

India

HOLD (no change)

Consensus ratings*: Buy 15 Hold 17 Sell 8

Current price: Rs529
 Target price: ▲ Rs545
 Previous target: Rs515
 Up/downside: 3.0%
 InCred Research / Consensus: 4.6%

Reuters: DABU.NS
 Bloomberg: DABUR IN
 Market cap: US\$10,711m
 Rs938,282m
 Average daily turnover: US\$14.3m
 Rs1249.9m
 Current shares o/s: 1,767.4m
 Free float: 33.8%

*Source: Bloomberg

Key changes in this note

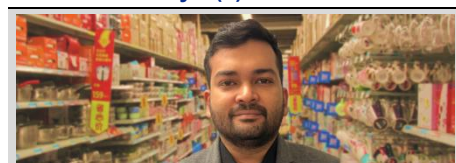
- Introduce FY28F estimates.
- Raise the target price to Rs545 from Rs515.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	9.7	8.5	(17.8)
Relative (%)	13.1	7.2	(17.1)

Major shareholders	% held
Promoter	66.2
ICICI Pru	1.8
Blackrock	1.6

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Dabur India Ltd

In a slow lane

- Dabur India posted a standalone sales decline of 1.8% in 1QFY26, with a 1.7% growth on a consol. basis. Rural markets continued to outpace urban markets.
- Margin pressure is expected to sustain owing to heightened competitive intensity in beverages and oral care categories in the medium term.
- Corrective steps are in the right direction; however, the overall environment remains challenging. Maintain HOLD rating with a new target price of Rs545.

Weak summer season drags growth; outlook remains muted

Dabur India (Dabur) posted a standalone sales decline of 1.8% in 1QFY26 because of unseasonal rains during the peak summer season impacting the performance of its summer product portfolio, especially in categories like beverages. Excluding the summer range, sales grew by 7% yoy, as per management. Rural markets continued to outperform urban markets for the fifth consecutive quarter, growing 390bp ahead of urban India this quarter as well (in both value & volume terms). The home and personal care (HPC) category posted a 5% yoy growth led by mid-single digit growth in the oral care segment, double-digit growth in home care, high single-digit growth in skincare, and low single-digit growth in hair care. The healthcare range declined by 4.4% yoy led by weak performance of the glucose range, excluding which it posted a 2.7% yoy growth. Chyawanprash and honey posted double-digit growth. Digestives posted high single-digit growth while the OTC range posted low single-digit growth. The food & beverages (F&B) segment posted a 14.3% dip led by the impact of high competition and a weak summer season.

Corrective steps underway to revive laggards

Dabur plans to scale up the premium portfolio of the Activ range, especially coconut water, along with increased promotional intensity on core nectar packs to revive growth in the beverage business. Dabur has also stepped up its focus on brands that could benefit from early monsoon like Honitus (cough syrups), Chyawanprash, Odomos etc, due to which some categories posted double-digit growth. Core brands (which account for c.60-70% of its sales) are being strengthened, along with premiumization focus on major brands like Dabur Red & Dabur Amla, increasing focus on larger packs in home care and aggressive scale up of healthcare brands like Pudina Hara, Hajmola, health juices & shilajit. Dabur is also refining its GTM strategy to enhance distributor RoI. Exited from non-core categories.

Maintain HOLD rating with a higher target price of Rs545

While the near-term headwinds remain, Dabur's focus on reviving growth in portfolio laggards should drive a gradual recovery going ahead. We expect categories like beverages to continue to reel from intense competition from carbonated beverages, despite low bases going forward. We maintain our HOLD rating on Dabur with a higher target price of Rs545 (44x Sep 2027F EPS), from Rs515 earlier, as we roll forward. Upside/downside risks: Faster/slower-than-expected sales/volume growth momentum.

Financial Summary

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	124,040	125,631	134,091	143,801	154,443
Operating EBITDA (Rsm)	24,002	23,163	24,796	27,168	29,728
Net Profit (Rsm)	18,427	17,676	18,781	20,751	22,761
Core EPS (Rs)	10.4	10.0	10.6	11.7	12.9
Core EPS Growth	7.8%	(4.1%)	6.4%	10.6%	9.7%
FD Core P/E (x)	50.87	53.04	49.85	45.05	41.07
DPS (Rs)	5.4	5.4	4.8	5.1	5.4
Dividend Yield	1.03%	1.04%	0.91%	0.97%	1.03%
EV/EBITDA (x)	38.83	39.91	37.08	33.56	30.37
P/FCFE (x)	71.92	127.23	177.90	97.23	73.64
Net Gearing	(9.4%)	(15.3%)	(16.6%)	(19.5%)	(23.5%)
P/BV (x)	9.50	8.68	7.70	7.02	6.38
ROE	19.6%	17.1%	16.4%	16.3%	16.3%

