# BUY Godrej Consumer Products

## In-line performance in 1Q despite weak HI; outlook still strong

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**Consumer Goods** ▸ Result Update ▸ **August 10, 2026**

**CMP (Rs): 1,050 | TP (Rs): 1,350**

**GCPL's 1QFY27 results were largely in line with expectations. Revenue/EBITDA grew 18/15% yoy and were 1-2% above consensus' estimate while PAT grew 12% (a 3% miss). India volume growth decelerated qoq to 7%, dragged down by weak performance in HI, though still healthy in our view. Management expects volume growth to gradually improve to double-digits by year-end. In the international segment, both Indonesia and GAUM continued to exceed growth expectations. Consolidated gross margin (GM) contracted by 260bps yoy (down by 400bps qoq) due to higher input costs, while EBITDA margin declined by 50bps yoy. While RM volatility is likely to persist, the impact on margins should be partially offset by pricing actions. We tweak our FY27-29 estimates and expect sales/earnings CAGR of 12%/16%, which is higher than that of most companies in our coverage. We maintain BUY on GCPL with unchanged TP of Rs1,350 (48x Jun-28E EPS), as we expect a better performance in both India and international (led by Indonesia) businesses.**

### 1QFY27 result summary

Revenue grew ~18% yoy on a 7% base (2% above consensus' estimate). Consol volume growth was healthy at 9% (6% in 4QFY26; 8% in 1QFY26). GM declined by 260bps yoy (down by 400bps qoq) to ~48.1%, due to sharp inflation in commodities. EBITDA grew ~15% yoy, albeit on a favorable base – in line with consensus' estimate and 4% below our estimate. EBITDA margin declined by 50bps yoy to ~19% (down by 260bps qoq), on gross margin pressure, partially aided by decrease in staff costs (~110bps), ad-spends (~40bps), and operating costs (~80bps). Adj PAT grew 10% yoy and was 3-7% below our/consensus' estimates, led by higher depreciation costs and lower other income.

### Earnings call KTAs

1) Management expects ~8% India volume growth in FY27, with ~100bps quarterly improvement, and targets double-digit growth. 2) Soaps returned to volume growth, with margin back to normal levels. 3) GCPL took ~5% price hikes amid ~9-10% cost inflation, including ~6% war-linked inflation, and targets 22-26% India EBITDA margin. 4) HI stayed weak, with June seeing high double-digit decline, but GCPL gained share for the first time in almost a decade, led by incense sticks; it aims to recover the 15-20ppt share lost over past decade. 5) Speedboats should exceed the 20% FY27 salience target of a ~100-150bps rise per quarter. 6) GAUM growth is now 75% FMCG-led, with air fresheners reaching double-digit share within 6M in South Africa; Mgmt expects mid-teens EBITDA margin and mid-to-high teens CC growth. 7) Indonesia delivered 10% volume growth, aided by Stella turnaround, El Niño. LPG, kerosene, and LABSA prices rose >3x yoy, while high-cost inventory will keep 2Q margin under pressure, with recovery from 3Q. 8) Media spends fell 7–8%, but reach declined only ~3%. 9) Rizz will launch in liquid dishwash—a Rs25–30bn double-digit growth category. 10) Mgmt expects to manage ~50% of the inflation and exceed FY27 guidance on most metrics. 11) Muuchstac is growing 70–80%, while pet care has achieved PMF and expanded across South India. 12) Hair color remains strong, led by the Rs15 crème pack; no imminent plans to enter mass shampoo space.

| Godrej Consumer Products: Financial Snapshot (Consolidated) | | | | | |
|---|---|---|---|---|---|
| **Y/E March (Rs mn)** | **FY25** | **FY26** | **FY27E** | **FY28E** | **FY29E** |
| Revenue | 139,965 | 151,779 | 175,474 | 194,085 | 214,348 |
| EBITDA | 30,031 | 31,562 | 35,759 | 40,733 | 46,075 |
| Adj. PAT | 19,155 | 20,946 | 24,058 | 27,671 | 31,637 |
| Adj. EPS (Rs) | 18.5 | 19.9 | 23.5 | 27.0 | 30.9 |
| EBITDA margin (%) | 21.5 | 20.8 | 20.4 | 21.0 | 21.5 |
| EBITDA growth (%) | 2.0 | 5.1 | 13.3 | 13.9 | 13.1 |
| Adj. EPS growth (%) | (6.0) | 7.3 | 18.3 | 15.0 | 14.3 |
| RoE (%) | 15.6 | 17.0 | 19.0 | 21.8 | 24.8 |
| RoIC (%) | 17.2 | 17.4 | 18.5 | 20.7 | 23.1 |
| P/E (x) | 58.0 | 57.7 | 44.7 | 38.8 | 34.0 |
| EV/EBITDA (x) | 35.9 | 34.4 | 30.5 | 26.8 | 23.7 |
| P/B (x) | 8.9 | 8.5 | 8.5 | 8.5 | 8.4 |
| FCFF yield (%) | 1.9 | 1.8 | 1.9 | 2.8 | 3.1 |

*Source: Company, Emkay Research*

| | |
|---|---|
| Target Price – 12M | Jun-27 |
| **Change in TP (%)** | **-** |
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Upside/(Downside) (%) | 28.6 |

| **Stock Data** | **GCPL IN** |
|---|---|
| 52-week High (Rs) | 1,309 |
| 52-week Low (Rs) | 967 |
| Shares outstanding (mn) | 1,023.3 |
| Market-cap (Rs bn) | 1,074 |
| Market-cap (USD mn) | 11,285 |
| Net-debt, FY27E (Rs mn) | 16,315.3 |
| ADTV-3M (mn shares) | 1.4 |
| ADTV-3M (Rs mn) | 1,400.1 |
| ADTV-3M (USD mn) | 14.7 |
| Free float (%) | 47.0 |
| Nifty-50 | 24,570.7 |
| INR/USD | 95.2 |
| **Shareholding,Jun-26** | |
| Promoters (%) | 53.0 |
| FPIs/MFs (%) | 12.3/19.6 |

**Price Performance**

| **(%)** | **1M** | **3M** | **12M** |
|---|---|---|---|
| Absolute | (4.3) | 1.3 | (13.9) |
| Rel. to Nifty | (5.0) | 0.3 | (13.8) |

