



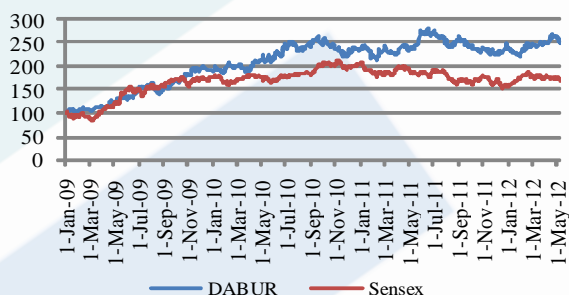
Dabur India Ltd. - Q4FY12 Result Update

Recommendation	BUY
CMP	Rs.106
Target Price	Rs. 136
Sector	FMCG

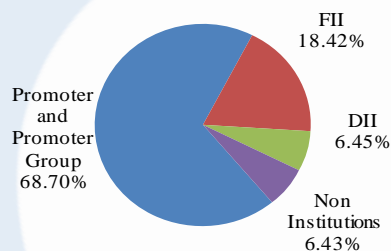
Stock Data	
Bloomberg	DABUR
BSE Code	500096
NSE Code	DABUR
52 Weeks High/Low	122/90
Market Cap (Rs.in mn.)	18509

Description	FY10	FY11	FY12	FY13E
Revenue	33914	40774	52831	63732
EBITDA	6723	8006	9475	11633
<i>EBITDAM</i>	<i>19.8%</i>	<i>19.6%</i>	<i>17.9%</i>	<i>18.3%</i>
PBT	6018	7079	7905	10207
PAT	5014	5689	6444	8157
<i>PATM</i>	<i>14.8%</i>	<i>13.9%</i>	<i>12.2%</i>	<i>12.8%</i>
EPS	5.77	3.27	3.70	4.68

Dabur vs Sensex



Shareholding Pattern as on March 2012



Punita Thakker
punita.thakker@padmakshi.com

Deepal Jain
deepal.jain@padmakshi.com

Key Highlights

The company posted consolidated sales of Rs. 13636 mn up 22% y-o-y but declined by 7% qoq on the account of poor performance by health supplements and oral care business.

International business grew by 45.8% for the quarter (excluding numbers from Hobi & Namaste) backed by strong growth in Shampoos, Hair Cream and Toothpaste in the emerging markets. Domestic sales reported a growth of 19.2%.

EBITDA increased by 8% to Rs. 2433 mn while margins contracted by 220 bps to 15.79%.

Consolidated PAT increased by 16% yoy to Rs. 1615 mn. during Q4FY12 with margins falling by 75 bps to 11.85

Q4FY12 - Result Highlights

Particulars (INR in crore)	Q4FY12	Q3FY12	Q4FY11	Q-o-Q (%)	Y-o-Y (%)
Net Sales	13636	14527	11082	(6.1%)	23.0%
Other Operating Income	90	104	74	(13.2%)	22.0%
Other Income	190	127	163	49.3%	16.7%
Raw Material Cost	6140	5601	5013	9.64%	22.5%
Raw Material Cost (% of Net Sales)	45.0%	38.6%	45.2%	648 bps	(21) bps
Employee Cost	956	1056	915	(9.4%)	4.6%
Total Expenditure	11483	12332	9088	(6.9%)	26.4%
EBITDA	2153	2195	1994	(1.9%)	8.0%
EBITDA Margin	15.8%	15.1%	17.9%	68 bps	(220) bps
Depreciation	293	188	187	56.2%	56.6%
EBIT	2050	2134	1969	(3.9%)	4.1%
Interest	57	183	159	(68.7%)	(64.0%)
PBT	1993	1951	1810	2.1%	10.0%
Tax	377	337	414	12%	(8.9%)
Net Profit	1615	1614	1396	0.07%	15.68%
NPM	11.9%	11.1%	12.6%	74 bps	(75) bps

Revenues

Consolidated sales for DIL increased by 22% to Rs. 13636 mn. This growth was a combination of price hikes and a 12.4% volume growth. The domestic sale which contributes 70% to the overall sales was mainly driven by food, hair care and digestives which grew by 31%, 20% and 19% respectively.

