Dabur

Dabur India Limited

ANNUAL REPORT 2007-2008

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Introduction

Built on a legacy of quality and experience of 124 years, Dabur India Limited is today the largest Indian FMCG company and the most trusted name in natural health care. Dabur is also a company that continues to grow and rejuvenate, bringing in new innovations to the market in the form of contemporary & pathbreaking products and ventures.

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Ten Year Highlights

RS Crores	FY99	FY00	FY01*	FY02**	FY03	FY04***	FY05	FY06#	FY07^	FY08
Operating Results:										
Sales	863	982	1100	1200	1285	1236	1417	1757	2080	2396
Other Income	23	34	19	12	7	9	9	13	26	34
EBITDA	98	128	137	144	162	164	217	300	376	443
EBITDA Margins (%)	11.3	13.0	12.5	12.0	12.6	13.3	15.3	17.1	18.1	18.5
Profit Before Tax(PBT)	52	81	85	82	106	124	176	257	319	384
Taxes	2	4	7	14	14	15	19	30	39	52
Tax Rate (%)	2.9	4.5	8.5	16.6	13.3	12.0	10.8	11.7	12.1	13.4
Profit After Tax (PAT)	50	77	78	64	85	107	156	214	282	333
PAT Margins(%)	5.8	7.9	7.1	5.4	6.6	8.6	11.0	12.2	13.5	13.9
Financial Position:										
Fixed Assets (Net)	239	251	243	371	257	250	295	512	379	465
Current Assets,Loans & Advances	344	412	393	504	522	340	408	471	640	774
Current Liabilities & Provisions	83	108	158	183	241	294	400	436	452	732
Net Working Capital	260	304	235	322	281	46	8	35	189	42
Days of Sales	110	113	78	98	80	14	2	7	33	6
TOTAL ASSETS	556	609	558	705	640	433	543	624	670	749
Share Capital	29	29	29	29	29	29	29	57	86	86
Reserves & Surplus	233	292	334	365	388	257	335	440	393	531
SHARE HOLDERS FUNDS	262	320	362	393	417	286	364	497	480	618
Loan Funds	295	289	196	304	964	132	164	121	160	99
TOTAL CAPITAL EMPLOYED	556	609	558	705	640	433	543	624	670	749
RoCE(%)	15.1	17.0	19.5	12.6	16.1	28.6	31.3	39.0	45.7	47.7
RONW (%)	19.9	24.7	22.0	16.6	20.6	38.1	43.5	46.1	61.3	55.3
Equity Share Data:										
Earnings Per Share(Rs)	17.6	27.1	2.7	2.3	3.0	3.7	5.4	3.7	3.3	3.9
Dividend Per Share(Rs)	5.0	10.0	1.0	0.5	1.4	2.0	2.5	1.8	1.42	1.5
No of Shares(In Crs)	2.9	2.9	28.5	28.6	28.6	28.6	28.6	57.3	86.3	86.4

Sales are Gross Sales i.e Net off Sales tax/VAT paid
* Stock split from Rs 10/share to Rs 1/ share
** Consolidated results from FY02 onwards
***Dabur Pharma got de-merged.
#Bonus issue of 1:1 was issued during the year
^ Bonus issue of 1:2 was issue during the year

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Dabur

A trusted name in natural healthcare for over 100 years, is known for providing a range of efficacious and time-tested healthcare products based on the principles of Ayurveda.

Vatika

A premium brand and a leader in its category, is one of the flagship brands and a popular name in the natural personal care space.

Hajmola®

A tasty fun-filled digestive available in interesting formats, like tablets and candies, that are appealing to all age groups.

Réal™ Nature Fresh Fruit juice

India's leading brand of packaged fruit juices, provides the largest range of refreshing and healthy fruit juices that are 100 percent natural and free of preservatives.

Anmol

A relatively new member in the family of key brands, provides a range of herbal and natural products across various FMCG categories with a focus on providing quality and affordability.

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Board of directors

Board as at 31st March 2008

Dr Anand Burman	Chairman
Mr Amit Burman	Vice Chairman
Mr Pradip Burman	Director
Mr Mohit Burman	Director
Mr P. D. Narang	Director
Mr Sunil Duggal	Director
His Highness Maharaja Gaj Singh	Director
Mr R. C. Bhargava	Director
Mr P. N. Vijay	Director
Mr S. Narayan	Director

GM (Finance) &
Company Secretary
Mr Ashok Jain

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Auditors

M/s G. Basu & Co.
Chartered Accountants

Internal Auditors

Price Waterhouse Coopers Pvt. Ltd.

