

Godrej Industries Ltd

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Godrej Industries – FY2010 Investor Communication



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**GIL posts FY PAT growth of 82%, PBT growth of 62%
and PBDIT growth of 26% (Consolidated)**

Board of Directors recommend 150% final dividend

Mumbai, May 26, 2010: Godrej Industries Ltd. (GIL), a corporate with a diverse range of businesses and products, today announced its results for the year ended 31st March 2010.

Financial overview*

FY2010 vis-à-vis FY2009

- Total income[#] increases by 5% to Rs. 3781 crore.
- PBDIT higher by 26% at Rs. 413 crore from Rs. 328 crore.
- PBT up by 62% to Rs. 213 crore from Rs. 131 crore.
- PAT increases 82% to Rs. 203 crore from Rs. 111 crore.
- Diluted EPS grows to Rs. 6.4 from Rs.3.5 (annualised)

***Consolidated numbers**

includes other income & exceptional items.

Key highlights

- **Developments on the Real Estate Front**
 - **Godrej Properties Limited (GPL) successfully completed its IPO in Dec 2009**
 - Issue Size: 94.3 lac shares. Issue subscribed about 3.6 times.
 - Priced at Rs. 490 per share of face value Rs. 10.
 - Shares listed on BSE and NSE on Jan. 5, 2010.
 - **Development of property at Vikhroli**
 - The Board of GIL had approved a proposal in Oct 2009 to enter into a Memorandum of Understanding (MOU) with Godrej and Boyce Mfg. Co. Ltd. and Godrej Properties Limited for development of property at Vikhroli, Mumbai.
 - The MOU provides for setting up of suitable Special Purpose Vehicle(s) (SPV) to execute joint development of the property, the commercial terms for such development, etc. between GIL and GPL.

- **FMCG business Consolidation**

- Consolidation of the Household Care Products – acquisition of Godrej Sara Lee Ltd
 - 49% through a scheme of amalgamation
 - agreement to acquire the remaining 51% from JV partner Sara Lee Corp.
This acquisition further consolidates GCPL's position in the Indian FMCG space making it the largest Indian home and personal care portfolio in India after the MNCs.
- Godrej Consumer Products Limited (GCPL) has been able to successfully acquire and integrate strong, local, personal and household care brands in key emerging markets
 - acquired during the year - **Megasari** – leading FMCG player in Household care sector in Indonesia.
 - agreement to acquire **Tura** – leading personal care player in Nigeria.
 - agreement to acquire the **Issue Group** - leader in hair colour segment in Argentina and strong presence in other Latin American countries.

- **Dividend to Equity Shareholders**

- Final Dividend proposed for FY 2009-10, subject to shareholders' approval, is Rs. 1.50 per equity share of Re. 1/- each (previous year Rs. 1.25 per equity share of Re.1/- each).

- **Corporate Social Responsibility**

Godrej's CSR initiatives are aimed at building a brighter, more sustainable India. GIL has contributed and supported various causes and initiatives in the areas such as health, medical care and treatment, education, social awareness on health, environment and social welfare.

Commenting on the performance for FY2010, Mr. A.B. Godrej Chairman, Godrej Industries Limited, said:

"Godrej Industries' business performance has once again proved that its vision, operational excellence, understanding of consumers, emphasis on innovation and above all, its values, have held it in good stead during a very trying economic period. During the year gone by most of our businesses have done significantly better than last year. Most notably, a successful IPO by Godrej Properties and a series of accretive acquisitions by Godrej Consumer Products prove that we are poised to make the most of a future economic upswing even as we successfully weather a more recent recessionary environment.

Our chemicals business bounced back sharply and bore testament to a fruitful focus on operational excellence and the effort to de-risk our business model. Godrej's agri-businesses too have taken on a remarkably positive trajectory and have delivered value over the last year.

The Godrej Masterbrand and its portfolio of product brands have grown their equity and are today acknowledged as leading brands that signal a brighter life to the vast constituency of Godrej consumers. A constant focus on innovation as the enabler of growth and customer-centric marketing continue to be the catalysts for the organization's prowess at building powerful brands.

True to our corporate culture, these developments have been accompanied by a concerted effort to build social capital through a judicious investment in social initiatives related to health, education, environment and the reduction of social iniquity. Clearly, the last year has set the tone for a future that promises to be even brighter for each of our businesses and their stakeholders".

BUSINESS-WISE OVERVIEW

Chemicals Division

The Chemicals division is the market leader in India in Oleo – Chemicals and Surfactants. It exports to about 62 countries catering to the needs of personal care, home care and specialised applications globally.

PBIT for FY 2009-10 is a positive Rs. 52 crore as against negative Rs. 18 crore in FY 2008-09. The business/industry has overcome the global recessionary impact which affected this division's performance last year. During the economic downturn, the division focused on various initiatives to improve its operational efficiencies and de-risk its portfolio.

The Specialty Fatty Acids business has witnessed a growth of 59% in FY 2009-10 as compared to the previous year and the Surfactant business has witnessed a growth of 41% over the previous year.

