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CHAIRMAN'S COMMENTS

Commenting on the financial performance of 3Q FY 2017, Mr. Adi Godrej, Chairman, GCPL, said:

"Despite a tough operating environment, we continued to deliver ahead-of-the-market profitable growth. Our 3QFY17 consolidated constant currency sales increased 12% and constant currency EBITDA increased 17%. We continue to deliver EBITDA growth ahead of sales growth, despite a strong base from the previous year."

In India, while demonetisation has resulted in some near-term disruptions, we have outperformed the overall market with secondary sales growth of 2% during the quarter. Our go to market approach has been resilient and dynamic. We have been disciplined in our execution and have worked closely with our trade and retail partners to deal with the situation. We have also invested competitively in brand building and innovations. Through our focus on operating efficiencies and judicious cost management, our EBITDA, too, has increased by 15%.

Our International business, too, performed well with revenue growth of 28% and EBITDA growth of 19%, in constant currency terms, led by continued strong performance in Africa.

Going forward, remonetisation should result in growth normalising in India over the next few months. In FY18, implementation of the GST will provide strong momentum for a much better economic environment and stronger consumer demand.

"We are relentlessly focusing on our strategy and continuing to invest in building a sustainable platform for the future. At the same time, we are driving our core to full potential, ensuring execution excellence and building on our agile and high performance culture."

BUSINESS REVIEW - INDIA

Performance Highlights

- 3Q FY 2017 India net sales of INR 1,263 crore
- 3Q FY 2017 EBITDA increased by 15% to INR 308 crore
- 3Q FY 2017 net profit increased by 19% to INR 231 crore

Category Review

Household Insecticides

Household Insecticides delivered a relatively resilient performance with sales decline of 2%. We made healthy media investments during the quarter and gained market share. We are also driving improvements in penetration rates led by innovative launches, awareness creating campaigns and activations. Demonetisation has created an opportunity to strengthen rural distribution and gain further market share from unorganised and wholesale dependent players. Our recently launched Good knight personal repellents range is receiving an encouraging response from trade and consumers and we are increasing our production capacity to meet this higher demand.

Soaps

Soaps performance improved sequentially as primary sales declined by 6% with a high single digit decline in volume terms. This decline in volume was partly driven by the transient effect of the withdrawal of promotions, price increases and adverse impact of demonetisation. We have initiated selective price increases in our portfolio and are scaling back consumer and trade offers.

Hair Colours

Hair Colours primary sales declined by 2%, while crème continues to be a lead growth driver with strong double-digit growth. During the quarter, Godrej Expert Rich Crème reached its highest ever market share on an exit basis. Our effective communication campaigns, along with competitive media investments, have widened Godrej Expert Rich Crème's distribution and penetration lead over competition. Demonetisation has created an opportunity to strengthen rural distribution and gain further market share from unorganised players. Our recently launched BBLUNT hair colour is being successfully rolled out in the market and the initial response has been positive.

Liquid Detergents

Liquid Detergents saw a reasonable growth performance. Primary sales increased by 2%, despite a delayed winter and demonetisation. Demand was to some extent impacted by demonetisation, given the semi-discretionary nature of the category.

Air Fresheners

Godrej aer now ranks number 2 in the overall air care market. We continue to gain share, aided by innovations and strong execution.

Health and Wellness

Our Health and Wellness portfolio of hand washes and hand sanitiser, under Godrej protekt, has been successfully introduced in general trade.

Cinthol Deo stick

The recently launched Cinthol deo stick for men and women has been well received by consumers. We continue to support this launch with innovative consumer engagement initiatives and impactful communication.

BUSINESS REVIEW - INTERNATIONAL

Indonesia

Our Indonesia business delivered a competitive performance in a tough operating environment. Constant currency sales were flat on a year-on-year basis, in line with the overall FMCG market. However, constant currency sales growth (ex-Household Insecticides) was strong at 13%. Household Insecticides growth was impacted by adverse weather and relatively higher competitive intensity. Our operating margin (EBITDA) declined by 110 bps year-on-year due to upfront sales and marketing investments. We continued to gain share in Household Insecticides and Air Fresheners on a MAT basis. The initial response to our recently launched NYU range of hair colours has been encouraging.

Africa (including Strength of Nature)

Our Africa business sustained its consistent, double-digit growth momentum with an organic constant currency sales growth of 19%. Africa (including Strength of Nature) delivered a strong constant currency growth of 54% (including inorganic sales of INR 148 crore from Strength of Nature and Canon Chemicals). Our operating margin (EBITDA) saw a temporary decline of 160 bps year-on-year, driven by currency depreciation and upfront investments on sales infrastructure. We will leverage the acquisition of Strength of Nature to turbo charge building our wet hair care platform in Africa. Renew becomes value and volume market leader in Caucasian hair colours in South Africa.

Latin America

Constant currency sales in our Latin America business increased by 24% in a challenging operating environment. Our operating margin (EBITDA) decreased by 390 bps year-on-year due to upfront marketing investments. We continue to focus on innovation and effective communication to navigate macro challenges.

Europe

Our Europe business delivered a strong performance with a constant currency sales growth of 16%, led by the strong performance of own and distributed brands. The overall weakness in demand post Brexit, increased competitive intensity in deodorants and counterfeit issues in Bio-Oil continue to be challenges. Our operating margin (EBITDA) increased by 60 bps year-on-year due to stringent control over costs.

Note: The figures for the current quarter may not be comparable with those of the corresponding quarter of the previous year, because of the acquisitions made since then.

ABOUT GODREJ CONSUMER PRODUCTS

Godrej Consumer Products is a leading emerging markets company. As part of the 119-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 1.1 billion consumers globally, across different businesses. In line with our 3 by 3 approach to international expansion at Godrej Consumer Products, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). We rank among the largest household insecticide and hair care players in emerging markets. 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. 24 per cent of the holding company of our Group is held in a trust that invests 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.

For further information, please contact:

V Srinivasan

Email: v.srinivasan@godrejcp.com (mailto:v.srinivasan@godrejcp.com)

Tel: +91 22 2519 4316

Sameer Shah

Email: sa.shah@godrejcp.com (mailto:sa.shah@godrejcp.com)

Tel: +91 22 2519 4467

Tapan Joshi

Email: tapan.joshi@godrejcp.com (mailto:tapan.joshi@godrejcp.com)

Tel: +91 22 2519 5433

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