MIRAE ASSET Sharekhan

Dabur India Ltd

Soft Q1

Consumer Goods	Sharekhan code: DABUR

Reco/View: Buy	⇔	CMP: **Rs. 533**	Price Target: **Rs. 623**	↑

3R MATRIX

	+	=	-
Right Sector (RS)		✓	
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		⇔	
RQ		⇔	
RV		⇔	

Company details

Market cap:	Rs. 94,618 cr
52-week high/low:	Rs. 672/420
NSE volume: (No of shares)	24.1 lakh
BSE code:	500096
NSE code:	DABUR
Free float: (No of shares)	59.9 cr

Shareholding (%)

Promoters	66.2
FII	12.2
DII	16.2
Others	5.4

Price chart

Source: NSE India, Mirae Asset Sharekhan Research

Price performance

(%)	1m	3m	6m	12m
Absolute	3.7	10.7	4.5	-14.4
Relative to Sensex	4.1	10.4	-3.6	-15.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Summary

- Dabur India's (Dabur's) Q1FY26 performance was soft, with consolidated revenue rising ~2% y-o-y and OPM coming in flat y-o-y at 19.6% leading to a ~3% y-o-y growth in adjusted PAT.
- Company expects to deliver double-digit growth in Q2 on a low base and high single-digit growth for FY26 led by double-digit growth across the portfolio except beverages, which is likely to remain under pressure.
- OPM is expected to surge in FY26 driven by the company's focus on premiumization, better mix, and portfolio contemporization.
- Stock trades at 48x/43x its FY26E/FY27E earnings, respectively. We maintain a Buy rating with a revised PT of Rs. 623.

Dabur's consolidated revenues grew 1.7% y-o-y to Rs. 3,405 crore hit by unseasonal rains during peak summer months which impacted the performance of summer-centric portfolio. Excluding the seasonal portfolio (beverages & glucose), consolidated/standalone revenue grew by 7%/4.3%, respectively. Revenue came in largely in line with our and average street expectation of Rs. 3,444 crore and Rs. 3,407 crore, respectively. Domestic volumes fell 1% y-o-y; excluding the seasonal portfolio, volume grew 3.5%. Home & Personal Care revenue grew 5% y-o-y, led by strong performance in oral care, home care and skin care, healthcare segment's revenues fell by 4.4% y-o-y (grew by 2.7% excluding glucose), while F&B revenue declined 14.3% y-o-y due to milder summers and unseasonal rains. The international business grew 13.7% y-o-y in CC terms. During Q1, the company reported market share gains across 95% of its portfolio. Gross margins fell by 75 bps y-o-y to 47% due to inflation, while OPM stood flat y-o-y at 19.6% aided by lower advertisement spends (down 14% y-o-y), beating our and average street expectation of 18.8%. Operating profit grew by 2% y-o-y to Rs. 668 crore and adjusted PAT increased by 2.9% y-o-y to Rs. 509 crore, ahead of our and average street expectation of Rs.484 crore.

Key positives

- Dabur reported market share gains across 95% of the portfolio. Odomos/digestives/hair oils/juices & nectars/ Odonil gained 261/228/214/207/183 bps market share, respectively.
- Honey, Honitus and Chyawanprash recorded double-digit growth due to ramp up in consumption on account of early monsoons.
- UK biz grew by 41%, Turkey was up by 36%, Namaste grew by 30%, and SSA region was up by 20% in CC terms.

Key negatives

- F&B revenue fell 14% y-o-y, as Real portfolio was hit by milder summers and unseasonal rains.

Management Commentary

- Rural markets outperformed urban for the fifth consecutive quarter. In Q1FY26, rural growth was 390 bps higher than urban growth. Management expects a gradual uptick in urban consumption through FY26 led by modern trade and emerging channels.
- During Q1, raw material inflation stood at 7%, which was mitigated by 3-4% price increases and cost-saving initiatives. Going forward, 8% inflation is projected, however, management is confident of mitigation through further price increases and savings.
- Management guided that the decline in ad spends (lower by ~14% y-o-y) is one-off and specific to Q1, since the company offered trade and consumer schemes. Going ahead, it will continue to invest in its brands
- Dabur exited from the tea, adult baby diaper, sanitizers and breakfast cereals categories in line with its Vision FY28 strategy to focus on core business, as these were margin-dilutive segments and recorded cumulative sales of Rs. 8 crore.
- Dabur is exploring M&A opportunities in all three verticals (healthcare, HPC, and F&B) with focus on new-age, wellness-focused and premium brands.

