

August 14, 2025

BSE Limited

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Scrip Code: 532424

The National Stock Exchange of India Limited

Exchange Plaza, Bandra-Kurla Complex,
Mumbai 400 051
Symbol: GODREJCP

Transcript of Conference call with Investors & Analysts held on August 7, 2025

Dear Sir / Madam,

Please find enclosed herewith transcript of Conference Call of Godrej Consumer Products Limited with the Investors and Analysts held on Thursday, August 7, 2025 at 4.30 p.m. The aforesaid information is also being hosted on the website of the Company at the below mentioned link:

<https://godrejcp.com/investors/performance-updates>

Please take the same on your records.

Thanking you
Yours faithfully,

For Godrej Consumer Products Limited

Virender Mittal
Global Controller

Encl: As above





Godrej Consumer Products Limited
Q1 FY26 Earnings Conference Call

August 7, 2025

**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 Q1 FY26 earnings 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 the 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. Thank you, and over to you, sir.

Vishal Kedia: Good evening to all present. Welcome to the Q1 conference call for Godrej Consumer Products Limited. We have with us Mr. Sudhir Sitapati; and Mr. Aasif Malbari. We will start with opening remarks from Mr. Sudhir Sitapati, following which we will go into Q&A.

I now hand over to Mr. Sudhir Sitapati for his opening remarks.

Sudhir Sitapati: Good evening to all. Q1 FY26 has been a good quarter for GCPL. In particular, our standalone ex-soaps business has had an excellent performance delivering an underlying volume growth of mid-teens, led by robust broad-based performance. Our international business has been affected due to macro headwinds and competitive pressures in Indonesia, which was compensated by a robust performance in Africa. On a consolidated basis, our revenues grew 10% in INR terms with 8% underlying volume and minus 3% on EBITDA. India has had a good quarter with a revenue growth of 8%. Our volume growth was 5% and EBITDA growth was minus 6%. However, excluding soaps, we grew underlying volumes by mid-teens, with soap volumes being affected by volume price rebalancing and a very poor season in May, especially in North India.

We had a robust performance in household insecticide, which grew volumes in high single digits, led by Electrics growing double digits. We have gained market share in Electrics on the back of the relaunched products and are very happy with the outcome of our actions.

Our categories of air fresheners, laundry liquids, etc have continued to deliver strong underlying volume growth. All our products like Block, the anti-perspirant, AirPlug, and Amazon Woods 4X, have been launched successfully and are seeing good consumer traction and repeat sales.

Furthermore, as guided in the investor meet, we are on track to deliver 150 bps to 200 bps of savings in A&P investments. Over the last three years, we have doubled our A&P spend and trebled our working media. With this kind of scale, we have been able to accrue savings on account of better planning, automations and negotiations with a new agency in place. This has been done without impacting media reach. Our Indonesia business has been impacted by macro headwinds and competitive pricing pressures. However, we expect this to be transitory in nature with the situation improving in a few months. Our Africa business continues its solid performance with sales growing at 30% and EBITDA at 15%. We successfully launched Aer Pocket across all markets in Africa and are seeing a very positive consumer response. Latin America continues to do extremely well with high single-digit underlying volume growths and EBITDA margins now in the double digits.

As guided during our latest investor meet in May2025, we expect performance to improve sequentially in FY26 with the second half performance better than the first half performance in terms of margin. Standalone EBITDA margins in H126 is likely to be below our range but is expected to improve in the second half.

While palm oil prices have started moderating towards June, benefits of this moderation will only be realized in H2 FY26. We believe for FY26, we are on track for mid-to-high single-digit UVG for standalone business, high single-digit consolidated INR revenue growth and double-digit consolidated EBITDA growth for the full year. Thank you. I'd be happy to take questions now.

Moderator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star then one on their touchtone phone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. Again, to register for a question, please press star then one.

Our first question comes from the line of Aditya Soman from CLSA. Please go ahead.

Aditya Soman: Yes. Hi. Good evening. Sir, two questions for me. Firstly, on - you indicated the impact of the early monsoons potentially on soaps. Was there also a similar positive impact on home insecticides given that we had an early rain and typically insecticides does well in the rainy season? Second question on the liquid detergents business, we've seen Unilever get very aggressive in the space. They've recently launched Sunlight at INR70 a liter, actually even significantly undercutting even Fab. Do you see this as being a challenge to growth and margins going forward? Thanks.

Sudhir Sitapati: Thanks Aditya. To answer your first question on whether there was a positive impact on household insecticide, we have something called an infestation index for the quarter. The overall quarter was at about 100. That's because April was very low and May and June were good. April was very low because it was a particularly hot April. It became hot early this year and then it cooled down in May and June. So April normally where the season changes in the north, the season changed in March.

So, overall, actually, we didn't have a particularly good seasonality index in, it was an average seasonality index on household insecticide and April is normally a much bigger month than May and June. May and June are good summer months. The index was higher. The volumes are lower. April, the volumes are higher, the index was lower and it was roughly the same. So I don't think we got any particular benefit in terms of household insecticide, in terms of season this quarter, which we did a little bit last quarter, which was in Q4.

