

Established in 1884, Dabur India Ltd. is India's oldest and fourth largest FMCG Company with a total turnover of Rs. 7,827 Crores. It operates in key consumer products categories like Hair Care, Oral Care, Health Care, Skin Care, Home Care and Foods. The company has a wide distribution network, covering over 5.8 million retail outlets in both urban and rural markets. The company also exports its products to global markets and its products are currently available in over 60 countries.

Key Developments

Net revenue increased by 10.7% in FY15: During FY15, Dabur recorded consolidated sales of Rs. 7,844.6 Crores growing by 10.7%, with the domestic FMCG business reported growth of 12.5%. The EBITDA margins improved to 18.9% as compared to 18.3% in FY14. The effective tax rate on a consolidated basis is at 19% in FY15 and Profit after Tax (PAT) grew by 16.7% to Rs. 1,068.4 Crores in FY15.

International Business: International business reported a growth of 9% in Q1FY16 driven by growth across geographies viz; Bangladesh, GCC, Nepal and Turkey up by 7%, 10%, 15% and 22% respectively over the quarter. Organic segment grew by 10.3% as compared to 16.5% growth in Q4FY15, while, its Namaste business in North America grew by 20%.

Product launches in FY15: During FY15, Dabur rolled out 11 new products in the domestic market and 6 products in international market. It introduced Hajmola Chuzkara, variant of Dabur Amla Hair Oil, chocolate flavoured Chyawanprash, mosquito repellent products like wristbands and patches under the brand Odomos, besides introduction of Odomos in a roll-on format. Further, in the hair oil category Dabur introduced non-sticky coconut hair oil - Dabur Anmol Coconut Hair Oil with Jasmine and new Ayurvedic therapeutic hair oil Dabur Keratex in the domestic market. In the international space, Dabur launched Miswak Gold Toothpaste, Dabur Herbal Sensitive Toothpaste, Miswak Mouthwash, Dermoviva Facial Cleansers and Scrubs, Vatika Dermoviva Soaps, Fem Halawa and ORS Monoi Oil range.

Enhanced the retail footprint: The company has launched a project named CORE (Chemist Outlets and Range Expansion) across top 140 towns, leading to the increase in the direct reach in chemist channel from 1.72 lacs to 2.12 lacs. The outlets covered under Project Core went up from 49,186 to 87,047 in top 140 towns in the country.

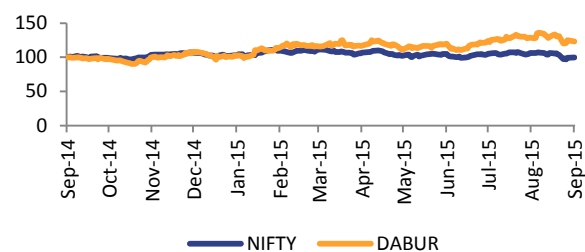
Market Data

CMP (Rs.)	281
Face Value	1
52 week H/L (Rs.)	316/197
Adj. all time High (Rs.)	317
Decline from 52WH (%)	11.1
Rise from 52WL (%)	42.6
Beta	1.3
Mkt. Cap (Rs. Cr)	49,384
Enterprise Value(Rs. Cr)	48,493

Fiscal Year Ended

Y/E	FY13A	FY14A	FY15A
Net Revenue (Rs. Crores)	6,164.4	7,100.7	7,844.6
EBITDA (Rs. Crores)	983.1	1,158.8	1,319.0
Net Profit (Rs. Crores)	763.3	913.6	1,068.4
EPS (Rs.)	4.4	5.2	6.1
P/E (x)	53.1	47.3	46.7
P/BV (x)	19.2	15.8	14.7

One year Price Chart



Shareholding	Jun15	Mar15	Diff.
Promoters	68.2	68.2	0.0
DII	4.6	4.7	(0.1)
FII	21.1	21.0	0.2
Others	6.1	6.2	(0.1)

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Company Overview

Established in 1884, Dabur India Ltd. is India's oldest and fourth largest FMCG Company with a total turnover of Rs. 7,827 Crores. It operates in key consumer products categories like hair care, oral care, health care, skin care, home care and foods. The company has a wide distribution network, covering over 5.8 million retail outlets with a high penetration in both urban and rural markets. The company also exports its products to global markets and its products are currently available in over 60 countries viz; Middle East, SAARC countries, Africa, US, Europe, Russia, among others. Dabur's overseas revenue currently accounts for over 30% of the total turnover.

