

30 January 2026

India | Equity Research | Results update

Colgate Palmolive

Consumer Staples & Discretionary

Stabilised, not revived

Colgate's Q3FY26 performance reinforces that the business remains structurally challenged, with stabilisation driven by cost and mix levers rather than a revival in core demand. While revenue has returned to low-single-digit growth, volumes in mass oral care remain under pressure; and innovation and premiumisation continue to support visibility more than throughput. The lack of scalable growth engines beyond core oral care, with no clear signs of penetration-led recovery, keeps its earnings quality fragile despite benign input costs and disciplined spends. With growth still reliant on mix rather than volumes and no clear demand catalysts emerging post-GST normalisation, medium-term growth visibility remains constrained. Despite some valuation normalisation, the absence of volume-led recovery leaves risk-reward unfavourable. **SELL**.

Volume momentum remains soft; GST transition continues to weigh on demand

Colgate's Q3FY26 revenue grew a modest 1.7% YoY but declined 2.2% QoQ (vol. ~0%), indicating continued volume softness despite an easier base. GST transition-related disruption led to inventory rationalisation across trade channels, adding to an already subdued underlying demand environment. The core mass portfolio (CDC, MaxFresh, Active Salt) remained under pressure, with limited evidence of a broad-based volume recovery. Premium offerings, including Visible White Purple and Total, continued to grow; however, this appears to be driven more by mix and promotional intensity rather than a material improvement in demand traction. New adjacencies such as Palmolive Moments contributed incremental revenue but remain sub-scale.

Overall, category fatigue persists, with successive launches and campaigns improving visibility but yet to translate into sustained penetration or throughput gains. Channel recovery remains uneven, with mass-market momentum still lagging despite signs of stabilisation post the GST transition.

Manoj Menonmanoj.menon@icicisecurities.com
+91 22 6807 7209**Dhiraj Mistry**

dhiraj.mistry@icicisecurities.com

Ashutosh Joytiraditya

ashutosh.joytiraditya@icicisecurities.com

Akshay Krishnan

akshay.krishnan@icicisecurities.com

Market Data

Market Cap (INR)	575bn
Market Cap (USD)	6,246mn
Bloomberg Code	CLGT IN
Reuters Code	COLG.BO
52-week Range (INR)	2,975 / 2,032
Free Float (%)	48.0
ADTV-3M (mn) (USD)	10.0

Price Performance (%)	3m	6m	12m
Absolute	(6.8)	(4.6)	(22.7)
Relative to Sensex	(4.0)	(6.1)	(30.5)

ESG Score	2024	2025	Change
ESG score	72.5	75.6	3.1
Environment	54.4	65.4	11.0
Social	71.9	75.7	3.8
Governance	87.0	83.4	(3.6)

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY26E	FY27E	FY28E
Revenue	(1.3)	(1.3)	(1.8)
EBITDA	(3.3)	(3.0)	(3.4)
EPS	(2.8)	(2.4)	(2.2)

Previous Reports24-10-2025: [Q2FY26 results review](#)23-07-2025: [Q1FY26 results review](#)

Margins stable, but quality of delivery remains fragile

Gross margin expanded marginally, by 5bps YoY to ~70%, supported by benign input costs and favourable mix, while sequential improvement reflected cost discipline rather than demand strength. EBITDA declined 2.7% YoY to INR 4.42bn, with margins contracting 134bps YoY to 29.7%, driven by operating deleverage amid weak volumes and elevated opex. Sequential margin improvement (+89bps QoQ) was largely a function of tighter cost controls and mix benefits. Adj. PAT grew 3% YoY to INR 3.32bn, aided by tax and cost levers. While headline margins appear resilient, they increasingly reflect cost management rather than operating momentum. Key monitorable remains mass oral care volumes, as premium-led growth and cost controls continue to mask weak throughput in the core franchise, keeping near-term visibility limited.