**1-Year share price trend (Rs)**

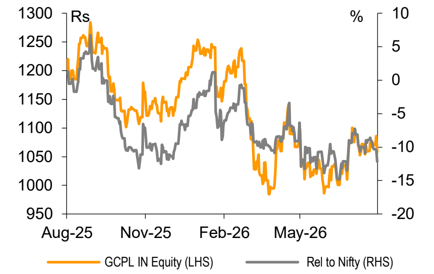



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**Exhibit 1: Marico – Quarterly trend in key financials**

| (Rs mn) | 1QFY26 | 2QFY26 | 3QFY26 | 4QFY26 | 1QFY27 | yoy (%) | qoq (%) |
|---|---|---|---|---|---|---|---|
| **Revenue** | **35,713** | **38,251** | **40,991** | **39,004** | **42,255** | **18** | **8** |
| Cost of goods | 17,613 | 18,320 | 19,318 | 18,693 | 21,942 | 25 | 17 |
| **Gross profit** | **18,100** | **19,931** | **21,673** | **20,312** | **20,313** | 12 | 0 |
| **Gross margin** | 50.7 | 52.1 | 52.9 | 52.1 | 48.1 | -260bps | -400bps |
| Employee expenses | 3,090 | 2,700 | 3,281 | 3,251 | 3,193 | 3 | (2) |
| Advertising expenses | 2,718 | 3,200 | 3,060 | 2,743 | 3,058 | 13 | 12 |
| Other expenses | 5,346 | 6,141 | 6,343 | 5,904 | 6,048 | 13 | 2 |
| **EBITDA** | **6,946** | **7,891** | **8,989** | **8,414** | **8,013** | **15** | **(5)** |
| **EBITDA margin** | 19.45 | 20.63 | 21.93 | 21.57 | 18.96 | -50bps | -260bps |
| Depreciation | 594 | 656 | 664 | 761 | 752 | 27 | (1) |
| **EBIT** | **6,352** | **7,234** | **8,325** | **7,653** | **7,262** | **14** | **(5)** |
| EBIT margin | 17.8 | 18.9 | 20.3 | 19.6 | 17.2 | -60bps | -240bps |
| Interest cost | 865 | 759 | 789 | 903 | 860 | (1) | (5) |
| Other income | 845 | 629 | 559 | 694 | 519 | (39) | (25) |
| **PBT** | **6,332** | **7,104** | **8,095** | **7,444** | **6,921** | **9** | **(7)** |
| Tax | 1,613 | 1,657 | 2,021 | 1,997 | 1,720 | 7 | (14) |
| Tax rate | 25.5 | 23.3 | 25.0 | 26.8 | 24.9 | -60bps | -200bps |
| Non-recurring items | -195 | -297 | -741 | -930 | -156 | | |
| Minority interest | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0bps | 0bps |
| **PAT** | **4,525** | **5,151** | **5,333** | **4,518** | **5,045** | **12** | **12** |
| **Adj Profit** | **4,720** | **5,447** | **6,074** | **5,447** | **5,201** | **10** | **(5)** |
| Net profit margin | **13.2** | **14.2** | **14.8** | **14.0** | **12.3** | **-90bps** | **-170bps** |

*Source: Company, Emkay Research*

## Conference call takeaways

- **Volume growth** of 7% in India, impacted by weak HI; expects ~8% growth for FY27 and aims to improve India volumes by ~100bps every quarter
  - Soaps returned to volume growth in 1Q and should accelerate in 2Q/3Q; margins have returned to normal levels
  - Consolidated underlying volume growth at 9%; Management expects to move toward consistent double-digit volume growth over the next few quarters
- **Price hike** of ~5% taken in India; may take further hikes if required
  - India faced ~9-10% cost inflation, including ~6% unforeseen/war-linked inflation
  - Expects to recover margins over the next couple of quarters; targets 22-26% India EBITDA margins even in weak quarters
  - Expects to manage ~50% of the inflation through pricing and other actions; elevated-cost inventory to keep 2Q margins under pressure
- **India HI**
  - June was particularly weak with high double-digit volume decline; expects 1H to remain weak and 2H to improve
  - Gained overall HI market share for the first time in almost a decade; sees the gain as structural, led by better products, execution, and category development
  - Sharp share gain in incense sticks; Management expects structural share recovery after losing ~15–20ppt over the past decade
  - Incense-stick category growing at HSD/early-double-digit levels, with GCPL de-influencing illegal incense sticks



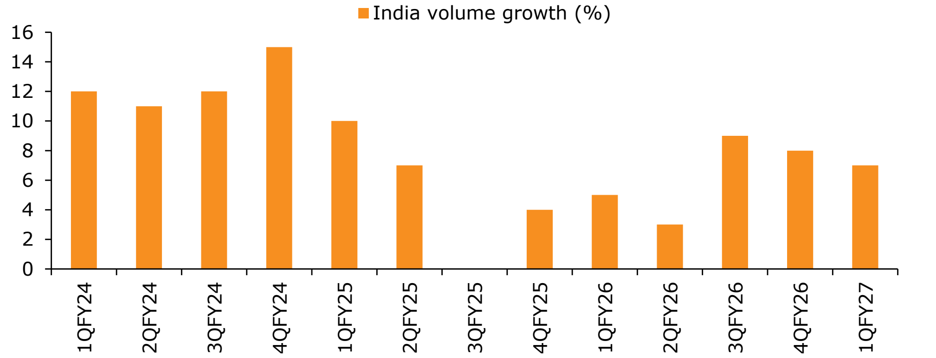
- **New products** meeting stated milestones across toilet cleaner, body wash, face wash and pet care