Bankers

Punjab National Bank
Standard Chartered Bank
HSBC Ltd.
State Bank of India
ABN Amro Bnak NV
Citibank NA
United Bank of India
HDFC Bank Ltd.
IDBI Bank Ltd.

Corporate Office

Dabur India Limited,
Dabur Tower,
Kaushambi, Sahibabad,
Ghaziabad, 201 010,
Uttar Pradesh, India
Tel.: 0120 - 3982000,
3001000
Fax: 0120 - 4374935
Website: www.dabur.com
Email: investors@dabur.com

Registered Office

8/3, Asaf Ali Road,
New Delhi - 110002
Tel.: 011-23253488

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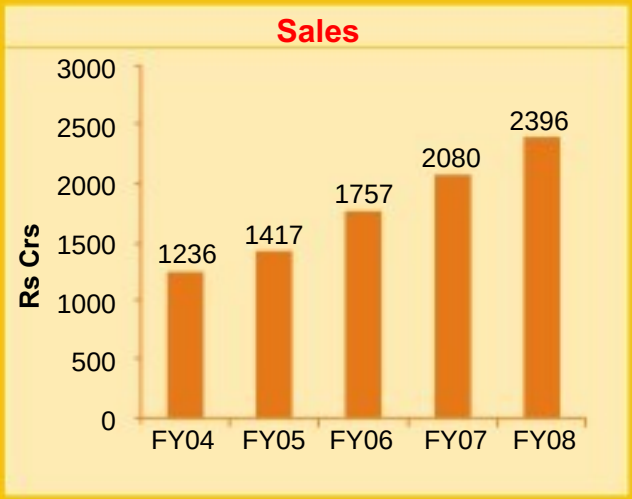
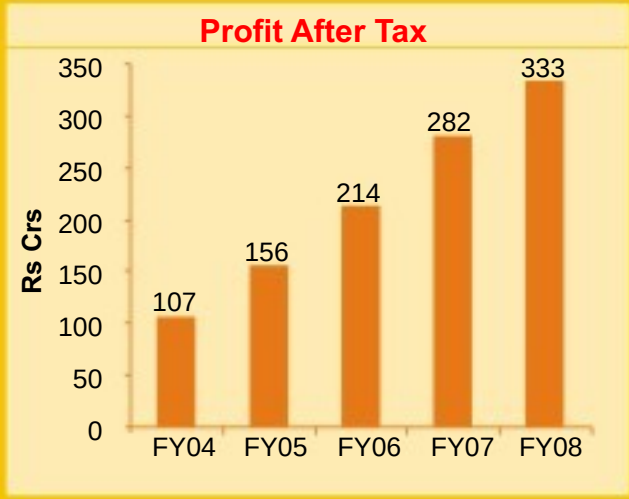
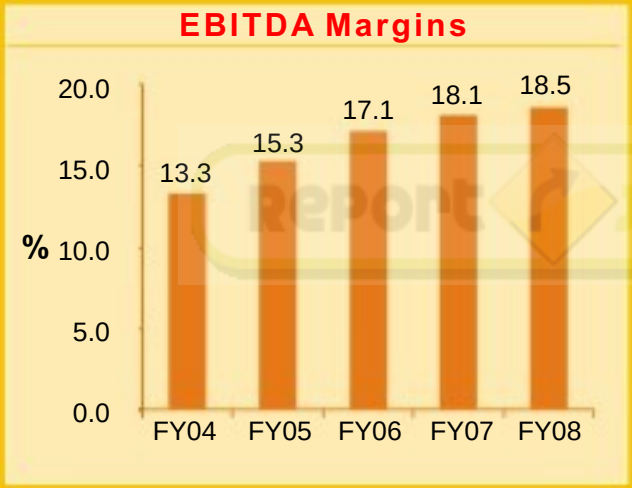
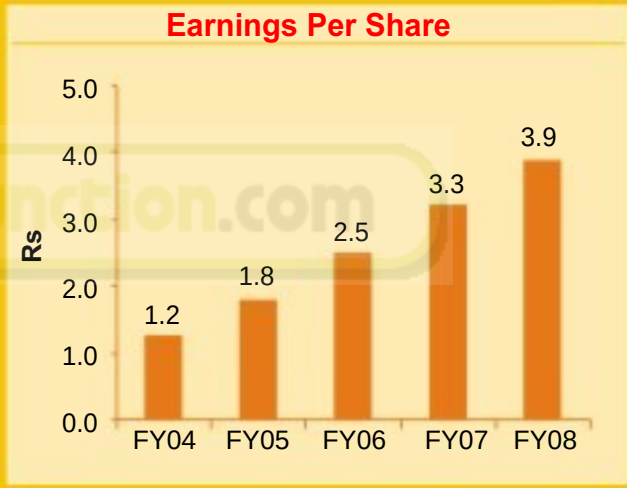
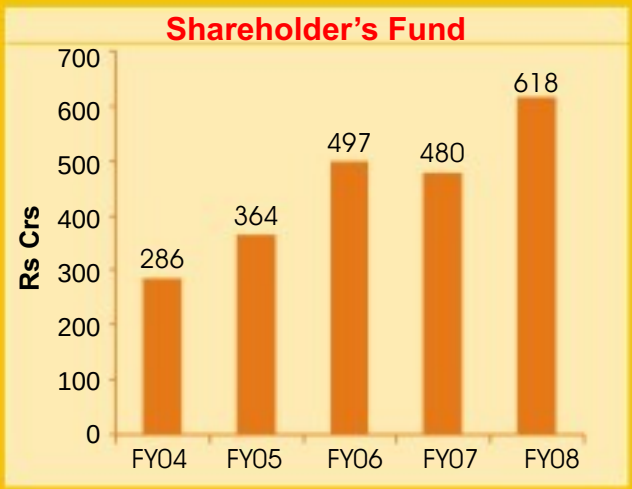
Performance At A Glance

