

Investor Communication

Quarter ended 30th June, 2016

July 27, 2016

Key Updates: Q1FY17

- Sharp deceleration in category growth across FMCG sector
- Uncertainty due to regulatory changes causing issues in wholesale & retail
- Implementation of IND AS from this quarter - Lower topline but minimal impact on bottomline

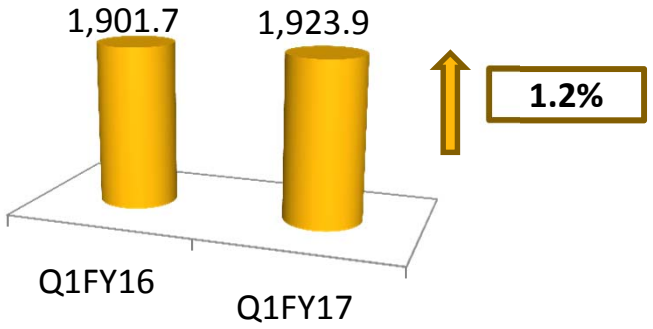
Financial Highlights Q1FY17*(IND AS)

	Growth %	Rs Crs
SALES	1.2%	1923.9
Operating Profit	8.7%	348.8
PAT	11.8%	292.8

* Consolidated Financials

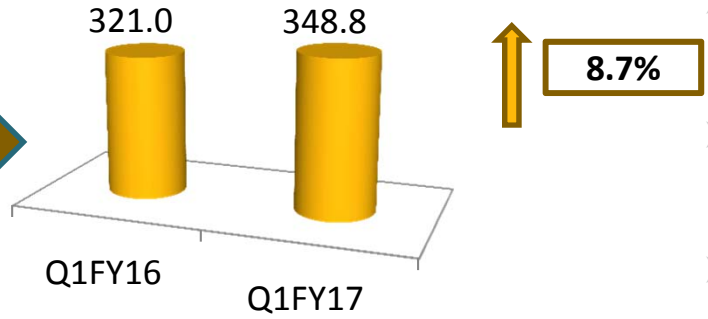
Financial Highlights Q1FY17(IND AS)

Revenue (In Rs.Crs)



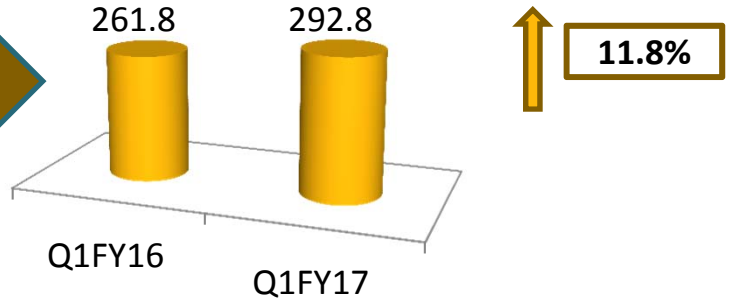
- Consolidated sales grew by 1.2%
- Domestic FMCG Business reported growth of 0.5% driven by volume growth of 4%
- International business reported growth of 6%

Operating Profit (In Rs.Crs)



- Operating Profit margin increased to 18.1% v/s 16.9% in Q1FY16
- Material Costs were lower at 48.7% of sales in Q1FY17 vs 49.8% in Q1FY16
- Adpro stood at 10.2% in Q1FY17 compared to 11.8% in Q1FY17

***PAT (In Rs.Crs)**

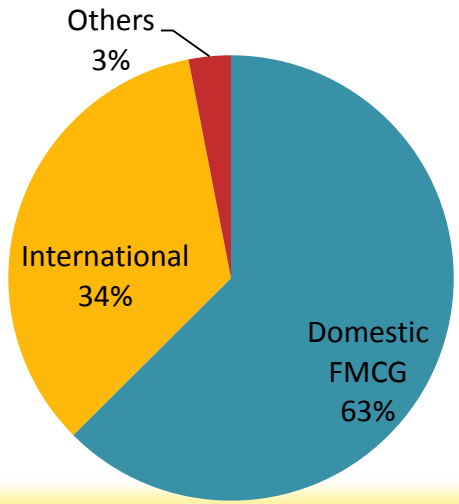


- Consolidated PAT grew by 11.8% primarily on account of gross margin benefits flowing through
- Higher other income contributed to net profit
- PAT Margins increased to 15.2% in Q1FY17 from 13.8% in Q1FY16