  - Speedboats to exceed the stated 20% FY27 salience target; salience expected to increase by ~100–150bps each quarter
  - Spic expanded nationally after successful test-market performance; low rural penetration provides a further runway
  - Fab continues to grow while expanding the liquid-detergent category; price hikes taken
- **GAUM**
  - FMCG now drives ~75% of GAUM growth vs ~50:50 FMCG/dry-hair mix in FY26
  - Growth led by higher FMCG media investments, hair-fashion strength, air-care scaling, and launch of HI incense sticks in Nigeria
  - Air fresheners reached double-digit market share within six months of launch in South Africa; traction across Nigeria, Kenya, Argentina, Chile, and US
  - Confident of sustaining mid-teens EBITDA margins; expects further margin benefit as FMCG salience increases
  - Currency tailwind likely to continue for another 4-5 months before easing
- **Indonesia**
  - 10% underlying volume growth, aided by a lower base and El Niño
  - Stepped-up media investments in Aer/Stella; Stella turnaround seen as a structural driver
  - El Niño provided some benefit in 1Q and should grant further support in 2Q
- **Raw material**
  - Prices of LPG, kerosene, and LABSA increased >3x yoy; GCPL faced ~9-10% overall India cost inflation
  - LPG availability constraints led to 20-25% lower fill rates and impacted aerosols/Aer
  - Commodity prices have subsequently sharply moderated, but elevated cost inventory will impact 2Q; normalization expected from 3Q
  - Expects RM volatility to persist, with crude/palm and El Niño adding to the uncertainty
- **Margins**
  - Gross margin declined due to sharp inflation in LPG, kerosene, and LABSA
  - Margin pressure concentrated in PAKS, air care, laundry, and HI; soaps have returned to normal margins
  - Expects to return to normal margins over the next couple of quarters
  - Cut media spends by 7–8%, but media reach declined only ~3% yoy; maintained core share of voice
  - Plans to step up media investments, particularly behind new categories, as commodity costs normalize
- **Godrej Rizz (liquid dishwash):** To launch in select states; category size of Rs25–30bn and growing at strong double digits
  - Entry driven by long-term category growth and a differentiated product/pricing proposition rather than competitive exits
  - Low penetration outside urban markets provides significant category runway
- **Speedboats:** Expected to exceed the stated FY27 guidance of 20% salience
  - Godrej Fab, GK Incense Sticks, and Godrej Aer globally remain key growth drivers
  - Salience expected to increase by ~100–150bps each quarter

- **Outlook**
  - 2Q to remain challenging due to high-cost inventory despite lower spot commodity prices
  - Expects to manage ~50% of inflation through pricing and other actions; stronger margin recovery from 3Q
  - Expects to exceed the FY27 guidance on most metrics; cash generation could remain somewhat lower
  - India EBITDA growth should remain in double-digits, although adverse commodities could result in a high single-digit growth
  - Portfolio diversification is reducing dependence on HI/soaps and supporting more resilient growth
- **El Niño** – India likely negative for HI in 1H but potentially supportive in 2H through a warmer winter; Indonesia remains a positive due to hotter/wetter conditions
  - El Niño could also impact palm crops and create further RM volatility
- **Muuchstac** – Growing 70–80% since acquisition; highly profitable and EPS-accretive
  - Started leveraging Muuchstac's capabilities across other brands
  - Management prefers organic category entry where possible; M&A more relevant where capabilities/technology are lacking
- **Pet Care:** Product-market fit achieved after ~1.5 years of testing in Tamil Nadu; expanded to the rest of South India
  - Initial expansion was delayed as PMF was not achieved during the first 6–7 months
- **Fab:** price hikes taken amid commodity inflation
  - Continues to grow while expanding the liquid-detergent category
- **Hair color:** The Rs15 creme pack continues to see strong volume growth; the small-creme format has overtaken the large crème pack
  - Strong rural traction and broad distribution; now the widest-distributed hair-color pack by volume
  - No imminent plans to enter the mass shampoo space

***The company is a few quarters away from double-digit consol volume growth, per the management***

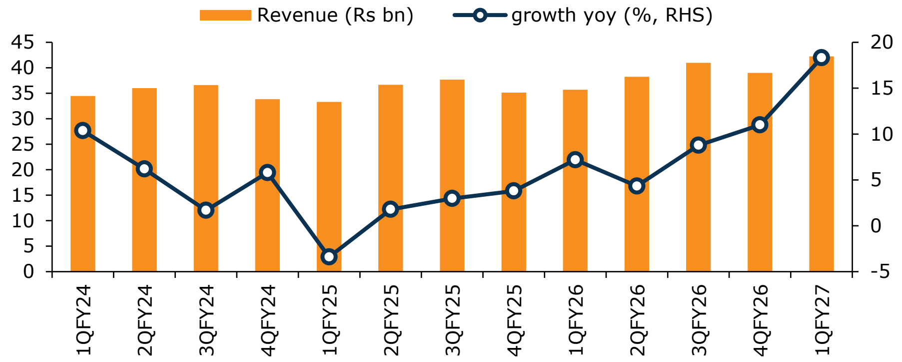
**Exhibit 2: India volumes grew 7% vs 8% in 4QFY26 and 5% in 1QFY26**




*Source: Company, Emkay Research*

***Consolidated revenue growth of 23% was led by 9% volume growth; standalone revenue grew ~11% yoy led by 7% volume growth***

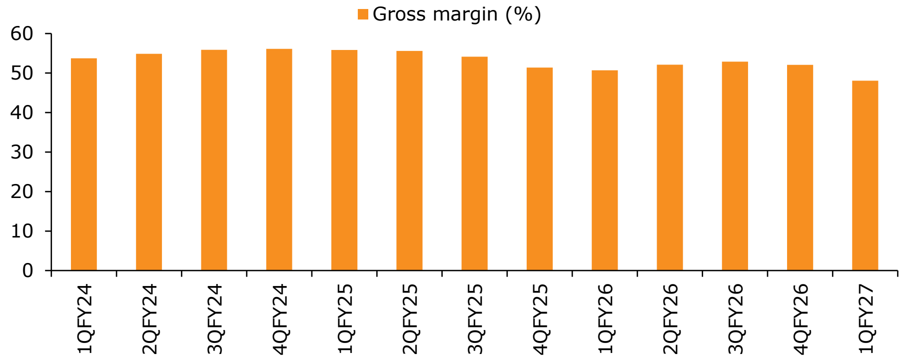
**Exhibit 3: Revenue grew ~18% yoy on a base of 7% (2% above consensus' estimates)**




*Source: Company, Emkay Research*

***The management expects prices of crude and palm oil to be unstable and plans to navigate these headwinds by calibrated pricing, media optimization, and disciplined cost measures; took 5% price hikes in India and may take similar pricing actions in 2QFY27***

