

# **MANAGEMENT DISCUSSION & ANALYSIS**



**OUR 7 PILLARS**

<b>I</b> <i>Extending leadership in our core categories and geographies</i>	<b>018</b>
<b>II</b> <i>Accelerating innovation and renovation</i>	<b>052</b>
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<b>V</b> <i>Making our supply chain best-in-class</i>	<b>076</b>
<b>VI</b> <i>Fostering an agile and high-performance culture</i>	<b>080</b>
<b>VII</b> <i>Becoming more Good &amp; Green</i>	<b>088</b>



**OTHER DISCLOSURES**

**092**

A close-up, low-angle shot of a person's hand gripping a steering wheel. The steering wheel is covered in a textured, orange and grey material, likely leather or a high-quality synthetic material. The background is blurred, showing a person's face and the interior of a car, suggesting a focus on driving and performance.

**I. EXTENDING  
LEADERSHIP  
IN OUR CORE  
CATEGORIES AND  
GEOGRAPHIES**



Good  
knight

**FABRIC  
ROLL-ON**

PERSONAL REPELLENT

**100%  
NATURAL**

**4 DOTS  
PROTECTION**





**ASIA**



# INDIA

Source: Management estimates

Range of home care and personal care products, household insecticides, hair colour, liquid detergents, soaps and air fresheners

#1 household insecticides

#1 hair colour

#1 air fresheners

#2 soaps



Top - Our team at the GCPL Annual Conference 2018 in Bangkok

Bottom Left - The Godrej Professional team at the launch of our new range

Bottom right - We rank among the Best Employers in India in the 'Aon Best Employers Survey 2018'

# PERSONAL CARE

**NUMBER 2 PLAYER IN SOAPS**



## CINTHOL

- Built on the high-energy proposition of 'alive is awesome', it inspires you to step out of the stale and embrace the fresh, the new
- With premium international fragrances and innovative designs, it is undoubtedly one of the most refreshing grooming experiences across soaps, deodorants, talcs, and shower gels
- Strong multi-local 360 degree media campaigns with web content in regional languages
- Building long-term digital assets; launches the blog [www.awesomemen.com](http://www.awesomemen.com)
- Cinthol Deostick, 3x longer lasting than ordinary deodorant sprays, is driven through a digital-only strategy; online campaign #TestedForAwesome receives over 7 million views
- Cinthol Original wins a Bronze for 'Best use of regional entertainment' at the *Prime Time Awards 2017*



# PERSONAL CARE

**NUMBER 2 PLAYER IN SOAPS**



- Leading Grade 1 quality soap in India (simply put, more soap in each soap)
- Offers you 'Nature's way to beauty' with carefully chosen ingredients to make your skin naturally beautiful
- Launches a new campaign, 'De No. 1 nikhaar'
- Strong multi-local 360 degree media campaigns across states; 'Punjab di beauty No.1' wins awards at the Indian Marketing Awards 2017, Prime Time Awards 2017, and CMS Asia Awards 2017

## OUR HEALTH AND WELLNESS PLATFORM



- Delightful, differentiated, and efficacious range of products across the health, wellness and personal protection platforms
- Naturally derived ingredients and unique design-led and recyclable packaging
- Range comprises 3 hand washes, a hand sanitiser, and a personal mosquito repellent spray – including India's first instant foam hand wash and alcohol-free sanitiser with 8-hour germ protection

# HAIR CARE

## LEADER IN HAIR COLOUR



- India's largest selling hair colour, used by over 40 million consumers
- Innovative solutions include crème hair colour in a sachet and powder hair colour with a unique gel technology, at unbelievably democratised prices
- Launches a multi-application pack of Godrej Expert Rich Crème, a value offering for frequent users
- Hosts successful integrated marketing campaigns, extensive engagement with salons, barber training, innovative approaches to media and communication



# BBLUNT

Salons+Products+Expertise

- India's hottest salon, now in a bottle
- Range of shampoos, conditioners, hair colour, styling products for men and women
- Continues building the brand on digital; focus on search and influencer marketing brings over 600,000 annual visitors to the BBLUNT website
- Massive television influencer outreach campaigns with 37 actresses, leading to a cumulative reach of 8 million
- Content on Bollywood linkage and salon expertise, created with leading partners, wins awards at the *Indian Marketing Awards 2017*, *Prime Time Awards 2017*, and *Maddies 2018*

# HOME CARE

## LEADER IN HOUSEHOLD INSECTICIDES



- Goodknight, the highest penetrated brand in the category in India, reaches 78 million households
- Adds to the category-leading Goodknight liquid vapouriser portfolio, a new Power Activ+ with 50% more efficacy
- Innovative personal repellent range – Fabric Roll-On, Cool Gel and Patches – continues to rapidly scale up
- Launches Goodknight Power Chip, a revolutionary electric solution, and opens up a new format; unique gel technology offers the power of 100 coils
- Goodknight Fabric Roll-On wins a silver in the Consumer Products category and a bronze for its integrated marketing campaign, at the *Effies 2018*
- Goodknight wins a gold in the Household Products category at *India's Buzziest Brands 2018*



