

Rating matrix		
Rating	:	Buy
Target	:	₹ 6075
Target Period	:	12-15 months
Potential Upside	:	16%

What's changed?		
Target	Changed from ₹ 6102 to ₹ 6075	
EPS FY18E	Changed from ₹ 176.6 to ₹ 176.3	
EPS FY18E	Changed from ₹ 200.1 to ₹ 199.2	
Rating	Unchanged	

Quarterly performance					
	Q4FY17	Q4FY16	YoY (%)	Q3FY17	QoQ (%)
Net Sales	1148.7	1136.5	1.1	921.6	24.6
EBITDA	217.1	213.9	1.5	167.7	29.4
EBITDA (%)	18.0	17.9	2 bps	17.5	49 bps
PAT	175.9	162.2	8.4	136.4	28.9

Key financials				
₹ Crore	FY16	FY17E	FY18E	FY19E
Sales	4,564.4	4,421.1	5,072.4	5,760.4
EBITDA	838.2	833.5	921.1	1,063.4
Net Profit	687.3	656.6	741.4	837.9
EPS (₹)	163.4	156.1	176.3	199.2

Valuation summary				
	FY16	FY17E	FY18E	FY19E
P/E	32.1	33.6	29.8	26.4
Target P/E	37.2	38.9	34.5	30.5
Div. Yield	1.3	1.3	1.8	1.8
Mcap/Sales	4.8	5.0	4.4	3.8
RoNW (%)	24.6	21.0	21.2	21.7
RoCE (%)	35.5	30.8	30.3	31.3

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	22,079.1
Total Debt (FY17) (₹ Crore)	0.0
Cash and Investments (FY17) (₹ Crore)	3,087.4
EV (₹ Crore)	18,991.8
52 week H/L	6584 / 4650
Equity capital	₹ 42.1 crore
Face value	₹ 10

Price performance				
	1M	3M	6M	12M
GSK Consumer	0.8	2.5	-2.0	-17.4
Nestle	3.9	10.3	8.8	-0.1
Colgate	-1.2	13.4	6.2	4.9
HUL	6.2	13.6	22.4	5.0

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GSK Consumer (GLACON)

₹ 5124

On recovery path...

- GSK Consumer reported muted numbers for the quarter largely in-line with our estimates. Total revenue (including auxiliary income) grew marginally by 1.4% YoY to ₹ 1208.8 crore (l-direct estimate: ₹ 1196.6 crore). Auxiliary income for the quarter grew 7.7% YoY and came in at ₹ 60.1 crore against our estimate of ₹ 45.5 crore
- Cost of raw material rose 214 bps as a percent of net sales, which was set off by lower employee cost, 340 bps lower YoY as percent of net sales. Also, against our estimate of decline in advertisement cost, GSK reported an increase in its advertisement expense at 14.4% of net sales vs. 13.0% in same quarter last year. Thus, EBITDA stayed flat for the quarter at 18.0% vs. our estimate of 18.5%
- Led by higher other income of ₹ 71.0 crore, up 41.7% YoY, the profit for the quarter posted growth of 8.4% YoY to ₹ 175.9 crore (l-direct estimate: ₹ 180.5 crore)

Strong brand, efforts for increasing penetration to drive growth

GCHL has been a market leader in the Indian health food drinks (HFD) industry with market share of 56.3% by value & 64.4% by volume (Q4FY17). Malt-based drinks category contributes ~91% to GCHL's revenues. According to industry reports, the malt based beverage market has grown 2.7x in FY02-14 to ~₹ 6000 crore in 2014 and is estimated at ~₹ 7800 crore for 2016. India is the largest malt-based drinks market globally accounting for ~41% of retail volume sales and expected to reach 47% by 2020E. GCHL, being an established player in this segment, with strong brands - *Horlicks* and *Boost*, has benefited with 10.5% CAGR in total operating income in CY10-FY17. A low base is formed in FY17 due to demand pressure on account of demonetisation, hence, we are factoring in 12.6% CAGR in revenues led by a mix of volume & realisation growth over FY17-19E. Further, we remain upbeat about the company's focus on increasing its geographical reach, brand investment and cost optimisation.

Auxiliary income to post healthy growth

GCHL earns auxiliary income apart from sale of products manufactured by it (Horlicks, Boost, Maltova and Viva). It earns business auxiliary service commission from certain group companies for services rendered towards selling & distribution of the latter's products (Crocina, Eno, Iodex, Breathe Right, and Sensodyne). It witnessed a CAGR of 25.6% from ₹ 46.7 crore in CY09 to ₹ 212.5 crore in FY17. In April 2016, the rate for commission was revised from 16.5% earlier to 15.0%. Additionally, from Q2FY17 onwards, the auxiliary income also includes income from the acquired Novartis' OTC segment. GSK has cemented its position with Eno brand in the ~₹ 1180 crore digestive market with 45.8% market share. Eno is currently growing at ~30%. This bodes well for GCHL. We expect auxiliary income to post strong growth to ₹ 427 crore in FY19E.

