Dabur India Ltd

Investor Presentation

November 2015
Dabur Overview

Overview

- One of the oldest and largest FMCG Companies in the country
- Dedicated to the Health and Well-Being of every household
- World’s largest in Ayurveda and natural healthcare
- 20 world class manufacturing facilities catering to needs of diverse markets
- Strong overseas presence with 31% contribution to consolidated sales

Accolades

- Dabur Gastrina wins Silver at Cannes 2015
- Dabur ranked amongst India’s Super 50 Companies by Forbes India Ltd
- Brave and Beautiful campaign bags Blue Elephant at Kyoorius Awards 2015 in ‘Advertising for Good’ category
Key Milestones

- **1884**: Established by Dr SK Burman in Kolkata
- **1994**: Came out with first public issue
- **1998**: Inducted professional management
- **2000**: Crossed the INR 10 billion turnover mark
- **2005**: Acquired Balsara which had oral & home care portfolio
- **2008**: Acquired the skin care company - Fem Pharma
- **2010**: Acquired Hobi and Namaste in overseas markets
- **2012**: Dabur crossed billion dollar turnover mark
Global Business Footprint
Domestic Distribution Structure

Total reach at 5.3 mn retail outlets, one of the highest among FMCG companies

Factory → Depot (Carry & Forward Agents) →
- Super stockists
  - Sub stockists
    - Rural trade
- Insti Stockists
- Insti customers

- Modern Trade Stockist
  - Wholesalers
    - Retail trade
- Stockists
  - Shoppers & Consumers
Performance Snapshot

**Sales**

- **FY11:** 40.8 INR bn
- **FY12:** 52.8 INR bn
- **FY13:** 61.5 INR bn
- **FY14:** 70.7 INR bn
- **FY15:** 78.1 INR bn

*CAGR 18%*

**Profit After Tax**

- **FY11:** 5.7 INR bn
- **FY12:** 6.4 INR bn
- **FY13:** 7.6 INR bn
- **FY14:** 9.1 INR bn
- **FY15:** 10.7 INR bn

*CAGR 17%*

**Market Cap**

- **FY11:** 167.2 INR bn
- **FY12:** 185.4 INR bn
- **FY13:** 238.9 INR bn
- **FY14:** 313.1 INR bn
- **FY15:** 466.5 INR bn

*CAGR 29%*

*Robust profitable growth translating into superior shareholder returns*
Strong Financial Profile

**Net Worth (INR Bn)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13.9</td>
<td>17.2</td>
<td>21.0</td>
<td>26.6</td>
<td>33.5</td>
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</table>

**ROIC**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>32.7%</td>
<td>34.0%</td>
<td>38.3%</td>
<td>43.6%</td>
<td>45.2%</td>
</tr>
</tbody>
</table>

**EBITDA Margin**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>20.4%</td>
<td>17.9%</td>
<td>17.8%</td>
<td>18.2%</td>
<td>18.9%</td>
</tr>
</tbody>
</table>

**EPS (Rs.)**

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.3</td>
<td>3.7</td>
<td>4.4</td>
<td>5.2</td>
<td>6.1</td>
</tr>
</tbody>
</table>

*includes Non-Operating income
Business Structure

Dabur India Ltd.

Domestic (69%)

International (31%)

Domestic FMCG (66%)

Others (3%)

Organic International (22%)

Namaste Labs (6%)

Hobi Group (3%)

* Others include Retail, Commodity exports etc

Note: % figure in brackets indicate % share in Consolidated Sales for FY15
Sales By Business Vertical

Domestic FMCG*

- Healthcare (33%)
- HPC (48%)
- Foods (19%)

* Breakdown of Domestic FMCG business basis FY15 Sales

International Business Region Wise Breakdown

Domestic FMCG Business FY15

- Foods 19%
- Oral Care 14%
- Hair Care 23%
- Home Care 6%
- Skin Care 5%
- Health Supplements 18%
- Digestives 6%
- OTC & Ethicals 9%