- Leading player in aerosols, focused on killing pests and offering high efficacy
- Innovating ways to make our products easy-to-use, safe, and affordable to help every homemaker win the battle against pests
- Ranks #9 in Household Care in the *Economic Times – Brand Equity Most Trusted Brands Survey 2017*

# HOME CARE

## LEADER IN AIR CARE



- Delightful range of home, car and bathroom air fresheners
- aer pocket, our innovative bathroom air freshener with clutter breaking design, continues to scale up
- New communication on aer twist, #BetterDriveEveryday, helps drive growth in car air fresheners
- Hosts successful integrated marketing campaigns, extensive engagement through innovative media; special focus on e-commerce

## LEADER IN LIQUID DETERGENTS



- Builds on its proposition of specialist care for woollens through insightful communication and campaigns
- As part of the 'Ezee Hugs' initiative this winter, our team donated woollens washed with Ezee, to over 160,000 underprivileged school-going children in Delhi and the NCR
- The Ezee Hugs campaign wins a Media Gold for 'Best Integrated Campaign in Consumer Products' at *Emvies 2017*
- Ranks #8 in Fabric Care in the *Economic Times – Brand Equity Most Trusted Brands Survey 2017*



# BANGLADESH, SRI LANKA AND NEPAL

Source: Management estimates

**#1** household insecticides and hair colour in Nepal

**#2** powder hair colour in Bangladesh

*Range of products across household insecticides, air fresheners, and hair colour*



Top - Our Sri Lanka team hosts a session on the environment at a school in Piliyandala on Godrej Global Volunteering Day

Bottom left - Our winning Bangladesh team at a Godrej cricket tournament

Bottom right - Our Sri Lanka team celebrating Avurudu, the Sinhalese New Year



Goodknight and HIT, leaders in household insecticides in Nepal



Expert and Abha, leaders in their respective hair care segments in Bangladesh and Sri Lanka



Cross-pollinating brands like aer (from India), across SAARC

# INDONESIA

Source: Management estimates

Range of household and personal care products - household insecticides, air fresheners, hair colour, and wet wipes

#1 home insecticides, air fresheners and wet wipes

#3 hair colour



Top - Our leadership team at The Godrej Way cascade in Jakarta  
Bottom left - Our team at the annual Godrej Indonesia Town Hall  
Bottom right - The launch of HIT Expert, our latest innovation, in Jakarta



HIT, the leader in household insecticides



Stella, the leader in air fresheners



Mitu, a leading range of wet wipes and baby toiletries



NYU ranks among the top 3 brands in hair colour in modern trade



**SUB  
SAHARAN  
AFRICA**



# AFRICA

Source: Management estimates

Range of products across hair extensions, hair care, hair colour, personal wash, home care, and household insecticides

**#1** ethnic hair colour (14 countries) and hair extensions (11 countries)

**#2** hair extensions (Nigeria)

**#3** Caucasian hair colour (South Africa)



Top - Our team at the launch of MegaGrowth, with brand ambassador Tiwa Savage, in Victoria Island  
 Bottom left - Inspired by Marvel blockbuster Black Panther, our Darling South Africa team showcases some new styles, by using our own products  
 Bottom right - Our Executive Chairperson, Nisaba Godrej, with the Lagos team



Darling, the leader in hair extensions across sub-Saharan Africa



TCB continues to scale up across East Africa



MegaGrowth, a market leader in relaxers across West Africa



Inecto, a market leader in ethnic hair care



Renew, a leading player in the Caucasian hair colour market in South Africa





# THE AMERICAS



# ARGENTINA

Source: \* Nielsen; \*\* Scentia

Range of products across hair colour, hair care, and styling in mass and professional markets

#1 hair colour\*

#1 hair fixing sprays\*\*

#3 hair styling products\*\*



Top - The relaunch of Issue, our iconic hair colour brand for the Argentine woman, in Buenos Aires

Bottom left - A key sponsor for talent hunt, The Voice Argentina, Roby styles hair for participants on the show

Bottom right - Our team volunteers with school children as part of Presente, a community outreach programme



Issue, an iconic leading hair colour, offers a fun and stylish range of hair treatments



Roby, a market leader in hair styling

# CHILE

Source: Management estimates

Range of hair colours, depilatory products, and colour cosmetics

#2 hair colour

#2 depilatory products

#3 colour cosmetics



Top - Our leadership team at The Godrej Way cascade in Santiago  
Bottom left - Our team taking part in the 'I Shelter You' campaign  
Bottom right - Our Chile team hosts a Career & Development programme



Illicit, the leader in hair colour



Millefiori, the leader in depilatory products



Pamela Grant, our range of intense, long-lasting hair colours

# UNITED STATES OF AMERICA

Source: Management estimates

Leading player in wet hair care

Range of hair care products for women of African origin



Top - Our team at our office in Savannah, Georgia  
Bottom left - The Merchandising team after attending a quarterly meeting  
Bottom right - The Quality and R&D teams who work on innovations



Our African Pride range leaves hair softer, silkier, and beautifully straight with a radiant shine