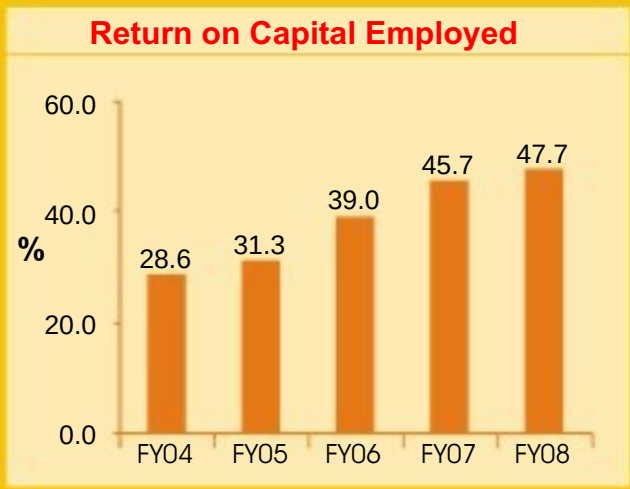












Based on consolidated financials of Dabur India Limited

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Chairman's Message

Dear Shareholders,

It gives me great pleasure to communicate with you at the end of another successful year for Dabur.

During the year 2007-08, your company has continued on its growth path. On a consolidated basis, Revenues have increased by 15.2% to Rs. 2,396 Crores and Profit after Tax (PAT) increased by 18.2% to Rs. 333 Crores. With our talented management team Dabur has continued to maintain its leadership position in the Fast Moving Consumer Goods (FMCG) market in India, and deliver results on a consistent basis. During the last five years, your company has recorded compound annual growth rates of 18% in net Revenues, and even more satisfactorily, a compounded growth rate of 33% in Profit after Tax.

In the process of delivering these results, Dabur has successfully test marketed and introduced various new products, developed and maintained many brands, and put into place systems and teams which are ready to deliver much more.

Our achievements for the year 2007-08 have been detailed in the section on Management Discussion and Analysis. In this communication, I would like to address some of the opportunities and challenges facing us in the months and the years ahead, and how your company is gearing up to address these issues in the future.

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In spite of a global slowdown, India continues to be a high growth economy, and a significant portion of this growth is driven by private consumption. This growth will continue to throw up great opportunities for consumer product companies. For Dabur, it is imperative that we take cognizance of the nuances of India's changing consumer patterns and appropriately position ourselves to take full advantage of these market dynamics.

Over the next 20 years or so, over a 100 million households will enter the organised market. This will make India, along with China, one of the most important markets for

consumer goods companies. It is expected that the market will expand at all socio-economic levels.