Revision in earnings estimates – We have maintained our estimates for FY26 and FY27 as Q1 performance was largely in line with expectations.

Our Call

View – Retain Buy with a revised PT of Rs. 623: Dabur's Q1FY26 performance was soft as seasonality and challenges due to Operation Sindoor led to muted revenue and PAT growth. Going ahead, a favourable base and company driven initiatives such as premiumisation, new launches, and focus on power brands, will help the company to post high-single-digit value growth and increase its OPM in FY26. Dabur's long-term prospects remain strong, driven by market share gains, distribution expansion, investments in power brands and new launches, while profitability is expected to improve, as raw-material inflation eases and operating leverage improves. The stock currently trades at 48x/43x its FY26E/FY27E EPS, respectively. We retain our Buy rating with a revised price target (PT) of Rs. 623.

Key Risks

Heightened competition in major categories, a slowdown in demand or volatility in prices of raw materials would act as key risks to our earnings estimates in the near to medium term.

Valuation (Consolidated)

Rs cr

Particulars	FY23	FY24	FY25	FY26E	FY27E
Revenues	11,530	12,404	12,563	13,587	14,834
OPM (%)	18.8	19.6	18.4	18.9	19.3
Adjusted PAT	1,703	1,855	1,740	1,965	2,211
% YoY growth	-6.9	8.9	-6.2	13.0	12.5
Adjusted EPS (Rs.)	9.6	10.5	9.8	11.1	12.5
P/E (x)	55.6	51.0	54.3	48.1	42.8
P/B (x)	10.5	9.6	8.8	8.2	7.7
EV/EBIDTA (x)	43.9	39.2	41.1	36.9	33.0
RoNW (%)	19.6	19.7	16.8	17.6	18.5
RoCE (%)	22.1	22.0	19.5	20.8	22.1

Source: Company; Mirae Asset Sharekhan estimates

Key business updates

- **Home & Personal Care**
  - Portfolio performed well with 5% y-o-y revenue growth driven by strong performance across key categories.
  - Oral Care grew in mid-single digits y-o-y. The toothpaste business grew 7.3% on a high base, backed by Dabur Red and Meswak. In Q1FY26, the toothpaste category is expected to have grown by 4%. Herbal portfolio, outpaced non-Herbal by 440 bps.
  - Home Care grew in double digits, backed by strong performance in both Odonil and Odomos.
  - Skin Care segment grew in high single digits, with robust double-digit growth in the Gulabari franchise.
  - Hair Care segment grew in low single digits, while hair oils grew ahead of the category and gained 214 bps market share. Its pure Coconut oil, "Dabur Anmol", grew in double digits, led by pricing growth.
- **Healthcare**
  - Revenue declined by 4.4% y-o-y, excluding glucose, grew by 2.7%
  - Dabur has taken ~6% price increase in this portfolio.
  - Health supplements reported high single-digit y-o-y growth, excluding Glucose. Glucose declined ~40% y-o-y on account of unseasonal rains and high growth in base quarter (31% growth in Q1FY25). While Chyawanprash grew in double digits on account of early onset of monsoons, Honey reported a healthy growth of ~11%.
  - Digestives grew in high single digits y-o-y as Hajmola and Pudin Hara grew in high single digits. Extensions and variants now contribute to more than 50% of Hajmola franchise.
  - OTC & ethicals segment grew in low single digits y-o-y. Honitus recorded strong double-digit growth led by ramp up in consumption on account of early monsoons. Health juices grew in high teens.
- **Foods & Beverages**
  - Revenues declined 14.3% y-o-y as Real portfolio was impacted by milder summers and unseasonal rains.
  - Activ range grew by 20%, maintaining its strong double-digit growth momentum. Coconut water performed well on the back of a new campaign focused on 'hydration' and 'no added sugar'.
  - 'Real' portfolio was hit by milder summers and unseasonal rains. Dabur indicated that the beverage business will grow in low single-digit in Q2FY26.
  - Despite headwinds, Dabur outperformed the category and gained 207 bps market share in the nectars category and 141 bps in 100% Juices.
  - In the culinary portfolio, key products like coconut milk, Lemoneez and mustard oil recorded strong double-digit growth.
  - Badshah Masalas delivered double-digit volume growth.