Maintain BUY; remain upbeat on growth prospects

We remain upbeat about the company's growth prospect considering - a) company's focus on lower priced SKUs to increase rural penetration, b) continuous effort to increase the geographical reach, c) aggressive investment behind brands coupled with high-science based premium product launches, and d) demand revival in rural demand on account of expected good monsoon. We continue to maintain our **BUY** recommendation on the stock valuing it at 30x its FY19E EPS of ₹ 199.2 with a target price of ₹ 6075/share.

Variance analysis

	Q4FY17	Q4FY17E	Q4FY16	YoY (%)	Q3FY17	QoQ (%)	Comments
Net Sales	1,148.7	1,151.2	1,136.5	1.1	921.6	24.6	Marginal increase of 1.1% led by 2.0% growth in domestic business, realisation growth of 2.7% YoY
Operating Income	60.1	45.5	55.7	7.7	38.5	55.9	Business auxiliary income grew 7.7% with core segment (ex-Novartis) clocking growth of 9.0% YoY
Raw Material Expenses	376.4	340.7	345.7	8.9	277.1	35.8	Raw material grew 113 bps as a percent of net sales on account of increase in milk and wheat prices
Employee Expenses	103.6	132.4	142.8	-27.4	106.7	-2.9	Down on account of change in actuarial assumptions amounting to ₹ 23 crore in the current quarter and one-off of ₹ 15 crore in base quarter
SG&A Expenses	173.5	124.9	155.3	11.7	92.4	87.8	A&P spend increased 133 bps to 14.4% of net sales on higher investment behind brands
Other operating Expenses	231.2	69.1	219.8	5.2	216.5	6.8	Increased due to higher R&D and CSR expense
EBITDA	217.1	227.8	213.9	1.5	167.7	29.4	Saving in employee cost was offset by increased raw material and advertisement cost
EBITDA Margin (%)	18.0	19.0	17.9	2 bps	17.5	49 bps	Margin remained flat for the quarter
Depreciation	17.7	16.6	14.6	21.3	17.1	3.7	
Interest	0.9	0.0	0.3	234.6	0.6	38.1	
Other Income	71.0	58.2	50.1	41.7	55.9	26.9	
PBT	269.5	269.3	249.1	8.2	205.9	30.9	
Exceptional Items	0.0	0.0	0.0	NA	0.0	NA	
Tax Outgo	93.6	88.9	86.9	7.7	69.5	34.6	
PAT	175.9	180.5	162.2	8.4	136.4	28.9	Led by higher other income, PAT grew 8.4%
Key Metrics (%)							
Overall volume market share	NA		NA		NA		
Horlicks volume market share	50.6		NA		52.3		Lost market share to the super premium category on account of lower rural demand and slow movement in wholesale channel
Boost volume market share	NA				NA		

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% change	
Sales	4,908.0	5,072.4	3.3	5,563.0	5,760.4	3.5	We have marginally revised the sales upwards on account of higher auxiliary income growth
EBITDA	918.0	921.1	0.3	1,053.5	1,063.4	0.9	
EBITDA Margin (%)	18.7	18.2	-54 bps	18.9	18.5	-48 bps	Higher input cost leads to downward revision in the EBITDA margin
PAT	742.5	741.4	-0.2	841.7	837.9	-0.5	
EPS (₹)	176.6	176.3	-0.2	200.1	199.2	-0.5	

Source: Company, ICICIdirect.com Research

Assumptions

	Current		Earlier				Comments
	FY16	FY17E	FY18E	FY19E	FY18E	FY19E	
Malt based foods (₹ crore)	4,330.7	4,019.8	4,474.0	5,074.5	4,474.0	5,074.5	
Malt based food vol. gr (%)	6.0	-9.0	5.0	7.0	5.0	7.0	
RM/Sales (%)	29.4	29.3	33.6	33.3	33.4	33.0	
Marketing exp/Sales (%)	11.9	12.2	12.0	12.0	12.0	12.0	
Auxiliary income (₹ crore)	202.1	212.5	375.7	426.7	211.3	229.3	Revised auxiliary income upwards based on strong performance in Q4FY17