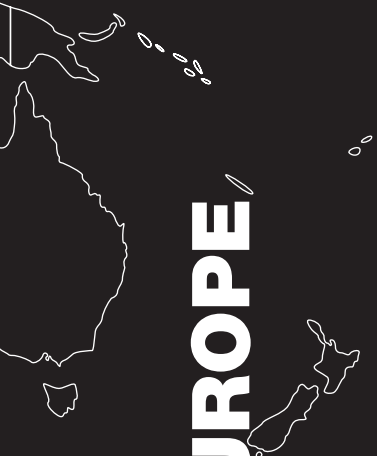


Our Dr. Miracle's range is an award-winning line of ethnic hair care products





**EUROPE**





# UNITED KINGDOM

Source: Management estimates

#1 stretch mark treatment

#2 hand sanitisers

#4 sun care products

Range of products across skin care, sanitisers, sun care, and female deodorants



Top - Godrej UK features on the Great Place to Work Institute's UK Best Workplaces 2018 list

Bottom left - Our team participates in the 100km Thames Path Challenge

Bottom right - Our team at a cleanliness drive on Godrej Global Volunteering Day



Pro:Voke Touch of Silver, a unique range of salon-inspired products, for cool, platinum, white, and silver hair



Pro:Voke Liquid Blonde, our proposition to boost colour for warm, caramel, and honey blondes



Cuticura, a leading range of anti-bacterial products for the whole family



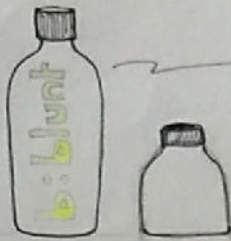
Soft & Gentle, a refreshing range of female deodorants



Inecto, our natural hair and skin care range

## II. ACCELERATING INNOVATION AND RENOVATION

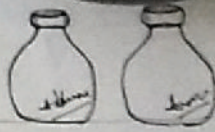




GLOW IN DARK FONT  
OR  
GLOW IN DARK BOTTLE

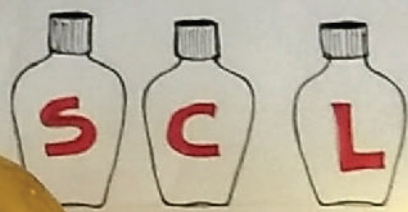


PUTTING FASHION FABRIC  
current fashion



SIGNED BY STYLIS  
OR RECOGNIZABLE  
BY CELEBRITIES

PLAYING WITH ROUGH & TEXTURED SURFACES  
GLOSSY SMOOTH SURFACES



OLD INITIALS  
CREATING A NEW IDENTITY.

S  
C  
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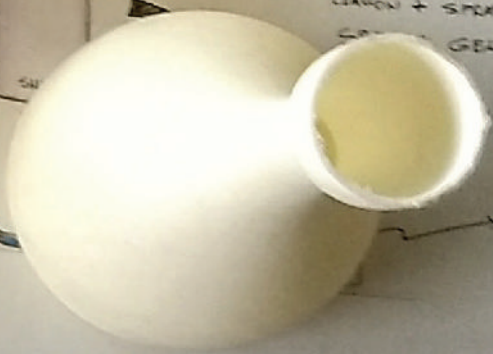
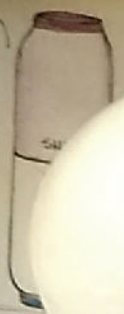


MIRROR FINISH.

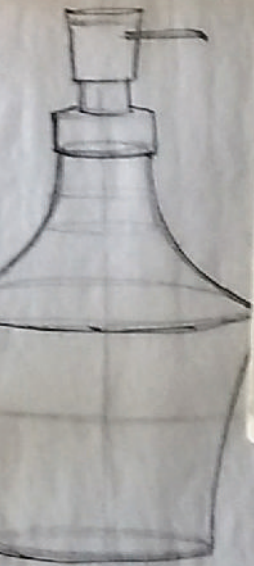
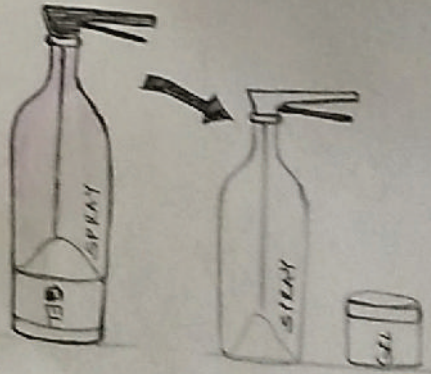


ALL IN ONE =

Combination of products  
SHAMPOO + CONDITIONER  
LEAVEN + SPRAY  
GEL



two products



# ACCELERATING INNOVATION AND RENOVATION

## **Innovation-led growth across categories**

- New products launched in the last 5 years account for ~20% of global growth and ~35% of India growth

## **Two-pronged approach to innovation**

- Building on and extending leadership positions in current categories through new formats and democratisation
- Pursuing attractive adjacencies and creating new vectors of growth to broaden our portfolio

