Godrej Consumer Products Limited

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CIN: L24246MH2000PLC129806

August 11, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai - 400 001
Scrip Code: 532424

National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex,
Mumbai 400 051
Symbol: GODREJCP

Dear Sir / Madam,

Subject: Transcript of Conference Call with Investors and Analysts held on August 7, 2026

Please find enclosed herewith the transcript of Conference Call of Godrej Consumer Products Limited with the Investors and Analysts held on Friday, August 7, 2026 at 4.00 P.M. (IST). The aforesaid information is also being hosted on the website of the Company at the below mentioned weblink:

https://www.godrejcp.com/investors/reports-and-financials/quarterly-updates

Kindly take the same on record.

Thanking you,
Yours faithfully,

For Godrej Consumer Products Limited

TEJAL VIRENDRA JARIWALA

Digitally signed by TEJAL VIRENDRA JARIWALA
Date: 2026.08.11 15:04:30 +05'30'

Tejal Jariwala
Company Secretary & Compliance Officer
(F9817)

Encl: As above

Godrej Consumer Products Limited

Q1 FY27 Earnings Conference Call

August 07, 2026

MANAGEMENT:	**MR. SUDHIR SITAPATI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – GODREJ CONSUMER PRODUCTS LIMITED**
	MR. AASIF MALBARI – GLOBAL CHIEF FINANCIAL OFFICER AND PRESIDENT
	MR. VISHAL KEDIA – GLOBAL HEAD, STRATEGY & PLANNING/IR – GODREJ CONSUMER PRODUCTS LIMITED

Moderator: Ladies and gentlemen, good day, and welcome to the Godrej Consumer Products Limited Q1 FY27 Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vishal Kedia from Godrej Consumer Products. Thank you, and over to you, sir.

Vishal Kedia: Good afternoon, and welcome to the conference call for Godrej Consumer. We have with us Sudhir Sitapati and Aasif Malbari. We will start with opening remarks from Sudhir. And post that, we will open the floor for questions from everyone.

Now I will hand over to Sudhir for his opening remarks.

Sudhir Sitapati: Q1 FY27 has been a strong start to the year for Godrej Consumer Products Limited. We delivered broad-based growth across India, Indonesia and GAUM, building on the confidence and strategic direction we shared at our Investor Meet in May 2026. The operating environment remained challenging through much of the quarter.

Input costs were elevated, particularly during the early part of the quarter, and geopolitical developments contributed to significant volatility in crude and other commodities. Despite this backdrop, our underlying volume-led momentum strengthened sequentially, reflecting the resilience of our categories, the strength of our brands and most importantly, the quality of our execution.

At a consolidated level, revenues grew 19% year-on-year with underlying volume growth of 9%. EBITDA grew 14% with margins at 19%. Net profit grew 11%, reflecting healthy underlying earnings quality, even as margins absorb some near-term commodity pressure. This was on the back of a strong broad-based performance in India, Indonesia coming back to stable growth and an exceptional performance in Africa driven by FMCG expansion.

While we are pleased with the financial performance this quarter, we are even more encouraged by the structural changes that are continuing to take place across our company.

Over the last few years, we have been working towards three important objectives: the first is to build the capability to deliver consistent double-digit volume growth backed by the next generation of growth engines while restoring competitiveness in some of our most important core categories.

The second is to turn around our Africa business and reposition it as a meaningful driver of profitable growth. The third is to decisively turn around HI in India. Q1 provides further evidence that we are making meaningful progress against each of these objectives. Our first objective is to move towards consistent double-digit volume growth.

This quarter, consolidated underlying volume growth reached 9%, supported by increasingly broad-based momentum across geographies and categories. Our Speedboats, Godrej Fab, GK Incense Sticks and Godrej Air globally continue to grow strongly and are becoming increasingly meaningful contributors to the overall company.

Our new entries in toilet cleaners, body wash, face wash and pet care are also showing strong progress. These businesses are meeting their stated milestones, and we are encouraged by the quality of consumer traction and execution that we are seeing. These businesses are still at an early stage relative to their long-term potential.

However, their progress gives us increasing confidence that we are building the next set of scalable growth opportunities for GCPL. Continuing our progress in expanding into fast-growing categories, we are pleased to announce the launch of Godrej Rizz, our entry into liquid dishwash.

Liquid dishwash is a INR2,500 crores to INR3,000 crore category, which is growing in strong double digits as consumers are upgrading from bars to liquids. We are launching Godrej Rizz in select states and are confident of our ability to delight consumers with Godrej Rizz as we have done successfully with our other innovations. Based on the progress we are seeing across these businesses, we believe we are now a few quarters away from consistently delivering double-digit underlying volume growth.

