



Beat on All Fronts; Gradual Recovery Ahead

Est. vs. Actual for Q3FY26: Revenue – **BEAT**; EBITDA – **BEAT**; PAT – **BEAT**

Changes in Estimates post Q3FY26

FY27E/FY28E: Revenue: 0%/0%; EBITDA: 0%/0%; PAT: 0%/0%

Recommendation Rationale

- Weak Quarter:** Colgate-Palmolive reported Q3FY26 revenue of Rs 1,473 Cr, up 1.4% YoY, driven by early positive signs in its core portfolio and sustained strong performance in the premium segment. Both urban and rural trade channels experienced improved momentum throughout the quarter, indicating a recovery following the disruption caused by the implementation of revised GST rates.
- Successful Launch of Colgate Visible White:** As part of its ongoing innovation journey, the company successfully launched the Colgate Visible White Purple Serum in Q3. This launch marks a significant milestone in its broader "Oral Beauty" strategy. This innovative, first-of-its-kind whitening booster is designed to enhance daily oral care routines. Additionally, the company has recently made its premium teeth whitening range more accessible by introducing a 60g access pack of its Visible White Purple toothpaste.

Sector Outlook: Cautiously Positive

Company Outlook & Guidance: We have maintained our FY27/FY28 estimates to factor in near-term demand softness. However, we see a recovery in the disruption caused by the implementation of revised GST rates.

Current Valuation: 43x Mar'28E EPS (Earlier Valuation: 43x Mar'28E EPS).

Current TP: Rs 2,570/share (Earlier TP: Rs 2,570/share)

Recommendation: With an upside of 22% from the CMP, we maintain our **BUY** rating on the stock.

Financial Performance: The company's revenue increased by 1.4% YoY, led by its core portfolio and premium line. The quarter saw a recovery from the impact caused by the GST rate revision. Gross margin remained flat YoY at 69.7%. Meanwhile, EBITDA decreased by 2.7% YoY, with EBITDA margins down by 128 bps to 30%. PAT stood at Rs 324 Cr, flat YoY.

Outlook & Recommendation

We appreciate the company's overall long-term strategy, which focuses on driving top-line growth through initiatives, such as 1) Launching science-based premium products to enhance overall realisations, 2) Developing the category by increasing awareness through marketing initiatives, 3) Increasing the frequency of consumption and penetration in rural markets, and 4) Expanding the personal care portfolio to mitigate risks associated with the slow-growing oral care category. **Moreover, the demand environment is likely to improve in the coming quarters, led by GST rate cuts, which will drive consumption in the long term. Hence, we maintain our BUY rating with a revised TP of Rs 2,570/share, implying an upside potential of 22% from the CMP.**

Key Financials (Standalone)

(Rs Cr)	Q3FY26	Q2FY26	QoQ (%)	Q3FY25	YoY (%)
Net Sales	1,473	1,507	-2.3%	1,452	1.4%
EBITDA	442	465	-5.0%	454	-2.7%
EBITDA Margin (%)	30.0	30.9	-87 bps	31.3	-128 bps
Net Profit	324	328	-1.1%	323	0.3%
EPS (Rs)	11.9	12.0	-1.1%	11.9	0.3%

Source: Company, Axis Research

(CMP as of 29th January, 2026)

CMP (Rs)	2,112
Upside /Downside (%)	22%
High/Low (Rs)	2,975/2,032
Market cap (Cr)	57,439
Avg. daily vol.(6m) Shrs '000.	571
No. of shares (Cr)	27

Shareholding (%)

	Jun-25	Sep-25	Dec-25
Promoter	51.0	51.0	51.0
FII	20.4	17.2	15.2
MFs / UTI	5.2	5.5	8.3
FII/ Banks	0.0	0.0	0.0
Others	23.5	26.4	25.5

