



**Colgate Palmolive (I) Ltd.**

2nd December 2008

**CMP Rs. 385.0**

**Accumulate**

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The Indian FMCG sector is the fourth largest sector in the economy and creates employment for three million people in downstream activities. It is set to treble from US\$ 11.6 billion in 2003 to US\$ 33.4 billion in 2015 (source: IBEF). Categorically, the Indian FMCG industry is known for the presence of global players through their subsidiaries (HUL, P&G, Nestle, Colgate etc.), which ensures new product launches in the Indian market from the parent's portfolio. Availability of key raw materials, cheaper labour costs and presence across the entire value chain gives India a competitive advantage.

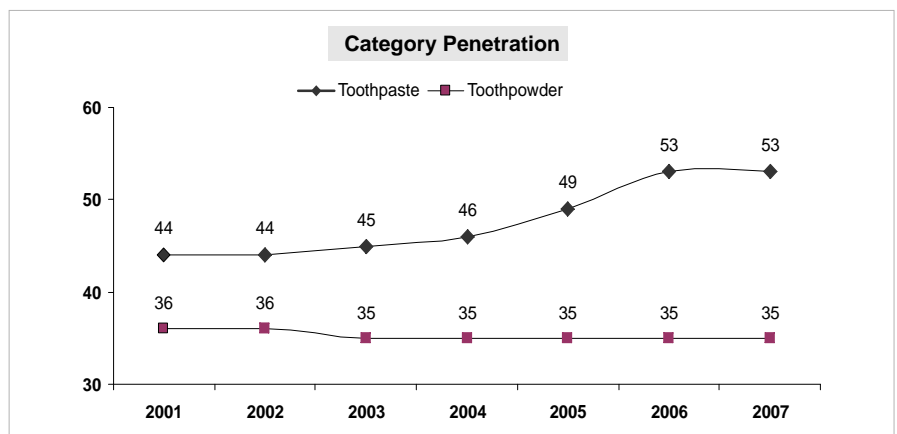
Penetration level as well as per capita consumption in most product categories like toothpaste, skin care, hair wash, dish wash etc in India is low indicating the unsaturated markets and immense potential for these companies. Also the average consumption by rural households is much lower than their urban counterparts. This provides an excellent opportunity for the industry players in the form of a vastly untapped market.

## Oral care - Industry Outlook

The oral care industry is very competitive for both organised and smaller regional players. With rise in per capita incomes and awareness of oral hygiene, the growth potential is huge. The Indian oral care industry is pegged to reach Rs 7,000 crore, a 75 per cent jump over the current market size, primarily because of increased awareness through advertising coupled with faster penetration of oral care products. The demand for toothbrush is set to witness a 150 per cent rise as more consumers will take to using branded toothbrushes. The industry has been growing at 10-11 % (in volume terms) for the past two years and grew at 9% prior to that.

Penetration of modern oral care products is low in India with penetration level below 55 per cent as many people in rural India still clean their teeth with traditional products like twigs of the neem tree, salt, ash, and other herbal items. Per capita consumption of toothpaste in India is amongst the lowest globally. While India's per capita consumption of toothpaste is 92 grams, even countries like China and Malaysia consume much above India at 219 grams and 285 grams respectively. Also, just 7 per cent of the population here brushes twice a day as compared with 61 per cent in China. Clearly, the outlook only looks promising.

Indian Oral Care market offers significant opportunities to drive penetration



Source: Company, PPFAS Research

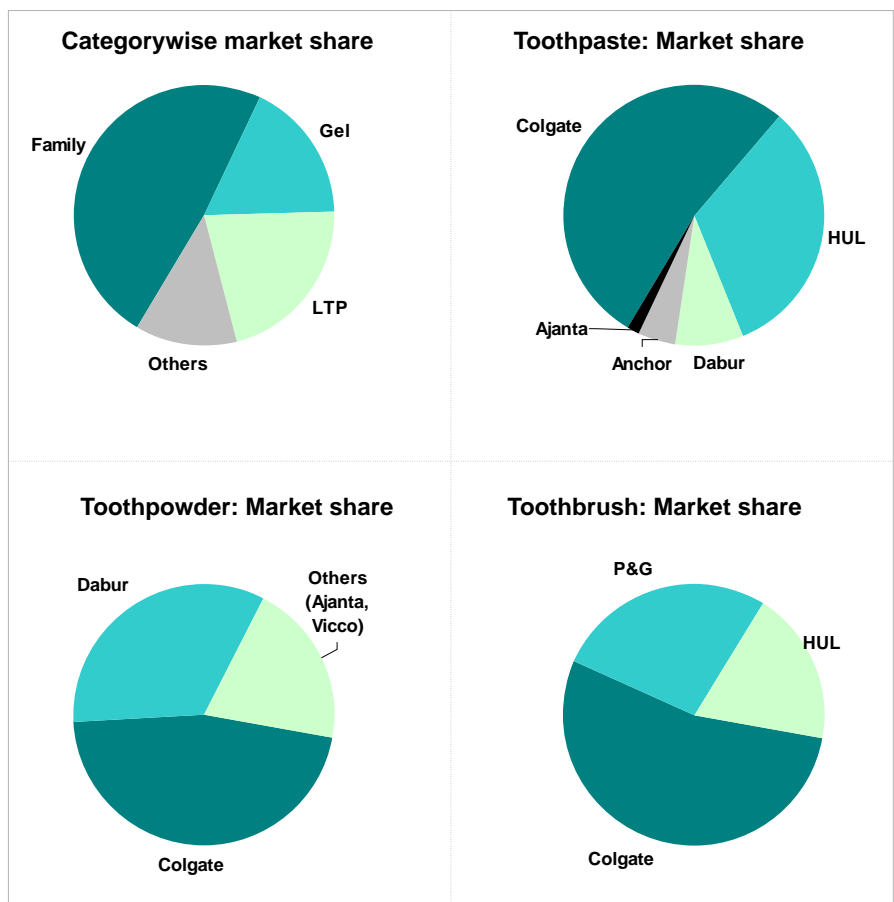
	Per capita consumption (Grams/HH/Month)	Percentage - Twice a day brushing
China	219	61%
Malaysia	285	86%
India - Urban	92	7%

