

Colgate-Palmolive (India)

29 January 2026

Growth turns positive; consistency, margins to be watched

RESULT UPDATE

Sector: FMCG **Rating:** HOLD
CMP: Rs 2,111 **Target Price:** Rs 2,355

Stock Info

Sensex/Nifty	82,566 / 25,419
Bloomberg	CLGT IN
Equity shares (mn)	272
52-wk High/Low	Rs 2,975/ 2,033
Face value	Rs 1
M-Cap	Rs 573bn/US\$ 6.2bn
3-m Avg turnover	US\$ 8.6mn

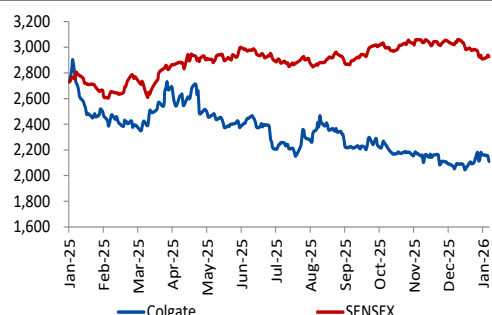
Financial Snapshot (Rs mn)

Y/E Mar	FY26E	FY27E	FY28E
Sales	59,849	64,152	68,448
PAT	13,141	14,389	15,562
EPS (Rs)	48.3	52.9	57.2
PE (x)	43.7	39.9	36.9
EV/EBITDA (x)	30.0	27.6	25.5
P/BV (x)	33.2	31.9	30.5
EV/Sales	9.4	8.7	8.2
RoE (%)	77.4	81.5	84.5
RoCE (%)	105.2	110.4	114.5
NWC (days)	(35)	(29)	(24)
Net gearing (x)	-	-	-

Shareholding pattern (%)

	Dec 25	Sep 25	Jun 25
Promoter	51.0	51.0	51.0
-Pledged	-	-	-
FII	15.2	17.2	20.4
DII	13.5	12.0	9.3
Others	20.3	19.9	19.3

Stock Performance (1-year)



Growth turns positive, in-line earnings: Colgate-Palmolive India (CLGT) delivered 3QFY26 results in-line with our estimates but below consensus expectations. Topline growth turned the corner after 3 straight quarters of decline, logging a gain of 2% YoY (on a base of +5%) with flattish volumes. While **growth lagged peer Dabur** (toothpaste sales +10% YoY there), CLGT **management highlighted early positive signs seen in its core portfolio, even as premium segment growth in double-digits** maintained its strong momentum (led by recent science-backed product innovations such as *Visible White Purple*). **CLGT noted improving momentum across urban (c.60% of sales) and rural trade channels**, emerging from GST-related disruption. We believe **competitive intensity remains elevated in oral care** (also echoed by Dabur's commentary), likely keeping trade investments/ promotions at high levels. However, CLGT management **expects the growth momentum to accelerate** hereon with an improving demand environment.

Margins below 30% - lowest in 12 quarters: While gross margins (GPM) expanded 10bps YoY/ 50bps QoQ to 70%, operating margins (OPM) declined 135bps YoY/ 90bps QoQ to 29.7%, leading to EBITDA/ PAT declines of 3%/ 4% YoY respectively (6th successive quarter of PAT decline). Colgate continues to spend c.14% of its revenues in A&P, maintaining a high tempo of brand investments – an imperative in the current scenario of intense competition. Management had earlier guided for OPMs to be range-bound in the low-thirties (with sustained investments in category development and brand-building to drive higher product usage). Continuing with its regular slate of science-backed premium product launches, Colgate launched the *Visible White Purple Serum*, a whitening booster with color-correction technology to neutralize yellow tones.

Views: As we had noted during Colgate's 2Q26 results, we believe volume growth is now stabilizing, and should pick up over 4Q26/ FY27E with GST-related disruptions phasing out and the base normalizing. However, we expect realizations to remain pressured as CLGT maintains aggression in trade investments/ consumer promotions in the backdrop of elevated competitive intensity. Premium product launches backed by science/technology-based innovations should drive moderate mix improvement medium-term; however, we believe OPMs will inch up only marginally over FY27E-FY28E – absorbing reinvestment in elevated A&P spending, category development campaigns and trade spends on one hand, while benefiting from CLGT's high pricing power, mix improvement and cost savings on the other hand.