## **Innovation led through RIDE (Research & Development + Innovation + Design + Expertise)**

- Integrated platform to combine efforts of key functions involved in new product development
- Streamlines and expedites innovation delivery
- Ensures agile execution

## **Investments in technology and skills**

- State-of-the-art Research & Development centre at our headquarters in Mumbai
- In-house Design Lab is a strategic advantage; design-led innovation approach to transform product capabilities
- Strategic global partnerships to leverage cutting-edge technology and processes



Top - Our in-house Design Lab in Mumbai, where we are reimagining product capabilities

Centre - Our state-of-the-art Research & Development centre in Mumbai

Bottom - Godrej Professional, the first-ever professional hair colour and care range, especially formulated for Indian hair



# INDIA

Goodknight Power Chip



Scan me to know more  
about our revolutionary  
electric solution that  
keeps mosquitoes away



- Revolutionary electric solution; opens up a new format
- Infused with unique gel technology and the power of 100 coils
- Great value for money at ₹ 30

Goodrej



**POWER  
CHIP**

**NEW**



# **NEW GOODKNIGHT POWER CHIP\***

**GEL TECHNOLOGY  
INFUSED WITH THE  
POWER OF 100 COILS!**



# INDIA

Godrej Professional



Scan me to learn  
more about going  
'Professional'



- For the first time, ammonia-free fashion colouring made possible for Indian hair

- Range of professional hair colour and hair care products

- Natural ingredient-based care range, custom made for specific hair types

- 16 ammonia-free shades and 5 high-lift shades



PROFESSIONAL



COLOUR & CARE

for Indian Hair

NOW IN SALONS NEAR YOU!

# INDONESIA

*HIT Expert aerosol*



*Scan me to learn how to eliminate mosquitoes as they enter your home*



- Introduces new double-nozzle technology
- Infused with new active formula for superior efficacy
- Premium design, available in 2 delightful fragrances: Fresh Citrus and Sweet Flower

**HIT**<sup>®</sup>  
**EXPERT**



# NEW FORMULA!

To get rid of  
**Resilient Mosquitoes**  
use the **Expert**

Double Nozzle with  
Microparticles



**Protection,**  
inspired by mom



# AFRICA

*Darling Out of Africa*



*Scan me to know more  
about our partnership  
with the Soweto  
Fashion Week*



- High-quality fibre, market leading range of braids
- Pre-styled, crochet, and natural styles collection
- Experiment with multiple colours in the same style for a variety of looks



[ ROUGH DRED  
HAIR COLOUR #1 ]

[ BANTU LOCS  
HAIR COLOUR #1 ]

# NATURAL STYLES

OUT OF AFRICA COLLECTION



# LATIN AMERICA



Scan me to learn about  
being proud of what  
we inherit from our  
grandmothers

*Roby styling products*



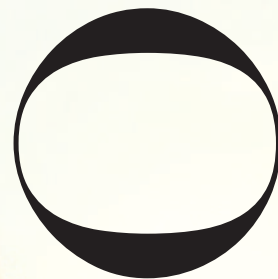
- Foray into hair care through a styling range
- Protein and aloe vera masks and styling creams for silky straight hair or hydrated defined curls
- Roby Gel extends the brand to male consumers for the first time

ESO DE MADRUGAR

LO SAQUÉ DE  
*mi* **abuela.**

#Choosewhatyouinherit

   /robystyling  
robystyling.com



**ROBY**

STYLING SINCE 1963



# UNITED KINGDOM



Scan me to learn more about our 0% aluminium dry roll-on deodorant

*Soft & Gentle Aluminium Free  
24 Hour Anti-Perspirant Roll-On Deodorant*



- Clinically proven to offer 24-hour antiperspirant protection for all-day freshness
- Natural ingredient complex, Horsetail extract and Sage Oil, acts as an astringent to help close pores and reduce bacterial flora on skin
- Available in 3 variants: Active, Floral and Care

