

## RESEARCH REPORT

### GILLETTE INDIA LTD



**PREPARED BY:**

PRATEEK ACHARYA  
EQUITY RESEARCH ANALYST

# About

Gillette India Limited is a public company incorporated under the provisions of the Companies Act 1956. The company is engaged in manufacturing and selling of packaged fast moving goods under its various brands in the grooming and oral care segment.

Gillette sells razors and blades, shaving gel, shaving cream and after shave through various modes like drug stores, department stores, grocery stores, mass merchandisers, membership club stores.

## Key Business

Grooming

Oral Care

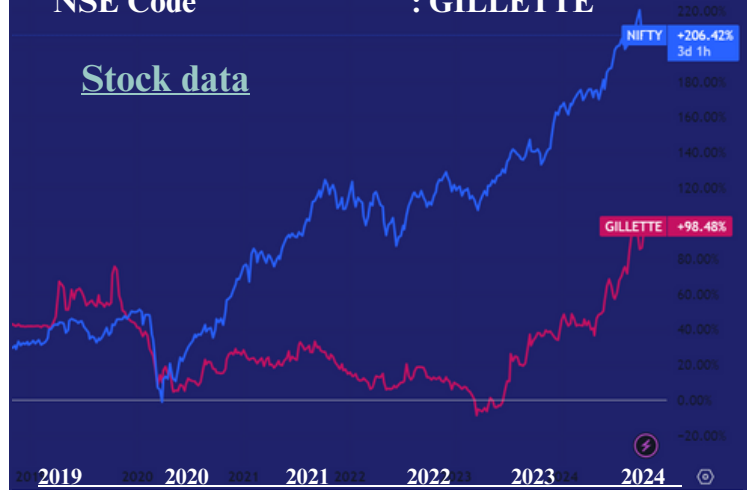
## Synopsis of Financials

- Consistent mid-single digit sales growth over the past decade, with a cumulative annual profit growth of 23%.
- Return on equity has increased fivefold, and operating profit margin has improved by 200 basis points.
- The company has maintained a record of 30 years of consistent dividend payouts, with share prices tripling over the period.
- Gillette India's financial results have shown consistent growth and profitability.
- The company is cautious but optimistic about market growth, considering factors such as inflation and rainfall patterns.
- Gillette India is actively managing cost pressures from high commodity prices and aims to grow bottom-line ahead of topline.

## Stock data (as 15th Oct 2024)

Nifty Price	: 25,044.55
52 week High (in Rs.)	: 9,560
52 week Low (in Rs.)	: 5,950
Market Cap. (in Crore)	: ₹ 29,663 Cr.
NSE Code	: GILLETTE

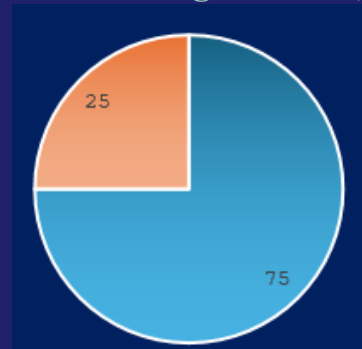
## Stock data



-NIFTY50

-GILLETTE

## Shareholding Pattern (March 2024)



-PUBLIC GROUP

-PROMOTER GROUP

## Financial Summary

Particulars	June 2022	June 2023	June 2024
Sales	2,256	2,477	2,633
Sales Growth %	13.84%	9.79%	6.30%
Expenses	1,773	1,937	2,006
Operating Profit	483	540	627
OPM %	21%	22%	24%
Net Profit	289	356	412
EPS in Rs	88.79	109.15	126.35

# Quarterly Results



Particular	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Sales	620	619	619	619	668	639	681
Expenses	484	493	485	476	531	484	520
Operating Profit	136	126	134	144	137	156	160
OPM %	22%	20%	22%	23%	20%	24%	24%
Other Income	3	3	12	5	9	7	6
Interest	0	3	1	3	0	3	3
Depreciation	18	19	22	22	20	21	21
Profit before tax	120	106	123	124	125	139	143
Tax %	28%	30%	16%	26%	26%	25%	31%
Net Profit	87	74	103	92	93	104	99

Source: Screener

## Key Ratios

Ratios	2022-23	2021-22	Change
Debtors' (Trade receivable) turnover	8.44	9.70	-13%
Inventory turnover	6.30	6.10	3%
Return on investment <sup>^</sup>	0.04	0.03	44%
Interest coverage ratio*	0	0	-
Current ratio	1.53	1.43	7%
Debt Equity Ratio*	0	0	-
Return on capital employed	0.44	0.45	-2%
Net capital turnover <sup>&amp;</sup>	5.71	7.82	-27%
Trade payables turnover	1.98	2.19	-9%
Operating profit margin	19.40%	18.70%	4%
Net profit margin	14.36%	12.82%	12%
Return on Net worth	38.45%	35.07%	10%

