Due to rising incomes, the rural FMCG market growth at ~19% per annum has recently exceeded that of the urban markets at ~15%.
- Fruit juices, packaged food, sanitary pads which had no demand in the rural markets earlier have suddenly started establishing presence.
- While the rural market comprised only 33% of the total FMCG market in 2013, given the current growth rates, its contribution is expected to increase to 45–50% by 2020.

RAPID GLOBALIZATION

- While many leading foreign MNCs have operated in India for years, given liberal policies, the next decade would witness increased competition from tier 2 and 3 global players.
- Large Indian companies would continue to seek opportunities globally and also gain access to more international brands, products, and operating practices.

Source: *FMCG Roadmap to 2020–Confederation of Indian Industry (CII), Mint, Business Standard, Aranca research*

Rising per capita disposable income, and growing rural market and modern trade could drive growth; complex tax structure, counterfeits, and infrastructure bottlenecks are key challenges

KEY GROWTH ENGINES

Rising per capita disposable income

- Per capita disposable income determines an individual's ability to purchase goods or services. As per BRIC's report, India is likely to witness a rise in disposable income to USD1,150 per annum by 2015 from USD556 in 2010, on account of growth in the industrial and services sector.
- As a result, spending would increase, consequently boosting the FMCG sector's growth.

Increasing discretionary expenditure

- Another encouraging factor for the FMCG sector is the falling spend on basic food items including consumer staples, soaps, etc. allowing consumers to spend on other categories of FMCG products such as packaged foods & beverages, creams, cosmetics, etc. This trend is noticeable among urban and rural consumers.

Growing rural market

- Rural India spends ~USD12 bn on FMCG products annually.
- Rural India accounts for 700 million consumers, or 70% of the country's population, contributing to one-third sales of the FMCG market.
- As per Nielsen estimates, the Indian rural market is expected to grow more than 10-fold to USD100 bn by 2025, presenting a huge opportunity for leading FMCG firms.

Growing popularity of modern trade

- Modern trade not only facilitates comfortable and modern store experience but also makes available a variety of brands under a single roof, and value-for-money deals which attract consumers to organized retail in a big way.
- The growing popularity of modern retail is expected to bolster the growth of the FMCG sector by aiding distribution channels.

KEY GROWTH INHIBITORS

Complex tax structure

- India's complex tax structure aggravates problems. VAT is levied at state level, there are other state taxes such as octroi and entry as well as central excise duties and service tax. As a result, product prices are not the same across states.

Counterfeits and pass-offs

- Taking advantage of lack of literacy and consumer knowledge, several small manufacturers churn out spurious products, which they label akin to the big brands. Examples include Lifeboy, Lax soap, Fivestare chocolate bars, Vicky balm, etc.
- These spurious pass-off products affect large, high quality brands which have actually invested money in research and development to create their products and build brand equity.
- These spurious products account for ~10–15% of the total sector revenue and pose serious challenge to its growth. They also impact government's tax revenue significantly.

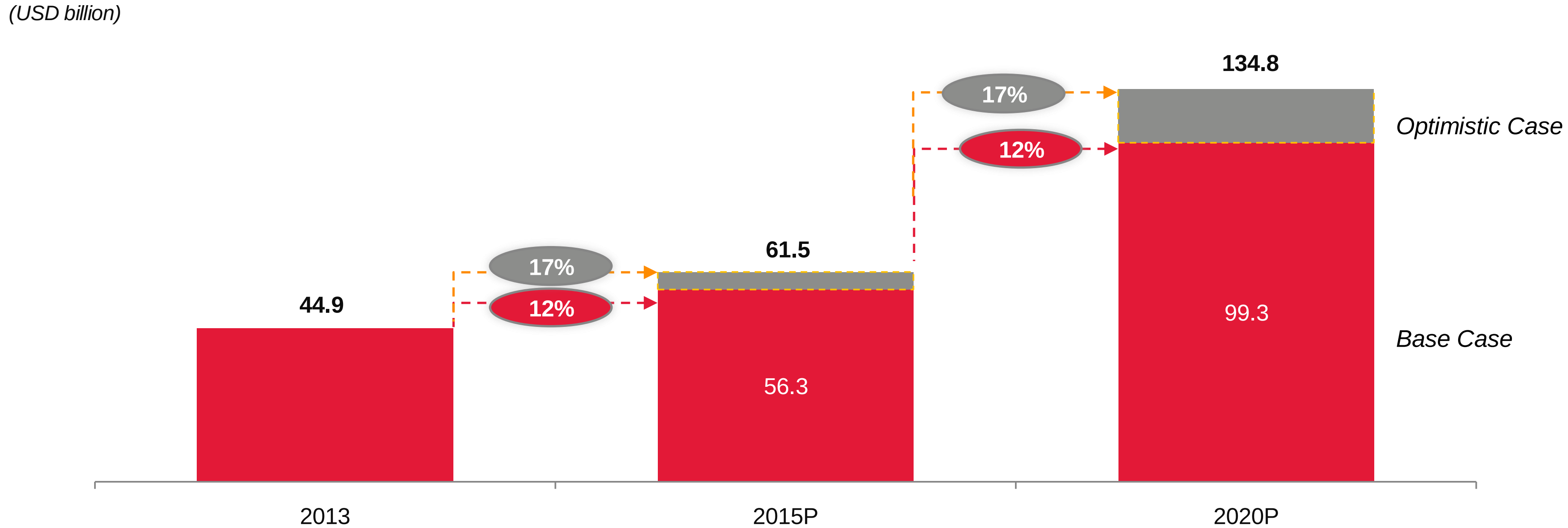
Infrastructure bottlenecks

- India's agriculture infrastructure is weak. Irrigation and modern farming methods are not widespread; thus, agriculture is highly dependent on naturally available amenities. Thus, the amount of harvest of critical inputs to manufacture FMCG products varies every season.
- High power costs in India also contribute substantially to cost of goods sold.
- Another challenge is that of poor transportation infrastructure as many villages are poorly connected by either road, rail, or sea. So, the time taken to transport the harvest to FMCG manufacturers is unpredictable, resulting in substantial spoilage of goods.

