

Gillette India (GILL)

FMCG | Annual Report Analysis

HOLD

CMP: Rs9,750 | Target Price (TP): Rs9,480 | Downside: 3%

November 29, 2024

Relative slowdown in FY24, awaiting resumption of double digit momentum

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Key Points

- GILL's (June year-end) revenue in FY24 grew in mid-single digit (~6%) mainly due to moderation in sales growth of the Grooming segment (~80.5% salience) as it increased by 8.1% during the year after three years of double digit growth and due to slight decline in oral care sales. Overall sales growth of ~17% YoY in 1QFY25 led by ~23% growth in Grooming could indicate that the tide has turned again
- The company continued to strengthen its position as a leading player in in the Blades and Razors category in FY24 reporting its highest ever market share
- Key new launches during the year FY24 were (a) Gillette Labs razors (b) Venus Bikini Sensitive Razors and (c) In the Oral care segment, fun designs for young consumers with Oral-B 'Chhota Bheem' toothbrushes
- We maintain HOLD rating for now as valuations of ~59x FY26E EPS don't leave room for significant upside from a 1 year perspective. We continue to value the company at 55x Sept'26E EPS resulting in a TP of Rs9,480 (Rs 9,480 earlier). Maintain HOLD

Key highlights from FY24 Annual Report

- GILL continued to delight the consumers and drive category growth through a strong product portfolio, superior consumer communication and a continuous stream of product innovations.
- **Grooming business (80.5% of FY24 sales):** (a) GILL continued to strengthen its position as a leading player in in the Blades and Razors category in FY24 reporting its highest ever market share (b) The Braun business demonstrated healthy growth in the appliances business.
- **Oral Care business (19.5% of FY24 sales):** (a) Initiatives on Crisscross and Sensitive portfolio via premium packaging and best in-store visibility (b) In the electric toothbrush range, GILL drove strong growth from an extensive portfolio of battery operated brushes to those with superior IO technology.
- **New launches:** a) Gillette Labs razors (b) Venus Bikini Sensitive Razors and (c) In the Oral care segment, GILL introduced fun designs for young consumers with Oral-B 'Chhota Bheem' toothbrushes
- **Annual General Meeting (AGM):** GILL will hold its 40th AGM on **Tuesday, 3rd December'24, at 11.00 am** through video conference/other audio-visual means. The venue of the meeting shall be deemed to be the Registered Office of the Company at P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai – 400 099.
- **Dividend:** The aggregate dividend for FY24, comprising the interim dividend of Rs85/share (including one-time special dividend of Rs40/share) and the final dividend of Rs45/share amounted to Rs130/share.

Est Change	No change
TP Change	No change
Rating Change	No change

Company Data and Valuation Summary

Reuters:	GILE.BO
Bloomberg:	GILL IN Equity
Mkt Cap (Rsbn/US\$bn):	318.3 / 3.8
52 Wk H / L (Rs):	10,699 / 5,956
ADTV-3M (mn) (Rs/US\$):	675.2 / 8.0
Stock performance (%) 1M/6M/1yr:	14.7 / 42.1 / 53.8
Nifty 50 performance (%) 1M/6M/1yr:	(2.0) / (5.2) / 19.0

Shareholding	4QFY24	1QFY25	2QFY25
Promoters	75.0	75.0	75.0
DII's	12.8	12.1	10.8
FII's	0.7	1.8	3.3
Others	11.5	11.1	11.0
Pro pledge	0.0	0.0	0.0

Financial and Valuation Summary

Particulars (Rsmn)	FY23	FY24	FY25E	FY26E
Net Sales	24,771	26,331	29,974	33,301
Growth YoY (%)	9.8%	6.3%	13.8%	11.1%
Gross margin (%)	52.0	58.2	57.3	57.8
EBITDA	5,392	6,274	6,909	7,892
EBITDA margin (%)	21.8%	23.8%	23.1%	23.7%
Adj PAT	3,557	4,117	4,653	5,387
Growth YoY (%)	22.9%	15.8%	13.0%	15.8%
Adj EPS	109.1	126.3	142.8	165.3
RoCE	39.1	42.7	49.8	59.1
RoE	38.5	42.0	49.2	58.6
RoIC	81.9	100.8	97.1	137.7
P/E (x)	89.3	77.2	68.3	59.0
EV/EBITDA (x)	58.6	50.4	45.8	40.1
P/BV (x)	32.1	32.7	34.5	34.5

Source: Bloomberg, Company, Nirmal Bang Institutional Equities Research

Key Links – [1QFY25 Result Update](#)

[FY25 Annual Report](#)

Please refer to the disclaimer towards the end of the document.

- **Key cost items:** In FY24, gross margin improved by ~620bps possibly due to lower-than-usual proportion of traded goods during the year. Except A&P spends which saw an increase of ~200bps, all key cost line items increased only marginally (as a % of sales). EBITDA margin thus saw an improvement of ~200bps to 23.8% in FY24 aided by a flow through effect of higher gross margin despite higher operating costs.
- **Working capital changes:** GILL's cash conversion cycle continued to improve on both average basis and year-end basis to 6 days and 4 days in FY24 from 10 days and 8 days in FY23, respectively.
- **Change in management:**
 - Mr. L. V. Vaidyanathan ceased to be the Director and MD wef the close of business hours of April 30, 2024. Mr. Kumar Venkatasubramanian was appointed Director and Managing Director of the Company for five years effective May 1, 2024 after the Board's approval and recommendations of the Nomination and Remuneration Committee.
 - Mr. Gautam Kamath, Director and Chief Financial Officer of the company resigned wef October 31, 2024. He will be moving on to take a new assignment as Vice-President - Corporate Strategy in P&G's Global Headquarters. GILL appointed Ms. Srividya Srinivasan as Chief Financial Officer of the Company and Additional (Executive) Director effective November 1, 2024.

View and valuation: As highlighted in our detailed notes last year, where we had examined [key changes driving better topline growth](#); we showed how these changes flow from the [parent's successful strategy in the global grooming business](#) and in the note after their [first ever analyst meet](#) and the subsequent [annual report analysis note](#), and the latest [analyst meet note](#) we believe that GILL offers a healthy investment opportunity based on significant turnaround in the sales momentum. In the [4QFY24 result update note](#), we had downgraded the stock to "Hold" on account of the run-up in the price since our [detailed report](#) in June 2023. We maintain HOLD rating for now as valuations of ~59x FY26 EPS do not leave room for significant upside from a 1 year perspective. We continue to value the company at 55x Sept'26E EPS resulting in a TP of Rs9,480 (Rs 9,480 earlier).

Key highlights from GILL's FY24 AR

Grooming

- GILL's grooming business delivered strong growth and continued to gain market share in FY24.
- Key success factors were attributed to - superiority of products, packaging, D2C trials and commercial innovations which helped the company add new users.
- New innovations in FY24 included - Gillette Labs razor and Venus Bikini Sensitive razor.
- **Gillette Labs** - super-premium razor that transforms the mundane act of shaving into an extraordinary experience by offering a smooth and comfortable shave. With cutting-edge technology and a lifetime warranty on the handle, the product delivers a superior shaving experience that combines close shaves with gentle exfoliation.
- **Venus Bikini Sensitive** – razor designed for female intimate grooming with a dermatologically tested patented irritation-defence bar that delivers a flawlessly smooth result without any discomfort in intimate areas. This launch has enabled new consumers via strong media interventions and go-to-market excellence.
- The Braun business demonstrated healthy growth in the appliances business.
- As a result of key interventions across the Gillette portfolio, the company recorded the highest-ever market share in the Blades and Razors category in FY24.

Exhibit 1: Gillette Labs - super-premium razor



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 2: Venus Bikini Sensitive



Source: Company, Nirmal Bang Institutional Equities Research

Oral Care

- Key initiatives in the Crisscross and Sensitive portfolio range during the year included premium packaging and best in-store visibility, delivering a key message of superior cleaning power of Crisscross toothbrushes to remove germs from hard-to-reach areas.
- Innovation on kids' toothbrushes continued resulting in Oral B leading the kids segment growth by providing superior brushes.
- Launch of '**Oral-B Chhota Bheem**' toothbrushes (a popular animated character loved by children in India) for kids with funky designs. The attractive packaging enables parents to engage children in a very important activity of brushing, inculcating the right oral health habits at a young age.
- GILL delivered strong growth in the electric toothbrush range, aided by an extensive portfolio from battery to superior IO technology.
- Oral B continued to leverage digital activations which helped deliver on the promise to provide superior oral care to consumers.

