

October 17, 2017

Colgate-Palmolive India (COLPAL) ₹ 1063

Steadily recovering to normalcy...

- Colgate-Palmolive posted healthy results in Q2 with the 2.8% growth in sales despite ~9% cut in prices in July. The price cut came in the wake of passing on of GST benefit to consumers. The company reported a 150 bps improvements in margins with the controlled spend towards advertisement in a volatile trade environment. With the higher tax outgo, net profit declined 2.1% YoY to ₹ 177.6 crore
- With the disruption at the wholesale network due to transition to GST, CPIL witnessed ~1% YoY decline in volumes. However, we believe this disruption in trade would settle in the second half of FY18 and expect strong volume growth with aggressive price cut ahead of competition, new launches in natural portfolio & low base of Q3 due to demonetisation impact in corresponding period
- Colgate maintained its leadership position with 54.0% and 45.5% market share in toothpaste and toothbrush categories, respectively. However, it marginally (30 bps decline in market share during January-August 2017) lost market share in toothpaste segment

Loses market share but best placed to withstand competition

CPIL is the largest player in oral care with a market share of 54.0% in toothpaste and 45.5% in toothbrush category in January-August 2017. The aggressive competition by Patanjali & Dabur in the ayurvedic space has led to erosion in market share of CPL & HUL. Though it has introduced Cibaca Vedshakti in the natural space, it has still been unable to curb its market share decline. Cibaca lost market share by 50 bps YoY to 6.8% in Q1FY18. Similarly, Colgate Active Salts has also lost market share by 40 bps. However, we believe H1FY17 could be exceptional with low trade activity. Colgate has historically evaded competition by persistent spend towards A&P. We believe CPIL has an edge over its indigenous rival in form of strong brand equity. Additionally, a) CPIL's renewed focus on naturals segment under toothpaste through Colgate Vedshakti (priced lower than Patanjali's Dant Kanti), b) its presence across traditional segments and reach to 5.8 million outlets and c) continuous launch of innovative products and aggressive marketing expense, would continue to support CPL amid a highly competitive environment.

Price action, new launches to boost volumes

Over the years, Colgate has built an extensive oral care portfolio through constant innovation, thereby offering products across value pyramid & within each sub-category. Lately, it has been aggressive on extension of its premium portfolio to capture uptrading consumers. CPIL also plans to launch more products under the herbal product portfolio to tap the herbal wave going on in the country at present. Simultaneously, in the toothpaste category, GST rate has been fixed at 18% compared to 24% indirect tax (excise + VAT) previously. The company has passed on the benefit by cutting prices by 7-11% across price points. We believe the aggressive price cuts and low base year impact would perk up volumes in FY18E. We expect CPL to clock 5.0% & 6.0% volume growth in the toothpaste segment for FY18E and FY19E, respectively.

Initiatives yet to result in considerable growth; maintain HOLD

Though we remain positive on CPIL's constant innovation & aggressive brand building, we would wait for these to result in growth. We expect a CAGR of 7.7% and 14.7% in revenue & earnings, respectively, in FY17-19E. On account of benign RM prices, lower tax incidence & supply chain benefit of GST, we expect EBITDA margin to inch up at 22.9% by FY19E. We reiterate our **HOLD** rating with a target price of ₹ 1115/share.

Rating matrix		
Rating	:	Hold
Target	:	₹ 1115
Target Period	:	12 months
Potential Upside	:	5%

What's changed?		
Target	Changed from ₹ 1150 to ₹ 1115	
EPS FY18E	Changed from ₹ 23.4 to ₹ 23.1	
EBS FY19E	Changed from ₹ 28.6 to ₹ 27.9	
Rating	Unchanged	

Quarterly performance					
	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)
Sales	1078.0	1048.3	2.8	969.4	11.2
EBITDA	300.6	274.8	9.4	221.8	35.5
EBITDA (%)	27.7	26.2	150 bps	22.9	483 bps
PAT	177.6	181.3	-2.1	136.4	30.2

Key financials				
₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	4,319.0	4,489.9	4,659.5	5,205.8
EBITDA	938.5	944.9	1,004.1	1,198.1
PAT	581.2	577.5	627.4	759.1
EPS (₹)	21.4	21.2	23.1	27.9

Valuation summary				
	FY16	FY17	FY18E	FY19E
P/E	49.7	50.1	46.1	38.1
Target P/E	52.2	52.5	48.3	40.0
Div. Yield	0.9	0.9	1.6	1.6
Mcap/Sales	6.7	6.4	6.2	5.6
RoNW (%)	58.5	45.3	46.4	48.5
RoCE (%)	81.7	64.1	66.2	69.0

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	28,912.1
Total Debt (FY17) (₹ Crore)	0.0
Cash and Investments (FY17) (₹ Crore)	294.3
EV (₹ Crore)	28,617.8
52 week H/L	1133 / 862
Equity capital	₹ 27.2 crore
Face value	₹ 1