Source: *Action financial services India Ltd.(AFSIL), Federation of Indian Chambers of Commerce and Industry (FICCI), Aranca research*

FMCG sector is estimated to grow 12–17% annually to USD99–135 billion by 2020

OUTLOOK FOR THE FMCG SECTOR



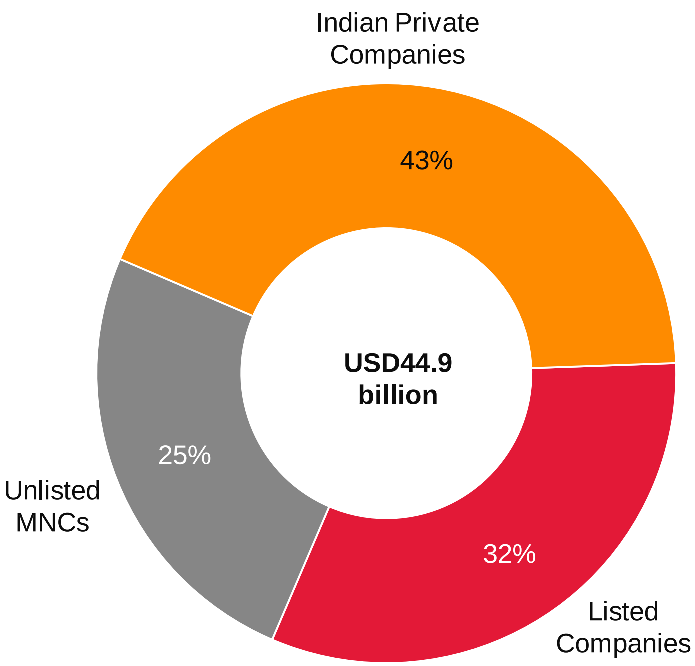
- As per the base case scenario, where the key assumptions are that GDP growth would continue at the same pace (5–6%) until 2020 and there would be no major change in regulations, the FMCG sector is expected to grow at least 12% annually to become an ~USD99 bn industry by 2020.
- As per the optimistic case scenario, where the key assumptions are that GDP growth would be 7–8% by 2020 and regulations would change favorably, the sector is expected to record a 17% annual growth to become a ~USD135 bn industry by 2020.

Source: *FMCG Roadmap to 2020–Confederation of Indian Industry (CII), Booz & Company, Aranca analysis*

India's FMCG sector is highly fragmented, with private players accounting for a large share

FMCG MARKET STRUCTURE – BY OWNERSHIP (2013)

(% share)



- India's FMCG market is highly fragmented and a major part of the market constitutes of private players selling unbranded and unpackaged products.
- MNCs hold a majority share in various FMCG segments compared to their Indian peers.
- A combination of stronger brand equity, premium products, and international expertise to localize products has provided MNCs a competitive advantage over the domestic players.

Source: *Spark Capital December 2013 report, The Hindu Business Line, Aranca analysis*

Note: *MNCs–Multinational corporations*

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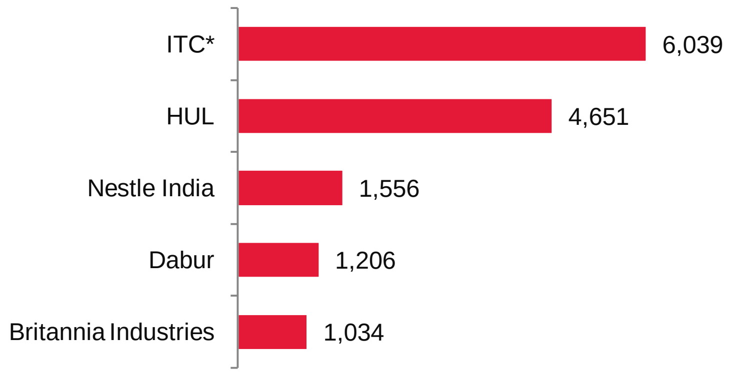
ITC, HUL, and Nestle are the leading players of India’s FMCG sector

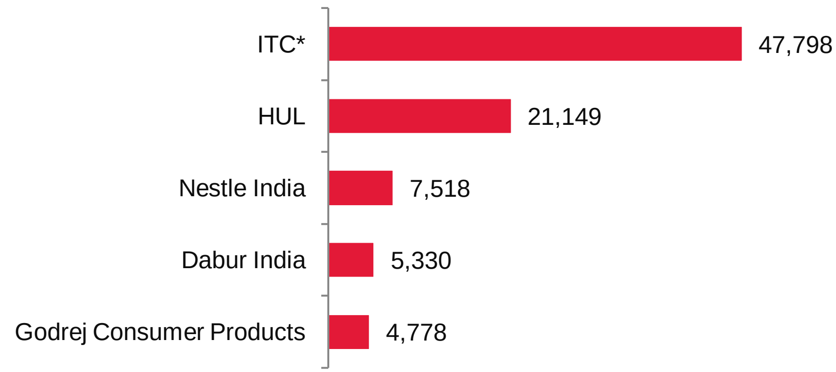
TOP FIVE FMCG PLAYERS (2013–14)