Its marquee brands – Vatika, Real and Amla –crossed the INR 10,000 mn (USD 152 mn) sales mark globally in FY15. The sales have increased at a CAGR of ~14% from FY10 to FY15 and the PAT has also increased at a CAGR of ~13% during the same period.

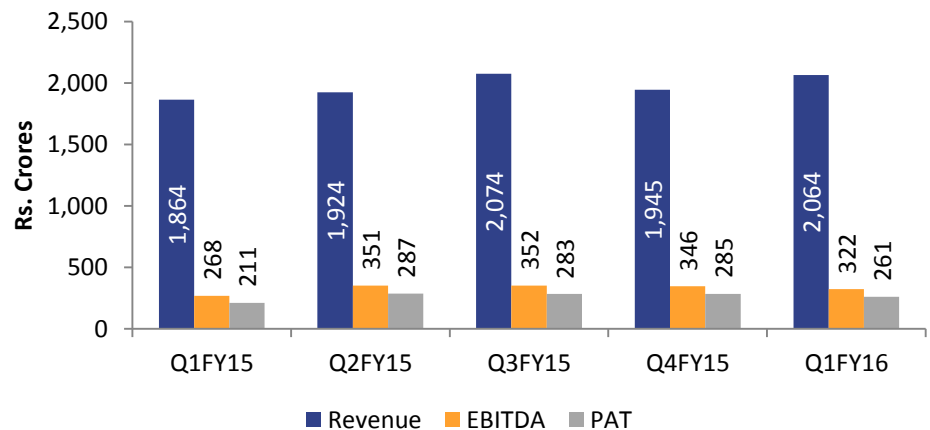
The company has increased its rural coverage from 14,000 villages to around 44,000 villages over the last 3 years. In FY15 the company witnessed ramp up of the existing product portfolio and also launched many new products across the entire spectrum, from hair care to skin care and health supplements to digestives.

Q1FY16 performance

Led by an 11.6% and 9.2% growth in the domestic and international business, Dabur posted a top-line growth of 10.7% YoY at Rs. 2,064 Crores as compared to Rs. 1,864 Crores. Toothpaste division recorded the highest growth of 24% owing to 19% YoY increase in the volumes. The growth in the OTC and Ethical segment was up 17%, while Foods continued double-digit growth momentum led by Real and Homemade.

On the EBITDA front, the company witnessed 20% YoY growth owing to declining material and ad spend as a percentage of net sales. The EBITDA stood at Rs. 322 Crores in Q1FY16. The EBITDA margin saw an expansion of 121 bps and reported at 15.6%. The company was able to register 23.9% growth in the bottom-line to Rs. 261 Crores aided by higher other income (up by 33%). PAT margin stood at 12.6% reporting an expansion of 134 bps.

