Dabur has ‘war chest’ to buy companies, expand in rural India

**Dabur, India’s oldest and largest ayurvedic company was started by the Burman family. In today’s time, it has a variety of more than 250 ayurvedic products and is the world leader in Ayurveda. It is also termed as a market leader in the packaged fruit juice category with its Real brand.**

* **The company is willing to spend some portion of its about $500 million cash reserves to attain companies and bring back sales which were moving at a slow rate of speed. Dabur has recognized its potential target and is planning to purchase companies which hold the range of around 1-billion to 10-billion rupee.**
* **“Since the company has ample amount of reserves available with them, they are looking forward to purchasing companies which were expensive earlier but due to slow down they are now affordable. Dabur India is also trying to expand in segments of personal care, food, and health care”, said CEO Mr. Malhotra.**
* **Due to the economic slowdown & decrease in the purchasing power of the consumer, the big companies including Dabur, Maruti Suzuki & Brittania observed slow growth since 2014.**
* **In terms of rural penetration, the company is planning to increase to 60,000 villages in March 2021 from 44,000 in April. The rural customers count 50% of the sales which is the growth driver for the company.**
* **To tap long term value and capture profit in return, Dabur started to offer customized products in a small package which includes hair oils, toothpaste and fruit drinks for the rural markets which satisfied their unmet needs and wants.**
* **Dabur India started addressing their customers’ price perceptions by offering Hajmola at a lower price of Rs.10 with product line extensions by making some changes in packaging. “Its rural business gave them a competitive edge over HUL and Marico Ltd”, said, an analyst at HDFC securities.**
* **Dabur shares which rose to 12% in the quarter ended September 30 has seen a drop of 0.74% to Rs.462.65 whereas HUL has progressed 11% in the same quarter.**

**Therefore, to cover the rural market Dabur should offer products that suits people, most of who are on daily wages, with low disposable incomes & should be affordable to the rural consumer.**

**Source:** <https://economictimes.indiatimes.com/industry/cons-products/fmcg/dabur-has-warchest-to-buy-companies-expand-in-rural-india/articleshow/72405127.cms>

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