** ITC’s FMCG data includes ‘Cigarettes’ as well as ‘Others’ comprising Branded Packaged Foods (Bakery and Confectionery Foods; Snack Foods; Staples, Spices and Ready to Eat Foods); Apparel; Education and Stationery Products; Personal Care Products; Safety Matches and Agarbattis.*

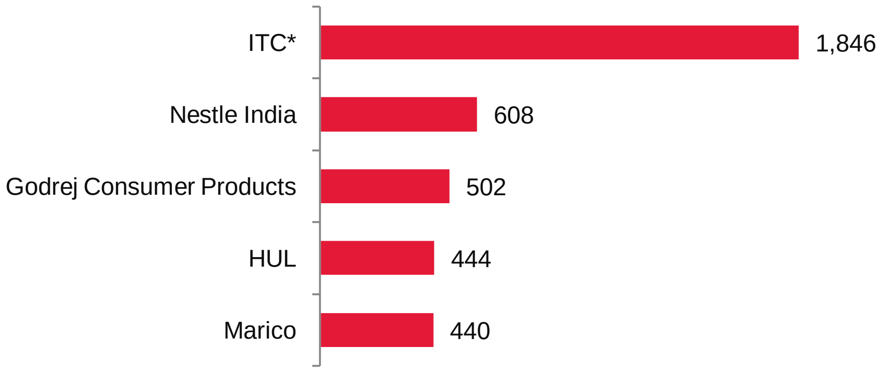
By Sales (USD million)



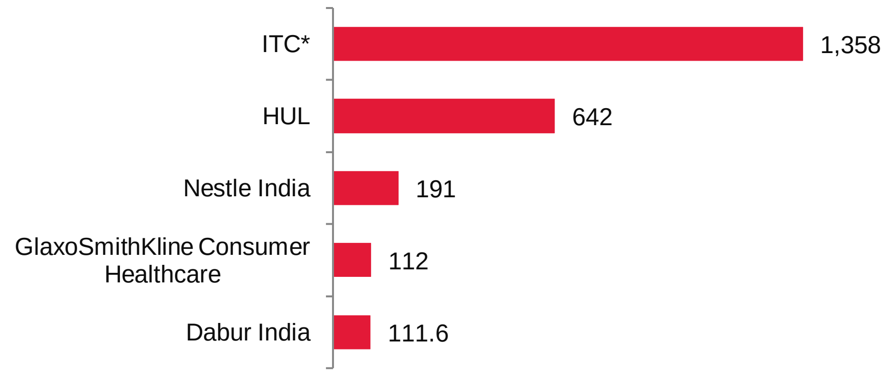
By Market Cap (USD million)



By Assets (USD million)



By Net Profit (USD million)

