


Urban Recovery & Premiumization Drive Colgate's Growth!
Est. vs. Actual for Q4FY26: Revenue – BEAT; EBITDA – BEAT; PAT – MISS
Changes in Estimates post Q4FY26
FY27E/FY28E: Revenue: -5%/-5%; EBITDA: -9%/-9%; PAT: -10%-9%
Recommendation Rationale

- **Steady Topline Growth:** Colgate-Palmolive (India) Limited reported steady topline growth in Q4FY26, with revenue rising 9% YoY to Rs 1,583 Cr, driven by broad-based growth across core and premium toothpaste, toothbrush, and personal care categories. The quarter also witnessed healthy category volume growth, supported by recovery in urban markets. Management highlighted that accelerated investments in the premium portfolio continue to deliver strong traction, with premium segment growth at nearly 3x the overall company growth, backed by science-led innovation and superior brand experience.
- **Margins Performance:** The company reported a 2.3% YoY growth in EBITDA during Q4FY26, while EBITDA margin declined 210 bps to 32.2%, impacted by gross margin contraction of 79 bps to 69.6% and higher operating expenses. The company significantly stepped-up brand investments to ~Rs 200 Cr during the quarter, reflecting a 10% increase YoY. Management highlighted that it continues to closely monitor geopolitical developments and commodity price volatility, while remaining focused on effective cost management and calibrated pricing actions to navigate the evolving environment.

Sector Outlook: Cautiously Positive

Company Outlook & Guidance: We have revised down our FY27/FY28 estimates to factor in near-term commodity cost volatility and geopolitical uncertainties. Nevertheless, we maintain our **BUY** rating on the stock, supported by the ongoing demand recovery and the company's continued focus on driving consumption growth.

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

Current TP: Rs 2,560/share (Earlier TP: Rs 2,570/share)

Recommendation: With an upside of 19% from the CMP, we **maintain our BUY rating** on the stock.

Financial Performance: The company's revenue increased by 9% YoY, led by its core portfolio and premium line. Gross Profit increased by 7.8% YoY. However, gross margins declined by 79 bps to 69.6%. Meanwhile, EBITDA increased by 2.3% YoY, and EBITDA margins fell 210 bps to 32.2%. PAT stood at Rs 353 Cr, down 0.5% 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 has improved, 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 2,560/share, implying an upside potential of 19% from the CMP.**

Key Financials (Standalone)

(Rs Cr)	Q4FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1,583	7.5	9.0	1,488	6.3
EBITDA	510	15.3	2.3	502	1.5
EBITDA Margin (%)	32.2	219 bps	-210 bps	33.7	-155 bps
Net Profit	353	9.1	(0.5)	358	(1.3)
EPS (Rs)	13.0	9.1	(0.5)	13.2	(1.3)

Source: Company, Axis Securities Research

(CMP as of 22nd May, 2026)

CMP (Rs)	2,158
Upside/Downside (%)	19%
High/Low (Rs)	2,519/1,781.6
Market cap (Cr)	58,680
Avg. daily vol.(6m) Shrs '000.	448
No. of shares (Cr)	27

Shareholding (%)

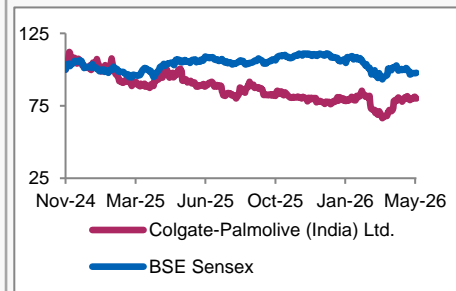
	Sep-25	Dec-25	Mar-26
Promoter	51.0	51.0	51.0
FII's	17.2	15.2	13.6
MFs / UTI	5.5	6.1	7.5
FIs/ Banks	0.0	0.0	0.0
Others	26.4	27.7	27.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	5,984	6,440	6,932
EBITDA	1,870	1,968	2,245
Net Profit	1,344	1,420	1,624
EPS (Rs.)	48.7	52.2	59.7
PER (x)	43.5	41.3	36.1
EV/EBITDA (x)	30.6	29.0	25.2
P/BV (x)	37.0	35.9	32.3
ROE (%)	85.2	86.9	89.3

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-5%	-5%
EBITDA	-9%	-9%
PAT	-10%	-9%

Relative Performance


Source: Ace Equity, Axis Securities Research

Results Gallery

[Q3FY26](#)
[Q2FY26](#)
[Q1FY26](#)
[Q4FY25](#)

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Key Risks to Our Estimates and TP

- Increase in competitive intensity.
- Prolonged demand recovery.
- RM inflation.
- Geo-political tensions.