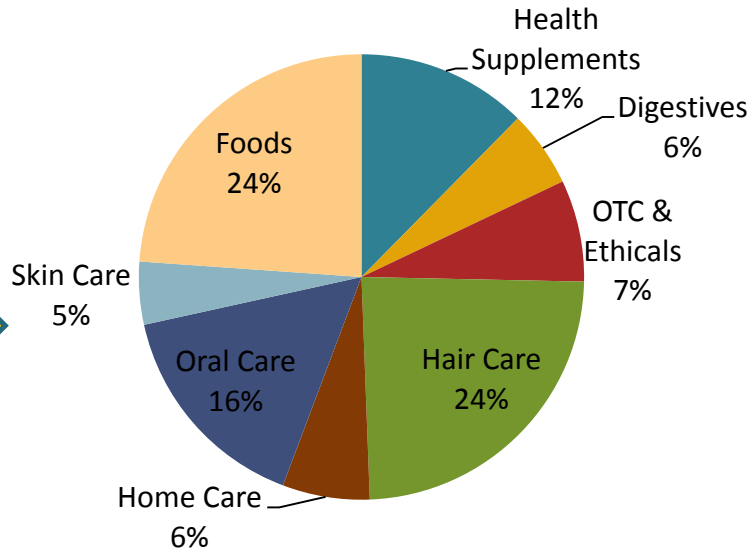
*After minority interest

Business Overview Q1FY17

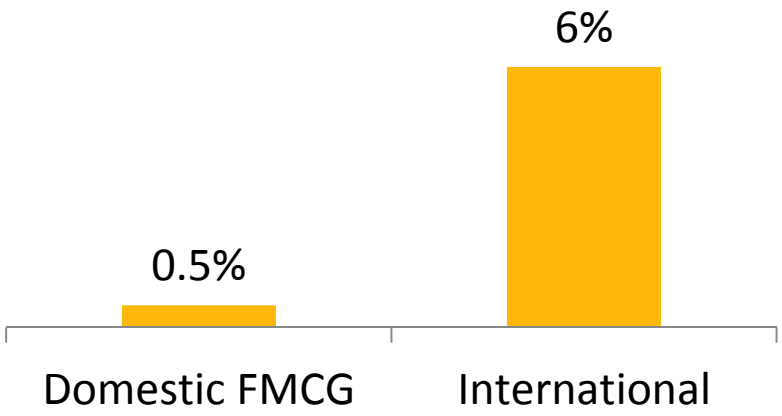
Sales Contribution*



Domestic FMCG- Category Breakup



International Sales Growth Rates



- Domestic FMCG Business reported growth of 0.5% driven by volume growth of 4%
- International Business grew by 6%
- International Business contributed to 34% of consolidated sales

Note: Growth On Gross Sales basis * Others includes Retail

Category Highlights - India

Home and Personal Care

- HPC comprises Oral Care, Hair Care, Home Care and Skin Care categories
- Oral care portfolio recorded growth of 11.6% with Toothpaste portfolio growing by 12.8% driven by strong double digit growth in Red Toothpaste and Meswak
- Market Share in Toothpaste category has increased by 200 bps on a YOY basis
- Hair Oil category clocked volume growth of 5% although sales declined by 3% in value terms. Dabur Sarson Amla Hair Oil and Dabur Almond oil posted good growth.
- Shampoo category posted minor decline although the volumes were flat
- Homecare category registered 2% growth with Odonil and Sanifresh performing well in volumes
- Skin care being more discretionary in nature had a marginal decline due to slowdown in consumer demand









Note: Growth On Gross Sales basis

Healthcare

•The Healthcare portfolio comprises Health Supplements, Digestives, OTC & Ethicals

•Health supplements reported volume growth of 6.7% although sales were flattish in value terms

•Glucose posted strong double digit growth with gains in market share

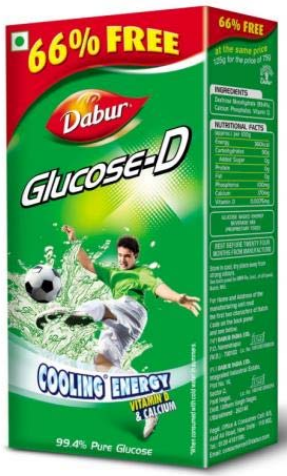
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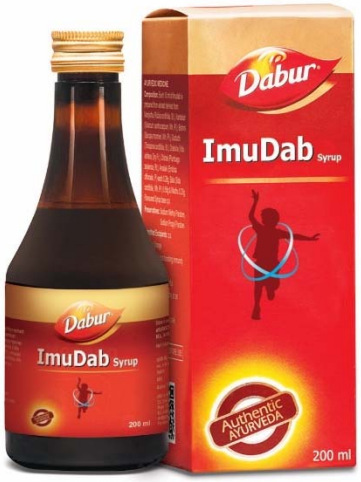
•Dabur Honey extended into Honey Fruit Spreads in four flavours - Berries, Kiwi, Plum and Strawberry during the quarter