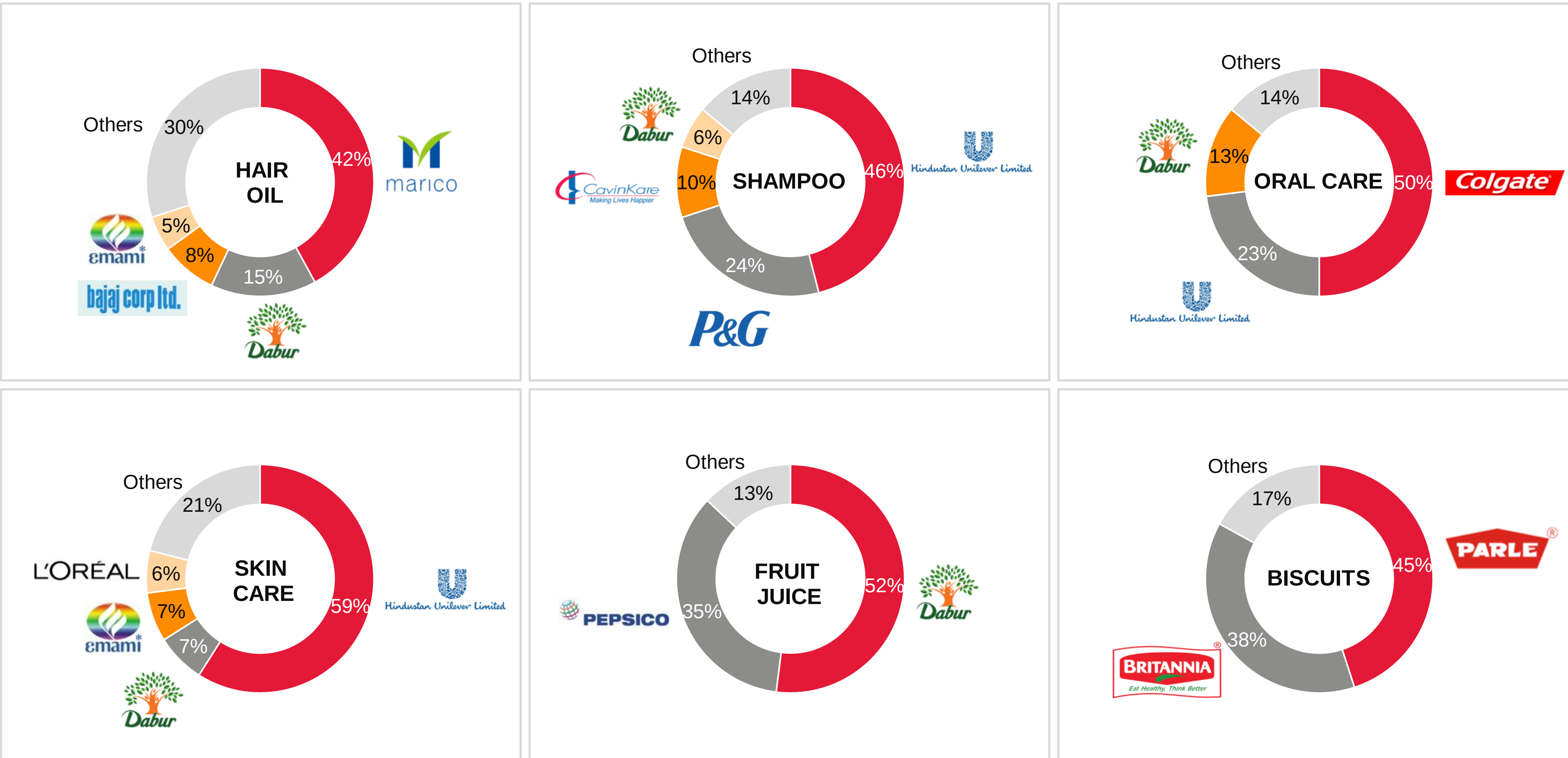


Source: *MoneyControl.com, Company annual reports, Aranca analysis*

Note: *Ranking is for companies listed in India only. Hence, companies such as PepsiCo and Parle do not appear in the charts*

Each product category within the sector is consolidated with the market leader accounting for nearly half of the market

MARKET SHARE OF PLAYERS IN KEY CATEGORIES (2013)



Source: *Action financial services India Ltd.(AFSIL), Spark Capital, Aranca analysis*

Note: *Tabulated data is as of March 2013*

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Rules governing Goods and Service tax, Food Security Bill, FDI, and TRAI advertising directly impact India's FMCG sector

Particulars	Description	Implications
Goods and Service Tax (GST)	▪ GST, which would replace the multiple indirect taxes levied on the FMCG sector with a uniform, simplified, and single-point taxation system, is likely to be implemented soon. ▪ The proposed rate of GST on services and goods is 16% and 20%, respectively.	▪ GST is expected to reduce prices, increasing consumption of FMCG products.
Food Security Bill (FSB)	▪ FSB was passed by the Union Cabinet in September 2013. The bill guarantees 5 kg of rice, wheat, and coarse cereals per month per person at a fixed price of INR 3, 2, 1, respectively.	▪ FSB would reduce prices of food grains for below poverty line (BPL) households, allowing them to spend resources on other goods and services, including FMCG products. ▪ This is expected to trigger higher consumption spends, particularly in rural India, which is an important market for most FMCG companies.
Foreign Direct Investment (FDI)	▪ 100% FDI is allowed in food processing, a priority sector under the automatic route. ▪ 51% FDI is allowed in multi-brand retail and 100% FDI in single-brand retail.	▪ This would bolster employment and supply chains, and also provide high visibility for FMCG brands in organized retail markets, bolstering consumer spending and encouraging more product launches.
Telecom Regulatory Authority of India (TRAI) advertising regulations	▪ Effective October 1, 2013, broadcasters are allowed advertisement time of not more than 10 minutes for commercials per hour and additional 2 minutes for own channel promotion.	▪ FMCG companies, which are top advertisers on television (50%+ share), are likely to face the twin risks of reduced inventory to advertise, which could be cut 25–30%, and increased prices as broadcasters hike prices.

