

Godrej Consumer

| | |
|------------------|--|
| Estimate changes | |
| TP change | |
| Rating change | |

| | |
|-----------------------|-------------|
| Bloomberg | GCPL IN |
| Equity Shares (m) | 1023 |
| M.Cap.(INRb)/(USDb) | 1275.6 / 15 |
| 52-Week Range (INR) | 1542 / 980 |
| 1, 6, 12 Rel. Per (%) | -3/-2/-15 |
| 12M Avg Val (INR M) | 1830 |

Financials & Valuations (INR b)

| Y/E March | 2025 | 2026E | 2027E |
|-------------------|-------|-------|-------|
| Sales | 143.6 | 159.9 | 176.0 |
| Sales Gr. (%) | 1.9 | 11.3 | 10.1 |
| EBITDA | 30.0 | 34.4 | 38.4 |
| EBITDA mrg. (%) | 20.9 | 21.5 | 21.8 |
| Adj. PAT | 18.9 | 24.2 | 27.7 |
| Adj. EPS (INR) | 18.5 | 23.7 | 27.1 |
| EPS Gr. (%) | -4.3 | 27.9 | 14.3 |
| BV/Sh.(INR) | 117.3 | 124.8 | 130.4 |
| Ratios | | | |
| RoE (%) | 15.4 | 19.6 | 21.2 |
| RoCE (%) | 13.7 | 16.9 | 19.4 |
| Payout (%) | 108.0 | 92.9 | 88.7 |
| Valuations | | | |
| P/E (x) | 67.5 | 52.8 | 46.2 |
| P/BV (x) | 10.7 | 10.0 | 9.6 |
| EV/EBITDA (x) | 43.6 | 37.8 | 33.7 |
| Div. Yield (%) | 1.6 | 1.8 | 1.9 |

Shareholding pattern (%)

| As On | Mar-25 | Dec-24 | Mar-24 |
|----------|--------|--------|--------|
| Promoter | 53.1 | 53.0 | 63.2 |
| DII | 12.2 | 11.0 | 8.9 |
| FII | 19.5 | 20.7 | 22.6 |
| Others | 15.2 | 15.2 | 5.3 |

FII Includes depository receipts

CMP: INR1,247

TP: INR1,450 (+16%)

Buy

Playbook remains unchanged; slow margin recovery

- Godrej Consumer (GCPL) reported consol. net sales growth of 6.3% YoY to INR35.9b (est. INR36.3b). Organic sales rose 7% YoY in INR terms. Consolidated organic volumes for 4QFY25 grew 6% YoY, led by a 4% YoY volume growth in the India business and a 5% YoY volume growth in the Indonesia business. This led to a full-year organic volume growth of 4% YoY for GCPL's consolidated business, 5% for the India business, and 6% for the Indonesia business.
- In India, the home care business registered 14% revenue growth, driven by a favorable season. GCPL recorded a strong volume performance in Household Insecticides (HI), which grew in double digits, while personal care recorded revenue growth of 4%. Personal wash volumes declined by mid-to-high single digits during the quarter as a result of volume-price rebalancing. This was compensated by high single-digit price growth. GCPL continues to witness cost pressures due to inflation in palm derivatives.
- In the international business, Indonesia's revenue rose 1% YoY in both INR and CC terms. EBITDA margin continued to expand, led by gross margin expansion of ~210bp YoY. GAUM's organic revenue grew 23% YoY. Its EBITDA margin stood at 16.9%, expanding ~250bp YoY, led by the expansion of gross margin, mix improvement, and reduction in controllable costs.
- The near-term impact of RM inflation is expected to sustain; however, the company remains focused on growing both its core and new products. In the analyst meet, management reiterated its playbook of expanding the TAM and strengthening product penetration by widening the product price range. Various products are repositioned at a value price point to drive the customer base. Under project Vistaara 2.0, the company plans to double its outlet coverage and triple its village coverage. The company has issued slightly more cautious revenue guidance for FY26 vs. earlier, but still expects high single-digit revenue growth and double-digit EBITDA growth. Given its growth-centric focus, we remain constructive on GCPL and reiterate our **BUY** rating with a TP of INR1,450 (based on 50x FY27E EPS).

Operationally muted but in-line performance

Consolidated performance

- In-line volume growth:** GCPL reported consol. net sales growth of 6.3% YoY to INR35.9b. Organic sales rose 7% YoY in INR terms (adjusted to sell off a part of the Africa business). Consolidated organic volumes for 4QFY25 grew 6% YoY, led by a 4% YoY volume growth in the India business and a 5% YoY volume growth in the Indonesia business.
- RM inflation led to GM pressure:** Gross margin contracted 360bp YoY to 52.5%, while EBITDA margin contracted 140bp YoY to 21.1% (est. 20.2%), as employee expenses declined 19% YoY, while ad spends rose 1% YoY and other expenses grew 9% YoY. EBITDA remained flat YoY and QoQ at INR7.6b. PBT stood at INR6.7b (est. INR6.6b), down 4% YoY. Higher taxes (35% ETR) hurt adj. PAT (reported exceptional loss last year), which declined 25% YoY to INR4.3b (est. INR5.1b).

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Investors are advised to refer through important disclosures made at the last page of the Research Report.

- **FY25 performance:** In FY25, net sales, EBITDA, and APAT were up 2%, down 2%, and down 4% YoY, respectively. The Board declared an interim dividend of INR5/share.

Standalone performance

- Net sales (including OOI) grew 7% YoY to INR21.8b in 4QFY25.
- The India business reported underlying volume growth of 4% YoY.
- GCPL stated that demand conditions in India have continued to be impacted by headwinds in urban consumption. A surge in palm oil prices by more than 50% is adversely impacting its EBITDA margin.
- The home care business registered 14% revenue growth (4% in 3QFY25), while personal care recorded a 4% revenue growth (2% in 3QFY25).
- Gross margin contracted 590bp YoY to 51.9%. GP was down 4%. EBITDA margin contracted 400bp YoY to 22.6%.
- EBITDA declined 9% YoY to INR4.9b (in line).

