

Chairman's Statement

Dear Shareholders,

I am delighted to share with you the events, developments and the progress by Godrej Industries Limited during the course of 2013-14. In a challenging macro-economic environment, your Company continued to do well in most of its core businesses. This is a reflection of the diverse and resilient business model that your Company has created which not only captures a diverse range of businesses in some of the key growth sectors of the economy but also enables sustained performance through various business cycles.

As a conglomerate with interest in diverse businesses, growth at the consolidated level is pursued through competitively growing your Company's core businesses, building an environment to achieve transformation while also nurturing and investing in emergent businesses of the future. The essence of your Company's business strategy is captured in the approach called CREATE which stands for:





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

C – Consumer and Chemicals Consumer (GCPL)

Godrej Consumer Products Limited, in 2013-14, has been able to consistently improve its positioning and market share. In a challenging macroeconomic environment, GCPL prudently managed the business and launched several excellence initiatives to further enhance the operational performance. This has enabled GCPL to report yet another year of healthy results in both, the domestic and international operations.

The response to GCPL's innovations has been very encouraging and the performance is significantly ahead of plans. The innovation pipeline remains strong which gives the confidence of building a stronger brand presence across the board. GCPL will continue investing judiciously for the longer term to improve its position, create sustainable competitive advantages and emerge stronger than ever before. Continuous focus on innovation, prudent cost management, delivering in core categories, and stimulating growth in the key geographies will hold GCPL in good stead for future progress. I am pleased to share that GCPL was ranked 31st globally in Forbes World's 100 most innovative growth Company's list and was the highest ranked amongst Indian Companies in that list. We will at the same time focus on intensifying efforts in enhancing the distribution network and improving productivity through technology.

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

Chemicals

The Chemicals business was impacted by the macro-economic situation and had a difficult year. I am pleased to share that the new oleo-chemicals facility at Ambernath has commenced operations in the last quarter of the fiscal year 2013-14. We expect the additional capacities to augment overall efficiencies and enable us to deliver healthy performance in the years to come.

I would like to take this opportunity to share with you that your Company's Chemicals business won the CII Environmental Best Practices Award 2013 for Innovation for the Valia factory's Effluent Treatment Plant sludge reduction project. The award recognizes best innovative environmental projects and facilitates information sharing to enhance environmental performance and operational efficiency. This initiative ties in directly with your Company's greener India goal of having zero waste to landfill.

R E – Real Estate (GPL)

The real estate subsidiary of your Company, Godrej Properties Limited delivered healthy financial results in a challenging environment reporting a growth of 20% in revenues, 21% in EBIDTA and 15% in Net Profit in 2013-14. This performance demonstrates GPL's ability to maintain growth in difficult market conditions and underlines the effectiveness of our resilient and differentiated business model and strong execution.

During the year, GPL signed 8 new projects adding 13 million sq. ft. of saleable area to its portfolio. The new projects are located in Mumbai, the National Capital Region, Pune, Bengaluru and Chennai. The projects

added are of substantial size and are in line with GPL's long term strategy of focusing on value accretive and risk efficient models.

A – Agri Business (GAVL)

A healthy monsoon combined with a strong and innovative Agri product basket enabled your Company to register yet another year of strong growth across all agri verticals. GAVL's consolidated revenue grew by 16% and net profit by 80%. I am happy to share that the Animal Feed vertical of GAVL crossed the one million tonne mark of animal feed in fiscal 2013-14 with strong profitability. This strong performance was backed by innovative products as a result of R&D efforts and efficiency in buying.

The Oil Palm vertical delivered a growth of 31% in revenue supported by robust oil prices. Higher revenue and operational efficiencies helped improve the profitability of this vertical. The Agri-inputs vertical delivered a growth of 38% in revenue aided by good monsoons in the year. Hitweed, our cotton herbicide continues to do very well and recorded a growth of 70% in this fiscal year. The Poultry vertical too did well recording a growth of 36% in revenues, despite a tough year for the industry. We are focusing on strengthening our sales and distribution network.

I am confident that GAVL will continue on its strong growth path in the years to come.

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 focus is implemented Group wide through the shared value initiative called 'Godrej Good and Green'.

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 the 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 thousands of unemployed or underemployed youth in the last year.

I am pleased to share with you that in the Brand Trust

Report, 2014 Godrej was ranked 3rd in the all India rank for most trusted Brand (6th in the previous year). This is testimony to the strong brand equity whilst also ensuring that the heritage brand is relevant and dynamic.

E – Emergent Businesses

Over the years, your Company has selectively incubated new businesses and grown them successfully. The current emergent businesses viz. Natures Basket and the Seeds business are evolving fast.

Natures Basket, 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 as well as opening of new stores. Natures Basket is now spread across 6 key metros in India through 33 stores. The business recorded a 36% growth in revenues. I am pleased to share with you that Natures Basket won several awards including "The Most Admired Retailer of the year" – in 'Food & Grocery' category and "The Most Admired Retailer in 'Customer Relations.'

We are investing strongly in our latest emergent business – the seeds business. The initial focus will be on maize and paddy supported by a strong R&D. The revenues of this business grew a healthy 92% during this fiscal year and we look at expanding into additional geographies in the coming Kharif season.

Overall, your Company is optimistic about the future given that the building blocks are in place to capitalize on the tremendous growth opportunities for your Company's businesses. We remain confident of achieving long term objectives of inclusive, sustainable and profitable growth, in line with our CREATE strategy, while fostering an inspiring place to work and creating shared value for all our stakeholders.

I would like to thank all your Company's employees for their contribution in the continued success of Godrej Industries. I would also like to extend my gratitude towards our business partners and associates, vendors as well as the Central and State governments for their continued support. Finally, I would like to express my sincere appreciation to you for your continued faith, trust, encouragement and support.

Yours sincerely,

Adi Godrej
Chairman