•Digestives and OTC Ethicals posted some decline as category growths remained subdued

•Focus continued on Medical marketing – Imudab launched in medical channel









Note: Growth On Gross Sales basis

Glucose Activation: *Ab Daudega Hindustan*

Extensive PR Coverage on Print, Digital and Electronic Media



- Event: 400/1000/2000 metres
- More than 7400 entries received
- 350 Shortlisted
- 7 winners
- 1 year Athletics training & support at Ashwini Sports Foundation

Honey Fruit Spread: A recent Innovation

Berries



170gms	Rs.130
370gms	Rs.270

Kiwi



170gms	Rs.130
370gms	Rs.270

Plum



170gms	Rs.130
370gms	Rs.270

Strawberry



170gms	Rs.120
370gms	Rs.240

Foods

•Foods business registered growth of 4.3% in Q1FY17 with volumes increasing by 7%

•Market share in Juices & Nectars category back to last year levels in spite of increasing competitive activity

•Real VOLO (Sparkling Fruit Beverage) and Real Mausambi launched in Q1FY17

•Variant extensions planned in the Hommade range in the near term







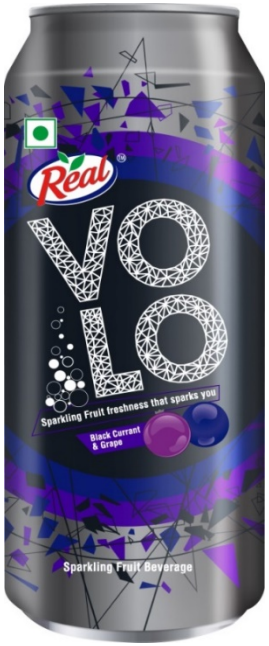


Note: Growth On Gross Sales basis

Innovation in Foods Category

Real VOLO:
Sparking Fruit Beverage

Black Currant & Grape



Cranberry & Strawberry



250ml : Rs.40

Real Mosambi (Sweet Lime)



1 ltr : Rs.99

200ml : Rs.20

Activ 100% Mixed Fruit



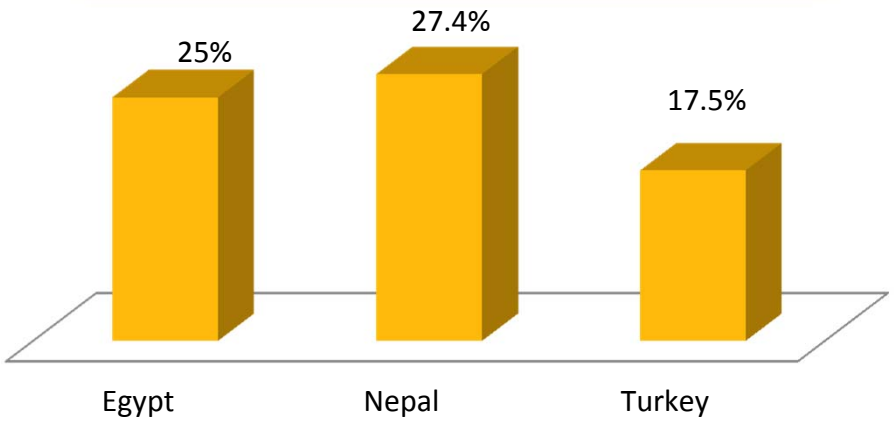
1 ltr: Rs.120

200ml : Rs.25

International Business- Q1FY17

- International Business registered growth of 6%
- Organic International Business grew by 6.8%. Business continued to be impacted by geo-political issues in the Middle East & North African markets
- SAARC business recorded 22% growth this quarter on the back of robust growth in Nepal and Sri Lanka
- Hobi reported double digit growth in both INR and Constant currency terms
- Discaria Trading (PTY) Ltd was acquired in South Africa for future expansion. It currently does not have any current business operations.