Source: Company, ICICIdirect.com Research

Conference call highlights

- The company reported marginal 1.1% growth in net sales led by 2.0% domestic volume growth. Price growth during the quarter was 2.7%
- Rural demand and wholesale channel remain subdued post demonetisation. Though there was some up-stocking and revival in demand, the company remained cautious on account of GST implementation and expects some disruption in the trade channel on account of de-stocking in the system ahead of GST implementation
- Horlicks' market share at the end of Q4FY17 was 50.6% in volume terms and 44.8% in value terms against 52.3% and 46.5%, respectively, in Q3FY17. The loss in market share can be attributed to slow rural demand and wholesale channel disturbance. Players with super premium offerings and presence in modern trade have gained market share in this category
- Auxiliary income increased 7.7% YoY the business led by 9.0% growth in the core (ex-Novartis portfolio)
- The sachet business, which contributes ~7% remained subdued due to lower offtake from the wholesale channel. The sachet segment remains a focus for the company to penetrate in the rural areas, which will be strong growth driver for the category, as a whole
- The company plans to bring the distribution reach to a peak for sachets by end of Q2FY18E. Also, the company will focus on keeping on formulating sachet ingredients to maintain the gross margin by keeping micro nutrients intact and taking up cost optimisation
- Advertisement spend was 14.4% of net sales vs. 13.0% in Q4FY16 on account of aggressive spending on advertisement and various brand building exercises which includes three major campaigns – a) spreading awareness about micronutrient deficiency among children, b) through stamina increasing proposition for Boost by roping in Virat Kohli, especially for Southern market and c) summer time campaign for the north and west market through improved products, which are easily dissoluble in cold milk and available in various flavours
- The company plans to re-launch new and improved Chocolate Horlicks in the northern and western regions
- Sensodyne, with mere 3% market penetration, was launched in a small SKU for ₹ 25/unit to drive volumes. The company is investing behind the brand and increasing the accessibility and availability of the same. As per the estimates, nearly one-third of Indian population suffers from sensitive teeth issue
- GHCL remains optimistic about growth aided by a) continued innovation in the premium high science product category, b) volume growth by reaching to the bottom of pyramid, c) investing behind brands, d) increasing the penetration level by doubling the indirect reach and e) cost optimisation through automation and effective procurement strategies. The company also remains optimistic about the rural demand revival on account of good monsoon expectation

Company Analysis

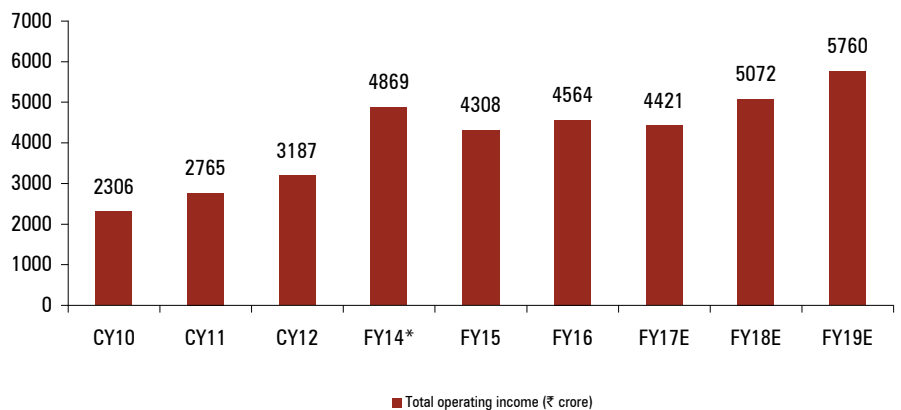
Market leadership, continuous effort to increase penetration to aid growth

Over the years, GSK Consumer Healthcare (GCHL) has been a market leader in Indian health food drinks (HFD) industry with market share of 56.3% by value & 64.4% by volume (Q4FY17). Malt-based drinks category contributes ~91% to GCHL's revenues. As per industry reports, the malt based beverage market have grown 2.7x over FY02-14 to ~₹ 6000 crore in 2014 and is estimated at ~₹ 7800 crore for 2016. India is largest malt-based drinks market globally accounting for ~41% of retail volume sales and expected to reach 47% by 2020E. With higher health consciousness, large youth population, growing urbanisation & rising discretionary consumption, HFD remains one of the high growth segments. GCHL, being an established player in this segment, with strong brands - *Horlicks* and *Boost*, has benefited with 10.5% CAGR in total operating income over CY10-FY17. On a low base of FY17, on account of demand pressure due to demonetisation, we are factoring in 12.6% CAGR in revenues over FY17-19E led by mix of volume & realisation growth.

