

Result Update

Q3 FY26

Dabur India Ltd.

Institutional
Research

Steady Growth with Improving Demand Outlook and Resilient Profitability

Dabur reported a healthy and broad-based Q3FY26 performance, reflecting steady demand recovery and strong execution despite input cost pressures. Consolidated revenue grew 6.1% YoY to Rs. 3,559 crores, driven by consistent market share gains across key FMCG categories and a ~6% growth in the India business. Profitability remained resilient, with net profit (before exceptional items) rising 10.2% YoY to Rs. 569 crores and operating profit increasing 7.7% YoY to Rs. 734 crores, supported by operating leverage and premiumization initiatives, with EBITDA margin of 20.6% and PAT margin of 16.0%. Demand trends remained encouraging, with rural markets outperforming urban for the eighth consecutive quarter, aided by Dabur's deep rural reach of over 1,33,000 villages and expansion of total distribution to 8.5 million outlets. Key categories delivered strong performance, led by hair oils (up 19.1% YoY) with significant market share gains, toothpaste (10% growth), and foods (up 14% growth), while beverages and air fresheners also saw healthy traction. The international business grew 11.1% YoY, driven by robust momentum in MENA, Turkey, the US and Bangladesh. Overall, management described the quarter as steady, with improving demand visibility, strong brand performance, and confidence in sustaining volume-led growth and resilient margins in the coming quarters.

Valuation and Outlook

Management remains cautiously optimistic on Dabur's outlook post Q3FY26, expecting gradual improvement in demand conditions, with a sharper recovery visible from the coming quarters. Growth is likely to be volume-led, supported by easing input cost pressures, normalization in consumer sentiment, and potential policy support such as GST rate cuts, which could aid affordability across categories. Rural demand is expected to stay resilient, while urban markets should see a pickup driven by premiumization, modern trade and e-commerce. Margin trajectory is expected to improve sequentially, aided by softening commodity prices and a richer product mix, although pricing-led growth will remain limited. With strong brand equities, continued innovation, expanding distribution reach and healthy momentum in international markets, Dabur is well positioned to deliver high single-digit revenue growth with stable to improving profitability over the medium term.

Key Highlights

Particulars (Rs. Crs.)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Net Sales	3,559	3,355	6.1%	3,191	11.5%
Gross profit	1,722	1,612	6.8%	1,578	9.1%
Gross margin (%)	48.4%	48.1%	33 bps	49.4%	-106 bps
EBITDA	734	682	7.7%	588	24.8%
OPM (%)	20.6%	20.3%	31 bps	18.4%	220 bps
PAT	569	516	10.2%	445	27.8%
PAT Margin	16.0%	15.4%	61 bps	13.9%	204 bps

Source: Company, BP Equities Research

Sector Outlook

Positive

Stock

CMP (Rs.)	510
BSE code	500096
NSE Symbol	DABUR
Bloomberg	DABUR IN
Reuters	DABU.BO

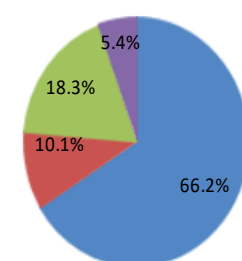
Key Data

Nifty	25,419
52 Week H/L (Rs.)	577/433
O/s Shares (Crs.)	177
Market Cap (Rs. Crs.)	90,210
Face Value (Rs.)	1

Average Volume

3 months	21,67,107
6 months	26,13,327
1 year	25,77,273

Share Holding Pattern (%)



Promoters FII DII Public

Relative Price Chart



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Key Concall Highlights

Demand Environment & Macro Commentary

Management highlighted a gradual recovery in domestic demand, with rural markets continuing to outperform urban markets.

Urban demand showed early signs of improvement and is expected to strengthen further aided by potential GST rate cuts, which could improve affordability across categories.

Demand traction is expected to pick up meaningfully from the next quarter, driven by normalization in consumption patterns.

“Domestic demand is gradually recovering, led by resilient rural markets, with urban demand improving and a stronger pickup expected from next quarter.”