Source: Company, PPFAS Research

## Categorisation

The oral care sector is represented by toothpaste and toothbrush. Toothpowder is not used globally and is a distinct category only in India. Urban India contributes 64% to the toothpaste sales whereas rural India contribution is a meager 36%. The toothpaste industry can be categorised based on product attributes as Family, Freshness, LPT, Herbal, Sensitive and Multi-benefit. However, they can be divided into two broad categories: White's, which accounts for a dominant share of the Indian oral care market and Gels. Gels are estimated to be only about 17-18% of the market.

Toothpowder was earlier either black powder or red powder. Now, white toothpowder has caught up well. Markets would expand in case of transition from toothpowders to paste. Colgate Palmolive would benefit in case of red powder users moving to white toothpowder. The segment wise market shares as well as dominant players in the various segments are graphically presented. Distinctly, Colgate is the market leader in the toothpaste, toothpowder and toothbrush segments.



Source: Company, PPFAS Research

**Product portfolio:  
Colgate/HUL/Dabur/Others**

Brands	Family and gel paste	LPT	Toothpowder	Advanced Products
<b>Colgate</b>	Colgate Dental Cream, Colgate Total 12, Colgate Max Fresh, Colgate Bubble Fruit, Colgate Herbal, Colgate Advance Whitening, Colgate Active Salt, Colgate Strong Teeth, Colgate Fresh energy	Colgate Cibaca	Colgate toothpowder, Cibaca Lal Dantmanjan	Colgate Sensitive, Colgate Dental Floss, Colgate Periogard, Colgate Phos Flur, Colgate Visible White, Colgate Plax, Colgate Whitening, Colgate Simply White, Colgate Gel-Kam
<b>HUL</b>	Pepsodent 2 in 1, Pepsodent complete, Pepsodent Whitening, Pepsodent G, Closeup Lemon Mint/Red, Closeup Milk Calcium, Closeup Active Gel			
<b>Dabur</b>	Meswak, Dabur red	Babool	Dabur Lal Dant Manjan	
<b>Others</b>	Neem Active (Henkel India)	Promise, Anchor, Ajanta	Ajanta, Vicco	Listrene (Pfizer)

Source: Company, PPFAS Research

Colgate Palmolive India Ltd. with its dominant position in Indian oral care markets is well poised to capture industry growth. It is the market leader in the Indian oral care market, with a 48.7 per cent market share in the toothpaste segment, 46 per cent market share in the toothpowder market and a 37 per cent share in the toothbrush market. This foreign-based public limited company has maintained its position as the undisputed leader for more than a decade.

The company has achieved consistent sales and earnings growth for the last 5 years, with ROCE in excess of 60%. In the last 5 years total income has grown at a CAGR of 12.43%, operating profit has grown at a CAGR of 12.40% and bottomline has grown at a CAGR of 21%.

Colgate has been ranked as India's Most Trusted Brand across all categories for four consecutive years in 2003 to 2007 by Brand Equity's Most Trusted Brand Survey. Prior to this, Colgate was also rated as the #1 brand by the A&M- MODE Annual Survey for India's Top Brands for eight out of nine years during the period 1992 to 2001. It also finds place in Guinness World Record for 'most people brushing their teeth (multiple venue)' in India. A record number of 177,003 people brushed their teeth simultaneously at 380 locations across India, in one day and at one time, at the Colgate "Brush-Up Challenge".

## Colgate Palmolive (India) Limited

CMP Rs. 385.0

Initiating Coverage  
Accumulate

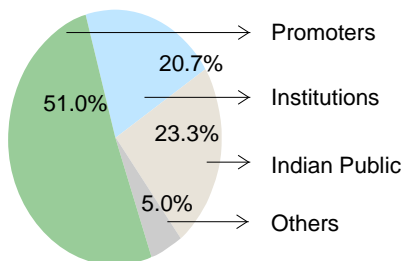
### Stock Data

Bloomberg	: CLGT.IN
Reuters	: COLG.BO
BSE Code	: 500830
NSE Code	: COLPAL
BSE Group	: A

### Stock Codes

Benchmark	: BSE FMCG
52 Week High	: 521.0
52 Week Low	: 341.0
Mkt Cap	: Rs. 52,357Mn
Face Value	: Rs. 1.0

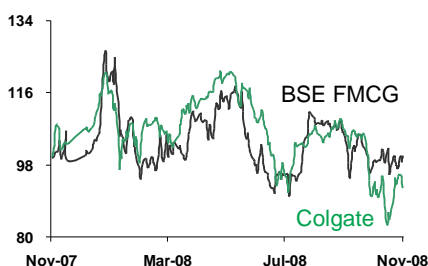
### Shareholding Pattern (as on Sep '08)