Our second strategic objective has been the turnaround of GAUM. Our GAUM business has delivered an outstanding quarter. This performance was led by our FMCG portfolio where we doubled media investment alongside continued strength in hair fashion across markets. We successfully scaled air fresheners across the GAUM region and the initial pilot of incense sticks in Nigeria has received strong consumer feedback. There has also been a structural improvement in EBITDA from high single digit to a consistent mid-teens level, and we are confident of holding this going forward.

More importantly, the Africa performance is no longer limited to a single quarter. We have now delivered several successive quarters of improvement in both top line growth and profitability. The business is benefiting from portfolio simplification, stronger execution, improved cost discipline and increased investment behind our priority brands and categories. Our third strategic objective has been the turnaround of India HI. Household insecticides recorded an important milestone during the quarter.

After almost a decade, we gained overall market share in the household insecticide category in Q1 FY27. This improvement is consistent with the actions we have been taking to win in this category. While one quarter does not constitute a trend, the overall share gain is an encouraging indication that our strategy in household insecticide is beginning to deliver the intended results. We remain focused on sustaining this momentum through superior products, sharper consumer propositions, disciplined execution and continued category development. This year has been a year of volatility.

In Q1, we experienced significant input cost inflation and instability with LPG prices going up 3x and similar increases in other costs. This especially impacted India, where the cost impact was close to 6% on the business. Despite this, we delivered a double-digit EBITDA growth. While prices have cooled off from the highs, going ahead, we anticipate volatility to remain with both crude and palm being unstable and El Nino impacting demand across a few categories.

Our response will remain consistent with our established approach to navigating commodity cycles, calibrated pricing actions, strong delivery on cost-saving programs and prudent media optimization.

We remain mindful that El Nino conditions can heighten weather volatility across our key markets with the potential to disrupt agricultural output and rural demand. Though our geographically diversified sourcing and portfolio provide meaningful resilience against such volatility, and as such, we don't foresee any major impact.

With revenue growth tracking ahead of our original expectations and input costs beginning to ease, we enter the remainder of FY27 with increased confidence. We remain firmly on track to deliver our guidance for the full year with the confidence to exceed the same in select areas. We remain confident in the resilience of our portfolio, the strength of our brands and our ability to deliver sustained profitable growth going forward.

Vishal Kedia: We will now open the floor for questions.

Moderator: Thank you. We will now begin with the question-and-answer session. The first question comes from the line of Abneesh Roy with Nuvama Wealth Management.

Abneesh Roy: My first question is on Dishwash. So attractive category, so if you could tell us, generally, you come with disruptive pricing. And if you could tell us here also have you managed to do that? And in terms of quality, is it comparable to the current players? Second, which markets? We checked online looking at every pin code. We did not get availability. If you could tell us which market you have started with? I suspected is again Tamil Nadu or South India.

Second is, you have tried Dishwash earlier through Godrej Protect. So, any learnings from there? And do you see this as a golden opportunity given one large multinational player seems to have temporarily vacated? And once they come back, will it be enough opportunity for you to seize that opportunity? That is my first question.

Sudhir Sitapati: I think Abneesh on Dishwash, we haven't yet physically launched Rizz yet. We are just in the process of launching it. So, we don't want to comment on anything because it will be competitively sensitive. But we thought since this is an opportunity for us to let you know, we thought we'd announce it. But in a few days' time, you'll see it everywhere and the mix will be clear.

In general, we end up launching categories if we have a differentiated product and a good pricing. This seems to be our home care strategy. It seems to have worked very well in Fab. It seems to be working quite well in Spic. And I'm sure it will work in Rizz, but more about it, Abneesh, when we actually launch in the market. You didn't find it in pin codes because it's not in the market yet.

Abneesh Roy: Understood. And if you could comment on the multinational player currently hardly available, almost near zero, which is kind of withdrawn. Is that a big opportunity because you have tried through Protect brand earlier, right?

Sudhir Sitapati: See, on the question of a competitor exiting, we look at the market in terms of structure of long-term growth and dishwash liquid does have long-term growth potential in it, and we look at differentiated products. I don't think that has been the major factor in entering it here.

I think one difference between some of our earlier home care launches and our current home care launches is, we do spend a lot more media now on these than we did in the past, and we also typically launch relatively fundamentally differentiated products. So, I think that's why this is going to be different from Protect.

Abneesh Roy: Understood. Second and last question on the Spic brand, you sound quite confident and you have taken Pan-India. Any initial numbers you can share in terms of, say, market share on e-commerce, commerce or whatever numbers which make you confident? And generally, when you do well, other players respond. So, we have seen that in liquid detergent, you came out with disruptive pricing. Now some of the players are even more disruptive in terms of pricing than you. So, can that happen in Spic also?

Sudhir Sitapati: Look, we can't share numbers, obviously, Abneesh, but our general model is to do a test market if we're happy, expand. If we're not happy, we don't usually expand. So, the very fact that we've expanded Spic means that we're quite happy with it. Then coming to the point what was the second question?

