

Godrej Consumer Products (GCPL) - ADD

Result Update

Current Market Price (CMP) Rs. 1011	Fair Value (FV) Rs.1190
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Rationale:

- GCPL has guided for Double digit (DD) growth in consolidated revenues and EBITDA in FY27.
- Growth driven by High single digit (HSD) standalone underlying volume growth (UVG).
- Management expects India USG to accelerate to teens over FY27-30, led by 30%+ CAGR in growth categories (air care, liquid detergents and incense sticks).
- This can potentially scale to about 40% of India sales from 15-20% currently.
- GCPL is eyeing sustained DD growth in Africa after structural reset and is eyeing some pickup in growth in Indonesia in FY27.
- We trim FY2027-28E EPS by 2-3% and revise FV to Rs1,190 (Rs1,255 earlier), valuing GCPL at 45X Jun-28E PE (46X earlier).
- We expect earnings to grow 11.1% in FY27E and 12.9% in FY28E.

👍 Positives:

- GCPL highlighted the compounding effect of portfolio transformation.
- Management expects India standalone USG to exceed 10% in FY27.
- Speedboats continue to see 30%+ CAGR (with 40%+ bottom-line CAGR) and scale to ~40% of India sale.
- Muuchstac has performed well after acquisition.

👎 Negatives:

- The EBITDA miss was on account of palm inflation in India and a challenging macro in Indonesia.



The content of this document has been derived from KIE research report. Kotak's PCG Research has summarized the report (Research Team: shrikant.chouhan@kotak.com). Readers who wish to access the complete report are kindly requested to contact their respective Relationship Manager. Further, the recipient of this material should take their own professional advice before investing.

Holding Period: 12 months

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Definitions of ratings

- BUY** – We expect the stock to deliver more than 15% returns over the next 12 months
- ADD** – We expect the stock to deliver 5% - 15% returns over the next 12 months
- REDUCE** – We expect the stock to deliver -5% - +5% returns over the next 12 months
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- NR** – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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- NA** – **Not Available or Not Applicable.** The information is not available for display or is not applicable
- NM** – **Not Meaningful.** The information is not meaningful and is therefore excluded.
- NOTE** – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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