The Business has developed a Customer Relationship Management website (eCRM) that enables customers to track their orders and transactions and also receive updates through personalised web pages 24x7. This initiative has been accorded recognition from Businessweek magazine and GIL was adjudged as amongst the top 25 unsung innovators.

Overview of Major Subsidiaries and Associate Companies

Godrej Agrovet Limited (GAVL)

Our diversified agribusiness includes animal feeds, oil palm plantation, poultry and agricultural inputs. Consolidated total revenue for FY 2009-10 increased by 8% from Rs. 1493 crore to Rs. 1613 crore over the previous year. Consolidated PBT for FY 2009-10 grew 40% from Rs. 27 crore to Rs. 38 crore.

Animal Feeds Business

GAVL is the market leader for cattle-feed, broiler-feed and layer-feed in India. This business includes the production and sale of compound feed for cattle, poultry, shrimp and fish. GAVL operates through 40 production units across India. This business undertakes R&D at its dedicated research centre.

GAVL is the largest commercial feed miller in India. Animal Feed division processed approx. 730,000 MT of feed in FY 2009-10 with 250,000 MT of Cattle feed, 350,000 MT of Broiler feed, 110,000 MT of Layer feed and 20,000 MT of Aqua feed.

Revenue for FY 2009-10 increased by 16% over the previous year. **“Bovino”**, a compound cattle feed, which has the potential to improve the milk yield, SNF (Solids-not-fat) and fat content in milk had a growth of 70% over the previous year. During the year, cattle feed

concentrate for cows and buffaloes was launched in North India under the brand **“MOO Magimix”**

Oil Palm Plantation Business

GAVL along with its subsidiaries and JVs is India's largest crude palm oil producer. The Oil Palm business operates on a command area model, with State Governments allocating specific territories to corporates for the development of oil palm plantations. Growers are required to sell the entire production of Fresh Fruit Bunches at a pre-determined price (linked to output price) set by the Government.

Currently GAVL and its subsidiaries / JVs have been allocated territories with a potential of over 200,000 hectares of palm plantations. GAVL and its subsidiaries / JVs have operations in Andhra Pradesh, Goa, Gujarat, Mizoram, Orissa, Tamil Nadu, and Karnataka. Total area under cultivation is about 36,623 hectares. During the current financial year, additional area brought under cultivation is about 4,751 hectares.

Revenues for this business stood at Rs. 64 crore for FY 2009-10.

Integrated Poultry Business

GAVL has a fully integrated poultry business that covers the entire value chain from breeding, hatching, and rearing of broilers. GAVL is also involved in a joint venture with Tyson foods which focuses on the front end of the production process including processing and marketing of chilled chicken under the brand **“Godrej Real Good Chicken”** and ready to cook range under the brand **“Godrej Yummiez”**.

“Real Good Chicken” is market leader in fresh poultry in India with a 20% market share in processed poultry and consumer loyalty of over 80%.

Agri-Inputs Business

GAVL has a well established Agri inputs business covering plant growth promoters, organic manure mix, pesticides and other innovative agri input products.

During the year, **“Zymegold Plus Granule”**, a natural seaweed extract of vegetative origin which helps in improving the yield of crops was launched. The division focuses on innovative products and over the years, has built a range of products like **“Godrej Vipul Granules”** (new generation crop yield enhancer for cash crops, vegetables and paddy), **“Godrej Vipul Booster”** (highly effective plant growth promoter), **“Godrej Combine”** (new generation growth promoter for viticulture), **“Godrej Organic Manure Mixture”** (balanced manure that enhances the quality of soil), **“Double”** (new generation crop yield enhancer for cash crops, vegetables and paddy), and **“Hitweed”** (a broad leaf herbicide for cotton). As part of the initiative to be a one-stop solution provider to Indian farmers, GAVL has ventured into providing maize seeds to

farmers. This line of activity was started in the last quarter of FY 2009-10 as a pilot, and has yielded good results with revenue of over Rs. 1 crore. This activity will be expanded in the coming years.

Agri- inputs revenue has increased by 20% over the previous year.

GIL currently holds 75.2% equity in Godrej Agrovet Limited.

Godrej Properties Limited (GPL)

GPL is one of the leading real estate development companies in India. The Company focuses on timely execution of residential, commercial and township developments in metros and upcoming centres.

GPL witnessed considerable momentum in sales in FY 2010

- ⊕ Approx. 1.89 mn sq. ft. of area was booked during the year.
- ⊕ 3.9 mn sq. ft. of developed area was handed over in FY 2010, significantly higher compared to 3.7 mn sq. ft. delivered from inception until FY 2009.
- ⊕ GPL is well placed to deliver higher sales year-on-year going forward.

Pan - India presence

- ⊕ Approx. 82 mn. sq. ft. of upcoming developable area.
- ⊕ Projects include residential, commercial and townships spanning across 10 cities in India.

Key Projects:

Godrej Garden City - Ahmedabad

- ⊕ GPL launched its first state of the art township in Ahmedabad in March 2010 which received an overwhelming response.
- ⊕ Booked approx. 1.3 mn. Sq. ft. of area within 10 days of the launch and Phase II expected to be launched in Q1 FY 2011.

