

India

ADD (no change)

Consensus ratings*: Buy 28 Hold 7 Sell 2

Current price: Rs1,220
 Target price: ▼ Rs1,375
 Previous target: Rs1,380
 Up/downside: 12.7%
 InCred Research / Consensus: 0.3%

Reuters: GOCP.NS
 Bloomberg: GCPL IN
 Market cap: US\$14,231m
 Rs1,248,151m
 Average daily turnover: US\$17.5m
 Rs1534.1m
 Current shares o/s: 1,022.5m
 Free float: 47.0%

*Source: Bloomberg

Key changes in this note

- Lower the target price to Rs1,375 from Rs1,380.
- Introduce FY28F estimates.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(3.8)	(2.2)	(18.9)
Relative (%)	(0.1)	(2.5)	(20.6)

Major shareholders	% held
Promoter	53.0
Vanguard	1.7
Blackrock	1.4

Research Analyst(s)



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Godrej Consumer Products Ltd

Improvement expected in 2HFY26F

- Consolidated/standalone 1QFY26 sales grew by 9.9%/7.7% yoy led by 8%/5% UVG, respectively. Excluding the soaps range, UVG was in mid-teens (c.15%).
- Margin pressure sustained owing to volume-price rebalancing in soaps, which is expected to keep margin below the normal level until 3QFY26F.
- We expect GCPL to pick up pace in 2HFY26F & continue to post execution-led growth, retaining ADD rating with a TP of Rs1,375 (45x Sep 2027F EPS).

Mid-single digit UVG in India business dragged by personal care biz

Godrej Consumer Products (GCPL) posted 9.9%/7.7% yoy sales growth on a consolidated/standalone basis, led by 8%/5% underlying volume growth (UVG), respectively. The international business was hit by weakness in Indonesia, which saw weak macro and high pricing competition across household insecticide (HI) and air freshener segments. The home care category grew by 16% yoy to Rs9.46bn while personal care grew by 1% yoy. Within home care, the HI category saw high single-digit UVG led by double-digit growth in electric formats & 2.5x growth from incense sticks (aided by the continued decline in the coil category). The non-mosquito range grew in strong double-digit UVG after the launch of new smaller price-point packs. The air freshener range posted double-digit growth led by broad-based growth across formats. Fabric care posted double-digit UVG for the sixth consecutive quarter, aided by the Fab liquid range, which recently saw a mid-single digit price hike and continued to grow, despite the market leader launching similar products at a lower price point.

Personal care segment dragged by price-volume rebalancing

Soaps had a weak month in May 2025, especially in North India. The volume is impacted by price rebalancing and weakness. Excluding soaps, GCPL posted mid-teen (c.15%) growth in UVG. The soap category margin is expected to improve gradually towards the normal range from 3QFY26F. The deodorant range saw pricing revamp to a lower price-point of Rs99, lowering the entry price point vs. Rs230 earlier, with the reduction in trade margin. Pilot projects are underway in Tamil Nadu, after which they will be rolled out pan-India. The recently launched Bloq (anti-perspirant offering) was launched at a disruptive price point of Rs99, vs. others, in the category above Rs200. This is not expected to be an immediate revenue driver as the focus is on building the anti-perspirant category in India.

Maintain ADD rating with a new target price of Rs1,375

While soaps are expected to continue to drag volume growth and margins in 1H, we expect a revival from 2HFY26F, which should support overall improvement. We retain ADD rating on the stock with a new target price of Rs1,375 (45x Sep 2027F EPS) from Rs1,380 earlier, as we roll forward. Downside risks: Continued pressure in the personal care category causing a drag on volume growth/margin recovery.

