kotak Securities

Dated: 3rd November 2025

Godrej Consumer Products (GCPL) - ADD

Q2FY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.1119	**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).

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

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
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
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.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
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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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