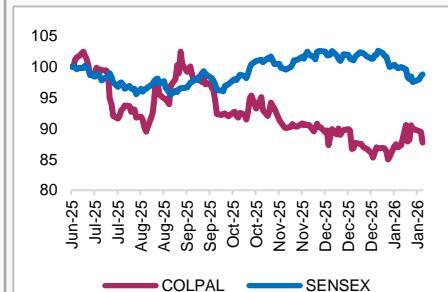
Financial & Valuations

Y/E Mar (Rs Cr)	FY26E	FY27E	FY28E
Net Sales	6,291	6,771	7,288
EBITDA	2,002	2,170	2,464
Net Profit	1,456	1,575	1,787
EPS (Rs.)	53.5	57.9	65.7
PER (x)	42.7	39.5	34.8
EV/EBITDA (x)	30.5	28.1	24.6
P/BV (x)	37.4	36.4	32.9
ROE (%)	87.5	92.1	94.5

Change in Estimates (%)

Y/E Mar	FY26E	FY27E	FY28E
Sales	0%	0%	0%
EBITDA	0%	0%	0%
PAT	0%	0%	0%

Relative Performance



Source: Ace Equity, Axis Securities

Results Gallery

- [Q2FY26](#)
- [Q1FY26](#)
- [Q4FY25](#)
- [Q3FY25](#)

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Key Risks to Our Estimates and TP

- Increase in competitive intensity.
- Prolonged demand recovery.
- RM inflation.

Change in Estimates

	Old		New		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	6,771	7,288	6,771	7,288	0%	0%
EBITDA	2,170	2,464	2,170	2,464	0%	0%
PAT	1,575	1,787	1,575	1,787	0%	0%
EPS	57.9	65.7	57.9	65.7	0%	0%

Source: Company, Axis Securities

Results Review

(Rs Cr)	Q3FY25	Q2FY26	Axis Est.	Q3FY26	YoY Growth (%)	QoQ Growth (%)	Axis Sec Var. (%)
Net Sales	1,452	1,507	1,423	1,473	1.4	(2.3)	3.5
Gross Profits	1,012	1,043	1,002	1,027	1.4	(1.6)	2.5
Gross Margin (%)	69.7	69.2	70.4	69.7	-1 bps	50 bps	-70 bps
Staff costs	109	118	113	118	8.3	(0.2)	4.1
Ad spends	200	225	208	207	3.4	(8.1)	(0.6)
Other operating expenses	259	247	264	273	5.6	10.7	3.5
EBITDA	454	465	427	442	(2.7)	(5.0)	3.5
EBITDA margin (%)	31.3	30.9	30.0	30.0	-128 bps	-87 bps	-1 bps
Depreciation	-41	-37	-38	-36	(11.9)	(2.5)	(5.4)
EBIT	413	428	389	406	(1.8)	(5.2)	4.3
Interest	-1	-1	-1	-1	(12.6)	(2.0)	(6.7)
Other Income	20	15	21	39	92.5	161.3	83.4
PBT	433	442	409	436	0.7	(1.5)	6.5
Tax rate (%)	25	26	26	26	30 bps	-28 bps	-33 bps
Rep PAT	323	328	303	324	0.3	(1.1)	6.9
EPS	11.9	12.0	11.1	11.9	0.3	(1.1)	6.9

Source: Company, Axis Securities

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Net sales	5,999	6,291	6,771	7,288
Growth, %	6	5	8	8
Other operating income	41	44	48	52
Total income	6,040	6,335	6,819	7,339
Raw material expenses	(1,818)	(1,927)	(2,043)	(2,166)
Employee expenses	(447)	(465)	(488)	(512)
Other Operating Expenses	(1,817)	(1,941)	(2,118)	(2,197)
EBITDA (Core)	1,958	2,002	2,170	2,464
Growth, %	3	2	8	14
Margin, %	33	32	32	34
Depreciation	(163)	(173)	(183)	(193)
EBIT	1,795	1,829	1,987	2,271
Growth, %	4	2	9	14
Margin, %	30	29	29	31
Other Income	139	132	133	135
Non-recurring Items	-	-	-	-
Pre-tax profit	1,930	1,956	2,115	2,401
Tax provided	(493)	(500)	(540)	(613)
Profit after tax	1,437	1,456	1,575	1,787
Net Profit	1,437	1,456	1,575	1,787
Growth, %	7	1	8	13
Net Profit (adjusted)	1,437	1,456	1,575	1,787
Unadj. shares (Cr)	27	27	27	27