Results (Consolidated) Rs cr

Particulars	Q1FY26	Q1FY25	y-o-y (%)	Q4FY25	q-o-q (%)
Total Revenue	**3,404.6**	**3,349.1**	**1.7**	**2,830.1**	**20.3**
Materials	1,803.3	1,748.7	3.1	1,509.1	19.5
Employee cost	337.8	322.9	4.6	294.4	14.7
Ad Promotions	202.0	235.9	-14.4	176.4	14.5
Other expenditure	393.8	386.6	1.8	423.5	-7.0
Total Expenditure	2,736.8	2,694.1	1.6	2,403.3	13.9
Operating Profit	**667.8**	**655.0**	**2.0**	**426.9**	**56.4**
Other Income	144.0	129.4	11.3	141.2	2.0
Interest Expenses	34.6	32.7	6.0	39.3	-11.8
Depreciation	114.1	109.1	4.6	116.9	-2.3
Profit before tax	**663.0**	**642.7**	**3.2**	**411.9**	**61.0**
Tax	154.3	148.1	4.2	99.2	55.6
Adjusted PAT	**508.7**	**494.6**	**2.9**	**312.7**	**62.7**
Minority interest	0.4	0.2	-	0.0	-
Reported PAT	**508.3**	**494.4**	**2.8**	**312.7**	**62.5**
Adjusted EPS (Rs.)	2.9	2.8	2.7	1.8	62.5
			bps		**bps**
GPM (%)	47.0	47.8	-75	46.7	36
OPM (%)	19.6	19.6	6	15.1	453
NPM (%)	14.9	14.8	17	11.0	389
Tax rate (%)	23.3	23.0	23	24.1	-80

Source: Company; Mirae Asset Sharekhan Research

Business-wise revenue Rs cr

Particulars	Q1FY26	Q1FY25	y-o-y (%)	Q4FY25	q-o-q (%)
-- Domestic business	**2,316.0**	**2,367.0**	**-2.2**	**1,787.0**	**29.6**
Healthcare	591.0	620.0	-4.7	536.0	10.3
Home & personal care	1,233.0	1,175.0	4.9	863.0	42.9
Foods & beverages	492.0	572.0	-14.0	388.0	26.8
-- International business	**871.0**	**772.0**	**12.8**	**815.0**	**6.9**
-- Others	**217.6**	**210.1**	**3.6**	**228.1**	**-4.6**
Total	**3,404.6**	**3,349.1**	**1.7**	**2,830.1**	**20.3**

Source: Company; Mirae Asset Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Volumes and margins to recover gradually

Consumer goods companies are expected to see yet another muted quarter. We expect gradual uptick in volume growth on low base in the coming quarters driven by expectations of good monsoon, income tax benefits, interest rate cuts, and a gradual improvement in the macroeconomic environment. We believe large improvement in the volume growth could be seen in H2FY26 amid stable demand. We expect margins to remain lower in the coming quarters and if input prices stabilise in the coming months, we might see margins rise from H2FY26.

