



**Procter & Gamble Hygiene & Health Care Ltd.**

**CMP Rs. 712.0 | BUY**

7th January 2009

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## Procter & Gamble Hygiene & Health Care Ltd.

CMP Rs. 712.0

Initiating Coverage

**BUY**

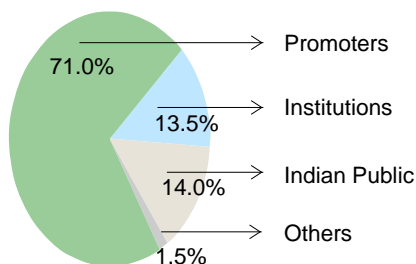
### Stock Data

Bloomberg	: PG.IN
Reuters	: PROC.BO
BSE Code	: 500459
NSE Code	: PGHH
BSE Group	: B

### Stock Codes

Benchmark	: BSE500
52 Week H/L	: 838.0/645.3
Float	: 29 Mn
Mkt Cap	: Rs. 23,112 Mn
Face Value	: Rs. 10.0

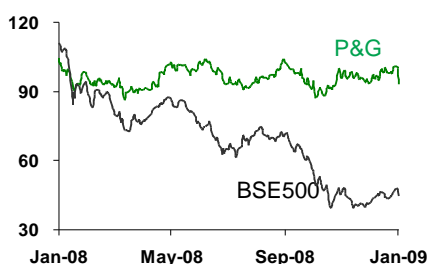
### Shareholding Pattern (as on Sep '08)



### Stock Returns

	1 Mth	3 Mths	6 Mths
P&G	-0.79	-1.62	-0.39
BSE500	8.83	-19.32	-31.43

### Price Comparison



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### Procter & Gamble Hygiene and Health Care Limited (PGHH)

- Core brands VICKS and WHISPER occupy the #1 (dominant) positions in their respective categories.
- PGHH with its commanding position is best placed to capture underpenetrated markets; we expect FY08-10E EPS CAGR of 18%.
- PGHH is designed for long-term sustainable growth

### Business Opportunity

Underpenetrated markets, low per capita consumption and well established brands bestow opportunities for high growth rates. We forecast topline CAGR of 16% for FY07-FY10E and 27% CAGR for net earnings.

### Focused approach to core competence

PGHH has identified healthcare (Vicks) and feminine hygiene (under the umbrella brand Whisper) as the long-term areas of growth. Vicks growing at 8.20% (CAGR FY04-08), is the largest selling healthcare product in India. Value correction and product upgrade have helped Whisper garner value market share of 50 % in urban India.

### Growth Strategies

The company has in place key strategies like strong brands supported by product upgrades and marketing innovations, insight to educate potential customers and create awareness, focus to penetrate rural areas and an excellent distribution network.

### Healthy Financials

The financials depict a healthy state of affairs. PGHH's attention on high margin businesses and efficient supply chain management help achieve one of the highest margins among the peer groups in the FMCG industry.

### Valuation

We value PGHH on DCF and relative valuation basis. Our DCF valuation, using a WACC of 13% and terminal growth of 3%, is Rs. 905. PGHH is currently trading at a 12-month forward PE of 15x, one of the lowest forward PE. We initiate a BUY with a long term visibility.

### Summary Financials

Particulars (Rs Mn)	FY05	FY06	FY07	FY08	FY09E	FY10E
Total Revenues	6,849.2	5,667.3	5,403.8	6,450.2	7,350.4	8,449.9
EBITDA	1,800.3	1,940.4	1,544.9	1,927.1	2,134.8	2,536.3
OPM (%)	19.5%	22.9%	25.9%	27.5%	27.0%	27.4%
PAT (%)	16.7%	23.3%	16.6%	20.4%	21.0%	21.7%
EPS (Rs.)	35.2	40.7	27.7	40.5	47.4	56.6
P/E (x)	20.2	17.5	25.7	17.6	15.0	12.6
RONW (%)	50.7%	48.5%	30.8%	37.9%	36.6%	36.1%

## Business Opportunity

PGHH operates in a single business of marketing and distribution of healthcare and feminine hygiene products. Lower per capita consumption and limited penetration provide ample opportunities for growth.

Feminine Hygiene market has an abysmally low per capita consumption. Only two out of ten urban women use branded pads. Statistically, of the 266 mn menstruating women in India, only 3% use branded sanitary napkins regularly. Contrast this with comparative figures of 60% in Thailand, 55% in China and 32% in Philippines. All these are also developing countries like India. The contrast with developed countries like US (85%), UK (89%), Germany (95%), Australia & Singapore (88%) is even more striking. Further evidence of long-term growth opportunity is the fact that by 2050, more than half of India's population is estimated to be under the age of 25 years.

### Feminine Hygiene market offers significant opportunities to drive penetration

Country	% consumption of branded sanitary napkins
Thailand	60%
China	55%
Philippines	32%
India	3%

Country	% consumption of branded sanitary napkins
US	85%
UK	89%
Germany	95%
Australia	88%
Singapore	88%

Increase in working women due to economic development, easier availability of feminine hygiene pads, increasing literacy levels, higher disposable incomes & hygiene consciousness and the growing population of middle- and upper-middle class should aid steady growth over the years.

Under-dosage of medication and lower per capita income consumption as compared to developing economies, provides growth potential to the healthcare colds segment. Should government liberalize certain OTC drugs from the provisions of the sale license can boost easy availability. In many countries, the concept of selling household remedies and commonly used drugs from the non pharmacy outlets is prevalent.

The fact that the company's products are driven by necessity rather than luxury provides solace in the current economic conditions. While the slowing economic growth may have only a marginal influence on its growth momentum, the overall growth dynamics for the businesses continue to be very favourable.