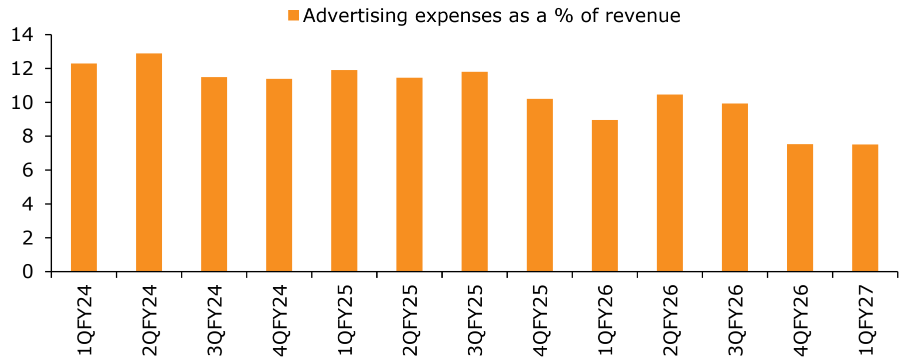
**Exhibit 4: Gross margin declined by 260bps yoy (down by 400bps qoq) to ~48.1%, led by sharp inflation in commodities (Kerosene, LAB, LPG almost trebled)**




*Source: Company, Emkay Research*

***GCPL cut its media spends by ~7-8% this quarter which led to only ~3% decline in its media reach owing to its superior tech facilities and planning***

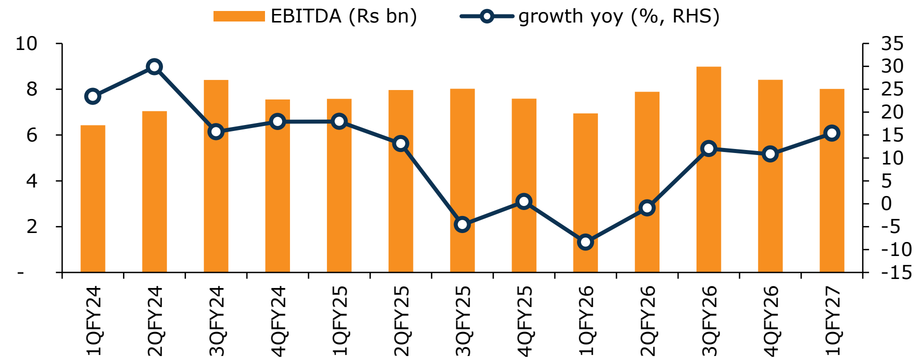
**Exhibit 5: A&P expenses as a % of revenue declined by ~40bps yoy to 7.2% (vs 7% in 4QFY26)**




*Source: Company, Emkay Research*

***On track to deliver double-digit EBITDA growth by FY27; may even exceed the target owing to various tailwinds, subject to crude and palm prices***

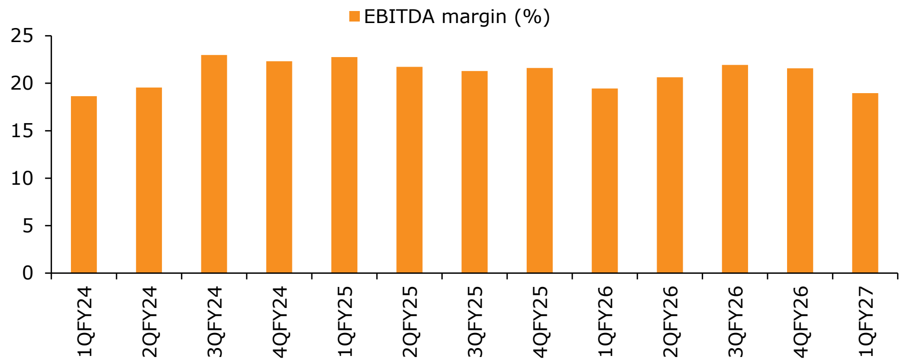
**Exhibit 6: EBITDA grew ~15% yoy, albeit on a favorable base (8% decline), and was in line with consensus' estimates; 4% below our estimates**




*Source: Company, Emkay Research*

***Management expects to reach normal margins in the India business in a couple of quarters (22-26% range)***

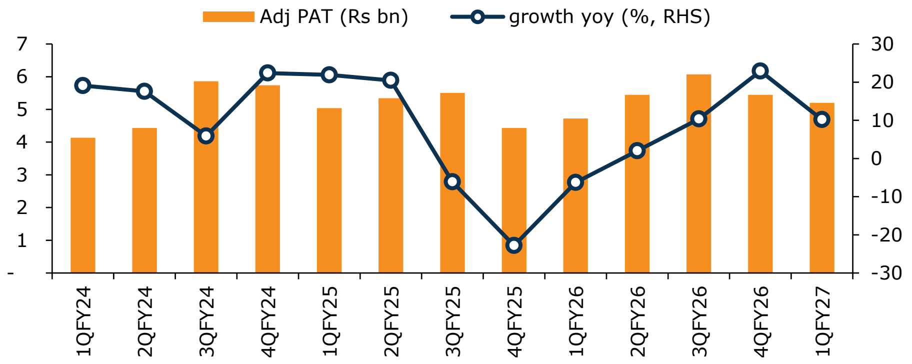
**Exhibit 7: EBITDA margin declined by 50bps yoy to ~19% due to gross margin pressure partially aided by decrease in staff costs (~110bps), ad-spends (~40bps), and opex costs (~80bps)**




*Source: Company, Emkay Research*

***Sequential dip in profitability after 5 quarters of consistent improvement***

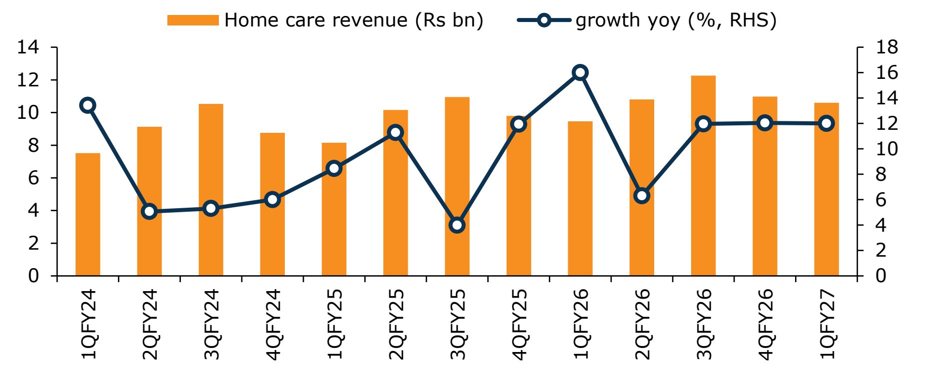
**Exhibit 8: Adj PAT grew 10% yoy and was 3-7% below our and consensus' estimates, led by higher depreciation costs and lower other income**




