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PRESS RELEASE

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**Godrej back in joint venture mode; After forging a string of joint ventures in the 1990s,...  
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After forging a string of joint ventures in the 1990s, the Godrej group is playing the game once again after a lull. It has announced two joint ventures within a week, one in personal hygiene and the other in foods and beverages.

According to today's announcement, North American chocolate giant Hershey Company will buy a 51 per cent stake in Godrej Beverages & Foods as a part of its expansion plan in Asia's fourth largest economy. It will buy the 40 per cent held by IL&FS Investor Managers in Godrej Beverages, which is a unit of Godrej Industries. Hershey will invest \$60 million in the venture, most of it for acquiring the stake.

A week ago, Godrej announced its entry into the feminine hygiene market through a joint venture with Swedish multinational, SCA.

Consultants opine that these moves point to a clear trend. The company acquires international companies in categories such as hair colours and insecticides where it is high on the learning curve, but enters into a tie-up with global companies in areas that require high technology or in which it is new. For Godrej, the joint venture offers an opportunity to enter categories where penetration is low. Both the chocolate and personal hygiene categories are examples. Adi Godrej, chairman, Godrej Group has pointed out that in many countries, diapers, which fall under the SCA-JV, is a larger product category than even toilet soaps. However in India, diapers constitute a very nascent category.

Godrej said that the tie-up with SCA was necessary as technology was a very important factor in ensuring that the products offered were at par with those of the competitors. The international company would get a good platform under the aegis of an established business house to enter the country, said a consultant. However, he added that the value of these deals, at Rs 20 crore in the case of SCA, might be too small to make a large impact. Godrej disagrees. He says, "This is just the initial investment. More investments will be made from time to time."

**Naimesh Dave, director, OC&C Strategy Consultants India**, adds, "The JVs give Godrej access to technology, as well as international brands. Also as the economy grows, consumers are increasingly spending more, not only on personal care products but also impulse buys like chocolates." The Godrej group's track record with JVs is not impressive. A much-hyped joint venture with a consumer goods giant in the 1990s failed to take off. It was much the same with foods giant, Pillsbury. But as Godrej would point out, for every failed JV, the group has a Sara Lee, a venture that has grown from strength to strength in more than a decade of its existence.