

Results were better than estimates

- **Revenue:** grew by 12% YoY to Rs 28,175.8mn (QoQ +8%). **India Business volume growth stood at 10%**
- **EBITDA:** grew 9% YoY to Rs 6,207mn (QoQ +12.4%)
- **EBITDA Margins** at 22% (Vs 22.6% YoY) (Vs 21.14% QoQ)
- **PAT** was up by 4.75% to Rs 5,043.5 Mn (tax rate stood at 23.6% Vs 18.1% YoY & 22.8% QoQ)
- **Gross margins improved on a QoQ basis by 74 bps**

Expenses

- **RM to Revenue** stood at 51.16% v/s 49.1% YoY (QoQ 51.9%)
- **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** were flat on YoY basis to Rs 2696.6mn

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

- Overall business for Q2FY22 and H1FY22 recorded double digit growth @ 12% for Q2 and 20% for H1FY22 and going forward the management is confident of achieving an overall double digit growth for FY22 aided by high double digit growth in Foods business and double digit growth in home & personal care division.
- 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 of 22%

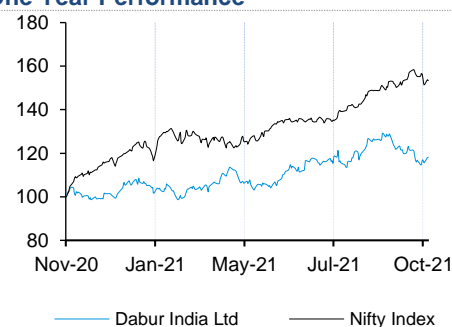
Rating	TP (Rs)	Up/Dn (%)
BUY ON DIPS	688	13

Market data

Current price	Rs	611
Market Cap (Rs.Bn)	(Rs Bn)	1,079
Market Cap (US \$ Mn)	(US \$ Mn)	14,411
Face Value	Rs	1
52 Weeks High/Low	Rs	659 /483
Average Daily Volume	('000)	3,444
BSE Code		500096
Bloomberg		DABUR:IN

Source: Bloomberg

One Year Performance



Source: Bloomberg

Shareholding (%)	Sep.21	Jun.21
Promoter	67.36	67.36
Public	32.64	32.64
Total	100.01	100

Source: BSE

Financial Summary

Y/E Mar (Rs mn)	FY19	FY20	FY21	FY22E	FY23E
Net sales	85,331	87,036	95,598	1,09,259	1,22,631
growth (%)		2.0	9.8	14.3	12.2
EBIDTA Margins	20.4	20.6	20.9	21.7	22.6
Adjusted net profit	15,055	15,288	16,914	18,562	22,166
EPS (Rs)	8.5	8.7	9.6	10.5	12.5
growth (%)		1.5	10.6	9.7	19.4
P/E (x)	71.7	70.6	63.8	58.2	48.7
P/B (x)	19.2	16.3	14.1	12.3	10.7
RoCE (%)	30.2	26.5	25.6	25.8	26.9
RoE (%)	26.7	23.1	22.1	21.1	21.9
Dividend yield (%)	0.4	0.5	0.4	0.8	0.7

Source: Dalal and Broacha

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Conference Call and Other Segmental KTA's

A. DOMESTIC Revenue +11.9% YoY growth with 10% volume growth @ Rs 20083mn (+5% QoQ growth) 2 year CAGR +12%

- **1. Health Care (34% of Domestic Revenue) degrew -4.8% YoY to Rs6790mn (flat QoQ) 2year CAGR 19.2%**
 - health supplements (19% of domestic revenue) degrew -13.6% YoY as Chyawanprash and Honey reported muted growths on high bases 2year CAGR for both brands was +20%
 - M. Share for Chyawanprash +520bps and Honey +430bps
 - Digestive (6% of Domestic Revenue) +22.7% YoY aided by OOH consumption and improved mobility. Hajmola and Pudina Hara grew in double digit
 - OTC and ethical (10% of domestic revenue) +1.9% YoY, 2 year CAGR of 19.4% NPDs like Dabur Health Drops, Health Juices and other immunity boosting products saw reduced traction
- **2. Home and Personal Care (50% of Domestic Revenue) +16.7% YoY to Rs 10010mn (QoQ +16%) 2 year CAGR 12.8%**
 - Oral Care (19% of domestic revenue) +13.3% YoY toothpaste category +15.2% YoY growth aided by Dabur Red and double digit growth in Meswak. Market share gain in toothpaste was +40bps
 - Hair Oil & Shampoo(20% of Domestic Revenue) +26% YoY growth.
 - Hair Oils grew by 27.9% both perfumed and Coco Oils recorded double digit growth, market share in hair oils +80bps. Shampoo's too recorded 20.5% YoY growth, market share in shampoo category increased by ~30 bps.
 - Home Care (7% of domestic revenue) +25.3% YoY. Market share gains in Odonil +210bps and Odomos +120bps
 - Skin Care (4% of Domestic Revenue) degrew -11.9% on YoY, excluding sanitizer it grew by 27% || Fem, Oxy and Gulabri witnessed double digit growth.
- **3.Foods and Beverages (16.3% of Domestic Revenue) +43% YoY growth aided by 45% growth in beverages and 15.6% in foods ||Market share of Real increased by 100 bps || launches of Real Fizzin, Real in PET showing good early traction.**
 - Hommade brand showing good performance driven by innovation
 - Recent addition of chutneys & pickles have received good consumer feedback, innovation will continue in portfolio

B. International Business: +12.4% YoY to Rs 7325.7mn (QoQ +9.6%) || CC growth @ 13.8% overall.

- Constant currency YoY growth was as follows: Mena +12.8%, Egypt +17%, SSA +25.4%, Turkey +3.5%, Namaste +16.7% and SAARC +17.6%
- **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 @ Rs5.5bn
- Inventory Pipeline reduced from 17 days to 15 days

Quarterly Performance Analysis

Exhibit 1

Particulars	Q2FY22	Q2FY21	YoY (%)	Q1FY22	QoQ (%)
Revenue from Operations	28176	25160	12.0%	26115	7.9%
Other Income	1124.40	875.90	28.4%	848.40	32.5%
Total	29300	26036	12.5%	26964	8.7%
COGS	14415.00	12358.60	16.6%	13553.50	6.4%
<i>% of sales</i>	<i>51.2%</i>	<i>49.1%</i>		<i>51.9%</i>	
Employee Benefit Expense	2697	2673	0.9%	2582	4.4%
<i>% of sales</i>	<i>9.6%</i>	<i>10.6%</i>		<i>9.9%</i>	
Other Expenses	2,835	2413	17.5%	2576	10.1%
<i>% of sales</i>	<i>10.1%</i>	<i>9.6%</i>		<i>9.9%</i>	
Advertisement and Promotional Expense	2021.70	2021.80	0.0%	1883.70	7.3%
<i>% of sales</i>	<i>7.2%</i>	<i>8.0%</i>		<i>7.2%</i>	
EBITDA excluding other income	6207.10	5694.30	9.0%	5520.30	12.4%
EBITDA MARGINS	22%	23%		21%	
EBITDA including other income	7331.5	6570.2	11.6%	6368.7	15.1%
Depreciation	633.3	596.3	6.2%	613.1	3.3%
EBIT	6698.2	5973.9	12.1%	5755.6	16.4%
Finance costs	82.7	74.9	10.4%	75	10.3%
PBT Ex of JV and Exceptional items	6615.5	5899	12.1%	5680.6	16.5%
profit/loss from JV	-4.2	-3.3	27.3%	-0.7	500.0%
exceptional items		0			
PBT	6611.3	5895.7	12.1%	5679.9	16.4%
Tax Expense	1558.2	1067.1	46.0%	1296.9	20.1%
Tax Rate	23.6%	18.1%		22.8%	3.2%
PAT	5053.1	4828.6	4.6%	4383	15.3%
NPM	17.2%	18.5%		16.3%	
Extraordinary item		0			
Minority Interest	9.6	11.8	-18.6%	9.7	-1.0%
NPAT	5043.5	4816.8	4.7%	4373.3	15.3%
NPM	17.2%	18.5%		16.2%	6.1%
Adjusted PAT	5043.5	4816.8	4.7%	4373.3	15.3%
Equity	1767.4	1761.5		1767.4	
Face Value	1	1		1	
Number of Shares	1767.9	1761.5		1767.9	
Basic EPS Calculated	2.9	2.7		2.5	

