

Quarterly Update: 3QFY22

This update provides an overall summary of the operating performance and demand trends during the quarter ended 31st December, 2021. This will be followed by a detailed performance update, post the approval of the 3QFY22 financial results by the Board of Directors.

Some of the short term challenges that our MD & CEO, Sudhir Sitapati highlighted in the recent [Analyst Meet](#) have played out during the quarter:

- Unprecedented cost inflation
- Indonesia business performance

This has resulted in:

- Low volume growth and high price growth
- High gross margin dilution and EBITDA margin dilution

In India, we expect to deliver close to high single-digit sales growth, largely driven by pricing. We witnessed broad-based sales growth in both, our Home Care and Personal Care categories.

In Indonesia, we expect a marginal decline in constant currency sales growth. We continue to put building blocks in place to drive category development and general trade distribution expansion, to ensure gradual recovery in the short term.

In Godrej Africa, USA and Middle East, growth momentum continued across most of our key countries of operations. We expect to deliver constant currency sales growth in the teens. We continue to focus on driving sustainable, profitable sales growth.

At a consolidated level, we continue to leverage our category and geographic portfolio and expect to deliver close to high single-digit sales growth. We continue to remain on track with our objective of driving double-digit sales growth as seen in the first nine months of the financial year.

On the profitability front, we expect our quality of profits to improve with sequentially expanding gross margins, however, lower on a year-over-year basis due to unprecedented cost inflation. In line with our strategy of driving category development, we had sequentially higher marketing spends. The net result would be a dilution in operating margins during the quarter, on a year-over-year basis.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 124 year young Godrej Group, we are fortunate to have a proud legacy built on the strong values of trust, integrity and respect for others. At the same time, we are growing fast and have exciting, ambitious aspirations.

Today, our Group enjoys the patronage of 1.15 billion consumers globally, across different businesses. GCPL ranks among the largest household insecticide, air care and hair care players in emerging markets of India, Indonesia and Africa. In household insecticides, we are the leader in India, the second largest player in Indonesia and are expanding our footprint in Africa. We are the leader in serving the hair care needs of women of African descent, the number one player in hair colour in India and Sub-Saharan Africa, and among the leading players in Latin America. We rank number two in soaps in India and are the number one player in air fresheners and wet tissues in Indonesia.

But for us, it is very important that besides our strong financial performance and innovative, much-loved products, we remain a good company. Approximately 23 per cent of the promoter holding in our Group is held in trusts that invest in the environment, health and education. We are also bringing together our passion and purpose to make a difference through our 'Good & Green' approach to create a more inclusive and greener India.

At the heart of all of this, is our talented team. We take much pride in fostering an inspiring workplace, with an agile and high-performance culture. We are also deeply committed to recognising and valuing diversity across our teams.

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Disclaimer:

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