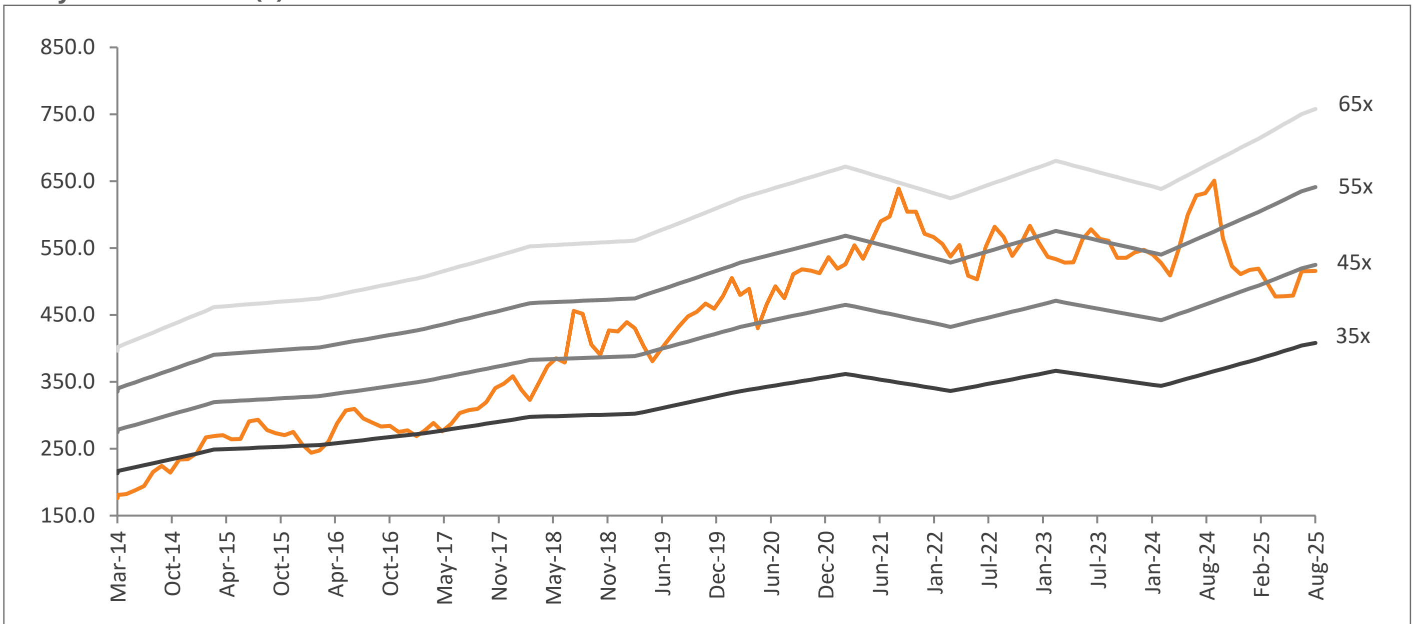
■ Company Outlook – Near term outlook bleak; medium term prospects intact

With rural sentiments improving, management expects to deliver good performance in the rural market in the coming quarters, while it expects urban market slowdown to have bottomed out and expects recovery going ahead. We see growth momentum in the domestic business to recover in the coming quarters, driven by market share gains in key categories, improving category penetration, strong traction in product launches, and expansion in distribution reach. Revenue and PAT are expected to post a 9% and 13% CAGR during FY25-FY27E.

■ Valuation – Maintain Buy with a revised PT of Rs. 623

Dabur's Q1FY26 performance was soft as seasonality and challenges due to Operation Sindoor led to muted revenue and PAT growth. Going ahead, a favourable base and company driven initiatives such as premiumisation, new launches, and focus on power brands, will help the company to post high-single-digit value growth and increase its OPM in FY26. Dabur's long-term prospects remain strong, driven by market share gains, distribution expansion, investments in power brands and new launches, while profitability is expected to improve, as raw-material inflation eases and operating leverage improves. The stock currently trades at 48x/43x its FY26E/FY27E EPS, respectively. We retain our Buy rating with a revised price target (PT) of Rs. 623.

One-year forward P/E (x) band



Source: Company; Mirae Asset Sharekhan Research

Peer Comparison

Companies	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Marico	58.5	52.5	45.5	44.7	38.6	33.3	43.2	45.2	44.9
Hindustan Unilever	61.2	59.5	53.7	43.3	41.5	37.3	26.9	28.6	32.7
Dabur India	54.3	48.1	42.8	41.1	36.9	33.0	19.5	20.8	22.1

Source: Company; Mirae Asset Sharekhan Research

About company

Dabur is one of India's leading FMCG companies with revenue of over Rs. 12,500 crore (FY25). The company operates in key consumer product categories such as hair care, oral care, healthcare, and skin care based on Ayurveda. Dabur India's FMCG portfolio today includes eight distinct Power Brands in India: Dabur Chyawanprash, Dabur Honey, Dabur Honitus, Dabur PudinHara and Dabur Lal Tail in the Healthcare space; Dabur Amla and Dabur Red Paste in the Personal Care category; and Real in the Food & Bseverages space. Vatika is the International Power Brand in Dabur's portfolio. The company has a large presence in rural India (especially in northern and eastern parts of India). Further, the company has a substantial international presence (in regions such as the Middle East, North America, and SAARC), contributing ~26% to total revenue.

