

**CMP: INR 525**

**Rating: Hold**

**Target Price: INR 572**

**Stock Info**

BSE	500096
NSE	DABUR
Bloomberg	DABUR:IN
Reuters	DABU.NS
Sector	Personal Products
Face Value (INR)	1
Equity Capital (INR cr)	177
Mkt Cap (INR cr)	93,122
52w H/L (INR)	597/ 489
Avg Daily Volume (in 000')	1,981

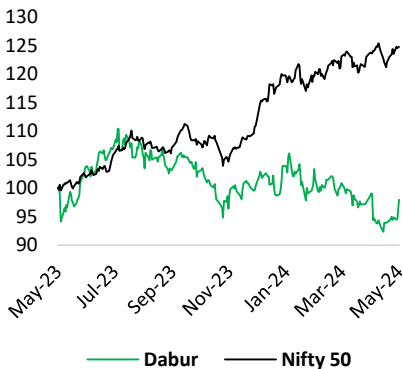
**Shareholding Pattern %**

(As on March 2024)

Promoters	66.26
FII	15.82
DII	12.46
Public & Others	5.47

Stock Performance (%)	1m	3m	12m
Dabur	(1.2)	(3.6)	(2.1)
Nifty 50	0.9	13.3	25.2

**Dabur Vs Nifty**



**Abhishek Jain**

[abhishek.jain@arihantcapital.com](mailto:abhishek.jain@arihantcapital.com)

022 67114872

**Anushka Chitnis**

[anushka.chitnis@arihantcapital.com](mailto:anushka.chitnis@arihantcapital.com)

022 67114870

**Dabur Consolidated Net Revenue for Q4FY24 grew 5.11% YoY to INR 28,146Mn (-13.53% QoQ). Gross Margin expanded 279bps YoY to 48.60% (-1bps QoQ). EBITDA grew 13.90% YoY to INR 4,668Mn (-30.1% QoQ) and the EBITDA Margin expanded 128bps YoY to 16.59% (-393bps QoQ). PAT grew 16.61% YoY to INR 3,416Mn (-32.60% QoQ).**

**Ecommerce and Modern Trade as urban growth drivers:** E-commerce and modern trade contributed to 19%-20% of the India business.

**International Business continues to struggle due to currency devaluations:** It grew at 16.4% in constant currency in FY24 led by strong growth in Turkey 52%, Egypt 46%, Mena markets 12% and Africa 15%. However, the Company lost 2.5% of its top line due to currency devaluation.

**Beverages and Health supplements slowed down:** Beverages showed muted performance because of unseasonal rains during the peak summer season. Now the company is optimistic about growth in the beverage segment, if weather conditions improve and has set a target of double-digit growth for the full year. Health Supplements segment performance was impacted by the delayed winter season.

**Badshah remains FSSAI compliant:** The regulatory norms of FSSAI disallow the excessive use of ethylene oxide, which was recently found in competing masala brands. Ethylene oxide used to prevent microbial growth in the Indian spice code with certain limits and the company is within those limits. EU very recently reduced the limits drastically led to problems for market leaders but the company is on the safe side. To allay fears about quality, the company has also constructed a micro lab where the company is sterilizing all export batches.

**Valuation & Outlook:** They are particularly focused on volume expansion and market share gains. We expect a them to take a price increase of 3% for the full year, and gross margin in the mid to long term to grow, but not to the extent that they have grown last year. In addition, EBITDA margins will touch 20%. Dabur plans for opportunities leveraging existing strengths in oral care, and expanding into shampoos, health supplements, and food products. We assign a TP of INR 572, valued at a P/E of 40x its FY26E EPS of INR 14.3, and recommend that investors Hold the stock.