International performance

- Indonesia's revenue rose 1% YoY in both INR and CC terms with volume growth of 5%. In Indonesia, Hair Color recorded a strong double-digit volume growth, led by Shampoo Hair Color. Household Insecticides delivered teens-level volume growth on a two-year CAGR.
- EBITDA margin for the Indonesia business continued to improve, led by gross margin expansion of ~210bp YoY. EBIT rose 10% YoY. GAUM's organic revenue grew 23% YoY.
- GAUM's EBITDA margin at 16.9% expanded ~250bp YoY, led by gross margin expansion, mix improvement, and a reduction in controllable costs. Absolute EBITDA at INR1160m grew 37% YoY.

Category-wise highlights

- The home care business registered 14% revenue growth (4% in 3QFY25), supported by a favorable season for HI. GCPL recorded a strong volume performance in HI, which grew in double digits.
- Fabric Care delivered strong double-digit volume growth. Godrej Fab has been scaled up nationally and continues to gain market share.
- Personal care recorded revenue growth of 4% (2% in 3QFY25). Personal wash volumes declined by mid-to-high single digits during the quarter, as a result of volume-price rebalancing. This was compensated by high single-digit price growth. GCPL continues to witness significant cost pressures due to inflation in palm derivatives and is implementing significant price hikes across the portfolio.

Valuation and view

- We cut our EPS estimates by ~2% for FY26/FY27, respectively, on account of margin pressure and slow urban demand.
- GCPL faced demand headwinds in its India business during the quarter, driven by an urban slowdown and a surge in RM prices, which impacted margins. However, the company's disruptive innovations, introduction of access packs, expansion into new growth categories, and increased advertising expenditure are anticipated to drive growth. Additionally, pricing actions are anticipated to help restore domestic margins. **We reiterate our BUY rating with a TP of INR1,450 (based on 50x FY27E EPS).**

Quarterly Performance (Consolidated)

| Y/E March | (INR m) | | | | | | | | | | | |
|-----------------------------------|---------|--------|--------|---------|--------|--------|--------|--------|----------|----------|--------|-------|
| | FY24 | | | | FY25E | | | | FY24 | FY25E | FY25 | Var. |
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 4QE | (%) |
| Domestic volume Growth (%) | 10 | 4 | 5 | 9 | 8 | 7 | 0 | 4 | 7 | 5 | 4 | -0.9 |
| Net Sales (including OOI) | 34,489 | 36,020 | 36,596 | 33,856 | 33,316 | 36,663 | 37,684 | 35,980 | 1,40,961 | 1,43,643 | 36,301 | -0.9 |
| YoY change (%) | 10.4 | 6.2 | 1.7 | 5.8 | -3.4 | 1.8 | 3.0 | 6.3 | 5.9 | 1.9 | 7.2 | |
| Gross Profit | 18,534 | 19,771 | 20,454 | 18,999 | 18,608 | 20,381 | 20,402 | 18,890 | 77,758 | 78,282 | 19,796 | -4.6 |
| Margin (%) | 53.7 | 54.9 | 55.9 | 56.1 | 55.9 | 55.6 | 54.1 | 52.5 | 55.2 | 54.5 | 54.5 | |
| Other Operating Exp. | 11,716 | 12,537 | 11,407 | 11,396 | 11,346 | 12,764 | 12,843 | 11,298 | 47,055 | 48,251 | 12,456 | |
| EBITDA | 6,818 | 7,234 | 9,048 | 7,604 | 7,262 | 7,617 | 7,559 | 7,592 | 30,704 | 30,031 | 7,341 | 3.4 |
| Margins (%) | 19.8 | 20.1 | 24.7 | 22.5 | 21.8 | 20.8 | 20.1 | 21.1 | 21.8 | 20.9 | 20.2 | |
| YoY growth (%) | 28.0 | 26.0 | 17.9 | 14.4 | 6.5 | 5.3 | -16.4 | -0.2 | 20.9 | -2.2 | -3.5 | |
| Depreciation | 763 | 609 | 539 | 499 | 495 | 501 | 619 | 726 | 2,410 | 2,340 | 610 | |
| Interest | 740 | 773 | 666 | 785 | 878 | 831 | 897 | 896 | 2,964 | 3,501 | 895 | |
| Other Income | 691 | 659 | 701 | 638 | 751 | 843 | 831 | 737 | 2,690 | 3,161 | 767 | |
| PBT | 5,617 | 6,319 | 7,904 | 6,912 | 6,623 | 7,107 | 6,874 | 6,708 | 26,751 | 27,312 | 6,603 | 1.6 |
| Tax | 1,611 | 1,866 | 2,024 | 2,087 | 1,933 | 2,154 | 1,834 | 2,275 | 7,588 | 8,196 | 1,484 | |
| Rate (%) | 28.7 | 29.5 | 25.6 | 30.2 | 29.2 | 30.3 | 26.7 | 33.9 | 28.4 | 30.0 | 22.5 | |
| Adj PAT | 3,761 | 4,415 | 5,862 | 5,749 | 4,649 | 4,953 | 5,025 | 4,321 | 19,787 | 18,948 | 5,119 | -15.6 |
| YoY change (%) | 8.5 | 17.2 | 6.0 | 22.6 | 23.6 | 12.2 | -14.3 | -24.8 | 13.4 | -4.2 | -11.0 | |
| Reported PAT | 3,188 | 4,328 | 5,811 | -18,932 | 4,507 | 4,913 | 4,983 | 4,119 | -5,605 | 18,522 | 5,119 | -19.5 |