Abneesh Roy: Disruption is there in Spic, has the market…

Sudhir Sitapati: Some of these categories' penetration in India is so low that we continue to look forward to category creation here. And Spic also is relatively high urban penetration, but relatively low rural penetration growing reasonably fast. Dishwash in liquid dishwash is pretty low outside SECA penetrations. So, the actions that all players in the market take in general help us as Fab has also succeeded in growing the market.

Abneesh Roy: Follow-up on that, Sudhir, Fab growth is good on the top line. Currently, inflation is high. Have you managed to cut promotions or do some price increase also here? And has the industry also behaved in a typical manner in liquid detergent?

Sudhir Sitapati: Yes. Abneesh, we have taken price increase in Fab. But one of the reasons why our India gross margin fell is pretty sharp this quarter is 3 commodities more than trebled costs, which were LPG, kerosene and LABSA, which we use in detergents. So, I think among all companies in India, we were the one who had the highest impact of raw material cost as LPG in particular, has been both a cost and availability issue in the quarter. So, no amount of price increase, especially when you know the short term.

So, for example, all these three commodities, prices have again fallen. Of course, we'll still have some impact on consumption in Q2, but replacements have not fallen quite significantly. So, one can't fully price for crisis like West Asia immediately. So, one has to take that short-term margin hit, but that's what we have done.

Abneesh Roy: Sure, thank you. That's all from my side. Thank you.

Moderator: The next question comes from the line of Kunal Vora with BNP Paribas. Please go ahead.

Kunal Vora: My first question is on your speedboat. Your target is to go from 15% to 20% contribution this year. However, in 1Q FY27, it's increased by 3%, which is slightly lower. Based on my calculation, you need to accelerate growth if you were to get to 20% contribution for FY27. So, is it going as per plan or are you seeing any softness? Yes, that's the question.

Sudhir Sitapati: No, it's going as per plan, broadly speaking. There was a little bit of softness in air in India because of fill rates. So, in India, the other big story apart from gross margin hit is that our fill rates for LPG-related products fell and air has a large component of aerosols. So, we think that the salience will go. And you remember that the salience goes up every quarter because as the business becomes bigger and bigger every quarter, the growth on that business also contributes to salience, 15% doesn't go to 20% in 1 quarter.

It will be in each quarter go up 100, 150 bps. So that's what I expect in terms of salience of this business to go up. So, I think we are well on track for our speedboat, which is why we feel we are well on track for the numbers, in fact, probably exceed the numbers that we've set for this year.

Kunal Vora: Understood. So, on that line, you made a comment that you expect to exceed the full year guidance on select metrics. So, what are the metrics on which you are now will be more confident? And what are the ones which you believe you'll just about meet?

Sudhir Sitapati: We'll certainly exceed it on revenue growth pretty significantly. On EBITDA, we may exceed by a little bit the original number that we had set of double-digit EBITDA growth may go up a little bit. It depends a lot on what happens to commodity, but it may exceed a little bit there. Volume growth also may be in and around or exceed a little bit.

Volume growth does come under pressure when you have this kind of pricing. So, I would say in most metrics, we expect, maybe one metric where we may not exceed this kind of volatility, a little bit on cash to get a little squeezed. But I think on most of the metrics, you will exceed.

Kunal Vora: Understood. And lastly, you mentioned that El Nino could impact certain categories. Which categories do you see some risk from El Nino from? And what are the factors to watch out for?

Sudhir Sitapati: Look, there are positives and negatives to El Nino. Firstly, in Indonesia, we expect a strong positive on household insecticide. In India, probably quarter 2, as quarter 1 June was terrible for household insecticides. So, the results we delivered in India is with a terrible June with poor fill rates and extremely high costs. So, July also, the first half was quite poor for household insecticides.

So, household insecticide, if you have a drier monsoon will get affected, but it's likely also to be a warmer winter, which will positively affect H.I. So, H.I., first half will be relatively lower. Second half will be relatively better. Indonesia will be good. I think the good thing about our portfolio now is even when you have a disastrous H.I month like June, this portfolio is now diversified enough to manage overall numbers.

Kunal Vora: That's it for me. Thank you.

Moderator: The next question comes from the line of Latika Chopra with JP Morgan Chase. Please go ahead.

Latika Chopra: Hi, thanks for the opportunity. I think you already alluded to H.I. to weakness in June and some bit of challenge in air. I just wanted to better understand the shape of India revenue growth in coming quarters. You had a volume growth of 7%. Given what you mentioned on speedboats, it looks like that this number should ideally be picking up in subsequent quarters. And given the weakness of H.I. that we saw probably may not be there in the second half.

The second bit was on pricing, 5% weighted average pricing in the current quarter. Given the gross margin drop that we saw in Q1 was quite steep, how should one think about pricing at your end? And what would it imply for the gross margin trajectory for the India business? If you could talk a little about that?