INR Cr	FY23	FY24	FY25E	FY26E
Revenues	11,530	12,405	13,545	14,823
YoY growth (%)	5.9	7.6	9.2	9.4
Operating profit	2,164	2,401	2,910	3,231
OPM (%)	18.8	19.4	21.5	21.8
Reported PAT	1,701	1,812	2,299	2,533
YoY growth (%)	(2.4)	6.5	26.9	10.1
EPS (Rs)	9.6	10.2	13.0	14.3
P/E (x)	54.6	51.3	40.5	36.7
Price/Book (x)	10.3	9.4	8.1	6.9
EV/EBITDA (x)	40.8	37.0	29.4	25.9
Debt/Equity (x)	0.2	0.2	0.1	0.1
RoE (%)	22.2	20.2	22.3	21.0
RoCE (%)	17.5	17.4	19.0	18.2

Source: Company & Arihant Research

Quarterly and Segment Wise Result

INR Mn (Consolidated)	Q4FY24	Q3FY24	Q4FY23	Q-o-Q	Y-o-Y
<b>Revenue from Operations</b>	<b>28146</b>	<b>32551</b>	<b>26778</b>	<b>-13.53%</b>	<b>5.11%</b>
Raw Material Cost	14468	16728	14510	-13.51%	-0.29%
Gross Profit	13679	15823	12268	-13.55%	11.50%
<i>Gross Margin</i>	<i>48.60%</i>	<i>48.61%</i>	<i>45.81%</i>	<i>-1bps</i>	<i>279bps</i>
Employee cost	3162	3106	2887	1.81%	9.52%
Ad Spends	1837	2445	1516	-24.90%	21.12%
Other Expenses	4012	3593	3766	11.66%	6.54%
<b>EBITDA</b>	<b>4,668</b>	<b>6,678</b>	<b>4,098</b>	<b>-30.10%</b>	<b>13.90%</b>
<i>EBITDA margin %</i>	<i>16.59%</i>	<i>20.52%</i>	<i>15.31%</i>	<i>-393bps</i>	<i>128bps</i>
Other Income	1,289	1,274	1,207	1.162%	6.735%
Depreciation	1,074	969	1,020	10.806%	5.255%
<b>EBIT</b>	<b>4,883</b>	<b>6,983</b>	<b>4,286</b>	<b>-30.073%</b>	<b>13.940%</b>
Finance cost	352	365	321	-3.426%	9.714%
<b>PBT</b>	<b>4,531</b>	<b>6,618</b>	<b>3,964</b>	<b>-31.542%</b>	<b>14.282%</b>
Tax Expense	1,114	1,550	1,035	-28.089%	7.682%
Effective tax rate %	25%	23%	26%	118bps	-151bps
<b>PAT</b>	<b>3,416</b>	<b>5,068</b>	<b>2,930</b>	<b>-32.60%</b>	<b>16.61%</b>
<i>PAT margin %</i>	<i>11.61%</i>	<i>14.98%</i>	<i>10.47%</i>	<i>-338bps</i>	<i>114bps</i>

Consolidated Segment Wise (INR Cr)	Q4FY24	Q3FY24	Q4FY23	Q-o-Q	Y-o-Y
<b>Segment Revenue</b>					
Consumer care busines	2214	2742	2097	-19.25%	5.60%
Food business	528	442	521	19.35%	1.25%
Retail business	31	33	27	-6.17%	12.37%
Other segments	32	29	23	9.39%	36.11%
Unallocated other operating revenue	10	9	9	12.32%	12.81%
<b>Total Segment Revenue</b>	<b>2815</b>	<b>3255</b>	<b>2678</b>	<b>-13.53%</b>	<b>5.11%</b>
<b>Segment Results</b>					
Consumer care busines	450	666	388	-32.41%	15.95%
Food business	68	63	71	7.71%	-4.91%
Retail business	1	1	-1	35.48%	-172.41%
Other segments	2	3	3	-44.92%	-45.63%
<b>Total Segment Results</b>	<b>520</b>	<b>733</b>	<b>461</b>	<b>-28.97%</b>	<b>12.80%</b>

Source: Company & Arihant Research

**Distribution expansion strategies:** The company plans to sustain its distribution expansion strategy, targeting rural and urban markets. They aim to capitalize on infrastructure development in rural areas, increase direct reach to urban outlets, leverage e-commerce partnerships, and optimize salesforce efficiency. This disciplined approach seeks to drive growth while enhancing operational effectiveness

**Operational Highlights:**

- The company remains optimistic about the gradual uptick in consumption trends over the next year considering normal monsoon, improving macros, continued government spending, and lower restrictions.
- The company’s oral care penetration has reached 52% with the company being second largest player in oral care and is already number 1 in many states like Orissa, Karnataka, etc.