Source: Annual Report

# Yearly Results

Particulars	June2022	June2023	June2024
Equity Capital	33	33	33
Reserves	829	956	939
Borrowings	0	0	0
Other Liabilities	758	927	859
Total Liabilities	1,619	1,916	1,831
Fixed Assets	363	389	347
CWIP	65	32	26
Investments	0	0	0
Other Assets	1,191	1,494	1,458
Total Assets	1,619	1,916	1,831

# Synopsis Quater Results

## Con-Call Sep 25: Key Highlights

### Company Overview:

- Gillette India Limited reported a strong fiscal performance for the year, with sales of ₹2633 crore, up 6% year-over-year.
- Profit After Tax (PAT) increased by 16% to ₹412 crore, driven by topline growth and product innovation.

### Integrated Growth Strategy:

- The company's strategy focuses on a portfolio of daily-use products where performance drives brand choice.

### Key elements include:

- Superiority across product, packaging, brand communication, retail execution, and value.
- Productivity initiatives to fund superiority.
- Constructive disruption of the value chain to future-proof the business.
- An empowered, agile, and accountable organization.

### Product Portfolio and Innovations:

- The grooming and oral care categories are key focuses, with continuous product innovations to meet consumer needs.

### Recent product launches include:

- Gillette Labs super-premium razor offering a smooth and comfortable shave.
- Venus Bikini Sensitive Razor designed for intimate grooming, featuring a patented irritation-defense bar.
- Oral-B 'Chhota Bheem' toothbrushes aimed at engaging younger consumers.
- Communication strategies have evolved to resonate with specific consumer segments, utilizing local insights and celebrity endorsements.

### Market Trends and Consumer Insights:

- The male grooming market is evolving, with a shift towards beard grooming and styling, presenting opportunities for premium products.
- The female grooming segment is growing rapidly, with razors gaining market share over traditional methods like waxing and salons.
- The company emphasizes educating consumers about the benefits of shaving for women and creating hassle-free experiences.

### Operational Efficiency and Productivity:

- Productivity measures have led to savings of over ₹45 crores, enabling reinvestment in product superiority.
- The company has embedded productivity into its operating model, enhancing overall efficiency.

### Market Outlook:

- The Indian economy is showing positive signs with GDP growth at 8.2% and softening inflation, which is expected to support consumption trends.
- The FMCG industry is experiencing emerging positive trends in both rural and urban consumption, despite watchouts like declining rural wages.

### Challenges and Risks:

- While the company is optimistic about its growth prospects, it acknowledges ongoing challenges in the macroeconomic environment.
- Competitive activity in the grooming and oral care segments remains a concern, but the management views healthy competition as beneficial for category growth.

### Distribution and Digital Transformation:

- The company's distribution footprint has grown significantly, increasing by 1.5 times over the last three years.
- Leveraging data and digital transformation to optimize product availability and enhance consumer engagement at the store level.

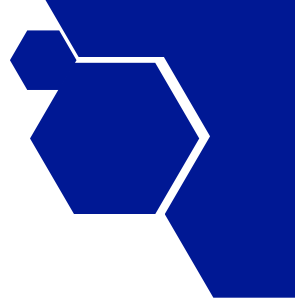
### Future Innovations and Product Pipeline:

- Continued focus on developing superior products that meet evolving consumer needs across all categories.
- Upcoming innovations are expected to drive further growth and strengthen market leadership.