E: MOFSL Estimate

Highlights from the Investor Meet 2025

- Demand conditions in India have continued to be impacted by headwinds in urban consumption. However, GCPL believes that the macro outlook is set to improve in the near to medium term, aided by a healthy monsoon outlook, easing food inflation, and potential tax reliefs—supporting both rural and urban consumption.
- Goodknight Agarbatti has emerged as the leading incense stick brand in the market, generating a cumulative revenue of INR1b within 15 months of launch and capturing an 8% market share. For FY26, GCPL expects the business to record ~INR1-1.1b revenue.
- The new RNF molecule is performing well for GCPL and will be a key growth driver for the company's household insecticides portfolio.
- The Godrej Fab liquid detergent portfolio has achieved an annualized revenue run rate of INR2.5b, with a two-year category CAGR of ~30-35%. GCPL expects this business to double every year for the next few years.
- The body wash category is growing at a 30-35% two-year CAGR, while the soaps category is growing at 5%. GCPL is witnessing strong traction for its Cinthol Foam Body Wash in quick commerce.
- For FY26, the company has guided for mid- to high-single-digit volume growth, high single-digit revenue growth, and double-digit EBITDA growth.
- In FY26, the ETR will reduce to 26% from ~30% in FY25.
- GCPL expects its India business to see mid-to-high single digit volume growth. This growth will be backed by ~2% volume growth in soaps, ~7% volume growth in HI, and ~15% volume growth in the rest of its domestic portfolio. GCPL does not expect any price cut in the near term.
- For the India business, GCPL's medium-term aspiration includes achieving volume growth in high single digits and EBITDA margin in mid-to-high 20s range. For Indonesia, its medium-term target is to achieve volume growth in high single digits, with an EBITDA margin in mid-20s. For ROW, management aims to achieve mid-single-digit volume growth with >15% EBITDA margin over the next two years.
- GCPL plans to invest INR7b in strengthening its organic manufacturing capacities over the next 18-24 months.

Highlights from the investor meet

Business operations and environment

- Demand conditions in India have continued to be impacted by headwinds in urban consumption. However, GCPL believes that the macro outlook is set to improve in the near to medium term, supported by a healthy monsoon outlook, easing food inflation, and potential tax reliefs—supporting both rural and urban consumption.
- GCPL continued to outperform the market with a two-year UVG CAGR at ~6% volume growth in the domestic business vs ~4% in the FMCG sector.
- In Apr'25, the company introduced its pet care brand 'Godrej Ninja' in the Tamil Nadu market, which will be launched pan-India in FY27.
- Five recent product innovations—Godrej Fab, Aer O, Goodknight Agarbatti, ISSUE Express, and Stella—collectively accounted for 50% of GCPL's organic revenue growth, implying that ~2.5% volume growth came from NPDs.
- Leveraging its van distribution model, GCPL has expanded its rural footprint, now reaching ~80,000 villages (vs 35,000 earlier) and 620,000 rural outlets (vs 350,000 earlier). GCPL invested INR1b in van operations in FY25 and stated that the initiative has now reached break-even and is expected to start generating returns from FY26 onwards.
- For FY26, the company has guided for mid-to-high single-digit volume growth, high single-digit revenue growth, and double-digit EBITDA growth.

Exhibit 1: Market share gains across products



Source: Company Presentation

Exhibit 2: Categories of the future



Source: Company Presentation

Home care

- In FY25, GCPL recorded high single-digit volume growth in its Home Care segment.
- Early signs of recovery are visible in the HI category, with underlying volume growth reaching double digits in 4QFY25. The quarter was good for the HI portfolio, backed by a good season and strong market share gains across all formats.
- Goodknight Agarbatti has emerged as a leading incense stick brand in the market, generating a cumulative revenue of INR1b within 15 months of launch and capturing an 8% market share. For FY26, GCPL expects the business to record ~INR1-1.1b revenue.
- Management indicated that over the last decade, consumers have downgraded to incense sticks, which has adversely impacted premium products. Currently, incense sticks account for ~25% of the HI industry, and the company does not expect this share to exceed 35%. Beyond that, it believes consumers are likely to premiumise.
- The new RNF molecule is performing well for GCPL and is expected to be a key growth driver for its household insecticides portfolio.
- The Aer O brand posted a 20% CAGR in underlying volume growth over FY23-FY25. The INR99 Aer O packs, down from INR300, have been a major success for GCPL in the car perfumes category.
- The Godrej Fab liquid detergent portfolio has achieved an annualized revenue run rate of INR2.5b with a two-year category CAGR of ~30-35%. GCPL expects this business to double each year for the next few years.

Exhibit 3: HI category is growing, driven disproportionately by incense sticks

| Growth in nights of usage | | 7 YR CAGR |
|---------------------------|--|--------------------------|
| Total HI | | Mid single digit |
| Incense | | Very strong double digit |
| Other formats | | Flattish |

Source: Company Presentation

Personal care

- In FY25, GCPL posted low single-digit volume growth in the Personal Care segment, impacted by fluctuations in palm oil prices.
- For 4QFY25, Personal Wash volumes declined by mid-high single digit during the quarter as a result of volume-price rebalancing; This was compensated by high single-digit pricing growth. The company continues to witness significant cost pressures due to inflation in palm derivatives. It has implemented significant price hikes across the portfolio. Hair Color volumes grew in the mid-single digit. Godrej Expert Rich Crème access packs continue to perform well and grow in double digits. Shampoo Hair Colour volumes continue to grow in strong double digits.
- Magic Handwash continues to deliver strong double-digit volume growth and is doing well for GCPL.
- The body wash category grew at 30-35% two-year CAGR, while the soaps category grew at 5% for the same period. GCPL is witnessing strong traction for its Cinthol Foam Body Wash in quick commerce.
- The penetration of the Hair Color business has grown 3x in the last three years for GCPL with the introduction of Mini Crème (INR15 pack).
- GCPL's penetration has increased from 10% to 15% in Hair Colors.