*Source: Company, Emkay Research*

***Sequential dip in profitability after 5 quarters of consistent improvement***

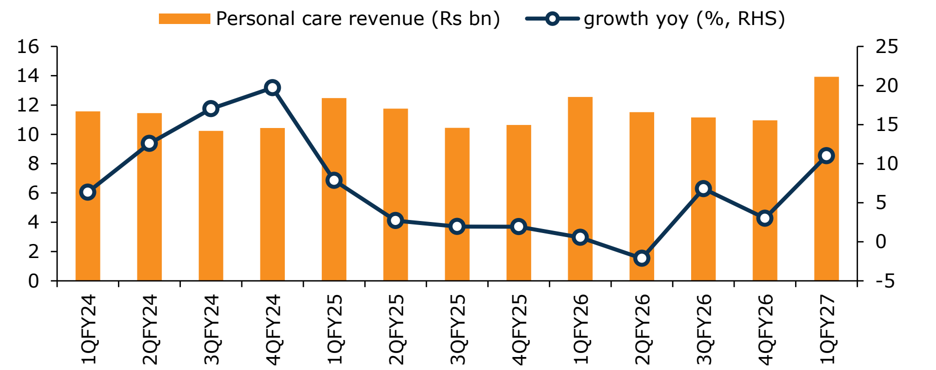
**Exhibit 9: Home Care revenue grew 12% yoy on a high base of 16% growth**




*Source: Company, Emkay Research*

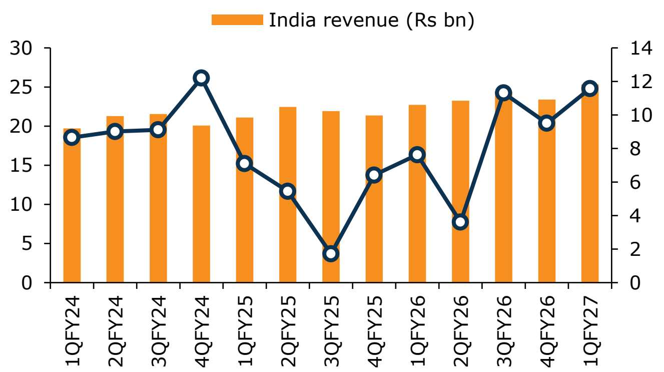
***Growth was led by strong performance in the hair color segment and recovery in soap volume (turned positive this quarter and the management expects it to reach an early single digit)***