GCHL added ~243000 outlets in Q4FY16, taking its distribution reach to ~4.3 million outlets (both direct & indirect) from ~4 million outlets in Q4FY15. GCHL has ~900000 outlets in its direct coverage & plans to increase it to one million. Further, it plans to double the indirect reach in coming quarters.

GCHL's nearest competition is from Mondelez' Bournvita (~17% and 13.9% share by volume and value, respectively) and Heinz's Complan (~11% and 10.1% share by volume and value, respectively). We believe the company's strong brand equity in the segment, significant lead in market share compared to its competitors, comprehensive health drink portfolio, revival of urban discretionary demand and focus on rural penetration, going forward, would aid in maintaining its leadership position in the HFD industry. Thus, we are estimating the revenue (including auxiliary income) to grow at a CAGR of 14.1% over FY17-19E to ₹ 5760 crore in FY19E.

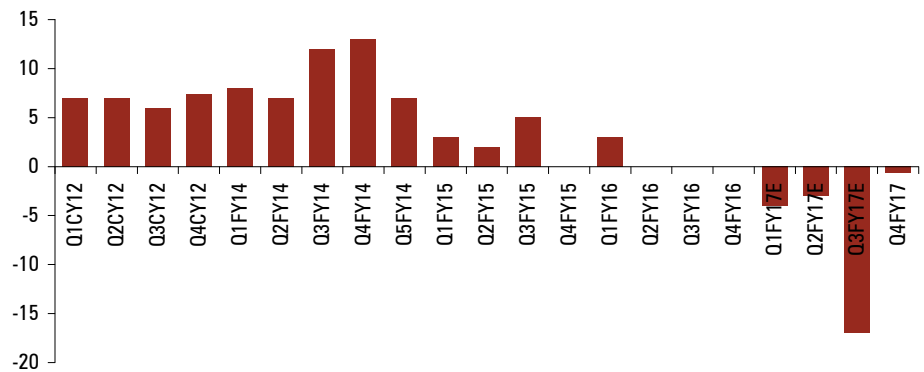
Exhibit 1: Sales to grow at CAGR of 12.4% over FY17E-19E



Source: Company, ICICIdirect.com Research

* FY14 numbers are for 15 months

Exhibit 2: Domestic business volume growth (%)

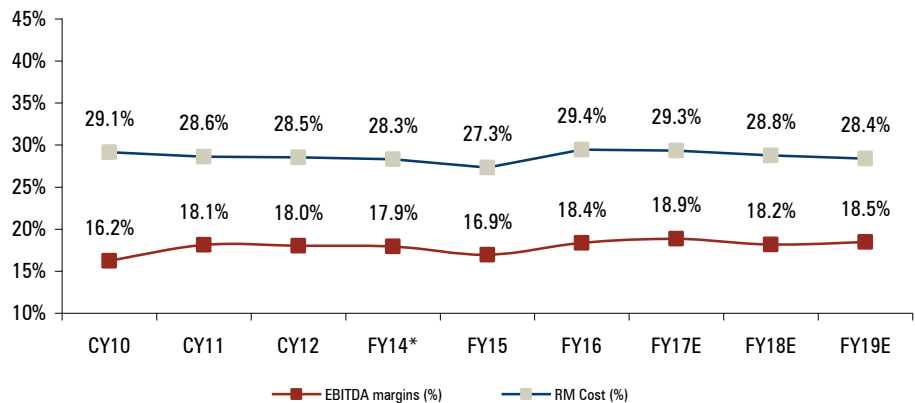


Source: Company, ICICIdirect.com Research

Margin to remain capped amid inflationary environment

GCHL's operating margins increased from 16% in CY09 to 17.9% in FY14 led by change in product mix and sustainable price hikes taken by the company. However, margins dipped to 16.9% in FY15 on the back of higher employee cost and persistently higher A&P expenses. However, in FY17, reported operating margin of 18.9%. Going forward, we expect the operating margin to remain capped amid the inflationary environment and investment behind brand building and distribution expansion. Thus, we are estimating the operating margin of 18.2% and 18.5% for FY18E and FY19E, respectively.