Price performance				
	1M	3M	6M	12M
Colgate	(4.6)	1.7	8.0	16.7
Dabur	4.5	6.5	12.3	13.5
HUL	-0.3	10.0	35.0	44.6
Gillette	8.2	14.0	39.4	35.5

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Variance analysis

	Q2FY18	Q2FY18E	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Net Sales	1,078.0	1,058.4	1,048.3	2.8	969.4	11.2	The company witnessed a 2.8% sales growth on the back of a change in the product mix towards premium products. Volume declined 1% due to disruption at the trade level on account of transition to GST
Operating Income	6.9	8.2	8.3	-16.5	8.7	-20.5	
Raw Material Expenses	397.0	405.0	391.0	1.5	358.4	10.8	Raw material to sales dipped 50 bps as most of the RM prices remain stable
Employee Expenses	82.3	74.7	73.1	12.7	72.7	13.2	
SG&A Expenses	119.2	145.5	128.0	-6.8	143.4	-16.8	Advertisement spend to sales declined 115 bps with the increasing trend of digital advertisement among FMCG companies
Other operating Expenses	185.8	232.4	189.8	-2.1	181.8	2.2	
Excise duty	0.0	58.8	146.6	NA	140.5	NA	
EBITDA	300.6	267.9	274.8	9.4	221.8	35.5	
EBITDA Margin (%)	27.7	23.8	26.2	150 bps	22.9	483 bps	With stable raw material prices & lower ad spend, operating margins increased 150 bps during the quarter
Depreciation	39.2	24.3	33.3	17.6	37.3	5.0	
Interest	0.0	0.0	0.0	NA	0.0	NA	
Other Income	8.9	10.0	11.3	-21.5	12.5	-28.9	
PBT before exceptional	270.3	253.6	252.8	6.9	197.0	37.2	
Exceptional Items	0.0	0.0	0.0	NA	0.0	NA	
Tax Outgo	92.7	78.6	71.4	29.8	60.6	53.0	
PAT	177.6	175.0	181.3	-2.1	136.4	30.2	Due to the higher depreciation & tax outgo, net profit declined 2.1%

Key Metrics YoY growth (%)

Volume Growth overall	-1.0	4.0	NA	-5%	NA	The company witnessed a 1% decline in volumes mainly due to the lacklustre sales at the wholesalers end
Volume Growth (Toothpastes)		NA	NA	NA	NA	
Volume Mkt Share (Toothpaste)	54.0	55.7	-170 bps	54.3	-30 bps	The company continued to see the erosion in market share due to the aggressive competition in ayurvedic space
Volume Mkt Share (Toothbrush)	45.5	46.6	-110 bps	45.0	50 bps	

Source: Company, ICICIdirect.com Research

Change in estimates

(₹ Crore)	Old	FY18E New	% Change	Old	FY19E New	% Change	Comments
Sales	4638.0	4659.5	0.5	5259.0	5205.8	-1.0	We have changed our volume & price estimates due to the sluggish volumes in H1FY18
EBITDA	1016.9	1004.1	-1.3	1224.6	1198.1	-2.2	
EBITDA Margin (%)	21.8	21.4	-40 bps	23.1	22.9	-25 bps	
PAT	635.9	627.4	-1.3	777.0	759.1	-2.3	
EPS (₹)	23.4	23.1	-1.4	28.6	27.9	-2.4	

Source: Company, ICICIdirect.com Research

Assumptions

	FY16	Current FY17	FY18E	FY19E	Earlier FY18E	FY19E	Comments
Toothpaste Vol. Growth(%)	4.0	-4.0	5.0	6.0	13.0	8.0	We have changed our volume estimate downwards due to sluggish sales in H1FY18 on account of disruption at the wholesale network
Toothpaste Value Growth(%)	-4.2	3.7	3.5	11.3	2.9	13.4	
Toothbrush Vol. Growth(%)	15.0	-2.0	4.0	10.0	4.0	10.0	
Toothbrush Value Growth(%)	11.6	5.3	3.4	11.0	3.4	11.0	
Raw Material/Sales %	34.2	32.9	33.8	33.5	33.9	33.2	
Marketing Exp./Sales %	10.4	11.4	12.5	11.5	12.0	11.5	Changed our marketing spend as the company is concentrating more on volume growth

