GODREJ CONSUMER

NUVAMA FLASH

KEY DATA

Rating	BUY
Sector relative	Neutral
Price (INR)	1,153
12 month price target (INR)	1,450
52 Week High/Low	1,367/980
Market cap (INR bn/USD bn)	1,179/13.3
Free float (%)	36.8
Avg. daily value traded (INR mn)	1,798.3

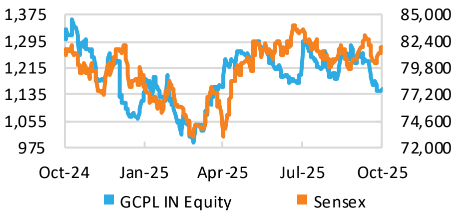
SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	53.07%	53.07%	53.04%
FII	19.35%	19.54%	20.68%
DII	12.4%	12.19%	11.03%
Pledge	0%	0.79%	0.79%

FINANCIALS (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Revenue	143,643	156,787	172,185	190,242
EBITDA	30,031	32,612	37,709	42,995
Adjusted profit	19,155	22,214	27,266	31,343
Diluted EPS (INR)	18.7	21.7	26.7	30.6
EPS growth (%)	0	16.0	22.7	15.0
RoAE (%)	15.1	17.6	19.6	20.4
P/E (x)	65.1	56.2	45.8	39.8
EV/EBITDA (x)	41.7	37.9	32.4	28.1
Dividend yield (%)	2.0	0.9	1.1	1.3

PRICE PERFORMANCE



Home care shines; Soap lags

Godrej Consumer (GCPL) published its Q2FY26 business update—overall in line with our expectations. We expect overall revenue to grow 6% YoY while EBITDA would decline 3% YoY owing to GST transition impact (one–third of India business). India business value/volumes to grow 5%/1% YoY—both in line with our estimates. Home Care to grow 8% YoY (beating expectations) while Personal Care shall dip 2% YoY due to weak performance in soaps (grammage cuts).

Indonesia to decline 2% YoY owing to competitive pricing pressure with slightly positive underlying volume growth (we expect 1% YoY growth). GAUM is expected to report double-digit value/volume growth. Maintain ‘BUY’ with a TP of INR1,450.

In line with our expectations

Domestic business: To report mid-single digit value growth and low-single digit underlying volume growth (in line with volume growth estimate of 1% YoY). Home Care is likely to report high-single digit value growth while Personal Care would report a low-single digit decline, mainly in soaps.

International business: Indonesia witnessed competitive pricing pressure, which led to a low-single digit decline in value growth, and slightly positive underlying volume growth. GAUM, on the other hand, reported a strong performance and is expected to grow in double-digit value/volume; this marks its third consecutive strong quarter.

GST impact: GST reforms reduced rates on one–third of GCPL’s portfolio (soaps, talcum powder, shampoos, shaving creams) from 18% to 5%, effective September 22. The company passed on the GST benefits to consumers. Short-term impact is likely on trade channel adjustments and inventory liquidation, which has delayed new orders and affected sales/profitability.

Consolidated performance: Overall revenue is likely to grow in mid-single digit INR terms (in line with our estimate of 6% YoY growth) while EBITDA is expected to dip due to short-term GST transition impact (in line with our estimate of 3% YoY decline). Management remains confident of an improved performance in H2FY26.

Our Q2FY26E preview

We reckon consolidated revenue shall grow 6% YoY (10% in Q1FY26; 1.8% in Q2FY25). Consolidated volumes shall grow 4% YoY (8% in Q1FY26, 5% in Q2FY25). Consolidated EBITDA shall decline 3% YoY (5% decline in Q1FY26, 4.6% in Q2FY25). Consolidated gross margin shall contract 350bp YoY to 52.1%. Consolidated EBITDA margin shall fall ~180bp YoY to 19%. Indonesia business is likely to stay weak due to: i) price wars in HI and air fresheners (7–8% price cuts taken during Q1); and ii) a high base (9% sales growth in base quarter). In Q1FY26, Indonesia revenue fell 4% YoY on a soft base of 3% growth. Domestic business: volume growth of 1% YoY (5% in Q1FY26, 7% in Q2FY25). India soap volumes will continue to be under pressure mainly due to grammage cuts flowing in Q2. Grammage cuts will anniversarise partly from Q3 and fully from Q4.

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