Change in Estimates

	Old		New		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	6,771	7,288	6,440	6,932	-5%	-5%
EBITDA	2,170	2,464	1,968	2,245	-9%	-9%
PAT	1,575	1,787	1,420	1,624	-10%	-9%
EPS	57.9	65.7	52.2	59.7	-10%	-9%

Source: Company, Axis Securities Research

Results Review

(Rs Cr)	Q4FY25	Q3FY26	Axis Est.	Q4FY26	YoY Growth (%)	QoQ Growth (%)	Axis Sec Var. (%)
Net Sales	1,452	1,473	1,488	1,583	9.0	7.5	6.3
Gross Profits	1,022	1,027	1,042	1,102	7.8	7.3	5.8
Gross Margin (%)	70.4	69.7	70.0	69.6	-79 bps	-8 bps	-39 bps
Staff costs	107	118	112	121	12.6	2.5	8.3
Ad spends	181	207	188	199	10.2	(3.8)	6.0
Other operating expenses	247	273	252	285	15.4	4.3	13.1
EBITDA	498	442	502	510	2.3	15.3	1.5
EBITDA margin (%)	34.3	30.0	33.7	32.2	-210 bps	219 bps	-155 bps
Depreciation	-38	-36	-37	-35	(8.6)	(3.2)	(6.0)
EBIT	460	406	465	475	3.2	16.9	2.1
Interest	-1	-1	-1	-1	(25.0)	(16.5)	(20.5)
Other Income	19	39	20	17	(11.5)	(57.1)	(15.7)
PBT	478	436	484	474	(0.8)	8.8	(2.0)
Tax rate (%)	26	26	26	25	-21 bps	-20 bps	-54 bps
Rep PAT	355	324	358	353	(0.5)	9.1	(1.3)
EPS	13.1	11.9	13.2	13.0	(0.5)	9.1	(1.3)

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Net sales	5,999	5,984	6,440	6,932
Growth, %	6	(0)	8	8
Other operating income	41	51	56	60
Total income	6,040	6,035	6,496	6,992
Raw material expenses	(1,818)	(1,837)	(1,947)	(2,064)
Employee expenses	(447)	(475)	(499)	(524)
Other Operating Expenses	(1,817)	(1,853)	(2,083)	(2,159)
EBITDA (Core)	1,958	1,870	1,968	2,245
Growth, %	3	(5)	5	14
Margin, %	33	31	31	32
Depreciation	(163)	(146)	(151)	(157)
EBIT	1,795	1,724	1,816	2,088
Growth, %	4	(4)	5	15
Margin, %	30	29	28	30
Other Income	139	89	90	91
Non-recurring Items	-	-	-	-
Pre-tax profit	1,930	1,809	1,902	2,175
Tax provided	(493)	(459)	(482)	(551)
Profit after tax	1,437	1,350	1,420	1,624
Net Profit	1,437	1,350	1,420	1,624
Growth, %	7	(6)	5	14
Net Profit (adjusted)	1,437	1,344	1,420	1,624
Unadj. shares (Cr)	27	27	27	27

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

As of 31 st March,	FY25	FY26	FY27E	FY28E
Cash & bank	1,095	1,469	1,695	2,017
Debtors	226	209	225	242
Inventory	377	376	353	380
Loans & advances	7	7	7	7
Other current assets	57	170	170	170
Total current assets	1,763	2,231	2,449	2,816
Investments	-	-	-	-
Gross fixed assets	2,362	2,450	2,538	2,626
Less: Depreciation	(1,586)	(1,732)	(1,883)	(2,040)
Add: Capital WIP	38	27	27	27
Net fixed assets	815	745	682	613
Non-current assets	28	35	35	35
Total assets	2,951	3,326	3,481	3,779
Current liabilities	1,277	1,743	1,849	1,963
Provisions	30	47	47	47
Total current liabilities	1,307	1,790	1,896	2,010
Non-current liabilities	(21)	(48)	(48)	(48)
Total liabilities	1,286	1,742	1,848	1,962
Paid-up capital	27	27	27	27
Reserves & surplus	1,637	1,557	1,606	1,790
Shareholders' equity	1,664	1,584	1,633	1,817
Total equity & liabilities	2,951	3,326	3,481	3,779

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY25	FY26	FY27E	FY28E
Pre-tax profit	1,930	1,809	1,902	2,175
Depreciation	163	146	151	157
Chg in working capital	(108)	369	113	70
Total tax paid	(543)	(443)	(482)	(551)
Cash flow from operating activities	1,441	1,881	1,685	1,850
Capital expenditure	(73)	(77)	(88)	(88)
Chg in marketable securities	-	-	-	-
Cash flow from investing activities	(73)	(77)	(88)	(88)
Free cash flow	1,368	1,804	1,597	1,762
Equity raised/(repaid)	(12)	(80)	80	(0)
Dividend (incl. tax)	(1,387)	(1,306)	(1,371)	(1,439)
Cash flow from financing activities	(1,399)	(1,386)	(1,291)	(1,439)
Net chg in cash	(31)	418	306	323
Opening cash balance	1,374	1,095	1,469	1,695
Closing cash balance	1,095	1,469	1,695	2,017