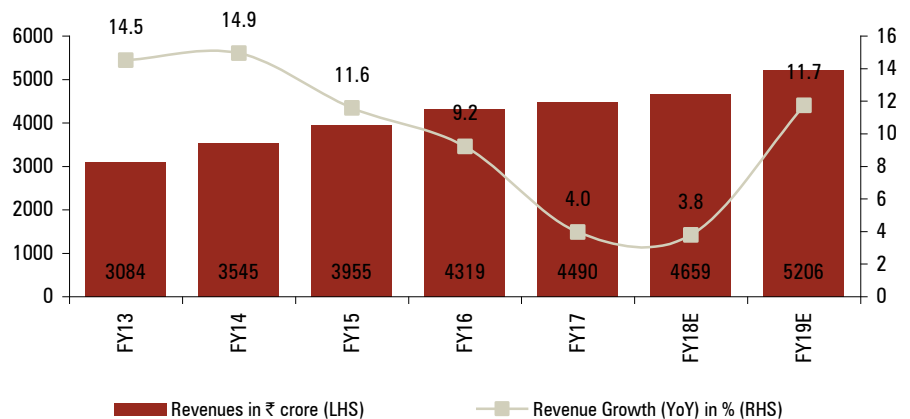
Source: Company, ICICIdirect.com Research

Company Analysis

Intense competition to maintain pressure on revenue growth

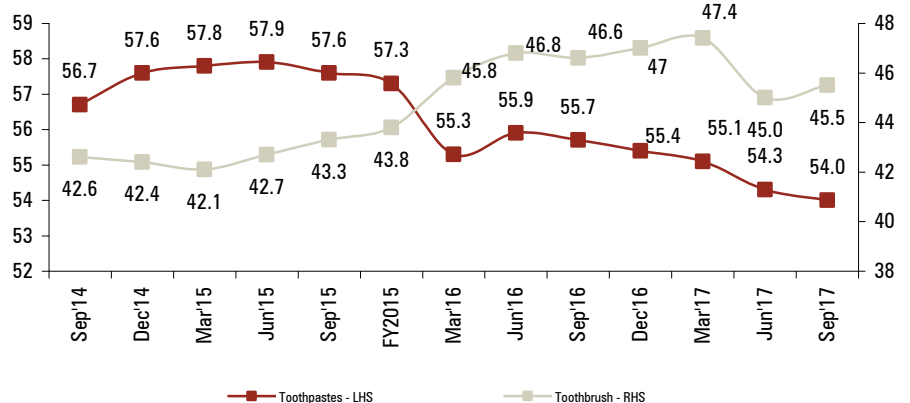
CPIL is the largest player in oral care in India with a market share of 54.0% in toothpaste and 45.5% in the toothbrush category in Q2FY18. The aggressive competition by Patanjali & Dabur in the ayurvedic space has led to the erosion in market share of CPL & HUL. Though the company has introduced Cibaca Vedshakti in the natural space, it has still been unable to curb its market share decline. Cibaca lost market share by 50 bps YoY to 6.8% in Q1FY18. Similarly, Colgate Active Salts has also lost market share by 40 bps. However, we believe the June quarter may be exceptional with low trade activity. Colgate has historically withstood competition by persistent spend on A&P. We believe CPIL has an edge over its indigenous rival in form of strong brand equity. Additionally, a) CPIL's renewed focus on naturals segment under toothpaste through Colgate Vedshakti (priced lower than Patanjali's Dant Kanti), b) its presence across traditional segments and reach to 5.8 million outlets and c) continuous launch of innovative products and aggressive marketing expense, would continue to support CPL amid a highly competitive environment. Aggressive price cuts and low base year impact would perk up volumes in FY18E. We model 5.0%, 6.0% volume growth in toothpaste segment for FY18E, FY19E, respectively. We expect revenue to grow at a CAGR of 7.7% in FY17-19E mainly led by volume growth.

Exhibit 1: Revenue trend (₹ crore)



Source: Company, ICICIdirect.com Research

Exhibit 2: CPIL market share trend (%)