Valuation and risks

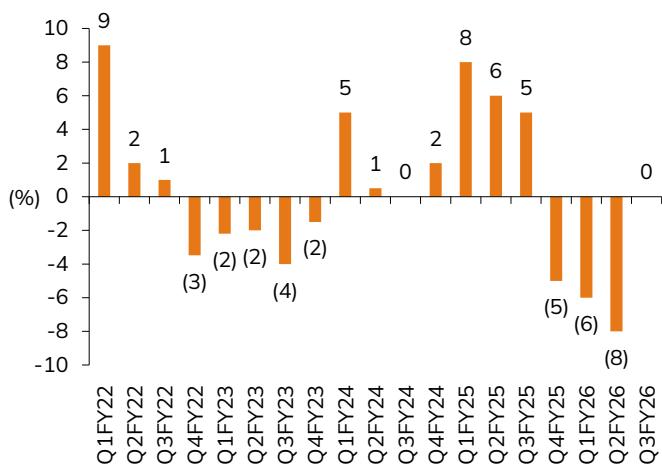
We cut our earnings estimates by ~2-3% for FY26–28, modelling revenue/EBITDA/PAT CAGRs of 5/4/4 (%) over FY25–28E. At 37x P/E for Sep'27E, we maintain **SELL** on the stock with a DCF-based target price of INR 1,800. **Upside risks:** Lower competitive intensity and higher-than-expected market share gains.

Exhibit 1: Q3FY26 result review

(INR mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)	9MFY26	9MFY25	YoY (%)
Net Revenue	14,861	14,618	1.7	15,195	(2.2)	44,397	45,777	(3.0)
COGS	(4,463)	(4,399)	1.5	(4,642)	(3.9)	(13,561)	(13,885)	(2.3)
Gross profit	10,398	10,220	1.7	10,553	(1.5)	30,836	31,892	(3.3)
Staff cost	(1,178)	(1,088)	8.3	(1,181)	(0.2)	(3,541)	(3,395)	4.3
A&SP	(2,068)	(2,001)	3.4	(2,251)	(8.1)	(6,204)	(6,419)	(3.4)
Other opex	(2,731)	(2,587)	5.6	(2,467)	10.7	(7,491)	(7,477)	0.2
Total opex	(5,978)	(5,676)	5.3	(5,899)	1.3	(17,235)	(17,291)	(0.3)
EBITDA	4,420	4,544	(2.7)	4,654	(5.0)	13,600	14,601	(6.8)
Other income	393	204	92.5	150	161.3	723	1,198	(39.7)
Finance cost	(10)	(11)		(10)	(2.0)	(30)	(32)	
D&A	(363)	(411)	(11.9)	(372)	(2.5)	(1,110)	(1,244)	(10.8)
PBT	4,441	4,325	2.7	4,423	0.4	13,183	14,522	(9.2)
Tax	(1,118)	(1,097)	1.9	(1,148)	(2.6)	(3,379)	(3,704)	(8.8)
Recurring PAT	3,323	3,228	2.9	3,275	1.4	9,804	10,818	(9.4)
Extraordinary items	(84)	-		-		(84)	-	
Net profit (reported)	3,239	3,228	0.3	3,275	(1.1)	9,720	10,818	(10.2)
EPS	12.2	11.9	2.9	12.0	1.4	36.0	39.8	(9.4)
Costs as a % of sales								
COGS	30.0	30.1	-6 bps	30.5	-52 bps	30.5	30.3	21 bps
Gross margin (%)	70.0	69.9	5 bps	69.5	51 bps	69.5	69.7	-22 bps
Staff cost	7.9	7.4	48 bps	7.8	16 bps	8.0	7.4	55 bps
A&SP	13.9	13.7	22 bps	14.8	-90 bps	14.0	14.0	-5 bps
Other opex	18.4	17.7	68 bps	16.2	214 bps	16.9	16.3	53 bps
EBITDA margin (%)	29.7	31.1	-134 bps	30.6	-89 bps	30.6	31.9	-127 bps
Income tax rate (%)	25.2	25.4	-19 bps	25.9	-77 bps	25.6	25.5	12 bps