## Focused approach to core competence

PG Health and Hygiene has strategically limited its focus to just two brands--- Whisper and Vicks---which have the potential to become market leaders. Over the years it has gradually divested out of businesses which it considers non-core areas. It sold its detergents business to P&G Home Products, the

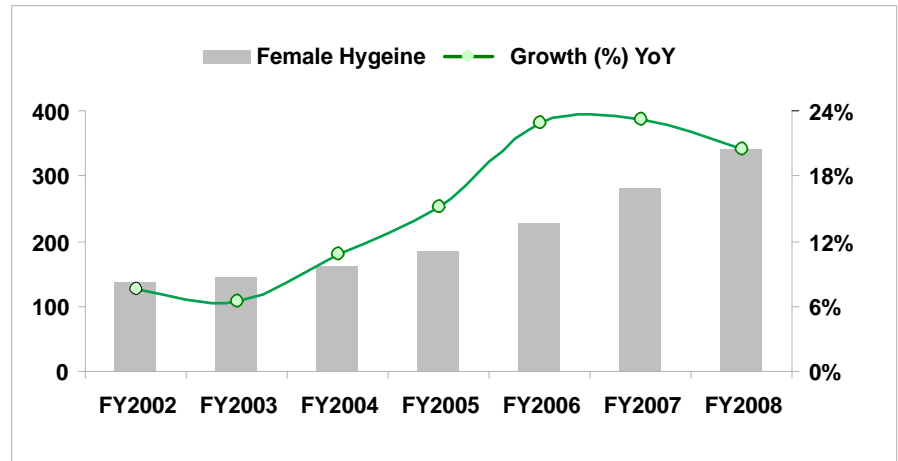
wholly-owned subsidiary of Procter & Gamble Co, US, in 1993. This was followed by the decision to license the Old Spice trademark and business to Menezes Cosmetics. The anti-lice shampoo brand, Mediker, was also sold to Marico Industries Ltd.

**PGHH strategies to core focus**

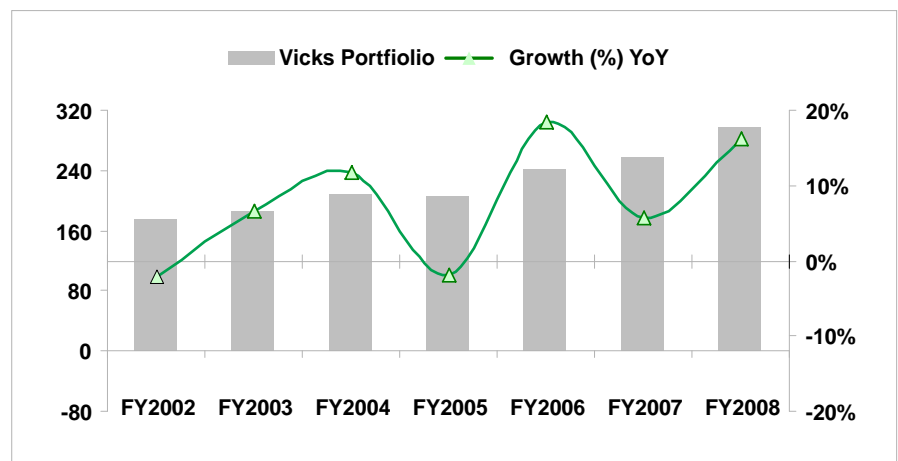
Year	Event
1993	Sold its detergents business to P&G Home Products
1999	Mediker Shampoo business is divested to Marico Industries.
Dec 2002	Licensed Old Spice trademark and business to Menezes Cosmetics
Oct 2005	Ceased contract manufacturing of detergents for P&G home Products

The focus has led to VICKS being India's No. 1 Health Care brand and WHISPER – India's leading Feminine Hygiene brand. For decades, its 'Vicks' brand has been synonymous with remedies that relieve miseries of cold and cough. Various innovations in the past have helped sustain healthy sales growth and profitability in the healthcare business (Vicks branded products; estimated market share of 17 per cent), which contributed Rs 312.3 crore to sales in FY08, a growth of 16% vs last year. The feminine hygiene business ('Whisper' brand) has reported an average annual growth rate of 18.5 percent and CAGR of 17.43 percent in the last five years. It reported sales of Rs 340 crore in FY08, representing a year-on-year growth of 21 per cent. Technological investment through R&D make products in feminine hygiene superior by far to any competitor.

**Female Hygeine:  
Growth over the years**



**Health Care:  
Growth over the years**



## **Growth Strategies**

### **New Initiatives**

Among various initiatives, the introduction of Vicks Chotu (Rs 5 pack of Vicks Vaporub) and mass segment products (Whisper Choice) has helped the business post sterling results on the back of increased volumes. The other initiatives of product upgrades and marketing innovations has helped the company touch new highs and stay ahead of competition. For instance, in FY08, P&G upgraded its 'Whisper Maxi' product in line with customer needs.

#### **Educating potential customers**

In the long-run, P&G's initiative through the 'Whisper School Program' will help raise awareness among adolescent girls and build the path for sustainable growth and secure future. The programme involves educating school girls and mothers about hygiene care, thereby increasing focus at the Point of Market Entry (POME). So far it has reached to ~6 million girls (1.6 million in FY07-08). Post-studies have shown encouraging performance, while two-thirds of the school girls were using cloth (instead of sanitary napkin) before the programme, only six per cent continued to do so after the programme.

Program Shiksha is P&G's attempt to help address the issues of inadequate basic education to children. Close to 47% of India's habitation does not have a primary school. Over 200 million children in India lack the access to education (Source: CRY). Over the last four years Shiksha has been able to lead 87,000 children on the path of education.

#### **Rural Penetration**

Almost 90% of the sale of sanitary napkins comes from urban India. With rural share for whisper being negligible, this year, for the first time ever, PGHH entered into a Public Private Partnership with the National Rural Health Mission, Rajasthan. This is a very innovative programme to provide women in Rajasthan with a better option of sanitary protection and promote the whisper brand in the untapped and underpenetrated rural markets.