Exhibit 3: Raw material cost (%) & EBITDA margin (%) trend



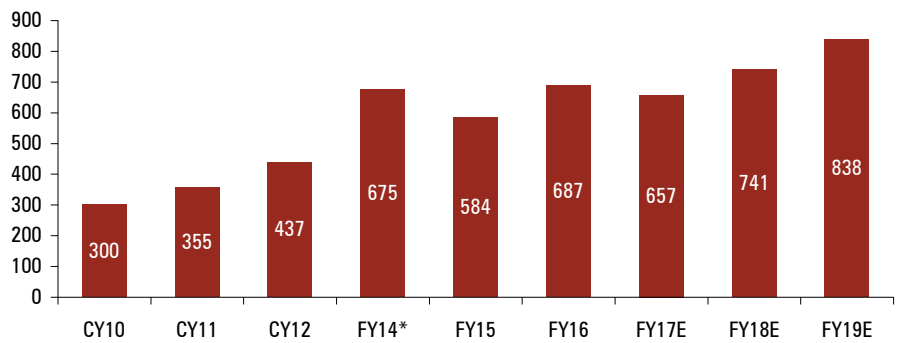
Source: Company, ICICIdirect.com Research

* FY14 numbers are for 15 months

Net profit to grow at 13.0% CAGR over FY17-19E

GCHL posted 13.9% CAGR increase in its profit during CY10-FY17 largely on the back of improved operating margins. We estimate depreciation will increase, going forward (from ₹ 64.2 crore in FY17 to ₹ 81.7 crore for FY19E) due to the capex plans of the company, ₹ 600-700 crore over the next three years. We expect net profit growth at 13.0% CAGR over FY17-19E to ₹ 837.9 crore in FY19E.

Exhibit 4: PAT trend (₹ crore)



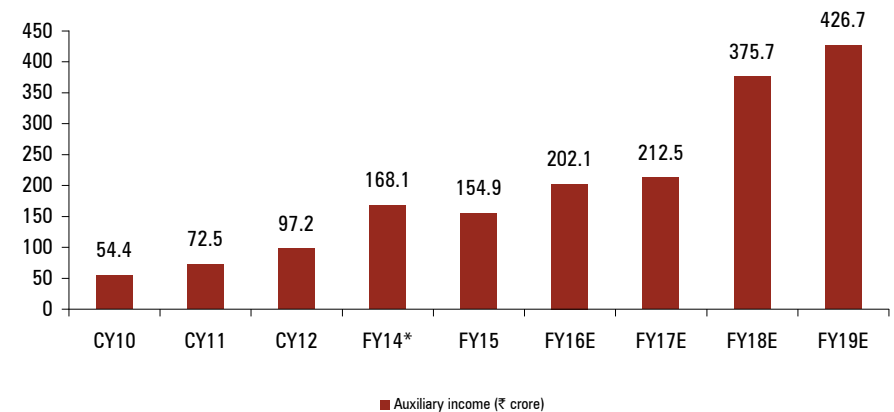
Source: Company, ICICIdirect.com Research

* FY14 numbers are for 15 months

Auxiliary income augurs well

The company earns business auxiliary service commission from certain group companies (GlaxoSmithKline Asia Pvt Ltd and GlaxoSmithKline Pharmaceuticals) for services rendered towards selling and distribution of the latter's products (Crocine, Eno, Iodex, Breathe Right, Sensodyne). It witnessed a CAGR of 25.6% from ₹ 46.7 crore in CY09 to ₹ 212.5 crore in FY17. In April 2016, the rate for commission was revised from 16.5% earlier to 15.0%. Additionally, from Q2FY17 onwards, the auxiliary income also includes income from the recently acquired Novartis' OTC segment. GSK has cemented its position with Eno brand in the ~₹ 1180 crore digestive market with 45.8% market share. Eno is currently growing at ~30%. This bodes well for GCHL. We expect auxiliary income to post strong growth to ₹ 427 crore in FY19E.

Exhibit 5: Auxiliary income (₹ crore)



Source: Company, ICICIdirect.com Research

* FY14 numbers are for 15 months

Outlook & Valuation

GCHL's 'Horlicks' has become synonymous with its category and enjoys formidable leadership in the domestic HFD industry. Horlicks, a white malt drink, remains the flagship brand for the company and has been present in the Indian market for more than 100 years. GCHL complements Horlicks with its presence in the brown malted food drinks category with 'Boost'. Apart from this, strong brands of GlaxoSmithKline Plc, the sixth-largest pharmaceutical company in the world and parent company of GCHL, have always been an added advantage for the company. The company has launched many products in India with similar brand names (Sensodyne, Parodontax), capturing the brand value of GlaxoSmithKline Plc's product.

The category in which GCHL operates currently has low penetration level of ~40%, thereby providing huge scope of growth for the company. We expect GCHL to be a direct beneficiary of growing health consciousness among consumers and increasing premiumisation as consumers seek better products to achieve value addition of milk. Besides, we believe that GCHL would not be further impacted adversely due to expiry of excise benefits at Baddi facility in May 2015 as the base effect catches up, going forward.

