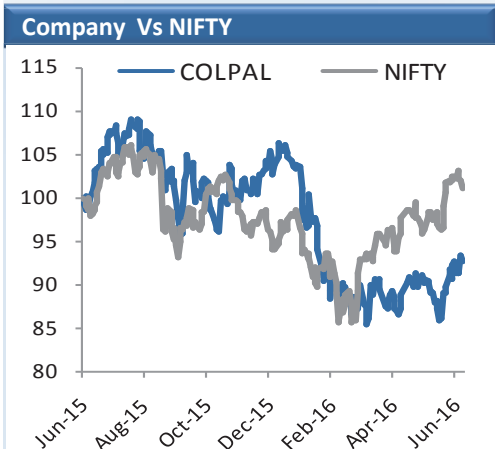


Company Update	
CMP	862
Target Price	935
Previous Target Price	-
Upside	8%
Change from Previous	-

Market Data	
BSE Code	500830
NSE Symbol	COLPAL
52wk Range H/L	1050/788
Mkt Capital (Rs Cr)	23442
Av. Volume(,000)	246
Nifty	8109

Stock Performance			
	1M	3M	12M
Absolute	3.3	6.4	-8.9
Rel.to Nifty	0.6	-1.6	-9.9

Share Holding Pattern-%			
	4QFY16	3QFY16	2QFY16
Promoters	51.0	51.0	51.0
Public	49.0	49.0	49.0
Others	-	-	-
Total	100.0	100.0	100.0



The company has shown some uptick in overall volume number in 4QFY16 which is sign of improvement. But we need to watch that this turn around in the volume will continue for long time . Most concerning part for the company is that it has lost market share by approx. 210bps to 55.7% (Jan-Apr 2016). For FY17, we are expecting decline in company's ROE by approx 600bps to 50%. If company gains its market share going forward or uptick in volume continues for long time than it will be big trigger for company's valuation. Presently we have 'Neutral' view on this stock with a target price of Rs 935.

Q4FY16_Result Update

For quarter, the numbers was largely in line with our expectation. But pleasant surprise came from company's volume part. COLPAL has reported growth in volume by 3% YoY. The company's revenue grew by 7% YoY to Rs 1099 cr led by volume growth. EBITDA declined by 3% YoY to Rs 241 cr. The company has reported improvement in gross margin by 34 bps YoY to 64%. EBITDA margin declined by 211 bps YoY to 22% led by higher advertisement expenses in this quarter. Advertising expense went up by 300bps YoY to 18% in this quarter from 15%. PAT margin declined by 263 bps YoY to 13.3% led by higher provisioning of tax. The company has reported PAT of Rs 146cr in this quarter.

FY16_Result Update

For the full year, company's revenue grew by 5% to Rs 4162 cr led by volume and pricing growth. Volume grew by approx. 2% in FY16. Pricing has shown improvement of 2% for the full year. EBITDA improved by 13% to Rs931 cr from Rs 822 cr. Gross margin improved by 93 bps to 64.1%. EBITDA margin improved by 173 bps to 22.4% led by decline in COGS and other expenses. PAT margin declined by 19 bps to 13.9% led by higher provisioning of taxes . PAT remained Rs 577 cr in FY16.

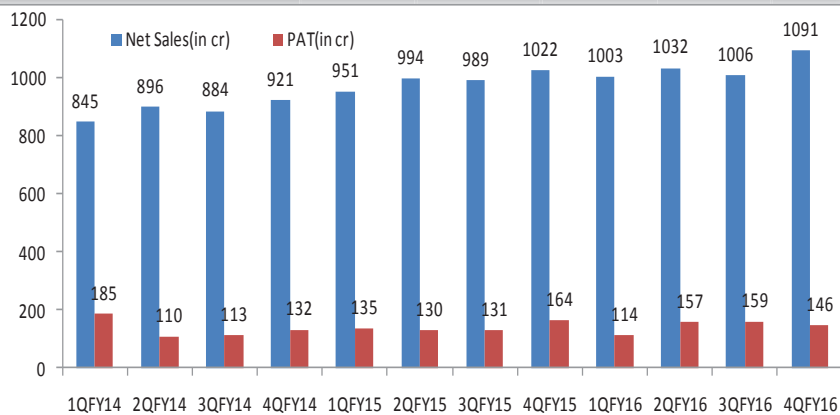
Concall Highlights:

- Footpaste showing some positive trend led by urban demand recovery.
- Expected Tax rate:34% in FY17.
- Expected Dividend out:60% range in FY17.
- Expected Capex: under 400 cr in FY17.
- Expected Pricing:4-5%increase provided conducive condition in FY17.
- Sales 35% comes from rural.(Concall 4QFY16)

Rs,Cr	2013	2014	2015	2016	2017E
Financials					
Sales	3164	3579	3982	4162	4491
EBIT	613	613	747	820	866
Net Profit	497	540	559	577	601
EPS	37	40	41	21	22
ROE	101%	90%	73%	57%	50%