% Change In Core EPS Estimates

InCred Research/Consensus EPS (x)

SOURCE: INCRED RESEARCH, COMPANY REPORTS

In a slow lane

Figure 1: Quarterly results summary - consolidated

Y/E Mar (Rs. m)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)	FY24	FY25	Gr (%)
Revenue	33,491	28,301	34,046	1.7	20.3	1,24,040	1,25,631	1.3
Expenditure	26,941	24,033	27,368	1.6	13.9	1,00,038	1,02,468	2.4
Consumption of RM	17,487	15,091	18,033	3.1	19.5	64,470	65,349	1.4
as % of sales	52.2%	53.3%	53.0%			52.0%	52.0%	
Employee Costs	3,229	2,944	3,378	4.6	14.7	12,396	12,912	4.2
as % of sales	9.6%	10.4%	9.9%			10.0%	10.3%	
Advertising & SP Expenses	2,359	1,764	2,020	-14.4	14.5	8,491	8,646	1.8
as % of sales	7.0%	6.2%	5.9%			6.8%	6.9%	
Other Expenditure	3,866	4,235	3,938	1.8	-7.0	14,682	15,560	6.0
as % of sales	11.5%	15.0%	11.6%			11.8%	12.4%	
EBITDA	6,550	4,269	6,678	2.0	56.4	24,002	23,163	-3.5
Depreciation	1,091	1,169	1,141	4.6	-2.3	3,992	4,456	11.6
EBIT	5,459	3,100	5,537	1.4	78.6	20,010	18,707	-6.5
Other Income	1,294	1,412	1,440	11.3	2.0	4,824	5,501	14.0
Interest	327	393	346	6.0	-11.8	1,242	1,635	31.7
PBT	6,427	4,119	6,630	3.2	61.0	23,593	22,573	-4.3
Total Tax	1,481	992	1,543	4.2	55.6	5,474	5,175	-5.5
Adjusted PAT	4,946	3,127	5,087	2.9	62.7	18,118	17,399	-4.0
(Profit)/loss from JVs/Ass./MI	-55.7	-74.1	-52.2	NA	NA	-308.6	-277.6	NA
APAT after MI	5,001	3,201	5,139	2.8	60.5	18,427	17,676	-4.1
Extraordinary Items	0	0	0	NA	NA	0	0	NA
Reported PAT	5,001	3,201	5,139	2.8	60.5	18,427	17,676	-4.1
Adj. EPS	2.8	1.8	2.9	2.7	60.4	10.4	10.0	-4.1
Margins (%)	1QFY25	4QFY25	1QFY26	(bp)	(bp)	FY24	FY25	(bp)
Gross margin	47.8	46.7	47.0	-80	40	48.0	48.0	0
EBITDA	19.6	15.1	19.6	10	450	19.4	18.4	-90
EBIT	16.3	11.0	16.3	0	530	16.1	14.9	-120
EBT	19.2	14.6	19.5	30	490	19.0	18.0	-110
PAT	14.9	11.3	15.1	20	380	14.9	14.1	-80
Effective Tax Rate	23.0	24.1	23.3	20	-80	23.2	22.9	-30