### Stock Returns

	1 Mth	3 Mths	6 Mths
Colgate	3.60	-8.26	-12.93
BSEFMC	2.41	-14.26	-23.36

### Price Comparison



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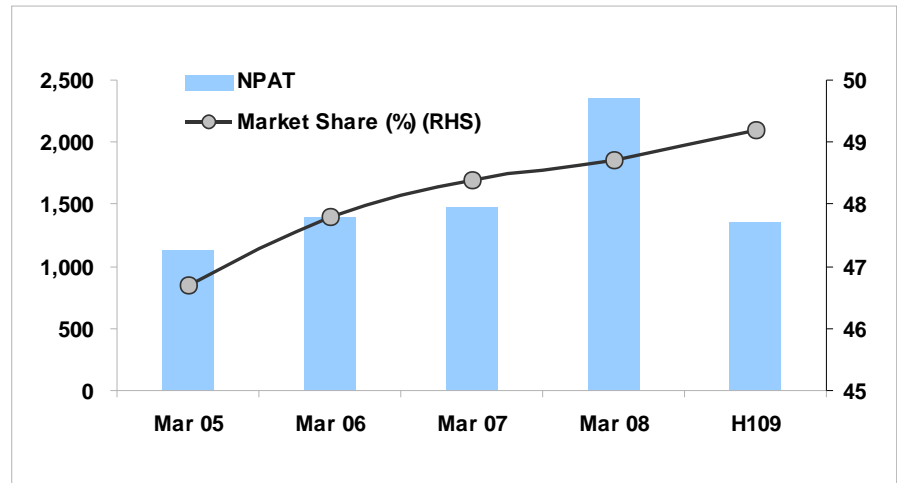
- Colgate is the undisputed leader in the oral care market; we forecast EPS CAGR of 21.75% for FY05-FY10E, driven by 15% CAGR in sales, 68 bps EBITDA margin expansion and tax savings.
- Colgate's main focus is to drive volumes, maintain market share in the oral care segment and margin expansion. We believe these objectives are achieved through appropriate advertising, extensive product portfolio, reinforce customer relations and operational efficiency.
- FMCG industry is among the sectors that seem less affected by the slowdown. The size of oral care products is estimated at at US\$ 537 million (source: IBEF).
- PPFAS research has valued the stock on DCF and Relative valuation methodologies at Rs. 435. At the current market price of Rs. 385, the stock trades at 20x of FY09E earnings and 17.4x of FY10E earnings.
- In view of its dominant positioning in oral care category, significant free cash flow generated, high dividend yield, long term growth prospects and low penetrated oral care industry, significant rural presence, coupled with enhanced profitability, we recommend an Accumulate.

### Summary Financials

Particulars (Rs Mn)	FY06	FY07	FY08	FY09E	FY10E
Total Revenues	11,259.4	12,956.2	14,738.5	16,731.8	19,060.3
EBITDA	2,346.8	2,160.1	3,281.0	3,633.0	4,155.1
OPM (%)	18.4%	11.6%	17.0%	17.1%	17.8%
PAT (%)	12.4%	11.5%	16.0%	15.6%	15.8%
EPS (Rs.)	10.3	10.9	17.3	19.2	22.1
P/E (x)	37.4	35.3	22.2	20.0	17.4
M Cap/Sales (x)	4.7	4.0	3.6	3.1	2.7
ROCE (%)	67.1%	69.5%	178.6%	163.7%	156.5%
RONW (%)	49.9%	53.3%	141.5%	128.5%	122.4%
Dividend Payout (%)	72.8%	87.1%	75.0%	85.9%	85.9%
Dividend Yield (%)	1.9%	2.5%	3.4%	4.3%	4.9%

## Undisputed leader in Indian oral care market

Colgate, a name synonymous with the Indian oral care industry, is a market leader in its segment since decades. Its dominant position in the oral care markets is best placed to capture industry growth and under-penetrated markets. New product launches and aggressive advertising will continue to provide a competitive edge and keep new entrants at bay.



## Extensive product portfolio with presence in all price points

The product portfolio of Colgate is large and complete with the company's presence in the entire gamut of oral care segment with product offerings at various price points. It has presence in gel toothpastes, family toothpaste, Low Price toothpaste, toothpowders and toothbrushes. Also, Colgate-Palmolive, USA (Parent company) ensures new product launches and provides a voluminous product portfolio. Though its portfolio is dominated by oral care products which contribute 93% of the total revenues, other products include personal care products under the Palmolive brand.

It markets toothpastes with the two brands Colgate and Cibaca, targeted at the urban and rural markets, respectively. Both flagship brand Colgate Dental Cream and Cibaca drive volumes for the company. Cibaca, with a strategic low price to compete Anchor & Ajmer, has been a key contributor to the company's growth. It has helped attain leadership position in the LPT segment. Largest competitor, HUL, lacks products in the LPT segment and hence is constrained in tapping the rural markets.

The markets for advanced oral products like mouth wash, dental floss and teeth whitening products is at a nascent stage in India. These products find limited usage with consumer concentration in urban areas only. Colgate caters to these products and has an upper hand in the eventuality of markets evolving like the developed countries.

## Margins and return ratios as focus points

The company management aims at margin gains through efficient supply chain management and bringing down cost of operations. Colgate has expanded its Baddi (tax-efficient zone) capacity in FY08-09 to 66,000MT from 40,000MT in FY07. This plant enjoys the excise exemptions for the first 10-years. Also it has income tax exemption for the first 5-years and 30% exemption for next 5-years. These benefits will help to boost the margins with lower income tax and excise duty.

