



## Colgate Palmolive (India) Ltd

RESEARCH REPORT AS ON 27-05-2022

CMP: 1,592.00 INR

52 Week Range: ₹1,375.60 - 1,823.40

Market Cap: ₹43,313.71 Cr

India's most popular and relied product that is also recommended by dentists the most!

# About the company

From a modest start in 1937, when handcarts were used to distribute Colgate Dental Cream Toothpaste, Colgate-Palmolive (India) today has one of the widest distribution networks in India - a logistical marvel that makes Colgate available in almost 6.28 plus million retail outlets across the country. The company manufactures and markets toothpastes, toothpowder, toothbrushes, oil pulling products and mouthwashes under the 'Colgate' brand, and a specialized range of personal care products under the 'Palmolive' brand.

Colgate has been ranked as India's #1 Most Trusted Oral Care Brand for nine consecutive years, from 2011 to 2019, by The Economic Times - Brand Equity - Most Trusted Brands Survey, conducted by Nielsen. Colgate has also been ranked as the Most Trusted Oral Hygiene Brand by TRA's Brand Trust India Study Report for nine consecutive years, from 2011 to 2019.

The small soap and candle business that William Colgate began in New York City early in the 19th century is now, more than 200 years later, a truly global company serving hundreds of millions of consumers worldwide.

# Company History

Colgate-Palmolive's history traces back to the early 19th century when William Colgate, a soap and candle maker, began selling his wares in New York City under the name William Colgate & Company. After his death in 1857, the company was run by his son, Samuel Colgate, under the new name Colgate & Company.

Colgate & Company sold the first toothpaste in a tube, Colgate's Ribbon Dental Cream, in 1896. In 1928 the firm was bought by Palmolive-Peet Company, whose founder, B.J. Johnson, had developed the formula for Palmolive soap in 1898. At the turn of the 20th century, Palmolive—which contained both palm and olive oils—was the world's best-selling soap.

In 1920, Colgate begins establishing operations in Europe, Asia, Latin America and Africa.

In 1953, Colgate-Palmolive Company becomes the company's official name.

Colgate-Palmolive (India) Ltd was incorporated in the year 1937. In the year 1988 CPIL received a licence for producing 24000 tonnes per annum of fatty acids. They also registered with DGTD for production of 30000 tonnes of toilet soap per annum. In June 1988 the company established a wholly owned subsidiary at Hetanda in Nepal to manufacture the toothpaste and tooth powder initially.

In the year 1991 the company launched new Colgate Gel Toothpaste Palmolive Extra Care and new Palmolive soap. They also re-launched a high quality Colgate Plus and other toothbrushes.

Colgate Total, a line of toothpaste designed to protect against a number of conditions including gingivitis, was introduced in Europe in 1992 and in the United States in 1997 and quickly becomes the market leader.

# Management



## **Mukul Deoras**

*Chairman* N

Mukul is a global business leader with rich experience across multiple geographies. He is the President of the Asia Pacific Division of Colgate-Palmolive. Mukul holds a postgraduate degree in Management from IIM, Ahmedabad. He joined the Company in 2004 and has since served as Managing Director in Thailand and India, Chairman in India, President of the Asia Division, and Global Chief Marketing Officer. He was appointed as the Chairman of Colgate-Palmolive (India) Limited in September 2018.



## **Ram Raghavan**

*Managing Director* C R S

Ram is a versatile global business executive with a unique balance of strategic and operational experience. He joined the Company as a Management Trainee, and over the years, has progressed through a series of leadership roles across Asia Pacific, Latin America and North America. Ram completed his MBA from Jamnalal Bajaj Institute of Management Studies. He was appointed as Managing Director on the Company's Board in August 2019.

