

ECONOMIC VALUE CONTRIBUTION

Tackling uncertainty, strengthening defences

Our deep local insight, sharp financial acumen, market foresight, strong governance, long-standing relationships with customers and stakeholders help build an ecosystem of trust and grow the business.

Growth in e-commerce, fuelled by the pandemic, further strengthened our Storage Solutions business

We focus on delivering sustainable value to our stakeholders, and we have continued to do this despite multiple challenges.

The reporting period was exceptionally tough, but we weathered it with resilience, returning profits in most of our businesses and building greater agility to market shifts.

Despite the varying challenges that we faced during the reporting period of 2019-23, 11 of our 14 business units (BUs) recorded profits, with eight exceeding their profit targets. Our Locks division performed admirably, earning ₹130 Cr in profits. Greater demand for warehouses, driven by spikes in e-commerce demand during the pandemic years, provided tailwinds for both our Storage Solutions and Material Handling Equipment businesses. Storage Solutions surpassed ₹1,100 Cr in revenues and the Material Handling Equipment business returned to profitability. Our industrial businesses - Godrej Precision Engineering,

Aerospace and Process Equipment Division, generated significant profits, due to their healthy order books. It took a black swan event like the COVID-19 pandemic, and the subsequent breakout of the Russia-Ukraine war with the consequent impact on global supply chains, price volatility and finally, deepening recession within the developed world to prove the soundness and resilience of our diverse portfolio. The locks-to-precision engineering spread of our businesses, catering to very different customer groups and geographies, protected us from the financial declines of B2B projects and B2C BUs.

Economic value generated and distributed

(₹ in Cr)

Particulars	FY20	FY21	FY22	FY23
Direct economic value generated	11,345.96	10,029.49	12,385.82	14,600.17
Revenue from operations	11,257.81	9,989.22	12,344.49	14,570.42
Revenue from other sources	88.15	40.27	41.33	29.75
Economic value distributed	11,119.64	9,915.69	12,229.50	14,402.81
Operating costs	9,194.52	8,030.29	10,379.67	12,344.30
Employee wages and benefits	1,222.52	1,220.04	1,140.72	1,284.49
Payment to providers of capital	577.90	606.42	604.70	691.12
Payment to government	118.20	52.09	99.16	76.06
Community investments	6.50	6.85	5.25	6.84
Exceptional item	(2.19)	(14.03)	216.64	13.47
Economic value retained	224.13	99.77	372.96	210.83
Earnings per share	3,304	1,471	5,497	3,108



World's tallest CCR reactor was manufactured by Godrej Process Equipment in 2019

The financial year 2019-20 started on a good note for the Company with a 16% growth in revenues in Q1 on a year-on-year basis. The onset of the COVID-19 pandemic impacted our overall annual revenues. However, a clutch of our businesses bucked the trend of degrowth. Storage Solutions and Material Handling Equipment businesses grew by 10-15% during this time. Industrial Products and Construction Materials benefited from a healthy order book and increased

infrastructural spending. FY21 was tough due to the impact of a raging pandemic over better part of the year and resultant disruptions in both demand and supply. In Q1, India's GDP fell by 24% but the second half of the fiscal saw a bounce back in business. At Godrej & Boyce, we took quick action to adjust to the new normal, accelerating digitalisation of our processes while also increasing our focus on collections.

We quickly adjusted to the changing demand trends, and made strong sales of appliances with larger capacities, WFH furniture, hospital furniture, UV-based sanitisation boxes, medical refrigerators and calibration services for critical medical equipment. This agility helped us clock

19%

revenue growth in a very difficult year.

We took quick action to adjust to the new normal
by accelerating digitalisation of our processes, products and operations across the organisation.



The Chrysalis range of motorised beds by Godrej Interio facilitates patient comfort as well as assists caregivers

FY22 began on a positive note as India was slowly recovering from the first Covid wave. However, the second wave set us all back. Despite input costs remaining elevated, higher shipping costs and supply chain disruptions, we closed Q2 with revenues and profits that exceeded our plan. The rest of the year remained turbulent due to rising inflation, commodity price hikes, supply chain disruptions and the onset of the Russia-Ukraine war. However, spectacular March 2022 sales helped us to improve our overall FY22 numbers.

FY23 saw sustained widespread inflationary forces, driven by commodity prices and interest rate hikes. These adversely impacted disposable income, consumer sentiment and aggregate demand, especially in the lower- and middle-income groups. Rural economy remained under stress, while premium products were relatively unaffected.

The runaway hike in commodity prices and severe supply side constraints meant that margins were affected adversely for our consumer businesses. This impacted profit margins since the consumers were not able to absorb the full extent of this cost

increase. While the government thrust on local manufacture and indigenous defence spending drove revenue and profits of our industrial businesses, private sector capex remained subdued.

However, G&B managed to end FY23 with a strong Q4 performance which showed significant improvement in revenue as well as operating profit.

FY24 outlook

Going ahead, G&B is poised to continue its strong performance across all lines of business. As interest rates ease up and the overall sentiment improves, our consumer businesses will benefit from higher revenue and profits. Industrial businesses will be able to benefit from the gradual increase in private capital expenditure. Along with the focus on improving productivity and controlling fixed costs, this should result in G&B posting a robust performance in FY24, consistent with our focus on profitable, predictable and sustainable growth.