The successful companies will build volume and market share by providing competitively priced products with a high degree of functionality, offering great value to the consumer. Dabur has been catering to this market for decades, and we understand the consumer needs very well. The challenge remains in adapting our product offerings in line with changing consumer requirements in the future.

Another key challenge in reaching out to this enlarged market will be to build and maintain a robust distribution and supply chain to cater to our customers in urban, semi urban and rural settings. The supply and distribution chain that Dabur has put into place will serve us well in reaching out to our customers in villages, small towns alongside the urban consumer in large cities. With increasing competition and the emergence of well informed, discerning consumers, we will continue to focus on the improvement of our productivity, product innovation and product presentation.

Dabur has addressed the demands of the growing organised retail sector. While this sector occupies a small fraction of the total retail trade today, its importance in the years ahead will continue to increase. We continue to build on our learnings and capabilities in this area to be able to optimise the value proposition to the company and the retailer, to capture the opportunities in this fast evolving distribution channel.

We at Dabur constantly take cognisance of the challenges facing us and factor them into our long term business strategy. Your Company has undertaken several initiatives in the year gone by to position itself in order to meet these challenges. These include entering new emerging categories, brand re-furbishing, connecting with the customers through newer relevant communications and packaging innovations. The overall focus is on creating a product portfolio that focuses on efficacy, has a more modern visage and addresses the specific needs of our customers. You will see more of this in the years ahead.

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While the year 2007-08 ended well, we foresee several challenges ahead such as rising costs, pressure on retaining quality manpower, wage inflation and cut throat competition. However in spite of all these challenges, I can assure you that the company will do all it can to deliver healthy financial figures to meet and exceed your expectations.

I believe that over the years, our strength has been in identifying business opportunities early and creating value by growing niche segments. Recently, we have entered the Health and Beauty Retail segment which is an emerging retail category in India and is an accepted and popular retail format in other parts of the world. We believe that this fits well with our positioning in health and beauty categories and offers us an opportunity to be a part of the fast expanding retail market in a focused manner. The company has rolled out its first few stores through its 100% subsidiary H&B Stores Limited and they have received a good response.

Continuing with our long-term strategy to innovate, expand and acquire we seek to build growth drivers in all our existing categories and have sufficient opportunities to to drive sustainable long term growth of the business. While innovation and expansion has been, and will always be, the cornerstones of all our businesses, we will only undertake those acquisitions that fit with our long-term strategy.

My vision for Dabur is to continue to excel and target high standards of organizational and operational efficiency. I thank all the stakeholders for their continuing support to our endeavours. There are huge growth opportunities in India. With the dedication of our employees and your encouragement, Dabur aims to make the best of these.

Dr. Anand Burman
Chairman

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Management Discussion and Analysis

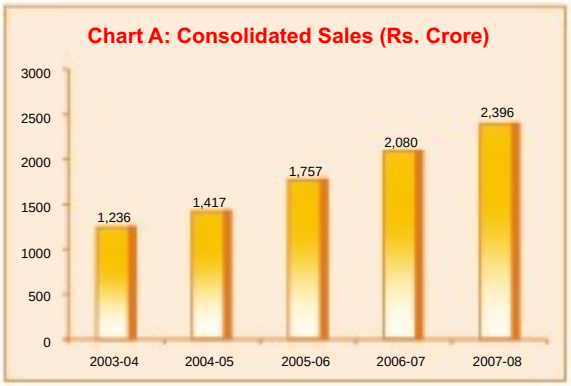
While there has been a mild slowdown in the last quarter, India still continues to follow a high growth path. With advance estimates from the Central Statistical Organisation (CSO) suggesting an annual real GDP growth of 8.7% in 2007-08, the Indian economy has sustained the 8.7% Compound Annual Growth Rate (CAGR) witnessed in the four preceding years. And, Dabur India Limited (referred to as "DIL" or "the company") continues to capitalise on the opportunities presented by the rapidly expanding economy.