In view of the financial prudence to make effective use of capital, address the overcapitalisation issue and reward shareholders, Colgate has reduced its share capital from Rs1.36bn to Rs136m in FY08. The number of shares outstanding and shareholding structure of the company have remained unchanged. This reduction is in the best interest of the Company and its Members and has improved the return ratios like RoCE and RoE significantly and should continue in the foreseeable future as well.

### Financial snapshot

Year-end:	FY07	FY08	FY09E	FY10E
Total revenues	12,956.0	14,738.0	16,731.8	19,060.3
EBITDA	2,160.1	3,281.0	3,663.0	4,155.1
PAT	1,484.0	2,357.0	2,613.8	3,008.0
EPS (Rs)	10.9	17.3	19.2	22.1
P/E (x)	35.3	22.2	20.0	17.4
Dividend Yield (%)	2.5%	3.4%	4.3%	4.9%

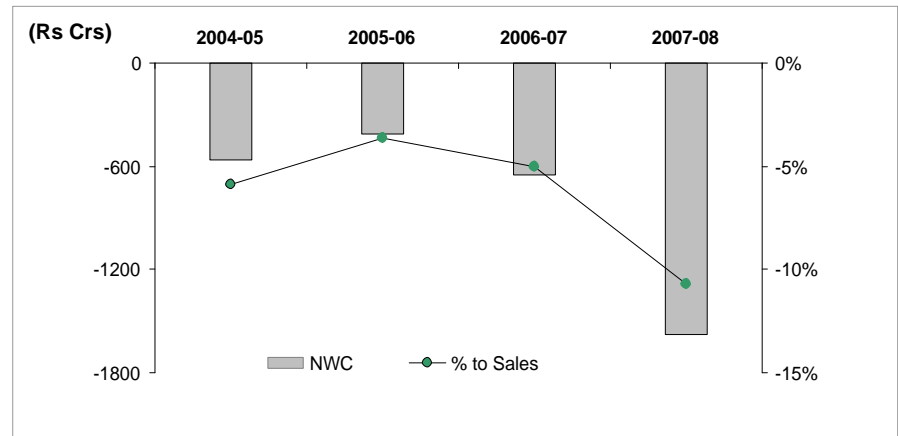
## High Dividend Yield

The company is quite shareholder friendly in its distribution policy. It has consistently paid out about 75 - 85 per cent of its earnings as dividends each year. Dividend yield is one of the best in the FMCG universe at 3.3% in FY08.

Fiscal	EPS	DPS	Dividend Payout (%)
2005	8.3	7.0	84.7%
2006	10.3	7.5	72.8%
2007	10.9	9.5	87.1%
2008	17.3	13.0	75.0%

## Improvement in Working Capital Management

The increase in cash generated by operating activities reflects in the Company's improved profitability and working capital management. Dominant or large market share in their segment and short sales cycle helps Colgate manage its working capital such that it becomes negative. Negative working capital is also partly responsible for them enjoying high return on equity range of 60-180 per cent. Their strong balance sheet strengthened even further as net working capital declined from -Rs 652.4 mn to -Rs 1577.8 mn in F2008.



Source: Company, PPFAS Research

## Advertising Initiatives

Apt and impressive advertising over the years for Colgate has etched the brand firmly in the minds of consumers and the efforts of the management in building relations with the consumers, dental professionals and retail customers have resulted in Colgate being the brand of choice for actual users. A spectrum of activities are designed to spread oral health awareness and good hygiene practices. These activities strengthen relationships and contribute to its leading position.

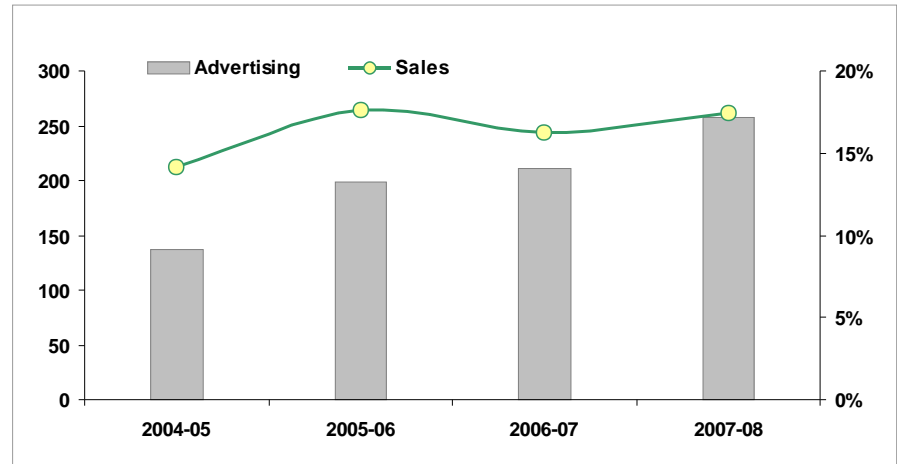
## Widespread Sales and Distribution Network

Colgate has been the second most widely distributed product in the country supported by robust country wide distribution network. It has helped the company to successfully launch the new products and gain market share. It is also trying to improve its rural reach by tying up with e-Choupal and Disha. This has key role to boost the performance in rural as well in urban regions.