# Soft & Gentle

## 0% ALUMINIUM ANTI-PERSPIRANT



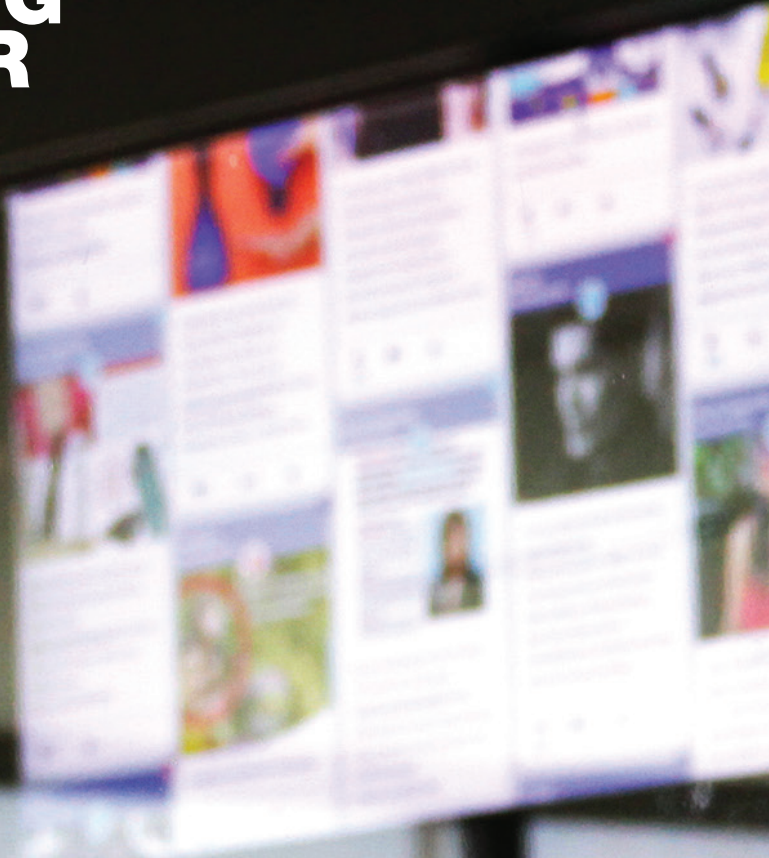
- ✓ 0% alcohol
- ✓ Suitable for sensitive skin
- ✓ Contains 80% naturally derived ingredients



TRY ME

[www.softandgentle.com](http://www.softandgentle.com)

### **III. LEVERAGING THE POWER OF DIGITAL**





**BLACK**

**BOX** DIGITAL  
COMMAND  
CENTER

# LEVERAGING THE POWER OF DIGITAL

## **Global Digi Cell**

- A team of digital marketers, from across geographies, share ideas and learning

## **Experimenting and reach**

- Multiple digital experiments, resulting in a 4x increase in consumer reach worldwide
- Move from seasonal campaigns to strong brand platforms and always-on content
- Geo-analytics to drive hyperlocal activations
- Launched Black Hair Hub, our online magazine, featuring the latest African hair trends

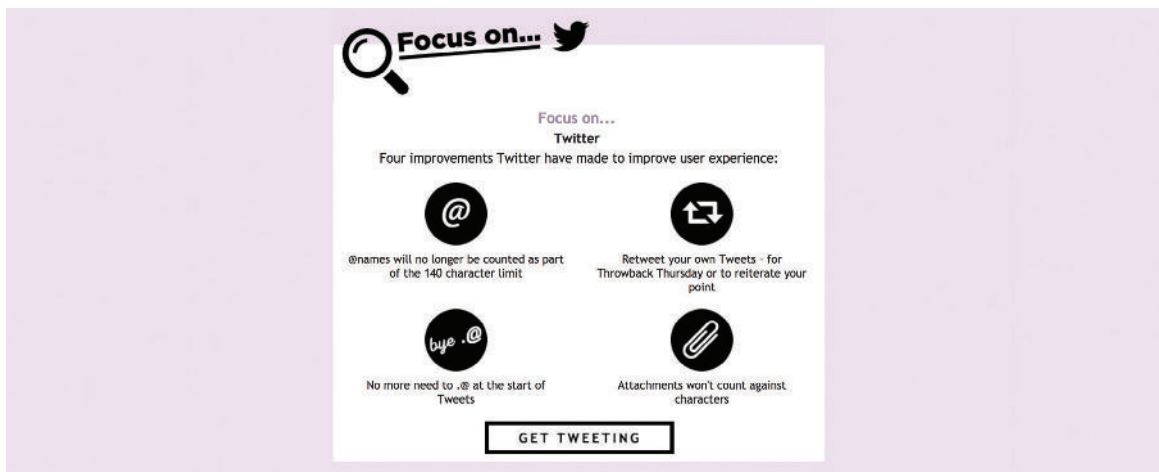
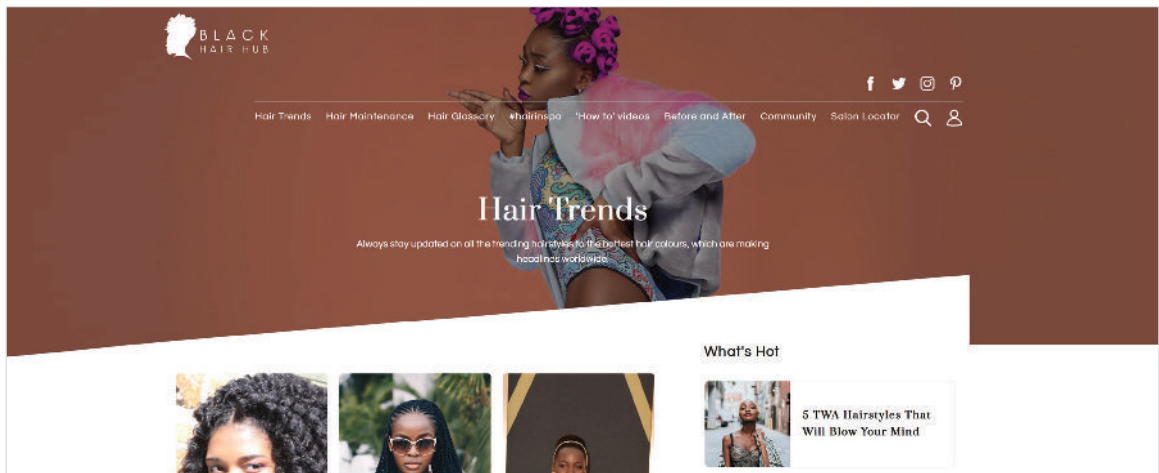
## **Building competencies**