Sudhir Sitapati: See, on volume growth, I think you're right about the fact that while 7% is reasonable, it is on the back of June literally, as June this year didn't rain, right? Last year, it was raining quite heavily in June. So, we had like high double-digit decline in H.I. So that has been a significant hit on H.I. volumes. So, you're right about the fact that as H.I. volumes pick up, this happens, Latika, every year in a quarter, you're going to have kind of poor H.I. volumes.

That poor number, which used to be negative, is still now turning positive even in terrible quarter. And then you'll also have a very good quarter. That's the way this thing moves. So, I would say that 7% volume in India is probably at the lower end of the range that we may get.

So, I think we'll probably be in and around maybe 100 bps more than this is around about where we should be in India this year.

Every year, we're kind of going up by 100 bps, that's really how we are kind of looking at India business. I think in terms of gross margins, we've taken up prices by about 5%. We probably will still take up a little bit more, but you see we have to be prudent because now costs have come down again, and the last thing you want to do is to take down prices. So, it remains a volatile situation until crude prices stabilize because as of now, like what do we do, right? Like what do we assume crude at and what do we price for it?

Because right now, our consumption may be Brent at $90, replacement seems to be $84 today. So, where we price at is still not super clear. So, I know it's not a super clear answer, but frankly, the macros are not super clear right now on commodity costs. But, whatever happens, we'll manage in this range of volume growth and EBITDA.

I think in India, we may be stand-alone double digit or if things go really bad in EBITDA, high single digit. I think consolidated having a lot of tailwinds, it will probably be -- take the overall number higher than what we had anticipated. But let's see how crude and Palm behave.

Latika Chopra: Understood. The second, which was on Africa. -u did talk about the stronger growth in FMCG business, but the 25% constant currency growth is still quite high. I just wanted to understand if you could share more color on how the revenue salience of Africa is looking like today?

And what is the confidence and what kind of sustainable growth for the full year FY27 one should work with? And also, your investments in this business, is there any influence on margins in the short term?

Sudhir Sitapati: Yes, look, Africa has had an exceptional performance. I think there are 3 reasons. One is I do think the Africa continent goes through headwinds and tailwinds. And right now, the macros in Africa are quite good. Secondly, on our core business of hair extension, I think Aasif and team have done an excellent job in improving operations there because there were a lot of governance, a lot of wasted cost and so on and so forth that has come off.

And thirdly, and I think most importantly is that we have made significant progress in FMCG, especially air care in Africa. Now to give you a perspective, in the last 6 months after launch in South Africa, we are at double-digit market share in Air care. So we've seen success in Nigeria, Kenya. Now we're seeing success in Argentina, Chile, US. So, we're seeing a lot of fundamental success in FMCG led by Air care for Africa.

Latika Chopra: All right. And so, a mid- to high teens constant currency growth looks sustainable for this region, for FY27 rest of the year?

Sudhir Sitapati: I think for FY27, rest of the year, possibly so. I would say in the longer term, you may or may not get 17% volume growth may not be what we may sustainably get even with FMCG growth because as I told you that there are volatile continent, but it will still, I suspect, be much better than what we've had in the past.

Latika Chopra: And margins, you've been able to hold out, they were stable. So, there is no higher investment-led challenge on margin or anything? Just checking on.

Sudhir Sitapati: No, there is no. In fact, in Africa, we have significantly increased our advertising spend and still done reasonably well on margins. And actually, when you have this kind of currency appreciation in the African currency actually, it hits margins. So, while it's good on top line, it's not so good on bottom line. So, I would say this kind of mid-teens and margin in Africa is perfectly sustainable as FMCG becomes bigger and bigger, it will get more and more and you will get some kind of benefit in margin as well.

Moderator: The next question comes from the line of Arnab Mitra with Goldman Sachs. Please go ahead.

Arnab Mitra: My first question was on margins. So, if you look at the India margins, which are down 450 bps sequentially from what you did in the last quarter, you mentioned the specific commodities, which had spiked have now somewhat cooled down. So, if you had to take a view of the current spot prices where they are, how much of margin recovery do you think you can get over the next couple of quarters from where you were in this quarter, assuming you don't have to get any more pricing?

Sudhir Sitapati: In the next couple of quarters, we should get back to normative margin in India. It's still a slightly complicated period right now because costs are yo-yoing so much that one doesn't know what to do with pricing. So, in these cases, we have to be circumspect. So, in any case of this 500 bps, a good part of it will get recovered with the current costs. We just have to wait for this current cost to see where they are, take up some pricing.

But look, our target is to be in this 22% to 26% kind of margin for India even in a weak quarter. So that kind of target remains unless you have an exceptional quarter like West Asia or some exceptional palmer, we have had 2 exceptional quarters in the last 2 years. So, if you look at India margins, last year first half of last year was bad, then we really recovered in the second half. First half this year is again not going to be good, and they are for two different reasons. But by second half, we'll get back to normative margins.

