

Colgate Palmolive (India) Limited

BUY

Sector: FMCG

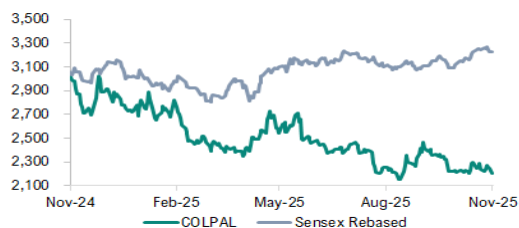
06th November, 2025

Key Changes		Target		Rating		Earnings		Target	Rs. 2,550
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame			CMP	Rs. 2,190
Mid Cap	CLGT:IN	83,459	COLPAL	500830	12 Months			Return	+16%

Data as of: 04 Nov-2025, 16:00 hrs

Company Data			
Market Cap (Rs.cr)	59,577		
52 Week High — Low (Rs.)	3,115 - 2,151		
Enterprise Value (Rs. cr)	57,937		
Outstanding Shares (cr)	27.2		
Free Float (%)	48.3		
Dividend Yield (%)	3.4		
6m average volume (cr)	0.1		
Beta	0.7		
Face value (Rs.)	1.0		
Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	51.0	51.0	51.0
FII's	22.2	20.4	17.2
MFs/Institutions	8.1	9.6	12.2
Public	17.7	17.8	18.5
Others	1.0	1.2	1.1
Total	100.0	100.0	100.0
Promoter Pledge	Nil	Nil	Nil
Price Performance	3 Month	6 Month	1 Year
Absolute Return	-2.5%	-13.4%	-28.2%
Absolute Sensex	4.2%	4.3%	5.3%
Relative Return	-6.7%	-17.8%	-33.6%

*over or under performance to benchmark index



Y.E March (cr)	FY25A	FY26E	FY27E
Sales	5,999	6,191	6,637
Growth (%)	6.3	3.2	7.2
EBITDA	1,958	1,948	2,124
EBITDA Margin (%)	32.6	31.5	32.0
PAT Adjusted	1,437	1,415	1,544
Growth (%)	7.0	-1.6	9.1
Adjusted EPS	52.8	52.0	56.8
Growth (%)	7.0	-1.6	9.1
P/E	45.3	42.3	38.8
P/B	39.1	27.4	25.6
EV/EBITDA	32.7	29.7	27.2
ROE (%)	86.3	64.7	66.1
D/E	0.0	0.0	0.0

Stable margins, growth plans intact

Colgate-Palmolive (India) Ltd, or Colgate, makes oral and body care products such as soaps, cosmetics, toilet preparations, toothpastes, toothbrushes, shaving brushes, and glycerin.

- In Q2FY26, consolidated revenue declined 6.3% YoY to Rs. 1,507cr, due to transitory distribution and retail disruption after the goods and services tax (GST) rate on oral care products was revised to 5% from 18%, leading to transitory channel adjustment.
- The management indicated ongoing investments in product research and formulation improvements, aligning with evolving consumer needs in oral care, hygiene and natural ingredient-based offerings.
- EBITDA declined 6.4% YoY to Rs. 465cr, due to lower revenue and an 80.2% YoY drop in other income to Rs. 15cr. However, a strong focus on executing the 'funding the growth' program helped maintain a flat EBITDA margin of 30.9%.
- Profit after tax (PAT) declined 17.1% YoY to Rs. 328cr, primarily on account of lower sales and the absence of one-time interest income on tax refund recorded in the base period

Outlook & Valuation

Colgate's revenue fell during the quarter due to temporary distribution disruptions following the revision in GST rates on oral care portfolio. However, its business fundamentals remained strong with continued brand investments and steady demand in premium segments. The company's strategic focus on innovation, product diversification and rural penetration is expected to aid recovery in the second half of FY26. Ongoing cost optimization under the 'funding the growth' program, coupled with innovation-led launches in oral and personal care should support long-term profitability. Therefore, **we have upgraded our rating on the stock to BUY with a target of Rs. 2,550, based on 45x FY27E adjusted earnings-per-share (EPS).**