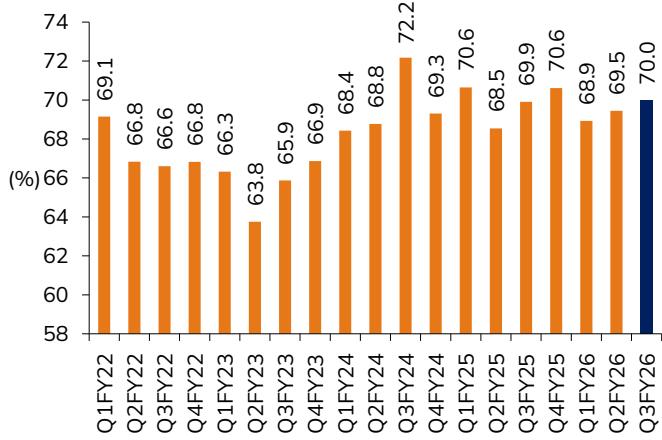
Source: Company data, I-Sec research

Exhibit 2: Volume growth – toothpaste



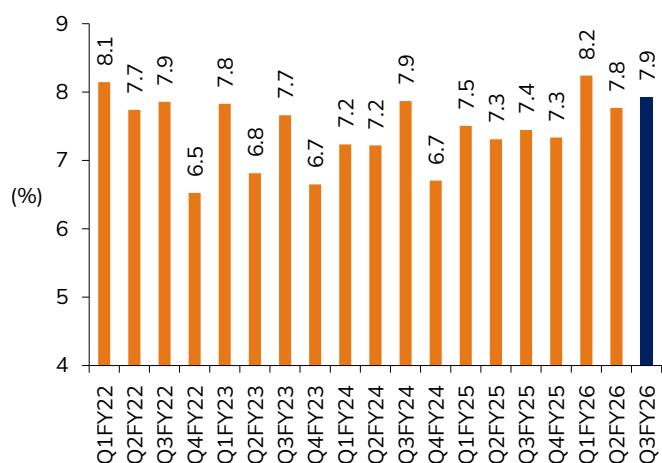
Source: Company data, I-Sec research

Exhibit 4: Gross margin



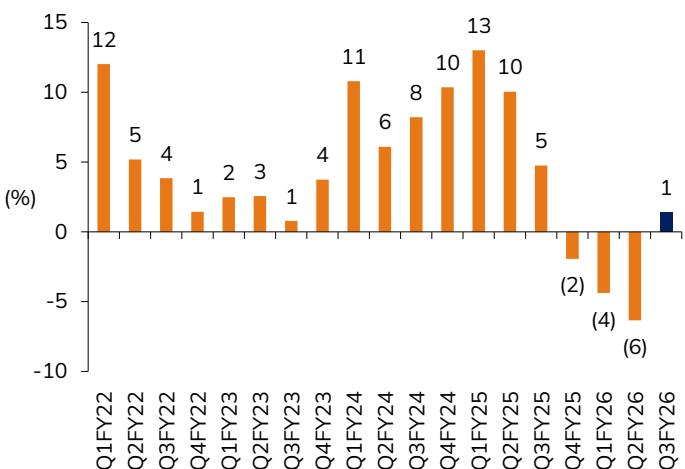
Source: Company data, I-Sec research

Exhibit 6: Staff cost as a % of sales



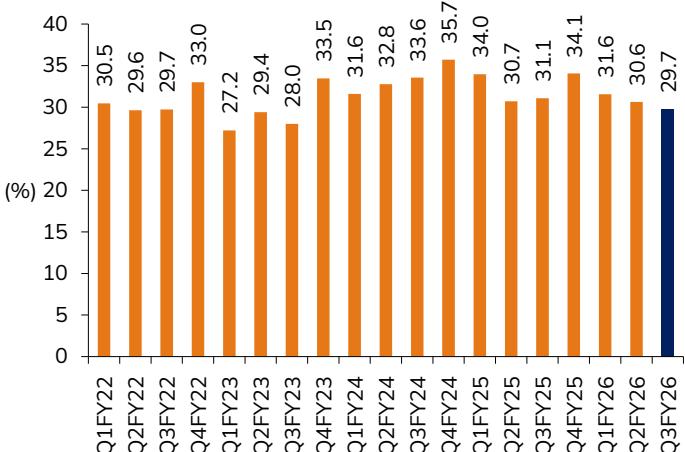
Source: Company data, I-Sec research

Exhibit 3: Revenue growth



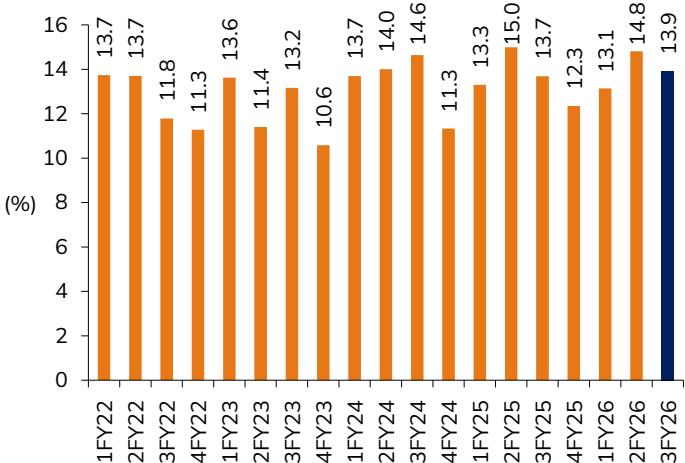
Source: Company data, I-Sec research

Exhibit 5: EBITDA margin



Source: Company data, I-Sec research

Exhibit 7: A&SP as a % of sales



Source: Company data, I-Sec research

Exhibit 8: Shareholding pattern

%	Jun'25	Sep'25	Dec'25
Promoters	51.0	51.0	51.0
Institutional investors	30.0	29.5	29.0
MFs and others	5.2	5.5	6.1
FIs/Banks	0.5	0.7	0.7
Insurance	3.9	6.0	7.0
FII	20.4	17.3	15.2
Others	19.0	19.5	20.0

Source: Bloomberg, I-Sec research

Exhibit 9: Price chart


Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 10: Profit & Loss

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Net Sales	60,402	59,830	64,171	69,159
Operating Expenses	40,821	41,093	43,864	46,924
EBITDA	19,581	18,736	20,308	22,235
EBITDA Margin (%)	32.4	31.3	31.6	32.2
Depreciation & Amortization	1,627	1,478	1,456	1,486