Source: *Economic Times, Aranca research and analysis*

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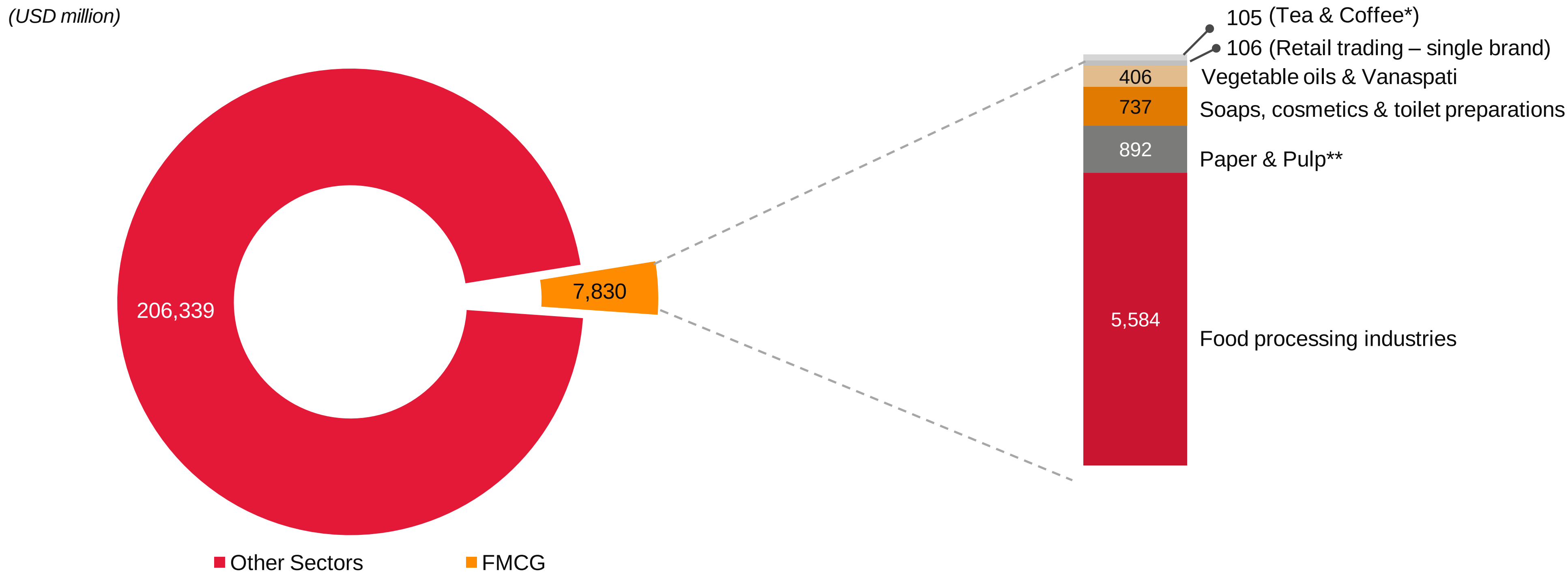
FMCG sector accounted for ~3.7% of India's total FDI during April 2000–February 2014; Food processing industries attracted maximum FDI (~71%) within the sector

CUMULATIVE FDI INFLOW (APR 2000–FEB 2014)



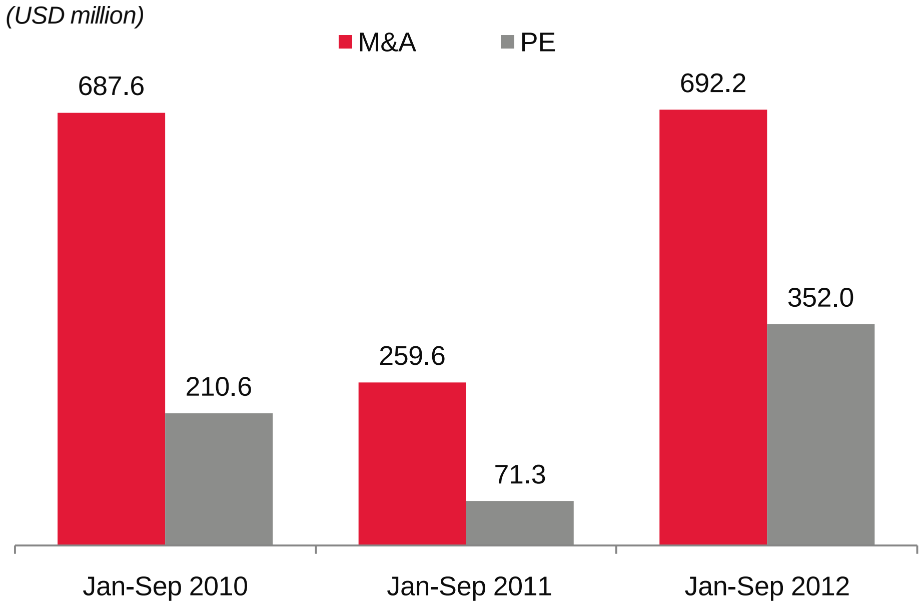
- The cumulative FDI inflow to India's FMCG sector from April 2000 to February 2014 is USD7,830 mn. This constitutes ~3.7% of the total FDI inflows.
- Among FMCG's different sub-sectors, food processing industries had the largest share (~71%) of FDI.
- Paper and pulp accounted for 11% of FDI, while soaps, cosmetics, and toilet preparations had a 9.4% share.

Source: *Department of Industrial Policy & Promotion (DIPP), Aranca analysis*

** includes processing & warehousing coffee and rubber*
*** includes paper products*

M&A deals in FMCG sector slowed during 2010–12; private equity deals rose during the same period

DEALS IN THE FMCG SECTOR



Deal Volume (Nos)

Jan-Sep 2010 M&A	Jan-Sep 2010 PE	Jan-Sep 2011 M&A	Jan-Sep 2011 PE	Jan-Sep 2012 M&A	Jan-Sep 2012 PE
26	**4**	**17**	**7**	**12**	**11**

- PE activity in the FMCG sector increased during 2010–12, with the number of deals increasing at a CAGR of ~66% from four in 2010 to 11 in 2012. The growth was driven by the need for more expansion capital to drive growth of the FMCG companies.
- On the other hand, M&A deals declined 32% to 12 in 2012 from 26 in 2010.