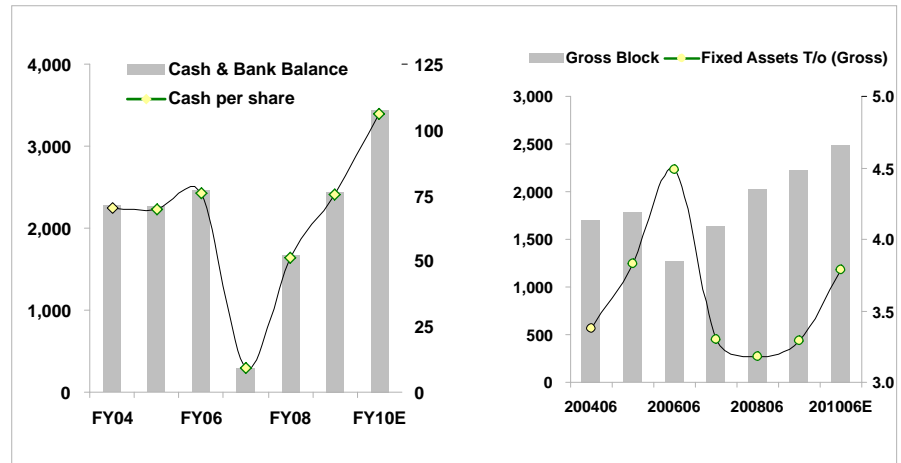
#### **Wide Distribution**

The company has one of the widest distribution networks in India, with direct contact to 6,50,000 stores by P&G salesman. Over the past few years, PGHH has been revamping its distribution chain, making it more cost-effective and streamlining the distribution channels to focus on the promising markets alone. Also, the distribution system has benefitted from the leverage synergies arising from the Gillette and P&G merger.

This marketing leader has carved a reputation for delivering high quality, value-added products to meet the needs of consumers. There is considerable strategic planning in trying to tap the rural markets, educating customers and product extensions to expand markets as PGHH is designed for long term sustainable growth.

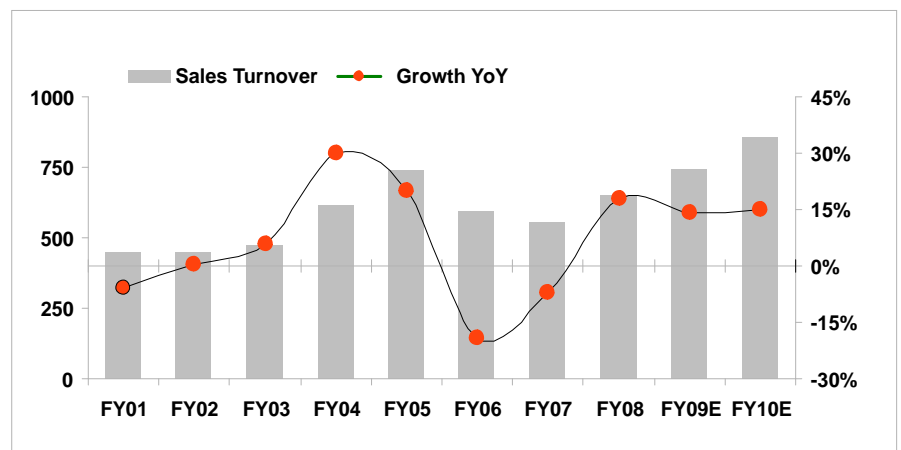
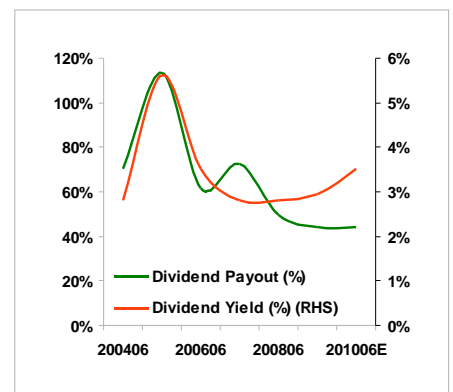
### Healthy Financials

Strong financials have been maintained over the years. Topline has grown at a CAGR of 6% and bottomline at a CAGR of 11.2% over 01-08.(consolidation basis). Return on Capital Employed (ROCE) and Return on Net Worth (RONW) are high at 52.1% and 37.9% respectively on a consolidated basis. The almost negligible debt component on the books and minimal capex plans direct huge amounts of free cash flows, available for dividend distribution. As of June 2008, the company has cash per share of Rs. 51.29.



The company is consistent in its distribution policy and has paid out about 50 - 70 per cent of its earnings as dividends each year.

	EPS	DPS	Dividend Payout (%)
FY04	28.4	20.0	70.4%
FY05	35.2	40.0	113.5%
FY06	40.7	25.0	61.4%
FY07	27.7	20.0	72.3%
FY08	40.5	20.0	49.4%
FY09E	47.4	21.0	44.3%
FY10E	56.6	25.0	44.2%