International Sales FY15

- Europe 12%
- America 16%
- Asia 17%
- Africa 23%
- Middle East 32%
- Other 9%
Continue to build bigger brands

14 brands with turnover of INR 1bn+ with 3 brands over 10bn
We continue to lead across verticals - Healthcare, HPC and Foods

# Relative Competitive Position

- Honey #1
- Chyawanprash Baby Massage Oil #1
- Glucose #2
- Hair Oils #2
- Air Fresheners #1
- Skin Care-Bleaches #1
- Toilet Cleaners #2
- Oral Care #3
- Mosquito Repellent Creams #1
- Juices #1

* Position basis Nielsen Market Share data MAT June’15
Domestic Growth Strategy

Continued Focus on Innovation

Building Consumer Connect

Distribution Expansion

Focus on Health and well being
Continued Focus on Innovation
Recently Launched

India

- Dabur Almond Shampoo
- Oxy Prowhite Facial Kits
- Oxy Crème+Crème Bleach- Salon Pack
- Vatika Jasmine Hair Oil

International

- Dermoviva Face Care Range- Facewash & Scrub
- Vatika Cactus & Coconut Hair Mask
- Dermoviva Sun Lotion
Product Evolution

Chyawanprash

Red Toothpowder

Hajmola

Amla Hair Oil
Building Consumer Connect
Key Activations

**Sanifresh: Swachh Bharat Initiative**

- Initiated the association with ‘Sulabh’ in our endeavour to join hands with India’s ‘Swachh Bharat Mission’
- This initiative was designed to help educate consumers on the need to use toilets to maintain health and hygiene
- More than 400 toilets have been built across various villages by Dabur
- The campaign has helped increase brand awareness for Sanifresh

**Dabur Dashmula: Asha ki nayi kiran**

- Dabur Dashmularishta, a women health tonic & newspaper Amar Ujala joined hands for the initiative
- ‘Asha Ki Nayi Kiran’ is a special initiative to encourage the efforts of ASHA workers in order to empower them with knowledge on social development
Increasing Doctor Advocacy

Project LEAD: Leveraging Through Empowered Anchoring & Detailing

**Doctor Advocacy is the key to enhance consumer franchise**

- Front end teams to be separated for Healthcare (OTC & Ethicals) and the rest of the Domestic FMCG business to have focused attention on both segments of the business

- *Demand generation from doctors shall be the key focus:*

  - Advocacy platform being built
  - Both Ayurvedic and Allopathic doctor reach to be ramped up
  - Building the detailing team- Around 170 Medical representatives hired; Number will increase to 275 by end of the fiscal
  - Head of business inducted for Medical detailing and marketing
  - IT Platform and hand held devices for seamless information flow for the detailing team

Doctor Detailing for Dabur Products using hand held devices
Distribution Expansion
Enhancing Distribution Reach

- Rolled out in FY13 to expand direct coverage in rural markets
- Direct Village coverage has increased from 14,000 villages in FY11 to 44,000 villages in FY15
- We plan to increase the coverage to 50,000 villages in FY16 and 60,000 in FY17

Project Double

- Aimed at leveraging the potential of Top 140 towns which contribute to 50% of urban consumption
- Segregating the grocery channel teams for wholesale & retail
- Focused marketing activities and distribution expansion

Project 50-50

- To enhance chemist coverage and provide further impetus to our Health Care portfolio
- Direct Chemist Coverage is currently 213,000
- Strategy is to increase coverage and range for better throughput