We remain upbeat about the company's growth prospect considering - a) company's focus on lower priced SKUs to increase rural penetration, b) continuous effort to increase the geographical reach, c) aggressive investment behind brands coupled with high-science based premium product launches, and d) demand revival in rural demand on account of expected good monsoon. Hence, we are estimating 14.1% CAGR in revenue in FY17-19E and 13.0% CAGR in PAT over the same period. However, we believe the inflationary environment would keep the operating margin capped ~18.5% in FY19E. We continue to maintain our **BUY** recommendation on the stock valuing it at 30x its FY19E EPS of ₹ 199.2 with a target price of ₹ 6075/share.

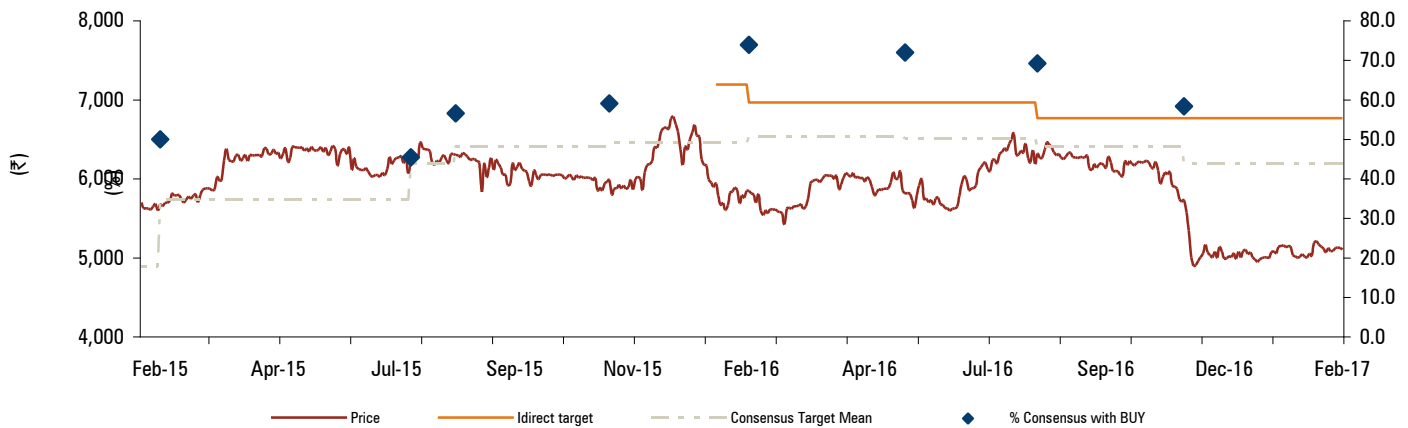
Exhibit 6: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY16	4564.4	6.0	163.4	17.8	32.1	23.1	24.6	35.5
FY17E	4421.1	-3.1	156.1	-4.5	33.6	22.8	21.0	30.8
FY18E	5072.4	14.7	176.3	12.9	29.8	20.3	21.2	30.3
FY19E	5760.4	13.6	199.2	13.0	26.4	17.3	21.7	31.3

Source: Company, ICICIdirect.com Research

* FY14 numbers are for 15 months

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Jan-08	Women's Horlicks launched in the market
Dec-09	Launches Horlicks Asha, priced ~40% cheaper to base brand, targeted at price-sensitive mass consumer
Mar-10	Drives Horlicks brand extension with the launch of Horlicks Foodles instant noodles
Jan-11	Enters the sensitive toothpaste category with the launch of its global brand Sensodyne
Nov-11	Expands the foods portfolio with the launch of Horlicks Oats
Nov-12	Sensodyne overtakes Colgate Sensitive to capture the largest market share in the sensitive toothpaste category
Feb-13	Parent company GlaxoSmithKline Plc raises its stake in the company to 72.46% from 43.16% with ₹ 4800 crore share buyback
Feb-13	Launches another global brand Parodontax toothpaste in India to address the problem of bleeding gums
CY13	Women's Horlicks becomes ₹ 100 crore brand
May-15	Excise benefits enjoyed by the company at its Baddi facility expire