Hair Care Portfolio (Hair Oils & Shampoos)

The company remains focused on premiumization in hair oils and shampoos to drive long-term value growth.

Hair oil performance in the quarter was largely value-led, supported by price increases, which management clarified as largely one-off in nature.

Volume growth remained subdued at ~3–4%, reflecting near-term demand pressures.

“Hair care growth remained premiumization-led and price-driven in Q3, with one-off price hikes supporting value growth while volumes stayed muted at ~3–4%.”

Oral Care Segment

Oral care continues to benefit from structural category tailwinds and is expected to sustain healthy growth going forward.

Management remains confident in the segment's medium-term growth prospects, supported by brand strength and consumer penetration.

“Oral care is benefiting from structural tailwinds, with management confident of sustained healthy growth supported by strong brands and penetration.”

Healthcare & Chyawanprash

Dabur is actively pursuing premiumization in Chyawanprash to support margin expansion.

Sugar-free variants are performing particularly well, reflecting evolving consumer preferences.

The company is also exploring new formats, including Chyawanprash gummies, aimed at widening consumption occasions and attracting younger consumers.

“Chyawanprash growth is being driven by premiumization, strong traction in sugar-free variants, and innovation through new formats like gummies to expand consumption.”

Beverages & Activ Portfolio

The Activ portfolio (including Juices and Coconut Water) continued its strong double-digit growth momentum, led by premium products.

Management indicated that this momentum is expected to sustain, given higher premium mix and improving distribution.

Beverage revenues for the quarter stood at ~Rs. 200 crores.

The out-of-home channel performed better than expected despite the winter season, and management expects continued traction in this channel.

For the next year, Dabur is targeting double-digit growth in the juice business, driven by portfolio expansion and improved channel performance.

“The Activ beverages portfolio saw strong double-digit growth with Rs. 200 crore revenue, supported by premiumization, strong out-of-home traction, and a double-digit growth outlook for juices.”

Outlook & Guidance

Q4FY26 revenue growth is expected to be in the high single digits, supported by improving demand trends.

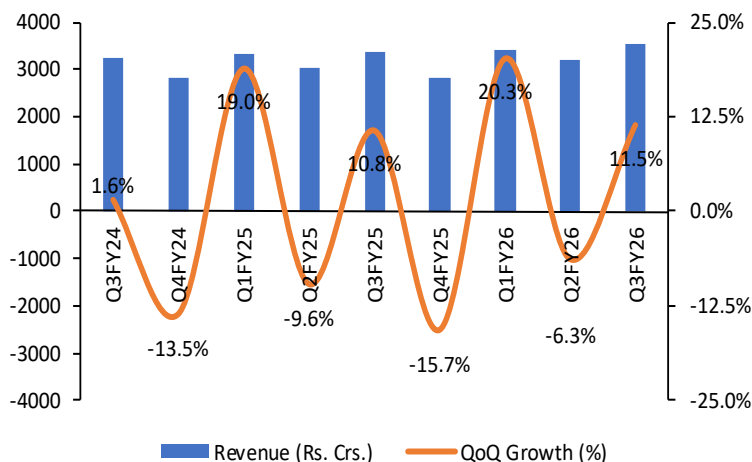
Management reiterated that FY27 growth will be volume-driven rather than value-led, given softer commodity prices and limited pricing levers.

Overall, the company is targeting high single-digit revenue growth, with improving volume momentum and steady margin recovery.