To answer your second question, Fab continues to do extremely well for us. It is sequentially gaining share. It is much loved by consumers and it is heading towards unprecedented levels of revenue in FY26.

We do not see Fab as a price comparator. We think that there's an overall mix to Fab that is good. In fact, we have taken up prices by 5% on Fab in the last quarter and have seen no impact of it

despite a lot of price competition in the market. We are very convinced that this is a good mix and a fundamentally good mix.

Aditya Soman: Thanks, Sudhir. That's very clear. Thanks for the clarification for both. Thank you.

Moderator: Thank you. Our next question comes from the line of Avneesh Roy from Nuvama. Please go ahead.

Avneesh Roy: Yes. Thanks. My first question is on the India HI. Most of the sub-segments of the India HI seem to have grown in double digits. If you could clarify how much is the decline in coils and would you see that as a structural issue? And it's a good long-term issue to have given the premium products can grow faster, differentiated products can grow faster.

And second is Q2, obviously, currently the expectation is the monsoon is going to be high. Till now, it is high only. So generally, when the monsoon is high, the mosquito larva gets flooded away, which is not a good development from a HI construct. So would you be a bit cautious on the Q2 demand based on this premise? Obviously, it's too early to comment on the quarter from an overall projection perspective. But from a monsoon perspective, would you say that that's not a supportive premise?

Sudhir Sitapati: So to answer your first question, Avneesh, I think, the growth is declining. We don't usually give numbers at a sub-segment level. So it's probably not proper for me to give it. But I feel like last quarter was an average quarter in terms of season. And we have done this high single-digit volume growth, which other things being equal, I think, will persist in the future. If you have a good season, if you have a bad season, we may go to low single digit. So that kind of variance will be there. But we seem to be on that kind of trajectory. We'll see how to take this up further. I still feel that there are ways in which we can take this up further and we're working on it. One obvious way is to see how we can upgrade faster from incense sticks. But that's work to be done. But at least this battle seems to be a little behind us. This is, in fact, third quarter in which Electrics has done well. So that we continue to be quite positive about.

In terms of Q2, in terms of seasonality, it's hard to say, Avneesh. It's hard to predict what's going to happen. Actually, July was a little bit of a poor monsoon in South India. But again, the monsoon has come back in August. It's been a bit of a strange season where the July normally kind of what happens in August is happening in July and everything is getting changed a little bit by 15 days, 20 days.

But sitting here today, I don't think this is going to be a particularly good or bad season sitting here today. I don't know what August and September will bear. Last year in Q3, it was a particularly poor season. So one can be hopeful that that will improve. But I mean, I can't really answer that question with more clarity than that. Sorry.

Avneesh Roy: Sure. That is absolutely reasonable. In terms of the new formula, now it has been a few quarters. How is the competition responding? Because India is all about jugaad, reverse engineering. And even if reverse engineering doesn't give the same product, Indian companies are very happy to copy the messaging. So if you could comment on the competitive landscape from a new formula perspective, how things have changed?

Sudhir Sitapati: See, firstly, within Electrics, we have had unprecedented share gains over the last few months and genuinely unprecedented share gains.

Avneesh Roy: Is the Nielsen market share gains.

Sudhir Sitapati: Nielsen market share gains. Again, I don't want to give exact numbers, but they're very high. In fact, for the first time in a decade, we have gained share of overall HI. In the past, we would gain and lose share, a little bit of share in Electrics, but then the market was reshaping so rapidly that we were losing overall share of HI, as were all branded players because illegal sticks were gaining shares, all branded share.

But this is the first quarter, except for one quarter in the middle of COVID when Chinese imports and all stopped, one or two quarters. It's the first quarter really in a regular quarter in a decade that overall HI shares we've gained, which is very, very heartening, which means you really have to gain a lot of share in Electrics to compensate because incense sticks still continues to grow fast. So that's been very encouraging for us. I mean, look, the RNF molecule is a competitive mode for us, because as I said, when we launched RNF, you guys were here in the last analyst call, we have exclusivity for some time on this and the lead time for new molecules in India is long.

So in the short- to medium-term, we don't expect any challenge in terms of product, we are convinced that this is the best molecule in India, it has shown results. I hope it shows even better results in the future and it's not easy to copy this and mere proposition doesn't help. I mean, in the last decade, everyone's tried a lot of propositions, but mere propositions don't help in the absence of a solid product.

Avneesh Roy: Sudhir, one last follow up on this, you had shown us a live experiment in your office when we had on the new formula, but real world is different and real world, there are so many other uncertainty and all that. What is the customer saying on the efficacy of this product? The general...

Sudhir Sitapati: See, customer -- see, qualitatively has been very good, which we knew for some time, but quantitatively, if you're able to gain enough share in Electrics to compensate for the headwind loss of incense stick growth, I mean, that kind of share doesn't happen without a genuine product differentiation and consumers genuinely loving it, which we are hearing from a lot of consumers. Plus, this advertising also seems to have clicked. We went in with a proposition of lasts for two hours after the electricity goes off. This seems to have been a good proposition that consumers are recalling as well.

