

AMSEC – CIO Forum

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Bisleri Vedica - From the Himalayas - Natural Spring Water

Expert Speaker: Mr. Ramesh Chauhan
CMD, Bisleri International Pvt. Ltd.

Mr. Ramesh Chauhan was the expert speaker at the AMSEC's CIO Forum held on April 10, 2011. In an interesting session, **Mr Chauhan** spoke to a select group from India's investment community on:

- Bisleri Vedica – Differentiating Features
- Bisleri Vedica is Treated Water
- Advantage Unorganised segment v/s Organised players
- India's Water Fact Sheet
- Water realities – Mumbai in focus
- Bisleri – Initiatives to increase sources of clean water
- Water conservation and Carbon Credits – Role of Bisleri
- Marketing, Distribution and countering competition

Bisleri Vedica – Differentiating features

- High alkaline content and neutralises acids and removes toxins from the body
- Naturally low on sodium and best suited for low-sodium diet
- High on sulphate and works as a natural detoxifying agent

Bisleri Vedica is Treated Water

- Vedica is treated water – It has high alkaline content
- Ph measures alkalinity of the product in the 7-7.5 range – 7 is neutral
- 7.5 is alkaline and below 7 is acidic
- Sulphate is a good detoxicant
- Bisleri Vedica has 225% EDS
- Aquafina and Kinley are basically distilled water as they have EDS of mere 100%.

Advantage: Unorganised segment

- Consumers are getting taken for a ride as they are paying the price of the branded water for the local and unknown brands
- Unfavourable economics has restricted Organised players (like Bisleri) from penetrating the nook and corner of the country; Eg., while branded water (Bisleri) costs Rs4/litre for a 20 litre jar, the unorganized players are able to procure the empty bottles for Rs7/kg.
- High potential but accompanied by huge losses for the organised players
- FMCG bellwether, Nestle had also forayed into the packaged water business, but could not sustain for long

India's Water Fact Sheet

- It is a myth that India has scarcity of water
- India receives the highest rainfall in the world; however, 90% of the rain falls in the sea; Drinking water is only 5%, laundry, sewage, etc is 90%.
- From time immemorial, India has been drinking water from wells, and other natural sources; In the last 30 years however, packaged bottled water has been gained importance and been promoted as high industrialization has led to substantial contamination of ground water in India
- Also, in India unlike New York (water lines are under pressure all the time) there is suction taking place at the taps because of air coming in primarily because our pipelines are almost 80 years old

Water realities – Mumbai in focus

- While on the one hand, Mumbai's three pumping stations pump out rain water into the sea, on the other the authorities are in the midst of planning to set up a de-salination plant
- The city's water table is at depleted levels, while ironically it has 30,000 wells
- Mumbai also has 139 lakes, which are all dry
- Flooding usually occurs at these lakes during monsoons; eg Kalina has flooding because it is a lake area
- Need of the hour is to enhance the water levels so that that the city wells are once again active
- Chennai in South India through various measures has been successful in raising the ground level water of its 43,000 lakes
- The check dams (water table raised) built in some areas in Gujarat (particularly Sabarmati) have not only increased the water levels of the wells substantially there, but also improved the water quality
- According to rough calculations, one million lakes in India are adopted by corporations, but this process should not involve chasing the concerned authorities
- Bisleri, being an NGO, has been involved in such work though it has not met with much success.

Initiatives to increase sources of clean water

Couple of years back, water was used only for drinking and cooking and the Bombay Municipal Corporation had the capacity to meet this 5% requirement of overall water consumption of the city. We have survived very long without recycling water in the city; but, in Dharavi huge amount of garbage is dumped into the water contaminating the ground water. Bisleri is in the midst of providing ozonised/ozone/drinkable water to the slums of Mumbai. Currently, the company is working on a water project at the Mumbai airport as well as on another project to provide ozonated/drinkable water to the slums of Dharavi. They are working on the ozone therapy, which entails generating ozone using oxygen, which is passed into a ozonator thus creating ozone, which is then passed into the water. The so-called filters do not provide clean water, they are basically de-chlorinators, which do not eliminate bacteria, which grows at a phenomenal rate; therefore, Bisleri's 20-litre business is growing at an amazing rate. We are also into PET recycling; currently, we are recycling 500 tonnes of PET and target to increase it to 1,000 tonnes by next year. PET recycling has created an opportunity for employment for the scrap workers, who sell scrap at our centre's, which have created value of Rs40/kg for PET scrap.

Water conservation and Carbon Credits – Role of Bisleri

In areas of scarce drinking water and where bottled water is not feasible, Bisleri has taken the initiative and is committed to undertake rain water harvesting of 30 litres of water for every one litre of water it uses. Bisleri proposes to introduce the concept of carbon credits, which entails the amount of water being conserved is compared to the proportion being used. Water conservation and Carbon credit if introduced may well rake in more moolah for Bisleri than its current water business!!

Marketing, Distribution and countering competition

According to Mr Chauhan, “your own incompetence is your biggest competitor”.

Marketing

A great brand has a big responsibility towards the public/consumers. Given that, imitator brands are available cheap because of the inability of the branded players to expand their distribution network. Consequently, consumers buy imitator brands paying the same price that a branded product is available at. But, the branded players are reeling under the pressures of excise, transportation, sales tax even though the cost of water is zero. Against this backdrop, packaged water is a long-term industry, with the 20-litre bottles targeted more towards the corporates (25% bulk), bottles accounting for 45%, while the 30-litre business is growing at a healthy 20-25%.

Distribution

Bisleri has 30-40 plants with 4-5 plants in Maharashtra itself. Transportation accounts for 15-20% of our overall cost - traffic regulation/restrictions also need to be tackled. Today, at the Andheri factory in Mumbai 200 trucks get loaded and move out every day. Bisleri has built a number of depots at different places so that at night the large multi-axle trucks carrying the cartons of water are delivered smoothly; sometimes the traffic jam is very bad at the company's factories itself.

Competition

About the growing preference of the non-layman for coloured and flavoured drinks, basically we believe that water cannot be flavoured. About water purifiers denting the packaged water business, it is a fact that water purifiers need to be serviced, which means that water from the purifiers at some point in time is not pure. Besides, the water purifiers advertise much more than the packaged water players.