Valuation: We lower our FY26E-FY28E revenue/ PAT estimates by c.1%/ 3% to factor in a drawn-out demand recovery and moderate margin outlook; we build FY25-FY28E revenue/ EPS CAGR of 4%. We maintain our HOLD rating on the stock; we roll over valuation to December-2027E (from September-2027E) and value the stock at P/E of 42x, in-line with its long-period average, leading to a revised TP of Rs 2,355 (vs Rs 2,500 earlier). We acknowledge CLGT's (1) strong brand equity, (2) potential for mix enrichment, (3) best-in-industry margins, and (4) strong pricing power, but await consistent growth revival and lower competitive intensity before turning more positive on the name.

Abhishek Mathur
abhishekmathur@systematixgroup.in
+91 22 6704 8059

Rajat Parab
rajatparab@systematixgroup.in
+91 22 6704 8084

Exhibit 1: Quarterly performance

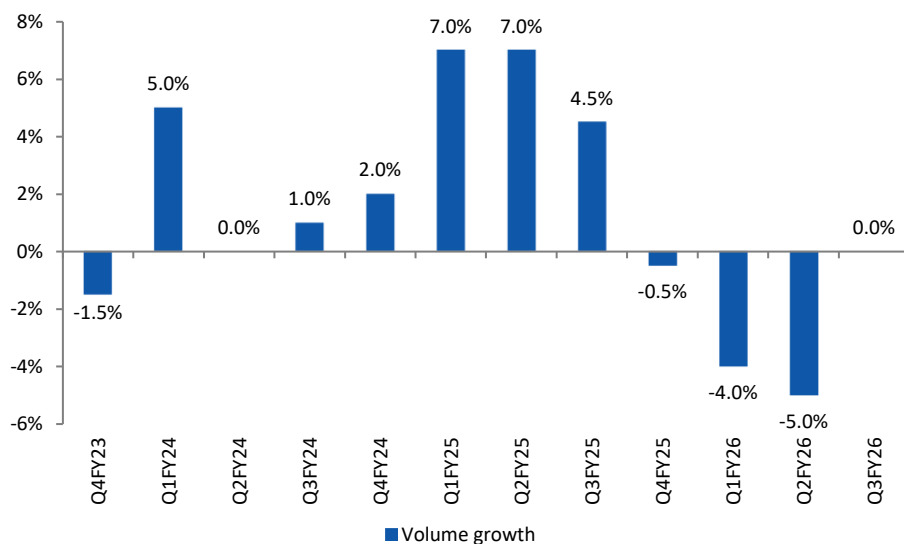
YE March (Rs mn)	Q3FY26	Q3FY25	Q2FY26	YoY (%)	QoQ (%)
Net Revenues	14,861	14,618	15,195	1.7	(2.2)
Cost of materials	3,722	3,454	3,937	7.8	(5.4)
(% of sales)	25.0	23.6	25.9		
Purchase of stock in trade	741	944	705	(21.6)	5.0
(% of sales)	5.0	6.5	4.6		
Gross Profit	10,398	10,220	10,553	1.7	(1.5)
Gross margin (%)	70.0%	69.9%	69.5%	6 bps	
Employee cost	1,178	1,088	1,181	8.3	(0.2)
(% of sales)	7.9	7.4	7.8		
Selling & admin	2,068	2,001	2,251	3.4	(8.1)
(% of sales)	13.9	13.7	14.8		
Others	2,731	2,587	2,467	5.6	10.7
(% of sales)	18.4	17.7	16.2		
EBITDA	4,420	4,544	4,654	(2.7)	(5.0)
EBITDA margin (%)	29.7	31.1	30.6	-134 bps	
Other income	175	204	150	(14.2)	16.4
PBIDT	4,595	4,748	4,805	(3.2)	(4.4)
Depreciation	363	411	372	(11.9)	(2.5)
Finance cost	10	11	10	(12.6)	(2.0)
PBT	4,223	4,325	4,423	(2.4)	(4.5)
Tax	1,118	1,097	1,148	1.9	(2.6)
ETR (%)	26.5	25.4	25.9		
Adjusted PAT	3,105	3,228	3,275	(3.8)	(5.2)
PATAMI margin	20.9	22.1	21.6	-119 bps	
Exceptional item	(134)	0	0		
Reported PAT	3,239	3,228	3,275	0.3	(1.1)
No. of shares (mn)	272.0	272.0	272.0		
Adj EPS (Rs)	11.4	11.9	12.0		

