

Result Update
FMCG
Dabur India Ltd.
BUY

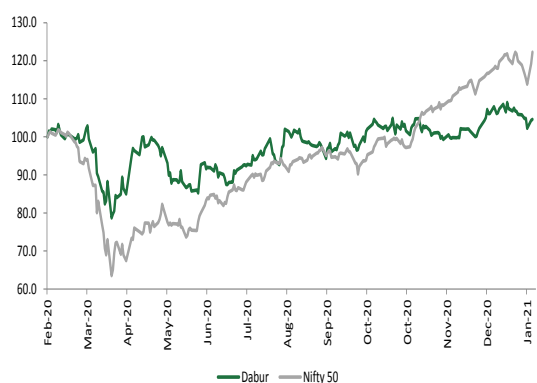
CMP (Rs)	525
Target Price (Rs)	616
Potential Upside	17.4%
Sensex	50,256
Nifty	14,790

Key Stock data

BSE Code	500096
NSE Code	DABUR
Bloomberg	DABUR:IN
Shares o/s, Cr (FV 1)	176.6
Market Cap (Rs Cr)	92,745
3M Avg Volume	3,855,010
52 week H/L	552/386

Shareholding Pattern

(%)	Jun-20	Sep-20	Dec-20
Promoter	67.9	67.9	67.9
FII	17.4	17.6	18.1
DII	6.1	5.6	5.1
Others	8.6	8.9	8.9

1 Year relative price performance

Research Analyst

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Stellar performance, ayurvedic and health portfolio to drive growth

Dabur India reported healthy set of numbers for Q3FY21 its revenue grew by 16% YoY to Rs 2,729 cr driven by strong volume growth of 18.1% in domestic FMCG business. Its EBITDA grew by 16.5% YoY to Rs 574 cr while margin expansion was flat. PAT grew by 17.8% YoY to Rs 494 cr on the back of lower interest expense.

Result Update Q3FY21

- Dabur's performance for Q3FY21 remained strong largely driven by demand for ayurvedic and health products, innovation and widespread distribution network. The company's domestic FMCG business grew by 19.5% and international business grew by 13% YoY. Amongst the segments, healthcare and personal care division clocked in double digit growth of 28% and 16% YoY, respectively. Strong demand for chyawanprash and honey as well as market share gain and strong brand recall in oral care and shampoos led the growth of these segments. However food segment grew by a meagre 4.7%, due to pressure in the Institutional and HORECA business.
- International business clocked in growth of 13% YoY and constant currency growth of 14.1% largely driven by good performance across regions. Hobi business as well as Nepal, Bangladesh and MENA regions posted double digit growth while Egypt and Namaste business grew in higher single digit.
- Concall highlights:** 1) The company launched new products such as pulling oil, toothpaste range which includes ingredients such as neem, tulsi and clove, hair oil range, forest and organic honey and many other related to healthcare. 2) Sales contribution from healthcare increased to 44% from 41% in Q3FY20. 3) Raw material prices are increasing, thus the company may take price hike in the near future for some products.

Outlook & Valuation

Dabur's portfolio is gaining traction each passing quarter largely driven by its focus on health and hygiene segment, new product launches, heavy investment behind their power brands and expanding in rural area. In addition cost optimisation measures and improving go-to-market approach is well supporting company's growth. We remain positive on the company's long term growth plans and have maintained a Buy on the stock with a target price of Rs 616.

Financial Summary

Particulars, Rs cr	FY20	FY21E	FY22E	FY23E
Net revenue	8,704	9,400	9,964	11,060
EBITDA	1,792	1,946	2,092	2,367
EBITDAM (%)	20.6	20.7	21.0	21.4
APAT	1,547	1,649	1,777	2,016
APATM (%)	17.8	17.5	17.8	18.2
EPS (Rs)	8.2	9.3	10.1	11.4
PE (x)	64.1	56.2	52.2	46.0
RoE (%)	21.9	21.7	20.3	19.9

Source : RBL Research

Revenue is largely driven by double digit volume growth of 18.1% in domestic FMCG business