Food business showed a strong contribution both in terms of revenue (12% in Q4FY12 vs. 11% in Q4FY11) and margins (10.47% in



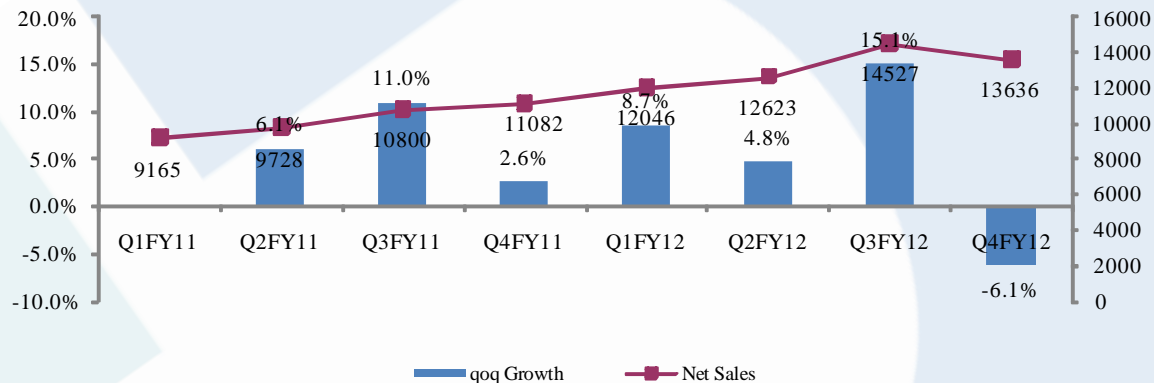
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Q4FY12 vs. 8.29% in Q4FY11). The company launched Plum, Pomegranate & Super Berries as variants for its brands (Real and Active) and has planned more extensions for the coming quarters.

The consumer care division was led by hair care, home care and digestives. In the hair category oil grew by 20%, where as shampoo, which persists to face high competition grew by 16.8%. Odonil in the home care business witnessed strong growth across formats (blocks, aerosols etc). Hajmola led growth in digestives due to the launch of new variants.

International business grew at a robust rate of 45.8% in Q4FY12 and 27.2% in FY12. GCC, Egypt and Nigeria remained the key growth areas with Shampoos, Hair Cream and Toothpaste the key growth segments. Hobi and Namaste recorded revenue growth of 22% and 15.6% respectively in Q4FY12.

Sales Growth

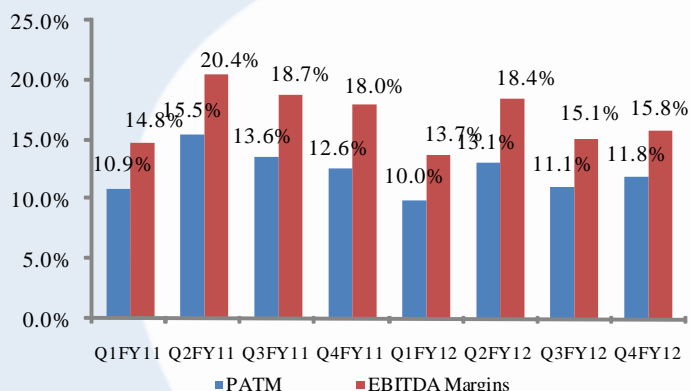


Source: Padmakshi Research

EBITDA Margins take a hit...

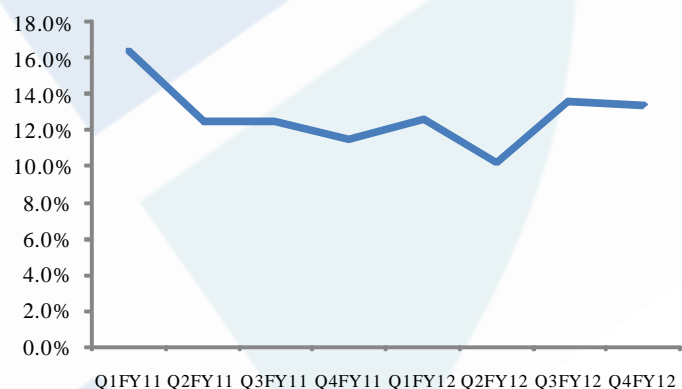
Cost pressures have dented the EBITDA margin by 220bps to 15.79%. The quarter witnessed some advertising expenses that were incurred for the new launches and variants of different brands and products in the domestic as well international markets. The material cost as a percent to sales were up 648 bps to 45% vis-à-vis 39% in Q3FY12. The company had

EBITDA & PAT Margins



Source: Padmakshi Research

Ad spent to Sales



Dabur India Ltd. - Q4FY12 Result Update

cost pressures in retrieving palm oil, menthe, vegetable oil s and crude. Also the advertising and promotional expenses during the quarter increased to 13.4% as compared to 11.5% in previous year.

