

Colgate Palmolive (India) Ltd

CMP Rs. 667.30

Result Update

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Colgate Palmolive (India) Ltd reported a satisfactory set of numbers for the quarter ended June 2009.

On a Y-o-Y basis, the company's topline grew by 14.82%, to Rs 4,679.9 Mn from Rs 4,076 Mn in Q1FY09. Operating Profits increased handsomely to Rs 1,051.6 Mn from Rs 688.8 Mn in Q1FY09, a jump of 52.67%. Apart from the growth contributed by the topline, this was primarily due to a cutdown in Advertising and Sales Promotions to Rs 582.8 Mn from Rs 693.1 Mn in the same period the year ago, a drop of 15.91%. Consequently, Total Expenditure increased by only 7.12%, to Rs 3,628.3 Mn from Rs 3,387.2 Mn and OPM increased by 557 bps to 22.47% from 16.9%. With the benefits and incentives from higher production at the company's toothpaste plant at Baddi, Effective Income Tax rate further reduced to 17.82% from 21.26%. Reported PAT stood at Rs 1,027.8 Mn as against Rs 719.2 Mn for the same period, the year before, an increase of 42.9% while EPS grew to Rs 7.6 from Rs 5.3.

As compared to the previous quarter, Q4FY09, Net Revenues were up only marginally from Rs 4,554.6 to Rs 4,679.9, an increase of 2.75%. With a drop in Total Expenditure of 4.37%, from Rs 3,794.1 to Rs 3,628.3, the company's bottomline stood at Rs 1,051.6 Mn as compared to Rs 760.5 Mn in the previous quarter, a jump of 33.36%.

The company increased its leadership position in the toothpaste category to a 52.3% volume market share (Jan 09 – May 09). Volume growth registered for the quarter stood at 12%. In the toothbrush category too, volume market share increased to 38.2% while that in the toothpowder category increased to 48.8% (Jan 09 - May 09).

At a CMP of Rs 667.30, the company is trading at a PE(TTM) of 27.9. On the whole, the company continues to work with minuscule debt, a negative working capital, healthy cashflows and an averagely good dividend yield. Looking further, over the longer horizon, inspite of the global turmoil and the monsoon fears, the FMCG story looks intact in terms of the rural potential of the economy, scope for penetration, emergence of the retail sector, improving income levels and consumption.

[Quarterly Financials >>](#)

Colgate : Quarterly Financials

Earnings Statement					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(%)	Q109	Y-Y(%)
Net Revenues	4,679.9	4554.6	2.75%	4,076.0	14.82%
Cost of Materials	2,049.6	2,005.2	2.21%	1,751.7	17.01%
Gross Profit	2,630.3	2,549.4	3.17%	2,324.3	13.17%
Staff Costs	390.7	437.6	-10.72%	329.6	18.54%
Advertising and Sales Promotion	582.8	702.1	-16.99%	693.1	-15.91%
Other Expenses	605.2	649.2	-6.78%	612.8	-1.24%
Total Expenditure	3,628.3	3,794.1	-4.37%	3,387.2	7.12%
Operating Profit	1,051.6	760.5	38.28%	688.8	52.67%
OPM (%)	22.47%	16.70%	34.58%	16.90%	32.97%
Other Income	259.9	205.4	26.53%	283.9	-8.45%
EBITDA	1,311.5	965.9	35.78%	972.7	34.83%
Depreciation	56.3	63.5	-11.34%	55.1	2.18%
EBIT	1,255.2	902.4	39.10%	917.6	36.79%
Interest	4.5	1.1	309.09%	4.2	7.14%
PBT	1,250.7	901.3	38.77%	913.4	36.93%
Tax	222.9	130.6		194.2	
PAT	1,027.8	770.7	33.36%	719.2	42.91%
Equity Capital	136.0	136.0		136.0	
EPS	7.6	5.7	33.36%	5.3	42.91%
Ratio Analysis					
Profitability					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(bps)	Q109	Y-Y(bps)
OPM (%)	22.47%	16.70%	577.3	16.90%	557.2
EBITDA (%)	28.02%	21.21%	681.7	23.86%	416.0
EBIT (%)	26.82%	19.81%	700.8	22.51%	430.9
PAT (%)	21.96%	16.92%	504.1	17.64%	431.7
Operational Parameters					
YE March (Rs. Mn.)	Q110	Q409	Q-Q(bps)	Q109	Y-Y(bps)
RM Consumed	43.80%	44.03%	(23.0)	42.98%	82.0
Advertising and Sales Promotion	12.45%	15.42%	(296.2)	17.00%	(455.1)
Staff Cost	8.35%	9.61%	(125.9)	8.09%	26.2
Other Expenditure	12.93%	14.25%	(132.2)	15.03%	(210.2)
Effective Tax Rate	17.82%	14.49%	333.2	21.26%	(343.9)

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Disclosure of Interest Statement

1. Analyst Ownership of the scrip
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Colgate

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