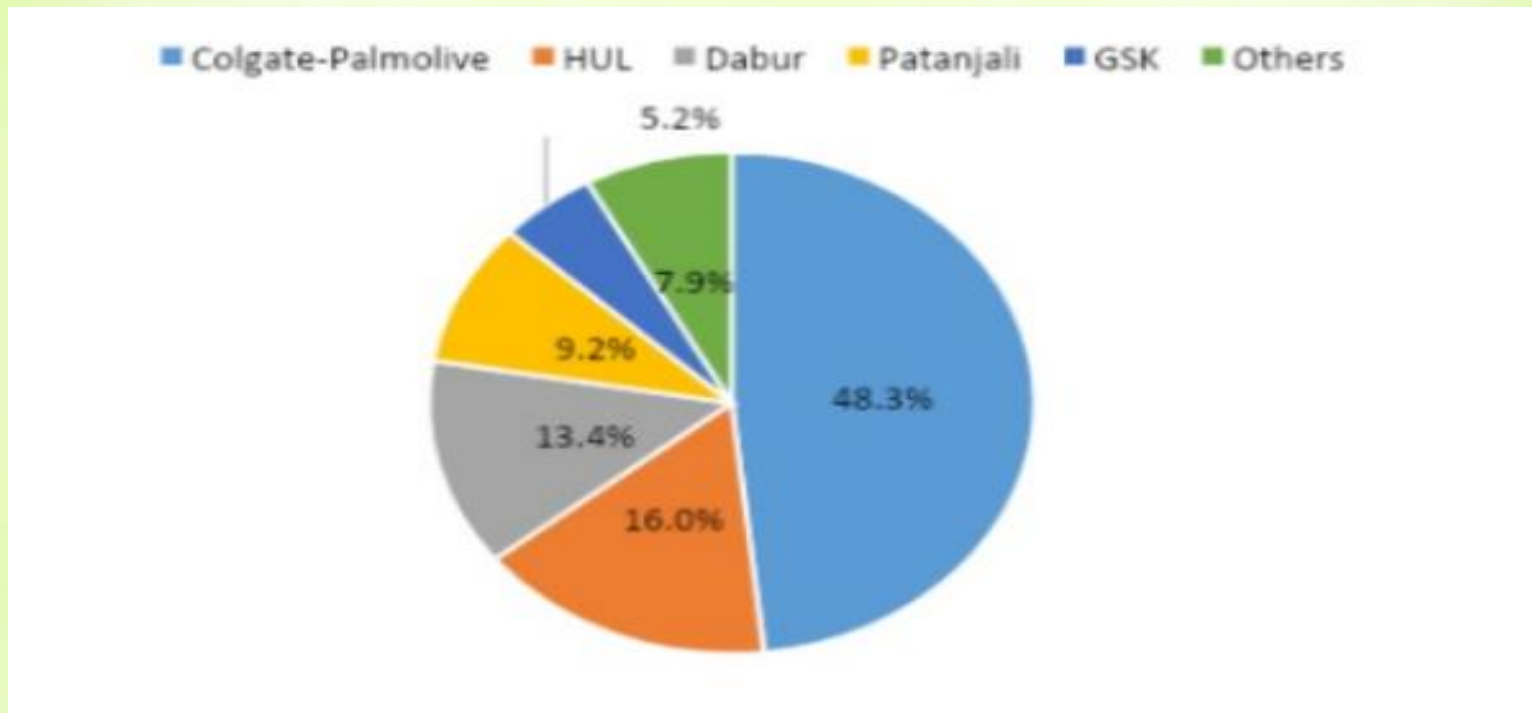


The company announced the appointment of Prabha Narasimhan as managing director and chief executive officer of Colgate-Palmolive (India) effective from 1 September 2022. This comes after Colgate Palmolive (India)'s current MD and CEO Ram Raghavan was elevated to

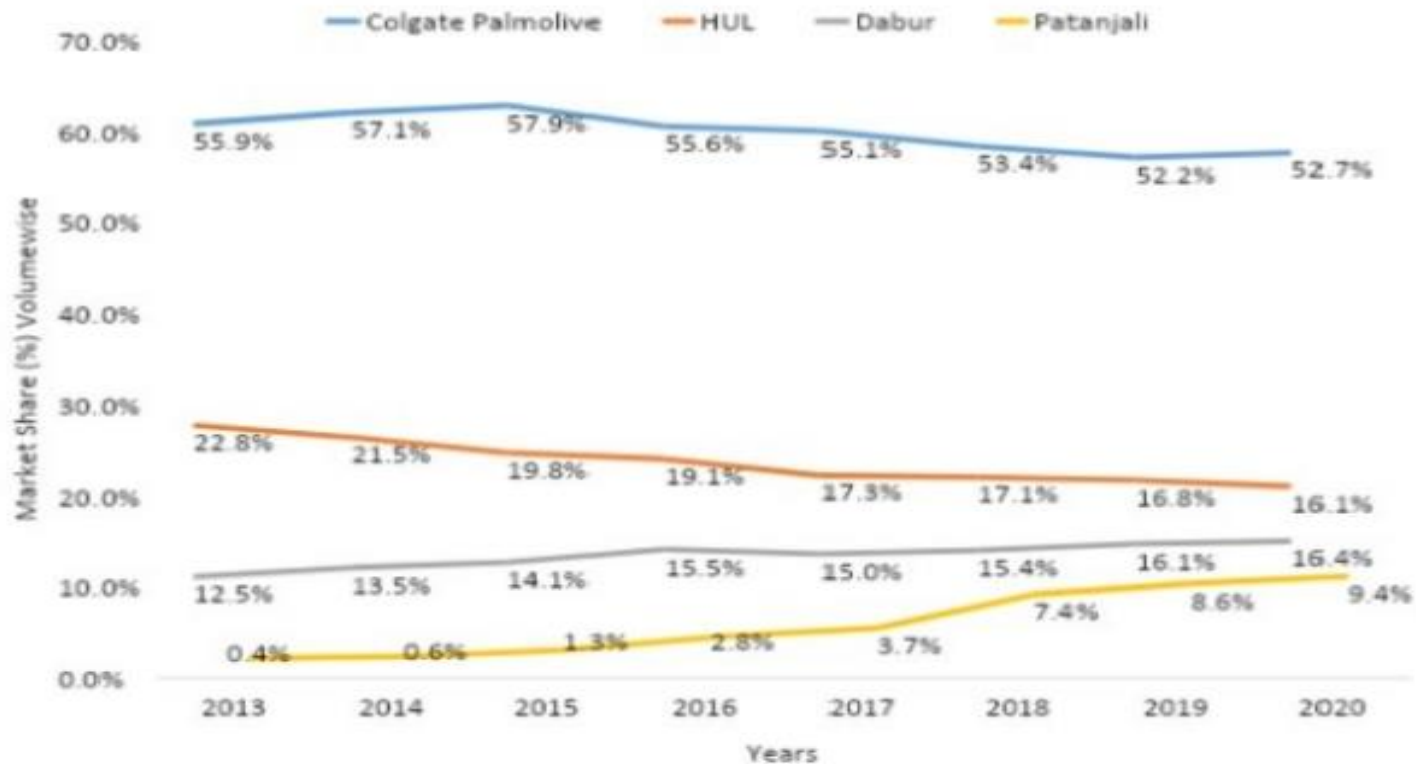
the position of president of enterprise Oral Care for Colgate Palmolive Company, the parent Company of Colgate-Palmolive (India), and will be based out of its headquarters in New York.

Narasimhan has over two decades of experience across consumer marketing insights, customer development and marketing roles in multiple geographies and across multiple categories including beauty, personal care and refreshments. In her last role—Narasimhan was executive director, home care for Hindustan Unilever Limited and vice president, home care, Unilever, South Asia. Narasimhan joined HUL in 2006. Narasimhan is a graduate of Indian Institute of Management (IIM), Bangalore. She joins the league of former HUL executives who've moved on to head large consumer products businesses.

