

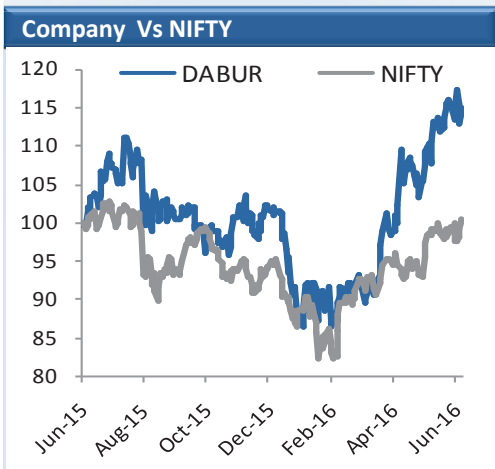
**DABUR**

Company Update	
CMP	311
Target Price	320
Previous Target Price	320
Upside	3%
Change from Previous	0%

Market Data	
BSE Code	500096
NSE Symbol	DABUR
52wk Range H/L	320/231
Mkt Capital (Rs Cr)	54,711
Av. Volume(,000)	1352
Nifty	8,328

Stock Performance			
	1M	3M	12M
Absolute	7.1	24.7	10.8
Rel.to Nifty	5.0	17.1	11.3

Share Holding Pattern-%			
	4QFY16	3QFY16	2QFY16
Promoters	68.1	68.1	68.1
Public	31.9	31.9	31.9
Others	-	-	-
Total	100.0	100.0	100.0



In recent management interview, management has reiterated their previous instance of mid single to high single digit volume growth for FY17. According to management second half of FY17 will be better than first half. Nepal's operation has been normalized. Management does not see any adverse impact from Nepal going forward. The company is facing some competition from Patanjali in honey but management is confident that company will improve its market share going forward. As per company's management Patanjali will expand market for ayurvedic products which will be positive for Dabur in longer term as it has strong product portfolio and vast experience. At present price, the company is fairly valued as per previous average price to book trend. Hence, we maintain 'Neutral' on this stock with a target price of Rs 320.

**Q4FY16\_Result Update**

The company has reported numbers better than our expectation. Pleasant surprise came from the company's domestic volume front. Domestic volume in 4QFY16 grew by 7% as compared decline in previous quarter by 2.5%. Revenue for quarter grew by 11% YoY to Rs2161 cr led by domestic volume growth. EBITDA grew by 20% YoY to Rs415 cr. Gross margin improved by 129 bps YoY to 54.8%. EBITDA margin improved by 149 bps YoY to 19.2% led by lower COGS, lower Ad&P and other expenses. PAT margin improved by 75 bps YoY to 15.4% led by higher tax provisioning in 4QFY16. PAT grew by 17% YoY to Rs332cr.

**FY16\_Result Update**

For the full year, the company's revenue grew by 8% YoY to Rs 8454 cr led by better performance of domestic as well as international business. Volume growth for the full year remained approx. 5% and realization growth remained approx. 2%. EBITDA grew by 15% YoY to Rs 1520 cr. EBITDA margin improved by 116 bps to 18% led by lower COGS. PAT margin improved by 120 bps to 14.8%. The company reported Rs 1253 cr as PAT for FY16.

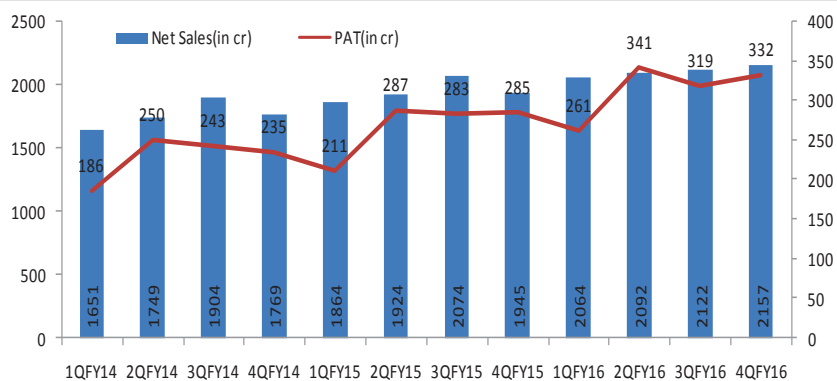
**Concall Highlights:**

- The company is looking for high single digit volume growth in FY17.
- 1st Quarter is likely to be subdued.
- Growth from MENA region will be a challenge this year.
- International business: high single-digits maybe in the region of at least 10%.
- Operating margin: Maintain margin at the range of 18% in FY17.

	Rs,Cr				
Financials	2013	2014	2015	2016	2017E
Sales	6169	7075	7827	8454	9351
EBIT	903	1062	1201	1386	1547
Net Profit	763	914	1066	1253	1398
EPS	4	5	6	7	8
ROE	36%	34%	32%	30%	28%

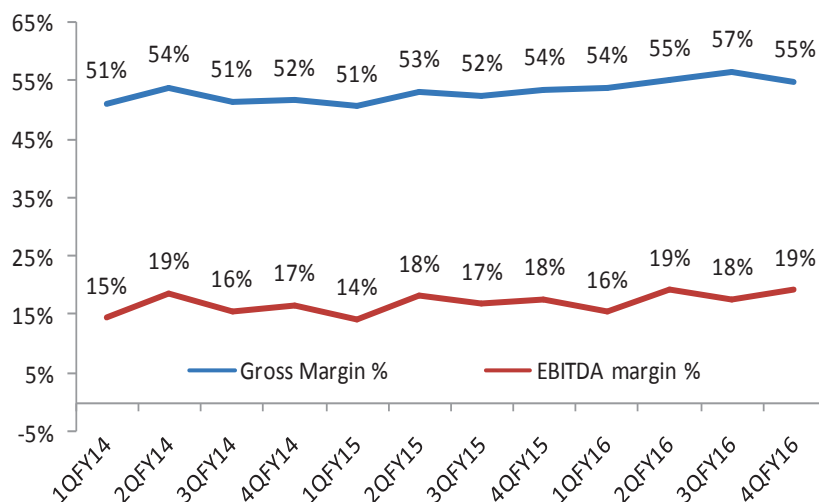
(Source: Company/Eastwind)