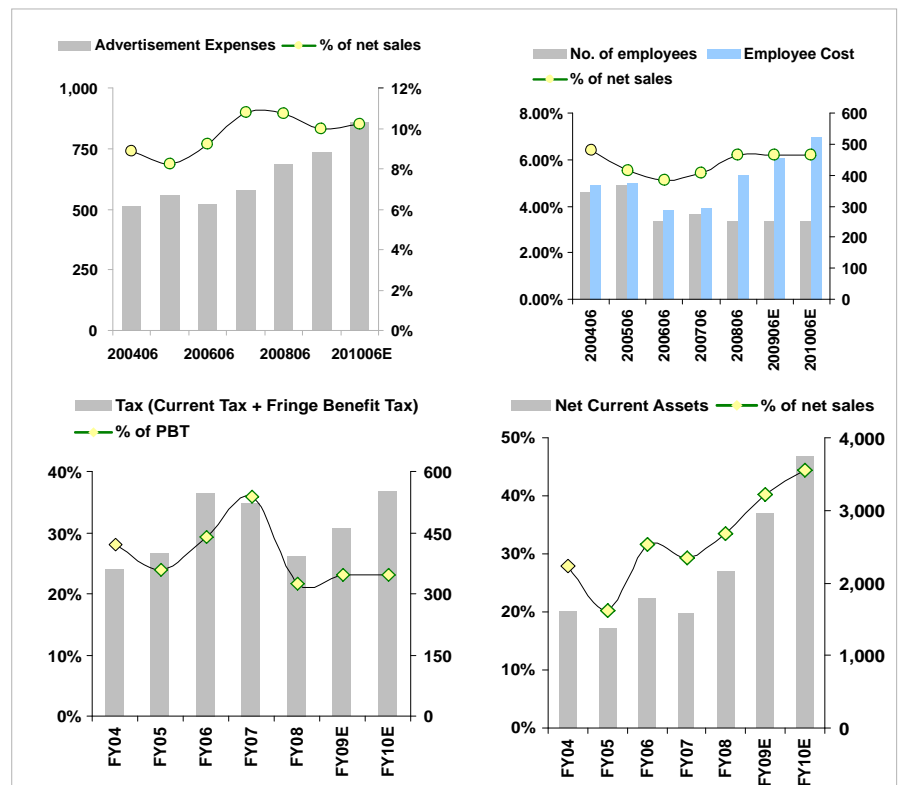


## Sales de-growth in FY06 and FY07

Performance in the years 06 and 07 is not impressive on account of divestiture of contract manufacturing to P&G Home Products in Oct 2005. Almost 45 % (FY05) of revenue share was generated from detergents contract manufacturing. However, the business is low on profit margins and return on capital employed. Following charts depict the impact of discontinued business on financials leading to robust margins.

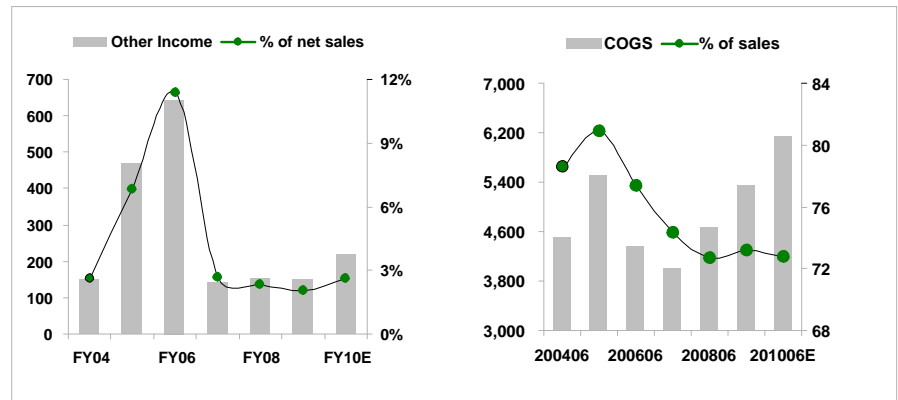
### Robust Margin (Rs Mn)

Particulars	FY05	FY06	FY07	FY08	FY09E	FY10E
Net Sales	6,820.0	5,649.0	5,383.2	6,429.6	7,329.8	8,429.2
Net Profit	1,246.1	1,395.1	898.2	1,314.2	1,540.1	1,837.7
OPM(%)	19.5%	22.9%	25.9%	27.5%	27.0%	27.4%
PAT(%)	16.7%	23.3%	16.6%	20.4%	21.0%	21.7%
EPS(Rs)	35.2	40.7	27.7	40.5	47.4	56.6



## Increasing capacities and effective tax rate

During the year capacity was expanded with further capital investment of Rs.26.7 crores in its two healthcare manufacturing sites at Baddi (tax efficient zone) and Rs.10 crore capital expenditure to expand capacities for feminine hygiene products at Goa facility to meet the increasing demand for its products. With the incremental contribution from Baddi plant, effective tax rate for FY08 was lower at 21.68% against 43.24% in FY07. Net profit for the year recorded strong 46% YOY growth led by strong revenue growth and lower tax provision. With the additional contribution from increased capacities, we expect the sales growth and overall profitability to improve going forward.



### Other Income

Apart from interest and miscellaneous income, it includes Business Process Outsourcing (BPO) income. With almost 3% of revenue comprising of other income, part of PGHH's performance comes from other income. PGHH renders contractual services to its subsidiaries (PGHP and Gillette India Ltd), income from which is clubbed under Business Process Outsourcing (BPO) income. In FY08, BPO income has reduced to 66 lakhs from 10 mn (FY07). Also substantial funds are parked as inter-corporate deposits with GE.

### Staff Costs

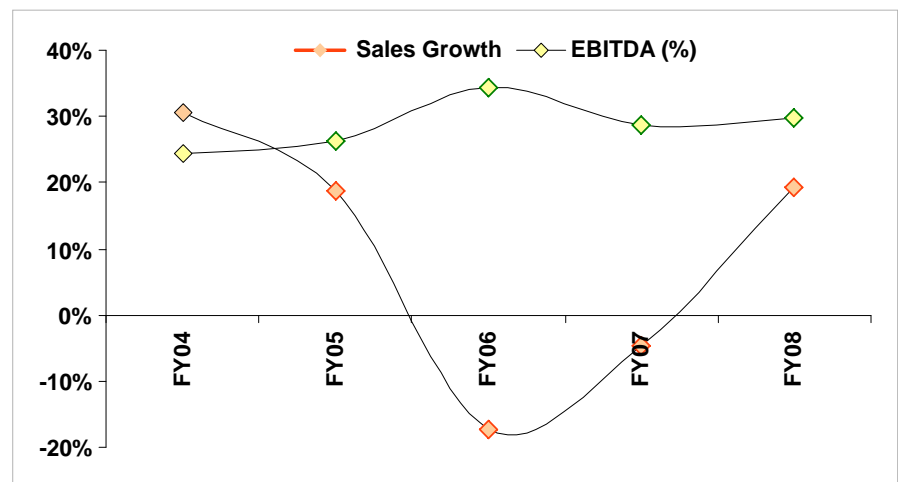
PGHH follows the policy of employing contracted employees and 6 per cent of total income is spent on them. Most products are produced on factory premises by contractors. This arrangement enables to achieve cost-efficiencies, stay competitive in the market and optimally utilise manufacturing capacities to deliver quality products at competitive prices. Number of employees have reduced from 663 (FY1999) to 250 employees (FY2008).

