

Financial analysis



By Vivek Kumar

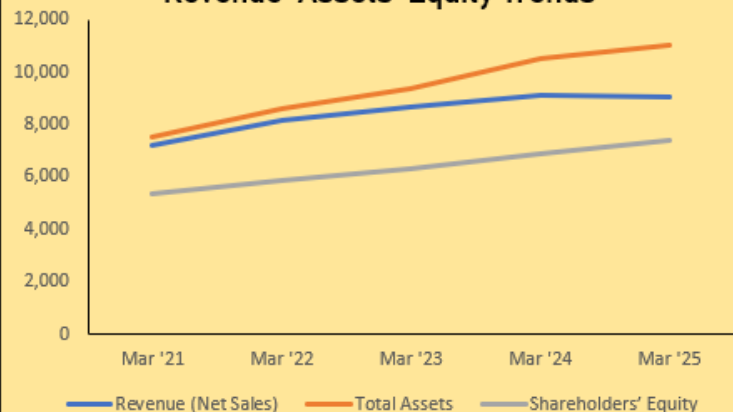




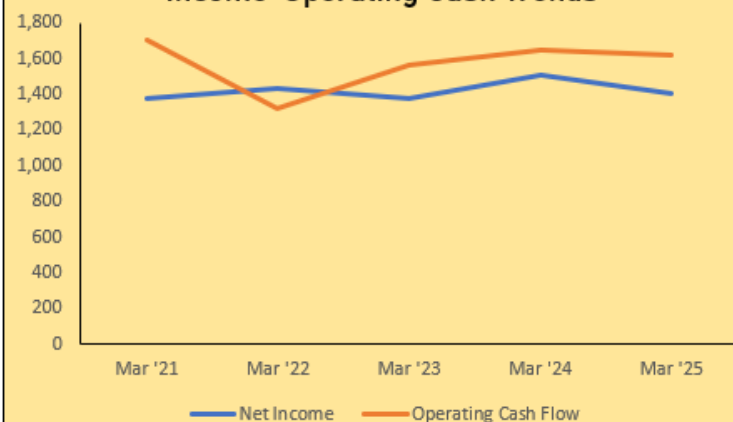
Dabur India Financial Performance Overview (FY21-FY25, ₹ Cr)

| Metric | Mar '21 | Mar '22 | Mar '23 | Mar '24 | Mar '25 |
|----------------------|---------|---------|---------|---------|---------|
| Revenue (Net Sales) | 7,185 | 8,180 | 8,684 | 9,136 | 9,071 |
| Net Income | 1,382 | 1,433 | 1,373 | 1,509 | 1,403 |
| Total Assets | 7,504 | 8,592 | 9,352 | 10,533 | 11,005 |
| Shareholders' Equity | 5,391 | 5,864 | 6,287 | 6,915 | 7,423 |
| Operating Cash Flow | 1,704 | 1,320 | 1,562 | 1,653 | 1,623 |