Avneesh Roy: Sure. My second quick question, India perfumes and deo mid-teens growth, say 15%, 16%. If you could comment on a two-year basis, how the growth is, I understand this was not a very favorable quarter, given most summer categories that did not do well. And second sub-question there, the Bloq antiperspirant, that formulation, the way it is applied,

I think India, we haven't seen too many products really become successful, it has been tried earlier. So to that extent, from an application perspective, would you need a lot of time for a customer to be taught how this is used, so that the traction is there?

Sudhir Sitapati:

So I think, again, I don't want to give specific numbers on a two-year basis. Though last year, same quarter was also a very high growth quarter because that was on the base on a low base. So two-year numbers are very high, but three-year number may not. But I would say, so the two-year number will be high only, because the growth number that we had, because the previous year we acquired the business.

But one thing is that the traction is good. We've done two, three things that seem to be working. This Amazon Woods 4X, which is an innovation seems to be working well, because the market was disrupted by 2X and this is 4X. And in Tamil Nadu, we did a pilot, which seems to be working very well, where we bought the MRP of the category down to INR99. Many of you will know that this category and a lot of questions were asked on whether it's a very trade driven category. And that time I had said that our job is to convert it from a trade driven category to a consumer driven category.

So in Tamil Nadu, what we did is the category MRP was INR230 and the trade price was INR100. In Tamil Nadu, what we did is we brought down the MRP to INR99 and we bought down the trade price to INR90 and converted 150 ml to 125 ml so that the gross margins remain the same. That has had explosive growth in terms of volume shares, volume growth and even NSV growth. So we are now convinced that that is the right way for us to compete in this market, not give so much margin to the trade, give trade the margin that they earn in the rest of HPC and bring down price. That has been in one state, but that has been a delta contributor.

Bloq, I agree with you is a long, hard battle, because converting this country to antiperspirants is not going to be easy. But I just met some consumers yesterday. I was in Chennai where we launched Bloq and consumer acceptance is hard. Again, remember that this category of antiperspirants is selling at INR200 to INR220 and Bloq is a INR99 disruption.

So we seem to have a lot of these INR99 products that seem to be doing quite well for us, Bloq, Aero, KS Deodorant 99. But to answer your question, is Bloq going to give us a lot of revenue in the next two years? I doubt it. But it is one of the key reasons why we did this acquisition, which is to build the antiperspirant category.

Avneesh Roy:

Sir, last question. I'll end there. So liquid detergent, you did extremely good disruption with the pricing, packaging, product, etcetera. Now legacy detergent powder players have quickly caught on and now I think their pricing is even lower than Fab detergent. Modern Trade has also quickly caught on. So currently you are doing quite well.

So my question is not on the current quarter. My question is eventually what we see is the legacy player in any category eventually come back, because they have much higher advertising budget in this category to really get back that initial delay. Plus definitely their economies of scale will be much, much higher to initially cross subsidize, etcetera.

Sir, how do you see Fab now competing against Rin at a lower pricing and say even Modern Trade? Modern Trade, of course, the quality will be different. So if you could comment long-term, how do you see this threat?

Sudhir Sitapati: See, firstly, Avneesh, laundry liquid is a category we built in India with Ezee and the category is quite analogous to soaps 20 years, 25 years ago. It's a category that we've done well over a long period of time. So we are certainly one among a few players. So I don't think that there is a question of right to win in this category, both because we were the pioneers in liquid and the detergent category has a lot of similarities to soap. I think we look at our mix from a consumer's lens. We feel that a combination of the product, the pricing, the packaging and the advertising is a sweet spot for consumers. We have, in fact, as I said, gone the other way around and taken up prices on Fab, because actually raw material costs have gone up, SLES, which is a big component, linked to the palm complex and so on.

And we have not seen, and these kinds of things, if you're purely playing on a commodity basis, you will see things falling immediately. But we have not seen that. We have only seen our sequential revenues go high. We will play a branded game here. We are not going to play a pricing game on Fab. I mean, it came at a disruptive pricing because we felt that's the right price for consumers, not because you want to discount the category. We feel the right price for consumers to upgrade from powders to liquids. Our job is to upgrade from powders to liquid. And our focus is on that. I mean, so that consumers get a better experience with liquids.

Avneesh Roy: So thanks. That's all from me. Thank you.

Sudhir Sitapati: Thanks, Avneesh.

Moderator: Thank you. Our next question comes from the line of Percy Panthaki from IIFL Securities. Please go ahead.

Percy Panthaki: Hi, sir. My first question is on soaps. So suddenly we've seen such a huge volume growth coming in this quarter. Sir, what really has changed?

Sudhir Sitapati: It's volume declined.

Percy Panthaki: Sorry.

Sudhir Sitapati: Are you talking about soaps or ex-soaps?

Percy Panthaki: You said that soaps has grown 15%, right? Or did I hear that wrong?

Sudhir Sitapati: No. I said ex-soaps. You heard it wrong. I said our business ex-soaps has grown 15%.