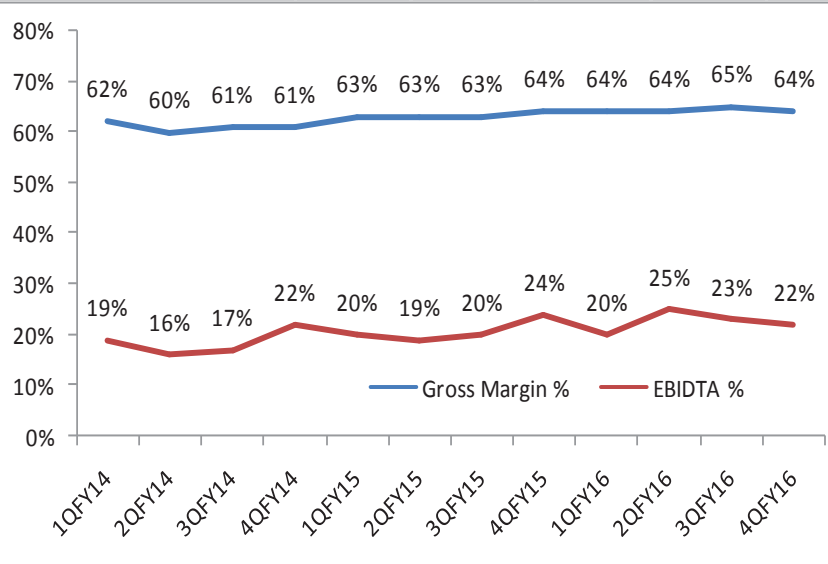
(Source: Company/Eastwind)

Net sales and PAT (in cr.)



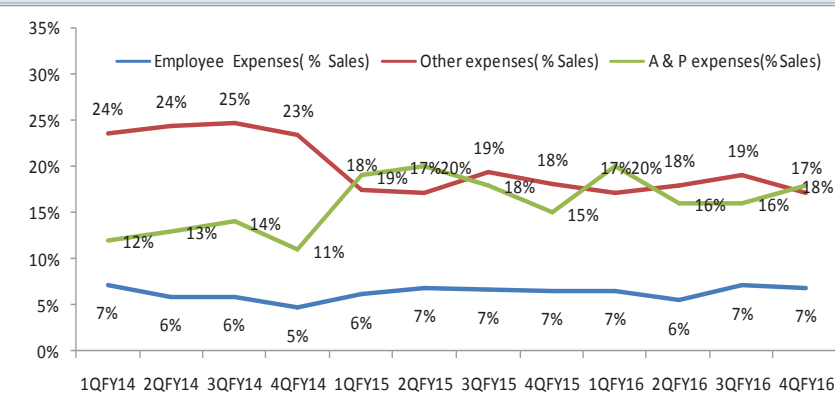
We are expecting 8% revenue growth and Rs 601 cr of PAT in FY17.

Gross margin and EBITDA margin (in %)



We are expecting 63.9% gross margin and 22.2% EBITDA margin in FY17.

Employee ,Other and A&P exp.(% sales)



Financials Snap Shot

INCOME STATEMENT

	FY14	FY15	FY16	FY17E
Revenue (Net of Excise D	3579	3982	4162	4491
Other Income	50	33	40	44
Total Revenue	3629	4015	4202	4535
COGS	1402	1468	1495	1619
GPM	60.8%	63.1%	64.1%	63.9%
Other Expenses	1301	1433	1466	1584
EBITDA	664	822	931	996
EBITDA Margin (%)	18.6%	20.6%	22.4%	22.2%
Depreciation	51	75	111	130
EBIT	613	747	820	866
Interest	0	0	0	0
PBT	664	780	859	910
Tax	188	221	252	309
Tax Rate (%)	0	0	0	0
Reported PAT	540	559	577	601
Dividend Paid	430	382	326	426
No. of Shares	14	14	27	27

Source: Eastwind/Company

RATIOS

	FY14	FY15	FY16	FY17E
EPS	39.7	41.1	21.2	22.1
Book Value	44.1	56.6	37.5	43.8
DPS	31.6	28.1	12.0	15.7
Payout (incl. Div. Tax.)	80%	68%	57%	71%
Valuation(x)				
P/E	34.6	49.0	39.7	39.3
Price / Book Value	31.1	35.6	22.4	19.8
Dividend Yield (%)	4.6%	2.8%	1.4%	1.8%
Profitability Ratios				
RoE	90%	73%	57%	50%
RoCE	102%	97%	80%	73%
Turnover Ratios				
Asset Turnover (x)	2.4	2.3	2.1	2.0
Debtors (No. of Days)	6	6	9	11
Inventory (No. of Days)	59	63	71	79
Creditors (No. of Days)	51	47	48	50
Net Debt/Equity (x)	0.0	0.0	0.0	0.0

Source: Eastwind/Company

BALANCE SHEET

	FY14	FY15	FY16	FY17E
Share Capital	14	14	27	27
Reserves	586	757	992	1165
Net Worth	600	770	1019	1192
Long term Debt	0	0	0	0
Short term Debt	0	0	0	0
Deferred Tax	0	3	22	22
Total Capital Employed	600	770	1019	1192
Net Fixed Assets	697	923	1087	1194
Capital WIP	142	141	0	0
Debtors	55	70	102	140
Cash & Bank Balances	285	254	288	333
Trade payables	498	514	552	610
Total Provisions	121	127	111	111
Net Current Assets	-172	-177	-62	3
Total Assets	1493	1702	1944	2194

Source: Eastwind/Company

CASH FLOW STATEMENT

	FY13	FY14	FY15	FY16E
OP/(Loss) before Tax	663	664	780	910
Depreciation	44	51	75	111
Direct Taxes Paid	-190	-178	-206	-252
Operating profit before v	667	672	839	1021
CF from Op. Activity	615	457	638	692
Purchase of Non Current	0	10	0	0
Capital expenditure on fi	-155	-324	-300	-276
CF from Inv. Activity	-47	-180	-272	-307
Repayment of Long Term	0	0	0	0
Interest Paid	0	0	0	0
Divd Paid (incl Tax)	-428	-422	-385	-326
CF from Fin. Activity	-428	-422	-385	-326
Inc/(Dec) in Cash	140	-145	-18	58
Add: Opening Balance	156	296	151	254
Closing Balance	296	151	132	313

Source: Eastwind/Company