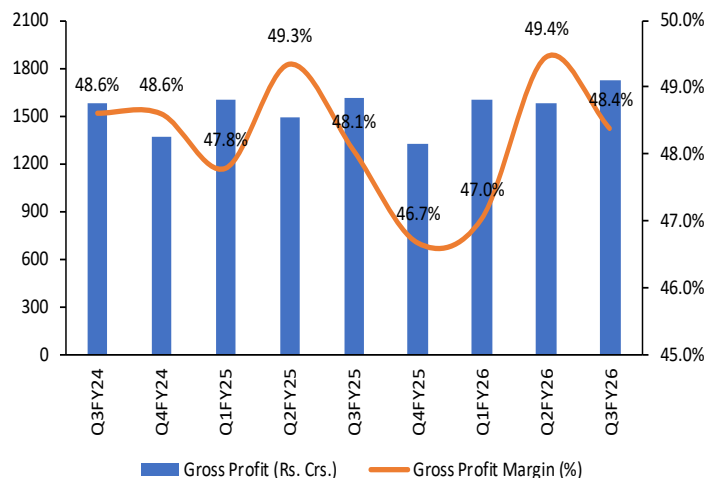
“Management guides for high single-digit growth in Q4FY26 and beyond, with FY27 expected to be volume-led amid softer commodity prices and gradual margin recovery.”

Quarterly Snapshot

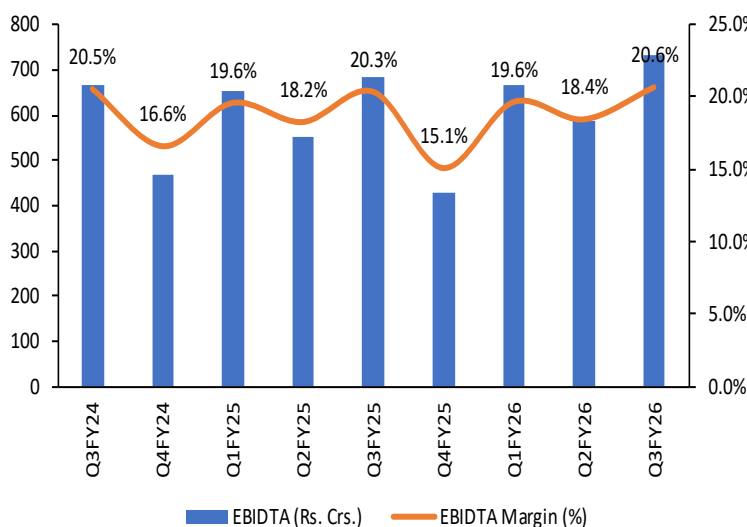
Robust revenue growth driven by market share gains



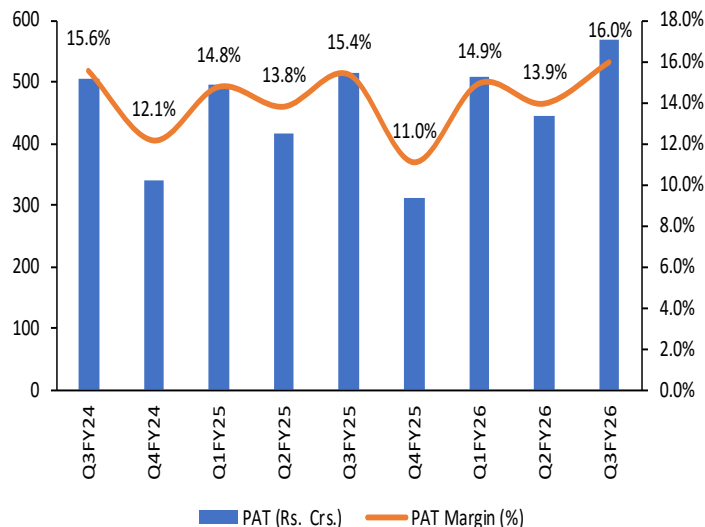
Gross margins declined sequentially



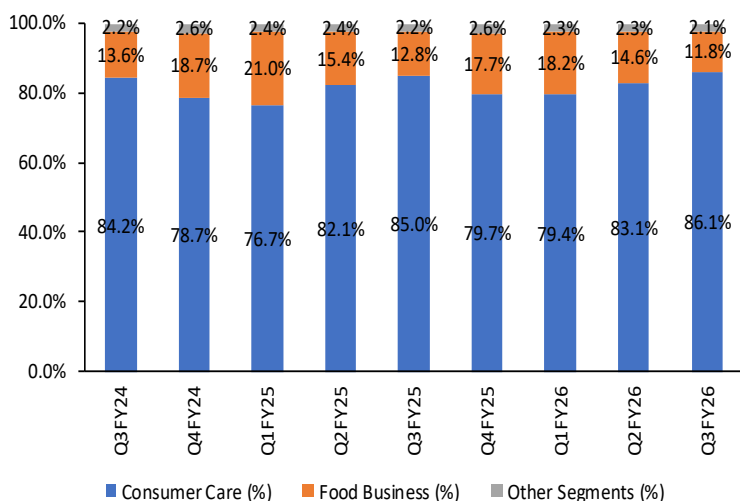
Improved cost discipline resulted in higher EBITDA margins