EBIT	17,953	17,259	18,851	20,749
Interest expenditure	43	40	42	44
Other Non-operating Income	1,388	937	967	974
Recurring PBT	19,298	18,156	19,777	21,680
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	4,930	4,638	5,053	5,539
PAT	14,368	13,517	14,724	16,141
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	14,368	13,517	14,724	16,141
Net Income (Adjusted)	14,368	13,517	14,724	16,141

Source Company data, I-Sec research

Exhibit 11: Balance sheet

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Total Current Assets	17,627	18,181	16,856	14,992
of which cash & cash eqv.	10,951	11,622	9,874	7,526
Total Current Liabilities & Provisions	12,617	12,529	13,436	14,478
Net Current Assets	5,010	5,652	3,420	514
Investments	-	-	-	-
Net Fixed Assets	7,765	5,375	4,882	4,540
ROU Assets	-	-	-	-
Capital Work-in-Progress	384	384	384	384
Total Intangible Assets	-	-	-	-
Long Term Loans & Advances	3,730	3,692	3,959	4,266
Deferred Tax assets	-	-	-	-
Total Assets	16,889	15,103	12,646	9,705
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	(680)	(680)	(680)	(680)
Provisions	299	296	317	342
Other Liabilities	624	624	625	627
Equity Share Capital	272	272	272	272
Reserves & Surplus	16,373	14,590	12,110	9,143
Total Net Worth	16,645	14,862	12,382	9,415
Minority Interest	-	-	-	-
Total Liabilities	16,889	15,103	12,646	9,705

