



## **CFO Perspectives**

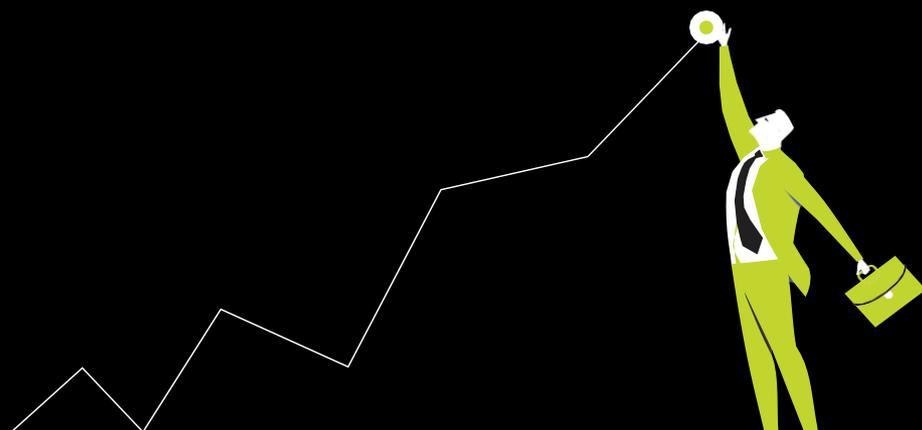
India | CFO Newsletter | 18 October 2021

For private circulation only

# CFO Speaks



**Ankush Jain**  
CFO, Dabur Limited



## 1. How do you see the Indian economy, specifically the consumer industry, growing next year?

The second wave was catastrophic and had a significantly sharper impact on both the economy and individuals than the previous wave. Now with a receding COVID-19, accelerated vaccine administration, and better mobility, we expect the economy to grow from here. We need to be careful that a third wave does not disrupt as much as the second wave did. Further, the consumer sector was more resilient as compared with the overall economy.

Accelerating infrastructure development initiatives by the government, improving capital investments, increasing allocation in MNREGA schemes, and a reviving economy, help the consumer sector at large. Increased impetus of the government on the rural sector will help the consumer industry improve from where it is today.

## 2. What has been the impact for your company in terms of the disruption and opportunities resulting from COVID-19?

Last one and a half years have been extremely volatile – we are operating in an uncertain and challenging environment. As for our organisation, we are well diversified in the consumer space, including hygiene, healthcare, personal care, and beverages. There were varied degrees of impact on each segment. We maintained a strong focus on execution and thereby, keep getting an incremental market share during the pandemic. Discretionary purchases, including skin care,

hair care, and home care, were affected because of the restricted movement. Mobility restrictions also had an impact on the beverages segment. However, we remained resilient and gained market share even though there was an overall reduction in expenditure in the category.

In terms of opportunities, during this time, consumers focused on preventive care and our immunity boosting products, such as Dabur Chyawanprash and Dabur Honey. These products gained traction and saw an increase in demand. The awareness and penetration for both the products have gone up considerably. This time also gave us the opportunity to expand our product portfolio with the launch of various healthcare products, such as singe herbs and health juices. This was made possible as we, as an organisation, have become extremely agile in responding to newer consumer needs and launching these new products fast in a focused manner, and drive distribution and awareness.

Other than the product opportunities, we focused on process automation. Simplification was the key during this time so that we become resilient and continue to drive seamless integration of all our systems. We also did a gap assessment of our product portfolio and processes that helped us in deciding our way forward.

**3. What are the changes you have seen in consumer behaviour and what are some of the key trends you foresee in the future for consumer companies? For example, the impact of e-commerce and online shopping, and use of analytics.**

There was definitely a shift in shopping behaviour and new trends were emerging. E-commerce emerged as a preferred choice mainly because of restrictions, convenience, and contactless experience in a safe environment. There is an additional shift as consumers now have access to competitive and comparative information at their fingertips. Another trend we noticed was higher sales from kirana stores because of the accessibility and convenience during the pandemic. However, during the pandemic, the modern trade channel was adversely affected because of mobility restrictions. After increased mobility and a strong vaccination drive by the government, we feel modern trade would rebound in a couple of quarters, as consumers would eventually step out.

Once things normalise after COVID-19, we feel there will be rebalancing. Growth rates in e-commerce may moderate, though the upward trend will continue.