Source: Company, Systematix Research

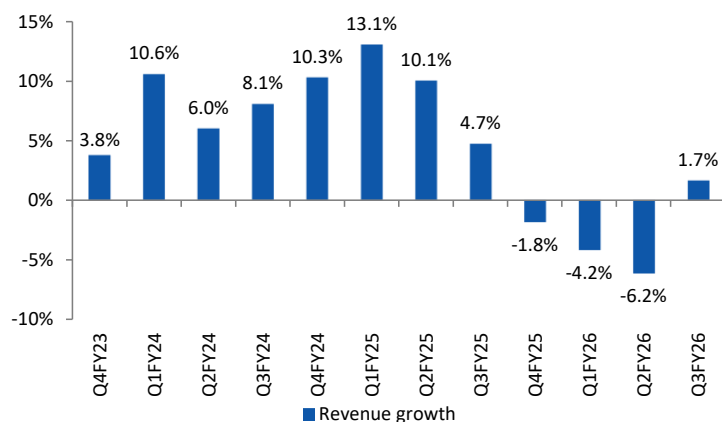
Exhibit 2: Change in estimates

(Rs mn)	New estimates			Old estimates			Variance		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	59,849	64,152	68,448	60,384	64,725	69,059	-0.9%	-0.9%	-0.9%
EBITDA	18,673	20,304	21,869	19,293	20,874	22,479	-3.2%	-2.7%	-2.7%
Margins	31.2%	31.7%	32.0%	32.0%	32.3%	32.6%	-75 bps	-60 bps	-60 bps
EPS	48.3	52.9	57.2	50.1	54.6	59.0	-3.5%	-3.1%	-3.0%

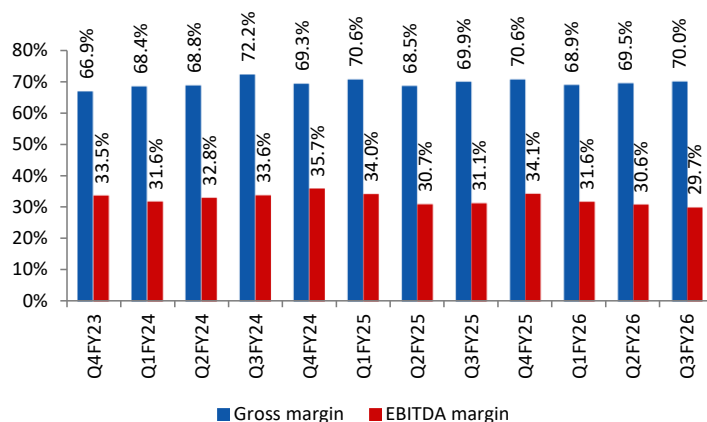
Source: Company, Systematix Research

Exhibit 3: Volumes remained flattish YoY (our est.)