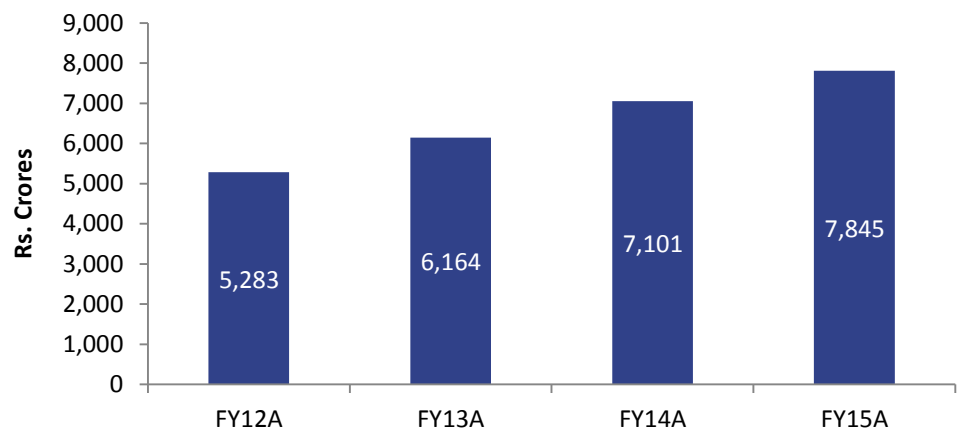
Quarterly performance trend



Boosted manufacturing capabilities in the international segment

During FY15, the company has increased the capacity of the Ras al Khaimah (RAK) plant at UAE from 42,000 MT to 44,500 MT per annum. Manufacturing and packing facilities were set up for Fem hair removal creams and Namaste products. New Packing lines for Creams & Hair Oils were installed and commissioned and facilities for Hair Oils, Hair Serums, Herbolene and Hair Removal Cream were made operational. In Egypt, the manufacturing capacity has been enhanced from 26,000 MT to 27,000 MT per annum by process optimization. New packing lines for Hamam Zaith Cream have been commissioned. Warehouse racking capacity was also enhanced by 33%. Egypt Plant has started exporting products to countries like Kenya, Palestine, Morocco.

Revenue growth over the years



International Business

The international business of the company has reported a growth of 9% in Q1FY16 driven by growth across geographies viz; Bangladesh, GCC, Nepal and Turkey growing by 7%, 10%, 15% and 22% respectively over the quarter. Further, the company launched new products in the International markets in segments like Baby care, Hair Care and Skin care and the pricing issues of Namaste products was resolved in the overseas market. Organic International Business grew by 10.3%, while, its Namaste business in North America grew by 20%.

Launch of Project CORE enhanced retail reach in healthcare

During FY15, the company rolled out Project CORE (Chemist Outlets and Range Expansion) across top 140 towns to enhance the thrust on OTC range of products. Dedicated field resources called 'Healthcare associates' were deployed to service chemists in the top urban markets. Owing to this, the direct reach in chemist channel went up from 1.72 lacs to 2.12 lacs with outlets covered under Project Core going up from 49,186 to 87,047 in top 140 towns in the country.

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Robust product launches in FY15

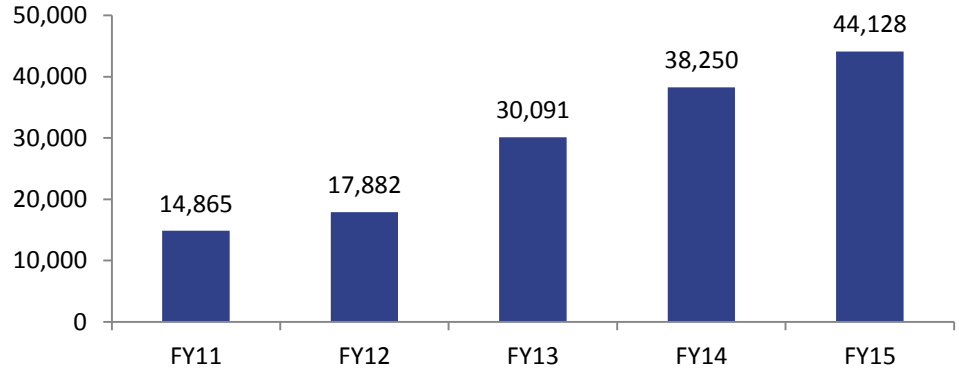
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In the international market, pace of new launches was kept up with the introduction of new products such as Miswak Gold Toothpaste, Dabur Herbal Sensitive Toothpaste, Miswak Mouthwash, Dermoviva Facial Cleansers and Scrubs, Vatika Dermoviva Soaps, Fem Halawa and ORS Monoi Oil range.