The changes in the consumer behaviour and pattern also led to a higher degree of automation and analytics for us.

Another trend was that healthcare, including immunity boosting products, gained prominence. Earlier, older population was the key customers. However, now even younger generations are also looking for natural, immunity building products. This is good for organisations like us whose mission is the "health and well-being of every individual." It resonates well with our mission. The focus is more towards natural and Ayurvedic products. For example, the INR 10,000 crore market oral care market, of which 30 percent is the natural product segment, grew at double the rate to the normal category. We gained market share through natural care products across the product segments.

**4. How do you see the regulatory landscape evolving in the next 1 to 2 years? How will it affect your industry?**

The regulatory landscape continues to evolve, and regulatory bodies will come with laws to strengthen consumer, investor, shareholder, and stakeholder protection. The regulatory bodies will create safety nets that will improve the transparency level. We, as a company, would need to be prepared. Professionally managed organisations like us will always have an edge.

**5. Digitisation and automation are becoming increasingly critical for businesses in the current times. How has your finance function evolved with the increasing use of technology and digitisation?**

Digitisation and automation are critical from the finance perspective. These also have to cut across the entire

organisation in a seamless way. Every function has to speak to each other through common ERP platforms and analytics to take decision at the right time. We have gone ahead and invested in technology.

As an example, our ERP systems interact with supply chain and sales systems that enable us to have a real-time view on sales, inventory levels, etc. The investment in technology will help us focus more on analysis and management by exception, continuously review the performance, take right business decisions, and proactively help business teams.

**6. Finance talent is one of the key concern areas for CFOs. How are the talent needs changing in your industry and what are the top three areas in finance that need reskilling?**

The expectations and role of finance is evolving and gradually changing. We need to be proactive, agile, forward looking, and solution oriented. While preparing financials will still remain an important job for the finance function but forward-looking, analysis, decision-making capabilities and proactively engaging with the business will be the key. Finance can deliver that by intervening at the early stage to help business take corrective actions. Finance talent needs to be more entrepreneurial. It should work with business units, and identify and drive value-added initiatives across the organisation.

Technology will be the enabler in driving these changes. Finance teams will have to constantly collaborate with technology teams to understand evolving technologies, including budgeting, reporting, and simulations, to enable decisions at the right time. The talent will have to reskill on three main aspects: forward looking outlook, business partnering, and solution orientation. That will help the business to navigate tough environment challenges.

**7. What are your key priorities as a CFO for the next year?**

1. Digitisation and automation would be one of my key priorities. These would include automation of transaction processes, vendor engagement, and customer engagement. We want to have a seamless interaction between the two and there will be constant engagement through technology. I would also want our payments and collections through the banking system to become seamless in the process.
2. Cost management and value creation would be key to increase shareholder value. As finance, we are business partners to increase and create value through fostering an environment and ecosystem that helps business to identify opportunities across the value chain. The productivity so generated across the value chain through efficiencies, will then be used to fund future growth aspirations.

3. Generating capabilities primarily in modelling and forecasting techniques should enable us have a proactive engagement with business. These capabilities will also help us in finding opportunities to drive business in a more productive manner, as well as in quick decision-making.

