MIRAE ASSET Sharekhan

Colgate Palmolive (India) Ltd

On a recovery path

Reco/View: **BUY**	CMP: **Rs. 2,120**	Price Target: **Rs. 2,460**

COLGATE-PALMOLIVE (INDIA) LIMITED

STOCK UPDATE
Result Update - Q3FY2026

SECTOR
Consumer Goods

COMPANY DETAILS	
Market cap:	Rs. 57,661 cr
52-week high/low:	Rs. 2975/2031
NSE volume: (No of shares)	5.0 lakh
BSE code:	474741
NSE code:	COLPAL
Free float: (No of shares)	13.3 cr

Source: NSE, BSE, Mirae Asset Sharekhan Research

SHAREHOLDING (%)	
Promoters	51.0
FII	16.0
DII	13.8
Others	19.2

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE CHART

Source: NSE, BSE, Mirae Asset Sharekhan Research

PRICE PERFORMANCE

(%)	1m	3m	6m	12m
Absolute	3.2	-6.0	-5.2	-23.5
Relative to Sensex	6.1	-3.5	-6.2	-30.7

Source: Mirae Asset Sharekhan Research, Bloomberg

Quick Snapshot

- Colgate's Q3FY26 revenue grew 1.7% y-o-y, OPM fell 134 bps y-o-y to 29.7% and adjusted PAT declined by 2.8% y-o-y to Rs. 314 crore.
- Core portfolio reported early green shoots, while the premium segment sustained strong performance.
- A better demand environment and strong focus on execution would drive growth going ahead.
- Stock trades at 42x/39x/36x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy with a revised PT of Rs. 2,460.

Result overview

- Standalone revenue grew by 1.7% y-o-y to Rs. 1,486 crore, against our expectation of Rs. 1,499 crore. It returned to growth trajectory after three consecutive quarters of decline.
- Core portfolio reported early positive signs, while premium segment sustained strong performance.
- Both urban and rural trade channels experienced improved momentum throughout the quarter.
- Gross margin stood stable y-o-y at 70% driven by the company's funding the growth program, while OPM fell by 134 bps y-o-y to 29.7%, missing our expectation of 30.6%, largely due to negative operating leverage.
- Operating profit fell 2.7% y-o-y to Rs. 442 crore and adjusted PAT declined by 2.8% y-o-y to Rs. 314 crore; versus our expectation of Rs. 326 crore.
- Exceptional items include the impact of labour code changes and interest on income tax refunds. Reported PAT stood flat y-o-y at Rs. 324 crore.
- 9MFY26 revenue declined 3% y-o-y to Rs. 4,440 crore, OPM fell by 126 bps to 30.6% and adjusted PAT reduced by 7.5% y-o-y to 962 crores.

Our Call

ITC is confident of achieving consistent growth in the medium to long term led by a greater focus on strengthening the core business and additional levers such as leading growth in the toothbrush segment and expanding the personal care portfolio. We expect revenue/PAT to clock 4%/5% CAGR over FY25-28E. The stock trades at 42x/39x/36x its FY26E/FY27E/FY28E EPS, respectively. We maintain a Buy rating with a revised PT of Rs. 2,460.

Key Risks

Intense competition or slowdown in key categories' growth would act as a key risk to our earnings estimates.

Valuation (Consolidated) **Rs cr**

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,680	6,040	5,979	6,430	6,859
OPM (%)	33.5	32.4	31.6	32.1	32.6
Adjusted PAT	1,338	1,395	1,365	1,496	1,619
Adjusted EPS (Rs.)	49.2	51.3	50.2	55.0	59.5
P/E (x)	43.1	41.3	42.3	38.5	35.6
P/B (x)	30.8	34.6	34.5	32.9	30.8
EV/EBIDTA (x)	29.7	28.9	30.1	27.5	25.3
RoNW (%)	74.5	78.8	81.9	87.5	89.3
RoCE (%)	94.7	99.8	102.8	109.7	112.0

Source: Company; Mirae Asset Sharekhan estimates

Concall highlights

- Colgate has accelerated brand investments to further advance its premiumisation strategy.
- It expects growth momentum to accelerate going forward, driven by an improving demand environment and its intense focus on on-the-ground and superior execution.
- The company launched Colgate Visible White Purple Serum in this quarter, enhancing daily oral care routine in the premium segment.
- It also introduced a 60g access pack of its Colgate Visible White Purple Toothpaste, making its premium teeth whitening range more accessible.

Results (Consolidated) Rs cr

Particulars	Q3FY26	Q3FY25	y-o-y (%)	Q2FY26	q-o-q (%)
Net revenue	**1,486.1**	**1,461.8**	**1.7**	**1,519.5**	**-2.2**
Raw materials	446.3	439.9	1.5	464.2	-3.9
Employee costs	117.8	108.8	8.3	118.1	-0.2
Advertising	206.8	200.1	3.4	225.1	-8.1
Other expenditure	273.1	258.7	5.6	246.7	10.7
Total expenditure	1,044.1	1,007.5	3.6	1,054.1	-0.9
Operating profit	**442.0**	**454.4**	**-2.7**	**465.4**	**-5.0**
Other income	39.3	20.4	92.5	15.0	161.3
Interest expenses	1.0	1.1	-12.6	1.0	-2.0
Depreciation	36.3	41.1	-11.9	37.2	-2.5
Profit Before Tax	**444.1**	**432.5**	**2.7**	**442.3**	**0.4**
Tax	111.8	109.7	1.9	114.8	-2.6
Adjusted PAT	332.3	322.8	2.9	327.5	1.4
Adjusted PAT	332.3	322.8	2.9	327.5	1.4
Reported PAT	323.9	322.8	0.3	327.5	-1.1
Adjusted EPS	12.2	11.9	2.9	12.0	1.4
			bps		**bps**
GPM (%)	70.0	69.9	6	69.5	52
OPM (%)	29.7	31.1	-134	30.6	-89
NPM (%)	29.9	29.6	29	29.1	78
Tax rate (%)	21.8	22.1	-29	21.6	24

Source: Company; Mirae Asset Sharekhan Research

Additional Data

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	Life Insurance Corp. of India	4.65
2	SBI Funds Management Ltd.	2.32
3	Vanguard Group Inc.	2.13
4	Blackrock Inc.	1.84
5	Nippon Life India AMC Ltd.	1.49
6	Mitsubishi UFJ Financial Group Inc.	1.06
7	Goldman Sachs group Inc.	0.72
8	Sundaram AMC Ltd.	0.60
9	St. James Place PLC	0.58
10	Dimensional Fund Advisors LP	0.46

Source: Bloomberg

Key management personnel

Name	Designation
Mukul Deoras	Chairperson
Prabha Narasimhan	MD and CEO
M S Jacob	Whole Time Director and CFO
Jaikishan Shah	Company Secretary and Compliance Officer

Source: Company Website

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