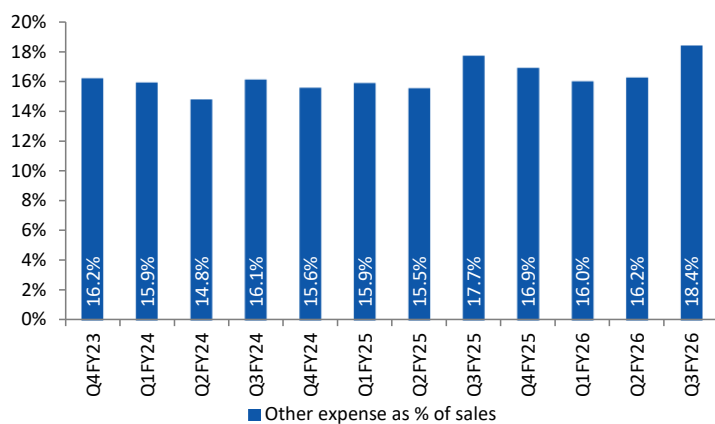
Source: Company, Systematix Research

Exhibit 4: Topline grew by 1.7% YoY

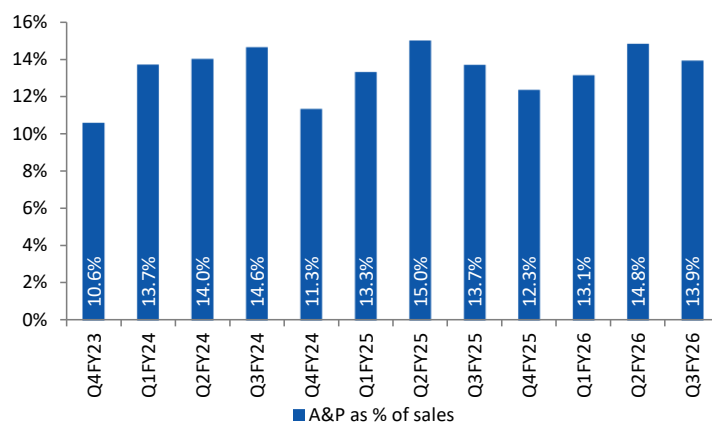
Source: Company, Systematix Research

Exhibit 5: Gross/ EBITDA margins changed +6/-134bps YoY

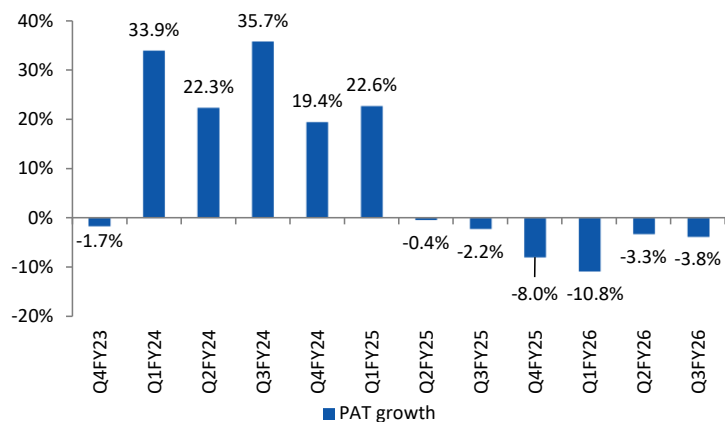
Source: Company, Systematix Research

Exhibit 6: Other expenses increased 70bps YoY to 16.2% of sales

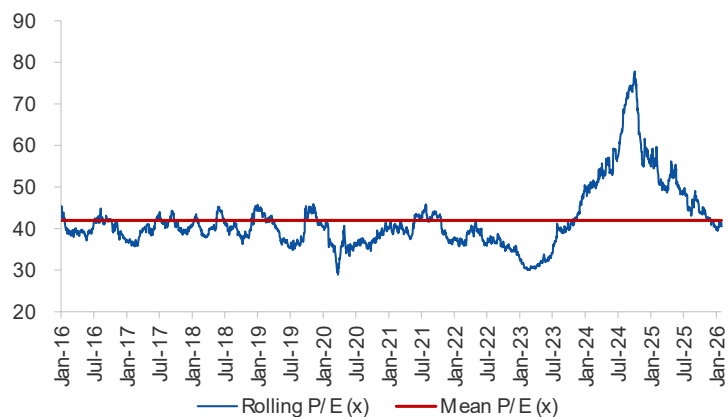
Source: Company, Systematix Research

Exhibit 7: A&P spends contracted 20bps YoY to 14.8% of sales

Source: Company, Systematix Research

Exhibit 8: Adjusted PAT declined 3.8% YoY

Source: Company, Systematix Research

Exhibit 9: Trades at 41x 1-year forward P/E

Source: Bloomberg, Systematix Research

Exhibit 10: New launch in 3QFY26 – Colgate Visible White Purple Serum

Source: Company, Systematix Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	56,804	60,402	59,849	64,152	68,448
Gross profit	39,574	42,219	41,655	44,906	48,119
GP margin (%)	69.7%	69.9%	69.6%	70.0%	70.3%
Operating profit	19,008	19,581	18,673	20,304	21,869
OP margin (%)	33.5%	32.4%	31.2%	31.7%	32.0%
Depreciation	1,715	1,627	1,480	1,534	1,576
Interest expense	50	43	45	50	50
Other income	765	741	655	721	793
Profit before tax	18,008	18,651	17,803	19,441	21,036
Taxes	4,577	4,946	4,662	5,052	5,475
Minorities	-	-	-	-	-
Tax rate (%)	25.4%	26.5%	26.2%	26.0%	26.0%
Adj. PAT	13,432	13,704	13,141	14,389	15,562
Exceptional loss	195	664	-	-	-
Net profit	13,237	14,368	13,141	14,389	15,562
EPS	49.4	50.4	48.3	52.9	57.2