Project CORE
Focus on Health and Well being
Health and Well-Being

*Health & Well being* - The underlying theme across the portfolio

- **Dabur Honey**  
  Weight Management

- **Dabur Baby Massage Oil**  
  Free of paraffin and parabens

- **Focus on Ayurvedic OTC**  
  No.1 in Women Health Tonics

- **Innovations in Healthcare Category**
Health and well-being

Health & Well Being focus has been extended to HPC and Foods

**Red Tooth Paste**
Focus on Ingredient Effectiveness

**Odomos**
Protection from Dengue

**Sanifresh**- Toilet Cleaner
To safeguard the health of the family by ensuring hygiene

Recently introduced the ‘Real Wellnezz” range with the Jamun flavour

**Activ**
Juices for a healthy lifestyle
International Business Overview

- Comprises 31% of Consolidated Sales in FY15
- Localized supply chain network for efficient business operations
- Sustained investment in brands and innovation to grow the topline
- Business foray had been entirely organic since 1980’s, until FY2010-11 when we acquired Hobi Group and Namaste Labs

Key Markets
- Middle East
- Africa
- South Asia

Key Categories
- Hair Care
- Skin Care
- Oral Care

International Sales FY15
- Europe 12%
- America 16%
- Asia 17%
- Middle East 32%
- Africa 23%
International - Competitive Position

Hair Creams*

- KSA: 36.5%
- UAE: 36.6%
- Egypt: 44.1%

No.1 Position in the Hair Cream Category in KSA, UAE and Egypt

Hair Oils*

- KSA: 64.8%
- UAE: 27.5%
- Egypt: 67.3%

No.1 Position in the Hair Oils Category in KSA & Egypt and No.2 in UAE

*Volume Market Share Mat March 2015
Overseas Markets Strategy

Middle East
- Increase penetration in Hair Care
- Strengthen Oral Care and Skin Care

Africa
- Increase share of Hair Care by scaling up ORS (Namaste portfolio)
- Cross pollinate with products from MENA

Asia
- Increase product width and penetration in neighbouring markets
- Enter Myanmar & other Indo China markets

America
- Build Namaste’s Hair Care portfolio
- Cater to Indian Diaspora through the ethnic channels

Europe
- Cross pollination and expand consumer base in UK and Turkey
Financial Highlights Q2FY16

Growth:
- Sales: Rs. 2092.1 crs, 8.7%
- EBITDA: Rs. 459.2 crs, 17.8%
- PAT: Rs. 341.1 crs, 18.7%
Margin Profile Q2FY16

- Gross Margin: Q2FY15 53.0% → Q2FY16 55.0% (193bps increase)
- EBITDA Margin: Q2FY15 20.3% → Q2FY16 21.9% (170bps increase)
- PAT Margin: Q2FY15 14.9% → Q2FY16 16.3% (136bps increase)
Sustainability: A Key Focus

Dabur is committed to being a responsible company and making a positive contribution to Society and Environment

- **1,141** acres under cultivation for rare medicinal herbs in India
- **2,028** beneficiary families of our Self – Help Group initiatives
- **9,13,750** school kids benefitting from our Healthcare Initiatives
- **13** States covered under our Agronomical Initiatives
- **1,674** farmers/beneficiaries of our Agronomical initiatives in India
- **586** women trained at our vocational training centers
Shareholding, Price & Dividends

**Share Holding Pattern As on 30th Sep 2015**

- Promoters: 68.1%
- FII: 20.8%
- Others: 6.3%
- DII: 4.7%

**Dabur Share Price Trend**

**Dividend History**

- FY03: 140%
- FY04: 200%
- FY05: 250%
- FY06: 250%
- FY07: 175%
- FY08: 150%
- FY09: 175%
- FY10: 200%
- FY11: 115%
- FY12: 130%
- FY13: 150%
- FY14: 175%
- FY15: 200%