## Net sales and PAT (in cr.)



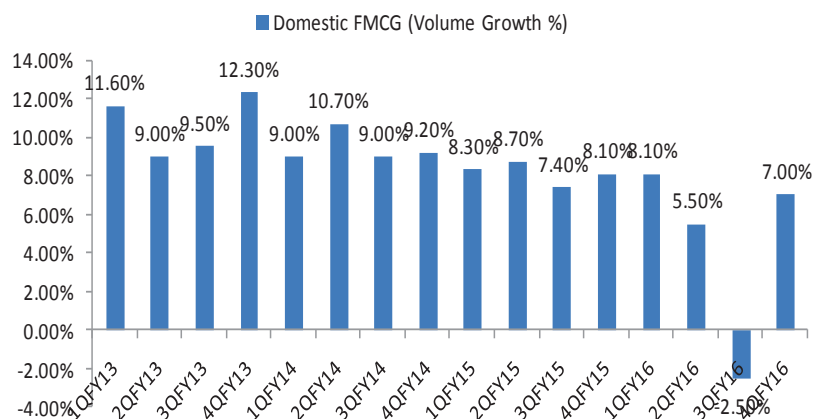
We are expecting 11% revenue growth and Rs 1398 cr of PAT in FY17.

## Gross margin and EBITDA margin (in %)



We are expecting 55.3% gross margin and 18.2% EBITDA margin in FY17.

## Domestic FMCG (Volume Growth %)



## Financials Snap Shot

### INCOME STATEMENT

	FY14	FY15	FY16	FY17E
Revenue (Net of Excise D	7075	7827	8454	9351
Other Income	128	158	219	242
Total Revenue	7203	7985	8673	9593
COGS	3400	3720	3797	4181
GPM	51.9%	52.5%	55.1%	55.3%
Other Expenses	1908	2101	2342	2592
EBITDA	1160	1316	1520	1698
EBITDA Margin (%)	16.4%	16.8%	18.0%	18.2%
Depreciation	97	115	134	151
EBIT	1062	1201	1386	1547
Interest	54	40	48	50
PBT	1136	1319	1557	1739
Tax	219	251	302	337
Tax Rate (%)	0	0	0	0
Reported PAT	914	1066	1253	1398
Dividend Paid	326	462	422	475
No. of Shares	174	176	176	176

Source: Eastwind/Company

### RATIOS

	FY14	FY15	FY16	FY17E
EPS	5.2	6.1	7.1	7.9
Book Value	15.2	19.1	23.6	28.9
DPS	1.9	2.6	2.4	2.7
Payout (incl. Div. Tax.)	36%	43%	34%	34%
<b>Valuation(x)</b>				
P/E	34.3	32.0	38.8	38.7
Price / Book Value	11.8	10.2	11.7	10.7
<b>Dividend Yield (%)</b>	1.0%	1.4%	0.9%	0.9%
<b>Profitability Ratios</b>				
RoE	34%	32%	30%	28%
RoCE	36%	34%	31%	29%
<b>Turnover Ratios</b>				
Asset Turnover (x)	1.3	1.3	1.2	1.2
Debtors (No. of Days)	35	33	35	34
Inventory (No. of Days)	104	95	105	103
Creditors (No. of Days)	57	51	57	53
Net Debt/Equity (x)	0.1	0.1	0.1	0.1

Source: Eastwind/Company

### BALANCE SHEET

	FY14	FY15	FY16	FY17E
Share Capital	174	176	176	176
Reserves	2482	3178	3984	4804
Net Worth	2656	3354	4160	4980
Long term Debt	260	211	341	341
Short term Debt	448	523	450	450
Deferred Tax	45	59	77	77
Total Capital Employed	2916	3565	4502	5322
Net Fixed Assets	1789	1927	1995	2098
Capital WIP	22	50	0	50
Debtors	675	711	810	871
Cash & Bank Balances	519	276	220	293
Trade payables	1097	1096	1330	1358
Total Provisions	311	302	384	426
Net Current Assets	1142	835	1271	1642
Total Assets	5312	6106	7120	8010

Source: Eastwind/Company

### CASH FLOW STATEMENT

	FY14	FY15	FY16E	FY17E
OP/(Loss) before Tax	1136	1319	1557	1755
Depreciation	97	115	134	132
Direct Taxes Paid	-186	-230	-302	-341
Operating profit before v	1202	1395	1739	1937
CF from Op. Activity	1098	1047	1268	1452
Capital expenditure on fi	-215	-267	-273	-178
CF from Inv. Activity	-107	-876	-943	-735
Repayment of Long Term	-280	-50	131	0
Interest Paid	-34	-26	-48	-50
Divd Paid (incl Tax)	-326	-462	-422	-594
CF from Fin. Activity	-804	-417	-390	-644
Inc/(Dec) in Cash	187	-246	-65	73
Add: Opening Balance	123	313	276	220
Closing Balance	313	68	211	293

Source: Eastwind/Company