Source: Company, Axis Securities

Balance Sheet

(Rs Cr)

As of 31 st March,	FY25	FY26E	FY27E	FY28E
Cash & bank	1,095	1,191	1,306	1,569
Debtors	226	237	255	275
Inventory	377	345	371	399
Loans & advances	7	7	7	7
Other current assets	57	57	57	57
Total current assets	1,763	1,837	1,996	2,307
Investments	-	-	-	-
Gross fixed assets	2,362	2,505	2,649	2,792
Less: Depreciation	(1,586)	(1,759)	(1,942)	(2,135)
Add: Capital WIP	38	38	38	38
Net fixed assets	815	785	746	696
Non-current assets	28	28	28	28
Total assets	2,951	2,995	3,115	3,375
Current liabilities	1,277	1,322	1,396	1,475
Provisions	30	30	30	30
Total current liabilities	1,307	1,352	1,425	1,505
Non-current liabilities	(21)	(21)	(21)	(21)
Total liabilities	1,286	1,331	1,405	1,484
Paid-up capital	27	27	27	27
Reserves & surplus	1,637	1,637	1,683	1,864
Shareholders' equity	1,664	1,664	1,710	1,891
Total equity & liabilities	2,951	2,995	3,115	3,375

Source: Company, Axis Securities

Cash Flow
(Rs Cr)

Y/E Mar	FY25	FY26E	FY27E	FY28E
Pre-tax profit	1,930	1,956	2,115	2,401
Depreciation	163	173	183	193
Chg in working capital	(108)	66	29	32
Total tax paid	(543)	(500)	(540)	(613)
Cash flow from operating activities	1,441	1,696	1,787	2,012
Capital expenditure	(73)	(143)	(143)	(143)
Chg in marketable securities	-	-	-	-
Cash flow from investing activities	(73)	(143)	(143)	(143)
Free cash flow	1,368	1,552	1,644	1,869
Equity raised/(repaid)	(12)	-	(0)	0
Dividend (incl. tax)	(1,387)	(1,457)	(1,529)	(1,606)
Cash flow from financing activities	(1,399)	(1,457)	(1,529)	(1,606)
Net chg in cash	(31)	96	115	263
Opening cash balance	1,374	1,095	1,191	1,306
Closing cash balance	1,095	1,191	1,306	1,569

