

January 30, 2025

Q3FY25 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	561		561	
Sales (Rs. m)	1,41,485	1,56,228	1,41,485	1,56,228
% Chng.	-	-	-	-
EBITDA (Rs. m)	27,791	30,681	27,791	30,681
% Chng.	-	-	-	-
EPS (Rs.)	12.0	13.3	12.1	13.4
% Chng.	(0.9)	(0.8)	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	122	127	141	156
EBITDA (Rs. bn)	22	24	28	31
Margin (%)	18.3	18.8	19.6	19.6
PAT (Rs. bn)	17	18	21	23
EPS (Rs.)	9.5	10.3	12.0	13.3
Gr. (%)	(1.3)	8.2	16.7	10.4
DPS (Rs.)	5.6	6.5	7.3	8.2
Yield (%)	1.0	1.2	1.4	1.5
RoE (%)	17.9	17.7	18.9	19.2
RoCE (%)	17.3	16.3	17.6	18.3
EV/Sales (x)	7.6	7.3	6.6	6.0
EV/EBITDA (x)	41.7	39.0	33.6	30.4
PE (x)	56.1	51.8	44.4	40.2
P/BV (x)	9.6	8.8	8.1	7.4

Key Data DABU.BO | DABUR IN

52-W High / Low	Rs.672 / Rs.489
Sensex / Nifty	76,760 / 23,250
Market Cap	Rs.946bn/ \$ 10,919m
Shares Outstanding	1,772m
3M Avg. Daily Value	Rs.1349.35m

Shareholding Pattern (%)

Promoter's	66.25
Foreign	13.27
Domestic Institution	14.92
Public & Others	5.54
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	5.6	(15.8)	(0.4)
Relative	7.7	(10.7)	(7.7)

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Worst seems over, but pressure points remain

Quick Pointers:

- 3Q volumes grew 1.2%; Healthcare & Beverages reported 3.4% and 10.3% decline in sales, OTC grew only 0.4%
- Focus on innovations across Chyawanprash, Hair Oils, Oral care and mix improvement across segments

Dabur reported in-line numbers with tepid volumes, given tepid urban demand even as rural continued to grow ahead of urban. Delayed winters affected healthcare portfolio while muted festive demand affected beverages portfolio (nectars in particular). Dabur is looking at corrective steps in Beverages (Distribution margins, price cuts), innovations in Hair oils & Chyawanprash and fill product gaps in oral care. With likely price hikes to cover 5% input cost inflation (3% earlier), sales growth is expected to pick up.

Dabur has hired McKinsey to navigate category growth challenges and urban demand slowdown. We estimate 10.8% Sales CAGR & 13.5% PAT CAGR over FY25-27 on a low base affected by slowdown and inventory destocking. Dabur is trading at 40.2x Mar27 EPS which is at 5% discount to LPA of 42. We value the stock at 43.5xDec26 EPS and assign a target price of Rs561. Retain Hold.

Consol Revenues grew 3.1%; Revenues grew 3.1% YoY to Rs33.6bn (PLe: Rs33.5bn), mainly driven by 8.5% sales growth in international business, domestic sales grew by just 1.7% (1.2% volume growth). Gross margins contracted by -55bps YoY to 48.1% (PLe: 49%). EBITDA grew by 2.1% YoY to Rs6.8bn (PLe:Rs 6.7bn); Margins contracted by -19bps YoY to 20.3% (PLe:20%). Adj PAT grew by 1.9% YoY to Rs5.2bn (PLe: Rs5.07bn). Consumer care revenues grew 4% YoY while EBIT grew by 1.3%. Margins contracted by 63bps YoY to 23.7%. Food segment revenues declined by 2.8% YoY while EBIT declined by 6.8%. Margins contracted by 58bps YoY to 14%. Retail segment revenues declined by 0.9% YoY while EBIT declined by 40.3%. Margins contracted by 75bps YoY to 1%.