**Operational Highlights:**

- The company saw market share gain in the mosquito repellent cream category expanding by 600 bps led by Odomos and Odomil and in the air freshener category expanding by 260 bps, with the home care category growing at double-digit growth for FY24.
- The hair care category gained 115 bps market shares during the year. Dabur amla oil yielding good results.
- Shanpur's portfolio is continuing growth momentum and this year company registered a growth of 8% led by the Vatika franchise in skin care.
- Gulabari grew by around 18% in the year led by premiumization initiatives and extending the franchise into existing categories like body wash.
- The healthcare portfolio grew by 4.2% in FY24 led by the digestive category, which witnessed a growth of 16% led by Hajmola and consequently gained market share by 210 bps.
- OTC and ethical vertical market share increased by 114 and 70 bps respectively from last year.
- The beverage portfolio was flat during the year because of unseasonal rains during the peak summer season.
- Foods business, which includes culinary products under homemade brand, recorded a growth of 23.2%. Badsha's business reported a 23.3% growth during the year with a gain in market share.
- The therapeutic division, which is the doctor advocacy vertical, is scaling up and now covers 1.1 lakh ayurvedic and allopathic doctors, which gives a turnover of INR 120cr.

**Operating Environment:**

- The company is actively working on premiumization of its portfolio, through modern trade and e-commerce channels.
- Management is optimistic about a gradual uptake in consumption trends for the next fiscal year.
- Double-digit growth target set for the beverages segment.
- Mid to high single-digit volume growth is expected across the portfolio.
- Continued focus on expanding distribution reach in both rural and urban areas.

## Consolidated Financial Summary

Income Statement (INR Cr)	FY23	FY24	FY25E	FY26E
<b>Revenue</b>	<b>11,530</b>	<b>12,405</b>	<b>13,545</b>	<b>14,823</b>
Net Raw Materials	6269	6447	7030	7679
Advt & Promotion	640	849	975	1067
Employee Cost	1137	1240	1300	1453
Other Expenses	1320	1468	1330	1393
<b>Total Expenditure</b>	<b>9366</b>	<b>10004</b>	<b>10636</b>	<b>11592</b>
<b>EBITDA</b>	<b>2,164</b>	<b>2,401</b>	<b>2,910</b>	<b>3,231</b>
Depreciation	(311)	(399)	(312)	(330)
Interest expense	(78)	(124)	(69)	(68)
Other income	445	482	484	486
Exceptional items	-	-	-	-
<b>Profit before tax</b>	<b>2,220</b>	<b>2,360</b>	<b>3,014</b>	<b>3,319</b>
Taxes	(517)	(547)	(714)	(787)
Minorities and other	2	1	-	-
<b>Reported Net profit</b>	<b>1,701</b>	<b>1,812</b>	<b>2,299</b>	<b>2,533</b>
Balance Sheet (INR Cr)	FY23	FY24	FY25E	FY26E
Equity capital	177	177	177	177
Reserves	8,796	9,689	11,372	13,287
<b>Net worth</b>	<b>8,973</b>	<b>9,866</b>	<b>11,549</b>	<b>13,465</b>
Minority Interest	468	437	437	437
Debt	1,459	1,683	1,668	1,653
Deferred tax liab (net)	91	110	221	344
<b>Total liabilities</b>	<b>10,991</b>	<b>12,096</b>	<b>13,875</b>	<b>15,899</b>
Fixed assets	2,238	2,561	1,489	1,414
Capital Work In Progress	175	232	240	272
Other Intangible assets	889	803	812	824
Goodwill	405	405	405	405
Investments	5,606	5,332	6,932	8,732
Other non current assets	92	219	75	82
<b>Net working capital</b>	<b>494</b>	<b>168</b>	<b>693</b>	<b>725</b>
Inventories	2,024	1,947	2,461	2,666
Sundry debtors	849	899	790	865
Other current assets	285	458	395	453
Sundry creditors	(2,187)	(2,422)	(2,452)	(2,705)
Other current liabilities & Prov	(477)	(715)	(500)	(554)
<b>Cash</b>	<b>326</b>	<b>666</b>	<b>2,137</b>	<b>2,250</b>
Other Financial Assets	765	1,709	1,091	1,194
<b>Total assets</b>	<b>10,991</b>	<b>12,096</b>	<b>13,875</b>	<b>15,899</b>
Cash Flow Statement (INR Cr)	FY23	FY24	FY25E	FY26E
Profit before tax	2,220	2,360	3,014	3,319
Depreciation	311	399	312	330
Tax paid	(517)	(547)	(714)	(787)
Working capital Δ	(132)	326	(525)	(32)
Goodwill	(154)	0	-	-
<b>Operating cashflow</b>	<b>1,728</b>	<b>2,538</b>	<b>2,086</b>	<b>2,831</b>
Capital expenditure	(588)	(780)	752	(287)
<b>Free cash flow</b>	<b>1,140</b>	<b>1,758</b>	<b>2,838</b>	<b>2,544</b>
Equity raised	(177)	(339)	184	184
Investments	(169)	274	(1,600)	(1,800)
Others	(712)	(985)	753	(122)
Debt financing/disposal	172	225	(15)	(15)
Dividends paid	(707)	(487)	(709)	(709)
Other items	209	(105)	20	31
<b>Net Δ in cash</b>	<b>(244)</b>	<b>340</b>	<b>1,470</b>	<b>113</b>
<b>Opening Cash Flow</b>	<b>570</b>	<b>326</b>	<b>666</b>	<b>2,137</b>
<b>Closing Cash Flow</b>	<b>326</b>	<b>666</b>	<b>2,137</b>	<b>2,250</b>