P&L Account Quarterly

Particulars (cr)	Q3FY21	Q3FY20	Y-o-Y %	Q2FY21	Q-o-Q %
Net Sales	2,729	2,353	16.0	2,516	8.5
Cost of Raw Materials	1,166	927	25.7	1,038	12.3
Purchase of Finished Goods	275	179	53.3	257	6.9
(Increase) / Decrease In Stocks	(87)	68	-	(59)	-
Total raw material expense	1,354	1,174	15.3	1,236	9.5
Gross Profit	1,375	1,179	16.7	1,280	7.4
Gross Margins %	50.4	50.1	31bps	50.9	-49bps
Employee Cost	274	245	12.0	267	2.6
Advertisement Cost	282	203	38.8	202	39.7
Other Expense	245	237	3.0	241	1.3
Total Expenditure	2,155	1,860	15.8	1,947	10.7
EBITDA	574	493	16.5	570	0.8
EBITDA Margins (%)	21.0	20.9	9bps	22.6	-159bps
Depreciation	57	54	5.1	60	-4.1
EBIT	517	439	17.9	510	1.4
Other Income	81	74	8.7	88	-7.6
Interest	7	10	-34.6	7	-8.4
PBT	591	502	17.6	590	0.2
Tax	97	83	16.9	107	-8.6
PAT	494	419	17.8	483	2.1
PAT Margin (%)	18.1	17.8	28bps	19.2	-112bps
EPS	2.8	2.4	17.8	2.7	2.1

Source : RBL Research

P&L Account

Particulars (cr)	FY20	FY21E	FY22E	FY23E
Net sales	8,703.6	9,399.9	9,963.9	11,059.9
Expenditure				
Raw material consumed	3,750.7	4,027.8	4,252.4	4,695.8
Purchase of stock in trade	674.6	752.0	784.0	866.7
(Increase) / Decrease In Stocks	(64.5)	(79.9)	(74.4)	(76.8)
Employee cost	947.7	1,034.0	1,096.0	1,205.5
Other expenses	1,603.3	1,720.2	1,813.4	2,001.8
Total expenditure	6,911.8	7,454.1	7,871.5	8,693.1
EBITDA	1,791.8	1,945.8	2,092.4	2,366.8
EBITDAM (%)	20.6	20.7	21.0	21.4
Other income	305.3	319.6	338.8	376.0
Depreciation	220.5	244.4	259.1	287.6
PBIT	1,876.6	2,021.0	2,172.1	2,455.3
Interest expenses	49.6	53.1	51.5	50.0
PBT	1,827.1	1,967.8	2,120.6	2,405.3
Tax	279.7	318.8	343.5	389.7
PAT before Exceptional	1,547.4	1,649.0	1,777.0	2,015.6
PATM (%)	17.8	17.5	17.8	18.2
Exceptional item	(100.0)	-	-	-
PAT after Exceptional	1,447.4	1,649.0	1,777.0	2,015.6
PATM (%)	16.6	17.5	17.8	18.2
EPS	8.2	9.3	10.1	11.4

Source : Company; RBL Research

Balance sheet

Particulars (cr)	FY20	FY21E	FY22E	FY23E
Share Capital	176.6	176.6	176.6	176.6
Reserves & Surplus	6,429.0	7,439.4	8,577.7	9,954.6
Total Shareholder's Fund	6,605.7	7,616.0	8,754.3	10,131.2
Minority Interest	36.5	36.5	36.5	36.5
Long term borrowings	162.9	174.3	191.7	210.9
Short term borrowing	304.2	308.8	276.9	243.7
Total Debt	467.1	483.1	468.6	454.6
Deferred tax liabilities	64.1	64.1	64.1	64.1
Long term provision	62.9	65.8	78.1	86.7
Other long term liabilities	4.7	4.7	4.7	4.7
	131.7	134.5	146.9	155.5
Current Liabilities				
Trade payables	1,482.2	1,609.6	1,699.3	1,878.7
Short term provisions	165.5	188.0	199.3	221.2
Other current liabilities	465.4	517.0	548.0	608.3
	2,113.1	2,314.6	2,446.6	2,708.2
Total liabilities	9,354.0	10,584.7	11,852.9	13,485.8
Application of Assets				
Net Block	2,252.7	2,477.9	2,849.6	3,277.1
Current work in process	146.6	173.5	199.5	229.4
Non current investment	1,409.2	1,550.2	1,782.7	2,139.2
Long term loans and advances	24.6	15.9	16.9	18.8
Other non-current assets	640.6	723.8	767.2	851.6
	4,473.8	4,941.3	5,615.9	6,516.1
Current Assets				
Current investments	1,391.0	1,669.2	1,919.6	1,919.6
Inventories	1,379.6	1,442.2	1,522.6	1,683.3
Trade receivables	813.9	875.6	928.1	1,030.2
Cash & Bank	811.3	1,134.6	1,313.6	1,722.8
Short term loans and advances	13.1	14.1	15.0	16.6
Other current assets	471.3	507.6	538.1	597.3
	4,880.2	5,643.3	6,237.0	6,969.9
Total assets	9,354.0	10,584.6	11,852.9	13,485.9