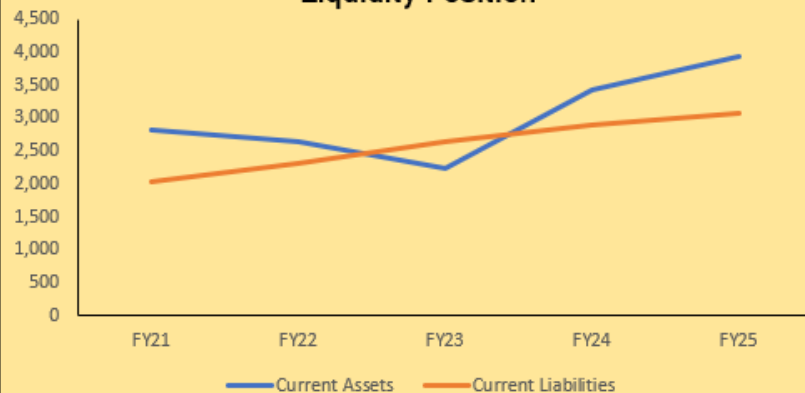
Revenue-Assets-Equity Trends



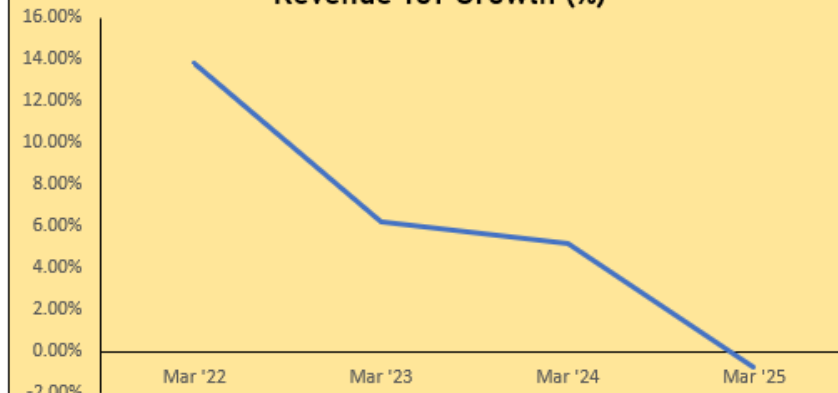
Income-Operating Cash Trends



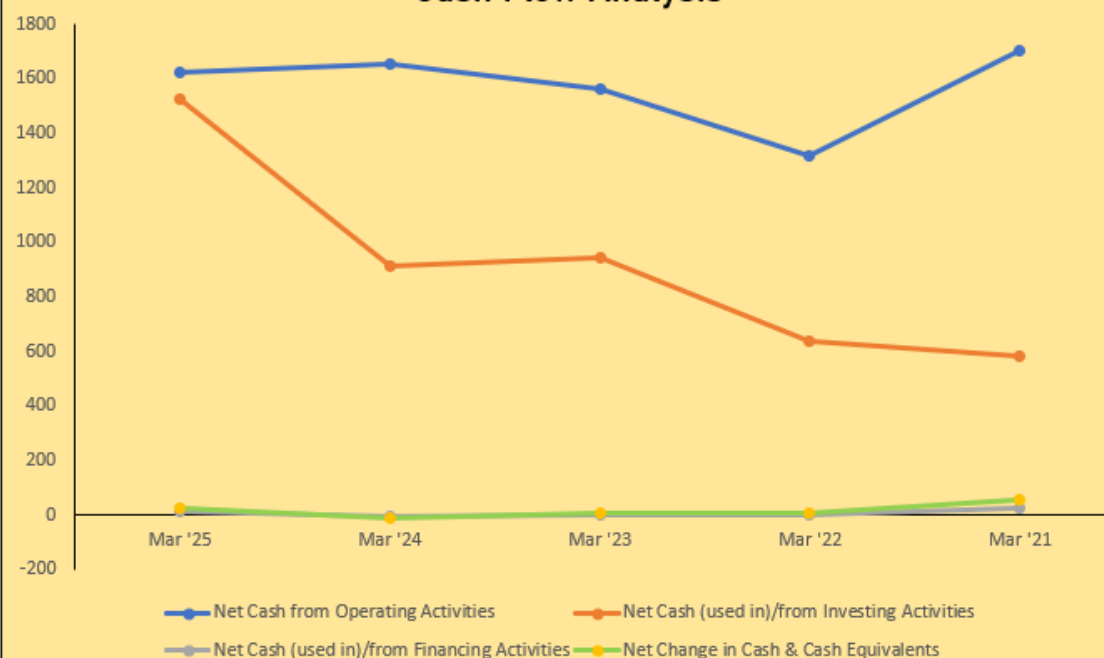
Liquidity Position



Revenue YoY Growth (%)