Quarterly Financials Consolidated

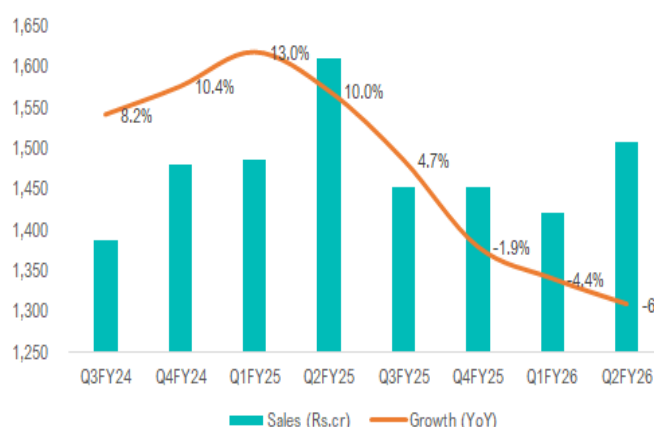
Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	1,507	1,609	-6.3	1,421	6.1	2,928	3,095	-5.4
EBITDA	465	497	-6.4	453	2.8	918	1,006	-8.7
Margin (%)	30.9	30.9	-3bps	31.9	-100bps	31.4	32.5	-110bps
EBIT	428	456	-6.0	415	3.2	843	922	-8.6
PBT	442	530	-16.6	432	2.4	874	1,020	-14.3
Rep. PAT	328	395	-17.1	321	2.1	648	759	-14.6
Adj PAT	328	395	-17.1	321	2.1	648	759	-14.6
Adj. EPS (Rs)	12.0	14.5	-17.1	11.8	2.1	23.8	27.9	-14.6



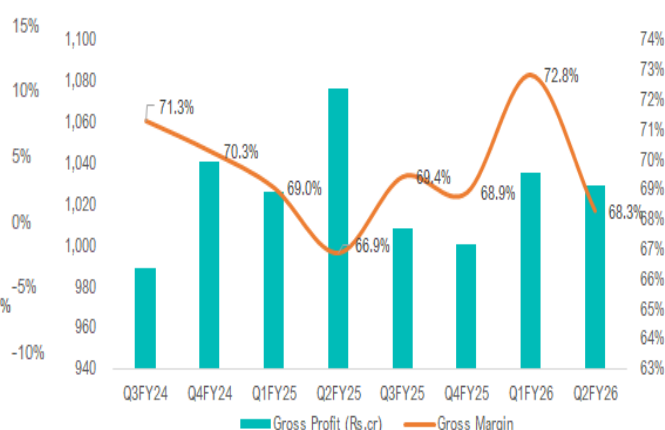
Key highlights

- Colgate maintained its focus on brand investment, reinforcing its leadership in oral care, and sustaining consumer trust through continuous marketing support, despite near-term disruptions in trade and distributions channels.
- Premiumization momentum remained strong led by the sustained success of Colgate Visible White Purple, reflecting consumer preference for advanced whitening and specialist oral care solution.
- The company continued its innovation drive with the launch of Palmolive Moments body wash range, featuring distinct natural-extract based variants.
- Under the flagship Colgate Strong Teeth brand, the company rolled out the 'CAVITY-PROOF' campaign, emphasizing the confidence of mothers in Colgate's Arginine + Calcium Boost technology to provide 24-hour anti-cavity protection.
- The Board declared a first interim dividend of Rs. 24 per share for FY26, reflecting strong cash generation and commitment to shareholder value creation, and consistent capital return policy despite a challenging operating environment.

