

# Retail Equity Research Dabur India Limited

FMCG

BSE CODE: 500096

NSE CODE: DABUR

Bloomberg CODE: DABUR:IN

SENSEX: 78,886

**BUY**

12 Months Investment Period Rating as per Large Cap  
CMP Rs. 637 TARGET Rs. 709 RETURN 11% ↑  
(Closing: 08-08-24)

KEY CHANGES:

TARGET ↑

RATING ↔

EARNINGS ↑

## Steady growth on higher market share

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

- In Q1FY25, Dabur's consolidated revenue grew 7.0% YoY to Rs. 3,349cr driven by growth across key categories in both domestic and international markets.
- EBITDA grew to 8.3% YoY to Rs. 655cr aided by robust revenue and controlled costs. EBITDA margin was stable at 19.6% (+30bps YoY).
- Dabur posted steady growth in Q1FY25 with progression across all segments. Its higher market share across key segments is expected to bolster its future performance. Hence, we retain our BUY rating on the stock with a target price of Rs. 709 based on 52x FY26E adjusted EPS.

### Growth across categories aids top line

In Q1FY25, Dabur's consolidated revenue grew 7.0% YoY to Rs. 3,349cr (+9.8% YoY in constant currency [cc]), driven by a 7.3% YoY growth in the Indian business (including the Badshah business) and 18.4% YoY cc growth in the international business. Domestic business volume grew 5.2% YoY on account of growth across segments and rural markets. Domestic healthcare revenue rose 7% YoY on the back of a 10.7% YoY value growth in digestives and a 7.8% YoY value growth in health supplements. While the summer season boosted the glucose business by over 30% YoY with 70bps gain in market share but performance of some brands such as Shilajit and Honitus was subdued. Home and personal care (HPC) revenue grew 8.1% YoY with 11.4% YoY value growth in oral care, 13.7% YoY growth in shampoos, and 6.1% YoY value growth in skincare. Food and beverages revenue grew 4% YoY driven by a 21.3% YoY value growth in foods and a 15.0% YoY value growth in Badshah but offset by lower juices and nectar segment (J&N) as a harsh summer shifted consumer preferences towards thirst-quenching products.

### EBITDA higher on robust revenue

EBITDA grew 8.3% YoY to Rs. 655cr on account of robust revenue. EBITDA margin widened 30bps YoY to 19.6% because of moderation in inflation and cost saving initiatives, partially offset by about 16% YoY increase in advertising and promotional expenses owing to an increase in digital spends. As a result, Dabur registered a net profit of Rs. 500cr, up 7.8% YoY.

### Key concall highlights

- Dabur reduced the prices of Badshah products for some stock keeping units to pass on low commodity prices to customers. Badshah's international business faced some supply-chain disruptions, but the company assured that they would be resolved soon.
- In Q1FY25, rural demand outpaced urban demand by 350bps. Dabur is expected to cater to this rural demand through the launch of affordable and rural-specific pack bundles across categories.

### Valuation

In Q1FY25, Dabur reported market share gains across 95% of its Indian product portfolio, a reflection of robust product demand and strengthened market position of the company. Positive feedback on new innovations and strategic distribution efforts in rural areas are expected to bolster demand in the near term. Further, positive benefits from Samridhhi project could expand the margin. Hence, we retain our BUY rating on the stock with a target price of Rs. 709 based on 52x FY26E adjusted EPS.

