Quarterly Result Update

Dabur India Ltd

08th May 2026

Reco HOLD

Industry	FMCG
LTP (May 08, 2026)	487.7
Add on Dips	450-460
Base Case Target	531
Bull Case Target	570
Time Horizon	4 Quarters

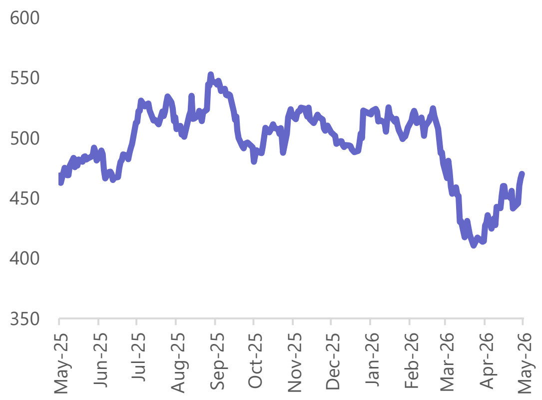
Stock Info

BSE Code	500096
NSE Code	DABUR
Bloomberg	DABUR:IN
Equity Capital (Rs Cr)	177.8
Face Value (Rs)	1
Equity Share O/S (Cr)	177.4
Market Cap (Rs Cr)	86,378
Book Value (Rs)	64.4
Avg. 52 Wk Volumes	23,34,735
52 Week High	577.0
52 Week Low	403.4

Share Holding Pattern (%) (Mar'26)

Promoters	66.3
Institutions	28.5
Non-Institutions	5.2
Total	100.0

One Year Price Chart



* Refer at the end for explanation on Risk Ratings

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Domestic Resilience Holds, Margin Headwinds Transient

Dabur India Ltd.'s (Dabur) Q4FY26 revenue growth came in at a 10-quarter high at 7.3% YoY, supported by broad-based domestic execution and a gradual pick-up in volume momentum. India Underlying Volume Growth (UVG) came in at 6% YoY as the company continued to gain market share in key categories. International business grew 2.5% in INR terms, as heightened geopolitical tensions impacted Middle East business (~8% of consolidated revenue).

Home and Personal Care/Healthcare/F&B YoY growth stood at 16.8%/3.6%/3.2%. Home and Personal Care growth was driven by 154 bps of market share gains in the Hair Oil Portfolio, leading to 27% YoY growth in Hair Care. Home Care growth stood at 24% as the portfolio continued to strengthen its position and gained market share.

Digestives business ended the quarter with around 15% gain and within Health Supplements, Dabur Honey reported double-digit growth in the twenties. Badshah's business performed well with business growing in double digits.

Rural markets continued to outpace urban consumption with rural demand growing ahead of urban by 350bps, though the gap has narrowed significantly versus December 2025. Within Urban India, e-commerce and Modern Trade grew by 49% and 19% respectively. Whereas Q-commerce growth came in at 54%. The company aims to double down on emerging channels, which serve as the incubators for Dabur's innovation and premium products.

Q1FY27 margin outlook remains watchful given elevated crude and palm oil prices and lingering freight costs. However, management expects FY27 growth to be largely volume-led, with gradual price actions (a second round of hikes in Q1FY27) and the normalisation of input costs supporting a recovery in margins throughout the year.

We continue to remain constructive on the company as its diversified portfolio across healthcare, hair care, foods and home care, underpinned by strong Ayurveda brand equity provides resilience. Further, we believe that the company will be able to navigate the short term margin pressure through calibrated price hikes.

We had issued a Quarterly Results Pick report on Dabur (link) on Oct 31, 2025, suggesting to buy in the band of Rs 495-510 and add on dips in Rs 445-460 band. The stock had entered the add on dips band on Mar 12, 2026 and our average price is at Rs 477.5. We marginally tweak our estimates to incorporate near term margin headwinds on account of heighted crude oil prices.

We recommend investors to HOLD and add on dips in the band of Rs 450-460 with a base case target of Rs 531 (41.0x FY28E EPS) and a bull case target of Rs 570 (44.0x FY28E EPS) over the next 4 quarters.

