




Dabur India Limited

BUY

Sector: FMCG

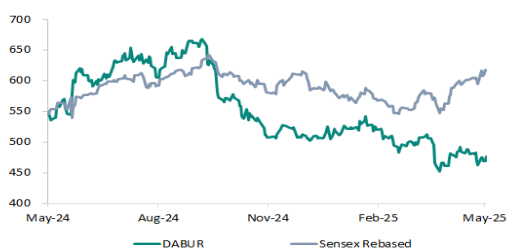
20th May, 2025

| | | | | | | | | |
|--------------------|----------------|---|---------------|---|-----------------|---|---------------|----------------|
| Key Changes | Target |  | Rating |  | Earnings |  | Target | Rs. 563 |
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame | CMP | | Rs. 477 |
| Mid Cap | DABUR:IN | 81,186 | DABUR | 500096 | 12 Months | Return | | +18% |

Data as of: 20-05-2025

| Company Data | | | |
|---------------------------|-----------|---------|--------|
| Market Cap (Rs.cr) | 84,433 | | |
| 52 Week High — Low (Rs.) | 672 - 420 | | |
| Enterprise Value (Rs. cr) | 85,050 | | |
| Outstanding Shares (cr) | 177.2 | | |
| Free Float (%) | 33.2 | | |
| Dividend Yield (%) | 0.6 | | |
| 6m average volume (cr) | 0.3 | | |
| Beta | 0.9 | | |
| Face value (Rs.) | 1.0 | | |
| Shareholding (%) | Q2FY25 | Q3FY25 | Q4FY25 |
| Promoters | 66.3 | 66.3 | 66.3 |
| FII's | 15.0 | 13.3 | 12.7 |
| MFs/Institutions | 13.7 | 14.9 | 15.7 |
| Public | 4.3 | 4.7 | 4.6 |
| Others | 0.8 | 0.8 | 0.8 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | Nil | Nil | Nil |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | -8.3% | -6.1% | -12.0% |
| Absolute Sensex | 8.4% | 6.1% | 11.8% |
| Relative Return | -16.8% | -12.2% | -23.8% |

*over or under performance to benchmark index



| Y.E March (cr) | FY25A | FY26E | FY27E |
|-------------------|--------|--------|--------|
| Sales | 12,563 | 13,680 | 14,761 |
| Growth (%) | 1.3 | 8.9 | 7.9 |
| EBITDA | 2,316 | 2,610 | 2,922 |
| EBITDA Margin (%) | 18.4 | 19.1 | 19.8 |
| PAT Adjusted | 1,768 | 1,976 | 2,222 |
| Growth (%) | -4.1 | 11.8 | 12.4 |
| Adjusted EPS | 10.0 | 11.2 | 12.5 |
| Growth (%) | -4.1 | 11.8 | 12.4 |
| P/E | 50.8 | 42.7 | 38.0 |
| P/B | 8.3 | 7.6 | 7.5 |
| EV/EBITDA | 39.1 | 32.6 | 29.1 |
| ROE (%) | 16.4 | 17.9 | 19.8 |
| D/E | 0.1 | 0.1 | 0.1 |

Seeding Future Growth

Dabur India Ltd (Dabur), a leading Indian FMCG company and a global leader in ayurveda, with a portfolio of more than 250 herbal and ayurvedic products. The company provides health supplements, digestives, shampoos, hair oils, skin care, oral care, foods and other over-the-counter (OTC), and ethical products.

- In Q4FY25, Dabur's consolidated revenue growth was flat YoY to Rs. 2,830cr, wherein International business exhibited a strong growth of 19.3% YoY (in constant currency terms), while India business declined ~3.4% YoY.
- The company's international business (~26% revenue mix) experienced remarkable growth, fuelled by double-digit gains in the Middle East and North Africa (MENA) region and in the markets of Egypt, the UK, the US, Turkey, and Bangladesh and this upward trajectory is anticipated to persist.
- Revenue from the consumer care segment, which contributes around 79.7% of the total revenue, rose 1.9% YoY to Rs. 2,255cr in Q4FY25.
- Within the Home and Personal Care segment, the Skincare category delivered a notable 8% growth, largely attributed to the exceptional performance of the Gulabari franchise.
- At the operating level, EBITDA was down 8.6% YoY to Rs. 427cr, while EBITDA margin declined to 15.1% from 16.6% in the comparative quarter year ago.