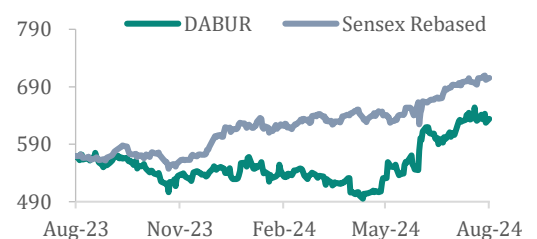
### Company Data

Market Cap (cr)	Rs. 112,373
Enterprise Value (cr)	Rs. 113,398
Outstanding Shares (cr)	177.2
Free Float	33.0%
Dividend Yield	0.9%
52 week high	Rs. 662
52 week low	Rs. 489
6m average volume (lacs)	32.9
Beta	0.3
Face value	Rs. 1

Shareholding (%)	Q3FY24	Q4FY24	Q1FY25
Promoters	66.2	66.3	66.2
FII's	16.5	15.8	15.0
MFs/Insti	11.8	12.6	13.6
Public	5.4	5.3	5.1
Others	0.1	0.1	0.1
Total	100.0	100.0	100.0
Promoters' pledge	0.0	0.0	0.0

Price Performance	3 Month	6 Month	1 Year
Absolute Return	19.4%	18.8%	11.3%
Absolute Sensex	6.6%	9.8%	19.8%
Relative Return*	12.7%	9.0%	-8.5%

\*over or under performance to benchmark index



Consolidated (cr)	FY24A	FY25E	FY26E
Sales	12,404	13,619	15,032
Growth (%)	7.6	9.8	10.4
EBITDA	2,400	2,741	3,116
EBITDA Margin (%)	19.4	20.1	20.7
Adj. PAT	1,843	2,108	2,415
Growth (%)	7.9	14.4	14.6
Adj. EPS	10.4	11.9	13.6
Growth (%)	7.9	14.4	14.6
P/E	50.3	53.3	46.5
P/B	9.4	11.8	11.9
EV/EBITDA	39.1	41.4	36.3
ROE (%)	18.7	22.1	25.7
D/E	0.1	0.1	0.1



## Quarterly Financials (Consolidated)

### Profit & Loss Account

Rs. cr	Q1FY25	Q1FY24	YoY Growth (%)	Q4FY24	QoQ Growth (%)
Revenue	3,349	3,130	7.0	2,815	19.0
<b>EBITDA</b>	<b>655</b>	<b>605</b>	<b>8.3</b>	<b>467</b>	<b>40.3</b>
EBITDA margins	19.6	19.3	30bps	16.6	300bps
Depreciation	109	97	12.9	107	1.6
<b>EBIT</b>	<b>546</b>	<b>508</b>	<b>7.4</b>	<b>359</b>	<b>51.9</b>
Interest	33	24	34.3	35	(7.3)
Other Income	129	110	17.9	129	0.4
Exceptional Items	-	-	-	-	-
Share of profit from Associate	(0)	(0)	-	(0)	50.0
<b>PBT</b>	<b>642</b>	<b>593</b>	<b>8.3</b>	<b>453</b>	<b>41.9</b>
Tax	148	137	8.3	111	32.9
<b>Reported PAT</b>	<b>494</b>	<b>457</b>	<b>8.3</b>	<b>341</b>	<b>44.9</b>
Minority Interest	(6)	(7)	20.6	(8)	30.6
<b>PAT att. to shareholders</b>	<b>500</b>	<b>464</b>	<b>7.8</b>	<b>350</b>	<b>43.1</b>
Adjustments	-	-	-	-	-
<b>Adj. PAT</b>	<b>500</b>	<b>464</b>	<b>7.8</b>	<b>350</b>	<b>43.1</b>
No. of shares	177.2	177.2	0.0	177.2	0.0
<b>Adj. EPS (Rs.)</b>	<b>2.8</b>	<b>2.6</b>	<b>7.8</b>	<b>2.0</b>	<b>43.1</b>

### Change in Estimates

Year / Rs. cr	Old estimates		New estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	13,460	14,739	13,619	15,032	1.2	2
EBITDA	2,771	3,141	2,741	3,116	(1.1)	(0.8)
Margins (%)	20.6	21.3	20.1	20.7	(50bps)	(60bps)
Adj. PAT	2,080	2,335	2,108	2,415	1.3	3.4
Adj. EPS	11.7	13.2	11.9	13.6	1.3	3.4