Exhibit 3: 'Oral-B Chhota Bheem' toothbrush for young consumers



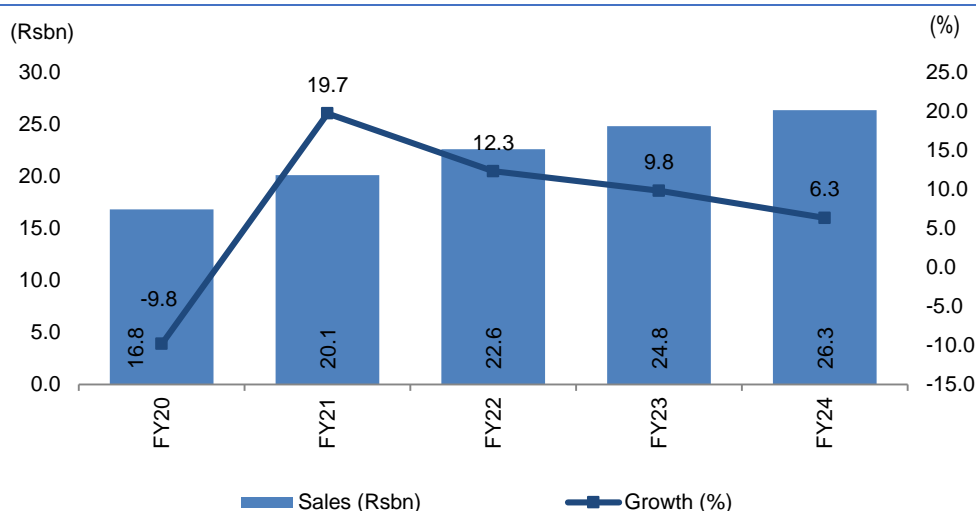
Source: Company, Nirmal Bang Institutional Equities Research

Income statement

Overall performance

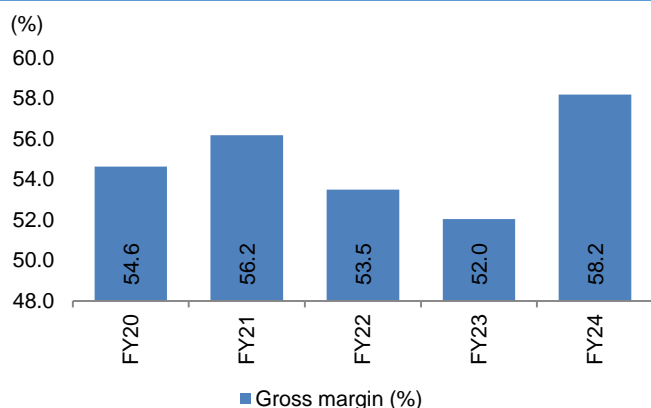
- The company delivered sales of Rs26.3bn, up 6.3% vs FY23 while EBITDA grew faster at 16.4% to Rs6.3bn. Profit after Tax (PAT) growth for FY24 was 15.8% at Rs4.1bn.
- The management attributed the topline performance to a robust portfolio across grooming and oral care toothbrushes segment, strong brand fundamentals and superior retail execution. PAT growth was aided by topline growth with product innovation.
- GILL stated that balanced growth was achieved while continuing to drive category growth through innovations that delight consumers.

Exhibit 4: Moderation in sales growth to mid single digit



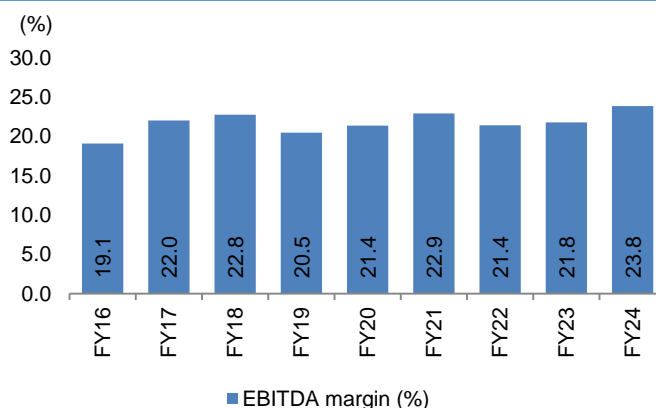
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 5: Gross margin expanded by ~620bps in FY24



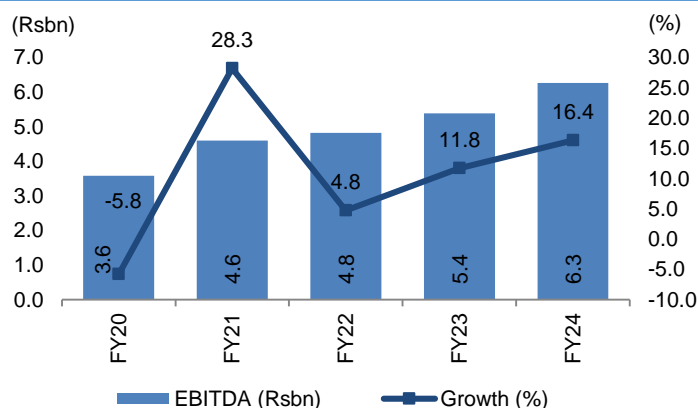
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: EBITDA margin improved by ~200bps mainly led by increase in gross margin



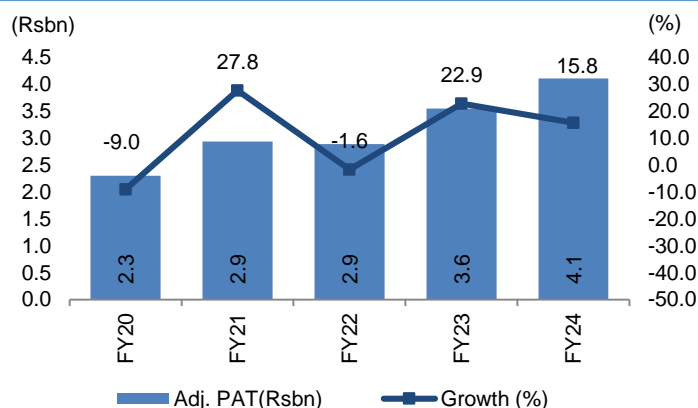
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: EBITDA growth at 16.4% YoY faster than sales in FY24...



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 8: ...PAT growth was 15.8% in FY24



Source: Company, Nirmal Bang Institutional Equities Research

Segmental and geographical information

- Sales growth at ~6.3% tapered and was at the lowest level post the decline of ~10% seen in FY20.
- Grooming segment (~80.5% salience) revenue increased by ~8.1% in FY24 with an improvement in EBIT margin by ~340bps to 22.7%
- Oral Care segment (~19.5% salience) revenue decreased marginally by ~0.5% with a decline in EBIT margin by ~250bps to 12.9%

Exhibit 9: Grooming margins saw an uptick in FY24 with trend continuing into 1QFY25 as well

Segmental Performance (Rsmn)	FY19	FY20	FY21	FY22	FY23	FY24	1QFY25
Segmental Revenue	18,617	16,791	20,094	22,562	24,771	26,331	7,818
Grooming	14,584	12,836	15,354	17,231	19,606	21,191	6,489
Oral Care	4,033	3,955	4,741	5,331	5,164	5,140	1,329
Sales proportion (%)							
Grooming	78.3	76.4	76.4	76.4	79.2	80.5	83.0
Oral Care	21.7	23.6	23.6	23.6	20.8	19.5	17.0
Segmental Results	3,312	3,052	4,241	4,159	4,572	5,474	1,720
Grooming	2,751	2,627	3,726	3,383	3,777	4,808	1,563
Oral Care	561	426	514	776	794	666	157
EBIT margins (%)							
Grooming	18.9	20.5	24.3	19.6	19.3	22.7	24.1
Oral Care	13.9	10.8	10.9	14.6	15.4	12.9	11.8
EBIT Composition (%)							
Grooming	83.1	86.1	87.9	81.3	82.6	87.8	90.9
Oral Care	16.9	13.9	12.1	18.7	17.4	12.2	9.1
Capital Employed							
Grooming	4,293	4,666	4,909	4,859	4,678	4,300	-
Oral Care	226	219	-3	-195	-365	-416	-

ROCE (%)							
Grooming	64.1	56.3	75.9	69.6	80.7	111.8	-
Oral Care	247.8	194.3	-	-	-	-	-

Source: Company, Nirmal Bang Institutional Equities Research

- In terms of geography, while the domestic business registered a growth of ~9%, sales outside India declined significantly by ~27% with a drop in salience from ~8% in FY23 to ~5.5% in FY24.