## Competition

Though PGHH is the market leader in its core products, it is exposed to competition from other players. Its major competitors in feminine hygiene are Johnson & Johnson (Stayfree), Kimberley Clarke Lever (Kotex) and Godrej Consumer (Tena). Vicks encounters competition from Halls (Cadbury), Strepsils (Reckitt Benckiser), Honitus (Dabur) etc. These are major FMCG players and have a varied range of products. The company's sales volume growth comes under pressure from intensifying competition.

Advertising expenses have climbed from around 8 percent of sales in 2005 to ~11 percent of sales in 2008. Promotional expenses are theoretically discretionary, and a hike in adspend is probably not as serious a concern as a sharp escalation in input costs. However, the following chart shows that PGHH has always had to trade off margins for sales growth.

Sales Growth v/s EBITDA Margin Trend



## Limited Product portfolio

There is high dependence on a single product category of hygiene and health care. Any slowdown in the category or intense competitive pressure may have a far-reaching impact on the company. Also concentration on one geographical segment i.e India has economic risk attached.

The uncertainty of product launches to be routed through the listed company also tends to accord a lower valuation. The parent company has been favouring its unlisted wholly-owned subsidiary with all new product launches and PGHH is left with just two major brands. Such extreme focus could restrict the extent to which the listed company can draw on the strengths of its parent's portfolio.

## Increase in cost of raw material

Camphor, sugar, Ginger are few of the major raw materials. In case of any rise in raw material prices, cost of production would increase, thereby reducing the margins.

Feminine Hygiene and oral health care are one of the least penetrated categories in FMCG. Due to product positioning, business fundamentals, innovative advertising and deeper distribution penetration we see sustainable growth in the future. Vicks and Whisper will sustain double digit growth in medium term with its dominant positioning in its respective segments..

We have applied a DCF based valuation method and have arrived at a fair value of Rs.905. This implies a return of 27% from the current price of Rs. 712.

## DCF Table

DCF Valuation						
Particulars	FY09E	FY10E	FY11E	FY12E	FY13E	FY14E
Year	0	1	2	3	4	5
Free Cash Flow	1,432.5	1,727.8	1,983.8	2,329.7	2,588.2	3,214.9
Free Cash Flow Discounted	1,432.5	1,529.0	1,553.6	1,614.6	1,587.4	1,744.9
Discounting Rate						13.0%
Terminal Growth Rate						3.0%
Terminal Value						32,149.2
PV of Terminal Value						17,449.3
PV of Interim Cash Flows						9,462.1
Enterprise Value						26,911.4
Less : Debt						0.0
Add : Cash & Trade Investments						2,449.1
Shareholder's Value						29,360.5
No. of Equity Shares						32.5
Fair Value (Rs.)						904.5
Upside						27.0%

## DCF Sensitivity Analysis

Terminal Growth Rate (%)	Discount rate		
	12	13	14
3	998.20	904.49	828.01
4	1,076.25	964.22	874.77
5	1,176.61	1,038.88	931.92

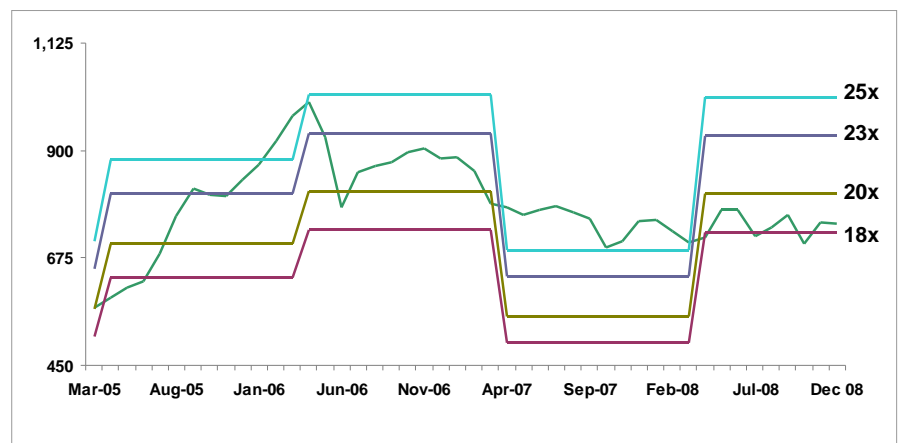
## Comparative Valuations

	CMP	PE			EV/EBDITA			ROE		
		FY08	FY09E	FY10E	FY08	FY09E	FY10E	FY08	FY09E	FY10E
GCPL	139.0	19.7	19.2	15.1	15.0	13.7	10.5	94.4%	58.3%	45.8%
Marico	55.5	21.3	15.4	13.5	14.5	11.2	9.2	50.4%	45.3%	36.1%
Pidilite	107.8	17.7	15.6	12.2	12.4	9.3	7.6	27.7%	25.7%	25.8%
Colgate	385.0	22.2	20.0	17.4	15.3	13.5	11.5	141.5%	128.5%	122.4%
PGHH	735.6	18.2	15.5	13.0	11.5	10.0	8.1	37.9%	36.6%	36.1%

**Valuation (EV/EBITDA)**

We have also valued stock on EV/EBITDA method. We have applied 12x EV/EBITDA to FY09 EBITDA of Rs.2,134m compared to peers. Value works out to be Rs.789/share with potential upside of 10%.