# Market Share



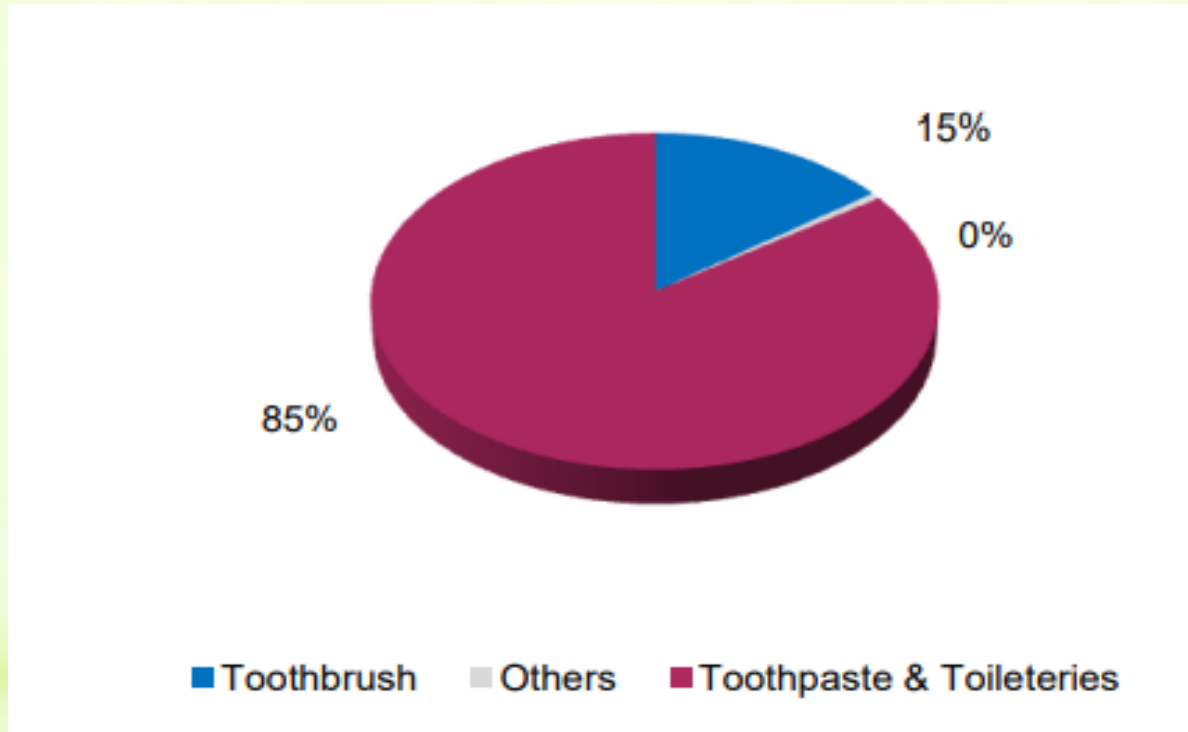
As of March 2020, Colgate Palmolive India Limited (CPIL) is the leader in the toothpaste market by value at 48.3%. HUL is at a distant 16% and ranks 2nd. Dabur is catching up with HUL and has a 13.4% market share. Patanjali has grown to have a 9.2% share of the toothpaste market in India, ahead of GSK's 7.9%.



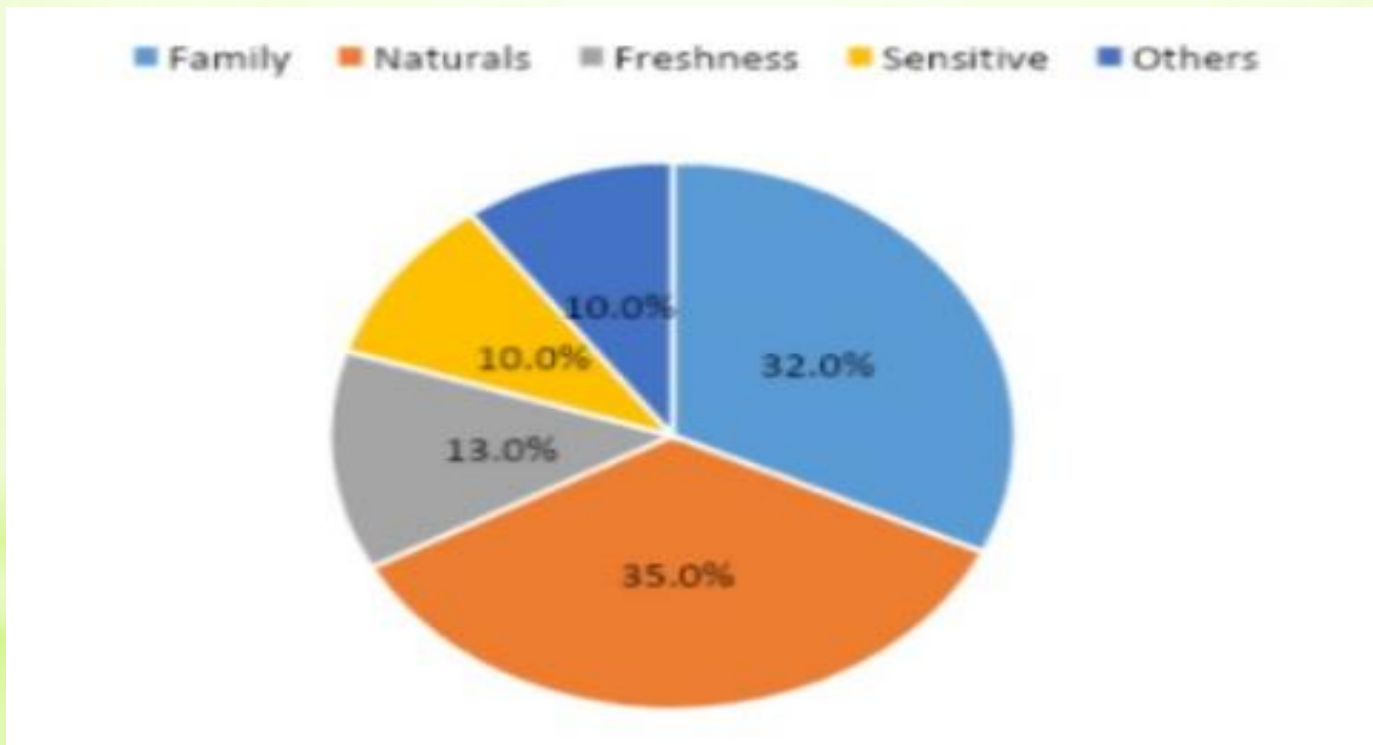
<u>Name of company</u>	<u>BASE</u>	<u>2020</u>	<u>% change</u>
Colgate Palmolive	57.9% (2015)	52.7%	5.2% decrease
Hindustan Unilever (HUL)	22.8% (2013)	16.1%	6.7% decrease
Dabur	12.5% (2013)	16.4 %	3.9% increase
Patanjali	0.4% (2013)	9.4%	9% increase



