



CONSUMER PRODUCTS LIMITED

Regd. Office: Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079

Results communication - Q1 FY 2010

Mumbai, 25 July 2009

## ***Brighter Living! Brighter Performance!***

*Consolidated Q1 FY2010 Net Sales up 21% PAT up 78%*

*Board of Directors recommend 100% interim dividend*

*New launches, Strong rural thrust enhance scale and drive growth*

*Hair color market share up at 34.8% and Soap market share up at 10.1% in June'09*

*Board approves the proposed acquisition of 49% stake in Godrej Sara Lee Ltd.*

Godrej Consumer Products Ltd, one of the leading companies in the FMCG sector with a presence in the Personal & Household Care segment, today announced its financial results for the first quarter ended 30 June 2009.

### **Highlights Q1 FY2009-10 (Consolidated)**

- Sales revenues (net of excise) higher by 21% at Rs. 439 crore
- PBIDT up 64% to Rs. 97 crore;
- PBT increases by 80% to Rs. 88 crore
- PAT up by 78% to Rs. 70 crore
- EPS (not annualized): Rs. 2.71
- Board of Directors recommend an interim dividend of 100%
- Cinthol Rainstorm and Unleash Deo Sprays introduced
- Godrej No. 1 Lime and Aloe Vera launched
- Godrej Nupur Mehendi relaunched with new and improved formulation
- International business does well despite a challenging environment
- Kinky sales grew by 22 % over Q1FY 09; Rapidol sales grew by 11 % over Q1FY09; Keyline sales grew by 18 % over Q1FY 09 (in Foreign Currency)

Commenting on the results, Mr. Adi Godrej, Chairman, GCPL, said, "I am happy to report strong revenue and profit growth despite the challenges in the macro environment. The benefits of our thrust on enhancing presence in smaller towns and rural areas are already becoming visible. There continue to be several untapped markets which we believe offer considerable opportunity. Both toilet soap and hair colors have shown healthy growth combined with encouraging improvement in marketshare.

*Equally heartening is the performance of our international businesses both in UK and Africa, which have done well despite the economic headwinds.*

*Combined with our thrust on expanding our continuing business we continue to explore accretive inorganic opportunities. I remain confident of our ability to deliver strong growth and enhanced stakeholder value”*

## **FINANCIAL OVERVIEW (Consolidated)**

### **Q1 FY2009-10(Apr - June 2009) v/s Q1 FY2008-09(Apr - June 2008)**

- Sales revenue (net of excise) increased by 21% to Rs. 438.9 crore from Rs. 361.6 crore
- Profit before Interest, Depreciation and Tax (PBIDT) up 64% at Rs. 96.6 crore compared with Rs.58.8 crore
- Advertisement and Publicity increased by 26% to Rs. 43.3 crore compared to Rs. 34.3 crore due to activities undertaken around the new launches
- Profit Before Tax (PBT) higher by 80% at Rs. 87.6 crore as compared to Rs. 48.7 crore
- PAT increased by 78% to Rs. 69.7 crore from Rs. 39.1 crore
- EPS at Rs. 2.71 compared to Rs.1.62 (Both figures not annualized)

## **FINANCIAL OVERVIEW (Standalone)**

### **Q1 FY2009-10 (Apr - June 2009) v/s Q1 FY2008-09(Apr - June 2008)**

- Sales revenue (net of excise) increased by 22% to Rs. 339.8 crore from Rs. 277.7 crore
- Profit before Interest, Depreciation and Tax (PBIDT) up 70% at Rs. 78.6 crore compared with Rs. 46.2 crore
- Advertisement and Publicity increased by 30% to Rs. 28.7 crore compared to Rs. 22.1 crore
- Profit Before Tax (PBT) higher by 85% at Rs. 73.0 crore as compared to Rs. 39.4 crore
- PAT up by 76% at Rs. 60.3 crore compared to Rs. 34.3 crore in Q1 FY2008-09
- EPS at Rs. 2.35 as compared to Rs. 1.42 (Both figures not annualized)

The Board of Directors of the Company has recommended an interim dividend of 100% for the quarter under review.

## OPERATIONS

### DOMESTIC BUSINESS:

#### Soaps

- GCPL continues to be the second largest toilet soaps player in the country .The market share for June'09 increased to 10.1% and for the quarter under review improved to 9.8% from 9.1% in Q1-FY08-09. Sales growth in Q1 FY09-10 was strong at 27%
- A new variant from the Godrej No. 1 stable, namely Godrej No. 1 Lime and Aloe Vera for fresh, soft skin during the summer was launched. With this, Godrej No. 1 soap is now available in 8 variants
- Vegetable oil prices have declined considerably YOY
- Thrust to improve rural reach
- Focus on small packs.

#### Hair Colorants

- Market share increased to 34.8% in June'09 and was at 34.4% for the quarter under review. The business grew at 20%, close to 6% more than the industry growth rate.
- Godrej Expert Powder and Liquid Hair Colours, Renew and PHD perform impressively
- Godrej Nupur Mehendi was re-launched in a new and improved formulation. The product includes nine natural herbs valued for hair care benefits

#### Toiletries

- The Cinthol brand portfolio has been expanded with the launch of two new deo sprays 'Rainstorm' and 'Unleash'. Rainstorm is a contemporary aquatic fragrance with undertones of lemon and bergamot while Unleash has a spicy woody fragrance built on a base of cedar wood, with a touch of leather.