Exhibit 10: Exports declined in FY24 after 3 consecutive years of uptick

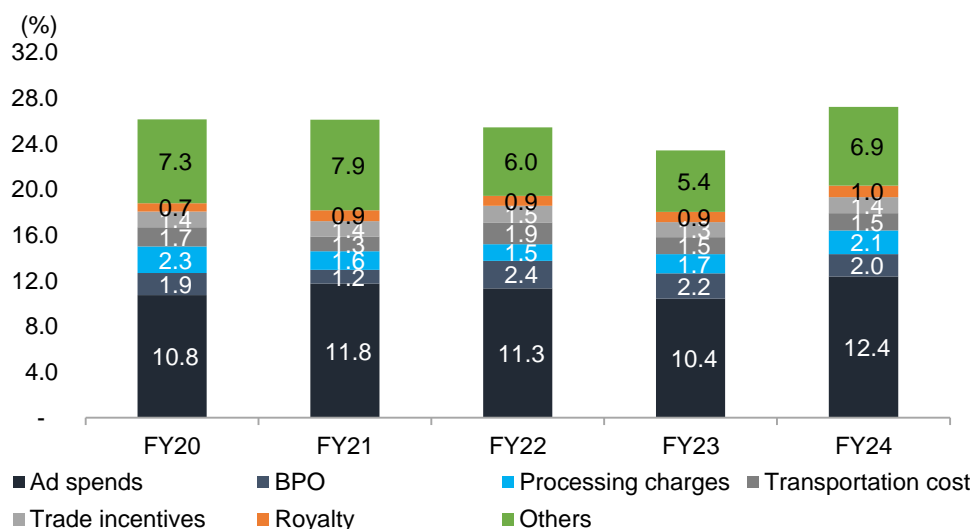
Particulars (Rsmn)	FY20	FY21	FY22	FY23	FY24
India	15,530	18,595	20,679	22,770	24,877
Outside India	1,261	1,499	1,883	2,000	1,454
Total Sales	16,791	20,094	22,562	24,771	26,331
Growth (%)					
India	-9.7	19.7	11.2	10.1	9.3
Outside India	-11.3	18.9	25.6	6.2	-27.3
Total Sales	-9.8	19.7	12.3	9.8	6.3
Mix (%)					
India	92.5	92.5	91.7	91.9	94.5
Outside India	7.5	7.5	8.3	8.1	5.5
Total Sales	100.0	100.0	100.0	100.0	100.0

Source: Company, Nirmal Bang Institutional Equities Research

Key operating expenses

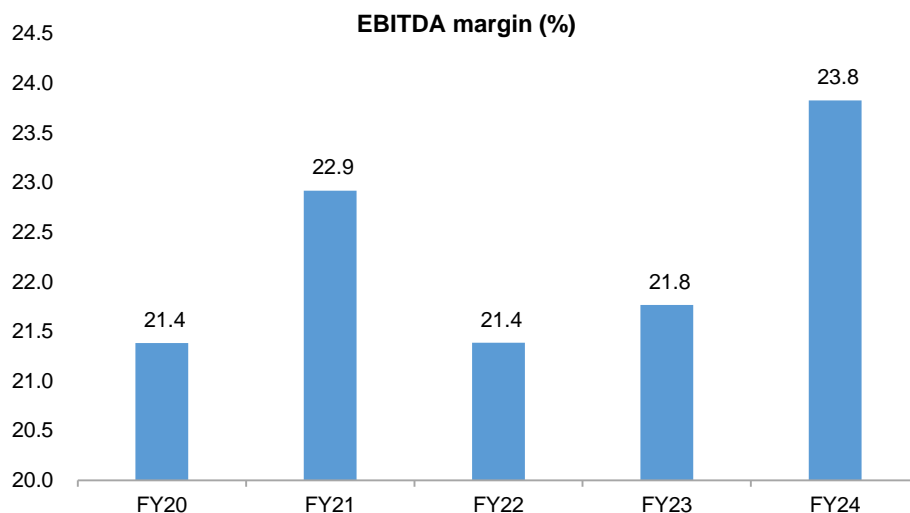
- In FY23, gross margin improved by ~620bps, possibly due to lower-than-usual proportion of traded goods during the year.
- All key cost line items increased only marginally (as a % of sales) except A&P spends which saw an increase of ~200bps. BPO charges saw a slight decrease of ~20bps.
- EBITDA margin saw an improvement of ~200bps to 23.8% in FY24, aided by the flow through effect of higher gross margin despite higher operating costs.

Exhibit 11: Key operating cost (as a % of sales)



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 12: Operating margin witnessed sharp improvement in FY24

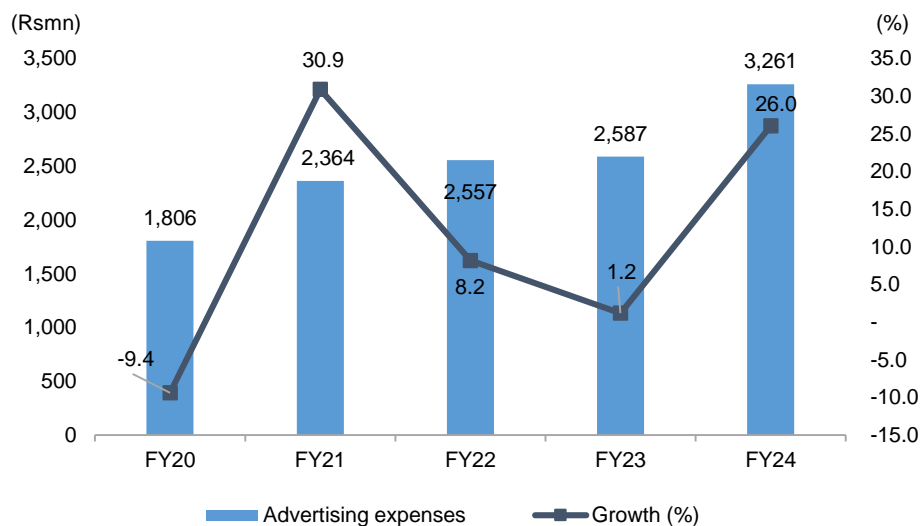


Source: Company, Nirmal Bang Institutional Equities Research

Advertising expenses

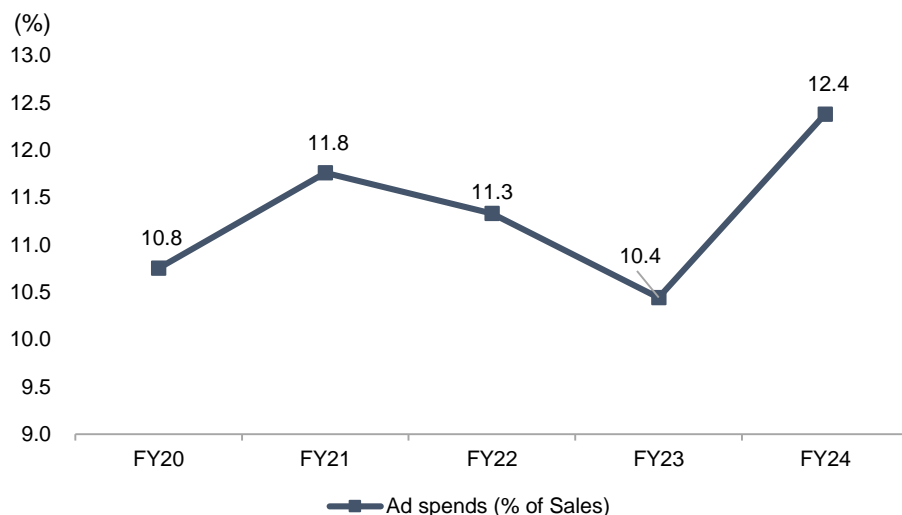
- After moderating for the last 2 years, absolute ad spends saw an increase of ~26% in FY24.
- Apart from the increase in A&P spends on a low base, we believe, this is to improve the visibility of the company's existing products and new launches.

Exhibit 13: Absolute ad spends increased on a low base seen in FY24



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 14: Ad spends (as a % of sales) crossed the peak seen in FY21



Source: Company, Nirmal Bang Institutional Equities Research

Employee cost

- Staff cost saw a marginal increase of ~20bps in FY24
- While all components of employee cost decreased on a YoY basis, both Salaries and wages and Reimbursement of employee cost cross charged by related parties recorded an increase of ~29% and ~72% respectively (contributing ~75% and ~11% respectively to total employee cost).

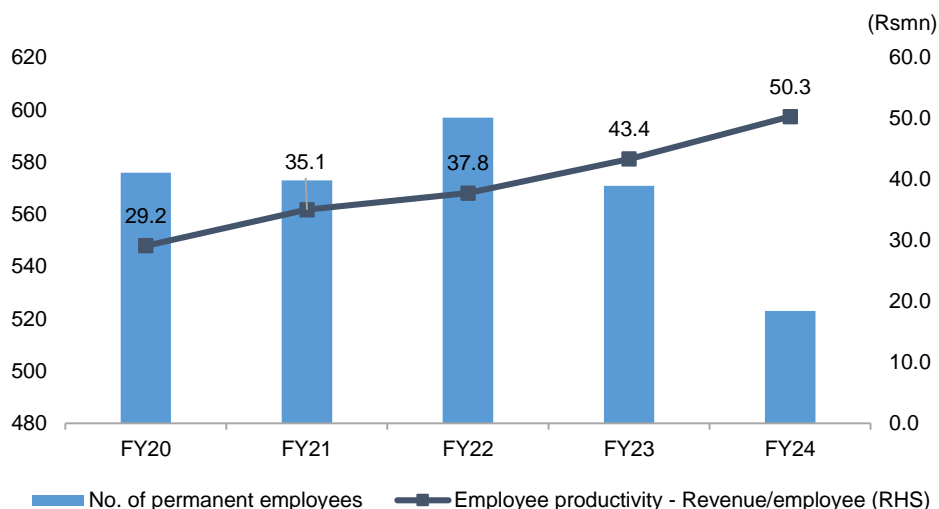
Exhibit 15: Breakdown of employee cost

Particulars (Rsmn)	FY20	FY21	FY22	FY23	FY24
Salaries and wages	831	967	1,043	1,093	1,406
Contribution to provident and other funds	125	129	141	235	144
Share-based payment to employees	51	65	74	127	62
Staff welfare expense	61	76	52	124	56
Reimbursement of employee cost cross charged by related parties	124	195	193	119	205
Total	1,192	1,432	1,501	1,698	1,874

Source: Company, Nirmal Bang Institutional Equities Research

- Employee productivity increased by ~16% in FY24.