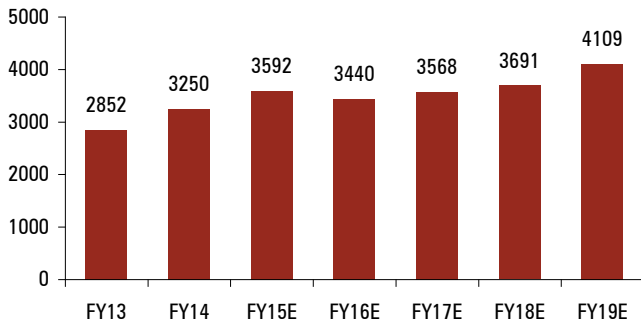


Source: Company, ICICIdirect.com Research

Market leadership to sustain with moderate revenue growth in toothpaste category

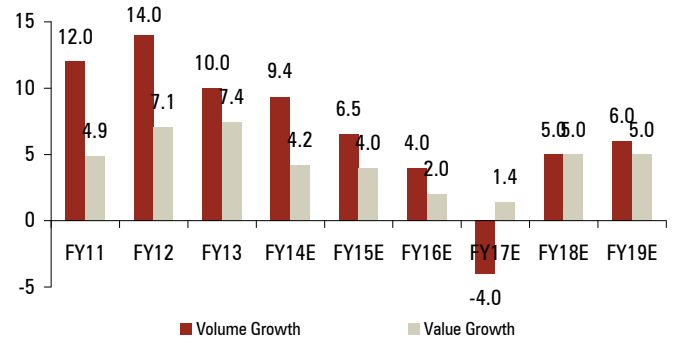
With Colgate's ability to maintain its market leadership through increasing innovation (New Kid toothpaste, Colgate Sensitive Clove Essence, Colgate Maxfresh Power Freeze gel, and Colgate Cibaca Vedshakti toothpaste launched in FY17) and strong distribution (available in 5.8 mn retail outlets), CPIL will continue to maintain its leadership in the category. We expect toothpaste volume to grow at 10.5% CAGR over FY17E-19E. Thus, revenue from the segment is estimated to grow at a CAGR of 7.3% in FY17E-19E to ₹ 4109 crore.

Exhibit 3: Toothpaste revenue growth trend



Source: Company, ICICIdirect.com, Research

Exhibit 4: Volume growth to remain modest



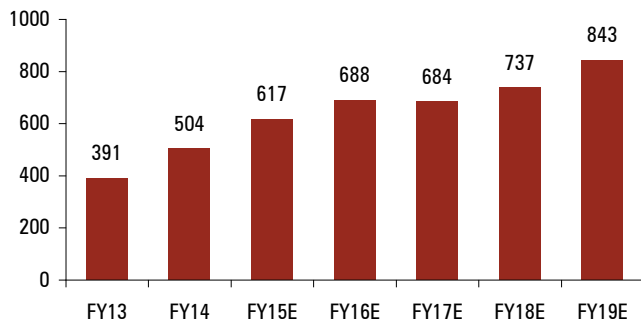
Source: Company, ICICIdirect.com, Research

Strengthening presence in toothbrush to sustain growth at 11.0% CAGR (FY17E-19E)

CPIL's undeterred market share at 45.5% (Q2FY18) in the toothbrush segment (~11% of revenues) has been led by strong volume CAGR (FY08-17) of 16.3% with segmental revenues growing at 18.1% CAGR (FY08-15). The company's brand strength has enabled it to grab market share of unbranded players. Further, CPIL's nearest competitor, P&G, with brand Oral-B, continues to maintain a distant No.2 position in the segment with 14.6% volume share in the segment.

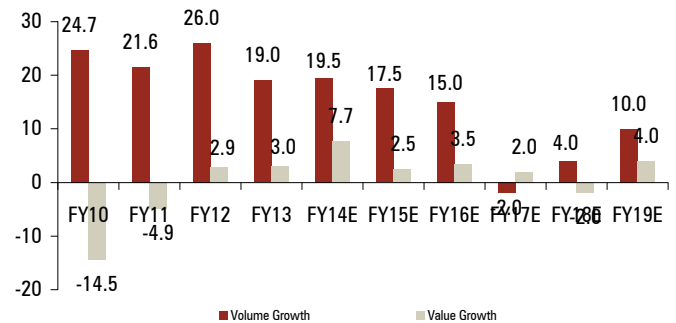
We believe that with upgrading consumer needs in rural markets and uptrading demand by urban consumer, CPIL's revenues from the toothbrush segment would continue to grow at 11.0% CAGR (FY17E-19E) led by healthy volume CAGR of 7.0%. We expect CPIL's strong brand equity and new launches to tap the bottom of the pyramid to aid in further strengthening market share for the company in the toothbrush segment.

Exhibit 5: Toothbrush revenue to grow at 11.0% CAGR



Source: Company, ICICIdirect.com, Research

Exhibit 6: With expected volume growth of 7% CAGR



Source: Company, ICICIdirect.com, Research

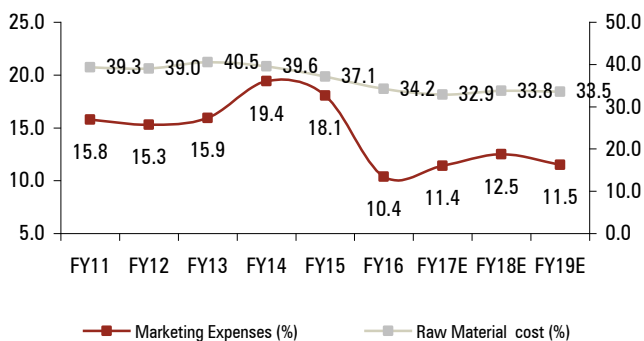
Increasing penetration, per capita consumption to aid growth

The penetration of toothpaste in India is ~80%, with ~25 crore people still using conventional methods of brushing. Though urban penetration is higher at 92.3% (2016), rural penetration lags behind at 74.1% (2016). Rural population accounts for ~35% toothpaste revenues for CPIL. It has been constantly increasing reach in rural areas by various initiatives like 'Rural vans' (1014 Colgate rural vans in 2016 vs. 951 in 2014). Hence, we believe there is a huge untapped opportunity for CPIL to further increase its reach. Further, overall per capita consumption of toothpaste in India is significantly lower at 158 gm compared to other developing nations, China at 212 gm, Philippines at 312 gm and Brazil at 603 gm, providing enough room to maintain its volume growth. We believe increase in volume growth & per capita consumption would come through increasing awareness on oral hygiene, change in consumer habits (brushing twice daily) & increasing penetration, aiding company to maintain volume growth.