Source: Company &amp; Arian Research

## Ratios

Ratio analysis	FY23	FY24	FY25E	FY26E
<b>Growth matrix (%)</b>				
Revenue growth	5.9	7.6	9.2	9.4
EBITDA growth	(4.0)	10.9	21.2	11.1
Net profit growth	(2.4)	6.5	26.9	10.1
<b>Profitability ratios (%)</b>				
EBITDA margin	18.8	19.4	21.5	21.8
Net profit margin	14.8	14.6	17.0	17.1
RoCE	17.5	17.4	19.0	18.2
RoNW	22.2	20.2	22.3	21.0
RoA	17.5	15.7	17.2	16.5
<b>Per share ratios</b>				
EPS	9.6	10.2	13.0	14.3
Dividend per share	4.0	2.8	4.0	4.0
Book value per share	50.8	55.7	65.2	76.0
<b>Valuation ratios</b>				
P/E	54.6	51.3	40.5	36.7
P/B	10.3	9.4	8.1	6.9
EV/EBIDTA	40.8	37.0	29.4	25.9
<b>Payout (%)</b>				
Dividend payout	41.6	26.9	30.8	28.0
Tax payout	23.3	23.2	23.7	23.7
<b>Liquidity ratios</b>				
Debtor days	26.5	26.1	21.0	21.0
Inventory days	116.2	108.7	126.0	125.0
Creditor days	84.0	87.1	83.0	84.0
<b>Leverage ratios</b>				
Interest coverage	29.4	20.0	44.9	49.7
Net debt / equity	0.1	0.1	(0.0)	(0.0)
Net debt / op. profit	0.5	0.4	(0.2)	(0.2)
<b>Du-Pont Analysis</b>				
Tax burden (x)	0.8	0.8	0.8	0.8
Interest burden (x)	1.0	1.0	1.0	1.0
EBIT margin (x)	0.2	0.2	0.2	0.2
Asset turnover (x)	1.0	1.1	1.0	1.0
Financial leverage (x)	1.3	1.3	1.2	1.2
<b>RoE (%)</b>	<b>19.6</b>	<b>19.2</b>	<b>21.5</b>	<b>20.3</b>

Source: Company & Arian Research

**Arihant Research Desk**Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

Head Office	Registered Office
#1011, Solitaire Corporate Park Building No. 10, 1 <sup>st</sup> Floor Andheri Ghatkopar Link Road Chakala, Andheri (E) Mumbai – 400093 Tel: (91-22) 42254800 Fax: (91-22) 42254880	Arihant House E-5 Ratlam Kothi Indore - 452003, (M.P.) Tel: (91-731) 3016100 Fax: (91-731) 3016199

Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Research Analyst Registration No.	Contact	Website	Email Id
INH000002764	SMS: 'Arihant' to 56677	<a href="http://www.arihantcapital.com">www.arihantcapital.com</a>	<a href="mailto:instresearch@arihantcapital.com">instresearch@arihantcapital.com</a>

**Disclaimer:** This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way is responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.  
1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
Tel. 022-42254800 Fax. 022-42254880