**Exhibit 10: Personal care grew 11% yoy on a flat base**



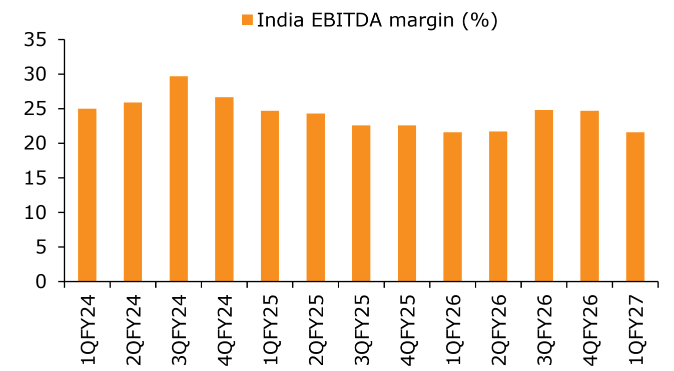

*Source: Company, Emkay Research*

**Exhibit 11: India revenue grew 11% yoy, the highest in 9 quarters**



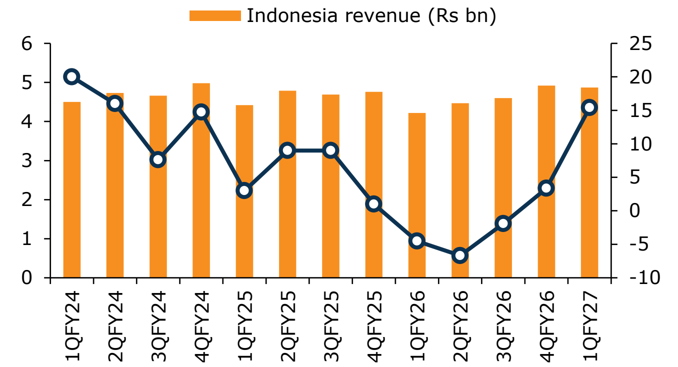

*Source: Company, Emkay Research*

**Exhibit 12: Management has guided to reach normal margins in the next couple of quarters**



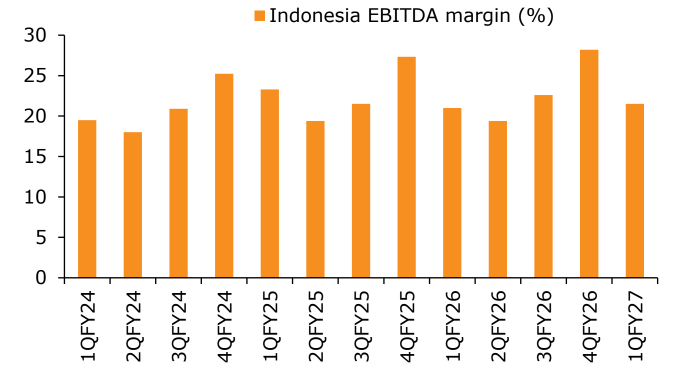

*Source: Company, Emkay Research*

**Exhibit 13: Indonesia revenue grew 15% yoy led by 10% UVG**



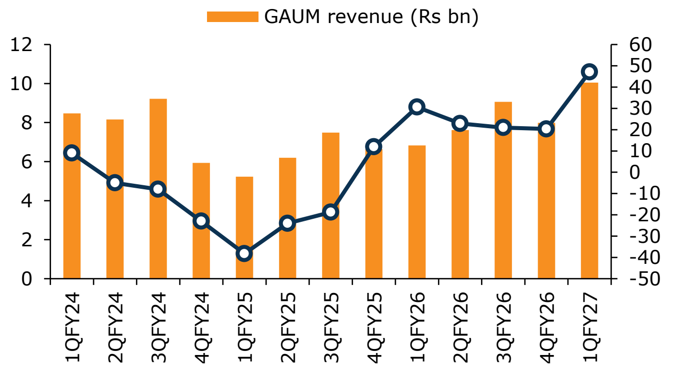

*Source: Company, Emkay Research*

**Exhibit 14: Indonesia EBITDA margin trend**



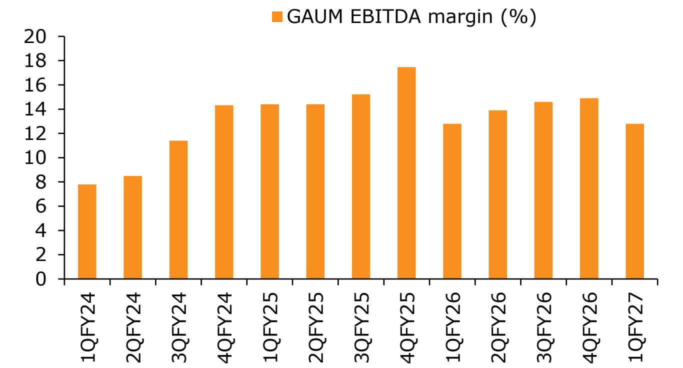

*Source: Company, Emkay Research*

**Exhibit 15: GAUM delivered strong revenue growth of 47% yoy, led by 17% UVG owing to FMCG expansion**



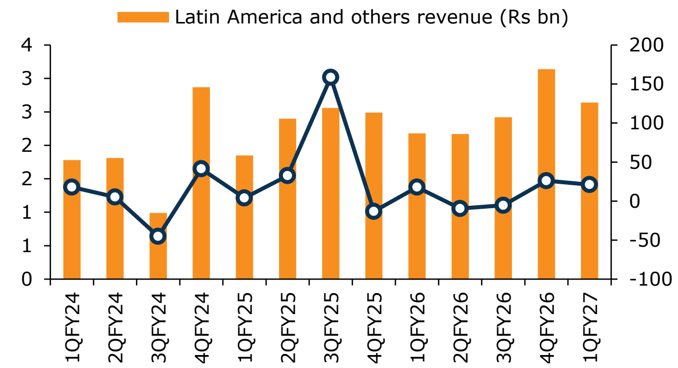

*Source: Company, Emkay Research*

**Exhibit 16: Management delivered healthy margins despite increasing ad-spends in Africa; guided to sustain these levels**



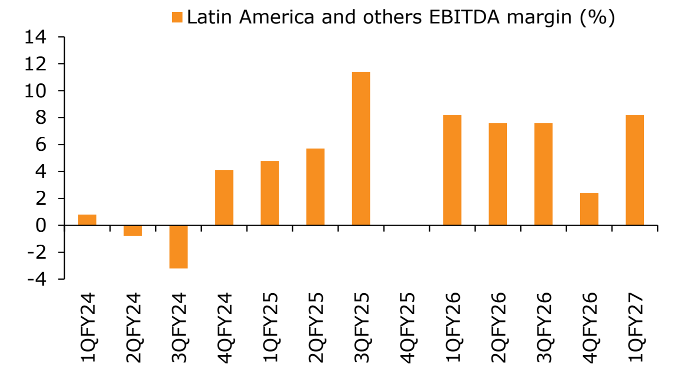

*Source: Company, Emkay Research*

**Exhibit 17: Latin America and others grew 21% yoy in revenue**




*Source: Company, Emkay Research*

**Exhibit 18: EBITDA margin for this region was 8.2%**




*Source: Company, Emkay Research*

**Exhibit 19: Changes in estimates**

| Rs mn | New estimates | | | Old estimates | | | Change in estimate | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E |
| Revenue | 175,474 | 194,085 | 214,348 | 172,565 | 190,783 | 210,592 | 2% | 2% | 2% |
| EBITDA | 35,759 | 40,733 | 46,075 | 35,304 | 40,875 | 45,451 | 1% | 0% | 1% |
| EBITDA margin | 20.4% | 21.0% | 21.5% | 20.5% | 21.4% | 21.6% | -10bps | -40bps | -10bps |
| Adj PAT | 24,058 | 27,671 | 31,637 | 23,808 | 27,874 | 31,271 | 1% | -1% | 1% |
| EPS (Rs) | 23.5 | 27.0 | 30.9 | 23.3 | 27.2 | 30.6 | 1% | -1% | 1% |

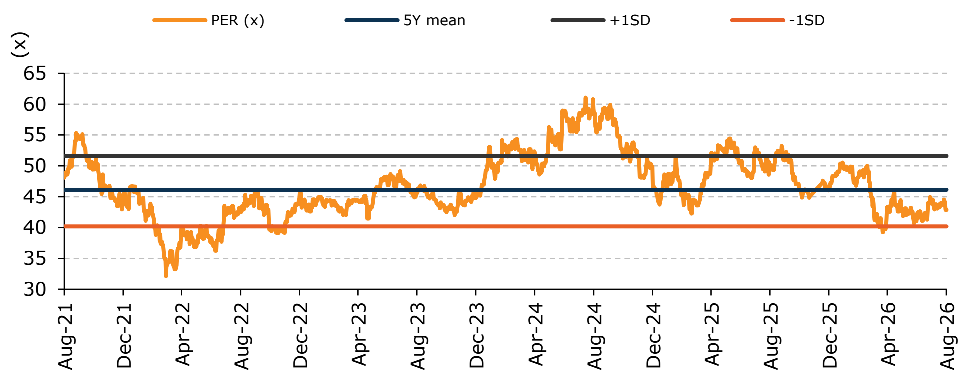
*Source: Company, Emkay Research*

**Exhibit 20: Emkay vs Consensus estimates**

| Rs mn | Emkay estimates | | | Consensus estimates | | | Emkay vs Consensus estimates | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E | FY27E | FY28E | FY29E |
| Revenue | 175,474 | 194,085 | 214,348 | 169,551 | 186,598 | 203,252 | 3% | 4% | 5% |
| EBITDA | 35,759 | 40,733 | 46,075 | 35,452 | 40,531 | 44,996 | 1% | 0% | 2% |
| EBITDA margin | 20.4% | 21.0% | 21.5% | 20.9% | 21.7% | 22.1% | -50bps | -70bps | -60bps |
| Adj PAT | 24,058 | 27,671 | 31,637 | 24,023 | 28,125 | 31,700 | 0% | -2% | 0% |
| EPS (Rs) | 23.5 | 27.0 | 30.9 | 23.49 | 27.52 | 30.98 | 0% | -2% | 0% |