Source : Company; RBL Research

Cash Flow

Particulars (cr)	FY20	FY21E	FY22E	FY23E
Profit before tax	1,727.1	1,967.8	2,120.6	2,405.3
Add: Depreciation	220.5	244.4	259.1	287.6
Add: Interest cost	41.1	53.1	51.5	50.0
Less: Other Income /Interest	(241.2)	(319.6)	(338.8)	(376.0)
Others	232.5	-	-	-
Operating profit before WC	1,979.9	1,945.8	2,092.4	2,366.8
Changes in working capital	(57.9)	(31.8)	(64.3)	(139.7)
Direct taxes	(308.9)	(318.8)	(343.5)	(389.7)
Cash flow from operating	1,613.1	1,595.2	1,684.6	1,837.4
net cash used in investing				
Purchase of fixed assets	(417.5)	(496.6)	(656.8)	(744.9)
Purchases of Investments	(8,478.8)	(419.1)	(482.9)	(356.5)
Proceed from Sales of FA & Others	8,131.2	-	-	-
cash flow from investing	(516.8)	(596.1)	(800.9)	(725.4)
net cash used in financing				
Proceeds from borrowings	(396.0)	16.0	(14.5)	(14.1)
Dividend (Incl dividend tax)	(617.7)	(638.7)	(638.7)	(638.7)
Interest cost	(28.5)	(53.1)	(51.5)	(50.0)
cash flow from financing	(1,042.2)	(675.9)	(704.8)	(702.8)
Net cash Inflow/Outflow	54.0	323.3	178.9	409.2
Opening Cash	37.7	91.7	415.0	593.9
Closing Cash	91.7	415.0	593.9	1,003.1
Bank balance	647.4	649.7	649.7	649.7
Bank balance - Cash credit	72.2	70.0	70.0	70.0
Closing Cash & Bank	811.3	1,134.6	1,313.6	1,722.8

Source : Company; RBL Research

Key Financial ratios

Particulars (cr)	FY20	FY21E	FY22E	FY23E
Per share Data				
EPS	8.2	9.3	10.1	11.4
Book value per share Rs	37.4	43.1	49.6	57.4
Dividend per share	3.0	3.0	3.0	3.0
Dividend Yield (%)	0.6	0.6	0.6	0.6
Payout (%)	42.7	38.7	35.9	31.7
Profitability Ratios				
EBITDAM(%)	20.6	20.7	21.0	21.4
PBTM (%)	21.0	20.9	21.3	21.7
NPM (%)	16.6	17.5	17.8	18.2
RoCE (%)	22.2	21.0	19.9	19.6
RoE (%)	21.9	21.7	20.3	19.9
Efficiency Data				
Debt-Equity Ratio	0.1	0.1	0.1	0.0
Interest Cover Ratio	31.7	32.0	35.6	41.6
Fixed Asset Ratio	4.1	4.0	3.7	3.6
Debtors (Days)	34.1	34.0	34.0	34.0
Inventory (Days)	115.5	112.0	112.0	112.0
Payable (Days)	124.1	125.0	125.0	125.0
WC (Days)	25.5	21.0	21.0	21.0
Valuation				
P/E	64.1	56.2	52.2	46.0
P/BV	14.0	12.2	10.6	9.2
EV/EBIDTA	51.6	47.3	43.9	38.6
EV/Sales	10.6	9.8	9.2	8.3

Source : Company; RBL Research

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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

.....

Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above, are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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