Percy Panthaki: Okay.

Sudhir Sitapati: Soaps have done badly this quarter, both because of grammage cuts, which are very sharp and also because of a poor season in May. So we overall grew 5% in India, but we grew ex-soaps in the mid-teens.

Percy Panthaki: Understood. And with this import duty cut, does that benefit us in terms of RM, and when do we see the margins sort of normalizing for soaps division?

Sudhir Sitapati: So the import duty cut will benefit us. However, in the last few weeks, there has been a bit of a rally again in soap -- in palm oil prices. So palm oil prices fell back up, not hugely up, but they've gone back up 10%. So from their peak, they fell 30%, they've gone back up 10%, but that's in the realm of palm oil. But because of the inventory that we hold, I think, the benefits of soap margins will only come in towards the beginning of Q3.

Percy Panthaki: Okay. Understood. And on Indonesia, we keep having these issues every three years or so. I think now it's been like 12 years or so since our acquisition. More or less, three times or four times we have seen this cycle repeat, that things are going good, then we have some competitive intensity, and then two quarters, three quarters down the line, we realized that we should have responded more forcefully early on. So what actions are we taking now to sort of protect our business against competition?

Sudhir Sitapati: See, primarily, I feel like in Q4 itself, Indonesian -Indonesia FMCG had slowed down. And I think a lot of our peers and competitors reported that in Q4 and the beginning of Q1. Things seem to be -- so the primary cause in Indonesia seems to be macro. So before acting, one needs to understand whether it's a macro cause or a micro cause.

Primarily, we see this as macro. I mean, I could be wrong, Percy, and I could come back and say, hey, listen, maybe we missed something. But there have been some price competition, which has, I think, been in response to the macro, because when the macro is poor for four months, five months, a lot of competition also wants to react. We have to defend market share unblinkingly. So that we've because our objective is to defend market share.

But I don't -- I'm also going to Indonesia next month to assess for myself. But from what I've read from the data I've seen, it does seem to be from what I've spoken to others, it does seem to be a little bit of a sudden slowdown that Indonesian economy had in Q4 and the beginning of Q1. It also seems to be doing a little better now.

Percy Panthaki: Understood. And this price competition is in wet pipes or something else?

Sudhir Sitapati: No. In household insecticide and air fresheners. Basically, in general, because Q4 was so bad that, I guess, everybody was saddled with inventory. Nobody's plans happened. So what, I meant, I suspect that's what must have happened there. So I also feel that this is a temporary kind of a response to what went wrong in the Indonesian economy in Q4 and beginning of Q1. I don't have a clear answer, but a lot of people have written about it and a lot of competitors have spoken about it. I don't know what happened in that quarter, but it seems to be a response to that.

Percy Panthaki: So in a situation where we have a slow macro plus some discounting and price-led competition, will your priority be to protect the margins or will it be to sort of make sure that whatever little bit of growth you can get in the poor macros, you get that?

Sudhir Sitapati: Our objective is always to defend our shares and to grow our shares. That is number one priority in a when the macros are poor. So whatever the consequence of defending shares, you have to bear it, you have to bear it.

- Percy Panthaki:** Understood. So any call out here on margins like you had called out a few quarters earlier that India margins will remain below normative levels. Any such possibility in Indonesia that for a few quarters it will below be normative levels because of price competition or something like that?
- Sudhir Sitapati:** I have a feeling again, look again, Percy, I'm not 100% sure here, but I have a feeling that this is a bit of a temporary drop and it should come back in the next few months. Again, this quarter we have kind of continued to invest on pricing, but I have a feeling that the pressure should lift by Q3 here is what I think will happen in Indonesia. It doesn't look like a deep structural margin correction that we have to take.
- Percy Panthaki:** And lastly on Africa, you have done a very good top line growth, but -- and whereas the bottom line also has grown, but there has been a margin compression here. So what is the reason for that margin compression?
- Sudhir Sitapati:** I think the primary reason is that one of our products, which is Aer Pocket, has been doing well across the world and we have been -- launched it in many countries in Africa and invested quite a lot in Aer Pocket in terms of media and on-ground activities and BTL. So I think that has been the main reason for a slight bit of dilution in Africa margins and also consequently the growth as we are also pivoting that business to an FMCG business and Aer has been such a big success in India that we see a big opportunity not just in Africa actually, but across the world on Aer Pocket.
- Percy Panthaki:** Got it, sir. That's it from me. Thanks and all the best.
- Sudhir Sitapati:** Thank you.
- Moderator:** Thank you. Our next question comes from the line of Karthik Chellappa from Indus Capital Advisors. Please go ahead.
- Karthik Chellappa:** Yes. Thank you very much for the opportunity. Sir, I have two questions. The first one...
- Moderator:** Sorry to interrupt. Karthik sir, you are sounding too soft. If you are using an external device, if you can use a handset, please.
- Karthik Chellappa:** Yes. Sure. How is this one? Is this any better?
- Sudhir Sitapati:** We can hear Karthik just about, but go on.
- Karthik Chellappa:** Okay. Sure. I'll try to be loud as well. So my first question is on the standalone business. If I were to exclude soaps and look at the margins on a year-on-year basis, directionally, how do you think that trended?
- Sudhir Sitapati:** Directionally, we also on ex-soaps have taken some price corrections in some part of our portfolio, including household insecticide, hair color, which also explains the high growths in the rest of the business. So even there, the margins have not been much, but they have come down. But we have had spectacular mid-teens growth there.