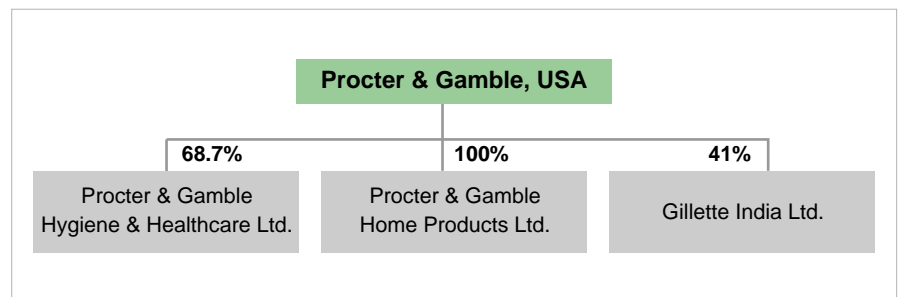
Particulars	FY09E
EBITDA	2134.8
Applied EV/EBITDA	12.0
EV	25618.0
Net debt	0.0
Market cap	25618.0
No. of shares	32.5
Stock value	789.2
Upside	10.8%

**PE band**

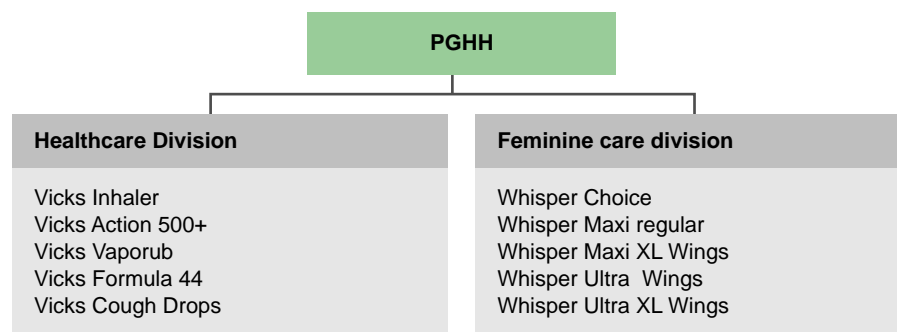
Procter & Gamble Hygiene & Health Care Ltd (PGHH) was incorporated in 1964 as Richardson Hindustan (RHL). PGHH's principal activities are manufacturing and marketing of healthcare (Vicks brands) and feminine hygiene products (Whisper brands). The Company concentrates on single geographical segment i.e within India and has insignificant contribution from exports.

Procter & Gamble Co, US has a 68.73% stake in the company. The parent also has a 100 per cent unlisted subsidiary Procter & Gamble Home Products (PGHP). The marketing and distribution rights for Ariel and Tide (Fabric Care segment), Head & Shoulders (largest selling anti-dandruff shampoo), Pantene (world's No. 1 beauty shampoo) and Rejoice (Asia's No.1 shampoo) lie with P&G Home Products.

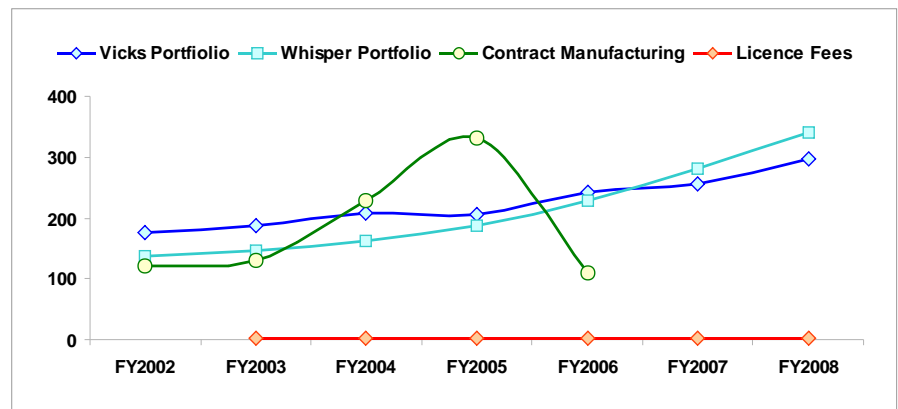
In the year 2005, P&G acquired Gillette globally to create the world's largest consumer product business and though there is operational integration, the two companies continue to maintain separate legal entities. The distribution of Gillette products is done through the PGHH network leading to an integration of the sales personnel in the two companies and better synergy.



## Product Chart



## Segment-wise Sales



**Volume vs. price growth**

PGHH is focusing on volume growth rather than opting for price increases. This achieves the dual objectives of combating competition and stimulating demand. Whisper choice (mass product launched two years ago) and Vicks chotu (value packs) are promoted with the objective of building volume drivers. We believe that given the low penetration steady volume growth is expected and prices will be increased once the category matures.

**Strong Parentage**

Procter & Gamble, US, is a global FMCG leader with presence in more than 80 countries and owns several billion dollar consumer brands. It offers several personal beauty, health and wellness, home care, fabric care, baby products, blades & razors, grooming products, batteries and dental care products. Nutrition and pet care is another area in which the firm specialises. From personal care products to dog food, this marketing leader has something to offer to everyone. Popular billion dollar brands include Ariel, Crest, Duracell, Gillette, Ivory, Oral-B, Pampers etc. In 2008, Fortune Magazine identified Procter and Gamble as #5 most admired global company.

In 2008, Procter & Gamble sales were worth about \$83.50 billion. Profits made by this firm were worth nearly \$12.07 billion. Assets owned were worth \$143,992.

The parent company provides new product launches, strong brands and needed technology and research to help maintain leadership and sustainable growth rates in the Indian markets. In consideration, PGHH pays royalty to the parent, which is in the ballpark of five percent of sales. Following which PGHH earns strong profits which is advantageous and desirable.

**Management**

Highly experienced Board of Directors, help maintain the highest standards of corporate governance. They have a history of operating with integrity at all levels. Many of its top executives have won international awards for their excellence in work.

**B.V. Patel, Chairman**, has held senior management positions and made valuable contributions to the growth of the company's business. Presently he is a Director of Force Motors Ltd, Wockhardt Ltd, Yes Bank Ltd and NESCO Ltd.