Exhibit 4: Body wash is a strategically critical category for GCPL


Source: Company Presentation

Park Avenue and KamaSutra

- Park Avenue and KamaSutra brands collectively generated INR5.5b in revenue and INR1b in EBITDA in FY25, translating to an EBITDA margin of 18%. However, performance was partially hindered by go-to-market (GTM) challenges in the deodorants segment. In FY23, the revenue was at INR6.2b and EBITDA was at INR0.5b.
- Since the RCCL acquisition, Sexual Wellness has grown in double digits and Fragrance sales have grown 3x. However, the deodorant portfolio remains impacted by inferior quality compared to peers, along with GTM issues.
- GCPL is targeting the chemist and cosmetics channel to scale up its distribution reach.
- For deodorants, GCPL has started a pilot project in Tamil Nadu and launched KamaSutra deodorants priced at INR99 vs most players priced at INR230. For this, GCPL has reduced trade margins by ~80% and passed on the prices to retail customers. While initial traction is encouraging, GCPL will wait for some time before the pan-India launch.
- GCPL has launched 'Bloq Anti-perspirant' to compete against talcum powders. This pilot has also been launched at INR99 in Tamil Nadu.
- The company is targeting double-digit volume growth and aims to bring EBITDA margins for Park Avenue and KamaSutra brands in line with its standalone business.

Exhibit 5: In deodorants, GCPL is shifting value from trade to consumers


| | Market today | KS Spark pilot |
|------------------|--------------|----------------|
| MRP | 230 | 99 |
| Retailer margins | X | 0.2X |

Source: Company Presentation

Exhibit 6: Building relevance through product innovation

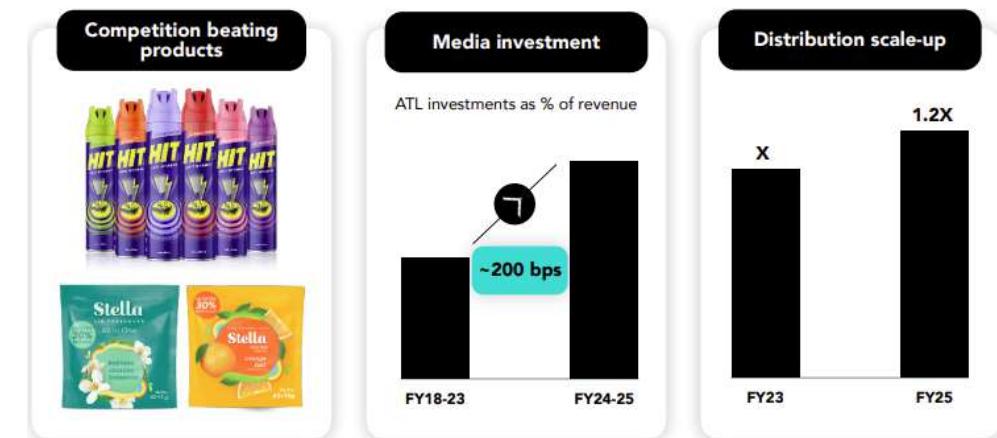


Source: Company Presentation

International business

- In Indonesia, the company recorded a 9% volume CAGR during FY23-25 (vs 1% over FY18-23), driven by strong performance of solid-format products, increased media investments, and enhanced distribution reach (up 20% since FY23).
- In Indonesia and Bangladesh, the HI Electricals segment saw a 200bp increase in penetration and delivered high double-digit volume growth over FY23-25.
- For FY26, GCPL aims to sustain its growth momentum in Indonesia with new product launches under HIT CIK and Stella Car Freshener.
- GCPL's efforts to streamline its GAUM operations by rationalizing SKUs and exiting loss-making businesses have contributed to EBITDA margin expansion, reaching 15%.
- GAUM's fixed overheads reduced ~2.5% from FY22-24 to FY25. GCPL expects EBITDA margin to consolidate at these levels and then gradually improve over the medium term.
- Going forward, GAUM will focus on maintaining leadership through profitable growth in its hair fashion portfolio while scaling up its FMCG portfolio. Further, it will optimize its manufacturing footprint and continue to drive cost efficiencies.
- In LATAM, the margin expanded from 4% in FY23 to 8% in FY25 and GCPL expects it to reach to mid-teens over the medium term.
- GCPL has restored its supply chain, with the Chile factory closing in Mar'25. Manufacturing has now been shifted to India to improve regions profitability.

Exhibit 7: Indonesia's volume growth was backed by the following reasons



Source: Company Presentation

Exhibit 8: Simplification in GAUM



Source: Company Presentation

Capex

- GCPL has commenced operations at its newly launched manufacturing units located in Chengalpattu (Tamil Nadu) and Malanpur (Madhya Pradesh).
- The company plans to invest INR7b in strengthening its organic manufacturing capacities over the next 18-24 months.

FY26 guidance

- For FY26, management stated that 1HFY26 will be challenging due to the steep RM inflation. However, pressure is expected to ease as RM prices cool off from 2HFY26 onwards.
- Despite a recent dip in palm oil prices and crude oil prices, the immediate effect will not be seen as GCPL will have 3-4 months of old inventory.
- GCPL expects its India business to see mid-to-high single digit volume growth. This growth will be backed by ~2% volume growth in soaps, ~7% volume growth in HI, and ~15% volume growth in the rest of its domestic portfolio. GCPL does not expect any price cut in the near term.
- The consolidated revenue growth is expected to be in high single digits, while EBITDA is expected to grow in double digits.
- In FY26, ETR will reduce to 26% from ~30% in FY25.
- For the India business, GCPL's medium-term aspiration includes achieving volume growth in high single digits and EBITDA margin in the mid-to-high 20s. For Indonesia, its medium-term target is to achieve a high single-digit volume growth with an EBITDA margin in the mid-20s. For ROW, management aspires to achieve mid-single-digit volume growth with >15% EBITDA margin over the next two years.
- GCPL remains open to inorganic growth opportunities. However, it will not acquire any loss-making or low EBITDA business.