- 135 marketers trained worldwide; over 40% digital competency achieved

- Focus on understanding the consumer journey, improving digital capabilities, and more 'test and learn'

## **Digital Command Centre**

- Dedicated facility to evaluate real-time brand performance
- Monitoring and engaging in social conversations with consumers
- Creating more customised content



Top - Black Box, our new Digital Command Centre in Mumbai, is a dedicated facility to evaluate real-time brand performance  
 Centre - Black Hair Hub, our online magazine, showcases the latest in ethnic African hair trends and tips  
 Bottom - Going Digital, our internal newsletter, highlights latest global digital trends



# IV. BUILDING A FUTURE READY SALES SYSTEM

C135  
Cord 75  
NK72 -1  
T1 ~~mt~~ 01  
T3 - 2  
C94 - 3





CINTHOL

CINTHOL

CINTHOL

CINTHOL

# BUILDING A FUTURE READY SALES SYSTEM

## **Go-to-market**

- Smooth transition to the Goods and Services Tax in India
- Augmenting overall reach; direct distribution strengthened to over 1.2 million outlets in India
- Driving availability in cluster of outlets through shopper insight-based visibility programme in India
- Revamped and aligned sales structure to respond to market challenges in Indonesia

## **Technology**

- Using predictive analytics for better decision-making
- Building cutting-edge sales force capabilities through technology-enabled learning

## **Partners**

- Enhancing modern trade channel partner engagement in India through targeted initiatives
- Salon engagement programme launched in Kenya

## **E-commerce**

- Establishing a strong e-commerce presence in India; strengthening availability and driving growth of premium brands



Top - Scaling up the use of analytics and data-driven decision making in sales in India  
Centre - Our Godrej Indonesia team celebrates Serko Day, when members from across functions become salespersons for a day  
Bottom - Our Africa sales team at the annual operating plan cascade

**V. MAKING OUR  
SUPPLY CHAIN  
BEST-IN-CLASS**





# MAKING OUR SUPPLY CHAIN BEST-IN-CLASS

## Best-in-class practices

- Introducing best practices across geographies to become more agile: Demand-driven Supply Chain, Theory of Constraints, Total Productive Maintenance, Lean, Six Sigma, and Low-Cost Automation
- Strengthening supply chain processes in international businesses: integration into one SAP ERP, Lean, and Kaizen
- Extending shop floor employee engagement initiatives to international businesses

## Sustainability

- Global strategic sourcing with significant benefits to the bottom-line; Godrej Green Purchase Policy rolled out to key business partners
- Sustainable manufacturing and supply chain practices, resulting in significant improvements in energy and water consumption, carbon footprint, waste generation, and renewable energy use

## Agile fulfilment

- Mapping cutting-edge replenishment practices to the Advanced Planning and Optimisation module of SAP
- Responding to constantly changing consumer demand patterns, leading to high fill rates; now an industry benchmark, with 95%+ customer service levels across key geographies
- Improving 'freshness' of products at time of sale, better logistics practices, better product traceability, and reduced obsolescence through the project on bar coding shippers

## Future-ready investments

- Enhancing manufacturing capacity across geographies
- Piloting the Internet of Things in manufacturing and logistics
- Leveraging the Goods and Services Tax in India through redesign of the distribution network
- Commissioned a state-of-the-art hair extensions facility in Mozambique
- Agile manufacturing through smart automation and robotics



Top - Inside GCPL's manufacturing facility at Pondicherry, India  
Centre - Godrej Group Chairman, Adi Godrej, and GCPL Executive Chairperson, Nisaba Godrej, at the inauguration of our state-of-the-art hair extensions factory in Mozambique  
Bottom - The GCPL Business Partners Meet at Munich



# VI. FOSTERING AN AGILE AND HIGH-PERFORMANCE CULTURE





# FOSTERING AN AGILE AND HIGH-PERFORMANCE CULTURE

## **Strengthening our employer brand across geographies**

We take much pride in fostering an inspiring workplace with an agile and high-performance culture to attract, develop and retain the best global talent. As part of the over 120-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, our exciting and ambitious growth plans allow us to offer unparalleled career opportunities relatively early on in your career.

Core to our employer brand, is the philosophy of tough love. We expect a lot from our team members, differentiate on the basis of performance and potential through career opportunities and rewards and lay particular emphasis on developing, mentoring and training. We believe that passionate, well-rounded individuals with diverse interests make for better Godrejites. And we understand that our team members play multi-faceted roles. This is why we encourage them, not just to explore their whole selves, but also create an enabling space for them to do so.