## PROFIT & LOSS

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Revenue</b>	<b>10,889</b>	<b>11,530</b>	<b>12,404</b>	<b>13,619</b>	<b>15,032</b>
% change	13.9	5.9	7.6	9.8	10.4
<b>EBITDA</b>	<b>2,254</b>	<b>2,164</b>	<b>2,400</b>	<b>2,741</b>	<b>3,116</b>
% change	12.5	(4.0)	10.9	14.2	13.7
Depreciation	253	311	399	414	437
<b>EBIT</b>	<b>2,001</b>	<b>1,853</b>	<b>2,001</b>	<b>2,328</b>	<b>2,680</b>
Interest	39	78	124	140	205
Other Income	306	444	482	578	694
<b>PBT</b>	<b>2,269</b>	<b>2,219</b>	<b>2,359</b>	<b>2,766</b>	<b>3,169</b>
% change	10.3	(2.2)	6.3	17.3	14.6
Tax	526	517	547	691	792
Tax Rate (%)	23.2	23.3	23.2	25.0	25.0
<b>Reported PAT</b>	<b>1,742</b>	<b>1,701</b>	<b>1,811</b>	<b>2,074</b>	<b>2,377</b>
<b>PAT att. to common shareholders</b>	<b>1,739</b>	<b>1,707</b>	<b>1,843</b>	<b>2,108</b>	<b>2,415</b>
Adj*	85	-	-	-	-
<b>Adj PAT</b>	<b>1,824</b>	<b>1,707</b>	<b>1,843</b>	<b>2,108</b>	<b>2,415</b>
% change	7.7	(6.4)	7.9	14.4	14.6
No. of shares (cr)	177.3	177.2	177.2	177.2	177.2
<b>Adj EPS (Rs.)</b>	<b>10.3</b>	<b>9.6</b>	<b>10.4</b>	<b>11.9</b>	<b>13.6</b>
% change	7.4	(6.4)	7.9	14.4	14.6
DPS (Rs.)	2.7	2.7	2.8	4.8	5.5

## CASH FLOW

Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Net inc. + Depn.</b>	<b>1,992</b>	<b>2,018</b>	<b>2,242</b>	<b>2,521</b>	<b>2,851</b>
Non-cash adj.	(42)	(384)	(467)	320	289
Changes in W.C	(147)	(146)	238	89	113
<b>C.F. Operation</b>	<b>1,802</b>	<b>1,488</b>	<b>2,013</b>	<b>2,930</b>	<b>3,253</b>
Capital exp.	(369)	(486)	(561)	(327)	(361)
Change in inv.	(1,273)	(495)	(798)	(2,000)	(2,000)
Other invest.CF	367	394	387	406	427
<b>C.F - Investment</b>	<b>(1,275)</b>	<b>(587)</b>	<b>(972)</b>	<b>(1,921)</b>	<b>(1,934)</b>
Issue of equity	0	0	0	-	-
Issue/repay debt	504	(36)	(89)	30	7
Dividends paid	(972)	(921)	(966)	(843)	(966)
Other finance.CF	(22)	(78)	(107)	(140)	(205)
<b>C.F - Finance</b>	<b>(490)</b>	<b>(1,035)</b>	<b>(1,161)</b>	<b>(953)</b>	<b>(1,164)</b>
Chg. in cash	36	(133)	(119)	57	155
Closing cash	570	326	666	723	878