Exhibit 9: GCPL's guidance for the next year: Performance to improve sequentially



Source: Company Presentation

Key exhibits

Exhibit 10: Segmental quarterly sales growth and EBIT margin

| Segment revenue (INR m) | 1QFY23 | 2QFY23 | 3QFY23 | 4QFY23 | 1QFY24 | 2QFY24 | 3QFY24 | 4QFY24 | 1QFY25 | 2QFY25 | 3QFY25 | 4QFY25 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| India | 18,494 | 19,850 | 20,098 | 18,229 | 20,055 | 21,682 | 22,041 | 20,336 | 21,629 | 23,007 | 22,617 | 21,849 |
| Indonesia | 3,765 | 4,087 | 4,333 | 4,345 | 4,507 | 4,730 | 4,665 | 4,983 | 4,651 | 5,138 | 5,079 | 5,043 |
| Africa (including SON) | 7,789 | 8,587 | 10,071 | 7,701 | 8,486 | 8,158 | 9,233 | 5,937 | 5,446 | 6,446 | 7,724 | 6,903 |
| Others | 1,541 | 1,744 | 1,828 | 2,036 | 1,808 | 1,826 | 993 | 2,900 | 1,953 | 2,476 | 2,636 | 2,572 |
| Less: Inter-segment eliminations | -338.7 | -348.3 | -340.1 | -309.7 | -366.2 | -376.2 | -335.7 | -300.4 | -363.9 | -402.7 | -371 | -388.3 |
| Net Sales from operations | 31,250 | 33,919 | 35,989 | 32,002 | 34,489 | 36,020 | 36,596 | 33,856 | 33,316 | 36,663 | 37,684 | 35,980 |
| Segment revenue growth (%) | | | | | | | | | | | | |
| India | 11.4 | 8.0 | 10.6 | 11.5 | 8.4 | 9.2 | 9.7 | 11.6 | 7.9 | 6.1 | 2.6 | 7.4 |
| Indonesia | -8.5 | -8.2 | -3.1 | 8.2 | 19.7 | 15.7 | 7.7 | 14.7 | 3.2 | 8.6 | 8.9 | 1.2 |
| Africa (including SON) | 12.2 | 14.7 | 13.9 | 6.5 | 8.9 | -5.0 | -8.3 | -22.9 | -35.8 | -21.0 | -16.3 | 16.3 |
| Others | -3.5 | 0.4 | -8.7 | -3.8 | 17.4 | 4.7 | -45.7 | 42.5 | 8.0 | 35.6 | 165.4 | -11.3 |
| Less: Inter-segment eliminations | 7.1 | -16.4 | -26.8 | -44.1 | 8.1 | 8.0 | -1.3 | -3.0 | -0.6 | 7.0 | 10.5 | 29.3 |
| Net Sales from operations | 8.0 | 7.2 | 9.0 | 9.8 | 10.4 | 6.2 | 1.7 | 5.8 | -3.4 | 1.8 | 3.0 | 6.3 |
| Segment EBIT (INR m) | | | | | | | | | | | | |
| India | 4,101 | 4,340 | 5,604 | 4,961 | 6,336 | 6,826 | 6,762 | 5,797 | 5,705 | 6,068 | 5,382 | 5,040 |
| Indonesia | 576 | 737 | 948 | 1,047 | 995 | 1,013 | 1,166 | 1,332 | 1,172 | 1,092 | 1,187 | 1,472 |
| Africa (including SON) | 245.8 | 204.8 | 621 | 297.1 | 440.1 | 499.4 | 825 | 665.1 | 625.4 | 769.4 | 1014.4 | 998.5 |
| Others | 25 | 80.2 | 129.3 | 185.6 | 79.4 | 34.9 | 24.7 | 74.2 | 146.2 | 146.3 | 300.3 | 210.2 |
| Less: Inter-segment eliminations | -35.2 | -75.2 | -177.6 | -188.9 | -1493.5 | -1281 | -208.7 | -171.1 | -128 | -120.2 | -111.9 | -117.2 |
| Net EBIT from operations | 4,913 | 5,287 | 7,124 | 6,302 | 6,357 | 7,092 | 8,569 | 7,697 | 7,521 | 7,955 | 7,772 | 7,603 |
| Segment EBIT growth (%) | | | | | | | | | | | | |
| India | -4.0 | -3.2 | 23.4 | 29.8 | 54.5 | 57.3 | 20.7 | 16.8 | -10.0 | -11.1 | -20.4 | -13.0 |
| Indonesia | -38.1 | -35.8 | 3.2 | 22.6 | 72.7 | 37.5 | 23.1 | 27.2 | 17.9 | 7.7 | 1.8 | 10.5 |
| Africa (including SON) | -24.1 | -55.7 | -15.2 | -164.4 | 79.0 | 143.8 | 32.9 | 123.9 | 42.1 | 54.1 | 23.0 | 50.1 |
| Others | -88.3 | -71.0 | -38.4 | -2.6 | 217.6 | -56.5 | -80.9 | -60.0 | 84.1 | 319.2 | 1115.8 | 183.3 |
| Net EBIT from operations | -13.8 | -16.3 | 12.0 | 44.1 | 29.4 | 34.2 | 20.3 | 22.1 | 18.3 | 12.2 | -9.3 | -1.2 |
| Segment EBIT mix (%) | | | | | | | | | | | | |
| India | 83 | 82 | 79 | 79 | 100 | 96 | 79 | 75 | 76 | 76 | 69 | 66 |
| Indonesia | 12 | 14 | 13 | 17 | 16 | 14 | 14 | 17 | 16 | 14 | 15 | 19 |
| Africa (including SON) | 5 | 4 | 9 | 5 | 7 | 7 | 10 | 9 | 8 | 10 | 13 | 13 |
| Others | 1 | 2 | 2 | 3 | 1 | 0 | 0 | 1 | 2 | 2 | 4 | 3 |
| Less: Inter-segment eliminations | -1 | -1 | -2 | -3 | -23 | -18 | -2 | -2 | -2 | -2 | -1 | -2 |
| Net EBIT from operations | 100 |
| Segment EBIT margin (%) | | | | | | | | | | | | |
| India | 22.2 | 21.9 | 27.9 | 27.2 | 31.6 | 31.5 | 30.7 | 28.5 | 26.4 | 26.4 | 23.8 | 23.1 |
| Indonesia | 15.3 | 18.0 | 21.9 | 24.1 | 22.1 | 21.4 | 25.0 | 26.7 | 25.2 | 21.2 | 23.4 | 29.2 |
| Africa (including SON) | 3.2 | 2.4 | 6.2 | 3.9 | 5.2 | 6.1 | 8.9 | 11.2 | 11.5 | 11.9 | 13.1 | 14.5 |
| Others | 1.6 | 4.6 | 7.1 | 9.1 | 4.4 | 1.9 | 2.5 | 2.6 | 7.5 | 5.9 | 11.4 | 8.2 |
| Net EBIT margin from operations | 15.7 | 15.6 | 19.8 | 19.7 | 18.4 | 19.7 | 23.4 | 22.7 | 22.6 | 21.7 | 20.6 | 21.1 |
| Segment EBIT margin change (%) | | | | | | | | | | | | |
| India | -3.5 | -2.5 | 2.9 | 3.8 | 9.4 | 9.6 | 2.8 | 1.3 | -5.2 | -5.1 | -6.9 | -5.4 |
| Indonesia | -7.3 | -7.8 | 1.3 | 2.8 | 6.8 | 3.4 | 3.1 | 2.6 | 3.1 | -0.2 | -1.6 | 2.5 |
| Africa (including SON) | -1.5 | -3.8 | -2.1 | 10.2 | 2.0 | 3.7 | 2.8 | 7.3 | 6.3 | 5.8 | 4.2 | 3.3 |
| Others | -11.8 | -11.3 | -3.4 | 0.1 | 2.8 | -2.7 | -4.6 | -6.6 | 3.1 | 4.0 | 8.9 | 5.6 |
| Overall EBIT change | -4.0 | -4.4 | 0.5 | 4.7 | 2.7 | 4.1 | 3.6 | 3.0 | 4.1 | 2.0 | -2.8 | -1.6 |