*Source: Company, Emkay Research*

**Exhibit 21: GCPL trades below its 5-year mean**




*Source: Company, Emkay Research*

# Godrej Consumer Products: Consolidated Financials and Valuations

## Profit & Loss

| Y/E March (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| **Revenue** | **139,965** | **151,779** | **175,474** | **194,085** | **214,348** |
| Revenue growth (%) | (0.7) | 8.4 | 15.6 | 10.6 | 10.4 |
| **EBITDA** | **30,031** | **31,562** | **35,759** | **40,733** | **46,075** |
| EBITDA growth (%) | 2.0 | 5.1 | 13.3 | 13.9 | 13.1 |
| Depreciation & Amortization | 2,340 | 2,675 | 2,900 | 3,045 | 3,197 |
| **EBIT** | **27,691** | **28,887** | **32,859** | **37,688** | **42,878** |
| EBIT growth (%) | 2.5 | 4.3 | 13.7 | 14.7 | 13.8 |
| Other operating income | 795 | 778 | 1,000 | 1,100 | 1,210 |
| Other income | 3,161 | 2,662 | 2,700 | 2,862 | 3,034 |
| Financial expense | 3,501 | 3,316 | 3,481 | 3,656 | 3,729 |
| **PBT** | **27,351** | **28,233** | **32,078** | **36,895** | **42,183** |
| Extraordinary items | (632) | (2,332) | 0 | 0 | 0 |
| Taxes | 8,196 | 7,287 | 8,019 | 9,224 | 10,546 |
| Minority interest | 0 | 0 | 0 | 0 | 0 |
| Income from JV/Associates | - | - | - | - | - |
| **Reported PAT** | **18,523** | **18,615** | **24,058** | **27,671** | **31,637** |
| PAT growth (%) | 0 | 0.5 | 29.2 | 15.0 | 14.3 |
| **Adjusted PAT** | **19,155** | **20,946** | **24,058** | **27,671** | **31,637** |
| **Diluted EPS (Rs)** | **18.5** | **19.9** | **23.5** | **27.0** | **30.9** |
| Diluted EPS growth (%) | (6.0) | 7.3 | 18.3 | 15.0 | 14.3 |
| **DPS (Rs)** | **25.0** | **20.0** | **23.0** | **27.0** | **30.0** |
| **Dividend payout (%)** | **138.1** | **109.9** | **97.8** | **99.8** | **97.0** |
| EBITDA margin (%) | 21.5 | 20.8 | 20.4 | 21.0 | 21.5 |
| EBIT margin (%) | 19.8 | 19.0 | 18.7 | 19.4 | 20.0 |
| Effective tax rate (%) | 30.0 | 25.8 | 25.0 | 25.0 | 25.0 |
| **NOPLAT (pre-IndAS)** | **19,393** | **21,432** | **24,644** | **28,266** | **32,158** |
| Shares outstanding (mn) | 1,023 | 1,023 | 1,023 | 1,023 | 1,023 |

*Source: Company, Emkay Research*

## Balance Sheet

| Y/E March (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| Share capital | 1,023 | 1,023 | 1,023 | 1,023 | 1,023 |
| Reserves & Surplus | 119,016 | 125,506 | 126,031 | 126,076 | 127,017 |
| **Net worth** | **120,039** | **126,530** | **127,054** | **127,099** | **128,040** |
| Minority interests | 0 | 0 | 0 | 0 | 0 |
| Non-current liab. & prov. | 938 | 1,918 | 2,110 | 2,110 | 2,110 |
| **Total debt** | **38,826** | **41,360** | **41,360** | **41,360** | **41,360** |
| **Total liabilities & equity** | **161,022** | **172,606** | **173,546** | **173,833** | **175,035** |
| Net tangible fixed assets | - | - | - | - | - |
| Net intangible assets | - | - | - | - | - |
| Net ROU assets | - | - | - | - | - |
| Capital WIP | 5,497 | 3,143 | 5,000 | 1,500 | 1,000 |
| Goodwill | - | - | - | - | - |
| Investments [JV/Associates] | 5,419 | 9,145 | 9,145 | 9,145 | 9,145 |
| **Cash & equivalents** | **35,858** | **28,578** | **25,045** | **24,891** | **24,672** |
| Current assets (ex-cash) | 40,300 | 43,847 | 49,960 | 54,208 | 58,752 |
| Current Liab. & Prov. | 31,953 | 36,815 | 40,604 | 43,571 | 46,709 |
| **NWC (ex-cash)** | **8,347** | **7,032** | **9,355** | **10,637** | **12,043** |
| **Total assets** | **161,022** | **172,606** | **173,546** | **173,833** | **175,035** |
| Net debt | 2,968 | 12,782 | 16,315 | 16,469 | 16,688 |
| Capital employed | 161,022 | 172,606 | 173,546 | 173,833 | 175,035 |
| **Invested capital** | **114,249** | **131,740** | **134,357** | **138,297** | **140,219** |
| BVPS (Rs) | 117.3 | 123.7 | 124.2 | 124.2 | 125.1 |
| Net Debt/Equity (x) | - | 0.1 | 0.1 | 0.1 | 0.1 |
| Net Debt/EBITDA (x) | 0.1 | 0.4 | 0.5 | 0.4 | 0.4 |
| Interest coverage (x) | 8.8 | 9.5 | 10.2 | 11.1 | 12.3 |
| **RoCE (%)** | **19.5** | **19.3** | **21.1** | **24.1** | **27.2** |