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Top 10 Shareholders						Shareholding Pattern				
Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m) (in %)		Mar-16	Jun-16	Sep-16	Dec-16
1	GlaxoSmithKline PLC	31-Mar-17	72.46	30.5	0.0	Promoter	72.5	72.5	72.5	72.5
2	ICICI Prudential Asset Management Co. Ltd.	31-Mar-17	3.29	1.4	0.0	FII	9.0	8.0	8.7	7.3
3	LIC Mutual Fund Asset Management Company Ltd.	31-Mar-17	2.06	0.9	0.9	DII	3.7	4.4	4.7	5.9
4	The Vanguard Group, Inc.	31-Mar-17	0.79	0.3	0.0	Others	14.8	15.1	14.2	14.4
5	Wasatch Advisors, Inc.	31-Dec-16	0.68	0.3	0.0					
6	Birla Sun Life Asset Management Company Ltd.	30-Apr-17	0.67	0.3	0.0					
7	PineBridge Investments Asia Limited	30-Jun-16	0.54	0.2	0.2					
8	UTI Asset Management Co. Ltd.	28-Feb-17	0.48	0.2	0.0					
9	HSBC Global Asset Management (Hong Kong) Limited	31-Jan-17	0.46	0.2	0.0					
10	SBI Funds Management Pvt. Ltd.	31-Mar-17	0.35	0.1	0.0					

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
LIC Mutual Fund Asset Management Company Ltd.	68.65m	0.86m	BlackRock Institutional Trust Company, N.A.	-9.42m	-0.13m
UTI Asset Management Co. Ltd.	2.72m	0.04m	Franklin Templeton Asset Management (India) Pvt. Ltd.	-3.21m	-0.04m
Amundi Hong Kong Limited	1.87m	0.03m	Lyxor Asset Management	-2.8m	-0.04m
Norges Bank Investment Management (NBIM)	1.06m	0.01m	IDBI Asset Management Limited	-1.36m	-0.02m
The Vanguard Group, Inc.	0.54m	0.01m	Amundi Asset Management	-1.12m	-0.02m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement	₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E
Total operating Income	4564.4	4421.1	5072.4	5760.4
Growth (%)	6.0	-3.1	14.7	13.6
Raw Material Expenses	1343.5	1296.9	1702.7	1916.3
Employee Expenses	505.0	458.0	568.1	650.9
Marketing Expenses	544.1	514.7	608.7	691.2
Administrative Expenses	905.5	883.3	279.0	311.1
Other expenses	0.0	0.0	499.6	567.4
Total Operating Expenditure	3726.2	3587.6	4151.3	4697.0
EBITDA	838.2	833.5	921.1	1,063.4
Growth (%)	14.8	-0.6	10.5	15.4
Depreciation	57.4	64.2	70.7	81.7
Interest	2.3	2.8	0.0	0.0
Other Income	277.5	243.9	256.1	268.9
PBT	1056.0	1010.4	1106.5	1250.6
Others	0	0	0	0
Total Tax	368.7	353.7	365.1	412.7
PAT	687.3	656.6	741.4	837.9
Growth (%)	17.8	-4.5	12.9	13.0
EPS (₹)	163.4	156.1	176.3	199.2

Source: Company, ICICIdirect.com Research

Cash flow statement	₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E
Profit After Tax	687.3	656.6	741.4	837.9
Add: Depreciation	57.4	64.2	70.7	81.7
(Inc)/dec in Current Assets	-34.2	-9.1	-179.6	-167.8
Inc/(dec) in CL and Provisions	-232.3	144.5	358.4	265.8
CF from operating activities	478.2	856.1	990.8	1,017.6
(Inc)/dec in Investments	-8.8	-14.7	10.0	10.0
(Inc)/dec in LT loans & advances	34.8	-11.3	0.0	0.0
(Inc)/dec in Fixed Assets	-56.1	-76.6	-400.8	-200.0
Others	-40.3	-5.6	-20.0	-20.0
CF from investing activities	-60.7	-143.5	-320.5	-210.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0
Dividend paid & dividend tax	-354.3	0.0	-347.4	-471.5
Inc/(dec) in Sec. premium				
Others	-2.3	-2.8	0.0	0.0
CF from financing activities	-354.5	-4.9	-347.4	-471.5
Net Cash flow	63.0	707.8	323.0	336.1
Opening Cash	2,296.4	2,359.5	3,067.2	3,390.2
Closing Cash	2,359.5	3,067.2	3,390.2	3,726.3