Valuation and view

- We cut our EPS estimates by ~2% for FY26/FY27, respectively, on account of margin pressure and slow urban demand.
- GCPL faced demand headwinds in its India business during the quarter, driven by an urban slowdown and a surge in RM prices, which impacted margins. However, the company's disruptive innovations, introduction of access packs, expansion into new growth categories, and increased advertising expenditure are anticipated to drive growth. Additionally, pricing actions are anticipated to help restore domestic margins.
- **We reiterate our BUY rating with a TP of INR1,450 (based on 50x FY27E EPS)**

Exhibit 11: We cut our EPS estimates by ~2% for FY26/FY27

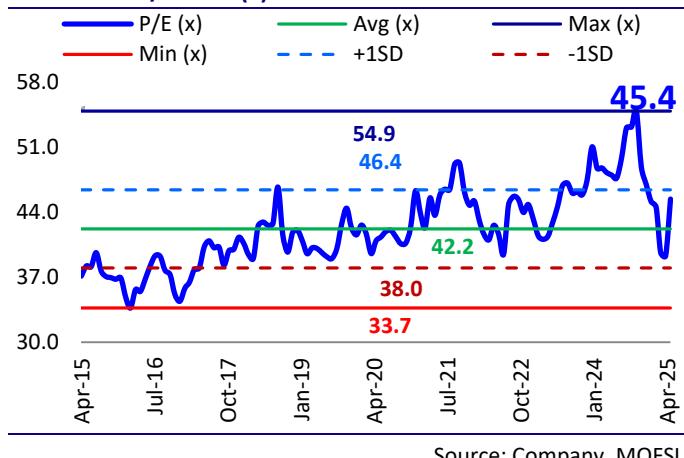
| (INR b) | Old | | New | | Change | |
|---------------|-------|-------|-------|-------|--------|-------|
| | FY26E | FY27E | FY26E | FY27E | FY26E | FY27E |
| Sales | 160.1 | 176.5 | 159.9 | 176.0 | -0.2 | -0.3 |
| EBITDA | 33.8 | 38.0 | 34.4 | 38.4 | 1.6 | 0.9 |
| PAT | 24.4 | 28.4 | 24.2 | 27.7 | -0.7 | -2.3 |