## **INTERNATIONAL BUSINESS:**

### **Godrej Netherlands B.V. (Consolidated)\***

- Revenues improved 9% from Rs 61.2 cr to Rs 66.9 cr. On a GBP basis, revenue for the quarter amounted to GBP 8.78 million compared to GBP 7.45 million in the same quarter of the previous year with growth of 18%
- PAT increased 9% to Rs 7.2 cr. On a GBP basis, PAT for the quarter stood at GBP 0.95 million compared to GBP 0.81 million, in Q1 FY2008-09 with growth of 17%

\* Comprises Performance of Godrej Netherlands BV, Godrej Consumer Products (UK) Limited, Keyline Brands Limited & Inecto Manufacturing Limited

### **Rapidol Pty Ltd.**

- Q1 FY10 sales were 20% higher YOY at Rs 13.9 cr. In terms of ZAR, Sales for the quarter were ZAR 23.93 million as compared to ZAR 21.56 million in the same quarter of the previous year with growth of 11%
- Q1 FY10 PAT increased 79% to Rs 2.5 cr. In terms of ZAR, PAT for the quarter amounted to ZAR 4.25 million as compared to ZAR 2.66 million in Q1 FY2008-09 with growth of 60%

### **Godrej Global Mideast FZE (GGME)**

- Sales for the quarter were higher by 38% while PAT improved 100%
- On an AED basis Sales increased 18% to AED 2.98 million compared to AED 2.53 million in the corresponding previous quarter while PAT for the quarter under review was AED 0.14 million compared to AED 0.02 million in the corresponding previous quarter

### **Kinky Group (Proprietary) Ltd. (Kinky)**

- For the quarter under review the Company's sales amounted to ZAR 27.8 million, and PAT was at ZAR 3 million.
- Kinky sells a variety of products which include hair, hair braids, hair pieces, wigs and wefted pieces along with hair accessories like styling gels, hair sprays and oil free shampoo.
- Kinky products are manufactured at plants located in South Africa Durban and the final products are sold through cash n carry outlets and owned stores.

### **Godrej Sara Lee Limited**

- In May 2009, the Board of directors of Godrej Consumer Products approved the proposed acquisition of 49% stake in Godrej Sara Lee Limited (GSL). GSL is a 49:51 joint venture between the Godrej Group and Sara Lee corporation
- The proposed acquisition will be through the merger of Godrej ConsumerBiz Private Limited (GCBPL) and Godrej Hygiene Care Private Limited (GHCPL) [100% subsidiaries of Godrej & Boyce Manufacturing Co. Ltd & Godrej Industries Limited respectively] into Godrej Consumer Products Limited.
- On the proposal for the merger being approved, GCBPL and GHCPL's holding of 29% and 20% respectively in Godrej Sara Lee Limited ('GSL') will be transferred to GCPL. Resultantly, GCPL will issue its 10 shares to the shareholders of GCBPL for every 11 shares and 10 shares to the shareholders of GHCPL for every 11 shares.
- The appointed date of the merger is June 1, 2009 and pursuant to the merger, assets and liabilities of GCBPL and GHCPL will be transferred to GCPL

### **Other corporate developments**

- ICRA has reaffirmed the CGR2+ rating to the Corporate Governance Practices of the Company. This is on a rating scale of CGR1 to CGR6 where CGR1 denotes the highest rating. The + sign indicates a relatively higher standing within the category indicated by the rating. The CGR2+ rating implies that in ICRA's current opinion, the rated Company has adopted and follows such practices, conventions and codes as would provide its financial stakeholders a high level of assurance on the quality of corporate governance.
- ICRA has reaffirmed the SVG1 rating for Stakeholders Value Creation and Governance practices of the Company. This is on a rating scale of SVG1 to SVG6 where SVG1 denotes the highest rating. The SVG1 rating implies that in ICRA's current opinion, the rated Company belongs to the Highest Category on the composite parameters of stakeholder value creation and management as also corporate governance practices.

### **Outlook and strategy**

Going forward the Company is confident of delivering continued strong growth and in this regard it has defined a four pronged strategy

- Strong thrust on widening and deepening penetration in the rural areas and small towns
- Enhanced focus on three power brands namely Godrej No. 1, Godrej Expert and Cinthol
- Expanding portfolio of lower priced SKUs
- Identifying viable accretive inorganic opportunities for growth

*---Ends---*

## About Godrej Consumer Products Limited

Godrej Consumer Products Limited. (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. The Company has manufacturing facilities at Malanpur (Madhya Pradesh) Baddi- Thana (Himachal Pradesh), Baddi- Katha (Himachal Pradesh), Sikkim and Guwahati (Assam). With the acquisition of 100% ownership of Keyline Brands Limited, an FMCG Company in the United Kingdom, GCPL now owns international brands and trademarks in developed markets that include Europe, Australia and Canada. The acquisition of Rapidol (Pty.) Ltd., South Africa has given GCPL ownership of Inecto and other brands in several African countries. GCPL also fully owns Godrej Global Mideast FZE. With the acquisition of Kinky Group (Proprietary) Ltd., one of the leaders in the South African hair business, GCPL has also gained entry into a new line of business in the hair product portfolio.

### For further information contact:

P Ganesh/ K. Suryanarayan  
Godrej Consumer Products Ltd  
Tel.: +91 22 2519 4698  
Fax: +91 22 2518 8103/ 40  
e-mail: p.ganesh@godrejcp.com  
kr.suryanarayan@godrejcp.com

Gavin Desa/Khushnum Pestonji  
Citigate Dewe Rogerson  
Tel.: +91 22 4007 5037/5023  
Fax: +91 22 2284 4561  
e-mail: gavin@cdr-india.com/  
khushnum@cdr-india.com

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