Concall Highlights 1) Rural demand continued to outperform urban demand for a fourth consequent quarter (+140bps in 4Q). Urban demand, though impacted by high food inflation, has bottomed out 3) Market share gain across 95% of portfolio with hair oil category leading the growth 150bps improvement in market share. 4) Dabur's toothpaste business continues to see good demand led by traction in Dabur Red toothpaste and Meswak. 5) Premium portfolio continue to outperform with growing 3x faster than overall business 6) Healthcare was impacted by delayed winters, Chyawanprash market has declined by 6% wherein Dabur's share declined by 3% 7) Dabur might implement selective price increases in its juice and toothpaste categories, with a particular focus on premium oral care product 8) Dabur has hired McKinsey & Co to carry on category reviews & validates strategies and help define numbers & milestones for next 3 years 9) Beverages have been impacted due to muted festive demand and disturbed value offering in Nectar's, Juices, coconut water and Activ grew in double digits. Dabur is looking at revamp of communication, price cut in Nectar from Rs130 to 100 and restoring distributor

margin to gain ground in the category. 10) Dabur has regained its lost share in Dabur Amla and will focus on innovations in hair oils. 11) Dabur remains positive in the oral care segment and is now the No2 brand in MT. It is looking at filling the product gaps in sensitive and whitening segment. 12) Input cost inflation YTD is 3% and is likely to be 5% going forward, which will necessitate price increases.

Exhibit 1: 3QFY25 Results: Revenues grew by 3.1%, EBITDA margins decline by 19bps YoY

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ %	9MFY25	9MFY24	YoY gr. (%)
Revenues	33,553	32,551	3.1	30,286	10.8	97,330	95,894	1.5
Gross Profit	16,124	15,823	1.9	14,943	7.9	47,072	45,892	2.6
% of Net Sales	48.1	48.6	-0.6	49.3	-128.3	48.4	47.9	0.5
Other Expenses	9,305	9,144	1.8	9,417	-1.2	28,177	26,558	6.1
% of Net Sales	27.7	28.1	-0.4	31.1		28.9	27.7	1.3
EBITDA	6,819	6,678	2.1	5,526	23.4	18,895	19,334	(2.3)
Margins (%)	20.3	20.5	-0.2	18.2	207.9	19.4	20.2	-0.7
Depreciation	1,086	969	12.1	1,110	-2.1	3,287	2,919	12.6
Interest	442	365	21.1	474	-6.7	1,243	889	39.7
Other Income	1,280	1,274	0.5	1,515	-15.5	4,090	3,536	15.7
PBT	6,571	6,618	(0.7)	5,457	20.4	18,454	19,062	(3.2)
Tax	1,418	1,550	(8.5)	1,284		4,183	4,360	(4.1)
Effective tax rate (%)	21.6	23.4	-1.8	23.5		22.7	22.9	-0.2
Minority interest	-5	4	(225.0)	-2		-5	1	(590.9)
Adjusted PAT	5,158	5,064	1.9	4,175	23.5	14,277	14,701	(2.9)

Source: Company, PL

Exhibit 2: Mixed growth across brands with Foods & Badshah leading the pack

Category Growth (%)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25
Hair Oils	-2.4	0.0	10.0	4.0	4.5	-2.5	3.3	3.8	3.1
Shampoos	3.6	2.0	9.0	4.1	11.3	6.1	13.7	3.2	2.3
Health Supplements	0.4	-3.3	5.5	0.0	0.0	-9.1	7.8	2.8	-3.4
Oral Care	2.6	-3.0	13.0	4.1	8.1	22	11.4	5.3	9.1
Foods	34.5	22.0	35.0	40.4	22.0	20.7	21.3	20.6	30.0
Digestives	11.2	5.6	14.3	18.1	15.1	16.0	10.7	6.3	3.9
Skin care	-5.6	-2.0	3.5	5.0	4.5	0.6	6.1	0.0	5.6
Home Care	18.2	10.3	14.5	15.1	6.6	7.5	8.0	9.1	5.0
OTC & Ethical	4.0	-0.4	24.3/7.3	8.4/7.0	-3.0/6.9	0.6	3.7	0	0.4
Beverages	3.7	29.0	(2.0)	(10.0)	6.9	-1.5	2.8	-11.6	-10.3
Badshah							15.0	15.0	15.5