Source Company data, I-Sec research

Exhibit 12: Quarterly trend

(INR mn, year ending March)

	Mar 25	Jun 25	Sep 25	Dec 25
Net Sales	14,625	14,341	15,195	14,861
% growth (YOY)	(1.9)	(4.4)	(6.3)	1.4
EBITDA	4,980	4,526	4,654	4,420
Margin %	34.1	31.6	30.6	29.7
Other Income	191	179	150	393
Extraordinaries	-	-	-	(84)
Adjusted Net Profit	3,550	3,206	3,275	3,239

Source Company data, I-Sec research

Exhibit 13: Cashflow statement

(INR mn, year ending March)

	FY25A	FY26E	FY27E	FY28E
Operating Cashflow	20,379	18,736	20,308	22,235
Working Capital Changes	(815)	64	240	276
Capital Commitments	(714)	912	(964)	(1,144)
Free Cashflow	13,230	15,074	14,531	15,829
Other investing cashflow	1,274	937	967	974
Cashflow from Investing Activities	560	1,849	3	(169)
Issue of Share Capital	-	-	-	-
Interest Cost	(276)	(40)	(42)	(44)
Inc (Dec) in Borrowings	(175)	-	-	-
Dividend paid	(16,262)	(15,300)	(17,204)	(19,108)
Others	-	-	-	-
Cash flow from Financing Activities	(16,713)	(15,340)	(17,246)	(19,152)
Chg. in Cash & Bank balance	(2,209)	671	(1,748)	(2,349)
Closing cash & balance	10,951	11,622	9,874	7,526

Source Company data, I-Sec research

Exhibit 14: Key ratios

(Year ending March)

	FY25A	FY26E	FY27E	FY28E
Per Share Data (INR)				
Reported EPS	52.8	49.7	54.1	59.3
Adjusted EPS (Diluted)	52.8	49.7	54.1	59.3
Cash EPS	58.8	55.1	59.5	64.8
Dividend per share (DPS)	51.0	58.0	65.0	72.0
Book Value per share (BV)	61.2	54.6	45.5	34.6
Dividend Payout (%)	96.5	116.7	120.1	121.3
Growth (%)				
Net Sales	6.3	(1.0)	7.2	7.8
EBITDA	3.0	(4.3)	8.4	9.5
EPS (INR)	7.0	(5.9)	8.9	9.6
Valuation Ratios (x)				
P/E	40.0	42.5	39.0	35.6
P/CEPS	35.9	38.3	35.5	32.6
P/BV	34.5	38.7	46.4	61.0
EV / EBITDA	28.8	30.1	27.8	25.5
P / Sales	9.6	9.7	9.0	8.4
Dividend Yield (%)	2.4	2.7	3.1	3.4
Operating Ratios				
Gross Profit Margins (%)	69.9	69.6	69.8	69.9
EBITDA Margins (%)	32.4	31.3	31.6	32.2
Effective Tax Rate (%)	25.5	25.5	25.5	25.5
Net Profit Margins (%)	23.8	22.6	22.9	23.3
Net Debt / Equity (x)	(0.7)	(0.8)	(0.8)	(0.8)
Net Debt / EBITDA (x)	(0.6)	(0.6)	(0.5)	(0.3)
Fixed Asset Turnover (x)	2.6	2.6	2.8	2.9
Working Capital Days	(37)	(36)	(38)	(38)
Inventory Turnover Days	23	22	23	23
Receivables Days	14	13	14	14
Payables Days	57	56	58	58
Profitability Ratios				
RoCE (%)	99.9	107.9	135.9	185.7
RoE (%)	81.2	85.8	108.1	148.1
RoIC (%)	249.9	287.7	488.4	702.6

Source Company data, I-Sec research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, **E-mail Address :** complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Bhavesh Soni](#) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