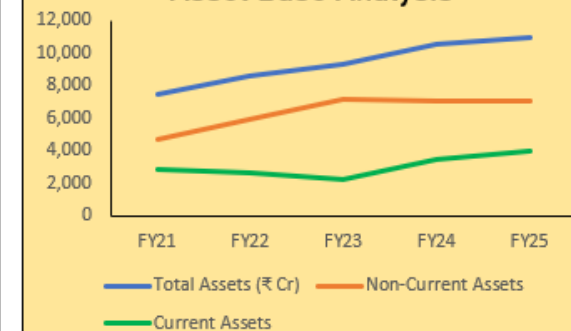
Cash Flow Analysis



Ratos Dashboard

| Category | Strengths | Weaknesses |
|---------------|--------------------------------|---------------------------------|
| Liquidity | Recovery in FY25 | Below ideal in FY23 |
| Leverage | Very low debt, strong coverage | May under-leverage growth |
| Profitability | High ROE and margins | None significant |
| Efficiency | Improving turnover ratios | Slight lag in asset utilization |


Asset Base Analysis



Balance Sheet


1. Asset Base Analysis

| Category | FY21 | FY22 | FY23 | FY24 | FY25 |
|---------------------|-------|-------|-------|--------|--------|
| Total Assets (₹ Cr) | 7,504 | 8,592 | 9,352 | 10,533 | 11,005 |
| Non-Current Assets | 4,674 | 5,958 | 7,121 | 7,100 | 7,075 |
| Current Assets | 2,830 | 2,634 | 2,231 | 3,432 | 3,930 |

 **Insight:** Dabur's asset base grew steadily, with a strong tilt toward non-current assets—indicating long-term investment focus. The jump in current assets in FY24–25 suggests improved working capital and liquidity.

2. Capital Structure Review


| Component | FY21 | FY22 | FY23 | FY24 | FY25 |
|----------------------|-------|-------|-------|-------|-------|
| Shareholders' Equity | 5,391 | 5,864 | 6,287 | 6,915 | 7,423 |
| Total Debt (LT + ST) | 171.6 | 511.0 | 557.2 | 697.9 | 284.8 |
| Debt-to-Equity Ratio | 0.03 | 0.09 | 0.09 | 0.10 | 0.04 |

 **Insight:** Dabur maintains a conservative capital structure with low leverage. The spike in debt during FY22–24 may reflect strategic expansion, but FY25 shows deleveraging.




3. Liquidity Position

| Metric | FY21 | FY22 | FY23 | FY24 | FY25 |
|---------------------|-------|-------|-------|-------|-------|
| Current Assets | 2,830 | 2,634 | 2,231 | 3,432 | 3,930 |
| Current Liabilities | 2,036 | 2,308 | 2,632 | 2,891 | 3,063 |
| Current Ratio | 1.39 | 1.14 | 0.85 | 1.19 | 1.28 |
| Quick Ratio | 0.84 | 0.60 | 0.38 | 0.79 | 0.86 |

 **Insight:** Liquidity dipped in FY23 due to lower cash and higher liabilities, but rebounded in FY25. Ratios remain slightly below ideal industry levels (1.5–2.0), suggesting room for improvement.

4. Long-Term Debt Obligations

| Item | FY21 | FY22 | FY23 | FY24 | FY25 |
|--------------------------|------|-------|-------|-------|-------|
| Long-Term Borrowings | 19.6 | 249.1 | 249.5 | 498.9 | 249.4 |
| Deferred Tax Liabilities | 0.0 | 70.0 | 76.8 | 100.5 | 133.3 |
| Other LT Liabilities | 1.4 | 44.6 | 50.2 | 66.9 | 74.3 |


 **Insight:** Long-term borrowings surged in FY22–24, likely funding capex or acquisitions. FY25 shows a strategic reduction, aligning with deleveraging goals.