PAT Margins up 16%

Consolidated PAT was up by 16% to Rs. 1615 mn. This was high despite severe input pressures and increase in the advertising spends. The low interest cost on account of inclusion of foreign exchange gain and low tax outflow also contributed to the same. Margins for the quarter however were disappointing; a drop of 75 bps yoy from 12.6% to 11.85%.

Going Ahead...

Despite of the recent challenges faced by the company in terms of increased input cost we believe that the company will survive the inflation pressure by resorting to price hikes as demand elasticity has been good. The company's sales are expected to grow at a CAGR of 20% for FY12 – FY14E. With the complete integration of Hobi and Namaste we believe the international market will start contributing significant portion to the company's consolidated numbers. The management also intends to extend its rural initiatives to 15 states from the current 10 states and also increase its village reach to 27000 by FY13 as against 14000 in FY11.

Valuation

Dabur India Limited can become a long term winner considering the demand elasticity with prices as well as better product mix to capitalise on opportunities domestically as well as international. Our estimates remain unchanged. At CMP of Rs. 106, it is trading at 22.6x its FY13E EPS of Rs. 4.68 and 6.4x FY13E EV/EBIDTA We remain positive on the stock with a price target of Rs.136 - a return of 28%.



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Income Statement (INR mn.)					
	FY09	FY10	FY11	FY12	FY13E
Net Revenues	28054	33914	40774	52831	63732
Add:- Non operating Income	468	482	652	797	811
EBITDA	5129	6723	8006	9475	11633
Less :- Depreciation & Amortization	449	503	624	1032	790
EBIT	4681	6220	7382	8443	10843
Less:- Interest Expenses	232	202	303	538	635
PBT	4448	6018	7079	7905	10207
Less :- Taxes	540	1005	1390	1464	2050
Net Profit	3908	5014	5689	6441	8157

Balance Sheet (INR mn.)					
	FY09	FY10	FY11	FY12	FY13E
Share Capital	865	869	1741	1742	1742
Reserves	7323	8485	12170	15427	19747
Borrowings	2300	1793	10510	13848	10500
Total Liabilities	10603	11291	24651	31324	32304
Gross Block (including CWIP)	7992	9857	19338	22063	24533
Less:- Accumulated Depreciation	2993	3391	4350	5383	6173
Net Block	4998	6466	14987	16680	18360
Investments	3470	2641	4274	5939	5939
Net Working Capital	1455	1855	3950	7093	6020
Total Assets	10603	11291	24651	31324	32304



Dabur India Ltd. - Q4FY12 Result Update

Cash Flow Statement (INR mn.)

	FY09	FY10	FY11	FY12	FY13E
Profit Before Tax	4448	6018	7079	7905	10207
Cash profit adjusted for non cash items	569	543	828	774	614
Changes In working Capital	(947)	(394)	(1346)	(2736)	(332)
Cash Flow after changes in Working Capital	4070	6167	6561	5943	10490
Cash From Operating Activities	3222	4998	5011	5405	9854
Cash Flow from Investing Activities	(2511)	(2302)	(10640)	(4390)	(2470)
Cash from Financing Activities	7	(2331)	6429	586	(6592)
Net Cash Inflow / Outflow	718	365	801	1600	729
Opening Cash & Cash Equivalents	765	1567	1932	2733	4333
Closing Cash & Cash Equivalent	1483	1932	2733	4333	5125

Ratio Analysis

	FY09	FY10	FY11	FY12	FY13E
Income Statement Ratios(%)					
Revenue Growth	18.82%	20.89%	20.23%	29.57%	20.63%
EBITDA Growth	17.21%	31.08%	19.08%	18.35%	22.77%
PAT Growth	17.11%	28.29%	13.47%	13.21%	26.65%
EBITDA Margin	18.28%	19.82%	19.64%	17.94%	18.25%
Net Margin	13.93%	14.78%	13.95%	12.19%	12.80%
Return & Liquidity Ratios					
Net Debt/Equity (x)	0.28	0.19	0.76	0.81	0.49
ROE (%)	48%	54%	41%	38%	38%
ROCE (%)	44%	55%	30%	27%	34%
Per Share data & Valuation Ratios					
EPS (INR/Share)	4.52	5.77	3.27	3.70	4.68
DPS (INR/Share)	1.00	1.25	0.65	0.75	1.00
P/E Ratio (x)	21.69	16.99	29.99	28.67	22.64
EV/EBITDA (x)	7.78	9.08	22.37	20.49	16.34
EV/Net Sales (x)	1.42	1.80	4.39	3.68	2.98
P/BV (x)	10.35	9.10	12.26	10.76	8.59