Outlook & Valuation

In Q4FY25, Dabur reported moderate financial results, with market share gains across 90% of its portfolio, despite a tough year due to urban consumption slowdown, high food inflation, and unfavorable season. With a strategic emphasis on transitioning towards premiumisation and contemporisation, while actively exploring merger and acquisition opportunities in the emerging healthcare and wellness sectors, Dabur is well-positioned to capitalise on these trends and realise notable progress. Besides, with improving market conditions, tax cuts, easing food inflation, and a positive monsoon forecast, Dabur is expected to regain momentum and deliver sustainable growth. **We reiterate our BUY rating on the stock, with a target price of Rs. 563, based on 45x FY27E adjusted EPS.**

Quarterly Financials Consol.

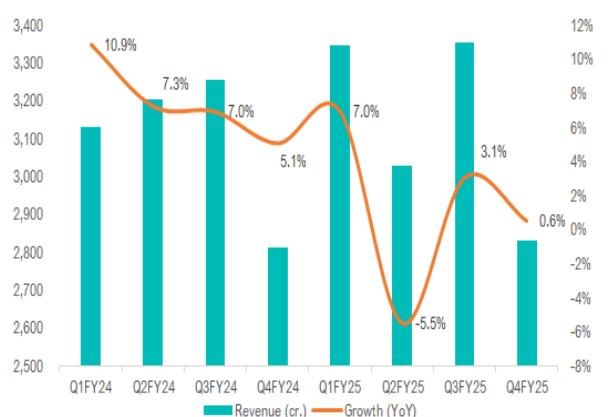
| Rs.cr | Q4FY25 | Q4FY24 | YoY (%) | Q3FY25 | QoQ (%) | FY25 | FY24 | YoY (%) |
|---------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales | 2,830 | 2,815 | 0.6 | 3,355 | -15.7 | 12,563 | 12,404 | 1.3 |
| EBITDA | 427 | 467 | -8.6 | 682 | -37.4 | 2,316 | 2,400 | -3.5 |
| Margin (%) | 15.1 | 16.6 | -150bps | 20.3 | -520bps | 18.4 | 19.4 | -100bps |
| EBIT | 310 | 359 | -13.8 | 573 | -45.9 | 1,871 | 2,001 | -6.5 |
| PBT | 412 | 453 | -9.0 | 658 | -37.4 | 2,258 | 2,359 | -4.3 |
| Rep. PAT | 313 | 341 | -8.3 | 516 | -39.4 | 1,740 | 1,811 | -3.9 |
| Adj PAT | 320 | 350 | -8.4 | 522 | -38.7 | 1,768 | 1,843 | -4.1 |
| Adj. EPS (Rs) | 1.8 | 2.0 | -8.3 | 2.9 | -38.6 | 10.0 | 10.4 | -4.1 |