Benign RM cost, lower tax incidence & supply chain benefits to aid margin

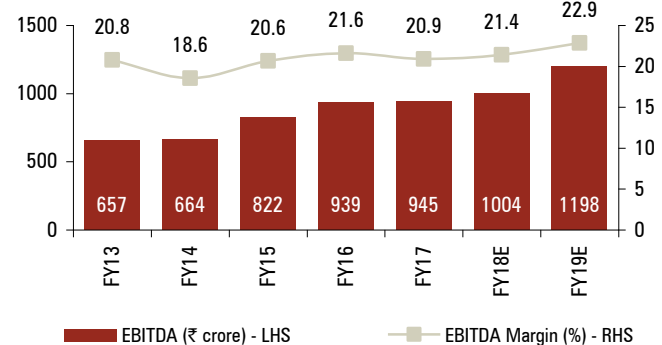
We believe that consumption demand would revive along with improving sales mix for CPIL (launch of premium products). Marketing spend is expected to remain at elevated levels courtesy new launches and intense rivalry. However, on account of benign raw material prices, lower tax incidence along with supply chain related benefit of GST, we expect EBITDA margin to inch up at 22.9% by FY19E.

Exhibit 7: Marketing expenses to remain high, RM cost to remain low



Source: Company, ICICIdirect.com, Research

Exhibit 8: EBITDA margin trend (%)

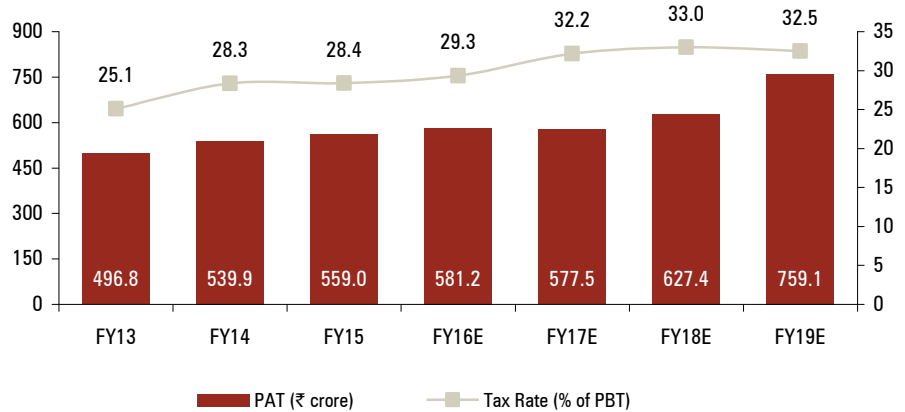


Source: Company, ICICIdirect.com, Research

PAT to grow at 14.7% CAGR over FY17-19E

CPIL's Baddi plant was under 100% tax exemption until March, 2010 and enjoyed ~30% tax exemption until April 2015, after which it enjoyed no further exemptions. Hence, we estimate the effective tax rate for CPIL will increase gradually to 33.0% in FY18E & FY19E. We expect the company to report PAT CAGR of 14.7% in FY17-19E.

Exhibit 9: PAT to grow moderately owing to higher tax incidence



Source: Company, ICICIdirect.com Research

Outlook & valuation

CPIL is the largest player in oral care in India with a market share of 54.0% in toothpaste and 45.5% in toothbrush category in Q2FY18. Though the entry of Patanjali has disrupted the toothpaste category, denting CPIL's market share by ~170 bps in the past year in the toothpaste category, HUL has been impacted more with market share loss of ~370 bps between 2013 and 2016. We believe CPIL has an edge over its indigenous rival in the form of strong brand equity along with a vast distribution network covering over 5.8 million outlets. Though we remain positive on the company's constant innovation & aggressive brand building exercises, we would wait for these to result in growth.