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Segment-wise performance

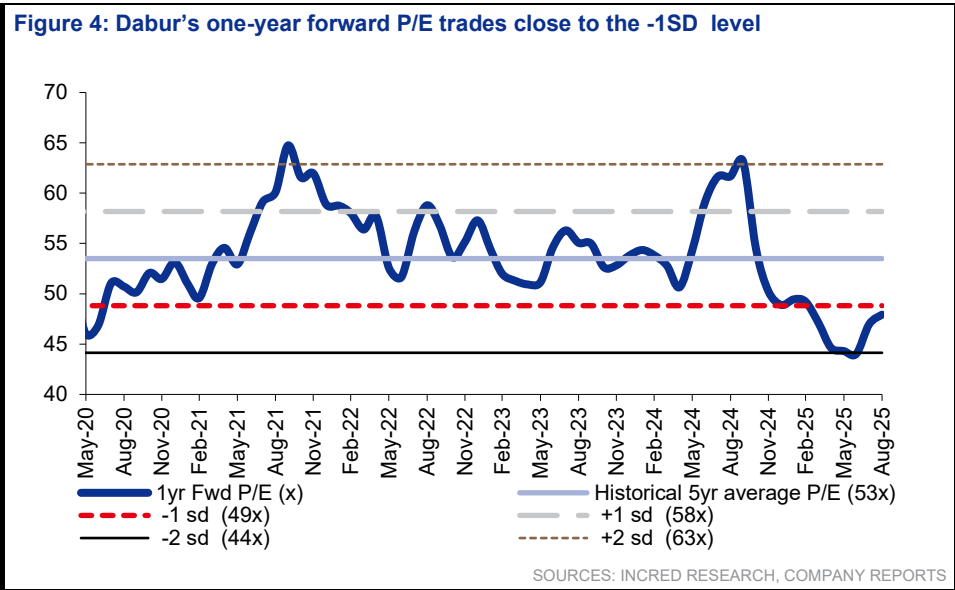
Y/E, Mar (Rs. m)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)
Segment Revenue					
Consumer Care	25,672	22,550	27,049	5.4	20.0
Foods	7,032	5,005	6,209	-11.7	24.1
Others	401	398	438	9.2	10.1
Retail	296	246	262	-11.6	6.5
Total	33,401	28,198	33,958	1.7	20.4
Segment EBIT					
Consumer Care	6,069	4,192	6,441	6.1	53.6
Foods	983	601	805	-18.2	33.9
Others	48	38	68	43.1	79.5
Retail	1	2	-5	-933.3	-308.3
Total	7,101	4,834	7,309	2.9	51.2
Add- Unall. Income / (Expenses)	327	393	346	6.0	-11.8
Less- Interest Exp	347	322	333	NA	3.2
PBT	6,427	4,119	6,630	3.2	61.0
Segment Margin (%)				(bp)	(bp)
Consumer Care	23.6	18.6	23.8	20	520
Foods	14.0	12.0	13.0	-100	100
Others	11.9	9.6	15.6	370	600
Retail	0.2	1.0	-1.9	-210	-290
Average	21.3	17.1	21.5	30	440

SOURCE: INCRED RESEARCH, COMPANY REPORTS

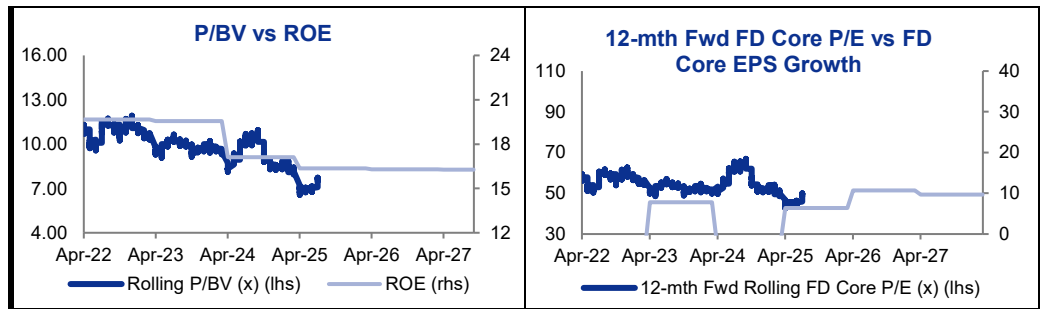
Figure 3: Our revised earnings estimates

Y/E Mar (Rs. m)	FY26F			FY27F			FY28F
	Earlier	Revised	% Change	Earlier	Revised	% Change	Introduced
Revenue	1,34,091	1,34,091	0.0	1,43,801	1,43,801	0.0	1,54,443
EBITDA	24,796	24,796	0.0	27,168	27,168	0.0	29,728
EBITDA Margin (%)	18.5	18.5	0 bp	18.9	18.9	0 bp	19.2
Net Profit	18,781	18,781	0.0	20,751	20,751	0.0	22,761
EPS	10.6	10.6	0.0	11.7	11.7	0.0	12.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	124,040	125,631	134,091	143,801	154,443
Gross Profit	59,571	60,282	64,634	70,224	76,395
Operating EBITDA	24,002	23,163	24,796	27,168	29,728
Depreciation And Amortisation	(3,992)	(4,456)	(4,337)	(4,635)	(4,939)
Operating EBIT	20,010	18,707	20,458	22,533	24,788
Financial Income/(Expense)	3,582	3,866	3,470	3,818	4,100
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	23,593	22,573	23,928	26,351	28,888
Exceptional Items					
Pre-tax Profit	23,593	22,573	23,928	26,351	28,888
Taxation	(5,474)	(5,175)	(5,477)	(5,990)	(6,517)
Exceptional Income - post-tax					
Profit After Tax	18,118	17,399	18,451	20,361	22,371
Minority Interests	309	278	330	390	390
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	18,427	17,676	18,781	20,751	22,761
Recurring Net Profit	18,427	17,676	18,781	20,751	22,761
Fully Diluted Recurring Net Profit	18,427	17,676	18,781	20,751	22,761