Exhibit 16: Employee productivity



Source: Company, Nirmal Bang Institutional Equities Research

Managerial remuneration

- Mr. L. V. Vaidyanathan ceased to be Director and MD wef the close of business hours of April 30, 2024.
- Mr. Kumar Venkatasubramanian was appointed Director and MD of the Company for a period of five years wef May 1, 2024.
- Mr. L. V. Vaidyanathan was paid remuneration from Procter & Gamble Hygiene and Health Care Ltd and GILL contributed towards the same in proportion to its net outside sales. The below table reflects the amount of remuneration to Mr. Vaidyanathan contributed by GILL.
- Mr. Vaidyanathan exercised stock options of the ultimate Holding Company under its Employee Stock Option Plan, of which ~Rs1.9mn was charged to GILL.
- Similarly, Mr. Gautam Kamath, CFO is paid remuneration from Procter & Gamble Home Products Private Ltd and GILL contributes towards the same in proportion to its net outside sales. The below table reflects the amount of remuneration to Mr. Kamath contributed by GILL.
- Overall remuneration remains a small portion of staff cost.

Exhibit 17: MD and CFO remuneration

Particulars (Rsmn)	FY23	FY24
Remuneration of MD	13	11*
Remuneration of CFO	12	13
Total	25	24
% of staff cost	1.5	1.3

Source: Company, Nirmal Bang Institutional Equities Research

Note: Mr. L. V. Vaidyanathan ceased to be Director and MD wef close of business hours of April 30, 2024. Mr. Kumar Venkatasubramanian was appointed as Director and MD of the Company for a period of five years wef May 1, 2024.

- The number of permanent employees on the rolls of Company as of FY24 is 523
- The % increase in the median remuneration of employees in the Financial Year was 5.22%, whereas the average increase in managerial remuneration was 3.5%

Other income

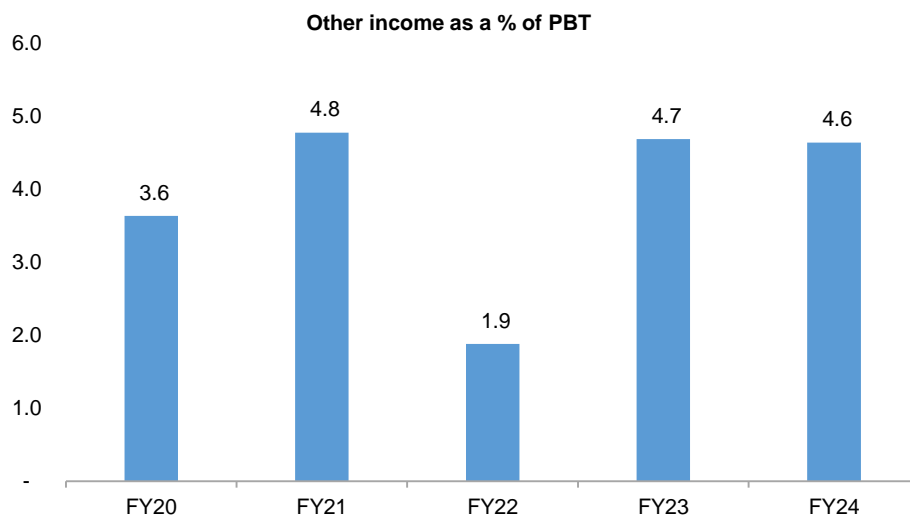
- The company saw an absolute increase in other income of ~18% on account of higher interest on deposits and miscellaneous income.

Exhibit 18: Deposit income increasing

Particulars (Rsmn)	FY20	FY21	FY22	FY23	FY24
Interest Received	85.4	116.0	61.7	132.6	183.8
Interest on Deposits	65.7	107.3	52.5	124.7	175.8
Interest on Others	19.7	8.7	9.2	7.9	8.0
Provision Written Back	25.9	1.7	0.1	71.8	41.0
Others	2.9	81.9	15.6	17.4	36.2
Other Income	114.2	199.6	77.4	221.8	261.0

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Other income (as a % of PBT) was flat in FY24



Source: Company, Nirmal Bang Institutional Equities Research

Contingent liabilities

- Contingent liabilities increased by ~17% in FY24, led by a significant increase in indirect tax matters (up 2.1x in FY24)
- The increase is primarily due to a surge in ITC mismatch and ISD within GST matters as seen in the Notes to Financial Statements

Exhibit 20: Contingent liabilities as a percentage of Adj. PAT and net worth increasing

Contingent Liability (Rsmn)	FY20	FY21	FY22	FY23	FY24
Direct Tax matters	4,302	5,265	7,230	7,855	5,661
Indirect Tax matters	3,794	3,771	3,761	3,846	8,072
Other matters	357	355	355	350	348
Total	8,452	9,391	11,345	12,051	14,081
% of PAT	367.2	319.3	392.1	338.8	342.0
% of Net Worth	92.8	119.0	131.7	121.9	145.0

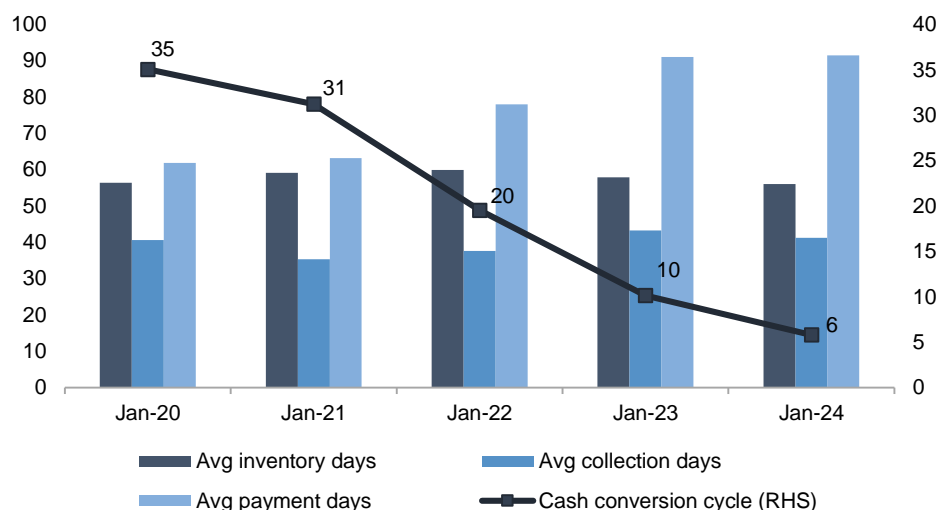
Source: Company, Nirmal Bang Institutional Equities Research

Balance Sheet

Working capital cycle improves further

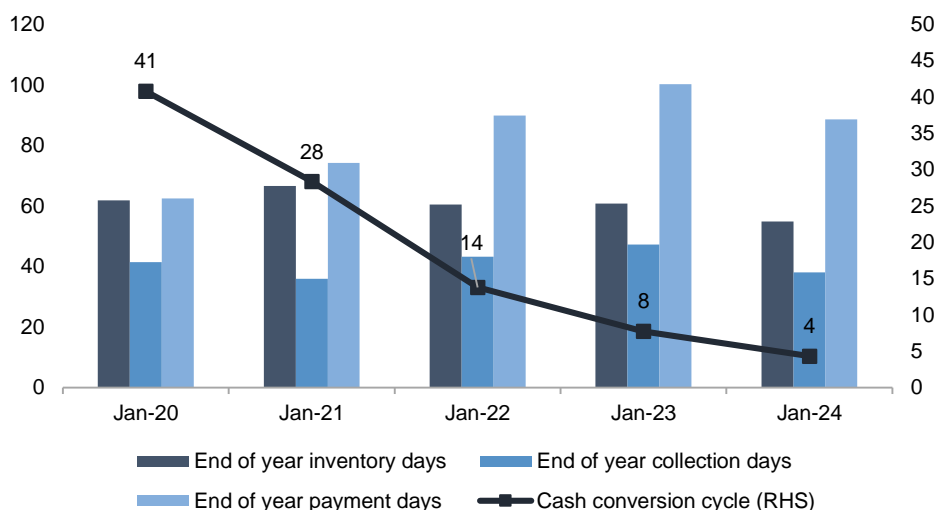
- GILL's cash conversion cycle improved significantly (on average basis) to 6 days in FY24 (from 10 days in FY23) led by a decrease in inventory period and receivables period by 2 days each.
- On year-end basis also, the cash conversion cycle improved to 4 days in FY24 (down from 8 days in FY23) led by a decrease in inventory period and receivables period by 6 days and 9 days respectively but partially offset by a decrease in payment period by 11 days.