5. Shareholders' Equity Trends


| Year | Equity Share Capital | Reserves & Surplus | Total Equity |
|------|----------------------|--------------------|--------------|
| FY21 | 176.74 | 5,214.48 | 5,391.22 |
| FY22 | 176.79 | 5,687.08 | 5,863.87 |
| FY23 | 177.18 | 6,109.70 | 6,286.88 |
| FY24 | 177.20 | 6,738.17 | 6,915.37 |
| FY25 | 177.23 | 7,246.06 | 7,423.29 |

 **Insight:** Consistent growth in reserves reflects retained earnings and strong profitability. Equity base is expanding steadily, supporting long-term stability.




Ratios


1. Liquidity Ratios

 **Insight:** Dabur's liquidity dipped in FY23, likely due to aggressive investment and lower cash reserves. FY25 shows recovery, but still below industry ideal.


2. Leverage Ratios

 **Insight:** Dabur maintains a conservative capital structure with minimal debt—well below industry norms. Interest coverage remains strong, indicating low financial risk.

3. Profitability Ratios

 **Insight:** Dabur's profitability ratios are consistently strong and improving—outperforming industry averages in ROE and Net Margin.

4. Efficiency Ratios

 **Insight:** Dabur's asset utilization is improving, though slightly below top-tier FMCG peers. Inventory management is efficient and trending upward.




| 📌 Summary Dashboard | | |
|---------------------|--------------------------------|---------------------------------|
| Category | Strengths | Weaknesses |
| Liquidity | Recovery in FY25 | Below ideal in FY23 |
| Leverage | Very low debt, strong coverage | May under-leverage growth |
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Profit & Loss Statement

Revenue Growth

| Year | Net Sales (₹ Cr) | YoY Growth (%) |
|---------|------------------|----------------|
| Mar '21 | 7,184.73 | — |
| Mar '22 | 8,179.50 | 13.8% |
| Mar '23 | 8,684.35 | 6.2% |
| Mar '24 | 9,135.60 | 5.2% |
| Mar '25 | 9,070.71 | -0.7% |

 **Insight:** Strong post-COVID rebound in FY22, followed by tapering growth. FY25 shows a slight decline—possibly due to inflationary pressures or volume stagnation.



💰 Profitability Margins

Let's calculate the three key margins:

1. Gross Margin

Formula:

$$\text{Gross Margin} = \frac{\text{Net Sales} - \text{Raw Materials}}{\text{Net Sales}} \times 100$$

📌 **Observation:** Fairly stable margins, with a dip in FY23 likely due to input cost inflation. Recovery in FY24 suggests better sourcing or pricing power.

| Year | Gross Margin (%) |
|---------|------------------|
| Mar '21 | 45.75% |
| Mar '22 | 45.83% |
| Mar '23 | 43.47% |
| Mar '24 | 46.22% |
| Mar '25 | 45.08% |

2. Operating Margin

Formula:

$$\text{Operating Margin} = \frac{\text{Operating Profit}}{\text{Net Sales}} \times 100$$

📌 **Observation:** Gradual decline—indicating rising operating costs (employee, admin, etc.) not fully offset by revenue growth.


| Year | Operating Margin (%) |
|---------|----------------------|
| Mar '21 | 21.71% |
| Mar '22 | 21.19% |
| Mar '23 | 19.59% |
| Mar '24 | 20.13% |
| Mar '25 | 18.81% |



3. Net Profit Margin

Formula:


$$\text{Net Profit Margin} = \frac{\text{Reported Net Profit}}{\text{Net Sales}} \times 100$$

 **Observation:** Downward trend reflects pressure from interest, depreciation, and tax—despite stable gross margins.

| Year | Net Profit Margin (%) |
|---------|-----------------------|
| Mar '21 | 19.23% |
| Mar '22 | 17.52% |
| Mar '23 | 15.81% |
| Mar '24 | 16.52% |
| Mar '25 | 15.47% |

Cost Efficiency Trends

| Expense Category | CAGR (FY21–FY25) |
|--------------------------|------------------|
| Raw Materials | 6.3% |
| Employee Cost | 4.3% |
| Selling & Admin Expenses | 0.3% |
| Miscellaneous Expenses | 12.1% |

 **Observation:** Miscellaneous expenses are rising fastest—worth investigating further. Selling & admin costs are well-contained.



