

Godrej Consumer Products (GCPL) - ADD

Q2FY26 Result Update

Current Market Price (CMP)
Rs.1146

Fair Value (FV)
Rs.1285

Rationale:

- GCPL's Q2 print was impacted by GST-led destocking (300-400 bps impact in India).
- There was palm oil inflation and weakness in Indonesia.
- Management expects the India business to bounce back with double digit (DD) Underlying volume growth (UVG)/revenue growth in 2H.
- We expect earnings to grow by 17.4% in FY27E & grow by 11.3% in FY28E.
- Growth would be aided by channel restocking and some improvement in the underlying demand.
- EBITDA margin recovery to the normative level (24-26%), starting in Q3.
- We maintain estimates, roll over and revise FV to Rs1,285 (from Rs1,260), valuing GCPL at 48X December 2027E PE. Reiterate ADD.
- Stock is currently trading at valuation of 40.4x P/E FY28E EPS.

👍 Positives:

- Domestic UVG stood at +3% (KIE: +1%).
- H2 outlook is positive in India + GAUM but weak in Indonesia + LatAm.
- Home care grew 6% yoy.

👎 Negatives:

- Gross Margins was down 350 bps yoy (+20 bps qoq) to 52.1% (KIE: 52.5%).
- Personal care declined 2% yoy.
- Indonesia declined 7% (in c/c and INR).



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