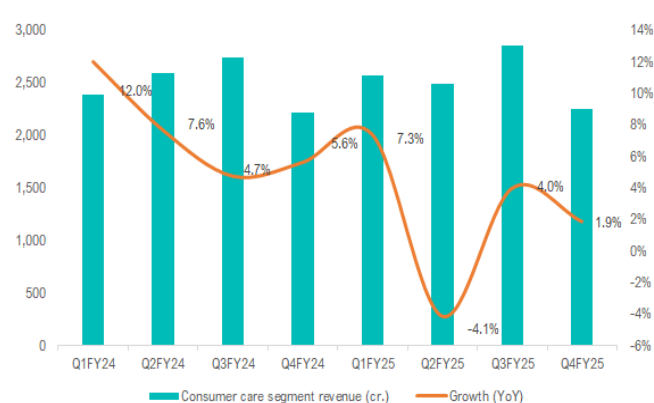
Key concall highlights

- The Home Care segment witnessed a modest expansion in the low single-digit range, driven by Odonil's impressive performance, which resulted in a notable 67bps increase in market share. Despite being affected by seasonal fluctuations, Odomos demonstrated resilience by capturing a substantial 386bps market share gain in the MRC category.
- The Hair Care portfolio saw a 4% growth in shampoo sales, while hair oils outpaced the category with an 11% growth in coconut hair oil and a 196bps market share gain.
- The company implemented price hikes across its portfolio to counter steep inflation, with an average increase of 3.5%. This included an increase of 4.5-5% in Healthcare, 1.5% in Personal care, and 1.6% in Beverages, although the full impact of inflation was not fully passed on due to competitive pressures.
- Dabur is expected to continue investing in its core portfolio, which includes seven (around Rs. 500cr) brands (Dabur Red, Real, Chyawanprash, Honey, Hajmola, Amla, Odonil, and Vatika) that contribute to ~70% of its revenue, by making disproportionate investments to increase penetration and drive market share gains.
- Dabur is embarking on a 2.0 journey of premiumisation, focusing on high-growth segments and premiumising post-bath hair care categories such as serums, conditioners, and masks. The company plans to invest in these areas to drive growth and expansion.

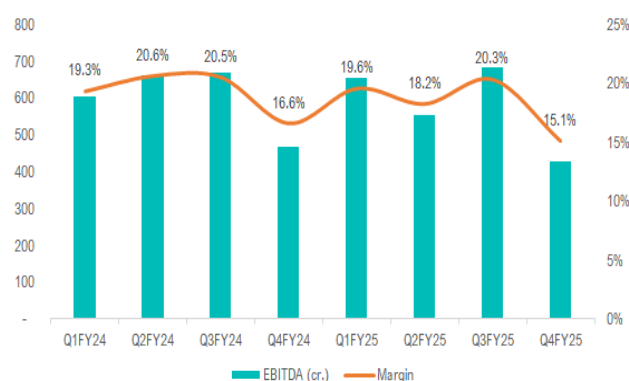
Revenue



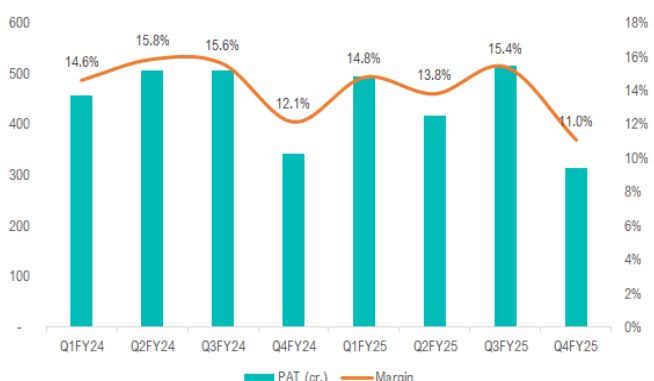
Consumer care segment revenue



EBITDA



PAT



Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | Change (%) | |
|--------------|---------------|--------|---------------|--------|------------|--------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Revenue | 13,869 | 15,173 | 13,680 | 14,761 | -1.4 | -2.7 |
| EBITDA | 2,726 | 3,065 | 2,610 | 2,922 | -4.2 | -4.7 |
| Margins (%) | 19.7 | 20.2 | 19.1 | 19.8 | -57bps | -40bps |
| Adj. PAT | 2,098 | 2,351 | 1,976 | 2,222 | -5.8 | -5.5 |
| EPS | 11.8 | 13.3 | 11.2 | 12.5 | -5.8 | -5.5 |