# Sales Mix



The Indian oral care market is worth ~ ₹ 15,000 CR comprising of toothpaste, toothbrush, tooth powder, mouthwash, and denture care. The toothpaste market is the largest segment at ~70% of the oral care market. The market size of the toothpaste is estimated to be ₹10,000-12,000 CR.



Before Patanjali's entry, the family category was the biggest in the toothpaste segment with a market share of 35% and above. But Patanjali entered the market and changed the category mix altogether. Now the herbal or natural category contributes to more than 35% from less than 10% before FY15.

On the other hand, in the natural category, Patanjali and Dabur collectively enjoy the bigger pie with a market share of ~75%. This category has been growing at 30% CAGR per annum. This was the only category where MNC's such as CPIL and HUL have lost their market share to domestic players. To fight back, CPIL has launched several products in this segment under the Ved Shakti Portfolio.

The freshness segment is being led by HUL with Closeup. CPIL tried to give a fight here with the Colgate Max Fresh, but HUL sustained its leadership. In the sensitive segment, GSK's Sensodyne is the market leader and CPIL comes next with Colgate Sensitive.

# Fun Fact

Colgate stopped engaging in the risky aspect of market research, i.e., experimenting with new products, trying new innovations.

But Colgate has a wide variety of products, how did they come to be?

Colgate had captured a significant market share and started playing the safe game with this benefit. This safe game entailed Colgate partially giving up on market research. Having captured the majority market share Colgate might have established its dominance in the toothpaste industry by taking out the major players with the taste benefit in India; that was about all the advantage it gave itself.

Colgate works smart and lets its competitors work hard.

# Product Portfolio

## Naturals category

With the entry of yoga guru Baba Ramdev's Patanjali, the Naturals' category surged in the marketplace as he advocated the use of natural, herbal based products. This led to an adverse impact on the company as it was slow in responding with launches of natural/herbal/ayurvedic ingredient based products. This led to loss of market share for CLGT. CLGT is gaining some traction as it is now clearly focused on new product launches with herbal /natural /ayurvedic ingredients under the leadership of Mr. Ram Raghavan.

Recently, the company launched Colgate Charcol Black Toothpaste to differentiate its offerings in the naturals category and has witnessed healthy traction here. It has also broadened the naturals category by launching bamboo made and Neem/Charcoal fortified toothbrushes.



# Kids's toothpaste

Some of the recent innovations were in the kids's toothpaste segment with zero artificial colors/flavours/preservatives and theme based launches with cartoon characters that have a larger appeal with children. It also relaunched its flagship brand Strong Teeth fortifies with 'Amino Shakti' which is claimed to be clinically superior.



# Personal Care segment offers immense growth opportunities

The Indian Beauty and Personal Care (BPC) market is estimated to report a 9% CAGR driven by rising disposable incomes, demand for products with functional benefits and an increasing desire to look good thereby providing the BPC market to grow at a rapid pace in India. Categories like cosmetics, fragrance & deodorants, men's grooming and skin care are highly under penetrated and expected to grow at 12% CAGR. While, categories like bath & shower, hair care and oral care which is relatively better penetrated are likely to see a slower growth than underpenetrated categories.

Herbal/Naturals segment is likely to report a 15% CAGR driven by growing consumers' preference towards herbal/naturals segment driven by its functional benefits and rising awareness among consumers towards ill-effects of using chemical based cosmetic products. CLGTs journey in the personal care category started under the Palmolive brands' offerings in the skin/personal care space. Products such as Palmolive Facial Bars (soaps), Palmolive Liquid Hand Wash (hand wash), Palmolive Luminous Oils (body wash) a premium offering that has seen encouraging response from consumers.

During COVID-19 lockdown, CLGT launched sanitizers under the Palmolive brand to address consumer's needs for maintaining hygiene and cleanliness. Colgate can now leverage its vast distribution network and a strong franchise to penetrate further and reach newer markets thus expanding its revenues from the Personal Care segment.



Hand Sanitizer  
launched to capture  
COVID led opportunity



# Overcoming challenges

Colgate's peers in the toothpaste industry are often the innovators, as entrants in a niche segment or existing brand diversifying its product range.

Colgate watches these competing products and their performance, picks a winning horse, and beats it at its race.

Once Colgate sets its sight on a toothpaste type, it makes sure the customer ends up using only Colgate's version of it; this goal is accomplished by:

Undercutting prices achieved by saving on R&D and waste due to failed innovations.

Greater reach due to longer existence compared to competitors.  
This reach isn't just in terms of general geographical spread but also store types. While most kinds of toothpaste appear either in drugstores or general grocery stores, Colgate and its various subcategories have a more "People's product" feel to them, which is why they appear on both of the shelves.