Source: Company, Systematix Research

Balance Sheet

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
Equity capital	272	272	272	272	272
Reserves	18,472	16,373	17,029	17,748	18,525
Debt	-	-	-	-	-
Deferred tax liab (net)	-	-	-	-	-
Other non current liabilities	828	769	819	769	719
Total liabilities	19,572	17,414	18,121	18,789	19,517
Fixed Asset	9,043	8,149	7,919	7,085	6,208
Investments	-	-	-	-	-
Other Non-current Assets	3,884	4,410	4,783	5,193	5,644
Inventories	2,964	3,773	3,443	3,867	4,126
Sundry debtors	1,674	2,262	2,296	2,461	2,625
Loans and Advances	662	641	688	726	765
Cash & equivalents	13,738	10,951	13,945	14,636	15,441
Sundry creditors	8,819	9,208	11,478	11,424	11,252
Other current liabilities	3,574	3,564	3,475	3,753	4,042
Total Assets	19,572	17,414	18,120	18,789	19,517

Source: Company, Systematix Research

Cash Flow

YE: Mar (Rs mn)	FY24	FY25	FY26E	FY27E	FY28E
PBIT	18,058	18,694	17,848	19,491	21,086
Depreciation	1,715	1,627	1,480	1,534	1,576
Tax paid	(4,686)	(5,620)	(4,662)	(5,052)	(5,475)
Working capital Δ	(2,272)	(815)	2,430	(402)	(347)
Other operating items	(630)	(590)	-	-	-
Operating cashflow	11,990	13,945	17,097	15,572	16,840
Capital expenditure	(755)	(714)	(1,250)	(700)	(700)
Free cash flow	11,234	13,231	15,847	14,872	16,140
Equity raised	-	-	-	-	-
Investments	828	548	-	-	-
Debt financing/disposal	-	-	-	-	-
Interest Paid	-	-	(45)	(50)	(50)
Dividends paid	(11,670)	(16,262)	(12,485)	(13,670)	(14,784)
Other items	(282)	(451)	(323)	(460)	(501)
Net Δ in cash	829	(2,209)	2,994	691	805

Source: Company, Systematix Research

Ratios

YE: Mar	FY24	FY25	FY26E	FY27E	FY28E
Revenue growth (%)	8.7	6.3	-0.9	7.2	6.7
Op profit growth (%)	22.9	3.0	-4.6	8.7	7.7
Net profit growth (%)	26.9	2.0	-4.1	9.5	8.1
OPM (%)	33.5	32.4	31.2	31.7	32.0
Net profit margin (%)	23.6	22.7	22.0	22.4	22.7
RoCE (%)	100.6	105.6	105.2	110.4	114.5
RoNW (%)	74.8	77.5	77.4	81.5	84.5
EPS (Rs)	49.4	50.4	48.3	52.9	57.2
DPS (Rs)	58.0	51.0	45.9	50.3	54.4
BVPS (Rs)	68.9	61.2	63.6	66.3	69.1
Debtor days	11	14	14	14	14
Inventory days	19	23	21	22	22
Creditor days	57	56	70	65	60
P/E (x)	42.7	41.9	43.7	39.9	36.9
P/B (x)	30.6	34.5	33.2	31.9	30.5
EV/EBITDA (x)	29.5	28.8	30.0	27.6	25.5

Source: Company, Systematix Research

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Abhishek Mathur, Rajat Parab**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

I. **ISSUER SPECIFIC REGULATORY DISCLOSURES**, unless specifically mentioned in point no. 9 below:

- The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
- The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
- The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
- The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
- The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
- SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
- The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

II. **DISCLAIMER**

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917