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,22,480	1,27,320	1,41,485	1,56,228
YoY gr. (%)	6.2	4.0	11.1	10.4
Cost of Goods Sold	64,461	65,545	71,732	78,901
Gross Profit	58,020	61,774	69,753	77,327
Margin (%)	47.4	48.5	49.3	49.5
Employee Cost	12,396	13,585	15,245	16,936
Other Expenses	11,139	11,343	12,569	13,862
EBITDA	22,431	23,992	27,791	30,681
YoY gr. (%)	3.7	7.0	15.8	10.4
Margin (%)	18.3	18.8	19.6	19.6
Depreciation and Amortization	3,992	4,378	4,380	4,584
EBIT	18,439	19,614	23,411	26,096
Margin (%)	15.1	15.4	16.5	16.7
Net Interest	1,242	1,676	1,760	1,675
Other Income	4,824	5,270	5,765	5,964
Profit Before Tax	22,021	23,209	27,416	30,385
Margin (%)	18.0	18.2	19.4	19.4
Total Tax	5,474	5,278	6,443	7,201
Effective tax rate (%)	24.9	22.7	23.5	23.7
Profit after tax	16,547	17,931	20,973	23,184
Minority interest	(314)	(314)	(314)	(314)
Share Profit from Associate	-	-	-	-
Adjusted PAT	16,861	18,245	21,287	23,498
YoY gr. (%)	(1.3)	8.2	16.7	10.4
Margin (%)	13.8	14.3	15.0	15.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	16,861	18,245	21,287	23,498
YoY gr. (%)	(1.3)	8.2	16.7	10.4
Margin (%)	13.8	14.3	15.0	15.0
Other Comprehensive Income	(919)	-	-	-
Total Comprehensive Income	15,942	18,245	21,287	23,498
Equity Shares O/s (m)	1,772	1,772	1,772	1,772
EPS (Rs)	9.5	10.3	12.0	13.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	58,544	61,825	65,375	68,425
Tangibles	48,315	51,778	55,278	58,278
Intangibles	10,229	10,048	10,098	10,148
Acc: Dep / Amortization	23,948	28,325	32,705	37,290
Tangibles	22,035	25,629	29,302	33,176
Intangibles	1,913	2,697	3,403	4,114
Net fixed assets	34,596	33,500	32,670	31,136
Tangibles	26,280	26,149	25,976	25,102
Intangibles	8,316	7,351	6,694	6,034
Capital Work In Progress	2,091	1,600	1,700	1,750
Goodwill	4,051	4,051	4,051	4,051
Non-Current Investments	52,796	59,479	67,206	75,933
Net Deferred tax assets	(1,090)	(1,090)	(1,090)	(1,090)
Other Non-Current Assets	1,089	1,240	1,354	1,472
Current Assets				
Investments	16,473	17,297	18,161	19,070
Inventories	19,470	22,493	24,971	27,573
Trade receivables	8,987	9,170	9,988	11,029
Cash & Bank Balance	6,664	13,620	13,543	14,143
Other Current Assets	4,584	3,438	4,032	4,687
Total Assets	1,51,226	1,66,271	1,78,102	1,91,313
Equity				
Equity Share Capital	1,772	1,772	1,772	1,772
Other Equity	96,891	1,06,198	1,15,563	1,25,949
Total Network	98,663	1,07,970	1,17,334	1,27,721
Non-Current Liabilities				
Long Term borrowings	7,062	11,562	11,462	11,362
Provisions	683	764	849	937
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	6,589	9,339	9,039	8,739
Trade payables	24,217	24,549	26,914	29,604
Other current liabilities	8,498	6,879	7,602	8,354
Total Equity & Liabilities	1,51,226	1,66,271	1,78,103	1,91,313

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	23,581	23,209	27,416	30,385
Add. Depreciation	3,992	4,378	4,380	4,584
Add. Interest	1,242	1,676	1,760	1,675
Less Financial Other Income	4,824	5,270	5,765	5,964
Add. Other	(4,824)	(5,270)	(5,765)	(5,964)
Op. profit before WC changes	23,991	23,992	27,791	30,681
Net Changes-WC	(9,325)	(4,052)	(2,014)	(1,969)
Direct tax	(5,474)	(5,278)	(6,443)	(7,201)
Net cash from Op. activities	9,191	14,662	19,334	21,511
Capital expenditures	(7,192)	(2,791)	(3,650)	(3,100)
Interest / Dividend Income	4,824	5,270	5,765	5,964
Others	2,700	(6,573)	(7,691)	(8,691)
Net Cash from Invst. activities	332	(4,094)	(5,576)	(5,827)
Issue of share cap. / premium	165	1,250	3	-
Debt changes	2,217	7,250	(400)	(400)
Dividend paid	(9,656)	(10,188)	(11,925)	(13,111)
Interest paid	(1,242)	(1,676)	(1,760)	(1,675)
Others	-	-	-	-
Net cash from Fin. activities	(8,516)	(3,363)	(14,082)	(15,186)
Net change in cash	1,008	7,205	(325)	498
Free Cash Flow	1,999	11,871	15,684	18,411