Source: Company, MOFSL

Exhibit 12: P/E ratio (x) for GCPL



Exhibit 13: P/E ratio (x) for the Consumer sector



Financials and valuations

| Income Statement | | | | | | | | (INR m) |
|------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E |
| Net Sales | 99,108 | 1,10,286 | 1,22,765 | 1,33,160 | 1,40,961 | 1,43,643 | 1,59,852 | 1,76,041 |
| Change (%) | -3.9 | 11.3 | 11.3 | 8.5 | 5.9 | 1.9 | 11.3 | 10.1 |
| Cost of Goods Sold | 42,617 | 49,294 | 60,751 | 67,028 | 63,203 | 65,361 | 72,676 | 79,510 |
| Gross Profit | 56,491 | 60,992 | 62,014 | 66,132 | 77,758 | 78,282 | 87,175 | 96,531 |
| Margin (%) | 57.0 | 55.3 | 50.5 | 49.7 | 55.2 | 54.5 | 54.5 | 54.8 |
| Total Expenditure | 77,764 | 86,954 | 97,848 | 1,07,768 | 1,10,258 | 1,13,612 | 1,25,470 | 1,37,666 |
| EBITDA | 21,345 | 23,332 | 24,917 | 25,392 | 30,704 | 30,031 | 34,382 | 38,375 |
| Change (%) | 1.5 | 9.3 | 6.8 | 1.9 | 20.9 | -2.2 | 14.5 | 11.6 |
| Margin (%) | 21.5 | 21.2 | 20.3 | 19.1 | 21.8 | 20.9 | 21.5 | 21.8 |
| Depreciation | 1,973 | 2,039 | 2,099 | 2,363 | 2,410 | 2,340 | 2,448 | 2,512 |
| Int. and Fin. Charges | 2,174 | 1,266 | 1,102 | 1,757 | 2,964 | 3,501 | 3,046 | 2,468 |
| Other Income | 1,123 | 671 | 897 | 1,684 | 2,690 | 3,161 | 3,414 | 3,525 |
| PBT | 18,321 | 20,698 | 22,614 | 22,955 | 28,020 | 27,351 | 32,302 | 36,920 |
| Change (%) | 0.8 | 13.0 | 9.3 | 1.5 | 22.1 | -2.4 | 18.1 | 14.3 |
| Margin (%) | 18.5 | 18.8 | 18.4 | 17.2 | 19.9 | 19.0 | 20.2 | 21.0 |
| Tax | 2,638 | 3,595 | 3,719 | 4,303 | 7,588 | 8,196 | 8,076 | 9,230 |
| Deferred Tax | | | | | | | | |
| Total tax | 2,638 | 3,595 | 3,719 | 4,303 | 7,588 | 8,196 | 8,076 | 9,230 |
| Tax Rate (%) | 14.4 | 17.4 | 16.4 | 18.7 | 27.1 | 30.0 | 25.0 | 25.0 |
| Minority interest | -8 | 0 | -3 | -4 | 0 | 0 | 0 | 0 |
| Adjusted PAT | 14,725 | 17,150 | 17,936 | 17,450 | 19,787 | 18,948 | 24,227 | 27,690 |
| Non-rec. (Exp.)/Income | -811 | -445 | -98 | -541 | -24,769 | -632 | 0 | 0 |
| Reported PAT | 14,794 | 16,108 | 17,834 | 17,028 | -5,605 | 18,522 | 24,227 | 27,690 |

| Balance Sheet | | | | | | | | (INR m) |
|--------------------------------|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Y/E March | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E |
| Share Capital | 1,022 | 1,023 | 1,023 | 1,023 | 1,023 | 1,023 | 1,023 | 1,023 |
| Reserves | 77,961 | 93,367 | 1,11,302 | 1,36,920 | 1,25,097 | 1,19,016 | 1,26,688 | 1,32,359 |
| Networth | 78,984 | 94,389 | 1,12,325 | 1,37,942 | 1,26,120 | 1,20,039 | 1,27,711 | 1,33,382 |
| Loans | 26,637 | 17,683 | 16,077 | 10,340 | 31,546 | 38,826 | 24,826 | 16,826 |
| Deferred Liability | -5,701 | -6,378 | -6,796 | -6,412 | -2,804 | 938 | 938 | 938 |
| Capital Employed | 99,920 | 1,05,695 | 1,21,606 | 1,41,870 | 1,54,863 | 1,59,803 | 1,53,474 | 1,51,146 |
| Gross Block | 45,229 | 46,302 | 45,888 | 49,936 | 62,817 | 66,247 | 69,247 | 72,247 |
| Less: Accum. Depn. | 6,308 | 8,553 | 7,463 | 8,822 | 8,785 | 11,125 | 13,573 | 16,085 |
| Net Fixed Assets | 38,921 | 37,749 | 38,425 | 41,114 | 54,033 | 55,122 | 55,674 | 56,162 |
| Capital WIP | 570 | 574 | 1,164 | 454 | 834 | 4,636 | 4,636 | 4,636 |
| Goodwill | 53,393 | 51,299 | 53,768 | 58,223 | 50,264 | 51,454 | 51,454 | 51,454 |
| Non Curr Investments | 348 | 194 | 1,711 | 8,393 | 17,875 | 5,419 | 5,919 | 6,419 |
| Current Investments | 6,372 | 6,572 | 8,443 | 21,897 | 17,162 | 31,027 | 25,527 | 21,027 |
| Current Assets | 43,498 | 39,672 | 47,279 | 37,880 | 40,767 | 45,020 | 46,798 | 51,412 |
| Inventory | 17,031 | 17,163 | 21,299 | 15,372 | 12,709 | 14,186 | 22,010 | 24,239 |
| Account Receivables | 11,573 | 10,045 | 11,163 | 12,453 | 15,354 | 18,191 | 14,949 | 16,463 |
| Cash and Bank Balance | 7,702 | 6,722 | 7,843 | 3,907 | 5,469 | 4,831 | 1,459 | 1,762 |
| Loans and Advances | 259 | 264 | 1 | 1 | 0 | 0 | 0 | 0 |
| Other Current Assets | 6,934 | 5,479 | 6,974 | 6,147 | 7,235 | 7,812 | 8,380 | 8,947 |
| Curr. Liab. & Prov. | 43,182 | 30,366 | 29,185 | 26,091 | 26,071 | 32,876 | 36,534 | 39,965 |
| Account Payables | 24,805 | 20,124 | 21,631 | 18,232 | 16,755 | 21,421 | 24,087 | 26,527 |
| Other Liabilities | 16,648 | 8,371 | 5,723 | 6,073 | 6,741 | 8,889 | 9,761 | 10,631 |
| Provisions | 1,729 | 1,871 | 1,832 | 1,786 | 2,576 | 2,565 | 2,686 | 2,807 |
| Net Current Assets | 316 | 9,307 | 18,094 | 11,789 | 14,696 | 12,145 | 10,264 | 11,447 |
| Net Assets | 99,920 | 1,05,695 | 1,21,606 | 1,41,870 | 1,54,863 | 1,59,803 | 1,53,474 | 1,51,146 |