## **The Godrej Way**

- Articulated The Godrej Way, our refreshed purpose and values
- Extensive cascades with over 2,500 team members across 15 locations: Mumbai, Jakarta, Johannesburg, Lagos, Nairobi, Buenos Aires, Santiago, Guwahati, Kolkata, Baddi, Delhi, Malanpur, Chennai, Pondicherry, and Dhaka
- Supplemented with smaller-group workshops to enable deeper reflection and discussion

## **Innovative approach to recruitment**

- Godrej LOUD (Live Out Ur Dream), our radically different approach to business school recruitment, encourages students to live out their unfulfilled personal dreams and offers sponsorship and summer internships with Godrej
- Hosted very successfully across India, Indonesia and Africa



Top - Winners of Godrej LOUD for Godrejites, whose dreams range from running the full Boston Marathon to capturing the beauty of North India through aerial cinematography  
 Centre left - Our Indonesia team participates in the Amazing Race at their Annual Offsite  
 Centre right - Our Argentina team in a workshop for The Godrej Way  
 Bottom - Our manufacturing team in Nigeria, engaging in a monthly recognition programme

### **Strong focus on careers**

100 Leaders, our flagship programme to develop key talent, is based on 3 pillars:

- Clear and prioritised career plans
- Individually tailored development plans
- Anchoring through sponsorship by senior leaders

### **Investing in leadership development**

- Leadership development is built on the 3 pillars of the Godrej Capability Factors: Leading Self, Leading Others, and Leading Business
- A mix of programmes, led by world-class faculty from Harvard Business School and the Indian School of Business, as well as a host of internal Godrej trainers

### **Leveraging social media for engagement**

- Workplace by Facebook helps engage and connect across teams and geographies
- Used extensively to build alignment around strategy, share ideas and insights, get real-time feedback, and celebrate success, among many others

### **Build an inspiring place to work**

- Rank among the Best Employers in India in the *Aon Best Employers 2017* survey
- Rank #1 in the FMCG category on the *Great Place to Work – Best Workplaces in India 2017* list; we have featured on this list for 14 years in a row
- Awarded *Top Employer of 2017* in South Africa
- Rank on the *Great Place to Work – Best Workplaces in UK 2018* list



Top - In conversation with Arundhati Bhattacharya, former SBI Chairperson, at the Godrej Leadership Forum 2018  
Centre left - Our Gurukul 2017 summer intern batch  
Centre right - Our Bintang management trainee batch in Indonesia  
Bottom - Sunil Kataria, Business Head - India & SAARC, ideates with young managers at a 'Learning Cafe' session

# DIVERSITY

*Fostering an inclusive Godrej*

## **We take pride in being an equal opportunities employer**

“We recognise merit and perseverance and encourage diversity at Godrej. We do not tolerate any form of discrimination on the basis of nationality, race, colour, religion, caste, gender identity or expression, sexual orientation, disability, age or marital status and will allow for equal opportunities for all our team members.”

We understand that our team members play multiple roles and our policies are designed to enable them to do so.

### **Caregiver Travel Policy**

- Recently introduced, enables new mothers to bring a caregiver and children up to 1 year of age, for necessary work-related travel

### **Godrej Women’s Leadership Network**

- Offers mentoring, leadership development, and regular networking opportunities as part of our efforts to make Godrej a workplace of choice for women

### **Careers 2.0**

- Our second careers programme, provides women who have taken a career break, a chance to return to the workplace
- Offers aspirational and challenging projects across sectors and functions, with added flexibility to help women balance their careers and personal needs

### **Commitment to LGBTI Inclusion**

- Proud to have partnered with the United Nations to launch global standards of conduct for tackling discrimination against lesbian, gay, bi, trans and intersex people, on 12 October 2017 at our headquarters in Mumbai



Top - Inside our on-campus day care centre in Mumbai  
Centre - Godrej India Culture Lab organises an experiential games session, aiming at disability sensitisation, at Godrej One  
Bottom - In partnership with the UN, we launch a set of global corporate standards to support the business community in tackling discrimination against LGBTI employees



An aerial photograph of a vast, dense mangrove forest. A narrow river or canal winds through the forest, starting from the left and curving towards the center. In the background, a wide body of water stretches across the horizon, with a city skyline visible in the distance under a hazy sky. The text "VII. BECOMING MORE GOOD & GREEN" is overlaid in white, bold, sans-serif font on the left side of the image.

**VII. BECOMING MORE  
GOOD & GREEN**



# BECOMING MORE GOOD & GREEN

*Our commitment towards a more inclusive and greener world*



As a Group, we have always actively championed social responsibility. We are now exploring ways to further this commitment through shared value initiatives that create both social and business benefits.