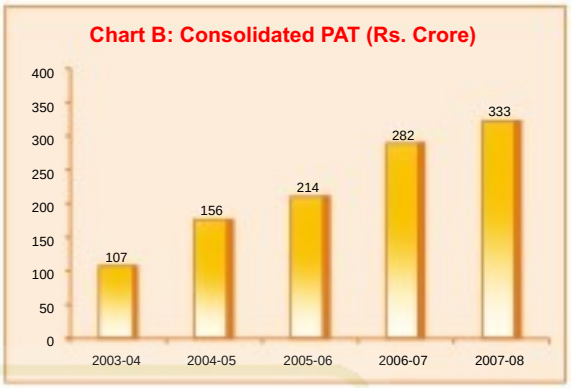
This is reflected in the healthy sales and profit growths recorded in 2007-08. The highlights of the company's performance on a consolidated basis in 2007-08 are:

- Increase in consolidated sales from operations by 15.2% from Rs. 2080.3 crore in 2006-07 to Rs. 2396.3 crore in 2007-08

- Growth in consolidated earnings before interest, depreciation, taxes and amortisation (EBIDTA) by 18.0% from Rs. 375.6 crore in 2006-07 to Rs. 443.3 crore in 2007-08

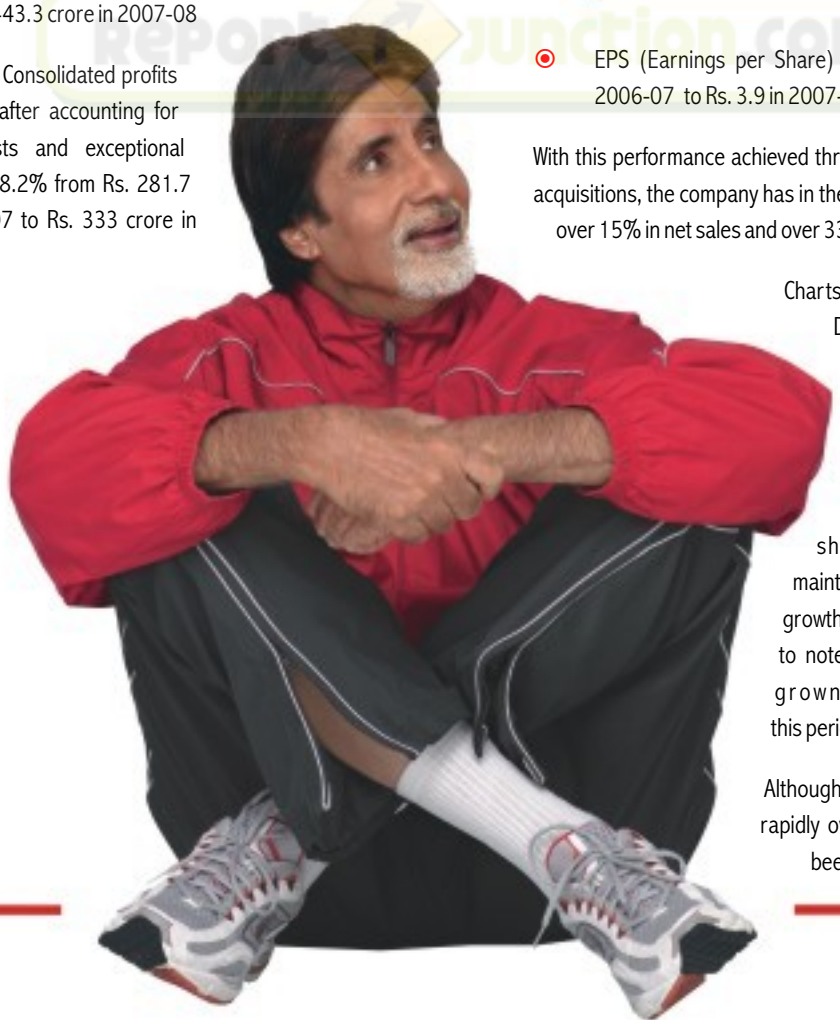
- Growth in Consolidated profits after tax (PAT) after accounting for minority interests and exceptional items grew by 18.2% from Rs. 281.7 crore in 2006-07 to Rs. 333 crore in 2006-07





- EPS (Earnings per Share) post-bonus rose from Rs. 3.3 in 2006-07 to Rs. 3.9 in 2007-08

With this performance achieved through organic growth and strategic acquisitions, the company has in the last five years recorded a CAGR of over 15% in net sales and over 33% in profit after tax (PAT).



Charts A and B plot the rising trend in DIL's consolidated net sales and PAT during this period-the first five years since hiving off the pharmaceutical business and streamlining operations as a focused FMCG player. As the charts show, DIL has succeeded in maintaining a steady and sustained growth in sales and profits. It is pertinent to note that the company's profits have grown more than threefold in this period.

Although the economy has been growing rapidly over the last five years, all has not been well for the FMCG industry. There

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