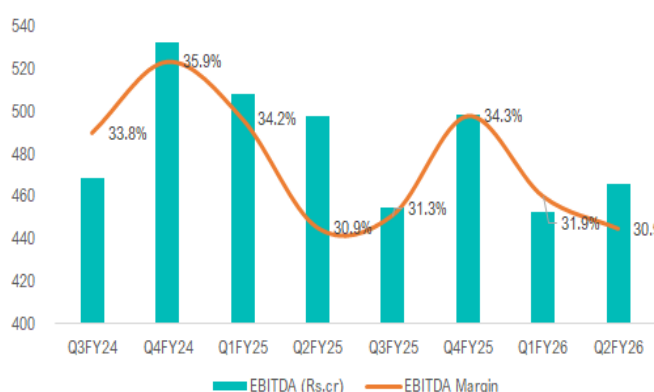
Revenue



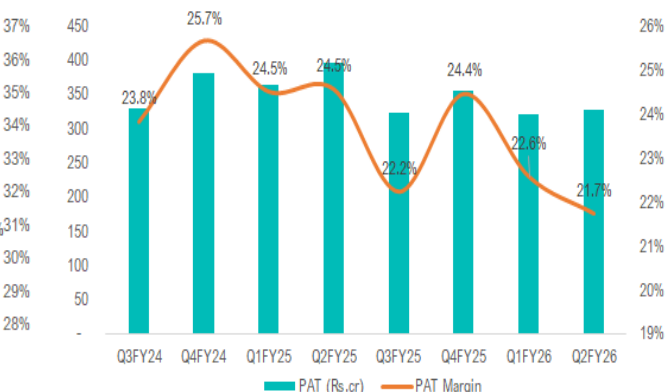
Gross Profit



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Revenue	6,681	7,279	6,191	6,637	-7.3	-8.8
EBITDA	2,172	2,351	1,948	2,124	-10.3	-9.7
Margins (%)	32.5	32.3	31.5	32.0	-100bps	-30bps
Adj. PAT	1,595	1,727	1,415	1,544	-11.3	-10.6
EPS	58.7	63.5	52.0	56.8	-11.3	-10.6



Consolidated Financials

Profit & Loss

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	5,188	5,644	5,999	6,191	6,637
% change	2.4	8.8	6.3	3.2	7.2
EBITDA	1,547	1,901	1,958	1,948	2,124
% change	-1.2	22.9	3.0	-0.5	9.0
Depreciation	175	172	163	174	178
EBIT	1,372	1,729	1,795	1,774	1,946
Interest	5	5	4	5	8
Other Income	-	-	-	-	-
PBT	1,410	1,781	1,930	1,886	2,058
% change	0.0	26.4	8.3	-2.3	9.1
Tax	363	458	493	472	515
Tax Rate (%)	25.7	25.7	25.5	25.0	25.0
Reported PAT	1,047	1,324	1,437	1,415	1,544
PAT att. to common shareholders	1,047	1,324	1,437	1,415	1,544
Adj.*	11	20	-	-	-
Adj. PAT	1,058	1,343	1,437	1,415	1,544
% change	-1.9	26.9	7.0	-1.6	9.1
No. of shares (cr)	27.2	27.2	27.2	27.2	27.2
Adj EPS (Rs.)	38.9	49.4	52.8	52.0	56.8
% change	-1.9	26.9	7.0	-1.6	9.1
DPS (Rs.)	39.0	36.0	51.0	49.4	53.9

Cashflow

Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	1,222	1,495	1,600	1,589	1,722
Non-cash adj.	-67	-335	-124	244	61
Other adjustments	-	-	-	-	-
Changes in W.C	22	39	-81	-9	-18
C.F. Operation	1,176	1,199	1,394	1,824	1,764
Capital exp.	-69	-76	-71	-105	-119
Change in inv.	22	83	55	386	-
Other invest.CF	40	72	73	60	65
C.F - Investment	-8	79	56	341	-54
Issue of equity	-10	-9	-28	-	-
Issue/repay debt	-	-	-	-	-
Dividends paid	-1,057	-1,167	-1,626	-1,344	-1,467
Other finance.CF	-19	-19	-18	-	-
C.F - Finance	-1,087	-1,195	-1,671	-1,344	-1,467
Chg. in cash	82	83	-221	821	243
Closing Cash	923	1,374	1,095	1,916	2,160

