

HALF YEARLY COMMUNICATION FOR THE FINANCIAL YEAR 2014-15

Dear shareholders,

I am pleased to share with you that GCPL has continued to outperform the market in the first half of fiscal year 2014-15. Despite the challenging environment, we have continued to grow ahead of category growth and our brands have further strengthened their leadership positions.

Overall, our consolidated net sales increased by 7%, led by strong growth in Indonesia, Africa and Latin America. Consolidated EBITDA growth of 10% was ahead of sales growth.

Consumer demand has remained subdued in the second quarter, making this one of the slowest years of growth for the Indian FMCG industry in over a decade. On a sequential basis however, we are beginning to see some improvements in the environment. While this growth is nowhere close to the sizeable potential of the Indian market, it is encouraging that perhaps the worst is over and that the second half of the year offers better growth prospects than the first half. Our international businesses in Indonesia, Africa and Latin America too have been facing challenges in the external environment.

Progress against key priorities

Let me share with you some of the key highlights and major developments over the first half of the year:

1. Sustain leading positions in our three core categories

Our focus is on growing ahead of the market, driving consumption and penetration, and strengthening our portfolio. If we look at our India business, we have significantly outperformed reported category growth rates, across categories. Our sales growth too has been more than one and a half times the overall household and personal care category growth. In the 'Economic Times Brand Equity Most Trusted Brands 2014', Good knight ranked number 1 in household care and aer number 11. Cinthol and Godrej No.1 ranked number 11 and 15 respectively in personal care.

Our household insecticides business had a challenging quarter, growing by 2% on a high base of 25% during the same period last year. This growth was ahead of the category growth, which was impacted by the deficient and delayed monsoon. Excluding Central-Northern India, which had a rainfall deficit of 24%, our household insecticides growth for the rest of the country was 7%. We believe that this slowdown in growth is temporary and a result of the monsoon vagaries this year. We are confident that growth will be better in subsequent quarters.

We continue to gain market share across all formats of electrics, coils and aerosols. In fact, our share in the category is at an all-time high. I am also pleased to share with you that Good knight Fast Card has become a rupee 100 crore brand in 11 months – in FMCG, this would be among the fastest run ups to get to rupees 100 crore for a new brand. Similarly, our other recent innovations like Good knight Xpress liquid vaporiser and Hit anti-roach gel, continue to perform well. We believe that our continued focus on product innovation and continuous brand investments will help drive further growth and strengthen our brands.

The soaps category continued to be sluggish, reporting another quarter of de-growth. In comparison, our business saw a strong turnaround with a value growth of 13%. Godrej No.1 growth rates clocked an uptick, aided by new media and consumer promotions and focused activation programmes. The launch of Cinthol's new germ protection variant 'Confidence+' has also received an encouraging response. With the recent duty reduction on palm oil, we expect the profitability of our soaps business to improve in the second half of this fiscal year.

We continue to be market leaders in the hair colourant category and have strengthened our market share, despite growing competition. We grew by 9% during the quarter, despite a high base of 24% in the same period last year. This growth is far ahead of the category growth. We continue to drive initiatives to increase penetration as well as consumption in the category.

Godrej Expert Rich Crème Hair Colour has become the highest selling crème colour by units within 20 months of its launch. As a recognition of its differentiated proposition, Godrej Expert Rich Crème Hair Colour has been featured in the 'Nielsen Breakthrough Innovation Report 2014'.

More recently, in collaboration with Adhuna Bhabani-Akhtar and her team at BBLUNT, we have created the B SYSTEM, which houses world-class products, tools and expertise customised for Indian hair. This introduces, for the first time in India, salon expertise in a simple 3-step approach that you can follow at home.

We continue to make good progress on Godrej aer, our air freshener brand. Our innovation to move to a gel format technology has further enhanced user experience and we have received very good feedback from our consumers on it.

Our portfolio of Godrej protekt hand washes, sanitisers, and anti-mosquito spray, a foray into the health and wellness space, continues to receive a good response in modern trade. We believe that the hand wash and sanitiser categories have a lot more room to grow, given changing consumer needs and increased awareness of hygiene levels.

