



Double digit growth is here to stay

Results were better than estimates

- Revenue: grew by 32% YoY to Rs 26115mn (QoQ +12%). India Business volume growth stood at 34.4%
- EBITDA: grew 32.5% YoY to Rs 5520.3mn (QoQ +25%)
- PBT: grew by 34% to Rs 5680.6mn (QoQ +25.6%)
- APAT: grew by 28% YoY to Rs 4373mn (QoQ +15.7%)

Expenses

- RM to Revenue stood at 51.9% v/s 50.58% YoY (QoQ 51.26%)
A&P spends to Revenue: stood at 6.6% v/s 5.4% YoY and 10.3% QoQ
Other expenses to Revenue: stood 9.9% v/s 9.7% YoY (QoQ 11.7%)
Employee Cost grew by 15.4% YoY to Rs 2582mn (QoQ -3.8%)

Outlook double digit growth to continue for FY22 with similar Ebidta margins:

- The management is confident of achieving an overall double digit growth for FY22 (provided 3rd wave of Covid is not severe) , aided by high double digit growth in Foods business, mid-single digit in case of health-care business and double digit growth in home & personal care division.
- Rural which was impacted too is expected to witnessed a V-shaped recovery.
- Innovation is a cornerstone of Dabur’s growth strategy and have a pipeline of products planned, *new products contribute almost 5% of Revenue.*
- Current EBIDTA margins would be maintained, the drop in gross margins would be mitigated via rationalization of consumer promotions and Rs 1bn savings through Samriddhi program

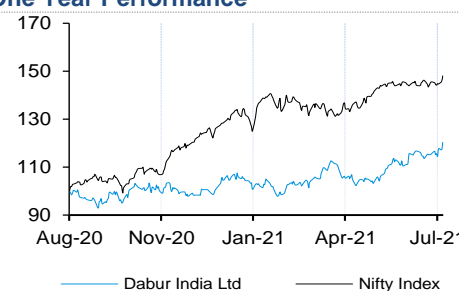
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	660	7

Market data

Current price	Rs	614
Market Cap (Rs.Bn)	(Rs Bn)	1086
Market Cap (US\$ Mn)	(US\$ Mn)	14607
Face Value	Rs	1
52 Weeks High/Low	Rs	620/471
Average Daily Volume	(’000)	5886
BSE Code		500096
Bloomberg		DABUR:IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-21	Mar-21
Promoters	67.36	67.38
Public	32.64	32.62
Total	100	100

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Net sales	85,331	87,036	95,617	1,08,167	1,21,375
growth (%)		2.0	9.9	13.1	12.2
EBIDTA Margins	20.4	20.6	20.9	21.5	22.4
Adjusted net profit	15,055	15,288	16,933	18,936	22,509
EPS (Rs)	8.5	8.7	9.6	10.7	12.7
growth (%)		1.5	10.7	11.8	18.9
P/E (x)	72.0	71.0	64.1	57.3	48.2
P/B (x)	19.3	16.4	14.2	12.3	10.7
RoCE (%)	30.2	26.5	25.6	26.3	27.2
RoE (%)	26.7	23.1	22.1	21.5	22.2
Dividend yield (%)	0.4	0.4	0.4	0.8	0.7

Source: Dalal and Broacha

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Conference Call and Other Segmental KTA's

A. DOMESTIC Revenue +35.4% YoY growth with 34.4% volume growth @ 19140mn (+20% QoQ growth)

- **1. Health Care (36% of Domestic Revenue Revenue) +30% YoY to Rs6840mn (+26% QoQ)**

5th quarter of 20%+ growth

- **Health supplements (20% of domestic revenue) +24.5% YoY** aided by double-digit growth in Chyawanprash (market share +70bps), honey (market share +330bps gained in all channels +54% Ecomm and +30% M.trade) and dabur glucose || Launched Honey Tasties, Chyawanprash tablets too available

>> Chyawanprash +50% on +200% growth base expected to remain muted for some time .