Exhibit 21: Cash conversion cycle (on avg basis)



Source: Company, Nirmal Bang Institutional Equities Research

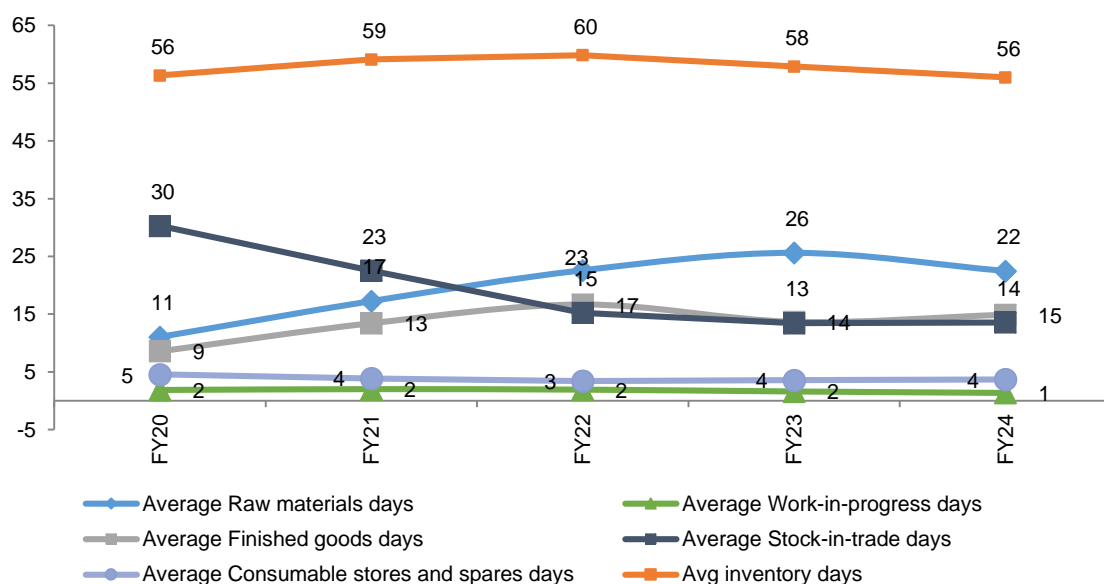
Exhibit 22: Cash conversion cycle (end of year)



Source: Company, Nirmal Bang Institutional Equities Research

- While average RM days decreased from 26 days to 22 days (on average basis), it was only slightly offset by the increase in Average Stock-in-trade days from 13 days to 14 days which led to 2 days improvement in average inventory period (days)

Exhibit 23: Inventory days break-up

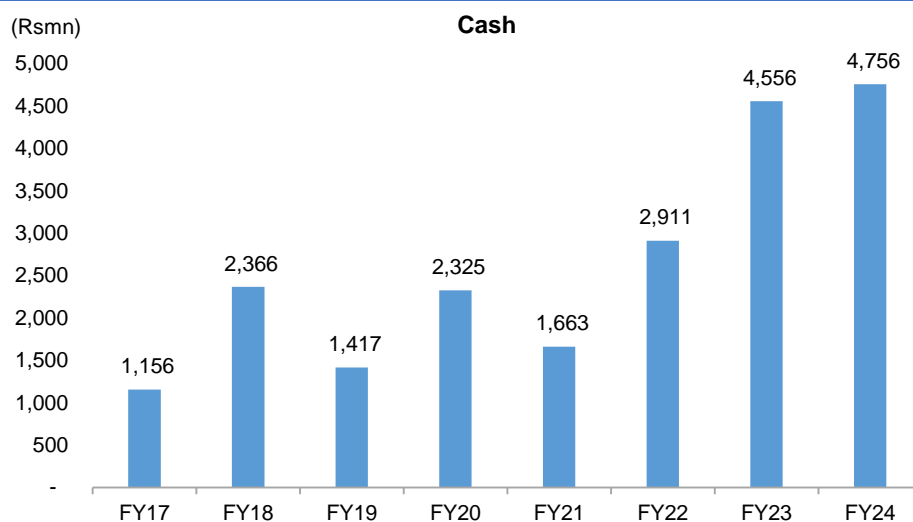


Source: Company, Nirmal Bang Institutional Equities Research

Cash

- GILL had a strong cash balance of ~Rs4.6bn at the end of FY23 which increased to ~Rs4.8bn in FY24, an increase of ~4.4%.
- We believe that the high cash balance will enable the company to look at inorganic opportunities without the need to raise any debt

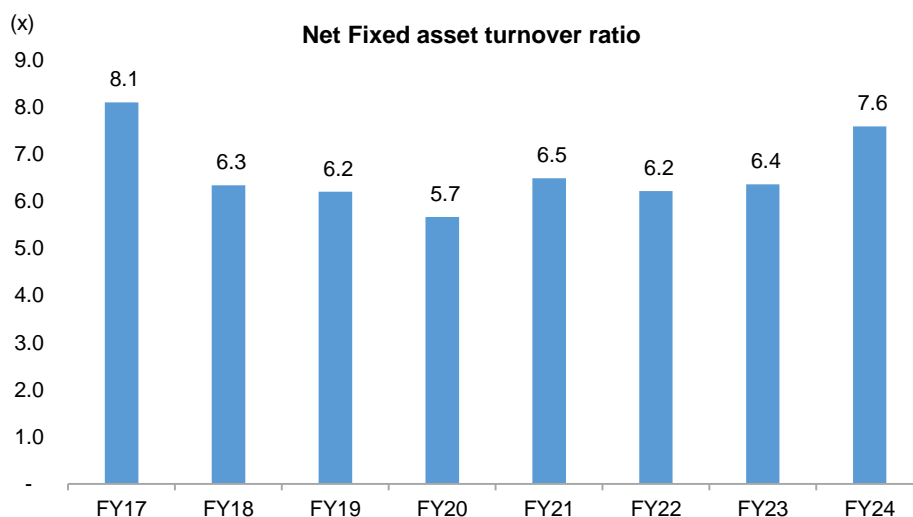
Exhibit 24: Healthy cash balance



Source: Company, Nirmal Bang Institutional Equities Research

Fixed asset turnover

Exhibit 25: Increase in Net fixed asset turnover from levels of ~6.5x to ~7.6x



Source: Company, Nirmal Bang Institutional Equities Research

Breakdown of other financial assets and other assets

Exhibit 26: Increase in balances with government authorities

Other financial assets (Rsmn)	FY20	FY21	FY22	FY23	FY24
Non-current					
Security deposits	-	40.0	49.3	54.4	51.3
Total	-	40.0	49.3	54.4	51.3
Current					
Security deposits	-	2.1	3.6	1.1	2.1
Due from related parties	167.3	64.2	36.3	101.0	21.2
Interest accrued on deposits with banks	1.3	0.4	1.1	6.5	3.9
Other receivables	-	-	-	-	-
Total	168.6	66.7	41.0	108.6	27.2
Other assets (Rsmn)					
Non-current					
Other advances	17.6	-	-	-	-
Capital advances	20.4	2.0	6.9	9.3	-
Balances with government authorities	582.5	522.0	428.2	437.6	651.8
Total	620.5	524.0	435.1	446.9	651.8
Current					
Other advances	179.2	27.5	23.9	51.6	25.6
Advance to employees	0.8	3.2	0.8	0.7	1.4
Balances with government authorities	274.0	243.3	214.0	429.7	329.2
Total	454.0	274.0	238.7	482.0	356.2