Financial Summary	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue (Rsm)	140,961	143,643	157,035	172,515	189,601
Operating EBITDA (Rsm)	29,435	30,030	33,913	38,369	43,376
Net Profit (Rsm)	(5,606)	18,523	24,817	29,144	33,392
Core EPS (Rs)	18.7	18.7	24.3	28.5	32.6
Core EPS Growth	9.1%	(0.1%)	29.5%	17.4%	14.6%
FD Core P/E (x)	(222.59)	67.37	50.29	42.82	37.38
DPS (Rs)	8.8	6.7	7.2	8.3	9.3
Dividend Yield	0.41%	2.05%	0.59%	0.68%	0.76%
EV/EBITDA (x)	42.10	41.48	36.88	32.53	28.38
P/FCFE (x)	42.26	58.84	40.74	130.46	49.50
Net Gearing	(6.7%)	(1.8%)	1.9%	0.0%	(9.5%)
P/BV (x)	9.90	10.40	9.10	7.91	6.87
ROE	14.5%	15.6%	19.3%	19.8%	19.7%
% Change In Core EPS Estimates					
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Improvement expected in 2HFY26F

Figure 1: Quarterly results summary - consolidated

Y/E Mar (Rs. m)	1QFY25	4QFY25	1QFY26	YoY (%)	QoQ (%)	FY24	FY25	Gr (%)
Revenue	33,316	35,980	36,619	9.9	1.8	1,40,955	1,43,643	1.9
Expenditure	26,072	28,387	29,673	13.8	4.5	1,11,527	1,13,612	1.9
Consumption of raw materials	14,708	17,089	17,613	19.8	3.1	63,203	65,361	3.4
as % of sales	44.1	47.5	48.1			44.8	45.5	
Employee costs	2,796	2,625	3,090	10.5	17.7	12,493	11,488	-8.0
as % of sales	8.4	7.3	8.4			8.9	8.0	
Advertisement expenses	3308.2	3100.7	3138.3	-5.1	1.2	13358.9	13692.1	2.5
as % of sales	9.9	8.6	8.6			9.5	9.5	
Other expenditure	8,568	8,673	8,970	4.7	3.4	35,830	36,763	2.6
as % of sales	25.7	24.1	24.5			25.4	25.6	
EBITDA	7,244	7,592	6,946	-4.1	-8.5	29,428	30,031	2.0
Depreciation	495	726	594	20.0	-18.2	2,410	2,340	-2.9
EBIT	6,750	6,867	6,352	-5.9	-7.5	27,019	27,691	2.5
Other income	771	737	845	9.6	14.7	2,690	3,161	17.5
Interest	878	896	855	-2.6	-4.5	2,964	3,501	18.1
PBT	6,643	6,708	6,342	-4.5	-5.4	26,745	27,351	2.3
Total tax	1,933	2,275	1,613	-16.6	-29.1	7,588	8,196	8.0
Adjusted PAT	4,710	4,433	4,730	0.4	6.7	19,157	19,155	0.0
(Profit)/loss from associates/minority interest (MI)	0	0	0	NA	NA	0	0	NA
APAT after MI	4,710	4,433	4,730	0.4	6.7	19,157	19,155	0.0
Extraordinary items	-203	-314	-195	-3.7	-37.7	-24,769	-632	-97.4
Reported PAT	4,507	4,119	4,535	0.6	10.1	-5,612	18,523	-430.1
Adj. EPS	4.6	4.3	4.6	0.4	6.7	18.7	18.7	0.0
Margins (%)	1QFY25	4QFY25	1QFY26	YoY (bp)	QoQ (bp)	FY24	FY25	(bp)
Gross margin	55.9	52.5	51.9	-400	-60	55.2	54.5	-70
EBITDA	21.7	21.1	19.0	-280	-210	20.9	20.9	0
EBIT	20.3	19.1	17.3	-290	-170	19.2	19.3	10
EBT	19.9	18.6	17.3	-260	-130	19.0	19.0	10
PAT	14.1	12.3	12.9	-120	60	13.6	13.3	-30
Effective tax rate	29.1	33.9	25.4	-370	-850	28.4	30.0	160