We felt there were some parts of the portfolio, for example, the aerosol part of the portfolio when compared to the rest of the world, prices were high. Margins in an absolute level are high. So we've dropped prices there. In some parts of our hair color portfolio, where margins are high, we've dropped some prices. All these businesses have exploded, but we have taken some kind of margin correction there.

We will recover those margins as the year goes along through cost savings. We have very aggressive cost saving programs, including in the first quarter, a lot of it has come through media negotiations. But we have some big budget savings, including from supply chain, from our new factories, etcetera. So our strategy on ex-soaps, soaps is to recover to normative margins with pricing. Ex-soap is to be a little bit aggressive on pricing and recover those margins back through cost.

Karthik Chellappa: So in the second half, when we talk about margin recovery, it will be on the back of soaps normalizing plus, as well as ex-soaps also improving, but not to the extent that we will see in soaps, right?

Sudhir Sitapati: Yes. But we should in the second half go close to our normative kind of margins. That's what I think, unless of course, there's another root shock on oil prices, but if assuming oil prices are roughly where they are today, which is higher than their low, but lower than their high, we should kind of roughly get to our normative margins. That's what our calculations suggest.

Karthik Chellappa: Okay. Great. On Indonesia, if I were to look at your price levels in the first quarter, for the competitive categories, whether it's household insecticides or air fresheners, what would be your gap vis-à-vis these aggressive challenges? If I take the first quarter price level as a reference point.

Sudhir Sitapati: Compared to where we should be, I think we were about 7%, 8% higher than where we should have been, which we took corrective action in the quarter itself. So towards the end of Q4 and beginning of Q1, we saw some sharp price drops on household insecticide aerosol, which we waited for a month and then we've kind of gone and matched and so on. But we were off by about 7%, 8% for a period of two months.

Karthik Chellappa: So which means if the price aggression from the challengers don't get worse from here, our price levels are probably where there should be from a competitive standpoint, right?

Sudhir Sitapati: Yes.

Karthik Chellappa: Okay. Great. Okay. That's all from my side. Wish the team all the very best for the remaining quarters. Thank you.

Sudhir Sitapati: Thank you, Karthik.

Moderator: Thank you. Our next question comes from the line of Harit Kapoor from Investec. Please go ahead.

Harit Kapoor: Yes. Hi. Good evening. Sir, my first question was on pricing and gross margins in standalone. So, soaps has declined. Within HI also the premium categories have done well and most of your higher gross margin categories have actually done quite well. And we've seen a still a slight sequential drop from quarter four to quarter one?

Sir, what I'm trying to ask is, mix has dramatically at least looks like has significantly improved. But the drop is still there. So is that largely inventory price led? Is it what you mentioned in the earlier participants question that you've taken some price drops in the non-soap portfolio? Just help me understand this change.

Sudhir Sitapati: Largely, we've taken some price drops in the non-soap part of the portfolio, especially on aerosols on what we call CIK, which is crawling insect, flying insect, which is mosquito and cockroach. And also on hair color, we brought down the price of our large pack by about 5%. So on three big packs, we have taken down prices to aid volume growth.

Harit Kapoor: Got it. Got it. Okay. And the soaps, what if I just do a back of the envelope calculation, it looks like a mid-teen volume decline. When do you see.

Sudhir Sitapati: It wasn't that high it, wasn't a mid-teen volume decline or not

Harit Kapoor: Okay. Okay. So whatever, a double-digit kind of a number, at least it looks like, just wanted to get your sense on, when do you see and how does this easing happen through the quarter? Is it just a base effect which anniversarizes from, say, third quarter and fourth quarter, and part of it is seasonal, so that should ideally play out from quarter two itself? Is that the way to think about it?

Sudhir Sitapati: Yes. It will. We'll definitely see better volume performance. See, a good part of the volumes decline, UVG decline is just grammage. So about half our business or 40% of our business is price point packs. For example, on Godrej number one, INR10. Last year, same quarter, I think we were 55 grams or 56 grams. This year, we're about 43 grams. That's the kind of grammage cut that we've had to take, which is almost 20% grammage cuts, right? So that on 40% of your portfolio, that account for most of the volume decline.

And then there was a volume decline, which was an unusually poor May that we had. So the unusually poor May will disappear in Q2. What will happen on grammage cuts is those will continue because as we go through the year, the base also has smaller and smaller grammages and units also tends to increase over a period of time. So while our UVG is 5%, my reckoning is that our unit growth would have been in double digits this quarter.

Harit Kapoor: Okay. Sir, one last question on soap. I mean, as you track competitive intensity, have you seen market shares stay largely intact in that way?