Source: Company, Nirmal Bang Institutional Equities Research

Breakdown of Loans given

Exhibit 27: Loan to related parties remains a small amount

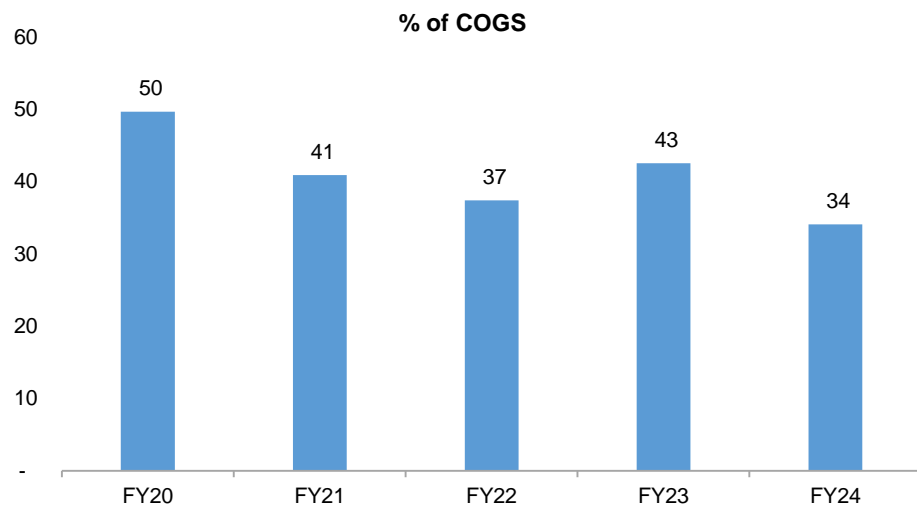
Unsecured loans considered good (Rsmn)	FY20	FY21	FY22	FY23	FY24
Non-current					
Loans to related parties	-	-	32.4	31.3	28.6
Loan to employees	268.6	235.6	158.0	159.2	153.1
Security deposits	38.7	-	-	-	-
Total	307.3	235.6	190.4	190.5	181.7
Current					
Loans to related parties	-	-	3.9	2.6	2.6
Loan to employees	38.0	42.6	30.5	24.8	22.1
Security deposits	2.9	-	-	-	-
Total	40.9	42.6	34.4	27.4	24.7

Source: Company, Nirmal Bang Institutional Equities Research

Related party transactions

- GILL purchases goods from its fellow subsidiaries/investing companies.
- The company imported finished goods worth Rs2.9bn from related party Procter & Gamble International Operations S.A. in FY24. This transaction was duly approved by the shareholders.
- While the % of goods purchased (as a % of COGS) dropped in FY22 to 37%, it again increased to 43% in FY23 and declined again to 34% in FY24.
- GILL has always had a high proportion of traded goods to own manufacturing proportion relative to other staple companies.
- As growth picks up (as it has in recent years), local manufacturing may see an increase.

Exhibit 28: Decline in purchase of goods from fellow subsidiaries/investing companies (% of COGS)



Source: Company, Nirmal Bang Institutional Equities Research

Purchase of goods and equipment from fellow subsidiaries/ investing companies declined by ~26% and ~45% in FY24. The sale of products to such related parties also saw a decrease of ~31% in the year.

Exhibit 29: Related party transactions

Particulars (Rsmn)	FY20	FY21	FY22	FY23	FY24
Purchase of Goods	3,786	3,604	3,924	5,056	3,754
Change (%)	-10	-5	9	29	-26
Purchase of Equipment/Assets/ Spares	174	601	787	370	205
Change (%)	-52	245	31	-53	-45
Purchase of Duty Scripts	45	33	22	13	0
Change (%)	-	-27	-31	-43	-100
Total	3,943	4,477	4,773	5,415	3,888
Change (%)	-14	14	7	13	-28
Sale of Products	1,128	1,375	1,678	1,876	1,289
Change (%)	-13	22	22	12	-31

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 30: Material transactions of the same type with related parties

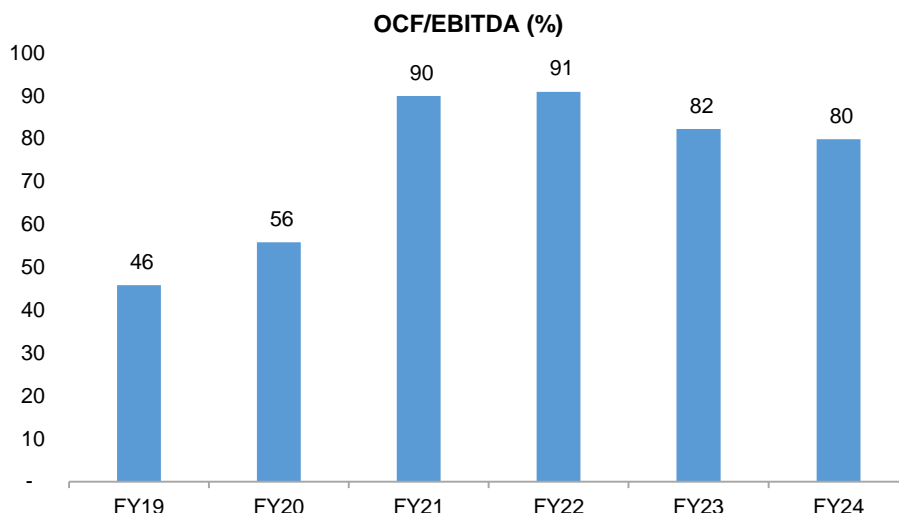
Sr. No.	Nature of Transactions (Rsmn)	Y/E June'21	Y/E June'22	Y/E June'23	Y/E June'24
1	Purchase of Goods				
	Procter & Gamble International Operations SA Singapore Br	2,600	2,958	1,541	151
	Procter & Gamble International Operations SA	420	310	2,552	2,909
	Gillette (Shanghai) Ltd	-	-	769	623
	Others	583	656	194	71
2	Purchase of Equipment/Assets/Spares				
	The Procter & Gamble Distributing LLC	601	785	339	155
	Others	-	2	32	50
3	Purchase of Duty Scripts				
	Gillette Diversified Operations Pvt. Ltd	33	22	13	-
4	Sale of Products				
	Procter & Gamble International Operations SA Singapore Br	766	973	1,052	467
	Procter & Gamble Bangladesh Pvt. Ltd	529	666	651	569
	Others	80	39	173	253
5	Recovery of Expenses Cross charged				
	Procter & Gamble Home Products Private Ltd	51	65	75	41
	Procter & Gamble Hygiene and Health Care Limited	7	6	10	13
	The Procter & Gamble Company, USA	23	16	28	10
	Procter & Gamble International Operations SA	1	1	1	3
	Gillette Diversified Operations Pvt. Ltd	23	13	14	53
	Procter & Gamble Health Ltd	22	23	36	29
	Procter & Gamble International Operations SA Singapore Br	-	14	15	15
	Others	23	4	5	3
6	Expenses cross-charged				
	Procter & Gamble Home Products Private Ltd	117	128	122	159
	Gillette Diversified Operations Pvt. Ltd	12	7	3	2
	Procter & Gamble Hygiene and Health Care Limited	33	29	31	25
	The Procter & Gamble Company, USA	37	26	54	13
	Others	6	8	22	18
7	Reimbursement of expenses shared by group cos. (Income)				
	Procter & Gamble Home Products Private Ltd	148	164	834	141
	Procter & Gamble Hygiene and Health Care Limited	92	92	407	71
8	Reimbursement of expenses shared by group cos. (Expense)				
	Procter & Gamble Hygiene and Health Care Limited	211	219	459	229
	Procter & Gamble Home Products Private Ltd	358	352	1,040	465
9	Business Process Outsourcing expenses				
	Procter & Gamble Philippines Business Services - Inc	-	75	91	105
	The Procter & Gamble Company, USA	172	473	459	410
10	Other Income				
	The Gillette Company LLC	-	-	-	8
11	Royalty				
	The Gillette Company LLC	189	198	219	268
12	Computer Expenses				
	The Procter & Gamble US Business Services Company	50	55	57	59
13	Rent expenses				
	Procter & Gamble Home Products Private Ltd	44	45	48	46
14	Contribution to Provident Fund				
	Gillette Employees Provident Fund Trust	-	218	243	253
15	Dividend Remitted/Paid				
	Procter & Gamble Overseas India BV, The Netherlands	1,726	902	928	1,765
	Gillette Diversified Operations Pvt. Ltd	1,500	784	807	1,534

Source: Company, Nirmal Bang Institutional Equities Research

Other key parameters

OCF to EBITDA conversion

Exhibit 31: Strong OCF to EBITDA conversion maintained over the last 4 years



Source: Company, Nirmal Bang Institutional Equities Research

Foreign currency risk

Exhibit 32: Carrying amount at the end of financial year

Particulars (Rsmn)	Liabilities		Assets		Net exposure	
	FY24	FY23	FY24	FY23	FY24	FY23
USD	956	2,411	449	796	507	1,615
EUR	966	1,618	600	170	366	1,448
JPY	-	-	-	-	-	-
GBP	4	2	-	-	4	2
BDT	-	-	-	-	-	-
AUD	-	3	-	-	-	3
SEK	-	-	-	-	-	-
PLN	0	1	-	-	0	1
SGD	-	0	-	-	-	0

Source: Company, Nirmal Bang Institutional Equities Research

Forex

- Forex earnings grew marginally by 1% to Rs2.1bn while forex expenses decreased by 14.5% to Rs6.2bn
- Net outgo therefore decreased significantly by ~21% in FY24