Balance Sheet

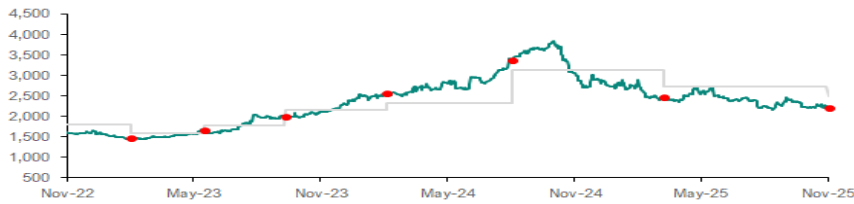
Y.E March (Rs. Cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	923	1,374	1,095	1,916	2,160
Accts. Receivable	157	167	226	223	232
Inventories	335	296	377	386	405
Other Cur. Assets	132	66	64	70	71
Investments	-	-	-	-	-
Gross Fixed As-sets	2,121	2,197	2,268	2,374	2,493
Net Fixed Assets	862	794	776	707	647
CWIP	114	110	38	39	40
Intangible Assets	-	-	-	-	-
Def. Tax -Net	29	65	68	76	77
Other Assets	330	324	373	390	407
Total Assets	2,883	3,197	3,019	3,807	4,040
Current Liabilities	1,085	1,239	1,277	1,535	1,613
Provisions	24	22	30	36	38
Debt Funds	-	-	-	-	-
Other Liabilities	58	61	47	49	52
Equity Capital	27	27	27	27	27
Res. & Surplus	1,689	1,847	1,637	2,160	2,309
Shareholder Funds	1,716	1,874	1,664	2,187	2,337
Minority Interest	-	-	-	-	-
Total Liabilities	2,883	3,197	3,019	3,807	4,040
BVPS	63	69	61	80	86

Ratio

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitab. & Return					
EBITDA margin (%)	29.8	33.7	32.6	31.5	32.0
EBIT margin (%)	26.5	30.6	29.9	28.6	29.3
Net profit mgn.(%)	20.2	23.5	24.0	22.8	23.3
ROE (%)	61.0	70.6	86.3	64.7	66.1
ROCE (%)	79.9	92.3	107.9	81.1	83.3
W.C & Liquidity					
Receivables (days)	11.1	10.8	13.8	13.1	12.8
Inventory (days)	68.4	63.5	72.9	70.1	69.4
Payables (days)	155.2	189.1	177.9	212.2	212.4
Current ratio (x)	1.4	1.5	1.4	1.7	1.8
Quick ratio (x)	1.0	1.2	1.0	1.4	1.5
Turnover & Leverage					
Gross asset T.O (x)	2.5	2.6	2.7	2.7	2.7
Total asset T.O (x)	1.8	1.9	1.9	1.8	1.7
Int. covge. ratio (x)	279.5	345.9	415.6	323.9	253.8
Adj. debt/equity (x)	-	-	-	-	-
Valuation					
EV/Sales (x)	7.7	12.8	10.7	9.4	8.7
EV/EBITDA (x)	25.9	38.1	32.7	29.7	27.2
P/E (x)	38.7	54.9	45.3	42.3	38.8
P/BV (x)	23.9	39.3	39.1	27.4	25.6



Recommendation Summary (Last 3 years)



Dates	Rating	Target
01-Jun-22	ACCUMULATE	1,800
02-Feb-23	HOLD	1,580
18-May-23	HOLD	1,780
12-Sep-23	HOLD	2,150
06-Feb-24	REDUCE	2,320
05-Aug-24	REDUCE	3,120
11-Mar-25	ACCUMULATE	2,730
06-Nov-25	BUY	2,550




Investment Rating Criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

Not rated/Neutral

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:  Upgrade  No Change  Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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