- **Digestive (5% of Domestic Revenue) +16% YoY** aided by double digit growth in Hajmola and Pudina Hara on account of improved mobility and out-of-home consumption || launched Pudina Hara Drops and Ayush Kwath Drops
- **OTC and ethicals (11% of domestic revenue) +45% YoY** aided by strong growth in Honitus, Lal Tail and Shilajit portfolio, immunity products showed good traction || launches Anu tail, Caldab tablets, Kovirakshak Kit,

- **2. Home and Personal Care (45% of Domestic Revenue) +26% YoY to Rs 8630mn (QoQ +6%)**

- **Oral Care (17% of domestic revenue) +21% YoY** aided by Meswak and Babool Franchise recording double digit growth || tooth paste market share +100bps || herbal range 2x Sales YoY
- **Hair Oil & Shampoo(20% of Domestic Revenue) +41% YoY** growth aided by sharp double digit growth recovery in hair oils Amla +27% and Anmol +36% (market share +160bps @ 6% now) ||shampoos too recorded double digit growth (market share +60bps) new Vatika Ayurvedic shampoo saw a good response
- **Home Care (5% of domestic revenue) +31% YoY** growth aided by odonil and odomos recorded double digit growth and improved market share by 230bps and 330bps respectively
- **Skin Care (4% of Domestic Revenue) -4% on YoY**, excluding sanitizer it grew by 66% || Fem and Oxy witnessed triple digit growth || launched Dabur Gold coconut oil & Dabur Anmol Gold coconut oil one for southern market and one for East India, want to be aggressive in coconut hair oil

- **3. Foods and Beverages (19% of Domestic Revenue) +81% YoY** growth aided by 85% growth in beverages and 18% in foods ||Market share of Real increased by 20 bps || launches of

Real Drinks, Real Frappe and Real Apple Mini continue to show good traction.

- 1L pack did well in juices (contributes ~ 70%)
- introduction of packs @ Rs 10, 20 and 60 removed the price point constraint and aided rural growth
- With extension of fruit juice to drinks as well, available market opportunity has gone up from Rs 18bn to Rs80bn || drinks contributed 10% @ Rs 250mn
- Home-made food brands target to reach ~Rs 1bn in FY22 and target is to reach Rs 5bn. Recent launches like chutneys & pickles have received good consumer feedback

**B. International Business: +28% YoY to Rs 6685.5mn
(QoQ +3%) || CC growth @ 34.2% over all.**

- Constant currency YoY growth was as follows: Meena +49.8%, Egypt +44.4%, SSA +35.6%, Turkey +11.7%, Namaste +40.3% and SAARC +41.9%

Other KTA's

- Ecommerce +100% growth (contributes 8% of Sales)
- Price increase taken 3%
- Gross margins to remain under pressure 9% to 10% inflation never seen before || price increase taken will not full recover the commodity rise
- Samriddhi program to give cost reduction of 100crs
- NPD in foods business = 8% to 10% || for Dabur @ 5% to 6%
- Capex for next 2-3 years @ 5.5bn
- Inventory Pipeline reduced from 17 days to 15 days