E: MOFSL Estimates

Financials and valuations

Ratios

| Y/E March | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Basic (INR) | | | | | | | | |
| EPS | 14.4 | 16.8 | 17.5 | 17.1 | 19.3 | 18.5 | 23.7 | 27.1 |
| Cash EPS | 16.3 | 18.8 | 19.6 | 19.4 | 21.7 | 20.8 | 26.1 | 29.5 |
| BV/Share | 77.3 | 92.3 | 109.8 | 134.9 | 123.3 | 117.3 | 124.8 | 130.4 |
| DPS | 6.0 | 0.0 | 0.0 | 0.0 | 15.0 | 20.0 | 22.0 | 24.0 |
| Payout (%) | 41.7 | 0.0 | 0.0 | 0.0 | 77.5 | 108.0 | 92.9 | 88.7 |
| Valuation (x) | | | | | | | | |
| P/E | 86.9 | 74.6 | 71.3 | 73.3 | 64.7 | 67.5 | 52.8 | 46.2 |
| Cash P/E | 76.6 | 66.7 | 63.9 | 64.6 | 57.6 | 60.1 | 48.0 | 42.4 |
| EV/Sales | 13.1 | 11.7 | 10.5 | 9.6 | 9.1 | 9.1 | 8.1 | 7.3 |
| EV/EBITDA | 60.8 | 55.3 | 51.6 | 50.3 | 41.9 | 43.6 | 37.7 | 33.6 |
| P/BV | 16.2 | 13.6 | 11.4 | 9.3 | 10.1 | 10.7 | 10.0 | 9.6 |
| Dividend Yield | 0.5 | 0.0 | 0.0 | 0.0 | 1.2 | 1.6 | 1.8 | 1.9 |
| Return Ratios (%) | | | | | | | | |
| RoE | 19.4 | 19.8 | 17.4 | 13.9 | 15.0 | 15.4 | 19.6 | 21.2 |
| RoCE (Post-tax) | 17.8 | 17.7 | 17.4 | 15.2 | 15.2 | 13.7 | 16.9 | 19.4 |
| RoIC | 19.9 | 19.9 | 19.6 | 17.8 | 18.7 | 17.1 | 20.8 | 23.1 |
| Working Capital Ratios | | | | | | | | |
| Debtor (Days) | 43 | 33 | 33 | 34 | 40 | 46 | 34 | 34 |
| Asset Turnover (x) | 2.5 | 2.9 | 3.1 | 3.2 | 2.6 | 2.4 | 2.7 | 2.9 |
| Leverage Ratio | | | | | | | | |
| Debt/Equity (x) | 0.3 | 0.2 | 0.1 | 0.1 | 0.3 | 0.3 | 0.2 | 0.1 |

Cash Flow Statement

(INR m)

| Y/E March | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E |
|------------------------------|----------------|----------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Profit before Tax | 18,415 | 20,804 | 21,553 | 21,327 | 1,982 | 26,719 | 32,302 | 36,920 |
| Net interest | 1,412 | 916 | 506 | 802 | 1,094 | 1,153 | 1,339 | 706 |
| Direct Taxes Paid | -3,441 | -3,972 | -4,475 | -4,185 | -3,739 | -4,701 | -8,076 | -9,230 |
| (Inc)/Dec in WC | -2,613 | -452 | -5,362 | 933 | -4,559 | 351 | -1,491 | -880 |
| Others | 2108.6 | 3000.5 | 2284.4 | 2628.5 | 25920.9 | 2244.7 | 2448.044 | 2511.955 |
| CF from Operations | 15,881 | 20,296 | 14,506 | 21,507 | 20,699 | 25,767 | 26,522 | 30,028 |
| Inc in FA | -1,520 | -1,639 | -2,765 | -2,197 | -2,766 | -5,592 | -3,000 | -3,000 |
| Free Cash Flow | 14,361 | 18,658 | 11,741 | 19,309 | 17,933 | 20,175 | 23,522 | 27,028 |
| Pur of Investments | -1,305 | -289 | -4,744 | -16,377 | -6,130 | 477 | 5,000 | 4,000 |
| Others | -1,348 | -1,186 | -2,081 | 1,075 | -24,305 | 524 | 7,658 | 4,296 |
| CF from Investments | -4,173 | -3,114 | -9,589 | -17,499 | -33,201 | -4,591 | 9,658 | 5,296 |
| Inc in Debt | -1,280 | -16,194 | -2,198 | -6,344 | 22,652 | 7,318 | -14,000 | -8,000 |
| Dividend Paid | -9,859 | 0 | 0 | 0 | -5,114 | -25,573 | -22,506 | -24,552 |
| Interest Paid | -1,519 | -1,589 | -1,123 | -1,116 | -2,620 | -3,111 | -3,046 | -2,468 |
| CF from Fin. Activity | -12,953 | -18,162 | -3,795 | -7,943 | 14,064 | -21,815 | -39,552 | -35,020 |
| Inc/Dec of Cash | -1,246 | -980 | 1,121 | -3,936 | 1,562 | -639 | -3,372 | 303 |
| Add: Beginning Balance | 8,947 | 7,702 | 6,722 | 7,843 | 3,907 | 5,469 | 4,831 | 1,459 |
| Closing Balance | 7,702 | 6,722 | 7,843 | 3,907 | 5,469 | 4,831 | 1,459 | 1,762 |

E: MOFSL Estimates

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|----------------------------------|--|
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| BUY | >=15% |
| SELL | < - 10% |
| NEUTRAL | < - 10 % to 15% |
| UNDER REVIEW | Rating may undergo a change |
| NOT RATED | We have forward looking estimates for the stock but we refrain from assigning recommendation |

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