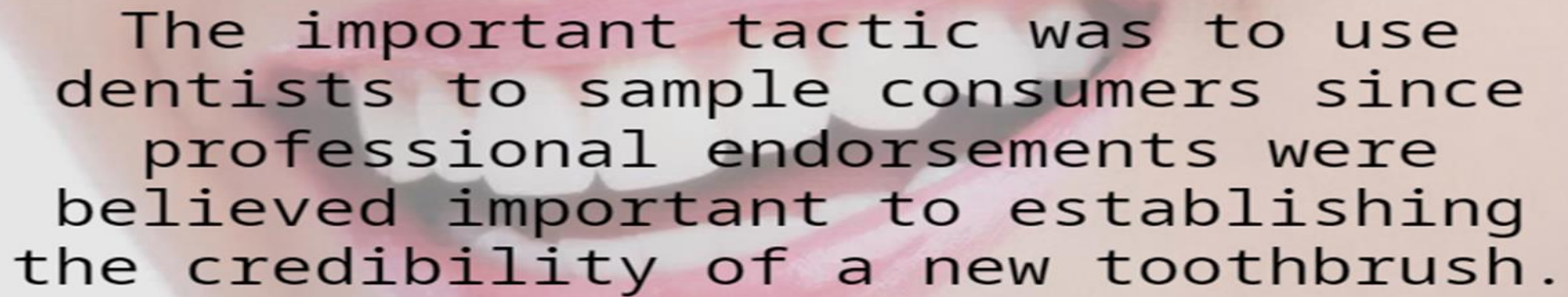
# Brand Recognition

Colgate became a personal experience for the kids as consumers that grew up using the brand to the point where Colgate became the verb that replaced toothpaste for many. Similar to “Maggi” becoming the product name for “Noodles”.

Switching costs are the monetary and otherwise hindrances that a customer faces when switching from one brand to another within the same industry. In the FMCG Industry, switching cost is not a moat or advantage companies can exercise very well.

An economic moat is a competitive advantage that a company has over its competitors. Each player needed an edge as the toothpaste industry had multiple players with a wide variety of products.

# Marketing



The important tactic was to use dentists to sample consumers since professional endorsements were believed important to establishing the credibility of a new toothbrush.

Colgate distributes two million tubes of toothpaste and toothbrushes to schools and hygienists to demonstrate tooth brushing. Since 1976, Colgate has worked in close partnership with the Indian Dental Association (IDA) to spread the message of oral hygiene to children across the country under its 'Bright Smiles, Bright Futures' Schools Dental Education Program. This program has successfully reached more than 162 million school children between the age of 6-14 years across 4,31,336 schools in urban and rural India across the country since its launch.

# Strengths

Holding ground amidst challenging times : Colgate has 88.1% Household penetration and 2x market share against the next competition. It continues to remain the No.1 selling brand and no.1 distributed toothbrush (1.7x market share against the next brand). Besides, it has 71% Top of Mind awareness (a measure of the most preferred brand) which has improved by 700bps vs 2019. It has made sustained efforts on driving oral care penetration through e-com (500bps improvement).

Innovations and brand campaigns : CLGT continues to witness investments in brand building and innovations to strengthen its core brand metrics. The company continues to invest in its recent innovations - Colgate Special Toothpaste for Diabetics, Colgate Vedshakti Mouth spray, Colgate Gum Expert (with turmeric extracts), and Colgate active salt. It relaunched Colgate Strong Teeth with the new brand proposition of “Strong Teeth, Strong You” with its unique “Calcium Boost” formula. It relaunched Vedshakti toothpaste with a new improved flavour that has a better sensorial and unique combination of 5 Ayurvedic ingredients i.e. Neem (provides gum care benefits), Clove (for teeth strengthening), Amla (for Anti-germ properties), Tulsi (for Freshness) and Honey ( for Gum Massage). In the whitening space, it recently launched New Colgate Visible White O2 with a revolutionary new Active Oxygen technology that gives whiter teeth in just 3 days.

**Stepping up distribution reach** : Over the past year, CLGT has expanded its direct distribution reach by 30% while focusing on growing rural penetration alongside urban. It plans to drive category growth (increasing usage in rural and not just driving penetration) and premiumisation. CLGT has the best direct reach after HUVR in the personal care business. It reaches out to almost 6.1 million outlets across the country.

**Healthy margin profile** : CLGT reported expansion in Gross Margins over FY16-20 period aided by launch of premium products with higher margin profile. We believe, the company has multiple levers to drive margin improvement over FY20-23E driven by

- 1) pricing power by virtue of its market leadership in both toothpastes and toothbrushes segment;
- 2) post COVID increasing preference of consumers for products that have health and hygiene orientation like Natural's segment, Charcoal deep clean, neem toothbrushes etc.
- 3) mix improvement (likely higher demand for large packs),
- 4) benign RM prices (resins, chemicals, corn, carton boards, palm oil and crude based packaging material),
- 5) cost rationalization measures ex-A&P costs could drive over 200bps EBITDA Margin improvement over FY20-23E.

# Key Risks

## Sharp increase in competitive intensity and loss of market share

In the past few quarter the company's market shares have stabilized at 48% after having seen a sharp decline from 57% in FY15 owing to aggressive competition from Patanjali's Dant Kanti. However, a sharp rise in competitive intensity leading to market share loss could be a key downside risk to our estimates. Although competitive forces remain benign, it continues to be a key monitorable.

## Input cost inflation

Key RMs for Colgate Palmolive (India) are Resins, Chemicals, Palm Oils, carton boards and corn. Currently prices of its key RMs remain benign, any sharp increase in these RMs could have a significant impact on its overall operating profitability. Any volatility in currency (depreciation of INR) could increase cost of imported chemicals thus affecting profitability.

**Inflation hurting Rural demand** : Rural contributes ~40% to CLGT's revenues, thus current slowdown witnessed in Rural demand due to a very high inflationary scenario (impacting CPI basket) and on-going COVID 3.0 wave could further put pressure on overall demand as people remain more cautious on their spends. High competition intensity, too, remains a concern. But the management believes demand should comeback due to a better harvest this year, and the government initiatives to counter inflation.

**Failure of new product launches and weaker demand traction**

Weak demand traction for its products from rural areas which have been the growth driver for most staple companies during COVID-19 period could impact volume growth for CLGT and thus affect overall financial performance. Further as CLGT intends to maintain its A&P spends based on market conditions to support its brands, any failure of its new product launches across segments could have an impact on its operating profitability.



