Dear Shareholders,

It gives me great pleasure to write to you at the end of another memorable year for your company.

The fiscal year ending in March 2011 had its set of challenges. Persistent double digit domestic inflation, disturbances in our markets in the Middle East and in North Africa, the increase and volatility of crude oil prices, all added to pressures on the revenues and on the profits of the company. However, the intrinsic growths in the markets where we operate, remain strong, and the consumer confidence in these markets is enduring.

External pressures notwithstanding, the Indian Economy has exhibited a strong momentum, growing at 8.6%, and the consumer goods industry has correspondingly performed well. I am pleased to inform you that Dabur has ended the year with good growth in both revenues and profitability. On a consolidated basis, the revenues grew by 20.3% to end the year at ₹4,109.9 crores, and the Net Profit rose 13.4% to ₹568.6 crores. The steady growth achieved by your company has been enabled by sustained investments in marketing and brand building, distribution, production, supply chain management, and by driving operational efficiencies across all functions.

During the year, your Company saw robust volume-led growth across key categories like Hair Oils, Toothpaste, Skin Care, Health Supplements, Home Care and Foods. The year also saw Dabur complete two overseas acquisitions within a span of just four months. In October 2010, Dabur completed the acquisition of Turkey-based Hobi Group, giving it access to a new market as well as to a wide range of Personal Care products that will further expand its portfolio in the overseas markets, especially the Middle East and North Africa. This was followed in quick succession by the acquisition of Namasté Laboratories LLC, giving Dabur an entry into global African hair care market. On the domestic side, in continuation with our strategy to expand our presence in the OTC Health Care space, we have recently acquired ‘Thirty-Plus’, India’s first energizer and nutritional supplement brand.

Going forward, we would look at more
segments in which we operate today. Acquisitions would, therefore, continue to be integral to our growth strategy as we move ahead.

The growth strategies and your Company’s achievement through 2010-11 have been elaborated in detail in the Management Discussion & Analysis section of this report. In this letter, I would like to highlight some of the key opportunities and challenges that your Company faces today and the factors that would help us move ahead firmly on the growth trajectory in days to come.

The consumer goods sector has performed encouragingly in 2010-11. What is more heartening is the fact that significant amount of growth is volume-driven. Higher raw material prices, rising food inflation and disruptive competition has impacted margin profiles of a few categories in the sector. However I do believe that the structural consumption growth story is still intact with real per capita disposable incomes continuing to rise and the Indian middle class emerging as a significant market. In the current inflationary scenario, companies with pricing power at the back of strong brands and efficient capital structure will emerge stronger by managing costs efficiently, expanding their presence through smart innovations and putting into play relevant consumer insights. Dabur is a nimble-footed organization that takes cognizance of these opportunities and changes in market dynamics to stay ahead and continue to invest behind its brands and businesses.

Overall the Company is well positioned to participate in the quantum growth that is happening and is expected to happen in the future in the consumer goods industry. The industry is expected to more than triple in size from the current level of about $33 billion in the next 10 years. Various demographic and economic indicators are pointing towards a period of sustained growth and robust demand conditions in the coming years. Growing middle class and rural households represent an opportunity that may well be ahead of estimates in the future. We believe that steady demand conditions should ensure to their hard work, perseverance, commitment and dedication that the company has been able to deliver superior growth and value creation with every passing year. I sincerely thank each and everyone of our stakeholders for their trust, encouragement, support and passion that inspires us to strive higher and higher with each passing year. We remain true to our motto – “Dedicated to the health and wellbeing of every household”.

Yours sincerely,

Dr. Anand C. Burman
Chairman
Dabur India Ltd.