*Bonus issue in FY07 & FY11*
<table>
<thead>
<tr>
<th></th>
<th>Q2FY16</th>
<th>Q2FY15</th>
<th>YoY (%)</th>
<th>H1 FY16</th>
<th>H1 FY15</th>
<th>YoY (%)</th>
</tr>
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<tbody>
<tr>
<td><strong>Net Sales</strong></td>
<td>20,921</td>
<td>19,241</td>
<td>8.7%</td>
<td>41,562</td>
<td>37,880</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>Other Operating Income</strong></td>
<td>41</td>
<td>55</td>
<td></td>
<td>95</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td><strong>Material Cost</strong></td>
<td>9,418</td>
<td>9,034</td>
<td>4.3%</td>
<td>18,976</td>
<td>18,260</td>
<td>3.9%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>45.0%</td>
<td>47.0%</td>
<td></td>
<td>45.7%</td>
<td>48.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Employee Costs</strong></td>
<td>2,008</td>
<td>1,825</td>
<td>10.0%</td>
<td>3,900</td>
<td>3,394</td>
<td>14.9%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>9.6%</td>
<td>9.5%</td>
<td></td>
<td>9.4%</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Ad Pro</strong></td>
<td>2,784</td>
<td>2,533</td>
<td>9.9%</td>
<td>6,090</td>
<td>5,396</td>
<td>12.9%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>13.3%</td>
<td>13.2%</td>
<td></td>
<td>14.7%</td>
<td>14.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Other Expenses</strong></td>
<td>2,707</td>
<td>2,395</td>
<td>13.0%</td>
<td>5,429</td>
<td>4,745</td>
<td>14.4%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>12.9%</td>
<td>12.4%</td>
<td></td>
<td>13.1%</td>
<td>12.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Other Non Operating Income</strong></td>
<td>547</td>
<td>389</td>
<td>40.7%</td>
<td>1,025</td>
<td>748</td>
<td>37.1%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>4,592</td>
<td>3,897</td>
<td>17.8%</td>
<td>8,288</td>
<td>6,937</td>
<td>19.5%</td>
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<tr>
<td><strong>% of Sales</strong></td>
<td>21.9%</td>
<td>20.3%</td>
<td></td>
<td>19.9%</td>
<td>18.3%</td>
<td></td>
</tr>
<tr>
<td><strong>Interest Exp. and Fin. Charges</strong></td>
<td>124</td>
<td>102</td>
<td>21.4%</td>
<td>241</td>
<td>203</td>
<td>18.6%</td>
</tr>
<tr>
<td><strong>Depreciation &amp; Amortization</strong></td>
<td>329</td>
<td>292</td>
<td>12.6%</td>
<td>655</td>
<td>559</td>
<td>17.1%</td>
</tr>
<tr>
<td><strong>Profit Before Tax (PBT)</strong></td>
<td>4,140</td>
<td>3,503</td>
<td>18.2%</td>
<td>7,392</td>
<td>6,175</td>
<td>19.7%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>16.3%</td>
<td>15.0%</td>
<td></td>
<td>14.5%</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Exceptional Item</strong></td>
<td>0</td>
<td>0</td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Tax Expenses</strong></td>
<td>728</td>
<td>616</td>
<td>18.2%</td>
<td>1,360</td>
<td>1,176</td>
<td>15.6%</td>
</tr>
<tr>
<td><strong>PAT(Before extraordinary item)</strong></td>
<td>3,412</td>
<td>2,888</td>
<td>18.2%</td>
<td>6,032</td>
<td>4,999</td>
<td>20.7%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
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<td>15.0%</td>
<td></td>
<td>14.5%</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Extraordinary Item</strong></td>
<td>0</td>
<td>0</td>
<td></td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
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<td>18.2%</td>
<td>6,032</td>
<td>4,999</td>
<td>20.7%</td>
</tr>
<tr>
<td><strong>Minority Interest - (Profit)/Loss</strong></td>
<td>0</td>
<td>13</td>
<td></td>
<td>10</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td><strong>PAT (After Extra ordinary item &amp; Minority Int)</strong></td>
<td>3,411</td>
<td>2,875</td>
<td>18.7%</td>
<td>6,022</td>
<td>4,983</td>
<td>20.9%</td>
</tr>
<tr>
<td><strong>% of Sales</strong></td>
<td>16.3%</td>
<td>14.9%</td>
<td></td>
<td>14.5%</td>
<td>13.2%</td>
<td></td>
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</tbody>
</table>
## Statement of Assets and Liabilities