Arnab Mitra: Got it. And my related question is on the advertising spend, which has come down a little bit in the last couple of quarters as the gross margin was impacted. So, do you think these spends have to be significantly dialed back up or is there any risk of keeping the spend low in terms of your growth investments that you are planning to make?

Sudhir Sitapati: See, we've cut our media spend by maybe 7%, 8% this quarter. But we calculate another measure, which is media reach. And our media reach is down only 3% from the last year same quarter and partly because of deflation in conventional media, partly because of superior technology and planning that we use. So, if you ask me, it is not a massive media cut. But for the ambition that we have in new categories, we will have to increase the media when costs cool down.

So, I don't think we're underfunding the core. But if, for example, costs were lower than they are today, we would have probably been a little bit more aggressive in new launches, etc. Some of these launches that we're doing in this quarter, we may have done in the last quarter and we push them, etcetera.

Arnab Mitra: So, in the core part of the portfolio, would your share of voice broadly have been maintained in the last couple of quarters?

Sudhir Sitapati: Yes. Our share of voice has been maintained. Competitors have also faced the same inflation in each category. So, the response has been roughly similar.

Arnab Mitra: Sure. That's very helpful. My second question is actually again on Africa. So, assuming you are able to hold the constant currency growth at higher levels, given that it's a very complex basket of currencies, the currency tailwind seemed much higher than what we had anticipated. So, does this tailwind stay for the entire year based on where currencies currently are in your own assessment?

Aasif Malbari: Arnab, it's likely to stay for another 4 to 5 months and towards the lag end of second half, it is likely to reduce.

Arnab Mitra: Got it. Understood. And my last question was on soaps. If you could just give some sense of how the volumes in soaps have grown? And is there a positive effect on soaps this year due to the weather like there is on H.I., which is a negative effect that you're seeing?

Sudhir Sitapati: See, we grew soaps volumes in the quarter, firstly, so, they were positive. And we expect soaps in this quarter and the next to grow faster. It will still be early single digits. But after a few quarters, actually, we've grown positively on soap volumes.

Moderator: The next question comes from the line of Anurag Dayal with PhillipCapital India. Please go ahead.

Anurag Dayal: I have one. Is there a change in which we report our domestic segment revenue was home care sales is around INR100 crores, personal care is INR1,400 crores. India total INR2,500 crores. So, this means the unbranded exports is virtually nil. So, have we plumbed that along with home care and personal care?

Sudhir Sitapati: That's right. We've done that because we realize and we get into reconciliation every quarter. So, this time, you will see that both the categories actually tie up to the total and we also restated the historical numbers accordingly.

Anurag Dayal: So, then what would be the growth if we could assume that exports are doing really well till last quarter? So if we remove the exports part, especially in home care, then what would be the growth?

Sudhir Sitapati: I don't think it would kind of materially kind of change. It kind of changes and some of this gets netted off at a consol level.

Anurag Dayal: Sure. Second question is on Indonesia. So, the jump in Indonesia at 10% has been much better than what you were expecting. So, could you just give understanding what has happened there, which segments have done well, and how the competitive intensity is currently and how we foresee the growth going forward?

Sudhir Sitapati: I think there are 3 things. One is Indonesia is sitting on a slightly slower base. And even last year, we were unduly worried about the volumes because the second thing is that our air business, we have significantly stepped-up media on our air business there because we realized it was the same model across the world and we need to step up investments. So that growth rate has stepped up, which I think is sustainable. And I suspect we saw a little bit of the benefit from the El Nino already in Q1. We'll see more of it in Q2.

Moderator: The next question comes from the line of Harit Kapoor with Investec. Please go ahead.

Harit Kapoor: Yes, good evening. Just two questions from my end. One was on HI. I think you did mention about market shares expanding in this segment. If you could just kind of double-click more on whether it's largely still been driven by incense or you've seen some of the other segments also which anyways had very high market shares also contribute to this. Just wanted to get a sense of competitive intensity and how you've managed that.

Sudhir Sitapati: It's actually been driven by two reasons. It has not been driven by gaining share in premium segments where we are already very high share. It has been driven by two reasons. One is very sharp share gain in incense sticks. And the second is we are parallelly doing a deinfluencing on illegal incense sticks, which has slowed down the incense stick category.

So because we have higher shares in premium and the incense sticks was growing at 30-odd percent last year, it's now down to, I think it got high single-digit or early double-digit. So that gives us a differential mix. So that negative headwind that we had because of incense stick category growing very fast is significantly reduced. These are the two reasons.

Harit Kapoor: So, this ideally should be maintained, right, in terms of growth, etcetera, you should start obviously, contingent on sector growth, but share gains, these are kind of structural in the way you're looking at it.