**S. Khosla, MD**, has been with P&G since 1983 and gained valuable experience of overseeing P&G's international businesses in UK, Malaysia and Japan. Also Managing Director with Gillette India Ltd and Procter & Gamble Home Products Ltd.

**Deborah Ann Henretta, Group-President, P&G Asia**, has held senior positions and has been among "Most Powerful Women in Business" by Fortune Magazine. Also a Director of Gillette India Ltd.

Procter & Gamble Hygiene and Health Care Ltd posted a sales growth of 21% to Rs. 1883 mn from Rs. 1550 mn in the corresponding period last year. During the period PBT and PAT rose by 23% and 43% respectively. The company has thus demonstrated steady growth on both the topline and bottom line.

The company's healthcare business grew by 14% at Rs. 91.3 crore against Rs. 80.2 crore in the same period last year. VICKS VapoRub, VICKS Cough Drops and VICKS Inhaler contributed to the strong growth. The Whisper feminine hygiene business registered excellent growth with a 32% increase in sales at Rs. 97 crore compared to Rs. 74.9 crore in the corresponding period last year. This growth is ascribed to the strong performance of WHISPER Choice (grown by 50%), and WHISPER Ultra (grown by 34%).

The margin contraction is on account of higher raw material costs and adspends which resulted in lower OPM and EBITDA margin. PAT margin has improved on account of lower tax rates from Baddi capacity expansions.

<b>Earnings Statement</b>					
YE March (Rs. Mn.)	Q109	Q408	Q-Q(%)	Q108	Y-Y(%)
Net Revenues	1,888.4	1,508.3	25.20%	1,513.5	24.77%
Cost of Materials	586.3	445.0	31.75%	407.1	44.02%
Gross Profit	1,302.1	1,063.3	22.46%	1,106.4	17.69%
Staff Costs	110.7	162.0	-31.67%	88.5	25.08%
Other Expenses	610.8	651.8	-6.29%	539.5	13.22%
Total Expenditure	721.5	813.8	-11.34%	628.0	14.89%
Operating Profit	580.6	249.5	132.71%	478.4	21.36%
OPM (%)	30.75%	16.54%	85.87%	31.61%	-2.73%
Other Income	61.0	42.9	42.19%	43.0	41.86%
EBITDA	641.6	292.4	119.43%	521.4	23.05%
Depreciation	31.9	31.8	0.31%	25.1	27.09%
EBIT	609.7	260.6	133.96%	496.3	22.85%
Interest	0.0	0.0	-	0.0	-
PBT	609.7	260.6	133.96%	496.3	22.85%
Tax	118.1	28.2	318.79%	151.4	-21.99%
PAT	491.6	232.4	111.53%	344.9	42.53%
Equity Capital	324.6	324.6	0.00%	324.6	0.00%
EPS	15.1	7.2	111.53%	10.6	42.53%
<b>Ratio Analysis</b>					
<b>Profitability</b>					
YE March (Rs. Mn.)	Q109	Q408	Q-Q(bps)	Q108	Y-Y(bps)
OPM (%)	30.75%	16.54%	1420.38	31.61%	-86.32
EBITDA (%)	33.98%	19.39%	1458.98	34.45%	-47.41
EBIT (%)	32.29%	17.28%	1500.89	32.79%	-50.50
PAT (%)	26.03%	15.41%	1062.45	22.79%	324.44
<b>Operational Parameters</b>					
YE March (Rs. Mn.)	Q109	Q408	Q-Q(bps)	Q108	Y-Y(bps)
RM Consumed	31.05%	29.50%	154.40	26.90%	414.95
Staff Cost	5.86%	10.74%	-487.85	5.85%	1.47
Other Expenditure	32.34%	43.21%	-1086.94	35.65%	-330.10
Effective Tax Rate	19.37%	10.82%	854.90	30.51%	-1113.56

Earnings Statement						YE June
Particulars (Rs Mn)	FY05	FY06	FY07	FY08	FY09E	FY10E
Total Revenues	6,849.2	5,667.3	5,403.8	6,450.2	7,350.4	8,449.9
- Growth (%)	18.7%	-17.3%	-4.6%	19.4%	14.0%	15.0%
Total Expenditure	5,515.1	4,369.6	4,002.7	4,674.2	5,365.4	6,134.0
Operating Profit	1,334.1	1,297.6	1,401.2	1,776.0	1,985.0	2,315.9
Other Income	466.2	642.8	143.7	151.1	149.8	220.4
EBITDA	1,800.3	1,940.4	1,544.9	1,927.1	2,134.8	2,536.3
Depreciation	124.0	79.2	89.8	121.2	133.9	148.9
Impairment of assets	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	1,676.3	1,861.2	1,455.0	1,805.9	2,001.0	2,387.5
Interest	0.5	1.1	0.1	0.2	0.5	0.5
PBT	1,675.8	1,860.1	1,455.0	1,805.7	2,000.5	2,387.0
Tax	531.8	538.3	556.7	491.5	460.3	549.2
PAT Before EI	1,144.0	1,321.8	898.2	1,314.2	1,540.1	1,837.7
- Growth (%)	24.1%	15.5%	-32.0%	46.3%	17.2%	19.3%
Extra-ordinary Items	102.1	73.3	0.0	0.0	0.0	0.0
Reported PAT	1,246.1	1,395.1	898.2	1,314.2	1,540.1	1,837.7