Sudhir Sitapati: See, we're still gaining in this quarter market share on soaps, despite all this, but it is less than we usually gain. So I have to say that we have for a long time been gaining significant share on soaps. That significant share has reduced to a marginal gain on soaps, but we're still gaining, we're not losing share on soaps.

- Harit Kapoor:** Got it. Wish you all the best. Thank you.
- Moderator:** Thank you. Our next question comes from the line of Arnab Mitra from Goldman Sachs. Please go ahead.
- Arnab Mitra:** Yes, hi, team. So I think my first question, again, actually is on soaps. So what I wanted to understand is whenever you've historically seen this very large decline in volumes in soaps like 8%, 10% or high single digit declines in any year, because long term, there is still some low single digit growth in the category?
- Do you expect volume growth to come back to a reasonably good number at some stage to make up for this decline or does the usage actually drop and does not recover when you take these grammage cuts? So what I'm asking is once the base normalizes, do you just think you get to a zero kind of a territory or there is a year when you actually make up and therefore get to the long term trend line growth of the industry?
- Sudhir Sitapati:** I think you will get to the long line the industry from my past experience, Arnab, because people don't reduce the number of baths. It's an inelastic category. So, similarly, you see, we're also lapping bases where the other way around happened, where you suddenly give grammage increases and then it looks like you have high UVG. But I do expect that the long term volume growth on soaps to be in the low single digit, which is 2% odd, 2 to 3% is what I expect the long term volume growth on soaps to be.
- Arnab Mitra:** Got it, Sudhir. And the second question related on soaps is, I heard your answer on market shares, but sometimes nielsen share can be a bit off short term. So this quarter again was the first quarter in a long time where I think HUL grew slightly better than GCPL on soap volumes.
- So anything you read from that in terms of your on ground understanding of how things have gone after the formulation change or pricing actions or do you not worry about it could be a quarterly thing that one company would have a slightly higher number? I just wanted to get a sense of anything that worries you on the competitive performance in soaps?
- Sudhir Sitapati:** No, I think Arnab it's one quarter, we still gain share. We see we have a large business in North India and North India had a particularly poor summer. We had a really poor May in North India and 70% of our business comes from North India. So there's a little bit of geographic stuff here. I would say that we have been a little aggressive on soap pricing over the last few years generated quite a lot of margins.
- But I would not read too much into one quarter, if this continues for a few quarters. I mean, the market share gain that we've got in this quarter is less than what we want, to be honest. So leave alone whatever reports come externally, that itself, we've got to improve a little bit more, but I would still kind of leave a quarter aside because it's also been an unusual quarter in terms of various kinds of prices.
- And the weather does affect soap sales. So I'd probably do not react too quickly to this, wait for a quarter or so and then probably kind of think about it.

- Arnab Mitra:** Got it. And my last question, Sudhir, is generally what we've heard from most companies is this slight like broad based pickup we are seeing in some parts across mass consumption. Now, I know your categories have different drivers, especially as this are quite season driven, but any thoughts you have on, are you seeing broader consumption trends slightly improving and therefore like the second half recovery, which is right now more predicated on soap's recovering. Is there also some chance that you do get a little bit of uplift from a broader consumption recovery? So any thoughts or anything you have picked up on the ground there would be helpful?
- Sudhir Sitapati:** I think so Arnab. I think that one can say that this quarter growth has been slightly easier than the previous quarter and the previous quarter was much better than the previous one. So, I mean, it's too hard to say there's like some big boom in consumption and all, but certainly it looks in the right direction because soap numbers that are affected by a lot of things. So x soap is a good way to kind of look at the overall consumption basket. Those numbers have been quite unprecedented for us this quarter.
- Arnab Mitra:** Got it. Thanks. That's it from my side. All the best.
- Moderator:** Thank you. Our next question comes from the line of Nihal Mahesh Jham from HSBC. Please go ahead.
- Nihal Mahesh Jham:** So the first question was on HI itself, specifically post RNF launch. Is it say either via Nielsen or any other medium, there is a potential to get a feedback on the repeat because I'm sure there will be a novelty factor associated with the advertising campaign that you're running, but any sense on say, the repeat factor for the new molecule/product?
- Sudhir Sitapati:** Yes, see we've now launched a new molecule in September last year. So this kind of market share gains cannot happen without repeats. So, I mean, you can get after advertising the first three, four months, your trials can go up and then the repeats can come down, etcetera. So that alone tells us that the repeats are high, because the scale of market share gain is very high.
- Nihal Mahesh Jham:** Got that. And at least in our understanding, maybe our share in electricals is not of 60% before the recent share gain that you're speaking of. So potentially leaving apart the focus on trying to transition a lot of the incense in market into LVs, where can we potentially take our share of in the long term?
- Sudhir Sitapati:** I mean, there's a good question to ask, because let's take in FIK, our share is 85, in cockroaches, it's 90 plus. So, I mean, when you have a differentiated product, and you have a moat, I suppose the sky's the limit.
- Nihal Mahesh Jham:** Got that. The final bit is during the Analyst Meet, you did mention about obviously revamping the channel margin in architecture for the deodorant portfolio and the new launches. Just feedback on that, because obviously, at that time also, there was a slight apprehension given it was the first time that any company was trying to implement it. So just initial feedback on that?
- Sudhir Sitapati:** We're very happy, as I told you, we launched it in Tamil Nadu. Now, Tamil Nadu is the easiest case, by the way, because the lowest wholesale component, the most retail component and wholesale doesn't like this. But the lesson that we've learned is doubling of volumes and doubling

of volume shares and actually doubling of revenue also, because you're not really drop price, because price per ml, we've kept the same or our NSV per ml.

