

Chairman's Statement



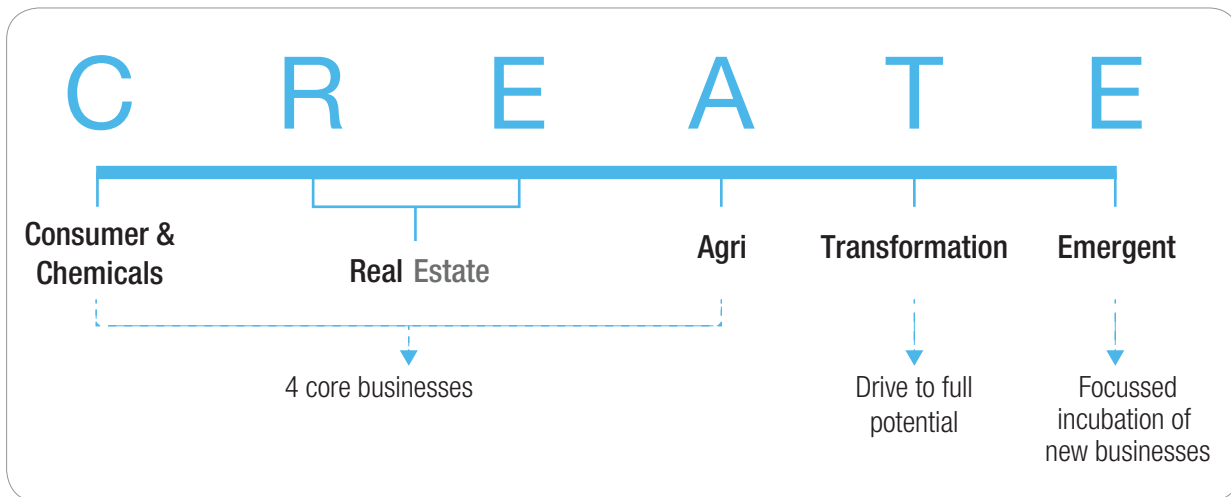
Adi Godrej
Chairman

Dear Shareholders,

I am pleased to share with you the events, developments and the progress that your Company has made during the year ended March 2015. Your Company delivered healthy financial performance in FY15 on the back of sustained contribution from core businesses. Given our presence in some of the key growth sectors of the economy, we are well positioned to deliver strong performance in the coming years on the back of strong GDP growth anticipated, going forward.

As a conglomerate with interest in diverse businesses, growth at the consolidated level is pursued by competitively growing your Company's core businesses, building an environment to achieve transformation while also nurturing and investing in emergent businesses of the future. I am pleased to share with you that in the recently published Brand Trust Report, 2015 Godrej's all India rank for the Most Trusted Brand stood at 9th - a testimony to the strong equity enjoyed by the brand.

The essence of your Company's business strategy is captured in the approach called CREATE which stands for:



I would like to summarize the performance for each dimension of your Company's CREATE strategy:

C – Consumer and Chemicals Consumer (GCPL)

FY2015 proved to be another year of good performance in domestic and international operations for Godrej Consumer Products. In spite of macroeconomic challenges of currency devaluation and slowdown in FMCG sector, we continued to grow ahead of the overall FMCG sector, as well as the home and personal care categories that we participate in.

GCPL's endeavour has been on sustaining leadership position in its core categories, strengthening presence in emerging categories, driving growth in international business, accelerating the pace of innovation, strengthening its brand portfolio, building a global best-in-class supply chain and continuing to execute different initiatives to foster an agile and high performance culture. I am pleased to share that GCPL is the highest ranked Indian company (at number 24) on Forbes' list of the 'World's 100 Most Innovative Growth Companies 2015, for the second year in a row.

GCPL remains focused on its 3x3 strategy as it believes that the opportunities across all its geographies and categories are immense. With strategic foundation in place, GCPL is confident of sustaining its growth, going forward.

Chemicals

Our Chemicals business had a tough year due to the global macro-economic environment and raw material price fluctuations. The chemicals business continued its strong focus on cost control and operational efficiencies. With stabilizing raw material prices, we anticipate better performance from the chemical business in the coming financial year.