Ratio Analysis						
Particulars	FY05	FY06	FY07	FY08	FY09E	FY10E
OPM (%)	19.5%	22.9%	25.9%	27.5%	27.0%	27.4%
EBITDA (%)	26.3%	34.2%	28.6%	29.9%	29.0%	30.0%
PBIT (%)	24.5%	32.8%	26.9%	28.0%	27.2%	28.3%
PAT (%)	16.7%	23.3%	16.6%	20.4%	21.0%	21.7%
Interest Cover (x)	3,127.5	1,669.3	16,322.4	7,442.0	4,002.0	4,774.9
EPS (Rs.)	35.2	40.7	27.7	40.5	47.4	56.6
P/E (x)	20.2	17.5	25.7	17.6	15.0	12.6
P/BV (x)	10.2	8.5	7.9	6.7	5.5	4.5
BVPS (Rs.)	69.5	84.0	89.7	106.8	129.7	157.0
Market Cap (Rs. Mn.)	23,112.0	23,112.0	23,112.0	23,112.0	23,112.0	23,112.0
M Cap/Sales (x)	3.4	4.1	4.3	3.6	3.1	2.7
EV (Rs. Mn.)	20,852.1	20,654.4	22,819.6	21,447.2	20,663.0	19,664.6
EV/EBITDA (x)	11.6	10.6	14.8	11.1	9.7	7.8
EV/Sales (x)	3.0	3.6	4.2	3.3	2.8	2.3
ROCE (%)	74.3%	68.3%	50.0%	52.1%	47.5%	46.8%
RONW (%)	50.7%	48.5%	30.8%	37.9%	36.6%	36.1%
Debt/Equity Ratio (x)	0.0	0.0	0.0	0.0	0.0	0.0
Inventory T/o Days	29.3	18.2	21.2	26.3	26.9	26.9
Debtors T/o Days	23.2	5.6	9.9	7.5	9.0	9.0
Advances T/o Days	41.0	40.7	164.2	113.6	99.6	86.7
Creditors T/o Days	60.4	47.5	57.3	74.0	71.8	69.8
Working Cap T/o Days	73.7	115.3	106.7	121.7	146.8	161.7
Fixed Assets T/o (Gross)	3.8	4.5	3.3	3.2	3.3	3.8
DPS (Rs.)	40.0	25.0	20.0	20.0	21.0	25.0
Dividend Payout (%)	113.5%	61.4%	72.3%	49.4%	44.3%	44.2%
Dividend Yield (%)	5.6%	3.5%	2.8%	2.8%	2.9%	3.5%

Balance Sheet						
Particulars	FY05	FY06	FY07	FY08	FY09E	FY10E
Equity Capital	324.6	324.6	324.6	324.6	324.6	324.6
Reserves	1,932.2	2,402.0	2,587.2	3,141.8	3,884.4	4,772.7
Shareholders Funds	2,256.8	2,726.6	2,911.8	3,466.4	4,209.0	5,097.3
Minority Interest						
Borrowed Funds	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Tax Liability	17.0	8.8	0.0	43.4	43.4	43.4
Total Liabilities	2,273.8	2,735.4	2,911.8	3,509.8	4,252.4	5,140.7
Fixed Assets	890.3	945.6	1,274.8	1,359.6	1,297.0	1,398.1
Investments	0.1	0.0	0.0	0.0	0.0	0.0
Deferred Tax Asset	0.0	0.0	56.6	0.0	0.0	0.0
Current Assets						
Inventory	549.0	283.1	313.6	465.2	542.2	623.5
Sundry Debtors	434.8	87.7	146.4	133.4	180.7	207.8
Loans & Advances	768.6	631.3	2,430.4	2,006.7	2,006.7	2,006.7
Cash & Bank Balance	2,259.8	2,457.6	292.4	1,664.8	2,449.1	3,447.4
Other Current Assets	8.5	20.6	36.9	8.9	20.1	23.1
Current Liabilities						
Sundry Creditors	1,133.4	736.8	848.1	1,308.4	1,445.9	1,616.6
Provisions	1,503.8	953.7	791.3	820.3	797.5	949.4
Net Current Assets	1,383.4	1,789.8	1,580.4	2,150.2	2,955.4	3,742.6
Miscellaneous Expenditure						
Total Assets	2,273.8	2,735.4	2,911.8	3,509.8	4,252.4	5,140.7

Cash Flow						
Particulars	FY05	FY06	FY07	FY08	FY09E	FY10E
Opening Cash & Bank	2,281.5	2,259.8	2,457.6	292.4	1,664.8	2,449.1
Profit After Tax	1,144.0	1,321.8	898.2	1,314.2	1,540.1	1,837.7
Invt Income	(466.2)	(642.8)	(143.7)	(151.1)	(149.8)	(220.4)
Interest Paid	0.5	1.1	0.1	0.2	0.5	0.5
Depreciation	124.0	79.2	89.8	121.2	133.9	148.9
Deferred Taxation	84.4	(8.2)	(72.3)	100.0	0.0	0.0
Others	68.2	(393.7)	50.7	(17.2)	(0.0)	0.0
Change in Working Cap	202.3	(208.6)	(1,955.8)	802.6	(21.0)	211.2
CF - Operating Activities	1,157.3	148.9	(1,133.0)	2,169.9	1,503.7	1,977.8
Change in Fixed Assets	(164.0)	332.5	(416.3)	(188.8)	(71.2)	(250.0)
Change in Investments	0.0	0.1	0.0	0.0	0.0	0.0
Investment Income	466.2	642.8	143.7	151.1	149.8	220.4
CF - Investing Activities	302.2	975.3	(272.6)	(37.7)	78.6	(29.6)
Increase in Equity	0.0	0.0	0.0	0.0	0.0	0.0
Changes in Borrowings	0.0	0.0	0.0	0.0	0.0	0.0
Interest Paid	(0.5)	(1.1)	(0.1)	(0.2)	(0.5)	(0.5)
Dividend Paid	(1,480.5)	(925.3)	(759.5)	(759.5)	(797.5)	(949.4)
CF - Financing Activities	(1,481.1)	(926.4)	(759.6)	(759.8)	(798.0)	(949.9)
Net Change in Cash	(21.7)	197.8	(2,165.2)	1,372.4	784.3	998.3
Closing Cash & Bank Bal	2,259.8	2,457.6	292.4	1,664.8	2,449.1	3,447.4

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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

Procter & Gamble Hygiene & Health Care Ltd.

NO  
NO  
YES

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