I mean, shows us that this is a powerful idea, which is if you bring this category to INR99. Now, it's a hard transition to do. So we'll have to do this slowly and not like one shot because you do it in one shot, you can really lose a lot. But certainly, the right thing to do is to get this category to INR100 and then this category has to explore So I hope that takes the growth of the category up. We're also unique, because among the top couple of players, we probably have the best distribution for this kind of thing, because you need a wide distribution to compensate for initial loss of wholesale traction. So I guess we are quite as well placed among the top three players to kind of capitalize on this from a distribution point of view.

Nihal Mahesh Jham: Understood. That's it Sudhir. Thank you so much.

Moderator: Thank you. Our next question comes from Mihir Shah from Nomura. Please go ahead.

Mihir Shah: Hi, team. Thank you for taking my question. Firstly, on the Africa business, after the cleanup the growth seems to have been quite strong. Firstly, is this growth sustainable and or what can be a reasonable growth for Africa on a sustainable basis and in FY26? So that's my first question?

Sudhir Sitapati: I'll ask Aasif to answer that.

Aasif Malbari: Sure. So I think one is we've kind of taken in a lot of interventions over the last year. Some bit of the growth is obviously kind of coming in because of, I would say, corrections or base corrections, which we've done in the past because we had taken down dealer inventory. I would kind of attribute around 10%, 12% of the growth to that. So should we be able to kind of grow by double digit over the next few quarters? I think we should, with macros being where they are.

Mihir Shah: Understood. Secondly, on competitive intensity, Sweden, Indonesia, do you expect all the higher promotions, etcetera, that have happened to match competition? The impact of all this already factored into the margins this quarter or do you think that we can see some more margin pressure in coming quarters as well?

Sudhir Sitapati: Look, it's hard to predict this. I can only guess this. I can't predict it. My guess is that margins may have bottomed out in Indonesia because of pricing pressure. Because my guess is that the market will grow faster. If the market grows faster, the kind of need for competitors to drop prices kind of slightly reduces. So that's my guess.

Mihir Shah: Understood. No, I was just asking on a synchronous parity basis, have you taken...

Sudhir Sitapati: I think a good model is to think that this is not. Anyway, maybe we can have a conversation in a quarter or two on this for us to assess whether my guess sitting here today is it's a bit temporary and it'll improve in a quarter or so.

Mihir Shah: Got it. One on HI, if I can. The best of HI quarter sales are likely to come in the coming quarters. Should one revisit the HI guidance that you had called out? How do you see this rolling out during the year?

- Sudhir Sitapati:** I mean, look, I think we have achieved a certain kind of momentum on HI which we're convinced of, which is kind of moving from a zero to low single digit volume growth to a high single digit volume growth in HI. And I think we should probably kind of that's the guidance we should stick to for some time. I mean, there will be by the way another event where this should change because there has to be a limit to incense sticks growth. And when incense sticks growth taper off and then start declining, then it'll suddenly upgrade and we will have a lot of high market share in the premium segment. So there will be a second wind of growth. When that second wind comes, I don't know. But certainly, this first wind seems to be reasonably secure.
- Mihir Shah:** I was thinking maybe we should up the guidance given the strong growth that we've seen?
- Sudhir Sitapati:** Probably not because the relative growth of incense sticks continues unabated. See, so we can gain share within electrics that you can plan for. But if incense stick continues to grow, even if it doesn't downgrade from premium, it doesn't allow upgradation of premium. So I would still say at this rate that stick to the guidance. When we see incense stick slowing down, see HI will come back to you.
- But for the time being, I would say that this high single digit kind of growth in HI in a norm and this also will vary between low single digit and double digit depending on season, by the way, but on average, kind of this is what we should probably think of for some time.
- Mihir Shah:** Understood. That's very clear and very helpful as well. Lastly, on soaps, if you can share, when does this price hike actually annualized if you can share that one and that's the last one. And thanks for all. They were all my questions. Wishing you all the best.
- Sudhir Sitapati:** Thanks. I think second quarter it annualized. So this quarter and by next quarter, Q3, it would have fully annualized.
- Mihir Shah:** And sorry on the volume bit do you think that we can see sharp improvements in volumes if that by the case with pricing?
- Sudhir Sitapati:** Yes, I think globally, we may not see from a console basis, we grew 8% volume. I don't think that will improve because it is a onetime Africa has done really well in quarter. I don't think that's the sustained number for Africa. But India, I think will edge up because see, India, as I told you, soaps was mid-teens.
- Now soaps is a composite of bad season and also this grammage cuts. And as I was telling Arnab, ultimately consumption doesn't fall. So I would be disappointed if India doesn't move from mid single digits to high single digits in the next few quarters.
- Mihir Shah:** Got it. Thank you very much. Wishing all the best.
- Moderator:** Thank you. Our next question comes from the line of Abhneesh Roy from Nuvama. Please go ahead.