KEY DEALS IN THE FMCG SECTOR (2012–13)

M&A Deals

Acquirer	**Target**	**Amount (USD mn)**	**Deal Type**
Diageo Plc.	United Spirits	2,100	Acquisition
Unilever Plc.	Hindustan Unilever	5,400	Acquisition
Varun Beverages	Pearl Drinks-Bottling Business	72.73	Acquisition
Wipro Consumer	L.D. Waxson	144	Acquisition
Marico	ParasPharma	100	Acquisition
Godrej Consumer Products	Cosmetica Nacional	4	Acquisition
Hassad Food Company	Bush Foods Overseas Pvt. Ltd.	>100	Acquisition
Marico	Halite Personal Care India Private Limited	150.1	Acquisition

PE Deals

Investor	**Investee**	**Amount (USD mn)**	**%**
Baring PE	Dabur India Ltd	63	1.5%
Baytree Investments (Mauritius) Pte Ltd	Godrej Consumer Products	136	5%
GIC, Baring PE	Marico	100	4.8%
ChrysCapital	Cavinkare	45	14%
Standard Chartered PE	Varun Beverages	32	5%
Access India Fund and co-investors	Nobel Hygiene	11.5	NA

Source: *Grant Thornton, Business Standard, The Hindu Business Line, Thomson Banker, Aranca analysis*

Note: *1) M&A–Mergers & acquisitions, PE–Private Equity 2) NA–Not available*

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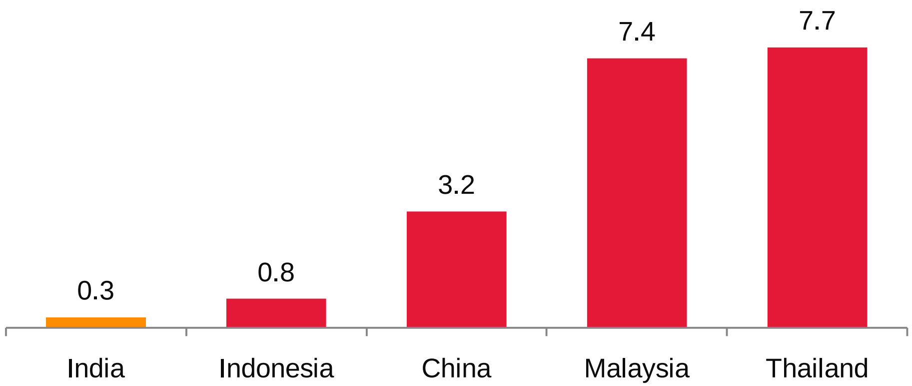
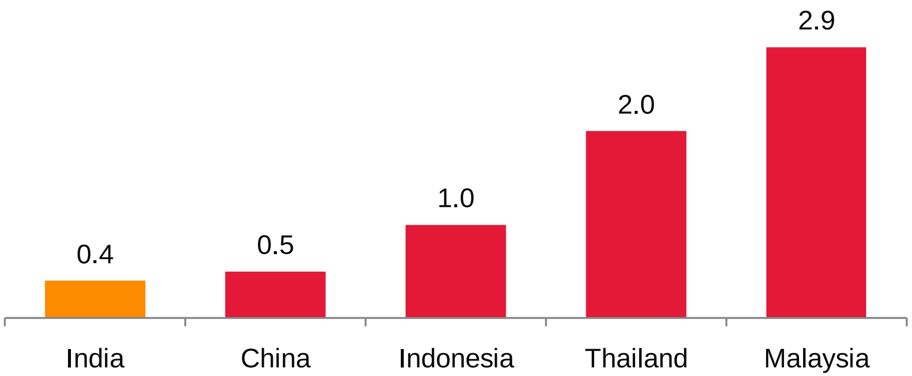
Low per capita consumption levels offer huge potential to India's FMCG sector compared to peer economies

INDIA VS. PEER ECONOMIES

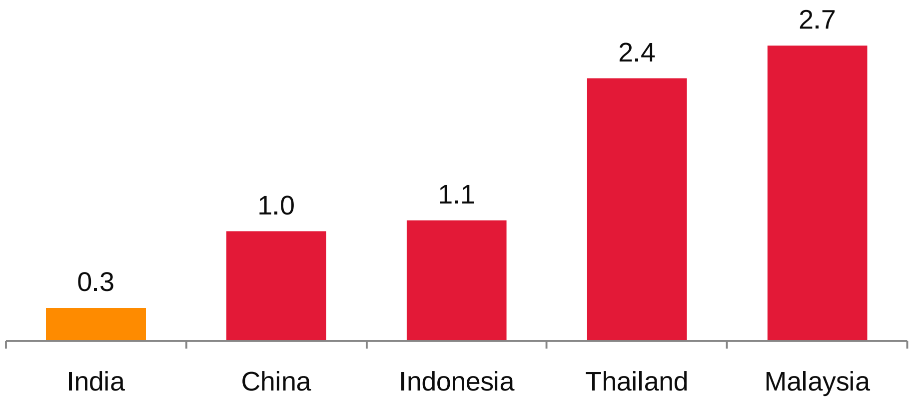
Per capita consumption of skincare (USD)



Per capita consumption of toothpaste (USD)



Per capita consumption of shampoo (USD)