# Leveraging technology to increase productivity

With the outbreak of COVID, the ways of doing business have undergone a transformation. We see technology to be a key enabler for conducting business going forward that will augment sales and distribution effectiveness. Towards this, Colgate is leveraging technology and digitizing processes. It has deployed mobile based apps that provide analytical data dashboards to its sales force, generate customized store order, recommendations, data modelling and enabling real time communication between its sales force and distributors thus empowering them to take appropriate decisions. Besides, this it has also launched Colgate Digi Order, a mobile app for retailers allows them to place contactless orders with stockists. During the lockdown period ensuring product availability and delivery was of utmost importance, CLGT partnered with local logistic vendors such as LoadShare, Lynk, Porter, Swiggy, Delhivery etc.

# Shareholding Pattern



- Promoters : 51%
- Public : 22.01%
- FII : 18.64%
- DII : 8.35%
- Others : 0%

# Balance Sheet

as at March 31, 2021

	Note	As at March 31, 2021 ₹ Lakhs	As at March 31, 2020 ₹ Lakhs
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	3(A)	1,064,71.61	1,122,86.16
Capital Work-in-Progress	3(B)	144,84.96	190,03.27
Other Intangible Assets	3(C)	-	-
<b>Financial Assets</b>			
(i) Investments	4	18,61.45	18,61.85
(ii) Loans	5	1,40.38	2,03.56
(iii) Others	6	18,55.63	17,69.04
Deferred Tax Assets (Net)	20	4,76.81	-
Other Non-Current Assets	7	10,20.76	15,96.70
Current Tax Assets (Net)	32(d)	258,31.49	224,73.30
		<b>1,521,43.09</b>	<b>1,591,93.88</b>
<b>Current Assets</b>			
Inventories	8	335,82.14	296,92.18
<b>Financial Assets</b>			
(i) Trade Receivables	9	117,08.43	132,56.43
(ii) Cash and Cash Equivalents	10	296,57.29	397,81.68
(iii) Bank Balances [other than (ii) above]	11	571,06.21	23,45.17
(iv) Loans	12	6,92.72	113,47.97
(v) Others	13	5,08.74	7,32.21
Other Current Assets	14	40,02.86	40,47.46
		<b>1,372,58.39</b>	<b>1,012,03.10</b>
<b>Total Assets</b>		<b>2,894,01.48</b>	<b>2,603,96.98</b>

<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	15	27,19.86	27,19.86
Other Equity	16	1,138,66.44	1,566,96.03
<b>Total Equity</b>		<b>1,165,86.30</b>	<b>1,594,15.89</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Lease liabilities	17	77,35.57	83,97.24
(ii) Other Financial Liabilities	18	1,24.03	1,18.13
Provisions	19	31,13.13	48,82.53
Deferred Tax Liabilities (Net)	20	-	5,03.86
Other Non-Current Liabilities	21	47.34	49.01
		<b>110,20.07</b>	<b>139,50.77</b>
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Lease liabilities	17	13,81.98	17,52.43
(ii) Trade Payables	22		
- Total outstanding dues of micro enterprises and small enterprises		11,87.40	12,72.70
- Total outstanding dues of creditors other than micro enterprises and small enterprises		748,56.60	599,78.64
(iii) Other Financial Liabilities	23	581,11.82	25,52.47
Other Current Liabilities	24	130,69.07	103,42.43
Provisions	25	81,04.83	60,48.24
Current Tax Liabilities (Net)	32(e)	50,83.41	50,83.41
		<b>1,617,95.11</b>	<b>870,30.32</b>
<b>Total Liabilities</b>		<b>1,728,15.18</b>	<b>1,009,81.09</b>
<b>Total Equity and Liabilities</b>		<b>2,894,01.48</b>	<b>2,603,96.98</b>
Significant accounting policies	1B		
The accompanying notes are an integral part of these financial statements.			

# Statement of Profit and Loss

for the year ended 31 March 2021

	₹ Lakhs	Year ended	Year ended
		March 31, 2021	March 31, 2020
		₹ Lakhs	₹ Lakhs
Revenue from Operations		4,841,21.56	4,525,08.34
Other Income		30,35.38	49,24.27
<b>(A) Total Income</b>		<b>4,871,56.94</b>	<b>4,574,32.61</b>
<b>Expenses</b>			
Cost of Materials Consumed	1,249,58.34		1,350,33.47
Purchases of Stock-in-Trade	323,58.71		244,10.57
Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	(23,79.88)		(21,55.89)
Employee Benefits Expense	365,64.02		332,28.45
Finance Costs	7,25.90		9,61.55
Depreciation and Amortisation Expense	182,49.73		197,94.04
Other Expenses	1,416,58.21		1,418,24.59
<b>(B) Total Expense</b>		<b>3,521,35.03</b>	<b>3,530,96.78</b>
<b>(C) Profit Before Tax (A-B)</b>		<b>1,350,21.91</b>	<b>1,043,35.83</b>
<b>Tax Expense:</b>			
Current Tax [Net of prior period reversals ₹ 31,49.45 Lakhs (Previous Year: ₹ 30,98.52 Lakhs)]	325,73.16		247,50.04
Deferred Tax	(10,89.79)		(20,60.81)
<b>(D) Total Tax Expense</b>		<b>314,83.37</b>	<b>226,89.23</b>
<b>(E) Profit for the year (C-D)</b>		<b>1,035,38.54</b>	<b>816,46.60</b>
<b>Other Comprehensive Income (net of Tax)</b>			
<b>Items that will not be reclassified to Profit and Loss</b>			
Re-measurement loss/(gains) on defined benefit plans		(4,33.55)	20,74.80
Tax adjustment on above		1,09.12	(5,22.19)
<b>(F) Re-measurement loss/(gains) on defined benefit plans (Net of tax)</b>		<b>(3,24.43)</b>	<b>15,52.61</b>
<b>(G) Total Comprehensive Income (E-F)</b>		<b>1,038,62.97</b>	<b>800,93.99</b>
<b>Earnings Per Equity Share attributable to the Owners of the Company (₹)</b>			
[Face Value of ₹ 1 per Equity Share]			
Basic and Diluted		38.07	30.02

## Financial Results (Q4 FY2022) QoQ Comparison

Financials	Q4 FY2022	Q3 FY2022	% Change
Total Income	₹ 1310.13 crs	₹1285.80 crs	↑ 1.89%
Net Profit	₹323.57 crs	₹252.33 crs	↑ 28.23%
EPS	₹11.90	₹9.28	↑ 28.23%

The company has reported total income of Rs. 1310.13 crores during the period ended March 31, 2022 as compared to Rs. 1285.80 crores during the period ended December 31, 2021.