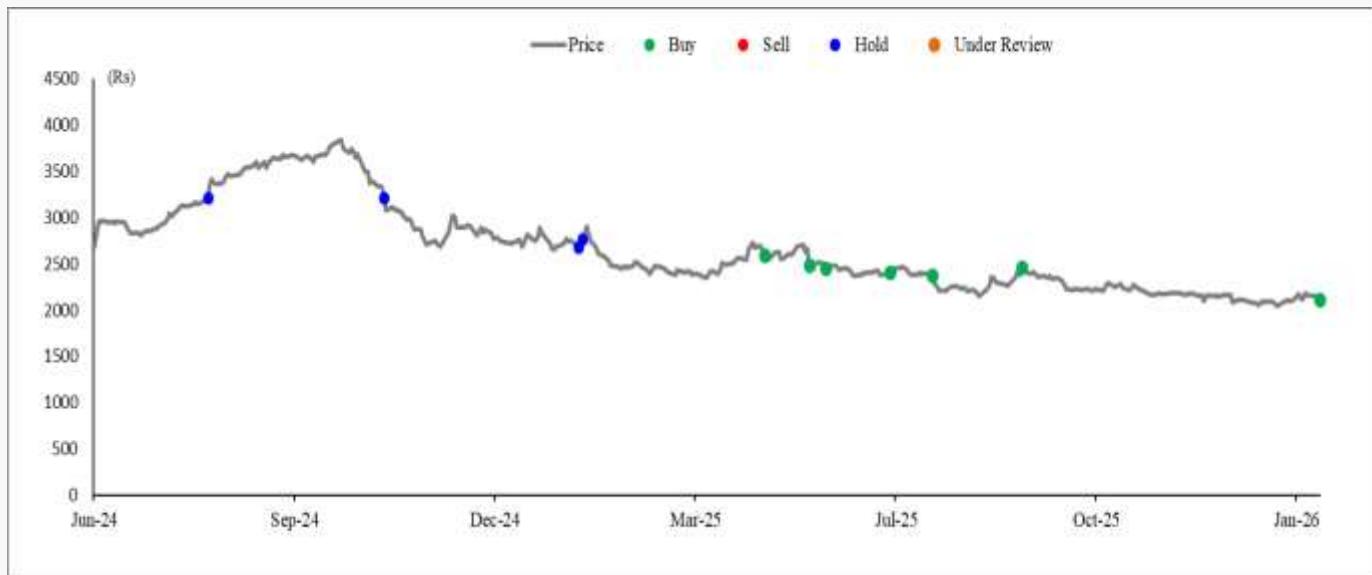
Source: Company, Axis Securities

Ratio Analysis
(%)

	FY25	FY26E	FY27E	FY28E
Per Share data				
EPS (Rs)	52.8	53.5	57.9	65.7
Growth, %	7.0	1.4	8.1	13.5
Book NAV/share (Rs)	61.2	61.2	62.9	69.5
FDEPS (Rs)	52.8	53.5	57.9	65.7
CEPS (Rs)	58.8	59.9	64.6	72.8
CFPS (Rs)	48.0	57.5	60.8	69.0
DPS (Rs)	51.0	53.6	56.2	59.0
Return ratios				
Return on assets (%)	47.4	49.1	51.7	55.2
Return on equity (%)	86.3	87.5	92.1	94.5
Return on capital employed (%)	80.8	87.3	93.1	99.0
Turnover ratios				
Asset turnover (x)	41.1	57.0	242.9	(153.8)
Sales/Total assets (x)	2.0	2.1	2.2	2.2
Sales/Net FA (x)	7.0	7.9	8.8	10.1
Working capital/Sales (x)	(0.1)	(0.1)	(0.1)	(0.1)
Receivable days	13.8	13.8	13.8	13.8
Inventory days	23.0	20.0	20.0	20.0
Payable days	82.3	81.3	81.6	83.8
Working capital days	(37.1)	(39.2)	(38.0)	(36.9)
Liquidity ratios				
Current ratio (x)	1.4	1.4	1.4	1.6
Quick ratio (x)	1.1	1.1	1.2	1.3
Net debt/Equity (%)	(65.8)	(71.6)	(76.4)	(82.9)
Valuation				
PER (x)	40.0	39.4	36.5	32.1
PEG (x) YoY growth	5.7	29.0	4.5	2.4
Price/Book (x)	34.5	34.5	33.6	30.4
EV/Net sales (x)	9.4	8.9	8.3	7.7
EV/EBITDA (x)	28.8	28.1	25.9	22.7
EV/EBIT (x)	31.4	30.8	28.3	24.6

Source: Company, Axis Securities

Colgate Palmolive Price Chart and Recommendation History



Date	Reco	TP	Research
30-Jul-24	HOLD	3,050	Result Update
25-Oct-24	HOLD	3,150	Result Update
29-Jan-25	HOLD	2,850	Result Update
30-Apr-25	BUY	2,950	Top Picks
23-May-25	BUY	2,830	Result Update
01-Jun-25	BUY	2,830	Top Picks
01-Jul-25	BUY	2,830	Top Picks
23-Jul-25	BUY	2,660	Result Update
05-Sep-25	BUY	2,780	Company Update
24-Oct-25	BUY	2,570	Result Update
30-Jan-26	BUY	2,570	Result Update

Source: Axis Securities Research

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