Consolidated Financials

Profit & Loss

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--|---------------|---------------|---------------|---------------|---------------|
| Sales | 11,530 | 12,404 | 12,563 | 13,680 | 14,761 |
| % change | 5.9 | 7.6 | 1.3 | 8.9 | 7.9 |
| EBITDA | 2,164 | 2,400 | 2,316 | 2,610 | 2,922 |
| % change | -4.0 | 10.9 | -3.5 | 12.7 | 11.9 |
| Depreciation | 311 | 399 | 446 | 482 | 498 |
| EBIT | 1,853 | 2,001 | 1,871 | 2,128 | 2,424 |
| Interest | 78 | 124 | 164 | 167 | 172 |
| Other Income | 444 | 482 | 551 | 633 | 665 |
| PBT | 2,219 | 2,359 | 2,258 | 2,594 | 2,917 |
| % change | -2.2 | 6.3 | -4.3 | 14.9 | 12.4 |
| Tax | 517 | 547 | 517 | 649 | 729 |
| Tax Rate (%) | 23.3 | 23.2 | 22.9 | 25.0 | 25.0 |
| Reported PAT | 1,701 | 1,811 | 1,740 | 1,946 | 2,188 |
| PAT att. to common shareholders | 1,707 | 1,843 | 1,768 | 1,976 | 2,222 |
| Adj.* | - | - | - | - | - |
| Adj. PAT | 1,707 | 1,843 | 1,768 | 1,976 | 2,222 |
| % change | -6.4 | 7.9 | -4.1 | 11.8 | 12.4 |
| No. of shares (cr) | 177.2 | 177.2 | 177.2 | 177.2 | 177.2 |
| Adj EPS (Rs.) | 9.6 | 10.4 | 10.0 | 11.2 | 12.5 |
| % change | -6.4 | 7.9 | -4.1 | 11.8 | 12.4 |
| DPS (Rs.) | 2.7 | 2.8 | 5.3 | 4.5 | 5.0 |

Cashflow

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| Net inc. + Depn. | 2,018 | 2,242 | 2,213 | 2,459 | 2,720 |
| Non-cash adj. | -384 | -467 | -293 | 101 | 107 |
| Other adjustments | - | - | - | - | - |
| Changes in W.C | -146 | 238 | 66 | 42 | 23 |
| C.F. Operation | 1,488 | 2,013 | 1,987 | 2,602 | 2,850 |
| Capital exp. | -486 | -561 | -539 | -616 | -590 |
| Change in inv. | -495 | -798 | -309 | -1,350 | -1,600 |
| Other invest.CF | 394 | 387 | 399 | 419 | 440 |
| C.F - Investment | -587 | -972 | -449 | -1,546 | -1,750 |
| Issue of equity | - | - | - | - | - |
| Issue/repay debt | -36 | -89 | -266 | 33 | 21 |
| Dividends paid | -921 | -966 | -975 | -791 | -889 |
| Other finance.CF | -78 | -107 | -165 | -167 | -172 |
| C.F - Finance | -1,035 | -1,161 | -1,405 | -924 | -1,039 |
| Chg. in cash | -133 | -119 | 132 | 132 | 60 |
| Closing Cash | 326 | 666 | 578 | 710 | 770 |

