

Colgate Palmolive (India) Limited

CMP : Rs 1085.05

July 26 ,2018

Margins smile

Colgate-Palmolive India is engaged in the Personal Care business which includes Oral Care. The Oral Care business continues to account for over 90 per cent of the company's sales.

Colgate-Palmolive India is a 51% subsidiary of American parent The Colgate-Palmolive Company.

June 2018 quarter

In June 2018 quarter, sales grew 6% to Rs 1041.30 crore. OPM jumped 430 basis points to 27.0% which saw OP grow 27% to Rs 281.59 crore.

Other income fell 24% to Rs 9.16 crore and depreciation rose 6% to Rs 39.39 crore. Thus PBT went up 28% to Rs 251.36 crore.

EO gains stood at Rs 34.12 crore against NIL. Thus PBT after EO jumped 45% to Rs 285.48 crore.

Provision for tax grew 58% to Rs 95.97 crore after which PAT grew 39% to Rs 189.51 crore.

Exceptional Item for the quarter represents profit before tax of Rs 34.12 crore on the sale of the company's former factory land and buildings at Aurangabad, Maharashtra.

FY 2018 results

In FY 2018, sales grew 5% to Rs 4187.97 crore. OPM jumped 290 basis points to 26.6% which saw OP grow 18% to Rs 1112.37 crore.

Other income fell 6% to Rs 38.82 crore and depreciation rose 17% to Rs 156.51 crore. Thus PBT went up 17% to Rs 994.68 crore.

EO loss stood at Rs 11.65 crore against NIL. Thus PBT after EO grew 15% to Rs 983.03 crore.

Exceptional Item for the quarter and year ended March 31 2018 represents severance and related expenses of Rs 1,165 Lakhs with respect to certain organisation structure changes

Provision for tax grew 13% to Rs 309.66 crore after which PAT grew 17% to Rs 673.37 crore.

Management comments

Issam Bachaalani, Managing Director at Colgate-Palmolive (India) Ltd, said, "Colgate continued its volume growth momentum despite a high level of competitive intensity. The company registered volume growth of 4% in the first quarter with strong performance in the naturals portfolio by Colgate Swarna Vedshakti toothpaste and also our key brands, namely Colgate Strong Teeth with Cavity Protection and Colgate MaxFresh toothpastes and Colgate Super Flexi and Colgate ZigZag toothbrushes.

The launch of Colgate Swarna Vedshakti, our latest addition to the Company's naturals portfolio launched last year, has received an encouraging response from our consumers with strong repeat purchases. We will now take it to additional geographies across the country with multiple pack sizes at different price points.

The company's continued efforts and focussed programs to enhance efficiencies and reduce costs have enabled it to maintain margins and fund investments in strengthening brand equity. We will continue to deliver innovation and invest in advertising to build our brands in order to drive growth."

Focus is on new launches

In June 2018 quarter the company launched **New Motu Patlu & Colgate Kids Toothpaste Variant**. Strengthening Colgate's existing Kids toothpaste portfolio, which is built around exciting characters like Spiderman&, Barbie&, and Minions&, Colgate recently launched another themed toothpaste Motu Patlu with Fun & Fruity flavours for children.

In a highly competitive market environment, it is essential for fast moving consumer goods companies to offer quality products that delight consumers. The company therefore strongly believes that developing new innovative products by leveraging technology from the Parent Company is a key driver of profitable growth.

INDEX DETAILS

SENSEX	36984.64
NIFTY (S&P CNX)	11167.30

SCRIP DETAILS

Industry	Personal Products
Mkt Cap (Rs in Crore)	29480.52
Book Value (Rs)	56.05
Free Float (%)	49.00
Avg Vol Weekly (NSE)	475256
52 Week H/L (NSE)	1285.00 / 1016.80
Dividend Yield (%)	2.21
BSE Code	500830
NSE Code	COLPAL

SHAREHOLDING PATTERN(%)

PARTICULARS	LATEST QUARTER	PREVIOUS QUARTER
Promoters	51.00	51.00
FIIs	11.49	12.66
DIIIs	15.15	13.82
Others	22.36	22.52
Totals	100	100

Price Comparison with Sensex



The company is focused on developing insight-driven innovation that provides value-added new products across all price points. Beyond new products, innovation is embedded into the company's culture to encourage new ideas and process improvements in every aspect of the organization. The company's focus remains firmly on building the equity of its brands and delivering innovations by tapping into local insights and leveraging trends based on customer needs.

Its continued commitment to grow business by creating new and technologically advanced products through innovation is demonstrated by launching the following products:

Healthy market share

In June 2018 quarter the company continued its leadership positions in the Toothpaste category with a volume market share of 52.4% (Jan-Jun'18) and in the Toothbrush category with a volume market share of 44.6% (Jan-Jun'18).

Increasing rural reach

In order to create new demand for oral care products, CPIL has increased their reach in rural areas. It is converting non-users to users through various sales promotion measures such as small volume low priced sachets, distribution of free toothbrushes, Rural Van Programmes, among other things, especially in rural areas.

In India, almost one-third of the population does not have access to modern oral care. To address this situation, the company, in partnership with Indian Dental Association, conducts annually, an intensive two-month-long awareness campaign under the banner "Oral Health Month". The aim of this campaign is to create oral health awareness and motivate people to adopt preventive self-care habits to improve their oral health.

This was one more step in the company's longstanding effort to spread the message of good oral health and encourage the use of modern and efficacious dentifrice products.

To help its objective of expanding the dentifrice market, the company has designed its product portfolio in such a manner that its products are available at different price points to cater to the requirements of consumers across all segments.

Colgate-Palmolive India: Results

Particulars	Q1FY19	Q1FY18	Var. (%)	FY18	FY17	Var. (%)
Sales	1041.3	978.11	6	4187.97	3981.82	5
OPM (%)	27	22.7		26.6	23.7	
OP	281.59	222.27	27	1112.37	943.55	18
Other inc.	9.16	12	-24	38.82	41.12	-6
PBIDT	290.75	234.27	24	1151.19	984.67	17
Interest	0	0	--	0	0	--
PBDT	290.75	234.27	24	1151.19	984.67	17
Dep.	39.39	37.29	6	156.51	133.24	17
PBT before EO	251.36	196.98	28	994.68	851.43	17
EO	-34.12	0	100	11.65	0	-100
PBT after EO	285.48	196.98	45	983.03	851.43	15
Tax	95.97	60.6	58	309.66	274	13
PAT	189.51	136.38	39	673.37	577.43	17
EPS *	#	#		24.8	21.2	

NOTES

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