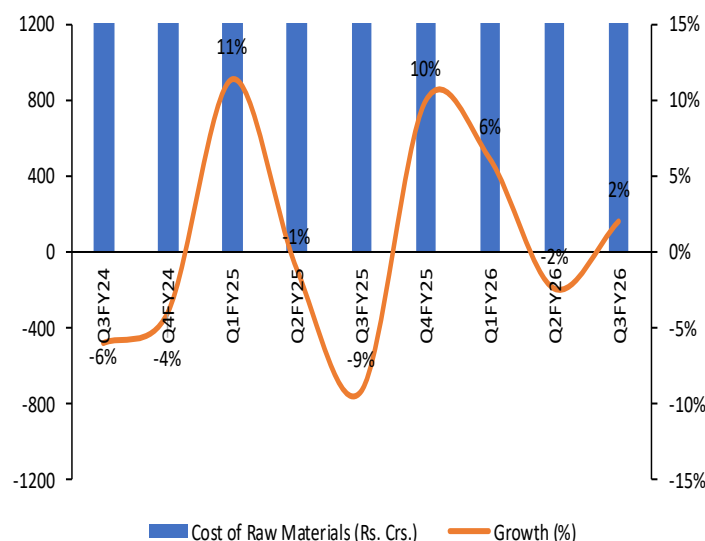
PAT margins witnessed an improvement sequentially



Revenue split in each segment



Raw material prices going to ease in coming quarters



Source: Company, BP Equities

Key Financials						
YE March (Rs. Crs.)	FY23	FY24	FY25	FY26E	FY27E	FY28E
Revenue	11,530	12,404	12,563	13,277	14,430	15,673
<i>Revenue Growth (Y-o-Y)</i>	5.9%	7.6%	1.3%	5.7%	8.7%	8.6%
EBITDA	2,160	2,396	2,312	2,505	2,787	3,075
<i>EBIT Growth (Y-o-Y)</i>	(4.0%)	10.9%	(3.5%)	8.4%	11.2%	10.3%
Net Profit	1,701	1,811	1,740	1,909	2,139	2,380
<i>Net Profit Growth (Y-o-Y)</i>	(2.4%)	6.5%	(3.9%)	9.7%	12.0%	11.3%
Diluted EPS	7.8	10.8	28.7	10.8	12.1	13.4
<i>Diluted EPS Growth (Y-o-Y)</i>	(51.4%)	38.7%	164.8%	(62.4%)	12.0%	11.3%
Profitability Ratios						
EBITDA (%)	18.7%	19.3%	18.4%	18.9%	19.3%	19.6%
NPM (%)	14.8%	14.6%	13.9%	14.4%	14.8%	15.2%
ROE (%)	18.0%	17.6%	15.5%	16.1%	16.9%	17.5%
ROCE (%)	17.5%	17.1%	15.4%	15.5%	16.6%	17.6%
Valuation Ratios						
P/E (x)	65.3x	47.1x	17.8x	47.3x	42.2x	37.9x
EV/EBITDA	42.3x	38.1x	39.4x	36.3x	32.5x	29.4x
P/BV (x)	9.6x	8.8x	8.1x	7.6x	7.1x	6.7x
Market Cap. / Sales (x)	7.8x	7.3x	7.2x	6.8x	6.3x	5.8x

Source: Company, BP Equities

Disclaimer Appendix

Analyst (s) holding in the Stock : Nil**Analyst (s) Certification:**

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