***Key Growth Markets Q1FY17**



Note: Growth On Gross Sales basis

*Growth On Constant currency basis

International NPDs

DermoViva Facial Fluids



Moisture Plus **Fairness Glow**

DermoViva Body Lotion



Clarifying-Saffron **Moisture Boost-Honey** **Age Defying-Pomegranate**

DermoViva Face Cream



Argan **Olive**

Hazmazza- Annardana & Pudina



IGAAP Vs IND AS

Consolidated P&L FY16

INR Crs

Particulars	IGAAP FY16	IND AS FY16	Adjustments
Total income from operations (net) *1.	**8,454.02**	**7,779.66**	**(674.36)**
Purchases of stock-in-trade***2**	919.65	883.10	(36.55)
Advertising & Publicity-***3**	1,242.68	771.63	(471.06)
Employee benefits expense	794.82	794.10	(0.73)
Depreciation and amortisation expense	133.75	133.19	(0.56)
Other expenses*4	1,099.74	935.20	(164.53)
Profit / (Loss) from operations before other income, finance costs and exceptional items	**1,386.03**	**1,385.09**	**(0.94)**
Other income*5	219.23	217.19	(2.05)
Profit / (Loss) before finance costs and exceptional items	**1,605.26**	**1,602.28**	**(2.98)**
Finance costs***5**	48.02	48.48	0.46
Profit / (Loss) before tax	**1,557.24**	**1,553.80**	**(3.44)**
Tax expense	301.79	299.90	(1.89)
Net Profit / (Loss) for the period	**1,255.45**	**1,253.90**	**(1.56)**
Share of Profit/Loss of associates		(0.01)	(0.01)
Minority Interest	2.74	2.74	(0.01)
Net Profit / (Loss) after taxes, minority interest and share of profit / (loss) of associates	**1,252.71**	**1,251.14**	**(1.56)**
Other comprehensive income*6	-	(8.26)	(8.26)
Total comprehensive income		**1,242.89**	

1.Netted off from Sales:
- Advertising:Rs.471 cr
- Other Expenses: Rs.162cr
- Intermediate Sales :Rs.36.5 cr
- JV Sales :Rs.4cr

2.Purchase of stock in trade:
Intermediate Sales Rs.36.5 cr

3.Advertising & Publicity:
Rs.471 cr- Discounts& Rebates, Trade Schemes, Promotions ,Visibility expenses

4.Other Expenses:
- Rs.162 cr- Additional Trade Discount, Listing Fees, BEDS(Breakage Expiry Damage Shortage) etc
- Rs.2 cr- Other Expenses of JV

5.Other Income and Finance Costs: Fair Valuation of financial instruments

6.Other Comprehensive Income:
Due to fair valuation of investments

Standalone P&L FY16

INR Crs

	IGAAP FY16	IND AS FY16	Adjustments
Total income from operations (net)*1	**5,750.00**	**5,340.04**	**(409.96)**
Purchases of stock-in-trade***2**	988.14	952.05	(36.08)
Advertising & Publicity***3**	712.03	475.78	(236.25)
Employee benefits expense	431.77	431.90	0.12
Depreciation and amortisation expense	72.82	72.83	0.01
Other expenses***4**	695.33	558.25	(137.08)
Profit / (Loss) from operations before other income, finance costs and exceptional items	**1,025.93**	**1,025.24**	**(0.69)**
Other income***5**	196.64	194.36	(2.28)
Profit / (Loss) before finance costs and exceptional items	**1,222.57**	**1,219.60**	**(2.97)**
Finance costs***5**	9.83	10.25	0.43
Profit / (Loss) before tax	**1,212.74**	**1,209.35**	**(3.39)**
Tax expense	273.23	272.09	(1.14)
Net Profit / (Loss) for the period	**939.51**	**937.26**	**(2.25)**
Other comprehensive income***6**		0.08	0.08
Total comprehensive income		**929.01**	

1.Netted off from Sales:
Advertising- Rs.236 cr
Other Expenses: Rs.137 cr
Intermediate Sales Rs.36 cr

2.Purchase of stock in trade:
Intermediate Sales Rs.36 cr

3.Advertising & Publicity:
Rs.236 cr- Discounts& Rebates, Trade Schemes, Promotions ,Visibility expenses etc

4.Other Expenses:
Rs.137 cr- Additional Trade Discount, Listing Fees, BEDS(Breakage Expiry Damage Shortage) etc