The company has posted net profit / (loss) of Rs. 323.57 crores for the period ended March 31, 2022 as against net profit / (loss) of Rs. 252.33 crores for the period ended December 31, 2021.

The company has reported EPS of Rs. 11.90 for the period ended March 31, 2022 as compared to Rs. 9.28 for the period ended December 31, 2021.

## Financial Results (Q4 FY2022) - YoY Comparison

Financials	Q4 FY2022	Q4 FY2021	% Change
Total Income	₹ 1310.13 crs	₹1289.81 crs	↑ 1.58%
Net Profit	₹323.57 crs	₹314.66 crs	↑ 2.83%
EPS	₹11.90	₹11.57	↑ 2.85%

The company has reported total income of Rs. 1310.13 crores during the period ended March 31, 2022 as compared to Rs.1289.81 crores during the period ended March 31, 2021.

The company has posted net profit / (loss) of Rs.323.57 crores for the period ended March 31, 2022 as against net profit / (loss) of Rs.314.66 crores for the period ended March 31, 2021.

The company has reported EPS of Rs.11.90 for the period ended March 31, 2022 as compared to Rs.11.57 for the period ended March 31, 2021.

## Financial Results (Year Ended FY2022) - YoY Comparison

Financials	Year Ended FY2022	Year Ended FY2021	% Change
Total Income	₹5126.04 crs	₹4871.57 crs	↑ 5.22%
Net Profit	₹1078.32 crs	₹1035.39 crs	↑ 4.15%
EPS	₹39.65	₹38.07	↑ 4.15%

The company has reported total income of Rs.5126.04 crores during the Financial Year ended March 31, 2022 as compared to Rs.4871.57 crores during the Financial Year ended March 31, 2021.

The company has posted net profit / (loss) of Rs.1078.32 crores for the Financial Year ended March 31, 2022 as against net profit / (loss) of Rs.1035.39 crores for the Financial Year ended March 31, 2021.

The company has reported EPS of Rs.39.65 for the Financial Year ended March 31, 2022 as compared to Rs.38.07 for the Financial Year ended March 31, 2021.



# Key Ratios

## Net sales

₹ in crore



## Compounded Sales Growth

10 Years:	7%
5 Years:	5%
3 Years:	5%
TTM:	5%

## Gross margin

%



## Compounded Profit Growth

10 Years:	9%
5 Years:	13%
3 Years:	13%
TTM:	4%

## EBITDA

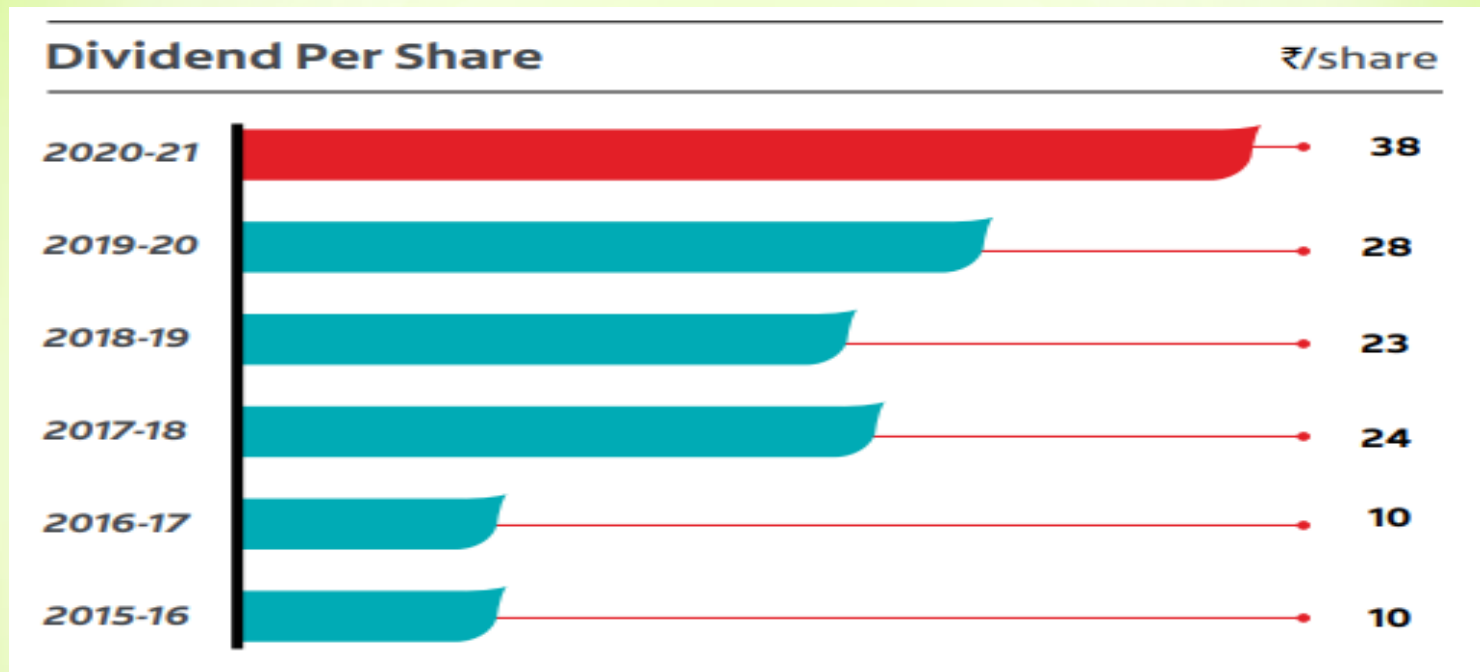
₹ in crore



## Earnings Per Share

₹/share





The Company has declared a Second Interim Dividend for the FY 2021-22 of Rs. 21/- per share aggregating to Rs. 57,117 Lakhs on April 28, 2022 which has been paid on and from May 25, 2022. The Board of Directors at its meeting held on October 25, 2021 had earlier declared the First Interim Dividend of Rs.19/- per share aggregating to Rs. 51,677 Lakhs for the FY 2021-22 which was paid on and from November 22, 2021.