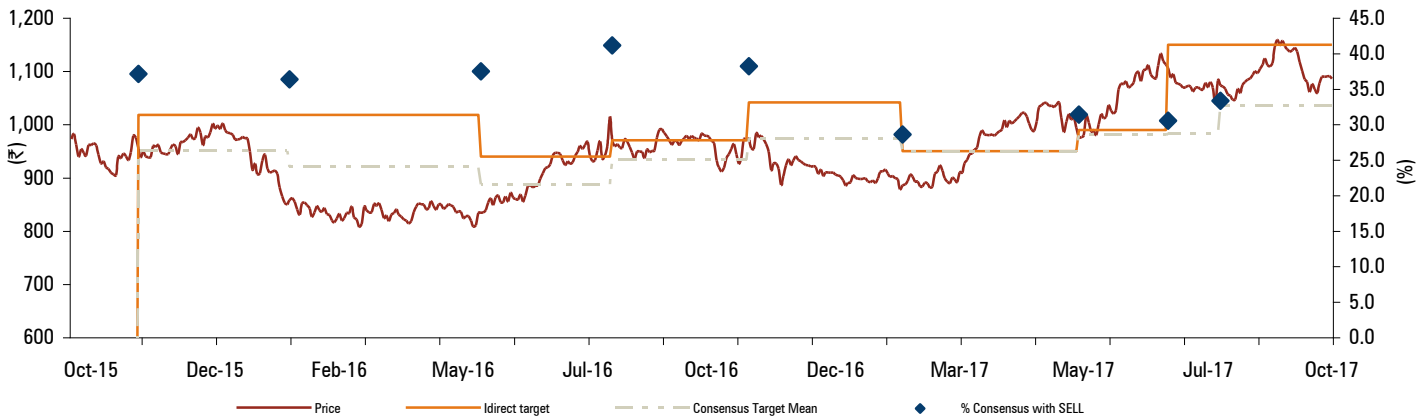
Though we remain positive on the company's constant innovation & aggressive brand building exercises, we would wait for these to result in growth. Thus, amid growing competition, we are factoring in volume CAGR of 5.5% and 7.0% for the toothpaste & toothbrush segment, respectively, in FY17E-19E. We expect the company to post 7.7% and 14.7% revenue & earnings CAGR, respectively, in FY17-19E. On account of benign raw material prices, lower tax incidence & supply chain related benefit of GST, we expect EBITDA margins to inch up at 22.9% by FY19E. We reiterate our **HOLD** recommendation with a target price of ₹ 1115 share (40x FY19E EPS).

Exhibit 10: Valuations

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	4489.9	4.0	21.2	-0.6	50.1	30.1	45.3	64.1
FY18E	4659.5	3.8	23.1	8.6	46.1	28.2	46.4	66.2
FY19E	5205.8	11.7	27.9	21.0	38.1	23.5	48.5	69.0

Source: Company, ICICIdirect.com Research

Recommendation history vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

Key events

Date	Event
Jul-09	Rise in share price aided by a special dividend of ₹ 8/share and the increasing attractiveness of the defensives (FMCG Index) following the economic downturn
Nov-09	Second interim dividend of ₹ 7/share taking the total dividend in H1FY10 to ₹ 15/share
May-10	Did not pay any final dividend keeping the dividend per share for FY10 restricted at ₹ 20/share
Jul-10	First interim dividend for FY11 of ₹ 10/share
Mar-11	Lacklustre performance of the stock following lower sales growth of ~13% and a decline in margins and net profit following increased competition
May-12	Significant jump in performance with reported sales growth of ~21% YoY, volume growth of ~12% and improvement in margins. Also, with a run up in FMCG stocks, following the robust growth and subdued performance in other sectors, the stock price witnessed significant gains
Jan-13	Stock gains significantly mirroring the FMCG Index led by the preference of defensives with strong market leadership in a weak economic scenario
Jun-13	Re-entry of P&G in oral care market in the country increased pressure on the stock considering the concerns of increasing competition from a fierce player. Also, following the entry, Colgate's marketing expenses were expected to increase, pressurising margins
Nov-13	Concerns on subdued FMCG volume growth with softening consumer demand impacted the performance of the complete FMCG Index also impacting the stock performance
Apr-15	Announces voluntary retirement scheme at toothpowder manufacturing plant in Waluj
Sep-15	Announces bonus issue in the ratio 1:1

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Colgate-Palmolive Co	30-Jun-17	51.00	138.7	0.0
2	Life Insurance Corporation of India	30-Jun-17	5.54	15.1	0.0
3	ARISAIG Partners (Asia) Pte. Ltd.	30-Jun-17	3.38	9.2	-3.6
4	SBI Funds Management Pvt. Ltd.	31-Aug-17	1.58	4.3	0.4
5	The Vanguard Group, Inc.	31-Aug-17	0.83	2.2	0.0
6	First State Investments (U.K.) Ltd	31-Mar-17	0.73	2.0	0.0
7	JPMorgan Asset Management U.K. Limited	30-Jun-17	0.63	1.7	0.0
8	Morgan Stanley Investment Management Inc. (US)	31-Aug-17	0.54	1.5	0.0
9	Columbia Wanger Asset Management, LLC	31-Mar-16	0.51	1.4	-0.3
10	UTI Asset Management Co. Ltd.	31-Aug-17	0.47	1.3	0.0