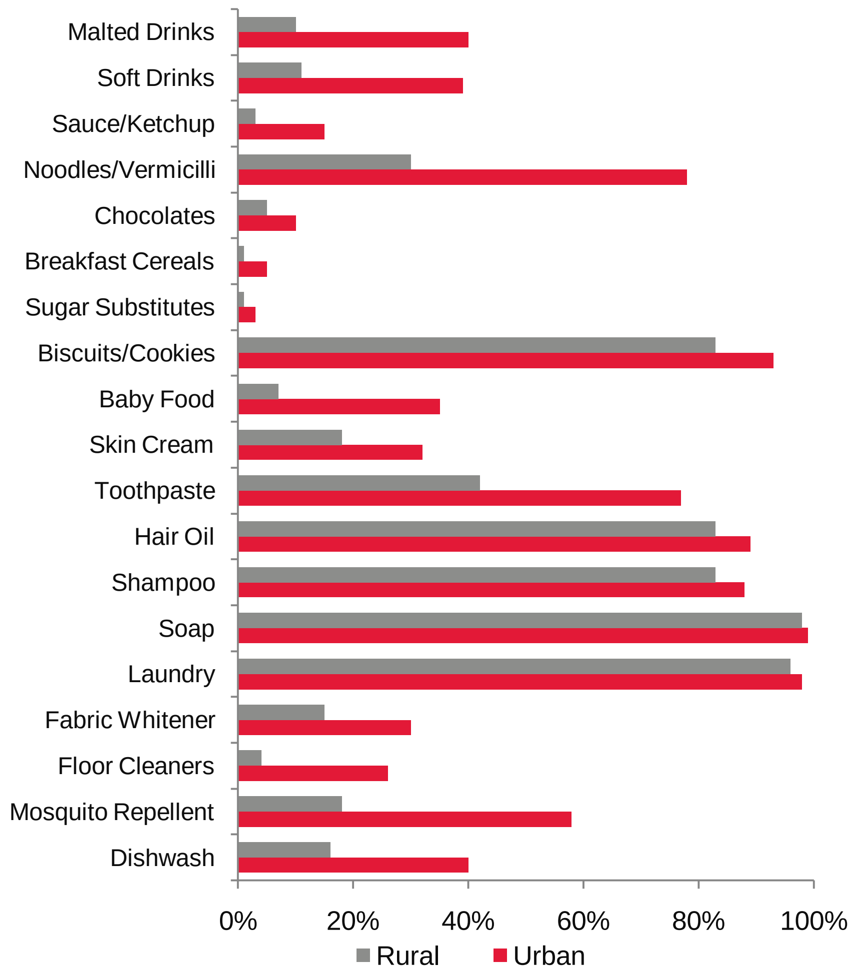


- India has extremely low per capita consumption levels compared with other emerging economies.
- Per capita consumption of skincare products (USD0.3), shampoos (USD0.3), and toothpastes (USD0.4) offers huge opportunity to the FMCG market, indicating high potential for FMCG companies to expand their reach.

Source: *Dabur investor presentation–November 2013, Aranca analysis*

Huge opportunity exists in rural India as well as in underpenetrated & low-consumption segments such as skin cream, soft drinks, chocolates, among others

PENETRATION LEVELS OF KEY CATEGORIES (2013)



Source: *Spark Capital, Aranca analysis*

- The rural FMCG market is still underpenetrated compared with the mature urban market. With rising income, the rural population is expected to spend more on FMCG products, thus driving the growth of the sector.
- There are enormous opportunities in several categories on the back of low penetration levels and low per capita consumption.
- Despite having high penetration level, categories such as soap, shampoo, hair oil, mosquito repellents, and toothpaste have low per capita consumption. Hence, any change in consumption pattern would drive growth in these segments.
- Segments such as skin cream, chocolates, sauce, soft drinks, etc., have low penetration level as well as per capita consumption, but have huge opportunities in the future.
- Categories such as oats, conditioners, liquid fabric conditioners, liquid soaps, and face wash are witnessing increased focus by FMCG companies.

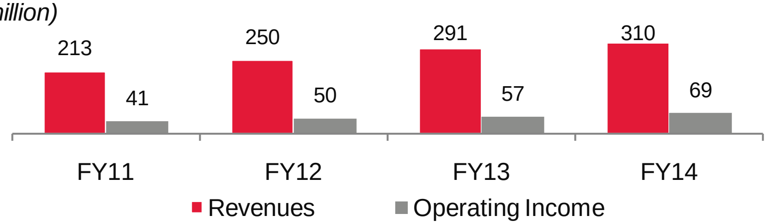
Case Study 1: Emami Ltd.

KEY COMPANY FACTS

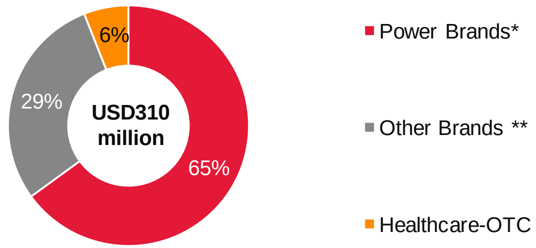
Incorporation date	1974
Headquarters	Kolkata, West Bengal, India
Product Portfolio	>300 (Power Brands, Other Brands, and Healthcare-OTC)
Market Cap (as on May 16, 2014)	USD1,734 million
Presence	Worldwide (>60 countries)
Website	www.emamiltd.in

FINANCIAL PERFORMANCE

(USD million)



Revenue Mix by Product Categories – FY14



KEY DIFFERENTIATING STRATEGIES

- **Increased focus on OTC products**: Emami has increased focus on OTC products, concentrating on advertising, distribution, and product launches. These initiatives are expected to drive revenues at 25% CAGR and increase revenue contribution to 8% from 6% by FY16E.
- **Expansion of rural direct distribution network**: Emami scaled up direct distribution in rural markets at CAGR of 12% over FY11–13 to 600,000 outlets. Rural contribution is significant at 55%; hence, direct reach presents opportunity to materially increase throughput per outlet.
- **Expansion into Bangladesh**: With a new facility in Bangladesh, revenues are expected to increase at a 30–40% CAGR in the medium term. Robust growth in Bangladesh is expected to mitigate sluggish growth in other geographies, especially Africa and Commonwealth of Independent States (CIS).
- **Profitable brand investments**: Emami has made brand investments of over USD170 mn in the last five years. The company's brand investment of USD48 mn, 16.4% of revenues in 2012–13, was greater than the sectoral FMCG players' spending by ~300–400 bps. The company's strategy of using celebrities, particularly movie and sports stars, has paid off as the company enjoys strong leadership position in its respective segments.