Avneesh Roy: Two quick questions. On the pet food, any initial update you have showed us the product, very good consumption, live consumption you showed. Any further update on the initial market study, market foray, any pilot initial study you can share with us?

Sudhir Sitapati: No, Avneesh, it's early days. We've launched it in TN. We've sold in, again, I was in Chennai yesterday both to look at Bloq and to look at our pet business and the first question I ask more than anything else is, is the product acceptance good and among consumers whose pets have used Ninja, the product acceptance is good.

So I think at this early stage, that's the only relevant question, which is the product doing well or not? I would say it's doing well. But this is a long gestation, like Bloq, it's a long gestation thing where there'll be lots of ups and downs. We'll have to do a several-year commitment where we will, probably the focus has really to be on consumer delight for now. And numbers and all we can, you know, really get into in a few years.

Avneesh Roy: Sure. Sudhir, I wanted to understand on the pricing bit, you mentioned some price cuts in the bigger packs of hair color and in the spray of the dye, etcetera. What is leading to this? Is it benign raw material or desire to gain more market share in the larger packs of hair color, for example?

Sudhir Sitapati: See, in the case of household insecticide, we saw that our price per ml was very different from the rest of the world. And one of the barriers for aerosol penetration is pricing. And India was an overpriced market when compared to even our own markets of Indonesia and other markets that we operate.

So our bet here is that it is better to have benchmark the prices versus the world, get to that price and get to volume growths, rather than not having volume growth. There we've thrown the kitchen sink, we've put the new formulation and dropped the price. I'm quite sure we'll see volume growths go up.

In the case of hair color, the driver of price drop is we had launched a INR15 pack, which has done explosively well for us. But we did feel that the gap versus the large pack was too high. And we wanted to adjust our price pack architecture, which is what we've done with reducing the large pack from INR42 to INR37. So that the per ml price is still much better for the small pack. But that gap we kind of narrowed. These were the two drivers for the price drops.

Avneesh Roy: Sure. Last quick question and it's more a question on the overall industry wanted to understand a bit more. So, Sudhir, if you see biscuits also currently, the INR5, INR10 pack is exactly seeing the same thing, where the grammage cut is optically leading to impact on the volume growth for, say, Britannia.

Now, biscuit is an impulse category versus a soap, which is a dairy color as you rightly said. So in soaps, after two, three quarters, doesn't the consumption mirror the actual growth? Because still, how will the rate cut be absorbed. Ultimately, as you rightly said?

Sudhir Sitapati: I think it will, Avneesh. I think there's no reason for it not to.

- Avneesh Roy:** Does it take 1 year?
- Sudhir Sitapati:** See, it could because you're also sitting on bases where there was extra grammage, then you're going to less grammage. There's a lot of inventory lying, inventory is lying at various parts, including the consumer's pantry. There might be an initial kind of titration, but my own experience, this is a necessity. Consumers use two grams of soap per bath. They need that cover. I mean, it's not the kind of thing that is such a large component of household expenditure that people titrate and it's not doing it. So it has to come back. It has not come back. I see the thing is that the grammage cuts have been really sharp. Like, I don't remember the number, but from 56 grams, you've gone to 44 grams in like 12 months.
- So every quarter you're cutting and cutting and cutting. So every time the pipeline is going down, but look, if you do the maths over a two, three-year period the volume growth of soaps has to mirror the volume growth of the population.
- Avneesh Roy:** Absolutely. One last follow-up and that's the last question, Sudhir. And this question was asked around three, four quarters back. So on the formulation by the number one player, that time you had said you would evaluate it. Now, some time has gone and still if you see palm oil goes up, palm oil goes down. The number one player's requirement of palm oil in Lifebuoy and Lux is lower by 20% versus say earlier. So in that context, what will be your analysis? Do you need an answer from a formulation perspective at some stage?
- Sudhir Sitapati:** No, I think, Avneesh, I have to answer this in slightly general terms, which is we have to do what we at one point think is right for the consumers. And right now we think our formulation is right for the consumers. And we'll have to play our game on this, which is it's a long game we have to play. And we will continue to do that and see the situation. We are not happy with our market shares in soap, but we're not unhappy with it either. So we just have to wait and watch a little bit more on this, Avneesh. I still feel that our path is probably the right one and we should probably stick to it. But look, we are also ready to learn at any point in time on anything.
- Avneesh Roy:** Okay. That's all.
- Sudhir Sitapati:** Okay. If there are no more questions, then thank you very much and have a good day. Thank you.
- Moderator:** Thank you. On behalf of Godrej Consumer Products, thank you for joining us and you may now disconnect your lines.

Disclaimer - The transcript has been edited for language and grammar; it however may not be a verbatim representation of the call.