## Severe competition from marketplace

One major risk factor for investors in Colgate is the competitive activity in the oral care segment. The company has been spending substantial amount in brand building to retain its first position as India's most trusted brand in oral care. The oral care segment is dominated by two players, Colgate and Hindustan Lever. However, a host of brands exist: Dabur, Promise, SmithKline Aquafresh and Henkel's Neem. Now Oriflame and P&G are set to enter the market.

## Advertising



Source: Company, PPFAS Research

Advertising expenses have climbed from around 14 per cent of sales in 2005 to over 17 per cent of sales in 2008. Colgate's adspend is already quite high even by FMCG standards (11-12% is industry average). Should competition force a further hike in adspend, Colgate may come under more pressure on its margins. Also, there is a limit to enhancing margins through cost containment exercises.

With a number of players contending for market share, the consumer is flooded with options. The oral-care market is currently growing at a 10-11%, to allure consumers from other brands and maintain market share, Colgate may have to continue to spend a significant proportion of its revenues on promotions.

### Limited near-term upward potential for the stock

The fortunes of the company have been tied with those of the oral care segment. Also, the company is also not likely to acquire brands or diversify extensively in the near future. Earnings are likely to grow at a modest rate, since the core business has reached a certain level of maturity and competition is fierce.

### Increase in cost of raw and packaging materials

Sorbitol is the major raw material and tubes are required as packaging material. The last quarter has seen a 7-8% upswing in the sorbitol prices. Cost of production would increase in case of any rise in prices, thereby reducing the margins.

The group has posted a turnover of Rs. 4125.3 mn and a PAT of Rs. 635 mn for the current quarter. This is a value growth of 13.37% and 16% respectively, on the back of 11.1% volume growth, over last year. The company has thus demonstrated steady growth on both the topline and bottom line and maintains its leadership position at 49.2% in toothpastes. Major brands such as “Colgate Dental Cream”, “Active Salt”, and “Cibaca” contributed to the 11.2% volume growth. Toothbrush category witnessed an exceptional volume growth of 41.2% increasing its marketshare to 37.7%. Toothpowder has a market share of 48.6% during the quarter.

The margins were under pressure due to increase in raw material costs (sorbitol) and packing material costs. Also advertising spends increased from 18.2% to 19.75% (as a percentage of sales) reflecting the company's constant endeavor to increase market share across categories.

Earnings Statement								
YE March (Rs. Mn.)	Q209	Q109	Q-Q(%)	Q208	Y-Y(%)	H109	H108	Y-Y(%)
Net Revenues	4,301.7	4,076.0	5.54%	3,638.7	18.22%	8,377.7	7,145.4	17.25%
Cost of Materials	981.6	876.7	11.97%	682.1	43.91%	1,858.3	1,300.1	42.94%
Gross Profit	3,320.1	3,199.3	3.78%	2,956.6	12.29%	6,519.4	5,845.3	11.53%
Staff Costs	320.0	329.6	-2.91%	307.9	3.93%	649.6	530.8	22.38%
Other Expenses	2,312.2	2,208.7	4.69%	2,084.4	10.93%	4,520.9	4,135.8	9.31%
Total Expenditure	2,632.2	2,538.3	3.70%	2,392.3	10.03%	5,170.5	4,666.6	10.80%
Operating Profit	687.9	661.0	4.07%	564.3	21.90%	1,348.9	1,178.7	14.44%
OPM (%)	15.99%	16.22%	-1.39%	15.51%	3.11%	16.10%	16.50%	-2.39%
Other Income	93.1	311.7	-70.13%	195.8	-52.45%	404.8	405.6	-0.20%
EBITDA	781.0	972.7	-19.71%	760.1	2.75%	1,753.7	1,584.3	10.69%
Depreciation	55.6	55.1	0.91%	49.3	12.78%	110.7	93.4	18.52%
EBIT	725.4	917.6	-20.95%	710.8	2.05%	1,643.0	1,490.9	10.20%
Interest	4.6	4.2	9.52%	5.5	-16.36%	8.8	8.8	0.00%
PBT	720.8	913.4	-21.09%	705.3	2.20%	1,634.2	1,482.1	10.26%
Tax	85.8	194.2	-55.82%	157.9	-45.66%	280.0	315.9	-11.36%
PAT	635.0	719.2	-11.71%	547.4	16.00%	1,354.2	1,166.2	16.12%
Extra-ordinary Income	0.0	0.0	-	0.0	-	0.0	(10.0)	-
Reported PAT	635.0	719.2	-11.71%	547.4	16.00%	1,354.2	1,156.2	17.13%
Equity Capital	136.0	136.0	0.00%	1,360.0	-90.00%			
EPS	4.7	5.3	-11.71%	4.0	16.00%			
Ratio Analysis								
Profitability								
YE March	Q209	Q109	Q-Q(bps)	Q208	Y-Y(bps)	H109	H108	Y-Y(bps)
OPM (%)	16.0%	16.2%	-22.55	15.5%	48.31	16.1%	16.5%	-2.39%
EBITDA (%)	18.2%	23.9%	-570.85	20.9%	-273.37	20.9%	22.2%	-5.59%
EBIT (%)	16.9%	22.5%	-564.92	19.5%	-267.13	19.6%	20.9%	-6.01%
PAT (%)	14.8%	17.6%	-288.31	15.0%	-28.22	16.2%	16.3%	-0.96%
Operational Parameters								
YE March	Q209	Q109	Q-Q(bps)	Q208	Y-Y(bps)	H109	H108	Y-Y(bps)
RM Consumed	22.82%	21.51%	131.01	18.75%	407.32	22.18%	18.19%	21.91%
Staff Cost	7.44%	8.09%	-64.74	8.46%	-102.29	7.75%	7.43%	4.38%
Other Expenditure	53.75%	54.19%	-43.71	57.28%	-353.34	53.96%	57.88%	-6.77%
Effective Tax Rate	11.90%	21.26%	-935.78	22.39%	-1048.42	17.13%	21.31%	-19.61%

PPFAS Research has valued the stock both on the basis of DCF and Relative valuation method. At the current market price of Rs. 385, the stock trades at 20x of FY09E earnings and 17.4x of FY10E earnings.