**8. As a CFO, what challenges did you face during the past year and what are some of your key learnings?**

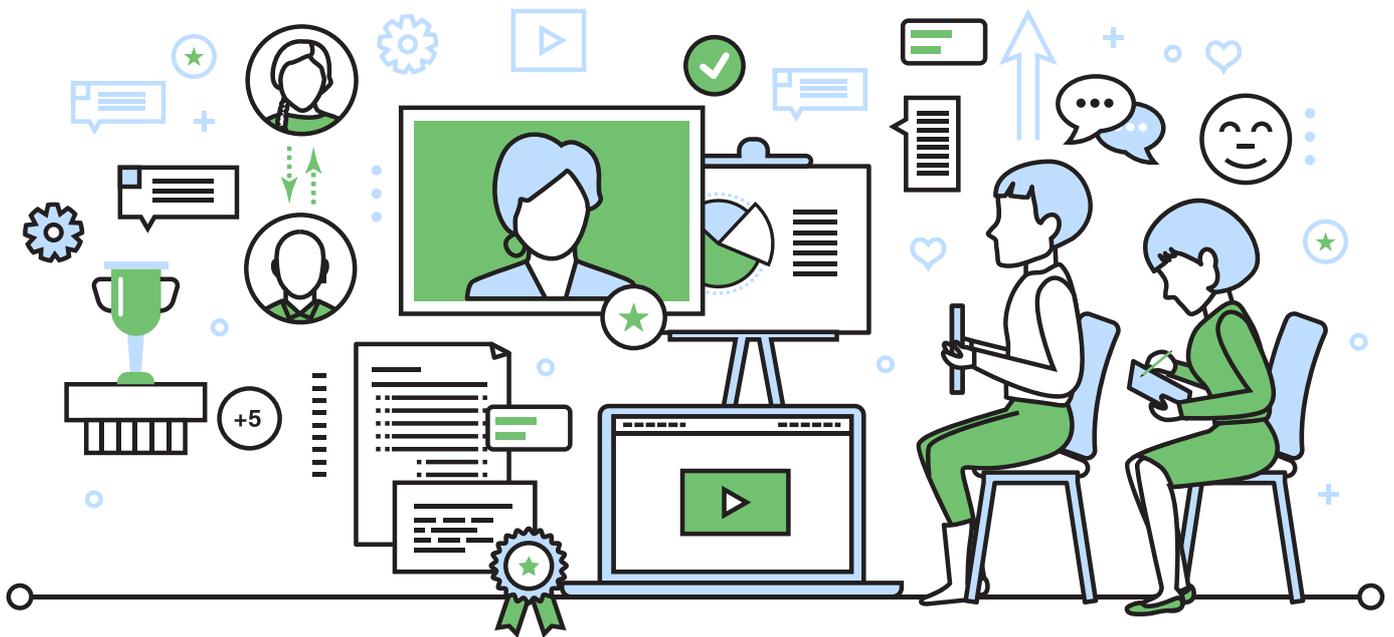
Last year was one of the most challenging years from the business perspective; also, it was the biggest humanitarian crisis of the recent times. The major challenge was the lack of predictability and ability to forecast with a reasonable degree of certainty. A new canvas board had to be crafted periodically to define what is needed to be done from cross-functional parameters encompassing supply chain challenges, sales predictability, human challenges, and working capital issues. It touched each organisational aspect. However, because of our resilience and strong processes, we were able to navigate these challenges.

Further, we were able to identify gaps in our product portfolio and processes. We continuously worked on those to be better prepared for tough times in the future. As an organisation, we came out stronger by bringing structural changes.

**What is one quote that you live by?**

**One Mantra that I follow is "Dream, Dare, and Deliver".**

If I have to elaborate on this, one needs to dream in terms of capability, , and where we want to be. Next, once you have aligned your dreams, you dare to deliver and take risks in the right direction. Even if you miss 2 of the 10 times in the process, you would have evolved. These learnings will help you in your growth. Deliver – you will continue to deliver. I strongly believe if you constantly follow this, after one year you will be much better than what you were and after five years you will be multi-fold of what you were five years ago.



# Expert views

## Go beyond borders to grow beyond borders

### Could India's integration with the world through the twin channels of trade and capital flows be the game changer?

The recent data on exports and foreign investment has enthused many market analysts. Exports surpassed pre-pandemic levels due to the rapid economic recovery in key industrial nations with strong trade ties. Similarly, foreign investment inflows were at a record high in FY 2020-21. The momentum continued even in the April-June quarter of FY 2021-22, due to global liquidity and low bond yields.

### Could exports and investment-backed by foreign capital support the economic recovery?

We believe that they may support the recovery in the short run, but may not be sufficient to cover the low domestic consumption (accounting for nearly 60 percent of the total GDP). Export share in GDP has been relatively low and decreasing since 2013. Also, a very small proportion of foreign investments is used in investment and asset creation.