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	24,002	23,163	24,796	27,168	29,728
Cash Flow from Invt. & Assoc.	309	278	330	390	390
Change In Working Capital	2,072	511	(15,145)	(1,122)	(1,356)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	4,824	5,501	5,150	5,418	5,700
Net Interest (Paid)/Received	(1,242)	(1,635)	(1,680)	(1,600)	(1,600)
Tax Paid	(5,474)	(5,175)	(5,477)	(5,990)	(6,517)
Cashflow From Operations	24,491	22,644	7,974	24,265	26,344
Capex	(6,697)	(5,776)	(8,164)	(4,500)	(3,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(6,674)	(5,352)	3,217	(10,000)	(10,000)
Other Investing Cashflow					
Cash Flow From Investing	(13,371)	(11,128)	(4,947)	(14,500)	(13,500)
Debt Raised/(repaid)	1,913	(4,147)	2,236	(150)	(150)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(9,658)	(9,748)	(8,526)	(9,095)	(9,615)
Preferred Dividends					
Other Financing Cashflow	28	1,496	2,568	(278)	(271)
Cash Flow From Financing	(7,717)	(12,399)	(3,722)	(9,523)	(10,036)
Total Cash Generated	3,403	(884)	(696)	242	2,808
Free Cashflow To Equity	13,033	7,368	5,262	9,615	12,694
Free Cashflow To Firm	12,362	13,151	4,707	11,365	14,444

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	23,330	26,656	32,507	38,249	46,558
Total Debtors	8,987	8,885	18,261	18,830	20,290
Inventories	19,470	23,001	24,409	25,442	27,413
Total Other Current Assets	6,539	8,417	6,919	8,773	9,269
Total Current Assets	58,325	66,959	82,096	91,294	103,530
Fixed Assets	36,190	37,510	36,337	35,201	33,762
Total Investments	52,661	53,803	44,038	48,538	53,038
Intangible Assets	4,051	4,051	4,053	4,053	4,053
Total Other Non-Current Assets					
Total Non-current Assets	92,902	95,364	84,428	87,792	90,853
Short-term Debt	6,589	4,644	7,306	7,306	7,306
Current Portion of Long-Term Debt					
Total Creditors	24,217	28,253	30,587	32,731	35,092
Other Current Liabilities	6,056	7,701			
Total Current Liabilities	36,861	40,598	37,893	40,037	42,398
Total Long-term Debt	7,062	4,860	4,433	4,283	4,133
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	7,062	4,860	4,433	4,283	4,133
Total Provisions	4,272	4,763	3,737	3,928	4,138
Total Liabilities	48,196	50,220	46,063	48,248	50,669
Shareholders Equity	98,663	108,007	121,474	133,243	146,507
Minority Interests	4,368	4,096	3,985	3,595	3,205
Total Equity	103,031	112,103	125,459	136,837	149,712

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	7.6%	1.3%	6.7%	7.2%	7.4%
Operating EBITDA Growth	10.9%	(3.5%)	7.0%	9.6%	9.4%
Operating EBITDA Margin	19.4%	18.4%	18.5%	18.9%	19.2%
Net Cash Per Share (Rs)	5.46	9.68	11.75	15.09	19.87
BVPS (Rs)	55.68	60.94	68.74	75.40	82.91
Gross Interest Cover	16.11	11.44	12.18	14.08	15.49
Effective Tax Rate	23.2%	22.9%	22.9%	22.7%	22.6%
Net Dividend Payout Ratio	52.4%	55.1%	45.4%	43.8%	42.2%
Accounts Receivables Days	25.71	25.96	36.95	47.07	46.23
Inventory Days	112.42	118.61	124.57	123.65	123.59
Accounts Payables Days	130.45	146.54	154.60	157.05	158.59
ROIC (%)	44.5%	40.7%	34.4%	37.8%	41.5%
ROCE (%)	21.8%	19.7%	19.3%	19.2%	19.4%
Return On Average Assets	10.1%	8.6%	9.1%	9.6%	9.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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CIN: U74999MH2016PTC287535

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.