<table>
<thead>
<tr>
<th></th>
<th>As at 31/03/2015</th>
<th>As at 31/03/2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Shareholders’ funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Share capital</td>
<td>1756.5</td>
<td>1743.8</td>
</tr>
<tr>
<td>(b) Reserves and surplus</td>
<td>31784.9</td>
<td>24815.8</td>
</tr>
<tr>
<td>Sub-total - Shareholders’ funds</td>
<td>33541.4</td>
<td>26559.6</td>
</tr>
<tr>
<td>2. Minority interest</td>
<td>181.6</td>
<td>159.1</td>
</tr>
<tr>
<td>3. Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Long-term borrowings</td>
<td>2105.7</td>
<td>2604.0</td>
</tr>
<tr>
<td>(b) Deferred tax liabilities (net)</td>
<td>587.1</td>
<td>448.3</td>
</tr>
<tr>
<td>(c) Other long-term liabilities</td>
<td>1.2</td>
<td>0.0</td>
</tr>
<tr>
<td>(d) Long-term provisions</td>
<td>462.1</td>
<td>408.9</td>
</tr>
<tr>
<td>Sub-total - Non-current liabilities</td>
<td>3154.9</td>
<td>3461.2</td>
</tr>
<tr>
<td>4. Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Short-term borrowings</td>
<td>5229.9</td>
<td>4477.4</td>
</tr>
<tr>
<td>(b) Trade payables</td>
<td>10958.4</td>
<td>10965.3</td>
</tr>
<tr>
<td>(c) Other current liabilities</td>
<td>5436.4</td>
<td>4794.2</td>
</tr>
<tr>
<td>(d) Short-term provisions</td>
<td>2560.2</td>
<td>2703.2</td>
</tr>
<tr>
<td>Sub-total - Current liabilities</td>
<td>24184.9</td>
<td>22940.1</td>
</tr>
<tr>
<td><strong>TOTAL - EQUITY AND LIABILITIES</strong></td>
<td>61062.8</td>
<td>53120.0</td>
</tr>
<tr>
<td><strong>B ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Fixed assets</td>
<td>13060.3</td>
<td>11672.1</td>
</tr>
<tr>
<td>(b) Goodwill on consolidation</td>
<td>6214.0</td>
<td>6214.0</td>
</tr>
<tr>
<td>(c) Non-current investments</td>
<td>14074.0</td>
<td>4926.4</td>
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<tr>
<td>(d) Long-term loans and advances</td>
<td>207.5</td>
<td>245.4</td>
</tr>
<tr>
<td>(e) Other non-current assets</td>
<td>201.3</td>
<td>180.7</td>
</tr>
<tr>
<td>Sub-total - Non-current assets</td>
<td>33757.1</td>
<td>23238.6</td>
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<tr>
<td>2. Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) Current investments</td>
<td>4059.7</td>
<td>5838.3</td>
</tr>
<tr>
<td>(b) Inventories</td>
<td>9732.7</td>
<td>9725.1</td>
</tr>
<tr>
<td>(c) Trade receivables</td>
<td>7108.4</td>
<td>6753.0</td>
</tr>
<tr>
<td>(d) Cash and bank balances</td>
<td>2760.4</td>
<td>5193.8</td>
</tr>
<tr>
<td>(e) Short-term loans and advances</td>
<td>2788.7</td>
<td>1955.1</td>
</tr>
<tr>
<td>(f) Other current assets</td>
<td>855.8</td>
<td>416.1</td>
</tr>
<tr>
<td>Sub-total - Current assets</td>
<td>27305.7</td>
<td>29881.4</td>
</tr>
<tr>
<td><strong>Total - Assets</strong></td>
<td>61062.8</td>
<td>53120.0</td>
</tr>
</tbody>
</table>
Thank You