


Growth Holds; Higher Ad Spends Drag Margins
Est. vs. Actual for Q2FY27: Revenue – **BEAT**; EBITDA – **MISS**; PAT – **MISS**
Changes in Estimates post Q2FY27
FY27E/FY28E: Revenue: -1%/-1%; EBITDA: -10%/-14%; PAT: -10%-15%

Recommendation Rationale

- **Top-line Remains Resilient:** Colgate-Palmolive reported 12.2% YoY revenue growth to Rs 1,692 Cr in Q2FY27, marking the second consecutive quarter of double-digit growth. Performance was supported by high-single-digit volume growth in the toothpaste segment, led by the premium portfolio and strong traction in Colgate MaxFresh. The performance reflects sustained momentum in the core business and broad-based growth across brands and distribution channels.
- **High-Cost Weigh Margins:** In Q2FY27, gross margin expanded 44bps YoY to 69.6%, supported by cost efficiencies. However, EBITDA margin contracted 289bps to 28%, primarily offset by a 40% YoY increase in advertising spends to Rs 315 Cr, aimed at strengthening brand equity and premiumisation, along with a 15% rise in employee costs.
- **Management Outlook:** Management emphasized that despite geopolitical uncertainties and volatile commodity prices, it remains focused on safeguarding profitability through disciplined cost optimization and calibrated pricing strategies. The company expects to deliver strong growth driven by a science-backed product portfolio catering to diverse consumer needs, further reinforced by targeted advertising investments.

Sector Outlook: Cautiously Positive
Company Outlook & Guidance: We have **maintained our BUY recommendation** on the stock, considering the company's intact growth outlook; however, we have cut our estimates.

Current Valuation: 40x Sep'28E EPS (42x Jun'28E EPS).

Current TP: Rs 2,100/share (Earlier TP: Rs 2,570/share)

Recommendation: With an upside of 25% from the CMP, we **maintain our BUY rating** on the stock.

Financial Performance: The company's revenue increased by 12.2% YoY, led by its premium portfolio. Gross Profit increased by 12.9% YoY and gross margins expanded by 44 bps to 69.6%. Meanwhile, EBITDA increased by 1.7% YoY, while EBITDA margins contracted by 289 bps to 28%. PAT stood at Rs 342 Cr, up 4.3% 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.

Hence, we maintain our BUY rating with a revised TP of Rs 2,100/share, implying an upside potential of 25% from the CMP.

Key Financials (Standalone)

(Rs Cr)	Q2FY27	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	1,692	6.4	12.2	1,677	0.9
EBITDA	473	(2.0)	1.7	523	(9.4)
EBITDA Margin (%)	28.0	-237 bps	-289 bps	31.2	-317 bps
Net Profit	342	(0.4)	4.3	368	(7.1)
EPS (Rs)	12.6	(0.4)	4.3	13.5	(7.1)

Source: Company, Axis Securities Research

 (CMP as of 22nd October, 2026)

CMP (Rs)	1,685
Upside /Downside (%)	25%
High/Low (Rs)	2308/1677
Market cap (Cr)	45,830
Avg. daily vol.(6m) Shrs '000.	461
No. of shares (Cr)	27

Shareholding (%)

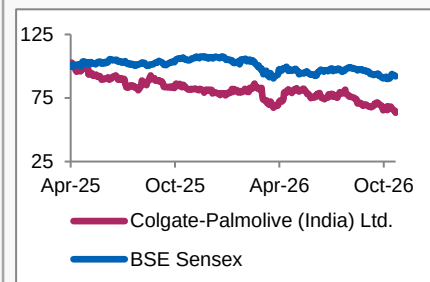
	Mar-26	Jun-26	Sep-26
Promoter	51.0	51.0	51.0
FII	13.6	13.6	13.7
MFs / UTI	7.5	7.2	7.4
FII/ Banks	0.0	0.0	0.0
Others	27.9	28.2	27.9