Quarterly Performance Analysis

Exhibit 1

Particulars	Q1FY22	Q1FY21	YoY (%)	Q4FY21	QoQ (%)
Revenue from Operations	26115	19800	31.9%	23368	11.8%
Other Income	848.40	717.90	18.2%	849.80	-0.2%
Total	26964	20518	31.4%	24218	11.3%
COGS	13553.50	10015.70	35.3%	11978.00	13.2%
<i>% of sales</i>	<i>51.9%</i>	<i>50.6%</i>		<i>51.3%</i>	
Employee Benefit Expense	2582	2238	15.4%	2684	-3.8%
<i>% of sales</i>	<i>9.9%</i>	<i>11.3%</i>		<i>11.5%</i>	
Other Expenses	2,576	1924	33.9%	2740	-6.0%
<i>% of sales</i>	<i>9.9%</i>	<i>9.7%</i>		<i>11.7%</i>	
Advertisement and Promotional Expense	1883.70	1456.30	29.3%	1541.70	22.2%
<i>% of sales</i>	<i>7.2%</i>	<i>7.4%</i>		<i>6.6%</i>	
EBITDA excluding other income	5520.30	4165.90	32.5%	4424.70	24.8%
EBIDTA MARGINS	21%	21%		19%	
EBITDA including other income	6368.7	4883.8	30.4%	5274.5	20.7%
Depreciation	613.1	567.4	8.1%	665.9	-7.9%
EBIT	5755.6	4316.4	33.3%	4608.6	24.9%
Finance costs	75	78.3	-4.2%	86.3	-13.1%
PBT Ex of JV and Exceptional items	5680.6	4238.1	34.0%	4522.3	25.6%
profit/loss from JV	-0.7	0.1	-800.0%	-5.9	-88.1%
exceptional items		0			
PBT	5679.9	4238.2	34.0%	4516.4	25.8%
Tax Expense	1296.9	825.2	57.2%	743.5	74.4%
Tax Rate	22.8%	19.5%		16.5%	38.7%
PAT	4383	3413	28.4%	3772.9	16.2%
NPM	16.3%	16.6%		15.6%	
Extraordinary item		0			
Minority Interest	9.7	-4.8	-302.1%	-5.3	-283.0%
NPAT	4373.3	3417.8	28.0%	3778.2	15.8%
NPM	16.2%	16.7%		15.6%	4.0%
Adjusted PAT	4373.3	3417.8	28.0%	3778.2	15.8%
Equity	1767.4	1761.5		1767.4	
Face Value	1	1		1	
Number of Shares	1767.9	1761.5		1767.4	
Basic EPS Calculated	2.5	1.9		2.1	

Source: Dalal & Broacha Research, Company

Q4FY21 Domestic Volume growth 34.4%

Ad spends maintained @ 7.2% in Q1FY22 to maintain margins

Samriddhi Program gave ~Rs2bn savings in Q1FY22

Valuation

We remain very positive on the current developments in the company and leadership under the current management.

Valuation:

Dabur is committed to achieve high volume growth and overall double-digit growth in the near future. At CMP of Rs 614 Dabur trades at 57x FY22e EPS of Rs 10.7 and 48x FY23e EPS of Rs 12.7. We maintain **“Buy on Dips”** with a target price of Rs 660.(52x FY23e EPS)