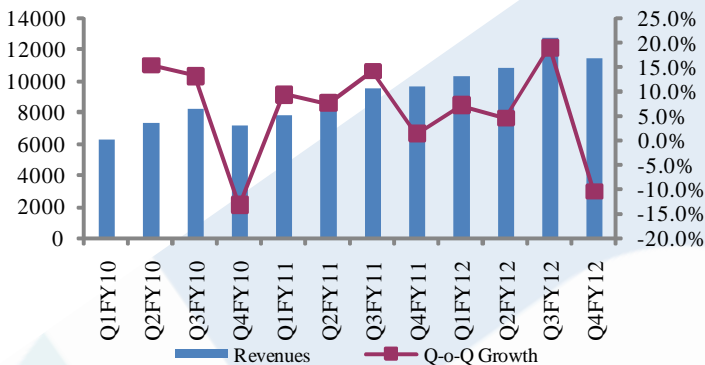


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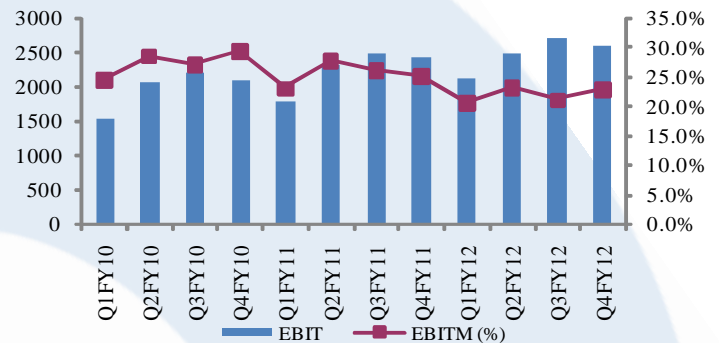
Annexure

