Performance Update - 1Q FY18

July 31, 2017

Godrej | CONSUMER PRODUCTS

PERFORMANCE UPDATE

1. *Executive Summary - Key Highlights*
2. Business Overview - India
3. Business Overview - International

1Q FY18 FINANCIAL PERFORMANCE

Growth y-y	Consolidated Business	India Business	International Business
Net Sales	3%	6%	1%
Net Sales – Constant Currency	8%	6%	11%
Net Sales – Organic*	1%	6%	(3%)
Net Sales – Organic Constant Currency*	6%	6%	7%
EBITDA	(9%)	(3%)	(12%)
EBITDA – Constant Currency	(4%)	(3%)	(5%)
Net Profit	(8%)	(2%)	(12%)
Net Profit without exceptional items	(9%)	(2%)	(13%)

* Excludes Strength of Nature (USA) inorganic sales of ₹44 crore

EXCEPTIONAL ITEMS

	1QFY18			1QFY17		
	Consolidated	India	International	Consolidated	India	International
Reported net profit	**225**	**150**	**81**	**246**	**153**	**92**
Exceptional (post tax)						
Restructuring cost in Latin America and Africa	5		5	6		6
Net Profit without exceptional items	**230**	**150**	**86**	**252**	**153**	**98**

All values in ₹ crore

BRIDGE BETWEEN REPORTED TO OPERATING EBITDA

	India	International	Indonesia	Africa (incl. SON & ME)	LATAM	Europe
1QFY18 Reported EBITDA Margin (%)	17.0%	14.1%	19.4%	14.9%	1.3%	14.7%
Business support charges, Royalty & Technical fees (₹ crore)	(8.0)	8.0	1.7	5.3	0.3	0.7
1QFY18 Adjusted EBITDA Margin (%)	**16.4%**	**14.8%**	**20.0%**	**15.9%**	**1.5%**	**15.2%**
1QFY17 Adjusted EBITDA Margin (%)	17.5%	17.3%	23.9%	16.7%	7.6%	12.6%
Change in EBITDA Margin (bps)	(110)	(250)	(390)	(80)	(610)	260

KEY BALANCE SHEET DATA

Particulars	Units	June 30, 2017	March 31, 2017
Working Capital (ex-Cash & Equivalents)	₹ crore	689	478
Working Capital	Days	28	18
Cash & Equivalents	₹ crore	1,329	1,811
Debt denominated in INR	₹ crore	447	149
Debt denominated in USD	₹ crore	3,590 (USD 556m)	3,840 (USD 592m)
Debt denominated in other currencies	₹ crore	8	12
Total Debt	₹ crore	4,045	4,001
Other Financial Liabilities	₹ crore	1,200	1,214
Shareholder's Equity	₹ crore	5,036	5,302
Capital Employed	₹ crore	10,282	10,517
Net Debt / Equity	(x)	0.78	0.64
ROE	(%)	18.3*	24.5
ROCE	(%)	13.1*	17.4
Operating ROCE	(%)	42.0*	53.5

*1QFY18 annualised

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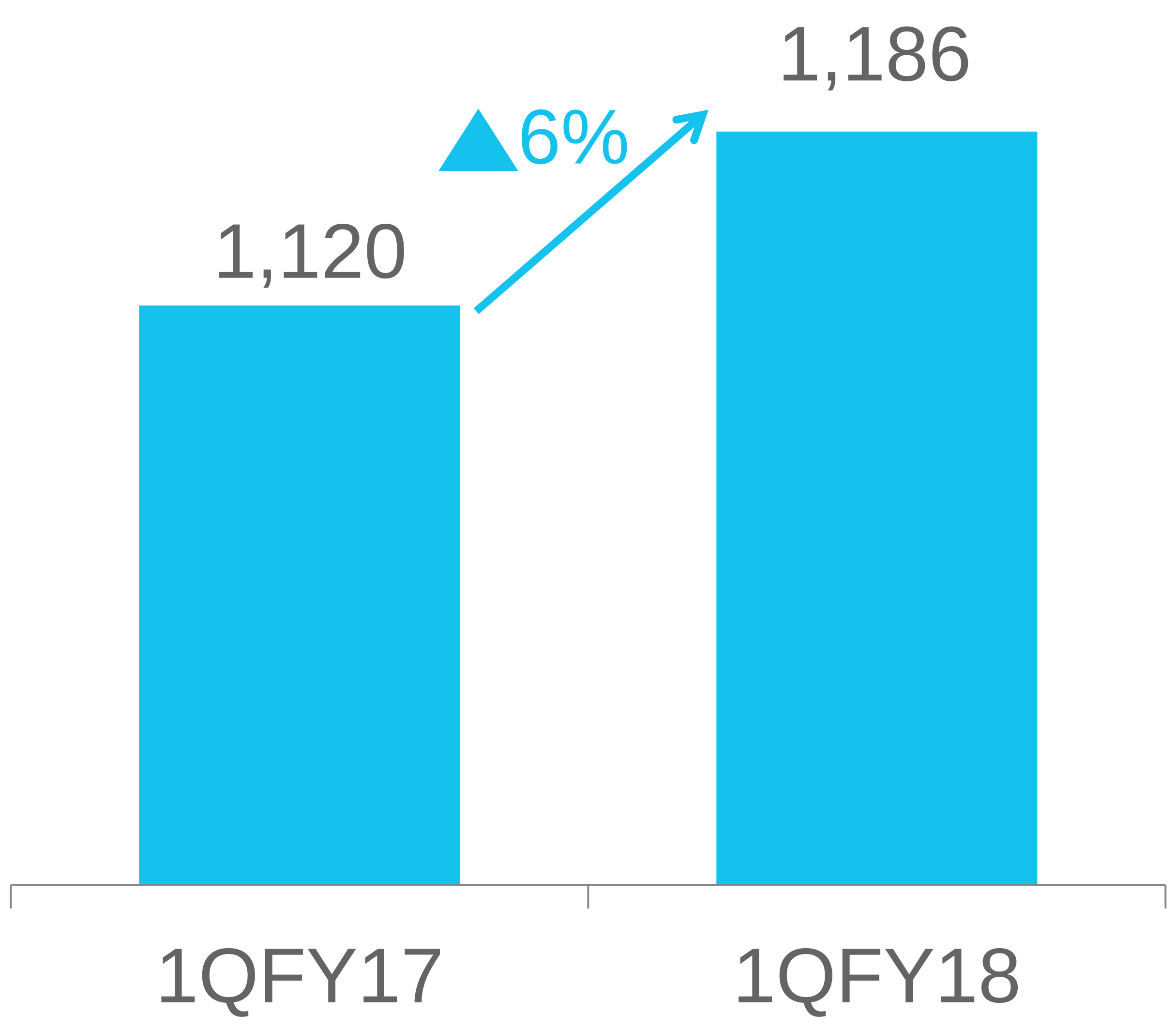
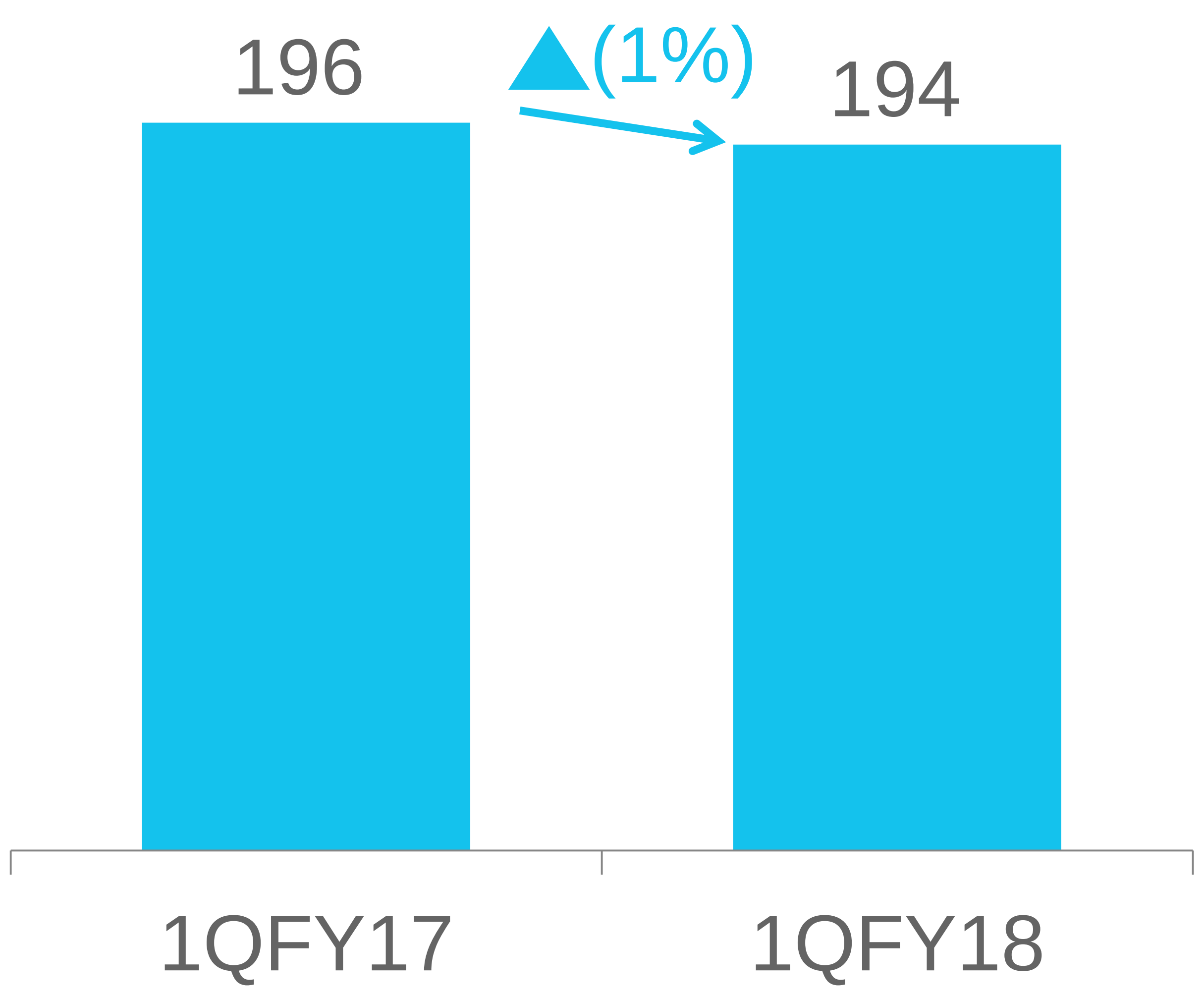
STRONG, AHEAD OF MARKET TOPLINE GROWTH DESPITE GST DRIVEN DOWN STOCKING

- Primary sales growth of 6% and secondary sales growth of 9%
- Healthy upfront marketing investments to support recent new launches
- Adjusted EBITDA drop of 110 bps impacted by upfront marketing investments (100 bps) and manufacturing unit transition related higher excise duty (100 bps)



Net Sales



Adjusted EBITDA

All values in ₹ crore

HEALTHY GROWTH ACROSS CATEGORIES

India Business	Sales (₹ crore)	Growth (year-on-year)
Household Insecticides	410	4%
Soaps	504	7%
Hair Colours	171	5%
Other Brands	110	20%
Unbranded and Exports	57	14%
Total	1,251	7%
Sales and trade promotion spends, etc to be netted off from Sales as per Ind AS	(65)	29%
Gross Sales	**1,186**	**6%**
Branded Volume Growth	**-**	**Flat**

RELATIVELY SOFT PERFORMANCE IN HOUSEHOLD INSECTICIDES

- Primary sales growth of 4% while secondary sales growth of 7%. Sales growth impacted by GST led cautiousness in trade in June 2017.
- Continue to drive improvement in category penetration rates and make competitive brand investments
- Recently launched HIT Gel Stick scaling up in the market

STRONG DOUBLE-DIGIT VOLUME LED GROWTH IN EXPERT CRÈME CONTINUES

- Primary sales growth of 5% while secondary sales growth of 9%. Sales growth impacted by GST led cautiousness in trade in June 2017.

- Crème hair colours grew in high teen digits led by double-digit volume growth in Godrej Expert Rich Crème and scale up of BBLUNT

- Godrej Expert Rich Crème continues to consistently deliver double-digit volume growth, gain market share and increase penetration levels

STRONG GROWTH IN SOAPS

- Primary sales increase by 7% while secondary sales growth of 10% led by price increases and withdrawal of consumer offers. Volumes decline in high single digits while volumes ex-consumer offers were flattish.

- Effective micro marketing initiatives, communication campaign supported by 360 degree activations driving superior performance

- Cinthol continues to grow faster than Godrej No. 1 and premiumise our Soaps portfolio

NEW LAUNCHES CONTINUE TO PERFORM WELL

PREMIUMISING OUR PORTFOLIO

BBLUNT
Salons + Products + Expertise

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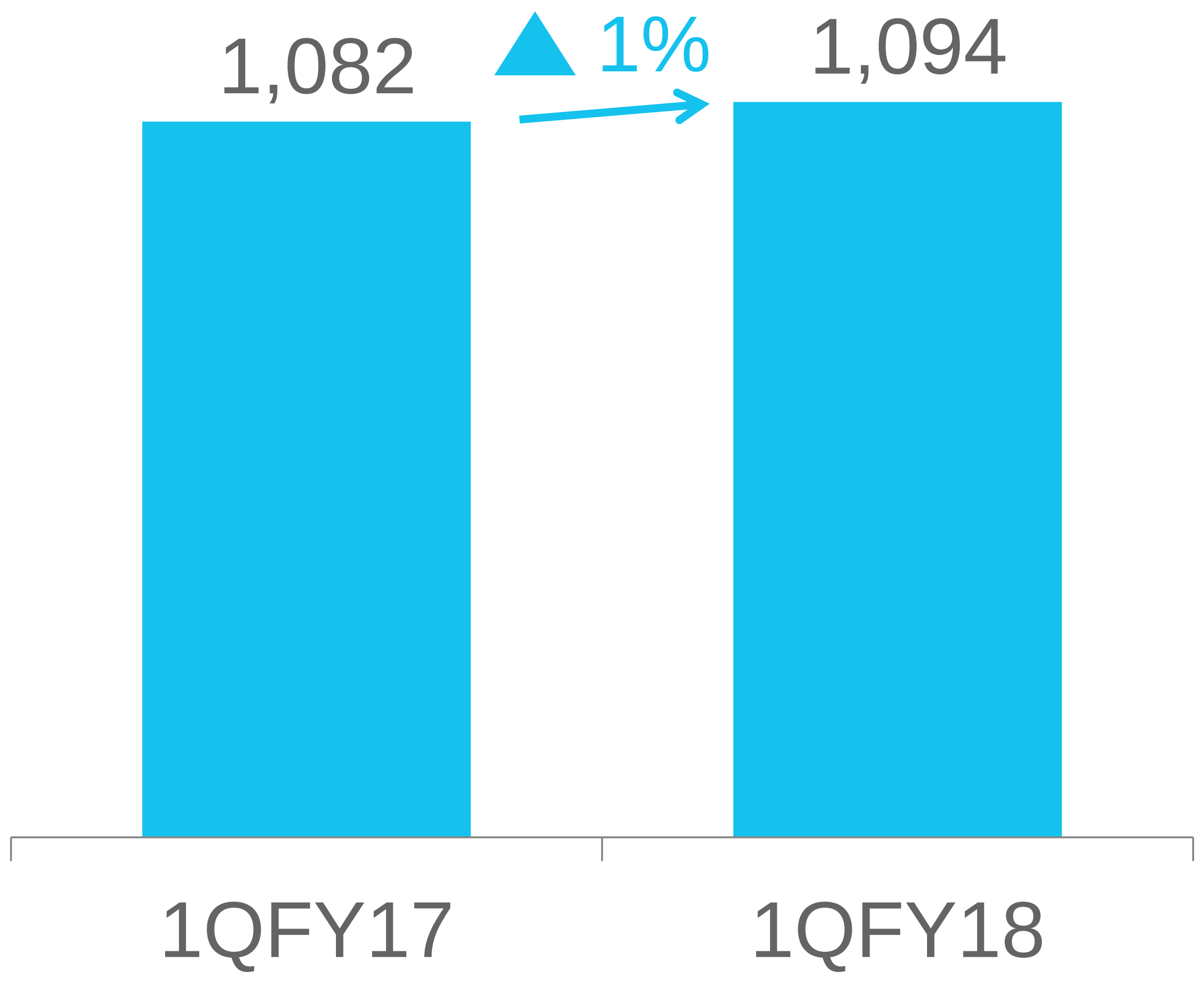
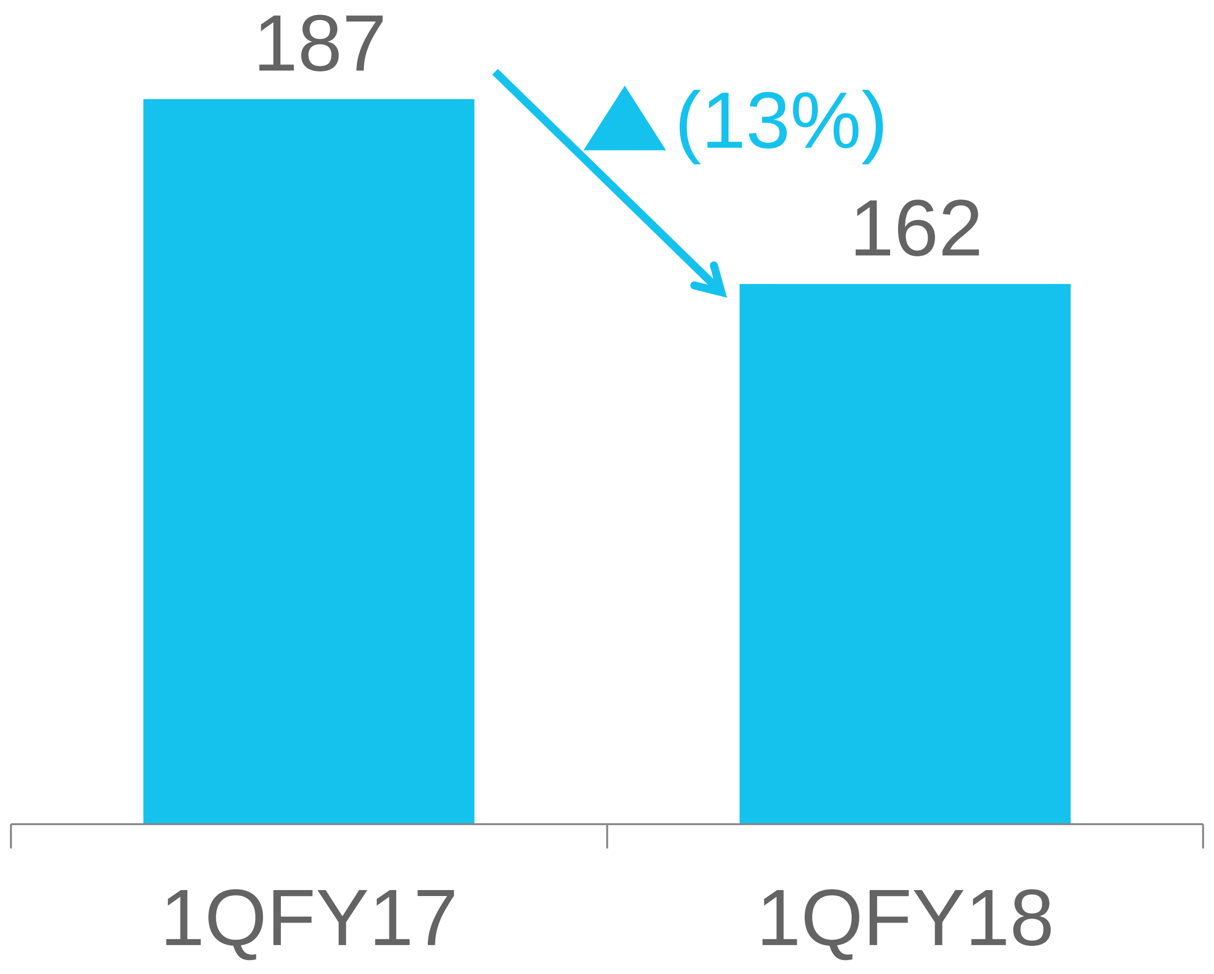
LEVERAGING PORTFOLIO TO DELIVER CONSISTENT GROWTH

- International business delivers organic constant currency sales growth of 7% driven by Africa and Europe
- Adjusted EBITDA margin of 14.8% declines 250 bps year-on-year



Reported Sales



Adjusted EBITDA

All values in ₹ crore

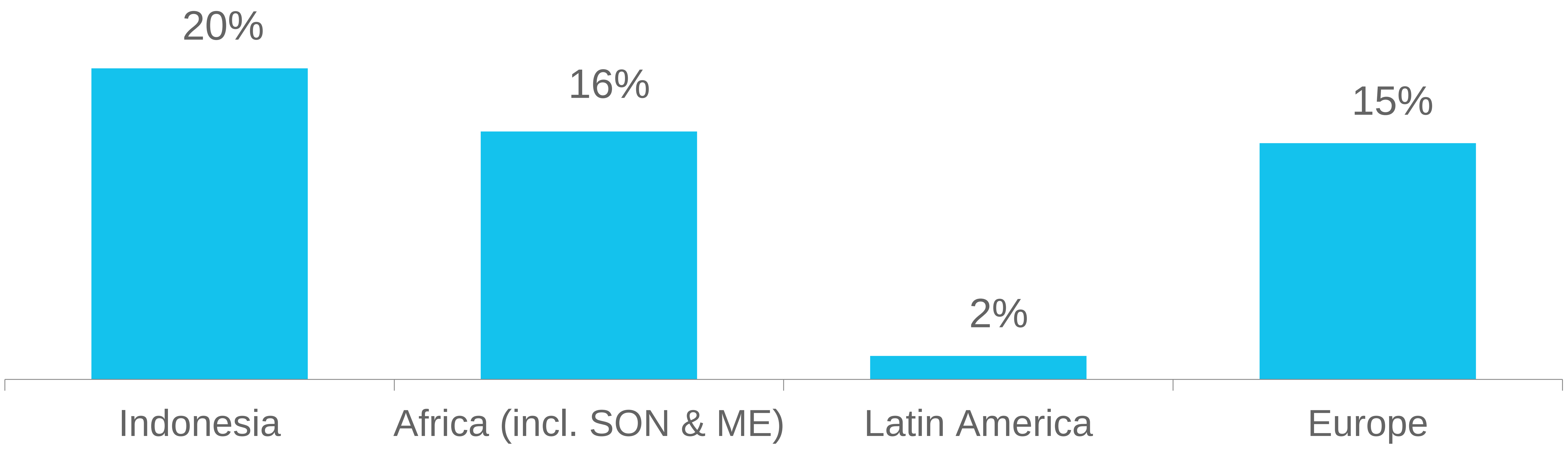
GROWTH LED BY AFRICA AND EUROPE

International Business	Sales (₹ crore)	Growth (year-on-year)	Constant Currency Growth (year-on-year)
Indonesia	323	(14%)	(11%)
Africa (incl. SON & Middle East)*	512	13%	26%
Latin America	105	(5%)	4%
Europe	136	6%	24%
Others**	18	19%	28%
Total Net Sales	**1,094**	**1%**	**11%**

* Includes Strength of Nature (USA) inorganic sales of ₹ 44 crore
** Others include Sri Lanka and Bangladesh

TEMPORARY MARGIN PRESSURES

Adjusted EBITDA Margin



year-on-year change	(390) bps	(80) bps	(610) bps	+260 bps

WEAK PERFORMANCE IN INDONESIA

- Constant currency sales decline of 4% before sales promotion spends and 11% after netting off of sales promotion spends

- Sales growth impacted by:
  - Higher sales promotion spends in Household Insecticides in response to high sales promotion intensity by competition
  - Around 10% lesser trading days due to Lebaran festival holidays in June 2017 compared to July 2016

- Adjusted EBITDA margin declines by 390 bps behind higher sales promotion spends impact of 600+ bps and scale de-leverage

- Initial response to Stella pocket encouraging. New launches planned in 2QFY18.

CONSISTENT, DOUBLE-DIGIT GROWTH CONTINUES IN AFRICA (INCL. SON & MIDDLE EAST)

- Constant currency sales growth of 26% in Africa (incl. SON & ME) business led by:
  - i) inorganic sales of INR 44 crore from Strength of Nature (SON)
  - ii) organic constant currency sales growth of 16%

- Hair extensions continues to deliver double-digit growth

- Adjusted EBITDA margin declines by 80 bps y-y behind upfront investments in scaling up wet hair care

- Started local manufacturing of wet hair products in East Africa

SOFT QUARTER FOR LATIN AMERICA

- Constant currency sales growth of 4% driven by high-teen growth in Argentina and low double-digit decline in Chile

- Adjusted EBITDA margin declines by 610 bps y-y due to scale de-leverage in Chile, upfront A&P investments and higher G&A expenses in Argentina

- Re-launched Issue hair colours in Argentina and introduced a new range of cosmetic products and extensions in Chile

ROBUST PERFORMANCE IN EUROPE

- Constant currency sales increase by 24% led by strong growth in own brands and distributed brands

- Adjusted EBITDA margin increases by 260 bps y-y driven by positive operating leverage

1Q FY2018 REPORTED PERFORMANCE SNAPSHOT

	India			Consolidated		
	1QFY17	1QFY18	Y/Y	1QFY17	1QFY18	Y/Y
Sales	1,120	1,186	6%	2,192	2,267	3%
Gross Profit	565	584	3%	1,132	1,159	2%
Gross Margin (%)	*50.5%*	*49.3%*	*(120) bps*	*51.6%*	*51.2%*	*(40) bps*
EBITDA	208	202	(3%)	383	350	(9%)
EBITDA Margin (%)	18.6%	17.0%	(160) bps	17.5%	15.4%	(210) bps
Net Profit	153	150	(2%)	246	225	(8%)
Net Profit Margin (%)	*13.7%*	*12.6%*	*(110) bps*	*11.2%*	*9.9%*	*(130) bps*
EPS (INR)	2.24	2.20	(2%)	3.61	3.31	(8%)

All values in ₹ crore

MANAGEMENT CHANGES

Akhil Chandra has joined GCPL to assume the responsibility for leading the ASEAN cluster from Naveen Gupta. Akhil has worked with several global consumer companies for over two decades where he played various leadership roles across South East Asia and Europe. Akhil's prior roles include Global Category Head and Managing Director, India at Reckitt Benckiser. He has also had a significant stint at GSK Consumer Health Care. Akhil will be based in Jakarta.

Naveen Gupta will move to Dubai to lead the Africa cluster. Over the last 7 years, Naveen has done a great job leading our ASEAN cluster. He has been intimately involved in shaping our business there from making the acquisition in Indonesia, driving profitable growth and building a vibrant organisation.

Over the last 6 years, **Omar Momin** has been instrumental in defining our Africa growth blueprint and implementing our M&A agenda. Omar will continue to lead M&A at GCPL.

FOUR OF OUR BRANDS FEATURED IN THE MOST TRUSTED BRANDS 2016

4 of our brands ranked in 100 Most Trusted Brands 2016 by Brand Equity

HOUSEHOLD CARE	**Goodknight** Ranked 1st **HIT** Ranked 8th
PERSONAL CARE	**Cinthol** Ranked 11th
FABRIC CARE	**Godrej Ezee** Ranked 9th

WE HAVE BEEN CONSISTENTLY RECOGNISED AS A GREAT PLACE TO WORK

Recognised among the top 25 Best Workplaces in Asia
Ranked #12

Ranked among the Best Employers in India in 2017

Godrej South Africa has been certified amongst the Top Employers of South Africa

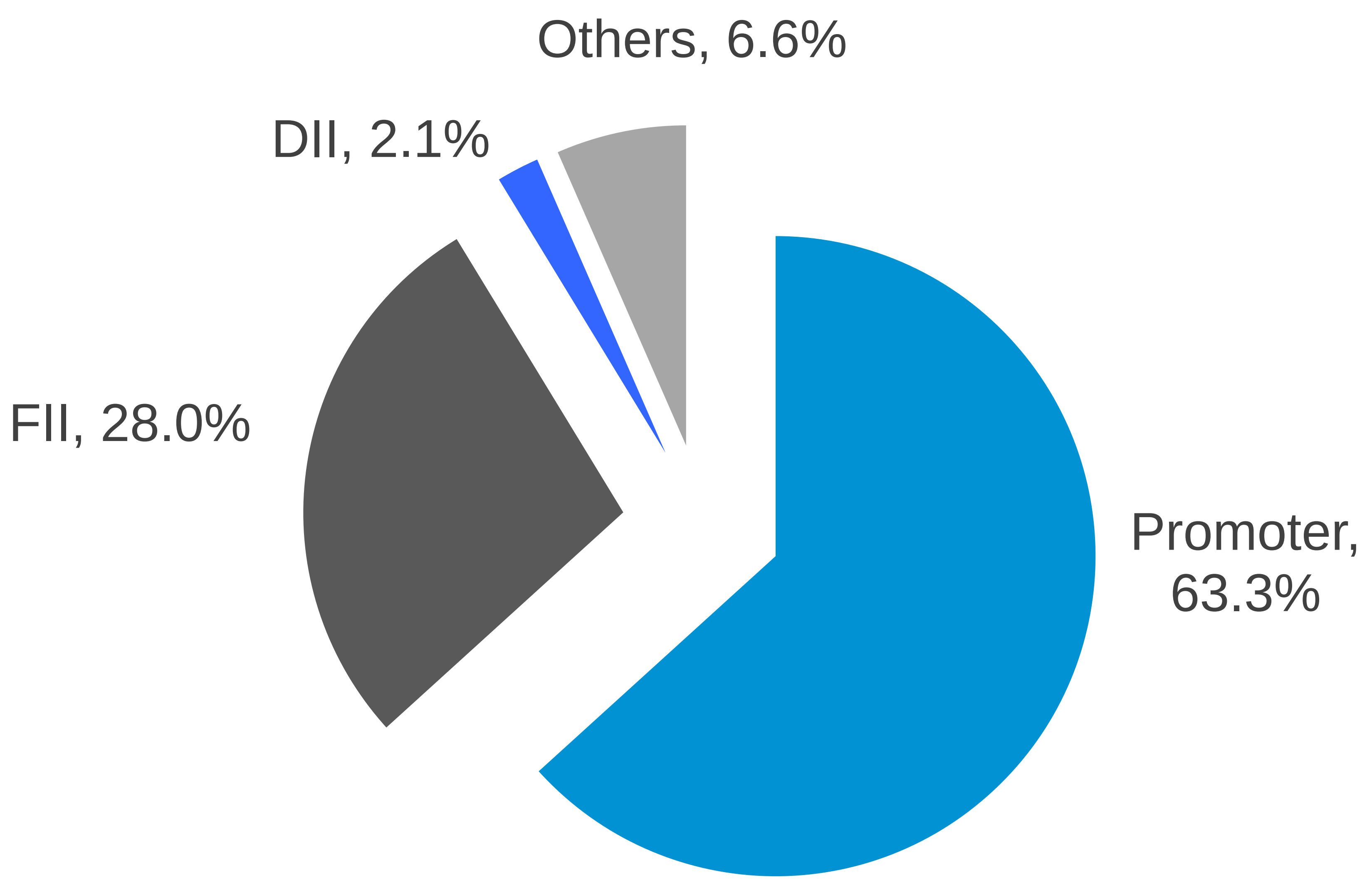
OTHER RECOGNITIONS

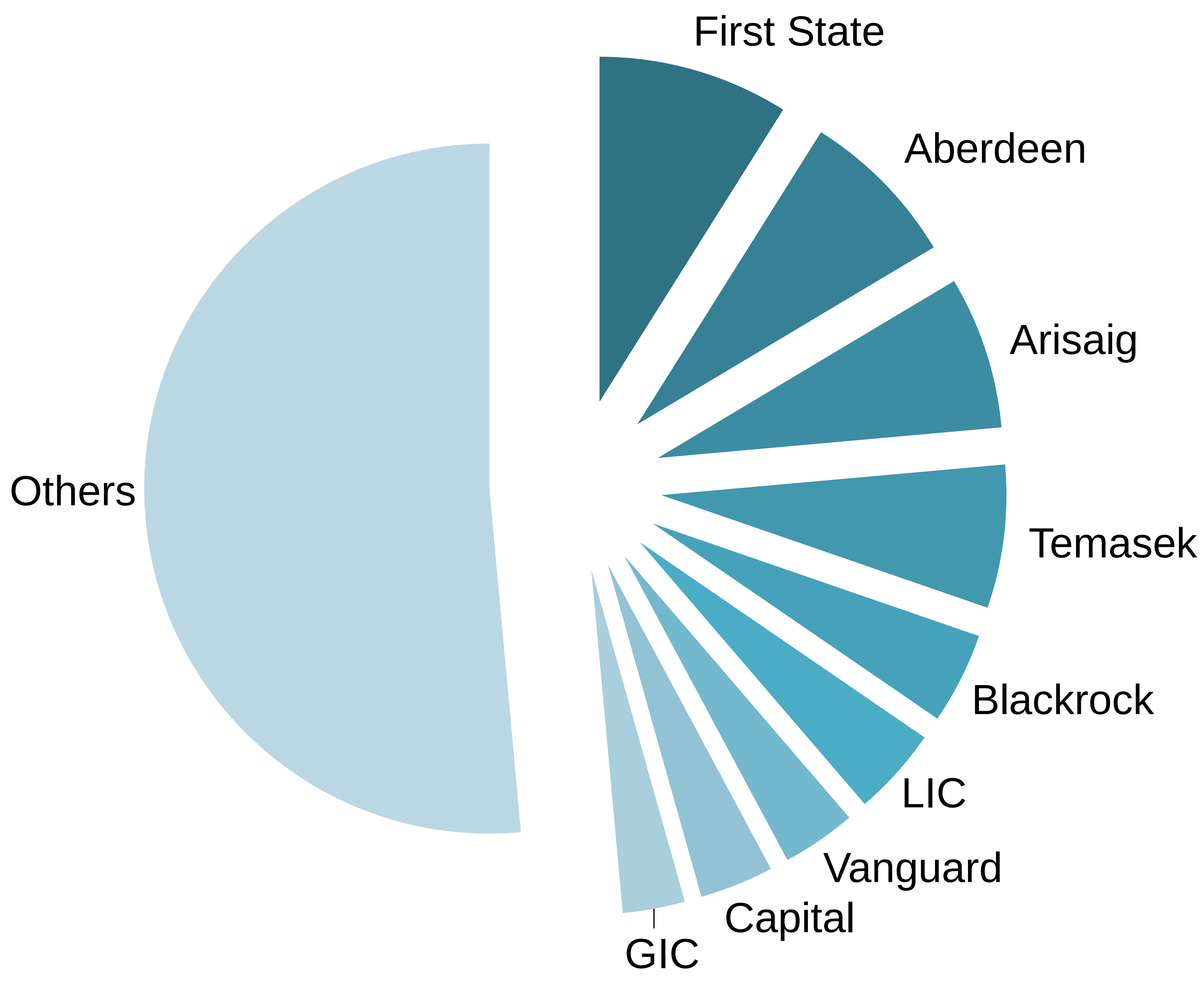
FTSE4Good Emerging Index is an extension to the FTSE4Good Index series, which is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices

GCPL efforts to mitigate climate change have been recognised by CDP with GCPL being ranked A- on CDP India A List 2016

Received Porter Prize for Creating Shared Value 2016

SHAREHOLDING PATTERN





Major investors

As on June 30, 2017

WE REMAIN LASER FOCUSED ON EXECUTING OUR KEY PRIORITIES

#1 Extending leadership in our core categories

#2 Capitalising on international growth potential

#3 Accelerating innovation and renovation

#4 Building a future ready sales system

#5 Making our supply chain best in class

#6 Building an agile and high performance culture

#7 Re-enforcing our commitment to Godrej Good & Green

CONTACT US

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THANK YOU FOR YOUR TIME AND CONSIDERATION