Exhibit 33: Forex transactions

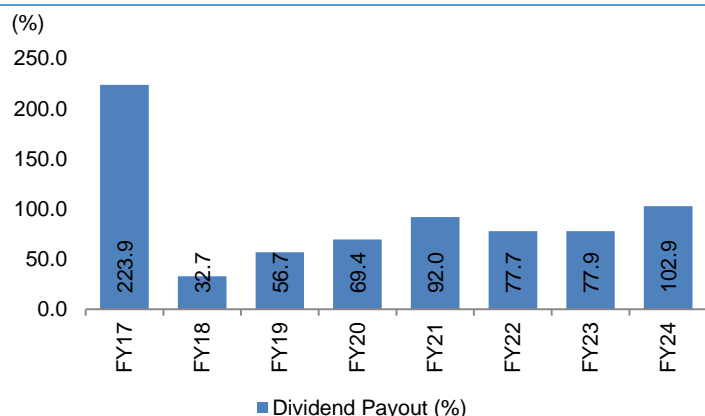
Particulars (Rsmn)	FY19	FY20	FY21	FY22	FY23	FY24
Earnings	1,437	1,406	1,198	1,753	2,042	2,063
Growth (%)	-48.3	-2.2	-14.8	46.3	16.5	1.0
Outgo	5,211	4,692	5,728	5,876	7,239	6,187
Growth (%)	2.6	-10.0	22.1	2.6	23.2	-14.5
Net outgo	-3,774	-3,286	-4,530	-4,123	-5,197	-4,125
Growth (%)	64.3	-12.9	37.9	-9.0	26.1	-20.6

Source: Company, Nirmal Bang Institutional Equities Research

Dividend

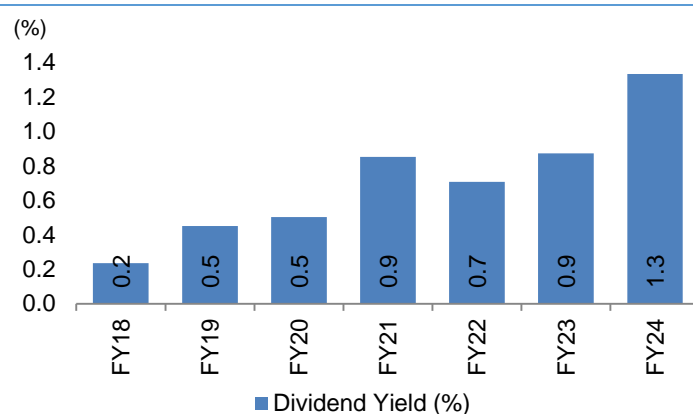
- The aggregate dividend for FY24, comprising the interim dividend of Rs85/share (including one-time special dividend of Rs40/share) and the final dividend of Rs45/share amounted to Rs130/share.
- Dividend payout has been increasing in recent years and was slightly above 100% for FY24.

Exhibit 34: Strong dividend payout ratio...



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 35: ...with increase in dividend yield

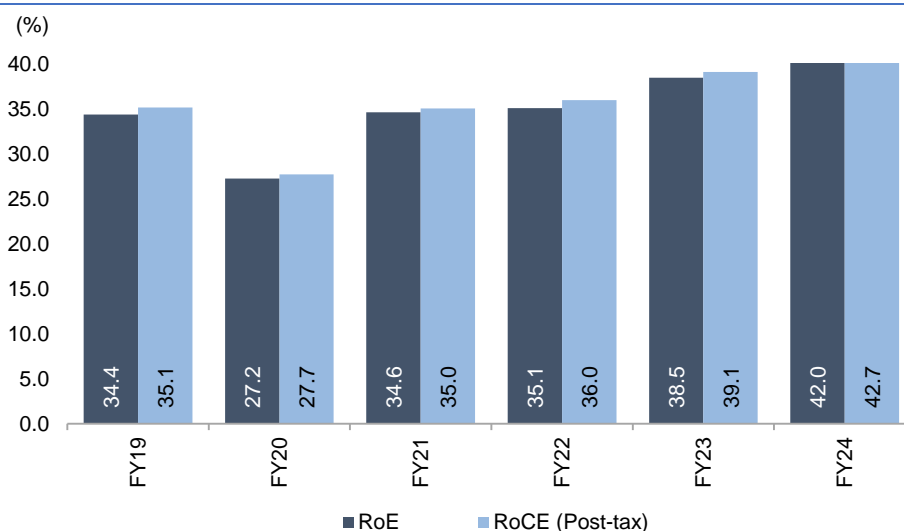


Source: Company, Nirmal Bang Institutional Equities Research

Return ratios

- GILL's return ratios have always been healthy and have remained at consistent levels in the range of 30x to 40x.
- Return ratios improved further in FY24 and were recorded at levels of ~42x.

Exhibit 36: Healthy return ratios



Source: Company, Nirmal Bang Institutional Equities Research

Details of other Legal and Regulatory Requirements

As stated in Annexure A to the Independent Auditor's Report:

- GILL is generally regular in depositing the undisputed statutory dues incl Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Goods and Services Tax, Cess, Professional Tax and other statutory dues, as applicable, with the appropriate authorities
- There are no dues of Sales Tax, Value Added Tax, Service Tax, Goods and Services Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Duty of Excise or Cess or other statutory dues which have not been deposited with the appropriate authorities on account of any dispute, other than the following:

Exhibit 37: Summary of dues pending

Name of Statute	Nature of Dues	Amount Involved(Rsmn)
The Central Excise Act, 1944	Excise Duty	3,036
Sales Tax and Laws as per statutes applicable in various states	Sales Tax and VAT	99
Customs Act, 1962	Customs Duty	153
Finance Act, 1994	Service Tax	305
Goods and Services Act, 2017	GST Tax	4,229
Income-tax Act, 1961	Income Tax	7,635

Source: Company, Nirmal Bang Institutional Equities Research

CSR

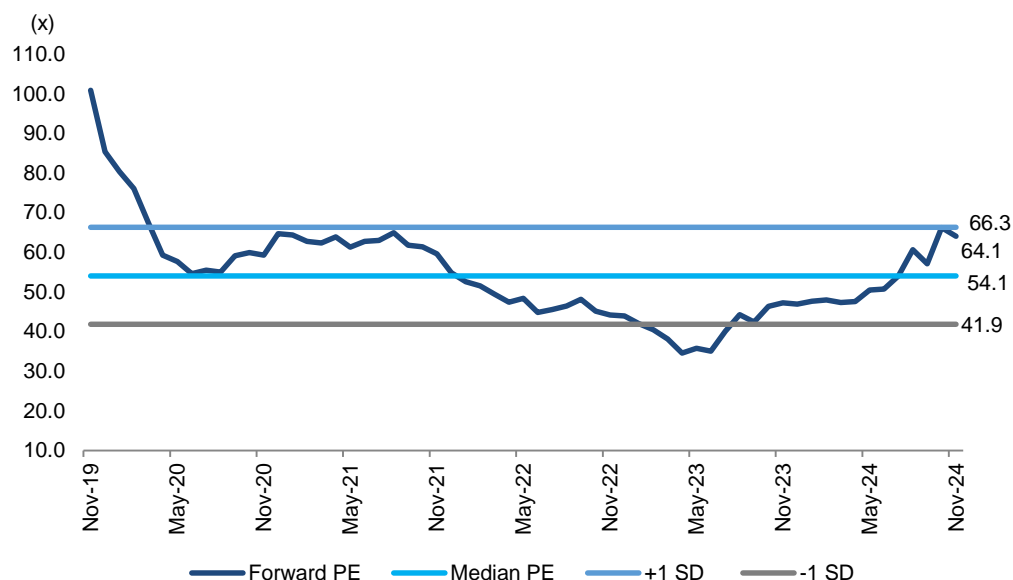
- In FY24, GILL was required to spend Rs87.7mn on CSR activities as per the regulatory requirements
- It had a carry forward of Rs10.6mn, which was eligible for set-off in the current year
- The company fulfilled its entire obligation of Rs77.1mn for FY24

Exhibit 38: GILL fulfilled its FY24 CSR obligation

Particulars (Rsmn)	FY24
Average net profit for last 3 years	4,386.0
Prescribed CSR expenditure for FY24 (2% of average net profit)	87.7
Amount required to be set off for FY24	10.6
Total CSR obligation	77.1
Total amount spent	77.1

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 39: One-year forward P/E



Source: Company, Nirmal Bang Institutional Equities Research

Financials

Exhibit 40: Income statement

Y/E June (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	22,562	24,771	26,331	29,974	33,301
Growth YoY%	12.3%	9.8%	6.3%	13.8%	11.1%
Gross profit	12,067	12,889	15,318	17,160	19,248
Gross margin %	53.5%	52.0%	58.2%	57.3%	57.8%
Advertising costs	2,887	2,916	3,629	4,196	4,562
% of sales	12.8%	11.8%	13.8%	14.0%	13.7%
Staff costs	1,501	1,698	1,874	2,098	2,398
% of sales	6.7%	6.9%	7.1%	7.0%	7.2%
Other expenses	2,854	2,884	3,541	3,957	4,396
% of sales	12.6%	11.6%	13.4%	13.2%	13.2%
EBITDA	4,825	5,392	6,274	6,909	7,892
Growth YoY%	4.8%	11.8%	16.4%	10.1%	14.2%
EBITDA margin (%)	21.4%	21.8%	23.8%	23.1%	23.7%
Depreciation	684	807	826	884	940
EBIT	4,141	4,585	5,448	6,025	6,952
Interest	105	78	86	70	70
Other income	77	222	261	298	320
PBT (bei)	4,113	4,729	5,623	6,253	7,202
PBT	4,113	4,729	5,623	6,253	7,202
ETR	29.7%	24.8%	26.8%	25.6%	25.2%
PAT	2,893	3,557	4,117	4,653	5,387
Adj PAT	2,893	3,557	4,117	4,653	5,387
Growth YoY%	-1.6%	22.9%	15.8%	13.0%	15.8%

