

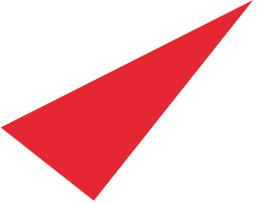


Quarterly Results Pick



Dabur India Ltd

October 31, 2025



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
FMCG	Rs 501.5	Buy in Rs 495-510 band and add on dips in Rs 445-460 band	Rs 537	Rs 578	2-3 quarters

HDFC Scrip Code	DABINDEQNR
BSE Code	500096
NSE Code	DABUR
Bloomberg	DABUR:IN
CMP Oct 30, 2025	501.5
Equity Capital (Rs Cr)	177.2
Face Value (Rs)	1.0
Equity Share O/S (Cr)	177.6
Market Cap (Rs Cr)	88,809
Book Value (Rs)	60.9
Avg. 52 Wk Volumes ('000)	2552.0
52 Week High	577.0
52 Week Low	433.3

Share holding Pattern % (Sep, 2025)	
Promoters	66.2
Institutions	28.3
Non Institutions	5.5
Total	100.0



* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

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Our Take:

Today, 8 out of 10 households in India use Dabur Products and every 1 out of 2 households use Dabur Oral Care Product, which is a testament to Dabur India Ltd's (Dabur) wide range of product portfolio, strong brand recall and deep penetration through an expansive distribution network. With a legacy of more than 140 years, Dabur's prowess in Ayurvedic and nature-based products is unmatched. Dabur is home to 400+ products and over 1,000 SKUs. The company has garnered a global footprint covering over 120 countries across the globe, with its International business contributing ~27% in H1FY26 revenue.

Dabur has one of the largest and deepest distribution networks in the industry, covering over 8.5 million retail outlets and reaching 133,000 villages with a wide range of Ayurveda and nature-based products across diverse categories such as Health Care, Home & Personal Care, and Food & Beverages. Health Care/HPC/F&B contributed 49%/25%/17% to the company's domestic business (73% of revenue) in H1FY26.

Dabur's portfolio includes nine distinct Power Brands: eight in India and one in the overseas markets. The company houses 8 brands that are above Rs 100 cr but less than Rs 250 cr in size, 4 brands are over Rs 250 cr but less than Rs 500 cr, 4 brands are placed in the Rs 500 cr to Rs 1,000 cr and 4 brands have a turnover of more than Rs 1,000 cr. The company continues to strategically invest in deepening the presence in these brands across the country.

Q2FY26 Result Update:

- Dabur reported a resilient Q2FY26 with net sales increasing by 5.4% YoY in value terms to Rs 3,191 cr. with India volume growth coming in at 2% YoY despite transitional headwinds from the new GST regime towards the latter half of the quarter.
- Gross profit grew by 5.6% YoY to Rs 1578 cr with gross profit margin expanding by 10 bps YoY to 49.4% (241 bps QoQ expansion)
- Operational performance remained robust on account of improved gross margin and lower employee costs and as a result EBITDA margin expand by 18 bps YoY (-119 bps QoQ) despite higher ad spends during the quarter. In absolute terms, EBITDA grew by 6.4% YoY. PAT growth came in at 6.5% YoY.
- The company gained market share across 95% of its portfolio. International business grew 7.7% in INR terms (5.5% YoY CC growth).
- Home and Personal Care/Healthcare/F&B YoY growth stood at 8.9%/1.3%/1.7%. Contribution to domestic revenue from HPC/Healthcare/F&B stood at 55%/29%/16% during the quarter. International business contributed 29% to consolidated revenue mix.

Concall takeaways:

- The landmark GST reform by the Indian government during the quarter is expected to increase consumer purchasing power and affordability. With 86% of the company's portfolio now at 5% GST, key categories such as juices, shampoos, hair oil, glucose etc witnessing rate reductions.
- GST rationalization structurally positive and expected to drive volumes, especially in Low Unit Packs (LUPs) (~27% of revenue)
- The company has responded with price reduction across the portfolio, translating the benefit of rate reduction to the consumers. Dabur witnessed transitional challenges during the quarter (impact of about Rs 100 cr i.e. ~3-4% of revenue) with channels anticipating forthcoming rate reductions resulting in lower MRP, resulting in short term moderation in India sales
- Despite headwinds operating profit as well as PAT grew ahead of the topline on the back of price increases and cost saving initiatives
- Oral Care continues to drive HPC growth with herbal category growing at 5x of non-herbal within the overall Oral Care space
- Launched Dabur Ventures with a capital allocation of Rs 500 cr for investments in high potential new-age, digital first businesses
- Management remains optimistic about sequential recovery in demand supported by improving macros, good monsoon, GST rate reduction and expectation of a strong winter season