Sudhir Sitapati: I think share gain in HI is structural. See, this is a very small share gain we got in Q1. So, as I wrote in my note, we don't have to but it is structural because over the last decade, I think we've lost 15% or 20% share of overall household insecticides. Now we are now 16% share of incense stick. Now as incense stick becomes bigger and bigger and our share of handlers is close to 45%.

So that's where we'll end up eventually. So now structurally, we should start gaining back share after this quarter.

Harit Kapoor: Got it. And just one question, non-result, which is on your pet care investment recently that you put in additional INR200 crores on rights. If you just talk a little bit about the commitment to that business incrementally, that would be helpful.

Sudhir Sitapati: I think the important thing is that when we launched the pet care business, we committed INR500 crores of capital to pet care. These are long gestation businesses with an entirely new supply chain, entirely new sales force. So one has to be prepared to take losses for a few years. So I think the good news in pet care is we've been launching it in Tamil Nadu now for, I think, the last 1.5 years.

And to be honest, for the first six, seven months, we didn't have product market fit, which is why we didn't expand beyond Tamil Nadu, but we've now got product market fit in TN. And as we speak, we are expanding to the rest of South India.

Harit Kapoor: Great. Wish you all the best. Thank you.

Moderator: Thank you. The next question comes from the line of Nitin Shakdher with Green Capital Single Family Office.

Nitin Shakdher: This is Nitin Shakdher from the Green Capital Single Family Office. My question is more as an investor rather than an analyst. Obviously, you've acquired Muuchstac and obviously your M&A team is very active in terms of looking at opportunities. My question is more strategic is what's been the experience of management acquiring or building a new category and in terms of top line? And what's your strategic experience with acquisitions and how you've been able to look at different categories, just as a forward-looking vision in terms of strategic revenue?

Sudhir Sitapati: I think the Muuchstac acquisition is working quite strongly. I think since we took over the acquisition itself, I think we have grown by about 70% or 80% from the run rate. So this rate of growth continues. It's also, as we told you at the time of acquisition, a highly profitable business. So it is from day 1, it was an EPS accretive acquisition.

It's a digital-first brand and one of the few digital-first brands that are profitable. So I think that's good. I think there are learnings in acquisitions in terms of this seems to be the right size. I think one has to be quite confident of the fundamental profitability of an acquisition, especially in the smaller DTC space. So I would say a lot of learnings for us from Muuchstac, but it's still early days.

One shouldn't call these wins too soon. It's only been six or eight months. But these six or eight months have been very good. And some of the capabilities of Muuchstac, which is the other thing about Muuchstac, we are starting to muse on other brands.

Nitin Shakdher: Sure. My question is more from an investor who looks at very niche categories where large companies can sort of look at building value. So there are categories which are coming up in personal care, which is, let's say, hair building fibers, which are -- there's a brand called Tox, which does a USD50 million annual run rate on hair building fibers.

So is GCPL also looking at smaller categories to acquire rather than just building the portfolio because it's a chicken and egg story, right? Whether you invest to acquire or whether you build the category, there's no right or wrong answer.

I'm sure with your 20-plus years of experience in you've seen it and done it all. So just a quick perspective on that in terms of innovation within GCPL.

Sudhir Sitapati: As a company, I would say GCPL has done in the last five years, quite a large portfolio transformation, which is why even in a quarter in which you have a disastrous HI season, we're still able to pull off with good results. Otherwise, it wouldn't have happened if the portfolio was as dependent on HI and soaps as it used to be.

So I think, firstly, we have had a dramatic portfolio transformation. I think what is slightly different about us is most of our portfolio transformation has been organic. We have entered or expanded categories like detergent, liquid, air care, pet, though it's small or dishwash or toilet cleaner. Having so that I would say our first priority, it is less risky to enter a category organically than it is to enter inorganically.

But if you can't, for some reason, enter a category inorganically, like I think we would not have been able to enter Deo and fragrances organically or we would not have been able to enter face wash organically. They're very competitive categories. One has to or if one doesn't have the technology, one has to enter inorganically.

Nitin Shakdher: Thank you. Thank you, Sudeep, for the clarity and all the best to the team and management at GCPL. All the best.

Moderator: Thank you. The next question comes from the line of Siddhesh Deshmukh with IIFL Capital.

Percy Panthaki: Hi sir. This is Percy Panthaki here. Just wanted to understand Indonesia performance. A few quarters ago, it was like we were sort of in really dire states. And now sort of it's a really high growth. So, what really has changed here?

I'm sure the macro cannot really change so much. Is it some kind of destocking, restocking of modern trade? Or is there some sort of major distribution expansion? Or is there some completely new star product which has turned around? What really is driving this?

Sudhir Sitapati: Percy, there are four reasons. Macro is one, base is the second. El Nino is probably a third. And the fourth, which is structurally is faster growth on our Stellar business, which has been a laggard for many years, I think it's too early to say. But given the fact that we seem to have a global air model is the fourth thing.