Balance Sheet

| Y.E March (Rs. Cr) | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash | 326 | 666 | 578 | 710 | 770 |
| Accts. Receivable | 849 | 899 | 889 | 958 | 1,018 |
| Inventories | 2,024 | 1,947 | 2,300 | 2,610 | 2,736 |
| Other Cur. Assets | 1,050 | 2,168 | 2,766 | 2,825 | 2,885 |
| Investments | 5,576 | 5,312 | 5,424 | 5,474 | 5,524 |
| Gross Fixed As-sets | 4,107 | 4,729 | 5,268 | 5,884 | 6,474 |
| Net Fixed Assets | 2,250 | 2,600 | 2,787 | 2,912 | 2,995 |
| CWIP | 162 | 171 | 179 | 188 | 197 |
| Intangible Assets | 1,294 | 1,232 | 1,149 | 1,134 | 1,119 |
| Def. Tax -Net | 7 | 11 | 3 | 3 | 3 |
| Other Assets | 116 | 119 | 158 | 163 | 168 |
| Total Assets | 13,654 | 15,123 | 16,232 | 16,975 | 17,416 |
| Current Liabilities | 2,909 | 3,308 | 3,892 | 4,360 | 4,620 |
| Provisions | 64 | 68 | 71 | 82 | 94 |
| Debt Funds | 1,148 | 1,334 | 914 | 947 | 968 |
| Other Liabilities | 91 | 109 | 144 | 151 | 159 |
| Equity Capital | 177 | 177 | 177 | 177 | 177 |
| Res. & Surplus | 8,796 | 9,689 | 10,623 | 10,878 | 11,052 |
| Shareholder Funds | 8,973 | 9,866 | 10,801 | 11,056 | 11,229 |
| Minority Interest | 468 | 437 | 410 | 379 | 345 |
| Total Liabilities | 13,654 | 15,123 | 16,232 | 16,975 | 17,416 |
| BVPS | 51 | 56 | 61 | 62 | 63 |

Ratio

| Y.E March | FY23A | FY24A | FY25A | FY26E | FY27E |
|--------------------------------|-------|-------|-------|-------|-------|
| Profitab. & Return | | | | | |
| EBITDA margin (%) | 18.8 | 19.4 | 18.4 | 19.1 | 19.8 |
| EBIT margin (%) | 16.1 | 16.1 | 14.9 | 15.6 | 16.4 |
| Net profit mgn.(%) | 14.8 | 14.9 | 14.1 | 14.4 | 15.1 |
| ROE (%) | 19.0 | 18.7 | 16.4 | 17.9 | 19.8 |
| ROCE (%) | 17.5 | 17.2 | 15.4 | 17.2 | 19.3 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 26.9 | 26.4 | 25.8 | 25.6 | 25.2 |
| Inventory (days) | 117.9 | 110.2 | 128.5 | 127.2 | 126.1 |
| Payables (days) | 127.3 | 137.1 | 157.8 | 158.2 | 159.3 |
| Current ratio (x) | 1.2 | 1.4 | 1.5 | 1.5 | 1.5 |
| Quick ratio (x) | 0.5 | 0.8 | 0.8 | 0.8 | 0.8 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 3.0 | 2.8 | 2.5 | 2.5 | 2.4 |
| Total asset T.O (x) | 0.9 | 0.9 | 0.8 | 0.8 | 0.9 |
| Int. covge. ratio (x) | 23.7 | 16.1 | 11.4 | 12.8 | 14.1 |
| Adj. debt/equity (x) | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Valuation | | | | | |
| EV/Sales (x) | 8.4 | 7.6 | 7.2 | 6.2 | 5.8 |
| EV/EBITDA (x) | 45.0 | 39.1 | 39.1 | 32.6 | 29.1 |
| P/E (x) | 56.3 | 50.3 | 50.8 | 42.7 | 38.0 |
| P/BV (x) | 10.7 | 9.4 | 8.3 | 7.6 | 7.5 |



Recommendation Summary - (last 3 years)



| Dates | Rating | Target |
|-----------|--------|--------|
| 11-Nov-21 | HOLD | 652 |
| 11-May-22 | BUY | 560 |
| 03-Nov-22 | BUY | 616 |
| 11-Aug-23 | HOLD | 605 |
| 13-May-24 | BUY | 620 |
| 08-Aug-24 | BUY | 709 |
| 06-Feb-25 | BUY | 597 |
| 20-May-25 | BUY | 563 |

Investment Rating Criteria


| Ratings | Large caps | Midcaps | Small Caps |
|--------------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |


Not rated/Neutral


Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:

 Upgrade

 No Change

 Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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