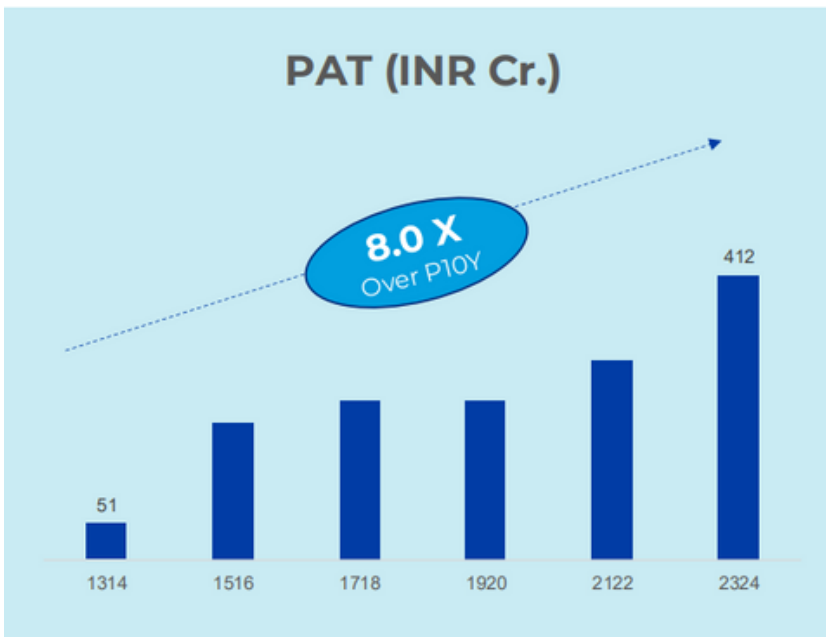
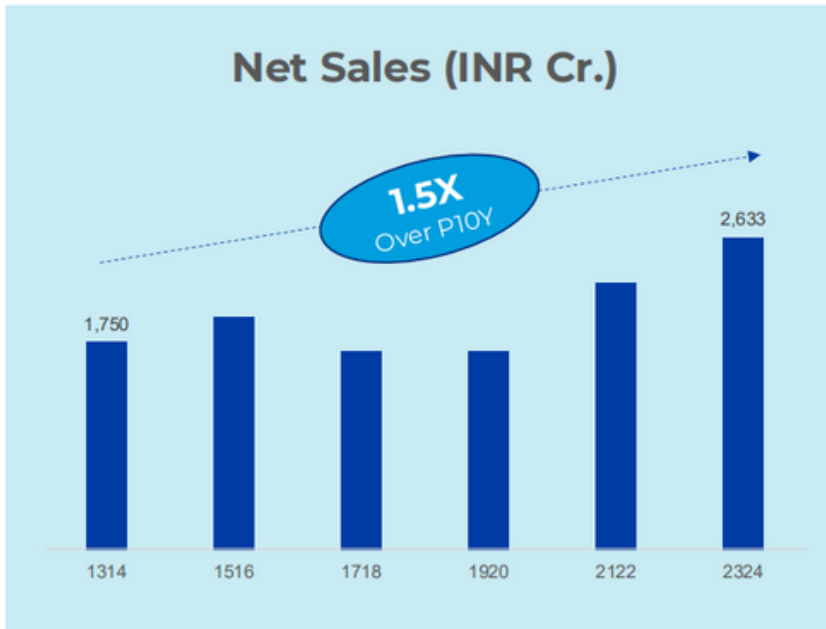
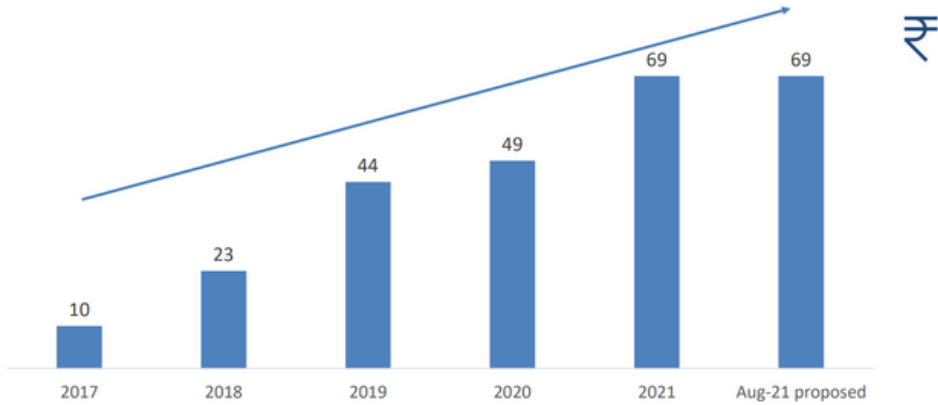
### Overall Sentiment:

- The management remains confident about navigating challenges and driving sustained balanced results through its dynamic and integrated growth strategy.