Financial & Valuations

Y/E Mar (Rs Cr)	FY26	FY27E	FY28E
Net Sales	5,984	6,347	6,799
EBITDA	1,870	1,790	1,920
Net Profit	1,344	1,289	1,384
EPS (Rs.)	48.7	47.4	50.9
PER (x)	33.9	35.6	33.1
EV/EBITDA (x)	23.7	24.7	23.0
P/BV (x)	28.9	30.5	31.7
ROE (%)	85.2	85.8	95.7

Change in Estimates (%)

Y/E Mar	FY27E	FY28E
Sales	-1%	-1%
EBITDA	-10%	-14%
PAT	-10%	-15%

Relative Performance


Source: Ace Equity, Axis Securities Research

Results Gallery
[Q1FY27](#)
[Q4FY26](#)
[Q3FY26](#)
[Q2FY26](#)
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Key Risks to Our Estimates and TP

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

Change in Estimates

	Old		New		% Change	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	6,410	6,899	6,347	6,799	-1%	-1%
EBITDA	1,988	2,235	1,790	1,920	-10%	-14%
PAT	1,437	1,620	1,289	1,384	-10%	-15%
EPS	52.8	59.5	47.4	50.9	-10%	-14%

Source: Company, Axis Securities Research

Results Review

(Rs Cr)	Q2FY26	Q1FY26	Axis Est.	Q2FY27	YoY Growth (%)	QoQ Growth (%)	Axis Sec Var. (%)
Net Sales	1,507	1,591	1,677	1,692	12.2	6.4	0.9
Gross Profits	1,043	1,109	1,160	1,178	12.9	6.2	1.5
Gross Margin (%)	69.2	69.7	69.2	69.6	44 bps	-8 bps	44 bps
Staff costs	118	129	132	136	15.1	5.2	2.8
Ad spends	225	252	248	315	39.9	25.0	27.1
Other operating expenses	247	258	271	268	8.6	4.0	(1.2)
EBITDA	465	483	523	473	1.7	(2.0)	(9.4)
EBITDA margin (%)	30.9	30.4	31.2	28.0	-289 bps	-237 bps	-317 bps
Depreciation	-37	-39	-40	-34	(8.1)	(12.9)	(15.4)
EBIT	428	444	482	439	2.6	(1.0)	(8.9)
Interest	-1	-1	-1	-1	(18.2)	(21.4)	(25.1)
Other Income	15	23	16	22	44.4	(4.8)	37.6
PBT	442	462	497	460	4.1	(0.4)	(7.4)
Tax rate (%)	26	26	26	26	-17 bps	1 bps	-22 bps
Rep PAT	328	343	368	342	4.3	(0.4)	(7.1)
EPS	12.0	12.6	13.5	12.6	4.3	(0.4)	(7.1)

Source: Company, Axis Securities Research

Financials (Standalone)

Profit & Loss

(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Net sales	5,984	6,347	6,799	7,283
Growth, %	(0)	6	7	7
Other operating income	51	56	60	65
Total income	6,035	6,403	6,859	7,348
Raw material expenses	(1,837)	(2,002)	(2,133)	(2,271)
Employee expenses	(475)	(594)	(635)	(680)
Other Operating Expenses	(1,853)	(2,017)	(2,172)	(2,338)
EBITDA (Core)	1,870	1,790	1,920	2,059
Growth, %	(5)	(4)	7	7
Margin, %	31	28	28	28
Depreciation	(146)	(149)	(152)	(155)
EBIT	1,724	1,640	1,768	1,904
Growth, %	(4)	(5)	8	8
Margin, %	29	26	26	26
Other Income	89	90	91	92
Non-recurring Items	-	-	-	-
Pre-tax profit	1,809	1,726	1,854	1,991
Tax provided	(459)	(438)	(470)	(505)
Profit after tax	1,350	1,289	1,384	1,486
Net Profit	1,350	1,289	1,384	1,486
Growth, %	(6)	(5)	7	7
Net Profit (adjusted)	1,344	1,289	1,384	1,486
Unadj. shares (Cr)	27	27	27	27

