

Bloomberg Code	GCPL IN
No of share O/S (in crs)	102.2
Market Cap (in Rs. crs)	89,230.42
Face Value (in Rs)	1.00
Dividend Yield (%)	0.00%
52 Wk High/Low (in Rs)	1138.5/660.2

Key Highlights

Godrej Consumer Products reported a net revenue of INR 3,125 cr in Q1FY22, a growth of 8%/7.2% on a YoY/QoQ basis, respectively, with the India business growing 12%. The topline growth on a sequential basis was 7.2% and in constant currency terms, it was 9% YoY. GCPL's total expenses were at INR 2,696 cr in Q1FY23, up 13.64% from INR 2,372.65 cr in the corresponding quarter a year ago.

Shareholding (%)	
Promoters	63.22
Institutional	30.08
Public	6.7
Total	100.00

Africa, the US and the Middle East regions delivered the seventh consecutive quarter of double-digit sales growth, growing 12% in Q1FY23 YoY but Indonesia and Latin America, and SAARC clocked 9% and a 5% decline, respectively, in revenue. On the segment front, India home-care business lost 4% YoY to INR 663 cr but the personal care business reported strong growth at 25% YoY to INR 1,088 cr for Q1FY23.

EBITDA was impacted by unprecedented global commodity inflation.

At the operating level, EBITDA fell 13.5% YoY to INR 521 cr which was driven by unprecedented global commodity inflation, upfront marketing investments and a weak performance in the Indonesia, Latin America & SAARC businesses. The India EBITDA margin at 22.5% contracted 380 bps YoY, on a gross margin decline of around 660 bps due to higher commodity inflation.

The PAT for the quarter stood at INR 345 cr, marked by a decrease of 16.6% YoY and 5% QoQ, with the PAT margin at 11%. With inflationary pressures abating, the management expects a recovery in consumption and gross margins alongside continued higher marketing investments with a significant focus on reducing controllable costs.

Concall Highlights

- The revenue of the company grew by 8% with 3-year CAGR in double digits. The growth in revenue was driven by pricing.
- Personal Wash & Hygiene maintained its growth momentum, delivering double-digit sales growth and a 2-year CAGR in double digits. The Hair Colour segment gained market share and continued to perform well which were backed by strong marketing campaigns.
- The Indonesia business delivered a weak performance with sales decline of 12%, due to higher commodity inflation, upfront marketing investments, high hygiene comparator, and scale deleverage.
- The management expects the Indonesian situation to start improving from Q3FY23 onwards with strong market positions, media investments resulting in recent share gains in Indonesia and the company's determination to reduce their trade pipelines.
- The management anticipates double digit applied growth, mid single digit volume growth with inflationary pressures abating.
- The company's strategy is to enhance category development driven by relevance, access and marketing investments and funded by a digitally enabled simplification of the organization.

Valuation

At the CMP of Rs. 872.60, Godrej Consumer Products is currently trading at a FY24 forwarded P/E of 59.29X

Financial Summary

Net Sales improved by 8% YoY and 7.2% QoQ to INR 3,125 cr.

RM Cost as a percentage of sales was higher by 560 bps YoY due to higher commodity prices.

EBITDA decreased by 13.5% YoY and the margin increased by 80 bps during the quarter.

Net profit margin stood at 11% in Q1FY23, a decrease of 330 bps YoY and 150 bps QoQ.

Figures are in Rs Cr	Q1FY23	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	FY21	FY22	YoY (%)
Revenue from operations	3,125	2,894	8.0	2,916	7.2	11,029	12,277	11.3
Raw Material Cost	1,669	1,385	20.5	1,473	13.3	4,929	6,075	23.2
RM Cost to Sales (%)	53.4	47.8		50.5		44.7	49.5	
Employee Cost	260	290	-10.6	273	-5.0	1,123	1,104	-1.7
Employee Cost to Sales (%)	8.3	10.0		9.4		10.2	9.0	
Operating Expenses	675	617	9.4	706	-4.4	2,588	2,701	4.4
OPEX to Sales (%)	21.6	21.3		24.2		23.5	22.0	
EBITDA	521	602	-13.5	463	12.5	2,388	2,396	0.3
EBITDA Margin (%)	16.7	20.8		15.9		21.7	19.5	
Depreciation	57	53	7.9	50	15.3	204	211	3.4
Depreciation to Sales (%)	1.8	1.8		1.7		1.8	1.7	
Interest	35	27	28.5	33	6.9	127	110	-13.0
Interest to Sales (%)	1.1	0.9		1.1		1.1	0.9	
Other Income	28	21	31.7	24	15.8	67	90	33.8
Other Income to Sales (%)	0.9	0.7		0.8		0.6	0.7	
Exceptional Income / Expenses	-2	-2		-21		-44	-9	
Profit Before Tax	454	541	-16.0	384	18.3	2,080	2,155	3.6
Tax Rate (%)	24.0	23.5		5.4		17.3	17.3	
Total Tax Expense	109	127	-14.1	21	426.3	360	372	3.4
Net Profit	345	414	-16.6	363	-5.0	1,721	1,783	3.6
Net Profit Margin (%)	11.0	14.3		12.5		15.6	14.5	
Adjusted EPS	3	4	-16.6	4	-5.0	17	17	3.6
Shareholder's Funds						9,439	11,556	
BV per share						92.5	113.3	
Net Debt						696	-368	
Net Debt to Equity						0.1	-0.0	
Net Debt to EBITDA						0.3	-0.2	
RoE						18.2	15.4	
P/E						50.6	48.9	
P/B						9.2	7.5	
EV/EBITDA						36.9	36.3	

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