# Revenue Highlights



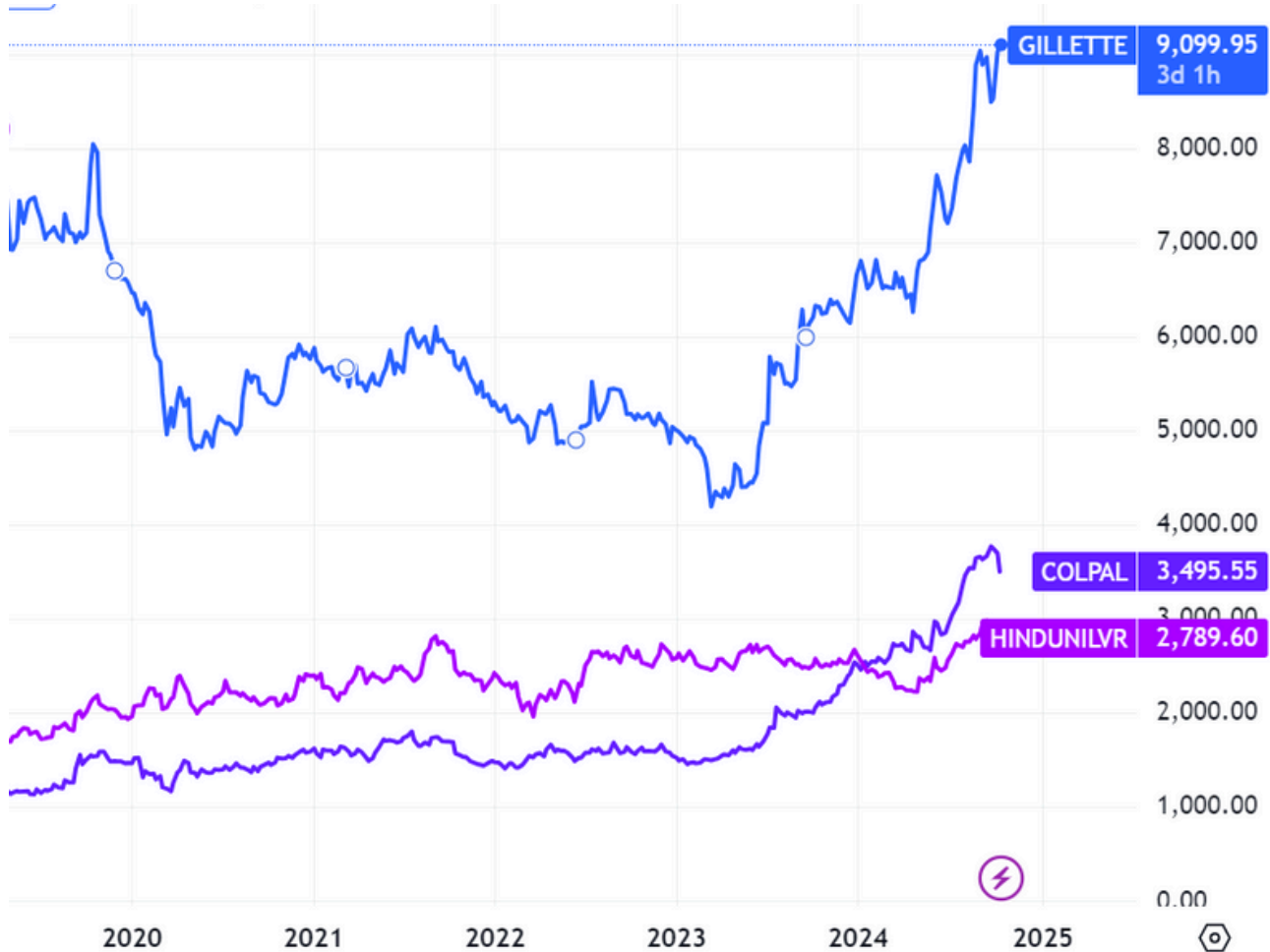
Healthy growth in dividends over the years



# Peer Comparison



## Peer Stock Performance (5Y) Indexed



Source: Trading View

## Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Hind. Unilever	2794.40	63.56	656569.80	1.50	2612.00	2.49	15707.00	1.36	27.24
Colgate-Palmoliv	3487.65	67.09	94859.09	1.39	363.98	26.48	1496.71	13.07	96.80
Gillette India	9102.00	72.03	29663.42	0.49	115.97	26.40	645.33	4.18	58.25

Source: Screener

# Final Outlook

**GILLETTE: BUY | LTP: 9,102**

Revenue from operations grew by around 10%. While expenses like raw material costs increased. The company managed to grow its net profit by around 33% .

Total Assets increased by 18%. Total Equity increased by 15%

Company has a good return on equity (ROE) track record: 3 Years ROE 36.7%

The company has delivered a poor sales growth of 8.12% over past five years.

Gillette India seems to be a financially strong company.

It has a solid balance sheet, makes steady profits, and pays good dividends to its shareholders.

- Company is almost debt free.
- Company has a good return on equity (ROE) track record: 3 Years ROE 38.7%
- Company has been maintaining a healthy dividend payout of 86.2%

I will give **buy** recommendation for this stock