

PRESS RELEASE

2Q FY2015 results – GCPL delivers net profit growth of 20% on 9% overall constant currency net sales growth

Mumbai, November 1, 2014: Godrej Consumer Products Limited (GCPL), a leading emerging markets FMCG company, today announced its financial results for the quarter ended September 30, 2014.

FINANCIAL OVERVIEW

- 2Q FY2015 Consolidated constant currency net sales increased by 9%
 - India business grew by 7%; nearly 1.5x of the overall household and personal care sector (HPC) growth and grew sequentially by around 12%
 - International business grew by 12% on a constant currency basis
- 2Q FY2015 Consolidated constant currency EBITDA increased by 18%, driven by a strong growth of 12% in India business and 27% in the International business
- GCPL continues to gain market share across core categories
- The company was ranked as the number 1 FMCG company to work for in India by the Great Place to Work Institute
- The board has declared an interim dividend of 100% (INR 1 per share)

CHAIRMAN'S COMMENTS

Commenting on the financial performance of 2Q FY2015, Mr. Adi Godrej, Chairman, Godrej Group, said:

Consumer demand remained subdued in the second quarter of fiscal year 2014-2015, making this one of the slowest years of growth for the Indian FMCG industry in over a decade. We have however, continued to outperform the market and our brands have further strengthened their leadership positions. Our net profit grew strongly this quarter at 20%. Sales were however impacted by a soft performance in the household insecticide category due to the deficient and delayed monsoon in India, and the impact of an adverse forex translation in our international businesses. Overall, our international businesses delivered a good constant currency growth of 12%. Indonesia, our largest international business, achieved a strong constant currency growth of 15%.

We believe that the Indian FMCG industry is now showing early signs of recovery. Growth has improved in the latter part of this quarter, particularly in September. While any recovery is likely to be gradual, we believe that after many quarters, environmental indicators are now trending in the right direction. We are confident that the second half of this year will be better than the first half.

In this uncertain environment, we continue to focus on sustaining and extending leadership in our core categories. We are managing our costs prudently in the near term, while investing for the longer term. We are also continuing our pace of launching exciting new products.

The medium and long-term growth prospects in India and our other emerging markets remain robust. I am confident that with our clear strategic focus, differentiated product portfolio, superior execution and top-notch team, we will continue to deliver industry-leading results.

BUSINESS REVIEW – INDIA

Performance Highlights

- 2Q FY2015 India Net Sales increased by 7% to INR 1,091 crore
- 2Q FY2015 EBITDA increased by 12% to INR 217 crore
- 2Q FY2015 Net Profit increased by 22% to INR 174 crore

Category Review

Household Insecticides

Household insecticides category growth was adversely impacted by the deficient and delayed monsoon. Our household insecticides sales increased by 2%, ahead of category growth. Excluding Central-Northern India, which had a rainfall deficit of 24%, our growth was 7% for rest of the country. Today, our market share is at its highest ever, driven by strong gains across formats. We are hopeful that the recovery in monsoon towards the end of the quarter and expectations of normal North East monsoon should improve growth rates going forward.

Soaps

The Soaps category continued to de-grow this quarter. However, we saw a good turnaround with sales growth of 13%. Godrej No. 1 recorded a sharp uptick in growth rates, aided by new marketing campaign and focused activation programmes. The launch of Cinthol's new germ protection variant "Confidence+" has received an encouraging response.

Hair Colours

We maintained a strong momentum in hair colours and delivered a volume led sales growth of 9%, despite a significantly higher base from last year. We continue to

premiumise our product portfolio. Godrej Expert Rich Crème Hair Colour continues to gain market share and has become the highest selling crème colour by units within 20 months of its launch.

Air Fresheners

Godrej aer continues to do well, aided by consumer engagement initiatives. The recent 'Economic Times Brand Equity Most Trusted Brand Survey 2014' ranked Godrej aer as number 11 in the Household Care segment. This is a great achievement for a brand that was launched just a little over two years ago.

Health and Wellness

We recently launched a new portfolio of hand washes, a hand sanitiser and anti mosquito spray, under Godrej Protekt, which is being well received in modern trade.

Economic Times Brand Equity Most Trusted Brands Survey 2014

Three of our other brands ranked among the Most Trusted Brands 2014. Good knight was ranked number 1 in the household care category, while Cinthol and Godrej No. 1 were ranked number 11 and number 15 respectively in the personal care category.

BUSINESS REVIEW – INTERNATIONAL

Indonesia

Our Indonesia business registered a strong constant currency net sales growth of 15%. This was led by the success of new product launches and distribution expansion. Calibrated price hikes, better mix and cost optimisation helped improve margins by 220 basis points year-on-year. Stella continues to gain market share and strengthen its leadership in the air freshener category. We also launched new Stella membrane variants and Mitu changing diaper wipes.

Africa

We have a business presence in South Africa, Mozambique, Nigeria, Kenya and other markets across hair extensions, hair colours, household insecticides and personal wash. Our business recorded a good quarter, with 15% constant currency net sales growth, led by the Darling business. During the quarter, we licensed our rights of Darling trademarks for use in Uganda, Tanzania and Angola and acquired 100% stake in Ghana, effective October 2014.

Latin America

Our business registered a constant currency net sales growth of 31%, led by healthy market share gains. We continued to maintain market leadership in Argentina and Chile. Our cost transformation project implemented in Argentina is yielding positive results. We have recently launched a new Issue colour kit.

Europe

In our UK business, constant currency net sales declined 9% due to a high base from last year. Growth was also impacted by issues related to counterfeits for one of the lead brands that we distribute.

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 GCPL

Godrej Consumer Products Limited is the largest home-grown home and personal care company in India. We are constantly innovating to delight our consumers with more exciting, superior quality products at affordable prices.

We have bold ambitions and are becoming more agile and future ready. We rank number 1 in hair colour, household insecticides and liquid detergents and number 2 in soaps. In India, you grow up with our brands - Good knight, Cinthol, Godrej Expert, Godrej No. 1 - and we are now on our way to becoming an emerging markets FMCG leader.

In line with our 3X3 approach to international expansion, we are building a presence in 3 emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care). In 2010, we acquired the Indonesia based Megasari group, a leader in household insecticides, air fresheners and baby care. With the acquisition of Rapidol and Kinky in South Africa, and the Darling Group, a leading pan-Africa hair care company, we have a strong presence in the fast growing African hair care market. We acquired the Issue and Argencos groups in Argentina, leaders in hair colour, in 2010, and expanded our footprint to Chile through the acquisition of a 60% stake in Cosmetica Nacional. Our UK business acquired in 2005 has a play in hair and personal care. We also operate in the Middle East and have a strong presence across SAARC countries.

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