

Godrej sells pest-control business to Denmark CO.

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MUMBAI: The Godrej group has exited the pest control service business by selling its entire shareholding in Godrej HiCare to ISS a leading

Denmark-based facility services company at a consideration of around Rs 100 crore.

Godrej group flagship, Godrej Industries, had a controlling stake of about 80% in Godrej HiCare, while the balance 20% being held by individuals like A Mahendran, director, Godrej HiCare.

The Godrej group had started its pest management service business in 2003, taking the business to 18 cities across India. However, according to Mahendran, the business had to be scaled up so as to realise its full potential. This was why the group scouted around for a player with an indepth knowledge of the sector.

It is learnt that the Godrej group was keen on inducting ISS as a strategic partner, although ISS was more inclined towards a complete buyout of the business. ISS Facility Services India, country manager, K J Jolly, told TOI that the company has also entered into an agreement with the Godrejs to retain the name 'Godrej Hicare' for a certain period of time.

ISS marked its entry into India in 2005, with specialised services such as cleaning, catering, pest control service, office support, payroll management, housekeeping, property management, among others. In addition to growing these services, Jolly said that the firm also hopes to bring in its global expertise in security service management, soon.

Godrej Hicare is a strong second player in the organised pest control service business in India, with a share of 40%. Pest Control India is the leading player in this business with a share of 60%. The unorganised sector in pest management is of the order of Rs 300 crore, of which the organised sector is nearly 50%.

Given the lack of awareness among consumers, this sector is still in its embryonic stage of development. Globally, pest management business is more than double (\$15 bn) the household insecticide business (\$6 bn).

In India, however, the household insecticides business is larger than the pest management business. In fact, the Godrej group is a large player in the household insecticides business, with leading brands like Good Knight and Jet, which are housed under another joint venture company, Godrej Sara Lee.

Jolly said there was a huge scope of growth for the pest management services in India.

ISS Facility Services is part of ISS A/S group--founded in 1901--and having a turnover of more than US \$16 bn.

While it has a wide presence across 50 countries in Asia, South America and Australia, ISS is a market leader in Europe.

The Rs 3,000 crore Godrej Industries has a diversified portfolio of businesses under various subsidiaries, such as, Godrej Agrovet, Godrej Consumer, Godrej Hershey, Godrej Sara Lee, Godrej Properties, among others.

Over the years, the group has divested certain non-core businesses, while enhancing its focus on its prime areas of interest. For instance, at the end of 2007, Godrej Industries had sold the medical diagnostics division as a going concern to RFCL Ltd, one of the leading life sciences and laboratory solutions company.

ISS, which does not believe in the model of outsourcing services, has nearly 5 lakh employees on its rolls globally. In India, ISS has a strength of 15,000 employees.