Consumer Care

Revenues



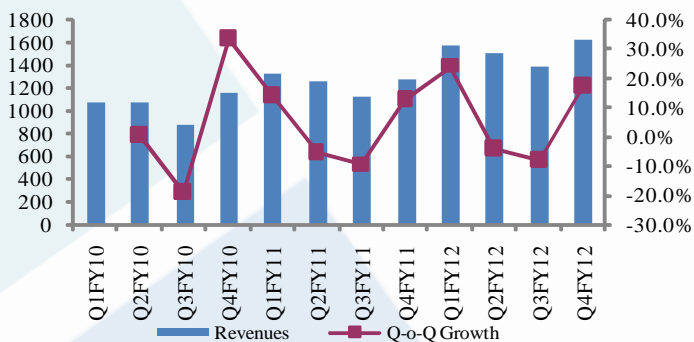
EBIT Margins



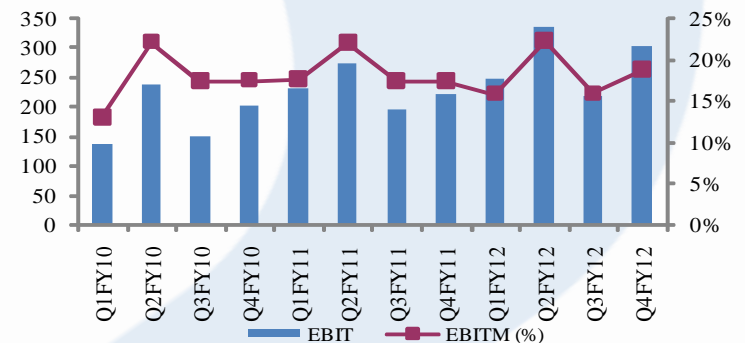
Source: Padmakshi Research

Foods Business

Revenues



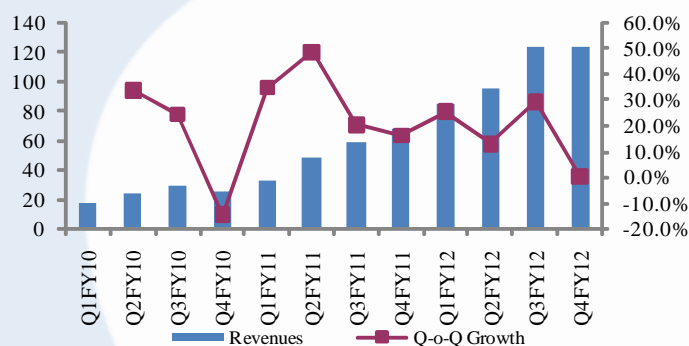
EBIT Margins



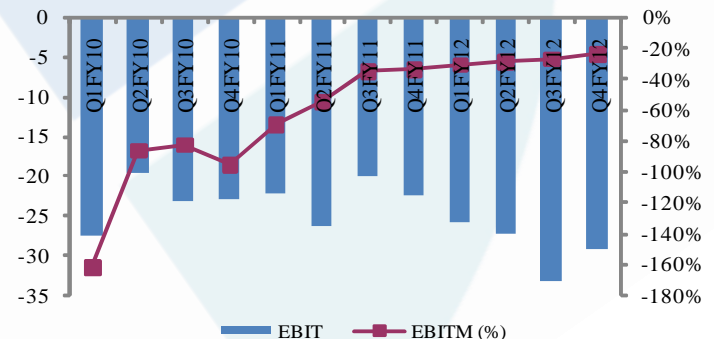
Source: Padmakshi Research

Retail Business

Revenues



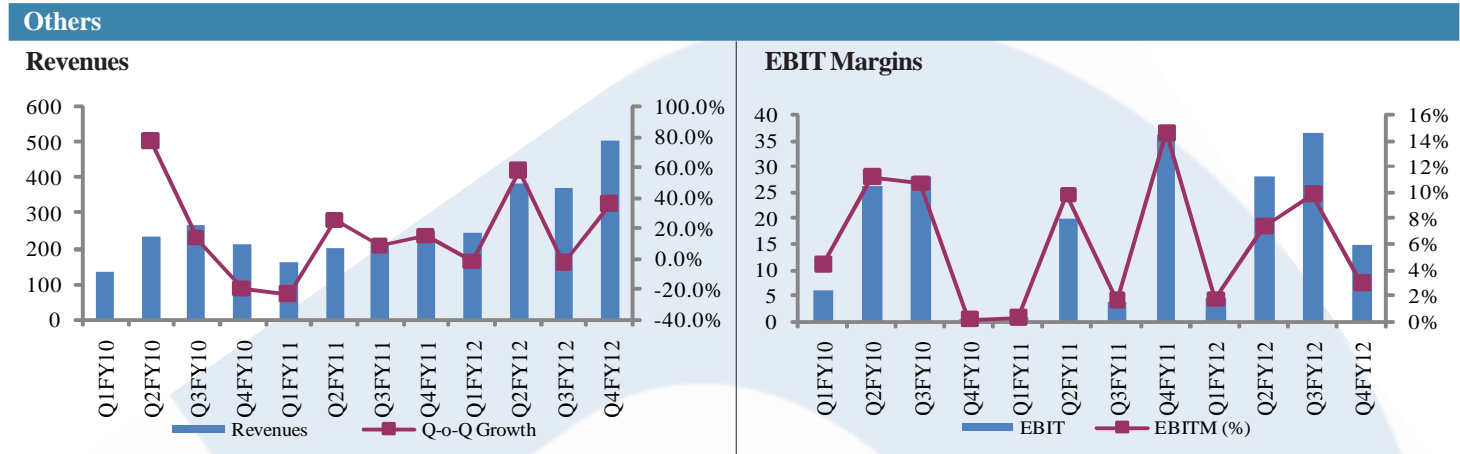
EBIT Margins



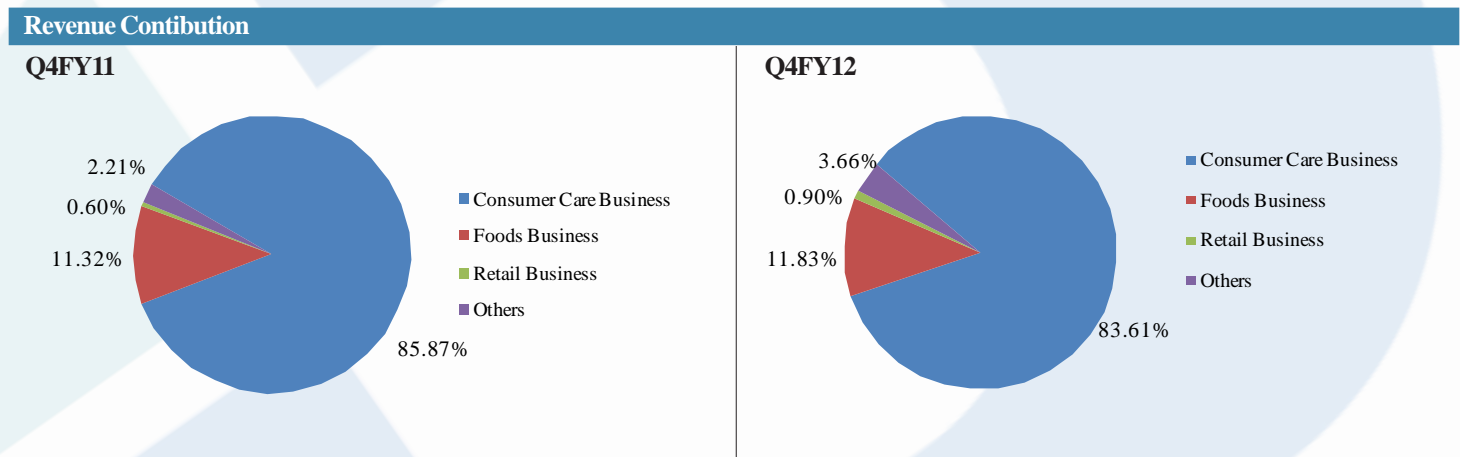
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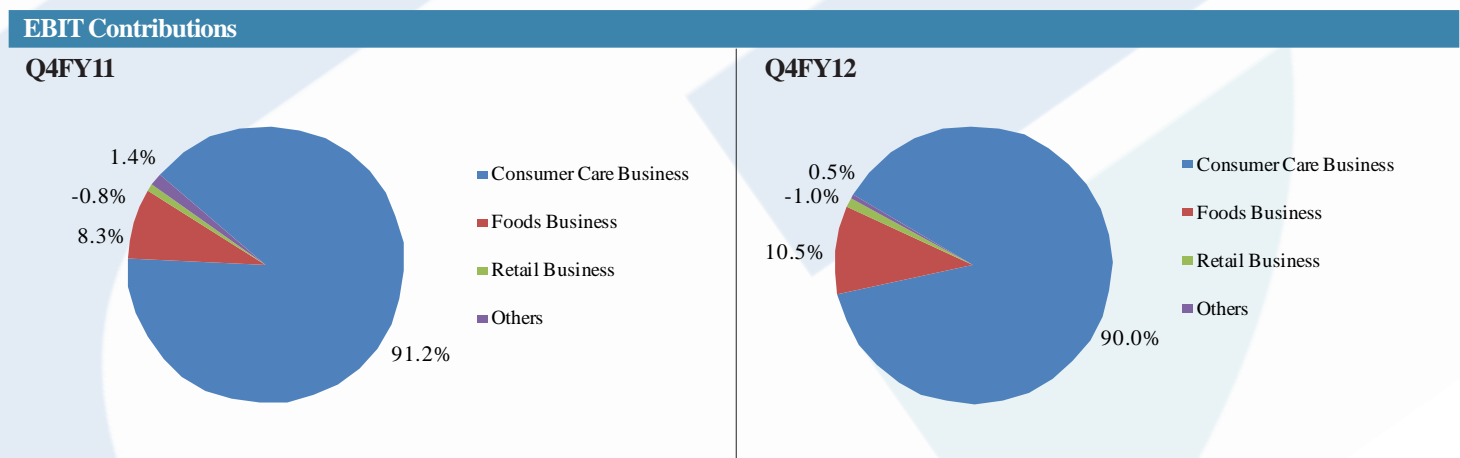
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TEAM

Rohit Chothani	Chairman	rohit@padmakshi.com
Chetan Thakkar	Managing Director	chetan@padmakshi.com
Sailav Kaji	Director Institutional Equities & Chief Strategist	Sailavk@padmakshi.com
Amal Tanna	Director Institutional Sales	amal.tanna@padmakshi.com

RESEARCH

Anand Kuchelan	Vice President - Research	anandk@padmakshi.com
Deepal Jain	Research Analyst	deepal.jain@padmakshi.com
Punita Thakker	Research Analyst	punita.thakker@padmakshi.com

DEALING

Hemali Thakker	Senior Dealer	hemali@padmakshi.com
Jaiprakash Purohit	Senior Dealer	jaiprakash@padmakshi.com
Vijay Purohit	Senior Dealer	vijay.purohit@padmakshi.com
Darshana Siddhapura	Dealer	darshana@padmakshi.com

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Financial Services

103, Maker Towers F, 10th Floor, Cuffe Parade, Mumbai 400 005.
Tel : +91 22 40020964 Email : research@padmakshi.com