

## **DABUR GETS HOLD RATING FROM CIMB**

Dabur India continues to execute well in a tough macro environment, helped by the company's distribution initiatives and increased investments in new products, core portfolio revamp and advertising and promotion (A&P) support. Overall consumption remains weak with some moderation seen in the rural spending. The company remains confident of 8-10 per cent volume growth given the continued benefits of rural distribution expansion and pharmacy channel expansion plans. As raw material price inflation was not significant over the last couple of months,

Dabur should be able to maintain gross margins.

International growth is steady, with likely improvement in FY15 helped by growth in Africa. The A&P ratio should remain at 14 to 14.5 per cent given support for the recent new launches. It does not plan to enter any new big categories.

Innovation is targeted at product extensions. Initial response to new launches is good. The company's direct distribution reach is now at 90,000 outlets as compared to 70,000 two years ago and Dabur also plans to expand its total pharmacy reach from 1,50,000 outlets to 22,000 by end-FY15.

Broking firm: CIMB

Rating: Hold

Closing price: ₹172.10

*Company*