## BALANCE SHEET

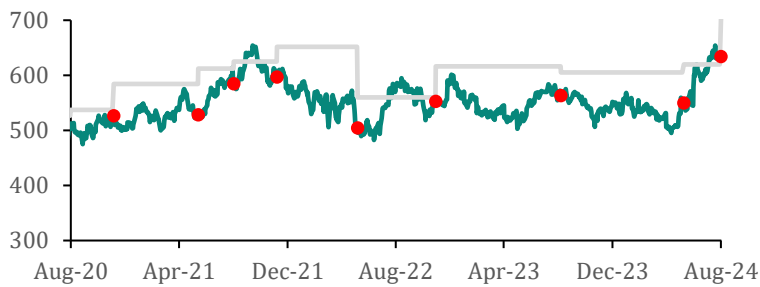
Y.E March (Rs. cr)	FY22A	FY23A	FY24A	FY25E	FY26E
Cash	570	326	666	723	878
Accounts Receivable	646	849	899	933	1,007
Inventories	1,911	2,024	1,947	2,019	2,067
Other Cur. Assets	1,189	1,050	2,168	1,959	1,848
Investments	5,414	5,576	5,312	5,362	5,412
Gross Fixed Assets	3,601	4,107	4,668	4,995	5,356
Net Fixed Assets	1,981	2,250	2,600	2,504	2,419
CWIP	155	162	171	179	188
Intangible Assets	291	1,294	1,232	1,215	1,199
Def. Tax (Net)	5	7	11	9	7
Other Assets	122	116	119	116	114
<b>Total Assets</b>	<b>12,285</b>	<b>13,654</b>	<b>15,123</b>	<b>15,020</b>	<b>15,139</b>
Current Liabilities	2,705	2,909	3,308	3,522	3,780
Provisions	64	64	68	79	90
Debt Funds	1,011	1,148	1,334	1,364	1,371
Other Liabilities	82	91	109	114	120
Equity Capital	177	177	177	177	177
Reserves & Surplus	8,205	8,796	9,689	9,360	9,235
Shareholder's Fund	8,381	8,973	9,866	9,537	9,413
Minority Interest	41	468	437	404	366
<b>Total Liabilities</b>	<b>12,285</b>	<b>13,654</b>	<b>15,123</b>	<b>15,020</b>	<b>15,139</b>
<b>BVPS (Rs.)</b>	<b>47</b>	<b>51</b>	<b>56</b>	<b>54</b>	<b>53</b>

## RATIOS

Y.E March	FY22A	FY23A	FY24A	FY25E	FY26E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	20.7	18.8	19.4	20.1	20.7
EBIT margin (%)	18.4	16.1	16.1	17.1	17.8
Net profit mgn.(%)	16.0	14.8	14.9	15.5	16.1
ROE (%)	20.8	19.0	18.7	22.1	25.7
ROCE (%)	21.2	17.5	17.2	20.6	24.0
<b>W.C &amp; Liquidity</b>					
Receivables (days)	21.7	26.9	26.4	25.0	24.5
Inventory (days)	123.7	117.9	110.2	98.6	91.3
Payables (days)	130.6	127.3	137.1	127.8	125.9
Current ratio (x)	1.3	1.2	1.4	1.4	1.3
Quick ratio (x)	0.6	0.5	0.8	0.8	0.8
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	3.2	3.0	2.8	2.8	2.9
Total asset T.O (x)	0.9	0.9	0.9	0.9	1.0
Int. coverage ratio (x)	51.8	23.7	16.1	16.6	13.1
Adj. debt/equity (x)	0.1	0.1	0.1	0.1	0.1
<b>Valuation</b>					
EV/Sales (x)	8.8	8.4	7.6	8.3	7.5
EV/EBITDA (x)	42.4	45.0	39.1	41.4	36.3
P/E (x)	52.1	56.3	50.3	53.3	46.5
P/BV (x)	11.3	10.7	9.4	11.8	11.9



## Recommendation Summary (Last 3 Years)



Source: Bloomberg, Geojit research

Dates	Rating	Target
18-May-21	BUY	612
6-Aug-21	HOLD	625
11-Nov-21	HOLD	652
11-May-22	BUY	560
3-Nov-22	BUY	616
11-Aug-23	HOLD	605
13-May-24	BUY	620
8-Aug-24	BUY	709

## 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.

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

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