*Source: Company, Emkay Research*

## Cash flows

| Y/E March (Rs mn) | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| PBT (ex-other income) | 24,190 | 25,572 | 29,378 | 34,033 | 39,149 |
| Others (non-cash items) | (95) | (601) | 192 | 0 | 0 |
| Taxes paid | (4,701) | (5,286) | (8,019) | (9,224) | (10,546) |
| Change in NWC | 351 | 551 | (2,323) | (1,282) | (1,406) |
| **Operating cash flow** | **25,767** | **24,885** | **25,608** | **32,296** | **36,463** |
| Capital expenditure | (5,592) | (5,421) | (4,857) | (2,000) | (3,000) |
| Acquisition of business | 12,456 | (3,726) | 0 | 0 | 0 |
| Interest & dividend income | 1,680 | 1,590 | 2,700 | 2,862 | 3,034 |
| **Investing cash flow** | **(3,436)** | **3,554** | **(2,157)** | **862** | **34** |
| Equity raised/(repaid) | - | - | 0 | 0 | 0 |
| Debt raised/(repaid) | 7,280 | 2,534 | 0 | 0 | 0 |
| Payment of lease liabilities | 1,219 | 1,579 | 224 | 242 | 261 |
| Interest paid | (3,501) | (3,316) | (3,481) | (3,656) | (3,729) |
| Dividend paid (incl tax) | (25,573) | (20,462) | (23,534) | (27,626) | (30,696) |
| Others | (1,240) | (4,212) | (224) | 552 | 434 |
| **Financing cash flow** | **(21,815)** | **(23,876)** | **(27,015)** | **(30,488)** | **(33,730)** |
| Net chg in Cash | 517 | 4,562 | (3,564) | 2,670 | 2,767 |
| OCF | 25,767 | 24,885 | 25,608 | 32,296 | 36,463 |
| Adj. OCF (w/o NWC chg.) | 25,416 | 24,333 | 27,932 | 33,578 | 37,868 |
| FCFF | 20,176 | 19,464 | 20,751 | 30,296 | 33,463 |
| FCFE | 18,354 | 17,738 | 19,970 | 29,503 | 32,768 |
| OCF/EBITDA (%) | 85.8 | 78.8 | 71.6 | 79.3 | 79.1 |
| FCFE/PAT (%) | 99.1 | 95.3 | 83.0 | 106.6 | 103.6 |
| **FCFF/NOPLAT (%)** | **104.0** | **90.8** | **84.2** | **107.2** | **104.1** |

*Source: Company, Emkay Research*

## Valuations and key Ratios

| Y/E March | FY25 | FY26 | FY27E | FY28E | FY29E |
|---|---|---|---|---|---|
| P/E (x) | 58.0 | 57.7 | 44.7 | 38.8 | 34.0 |
| EV/CE(x) | 6.8 | 6.5 | 6.5 | 6.5 | 6.4 |
| P/B (x) | 8.9 | 8.5 | 8.5 | 8.5 | 8.4 |
| EV/Sales (x) | 7.7 | 7.2 | 6.3 | 5.7 | 5.1 |
| EV/EBITDA (x) | 35.9 | 34.4 | 30.5 | 26.8 | 23.7 |
| EV/EBIT(x) | 38.9 | 37.6 | 33.2 | 28.9 | 25.4 |
| EV/IC (x) | 9.4 | 8.3 | 8.1 | 7.9 | 7.8 |
| FCFF yield (%) | 1.9 | 1.8 | 1.9 | 2.8 | 3.1 |
| FCFE yield (%) | 1.7 | 1.7 | 1.9 | 2.7 | 3.0 |
| Dividend yield (%) | 2.4 | 1.9 | 2.2 | 2.6 | 2.9 |
| **DuPont-RoE split** | | | | | |
| Net profit margin (%) | 13.7 | 13.8 | 13.7 | 14.3 | 14.8 |
| Total asset turnover (x) | 0.9 | 0.9 | 1.0 | 1.1 | 1.2 |
| Assets/Equity (x) | 1.3 | 1.4 | 1.4 | 1.4 | 1.4 |
| **RoE (%)** | **15.6** | **17.0** | **19.0** | **21.8** | **24.8** |
| **DuPont-RoIC** | | | | | |
| NOPLAT margin (%) | 13.9 | 14.1 | 14.0 | 14.6 | 15.0 |
| IC turnover (x) | 1.2 | 1.2 | 1.3 | 1.4 | 1.5 |
| **RoIC (%)** | **17.2** | **17.4** | **18.5** | **20.7** | **23.1** |
| **Operating metrics** | | | | | |
| Core NWC days | 21.8 | 16.9 | 19.5 | 20.0 | 20.5 |
| **Total NWC days** | **21.8** | **16.9** | **19.5** | **20.0** | **20.5** |
| Fixed asset turnover | 1.4 | 1.9 | 1.9 | 2.0 | 2.2 |
| Opex-to-revenue (%) | 31.8 | 30.5 | 30.1 | 31.0 | 31.5 |

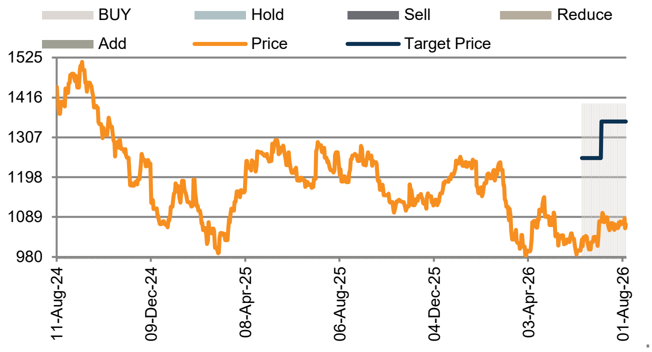
*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - DETAILS

| Date | Closing Price (Rs) | TP (Rs) | Rating | Analyst |
|---|---|---|---|---|
| 05-Jul-26 | 1,077 | 1,350 | Buy | Rajesh Kumar |
| 10-Jun-26 | 1,028 | 1,250 | Buy | Rajesh Kumar |

*Source: Company, Emkay Research*

### RECOMMENDATION HISTORY - TREND




*Source: Company, Bloomberg, Emkay Research*

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|---|---|
| BUY | >15% upside |
| ADD | 5-15% upside |
| REDUCE | 5% upside to 15% downside |
| SELL | >15% downside |

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