Percy Panthaki: Can you elaborate a little bit on the El Nino part? Sorry, I joined late in case you covered.

Sudhir Sitapati: I already said that somebody asked me the question, what's the impact of El Nino on your business? I said in India in first half, it's likely to be poor in HI. In second half, it's likely to be better. And in Indonesia, it's generally likely to be better. Indonesia sits -- it gets hotter and rains more.

India, it gets hotter, but rains less. The big impact on business of course, the other impact of El Nino, which is yet to be seen is the impact of El Nino on palm crop and what happens there.

Percy Panthaki: Understood. Secondly, understanding India margins, I understand that basically the reason why the EBITDA margin is lower is the gross margin pressure. If I have to drill down further into this, is it mainly palm, which is the problem area? Or I know packaging, etcetera, would also have gone up. But given your COGS basket in India, is it palm mainly which is driving it? Or is it something else?

Sudhir Sitapati: No, it is not palm or palm a little bit. It's certainly not packaging also a little bit. But the real 3 things are that we have seen, as we are the only users in FMCG or the largest users, we are the largest LPG users in FMCG. We are also the largest kerosene user because kerosene goes into household insecticide products. And we are a reasonable, though not nowhere close to the largest user of LABSA.

Now all these -- if there was a 10%, 15% or 20% inflation, these are not large enough to matter in the overall basket. But each of these had a 3x inflation. So the prices trebled in quarter one. LPG was not even available. And in fact, the government for a period of time had not even had banned from being used for commercial purposes. So these three have hit us really badly.

Percy Panthaki: And on these three, what is the current situation versus the average cost that we -- consumption cost that we saw in Q1? Currently, what is the sort of consumption cost? And therefore, just on these three kinds of normalizing without any other factor playing just this one factor sort of changing, what kind of sort of margin expansion sequentially can we expect?

Sudhir Sitapati: Yes. Q2 will still not be good because there's a consumption replacement issue. It's only in Q3. But I'll tell you, for example, LPG before the war was INR60 a kilo. At the peak of the war, it went to INR190.

I think our average consumption was about maybe, I don't know, a little lower than that, and it's now back to INR90 a kilo. So, what happens in the war is that even though the crude prices went up only by 50%, there are these middle distillates, which are used in jet fuel, etcetera, which went trebled. And they trebled for a short period of two, three months. Unfortunately, some of that, that we bought continues in Q2 as well. But these are now back to 90. 90 is not a big deal.

That is because LPG in the larger scheme of things is not like palm oil or anything for us. It's not that kind of salience. So, we'll be able to manage between pricing and other things, 50% inflation quite easily. But that's just to let you understand the kind of inflation that we faced in LPG, lab, all these three went up troubled.

Percy Panthaki: Understood. Understood. So basically, on pricing, you have 5% in the India business. Now assuming that this is time weighted that you've not taken everything on 1st of April, we would have a higher pricing in Q2, right? And secondly, one is the time weighting? And secondly, have you taken any further price increases after the end of the quarter?

Sudhir Sitapati: No. Percy, we may get similar kind of price increase in Q2 as well because you have to remember that last year, so Q2 to Q1, you always take up 1%, 1.5% price increase. So while we've taken a sequential price increase, that will be the same thing for last year's price increase as well. I think we've kind of held on to price because you remember what happened to crude, right? Ultimately, what happens is all these commodities are crude linked.

So they may take three, four weeks after crude prices to cool. So because crude went to 100, then it came back all the way down to almost 70, now Brent seems to be at 84. So the prices are so volatile. But I can say that if Brent remains in these 80 to 85 ranges, we have broadly priced for it.

Percy Panthaki: Understood. I understand HI might be a problem for Q2 as well. But in the second half of the year, can we expect the India volume to move up from a 7% to maybe something like a 9%?

Sudhir Sitapati: I don't know about that. But as I told you that we want to take India volume every quarter up 100 bps. This is certainly a quarter that has been on the lower end of the range because of poor HI season and extremely poor fill rates as well.

So many of these LPG-driven categories, we had fill rates, which fell by 20%, 25%. I would say this is broadly on the lower end of the spectrum on India that we will get. So I do feel like India is, yes, maybe an eight kind of volume business.

Percy Panthaki: And that's all from me. Thank you.

Moderator: The next question comes from the line of Nihal Jham with HSBC Bank

Nihal Jham: I had just one clarification on the margin bit. If I heard right, we saw a blended cost inflation of 6%, and we took a blended price hike of 5%. But I think the India gross margin saw like more than a 300 bps contraction. So just to understand, was it more timing based that this kind of a differential got created?

Sudhir Sitapati: See, we got a 6% cost increase over what we had already planned. So we had already planned 2% -3% price increase. We took another 2%, 3% because every year, you anyway planned for 2%, 3%, right? So this 6% was over and above the cost that had anyway gone up. These were the war-linked costs, not the total costs.