Source: Dalal & Broacha Research, Company

Valuation

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

At Rs 611, 58x FY22e EPS of Rs 10.5 and 49x FY23e EPS of Rs 12.5.
We maintain “Buy on Dips” with a target price of Rs 688.(55x 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	95,598	1,09,259	1,22,631	Net Profit	14,463	14,479	16,931	18,580	22,185
						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	85,602	94,971	Cash profits	16,192	16,654	19,316	21,125	24,891
						(Inc)/Dec in					
Operating Profit	17,396	17,924	20,008	23,657	27,660	-Sundry debtors	(1,275)	197	2,523	(1,015)	(834)
Depreciation	1,769	2,205	2,401	2,563	2,726	-Inventories	(444)	(790)	(3,547)	(1,213)	(2,334)
PBIT	15,627	15,719	17,607	21,094	24,934	-Loans/advances	194	(91)	8	(37)	(41)
Other income	2,962	3,053	3,253	3,620	4,448	CL & provisions	1,955	11	4,225	(24)	3,037
Interest	596	495	308	573	559	Other Assets	(463)	(5,568)	4,765	(546)	(597)
Profit before tax	17,993	18,277	20,552	24,141	28,824	Change in working capital	(32)	(6,242)	7,974	(2,834)	(769)
Exceptional items	753	1,000	-	-	-	CF from Oper. activities	16,160	10,412	27,289	18,291	24,122
share of profit/loss in JV	10	(0)	(10)	(11)	(12)						
PBT (Post Extra Ordinary)	17,249	17,276	20,542	24,130	28,811	CF from Inv. activities	3,080	(284)	(15,905)	(2,488)	(2,300)
Provision for tax	2,786	2,797	3,611	5,550	6,627						
Reported PAT	14,463	14,479	16,931	18,580	22,185	CF from Fin. activities	(19,028)	(5,287)	(6,208)	(4,034)	(9,047)
MI	39	30	17	18	19						
Adjusted PAT	15,055	15,288	16,914	18,562	22,166	Cash generated/(utilised)	212	4,841	5,177	11,769	12,775
						Cash at start of the year	3,061	3,273	8,114	13,290	25,060
						Cash at end of the year	3,273	8,114	13,290	25,060	37,835
							3,273	8,114	13,290	25,060	37,835
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	23
Reserves	54,551	64,290	74,868	86,005	99,304	NPM	17	17	17	16	17
Net worth	56,317	66,058	76,635	87,772	1,01,072	Tax rate	15	15	18	23	23
Minority Interest	314	365	367	385	404	Growth Ratios (%)					
Non Current Liabilities	1,133	2,479	2,127	2,339	2,160	Net Sales	11	2	10	14	12
						Operating Profit	8	3	12	18	17
Current Liabilities	26,603	24,639	29,342	32,479	35,495	PBIT before other income	7	1	12	20	18
						PAT	10	2	11	10	19
CAPITAL EMPLOYED	84,366	93,540	1,08,471	1,22,976	1,39,131	Per Share (Rs.)					
						Net Earnings (EPS)	9	9	10	10.5	12.5
Non Current Assets	48,513	44,738	60,712	60,814	60,581	Cash Earnings (CPS)	8	7	8	9	11
						Dividend	2	3	3	5	4
Fixed Assets	16,447	20,117	20,037	19,961	19,536	Book Value	32	37	43	50	57
Non Current Investments	26,334	14,092	34,136	34,136	34,136	Free Cash Flow	11	6	6	9	12
Non Current tax assets	9	231	222	222	222						
Long Term Loans and Advances	176	246	225	247	272	Valuation Ratios					
Other NON Current Assets	1,667	6,175	2,226	2,382	2,550	P/E(x)	72	71	64	58	49
Goodwill	3,361	3,360	3,360	3,360	3,360	P/B(x)	19	16	14	12	11
Investment property	521	516	505	505	505	EV/E BDTA(x)	62	60	54	45	38
						Div. Yield(%)	0	0	0	1	1
Current Assets	35,853	48,803	47,759	62,161	78,550	FCF Yield(%)	2	1	1	1	2
Current investments	7,254	13,910	7,460	7,460	7,460	Return Ratios (%)					
Inventories	13,005	13,796	17,343	18,556	20,890	ROE	27%	23%	22%	21%	22%
Trade Receivables	8,336	8,139	5,616	6,631	7,465	ROCE	30%	27%	26%	26%	27%
Cash and Bank Balances	3,273	8,114	13,290	25,060	37,835						
Short Term Loans and Advances	110	131	145	159	175						
Other Current Assets	3,875	4,713	3,906	4,296	4,725						
CAPITAL DEPLOYED	84,366	93,540	1,08,471	1,22,976	1,39,131						

Source: Dalal & Broacha Research

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