2. Drive growth in our international business

Our international expansion is guided by our 3 by 3 strategy, of focusing on three core categories of home care, personal wash and hair care in emerging geographies in Asia, Africa and Latin America.

Our biggest international business, Megasari in Indonesia, continues to strengthen its position as the market leader for urban household insecticides and air care in the Indonesian market. We exited September with a historically high market share in the air freshener category.

In Africa, we have a business presence in South Africa, Mozambique, Nigeria, Kenya, Tanzania, Uganda, Angola and Ghana across hair extensions, hair colours, household insecticides and personal wash. Our team delivered another strong quarter, mainly led by our Darling business. We are on track with our plan for the consolidation of the new Darling business geographies. During the quarter, we licensed our rights of Darling trademarks for use in Uganda, Tanzania and Angola and acquired 100% stake in Ghana, effective October 2014.

Our Latin American operations, which comprise Argentina and Chile, continued to show improvements during the quarter, backed by better business performance and the implementation of Project Iceberg in Argentina. We also continue to further strengthen our market positions in Argentina and Chile.

Our UK business had a subdued quarter, given a high base from last year. Growth was also impacted by issues related to counterfeits for one of the lead brands that we distribute in the market.

3. Accelerate the pace of innovation and strengthen our brand portfolio

The last few quarters have seen many innovations and new launches across categories and across geographies. We launched new formats in aer air fresheners, new shades and packs in Godrej Expert Rich Crème Hair Colour, Good knight Fast Card and Good knight Xpress, new Godrej No. 1 and Cinthol soap variants, a new range of protekt hand washes, sanitisers, and anti-mosquito spray and made a foray into premium hair care with BBLUNT in India. We are also entering the skin-cleansing category with the launch of a Godrej No. 1 face wash, which we believe will be distinctive and will democratise the category. In our international business too, we have introduced several new products for Stella air fresheners, Mitu baby care and Hit household insecticides in Indonesia, Issue hair colour in Argentina and refreshed the Soft & Gentle range in the UK.

We will continue to focus on new launches to drive superior growth. We have been making upfront marketing investments to ensure that we adequately support our new launches. We believe that we will reap the benefits of this upfront spend as the new launches continue to gain scale.

4. Create a future ready sales organisation for the India business

We have launched Project Daksh to improve the productivity of our sales force and enhance go-to-market efficiencies in our urban markets. We have also made efforts to expand our distribution reach in rural and urban areas. Our rural growth continues to be ahead of urban growth.

5. Build a global best-in-class supply chain

We have taken strong steps in this area by establishing centres of excellence in TPM, lean, six sigma and low cost automation. We have set up a strategic sourcing team to leverage scale and reduce our procurement costs. We also recently launched an initiative to improve our supply chain planning and execution capabilities by using an advanced technology solution.

As I had shared with you earlier, we have launched a new cost transformation programme called 'Project Pi' to help implement a future ready cost structure. We have identified several new opportunities as part of this programme and expect to see some positive impact over the next few quarters.

6. Foster an agile and high performance culture

GCPL was ranked the number 1 FMCG company to work for in India by the Great Place to Work Institute. GCPL has featured on the list of best companies to work for, for 11 years in a row. Our overall rank too improved to number 7 from number 11 last year. Earlier, GCPL was recognised among the 17 Best Employers in India in 2013 by Aon Hewitt. GCPL is one of the only two FMCG companies on the list. Our rankings in these people surveys reinforce our commitment to creating an outstanding workplace that attracts and retains talented employees and delivers superior value to our consumers.

Financial and operating performance

Consolidated Net Sales increased by 7% to INR 3,934 crore in the first half of fiscal year 2014-15. Consolidated Net Profit was at INR 378 crore, translating into an EPS of INR 11.1 (not annualised). In line with our endeavour to reward our shareholders, the Board of Directors declared two interim dividends during the half year under review. This translates to a dividend payout of 18% for the year to date and a dividend of INR 2 per equity share (200% on shares of face value INR 1 each). The unaudited financial results are annexed.

Outlook

While a potential recovery will take time, we are confident that the second half of this year will be better than the first half. We continue to focus on sustaining and extending leadership in our core categories. We are managing our costs prudently in the near term, while investing for the longer term. We are also continuing our pace of launching exciting new products. The medium and long-term growth prospects in India and our other emerging markets too remain robust. 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.