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 41: Balance sheet

Y/E June (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	326	326	326	326	326
Reserves	8,286	9,563	9,387	8,871	8,871
Net worth	8,612	9,889	9,713	9,197	9,197
Total debt (incl. long term & short term)	0	0	0	0	0
Net debt	-2,911	-4,556	-4,756	-1,924	-6,165
Other non-current liabilities	503	632	470	470	470
Total Equity & Liabilities	9,115	10,521	10,182	9,667	9,667
Gross block	6,958	8,029	8,430	8,930	9,580
Accumulated depreciation	3,327	4,134	4,961	5,844	6,784
Net block	3,630	3,895	3,469	3,086	2,795
CWIP	650	324	259	500	650
Intangible and others	34	27	25	25	25
Other non-current assets	1,950	1,986	2,178	4,694	780
Investments	0	0	0	0	0
Trade receivables	2,670	3,202	2,743	3,991	3,491
Inventories	3,734	4,124	3,958	5,169	4,841
Cash & Cash Equivalents	2,911	4,556	4,756	1,924	6,165
Other current assets	280	591	383	383	383
Total current assets	9,629	12,499	11,866	11,492	14,905
Trade payables	5,553	6,801	6,390	8,705	7,850
Other current liabilities	1,191	1,382	1,200	1,400	1,613
Total current liabilities	6,744	8,183	7,590	10,105	9,463
Total assets	9,115	10,521	10,182	9,667	9,667

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 42: Cash flow

Y/E June (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
PBT	4,113	4,729	5,623	6,253	7,202
Depreciation	684	807	826	884	940
Interest	105	78	86	70	70
Other adjustments	-77	-222	-261	-298	-320
Change in Working capital	784	215	241	56	186
Tax paid	1220	1172	1506	1600	1815
Operating cash flow	4,389	4,434	5,010	5,365	6,264
Capex	-1145	-746	-336	-741	-800
Free cash flow	3,243	3,688	4,674	4,625	5,464
Other investing activities	368	219	175	-2,733	4,234
Investing cash flow	-777	-527	-161	-3,474	3,434
Issuance of share capital	0	0	0	0	0
Movement of Debt	0	0	0	0	0
Dividend paid (incl DDT)	-2,248	-2,314	-4,399	-4,653	-5,387
Other financing activities	-116	51	-249	-70	-70
Financing cash flow	-2,364	-2,262	-4,648	-4,723	-5,457
Net change in cash flow	1,248	1,645	201	-2,832	4,241
Opening C&CE	1,663	2,911	4,556	4,756	1,924
Closing C&CE	2,911	4,556	4,756	1,925	6,165

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 43: Key ratios

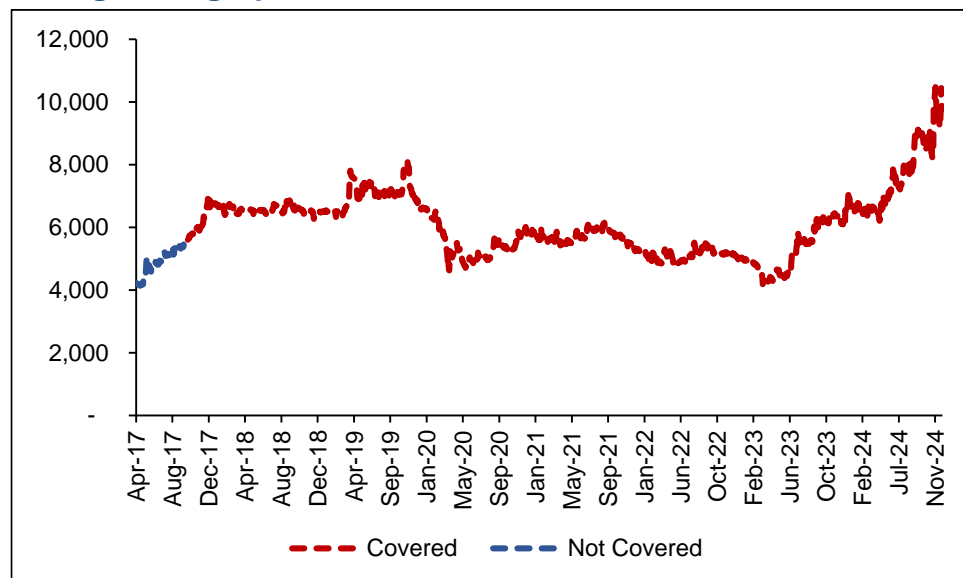
Y/E June	FY22	FY23	FY24	FY25E	FY26E
Per share (Rs)					
Adj EPS	88.8	109.1	126.3	142.8	165.3
Book value	264.3	303.4	298.0	282.2	282.2
DPS	69.0	85.0	130.0	142.8	165.3
Valuation (x)					
P/Sales	14.1	12.8	12.1	10.6	9.5
EV/EBITDA	65.5	58.6	50.4	45.8	40.1
P/E	109.8	89.3	77.2	68.3	59.0
P/BV	36.9	32.1	32.7	34.5	34.5
Return ratios (%)					
RoCE	36.0	39.1	42.7	49.8	59.1
RoCE (pre-tax)	51.1	52.0	58.2	66.9	79.1
RoE	35.1	38.5	42.0	49.2	58.6
RoIC	71.6	81.9	100.8	97.1	137.7
Profitability ratios (%)					
Gross margin	53.5	52.0	58.2	57.3	57.8
EBITDA margin	21.4	21.8	23.8	23.1	23.7
PAT margin	12.8	14.4	15.6	15.5	16.2
Liquidity ratios (x)					
Current ratio	1.4	1.5	1.6	1.1	1.6
Quick ratio	0.9	1.0	1.0	0.6	1.1
Solvency ratio (x)					
Net Debt to Equity ratio	-0.3	-0.5	-0.5	-0.2	-0.7
Turnover ratios					
Fixed asset turnover ratio (x)	6.2	6.4	7.6	9.7	11.9
Debtor days	38	43	41	41	41
Inventory days	60	58	56	56	55
Creditor days	78	91	91	92	91
Net Working capital days	20	10	6	5	5

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
29 September 2017	Buy	5,640	7,000
14 November 2017	Buy	5,861	7,000
12 February 2018	Buy	6,546	8,000
14 May 2018	Buy	6,532	7,600
29 August 2018	Buy	6,542	7,600
5 November 2018	Buy	6,539	7,500
13 February 2019	Buy	6,489	7,500
9 April 2019	Buy	6,800	7,900
9 May 2019	Hold	7,297	7,700
23 Aug 2019	Hold	7,124	7,700
23 September 2019	Hold	7,148	7,930
6 November 2019	Hold	7,900	7,800
14 February 2020	Hold	6,356	6,677
30 March 2020	Hold	5,220	5,550
8 May 2020	Hold	4,991	4,870
27 August 2020	Hold	5,550	5,770
23 September 2020	Hold	5,378	5,770
10 November 2020	Hold	5,487	5,895
8 January 2021	Hold	5,899	6,165
4 February 2021	Hold	5,786	6,115
9 April 2021	Hold	5,587	6,100
6 May 2021	Hold	5,450	6,020
25 August 2021	Hold	5,929	6,000
23 September 2021	Hold	5,927	6,230
3 November 2021	Hold	5,800	6,325
3 February 2022	Hold	5,295	5,900
21 February 2022	Buy	5,110	5,945
30 April 2022	Hold	5,265	5,880
22 August 2022	Hold	5,525	5,800
14 September 2022	Hold	5,405	6,020
05 November 2022	Hold	5,135	5,815
2 February 2023	Hold	4,878	5,550
22 March 2023	Buy	4,304	5,845
12 May 2023	Buy	4,640	5,380
23 June 2023	Buy	4,586	5,550
29 August 2023	Buy	5,523	6,455
8 September 2023	Buy	5,885	6,775
23 September 2023	Buy	5,996	6,880
31 October 2023	Buy	6,124	7,125
10 November 2023	Buy	6,372	7,395
30 January 2024	Buy	6,714	7,915
29 April 2024	Buy	6,207	7,730
10 July 2024	Buy	7,398	8,535
30 August 2024	Hold	8,977	9,390
19 September 2024	Hold	9,006	9,390
09 October 2024	Hold	8,996	9,385
28 October 2024	Hold	8,516	9,480
29 November 2024	Hold	9,750	9,480

Rating track graph



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BUY > 15%

HOLD -5% to 14%

SELL < -5%

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