Source: Company, Axis Securities Research

Balance Sheet

(Rs Cr)

As of 31 st March,	FY26	FY27E	FY28E	FY29E
Cash & bank	1,469	1,586	1,697	1,847
Debtors	209	222	238	255
Inventory	376	348	373	399
Loans & advances	7	7	7	7
Other current assets	170	170	170	170
Total current assets	2,231	2,333	2,485	2,677
Investments	-	-	-	-
Gross fixed assets	2,412	2,461	2,511	2,561
Less: Depreciation	(1,694)	(1,843)	(1,995)	(2,150)
Add: Capital WIP	27	27	27	27
Net fixed assets	745	646	544	438
Non-current assets	35	35	35	35
Total assets	3,326	3,328	3,378	3,465
Current liabilities	1,743	1,827	1,932	2,044
Provisions	47	47	47	47
Total current liabilities	1,790	1,875	1,979	2,092
Non-current liabilities	(48)	(48)	(48)	(48)
Total liabilities	1,742	1,826	1,931	2,043
Paid-up capital	27	27	27	27
Reserves & surplus	1,557	1,475	1,419	1,394
Shareholders' equity	1,584	1,502	1,447	1,422
Total equity & liabilities	3,326	3,328	3,378	3,465

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E Mar	FY26	FY27E	FY28E	FY29E
Pre-tax profit	1,809	1,726	1,854	1,991
Depreciation	146	149	152	155
Chg in working capital	369	100	64	69
Total tax paid	(443)	(438)	(470)	(505)
Cash flow from operating activities	1,881	1,538	1,600	1,710
Capital expenditure	(77)	(50)	(50)	(50)
Chg in marketable securities	-	-	-	-
Cash flow from investing activities	(77)	(50)	(50)	(50)
Free cash flow	1,804	1,488	1,551	1,661
Equity raised/(repaid)	(4)	(0)	-	-
Dividend (incl. tax)	(1,306)	(1,371)	(1,439)	(1,511)
Cash flow from financing activities	(1,309)	(1,371)	(1,439)	(1,511)
Net chg in cash	495	117	111	149
Opening cash balance	1,095	1,469	1,586	1,697
Closing cash balance	1,469	1,586	1,697	1,847