### India's integration with the world

Amidst the opportunities emerging from globalisation and the geopolitical scenario, both trade and investments have

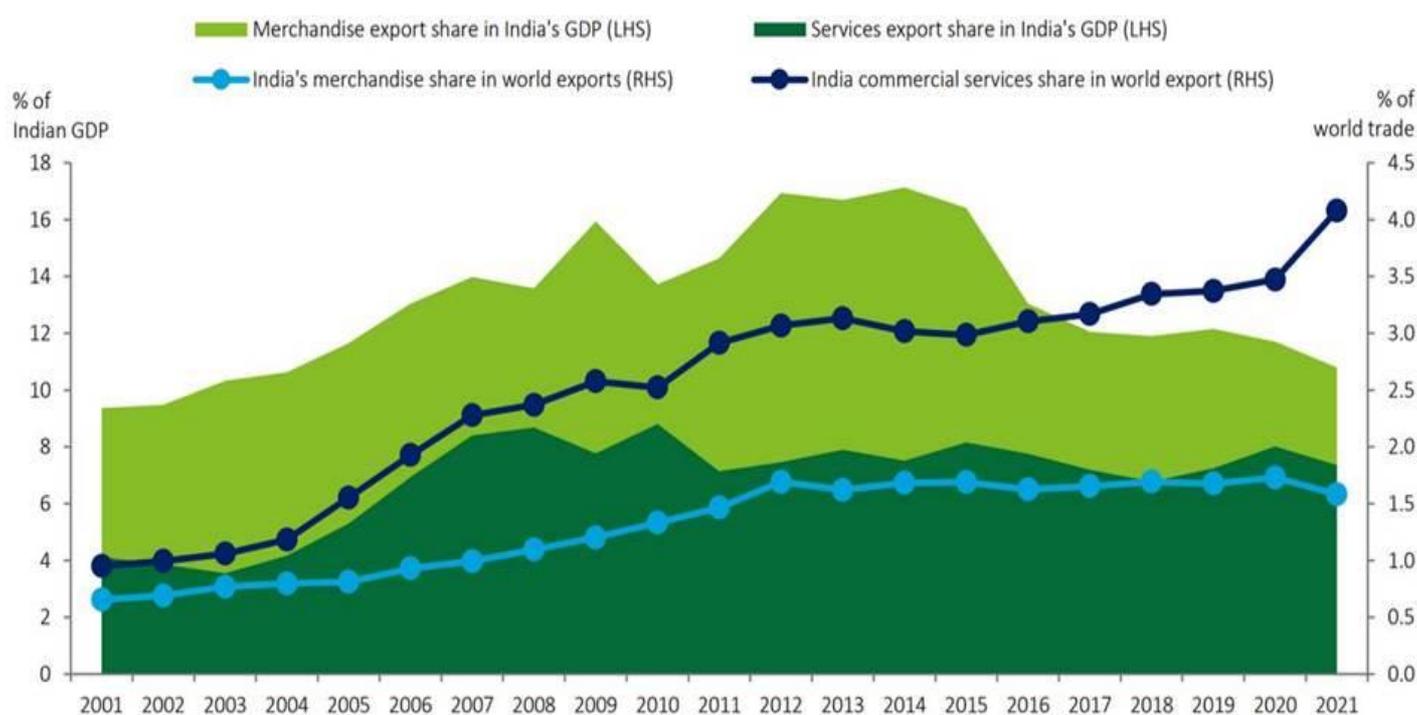
evolved as the Indian economy integrated with the rest of the world.

- Trade: India's dependence on Asia for imports has gone up considerably, whereas sectors such as garments and leather that were given the thrust for exports in reforms and policies, have lost their significance over time.
- Investment: Direct investments in computer software and hardware, and transport (auto) have gone up significantly, while the manufacturing and construction sectors have lost their share in FDI.

Although economic reforms and government initiatives taken since liberalisation have played an important role in boosting trade and investment, India also relied on trade agreements. India is one of the top Asian countries with the maximum number of Free Trade Agreements (FTAs) in operation or under negotiation or at a proposal stage. India needs to be quick on its feet to boost exports, direct investments in asset, and create jobs to lift a sagging economy. While all eyes are on the upcoming Foreign Trade Policy 2021-2026, we expect it must execute immediate measures, along with long-term efforts, to ensure a strong and sustainable recovery.

To read or download the complete report, click [here](#).

**Figure: Trade in merchandise and services**



Note: The data are in calendar years.

Source: IMF, World Bank, Central Statistics Office, India, Ministry of Commerce & Industry, RBI; all sourced from Haver Analytics

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CFOs manage the complexities of their roles, tackle their companies' most compelling challenges, and adapt to strategic shifts in the market.

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