## By 2020, we aspire to:

### Ensuring Employability

Train 1 million youth in skills that enhance their earning potential

As of March 2018, we trained 305,101 youth in India and Kenya in skills that will enhance their earning potential

- Collaborate with non-profit organisations and social enterprises on employability training programmes for young people from low-income communities
- Aim to improve the earning potential of graduates by building skills, and thereby empowering them
- Offer programmes in beauty and hair care, retail management, and channel sales
- Focus on life skills training, entrepreneurship, and post-placement support

### Greener India

Achieve zero waste to landfill, carbon neutrality, and a positive water balance, while reducing specific energy consumption and increasing the use of renewable energy

- Make environmental sustainability key to our manufacturing processes
- Reduce energy needs, managing waste, and transforming our products
- Ensure our overall manufacturing approach is more future ready – from raw material sourcing to technologies used at plant

Progress by our factories in improving environmental sustainability, compared to a 2011 baseline, at a GCPL India level:

Greener India Goal 2020	Achievement as on March 2018
Become carbon neutral	39.6% reduction in specific greenhouse gas emissions
Have a positive water balance	19.6% reduction in specific water consumption
Have zero waste to landfill	99% reduction in specific waste to landfill
Reduce specific energy consumption by 30%	25% reduction in specific energy consumption
Increase renewable energy sources by 30%	30% of total energy consumption from renewable resources

### **Elimination of Mosquito Borne Endemic Diseases (EMBED)**

- Part of our commitment to help create a Malaria-free India by 2030
- Intensive community awareness and behaviour change programme to battle malaria in regions that report high Annual Parasitic Index
- Collaboration with non-profit organisations and governments
- Addressed 45% of the malaria burden in the state of Madhya Pradesh, across 9 districts; 3,000 villages; 700,000 households and 3.5 million people

### **Community Waste Management**

Supported three community waste management projects in Bangalore, Hyderabad, and Mumbai with an aim to demonstrate zero garbage to landfill

### **Watershed Management**

- 3,300 hectares covered in the drought-prone region of Telangana, through an integrated watershed development project

### **Rural Electrification**

- 74 villages across three states (Andhra Pradesh, Madhya Pradesh and Uttarakhand) covered as part of a rural electrification initiative; leveraging renewable energy systems

### **Community Development**

- Implemented a range of high-impact community development programmes across 6 villages in and around our manufacturing facilities
- Focus on improving the quality of education, providing access to clean water, raising awareness on health and sanitation issues, and protecting the environment

# OTHER DISCLOSURES

## Enterprise Business Risk Management

With a presence across three continents - Asia, Africa and Latin America - we are exposed to risks that can adversely impact our strategy, operations, cash flow, financial performance, management performance and overall sustainability. We have an active risk management strategy in place. Additionally, we have a Risk Committee, whose role is to identify potential risks, create mitigation strategies, and monitor the occurrence of risk. The risks that may affect us include, but are not limited, to:

- Economic conditions
- Inflationary pressures and other factors affecting demand for our products
- Increasing costs of raw material, transport and storage
- Supplier and distributor relationships, and the retention of distribution channels
- Competitive market conditions and new entrants to the market
- Labour shortages and attrition of key staff
- Exchange rate fluctuation and arbitrage risk
- Integration risks for acquired companies
- Compliance and regulatory pressures including changes to tax laws

- Seasonal fluctuations
- Political risks associated with unrest and instability in countries where we have a presence or operations

The Risk Committee meets periodically to review any new risks that may have emerged, the status of risks as well as mitigation plans.

Apart from domestic operations, the exercise of risk assessment is now getting extended to international geographies.

In fiscal year 2018, the Risk Committee reviewed the top risks along with the mitigation plans for our Indonesia business entities.

## Internal control systems and their adequacy

We have implemented an internal control framework to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition; and transactions are authorised, recorded and reported correctly. The framework includes internal controls over financial reporting, which ensures the integrity of financial statements of the company and eliminates the possibility of frauds.

Our Corporate Audit & Assurance department issues well documented operating procedures and authorities,

with adequate built-in controls to be carried out at the beginning of any activity and during the process, to keep track of any major changes. As part of the audits, they also review the design of key processes, from the point of view of adequacy of controls. Periodic reports are generated to identify exceptions through data analysis as part of continuous monitoring.

The internal controls are tested for effectiveness, across all our locations and functions by the Corporate Audit team, which is reviewed by the management periodically for corrective action.

Controls with respect to authorisation in underlying IT systems are reviewed periodically to ensure users have access to only those transactions that their roles require. The GCPL Head Office and all major factories and offices across India follow an Information Security Management System, and are ISO/IEC 27001:2013 certified.

## **Opportunities and threats**

We continue to make strong progress on our exciting journey to be a leading FMCG player in emerging markets. The future potential for GCPL is tremendous. Our focus continues to be on driving market-leading, sustainable and profitable growth. Creating delight for our consumers through innovative, differentiated products, is core to our approach. To enable this, we are using the design thinking tools of empathy, rapid prototyping and visualisation to reimagine our brands and create new ones. We are accelerating our innovation pipeline, ramping up capabilities, investing significantly in Research & Development and cross-pollinating products across geographies. Our new products launched in the last 5 years account for 20 per cent of our global growth and 35 per cent of India growth. We are also excited by a lot of the new capabilities and transformations we are exploring in digital, advanced analytics, go-to-market and supply chain technologies. All of this will enable us to create strong value in the coming years.

We consider compliance and regulatory pressures - including changes to tax laws and political risks associated with unrest and instability in countries where we have a presence or operations - as our key threats.