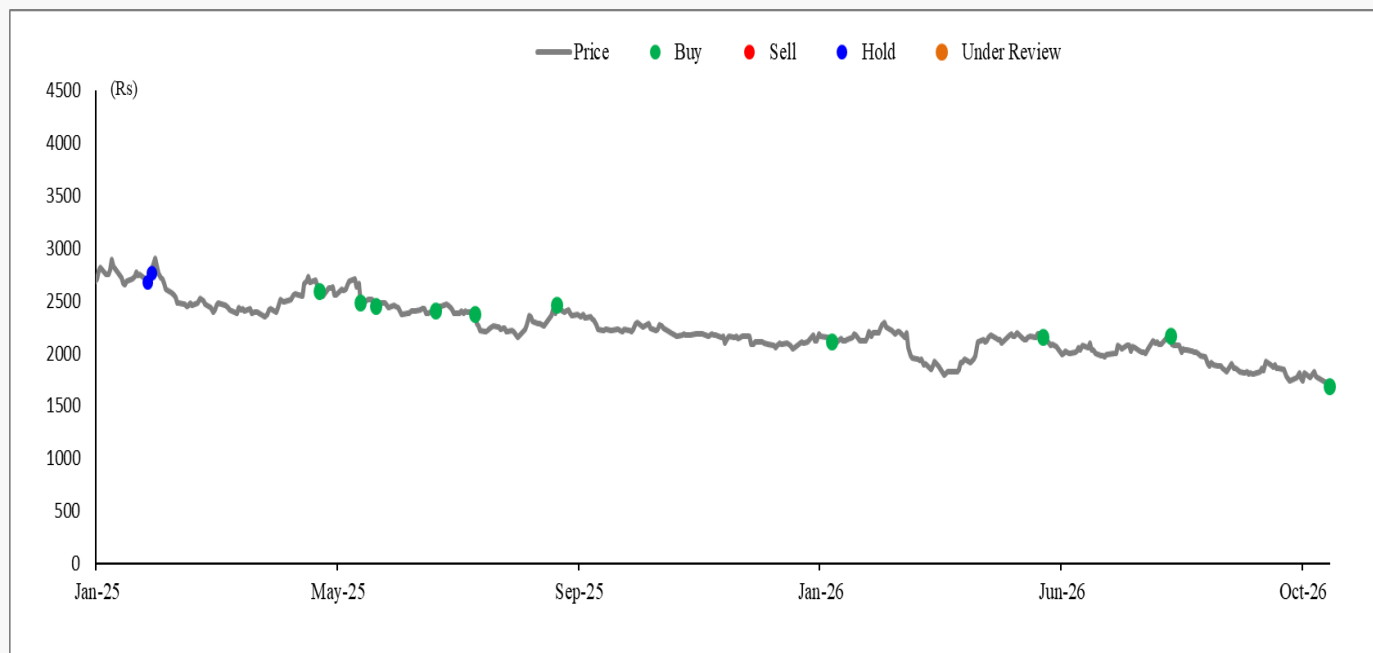
Source: Company, Axis Securities Research

Ratio Analysis
(%)

	FY26	FY27E	FY28E	FY29E
Per Share data				
EPS (Rs)	48.7	47.4	50.9	54.6
Growth, %	(6.0)	(4.6)	7.4	7.4
Book NAV/share (Rs)	58.2	55.2	53.2	52.3
FDEPS (Rs)	49.6	47.4	50.9	54.6
CEPS (Rs)	55.0	52.9	56.5	60.4
CFPS (Rs)	66.1	53.2	55.5	59.5
DPS (Rs)	48.0	50.4	52.9	55.6
Return ratios				
Return on assets (%)	43.1	38.9	41.4	43.6
Return on equity (%)	85.2	85.8	95.7	104.6
Return on capital employed (%)	83.2	83.8	94.2	104.0
Turnover ratios				
Asset turnover (x)	(108.0)	(17.2)	(12.3)	(10.1)
Sales/Total assets (x)	1.9	1.9	2.0	2.1
Sales/Net FA (x)	7.7	9.1	11.4	14.8
Working capital/Sales (x)	(0.2)	(0.2)	(0.2)	(0.2)
Receivable days	12.8	12.8	12.8	12.8
Inventory days	23.0	20.0	20.0	20.0
Payable days	121.5	116.3	116.4	116.4
Working capital days	(59.8)	(62.2)	(61.5)	(60.8)
Liquidity ratios				
Current ratio (x)	1.3	1.3	1.3	1.3
Quick ratio (x)	1.1	1.1	1.1	1.1
Net debt/Equity (%)	(92.7)	(105.6)	(117.3)	(129.9)
Valuation				
PER (x)	33.9	35.6	33.1	30.8
PEG (x) YoY growth	(5.6)	(7.8)	4.5	4.2
Price/Book (x)	28.9	30.5	31.7	32.2
EV/Net sales (x)	7.4	7.0	6.5	6.0
EV/EBITDA (x)	23.7	24.7	23.0	21.4
EV/EBIT (x)	25.7	27.0	25.0	23.1

Source: Company, Axis Securities Research

Colgate Palmolive Price Chart and Recommendation History



Date	Reco	TP	Research
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
30-Jul-26	BUY	2,570	Result Update
23-Oct-26	BUY	2,100	Result Update

Source: Axis Securities Research

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BUY	More than 10%
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