Thank you for your continued support and encouragement.

Yours sincerely,

Adi Godrej
Chairman

Regd. Office: Pirojshanagar, Eastern Express Highway, Vikhroli, Mumbai 400 079. Tel. 2518 80 10 / 20 / 30 Fax: 2518 8040

Website: www.godrejcp.com **Email:** investor.relations@godrejcp.com **CIN:** L24246MH2000PLC129806.

PART-II SELECT INFORMATION FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2014											(₹ Crore)		
Consolidated						Sr. No.	PARTICULARS	Standalone					
Quarter ended		Half Year ended		Year Ended				Quarter ended		Half Year ended		Year Ended	
30-Sep-14 (Unaudited)	30-Jun-14 (Unaudited)	30-Sep-13 (Unaudited)	30-Sep-14 (Unaudited)	30-Sep-13 (Unaudited)	31-Mar-14 (Audited)			30-Sep-14 (Unaudited)	30-Jun-14 (Unaudited)	30-Sep-13 (Unaudited)	30-Sep-14 (Unaudited)	30-Sep-13 (Unaudited)	31-Mar-14 (Audited)
A PARTICULARS OF SHAREHOLDING													
1 Public Shareholding													
124946885	124929832	124882228	124946885	124882228	124882228	- Number of shares	124946885	124929832	124882228	124946885	124882228	124882228	
36.70%	36.70%	36.69%	36.70%	36.69%	36.69%	- Percentage of Shareholding	36.70%	36.70%	36.69%	36.70%	36.69%	36.69%	
2 Promoters and Promoter Group Shareholding													
a) Pledged/Encumbered													
0	0	0	0	0	0	- Number of Shares	0	0	0	0	0	0	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	- Percentage of Shares (as a % of total shareholding of promoter and promoter group)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	- Percentage of Shares (as a % of the total share capital of the company)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
b) Non Encumbered													
215496082	215496082	215496082	215496082	215496082	215496082	- Number of Shares	215496082	215496082	215496082	215496082	215496082	215496082	
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	- Percentage of Shares (as a % of total shareholding of promoter and promoter group)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
63.30%	63.30%	63.31%	63.30%	63.31%	63.31%	- Percentage of Shares (as a % of the total share capital of the company)	63.30%	63.30%	63.31%	63.30%	63.31%	63.31%	

B	INVESTOR COMPLAINTS	Quarter ended Sept 30, 2014
	Pending at the beginning of the quarter	0
	Received during the quarter	27
	Disposed of during the quarter	27
	Remaining unresolved at the end of the quarter	0

Notes

1. Summary of Standalone Financial Results:

	Quarter ended			Half Year ended		Year ended
	30-Sep-14 (Unaudited)	30-Jun-14 (Unaudited)	30-Sep-13 (Unaudited)	30-Sep-14 (Unaudited)	30-Sep-13 (Unaudited)	31-Mar-14 (Audited)
a) Turnover (Net Sales)	1091.21	977.45	1024.25	2068.66	1947.37	4024.74
b) Profit Before Tax	220.71	150.67	180.41	371.38	314.09	712.99
c) Profit After Tax	173.77	120.79	142.62	294.56	249.78	564.84