Cash Flow Statement

Cash Flow Analysis Framework for Dabur India (₹ Cr)

| Particulars | Mar '25 | Mar '24 | Mar '23 | Mar '22 | Mar '21 |
|--|----------|---------|---------|---------|----------|
| Net Cash from Operating Activities | 1622.97 | 1653.33 | 1561.91 | 1319.95 | 1704.17 |
| Net Cash (used in)/from Investing Activities | -99.00 | -737.50 | -618.57 | -682.80 | -1121.40 |
| Net Cash (used in)/from Financing Activities | -1510.68 | -921.82 | -939.83 | -634.79 | -555.04 |
| Net Change in Cash & Cash Equivalents | 13.39 | -4.58 | 4.88 | 3.46 | 28.76 |

Interpretation Strategy

1. Operating Activities – Core Business Health

- **Consistently positive** and strong cash flows from operations (₹1300–1650 Cr range) indicate Dabur's core business is healthy and cash-generative.
- This is crucial for sustainability — it shows the company can fund its day-to-day operations and reinvest in growth without relying on external financing.



2. Investing Activities – Growth Orientation

- Negative cash flows here suggest **capital expenditure or acquisitions**, which is typical for a growing FMCG firm.
- The spike in outflows in FY24 (₹737.50 Cr) may indicate a major investment — possibly in capacity expansion, brand acquisition, or digital infrastructure.

3. Financing Activities – Capital Structure Management

- Persistent outflows imply **debt repayment, dividend payouts, or share buybacks**.
- The sharp increase in outflows in FY25 (₹1510.68 Cr) could reflect aggressive deleveraging or higher dividend distribution — worth cross-checking with the balance sheet and notes to accounts.

4. Net Cash Movement – Liquidity Buffer

- Despite large investing and financing outflows, Dabur maintains **positive or stable net cash change**, reflecting prudent cash management.
- The closing cash balance remains healthy, ensuring liquidity for contingencies.



Final Takeaway – Dabur India Limited (FY21–FY25)

| Metric | Mar '21 | Mar '22 | Mar '23 | Mar '24 | Mar '25 |
|----------------------|---------|---------|---------|---------|---------|
| Revenue (Net Sales) | 7,185 | 8,180 | 8,684 | 9,136 | 9,071 |
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| Shareholders' Equity | 5,391 | 5,864 | 6,287 | 6,915 | 7,423 |
| Operating Cash Flow | 1,704 | 1,320 | 1,562 | 1,653 | 1,623 |

Over the five-year period, Dabur India has demonstrated consistent growth in its core financial metrics, underscoring its resilience and strategic discipline in a competitive FMCG landscape.

- **Revenue Growth:** Net sales rose from ₹7,184 Cr to ₹9,070 Cr, reflecting a steady expansion in market reach and product portfolio. However, the slight dip in FY25 signals potential saturation or macroeconomic headwinds.
- **Profitability Stability:** Net income remained stable around ₹1,400–1,500 Cr, indicating controlled cost structures but also suggesting limited margin expansion despite rising revenues.
- **Asset & Equity Expansion:** Total assets grew by 47% and shareholders' equity by 38%, pointing to reinvestment of earnings and a conservative capital structure with minimal reliance on debt.
- **Cash Flow Efficiency:** Operating cash flows remained robust, averaging ₹1,570 Cr annually, reinforcing Dabur's ability to fund operations internally. The dip in FY22 aligns with margin pressures but recovered swiftly.



Strategic Insight

Dabur's financial trajectory reflects a **mature, cash-generative business** with strong fundamentals. While growth has been steady, the plateauing of net income and revenue in FY25 suggests the need for **innovation-led expansion** or **strategic diversification** to sustain momentum. Its low-leverage balance sheet and healthy cash flows position it well for future investments or shareholder returns.



Thank You



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