Other important projects include Godrej Prakriti – Kolkata; Godrej Waterside - Kolkata
Godrej Coliseum – Mumbai; and Godrej Woodsman Estate, Bangalore

Awards and Accolades -

- ⊕ Planet Godrej received “Best Residential Project” award from CNBC.
- ⊕ Awarded ‘Best Business Practices’ by Accommodation Times.
- ⊕ Ranked #1 in the Real Estate & Construction category in the Great Places to Work survey 2009.
- ⊕ Ranked amongst Top 10 Construction & Real Estate companies by Construction World.

Consolidated Revenue, PBT and PAT for FY 2009-10 increased by 53%, 42% and 64% respectively compared to the previous year. Board has recommended a dividend of Rs. 4 per share (i.e. 40%), subject to shareholders' approval.

GIL currently holds 69.4% equity in GPL.

Godrej Consumer Products Limited (GCPL)

GCPL is one of the leading companies in the Indian FMCG market with presence in the personal and household care products. It is also one of the largest marketers of toilet soaps in the country with leading brands, such as **“Cinthol”**, **“Godrej Fairglow”** and **“Godrej No. 1”**. GCPL continues to be the second largest toilet soaps player with market share of 10.3% for FY 2009-10 compared to 9.4% last year.

GCPL acquired 49% stake in Godrej Sara Lee Limited (GSLL), an unlisted joint venture between the Godrej Group and Sara Lee Corporation USA earlier during the year. Subsequently, in May 2010 it entered into an agreement to acquire the remaining 51% stake. GSLL has a range of products that are complementary to GCPL's existing offerings and there is significant potential to derive synergies from the combined operations. GCPL has also been able to acquire strong, local, personal and household care brands in key emerging markets. It has acquired **Megasari**, a leading FMCG player in household care sector in Indonesia and has agreed to acquire **Tura**, a leading personal care player in Nigeria and **Issue Group** - leader in hair colour segment in Argentina with a strong presence in other Latin American countries.

GCPL forayed into the Hand Hygiene category with the launch of **“Godrej Protekt”**, hand sanitizers, hand wash and wipes. **“Godrej Protekt”** hand sanitizer integrates the “Insta sanitize Technology” that kills 99.99% of the most common illness causing germs in 15 seconds.

GCPL launched two new variants – Lime and Aloe Vera and moisturising soap with milk cream and almond under the brand **“Godrej No. 1”**. Under the **“Cinthol”** brand portfolio, two new deo sprays ‘Rainstorm’, contemporary aquatic fragrance of lemon and bergamot and ‘Unleash’, a spicy woody fragrance built on a base of cedar wood, with a touch of leather and **‘Cinthol’** skin protection talc was launched in South India. **“Godrej Renew”** brand added two new shades i.e. Plum Crazy and Wine Red.

Under the International business, GCPL launched ‘Evolution’ range of hair pieces to address the mass market segment. GCPL introduced **“Godrej No. 1”** soap in South Africa and two new colours under the **‘Inecto’** range.

Consolidated Revenue, PBDIT, PBT and PAT for FY 2009-10 increased by 47%, 94%, 101% and 97% respectively over the previous year. GCPL declared fourth interim dividend of Re. 1.25 per share (i.e. 125%) totaling to 425% for FY 2009-10. EPS for the year 2009-10 was higher at Rs. 11.3 per share as compared to Rs. 6.8 per share in the previous year.

Godrej Hershey Limited (GHL)

GHL with its subsidiary Nutrine Confectionery Company, is into the production and sale of fruit pulp, tomato puree, fruit juices, nectars and drinks, other beverages and confectionary products and sale of refined vegetable oils and vanaspati (hydrogenated vegetable oil).

“Nutrine Lollipop” was relaunched with an innovative packaging and received excellent response from trade and consumers, thereby doubling the sales. **“Nutrine Froot Shoot”** was relaunched with modern and contemporary packaging. Trade activation on Nutrine Éclair yielded good results. GHL entered into the spicy/tangy segment of fruit candies with the launch of **“Nutrine Chatkeeli Imli”**. Trade activation on **“Nutrine Éclair”** too yielded good results.

GHL had a customer relationship program ‘Meet & Greet Dhoni’ held for Maha Lacto in Chennai which was attended by over 2000 channel partners. A consumer promotion program was launched in which kids were invited to meet their idol M. S. Dhoni. The program saw an overwhelming response in many states.

Revenues from **“Hershey Milk Mix”** for the year under review recorded an increase of 82%. **“Jumpin”** sales grew by 13% compared to the previous year.

GIL holds about 43.4% equity stake in GHL.

About Godrej Industries Limited

Godrej Industries Ltd. is part of the Godrej group, one of the leading business groups in India and is in the businesses of oleo-chemicals, surfactants, edible oils, fats, processed foods, finance & investments and estate management. It has substantial interests in several industries including property development, oil palm plantation, animal feeds and agro-products, poultry, personal care and household care, confectionery, branded tea, etc., through its subsidiaries, associate companies and joint ventures.

For more information on the Company, please log on to www.godrejinds.com

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