# Key Ratios Analysis

Particulars	2019-20	2020-21
Debtors Turnover <sup>#</sup>	26.22	38.54
Inventory Turnover <sup>~</sup>	5.77	4.90
Interest Coverage Ratio <sup>*</sup>	0	0
Current Ratio <sup>\$</sup>	1.16	0.85
Debt Equity Ratio <sup>*</sup>	0	0
Operating Profit Margin (%)	22	27
Net Profit Margin (%) (after tax)	18	22

# Improvement in debtors turnover ratio is driven by better collection.

~ Inventory turnover is lower due to additional contingency planning measures adopted.

\$ Current ratio is lower due to Second interim dividend payable as on March 31, 2021 (declared on March 22, 2021) which was paid on and from April 16, 2021 and higher payables.

Return on Equity	
10 Years:	65%
5 Years:	60%
3 Years:	67%
Last Year:	74%

The Return on Net Worth in the financial year 2020-21 has increased to 75% from 54% in the immediately previous financial year due to increase in profit for the year and (lower equity) higher declaration of dividend in the current year compared to previous year.

- Company is almost debt free.
- Return on Capital Employed : The ROCE measures the ability of a firm to generate profits from its total capital (shareholder capital plus debt capital) employed in the company. Colgate has very healthy ROCE 92% for the latest year. Higher ROCE is better.

# Ten-year highlights

₹ in lakh

	2011-12	2012-13	2013-14	2014-15	2015-16*	2016-17*	2017-18*	2018-19*	2019-20*	2020-21*
<b>A. Operating Results</b>										
Sales	2,736,17	3,244,51	3,757,38	4,211,20	4,318,98	4,489,85	4,299,89	4,432,44	4,487,57	4,810,48
Other Operating Revenue and Other Income	120,06	129,63	84,25	60,34	69,64	71,47	66,00	67,65	86,76	61,09
Net Profit After Tax	446,47	496,75	539,87	558,98	581,17	577,43	673,37	775,57	816,47	1,035,39
Total Comprehensive Income**	-	-	-	-	579,98	572,26	674,45	775,67	800,94	1,038,63
Cash Profits	485,78	540,45	590,62	634,00	691,39	705,50	830,96	934,83	998,88	1,221,13
<b>B. Financial Position</b>										
Net Fixed Assets#	329,91	437,46	736,62	943,66	1,092,25	1,305,70	1,332,74	1,400,65	1,206,64	1,212,24
Investments	47,12	47,12	37,13	37,13	31,16	31,16	31,16	31,15	18,62	18,61
Other Assets/(Liabilities) (Net)	58,36	5,01	(173,89)	(210,47)	(92,37)	(63,06)	160,71	14,95	253,16	(64,99)
<b>TOTAL ASSETS</b>	<b>435,39</b>	<b>489,59</b>	<b>599,88</b>	<b>770,32</b>	<b>1,031,04</b>	<b>1,273,80</b>	<b>1,524,61</b>	<b>1,446,75</b>	<b>1,594,16</b>	<b>1,165,86</b>

# Ten-year highlights

	2011-12	2012-13	2013-14	2014-15	2015-16*	2016-17*	2017-18*	2018-19*	2019-20*	2020-21*
	₹ in lakh									
Share Capital***	13,60	13,60	13,60	13,60	27,20	27,20	27,20	27,20	27,20	27,20
Reserves and Surplus	421,79	475,99	586,28	756,72	1,003,84	1,246,60	1,497,41	1,419,55	1,566,96	1,138,66
<b>SHAREHOLDERS' FUNDS</b>	<b>435,39</b>	<b>489,59</b>	<b>599,88</b>	<b>770,32</b>	<b>1,031,04</b>	<b>1,273,80</b>	<b>1,524,61</b>	<b>1,446,75</b>	<b>1,594,16</b>	<b>1,165,86</b>
Loan Funds	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EMPLOYED</b>	<b>435,39</b>	<b>489,59</b>	<b>599,88</b>	<b>770,32</b>	<b>1,031,04</b>	<b>1,273,80</b>	<b>1,524,61</b>	<b>1,446,75</b>	<b>1,594,16</b>	<b>1,165,86</b>
<b>C. Equity Share Data</b>										
Earnings Per Share (₹) ***	32.83	36.53	39.70	41.10	21.37	21.23	24.76	28.52	30.02	38.07
Dividend Per Share (₹) ***	25.00	28.00	27.00	24.00	10.00	10.00	24.00	23.00	28.00	38.00
Number of Shares (in lakh)	13,60	13,60	13,60	13,60	27,20	27,20	27,20	27,20	27,20	27,20
Number of Shareholders (in '000s)	1,22	1,29	1,32	1,35	1,81	1,76	1,69	1,76	2,14	2,29

# Conclusion

- \* Colgate-Palmolive (India) Limited is the market leader in Oral Care in the country, that seeks to deliver sustainable, profitable growth and maximize shareholder returns and to provide its people with an innovative and inclusive work environment.
- \* The company has been able to maintain its dominant market share. Though the penetration led growth opportunities are limited in toothpaste, the company is well poised to take advantage of volume-led growth (drive per capita consumption and frequency of purchase) and consumption shift towards Naturals & Ayurveda products.
- \* The Company was able to deliver balanced growth in the toothpaste category while the toothbrush category witnessed a softening in demand.
- \* Calibrated pricing and focus on cost optimization initiatives and efficiencies helped deliver consistent gross margins and EBITDA.
- \* If Colgate is able to recoup some of its market share losses in the past three years, volume growth of oral care segment can be back in high single digits.