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	9.5	10.3	12.0	13.3
CEPS	11.8	12.8	14.5	15.8
BVPS	55.7	60.9	66.2	72.1
FCF	1.1	6.7	8.9	10.4
DPS	5.6	6.5	7.3	8.2
Return Ratio(%)				
RoCE	17.3	16.3	17.6	18.3
ROIC	14.4	14.5	16.0	16.5
RoE	17.9	17.7	18.9	19.2
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	13	20	21	21
Valuation(x)				
PER	56.1	51.8	44.4	40.2
P/B	9.6	8.8	8.1	7.4
P/CEPS	45.3	41.8	36.8	33.7
EV/EBITDA	41.7	39.0	33.6	30.4
EV/Sales	7.6	7.3	6.6	6.0
Dividend Yield (%)	1.0	1.2	1.4	1.5

Source: Company Data, PL Research

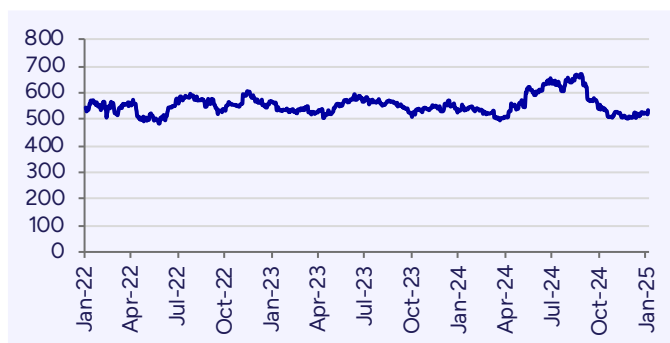
Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	28,146	33,491	30,286	33,553
YoY gr. (%)	5.1	7.0	(5.5)	3.1
Raw Material Expenses	14,468	17,487	15,343	17,428
Gross Profit	13,679	16,005	14,943	16,124
Margin (%)	48.6	47.8	49.3	48.1
EBITDA	4,668	6,550	5,526	6,819
YoY gr. (%)	13.9	8.3	(16.4)	2.1
Margin (%)	16.6	19.6	18.2	20.3
Depreciation / Depletion	1,074	1,091	1,110	1,086
EBIT	3,595	5,459	4,416	5,733
Margin (%)	12.8	16.3	14.6	17.1
Net Interest	352	327	474	442
Other Income	1,289	1,294	1,515	1,280
Profit before Tax	4,531	6,427	5,457	6,571
Margin (%)	16.1	19.2	18.0	19.6
Total Tax	1,114	1,481	1,284	1,418
Effective tax rate (%)	24.6	23.0	23.5	21.6
Profit after Tax	3,416	4,946	4,173	5,153
Minority interest	4	2	(2)	(5)
Share Profit from Associates	-	-	-	-
Adjusted PAT	3,412	4,944	4,175	5,158
YoY gr. (%)	16.6	8.3	(17.7)	1.9
Margin (%)	12.1	14.8	13.8	15.4
Extra Ord. Income / (Exp)	(896)	(131)	(501)	146
Reported PAT	2,516	4,813	3,674	5,304
YoY gr. (%)	31.9	10.4	(27.5)	2.3
Margin (%)	8.9	14.4	12.1	15.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,516	4,813	3,674	5,304
Avg. Shares O/s (m)	1,772	1,772	1,772	1,772
EPS (Rs)	1.9	2.8	2.4	2.9

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Hold	561	514
2	30-Oct-24	Hold	589	547
3	07-Oct-24	Hold	603	572
4	01-Aug-24	Hold	621	644
5	09-Jul-24	UR	-	606
6	02-May-24	Accumulate	563	525
7	09-Apr-24	Accumulate	535	503
8	01-Feb-24	Accumulate	600	540

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,230	2,334
2	Avenue Supermarts	Hold	3,964	3,686
3	Britannia Industries	BUY	5,815	4,860
4	Colgate Palmolive	Hold	2,801	2,679
5	Dabur India	Hold	561	514
6	Emami	Accumulate	716	554
7	Hindustan Unilever	Accumulate	2,691	2,343
8	ITC	Accumulate	536	450
9	Jubilant FoodWorks	Hold	719	750
10	Kansai Nerolac Paints	Reduce	274	257
11	Marico	Accumulate	675	638
12	Metro Brands	Hold	1,177	1,199
13	Mold-tekk Packaging	Accumulate	709	628
14	Nestle India	Accumulate	2,689	2,220
15	Pidilite Industries	Accumulate	3,318	2,910
16	Restaurant Brands Asia	Hold	76	72
17	Titan Company	BUY	3,882	3,484
18	Westlife Foodworld	Hold	778	718

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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