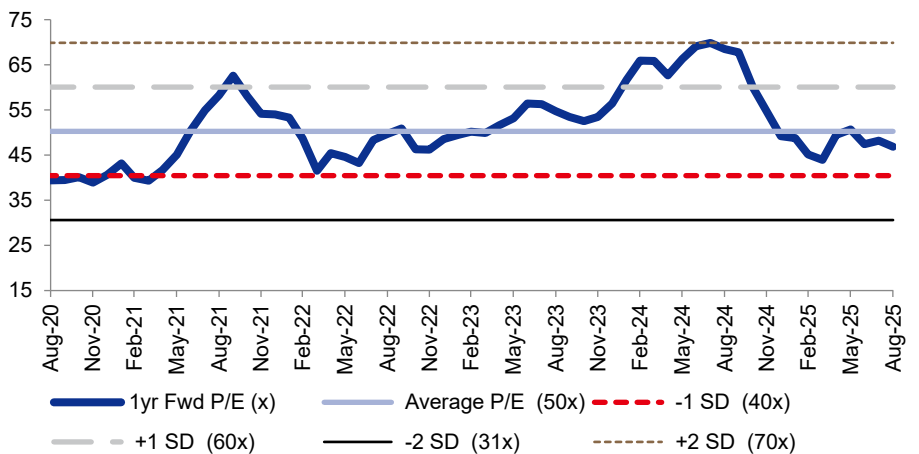
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Our revised earnings estimates

Y/E, Mar (Rs. m)	Earlier	FY26F Revised	% Change	Earlier	FY27F Revised	% Change	FY28F Introduced
Revenues	1,57,035	1,57,035	0.0	1,72,515	1,72,515	0.0	1,89,601
EBITDA	33,913	33,913	0.0	38,369	38,369	0.0	43,376
EBITDA Margin (%)	21.6	21.6	0bp	22.2	22.2	0bp	22.9
APAT	24,817	24,817	0.0	29,144	29,144	0.0	33,392
EPS	24.3	24.3	0.0	28.5	28.5	0.0	32.6

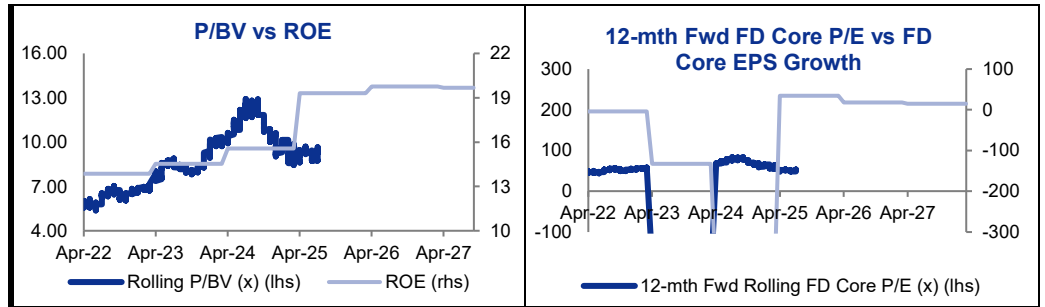
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: GCPL's one-year forward P/E trades below its five-year average



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Net Revenues	140,961	143,643	157,035	172,515	189,601
Gross Profit	77,758	78,282	87,435	97,127	107,910
Operating EBITDA	29,435	30,030	33,913	38,369	43,376
Depreciation And Amortisation	(2,410)	(2,340)	(2,527)	(2,778)	(3,047)
Operating EBIT	27,025	27,690	31,386	35,591	40,329
Financial Income/(Expense)	(274)	(340)	(1,109)	(758)	(593)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	26,751	27,350	30,277	34,833	39,735
Exceptional Items					
Pre-tax Profit	26,751	27,350	30,277	34,833	39,735
Taxation	(7,588)	(8,196)	(5,460)	(5,689)	(6,343)
Exceptional Income - post-tax	(24,769)	(632)			
Profit After Tax	(5,606)	18,523	24,817	29,144	33,392
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(5,606)	18,523	24,817	29,144	33,392
Recurring Net Profit	19,163	19,154	24,817	29,144	33,392
Fully Diluted Recurring Net Profit	19,163	19,154	24,817	29,144	33,392