In view of the significant free cash flow generated, high dividend yield, long-term growth prospects of oral care industry, dominant positioning in a accelerating and low-penetrated oral care category, coupled with improving profitability, PPFAS Research expects the stock to trade at 20x on projected earnings of FY10E.

Based on DCF Valuation, we have arrived at a fair value of Rs. 435.0. We recommend an Accumulate.

## DCF Table

DCF Valuation						
Particulars	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E
Year	0	1	2	3	4	5
Free Cash Flow	2,824.0	3,017.7	3,799.6	4,159.8	4,835.0	6,297.2
Free Cash Flow Discounted	2,824.0	2,670.6	2,975.7	2,883.0	2,965.4	3,417.9
Discounting Rate						13.0%
Terminal Growth Rate						4.0%
Terminal Value						69,968.9
PV of Terminal Value						37,976.3
PV of Interim Cash Flows						17,736.5
Enterprise Value						55,712.8
Less : Debt						(46.9)
Add : Cash & Trade Investments						3,483.3
Shareholder's Value						59,149.2
No. of Equity Shares						136
Fair Value (Rs.)						434.9
Upside						13.0%

## DCF sensitivity analysis

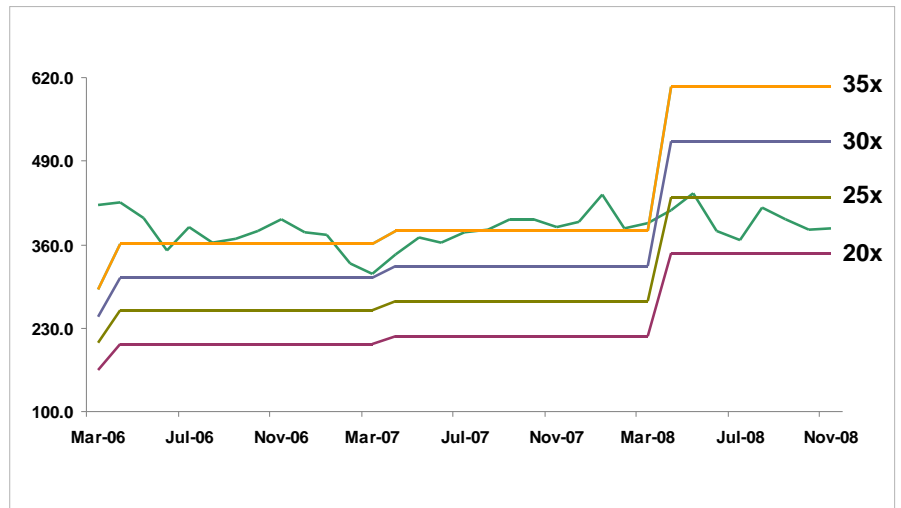
Terminal Growth Rate (%)	Discount rate		
	12	13	14
3	450.68	407.00	371.36
4	487.17	434.92	393.22
5	534.09	469.83	419.94

## Comparative valuation

Description	P/E	CMP	FY08 EPS	Sales (Rs. Lakhs)	M Cap/ Sales(x)
Colgate-Palmolive	22.2	385.0	17.3	147,385.0	3.6
HUL	27.1	235.3	8.7	1,391,340.0	3.7
Dabur	19.6	74.9	3.8	236,107.0	2.7
P&G	18.0	729.5	40.5	64,502.0	3.7
Marico	17.9	49.9	2.8	190,669.0	1.6
GCPL	16.2	114.0	7.1	110,257.0	2.3
Pidilite	13.3	90.3	6.8	170,820.0	1.3
Asian Paints	27.7	1,202.8	43.4	440,433.0	2.6

Source: NSE

**PE Band**



**Leading FMCG player**

Colgate Palmolive, a 51 per cent subsidiary of Colgate Palmolive Ltd, USA, is in the business of consumer products for more than 100 years. With 93% revenues coming from oral care, the company also has a presence in premium personal care products sold under the Palmolive brand. Other well known consumer brands include Charmis skin cream, Halo Shampoo and Axion dish wash. In India it is the numero uno brand in oral care.