Source: Reuters, ICICIdirect.com Research

Shareholding Pattern

(in %)	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Promoter	51.0	51.0	51.0	51.0	51.0
FII	16.8	17.0	16.8	16.8	16.8
DII	8.5	8.8	9.1	9.1	9.1
Others	23.8	23.2	23.2	23.2	23.2

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
APG Asset Management	8.52m	0.55m	ARISAIG Partners (Asia) Pte. Ltd.	-62.74m	-3.65m
SBI Funds Management Pvt. Ltd.	6.65m	0.38m	Stewart Investors	-34.13m	-2.03m
IDFC Asset Management Company Private Limited	6.43m	0.38m	Vontobel Asset Management, Inc.	-25.95m	-1.69m
Aditya Birla Sun Life AMC Limited	2.08m	0.12m	Goldman Sachs Asset Management International	-17.83m	-1.02m
Wasatch Advisors, Inc.	0.65m	0.04m	RBC Investment Management (Asia) Ltd.	-12.34m	-0.72m

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Total Operating Income	4349.1	4520.2	4692.8	5242.5	
Growth (%)	9.2	3.9	3.8	11.7	
Raw Material Expenses	1,476.3	1,476.3	1,574.7	1,745.1	
Employee Expenses	262.4	288.5	298.2	333.2	
Marketing Expenses	447.6	511.7	582.4	598.7	
Administrative Expenses	261.8	256.1	177.1	182.2	
Excise Duty	480.9	538.4	419.4	468.5	
Other expenses	481.6	504.3	637.0	716.8	
Total Operating Expenditure	3,410.6	3,575.3	3,688.8	4,044.5	
EBITDA	938.5	944.9	1,004.1	1,198.1	
Growth (%)	14.1	0.7	6.3	19.3	
Depreciation	111.4	133.2	110.3	119.1	
Interest	0.0	0.0	0.0	0.0	
Other Income	39.5	39.8	42.6	45.6	
PBT	866.6	851.5	936.4	1,124.6	
Exceptional items	-31.3	0.0	0.0	0.0	
Total Tap	254.1	274.0	309.0	365.5	
PAT	581.2	577.5	627.4	759.1	
Growth (%)	4.0	-0.6	8.6	21.0	
EPS (₹)	21.4	21.2	23.1	27.9	

Source: Company, ICICIdirect.com Research

* FY16 onwards numbers are as per IND-AS

Balance sheet		₹ Crore			
	FY16	FY17	FY18E	FY19E	
Liabilities					
Equity Capital	27.2	27.2	27.2	27.2	
Reserve and Surplus	1,003.8	1,246.6	1,326.1	1,537.2	
Total Shareholders funds	1,031.0	1,273.8	1,353.3	1,564.4	
Total Debt	0.0	0.0	0.0	0.0	
Long Term Provisions	17.9	25.1	32.6	36.4	
Other Non-current Liabilities	11.4	29.2	29.2	29.2	
Total Liabilities	1,060.3	1,328.1	1,415.0	1,630.0	
Assets					
Gross Block	1,577.3	1,810.5	1,960.5	2,110.5	
Less: Acc Depreciation	569.1	702.4	812.7	931.8	
Net Block	1,008.1	1,108.1	1,147.8	1,178.7	
Capital WIP	78.4	166.6	50.0	50.0	
Deferred Tap Asset	0.0	0.0	0.0	0.0	
Non Current Investments	31.2	31.2	31.2	31.2	
LT Loans & Advances/Others	110.2	161.9	132.5	138.5	
Current Assets					
Inventory	291.5	292.6	344.7	385.1	
Debtors	101.5	129.9	127.7	142.6	
Cash	288.7	294.3	417.4	638.1	
Loans & Advances	12.0	63.0	63.8	71.3	
Other Current Assets	81.4	75.9	76.6	85.6	
Current Liabilities					
Creditors	551.9	601.2	638.3	713.1	
Provisions	48.5	56.4	57.4	64.2	
Other CL	342.2	337.7	280.8	313.8	
Net Current Assets	-167.6	-139.7	53.5	231.6	
Total Assets	1,060.3	1,328.1	1,415.0	1,630.0	

Source: Company, ICICIdirect.com Research

* FY16 onwards numbers are as per IND-AS

Cash flow statement		₹ Crore			
(Year-end March)	FY16	FY17E	FY18E	FY19E	
Profit/Loss after Tap	614.3	550.1	627.4	759.1	
Add: Depreciation	111.4	133.2	110.3	119.1	
Add: Interest	0.0	0.0	0.0	0.0	
(Inc)/dec in Current Assets	-35.2	-28.0	-51.4	-71.8	
Inc/(dec) in Current Liabilities	50.7	59.1	-18.7	114.5	
CF from operating activities	688.7	688.0	667.5	920.8	
(Inc)/dec in Investments	7.0	0.0	0.0	0.0	
(Inc)/dec in Fixed Assets	-271.3	-321.3	-33.4	-150.0	
Others	27.7	-20.9	36.9	-2.2	
CF from investing activities	-236.6	-342.2	3.5	-152.2	
Issue/(Buy back) of Equity	-15.7	-13.5	0.0	0.0	
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0	
Dividend paid & dividend tap	-375.8	-327.0	-547.9	-547.9	
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0	
Others	0.0	0.0	0.0	0.0	
CF from financing activities	-391.4	-340.5	-547.9	-547.9	
Net Cash flow	60.7	5.3	123.1	220.7	
Opening Cash	132.6	193.2	198.5	321.6	
Cash with bank	95.4	95.7	95.7	95.7	
Closing Cash	288.6	294.3	417.4	638.1	