Cash Flow

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
EBITDA	29,435	30,030	33,913	38,369	43,376
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(337)	1,315	(17,140)	(16,505)	(5,378)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	2,690	3,161	3,277	3,424	3,584
Net Interest (Paid)/Received	(2,964)	(3,501)	(4,386)	(4,182)	(4,178)
Tax Paid	(7,588)	(8,196)	(5,460)	(5,689)	(6,343)
Cashflow From Operations	21,236	22,809	10,203	15,417	31,061
Capex	(7,735)	(7,254)	(5,250)	(5,750)	(5,750)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	(4,905)	(2,168)			
Other Investing Cashflow					
Cash Flow From Investing	(12,640)	(9,422)	(5,250)	(5,750)	(5,750)
Debt Raised/(repaid)	20,926	7,823	25,681	(100)	(100)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(8,999)	(6,848)	(7,382)	(8,534)	(9,515)
Preferred Dividends					
Other Financing Cashflow	(18,962)	(15,000)	(2,289)	1,365	1,522
Cash Flow From Financing	(7,034)	(14,025)	16,010	(7,269)	(8,093)
Total Cash Generated	1,562	(639)	20,963	2,398	17,219
Free Cashflow To Equity	29,523	21,210	30,634	9,567	25,211
Free Cashflow To Firm	11,560	16,888	9,339	13,848	29,489

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet

(Rs mn)	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Total Cash And Equivalents	40,664	42,193	63,157	65,554	82,773
Total Debtors	15,354	18,191	21,705	31,104	35,264
Inventories	12,709	14,186	23,888	32,401	36,819
Total Other Current Assets	7,312	7,923	8,159	8,182	8,206
Total Current Assets	76,039	82,494	116,909	137,242	163,062
Fixed Assets	54,814	58,538	61,261	64,233	66,936
Total Investments					
Intangible Assets	50,264	51,454	51,454	51,454	51,454
Total Other Non-Current Assets	2,804	(449)	1,499	133	(1,389)
Total Non-current Assets	107,882	109,543	114,214	115,821	117,001
Short-term Debt	31,864	39,122	64,653	64,403	64,153
Current Portion of Long-Term Debt					
Total Creditors	16,755	21,421	18,732	19,775	22,125
Other Current Liabilities	23,137	29,388	25,699	27,129	30,353
Total Current Liabilities	71,756	89,931	109,084	111,307	116,631
Total Long-term Debt	358	923	1,073	1,223	1,373
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	358	923	1,073	1,223	1,373
Total Provisions	2,576	2,565	2,565	2,565	2,565
Total Liabilities	74,690	93,419	112,722	115,095	120,569
Shareholders Equity	125,986	120,039	137,133	157,742	181,619
Minority Interests					
Total Equity	125,986	120,039	137,133	157,742	181,619

Key Ratios

	Mar-24A	Mar-25A	Mar-26F	Mar-27F	Mar-28F
Revenue Growth	5.9%	1.9%	9.3%	9.9%	9.9%
Operating EBITDA Growth	21.1%	2.0%	12.9%	13.1%	13.1%
Operating EBITDA Margin	20.9%	20.9%	21.6%	22.2%	22.9%
Net Cash Per Share (Rs)	8.25	2.10	(2.51)	(0.07)	16.86
BVPS (Rs)	123.18	117.34	134.05	154.20	177.54
Gross Interest Cover	9.12	7.91	7.16	8.51	9.65
Effective Tax Rate	28.4%	30.0%	18.0%	16.3%	16.0%
Net Dividend Payout Ratio	26.7%	133.5%	29.7%	29.3%	28.5%
Accounts Receivables Days	36.00	42.62	46.37	55.87	63.88
Inventory Days	81.08	75.10	99.84	136.27	154.64
Accounts Payables Days	101.02	106.59	105.29	93.22	93.60
ROIC (%)	26.1%	28.0%	25.4%	25.3%	27.8%
ROCE (%)	18.4%	18.3%	18.2%	17.5%	17.9%
Return On Average Assets	10.8%	10.4%	12.3%	12.4%	12.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.