Valuation & Recommendation:

Dabur delivered a robust domestic business CAGR of 7.1%/5.6%/111.1% across HPC/Healthcare/F&B between FY20-25. Oral Care, Home Care, Digestives and Foods have delivered double-digit growth over the last few quarters. The company has continued to strengthen its brand leadership with market share gain across 90% of its portfolio in FY25. The company has also made significant investments in expanding rural reach as well as in strengthening Modern Trade (MT), e-commerce and Q-commerce channels. The company's international business has continued to deliver double-digit CC growth over the past 3 years. Dabur's 86% portfolio is now under the 5% GST bracket with 66% of its portfolio witnessing GST cut from 12/18% to 5% under the recent rationalization. The company has passed on the benefit of reduced GST rates to its customers, effect of which is expected to be reflected in volumes in upcoming quarters.

Deepening rural presence, continued market share gains across the portfolio, innovation led product launches, and a revival in rural demand on the back of above normal monsoon are key drivers in the near term. The management is confident of delivering mid to high single-digit revenue growth for the remainder of FY26 with an improvement in EBITDA margin driven by GST reforms and anticipation of strong winter season.

We believe the base case fair value of the stock is Rs 537 (39.0x FY28E EPS) and the bull case fair value of the stock is Rs 578 (42.0x FY28E EPS) over the next two to three quarters. Investors can buy in Rs 495-510 (36.5x FY28E EPS) band and add further on dips in the Rs 445-460 band (33.0x FY28E EPS).

Key Risks:

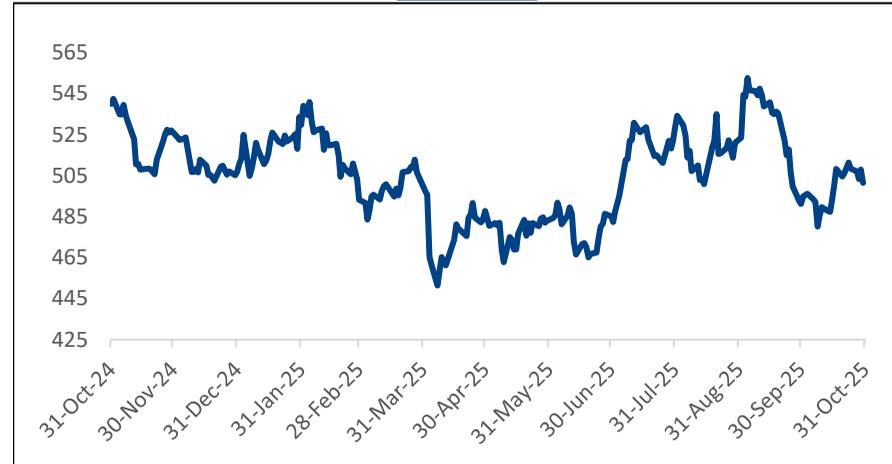
- Any impact from unfavorable seasonal disruptions and general economic conditions may prolong demand recovery
- Increasing competitive intensity in the industry can lead to the company spending more towards advertisement and sales promotions
- Geopolitical uncertainties and supply chain disruptions may impact international business and in turn growth expectations

Financial Summary:

Particulars (in Rs Cr)	Q2FY26	Q2FY25	YoY-%	Q1FY26	QoQ-%	FY23	FY24	FY25	FY26E	FY27E	FY28E
Operating Income	3191	3029	5%	3405	-6%	11530	12404	12563	13616	14684	15848
EBITDA	588	553	6%	668	-12%	2164	2400	2316	2533	2797	3090
APAT	453	425	6%	514	-12%	1707	1843	1768	1914	2154	2442
Diluted EPS (Rs)	2.6	2.4	7%	2.9	-12%	9.6	10.4	10.0	10.8	12.1	13.8
RoE-%						19.7	19.6	17.1	17.2	18.2	19.2
P/E (x)						52.2	48.3	50.4	46.5	41.3	36.5
EV/EBITDA (x)						41.3	36.9	37.9	34.4	30.8	27.5

(Source: Company, HDFC sec)

Price chart



(Source: Company, HDFC sec)

HDFC Sec Prime Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. These stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions.

These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

Rating Criteria

Buy - > 15%+ return potential

Add - +5% to +15% return potential

Reduce - -10% to +5% return potential

Sell - >10% downside return potential

Disclosure:

I, **Darshil Shah**, Research Analyst, **CA, MBA**, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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