Source: Company, ICICIdirect.com Research

Key ratios					
(Year-end March)	FY16	FY17	FY18E	FY19E	
Per share data (₹)					
EPS	21.4	21.2	23.1	27.9	
Cash EPS	25.5	26.1	27.1	32.3	
BV	37.9	46.8	49.8	57.5	
DPS	10.0	10.0	17.0	17.0	
Cash Per Share	10.6	10.8	15.3	23.5	
Operating Ratios (%)					
EBITDA Margin	21.6	20.9	21.4	22.9	
PBT / Net Sales	20.1	19.0	20.1	21.6	
PAT Margin	13.5	12.9	13.5	14.6	
Inventory days	24.6	23.8	27.0	27.0	
Debtor days	8.6	10.6	10.0	10.0	
Creditor days	46.6	48.9	50.0	50.0	
Return Ratios (%)					
RoE	58.5	45.3	46.4	48.5	
RoCE	81.7	64.1	66.2	69.0	
Valuation Ratios (x)					
P/E	49.7	50.1	46.1	38.1	
EV / EBITDA	30.4	30.1	28.2	23.5	
EV / Net Sales	6.6	6.3	6.1	5.4	
Market Cap / Sales	6.7	6.4	6.2	5.6	
Price to Book Value	28.0	22.7	21.4	18.5	
Solvency Ratios					
Debt/EBITDA	0.0	0.0	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	0.6	0.6	0.6	0.6	
Quick Ratio	0.2	0.3	0.3	0.3	

Source: Company, ICICIdirect.com Research

ICICIdirect.com coverage universe (FMCG)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)		P/E (x)			Price/Sales (x)			RoCE (%)			RoE (%)			
	(₹)	TP(₹)	Rating		FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E	FY17E	FY18E	FY19E
Colgate (COLPAL)	1,063	1,115	Hold	28,912	21.2	23.1	27.9	50.1	46.1	40.0	6.4	6.2	5.6	64.1	66.2	69.0	45.3	46.4	48.5
Dabur India (DABIND)	321	320	Hold	53,925	7.2	7.4	8.0	44.3	43.2	40.0	7.0	6.5	6.0	28.0	25.5	25.4	26.4	23.3	22.5
GSK CH (GLACON)	4,959	5,960	Buy	22,394	156.1	167.2	186.2	31.8	29.7	32.0	5.1	4.7	4.3	30.8	28.9	29.8	21.0	20.2	20.7
Hindustan Unilever (HINLEV)	1,274	1,180	Hold	248,832	20.8	25.1	28.1	61.3	50.8	42.1	7.3	6.7	6.1	74.9	91.1	87.6	66.6	76.2	72.1
ITC Limited (ITC)	266	320	Buy	350,513	8.4	8.9	9.9	31.7	29.9	32.3	6.4	5.7	5.3	32.9	31.6	34.3	22.5	21.9	23.8
Jyothy Lab (JYOLAB)	388	370	Hold	7,088	11.1	9.8	10.6	34.9	39.6	34.9	4.2	4.0	3.5	28.1	24.5	27.6	30.9	25.3	25.1
Marico (MARLIM)	319	340	Hold	42,106	6.3	6.9	8.5	50.8	46.5	40.1	7.1	6.3	5.5	44.6	42.8	46.2	34.9	33.8	36.8
Nestle (NESIND)	7,263	7,600	Buy	65,427	103.9	129.4	157.8	69.9	56.1	48.2	7.0	6.1	5.4	34.9	36.0	45.3	36.2	39.3	45.2
Prabhat Dairy (PRADAI)	144	145	Buy	1,281	4.8	6.3	9.3	27.3	20.8	14.2	0.9	0.8	0.7	8.0	9.2	11.6	5.1	6.7	9.6
Tata Global Bev (TATGLO)	212	195	Buy	10,350	7.2	7.8	8.1	29.4	27.0	24.0	1.5	1.5	1.4	8.8	9.6	9.5	7.2	7.8	7.8
VST Industries (VSTIND)	3,045	3,450	Buy	4,608	103.8	123.1	143.6	29.3	24.7	24.0	2.0	1.9	1.7	43.7	46.4	48.5	29.9	32.5	34.4

Source: Company, ICICIdirect.com Research

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