Source: Company, ICICIdirect.com Research

Balance sheet	₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E
Liabilities				
Equity Capital	42.1	42.1	42.1	42.1
Reserve and Surplus	2756.7	3080.6	3454.4	3820.8
Total Shareholders funds	2798.7	3122.7	3496.5	3862.9
LT Borrowings & Provisions	2.1	0.0	0.0	0.0
Deferred Tax Liability	0.0	0.0	0.0	0.0
Others Non-current Liabilities	0.0	0.0	0.0	0.0
Total Liabilities	3038.7	3359.1	3712.9	4059.2
Assets				
Gross Block	1,106.3	1,185.1	1,385.1	1,585.1
Less: Acc Depreciation	625.0	689.2	759.8	841.5
Net Block	481.3	495.9	625.2	743.6
Capital WIP	51.4	49.2	250.0	250.0
Net Intangible Assets				
Non-current Investments	40.9	52.3	52.3	52.3
LT loans & advances	14.0	11.7	13.9	15.8
Current Assets				
Inventory	461.6	461.1	569.8	647.1
Debtors	354.2	321.0	375.2	426.1
Loans and Advances	14.0	11.7	13.9	15.8
Other Current Assets	215.5	263.4	277.9	315.6
Cash	2,712.3	3,087.4	3,390.2	3,726.3
Deferred Tax Assests	113.1	127.8	117.8	107.8
Current Liabilities				
Creditors	785.2	860.4	917.2	1,041.6
Provisions	272.4	332.3	416.9	473.5
Short term debt & other CL	399.1	408.4	625.4	710.2
Application of Funds	3,038.7	3,359.1	3,712.9	4,059.2

Source: Company, ICICIdirect.com Research

Key ratios	FY16 FY17E FY18E FY19E			
(Year-end March)				
Per share data (₹)				
EPS	163.4	156.1	176.3	199.2
Cash EPS	177.1	171.4	193.1	218.6
BV	665.4	742.4	831.3	918.4
DPS	70.0	70.0	95.0	95.0
Cash Per Share	644.9	734.0	806.0	885.9
Operating Ratios (%)				
EBITDA Margin	18.4	18.9	18.2	18.5
PBT / Total Operating income	23.1	22.9	21.8	21.7
PAT Margin	15.1	14.9	14.6	14.5
Inventory days	36.9	38.1	41.0	41.0
Debtor days	28.3	26.5	27.0	27.0
Creditor days	62.8	71.0	66.0	66.0
Return Ratios (%)				
RoE	24.6	21.0	21.2	21.7
RoCE	35.5	30.8	30.3	31.3
Valuation Ratios (x)				
P/E	32.1	33.6	29.8	26.4
EV / EBITDA	23.1	22.8	20.3	17.3
EV / Net Sales	4.2	4.3	3.7	3.2
Market Cap / Sales	4.8	5.0	4.4	3.8
Price to Book Value	7.9	7.1	6.3	5.7
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	0.7	0.7	0.6	0.6
Quick Ratio	0.4	0.4	0.3	0.3

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (FMCG)

Sector / Company	CMP		Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)			FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Colgate (COLPAL)	1,010	950	Hold	24,744	21.9	23.4	25.0	46.2	43.2	38.0	5.5	5.1	4.7	69.8	70.7	68.8	49.8	49.5	48.1
Dabur India (DABIND)	278	305	Hold	50,368	7.2	7.5	8.0	38.4	37.2	38.0	6.5	6.1	5.6	28.0	25.6	25.5	26.4	23.4	22.6
GSK CH (GLACON)	5,246	6,074	Buy	22,079	156.1	176.3	199.2	33.6	29.8	30.5	5.0	4.4	3.8	30.8	30.3	31.3	21.0	21.2	21.7
Hindustan Unilever (HINLEV)	979	978	Buy	188,930	20.3	21.9	24.4	48.2	44.8	40.1	6.1	5.6	5.1	177.7	195.4	247.2	154.9	177.3	232.1
ITC Limited (ITC)	277	300	Buy	347,639	8.5	9.6	10.4	32.7	28.9	28.9	6.4	6.0	5.3	44.4	49.0	50.3	31.0	34.6	35.4
Jyothy Lab (JYOLAB)	365	397	Buy	6,690	8.8	10.9	13.3	41.3	33.6	29.9	4.0	3.5	3.2	16.4	17.8	22.8	14.7	17.4	20.0
Marico (MARLIM)	313	341	Hold	40,641	6.3	6.9	8.4	49.7	45.3	40.4	6.9	5.9	5.0	44.6	45.1	49.4	34.9	34.6	37.7
Nestle (NESIND)	6,821	7,417	Buy	63,908	96.1	132.8	154.5	71.0	51.4	48.0	7.0	6.1	5.5	31.6	35.6	43.1	34.1	42.7	47.2
Tata Global Bev (TATGLO)	153	147	Hold	9,041	8.2	8.8	9.4	18.6	17.4	15.7	1.3	1.2	1.1	9.5	9.9	10.1	8.0	8.7	8.7
VST Industries (VSTIND)	3,006	3,320	Hold	4,790	108.3	127.1	150.8	27.8	23.6	22.0	5.1	4.5	4.0	45.0	47.2	49.5	31.1	32.8	34.8

Source: Company, ICICIdirect.com Research

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