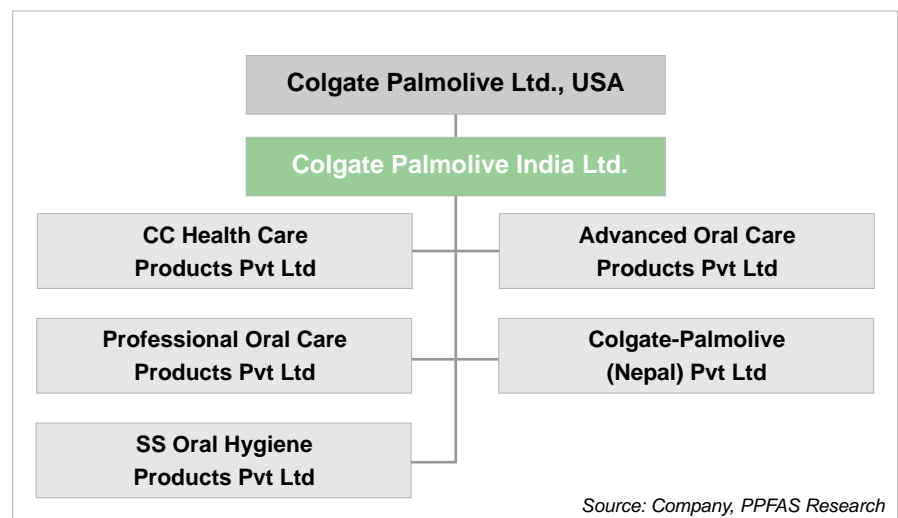
Oral Care	Personal Care	Home Care
Whitening Products	Thermal Spa	Dish washing
Tooth powder	Shower Gel	
Toothbrushes	Shave Preps	
Toothpastes	Liquid Hand Washes	
	Skin Care	
	Shower Crème	

Source: Company, PPFAS Research

**Strategies**

The preference for white toothpastes over gel toothpastes has probably worked in Colgate's favour. Also, the company's presence in both premium and value segments aids the growth of the company. The company focuses on volume growth by improving penetration through aggressive advertising and brand promotions.

**Organisational Structure**



Source: Company, PPFAS Research

It has manufacturing facilities in Aurangabad, Maharashtra and Baddi, HP. Colgate Palmolive India has acquired 75 % equity shareholding in three firms - Advanced Oral Care Products, Goa, Professional Oral Care Products, Goa and SS Oral Hygiene Products, Hyderabad. All the three firm are engaged in the manufacture of toothpaste. They have been manufacturing and supplying toothpaste to the company for last several years.

**Reputed Management**

The Company is professionally managed and is on the growth path since inception with focus on widening its geographical reach. They believe in good governance and encourage leadership development.

- **Roger Calmeyer, VP South Asia & MD india**, Appointed to the CPIL Board in June 2006. He has a wealth of experience with the corporation and considerable expertise in emerging markets.
- **M. A. Elias - Whole-time Director**, Executive Vice-President & Chief Financial Officer at CPIL since April 1996, joined the company in 1976. He held a series of significant positions in at Zambia & Boston, New York and Asia-Pacific Region.

Earnings Statement						
Particulars (Rs Mn)	FY05	FY06	FY07	FY08	FY09E	FY10E
Total Revenues	9,674.5	11,259.4	12,956.2	14,738.5	16,731.8	19,060.3
- Growth (%)		16.4%	15.1%	13.8%	13.5%	13.9%
Total Expenditure	7,950.3	9,185.0	11,455.4	12,229.4	13,870.7	15,677.1
Operating Profit	1,724.2	2,074.3	1,500.8	2,509.1	2,861.1	3,383.2
Other Income	319.4	272.4	659.3	771.9	771.9	771.9
EBITDA	2,043.6	2,346.8	2,160.1	3,281.0	3,633.0	4,155.1
Depreciation	252.7	433.0	195.7	209.3	213.0	221.0
EBIT	1,790.9	1,913.8	1,964.3	3,071.7	3,420.0	3,934.1
Interest	17.2	6.6	9.8	12.3	12.3	12.3
PBT	1,773.7	1,907.2	1,954.5	3,059.5	3,407.7	3,921.8
Tax	649.4	506.8	470.6	692.6	783.8	902.0
PAT Before MI	1,124.3	1,400.4	1,484.0	2,366.8	2,624.0	3,019.8
Minority Interest			0.0	9.2	10.2	11.7
Profit after MI	1,124.3	1,400.4	1,484.0	2,357.7	2,613.8	3,008.0
- Growth (%)		24.6%	6.0%	58.9%	10.9%	15.1%
Extra-ordinary Items:	0.0	0.0	0.0	0.0	0.0	0.0
Reported PAT	1,124.3	1,400.4	1,484.0	2,357.7	2,613.8	3,008.0

Ratio Analysis						
Particulars	FY05	FY06	FY07	FY08	FY09E	FY10E
OPM (%)	17.8%	18.4%	11.6%	17.0%	17.1%	17.8%
EBITDA (%)	21.1%	20.8%	16.7%	22.3%	21.7%	21.8%
PBIT (%)	18.5%	17.0%	15.2%	20.8%	20.4%	20.6%
PAT (%)	11.6%	12.4%	11.5%	16.0%	15.6%	15.8%
Interest Cover (x)	104.1	289.9	200.4	250.5	278.1	319.9
EPS (Rs.)	8.3	10.3	10.9	17.3	19.2	22.1
P/E (x)	46.6	37.4	35.3	22.2	20.0	17.4
P/BV (x)	20.7	18.7	18.8	31.3	25.6	21.2
BVPS (Rs.)	18.6	20.6	20.5	12.3	15.0	18.1
Market Cap (Rs. Mn.)	52,357.2	52,357.2	52,357.2	52,357.3	52,360.0	52,360.0
M Cap/Sales (x)	5.4	4.7	4.0	3.6	3.1	2.7
EV (Rs. Mn.)	50,373.5	50,056.6	49,949.2	50,270.8	48,923.6	47,718.5
EV/EBITDA (x)	24.6	21.3	23.1	15.3	13.5	11.5
EV/Sales (x)	5.2	4.4	3.9	3.4	2.9	2.5
ROCE (%)	68.2%	67.1%	69.5%	178.6%	163.7%	156.5%
RONW (%)	44.4%	49.9%	53.3%	141.5%	128.5%	122.4%
Debt/Equity Ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0
Inventory T/o Days	29.6	24.6	22.6	21.4	21.0	21.0
Debtors T/o Days	6.7	2.4	2.7	2.3	2.0	2.0
Advances T/o Days	38.9	28.9	42.0	36.9	33.1	29.0
Creditors T/o Days	83.4	92.1	86.1	87.2	87.0	87.0
Working Cap T/o Days	(21.3)	(13.4)	(18.4)	(39.1)	(18.1)	(7.2)
Fixed Assets T/o (Gross)	2.7	2.6	2.9	2.8	3.1	3.4
DPS (Rs.)	7.0	7.5	9.5	13.0	16.5	19.0
Dividend Payout (%)	84.7%	72.8%	87.1%	75.0%	85.9%	85.9%
Dividend Yield (%)	1.8%	1.9%	2.5%	3.4%	4.3%	4.9%