Financial

P&L (Rs mn)	FY19	FY20	FY21	FY22E	FY23E	Cash Flow St. (Rs. mn)	FY19	FY20	FY21	FY22E	FY23E
Net Sales	85,331	87,036	95,617	1,08,167	1,21,375	Net Profit	14,463	14,479	16,949	18,954	22,529
						Add: Depreciation	1,769	2,205	2,401	2,563	2,726
						Minority Interest	(39)	(30)	(17)	(18)	(19)
Cost of sales	67,935	69,112	75,590	84,896	94,160	Cash profits (Inc)/Dec in	16,192	16,654	19,334	21,500	25,235
Operating Profit	17,396	17,924	20,027	23,271	27,215	-Sundry debtors	(1,275)	197	2,523	(950)	(819)
Depreciation	1,769	2,205	2,401	2,563	2,726	-Inventories	(444)	(790)	(3,547)	(1,033)	(2,291)
PBIT	15,627	15,719	17,626	20,708	24,489	-Loans/advances	194	(91)	8	(37)	(41)
Other income	2,962	3,053	3,253	3,620	4,351	CL & provisions	1,955	11	4,225	1,497	771
Interest	596	495	308	324	310	' Other Assets	(463)	(5,568)	4,765	(546)	(597)
Profit before tax	17,993	18,277	20,570	24,003	28,529	Change in working capital	(32)	(6,242)	7,974	(1,069)	(2,976)
Exceptional items	753	1,000	-	-	-	CF from Oper. activities	16,160	10,412	27,308	20,431	22,259
share of profit/loss in JV	10	(0)	(10)	(11)	(12)						
PBT (Post Extra Ordinary)	17,249	17,276	20,560	23,992	28,517	CF from Inv. activities	3,080	(284)	(15,905)	(2,300)	(2,300)
Provision for tax	2,786	2,797	3,611	5,038	5,989						
Reported PAT	14,463	14,479	16,949	18,954	22,529	CF from Fin. activities	(19,028)	(5,287)	(6,227)	(7,757)	(9,184)
MI	39	30	17	18	19						
Adjusted PAT	15,055	15,288	16,933	18,936	22,509	Cash generated/(utilised)	212	4,841	5,177	10,374	10,775
						Cash at start of the year	3,061	3,273	8,114	13,290	23,665
						Cash at end of the year	3,273	8,114	13,290	23,665	34,439
							3,273	8,114	13,290	23,665	34,439
Balance Sheet	FY19	FY20	FY21	FY22E	FY23E	Ratios	FY19	FY20	FY21	FY22E	FY23E
Equity capital	1,766	1,767	1,767	1,767	1,767	OPM	20	21	21	22	22
Reserves	54,551	64,290	74,868	86,230	99,735	NPM	17	17	17	17	18
Net worth	56,317	66,058	76,635	87,997	1,01,503	Tax rate	15	15	18	21	21
Minority Interest	314	365	367	385	404						
Non Current Liabilities	1,133	2,479	2,127	1,948	1,769	Growth Ratios (%)					
						Net Sales	11	2	10	13	12
Current Liabilities	26,603	24,639	29,342	30,819	31,569	Operating Profit	8	3	12	16	17
						PBIT before other income	7	1	12	17	18
CAPITAL EMPLOYED	84,366	93,540	1,08,471	1,21,148	1,35,244	PAT	10	2	11	12	19
Non Current Assets	48,513	44,738	60,712	60,627	60,393	Per Share (Rs.)					
						Net Earnings (EPS)	9	9	10	10.7	12.7
Fixed Assets	16,447	20,117	20,037	19,774	19,348	Cash Earnings (CPS)	8	7	8	9	11
Non Current Investments	26,334	14,092	34,136	34,136	34,136	Dividend	2	3	3	5	4
Non Current tax assets	9	231	222	222	222	Book Value	32	37	43	50	57
Long Term Loans and Advances	176	246	225	247	272	Free Cash Flow	11	6	6	10	11
Other NON Current Assets	1,667	6,175	2,226	2,382	2,550						
Goodwill	3,361	3,360	3,360	3,360	3,360						
Investment property	521	516	505	505	505						
Current Assets	35,853	48,803	47,759	60,521	74,851	Valuation Ratios					
Current investments	7,254	13,910	7,460	7,460	7,460	P/E(x)	72	71	64	57	48
Inventories	13,005	13,796	17,343	18,376	20,667	P/B(x)	19	16	14	12	11
Trade Receivables	8,336	8,139	5,616	6,566	7,384	EV/EBIDTA(x)	62	60	54	46	39
Cash and Bank Balances	3,273	8,114	13,290	23,665	34,439	Div. Yield(%)	0	0	0	1	1
Short Term Loans and Advances	110	131	145	159	175	FCF Yield(%)	2	1	1	2	2
Other Current Assets	3,875	4,713	3,906	4,296	4,725						
						Return Ratios (%)					
						ROE	27%	23%	22%	22%	22%
CAPITAL DEPLOYED	84,366	93,540	1,08,471	1,21,148	1,35,244	ROCE	30%	27%	26%	26%	27%

Source: Dalal & Broacha Research

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