Key Concall Takeaways

- Fiscal measures of direct and indirect tax rationalisation continue to support demand conditions, with rural demand continuing to outpace urban demand. Although, the gap between the two has narrowed significantly over the last quarter.
- Within the India business, the HPC portfolio maintained its strong momentum, recording a double-digit growth. Hair Care was the standout segment, growing ~27% YoY. The shift toward higher-margin perfumed hair oils continued to aid both volume growth and product mix improvement within the category.
- Beverage portfolio witnessed a sequential recovery during the quarter. Premium Beverage portfolio continued to outperform the category delivering. However, the beverage portfolio was affected by unseasonal rains in certain parts of the country.
- Management is confident of strong sequential growth in India business even as Middle East situation continues to develop. Good traction is seen in April, especially in HPC providing confidence on sequential growth acceleration. Management expects part value growth through price increases as inflation picks up in India.
- Dabur is witnessing ~10% inflation, across the portfolio, barring beverages, health care and HPC.
- The company plans around 4% price increases and reduce grammage in smaller packs across different parts of the business to mitigate that inflationary impact.

Valuation & Recommendation

With FY26 serving as a year of consolidation and gradual recovery, Dabur appears better positioned entering FY27. Domestic demand tailwinds such as continued rural recovery, income tax relief, GST rationalisation, and an accelerating quick-commerce channel are key demand drivers.

We expect revenue to grow at 8.2% CAGR between FY26-28E and the EBITDA margin to recover gradually to 19.4% in FY28E from 18.6% in FY26, factoring in elevated crude oil prices ($90-95/bbl) and a gradual easing of palm oil prices over the next couple of years. Pricing actions, supply chain savings, manufacturing consolidation and reduced ad spend intensity are expected to offset the impact from elevated input costs.

We recommend investors to HOLD and add on dips in the band of Rs 450-460 with a base case target of Rs 531 (41.0x FY28E EPS) and a bull case target of Rs 570 (44.0x FY28E EPS) over the next 4 quarters.

Risks & Concerns

- Commodity risk: Volatility in key input costs - palm oil, crude oil derivatives and packaging materials - can materially impact gross margins and EBITDA. Elevated crude prices in early FY27 remain a near-term concern.
- International business risk: With over 25% of revenue from global markets, currency volatility (particularly INR vs. key emerging market currencies) and geopolitical disruptions - especially in MENA - can adversely impact earnings. Supply disruptions due to freight route constraints are an ongoing FY27 risk.
- Competition risk: Aggressive pricing or new product launches by peers (HUL, Marico, P&G, Colgate) across core categories like oral care, hair oils and healthcare, combined with the rise of digital-first and D2C brands, could exert pressure on market share and pricing.
- Structural demand risk in Healthcare and Foods: The OTC & Ethicals and Healthcare segments have seen tepid growth. Any structural weakening in demand for Dabur's Ayurveda-based healthcare products amid changing consumer preferences could weigh on the long-term revenue mix.
- Execution risk on premiumisation and channel strategy: Dabur's ability to successfully scale Quick Commerce, modernise its portfolio, and sustain the shift toward premium products in Hair Care and Skin will be critical to achieving its double-digit CAGR target for FY28.

Financial Summary

Particulars (in Rs Cr)	Q4FY26	Q4FY25	YoY-%	Q3FY26	QoQ-%	FY24	FY25	FY26	FY27E	FY28E
Operating Income	3,038	2,830	7%	3,559	-15%	12,404	12,563	13,193	14,182	15,458
EBITDA	462	427	8%	734	-37%	2,400	2,316	2,452	2,617	2,999
RPAT	369	320	15%	419	-12%	1,843	1,768	1,910	1,971	2,305
Diluted EPS (Rs)	2.1	1.8	15%	3.2	-34%	10.4	10.0	10.7	11.1	13.0
RoE-%						19.6	17.1	17.2	16.9	18.8
P/E (x)						47.1	49.1	45.5	44.1	37.7
EV/EBITDA (x)						35.9	36.9	34.0	31.7	27.4

(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. This 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 cyclicality 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.

Disclosure:

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