<b>Balance Sheet</b>						
Particulars (Rs Mn)	FY05	FY06	FY07	FY08	FY09E	FY10E
Equity Capital	1,359.9	1,359.9	1,359.9	136.0	136.0	136.0
Reserves	1,209.8	1,447.2	1,424.0	1,536.9	1,906.7	2,330.7
Shareholders Funds	2,569.7	2,807.1	2,784.0	1,672.9	2,042.7	2,466.7
Borrowed Funds	92.0	43.6	42.8	46.9	46.9	46.9
Deferred Tax Liability	(49.3)	(76.0)	(256.7)	(283.1)	(283.2)	(283.2)
Minority Interest	0.0	0.0	0.0	40.8	51.0	62.7
Total Liabilities	2,612.5	2,774.6	2,570.0	1,477.5	1,857.4	2,293.1
Fixed Assets	1,640.1	1,734.7	1,920.3	2,403.1	2,035.5	2,014.5
Investments	1,501.5	1,452.1	1,302.1	652.1	652.1	652.1
<b>Current Assets</b>						
Inventory	784.2	758.4	803.3	862.5	962.7	1,096.6
Sundry Debtors	177.4	75.1	94.1	93.9	91.7	104.4
Loans & Advances	1,032.0	1,350.9	1,492.2	1,490.5	1,516.4	1,516.4
Cash & Bank Balance	574.2	892.1	1,148.6	1,481.3	2,831.2	4,036.3
Interest Accrued	54.7	42.4	38.6	25.9	0.0	0.0
<b>Current Liabilities</b>						
Sundry Creditors	2,210.2	2,841.9	3,057.3	3,521.0	3,988.1	4,543.1
Provisions	977.0	689.2	1,171.9	2,010.8	2,244.0	2,584.0
Net Current Assets	(564.8)	(412.2)	(652.4)	(1,577.8)	(830.2)	(373.4)
Miscellaneous Expenditure	35.6	0.0	0.0	0.0	0.0	0.0
Total Assets	2,612.5	2,774.6	2,570.0	1,477.5	1,857.4	2,293.1

<b>Cash Flow</b>						
Particulars (Rs Mn)	FY05	FY06	FY07	FY08	FY09E	FY10E
Opening Cash & Bank	1,304.3	574.2	892.1	1,148.6	1,481.3	2,831.2
Profit After Tax	1,124.3	1,400.4	1,484.0	2,357.7	2,613.8	3,008.0
Invnt Income	(319.4)	(272.4)	(659.3)	(771.9)	(771.9)	(771.9)
Interest Paid	17.2	6.6	9.8	12.3	12.3	12.3
Miscellaneous Exp W/Off	(35.6)	35.6	0.0	0.0	0.0	0.0
Depreciation	252.7	433.0	195.7	209.3	213.0	221.0
Deferred Taxation	(44.8)	(26.8)	(167.5)	(24.3)	0.0	0.0
Others	(107.5)	(353.6)	(194.6)	172.7	(0.7)	0.0
Change in Working Cap	273.1	165.3	496.7	1,258.1	602.3	748.3
CF - Operating Activities	1,160.0	1,388.0	1,164.8	3,213.8	2,668.8	3,217.7
Change in Fixed Assets	(622.9)	(174.0)	(225.7)	(830.1)	155.2	(200.0)
Change in Investments	(448.9)	49.4	150.0	650.0	0.0	0.0
Investment Income	319.4	272.4	659.3	771.9	771.9	771.9
CF - Investing Activities	(752.4)	147.9	583.6	591.8	927.1	571.9
Increase in Equity	0.0	0.0	0.0	(1,223.9)	0.0	0.0
Changes in Borrowings	(42.2)	(48.4)	(0.8)	4.1	0.0	0.0
Interest Paid	(17.2)	(6.6)	(9.8)	(12.3)	(12.3)	(12.3)
Minority Interest	0.0	0.0	0.0	40.8	10.2	11.7
Dividend Paid	(1,078.3)	(1,163.0)	(1,481.2)	(2,281.6)	(2,244.0)	(2,584.0)
CF - Financing Activities	(1,137.7)	(1,218.0)	(1,491.8)	(3,472.9)	(2,246.0)	(2,584.6)
Net Change in Cash	(730.1)	317.9	256.6	332.7	1,349.8	1,205.1
Closing Cash & Bank Bal	574.2	892.1	1,148.6	1,481.3	2,831.2	4,036.3

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## Disclosure of Interest Statement

1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

## Colgate Palmolive (India) Limited

NO  
NO  
NO

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