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FINANCIAL OVERVIEW

1Q FY 2016 consolidated organic constant currency net sales increased by 13%, led by 13% volume growth and 1% organic value growth across core categories

1Q FY 2016 consolidated organic constant currency EBITDA increased by 32%, driven by a robust growth of 23% in the India business and 44% in the international business

1Q FY 2016 consolidated net profit without exceptionals and one-offs increased by 53%

GCPL continues to deliver competitive performance in its core categories, across geographies

GCPL 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 1.00 per share)

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## CHAIRMAN'S COMMENTS

### Commenting on the financial performance of 1Q FY 2016, Mr. Adi Godrej, Chairman, Godrej Group, said:

We have had an encouraging start to FY 15-16 and have delivered strong volume led growth coupled with robust profit growth. We continue to grow ahead of the market gaining share across our key categories and geographies.

We continued to strengthen our leadership position across our core categories. In the first quarter, our India business branded net sales grew by 13%. This was driven by a healthy volume growth of 13%. Our international business (in organic constant currency terms) too grew by 13%, despite the macro challenges and slowdown in a few of our larger markets. Our consolidated EBITDA (in organic constant currency terms) grew by 32%. This was aided by lower commodity costs, the impact of our cost transformation programs and effective leveraging of our brand platforms.

We are seeing early signs of consumer demand picking up in India. We remain optimistic that as the economy continues to gain pace, the growth in the FMCG sector this year will be better than last year. Though the macro-economic environment in some of our international markets remains challenging, we are confident of delivering ahead of market, profitable growth in these geographies. We will accelerate the pace of new launches and enhance our go to market infrastructure. We will also continue to manage our costs prudently in the near term, while investing for the future. Overall, we will strive to deliver a stronger operating performance in fiscal year 2016.

The medium and long-term growth prospects in India and our other emerging markets remain robust. We believe that there is still a lot of headroom for growth across these markets, given the low penetration and consumption rates in our core categories. 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 in the future.

## BUSINESS REVIEW - INDIA

### Performance Highlights

- 1Q FY 2016 India net sales increased by 12% to INR 1,095 crore  
- India branded net sales increased by 13%, driven by 13% volume growth
- 1Q FY 2016 EBITDA increased by 23% to INR 180 crore

- 1Q FY 2016 net profit without exceptionals and one-offs increased by 30% to INR 136 crore

## Category Review

### Household Insecticides

Household Insecticides continued to deliver a strong performance, with a double-digit, volume-led sales growth of 15%. This was aided by the success of new launches and deeper penetration. Our focus on innovation, backed by superior execution, resulted in market share gains across formats. We recorded our highest ever overall market share this quarter. Gross margins benefited from lower crude oil prices and have improved significantly.

### Soaps

Our Soaps business sustained its healthy momentum, with a double-digit volume and mix driven sales growth of 13%. Cinthol's strategy of focusing on functional benefits in the premium segment, supported by 360-degree activations, delivered encouraging results. Godrej No. 1 continued its positive momentum, led by its re-launch and new positioning as "India's No.1 purest soap". Gross margins during the quarter benefited from lower palm oil prices and have improved significantly.

### Hair Colours

Hair Colours delivered a consistent, double-digit, volume driven sales growth of 12%. Godrej Expert Rich Crème continued to gain market share due to increased penetration. Nupur Coconut Henna Crème, launched this quarter, has been introduced to address the demand from herbal-based powder users and up-trade existing hair colour users.

### Air Fresheners

Godrej aer, our air freshener brand, continues its strong sales and distribution ramp up. This has been aided by our innovative gel format technology and various consumer engagement initiatives. aer is now the number three player in the air care market. We continue to focus on increasing distribution and driving consumption.

### Health and Wellness

Our Health and Wellness portfolio of hand washes, a hand sanitiser and anti-mosquito spray, under Godrej Protekt, continues to be well received in modern trade.

## BUSINESS REVIEW - INTERNATIONAL

### Indonesia

Growth in our Indonesian business was impacted by the macro-economic slowdown in the country. We recorded a constant currency sales growth of 8% and an ex-Foods business sales growth of 13%. This outperformed the flat FMCG industry growth in Indonesia. Our operating margins (EBITDA) increased by 560 bps year-on-year, led by lower crude oil prices and the rationalisation of marketing and sales promotion investments. We launched new compact Hit aerosols this quarter.

### Africa

We have a business presence in countries in East, West and Southern Africa, across the hair extensions, hair colours, household insecticides and personal wash categories. Our Africa business operating margins (EBITDA) declined by 130 bps year-on-year due to a planned lag between price increases and increases in input costs, led by continuing currency depreciation. This planned lag has helped deliver strong constant currency sales growth of 40% in Darling business.

### Latin America

Our Latin America business sustained its strong sales growth momentum, with a growth of 29%, in constant currency terms. This was driven by the success of new launches and superior on-ground execution. Our operating margins (EBITDA) improved to 9%, which is our highest ever first quarter margin. The margin expansion of 570 bps year-on-year was mainly driven by the implementation of Project Iceberg and price increases. Our market share in hair colour in Argentina has increased due to the robust performance of our Issue brand. The successful launch of Illicit Ammonia Free Hair Colour has aided an increased market share in Chile.

### Europe

Our European business had a relatively weak quarter. Constant currency sales de-grew by 2%, due to the impact of adverse weather for most of the quarter. Our operating margins (EBITDA), however, improved by 70 bps year-on-year, led by a better mix and rationalisation of spends. We are working on listing our products in more modern trade outlets and new product launches / re-launches to accelerate our medium to long term growth.

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 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, Kinky and Frika 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 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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