The Standalone results are available on the Company's website www.godrejcp.com

- The above results which are published in accordance with Clause 41 of the Listing Agreement have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on November 1, 2014. These results have been subjected to a limited review by the Statutory Auditors of the Company.
- In accordance with the Scheme of Amalgamation of the erstwhile Godrej Household Products Limited with the Company which was sanctioned by the High Court of Judicature at Bombay in April 2011, an amount of ₹ 13.30 crore for the quarter and ₹ 26.45 crore for the half year ended on September 30, 2014, equivalent to the amortisation of the Goodnight and HIT Brands is directly debited to the General Reserve instead of being debited to the Statement of Profit and Loss.
- Other Income includes amounts of ₹ 15.25 crore for the quarter and ₹ 25.25 crore for the half year ended on September 30, 2014 recovered from the GCPL ESOP Trust towards loan repayment, which was earlier written off against Reserves under a Scheme of Amalgamation approved by the Hon'ble High Court of Bombay.
- Exceptional Items include amounts of ₹ 0.70 crore for the quarter and ₹ 25.80 crore for the half year ended on September 30, 2014 on account of restructuring costs incurred by certain subsidiaries of the Company and interest earned from GCPL ESOP Trust for the period from July 1, 2012 to March 31, 2014, amounting to ₹ 8.60 crore for the half year which was earlier waived on account of uncertainty of receipt.
- Consequent to Schedule II to the Companies Act, 2013 becoming applicable w.e.f. April 1, 2014, depreciation for the quarter and half year ended on September 30, 2014 has been provided on the basis of the useful lives as prescribed in Schedule II and there is no material impact on the depreciation charge on account of this change.
- The Company has entered into an agreement with the Darling Group on October 1, 2014, to acquire 100% stake in the hair extension business in Ghana through its wholly owned subsidiary Weave Business Holdings Mauritius Pvt Ltd.
- In accordance with section 52 of the Companies Act, 2013, the Company has applied securities premium amounting to ₹ 6.48 crore for the quarter and ₹ 12.89 crore for the half year ended on September 30, 2014, in providing for the premium payable on the redemption of non-convertible debentures.
- During the year to date, the Company has granted 121,812 new stock grants to eligible employees under the Employee Stock Grant Scheme (ESGS) and allotted 64,657 equity shares upon exercise of stock grants under the ESG.
- Formula used for calculation of Debt-Equity Ratio, DSCR and ISCR:
Debt-Equity ratio = (Long Term Borrowings – Cash and Bank Balances excl. Dividend Accounts – Liquid Investments) / Net Worth
DSCR = EBITDA / (Finance Cost + Principal Payment due on Long Term Borrowing during the period)
ISCR = EBITDA / Finance Cost
EBITDA = "Earnings before Depreciation, Interest and Tax"
- The Board has declared a second interim dividend for the year 2014-15 at the rate of ₹ 1 per share (100% on the face value of ₹ 1 each). The record date for the same has been fixed as November 12, 2014 and the dividend shall be paid on November 24, 2014.
- The Company has only one business segment in which it operates viz. Household & Personal Care.
- Previous period's figures have been regrouped and reclassified wherever necessary.

By Order of the Board
For Godrej Consumer Products Limited

Place: Mumbai
Date: November 1, 2014

Adi B. Godrej
Chairman

Consolidated		Standalone	
As at September 30, 2014 (Unaudited)	As at March 31, 2014 (Audited)	As at September 30, 2014 (Unaudited)	As at March 31, 2014 (Audited)
I. EQUITY AND LIABILITIES			
1. Shareholder's Funds			
34.04	34.04	34.04	34.04
3968.88	3741.36	3167.48	2990.32
4002.92	3775.40	3201.52	3024.36
237.21	225.10	-	-
2. Minority Interest			
1813.49	1590.25	-	-
3.08	4.65	1.55	1.64
5.29	5.62	3.95	3.79
25.08	23.78	4.63	4.24
1846.94	1624.30	10.13	9.67
3. Non Current Liabilities			
134.74	111.48	-	0.88
1063.59	1234.42	746.57	797.63
1067.51	1298.15	670.08	623.27
41.12	55.89	28.01	30.24
2306.96	2699.94	1444.66	1452.02
8394.03	8324.74	4656.31	4486.05
TOTAL			
II. ASSETS			
1. Non-Current Assets			
1720.37	1735.98	1252.10	1253.08
3624.83	3552.45	-	-
34.16	34.27	2126.60	2064.99
26.47	24.97	-	-
175.76	157.37	127.27	117.84
-	1.44	-	1.44
5581.59	5506.48	3505.97	3437.35
2. Current Assets			
197.00	102.00	197.00	102.00
1127.87	1082.13	519.08	493.57
753.60	711.28	150.25	139.26
505.36	704.79	181.55	205.26
220.42	216.98	99.07	107.63
8.19	1.08	3.39	0.98
2812.44	2818.26	1150.34	1048.70
8394.03	8324.74	4656.31	4486.05
TOTAL			