** includes Navratana cooling hair oil, Zandu & Menthol Plus balm, Boroplus antiseptic cream, Fair & Handsome cream*

*** includes Navratna Cool Talc, Boroplus powder, Fast Relief, Chyawanprash, Malai Kesar cream, Vasocare cream, Boroplus Lotion*

Source: *Company website, PhillipCapital report: May 2013, CapitalIQ*

Note: *FY ended 31st March*

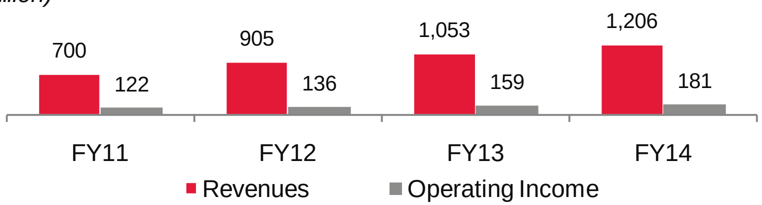
Case Study 2: Dabur India Limited

KEY COMPANY FACTS

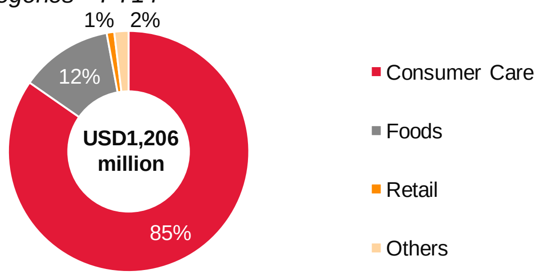
Incorporation date	1884
Headquarters	Ghaziabad, Uttar Pradesh, India
Product Portfolio	Consumer Care, Foods, Retails, and Others
Market Cap (as on May 16, 2014)	USD5,397.4 million
Presence	Worldwide
Website	www.dabur.com

FINANCIAL PERFORMANCE

(USD million)



Revenue Mix by Product Categories – FY14



KEY DIFFERENTIATING STRATEGIES

- **"Expand–Innovate–Acquire"**: Dabur follows a three-pronged growth strategy of "Expand–Innovate–Acquire".
  - Under the expansion strategy, the company focuses on strengthening presence in existing categories/markets as well entering new geographies; maintaining dominant position in categories where it is a leader; and bringing about international expansion.
  - As part of its innovation strategy, Dabur has rolled out new variants and products, which contribute ~5–6% to its annual growth.
  - The company considers acquisitions to be critical for building scale in existing categories/markets. Dabur consistently seeks opportunities in its focus markets.
- **Tapping rural market**: To take advantage of the growing rural market, Dabur extended its direct distribution network to villages with a population of 3,000 during 2012–13, and also used information technology. This initiative has been rolled out across 10 states that account for about 70% of the rural FMCG potential in India.
- **"Think Global, Act Local"**: Dabur follows the 'Think Global, Act Local' strategy for its international business. In line with this approach, the company has tailor made a suite of products (snake oil under Amla brand for women's hair styling, Vatika henna hair colors, etc.) that cater to the local requirements. Hence, majority of customers are local people.

Source: *Company website, Annual report 2012-13, CapitalIQ*

***Note:** FY ended 31st March*

IMPORTANT NOTES

- Figures may not add up to the total due to rounding off to the nearest whole number.
- FY refers to fiscal year from April to March.
- CAGR refers to compounded annual growth rate.
- bn/mn stands for billion/million respectively.
- GDP refers to gross domestic product.
- Multinational Corporations (MNCs) are firms with headquarters outside India. These firms would have their branch offices and/or subsidiaries in India that cater to global customers.
- bps stands for basis points.
- Slide 7:
  - *2009–10: 1 USD = 47.169 INR (April 2009 to March 2010)*
  - *2010–11: 1 USD = 45.872 INR (April 2010 to March 2011)*
  - *2011–12: 1 USD = 48.309 INR (April 2011 to March 2012)*
  - *2012–13: 1 USD = 54.645 INR (April 2012 to March 2013)*
  - *2013–14: 1 USD = 60.241 INR (April 2013 to March 2014)*
- Slide 16:
  - *Market cap data is as on 16th May, 2014 (1 USD = 59.382 INR)*
  - *FY ended 31st March, 2014 for HUL, Dabur India, Godrej Consumer Products, Marico, and GlaxoSmithKline Consumer Healthcare (1 USD = 60.241 INR)*
  - *FY ended 31st March, 2013 for ITC (1 USD = 54.645 INR)*
  - *FY ended 31st December, 2013 for Nestle India (1 USD = 58.480 INR)*