5.Other Income and Finance Costs: Fair Valuation of financial instruments

6.Other Comprehensive Income:
Due to fair valuation of investments

Q1FY17 Sales Recociliation

INR Crs		Consol	Standalone
	Gross Sales As per current IGAAP	**2126.48**	**1395.49**
1	Sales – Excise Duty Netted off	(23.79)	(20.64)
	Net Sales as per IGAAP	**2102.69**	**1374.85**
2	Sales – Revenue Netting-off for promotions & credits	(171.44)	(92.54)
	Advertisement – Discounts& Rebates, Trade Schemes, Promotions ,Visibility expenses etc	*(122.18)*	*(57.17)*
	Other Expenses – Additional Trade discounts, BEDS, Listing Fees etc	*(49.25)*	*(35.37)*
3	Sales – Revenue Netting-off for Intermediate Sales subsequently bought	(6.21)	(6.21)
4	Sales – JV Sales not recognised in top line	(1.12)	
	Impact	**(178.77)**	**(98.75)**
	Net Sales As per IndAS	**1923.92**	**1276.10**
	Net Sales (Gross of excise) As per IndAS	**1947.71**	**1296.74**

PAT Reconciliation

INR Crs

Consolidated

Nature of Adjustment	Quarter Ended		Year Ended
	30 June 2015	31 March 2016	31 March 2016
Net Profit as per erstwhile Indian GAAP	261.11	331.93	1252.71
Other Income - Fair value gain/(loss) on financial instruments	(0.14)	(2.46)	(2.05)
Finance Cost - Interest impact on financial assets/liabilities and financial leasehold assets	(0.11)	(0.12)	(0.50)
Employee Benefits - Actuarial gain/(loss) on defined benefits plan	(0.03)	(0.03)	(0.12)
Depreciation & Amortisation - Finance lease obligations			(0.01)
Others	(0.18)	(0.25)	(0.77)
Deferred tax impact	1.19	2.41	1.89
Net Profit as per Ind AS	261.84	331.48	1251.15

Standalone

Nature of Adjustment	Quarter Ended		Year Ended
	30 June 2015	31 March 2016	31 March 2016
Net Profit as per erstwhile Indian GAAP	174.05	289.03	939.51
Other Income - Fair value gain/(loss) on financial instruments	(0.24)	(2.52)	(2.28)
Finance Cost - Interest impact on financial assets/liabilities and financial leasehold assets	(0.10)	(0.10)	(0.43)
Employee Benefits - Actuarial gain/(loss) on defined benefits plan	(0.03)	(0.03)	(0.12)
Depreciation & Amortisation - Finance lease obligations	(0.00)	(0.00)	(0.01)
Others	(0.12)	(0.19)	(0.55)
Deferred tax impact	0.16	0.96	1.14
Net Profit as per Ind AS	173.72	287.15	937.26

Consolidated P&L (IND AS)

DIL (Consolidated) P&L - in Rs. crores	Q1FY17	Q1FY16	YoY (%)
Net Sales	**1,923.9**	**1,901.7**	**1.2%**
Other Operating Income	4.5	5.4	-15.8%
Material Cost	937.5	946.9	-1.0%
% of Sales	48.7%	49.8%	
Employee Expense	211.5	189.0	11.9%
% of Sales	11.0%	9.9%	
Advertising & Publicity	196.5	224.7	-12.5%
% of Sales	10.2%	11.8%	
Other Expenses	234.0	225.5	3.8%
% of Sales	12.2%	11.9%	
Operating Profit	348.8	321.**0**	8.7%
% of Sales	18.1%	16.9%	
Other Non Operating Income	61.0	47.7	27.8%
EBITDA	409.8	368.7	**11.1%**
% of Sales	21.3%	19.4%	
Finance Costs	11.8	11.8	0.2%
Depreciation & Amortization	34.3	32.5	5.6%
Profit Before Tax (PBT)	**363.7**	**324.4**	**12.1%**
Tax Expenses	70.1	62.0	13.1%
PAT(Before extraordinary item)	**293.6**	**262.5**	11.9%
% of Sales	15.3%	13.8%	
PAT(After extraordinary Items)	293.6	262.5	11.9%
Minority Interest - Profit/(Loss)	0.8	1.0	
Share of profit / (loss) of associates & joint venture	0.06	0.38	
PAT (After Minority Int)	**292.8**	**261.8**	**11.8%**
% of Sales	15.2%	13.8%	
Other comprehensive income (net of tax)	20.2	-13.7	
Total comprehensive income	**313.0**	**248.1**	
% of Sales	16.3%	13.0%	
Diluted EPS (Rs)	**1.65**	**1.48**	**11.8%**

Thank You