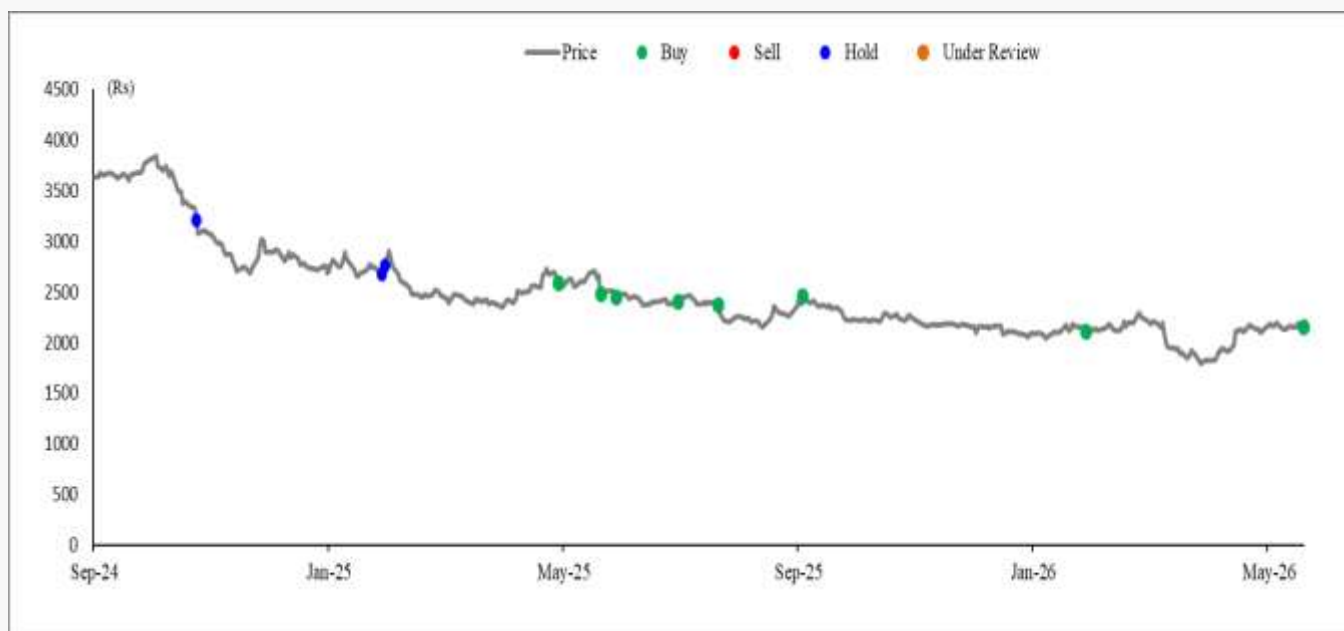
Source: Company, Axis Securities Research

Ratio Analysis
(%)

	FY25	FY26	FY27E	FY28E
Per Share data				
EPS (Rs)	52.8	48.7	52.2	59.7
Growth, %	7.0	(6.0)	5.2	14.3
Book NAV/share (Rs)	61.2	58.2	60.0	66.8
FDEPS (Rs)	52.8	49.6	52.2	59.7
CEPS (Rs)	58.8	55.0	57.8	65.5
CFPS (Rs)	48.0	66.1	58.6	64.7
DPS (Rs)	51.0	48.0	50.4	52.9
Return ratios				
Return on assets (%)	47.4	43.1	41.8	44.8
Return on equity (%)	86.3	85.2	86.9	89.3
Return on capital employed (%)	80.8	83.2	88.6	94.4
Turnover ratios				
Asset turnover (x)	41.1	(108.0)	(18.0)	(13.5)
Sales/Total assets (x)	2.0	1.9	1.9	1.9
Sales/Net FA (x)	7.0	7.7	9.0	10.7
Working capital/Sales (x)	(0.1)	(0.2)	(0.2)	(0.2)
Receivable days	13.8	12.8	12.8	12.8
Inventory days	23.0	23.0	20.0	20.0
Payable days	82.3	121.5	120.3	123.5
Working capital days	(37.1)	(59.8)	(62.0)	(61.3)
Liquidity ratios				
Current ratio (x)	1.4	1.3	1.3	1.4
Quick ratio (x)	1.1	1.1	1.1	1.2
Net debt/Equity (%)	(65.8)	(92.7)	(103.8)	(111.0)
Valuation				
PER (x)	40.8	43.5	41.3	36.1
PEG (x) YoY growth	5.9	(7.2)	8.0	2.5
Price/Book (x)	35.3	37.0	35.9	32.3
EV/Net sales (x)	9.6	9.6	8.8	8.2
EV/EBITDA (x)	29.4	30.6	29.0	25.2
EV/EBIT (x)	32.1	33.2	31.4	27.1

Source: Company, Axis Securities Research

Colgate Palmolive Price Chart and Recommendation History



Date	Reco	TP	Research
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
25-May-26	BUY	2,560	Result Update

Source: Axis Securities Research

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HOLD	Between 10% and -10%
SELL	Less than -10%
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