Enhancing the rural connect and branding

Over the years, Dabur India Ltd. has tripled its rural penetration from ~18,000 villages in FY12 to ~44,000 villages in FY15. As a result, the revenue contribution from the rural areas has increased from 30% earlier to 45% adding a consistent volume growth of 8-10% over last 3 years.

Project Double: Direct Village Coverage



Balance Sheet (Consolidated)

Y/E (Rs. Crores)	FY13A	FY14A	FY15A
Share Capital	174.3	174.4	175.7
Reserve & surplus	1,920.9	2,481.6	3,178.5
Net Worth	2,095.2	2,656.0	3,354.1
Minority Interest	12.1	15.9	18.2
Total debt	1,151.4	708.1	733.6
Deferred tax liability	36.2	44.8	58.7
Other non-current liabilities	48.9	40.9	46.2
Capital Employed	3,343.8	3,465.7	4,210.8
Fixed Assets	1,674.5	1,788.6	1,927.5
Investments	163.2	492.6	1,407.4
Loans & advances	43.4	24.5	20.8
Net Current Assets	1,324.3	1,141.9	835.1
Other non-current assets	138.5	18.1	20.1
Capital Deployed	3,343.8	3,465.7	4,210.8

Cash Flow (Consolidated)

Y/E (Rs. Crores)	FY13A	FY14A	FY15A
Net Profit/Loss Before Extraordinary Items And Tax	953.0	1,135.5	1,319.4
Net CashFlow From Operating Activities	869.5	1,101.1	1,047.2
Net Cash Used In Investing Activities	(541.1)	(107.3)	(876.2)
Net Cash Used From Financing Activities	(234.0)	(803.7)	(416.8)
Foreign Exchange Gains / Losses	0.0	(2.8)	0.3
Net Inc/Dec In Cash And Cash Equivalents	94.4	187.3	(245.5)
Cash And Cash Equivalents Begin Of Year	418.4	123.1	313.2
Cash And Cash Equivalents End Of Year	512.8	310.4	67.8

Financial performance snapshot

During FY15, Dabur recorded consolidated sales of Rs. 7,844.6 Crores growing by 10.7%. Material cost as a percentage of sales went down from 48.2% in FY14 to 47.7% in FY15. Advertisement & Publicity expenditure was at 14.4% of sales in FY15 as compared to 14.2% in FY14. The EBITDA margin improved to 16.8% as compared to 16.3% in FY14. Profit after Tax (PAT) grew by 16.7% to Rs. 1,068.4 Crores in FY15.

Profit & Loss Account (Consolidated)

Y/E (Rs. Crores)	FY13A	FY14A	FY15A
Total revenue	6,164.4	7,100.7	7,844.6
Expenses	5,181.3	5,941.9	6,525.7
EBITDA	983.1	1,158.8	1,319.0
Other Income	108.9	128.1	158.1
Depreciation	84.7	97.5	115.0
EBIT	1,007.2	1,189.3	1,362.1
Interest	58.9	54.2	40.1
Profit Before Tax	948.3	1,135.2	1,321.9
Tax	182.6	219.1	250.9
Profit After Tax	765.7	916.1	1,071.1
Minority Interest	2.4	2.5	2.6
Net Profit	763.3	913.6	1,068.4

Key Ratios (Consolidated)

Y/E	FY13A	FY14A	FY15A
EBITDA Margin (%)	15.9	16.3	16.8
EBIT Margin (%)	16.3	16.7	17.4
NPM (%)	12.4	12.9	13.6
ROCE (%)	61.7	35.1	36.3
ROE (%)	72.4	37.3	35.2
EPS (Rs.)	4.4	5.2	6.1
P/E (x)	53.1	47.3	46.7
BVPS(Rs.)	12.0	15.2	19.1
P/BVPS (x)	19.2	15.8	14.7
EV/EBITDA (x)	42.0	37.2	38.1



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