You get what I'm saying? This is 6% was the delta over the natural cost increase that you've anyway built in and the price increase you built in. So the overall cost increase would have been closer to 9% over and above our planning exercise, 9% to 10%, of which 6% was unforeseen. The other 3%, 4% we foresee for and price for.

Nihal Jham: That is very clear, Sudhir. And Sudhir, just one clarification. I know historically, when we've spoken of India margins, you've always mentioned about 24% to 26%. I know you just mentioned about 22% to 26%, but is this just rehashing because of the volatility.

Sudhir Sitapati: Yes, because of volatility. Unfortunately, we've had two first half of this year and first half of last year, both of which went below normative. Last year, we had massive fluctuation in palm oil prices. This year, we've had massive fluctuation in crude oil prices. But this kind of 24% to 26% on a yearly basis, quarters may vary a little bit because depending on the weight of soaps, etcetera, that is what we are aiming for. And even this year, we'll see how we can get close to that.

Nihal Jham: Understood. One final question. Now in GAUM, what is the ballpark share of the FMCG business?

Aasif Malbari: Yes, I think it's best to kind of see that on an annual basis. But let me put it this way. I think we get broadly 75% of our growth kind of should come from FMCG. And as a starting point, salience was broadly half-half.

Nihal Jham: So if I heard you right, you said FY26, you were at a 50-50 split between FMCG and the dry hair portfolio. That's right. That's helpful.

Moderator: The next question comes from the line of Abneesh Roy with Nuvama Wealth Management.

Abneesh Roy: My question is on the last, two first half, we have seen that your India margins have been below your normative. In that same time frame, we have seen the market leader also reduce their EBITDA margin guidance by 100 bps. Is there any linkage to that? Because every year nowadays, it's a VUCA world, right? Every year, commodity is volatile.

And in FMCG branded business, that is the beauty of the business. Is there any linkage that structurally because market leader has reduced their aspiration. So it's a genuine bottleneck for you also.

Sudhir Sitapati: If that was the case in second half also, we would have had low margins, right? We were able to recover second half of last year in normative margins.

Abneesh Roy: But this time, right, it will be different in the second half.

Sudhir Sitapati: Versus the previous year. I'm just saying, if you take our EBITDA growth in second half in India, it was close to 17%, 18%. So the margins, adjusting for seasonality in second half were fine. You're right, it looks like there are 2 consecutive years, but these have been unlikely to have a third year now where this year, for example, palm oil went up a little bit. That's not been the main cause of our margin dilution.

It's mainly been and it's just this LPG and kerosene, which low salient, but incredible increases in prices. So it's not like we just got hit by packaging, etcetera. So it is unlikely that this kind of cost hit will happen to us because a lot of the margin hits that we've had in this quarter, actually, our soap margin, for example, is at our normative levels.

That's not where we've taken the margin hit. We've taken the margin hit in PAKS, in air care, in laundry. These are the categories that -- in household insecticide, actually, we've taken a big margin hit, which -- these are the categories that have been hit. Last year, we were hit in soap margins.

Abneesh Roy: Understood. Next follow-up is on your hair color business and say, shampoo. So if you could comment on how you think outlook is on hair color. And second is shampoo category even market leader is seeing very strong growth and even hair oil companies are now seemingly betting big on that. You also have a small niche presence for the Godrej professional. Any plans for long term on the mass end of shampoo?

Sudhir Sitapati: No, we don't have any plans on shampoo in the long term or at least not that we can disclose or nothing kind of imminent there. On hair color, we had a very good quarter. See, in hair color, what has happened is a few years ago, we launched a INR15 crem. That INR15 crem right from the beginning has had explosive volume growth. But it was also doing a little bit of downgrading from the large crem.

Now what has happened is that, that curve have intersected and the large crem is very small, the small crem is very big. And as a consequence, we're seeing overall volume and value growth as well coming into hair cream. As I shared, Abneesh, in the analyst meet, hair color has been one of the fastest-growing categories in terms of penetration.

Abneesh Roy: But small crem isn't it largely for males because I don't think males and...

Sudhir Sitapati: No, it's not largely for males. A lot of women use it. it's become a massive rural product. It's, in fact, now by volume, the largest the widest distributed hair color pack, bigger than the market leader in Hena. And it's over the last 4, 5 years, become a really big success.

Abneesh Roy: Okay, I think it's too small for a large amount of female hair.

Sudhir Sitapati: Yes. People don't always do global coverage. Not everybody has got white hair fully.

Abneesh Roy: Understood. Okay, that's all for my side. Thank you.

Moderator: Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Vishal Kedia for the closing remarks.

Vishal Kedia: Thank you for the active participation through the call. We hope we have been able to answer all your queries. For any further queries, please reach out to us on our Investor Relations contact details. Thank you, and good evening.

Moderator: Thank you, sir. Ladies and gentlemen, on behalf of Godrej Consumer Products, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines.