

INVESTOR AND ANALYST MEET

GODREJ CONSUMER PRODUCTS LIMITED

May 3, 2012

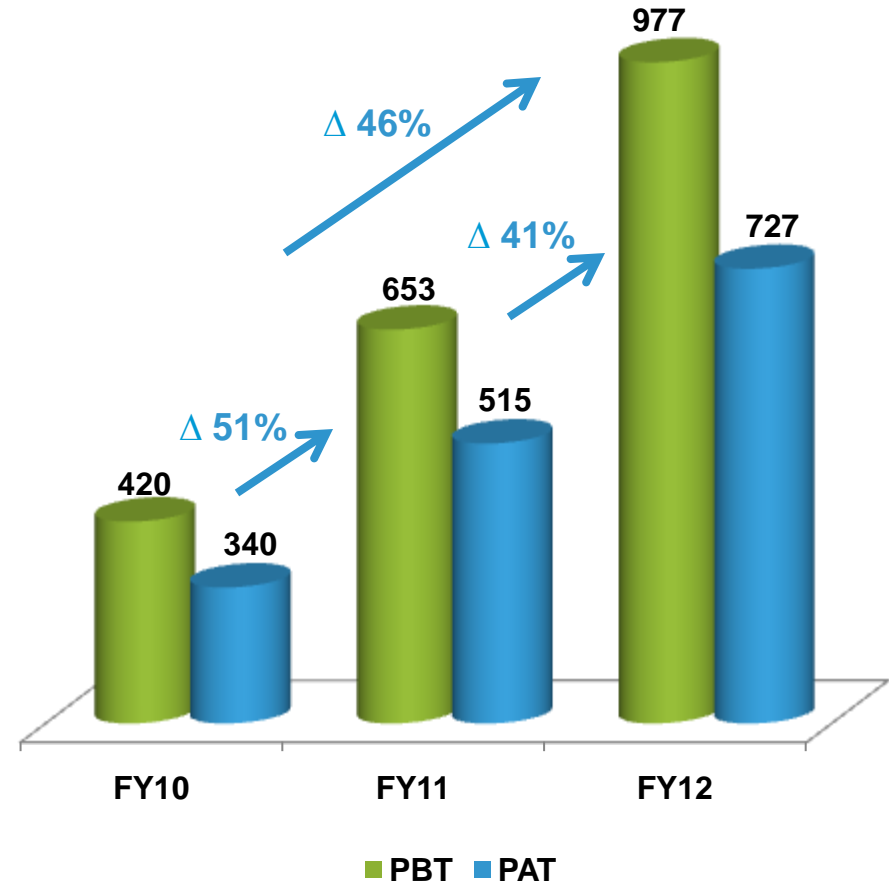
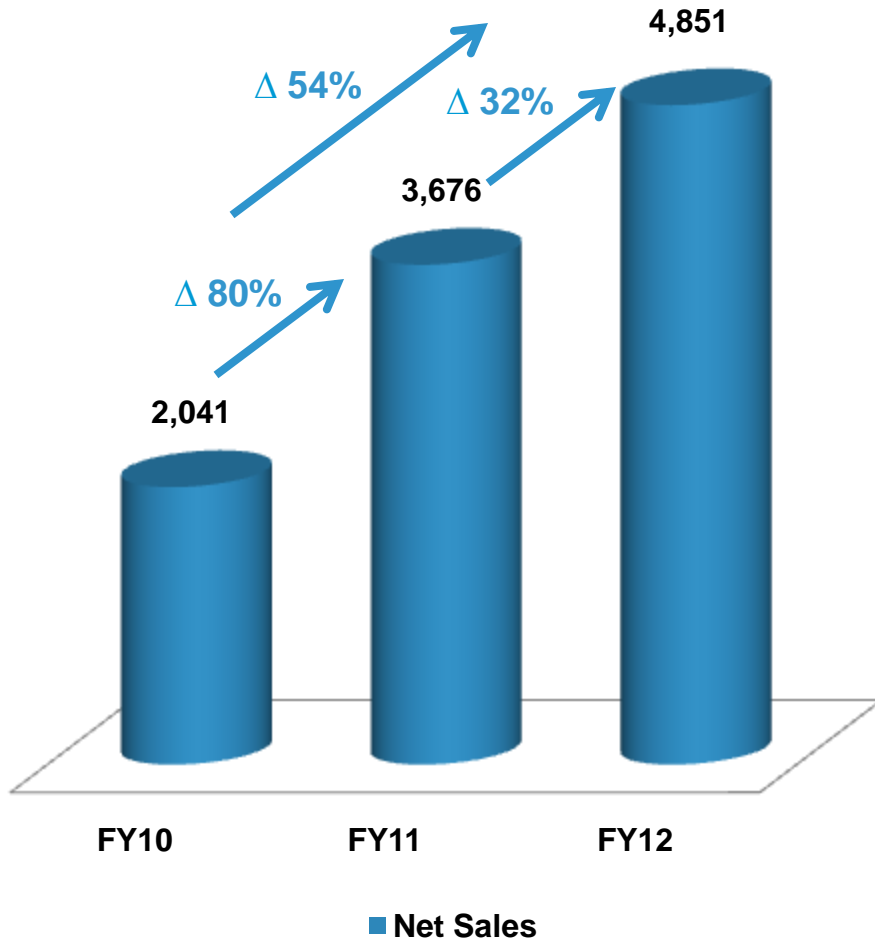


AGENDA

- Opening Remarks
- Q4 FY12 & FY12: Performance Highlights
- Strategy Snapshot
- Financial Review
- Q & A

Q4 FY12 & FY12 : PERFORMANCE HIGHLIGHTS

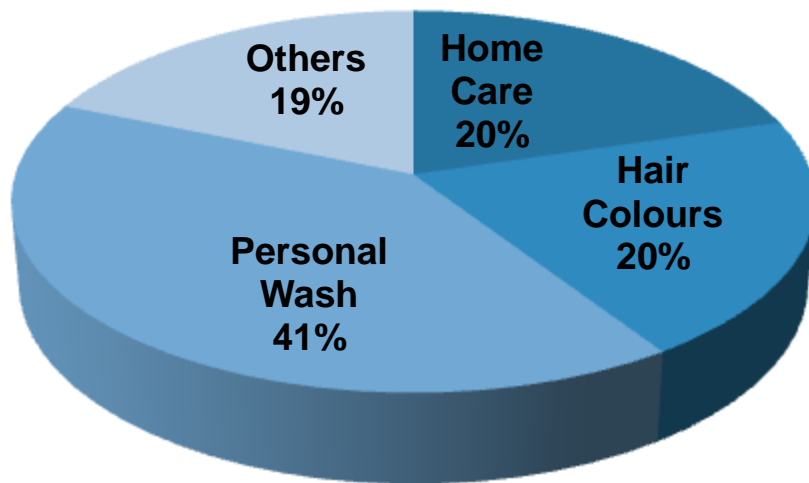
GCPL: A CONSISTENT RESULTS TRACK RECORD



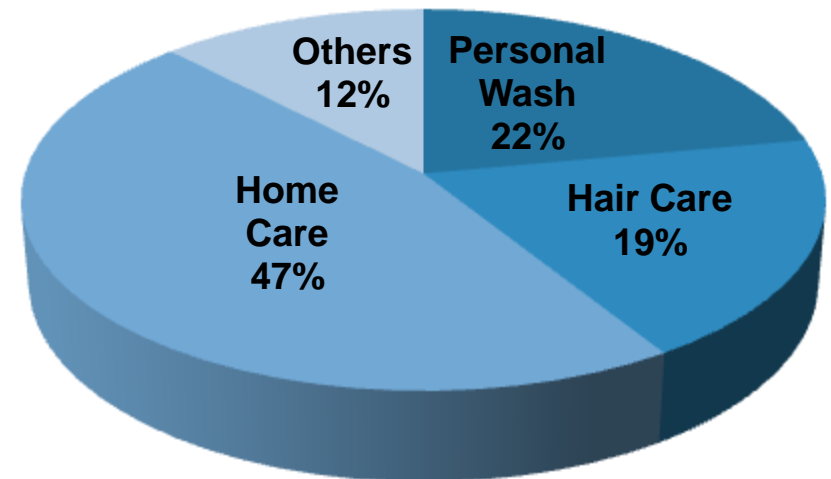
■ Net profit after minority interest

OUR CATEGORY MIX HAS BECOME MORE WELL BALANCED OVER TIME

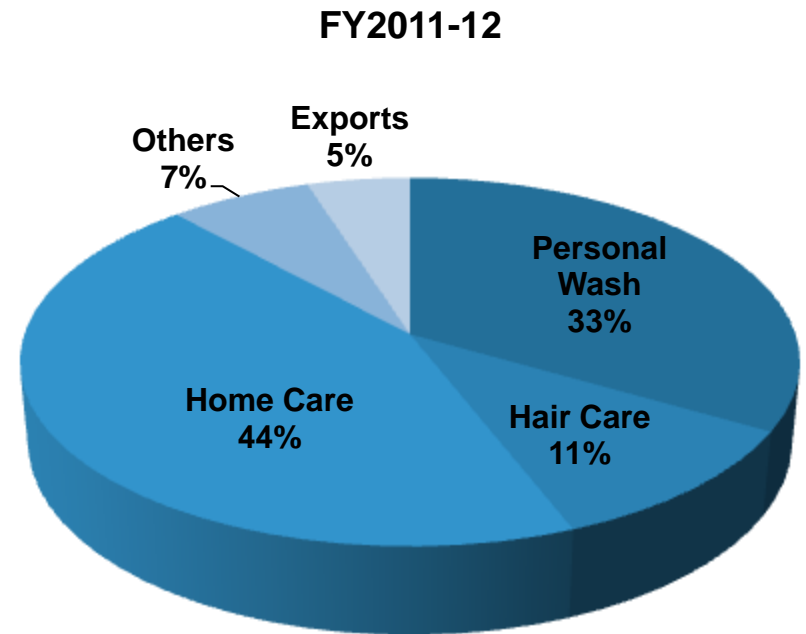
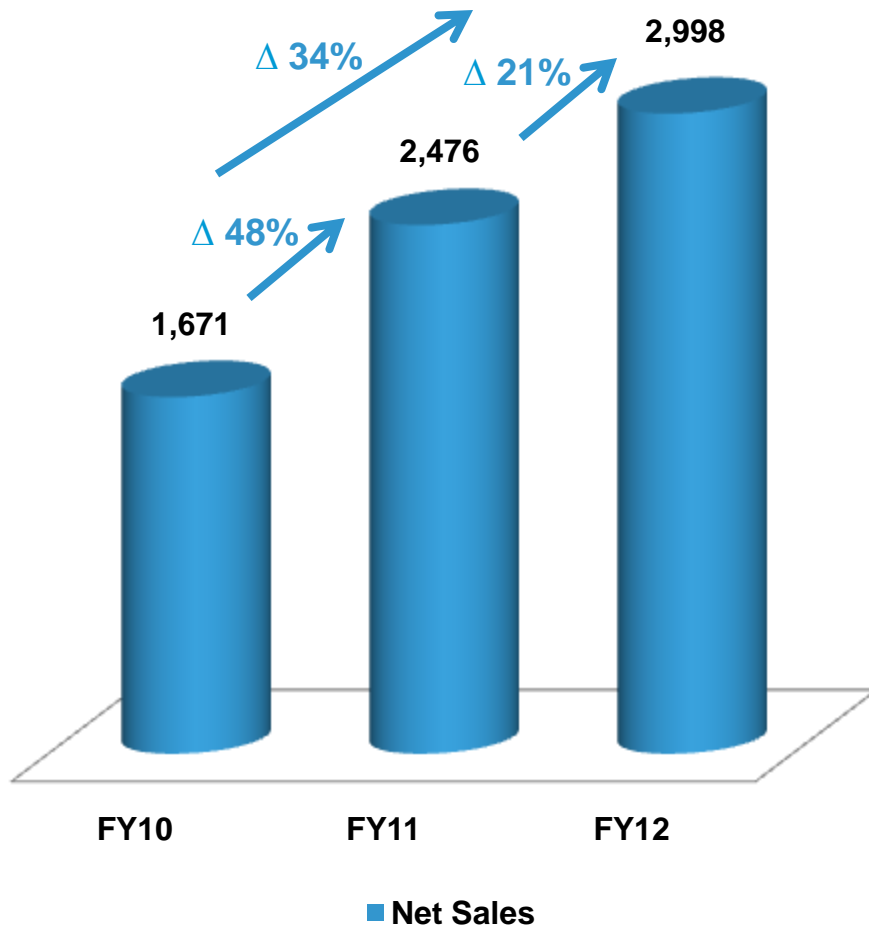
FY 2009-10



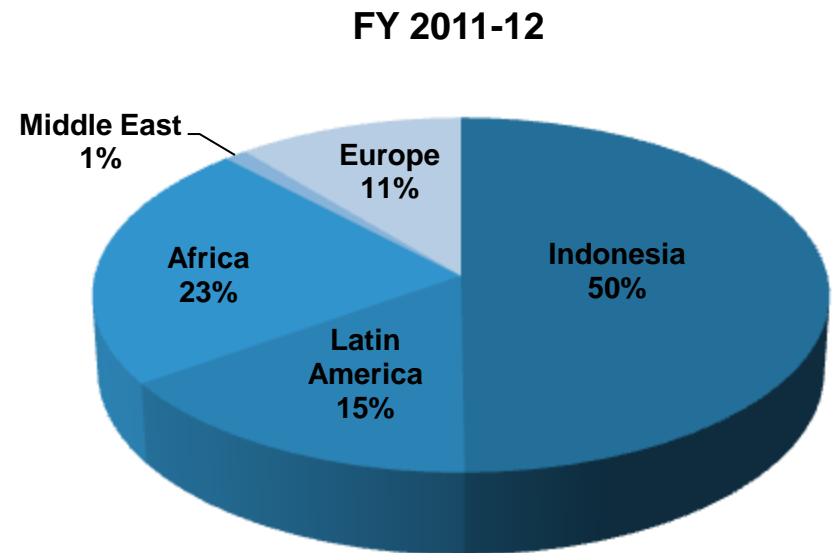
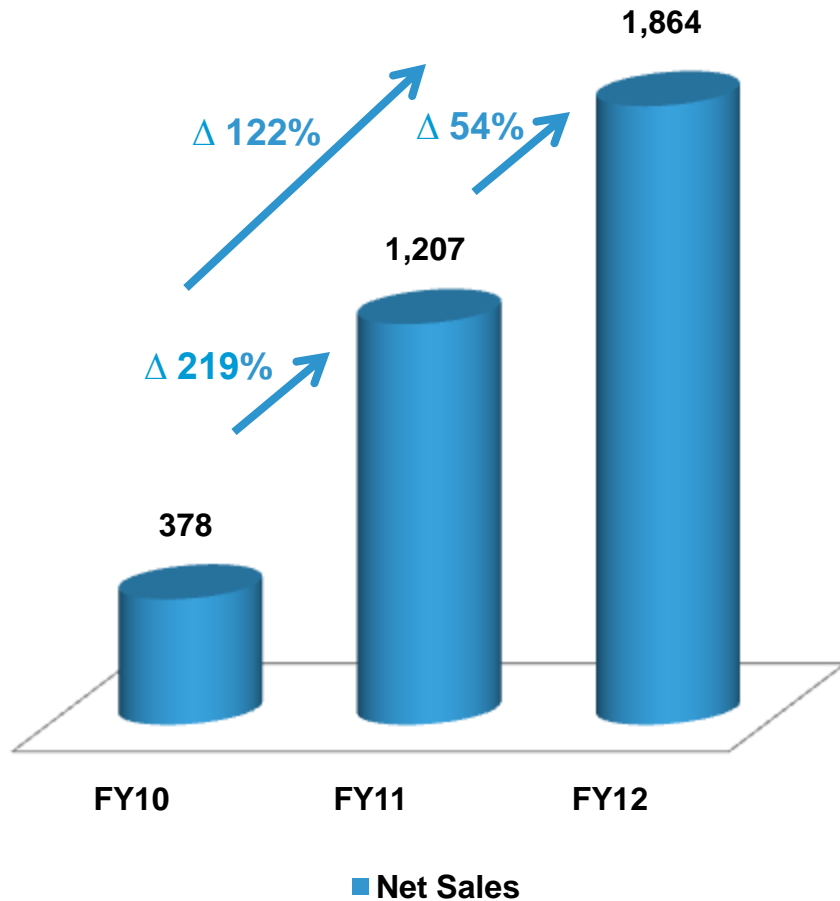
FY 2011-12



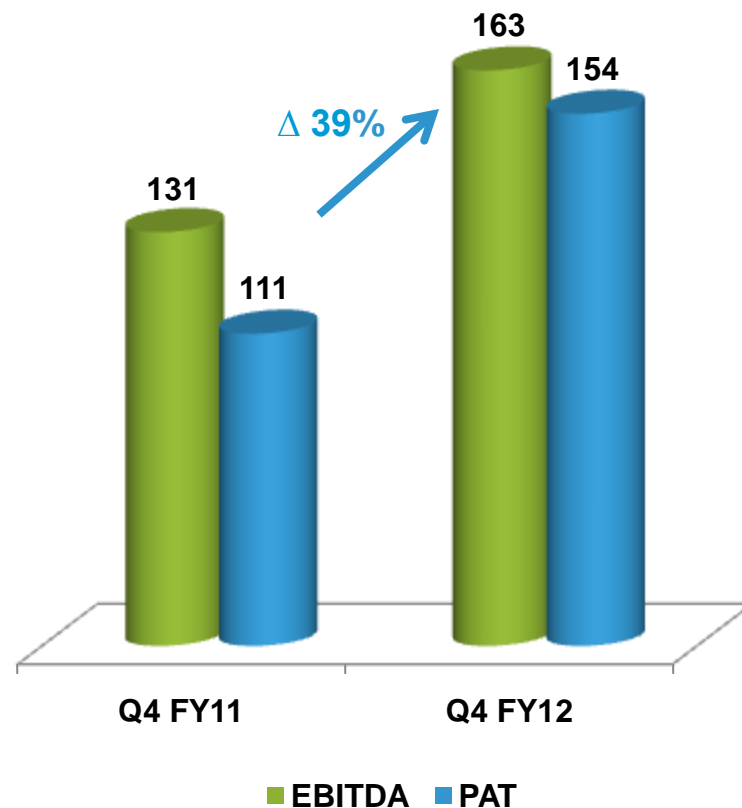
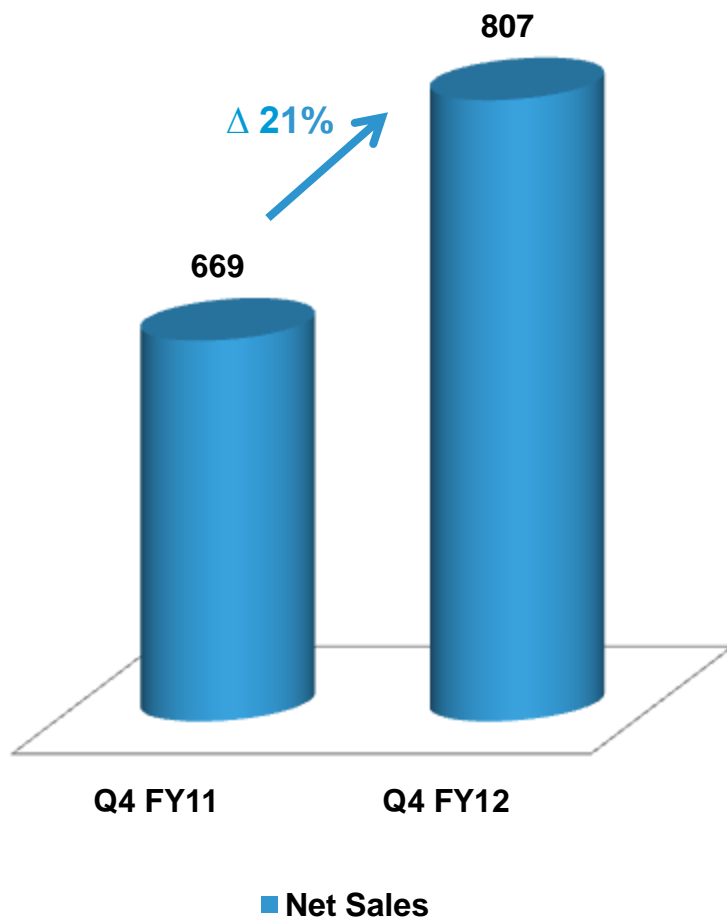
OUR DOMESTIC GROWTH STORY HAS BEEN STRONGLY AIDED BY THE ACQUISITION OF GHPL



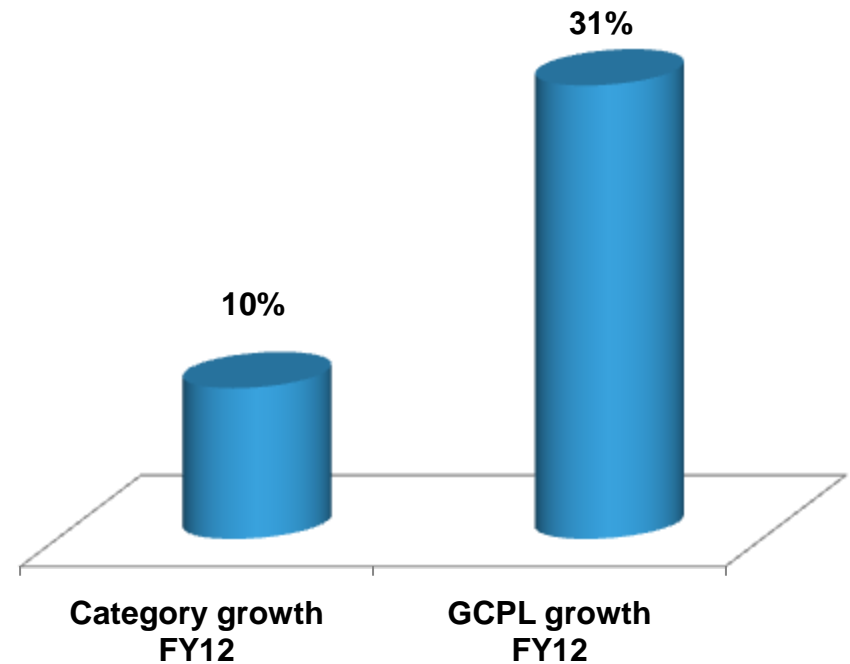
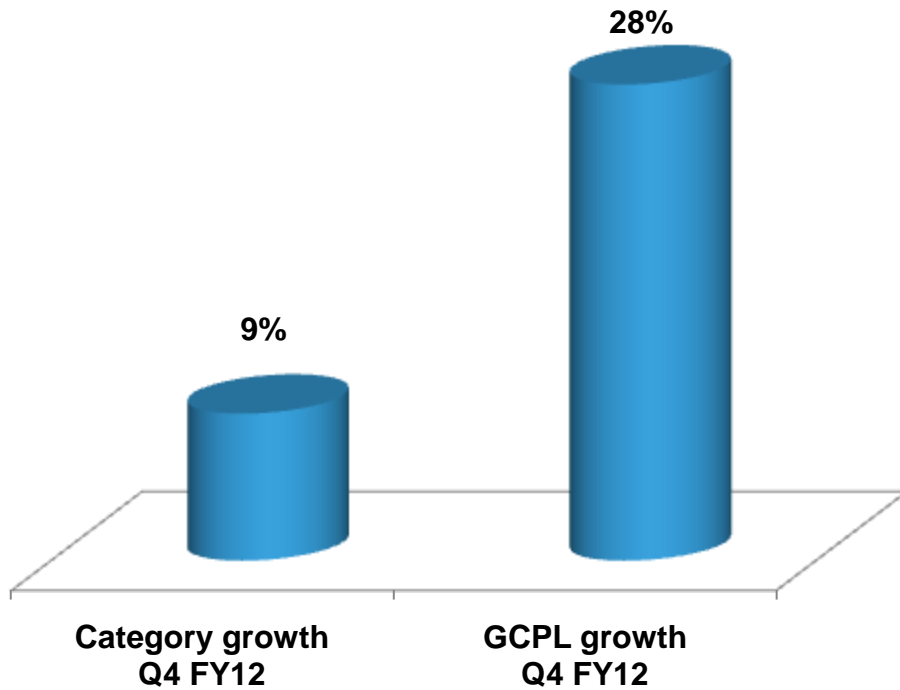
OUR INTERNATIONAL BUSINESS TOO HAS GROWN SIGNIFICANTLY OVER THE LAST 3 YEARS



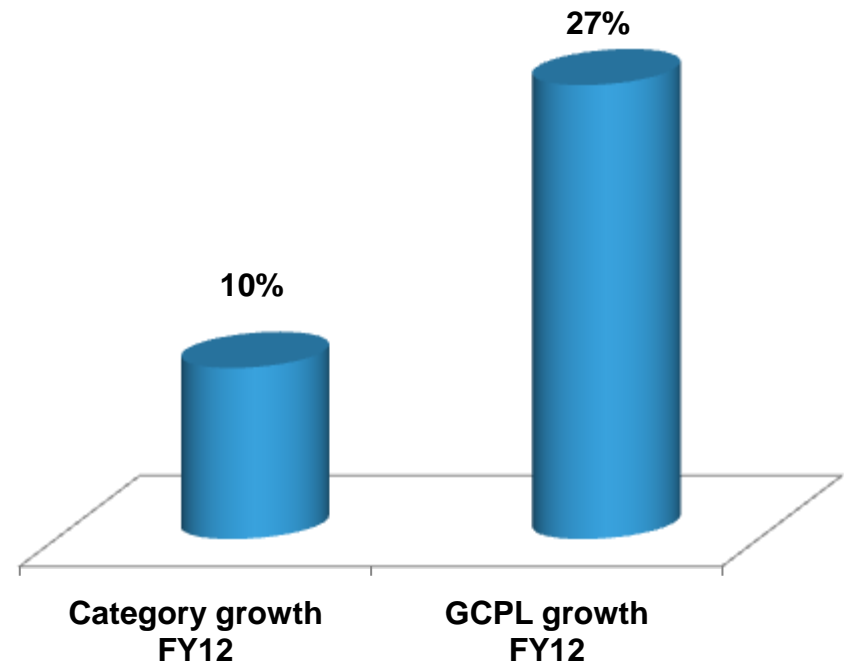
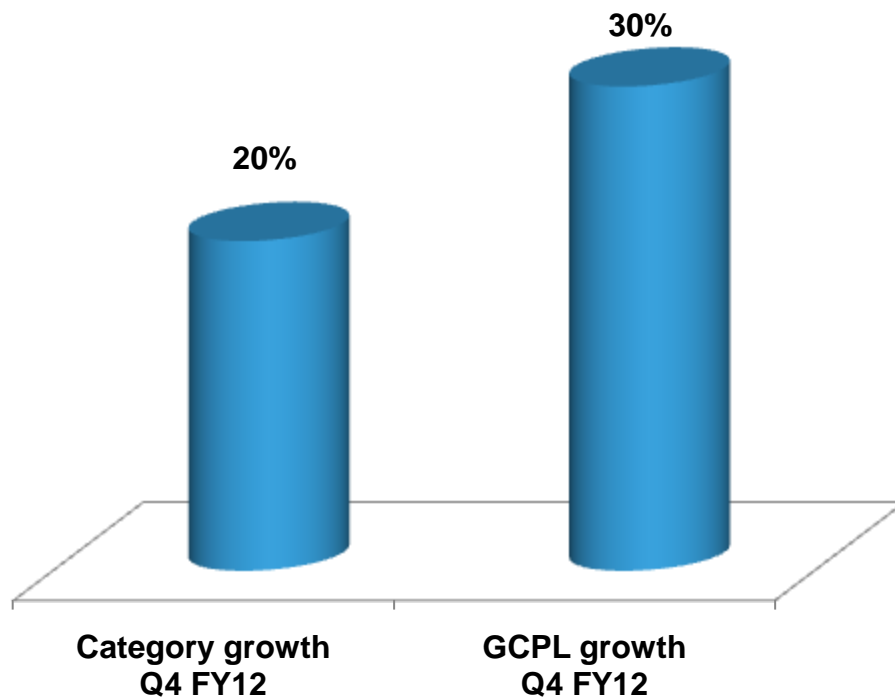
THE RESULTS MOMENTUM HAS BEEN SUSTAINED IN THE DOMESTIC Q4 PERFORMANCE



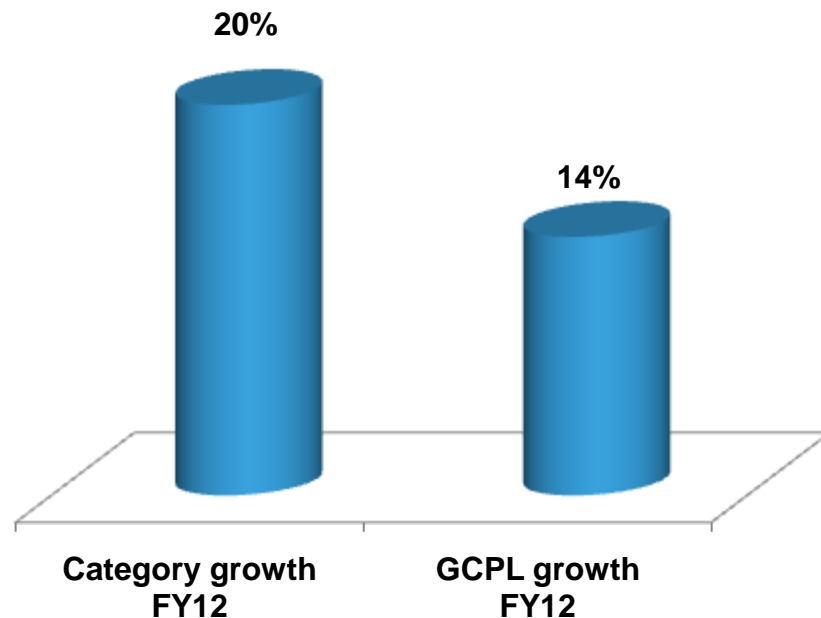
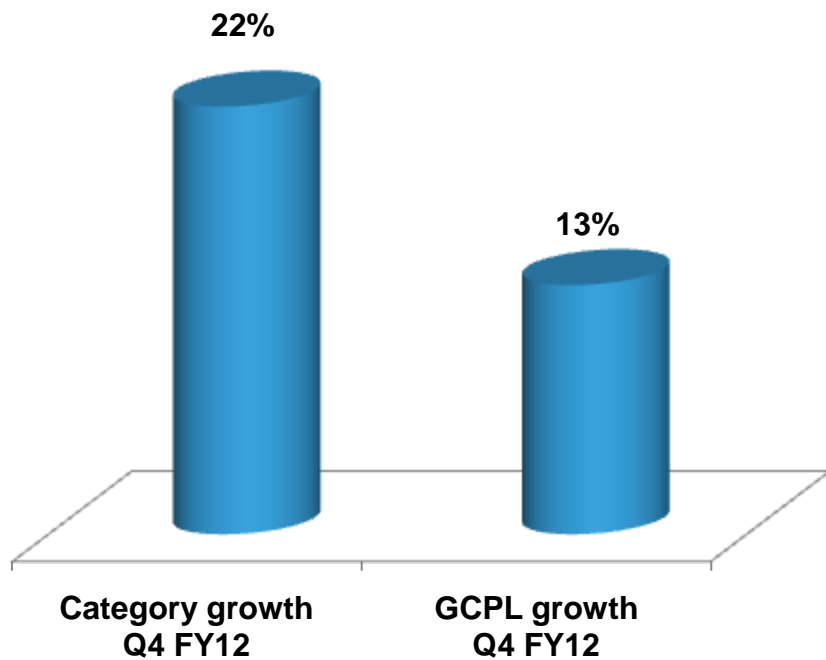
OUR HOUSEHOLD INSECTICIDES BUSINESS CONTINUES TO PERFORM WELL AHEAD OF THE MARKET



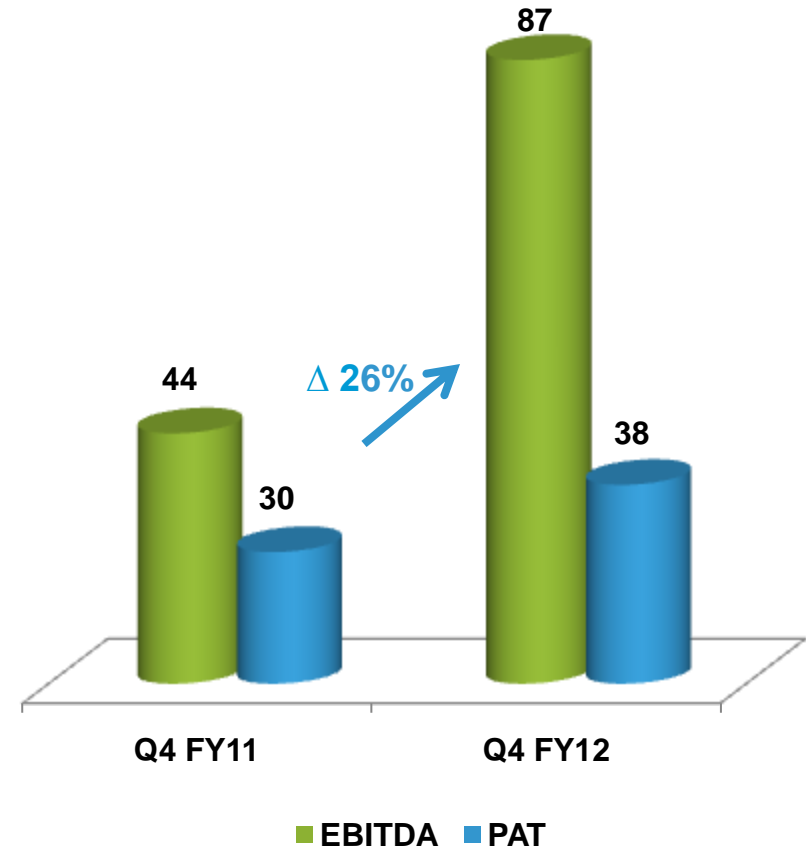
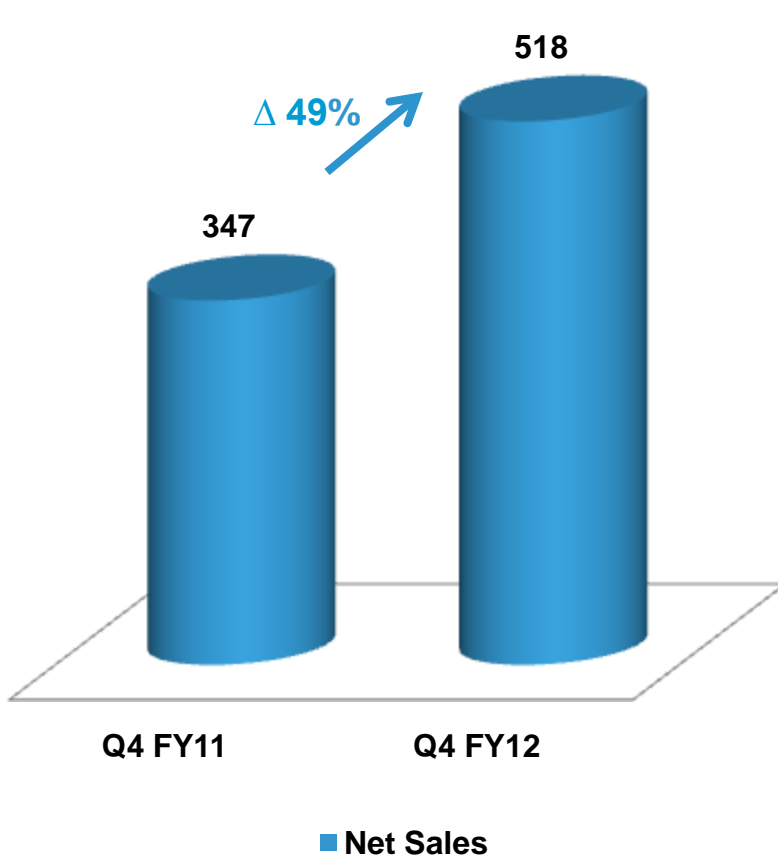
OUR SOAPS BUSINESS TOO HAS DELIVERED GROWTH AHEAD OF THE MARKET



THOUGH WE HAVE FACED CHALLENGES IN HAIR COLOURS, THAT WE ARE WORKING ON REVERSING



OUR INTERNATIONAL BUSINESS, TOO HAS DELIVERED A STRONG QUARTER



■ Net profit after minority interest

Note: Values in ₹ Crore

WE CONTINUE TO HAVE LEADING POSITIONS IN OUR INTERNATIONAL OPERATIONS

1

in air fresheners and wet tissues in Indonesia

in hair colours in many countries in Africa

in hair colours in several countries in Latam

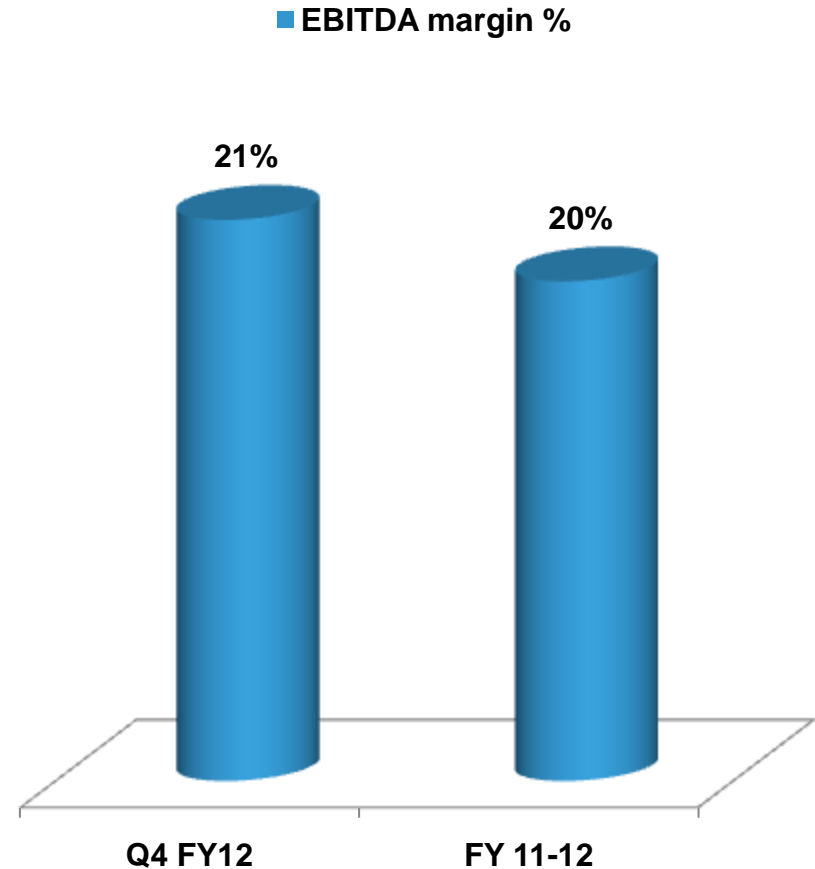
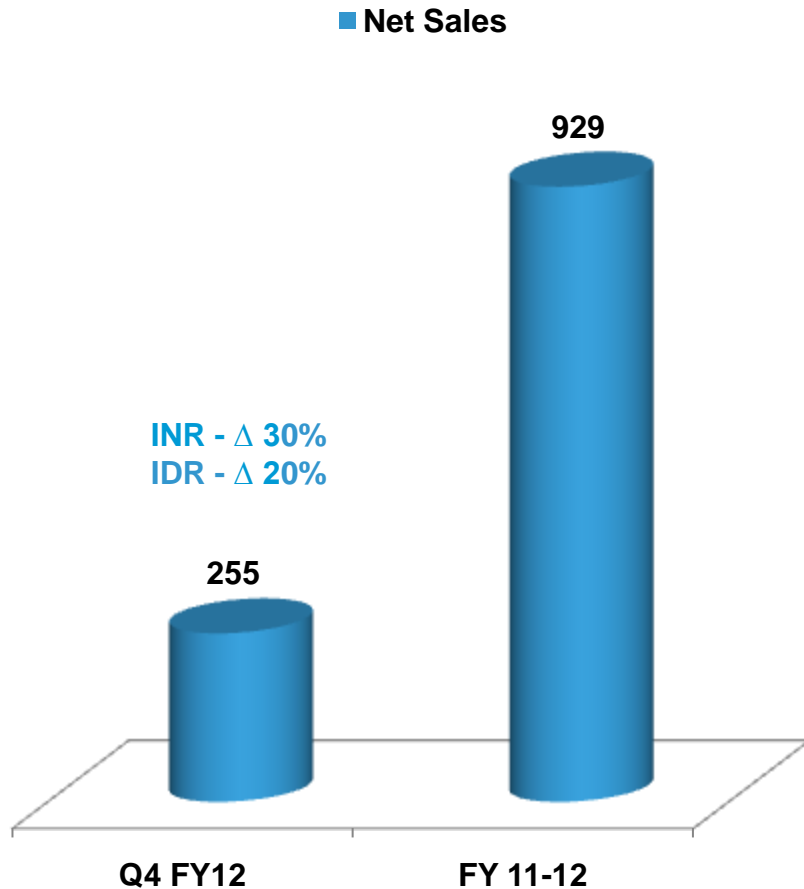
in hair extensions in Africa

2

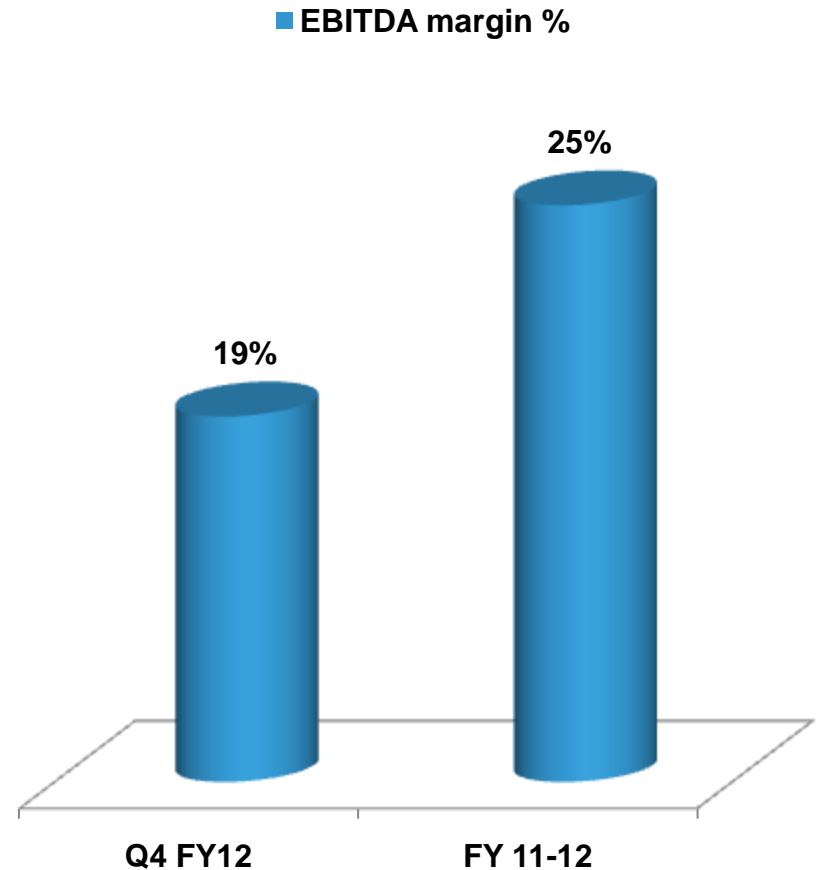
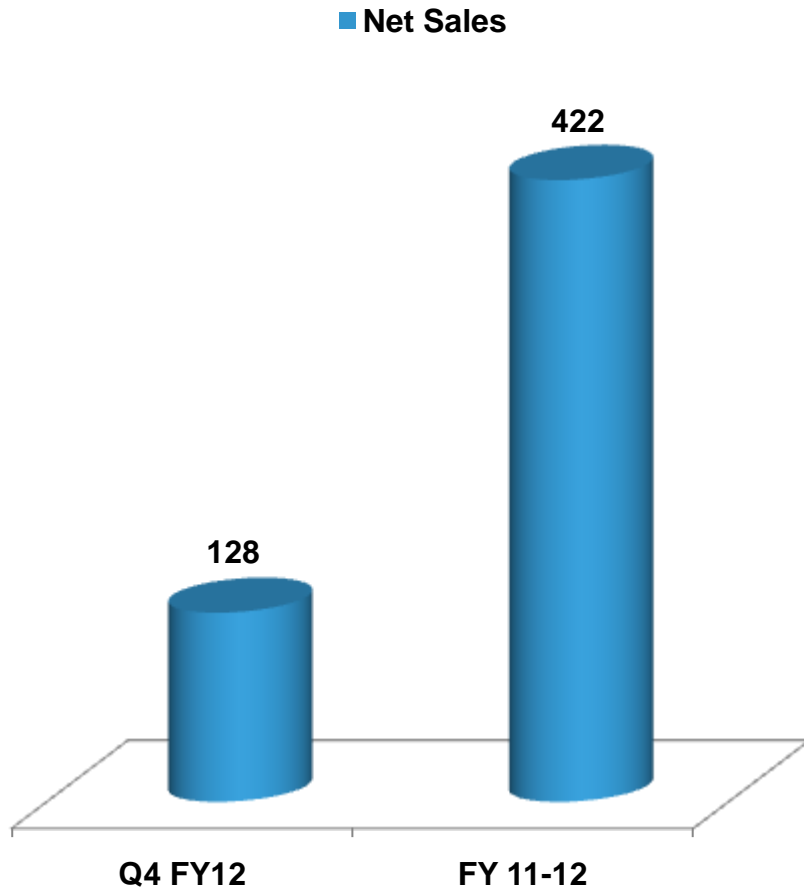
in home insecticides in Indonesia

in medicated soaps in Nigeria

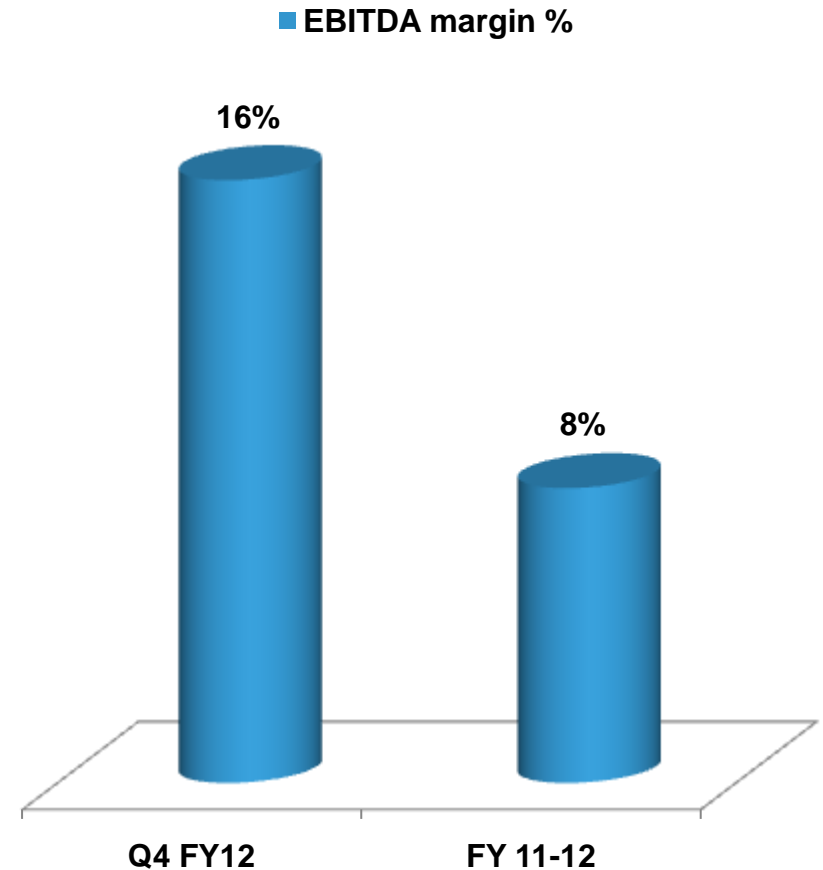
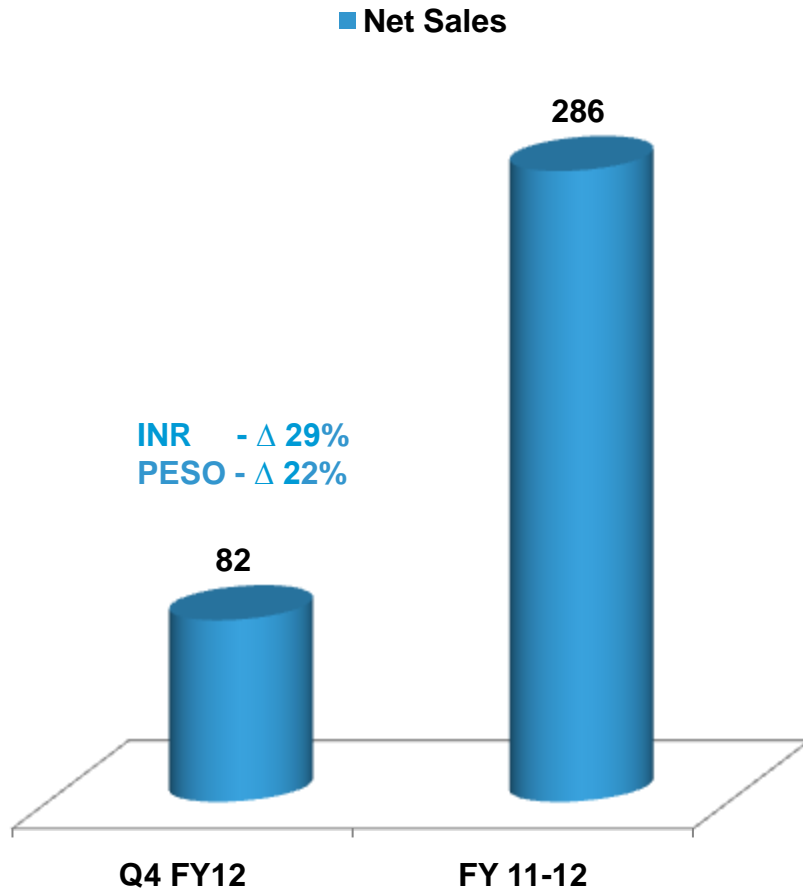
OUR INDONESIA BUSINESS HAS SUSTAINED ITS EXCELLENT MOMENTUM



THE SCALE UP OF OUR AFRICA BUSINESS CONTINUES

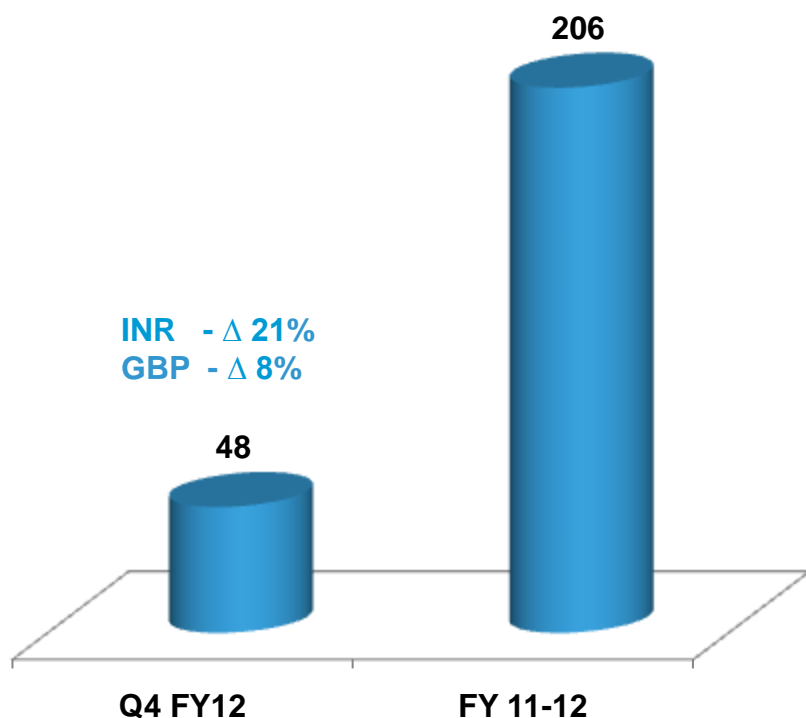


LATAM HAS SUPPORTED OVERALL GROWTH AS WELL

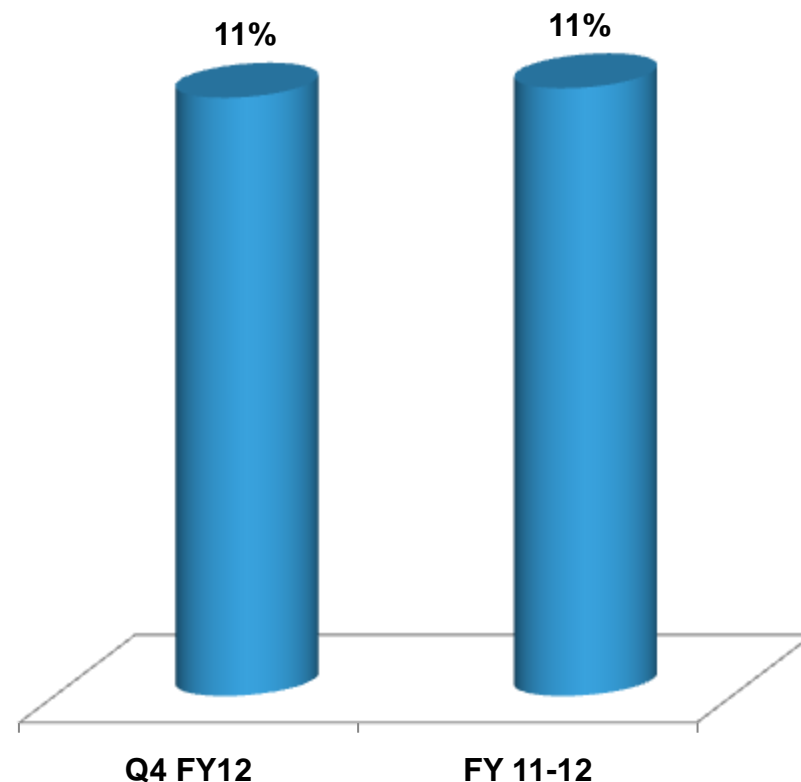


AND OUR EUROPEAN BUSINESS HAS DONE WELL IN SPITE OF TOUGH ECONOMIC CONDITIONS

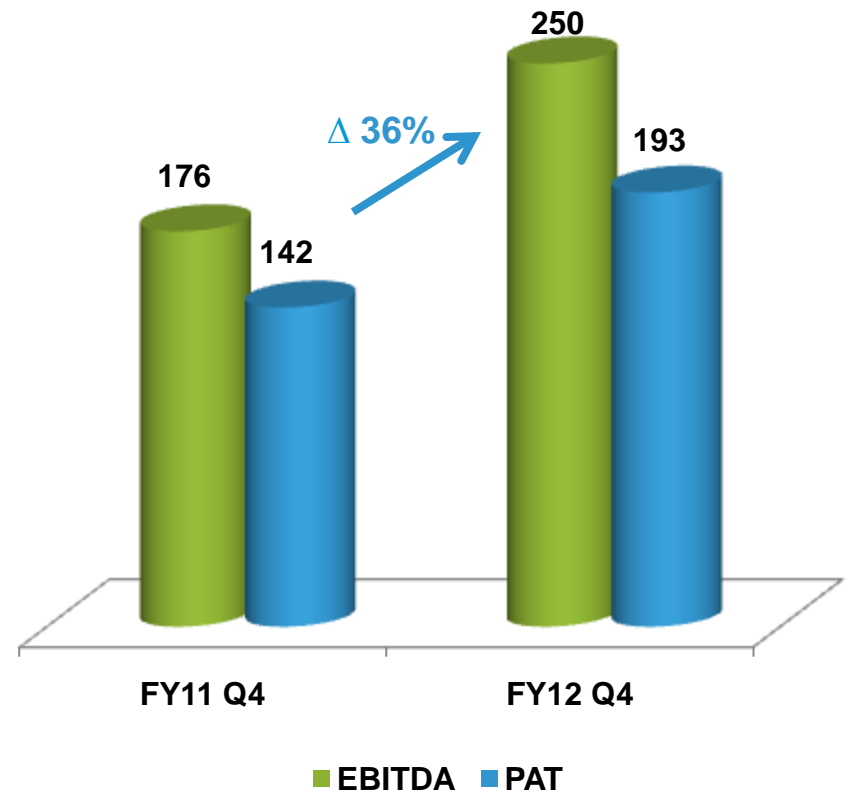
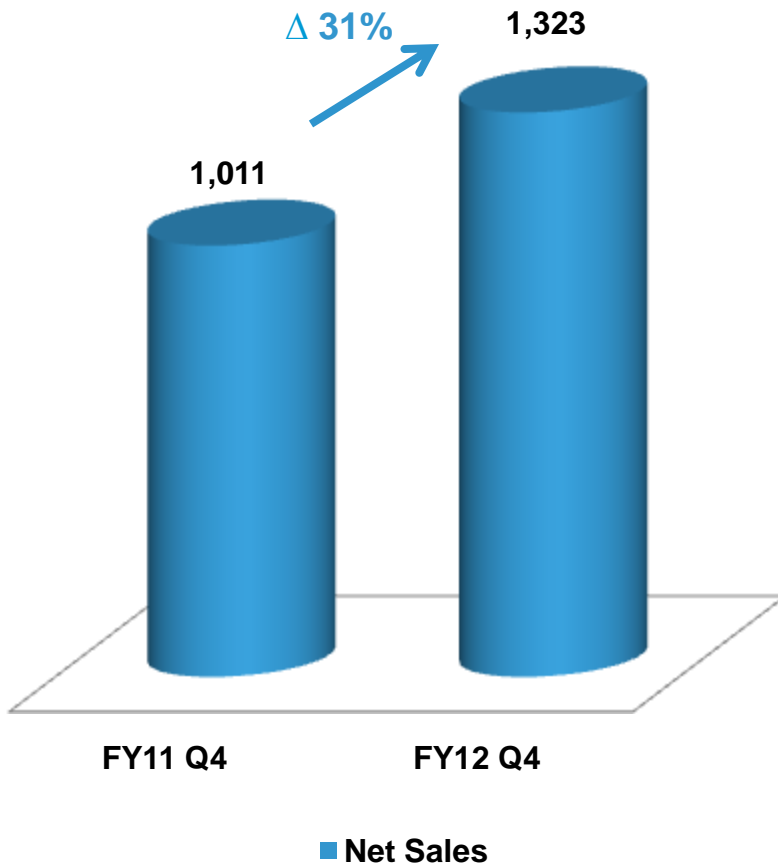
■ Net Sales



■ EBITDA margin %



OVERALL CONSOLIDATED PERFORMANCE HAS BEEN STRONG



■ Net profit after minority interest

Note: Values in ₹ Crore

STRATEGY SNAPSHOT

WE HAVE DEFINED SIX KEY PILLARS OF OUR STRATEGY

- 1 Core category leadership
- 2 International growth
- 3 Renovation and innovation
- 4 Future ready sales system
- 5 Best in class supply chain
- 6 Agility and professional entrepreneurialism

1. LEAD IN CORE CATEGORIES IN DOMESTIC MARKET

KEY IMPERATIVES

- Grow ahead of market
- Drive consumption and penetration
- Strengthen portfolio and extend into adjacencies

LEAD IN CORE CATEGORIES

GROW AHEAD OF MARKET



Largest Indian household and personal care products company

LEAD IN CORE CATEGORIES

STRENGTHEN PORTFOLIO AND EXTEND INTO ADJACENCIES



Gloria expert care

Hair colour with henna & amla

For natural looking colour



no ammonia
herbal based formula
100% grey coverage

also available in:

- black
- dark brown
- light brown

*for 8g



Gloria expert advanced

Hair colour that won't drip

With Advanced Gel Formula & Triple Conditioners



no ammonia
100% grey coverage
silky soft hair

also available in:

- black
- dark brown
- light brown
- very dark

*for 8g Pack

LEAD IN CORE CATEGORIES

3 of brands ranked in 100 Most Trusted Brands 2011 by Brand Equity

- Cinthol
- Good knight
- Godrej No.1



PERSONAL CARE

Cinthol Ranked 9th

Godrej No. 1 Ranked 16th

Godrej Powder Hair Colour Ranked 25th

HOUSEHOLD CARE

Good Knight Ranked 2nd

POWDER HAIR COLOUR







Godrej Expert powder hair colour - Care

Voted Product of the year 2012 in powder hair colour category



LEAD IN CORE CATEGORIES

GROWING CATEGORIES TO FULL POTENTIAL

Categories	Key Brands	Increase in Household Penetration
Home Insecticide		15.5% 
Soaps		6.7% 
Hair Colours		0.2% 

2. DRIVE INTERNATIONAL GROWTH

KEY IMPERATIVES

- Focus on emerging markets in Asia, Africa and Latin America
- Three core categories
- Disciplined M&A process
- Values based partnering approach
- Current focus is on consolidating positions in our existing footprint rather than establishing new beach heads
 - Will also explore extending current leading positions to adjacent platforms within our current footprint

3 X 3

DRIVE INTERNATIONAL GROWTH

Geographies

Indonesia



Key Categories



STELLA®

Our Growth *

19%



Our Market Share Rank

1 - Urban Home Insecticide, Air fresheners and Wet Tissues

Argentina



22%



1 - Volume in Hair colours

Africa



1 - Hair extension
1 - Ethnic Hair Colour (SA)

UK



11%



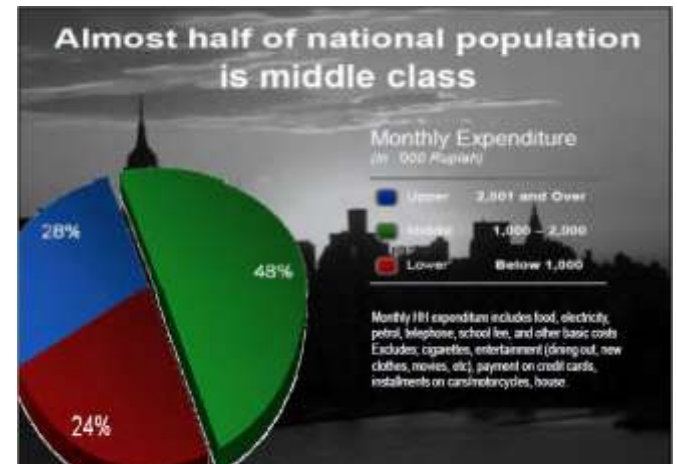
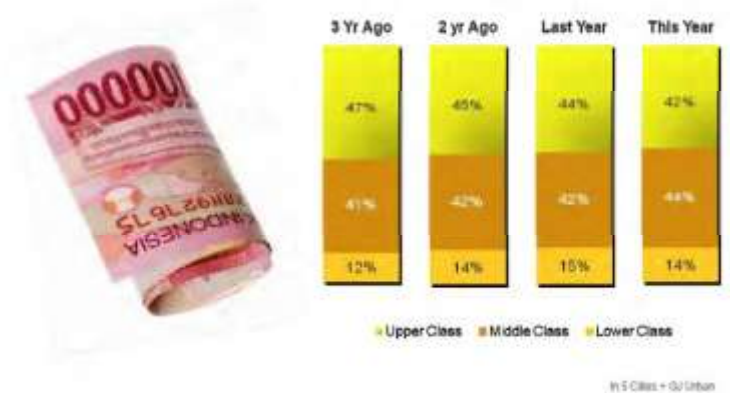
INDONESIA - EXAMPLE OF SUCCESSFUL INTEGRATION

FMCG SECTOR

Large growing Middle Class,
focused on consumption

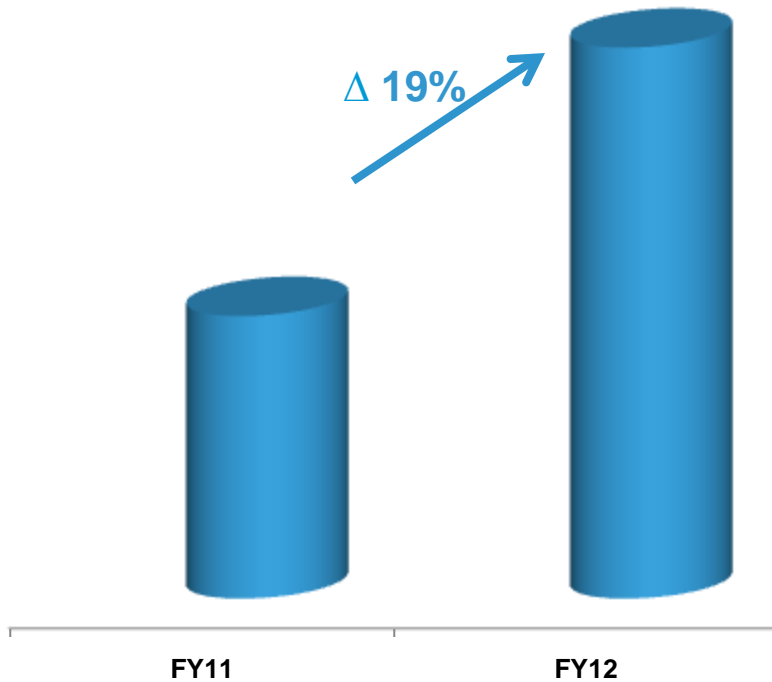
Consumers prefer -
Innovative products
Value for money offering

Middle Class accounts for 44% of
FMCG spending

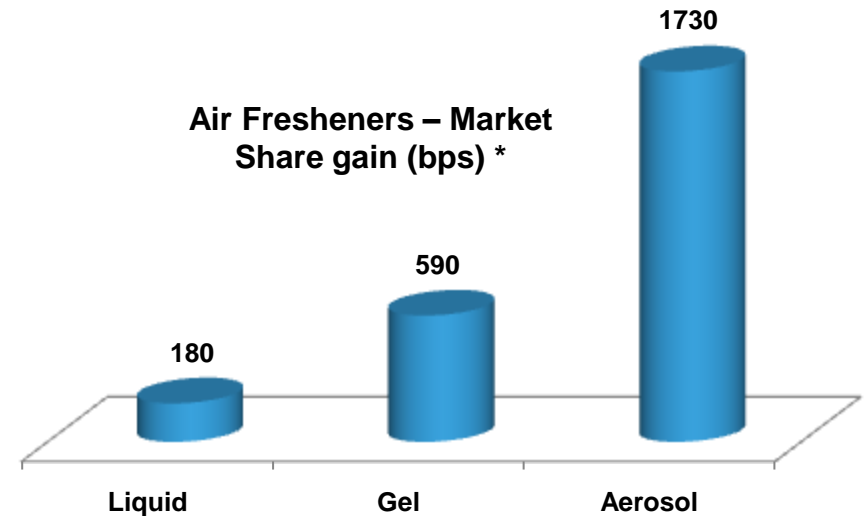
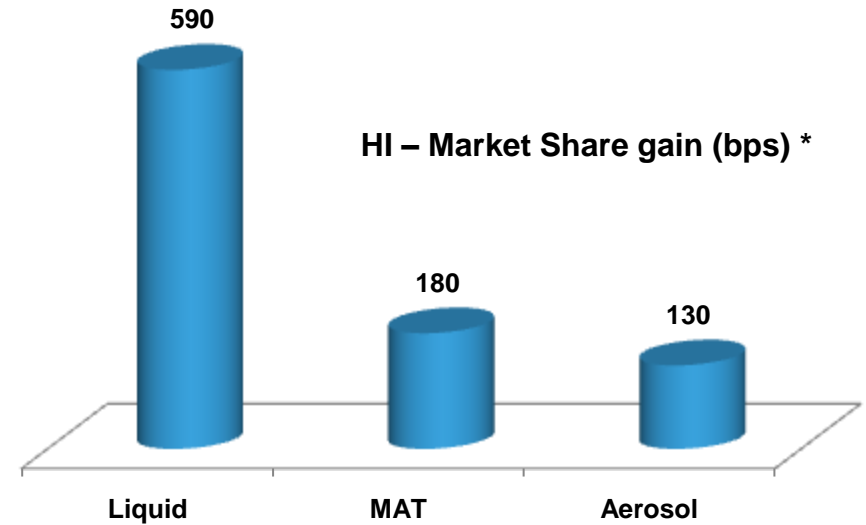


INDONESIA

DRIVING STRONGER GROWTH



Sales in local currency - like to like full year growth



INDONESIA

DRIVING STRONGER GROWTH

**20,000 direct outlets
added during FY12**



Leveraging sales and
distribution expertise from
India to enhance
processes

INDONESIA

FOCUS ON INNOVATION

Sales growth ~ 5% lead by innovation



**HIT Non Stop Extra Power
Peaceful sleep & Safety**



STELLA Bathroom

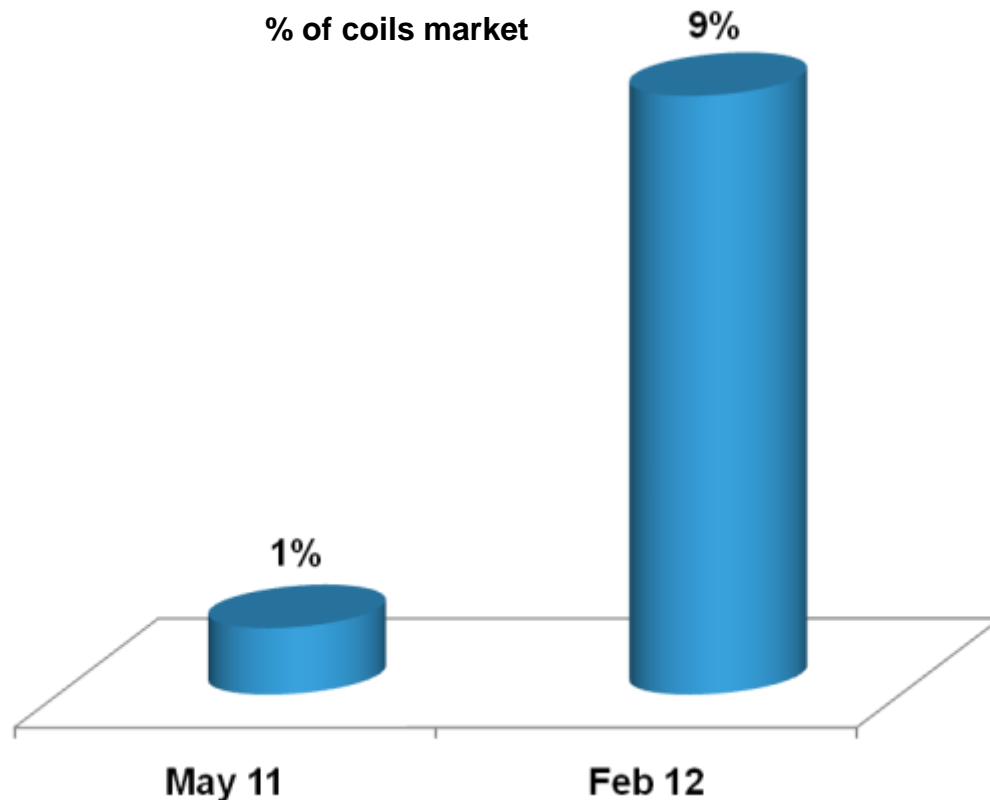


STELLA Car Freshener

INDONESIA

SUCCESSFUL LAUNCH OF HIT MAGIC PAPER

% of coils market



9 months
of launch



HIT magic paper, a disruptive innovative paper format mosquito repellent

INDONESIA - EXAMPLE OF SUCCESSFUL INTEGRATION

GROSS MARGIN EXPANSION

Expansion in gross margins
led by cost saving initiatives

~ 60
bps



% contribution to PBT

~ 560
bps



Major initiatives

- Global sourcing of common ingredients
- Transfer of best in class manufacturing practices reducing yield losses
- Increase of automation processes

INDONESIA

WORKING CAPITAL REDUCTION

Reduction in Net Working Capital

~ 30
days



Major initiatives

- Inventory Optimisation - via movement to replenishment process
- Global sourcing of common ingredients resulting in better credit terms
- Tighter controls on receivables

INDONESIA

STRONG MANAGEMENT PROCESSES IN PLACE

- Strong local team complemented with value added support from the center
- Business today has healthy mix of **resources continuing from pre acquisition period, resources from India and external recruits**
- Aligned senior management incentives on delta profit improvements to drive for stronger business performance
- Implemented various employee engagement initiatives

ARGENTINA

TWO LOCAL BUSINESSES INTEGRATED

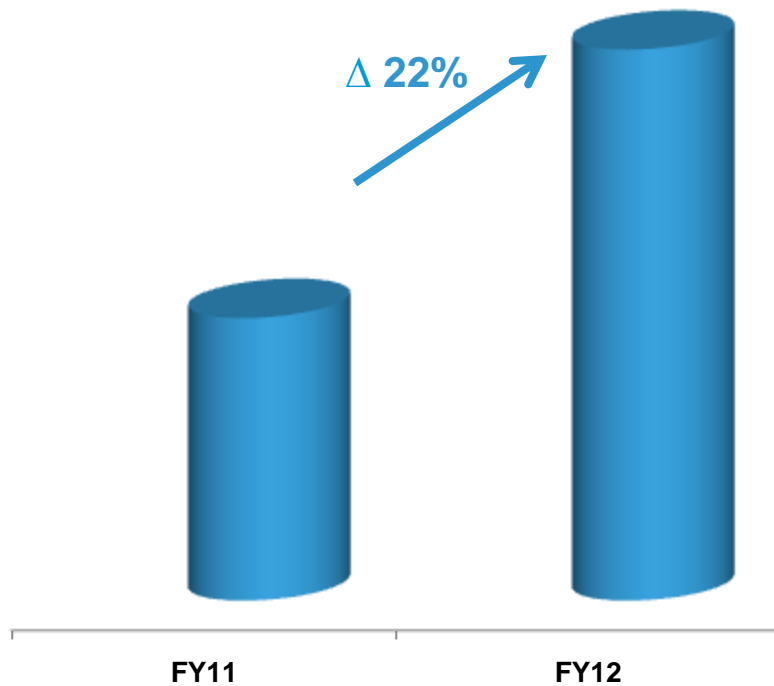
Two businesses acquired in Argentina - **Issue** and **Argencos** in Argentina, **have been integrated operationally**

Major integration initiatives:

- Rationalized combined brand portfolio by **focusing on top 5 brands**
- **Standardized SKUs**
- Redefined our **exports strategy** to accelerate growth in Latam
- Delivered **cost synergies on procurement and logistics**
- Blueprint in place on **sales force reorganization**
- **SAP** being implemented

ARGENTINA

TWO LOCAL BUSINESSES INTEGRATED



Sales in local currency - like to like full year growth

Expansion in gross margins

~ 200 bps



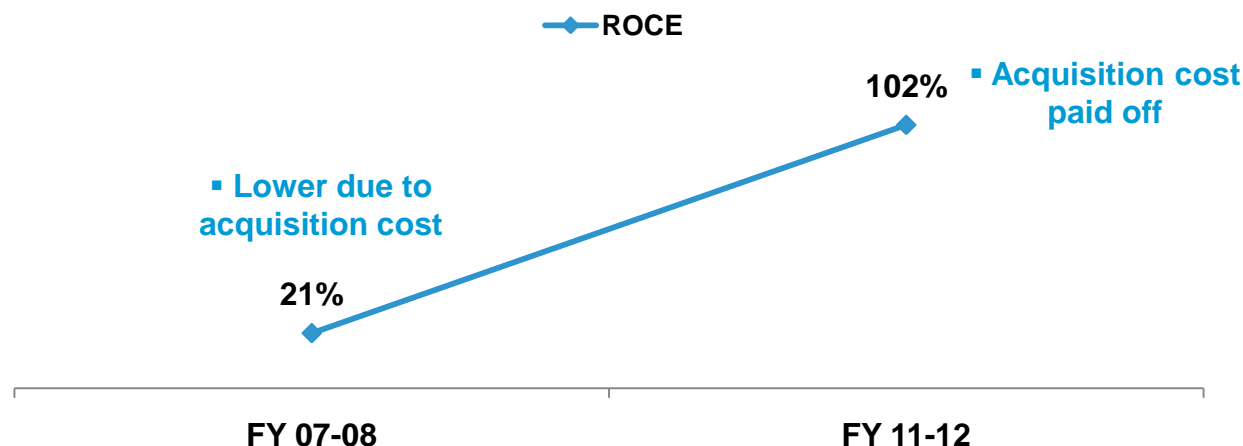
Expansion in EBITDA margins

~ 160 bps



RAPIDOL

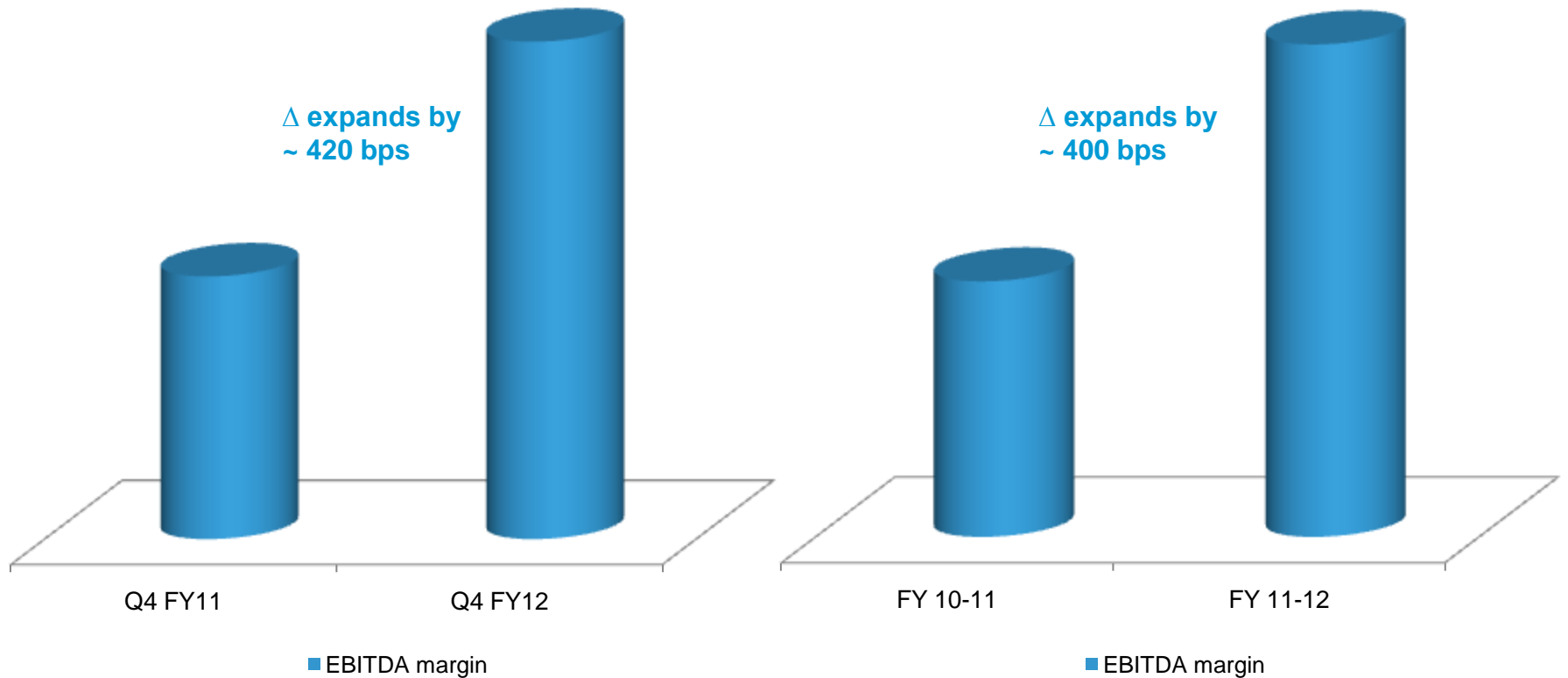
IMPROVING ROCE



- GCPL acquisition strategy focus has always been on high ROCE businesses
- As an example, Rapidol ROCE pre-acquisition was about 120%
- Through cost reduction projects, premium variants and capital efficiency, this has been further improved over the last few years
- However, reported ROCEs follow a different trajectory due to acquisition capital in the base

INTERNATIONAL PERFORMANCE

IMPROVING MARGINS



3. INNOVATE AND RENOVATE

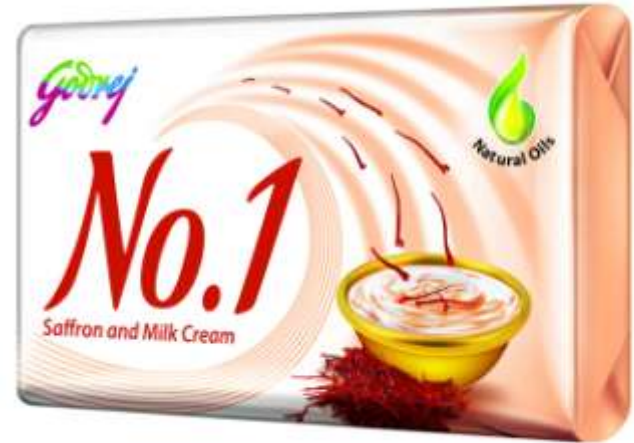
KEY IMPERATIVES

- Meaningful differentiation through brand platforms
- Accelerate pace of innovation
- Harness opportunities to cross-pollinate portfolio across markets

KEY INNOVATIONS - INDIA



Rosewater & Almonds



Saffron and Milk Cream

KEY INNOVATIONS - INDIA



Hair colour with henna & amla
For natural looking colour



no ammonia
herbal based formula
100% grey coverage

also available in:



*for 8g



Hair colour that won't drip
With Advanced Gel Formula & Triple Conditioners



no ammonia
100% grey coverage
silky soft hair

also available in:



*for 8g Pack

KEY INNOVATIONS - INDONESIA



HIT magic paper, a disruptive innovative paper format mosquito repellent



HIT Non Stop Extra Power
Peaceful sleep & Safety



Stella bathroom & Stella Car



MITU Milk Bath

KEY INNOVATIONS - SOUTH AFRICA



Inecto Plus

Aloe and Protein Enriched Conditioner



Inecto Colours

After Hair Colour benefit



Renew

Value for money Caucasian
Hair colour

KEY INNOVATIONS - ARGENTINA



ISSUE – Ammonia Free

Exceptional long-lasting colour and brightness



Diamond Black Hair Color Cream

Tridimensional gloss (extra brightness to black colour)



Roby Glam & Gloss Hair Serum and Hair Gloss



919 Color Verdadero Moisturise hair while dyeing

KEY INNOVATIONS - UK

TOUCH OF
SILVER

It's your time to shine!



**shampoos and conditioners
(range of henna based colour
enhancing)**



4. FUTURE READY SALES SYSTEM

KEY IMPERATIVES

- Leverage scale
 - Expand urban coverage
 - Tap into rural potential
- New/under tapped channels
- Next generation sales capabilities
- Process excellence

FUTURE READY SALES SYSTEM

STRONG GROWTH IN THE YEAR OF INTEGRATION

Branded Sales Growth

24%



Direct & Indirect Reach

△ added 0.6 mn



Villages Reach

△ added 8k villages



FUTURE READY SALES SYSTEM

NEW / UNDER TAPPED CHANNELS

Modern Trade salience

@ 5.5% for India business

Δ 50 bps in saliency



5. COMPETITIVE ADVANTAGE THROUGH SUPPLY CHAIN

KEY IMPERATIVES

- Integrate and set up global supply organization
- Set up global strategic sourcing cell
- Adopt best in class practices in 'Demand Driven Supply Chain', TOC, TPM, lean, six sigma and low cost automation
- Strengthen IT systems

COMPETITIVE ADVANTAGE THROUGH SUPPLY CHAIN EFFICIENCY IN COMMODITIES BUYING

**PFAD buying price lower by 5% vs. average
replacement rates in FY12**



COMPETITIVE ADVANTAGE THROUGH SUPPLY CHAIN

IMPROVING PRODUCTIVITY

Several initiatives to **reduce wastages and increase yields** in Household Insecticides:

- controlling moisture and weights
- exploring alternate materials
- implementing automation process

Debottlenecked soap and chemical capacities to **increase our production capacities** without incurring any major capex

COMPETITIVE ADVANTAGE THROUGH SUPPLY CHAIN STRENGTHENING LOGISTICS

Several initiatives to **reduce our freight cost**

- Consolidation of CFAs and transporters
- Integrated secondary routes
- Deriving synergies of lower freight cost by optimizing light and heavy weight sku's in same consignment

Achieving best in class levels of **fill rates**

- Ranked amongst top 5 FMCGs, by several modern trade players

DRIVING INTEGRATION SYNERGIES IN DOMESTIC BUSINESS

A merged GCPL enables us to

strengthen our brand portfolio

expand our distribution network

leverage operational & supply chain efficiencies



WHAT WE SAID

Value creation potential (FY 11–15)

Revenue synergies: ₹ 1,500 - 2,000 cr

Cost synergies: ₹ 200 - 250 cr

WHAT WE ACHIEVED

Value creation potential (FY12)

**Revenue synergies adding to 24%
branded sales growth**

Cost synergies: ~ ₹ 90 cr

6. ENSURING AN AGILE GODREJ

KEY IMPERATIVES

- Strengthening speed to market
- Systematic talent development
- Professional entrepreneurship cult

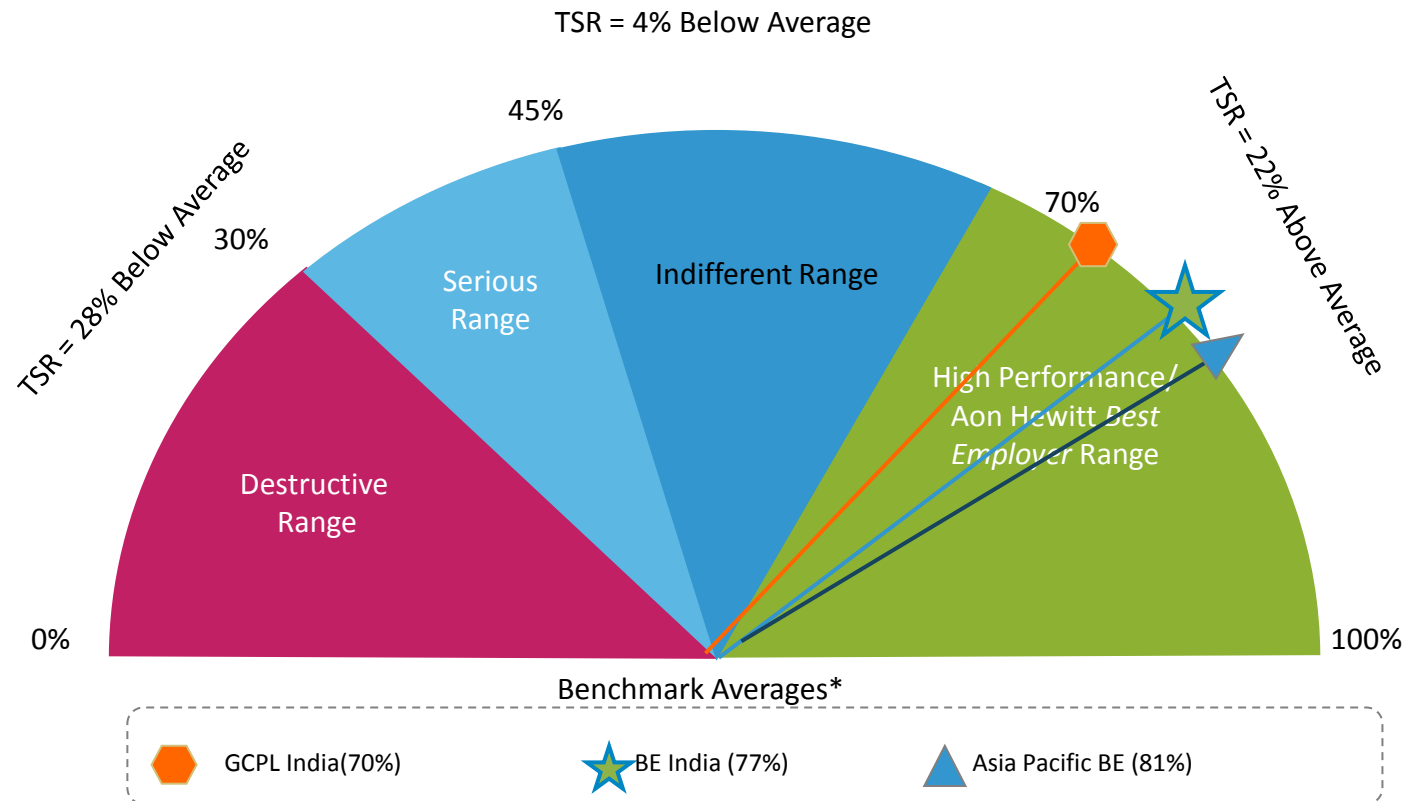
ENSURING AN AGILE GODREJ

CREATING A 'ONE' GCPL CULTURE

- On the domestic front, **smooth integration**
- Successful integration of international businesses in the Godrej way, maintaining the **right balance between localization and creating the right Godrej culture**
- **International Center** in place
- Regrettable **attrition** during this time of integration has been ~ **3%**

WE ARE BUILDING AN INSPIRING PLACE TO WORK

GODREJ IN TUNE RESULTS



OUR HR VISION IS TO DELIVER 'OUTSTANDING' PEOPLE PERFORMANCE BY BEING SIMPLE, AUTHENTIC AND EDGY

simple + **authentic** + **edgy**

1. Elegant and aligned processes
2. Invest in IT

1. Tough Love

1. Developing leadership
2. Differentiated remuneration
3. Employee brand and culture

KEY MEASURES

1. Process metrics
2. Employee feedback

1. Manager Scorecard
2. 360 Degree Score

1. Attrition benchmarks
2. Succession metrics
3. Employee engagement score
4. Compensation positioning – fixed and variable

WE WILL STICK BY OUR 'TOUGH LOVE' PHILOSOPHY

The bar rises as you move to higher roles

Excellence is the only option

You are responsible for your own development and that of your team

Never hoard talent; rotate people

Promotions are based on performance and potential, never on tenure or for retention

Teams must be diverse and whole brained in make up and thought

tough

love

What is sacrosanct: our values and always treating people with respect

Coach, guide and provide honest feedback

Talent will get focused attention and support for career development

Rewards in line with performance and contribution to the business

Space, opportunities and resources to develop

ENSURING AN AGILE GODREJ

COHERENT MANAGEMENT STRUCTURE



ENSURING AN AGILE GODREJ

AWARDS & RECOGNITION

NDTV Profit Business
Leadership Awards
2011

Awarded in the **Consumer Products**
Goods Category



ET & Great Place to
Work Study 2011

Ranked **No. 1** amongst FMCG
Sector

India's Best Companies To Work
for



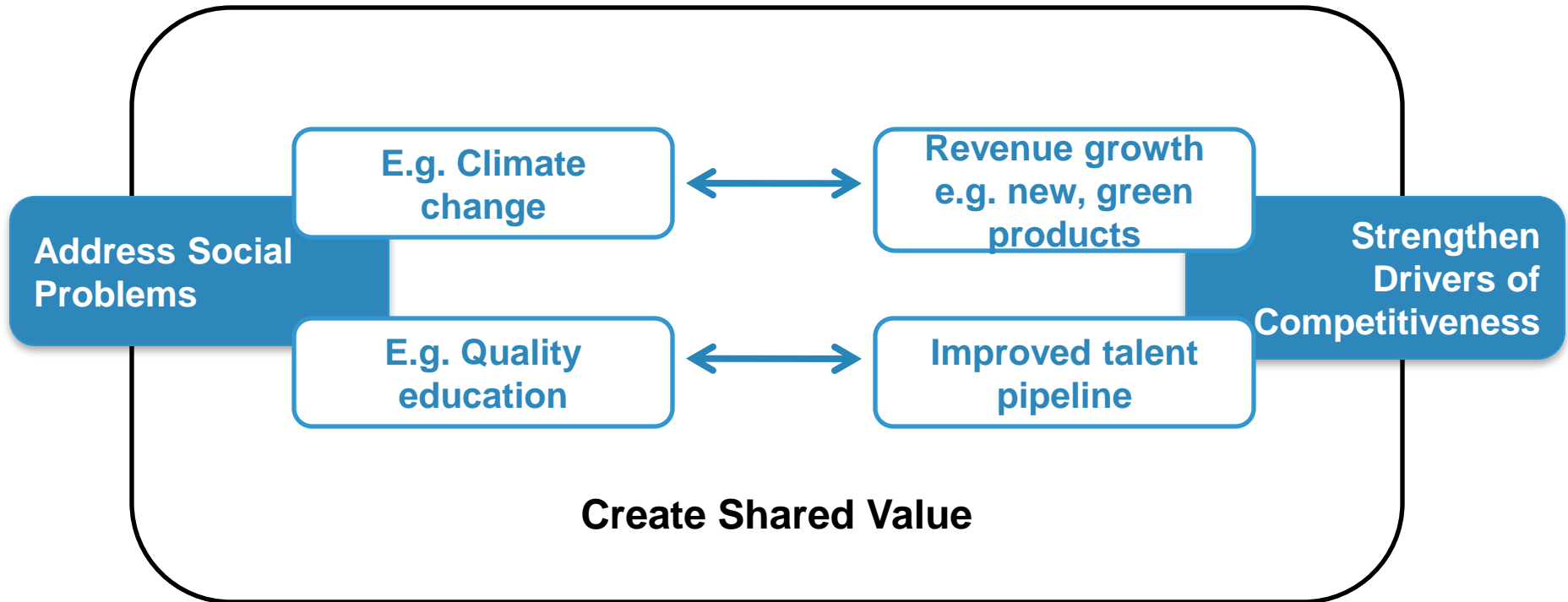
Aon Hewitt Study
Best Employer in APAC

Ranked **No. 4**

Best Employer in APAC 2011



WE ARE EMBRACING THE CONCEPT OF 'SHARED VALUE'



The concept of **shared value** can be defined as policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which it operates.

WE HAVE LAUNCHED A GROUP WIDE INITIATIVE CALLED 'GOOD & GREEN'



Beyond Business: Building a More Inclusive and Greener India

by 2020...

**ensuring
employability**

train 1 million rural
and urban youth in
skilled employment

**creating a
greener India**

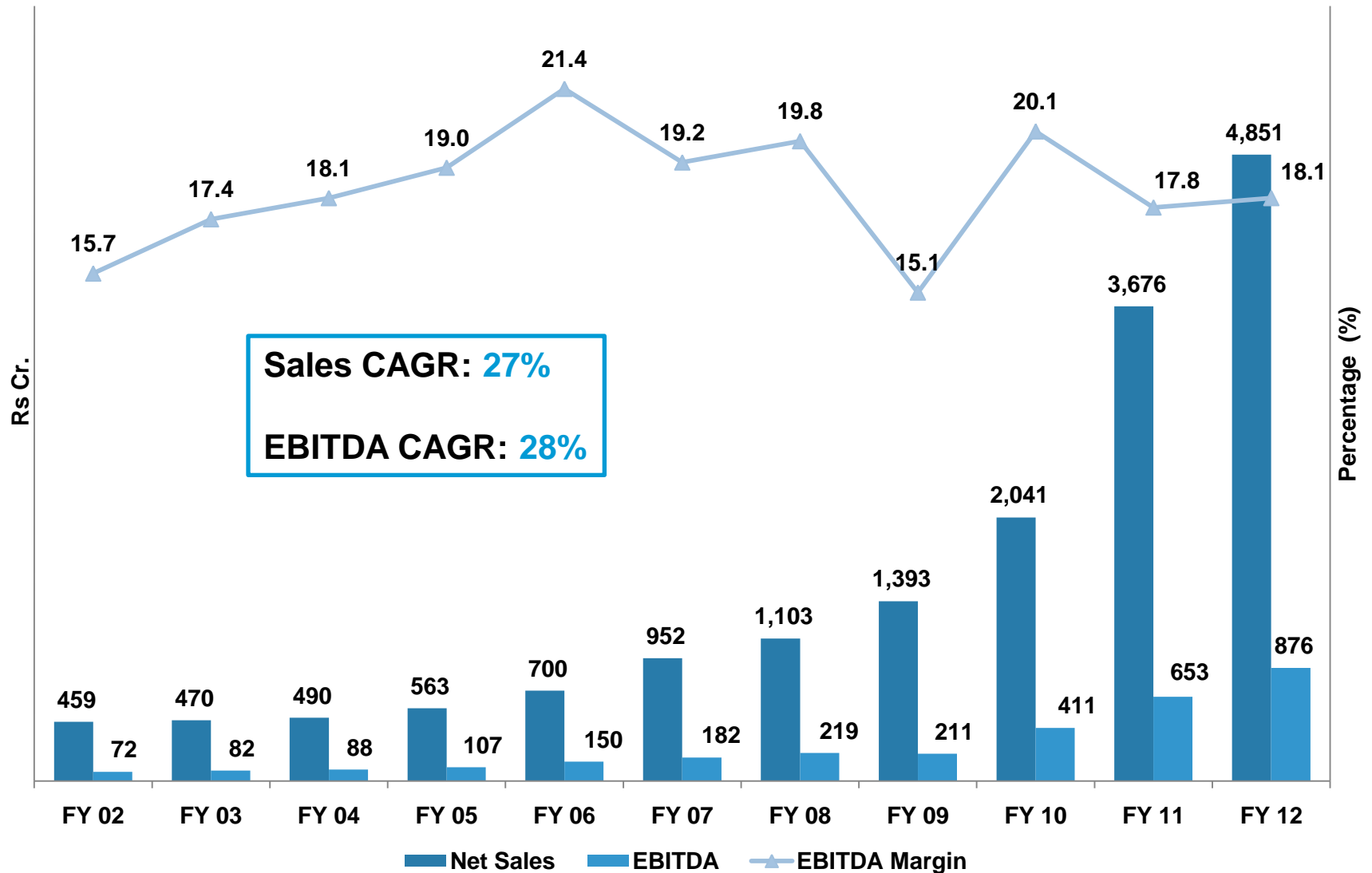
achieve zero waste,
carbon neutral, positive
water balance and 30%
renewable energy

**innovating for
good & green**

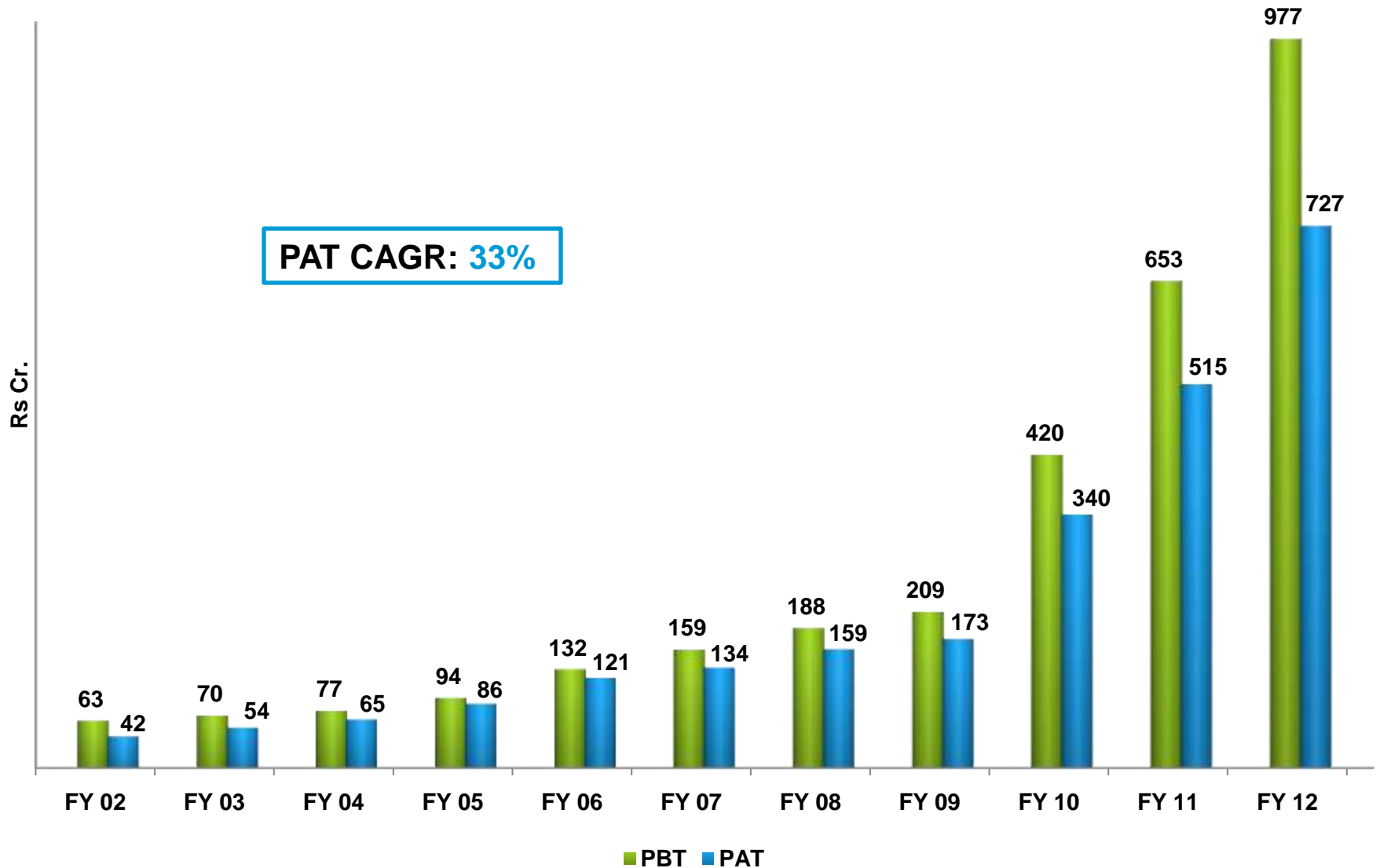
have a third of our
portfolio revenues
comprising good and/
or green products and
services

FINANCIAL REVIEW

WE HAVE HAD CONSISTENT STRONG PERFORMANCE

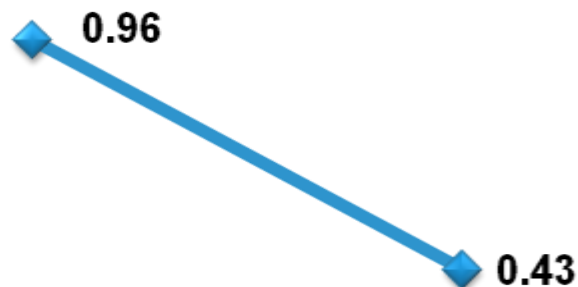


A STRONG EARNINGS TRACK RECORD TOO



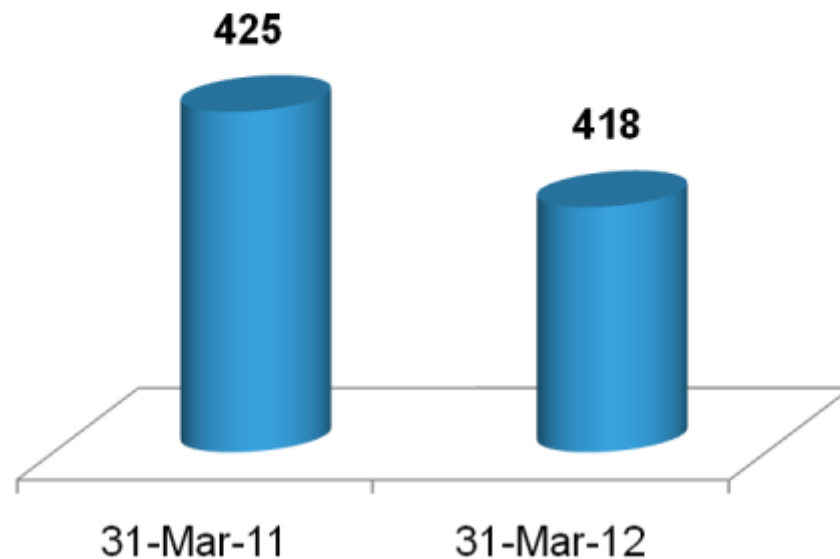
OUR DEBT - EQUITY RATIO IS HEALTHY NOW

D/E Ratio



31-Mar-11

31-Mar-12



Working capital (ex-Darling) reduction of
over ₹ 100 crore during the year

WE HAVE MAINTAINED A HEALTHY BALANCE SHEET

- Low gearing
- Low cost debt
- Healthy Debt – Equity ratio
- Well spaced out Debt repayment

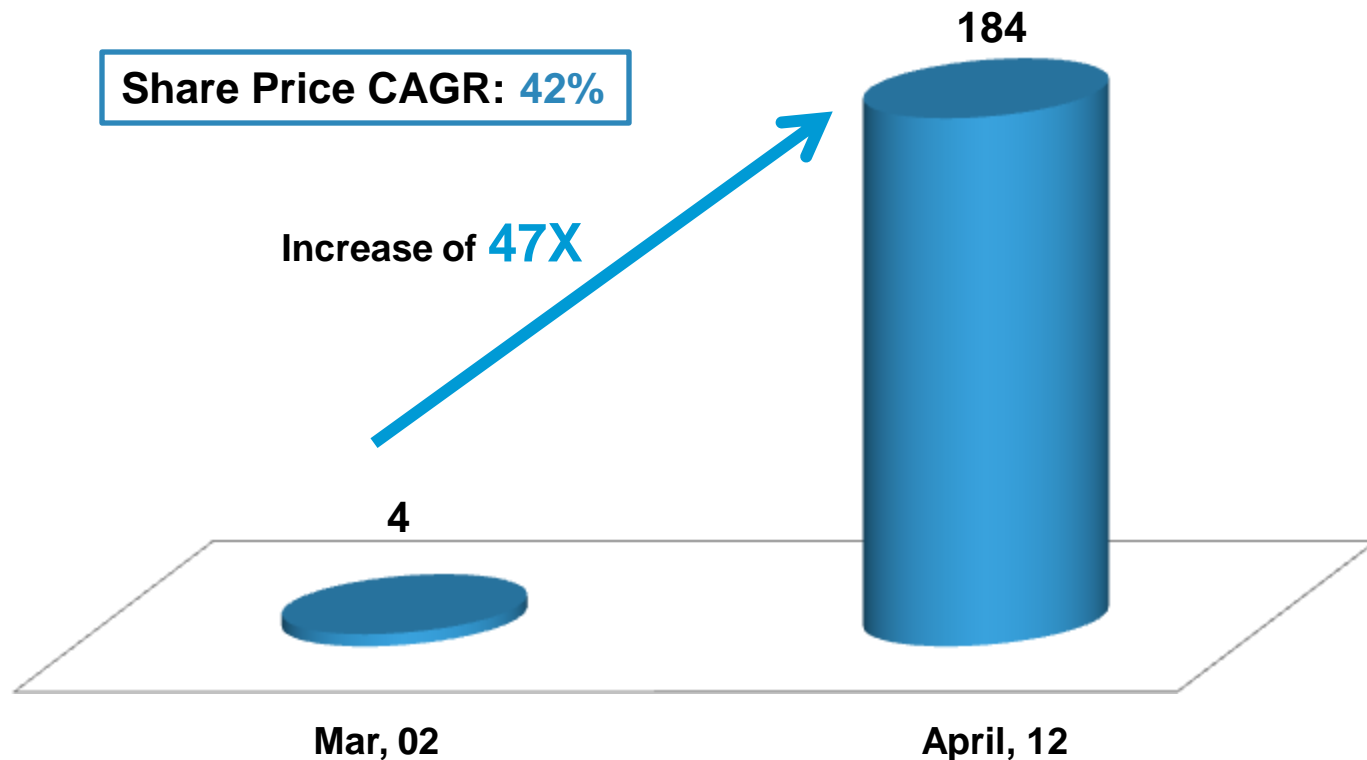
WE HAVE STAGGERED OUR DEBT PAYMENTS, THUS REDUCING RISK OF VOLATILE CURRENCY MOVEMENTS

Particulars	USD - mn	USD - mn
O/s Loan as of March 31, 2012		305
Repayment		
Q1 FY13	15	
Q2 FY13	15	
Q3 FY13	15	
Q4 FY13	15	
FY13		60
FY14		82
FY15		82
FY16		37
FY17		22
FY18		22

Average cost of debt ~ 3%

GCPL: STRONG VALUE CREATION TRACK RECORD OVER A 10 YEAR PERIOD

Market capitalisation in ₹ Bn



The FMCG index has grown by CAGR of 18% over the last 10 years

DISCLAIMER

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