



Estimate changes	↔
TP change	↔
Rating change	↔

CMP: INR547 TP: INR700 (+28%) Buy

In-line quarter; positive commentary for 2HFY25

Bloomberg	DABUR IN
Equity Shares (m)	1772
M.Cap.(INRb)/(USDb)	968.8 / 11.5
52-Week Range (INR)	672 / 489
1, 6, 12 Rel. Per (%)	-7/0/-23
12M Avg Val (INR M)	1641

Financials & Valuations (INR b)

Y/E March	2024	2025E	2026E
Sales	124.0	128.9	143.9
Sales Gr. (%)	7.5	4.0	11.6
EBITDA	24.0	24.6	28.6
EBITDA mrg. (%)	19.4	19.1	19.9
Adj. PAT	18.8	19.1	21.9
Adj. EPS (INR)	10.6	10.8	12.3
EPS Gr. (%)	9.2	1.9	14.4
BV/Sh.(INR)	55.7	60.1	64.6

Ratios

RoE (%)	19.9	18.6	19.8
RoCE (%)	17.3	16.6	17.8
Payout (%)	52.0	64.9	68.9

Valuation

P/E (x)	51.6	50.6	44.2
P/BV (x)	9.8	9.1	8.5
EV/EBITDA (x)	37.6	36.2	30.9
Div. Yield (%)	1.0	1.3	1.6

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	66.3	66.3	66.2
DII	13.7	13.6	9.9
FII	15.0	15.0	18.4
Others	5.0	5.2	5.5

FII Includes depository receipts

- Dabur’s 2QFY25 performance was largely in line with our estimate. Consolidated revenue declined 5% YoY (in line) primarily due to a temporary adjustment in General Trade (GT) inventory because of the growth in emerging channels. India revenue declined 8% YoY, while secondary sales grew by 2%. Urban demand has moderated (MGT expects bottoming out), with rural demand outpacing it by 130bp in secondary sales. International business grew 13% YoY in CC terms.
- Home & Personal Care/Healthcare/F&B’s reported sales declined 8%/10%/21% YoY, while Home & Personal Care/Healthcare’s secondary sales grew 6%/4% but F&B’s sales dipped 11% YoY. In secondary sales, oral care grew by 5% (lower than peers after a long time), while home care achieved robust growth of 9%. The digestives segment increased 9% YoY, and foods posted a strong 21% growth. Beverages declined 12% YoY due to heavy rainfall. Badshah continued its strong trajectory with 15% growth.
- GM improved 100bp YoY to 49.3% (est. 48.4%). Conversely, EBITDA margin contracted 240bp YoY to 18.2% (in line) on operating deleverage. EBITDA declined 16% YoY.
- Dabur has also announced acquisition of Sesa Care, a leading ayurvedic hair oil brand, at a valuation of 2.4x of EV/sales and 19-20x of EV/EBITDA. EV (including debt) estimated at INR3.15-3.25b. Emami had acquired Kesh King at ~7x of EV/sales in 2015.
- We expect that Dabur will deliver high-single-digit revenue growth in 2HFY25, driven by healthy rural (50% mix), seasonal tailwinds, and the company’s initiatives for distribution expansion, new product launches, and increased brand visibility. **We value Dabur at 50x Sep’26E EPS to arrive at our TP of INR700. We reiterate our BUY rating on the stock.**

Weaker performance due to GT inventory correction

Consolidated

- **Weak reported performance:** Dabur’s 2QFY25 consolidated sales declined 5.5% (in line) to INR30.3b (est. INR30.4b). India revenue declined by 7.6% while secondary growth was at 2.3%. International CC growth was 13% YoY. EBITDA/PBT/adj. PAT decreased 16%/16%/17% YoY to INR5.5b/INR5.5b/INR4.3b (est. INR5.5b/INR5.4b/ INR4.4b).
- **HPC business delivers 6% YoY secondary sales growth:** HPC reported sales decline 8% YoY on inventory rationalization. Oral care’s secondary sales clocked 5% growth. Dabur Red Toothpaste continued to gain market share. Hair Oil, Home Care, Shampoo, and Skin Care clocked 4%, 9%, 3%, and flat YoY secondary growth, respectively.
- **F&B reported 11% YoY decline in secondary growth:** F&B business reported sales decline of 21% YoY with secondary decline of 11%. Secondary sales for the food business delivered 21% growth, while beverages declined 12% YoY. Beverages were hit by the heavy monsoon and floods. Badshah revenue was up 15% YoY.