I am also happy to share that our Valia factory in Gujarat attained the distinction of being the first oleo chemical company to have been awarded the prestigious GreenCo Silver under the Green Company Rating System by CII. The award recognizes your Company's green vision of creating a more inclusive and greener India

R E – Real Estate (GPL)

Your Company's real estate subsidiary, Godrej Properties, reported healthy financial and operational performance during the year. Total income for the year grew by 54% and Net Profit increased by 20%. The performance demonstrates GPL's ability to maintain growth in difficult market conditions. I am happy to share that despite a weak market for residential real estate, GPL registered its best ever year for residential sales with a growth of 69% in volume and 58% in value term as compared to the previous year. On the business development front, GPL added 5 new projects to its development portfolio during the year with a saleable area of ~8 million sq. ft. With regards to our operations, we successfully delivered 3.5 million sq. ft. in FY15 which includes 2.7 million sq. ft. of residential and 0.8 million sq. ft of commercial space across five cities. The real estate sector in India holds huge potential and given our national presence, strong brand and large number of new projects, we believe we are well-positioned to fully capitalize on this opportunity.

A – Agri Business (GAVL)

Godrej Agrovet continues to deliver a strong performance with Consolidated Net Profit growing by 29% and the business growing across verticals. GAVL continues its focus on operational efficiencies, R&D initiatives and building a strong relationship with the

customers especially the farmers. I am happy to share that we have commissioned the Nadir Godrej Centre for Animal Research and Development to create what is possibly a one-of-its-kind animal husbandry research centre in the private sector in India.

The Animal Feeds vertical, which is the largest agri vertical, continues to do well. Cattle feed, layer feed and shrimp feed delivered a strong performance with a growth of 19%, 25% and 23% respectively. This vertical has invested in additional capacities across the country, in line with our focus of building quality manufacturing capacity in Animal Feeds. The Agri-inputs vertical too performed well, recording a growth of 19% in revenues and 22% in profitability, despite adverse environmental conditions. In the Oil Palm vertical, we continue our focus on developing additional revenue streams by enhancing the value of Biomass generated in the business and on increasing the acreage under Oil Palm Plantation. In the Poultry segment, our strategy is to focus on building a brand based business and we launched several innovative products under the 'Real Good Chicken' and 'Yummiez' brands during the year. Overall, the future prospect of GAVL remains robust and I am confident that we will continue to deliver industry outperforming results in the coming years.

T – Transformation

As a Group, your Company believes in inclusive growth that aims at enhancing the competitiveness of the businesses while simultaneously advancing the economic and social conditions of the communities in which it operates. This is implemented Group wide through the 'Godrej Good and Green' initiative.

As part of Good & Green, the Group, by 2020, aspires to create a more employable Indian workforce, a greener India and innovate for products that are greener or cater to the bottom of the income pyramid. The Group has made good progress on each of these objectives during the last fiscal year. Through employability programs in beautician training, channel sales, rural entrepreneurship and animal husbandry, the Group has been able to train and empower thousands of unemployed or underemployed youth in the last year.

E – Emergent Businesses

Over the last few years, your Company has incubated new businesses and grown them successfully. The emergent businesses added to your Company's portfolio viz. Nature's Basket and Godrej Seeds are evolving fast.

Natures Basket (NBL), the gourmet food retailing business, is one such business where your Company sees immense growth potential given low penetration levels and a growing addressable market. This business is ramping up well with healthy increase in same store sales and a good response to our private label portfolio. NBL is now spread across 5 key metros in India through 33 outlets. NBL has leveraged technology to build a web portal for a best in class user experience and has also strengthened its backend ecommerce functionality. I am pleased to share that NBL continues to be the most awarded gourmet business brand and has won several awards during the year.

Godrej Seeds, our emerging business in the agri space, reported an impressive growth of 23% during the year. Despite a subdued Rabi crop and unattractive commodity prices, the new vertical delivered healthy performance. This gives us confidence that we will be able to do well in a steady environment and significantly scale-up the business going forward. The initial focus will be on maize and paddy crops, supported by a strong R&D.

To conclude, your Company has performed well inspite of a challenging macro-economic environment. With recovery underway, we believe your Company is well positioned to deliver sustainable and profitable growth in the coming years. I am confident that our disciplined strategy, prudent approach, agile execution, and committed team will enable us to improve performance and create value for all stakeholders.

I would like to take this opportunity to thank all our employees for their contribution in the continued success of Godrej Industries. I would also like to extend my gratitude towards our business partners, associates, vendors and also the Central, State governments and government agencies for their sustained support. I would also like to express my sincere appreciation to all of our shareholders for your continued faith, trust, encouragement and support.

Yours sincerely,

Adi Godrej
Chairman