Investment theme

Dabur's positioning as an Ayurvedic products company with a focus on herbal and natural products in the healthcare and personal care segments and a strong presence in the juices segment makes it a formidable play in the domestic market. Further, the company's international presence de-risks its business model when demand slows down in the domestic market. The company continues to leverage its urban and rural presence by enhancing its distribution network and product launches. The management has employed a new seven-pillar strategy to accelerate profitable growth through focus on core brands, premiumisation, category expansion, portfolio rationalisation, distribution channel, M&A strategy and cost optimisation.

Key Risks

- Any slowdown in rural demand would affect volume growth.
- Any increase in prices of key raw materials would affect profitability and earnings growth.
- Increased competition in highly penetrated categories such as hair care and oral care would act as a threat to revenue growth.

Additional Data

Key management personnel

Name	Designation
Mohit Burman	Chairman
Mohit Malhotra	Chief Executive Officer
Ankush Jain	Chief Financial Officer
Ashok Kumar Jain	Company Secretary and Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp of India	5.43
2	NPS Trust A/C Uti Retirement Solutions Ltd.	1.93
3	Blackrock Inc.	1.65
4	ICICI Prudential AMC Ltd.	1.58
5	SBI Funds Management Ltd.	1.50
6	MN Finmart Pvt. Ltd.	1.50
7	Vanguard Group Inc.	1.35
8	HDFC AMC Ltd.	1.06
9	First Sentier Investors ICVC	0.81
10	SBI Pension Funds Pvt. Ltd.	0.67

Source: Bloomberg (Old data)

Mirae Asset Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Mirae Asset Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Mirae Asset Sharekhan Research

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation, and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to change without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, and outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply to information/documents focused on technical and derivatives research and shall not apply to reports/documents/ information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. Mirae Asset Sharekhan will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable, and Mirae Asset Sharekhan has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on a reasonable basis, Mirae Asset Sharekhan, its subsidiaries and associated companies, their directors, and employees ("Mirae Asset Sharekhan and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent Mirae Asset Sharekhan and its affiliates from doing so. 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. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance, and the value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Mirae Asset Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject Mirae Asset Sharekhan and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to a certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restrictions.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in the securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of Mirae Asset Sharekhan. The analyst and Mirae Asset Sharekhan further certifies that either he or his relatives or Mirae Asset Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and Mirae Asset Sharekhan encourage independence in research report/ material preparation and strive to minimize conflict in the preparation of the research report. The analyst and Mirae Asset Sharekhan do not have any material conflict of interest or have not served as officers, directors or employees or engaged in market-making activity of the company. The analyst and Mirae Asset Sharekhan have not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd, or its associates, or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from a third party in the past twelve months in connection with the research report.

Either Mirae Asset Sharekhan or its affiliates or its directors or employees/representatives/clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. Mirae Asset Sharekhan may from time to time solicit from, or perform investment banking or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall Mirae Asset Sharekhan, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance, and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Sharekhan Ltd and its affiliates undertake no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgment before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Mirae Asset Sharekhan has been ranked as India's No.1 Retail Broker by Asiamoney Brokers Poll 2023. For more details, visit bit.ly/AsiamoneyPoll

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

---

Registered Office: 1st Floor, Tower No. 3, Equinox Business Park, LBS Marg, Off BKC, Kurla (West), Mumbai 400 070, Maharashtra, India. Tel: 022-67502000.

Correspondence/Administrative Office Address - Gigaplex IT Park, Unit No 1001, 10th floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400708. Tel: 022 61169000 / 61150000.

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited - (AMFI-registered Mutual Fund Distributor), Research Analyst Regn No.: INH000006183. CIN: U99999MH1995PLC087498.

SEBI Regn. Nos.: BSE / NSE (CASH / F&O / CD) / MCX - Commodity: INZ000171337; BSE – 748, NSE – 10733, MCX – 56125, DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669 (date of initial registration: 03/07/2004, and valid till 02/07/2026); IRDAI Registered Corporate Agent (Composite) License No. CA0950, valid till June 13, 2027.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-4657 3809; email id: complianceofficer@sharekhan.com

For any complaints/ grievances, email us at igc@sharekhan.com, or you may even call the Customer Service desk on 022-41523200/ 022-61151111.